

# Financial Administration Manual (FAM) Chapter 1019-4

## Losses and Overages of Public Money or Property

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### 1.0 Introduction

#### 1.1 Date of Issue

18 June 2019

#### 1.2 Supersession

Canadian Forces Administrative Orders (CFAO) 202-4, Public Funds – Reporting Losses, Deficiencies or Overages

#### 1.3 Approval Authority

This FAM Chapter was approved by the Assistant Deputy Minister, Finance (ADM(Fin)).

#### 1.4 Enquiries

Enquiries are to be forwarded to Director Financial Policy (DFP) through the functional Financial Chain of Command.

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## **2.0 Overview**

### **2.1 Purpose**

- 2.1.1 The purpose of this Financial Administration Manual (FAM) Chapter is to provide policy direction for the prevention, detection, investigation, recording, recovery and reporting of losses and overages of public money or property by the Department of National Defence/Canadian Armed Forces (DND/CAF).

### **2.2 Context**

- 2.2.1 This FAM Chapter supports the objectives of the Treasury Board (TB) Policy on Financial Management and the Directive on Public Money and Receivables by outlining the responsibilities of the Chief Financial Officer (CFO) and other senior officials designated by the Deputy Minister (DM) to ensure that risks relating to the stewardship of public money or property are managed through effective internal controls, as well as, to provide policy guidance to DND employees/CAF members on the prevention, detection, investigation, recording, recovering and reporting on any losses or overages of public money or property.
- 2.2.2 All DND employees and CAF members must be aware of their reporting responsibilities; they are required to report all losses and overages of public money and property, misappropriations, suspected frauds and other illegal activities against the Government of Canada. Losses and overages must be investigated and reported to Parliament through the Public Accounts of Canada unless they are fully recovered in the same fiscal year and did not involve negligence, nonfeasance, wilful misrepresentation, fraud, defalcation, or other offence or illegal act. Actual and suspected offences are to be reported to law enforcement agencies and, whenever possible, all losses must be recovered.

### **2.3 Consequences**

- 2.3.1 In instances of non-compliance, the DM of National Defence is responsible for taking corrective actions that are consistent with the TB Framework for the Management of Compliance with those responsible for implementing the requirements of this FAM Chapter.
- 2.3.2 In support of the responsibility of the DM to implement the TB Policy on Financial Management and related instruments, the CFO or, in the case of a member of the CAF, the military chain of command, at the CFO's direction, must ensure corrective actions are taken to address instances of non-compliance with the requirements of this FAM Chapter. Corrective actions can include requiring additional training, changes to procedures and systems, the suspension or removal of delegated authority, disciplinary action, and other measures as appropriate.

## **2.4 Losses of Public Money or Property**

- 2.4.1 Individuals will be held responsible for any losses of Public Money or Property resulting from negligence, lack of controls or criminal acts. All losses shall be reported to the Commanding Officer (CO) or Level One (L1) Comptroller (if in the National Capital Region), and to the Regional Departmental Accounting Office (RDAO) Comptroller.
- 2.4.2 Individuals are reminded that the *Financial Administration Act* (FAA) Sections 76 to 82 (Civil Liability and Offences) as well as the *Criminal Code* Sections 121 – Frauds on the Government, 122 – Breach of Trust By Public Officer, 322 – Theft and 380 – Fraud may apply and they should be familiar with the TB Directive on Public Money and Receivables.

## **2.5 Document Retention**

- 2.5.1 All supporting financial documentation, such as contracts, receipt documents, invoices, emails, Defence Resource Management Information System (DRMIS) transactions, FAA certifications and all other relevant financial documents in both paper and electronic form shall be retained for 6 years from the end of the fiscal year that the records relate as recommended by the Library and Archives Canada, Generic Valuation Tools on Financial Management. When criminal, disciplinary or recovery action is taken, all documentation must be retained and protected until the process is complete. For additional information on the retention and disposition of Information Resources of Business Value (IRBV), refer to the Defence Subject Classification and Disposition System (DSCDS).
- 2.5.2 Unless otherwise directed by the RDAO Comptroller, all original supporting documents are to be retained by the office performing FAA Section 34 certification. An exception is the original contract which for audit purposes must be retained by the individual who exercised the transaction authority. Documents supporting FAA Section 33 certification shall be retained by the office that performed the FAA Section 33 certification. Life cycle management of information resources of business value continues to apply regardless of the movement of staff, managers or organizational changes.

## **2.6 Digitization**

- 2.6.1 Digitization refers to the conversion of a physical record into a digital image using the Electronic Image Management Program (EIMP) which includes the use of certified scanning equipment, defined standard operating procedures and certified repositories. When physical records (IRBVs) are digitized, the electronic replacement becomes the primary business record and the physical source record must be destroyed following a 30 day quality assurance and back-up period. Digitization is not equivalent to scanning and as such L1 organizations must not simply scan their financial documents with local equipment and equate that action with digitization. A scanned record is considered the duplication of physical IRBVs into an electronic format through the use of equipment or processes that are not certified for digitization and can only be used for reference purposes. The scanned version does not replace the hardcopy and the original

paper based record must be retained for recordkeeping purposes. Further information can be obtained from the Directorate of Knowledge and Information Management (DKIM).

## **3.0 Responsibilities**

### **3.1 General**

- 3.1.1 All DND employees and CAF members will be held accountable for the management, security and control of public money and property under their area of responsibility and shall therefore ensure that procedures are followed to control disbursements and receipts including the safeguarding of public money and property.

### **3.2 Deputy Minister (DM)**

DM is responsible and accountable for:

- 3.2.1 Taking corrective measures for instances of non-compliance within the department and ensuring that appropriate and timely action is taken to address any significant issues relating to losses and overages of public money or property; and
- 3.2.2 Providing reports and/or information on losses and overages of public money or property as requested by the Comptroller General.

### **3.3 Chief Financial Officer (CFO)**

CFO is responsible and accountable for:

- 3.3.1 Establishing risk-based management practices and internal controls for preventing, detecting, recording and reporting losses and overages of public money or property including, at a minimum:
  - a) The appropriate segregation of duties to prevent losses and overages of public money or property;
  - b) The requirement for complete audit trails to track all losses and overages of public money or property; and
  - c) The implementation of controls to ensure that all incidents are reported to the appropriate authority, the value of the loss is calculated properly and in a timely manner, and when recoverable, ensuring that a claim is prepared against those responsible for all losses of public money or property.
- 3.3.2 Ensuring that a system is in place to record all losses and overages in DRMIS, and unless the amounts are fully recovered in the same fiscal year and which did not involve, negligence, nonfeasance, wilful misrepresentation, fraud, defalcation, or other offence or illegal act, that they are included in the Public Accounts of Canada.

### **3.4 Director General Financial Operations and Services (DG FOS)**

DG FOS is responsible and accountable for:

- 3.4.1 Ensuring that the following is carried out when notified of an incident resulting in a loss of public money or property:
  - a) The value of the loss is calculated as soon as possible; and
  - b) When the loss is recoverable, a claim against those liable is prepared.
- 3.4.2 Ensuring that all losses and overages are:
  - a) Recorded in DRMIS; and
  - b) Reported in the Public Accounts of Canada in accordance with the Receiver General Manual, Public Accounts Instructions.
- 3.4.3 Implementing reasonable measures to protect the identity and reputations of both the persons reporting offences and improprieties and the persons against whom the allegations are made;
- 3.4.4 Designing, implementing and maintaining a system of internal controls, including those related to account verification, to prevent the loss of public money and property or to detect any losses and overages in a timely manner; and
- 3.4.5 Ensuring that a system is in place to investigate, act upon and report to the appropriate law enforcement agency all issues regarding allegations of misconduct and suspected criminal activity or security incidents.

### **3.5 Director General Strategic Financial Governance (DG SFG)**

DG SFG is responsible and accountable for:

- 3.5.1 Bringing to the CFO's attention any significant difficulties, gaps in performance or compliance issues with this FAM Chapter and recommendations to address them; and
- 3.5.2 Reviewing the system of internal controls periodically, including those related to account verification, to prevent the loss of public money and property or to detect any losses and overages in a timely manner.

### **3.6 Departmental Security Officer (DSO)**

DSO is responsible and accountable for:

- 3.6.1 Leading, developing, and managing the departmental Security Program; and
- 3.6.2 Ensuring that responsibilities, reporting relationships and roles of security stakeholders are clearly defined, documented and communicated.

### **3.7 Unit Security Supervisor**

Unit Security Supervisor is responsible and accountable for:

- 3.7.1 Providing the CO and managers with security advice at the local level in accordance with departmental security orders and directives;
- 3.7.2 Taking appropriate action upon discovery of a violation or a breach of security such as informing the military police when public money or property has been lost, potentially compromised or when a criminal act or service offence has occurred; and
- 3.7.3 Requesting Physical Security Surveys from the local military police for annual inspection of units with financial holdings e.g. cashiers.

### **3.8 ADM Materiel (ADM (Mat))**

ADM (Mat) is responsible and accountable for:

- 3.8.1 Establishing processes to ensure the safe custody of all materiel to protect against losses;
- 3.8.2 Establishing, implementing and maintaining procedures and business processes to address the loss of public property, including the accidental loss, destruction or damage of military equipment and inventory;
- 3.8.3 Ensuring that all losses of materiel are recorded in DRMIS;
- 3.8.4 Maintaining auditable records for losses of all materiel; and
- 3.8.5 Reporting on performance and compliance issues concerning the losses of materiel to the CFO and all offences to the Canadian Forces National Investigation Service (CFNIS).

### **3.9 ADM Infrastructure and Environment (ADM (IE))**

ADM (IE) is responsible and accountable for:

- 3.9.1 Establishing processes to ensure the safe custody of all real property and real property assets to protect against losses;
- 3.9.2 Establishing, implementing and maintaining procedures and business processes to address the loss of real property and real property assets;
- 3.9.3 Ensuring that all losses of real property are recorded in DRMIS;
- 3.9.4 Maintaining auditable records for losses of all real property and real property assets; and
- 3.9.5 Reporting on performance and compliance issues concerning the losses of real property and real property assets to the CFO and all offences to CFNIS.



### **3.10 Level (L) 1 Comptroller**

L1 Comptroller is responsible and accountable for:

- 3.10.1 Ensuring that COs, Responsibility Centre (RC) Managers and RDAO Comptrollers within their organization are in compliance with this policy as well as the local procedures, and that they understand their responsibilities and liabilities for preventing, recovering and reporting losses and overages of public money or property;
- 3.10.2 Providing guidance and support to COs and RC Managers on this policy; and
- 3.10.3 Reviewing reports forwarded by RDAO Comptrollers and taking the necessary actions to resolve problems.

### **3.11 Commanding Officer (CO) and Responsibility Centre (RC) Manager**

CO and RC Manager is responsible and accountable for:

- 3.11.1 Ensuring that all procedures to prevent, recover and report losses and overages of public money or property are adhered to;
- 3.11.2 Initiating a summary investigation, board of inquiry or administrative investigation, as required and in accordance with legislation, policies and procedures, into allegations of wrongdoings and improprieties;
- 3.11.3 Ensuring that all DND employees and CAF members reporting to them, particularly custodians of standing advances or holders of temporary advances and individuals involved with revenue, understand their roles and responsibilities in the safeguarding of public money and property; and
- 3.11.4 Providing full assistance to an investigation and informing the L1 Comptroller of all developments for all losses and overages of public money or property.

### **3.12 Director Financial Operations (DFO)**

DFO is responsible and accountable for:

- 3.12.1 Issuing procedures and functional direction and guidance on the control and processing of losses and overages of public money in compliance with policy;
- 3.12.2 Reviewing all reported losses of working capital funds including losses of accountable advances or cashier shortages, and coordinating all subsequent actions such as processing losses of public money as a loss and not as a debt write-off;
- 3.12.3 Advising the RDAO Comptrollers of any implemented system changes affecting losses and overages of public money;

- 3.12.4 Ensuring that the appropriate administrative investigations are initiated by the CO or RC Manager and conducted by Assistant Deputy Minister Review Services (ADM (RS))/Directorate of Special Examination and Inquiries; and
- 3.12.5 Consolidating information on all losses and overages of public money or property for inclusion in the Public Accounts.

### **3.13 Corporate Departmental Accounting Office (CDAO)**

CDAO is responsible and accountable for:

- 3.13.1 Providing guidance and support to RDAOs on this policy;
- 3.13.2 Ensuring that cash shortages of the Receiver General Deposit Facility (RGDF), revenue/receipts and accounts receivable are processed as losses of public money and not as a debt write-off; and
- 3.13.3 Reporting on performance and compliance issues concerning the losses and overages of public money to the CFO, and all offences to CFNIS.

### **3.14 Regional Departmental Accounting Office (RDAO) Comptroller**

RDAO Comptroller is responsible and accountable for:

- 3.14.1 Implementing procedures for their area of responsibility;
- 3.14.2 Reporting all losses and overages of public money to the DFO and informing the L1 Comptroller;
- 3.14.3 Investigating all losses and overages of public money when reported directly to them or when requested by the DFO;
- 3.14.4 Verifying the loss calculations;
- 3.14.5 Ensuring that recovery actions are initiated when the loss of public money or property is recoverable;
- 3.14.6 Completing all necessary accounting entries in DRMIS;
- 3.14.7 Depositing any overage or amounts recovered in the Consolidated Revenue Fund (CRF) to the credit of the Receiver General for Canada; and
- 3.14.8 Preparing the initial and final loss reports for their area of responsibility.

### **3.15 Department of National Defence (DND)/Canadian Forces Legal Advisor (CFLA) /Judge Advocate General (JAG)**

DND/CFLA/JAG is responsible and accountable for:

- 3.15.1 Providing advice and guidance on the appropriate legal action for recoverable losses of public money and property.

### **3.16 ADM Review Services (RS)**

ADM (RS) is responsible and accountable for:

- 3.16.1 Implementing the *Public Servants Disclosure Protection Act* (PSDPA) within the DND/CAF;
- 3.16.2 Receiving and investigating internal disclosures of actual or possible wrongdoings;
- 3.16.3 Planning and conducting administrative investigations into allegations of wrongdoings/improprieties;
- 3.16.4 Supporting the Boards of Inquiry and Summary Investigation processes; and
- 3.16.5 Providing fraud, waste and abuse training through its Fraud Risk Management Program to DND/CAF.

### **3.17 CAF Provost Marshal**

CAF Provost Marshal is responsible and accountable for:

- 3.17.1 Conducting criminal investigations into reported or detected instances of losses of public money or property; and
- 3.17.2 Reporting their findings to the CDAO, DND CFLA, and JAG as appropriate.

### **3.18 Director Financial Policy (DFP)**

DFP is responsible and accountable for:

- 3.18.1 Defining and promulgating the policies with regard to the accounting for the losses and overages of public money or property; and
- 3.18.2 Providing policy interpretation and guidance regarding the investigating, recording, recovering and reporting of losses and overages of public money or property.

## **4.0 General**

### **4.1 Public Money**

- 4.1.1 Public money refers to all money belonging to Canada, received or collected by the Receiver General or any other public officer in his official capacity or any person authorized to receive or collect such money, and includes:
  - a) Revenues of Canada;
  - b) Money received or collected for or on behalf of Canada; and

- c) All money that is paid to or received or collected by a public officer under or pursuant to any Act, trust, treaty, undertaking or contract, and is to be disbursed for a purpose specified in or pursuant to that Act, trust, treaty, undertaking or contract.

Note:

- i. Money includes all negotiable instruments which can be in the form of cheques, bills of exchange, postal notes, money orders, postal remittances and any other similar instruments.

## **4.2 Public Property**

- 4.2.1 Public property refers to all property (including data), other than public money, belonging to Her Majesty in Right of Canada.

## **4.3 Offences**

- 4.3.1 Offences are activities that involve any offence under the *Criminal Code* or a federal statute or regulation where the Crown is a victim. This would include offences under the *National Defence Act* (NDA) Code of Service Discipline (CSD) involving a loss of money or property and would include but is not limited to:
  - a) Breach of trust by a public officer;
  - b) Offences under Sections 80 or 81 of the FAA;
  - c) Offences under Section 121 of the *Criminal Code*;
  - d) Theft or misappropriation of public money or money belonging to others that has been entrusted to a public officer;
  - e) False or fraudulent claims for a grant, a contribution, or any other program payment, including refunds and rebates;
  - f) Forgery or fraudulent endorsement of government payment instruments;
  - g) Diversion of public money or property for personal use;
  - h) Theft of public property or property belonging to others that has been entrusted to or seized by the Crown;
  - i) Collusion, or some other arrangement with a contractor to bill personal goods or services to the Crown;
  - j) Willful damage to, or destruction of, public property; and
  - k) Computer-related offences, such as:
    - i) Unauthorized or illegal access;
    - ii) Theft of software or data; or,
    - iii) Alteration or destruction of data.

## **4.4 Losses**

- 4.4.1 All losses of public money or property, including losses that have resulted from an offence referred to above (with exception to the exclusions in paragraph 4.4.2), must be reported in the Public Accounts of Canada in the year in which the loss occurred or in the year when a loss is discovered, whichever is the earliest.
- 4.4.2 Losses exclude public money or property that is fully recovered by the end of the fiscal year in which the loss is discovered and which did not involve negligence, nonfeasance, willful misrepresentation, fraud, defalcation, or other offence or illegal act.

## **5.0 Reporting**

### **5.1 General**

- 5.1.1 All losses and overages, misappropriations, suspected frauds, and other illegal activities against the Crown must be investigated and reported on a timely basis. ADM(Mat) (public property), ADM(IE) (real property and real property assets), ADM(Fin)/DFO (accountable advances and working capital fund) and the ADM(Fin)/CDAO (public money), in conjunction with the DSO and the RDAO Comptrollers, must establish procedures and a reporting system to ensure that:
  - a) All actual, suspected or attempted losses and overages of public money or property, regardless of the circumstances, are promptly investigated and reported to the appropriate authority as soon as the loss or overage is discovered;
  - b) All supporting documents that are related to the loss are maintained as part of an official file;
  - c) All DND employees/CAF members are aware of the process for reporting all allegations or suspected incidents;
  - d) All pertinent parties are apprised of the incident and the circumstances surrounding the situation; and
  - e) The identity and reputations of all those involved are protected. If the incident is a part of a disclosure of wrongdoing under the PSDPA, the provisions of the Act apply, including exemptions from access to/release of information under the *Access to Information Act* Section 16.5 and *Privacy Act* Section 22.3.

Losses or overages that occur outside Canada will be investigated in the same manner as losses or overages that occur within Canada.

### **5.2 Calculating the Value of the Loss**

- 5.2.1 When informed of an incident resulting in a loss of public money or property, the CFO must ensure that the value of the loss is calculated in a timely manner and in accordance with the Receiver General Manual, Public Accounts Instructions. The value of the loss is calculated as follows:

- a) For public money, it is the actual amount missing; and,
- b) For public property it can be the following:
  - i) If the property is not replaced, it is the net book value for the capitalized item or the fair market value for a non-capital item;
  - ii) If the property is replaced, it is the replacement cost;
  - iii) If the property is damaged, it is the cost of repair; or
  - iv) When a department has to report the loss of a BlackBerry or a wireless phone, whether accidental or due to an offence or other illegal act, and the replacement is being managed by Shared Services Canada, the department must report each loss at \$200, which is the average cost for replacement with a refurbished device and indicate the number of cases in brackets.

5.2.2 In addition to calculating the value of the loss of public money or property, the value of the loss should include the following when applicable:

- a) The financing costs associated with the loss of public money that involves a fraudulent receipt or an unauthorized expenditure;
- b) Additional costs incurred or revenue lost as a result of public property not being available for its intended purpose;
- c) The cost of recovery proceedings or enforced recovery; and
- d) The Goods and Services Tax/Harmonized Sales Tax, the Quebec Sales Tax, Provincial Sales Tax and any other applicable taxes, levies or duties.

## **6.0 Recovery**

### **6.1 General**

6.1.1 All losses of public money and property are to be recovered from the individual who is confirmed to be liable for the loss, including preparing and processing claims against those responsible, with exception to the following instances:

- a) When legal proceedings (including proceedings before an administrative tribunal) are required to recover the loss and the Department of Justice/CFLA/JAG recommends that:
  - i) The proceedings be discontinued; or,
  - ii) Advises that recovery action should not be taken.
- b) When the Governor in Council, based on TB's recommendation, has specifically authorized the DND to waive the recovery due to unusual circumstances.

Additionally, a CO or RC Manager may share the liability for a loss or shortage of public money (as described in paragraph 6.6.2 of this FAM Chapter).

## **6.2 Public Money and Property**

- 6.2.1 Prompt action must be taken to recover any losses or shortages, including cash shortages in petty cash, from the holder or custodian of an accountable advance unless all of the following conditions have been met:
- a) The prescribed procedures were followed and the public money was properly secured; and
  - b) No act or omission on the part of the holder or custodian contributed to the loss.

## **6.3 Recovery Action**

- 6.3.1 Once it has been determined that a DND employee/CAF member is liable for the loss, recovery action must commence immediately. The DND employee/CAF member will be given the opportunity to make voluntary full restitution. If there are any delays in obtaining full restitution, an account receivable must be established and collection activities initiated in accordance with FAM Chapter 1018-2 – Accounting and Control of Accounts Receivable and Public Revenue and when applicable, interest is to be charged in accordance with FAM Chapter 1018-2-3 Interest on Overdue Accounts Receivable. There may also be penalties and costs associated with legal proceedings payable by the person responsible for the loss in accordance with the laws of Canada.

## **6.4 Cashier Shortages**

- 6.4.1 Cashier shortages must be recovered from the cashier unless the loss is below an established threshold for low-value amounts or negligence is not involved. However, all cash shortages are to be reported, investigated and if applicable, deemed NIL or written off in accordance with the *Debt Write-off Regulations, 1994* and the Delegation of Authorities for Financial Administration for the DND and the CAF. The amount of the shortage must be credited to the applicable program revenue account when the appropriation is charged.
- 6.4.2 When there is an ongoing problem with a cashier not reconciling within acceptable tolerances, additional training, and reassignment to other duties and/or disciplinary action must be carried out as required.
- 6.4.3 If it is determined that the cash shortage is the responsibility of the cashier because of malfeasance or negligence, the shortage is to be immediately recovered from the cashier in accordance with Section 76(4) or Section 78 of the FAA.

## **6.5 Standing Advance, Travel Advance, Other Types of Accountable Advances or Petty Cash**

- 6.5.1 An individual to whom an accountable advance is issued is personally responsible and accountable for that advance. Any loss or shortage in respect of that advance may be recovered from that individual in accordance with Section 3

of the *Accountable Advance Regulations*. This includes any petty cash shortage, unless the conditions in paragraph 6.2.1 have all been met.

## **6.6 Accountability of CO/RC Manager**

- 6.6.1 When a CO or RC Manager of the holder or custodian of the advance assumes full or partial responsibility for the loss or shortage, the following must be confirmed in writing:
- a) The manager failed to ensure that adequate facilities and procedures were in place;
  - b) The manager failed to provide adequate direction, instruction or supervision; or
  - c) The manager allowed inappropriate practices to occur.
- 6.6.2 If it can be demonstrated that the actions of the CO or RC Manager contributed to the loss, recovery of the loss may be apportioned between the manager and the employee concerned on the basis of their respective culpability with the appropriate recovery actions being pursued.

## **6.7 Subsequent Recovery or Funds Found**

- 6.7.1 If the funds are subsequently found after recovery action has been taken, the CO/RC Manager shall immediately report this to the L1 Comptroller and the RDAO Comptroller will in turn report it to the CDAO. The RDAO Comptroller will receive instructions from the CDAO on correcting entries in DRMIS, as well as, on any other actions required involving the investigation or corrective actions against the DND employee/CAF member.

## **7.0 Budget Implication**

### **7.1 General**

- 7.1.1 A loss of public money or property shall remain outstanding until notified by the CDAO, DFO, ADM(IE) or ADM(Mat) respectively, regarding the final decision and actions that will be taken, as well as, the appropriate accounting entries to be processed in DRMIS.

### **7.2 Charging Appropriations**

- 7.2.1 Losses of public money requiring a disbursement to replenish a fund, such as petty cash, and cashier shortages resulting from a loss of revenue, are charged to the appropriation for the related program if:
- a) The loss was not the responsibility of the holder or custodian of the advance according to the conditions in paragraph 6.2.1; and
  - b) Approval is provided by a person with the appropriate delegated signing authority.



## **8.0 Public Accounts**

### **8.1 General**

- 8.1.1 All losses of public money or property are to be reported in the Public Accounts of Canada in the fiscal year in which the loss occurred or in the year that the loss was discovered with the exception for losses that are fully recovered in the year discovered and did not involve negligence, nonfeasance, wilful misrepresentation, fraud, defalcation, or other offence or illegal act.
- 8.1.2 The Receiver General Manual, Public Accounts Instructions, outlines the process for reporting losses of public money and property. This includes providing a brief description of the loss and reporting such information as:
  - a) The value of the loss;
  - b) The amount recovered in the current year;
  - c) The amount not expected to be recovered; and
  - d) The amount expected to be recovered in subsequent years.
- 8.1.3 The amount expected to be recovered in subsequent years will continue to be reported in the Public Accounts until fully paid or the outstanding claim amount is written off.

## **9.0 Overages**

### **9.1 General**

- 9.1.1 Overages are the amount of money that exceeds the required amount after a reconciliation of an account has been completed. All overages are to be reported immediately to the RDAO Comptroller and investigated to determine the cause.

### **9.2 Accounting**

- 9.2.1 All cash overages are to be deposited into the CRF and recorded to a non-responsible miscellaneous revenue account if the source of the overage cannot be identified.

### **9.3 Subsequent Reconciliation of Funds**

- 9.3.1 If the amount should subsequently be reconciled or the rightful individual comes forth and can demonstrate that he/she is owed the money, then action is to be taken to update DRMIS and a request for payment can be processed. This would be treated as an overpayment and refunded as per FAM Chapter 1018-1, Managing Public Revenue.

## **10.0References**

### **10.1 Source References**

- 10.1.1 *Criminal Code of Canada*
- 10.1.2 *Access to Information Act*
- 10.1.3 *Financial Administration Act*
- 10.1.4 *National Defence Act*
- 10.1.5 *Privacy Act*
- 10.1.6 *Public Servants Disclosure Protection Act*
- 10.1.7 *Accountable Advances Regulations*
- 10.1.8 *Debt Write-off Regulations, 1994*
- 10.1.9 *Queen's Regulations & Orders Chapter 21 – Summary Investigations and Boards of Inquiry*
- 10.1.10 *Queen's Regulations & Orders Chapter 38 – Liability for Public and Non-Public Property*
- 10.1.11 TB Directive on Public Money and Receivables
- 10.1.12 TB Policy on Financial Management
- 10.1.13 TB Framework for the Management of Compliance
- 10.1.14 CFAO 22-10 Investigation and Report of Loss or Damage Due to Criminal Offences
- 10.1.15 National Defence Security Orders and Directives

### **10.2 Related References**

- 10.2.1 Receiver General Manual – Public Accounts Instructions
- 10.2.2 Delegation of Authorities for Financial Administration for the Department of National Defence (DND) and the Canadian Armed Forces (CAF)
- 10.2.3 DAOD 2006-0, Defence Security
- 10.2.4 DAOD 7002-0, Boards of Inquiry and Summary Investigations
- 10.2.5 DAOD 7002-1, Boards of Inquiry

- 10.2.6 DAOD 7002-2, Summary Investigations
- 10.2.7 DAOD 7002-3, Subjects of Investigation and References
- 10.2.8 DAOD 7024-0, Disclosure of Wrongdoings in the Workplace
- 10.2.9 DAOD 7025-0, Fraud Prevention and Management
- 10.2.10 DAOD 7026-0, Administrative Investigations
- 10.2.11 FAM Chapter 87, Write-off of Debts
- 10.2.12 FAM Chapter 1018-1, Managing Public Revenue
- 10.2.13 FAM Chapter 1018-2, Accounting and Control of Accounts Receivable and Public Revenue
- 10.2.14 FAM Chapter 1018-2-3, Interest on Overdue Accounts Receivable
- 10.2.15 FAM Chapter 1016-9, Accountable Advances
- 10.2.16 FAM Chapter 1016-9-4, Accountable Advances - Petty Cash
- 10.2.17 FAM Chapter 1020-4, Capital Assets
- 10.2.18 FAM Chapter 1020-5, Inventory
- 10.2.19 Supply Administration Manual (SAM)

## **Annex A: Definitions**

### **A.1 Accountable advance**

Refers to:

- a) A sum of money advanced to a person from an appropriation; and
- b) A sum of money advanced to a person from the sum of money described in paragraph a) for which the person is accountable and includes imprest funds and working capital advances administered under an imprest system.

### **A.2 Defalcation**

Is a misappropriation of public funds, trust funds or money held in a fiduciary capacity.

### **A.3 Fraud**

Is a criminal deception involving the use of false representation with the specific intent of gaining an unfair or dishonest advantage. Fraud ordinarily involves either wilful misrepresentation or deliberate concealment of material facts for the purpose of inducing another person to either part with cash or something else of value or to surrender a legal right.

### **A.4 Holder or custodian**

The individual to whom an accountable advance has been issued or who is responsible for the advance.

### **A.5 Malfeasance**

Is the commission of an unlawful act whereby the perpetrator has no right to perform that act or is prohibited by contract, statute or regulation from performing that act.

### **A.6 Management practices and controls**

Are policies, processes, procedures and systems that enable a department to operate its programs and activities, use its resources efficiently and effectively, exercise sound stewardship, fulfil its obligations and achieve its objectives.

### **A.7 Materiel**

Means all public property, other than real property, immovables and money, provided for the Canadian Armed Forces or for any other purpose under the NDA, and includes any vessel, vehicle, aircraft, animal, missile, arms, ammunition, clothing, stores, provisions or equipment so provided.

**A.8 Misappropriation**

Is the act of diverting money or property to a wrongful purpose. It is often used in the context of, but is not limited to, the diversion of public funds for one's own use or the use of others; however, any use not authorized by Parliament is a form of misappropriation.

**A.9 Negligence**

Is causing loss of money or damage to property as a result of doing something or failing to provide a proper or reasonable level of care.

**A.10 Nonfeasance**

Is the omission of or failure to perform some specific act, duty or undertaking that one is obliged to do.

**A.11 Petty cash fund**

Cash kept on hand under an imprest system for the purpose of making small payments in cash.

**A.12 Receivables**

Financial claims incurred through the tax system or arising from accrued revenues transactions, expenses overpayments and other recoverable payments that will result in a future inflow of cash.

**A.13 Standing advance**

An accountable advance issued in a specified amount for an indeterminate period and replenished to that specific amount each time an accounting for expenditures is made.

**A.14 Theft**

Is the taking of money or property without the owner's consent and with the intent of depriving the owner, temporarily or permanently, of its possession, use or benefit. Although fraud and theft both result in depriving someone of property, a key distinguishing feature is that with fraud, the victim is induced through deceit or trickery to voluntarily give up the property, whereas with theft, the owner does not surrender the property voluntarily and, in some cases, may not initially even be aware that it has been taken.