



education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

Garona Building, East Wing, Ground Floor
Private Bag X2044
Mmabatho 2735
Tel.: (018) 388-5059/3342
e-mail: kmoepedi@nwpg.gov.za

CHIEF DIRECTORATE: FINANCIAL MANAGEMENT SERVICES

Directorate: ASSET AND TRANSPORT MANAGEMENT SERVICES

NORTH WEST DEPARTMENT OF EDUCATION

LOSS CONTROL POLICY

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1. INTRODUCTION

Section 45(b) and (e) of the Public Finance Management Act (PFMA) places the onus on each official within the Department to take full responsibility for the effective, efficient, economical and transparent use of financial and other resources including the safeguarding of assets within the official's area of responsibility.

2. POLICY PROBLEM STATEMENTS

2.1 Asset Losses

The Department provides assets to employees as tools of trade. Some of these assets get lost or stolen in offices and or in the custody of individuals. Assets are accounted for in the Asset Register, and the register has to be updated as and when new assets are; acquired, disposed due to obsolescence and when they are written off as a result of them being lost and irrecoverable.

The Departmental Loss Register shows that assets which are lost are mainly; computer equipment (i.e. laptops, digital cameras and printers). The value of the assets in the Loss Register is estimated at almost half a million rand, and the department should deal with all the asset losses, and update the Asset Register once the losses are concluded.

2.2 Other Types of Assets with less frequent losses include the following:

| Type | Description/Illustration |
|--------------------------------|--|
| Furniture and office equipment | e.g. Tables, chairs and Filing systems |
| Other machinery and equipment | e.g. provided machinery, equipment and tools e.g. at technical high schools |
| Transport assets | e.g. Government vehicles from the government fleet – <i>dealt with in the Transport Policy</i> |
| Other IC technologies | e.g. Tablets and cell phones |

2.3 Losses from Irregular Expenditure

The Department also incurs financial losses emanating from irregular expenditure. The irregular expenditure is detected by the Internal Control through the day to day payment documents that are presented to the post-audit process before they are processed for payment. The department already has an estimated total of R1.7b irregular expenditure which should be investigated to determine if there are any losses incurred. The department should also report on ongoing irregular expenditure to the Provincial Treasury, and to demonstrate how losses resulting from irregular are handled as prescribed by the Irregular Expenditure Framework.

3. PURPOSE OR AIM OF POLICY

This Loss Control policy is aimed at:

- 3.1 providing a framework within which the Department of Education will prevent, limit or reduce losses – be it loss of an asset, or loss resulting from Irregular Expenditure.
- 3.2 assisting management and staff members in the Department of Education with the procedure on how to effectively deal with losses,
- 3.3 serving as a basis for the development of the loss control strategies and plans.
- 3.4 Taking responsibility for losses, and keeping officials responsible for losses accountable.

4. DEFINITIONS

Unless the contrary is clear from the context, the following definitions shall apply:

“Act” Public Finance Management Act 1999, Act 1 of 1999

“Department” shall mean the North West Department of Education.

| | |
|-------------------------------|--|
| “Losses” | any material loss or damages or prejudice to the State or a person and, without derogating from or limiting the concept, also shortages, damages, fruitless or wasteful and irregular expenditure and compensations. |
| “Incident” | any act or neglect in respect of a single occurrence which may cause damage, or might cause potential damage to the State's property and assets. |
| “Claim” | a lawsuit, action, interdicts arbitration, inquest or dispute and also includes an intended lawsuit. |
| “Recoverable Losses” | When the Accounting Officer or his delegate requests a person in terms of paragraph 12.7.2 of the National Treasury Regulations, to compensate the State in respect of the loss incurred by the department and where a loss is to be recovered from the other person owing to his/her cause of the loss/damage of the State Property or asset due to deliberate action, negligence or unauthorised use. |
| “Irrecoverable Losses” | The case where the State has suffered a loss due to natural causes (via major) or where an official does not forfeit State cover or protection in terms of the relevant National Treasury Regulations and the loss is written-off against State costs and a loss that the other person does not lose the State cover in terms PFMA and other related prescripts and regulations, due to the condition that applies for recoverable loss or the loss resulting from natural causes. |
| “Write off” | the withdrawal of an asset/item owned by the State in monetary value as prescribed by the PFMA. |
| “Liability” | responsibility to compensate the State for a loss or losses or damages caused by the said person due to recoverable loss condition. |

“Departmental Loss Control Committee” A Committee established by the Head of the Department to make recommendations and to provide any advice regarding all loss cases (be it asset related, or a loss from irregular expenditure) that are referred to it by the Loss Control Officer.

“Departmental Loss Control Officer” An officer at Head Office and Districts assigned by the Head of the Department in terms of section 44 of the Public Finance Management Act, Act 1 of 1999 to deal with the duties attached to loss control.

5. OBJECTIVE

This Policy provides clearly defined procedure on the management of losses, and the control mechanisms put in place to prevent losses in the Department.

The Policy specifically seeks to:

- 5.1 Keep management, and all officials in the Department accountable for losses in their respective area of responsibility.
- 5.2 Assist officials to create a climate that is conducive to internal control, risk management and prevention of losses.
- 5.3 Contribute towards creating respect for the resources entrusted to the Department for use in the best way possible.
- 5.4 Encourage officials to perform their duties in a responsible manner, and to avoid unlawful conduct that may result in unnecessary losses in general, and against compensation claims that may be instituted against the Department in particular.
- 5.5 Adhere to uniform reporting procedure which will not only ensure that the record of losses is kept more efficiently and effectively, but will also contribute to the promotion of greater efficiency in the management of losses and the establishment of an effective risk prevention strategy.
- 5.6 Determine the patterns of loss or identification of the nature of the problem including root cause analysis as determined from the Departmental Loss Control Register and the Irregular Expenditure Register to ensure proper application of monitoring and evaluation of the policy.
- 5.7 Determine proper measures and procedures of the Asset Loss Policy that will allow policy monitoring and evaluation at inception, formulation, through to the period of implementation and review.

6. LEGISLATIVE PRESCRIPTS

The following Acts and Prescripts are central in defining departmental boundaries and areas of influence:

- 6.1 Public Finance Management Act, 1999 (Act No. 1 of 1999),
- 6.2 Treasury Regulations 2001
- 6.3 National Treasury guidelines and prescripts,
- 6.4 Asset Management Policy and Framework
- 6.5 Labour Relations Act
- 6.6 Disciplinary Code (Resolution 1 of 2003)
- 6.7 Promotion of Administrative Justice Act , Act 3 of 200
- 6.8 Promotion of Administrative of Justice Act, Act 53 of 2022

7. SCOPE OF APPLICATION

The policy is applicable to all employees in the Department of Education, whether permanent, temporary, on probation or on contract. Professional Service Providers contracted by the Department must also comply with this policy. Any person who fails to comply with any provision of this policy may be subjected to disciplinary action.

8. POLICY

8.1 RESPONSIBILITY FOR LOSSES

The Public Finance Management Act, 1999 (Act no 1 of 1999 as amended) compels the Accounting Officer, and officials appointed in government offices to take responsibility, amongst others:

- 8.1.1 to ensure that an effective, efficient and transparent system of risk management, and internal control is established and carried out respectively;
- 8.1.2 to prevent losses; and
- 8.1.3 to ensure the safeguarding and maintenance of all assets of the Department. (Sections 38, 39, 40 and 45 of the PFMA).

Treasury Regulations also compels the Accounting Officer to conduct a risk assessment in order to identify emerging risks that may threaten the achievement of Departmental objectives. A risk management strategy must be clearly communicated to all officials to ensure that the said strategy is incorporated in the Department.

The Accounting Officer must also exercise reasonable care in detecting and preventing losses and for this purpose, effective and transparent processes

of financial and risk management must be implemented. Reference is made to Treasury Regulation 4,9,10, 11 and 12 issued in accordance with section 76 of the PFMA.

According to Treasury Regulation 10.1.1, the Accounting Officer of an institution must take full responsibility and ensure that proper control systems exist for assets, and that preventative mechanisms are in place to eliminate theft, loss, wastage and misuse.

Treasury Regulations 12.1.1 states:

Subject to the provisions of this regulation, or any other legislation or agreement, the State will bear its own damages and accident risks, and be responsible for all claims and losses of state property where these arise

from State activities by an official who is liable in law and who is or was employed by an institution.

Treasury Regulation 12.1.2, indicates that: notwithstanding paragraph 12.1.1, the Accounting Officer of an institution may (if deemed economical and based on a risk assessment) insure motor vehicles or such other movable assets determined by the relevant treasury, but the insurance premium cost may not exceed R250 000 a year or that vote, unless otherwise approved by the relevant treasury.

8.2 APPOINTMENT AND RESPONSIBILITIES OF THE LOSS CONTROL OFFICER

In terms of Section 44(1) of the PFMA and Chapter 12 part 5 of the Treasury Regulation the Accounting Officer shall appoint a Loss Control Officer to perform functions related to the management of losses and claims. The officer will be responsible for, amongst other duties include but not limited to the following:

- a) Ensure that all losses due to theft must be reported to the SAPS within 24 hours, or within a reasonable / practical period defined by the nature (including when and where) of the loss.
- b) Obtaining all details and statements regarding claims and losses and entering such details in the Asset Loss Control Register, and the Irregular Expenditure Register.
- c) Following up and settling such cases;
- d) Reporting all cases to the Loss Control Committee;
- e) Liaise with the Directorate for Legal Services; and
- f) Conduct loss control awareness campaigns to departmental staff in various offices / institutions.
- g) Do the liability investigation function
- h) In the case of irregular expenditure, do the assessment and determination tests and refer cases which need investigations.

8.3 APPOINTMENT AND RESPONSIBILITY FOR LOSS CONTROL COMMITTEE

The Accounting Officer shall appoint the Loss Control Committee in terms of Section 44(1) (a) and (b) read with sub-section (3) of the PFMA to perform functions related to the management of losses and claims.

8.3.1 Representatives from the following departmental units shall be members of the Loss Control Committee, and the representation shall be at director level with proviso for delegation.

- Human Resource
- Labour Relations
- Asset Management
- Information Technology
- Legal Services
- Minimum Information Security Services
- Supply Chain Management
- Financial Management
- Risk Management
- Strategic Planning

8.3.2 The Loss Control Committee`s roles:

8.3.2.1 The Loss Control Committee shall oversee the functions of the Loss Control Unit

8.3.2.2 The Committee shall in consultation with the Accounting Officer give all the necessary support to the Liability Investigator / Loss Control Officer

8.3.2.3 The Committee shall meet on quarterly basis or adhoc basis depending on the need at the time.

8.3.2.4 The Committee shall give right to procedurally fair administrative action in line with section 3 of PAJA.

8.3.3 Functions of the Loss Control Officer

- a) Create awareness of Loss Control Policies and Procedures,
- b) Obtaining all details, statements, etc. in connection with claims and losses, and entering all claims and losses in the Departmental Loss Control Data Base, and the Irregular Expenditure Register,
- c) Develop and maintain a Loss Control Register or Data Base
- d) Ensure that the Asset Loss Forms are completed in full;
- e) Authenticate the information on the lost ICT equipment, and advise the Accounting Officer on the risk the department might be exposed to as a result of such a loss;

- f) Investigate the loss where the officials or affected parties do not accept responsibility for the loss;
- g) Make recommendations to the Accounting Officer based on the outcomes of their investigation;
- h) Recording the financial transactions regarding losses awaiting approval against the relevant Suspense Account in the Department's General ledger;
- i) Recording the financial transactions regarding losses approved for write-off against the relevant objective account of the Department;
- k) Liaising with the MISS, Legal Services and Labour Relations Components in dealing with the recovery of debt from the end user, or third party where third parties are involved
- l) Identify a trend where a specific individual within the department continues to acquire the same asset regularly;
- m) Ensure that security is not compromised within the Departmental premises. This includes but is not limited to:
 - Access and gate control;
 - Adequate emergency control management e.g. fire;
 - Adequate controls for Vis Major;
 - Liaising with the State Attorney with referral from Legal Services Directorate.
 - In cases of irregular expenditure, there shall be prevention of contravention of legislation and SCM processes that will result in irregular expenditure (as defined in the PFMA).

9. SAFE GUARDING OF ASSETS

Section 45(e) of PFMA Act 1 of 1999(as amended by Act 29 of 1999) confers a responsibility to an official in a department, trading entity or constitutional institution for the management, including the safeguarding of the assets within that official's area of responsibility.

The Accounting Officer needs to ensure that there are proper controls and preventative mechanisms to ensure that all assets are protected against improper use, loss, theft, malicious damage or accidental damage.

The Accounting Officer needs to ensure that the application of the policy is monitored and evaluated to ensure transformative function of policy implementation and application upon the policy beneficiaries.

Every newly employed official and on regular basis, all employees shall be provided with a broche / information descriptive of the procedures and control measures on safeguarding of assets.

There shall be regular reporting of assets loss, and losses resulting from irregular expenditure as prescribed by the PFMA or Treasury Regulations.

Physical control includes: the locking of office doors, security checks when people enter and leave the Departmental premises, checking usage of assets, use of control records such as log books for vehicles, handover / take over procedures when assets exchange hands, etc.

9.1 When officials take departmental assets home e.g. laptops the elements of physical control referred to in the above paragraph must be adhered to in their households or areas of residence.

- a) All officials in the Department of Education are responsible for the assets allocated to them and / or used in the execution of their duties.
- b) All officials in the Department of Education are required to take all reasonable precautions to safeguard the relevant department's assets and to prevent their loss.
- c) Should it become apparent that negligence by an official is the cause for the loss / damage to the asset(s), the Department should make every attempt to recover the full amount of the loss from the relevant official.
- d) In case of suspension from duty, the officials must hand over the assets to the MISS Directorate, and these assets will be directed to Asset Management Unit / Directorate. This handing over also applies to officials exiting the department.
- e) Any official going on retirement must also handover all the assets to the Asset Management Unit prior to exiting the departmental premises. Constant communication between HR and Asset Management regarding official going on retirement / exiting the department must be maintained.
- f) Failure to comply with the above paragraph will result in the delay of processing pay-outs / monies due to the official. The recoverable amount of assets that could not be verified or handed over will be deducted from the pay-outs / monies due to the official.

9.2 Safe Guarding of Laptops, Computers and other departmental assets

- 9.2.1 In all offices, all laptop computers must always be secured to a fixed item (i.e. furniture or wall) with a security cable,
- 9.2.2 Laptop computers must be removed from parked vehicles, and officials are also encouraged not to leave them in the locked boot of a vehicle if this can be avoided,
- 9.2.3 In the context where crime is pervasive such as where criminals mug, grab and run with assets, officials shall be encouraged to use officially recognized / employed guards at parking lots.

- 9.2.4 All other mobile assets (personal items e.g. laptop, cameras etc.) will be allocated to custodians with an acknowledgement of receipt form by the issuing officials. All officials with personal items must fill the forms,
- 9.2.5 All damaged assets must also be reported within 24 hours and handed over to Asset Management Unit,
- 9.2.6 When travelling by air, laptops must not be handed in as luggage but must be kept as hand luggage and safeguarded by the official at all times,
- 9.2.7 All assets leaving the work premises for the purpose of repairs, maintenance or relocation must be permitted by relevant managers and failure to do so, should it get lost, will constitute non-compliance which will result as a recovery from the official's salary,
- 9.2.8 The Accounting Officer shall be liable for the collection of assets allocated to political office bearers when their term of office ends, or when they leave the department by dismissal or relocation.

The above terms do not apply to laptop computers assets only, but also apply to any other assets owned by the department.

10. PROCEDURE IN MANAGEMENT OF LOSSES

The following procedure is to be adhered to in the process of managing losses:

- 10.1 Losses to be reported within 24 hours after acknowledgement to the Loss Control Officer.
- 10.2 The Loss Control Officer working with investigators in the Security Unit, will investigate losses of tangible assets to determine accountability.
- 10.3 Losses which are fraud related resulting from irregular expenditure will be referred to the Anti-Fraud unit for investigation.
- 10.4 In an event where the Loss Control Officer receives a report of an incident, he/she must consider all possible implications, including legal effect it might have on an individual and the Department.
- 10.5 He or she will record such claims and/or losses in a Loss Register.
- 10.6 He or she will make follow-ups on all claims and/losses.
- 10.7 He or she will ensure that all registered loss cases are finalized within a reasonable period.
- 10.8 Where legal implications have been drawn the Loss Control Officer will refer cases of negligence to the Directorate: Legal Services for investigation.
- 10.9 Report all cases to the Loss Control Committee in writing, for the Loss Control Committee to play its role, and to make recommendations to the Accounting Officer.
- 10.10 By way of Departmental information sharing, the Loss Control Unit will periodically draw the attention of all persons to the fact that all possible efforts are continually made to prevent claims arising against the department.

10.11 In a case where a person has to compensate, he/she should submit a written undertaking in the form of Annexure A.

10.12 Where there is no compensation or the value of an asset is irrecoverable, then the asset and value thereof must be removed from the Asset Register.

11. REPORTING OF LOSSES

Step 1: Registration of damages and losses

11.1.1 When an official became aware of a loss of an asset he/she must notify the Loss Control Officer in writing within two (2) working days or within a practicable reporting schedule in the case of irregular expenditure. Failure to report a loss of an asset will result in keeping the official fully accountable for the loss incurred.

11.1.2 The Loss Control Officer must register all losses after notification.

11.1.3 After notified of losses / damages and claims, these are to be handled in accordance with Chapter 12 of the National Treasury Regulations.

Step 2: Gathering of information

11.2.1 The official reports the losses to the Loss Control Officer

11.2.2 The Loss Control Officer must seek legal advice as widely as possible; consult parties as broadly as possible; consult experts; advice widely; follow and note (in writing) events systematically and as swiftly as possible; and compile final reports for the Loss Control Committee containing the following:

- a) Detailed description of incidents and;
- b) Investigators` observations and recommendations

Step 3: Collection of documents, evidence and conditions to determine liability

11.3.1 Liability investigation is mainly to determine the circumstances under which a loss occurred and to determine whether any official could be held liable for such loss.

11.3.2 This type of investigation is done completely apart from any criminal or misconduct investigator.

11.3.3 The liability investigator shall also communicate with the criminal and misconduct investigator for the purpose of obtaining information.

- 11.3.4 There is nothing that prohibits that documents, which were used in a liability Investigation, can also be used in a case of misconduct or neglect of duty for disciplinary steps.
- 11.3.5 The Loss Control Officer shall acquaint himself/herself of specific instructions that might be applicable to the case, determine the official's version of the occurrence by checking initial reports.
- 11.3.6 Depending on the nature of the loss, it shall be ascertained who was responsible for Specific responsibilities or duties.
- 11.3.7 The collection of job descriptions and the proof that a certain official/s was/were aware of his/her/their responsibility is of importance.
- 11.3.8 Proof that a duty was performed or neglected, shall be obtained. If relevant copies of specific instructions and shared information were made, it should be included in the investigation.
- 11.3.9 If for certain reasons, it is necessary to confiscate a certain register, the person giving the instruction (for investigation) should be consulted. Certified copies of a register of specific entry/entries are usually sufficient.
- 11.3.10 If any problems were encountered with a reluctant witness or with the destruction or withholding of documentation or information, the investigator should not hesitate to make use of provisions of Disciplinary Regulations or appropriate provisions in the Public Service Act.
- 11.3.11 Obtain certified copies of all the original documents and use only the copies relating to the investigation. Keep the original documents in a safe place. No inscription, deletions, changes or corrections should be made on original documents, as this would negatively influence its evidential value with a view to possible legal action.
- 11.3.12 Evaluate data integrity of gathered information. Should any uncertainty exists regarding the date integrity exist of such information, steps must be taken in consultation with the stakeholders concerned in order to rectify the situation and to ensure the said data is accurate and reliable.

Step 4: Identify possible causes and trends

- 11.4.1 If shortages/losses/theft/damages/ misuse of state property or state money, or fruitless expenditure, especially with regard to accommodation, or wasted, unauthorized or irregular expenses are involved, or the right of recovery of the state has become prescribed, which gave rise to a loss for the state, a liability investigation shall be taken by the Loss Control Officer with the purpose of impartiality and transparency.
- 11.4.2 It should however be noted that a liability investigation is mainly conducted to determine the circumstances under which the loss occurred. The circumstances of the loss and facts that came to light during the investigation, can eventually lead to a decision whether an official can be held legally liable or not for a loss in terms of the applicable Treasury Regulation.
- 11.4.3 The Loss Control Officer shall display own initiative and shall be conversant with all the relevant instructions, which may be applicable to the loss in question.
- 11.4.4 When a liability investigation is considered necessary, it is important that it be instituted immediately after the reporting of the loss, as evidence that might be of interest could be changed or simply disappear.

Step 5: Compilation of a report

- 11.5.1 To compile a report regarding losses, which have to be referred to Loss Control Committee and Legal Services, one must determine liability and comply with certain provisions of the PFMA.

The report includes all gathered statements, documentary proof and recommendations

The Loss Report must include the following:

- The responsible official's own report
- The investigation officer's report
- The Asset Controller's report and recommendation
- An undertaking by the responsible official
- The final recommendation from Loss Control Committee.

12. RECOVERY OF THE VALUE OF AND OR LOSSES AND DAMAGES

12.1 Losses and damages suffered by the Department, because of an act committed or omitted by an official, shall be recovered from such an official if that official is liable in law.

Note: Accounting Officer has delegated the recovery of losses damages to the Chief Financial Officer in terms of section 76(1)(b) of PFMA.

12.2 Value recovery from loss of assets shall be based or be implemented through the recovery matrix

THE RECOVERY MATRIX

| ASSET CATEGORY | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 6 |
|--------------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Computer equipment | 100% of the acquisition cost | 66% of the acquisition cost | 33% of the acquisition cost | 33% of the acquisition cost | 15% of the acquisition cost | 05% of the acquisition cost |
| Furniture and office equipment | 100% of the acquisition cost | 80% of the acquisition cost | 60% of the acquisition cost | 40% of the acquisition cost | 20% of the acquisition cost | 15% of the acquisition cost |
| Other machinery and equipment | 100% of the acquisition cost | 80% of the acquisition cost | 60% of the acquisition cost | 40% of the acquisition cost | 20% of the acquisition cost | 15% of the acquisition cost |
| Transport assets | 100% of the acquisition cost | 80% of the acquisition cost | 60% of the acquisition cost | 40% of the acquisition cost | 30% of the acquisition cost | 25% of the acquisition cost |
| Tablets and cell phones | 100% of the acquisition cost | 50% of the acquisition cost | 20% of the acquisition cost | 05% of the acquisition cost | 0% of the acquisition cost | 0% of the acquisition cost |

The matrix is based on the fact that as a government department our assets are used for the major part of their economic life as opposed to the useful life.

In case of damages to assets due to negligence, the responsible official(s) shall pay for repairs quoted by the supplier, and the official will pay the replacement value on non-repairable assets.

NB: No lost item will be replaced by any official (e.g. official purchasing an item to replace a lost one) without following the recovery processes outlined in paragraph 11

The above matrix does not apply in instances where the loss is written off as a loss against the state. In such instances the loss is calculated against the replacement value at all times. For the purpose of calculating the recoverable amount in instances where the loss in respect of lost / damaged personal equipment items must be recovered from responsible official, the amount of the state's loss or damage must be obtained via three quotations.

As far as the damage/loss of state equipment or items is concerned; the recoverable amount of the loss must be collected from the accountable official. Only in exceptional cases where the accountable official does not have any funds to compensate for the full recoverable amount in a once-off amount, Salary Payments may be requested to recover the amount due from the salary of the official concerned, or in the event of leaving the service from the official's outstanding pension or other monies he/she is entitled to.

13. WRITE-OFF, DISPOSAL AND RECOVERY PROCESSES

13.1.1 Write-off means the withdrawal of an asset / item or an amount of money owned by the state in monetary value as prescribed by the PFMA and the Treasury Regulations. Write-off exercise is the end product of the loss control process.

13.1.2 Debt recovery means the repossession of an asset/item/money owned by the State in monetary value as compensation for the state loss.

The Department should be satisfied that-

- a) All reasonable steps have been taken to recover the debt, and that the debt is irrecoverable or, the Department is convinced that recovery of the debt would be uneconomical;
- b) He or she is convinced that recovery of the debt would be uneconomical;
- c) Recovery would cause undue hardship to the debtor or his/her dependants;
- d) Or it would be to the advantage of the state to effect a settlement of its claim or to waive the claim. (Treasury Instruction 11.4.1)

The following delegation regarding write-offs is applicable:

➤ Accounting Officer

- a) An Accounting Officer must ensure that all debts written off are done in accordance with the write off policy determined by the accounting officer. (Treasury Instruction 11.4.2)
- b) All debts written off must be disclosed in the Annual Financial Statements, indicating the policy in terms of which the debt was written off. (Treasury Instruction 11.4.3)
- c) When it appears that the state has suffered losses or damages through criminal acts or possible criminal acts or omissions, the matter must be reported, in writing, to the accounting officer and the South African Police Service. If liability can be determined, the accounting officer must recover the value of the loss or damage from the person responsible. (Treasury Instruction 11.5.1)
- d) The Accounting Officer may write off losses or damages arising from criminal acts or omission if, after thorough investigation, it is found that the loss or damage is irrecoverable. (Treasury Instruction 11.5.2)
- e) After conclusion of a loss case, either at recovery or write-off, an asset must be disposed of, and retired on the asset management system.

14. MANAGEMENT REPORTING

14.1 QUARTERLY

- 14.1.1 The duly appointed Loss Committee shall report, on status of all losses within the department, to the Chief Financial Officer.
- 14.1.2 The Director: Legal Services and manager in MISS shall report, on status of all losses within the department, to the chief financial officer.
- 14.1.3 A listing of approved write-offs of debts owed to the department to be provided to the Accounting Officer by the Chief Financial Officer.

14.2 ANNUALLY

In line with PFMA section 40(3)(b) the Chief Financial Officer shall include the following particulars with the annual report and audited financial statements:

14.2.1 Any material losses through criminal conduct, and any unauthorized expenditure, irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.

14.2.2 Any criminal or disciplinary steps taken as a result of such losses, unauthorized expenditure, irregular expenditure and wasteful expenditure.

14.2.3 Any material losses recovered or written off.

14.2.4 Any other matters that may be prescribed

15. RECORD KEEPING

Records of loss, damage, forms, files, registers etc. should include the following minimum information:

- a) Gross value of the loss
- b) Amount recovered
- c) Approved amount written off
- d) Authority/reference for adjustment
- e) Updating of assets register and inventory record.

16. RISK ASSURANCE

16.1 In general, the State bears its own damages and accident risk and accepts responsibility for all claims and losses of State property arising from State activities by a person who is liable in law and who is or was employed by an Institution to which the loss control instructions applied or originated from or took place during the performance of State activities.

16.2 Treasury Regulation part 3, 3.2.1 is clear on the inclusion of such risks in a risk Management strategy and dovetailing to a fraud prevention strategy and the determination of the skills required of managers and staff to improve controls and to manage such risks.

16.3 Officials causing unnecessary losses, or who abuse or exceed their powers or misuse State property and/or resources, or neglect their duties resulting in unnecessary losses for the Department, should also be prepared to face disciplinary steps initiated against them.

17. OBJECTIONS AND COMPLAINTS

Persons aggrieved by decisions or actions taken in the implementation of the loss control policy, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

18. COMMENCEMENT

This policy comes into effect on date on which it is signed and adopted by the Accounting Officer of the Department

19. POLICY REVIEW AND EVALUATION

The Policy shall at most be reviewed as and when it is deemed evidently necessary as from the time of its taking effect and atleast minimally after 5 years of its application.

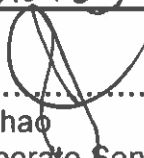
All scheduled reports related to asset losses and losses resulting from irregular expenditure shall be the basis for and upon which the policy is monitored, and ensuring its implementation in accordance with its design to achieve its transformative function of its properly stated objectives and for its benefits.

The Policy shall be evaluated appropriately through relevant evaluation types as and when, and or dependent on what question or evaluation judgement is sought by policy makers including implementers.

Recommended / ~~not recommended~~


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Ms M. Jansen
FMS Chief Director
Date 12/08/2024

Recommended / ~~Not Recommended~~

Supported

.....
Mr H. Mashao
DDG: Corporate Services / Chief Financial Officer
Date 13/8/2024

Approved/ Not Approved


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Mr. M. Seshibe
Acting Superintendent General
Date 14-08-2024

