



*Effective Date: June 12, 2018*

## LOSS MANAGEMENT

### Definitions

- The following definitions apply to this Policy:
  - Assets** - are fixed and non-fixed assets/property belonging to or under the care of Cowichan Tribes including monies, investments, furniture, equipment, machinery, vehicles, information, computer hardware/software, art, cell-phones, buildings, etc.;
  - Fraud** - an intentional deception done for personal gain or to damage another person) through a false representation of a matter of fact (whether by words or conduct, false or misleading allegations, or concealment) that deceives another person so that they will act upon it to their legal injury;
  - Information Technology (IT) Security Incidents** - are loss incidents involving Cowichan Tribes' IT assets such as computer hardware (i.e., PCs, laptops, etc.), software, peripherals, other electronic medium, etc., or the privacy, security, integrity or use of information belonging to or under the care of Cowichan Tribes;
  - Loss, Loss Incident or Lost** - any event that results in the loss or a decline in the value of assets owned or under the care of Cowichan Tribes due to theft, fraud, lost or missing asset, illegal activities, vandalism, damage, arson, etc.;
  - Loss Management** - an element of risk management which involves establishing policies, procedures and business practices to proactively prevent asset loss and to manage any loss of assets in an effective and efficient manner;
- Please refer to Cowichan Tribes' "Definitions Guide for Policies and Procedures" for the definitions of other terms used in this Policy and the associated procedures.

### Policy Directive:

Cowichan Tribes shall proactively safeguard its assets, and effectively manage and report any related losses.

### Related Cowichan Teaching

*"Learn from one another"*

### Applicable Legislation and Standards

- Cowichan Tribes' practices regarding loss management must comply with applicable legislation, standards, and Cowichan Tribes' laws, policies and procedures, including:
  - The *First Nations Fiscal Management Act*;
  - First Nations Financial Management Board (FNFMB) Standards;
  - Cowichan Tribes First Nation Financial Administration Law (the FAL); and
  - Public Sector Accounting Standards (PSAS) of the Public Sector Accounting Board.



## Loss Management Policy

*Effective Date: June 12, 2018*

### Reason for Policy

4. The objectives of this Policy include:
  - i) Providing guidance, and setting out the requirements, for the management and reporting of losses by Cowichan Tribes, and clarifying the related responsibilities;
  - ii) Ensuring Cowichan Tribes proactively protects its assets and prevents, limits or minimizes asset losses and the related costs;
  - iii) Ensuring Cowichan Tribes manages any asset losses in an effective, accountable, and strategic manner; and
  - iv) Ensuring Cowichan Tribes' practices regarding the management and reporting of losses comply with all applicable requirements.

### Consequences of Non-Compliance with Policy

5. Potential consequences of non-compliance with this Policy include:
  - i) Lack of directions and clarity respecting the safeguarding of assets, and for the management and reporting of losses by Cowichan Tribes;
  - ii) Unnecessary loss of Cowichan Tribes' assets;
  - iii) Inappropriate management and reporting of losses; and
  - iv) Breach of legislation, standards or Cowichan Tribes' laws, policies and procedures.

### Policy Application

6. This Policy applies to or affects Cowichan Tribes':
  - i) Chief and Council;
  - ii) Finance and Audit Committee;
  - iii) Finance Department, Information Systems (IS) Department and Human Resources (HR) Department;
  - iv) General Manager, Comptroller and all other department managers and employees;
  - v) Members; and
  - vi) Any other person or entity doing business with, or working on behalf of, Cowichan Tribes (i.e., contractors, consultants, agents, vendors, etc.).
7. The scope of this Policy covers any suspected loss or theft of assets belonging to or under the control of Cowichan Tribes.

### Policy Requirements

#### General

8. Cowichan Tribes will not tolerate any type of theft, fraud, damage, vandalism or abuse related to its assets and shall pursue legal prosecution and/or take other appropriate actions if it is determined that such incidents of loss have occurred.
9. Any councillor, employee, or other person or entity that:



## Loss Management Policy

*Effective Date: June 12, 2018*

- i) Engages in theft, fraud, intentional damage or vandalism to Cowichan Tribes' property shall be required to make restitution and may be subjected to discipline, termination, and/or legal action, as appropriate; or
  - ii) Is found to have been negligent in handling assets entrusted to them by Cowichan Tribes shall be held accountable for any related lost, stolen or damaged property.
10. Failure by a vendor, contractor, or any other person or entity doing business or in a relationship with Cowichan Tribes, to comply with this Policy may result in cancellation of the business or relationship with Cowichan Tribes and/or legal action.
  11. Cowichan Tribes must minimize the impact of losses by making every effort to recover losses in a cost-effective manner.

### **Safeguarding Assets and Reporting Losses**

12. All assets owned by or under the control of Cowichan Tribes shall be safeguarded against loss by taking the necessary actions, prior to any loss of its assets, to reduce the probability, frequency and cost of such losses, as per Cowichan Tribes' Capital Asset Management Policy and Procedures and Risk Management Policy and Procedures.
13. Insurance coverage that is sufficient to fully cover and protect Cowichan Tribes and its assets, or those under its control, from any loss must be obtained, as per Cowichan Tribes' Insurance Policy and Procedures.
14. Any loss or suspected loss related to assets belonging to or under the care of Cowichan Tribes must be reported immediately to the proper authorities, in accordance with this Policy and other applicable Cowichan Tribes' policies and procedures, to facilitate locating misplaced items, investigating incidents, reporting insurance claims, and developing steps to minimize future loss of Cowichan Tribes' property.
15. Any theft, misappropriation or other misuse or irregularity in the funds, accounts, assets, liabilities and financial obligations of Cowichan Tribes must be reported in accordance with Cowichan Tribes' Reporting Breaches Policy and Procedures.
16. All loss incidences involving a risk to safety and health, or the environment must be reported to the appropriate authorities based on the severity of the risk.
17. Cowichan Tribes may write off the loss of an asset as per applicable accounting standards.
18. Cowichan Tribes shall make and retain the proper records respecting the safeguarding of assets and the management and reporting of any related losses, as per pertinent records management requirements.

### **Procedures: [Loss Management](#)**

#### **Roles and Responsibilities**



## Loss Management Policy

*Effective Date: June 12, 2018*

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19. The responsibilities of Council include providing appropriate resources, tools, and measures required to practice effective asset loss prevention and management.
  20. The responsibilities of the Finance and Audit Committee include providing oversight to Cowichan Tribes with respect to the prevention, detection, reporting, investigation and mitigation of losses.
  21. The responsibilities of the General Manager include:
    - i) Ensuring that there is adequate physical and other safeguards in place to protect Cowichan Tribes' assets from loss;
    - ii) Ensuring that there is ample insurance to fully cover the value of Cowichan Tribes' assets from any loss;
    - iii) Ensuring that department managers comply with this Policy and Procedures, and are fully accountable for assets entrusted to them and their department;
    - iv) Leading investigations of loss incidents, preparing the related report(s) and taking the necessary mitigation action; and
    - v) Contacting the police on behalf of Cowichan Tribes and consulting with legal counsel, other stakeholders or subject experts in cases of theft, break-in or other illegal activities, as necessary and appropriate.
  22. The responsibilities of the Comptroller/Finance Department include:
    - i) Providing advice, direction and assistance to Cowichan Tribes' respective departments on loss management, including prevention;
    - ii) Assisting in investigating loss incidents; and
    - iii) Collecting, analyzing, and documenting information on loss incidents by using Loss Incident Reports (LIR).
  23. The responsibilities of the IS Department include:
    - i) Ensuring corporate IT architecture and related policy, procedures and standards adequately protect Cowichan Tribes' IT assets, including information;
    - ii) Monitoring, detecting, and ensuring that all actual or suspected IT security incidents are reported immediately as per this Policy and Procedures; and
    - iii) Assisting the General Manager in investigating and mitigating any IT security incidents.
  24. The responsibilities of the HR Department include providing guidance and advice during investigations of loss incidents which involve Cowichan Tribes' employees or councillors and may result in discipline and/or criminal charges.
  25. The responsibilities of department managers include:
    - i) Holding employees and contractors accountable for assets entrusted to them; and
    - ii) Preventing, detecting, managing and reporting losses, as per this Policy and Procedures.
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## Loss Management Policy

*Effective Date: June 12, 2018*

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26. The responsibilities of councillors, employees, members, contractors, agents, or any other person(s) or entity doing business with Cowichan Tribes include:
- i) Assuming full accountability for safeguarding any assets entrusted to them by Cowichan Tribes; and
  - ii) Reporting any losses as per this Policy and Procedures, and assisting in any related investigation.

### **Safeguarding of Assets**

27. Immediate steps shall be taken, subsequent to any loss incident, to minimize the cost of the loss and review and amend the related policies and procedures, as appropriate, to prevent any similar or further losses.
28. To establish ownership, safeguard assets, and prevent or minimize loss, the General Manager shall maintain a current an inventory of Cowichan Tribes' assets, in accordance with Cowichan Tribes' Capital Asset Management Policy and Procedures.

### **Insurance**

29. Prior to renewing insurance policies, the Comptroller shall ensure that the value of assets covered under the insurance policies is reviewed and revised to include assets that may have been purchased, disposed of or lost during the year.
30. The Comptroller must in a timely manner file an insurance claim for any loss incidents that exceed the cost of any respective deductible, in accordance with Cowichan Tribes' Insurance Policy and Procedures.

### **Types of Loss Incidents**

31. Loss incidents include but are not limited to the following categories:
- i) Illegal activities (actual, suspected or attempted), including:
    - a) Theft, robbery, including failure to return Cowichan Tribes' property,
    - b) Fraud including embezzlement and misappropriation,
    - c) Break and enter, or forced entry, or
    - d) Intentional damage to or vandalism of property;
  - ii) Information technology security incidents, including:
    - a) Actual or suspected loss of information or IT assets,
    - b) Loss of a portable medium with information capacity (e.g., a hard drive, thumb drive, memory card, magnetic or optical disks, etc.), or
    - c) Damage to or compromising of the protection of data, systems, documents, computer-generated data, or information processing facilities; and
  - iii) General loss incidents, including:
    - a) Accident,
    - b) Neglect, or
    - c) Act of God (events outside of human control).
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## Loss Management Policy

*Effective Date: June 12, 2018*

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### **Loss Reporting**

32. It is the responsibility of every councillor, employee, member and contractor who first suspects or determines that a loss incident has occurred to report the loss.
33. Any councillor, employee, member or contractor reporting a loss incident must complete a Loss Incident Report (see Appendix A), obtain the applicable signature(s), and submit it to the General Manager within 24 (twenty-four) hours after the occurrence of the loss.
34. All losses must be reported in the following manner:
  - i) Employees must report all losses to their supervisor or department manager, who shall sign the LIR and submit it to the General Manager;
  - ii) Councillors and members of Cowichan Tribes must report all losses directly to the General Manager through the LIR; and
  - iii) Contractors, agents or representatives must report all losses to the respective person who signed the contract for their services on behalf of Cowichan Tribes, obtain that person's signature and then submit the LIR to the General Manager.
35. Losses may also be reported anonymously.
36. If there are signs of a break and enter to a Cowichan Tribes' office or building, the General Manager must be notified immediately of the incident before anything is moved/touched at that specific site.
37. The General Manager shall, on a timely basis, share information about:
  - i) All loss incidents submitted via LIRs with the Comptroller; and
  - ii) All IT security incidents with the Manager of the IS Department.

### **Investigation of Loss Incidents**

38. The General Manager is responsible for ensuring that all loss incidents are appropriately investigated and resolved in a timely manner, in accordance with applicable Cowichan Tribes' policies and procedures.
39. Subject to personal safety, where it is suspected/known that there has been theft or a break-in, the General Manager shall investigate immediately and ensure that any photos taken of the items suspected to be stolen are accumulated, and new pictures are taken of the facts and environment in which the theft or break-in occurred.

### **Illegal Activities**

40. If it is suspected that a councillor, employee, contractor or another person/entity is involved in a loss incident resulting from illegal activity, the General Manager shall seek guidance from legal counsel and/or the HR Department with respect to whether to proceed with legal action and/or discipline, as appropriate.
41. When dealing with a loss incident involving suspected illegal activity, Cowichan Tribes must not make any threat or promise to the suspect(s) as to whether the alleged illegal



## Loss Management Policy

*Effective Date: June 12, 2018*

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activity will or will not be referred for criminal investigation, prosecution or discipline.

42. The Finance Department shall assist in investigating incidences of illegal activities.
43. As soon as the investigation of the loss due to illegal activities is completed and all pertinent action has been taken, a final confidential report must be prepared by the General Manager and submitted to Council which includes the following:
  - i) Actions taken to recover the loss, amount recovered and probability of any further recovery;
  - ii) Action or discipline taken in respect of the loss, and results of any prosecution; and
  - iii) The safeguards and controls implemented or to be implemented to prevent, reduce and detect further losses of a similar nature.

### **Information Technology Security Incidents**

44. The General Manager shall keep the Manager of the IS Department advised of all IT security incidents that have taken place or been reported at Cowichan Tribes.
45. The Manager of the IS Department shall assist in investigations of IT security incidents.
46. Loss of hand-held communication devices (e.g., iPhones) must be immediately reported to the IS Department by the respective department so that the device can be disabled to prevent the loss, compromise or unauthorized disclosure of Cowichan Tribes' information.

### **General Loss Incidents**

47. General loss incidents must be reported on a LIR where the value, singly or cumulatively, is greater than \$100. However, if there appears to be a pattern or the losses are suspicious, the loss incidents must be reported regardless of the value.

### **Reporting Loss Incidents to the Police**

48. The decision as to whether to report a loss incident to the police is at the discretion of the General Manager, in consultation with legal counsel, the Comptroller, HR Department and/or the department manager of the area where the loss occurred, as appropriate.
49. However, any person shall make a report to the police, and/or the appropriate authorities, wherever a loss incident involves risks to health, safety or the environment based on the severity of the risk.

### **Writing-Off Losses**

50. Cowichan Tribes may only write off the loss of an asset if:
  - i) All reasonable efforts to recover the asset have been exhausted and in the opinion of the General Manager the asset is irrecoverable; or
  - ii) The recovery of the asset is not in the best interests of Cowichan Tribes.



## Loss Management Policy

*Effective Date: June 12, 2018*

51. The calculation of the value of a lost asset shall be based on either its fair market value, or depreciated value, as applicable and appropriate.
52. Accounting for any asset loss shall be done in accordance with PSAS.

### **Records Management**

53. Cowichan Tribes shall ensure that the appropriate records are made respecting the management and reporting of losses, and that all related records and documents are retained in a secure manner, as per Cowichan Tribes' Financial Records Management Policy and Procedures, including records relating to:
  - i) All loss incidents (including those reported anonymously) and the related Loss Incident Reports;
  - ii) Actions taken by Cowichan Tribes in response to loss incidents with respect to investigating and addressing the loss and preventing or limiting further losses;
  - iii) Writing off of losses, and the respective asset's fair market value; and
  - iv) All reports made to the police or other external authorities respecting a loss incident.

### **Related Cowichan Tribes' Policies**

- Capital Asset Management Policy and Procedures;
- Financial Records Management Policy and Procedures;
- Insurance Policy and Procedures;
- Reporting Breaches Policy and Procedures;
- Risk Management Policy and Procedures;







APPENDIX A: Loss Incident Report (continued)

iii) Please explain how the loss originated, including the cause and how access was obtained with respect to the loss incident listed above (if known):

Three horizontal lines for text entry.

iv) Please describe (one at a time) what assets/property were damaged, missing, lost or stolen, as applicable, and use extra pages if needed (please print):

Type of Asset: \_\_\_\_\_ Brand/Make: \_\_\_\_\_  
Model: \_\_\_\_\_ Serial #: \_\_\_\_\_  
Comments: \_\_\_\_\_  
Two additional horizontal lines for text entry.

F) WITNESSES TO LOSS INCIDENT

Did any other person(s) witness the loss incident? Yes \_\_\_\_\_ No \_\_\_\_\_

If Yes, provide names and related information below (please print and use extra pages if needed):

Witness Name: \_\_\_\_\_  
Last / First / Middle  
Position / Title: \_\_\_\_\_ Department: \_\_\_\_\_  
Contact Address: \_\_\_\_\_  
Contact Tele No: \_\_\_\_\_ Contact Email Address: \_\_\_\_\_

G) SIGNATURES

i) Signature of Person Making This Report (must be the same person as in Section B of this Report)

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

ii) Signature of Supervisor/Department Manager (of the person making this report)

Print Name: \_\_\_\_\_  
Last / First / Middle  
Position / Title: \_\_\_\_\_ Department: \_\_\_\_\_  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_

iii) Signature of General Manager (acknowledging receipt of this Report)

Print Name: \_\_\_\_\_  
Last / First / Middle  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_