

TREASURER'S DIRECTIONS

PART 5 - FUNDS MANAGEMENT

Section 5 - Losses

Authorities: *Financial Management Act*

Section

3. Interpretation
9. Treasurer's Annual Financial Statement
13. Duties of Accountable Officers
15. Internal Audit
35. losses and waivers
39. Delegation
40. Offences

Financial Management Regulations

4. Loss or deficiency in public money held by an employee
5. Overpayments
6. Damage to, or loss or destruction of, public property
7. Rights of recovery

Defined Terms - *Refer to Part 1 Section 2*

- Accountable Officer
- Agency
- employee
- loss
- public money
- public property
- waive
- write off

OVERVIEW

The adoption, by Accountable Officers, of a policy of proactive management should raise the level of awareness by employees to areas of risk, and therefore minimise incidents of loss to the Territory and Agencies. All employees should be aware of the appropriate action to be taken immediately a loss of public money or property is known or detected.

STATEMENT OF INTENT

5.5.1 This Section provides a framework and minimum control requirements for the recording, reporting, recovery and write off of losses of public money and property by Agencies.

REQUIREMENTS FOR ACCOUNTING AND PROPERTY MANUALS - *refer to part 3 section 1*

5.5.2 Accountable Officers are responsible for incorporating in their Agency's accounting and property manual, procedures and appropriate controls relating to:

- investigation and reporting of losses and the identification of person(s) responsible;
- maintenance of a Register of Losses;
- recovery of losses; and
- write off, waiver or postponement of recovery of losses.

REGISTER OF LOSSES

5.5.3 Agencies shall maintain a Register of Losses including, at a minimum:

- (a) date of loss;
- (b) particulars of the loss, including value;
- (c) nature and circumstances of the loss;
- (d) action taken;
- (e) any amount recovered, written off, waived or postponed;
- (f) a record of entry in the Agency's financial statements as prescribed by Part 2 Section 5 of these Directions; and
- (g) references to supporting documentation (eg loss reports, write off approvals, file references).

REPORTING

- 5.5.4 Losses shall be promptly recorded in a loss report, including amount, circumstances, any notification to police, possible prosecution action, recovery action and proposed system changes, in relation to the loss, and advised to the Accountable Officer.
- 5.5.5 A copy of the loss report shall be provided to the Auditor-General where the loss was attributed to fraud and/or a breakdown in internal control, and where the loss exceeded:
- (a) \$2,000 for public property; or
 - (b) \$500 for cash.

PROSECUTION, DISCIPLINE, RESTITUTION AND RECOVERY

- 5.5.6 Where a loss is caused, or is suspected to have been caused, by theft, fraud, misappropriation or other criminal act, the Northern Territory Police shall be notified immediately. Accountable Officers shall initiate prosecution action where appropriate and shall seek full restitution.
- 5.5.7 An undertaking not to prosecute a person, regardless of whether the person makes restitution, can not be given by an Accountable Officer or any other employee.
- 5.5.8 Where a loss is caused, other than by a criminal act, an Accountable Officer shall determine whether restitution is to be sought.
- 5.5.9 Accountable Officers shall determine a means of restitution appropriate to each circumstance consistent with the Financial Management Regulations.
- 5.5.10 Where an Accountable Officer considers it appropriate to institute civil proceedings, all relevant facts shall be referred to the Solicitor for the Northern Territory.
- 5.5.11 Where a loss is deemed to have been caused by an employee, Accountable Officers shall determine whether any action should be initiated under the *Public Sector Employment and Management Act*.

ORDER FOR RESTITUTION

- 5.5.12 In every prosecution, or intended prosecution, involving a criminal act, Accountable Officers shall consider seeking an Order for Restitution and be guided by the advice of the Solicitor for the Northern Territory.
- 5.5.13 If it is decided that an Order for Restitution is not to be sought, or if an Order is sought and refused by the court, an Accountable Officer shall give consideration to instituting civil proceedings for recovery, where the Solicitor for the Northern Territory considers it appropriate.

DISCHARGE FROM LIABILITY

- 5.5.14 An employee may make application in writing to an Accountable Officer seeking discharge from a liability arising from a loss.

WRITE OFF

- 5.5.15 Where it is considered impractical to recover the value of a loss, or an Accountable Officer has approved or recommended full or partial discharge from a liability, a write off may be made under the provisions of section 35(1) of the Act.
- 5.5.16 Where a loss involves public property and the value of that property is recovered but not the property itself, write off action under section 35(1) of the Act is still required.
- 5.5.17 The value of a loss shall not be written off until all practical means of recovery have been exhausted, due regard having been given to the amount of the loss and estimated cost of recovery action.
- 5.5.18 Write off of irrecoverable amounts does not constitute a waiver of the Territory's or an Agency's rights, nor does it absolve Accountable Officers from recovering these amounts at a future date within the statute of limitations period.

WAIVER OR POSTPONEMENT OF RECOVERY

- 5.5.19 Accountable Officers may recommend a waiver or postponement of repayment of part or all of a debt owed to the Territory or an Agency, where circumstances warrant.
- 5.5.20 Recommendations for a waiver or postponement of recovery of part, or all of a debt, shall be submitted to the Treasurer, through Northern Territory Treasury, under section 35(2) of the Act.