



CHRIS HANI
DISTRICT MUNICIPALITY
SUSTAINING GROWTH
THROUGH OUR PEOPLE

ASSET LOSS CONTROL POLICY

2021- 2022

1. PURPOSE

The purpose of this Policy is to:

- ➔ Create understanding of the proper loss control management processes
- ➔ Assist the municipality in ensuring that assets are properly safeguarded against loss, theft, unauthorized use & exposure to elements of nature and most importantly to advise and create uniform procedures to be followed in dealing with loss of property
- ➔ Compliance with MFMA & Treasury Regulations and Guidelines.
- ➔ Enhance loss Prevention/Reduction Measures

This Policy has been developed to ensure that there is uniformity in the management of asset losses within Ch Hani District Municipality.

2. SCOPE

This Policy will assist in providing guidelines and procedures on steps to be taken to follow up on the asset loss suffered by the municipality.

3. DEFINITIONS

3.1 In this Practice Note, unless the context otherwise indicated:

- i. "Losses" means any material loss or damages or prejudice to the municipality without derogating from limiting the concept, also shortages, damages, theft, on intangible asset and property plant and equipment
- ii. "Property plant and Equipment" includes tangible assets that are held for use in the production or supply goods or services for rental to others or for administrative purposes and are expected to be used during more than one reporting period.
- iii. A class of property, plant and equipment is a grouping of assets of a similar nature or function in an entity operations. The following are examples of separate classes:
 - (a) land;
 - (b) operational buildings;
 - (c) roads;
 - (d) machinery;
 - (e) electricity transmission networks;
 - (f) ships;

Processes for managing loss control must cater for the following stages

↓ **At Occurrence**

- An official who becomes aware of a loss to the municipal property, must report such loss immediately in writing to:
 - his / her line Manager,
 - South African Police Service (SAPS) within 24 hours of the incident and obtain case / accident report number
- The line Manager after receiving the written report from his / her affected subordinate reports the incident to the Asset Management Section (Loss Control Officer) in writing. The line Manager's report will be accompanied by:
 - the official's signed report
 - Stamped Case or Accident Report (AR) number from SAPS
- The Loss Control Officer sends the insurance claim form to the official reporting the loss of asset.
- In cases in which a person who is aware of an irregularity, suspects that his/her identity may become known or that the Loss Control Officer is involved, he/she must report the irregularity to the Accounting Officer or if the Accounting Officer is involved in the irregularities, to the Office of the Auditor General.
- The Loss Control Officer should update the loss control register and submit it to Manager for a review
- The Loss Control Officer submits a reviewed loss control register to the Loss Control Committee to:
 - investigate the matter or have it investigated without delay and,
 - if requested, must ensure that the identity of the person or persons, who reported the irregularity is not made known.
- The loss report, together with all relevant annexure thereto, and additional supporting documentation, viz. statements, Loss Control form, sketch plans, negligence reports, quotations where applicable, shall be submitted within seven (7) working days of the said loss.
- The loss control officer shall ensure that the loss report together with supporting documentation, (as listed at the previous point above) is submitted so it is considered by Loss Control Committee. The Loss Control Committee meeting must be scheduled 7 days post the end of the quarter to accommodate the loss report together with all relevant annexure thereto, and additional supporting documentation, viz. statements, Loss Control form, sketch plans, negligence reports, quotations where applicable that must be submitted to the committee within seven (7) working days of the said loss.

- The municipal loss control officer send invitations before the 7 working days becomes due to members prepare agenda and attendance register for the Municipal Loss Control Committee meeting.

➔ During Investigation

- Investigation is to specifically indicate whether an act or omission by any official gave rise to loss or whether the loss could have been prevented, after accountability has been determined and approval for recovery/write off has been granted.
- The information to be obtained by means of supporting documents submitted and by means of questions posed if necessary by the Loss Control Committee and answers given by the responsible official.
- Questions posed will include but not limited to;
 - How did the loss occur?
 - Whether he/she caused the loss, if no reason there of
 - Whether he/she is accountable for the loss
 - His/her reason why he/she should not be held accountable for the loss
 - Should he/she be accountable for the loss and she/he is prepared to compensate the municipality an agreement is to be signed in this regard.

➔ Outcome on the Investigation

- As soon as the investigations of a loss of municipal property have been finalised investigation report must be submitted to the asset management for finalisation.
- If after investigation it has been found that a person in the employ of the municipality is accountable for a loss, he/she should voluntarily declares his/her preparedness to compensate in respect of such loss.
- In the event of dispute, the matter must be referred to appointed municipal attorney or to the dispute resolution structure of the municipality.

9. ACCOUNTING FOR ASSETS

9.1 LOSS REGISTER

Reported losses must be recorded in the Loss register with all the information containing

- ✓ Report of the Loss
- ✓ Affidavit and South African Police Service Case Number (In where criminal /theft is suspected)
- ✓ Extract from the Asset Register clearly indicating the lost item

9.2 ASSET REGISTER

Asset Accounting: Asset registers used for management accounting purposes can help detect losses, which may be caused by fraud/theft/losses/damage

Clearly indicate in the Asset Register the Asset Register that the asset is lost and put a narration as to

- ✓ Pending investigation
- ✓ Discovered
- ✓ Written Off (approval for writing off the asset to be obtained and filled with the asset register)

During investigation the lost asset should be flagged in the Asset register as "Stolen" until such time it has been recovered or approved for writing it off by the Accounting Officer and council.

9.3 ACCOUNTING/FINANCIAL RECORDS

No logistic action in terms of accounting for such loss is necessary until the investigation is completed

9.3.2 Writing off losses

Subject to National Treasury Regulation 12.5 losses or damages referred to in paragraph 12.1 may be dealt with Accounting Officers provided that:

- ✓ The amount of the loss or damage is not written off before a thorough investigation has been carried out and it has been found that it is irrecoverable;
- ✓ Writing-off or other action is not considered before the final Police report has been received; a consideration has been given to approach the Municipal Attorney (Legal Manager) for advice.

Write off or other action is to be considered until such time that a final South Police report has been received and approval for write off obtained from the Accounting Officer and council or a duly delegated official.

Long outstanding losses must be followed up and considered for write off. (Municipal policies to determine the period on which the losses should be written off)

If the finding of the Loss Control Committee conclude that the person /persons is /are not liable in law and it should not be recovered from him/her. The recommendation to this effect must clearly and convincingly motivate

Asset Register and Loss Control Register can only updated after finalization of the loss.

10. FORMAT AND PURPOSE OF DOCUMENTATION: FOR USE BY OFFICIALS REPORTING LOSSES AND DAMAGES

The following forms are to be used depending on the nature of the incident. A brief purpose for each form is provided and the proper distribution, originating from the relevant Unit, is also indicated.

11. EFFECTIVE DATE

This Policy takes effect on the 01st of July 2021.

Policy Adopted on the Chris Hani District Municipality council meeting dated: 26th May 2021

Council Resolution number : C1011

Signed by Municipal Manager:

G. Mashige
Initial & Surname

[Handwritten Signature]
Signature

30-06-21
Date

ANNEXURE A: ASSET LOSS / ACCIDENT REPORT FORM (ALRF)

This form / report is used when loss has occurred through known theft or fraud or has not occurred accidentally. The report has been expanded to place more emphasis on the responsibility of the Unit and employees in safeguarding assets. Incorrect or insufficient completion of the form will result in it being returned to the responsible person.

This form / report is also used for all damages, i.e. when accidental damage or malicious damage has been sustained or where the loss of an item is known to be accidental. Although damage from whatever cause does not form part of the Loss Control Committee's brief, all instances of malicious damage / vandalism should nevertheless be reported to the Loss Control Officer *immediately*

It can also be completed in the event of any incident involving a municipal vehicle for example, accident, theft or hijacking.

ANNEXURE B: DECLARATION FORM

This is a sworn document should the person be found guilty of an act or omission that resulted in a loss/theft after a thorough investigation to compensate the Municipality.

ANNEXURE C: APPOINTMENT AS AN ASSET HOLDER / ASSET INVENTORY FORM

This is a form listing all the assets the employee is using and must be signed to acknowledge and accept responsibility of managing and safeguarding assets in terms of section 63 of the MFMA

ANNEXURE A

ASSET LOSS / ACCIDENT REPORT FORM (ALRF)

DIRECTORATE		DATE OF AN INCIDENT	
DIVISION		NATURE OF OCCURANCE	
LOCATION WHERE INCIDENT OCCURED		NAME OF RESPONSIBLE OFFICIAL	
TOWN		DESIGNATION	

Asset Detailed Information:

#	BARCODE	ASSET DESCRIPTION	SERIAL #	MAKE	MODEL
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					

Full Statement by the responsible official: (If some more space is required, please append the report)

Sketch:

Date and place where the incident was reported to the SAPS

Date	Name of the Police Station	SAPS reference/case no.	Telephone number	Town

Estimated cost of repairs/replacement (attach quotes)

#	Supplier Name	Quotation number	Amount
1.			
2.			
3.			

In the case of burglary, how was entry gained into the premises?
Is the building protected by burglar proofing?
Was all valuable equipment locked away? (If no, explain why not.)
Where are the keys kept?
Was there a night security officer on duty? (Provide a name of the security)

Confirmation of Accountability:

Details	Name and Surname	Signature	Date
Reporting Official			
Line Manager / HOD			

For Asset Management Use:

Asset Management Office	Name and Surname	Signature	Date
Captured by:			
Reviewed by:			
Filed by :			

Contact Details Asset Management Office:

Telephone: 045 808 4747 / 4739	Fax Number: 045 839 2355
Please fax email or hand deliver the completed form to Asset Management Unit at 44 Cathcart Road, Komani, 5320	

ANNEXURE B

DECLARATION

1. Statement by the responsible official

I (print) _____

Rank _____

stationed at

hereby declare that, to the best of my knowledge, the information contained in the attached documentation is true and that I have reported the matter to the relevant authority.

Signature

Date

2. Verified by the Supervisor:

Signature

Rank

Date

3. Findings and Recommendation of Directorates Loss Control Committee

3.1

Loss case number/reference allocated by Institution

3.2

FMS responsibility code

3.3

Signature of Chairperson

Date

4. FINDINGS AND RECOMMENDATION OF MUNICIPAL LOSS CONTROL COMMITTEE

SIGNATURE OF CHAIRPERSON

DATE

ANNEXURE C - ASSET INVENTORY FORM (AIF)



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Asset Location Information:

ASSET USER		ROOM NUMBER	L0001
DEPARTMENT		TOWN	
SECTION		BUILDING NAME	
DESIGNATION		PHYSICAL ADDRESS	

Asset Detailed Information:

CHECKLIST

4.1 Key Personnel:

- Chief Users
- Head Of Provisioning Administration/Administrator
- Asset Officials
- Loss Control Officer
- Confirming Authority members
- SAPS(South African Police Service)
- Loss Control Committee

Documentation:

- Loss Control Register
- Internal Memorandum reporting the loss
- Case Number from the SAPS
- Asset Register
- Inventory sheet
- Annexure Documentation

For Motor Vehicle Loss

- Report detailing how the loss occurred
- Parties involved
- Drivers license of the official
- ID number of official
- Description of the Damage in the Asset
- Description of the Asset (Model ,Color, Year of make ,Registration, Value, Engine/Vin Number)

Period of reporting

- A Loss should be reported as soon as possible both externally and internally

Key Fields of the Documents:

Loss Control Register

- Name of the Municipality
- Item no /Asset Barcode
- Asset Description
- Serial Number
- Replacement Value (Current contract/Purchase price)
- Date Loss Responsible official
- Date reported to SAPS
- Date reported Internally
- SAPS No
- Results of investigation(Criminal/Departmental)

Internal Memorandum Reporting the Loss

Full description of the Loss (how did it occur, Time & Date, Place, Parties involved)
Responsible official

Case Number

Valid Police documentation with a SAPS stamp eathanatizing the validity

Asset Register and Inventory Sheet

Asset Description
Asset Number
Serial Number
Model
Cost of an Asset
Location
User / Custodian
Date of Purchase