



Accounts Receivable Considered Uncollectible

Date: June 9, 2022

To: TTC Audit and Risk Management Committee

From: Chief Financial Officer

Summary

The Accounts Receivable Considered Uncollectible report is submitted annually to the Audit and Risk Management Committee for information. This report provides information on accounts receivable amounts written off as uncollectible in 2021 under delegated authority.

Financial Summary

Amounts totalling \$11,617.48 were eligible to be written off in 2021 in accordance with the TTC's Authorization for Expenditures and Other Commitments Policy, after completion of appropriate collection efforts. However, due to the minimal amount eligible relative to prior years, and given the timing they became eligible was late in the year, no accounts were written off in 2021. These accounts will be written off in 2022. These amounts were provided for in the TTC's allowance for doubtful accounts and expensed in previous years.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Decision History

In accordance with the TTC's Authorization for Expenditures and Other Commitments Policy, an information report outlining amounts written off has been submitted to the TTC Audit and Risk Management Committee annually since 2005.

Issue Background

When staff have been unable to obtain payment in the course of normal collection efforts, accounts under \$3,000 are referred to an external collection agency for collection. The debt is also registered against the customer's credit history and reported to the major credit bureaus by the collection agency. Only after all attempts to collect, both internally and through the TTC's external collection agency, are exhausted is an account written off.

Larger uncollectible amounts are forwarded to the TTC's Legal Department for further handling. Where appropriate, legal action is taken to collect unpaid accounts. However, in some cases court action is not considered cost effective due to the unlikelihood of recovery. If all reasonable attempts to collect an outstanding amount have been unsuccessful, and it is not cost effective to invest any further resources on collection, the accounts will be written off.

The TTC's Authorization for Expenditures and Other Commitments Policy allows senior staff (as delegated by the Chief Executive Officer) to write-off individual uncollectible amounts up to \$50,000. Individual amounts over \$50,000 require Board approval.

The Committee last received for information a report on uncollectible accounts approved for write-off at the senior staff level covering the year 2020 at its meeting on June 3, 2021. This report can be referenced by the following link:

https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Audit-and-Risk-Management/2021/June-03/4_Accounts_Receivable_Considered_Uncollectible.pdf?rev=36a8643490ed46b2a9c4ccca4593b875&hash=73BA707F670FF35ED8690CE6C881A60F

Write-Off History – Past Five Years			
Year	Annual Receipts	Amount Written Off	Collection Rate
2020	\$218,000,000.00	\$53,134.21	99.99%
2019	\$386,000,000.00	\$75,330.58	99.98%
2018	\$551,000,000.00	\$79,051.70	99.99%
2017	\$433,000,000.00	\$58,484.75	99.99%
2016	\$485,000,000.00	\$67,391.19	99.99%

Comments

In 2021, a total of \$11,617.48 was eligible for write-off pertaining to former employee billings. These amounts are typically related to TTC levies for uniforms, employee passes, working fund shortages, health benefits and other miscellaneous charges. Due to the minimal amount relative to prior years, and the timing they became eligible was late in the year, no accounts were written off in 2021. However, they will be included in the write-offs for 2022.

Total 2021 Annual Receipts	Amount Eligible for Write Off	Collection Rate
\$193,000,000.00	\$11,617.48	99.99%

As a result of the ongoing impact of COVID-19, many large accounts were provided with rent payment deferrals in 2021. These amounts have been provided for in the TTC's allowance for doubtful accounts and will be resolved in 2022.

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Signature

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