

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON NOVEMBER 21, 2017
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	REQUEST FOR WRITE-OFF OF MISCELLANEOUS ACCOUNTS RECEIVABLE

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, Civic Administration **BE AUTHORIZED** to write-off the outstanding Accounts Receivable, attached as Appendix "A", in accordance with Council Policy, being the Accounts Receivable and Collections Policy.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Amendment to Council Policy Pertaining to "Accounts Receivable and Collections Policy"
(March 7, 2017 meeting of Corporate Services Committee)
<http://sire.london.ca/mtgviewer.aspx?meetid=1448&doctype=agenda&itemid=50531>

Amendment to Council Policy 8(5) "Uncollectible Accounts Receivable"
(December 13, 2016 meeting of Corporate Services Committee)
<http://sire.london.ca/mtgviewer.aspx?meetid=1373&doctype=agenda&itemid=48387>

Request for Write-Off of Accounts Receivable –
(December 13, 2016 meeting of Corporate Services Committee)
<http://sire.london.ca/mtgviewer.aspx?meetid=1373&doctype=agenda&itemid=48389>

Orchestra London Bankruptcy –
(June 9, 2015 meeting of Strategic Priorities and Policy Committee)
<http://sire.london.ca/mtgviewer.aspx?meetid=942&doctype=agenda&itemid=35166>

BACKGROUND

The account attached in Appendix "A" is not collectible due to the organization declaring bankruptcy in the spring of 2015. This organization encountered cashflow issues in the fall of 2014 and was set up as uncollectible for the 2014 year end.

Now that the bankruptcy process has run its course, it is recommended that this account in the amount of \$49,793 be considered uncollectible on the basis we have exhausted all means of collection as set out in the Council Policy, being the Accounts Receivable and Collections Policy.

Financial Impact

The write-off of the above account has no effect on the results of operations for 2017.

On an annual basis, an amount is budgeted in Corporate Financing to allow for uncollectible accounts so that expenses are matched to the appropriate years. Upon approval of the above adjustments, there will be \$648,251 remaining in the balance for doubtful accounts, which is reflected on the City's balance sheet.

Policy Assessment

2017 is the first year of applying the amended Accounts Receivable and Collections Policy, using the new thresholds. The write-off amount above represents 41% (2016 – nil)¹ of the total being written off for 2017. Administrative write-offs have been delegated to staff for approval as per the policy.

Staff have reviewed the amended policy and are not recommending any amendments to the policy at this time. The policy will be reviewed on an annual basis when the annual write-off report is brought forward to Council for approval in order to ensure it continues to meet the business needs of the Corporation in an effective manner.

Summary

This report recommends that the account, as set out in Appendix “A”, be approved for write-off and removed from the electronic system, as it meets the approved criteria for write-off.

A record of these accounts will remain in our files and if monies are received, they will be credited to corporate revenues upon receipt.

¹ For comparison purposes, the 2016 write-off value was recalculated using the new policy thresholds implemented after the 2016 write-offs approved by Council.

SUBMITTED BY:	CONCURRED BY:
SHARON SWANCE MANAGER, ACCOUNTING FINANCIAL SERVICES	IAN COLLINS DIRECTOR, FINANCIAL SERVICES
RECOMMENDED BY:	
ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES & CITY TREASURER, CHIEF FINANCIAL OFFICER	

Attach.

APPENDIX "A"
ACCOUNTS RECEIVABLE WRITE OFFS
OVER \$15,000

Service Area	Client No.	Invoice Month	Amount
<u>Miscellaneous Accounts Receivable</u>			
Orchestra London Canada Inc.	1	Oct-14	<u>49,793.45</u>
Total			<u><u>\$49,793.45</u></u>

Recommended to

London City Council