



2022 Uncollectible Accounts Receivable

Date: June 1, 2023

To: TTC Audit and Risk Management Committee

From: Chief Financial Officer

Summary

The 2022 Uncollectible Accounts Receivable report is submitted annually to the Audit and Risk Management Committee for its information, in accordance with the TTC's Authorization for Expenditures and Other Commitments Policy.

The total amount written off for 2022 amounted to \$11,904.70 and the total annual receivables amounted to \$191 million, yielding a collection rate of 99.99%.

This report provides information on accounts receivable amounts written off as uncollectible in 2022 under delegated authority.

Financial Summary

Amounts totalling \$11,904.70 were written off in 2022 in accordance with the TTC's Authorization for Expenditures and Other Commitments Policy, after the completion of appropriate collection efforts. 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 in 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 Audit and Risk Management Committee last received a report on uncollectible accounts approved for write-off at the senior staff level covering the year 2021 at its meeting on June 9, 2022. This report can be referenced by the following link:

[2021 Accounts Receivable Considered Uncollectible](#)

Table 1: Summary of Write-Offs and Collection Rates 2017-2021

Write-Off History- Past Five Years			
Year	Annual Receipts	Amount Written Off	Collection Rate
2021	\$193,000,000.00	0 ¹	N/A
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%

¹ Due to the impact of COVID-19, many customers were provided with payment flexibility. Please see 2021 report for more information with link to the report provided above.

Comments

In 2022, \$11,617.48 in uncollectible receivables pertained to former employee billings. Of the total amount eligible amount for write-offs in 2022, \$11,617.48 in uncollectible receivables pertain to former employee billings for uniforms, employee passes, health benefits and other miscellaneous charges. As noted in the 2021 report to the Audit and Risk Management Committee, this amount became eligible in late 2021 and would be accounted for in 2022 rather than 2021. The remaining write-off balance of \$287.22 pertained to uncollectible construction labour costs for work performed at the Tim Hortons located at Finch Station.

Table 2: Summary of 2022 Write-Offs

Total 2022 Annual Receipts	Amount Eligible for Write Off	Collection Rate
\$191,000,000.00	\$11,904.70	99.99%

It should be noted that as a result of the ongoing impact of COVID-19, many large accounts were provided with rent payment deferrals in 2020, 2021 and 2022. These amounts have been provided for in the TTC's allowance for doubtful accounts and subject to ongoing renegotiations with tenants.

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Signature

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