



## Loss Control Policy


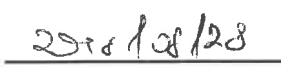
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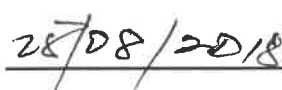
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**Responsible Manager:** **Chief Financial Officer**

**Recommended** :  \_\_\_\_\_ 

**Mr. T Holele** **Date**

**Approved by the Head of Department:**

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**Mr. MP Dichaba** **Date**

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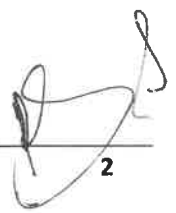
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## 1. Policy Aim

- 1.1. To highlight the fact that each official within the Department of Transport, Safety and Liaison must take responsibility for the effective, efficient, economical and transparent use of financial and other resources within that official's area of responsibility.
- 1.2. In particular, the official must take effective and appropriate steps to prevent, within that official's area of responsibility, any losses<sup>1</sup>, damages of assets, unauthorised<sup>2</sup>, irregular, fruitless and wasteful expenditure<sup>3</sup> and any under-collection of revenue due.
- 1.3. To provide a framework within which the Department will prevent, limit and reduce fruitless, wasteful, damages, irregular, unauthorised, irregular expenditure and unnecessary losses.

## 2. Legislative Framework

This policy has been developed within the following legislative framework:

- Public Finance Management Act 1 of 1999, as amended
- Treasury Regulation, 2016 as amended

Furthermore, this Policy must be read in conjunction with the following policies:

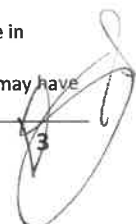
- Departmental Vehicle Policy
- ICT User Policy
- Asset Management Policy
- Supply Chain Management policy
- Debtors Management policy
- Departmental Irregular Expenditure
- Departmental Fruitless and Wasteful Expenditure
- Departmental Fleet Management Policy

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<sup>1</sup> Losses means any material loss or damages or prejudice to the State or a said person and, without derogating from or limiting the concept, also shortages, damages, fruitless or wasteful expenditure and compensations.

<sup>2</sup> Unauthorised expenditure means the overspending of a vote or a main division within a vote, or expenditure that was not made in accordance with the purpose of a vote, or in the case of a main division not in accordance with the purpose of the main division

<sup>3</sup> Fruitless and Wasteful Expenditure means expenditure which was made in vain with no advantage to the Department and that may have been avoided had reasonable care been exercised



### **3. Policy Scope**

**3.1.** This Policy applies to all Department of Transport, Safety and Liaison (DTSL) employees, structures, bodies and organisations that operate within the parameters of the DTSL.

### **4. Policy Statement**

#### **4.1. Principles**

- 4.1.1. The accounting officer 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 on that vote, unless otherwise approved by the relevant treasury.
- 4.1.2. All officials are accountable for losses in their respective area of responsibility.
- 4.1.3. All officials must ensure that they prevent any losses, damages, fruitless, wasteful, irregular, unauthorised expenditure to the department
- 4.1.4. All officials are required to report all losses/damages of the state assets that occur in their respective Directorates to the Asset Management Unit/Loss Control Officer.
- 4.1.5. All officials are to perform their duties in a responsible manner and to avoid unlawful conduct that may result in claims against the Department.
- 4.1.6. Uniform reporting procedure which will ensure that the record of losses is kept more efficiently and effectively, but also contribute to the promotion of a greater efficiency in the management of losses and the establishment of an effective loss control committee.

#### **4.2. Loss Control Agents**

- 4.2.1. All Directorates in the department are designated as Loss Control Agents of their respective Directorates.
- 4.2.2. All Managers and officials have a responsibility to ensure proper asset management in their respective area of responsibility
- 4.2.3. All losses/damages to state assets that occur in their respective Directorates must be reported to the Loss Control Officer/Asset Management Unit in writing, within 2 working days.

### **4.3. Procedure To Be Observed On Discovery Of Irregular Expenditure**

- 4.3.1. Any employee who becomes aware or suspects the occurrence of irregular expenditure must immediately report in writing such expenditure to the Accounting Officer or his or her delegate;
- 4.3.2. The Accounting Officer or his or her delegate must investigate the alleged irregular expenditure, and must report on the steps that are taken to:
  - 4.3.2.1. Recover or rectify such expenditure;
  - 4.3.2.2. Prevent a recurrence of such expenditure; and
  - 4.3.2.3. Ensure that disciplinary proceedings against the person are instituted, where applicable.
  - 4.3.2.4. For the Department to incur irregular expenditure, the non-compliance must be linked to a financial transaction, provided that in the event that irregular expenditure is determined prior to a payment being made, the transgression must be regarded as a non-compliant matter.
  - 4.3.2.5. Expenditure resulting from non-adherence to the department's delegations of authority is regarded as irregular expenditure as such delegations are issued in terms of section 44 of the PFMA
  - 4.3.2.6. The department's irregular expenditure register, substantially compliant with the formal contemplated in Annexure A, must be updated throughout the process until the case is finally closed.

### **4.4. Unauthorised Expenditure**

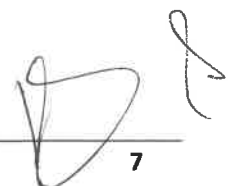
- 4.4.1. The following constitutes unauthorised expenditure:
  - 4.4.1.1. Over-spending on budget;
  - 4.4.1.2. Earmarked funds used for other purposes; and
  - 4.4.1.3. Funds used outside the mandate of the Department.
- 4.4.2. The Department must spend approved funds for the purpose for which they were provided, and funds not utilised for the purpose of the vote, must be identified immediately.
- 4.4.3. Over-spending on the budget must be identified before final closure of the Departmental books and after final virement.

- 4.4.4. After identification and confirmation, unauthorised expenditure is recognised as an asset in the statement of financial position, until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person, or written off as irrecoverable in the statement of financial performance.
- 4.4.5. Unauthorised expenditure approved with funding is recognised in the statement of financial position when the unauthorised expenditure is approved and the related funds are received.
- 4.4.6. In the statement of financial performance, unauthorised expenditure approved without funding is recognised as expenditure on the date of approval.
- 4.4.7. A transaction may not be accounted for as both unauthorised and irregular expenditure, and unauthorised expenditure takes precedence over irregular expenditure.
- 4.4.8. Unauthorised expenditure must be reported in the annual report as a note to the financial statements in terms of Treasury Regulation 9.1.5.
- 4.4.9. The Department's unauthorised, fruitless and wasteful expenditure register, substantially compliant with Annexure B, must be updated throughout the investigation process until the case is finally closed.

#### **4.5. Procedure for Reporting and Investigating Irregulars, Fruitless, Wasteful and Unauthorised Expenditure**

- 4.5.1. Any employee who becomes aware or suspects the occurrence of irregular, fruitless and wasteful, or unauthorised expenditure must immediately report such expenditure in writing to the Accounting Officer or his or her delegate;
- 4.5.2. Upon identification of alleged irregular, fruitless and wasteful, or unauthorised expenditure, such expenditure must be left in the expense account;
- 4.5.3. Reporting on irregular, fruitless and wasteful or unauthorised expenditure may also occur during the various assurance processes of the Department, which include internal and audit, compilation of the annual financial statement or normal inspections;
- 4.5.4. The Loss Control Officer must investigate the matter without delay to determine the validity thereof, whether it meets the definition of irregular expenditure, fruitless and wasteful expenditure or unauthorised expenditure, as per Section 1 of the PFMA;

- 4.5.5. All Programme Managers must co-operate with the Loss Control Officer in every aspect of an investigation;
- 4.5.6. The Loss control officer must immediately notify SCM unit of progress with, and the outcome of, an investigation, by way of a written report, accompanied by supporting documentation where necessary;
- 4.5.7. SCM Unit must immediately record details of reported cases in the Departmental irregular, fruitless, wasteful and unauthorised expenditure registers;
- 4.5.8. For each reported case, the SCM Unit must open a case file containing all the evidence and reports received;
- 4.5.9. Departmental irregular, fruitless, wasteful and unauthorised expenditure registers must be:
  - 4.5.9.1. Available at all times for inspection and audit purposes;
  - 4.5.9.2. Kept in a safe place and protected against fire, water and damaged;
  - 4.5.9.3. Updated continually with the outcome of each investigation in the relevant register by the loss control officer; and
  - 4.5.9.4. Maintained in electronic format
- 4.5.10. During the period of investigation, the expenditure must remain in the expense account and the result of the investigation must determine the appropriate action to be taken regarding the expenditure;
- 4.5.11. Where the investigation reveals that the irregular, fruitless, wasteful and unauthorised expenditure is in fact valid expenditure, the details of the expenditure must be retained in the relevant register to provide an appropriate audit trail;
- 4.5.12. The SCM Unit must monitor reported cases until such cases have been resolved or closed.
- 4.5.13. Where the investigation indicates that the expenditure is irregular, fruitless and wasteful, or unauthorised, the particulars of the expenditure must be reported to the Provincial Treasury by the Accounting Officer;
- 4.5.14. The completeness of, and amendments to, the Departmental irregular, fruitless, wasteful, and unauthorised expenditure registers must be reported by the SCM Unit to management and the Provincial Treasury through monthly reports;



- 4.5.15. The SCM unit must review the Departmental irregular, fruitless, wasteful and unauthorised expenditure registers for completeness and correctness on a quarterly basis;
- 4.5.16. The SCM Unit must compile statistics of irregular, fruitless, wasteful and unauthorised expenditure cases on an annual basis in order to identify trends such as risk areas, control weaknesses and areas of non-compliance; and
- 4.5.17. Irregular, fruitless and wasteful, and unauthorised expenditure must be accounted for and disclosed in financial statements, according to the applicable Department Financial Reporting Framework Guide, which is updated annually and is available on the National Treasury website of the Office of the Accountant General.

#### **4.6. Procedure for Loss/Damage and theft of Departmental Assets**

- 4.6.1. The loss/damage of state asset must be reported to the Supervisor/Manager and the South African Police Services within 48 hours of loss or damage.
- 4.6.2. The Supervisor/Manager must within 48 hours report the loss/damage to the Director of his/her respective Unit.
- 4.6.3. The Director shall within 5 working days notify the Loss Control Officer in writing about the loss/damage of the state asset.
- 4.6.4. The Loss Control Officer must ensure facilitation of an investigation on circumstances surrounding the loss/damage of state assets and report to the Asset Management Committee.
- 4.6.5. The fruitless wasteful, unauthorised, irregular expenditure, theft, damage & losses of assets the Committee will deliberate and make recommendations to the Head of Department in relation to any recoverable amount in respect to the loss/damage & theft of departmental asset.
- 4.6.6. The HOD is the final authority to make a decision in relation to the recovery of loss or damage.
- 4.6.7. In relation to loss or damage of ICT equipment, the official may be issued with another equipment pending the investigation and finalization of the matter in order to allow for continued service delivery.
- 4.6.8. In the case of a loss, damage or claim arising from the use of a state vehicle, the official:



- 4.6.8.1. Used the vehicle with authorisation for official purposes;
- 4.6.8.2. Possesses a valid driver's licence or other appropriate licence;
- 4.6.8.3. Used the vehicle in the interest of the state;
- 4.6.8.4. Did not allow unauthorised persons to handle the vehicle;
- 4.6.8.5. Did not deviate materially from the official journey or route without prior Authorisation.

#### **4.7. The Management of Losses**

##### **4.7.1. Process when loss occurs**

- 4.7.1.1. Losses to be reported within 24 hours to the Loss Control Officer;
- 4.7.1.2. The Loss Control Officer will investigate to determine accountability.
- 4.7.1.3. 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.
- 4.7.1.4. Recording such claims and/or losses in a loss register.
- 4.7.1.5. Investigate all claims and/or losses.
- 4.7.1.6. Ensuring that all registered loss cases are finalised within a prescribed period.
- 4.7.1.7. To refer cases of negligence to Directorate Legal Services to investigate the matter further.
- 4.7.1.8. Report all cases to the Loss Control committee in writing, so that it can be investigated and reported to the Chief Financial Officer for inclusion in the Annual Departmental Financial statements.

##### **4.7.2. Reporting of Losses**

- 4.7.2.1. 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, & by use a loss control form 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 12.2.3).

- **STEP 1: Registration of Damages and Losses**

- All Directorates and Provincial Traffic Stations within the department must complete a loss control form and register for all incidents reported.
- The register should reflect the basic information on losses and should also act as an aid to manage the loss control process
- It should also reflect the references to the source documents
- When notified of a loss, the loss control officer must register such case/loss within two (2) working days.
- After notified of losses/damages/fruitless & wasteful expenditure/unauthorised & irregular expenditure claims, these are to be handled in accordance with Chapter 12 of the National Treasury Regulations

- **STEP 2: Gathering of Information**

- The Loss Control Officer must seek legal advice as widely as possible; consult parties broadly as possible consult experts' advice widely; follow and note (in writing) events systematically as swiftly as possible; and compile final reports for future reference containing the following:
  - Detailed description of incidents; and
  - Investigator's observations and recommendations.
  - The following information should be reflected in this register
  - Entry number, date of entry, file references and the date of the occurrence
  - Description of losses
  - Possible cause
  - Responsible person (person responsible for the safe keeping of the asset)
  - Estimated amount of the loss
  - Amount recovered/not recovered
  - SAPS's case number
  - Date reported to Legal Service when necessary
  - Finalisation steps (approval/receipt number)



- **STEP 3: Collection of Documents and Evidence to Determine Liability**

- 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. This type of investigation is done completely independent from any criminal or misconduct investigator. It is self-evident that the investigator shall also communicate with the criminal and the Misconduct Investigator for the purpose of obtaining information/evidence.
- 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.
- The Loss Control Officer shall acquaint himself/herself of specific instructions that might be applicable to the case; determine the official version of the occurrence by checking initial report.
- Depending on the nature of the loss, it shall be ascertained who was responsible for specific responsibilities or duties.
- The collection of job descriptions and the proof that a certain official/s was/were aware of his/her/their responsibility is of importance. Proof that a duty was performed or neglected, shall be obtained. If relevant copies of specific instructions were made then they must be included in the investigation.
- 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 or specific entry/entries are usually sufficient.
- 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.
- 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.
- Evaluate data integrity of gathered information. Should any uncertainty exist regarding the data 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: Examine the Nature and Extent of Losses**

- State property formally allocated to an official may be lost or damaged during the performance of official duties;
- State property may negligently be left in residences; offices, vehicles or other places, without proper care, or is not properly locked up contrary to procedures for safety of Government Property
- State property is stolen by a member of the public or is otherwise deliberately damaged;
- State property is transferred or issued to other officials or accounting officers without proper records, in such a manner that it cannot be accounted for, because of the non-compliance of instructions regarding the accounting on handing over state properties by means of voucher action;
- State property is stolen, lost or negligently damaged by officials.
- Determine the nature and extent (including amounts involved) of the losses to determine the current baseline. (The baseline referred to, is the status of losses at a particular point in time). The current baseline will eventually determine what progress, if any, has been made to achieve certain objectives to reduce losses in general.

- **STEP 5: Identify Possible Causes and Trends**

- If shortages, loss, theft, damage, misuse, negligence, natural and unavoidable causes, omission to act of state property or state money, or fruitless expenditures, 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 objective to impartially and transparently investigate the matter.
- 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 for a loss in terms of the applicable Treasury Regulation. If any neglect of duty or other circumstances may have negative

implications for the Accounting Officer of the institution, the investigator ought to continue and complete his/her investigation.

- 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.
- 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 6: Compilation of Report**
  - To compile a report regarding losses, which have to be referred to Loss Control Committee and Legal Services at Head Office, one must determine liability and comply with certain provisions of the PFMA.
  - The report includes all gathered statements, documentary proof and recommendations.

#### **4.8. Record Keeping**

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

- 4.8.1. Gross value of the loss.
- 4.8.2. Amount recovered.
- 4.8.3. Approved amount written off.
- 4.8.4. Authority /reference for adjustment.
- 4.8.5. Updating of assets register and inventory record.

#### **4.9. Risk Assurance**

- 4.9.1. In general the State bears its own damages and accident risk and accepts responsibility for all claims and losses of State property. This will arise from State activities as a result of 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.
- 4.9.2. 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.

4.9.3. 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.

#### **4.10. Compensation Paid by Officials**

4.10.1. An officials, who is accountable for a loss/damage due to negligence or an omission, can voluntarily declare his/her preparedness to compensate the loss. The official can then be ordered in writing by the Head of Department or his Delegated Officials to compensate the Department.

4.10.2. The said person must give a written undertaking.

4.10.3. The Head of Department or his Delegated Official must at all times be convinced that the said person did forfeit State cover and should be held accountable for the loss/damage.

#### **4.11. General Provisions**

4.11.1. When a criminal action is instituted against a person, the Loss control Official should obtain the replacement value minus depreciation, and is to notify the legal section accordingly with a view to the allocation of compensation.

4.11.2. Loss or damage discovered when a person has resigned or is to be transferred, must be recovered from such person. Should the decision to recover the amount be delayed and the person has already left, the recovery must occur by means of his pension or he may voluntarily agree to compensate. Should all actions fail then the matter is referred to the legal section for litigation.

#### **4.12. Calculation of Depreciation Values**

4.12.1. . Items described as "NEW", 75% (if it is older than one year) of the asset value or 100% within (12 months period).

4.12.2. Items described as "GOOD", 50% of the asset value.

4.12.3. Items described as "FAIR" 30% of the replacement value.

4.12.4. Items described as "BAD" 10% of the asset value.

4.12.5. IT equipment older than three years 25% of the asset value

4.12.6. The basis of depreciation and percentage reduction does not apply in instances where the loss is written off as a loss against the state. In such instances where the loss is calculated against the book value at all times.

4.12.7. 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.

4.12.8. Only in exceptional cases where the affected 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 due to them.

4.12.9. In instances of damage to state or leased buildings and fences, Facilities unit must certify that any quotation that has been obtained, are in line with actual costs.

#### **4.13. Control Procedures**

##### **4.13.1. Claims against the State Through Acts or Omissions**

4.13.1.1. The Department must accept liability for any loss or damage suffered by another person, as for a claim against the state, which arose from an act or omission of an official, provided:

- (a) The act or omission was the cause of the loss, damage or reason for the claim;
- (b) The act or omission did not involve the use of alcohol or drugs;
- (c) The official acted in the course of his or her employment and was not reckless, willful or malicious;
- (d) The official did not fail to comply with or ignore standing instructions, of which he or she was aware of or could reasonably have been aware of, which led to the loss, damage or reason for the claim, excluding damage arising from the use of a state vehicle; and
- (f) Except when the Department has accepted liability for amount to be paid by the Department for losses, damages or claims arising from an act or omission of an official must be recovered from the official concerned if the official is liable in law to compensate the institution.

#### **4.13.2. Claims by the State against other Persons**

If the state suffers a loss or damage the accounting officer shall, if deemed economical, refer the matter to the State Attorney for legal action

#### **4.13.3. Claims by Officials against the State**

The Accounting Officer has authority to compensate an official who has suffered a loss or damage in the execution of official duty upon proof by the official of such loss or damage.

#### **4.13.4. Losses Or Damages Through Criminal Acts Or Omissions**

When it appears that the state has suffered losses or damages through criminal acts or possible criminal acts, the matter must be reported, in writing, to the accounting officer and the South African Police Service. In the case of omissions, the matter must be reported, in writing, to the accounting officer. Whether or not the person is still in the employ of the state, the accounting officer shall recover the value of the loss or damage from the person responsible.

#### **4.13.5. Losses And Damages Through Vis Major And Other Unavoidable Circumstances**

The accounting officer may write off losses and damages that result from vis major and other unavoidable causes.

#### **4.13.6. Recovery Of Losses And Damages**

The recovery of losses and damages shall be as follows:

- (a) Losses or damages suffered by the Department because of an act committed or omitted by an official, must be recovered from such an official if that official is liable in law.
- (b) The accounting officer shall determine the amount of the loss or damage and, in writing, request that official to pay the amount within 30 days or in reasonable instalments. If the official fails to comply with the request, the matter must be handed to the State Attorney for the recovery of the loss or damage.

#### **4.13.7. Writing-Off Of Debt Owing To The State**

- 4.13.7.1. The write-off of debts owing to the Department is vested with the Accounting Officer.



4.13.7.2. Note: The writing-off of debts owing to the Department shall be undertaken in terms of the Departmental Debtors Management Policy.

#### **4.14. Monitoring and Compliance**

4.14.1. Legal Services with the assistance of the Risk Committee of the Department must ensure compliance with this procedure by means of conducting internal compliance audits and inspections on a frequent basis.

4.14.2. The findings of such audits and inspections must be reported to the accounting officer.

4.14.3. All line managers of the department shall ensure that their subordinates comply with the policy. Managers must ensure that appropriate measures are implemented and steps taken immediately to rectify non-compliance issues that may come to their attention.

#### **4.15. Breach of Policy**

Any failure to comply with this policy and its provisions may constitute financial misconduct and any employee found to be transgressing this policy will be subjected to a disciplinary enquiry in terms of the Public Service Act, 1999 (Proclamation 103 of 1994).

### **5. Roles and Responsibilities**

The Accounting Officer shall appoint a Wasteful, Unauthorised, Irregular expenditure, theft, damage & Losses of Assets Committee. The Committee shall comprise of at least 10 members representing the different operations of the Department and the Chairperson, Secretariat will be formally appointed by the accounting officer. Members are appointed formally by the accounting officer for one (1) renewable term made up of two (2) years. The maximum period for a member to serve in the committee shall not exceed two (2) terms or determine otherwise by the Accounting Officer.

#### **5.1. Losses of Assets Committee**

The responsibilities of the Losses and Assets Committee are:

5.1.1. Adoption of the Terms of Reference;

- 5.1.2. The committee shall convene on a quarterly basis, additional meetings will be scheduled as and when a need arise.
- 5.1.3. Attendance of meetings by members is mandatory and any absence of a member for whatever reason must be reported by way of a written apology in advance through the Secretariat.
- 5.1.4. The quorum for all meetings is 50% of its appointed members plus one (1).
- 5.1.5. Evaluate the investigation report from the Loss control Officer;
- 5.1.6. In deliberating the recoverable amount the committee may call upon the relevant official to present to the committee the circumstances upon which the loss or damage arose;
- 5.1.7. The duly appointed Loss Control Officer shall report, in writing on the status of all losses in the Department of Transport, Safety and Liaison once a quarter to the Committee.
- 5.1.8. Manage and control losses and claims for or against the Department of Transport, Safety & Liaison in line with the provisions contained in Chapter 12.1-12.7.4 of the Treasury Regulations.
- 5.1.9. Exercise control over all Losses and Claims for or against Department of Transport, Safety & Liaison in that all such Losses and Claims must be referred to this committee and be dealt with accordingly. These include, accidents pertaining to official vehicles, theft and damage to state property, fruitless, wasteful, unauthorised, irregular expenditure and Departmental debt.
- 5.1.10. Assess all losses and claims referred to the committee and make recommendations to the Accounting Officer, highlighting the following aspects;
  - 5.1.10.1. Depending on the outcome of the investigations, action to be instituted against officials who caused losses to the Department;
  - 5.1.10.2. Appropriate steps to be taken against officials to prevent such incidents from occurring in future;
  - 5.1.10.3. Indicate what further steps and/or action should be instituted against officials with regards to losses and /or damages, irregular, unauthorised and fruitless, wasteful expenditure;
  - 5.1.10.4. Establish if the necessary processes were followed to determine liability on the part of the official;

5.1.10.5. Make recommendations on the write-off or recovery of fruitless, wasteful, irregular, unauthorised expenditure, losses or damages;

5.1.10.6. Inform Asset Management when movable assets are written off for the updating of the asset register, and deal with any asset management related matters which the Accounting Officer may deem necessary to be handled by the Committee.

## **5.2. The Chief Financial Officer**

5.2.1. The Chief Financial Officer shall include the following particulars with the annual report and audited statements:

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

5.2.1.2. Any criminal and disciplinary action taken as a result of such losses, unauthorized expenditure, irregular, fruitless and wasteful expenditure;

5.2.1.3. Any material losses recovered or written off; and

5.2.1.4. Any other matters that may be prescribed.

## **5.3. The Loss Control Officer**

5.3.1. The Accounting Officer shall appoint a Loss Control Officer in writing with duties attached.

5.3.2. The Loss Control Officer shall be responsible for, inter alia, the following:

5.3.2.1. The Loss Control Officer has to be someone with investigative background.

5.3.2.2. To keep a register in which particulars of all losses are recorded.

5.3.2.3. Obtaining all details, statements and documents from relevant officials regarding claims and/or losses within the department and entering them in the register.

5.3.2.4. Working with the security manager, ensure that all criminal losses are reported to relevant enforcement agencies within 24 hours and that cases are followed up for finalization

5.3.2.5. Obtaining reports on loss/damage of state assets reports from Officials/Asset Management Unit.

- 5.3.2.6. Obtaining statements on the loss/ damage of state assets from any employee/party
- 5.3.2.7. Obtaining reports on irregular expenditure reports from Supply Chain Management for investigation
- 5.3.2.8. Liaise with Financial Accounting on any claims, fruitless and wasteful expenditure for investigative purposes.
- 5.3.2.9. Report losses/damages and investigation findings to the Wasteful, Unauthorised, Irregular expenditure, theft, damage & Losses of Assets Committee
- 5.3.2.10. Liaise with Legal Services/State Attorney/ South African Police Service with regards to any monies to be recovered or criminal cases opened due to the loss/damage of state assets; and
- 5.3.2.11. To be responsible for and updating of the Loss Control Register.
- 5.3.2.12. Compile reports on investigations conducted

## **6. Review and Distribution**

- 6.1.** The Chief Financial Officer is responsible for this Policy and for ensuring that it is reviewed and updated.
- 6.2.** This Policy will be reviewed after 18 months but no later than 3 years of the last publication date. If necessary an updated version will be issued, if not a formal cover letter will be issued to supplement the cover of this Policy (identifying a revised publication date).
- 6.3.** The senior manager for Policy & Planning will distribute updated versions to:
  - Member of the Executive Council
  - Head of Department
  - All senior managers who will in turn distribute to their staff as appropriate