



Issue Date: May 2008	Effective Date: May 20, 2008	Responsible Agency: Office of the Comptroller General	Directive No: 913
Chapter: Accounting and Control of Revenue			
Directive Title: LOSS OF CASH OR OTHER ASSETS			

1. POLICY

The Minister of each department, through their Deputy Head, has the responsibility to implement and maintain adequate internal controls and procedures to safeguard and protect government cash and other assets.

2. DIRECTIVES

- 2.1. All cases of suspected offences and loss of public money or property must be reported, through the supervisory chain of command, to the Deputy Head of the department where the incident has occurred.
- 2.2. The Deputy Head, in consultation with the Executive Finance Officer of the department, shall conduct any investigations and make any enquires that he/she considers necessary to determine the validity of the suspected offence. They will also take all necessary actions to recover any loss and make the required improvements to the system of controls.
- 2.3. In conducting the enquiry mentioned above the Deputy Head shall advise and consult with the Deputy Minister of Finance, the Comptroller General and any other source that is considered necessary.
- 2.4. The Deputy Head must advise the Comptroller General of all such cases where the suspected loss exceeds \$20,000, or where the suspected loss involves a weakness in the internal controls.
- 2.5. Deputy Heads shall report all instances of robbery, break-in, property damage or other loss or destruction to government assets to the Risk Management Section of the Department of Finance in accordance with the provisions of this directive.

3. PROVISIONS

- 3.1. This directive does not cover losses due to fire, flood and act of god. These losses should be referred to the Risk Management Section of the Department of Finance.
- 3.2. This directive also does not apply to losses of property on Government Premises that belong to employees. These losses are dealt with by the department involved in accordance with their own policies.
- 3.3. A loss under this directive includes:
 - 3.3.1. a loss of public money or property (including that which is held in trust);
 - 3.3.2. revenue not received;
 - 3.3.3. those offences contained in Part X of the *Financial Administration Act (FAA)* (e.g., fraud, theft, bribery, collusion, negligence, etc.);
 - 3.3.4. disbursements made without proper authority;
 - 3.3.5. unauthorized use of privileged information;
 - 3.3.6. unauthorized use of government assets;
 - 3.3.7. a robbery, break-in or willful property damage;
 - 3.3.8. damage to any public asset, including real property, vehicle, mobile equipment, marine and aviation assets, whether government owned, leased or rented.
- 3.4. The Deputy Head may assign any of the tasks contained in this directive to the Executive Finance Officer of the department.
- 3.5. The Executive Finance Officer will, in consultation with the Comptroller General, conduct an investigation in any case that involved a breakdown of the internal controls to determine what changes to the controls are required.
- 3.6. The Executive Finance Officer will assist the Deputy Head and the Comptroller General in determining the amount of any loss, where the amount involved is not obvious.
- 3.7. In the event of a break-in or theft of physical assets, the Royal Canadian Mounted Police (RCMP) should be contacted immediately by the senior person on the scene. The Deputy Head, in consultation with the Legal Division of the Department of Justice, and the Comptroller General, will determine if and when the RCMP should be advised of any other offence.



- 3.8. Should the RCMP be involved the Deputy Head will instruct the employees of the department to cooperate fully with the police investigation.
- 3.9. The Deputy Head, in consultation with the Executive Finance Officer and the Comptroller General may request the assistance of the Internal Audit Services Branch of the Department of Finance, an outside auditor or consultant in determining the extent of the loss or the changes that may be required to the controls.
- 3.10. Any suspicions, allegations or recovery action involving an employee of the Government must be handled in accordance with the Human Resource Manual.
- 3.11. Deputy Heads shall ensure that all departmental employees are advised of their obligation under Part X of the *FAA* to report in writing to a supervisor any knowledge or information of a suspected fraud or a violation of the *FAA*. Where it is suspected the supervisor may be involved a report must be made to a more senior supervisor.
- 3.12. Deputy Heads shall ensure that all department employees are advised of their obligation to report property losses in accordance with this directive and the Code of Conduct in the Human Resources Manual.
- 3.13. All incidences listed in *S.51 (b)* of the *FAA* must be reported to the Comptroller General. *S. 51(b)* refers to irregular or unlawful acts or cases where funds were disbursed for more than was appropriated or for purposes not consistent with the appropriation.
- 3.14. In order to protect the reputation of individuals and not jeopardize any future action that may be required, any public officer must take all reasonable precautions to keep confidential all records, information and the identity of individuals related to or dealing with an allegation of a loss or an offence.
- 3.15. Losses of cash and other assets must be written off by charging the department in which the loss was suffered. Any asset written off must be in accordance with *S.24* of the *FAA* and Directive 913-1 Loss of Cash or Other Assets – Write-off of Loss of Public Assets or Assets held in Trust.
- 3.16. Any loss written off that exceeds \$500 must be reported to the Comptroller General so that it may be reported in the Public Accounts as is required by *S.26* of the *FAA*.



- 3.17. The recovery of any loss, from insurance proceeds, the individual involved or by any other means, are credited to an appropriation of the department to whom the loss was charged, if the recovery is in the same fiscal year as the loss. Recoveries in years subsequent to the loss are credited to revenue of the department to whom the loss was charged. All recoveries must be handled in accordance with Directive 909 – Receipt and Deposit of Public Money.

- 3.18. Any potential recovery of a loss through a court order, collection action or similar document, shall be immediately recorded by the department sustaining the loss as an accounts receivable. If there is doubt about the collectability of the account, the department, in consultation with the Comptroller General, will use professional judgment in determining the necessity for an allowance for doubtful accounts.

- 3.19. All communications to the press or media agencies regarding a loss or offence covered under this directive shall be made under the direction of the minister responsible for the department involved.