

## CHAPTER 11 – CASH/STORES LOSSES

### LOSSES - DEFINITIONS AND TERMINOLOGY

1101. **General.** The regulations in this chapter relate to losses and condemnations. Unless specified to the contrary, they apply to all units. Officers are not to authorise write-off or strike-off of a loss in which they have been personally involved. The word “food” when used in this chapter is the generic term for rations, commodities, foodstuffs or supplies. These rules should be read in conjunction with single-Service material accounting and management regulations.

1102. **Losses.** Losses are caused through any of the following:

- a. Loss or damage caused maliciously, or due to fraud, theft, arson, sabotage or culpable negligence.
- b. Destruction or damage due to causes not directly attributable to any person unless excluded by para 1104, including refrigerator or mechanical failure.
- c. Deterioration in storage.
- d. Shortage due to evaporation, shrinkage, breaking down from bulk etc. if not within authorised limits of powers of write-off (see para 1110).
- e. Loss or damage in transit.

1103. **Definitions.** Losses are defined as follows:

- a. **Cash Losses.** A cash loss is any loss which affects the expenditure or loss of public money, examples are:
  - (1) Over expenditure on food.
  - (2) Over claims on rations or DMR, additional and supplementary messing entitlement.
  - (3) Fraudulent certification of bills.
  - (4) Failure to levy correct charges.
  - (5) Price reduction of stocks nearing shelf life expiry dates.
- b. **Stores Losses.** A stores loss is a physical loss or damage to food, examples are:
  - (1) Physical loss of rations.
  - (2) Evaporation, shrinkage, seepage, and losses arising from breaking down from bulk (e.g. sacks of flour/salt for issue in smaller quantities).
  - (3) All losses of food, irrespective of value due to culpable causes (i.e. theft, fraud and negligence, proven or suspected). This also includes the breakdown of any mechanical or refrigeration equipment, whether or not culpability is proven or suspected.
  - (4) Deterioration of commodities within the control of a responsible person.
  - (5) Stock whose shelf life has expired.

1104. **Exclusions from Stores Losses.** The following are excluded from stores losses:

- a. Deficiencies disclosed at stocktaking that are considered reasonable and where the correct accounting action has been taken.
- b. Deterioration due to service, climate or conditions beyond the control of any responsible individual.
- c. Losses arising from, or in direct support of, operations against an enemy.
- d. Losses arising from authorised tests or experiments in which destruction, loss or damage may be expected or is a possibility.

1105. **Terminology.** The terms used to take rations off charge are defined as:

- a. **Strike-off Action.** Strike-off action is the formal accounting procedure to be taken following a stocktaking report that does not require financial adjustment, and is taken when culpable causes are not suspected.
- b. **Write-off action.** Write-off action involves formal procedure and is divided as follows:
  - (1) **Small Food Losses.** Small food losses or casual condemnations are those where the total value does not exceed £50 per incident, and where culpable causes are not suspected. The appropriate certificate is to be endorsed “Estimated Price Not Exceeding £50” (see para 1112).
  - (2) **Write-off Action.** Write-off action is to be taken in the case of a major loss or Formal Survey or where culpability is involved. This includes any breakdown of mechanical or refrigeration equipment.

1106. **Categorising Losses.** If any doubt exists as to the category of the write-off, or formal reporting to MOD may be required, the matter is to be reported via the CoC to Defence Logistics.

## INVESTIGATION AND REPORTING OF LOSSES

1107. **Preventative Action.** All cases of loss or damage are to be investigated immediately to identify any causative fault or error, so that remedial action can be taken.

1108. **Accounting Action.** On the discovery of a loss, the stores item(s) concerned are to be removed from charge using an appropriate certificate, which is to include details of the loss and investigation.

## WRITE-OFF VALUATION AND PROCEDURES

1109. **Valuation Assessment.** Where a loss is to be written off as a public charge, or recovered from an individual, the value of the loss, inclusive of VAT, is to be assessed as follows:

- a. Food received from the WWFSC or other MOD food contracts, is to be valued at the contracted price shown in the current monthly price list.
- b. All other food is to be valued at cost price, including items obtained from the PFM IP under the Special Forward Orders system.

1110. **Delegated Powers of Write-Off.** Where a number of losses result from a single event or irregularity, they are to be treated as one case and the total sum will determine the delegated level at which write-off action is to be taken. No one may authorise a write-off unless they hold a letter of budgetary delegation or sub-delegation issued in accordance with JSP 462. No delegated authority permanently exists for messing-related cash losses, and normally, such cases must be forwarded, via the CoC, to [DE&S CMO Food Category Manager](#) for authorisation. However, the [TLBs CASPs](#) allow delegation, and DE&S CMO Food Category Manager will use this facility with Commands as appropriate.

1111. **Powers of Write-Off for Commanding Officers.** When the value of a stock loss is within the unit CO's delegated write-off powers (or other officer to whom write-off powers have been delegated), the relevant single-Service form is to be prepared for signature by the authorised officer. The form is to show clearly the method used to assess the value of the loss, the authority for the price(s) used, details of any recoveries affected and the balance to be written off. This form is to be attached to a certificate used to adjust the catering account.

1112. **Small Food Loss.** Where non-culpable cause is involved, and the value of loss is known or estimated not to exceed £50 per incident, it may be classed as a small food loss and written off within CO's powers. A certificate is to be prepared to adjust the catering account accordingly, showing the actual price, and endorsed "trivial". A brief statement of the circumstances, certifying that the loss was not due to culpable causes, is to be included. The loss is to be entered as a category B2 in the losses register (see para 1114).

1113. **Cash Losses / Write-Off in Excess of Delegated Powers.** When the gross value of a loss is in excess of the CO's delegated powers, write-off forms are to be completed in triplicate. One copy is to be attached to the certificate of stock adjustment, and the original and its duplicate forwarded to the appropriate higher authority, accompanied by a statement explaining in full the circumstances of the loss, with copies of any relevant inquiry proceedings and police reports. The CO is to report any disciplinary action taken (or contemplated) and steps taken (or proposed) to prevent recurrence. Where appropriate a material condemnation form is to be submitted in support of the application for write-off.

## RECORD OF LOSSES

1114. **Losses Register.** Units that do not report losses to Commands on a monthly basis, are to maintain a loss register to record write-offs, including small stores losses, to permit ready completion of the annual return to the appropriate FLC through the CoC. Cases referred to a higher authority are also to be recorded and the approval noted. Each entry is to be cross-referenced to the appropriate form or certificate. Details of totals and types of losses are to be reported by the FLCs in the annual Letter of Assurance to [DE&S CMO Food Category Manager](#).

1115. **Inspection of Losses Registers.** Where a losses register is maintained, the Commanding Officer is to examine and sign at six-monthly intervals. The register is to be made available to the National Audit Office and appropriate inspecting authorities when required.

1116 – 1199. Reserved.