

Date: 2024-02-05

Subject: **Status of General Accounts Receivable**

Contact: Nash Damer, Treasurer, Finance

Report Number: Corporate Support Services-2024-139

Recommendations:

1. That the report from Nash Damer, Treasurer, Finance to the Committee of Council meeting date of February 21, 2024 re: **Status of General Accounts Receivable** be received.
2. That Council approves the write-off of any invoice with an amount over \$10,000 as described in this report.

Overview:

The purpose of this report is to inform Council of the accounts receivable items on which collection efforts have ceased in 2023 as deemed uncollectable and that have been authorized by staff for write-off.

This report includes one invoice made to Arena Pro for \$102,624.72 that requires Council approval to write-off. Arena Pro was a sole proprietor who filed for Bankruptcy on the 18th of August 2020 and as such is not collectable under the Bankruptcy and Insolvency Act.

Background:

The administration and collection of accounts receivables is codified in the Standard Operation Procedure (SOP) "Collection of General Accounts Receivables". The SOP establishes each of the collections steps and efforts undertaken by staff for the collection of defaulted general accounts receivable.

The SOP requires that when all of the appropriate collections steps have been exhausted, accounts be deemed uncollectable and outstanding balances written off. The write-off of the accounts must be authorized by either staff or by Council. The outstanding amount of the account determines the level of authority required for write-off.

Accounts deemed uncollectable are written-off after review at the following level of approval:

- Up to \$500.00 Manager of Corporate Collections
- \$500.01 to \$2,000.00 Senior Manager, Revenue
- \$2,000.01 to \$10,000.00 Treasurer
- Over \$10,000.00 City Council

The SOP also requires that Council be informed on a yearly basis of the amounts approved for write-off by staff. Council shall also be presented with a list of accounts with a balance over \$10,000.00 for write-off approval.

Accordingly, this report includes one invoice made to Arena Pro for \$102,624.72 that requires council write-off approval. Arena Pro was a sole proprietor who filed for Bankruptcy on the 18th of August 2020 and as such is not collectable under the Bankruptcy and Insolvency Act.

Current Situation:

The SOP sets out the collection process followed by staff and includes issuing overdue and final notices, personal contact via telephone call when a phone number is available, listing of the account with a collection agency and civil enforcement.

Finance staff has conducted collections activities as set out in the SOP on all the items listed in the attached Schedule A, totaling \$108,290.46.

These items represent unpaid invoices and returned items from financial institutions and dishonoured credit card transactions that remained outstanding since the year 2020. Having completed all internal and external collection activities, the items listed on Schedule A remained outstanding and are considered uncollectable by staff.

For comparison purposes, the accounts deemed uncollectable and written-off for the year 2023 and the previous 3 years have been summarized in the table below:

Write-off accounts			
Year	Year	Year	Year
2020	2021	2022	2023
\$13,418.09	\$7,907.87	\$10,359.02	\$108,290.46

Corporate Implications:

Financial Implications:

Finance staff periodically review outstanding receivables and establish allowances for all accounts where collection is considered doubtful. When the collection of an item is considered doubtful, the value of the receivable is offset by an expense. For all accounts listed in Schedule A, the cost for the doubtful item was expensed in prior years, therefore these write-offs had no additional impact on the City's 2023 operational results. Should any of these receivables be subsequently paid, the recovered amount will be credited to the appropriate department's revenue.

Other Implications:

N/A

Strategic Focus Area:

This report fulfils the Strategic Focus Area of a Well-Run City through strict adherence to effective financial management policies and supports Brampton's 2040 Vision by ensuring sustainable financial revenues.

Conclusion:

The City of Brampton is utilizing all available methods to collect defaulted accounts receivables and staff proceed with write-off action only when all internal and external collections actions have been exhausted or mandated by Bankruptcy and Insolvency Act. The write-off amount for 2023 totals \$108,290.46.

Authored by:

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Reviewed by:

Nash Damer, Treasurer, Finance

Approved by:

Alex Milojevic, Commissioner, Corporate Support Services

Approved by:

Marlon Kallideen, Chief Administrative Officer

Attachments:

Attachment 1 – Schedule A: Accounts Receivables Written Off in the Year 2023