

# MANDENI MUNICIPALITY



## **ASSET LOSS CONTROL POLICY**

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## **ASSET LOSS CONTROL POLICY**

### **EXECUTIVE SUMMARY**

The Asset Loss Control Policy has not been designed as a “new” initiative, but a strategy document utilizing various and existing methods of operation and work procedures of the different Business Units as the basis for the policy. The current fragmented approach in this regard has thus been combined into one reference document.

A fundamental shortcoming to consider when utilizing the policy is the fact that an Asset Loss Control Policy cannot be properly researched and compiled without conducting a comprehensive Asset Risk Analysis. The lack of such an analysis has forced the process to utilize existing loss data of the Security Division as a guideline.

Although the Background and Introduction in the main document refers, on a continued basis, to the Safety and Security Business Unit, this policy, due to the topic covered, cuts across all Business Units. The reference to the Safety and Security Business Unit merely highlights its central position in terms of requirements and efforts to reduce Council losses

The Policy, for ease of reference, has been grouped in divisions as follow;

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## **ASSET LOSS CONTROL POLICY**

## **1. BACKGROUND**

1.1 This policy is designed to assist the Municipality to:-

1.1.1 Reduce direct and indirect costs through the timely detection and correction of conditions (identified risks) that may cause losses.

1.1.2 Set standards for effective accountability and management of assets.

1.1.3 Facilitate the maintenance of an orderly record and investigation of all losses.

## **2. INTRODUCTION**

2.1 The Municipality firmly believes that the protection of Council's assets, staff and infrastructure is the collective responsibility of all departments and is central to Council achieving its objectives as per Vision 2030.

2.2 The developmental strategy and direction of Council will seriously be jeopardized without:-

2.2.1 Adequate and serviceable assets

2.2.2 Staff feeling safe to perform their functions.

2.2.3 An infrastructure adequately protected against criminal threats from within and out of Council.

2.3 The criminal threat against assets will ultimately impact on sustainable service delivery and could have a far-reaching negative and potentially crippling effect on Council's strategic efforts, finances and political will.

2.4 One of the most serious negative implications against the effective protection of assets in terms of the criminal threat is the:-

2.4.1 Fragmented approach of Departments in addressing losses.

2.4.2 Lack of a holistic business solution, such as a proper Asset Risk Analysis and Plan.

2.5 Asset protection is a multi-faceted discipline that places a burden of responsibility on Council to select the correct, effective security solution/s to a particular scenario.

- 2.6 The mission of Council should thus evolve from merely a protector of assets and personnel to a key decision maker, emphasizing Risk Management and Loss Prevention.

### 3. **AIM**

- 3.1 In recent years the Municipality has experienced an unacceptable increase in asset losses, mainly due to theft from within and outside of Council. It is the aim of this policy to maintain awareness of the seriousness of the Municipal loss problem and what can be done about it.
- 3.2 It should be noted that this policy does not necessarily include all potential sources of loss, nor is it intended in any way to warrant that it includes all aspects of a program that assures that premises and equipment are safe or are in compliance with any law, rule or regulation.
- 3.3 This is a policy to identify assets in risk categories of importance and to focus on proactive protection and security measures, in an effort to reduce losses.
- 3.4 **It is required that a comprehensive “Asset Risk Analysis” be conducted in order to effectively identify the risk profile of assets and before a proper Loss Control Policy can be formulated.**

One cannot begin to evolve a plan to cope with potential losses until the risk exposures have been identified and eradicated or at least reduced.

Once that exercise is complete then appropriate planning can begin. There is little point in planning for something that will never occur.

For that and other reasons the residual risks (those risks that cannot be eradicated) have to be evaluated.

It would be a futile exercise to make elaborate plans to cater for a risk that will hardly generate a crisis. Thus the identification and evaluation exercise is all important for it will determine what risk (loss) control measures should be introduced.

### 4. **IMPLEMENTATION OF POLICY**

- 4.1 The policy should be administered at Municipal Manager level in order to ensure across departmental application and timely accountability.
- 4.2 The Municipality should have in place a system that constantly monitors losses in order to provide for the finances of, and implement relevant counter and preventative measures.

## **5. PRACTICAL OBJECTIVES**

- 5.1 The policy aims at implementing the following:-
  - 5.1.1 To constantly monitor losses.
  - 5.1.2 To establish the cost to the Municipality of the individual losses and categorize the losses by financial seriousness and locality, including indirect costs.
  - 5.1.3 To enable Departments and Council to introduce and justify financial measures to prevent losses from occurring.
- 5.2 In order to achieve these aims, loss reports must include the following detail:-
  - 5.2.1 Loss by category and cost.
  - 5.2.2 Recommended preventative measures and their cost.
  - 5.2.3 Preventative measures taken / implemented and their cost.

## **6. OPERATIONAL IMPLEMENTATION OF THE LOSS CONTROL POLICY**

The following actions are recommended for implementation in order to assist with the immediate operational activation of the Loss Control Policy:-

- 6.1 Business Unit Managers must identify or appoint a dedicated senior official within their respective Business Units to take responsibility for their Loss Control function.
- 6.2 Business Unit Managers must determine what crucial steps are being applied, if any at all, to protect municipal assets and the cost of implementing such measures where they are lacking.
- 6.3 Assistance by Councilors to explain the strategy behind asset protection to the community in order to enhance public awareness of the seriousness of the municipal loss problem.

- 6.4 Immediate asset management at Business Unit Manager level. This entails overall supervision and administration of the asset protection policy with constant feedback on losses (their costs and where they are occurring), preventative measures taken and recommendations for action (including cost details and opportunity cost warnings).
- 6.5 Protection of municipal assets at all levels of all Business Units.
- 6.6 The fast and effective investigation of losses.
- 6.7 Fast and effective disciplinary enquiries following negligent and / or deliberate acts or omissions by municipal employees. Section 10G recoveries should be pursued where justified. (Section 10G refers to monetary recovery from municipal employees who have acted negligently and caused the municipal loss). The appointment of specialist staff, within Business Units, to assist with disciplinary cases in the capacity of either Prosecutors or Presiding Officers is a strong recommendation. Furthermore, external professionals should be considered to act as Presiding Officers in higher profile cases.
- 6.8 Employment practices, with the emphasis on pre-employment screening and background checks, in order to eliminate the dishonest candidate. Pre-placement forensic interviewing and SAPS clearance to be considered where necessary.
- 6.9 Stringent inventory control, including a central Council Asset Register, asset tagging and exit control.
- 6.10 Secure perimeters and effective Security Officer patrols.
- 6.11 Maintaining municipal and public awareness of the seriousness of the municipal loss problem.
- 6.12 Prudent key control.
- 6.13 Locking of offices, cupboards, cabinets and drawers by staff.
- 6.14 Adequate training of security personnel to deal with the challenges of a Loss Control Policy, proper investigation of criminal incidents and to maintain a high security standard, linked to advanced technological security systems.
- 6.15 Disciplined access control linked to a high degree of supervision thereof.
- 6.16 Stringent motor vehicle logbook control and strict enforcement of rules governing the taking home overnight of municipal vehicles.

- 6.17 Installation of integrated security systems where the Municipality is at high and medium risk. Systems such as CCTV at localities where high volumes of visitors have unrestricted access, e.g. Budget and Treasury satellite pay points to be considered. The Risk Officer in the municipality be available to assist.
- 6.18 Visitor verification passes and escort systems.

## 7. MONITORING AND OVERSIGHT

- 7.1 Although the operational implementation and management of the Loss Control Policy has been decentralized at a Departmental level competency, the overhead monitoring has been delegated to the **“Assets Disposal Committee”** under the auspices of the ***Budget and Treasury***.
- 7.2 The purpose, authority and responsibility of the Assets Disposal Committee is advisory in nature and is not to assume the responsibility of the functioning of the Loss Control program. It should further not be concerned with daily problems in individual Departments, which should be addressed and resolved within those departments.
- 7.3 The scope of the Assets Disposal Committee can be defined as follow:-
  - 7.3.1 Evaluation of the effectiveness of the Loss Control program. Objectively review and appraise the soundness, adequacy and application of Loss Control operating controls and propose improvements where necessary in order to ensure objectives are met.
  - 7.3.2 Monitoring and highlighting of trends in order for corrective action to be taken timely.
  - 7.3.3 Evaluation of incident investigation reports, the number of investigations, adequacy of investigations, action recommended and taken.
  - 7.3.4 Study of high profile incidents / problems, which may affect the entire Municipality.
  - 7.3.5 Review the quality, reliability and integrity of original investigations in order to identify those incidents for re-investigation to ensure complete and accurate reporting.
  - 7.3.6 Monitor whether Departments are performing in compliance with the Loss Control Policy.
  - 7.3.7 Assist with the identification of incidents requiring possible specialized investigation utilizing other sources.

8. **PROCEDURES MANUAL FOR THE REPORTING OF LOSSES**

It is vital that all losses are properly reported in terms of administrative, financial and other provisions. For details see attached Annexure “A”.

9. **SPECIFIC GUIDELINES TO ASSIST WITH THE REDUCTION OF LOSSES**

These guidelines have been designed from a municipal perspective considering “lessons learnt” from past loss incidents, or incidents which could have resulted in substantial losses, such as Office Security.

10. **COUNCIL POLICIES TO ADDRESS SPECIFIC AREAS OF LOSS REDUCTION**

Certain policies have already been developed and approved to deal with specific areas identified as potential high risks, such as taking Council vehicles home for whatever reason.

11. **GUIDELINES FOR THE UTILISATION OF EXTERNAL AGENCIES TO ASSIST WITH SPECIALISED INVESTIGATIONS**

It has been found in the past that certain specialized skills are lacking to effectively investigate complex and high-profile loss cases. This guideline has been developed to assist Council in utilizing external agencies in such investigations.