

Department of the Army
Pamphlet 735-5

Property Accountability

Financial Liability Officer's Guide

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SUMMARY of CHANGE

DA PAM 735-5

Financial Liability Officer's Guide

This administrative revision, dated 9 April 2007--

- o Replaces AR 27-10 with AR 27-20 (para 5-1d(7)).
- o Lists AR 27-20 under Related Publications (app A).

This major revision, dated 7 July 2006--

- o Changes title of pamphlet from "Survey Officer's Guide" to "Financial Liability Officer's Guide."
- o Implements the procedures prescribed in Department of Defense 7000.14-R, volume 12, chapter 7, calling for the use of Department of Defense Form 200 (Financial Liability Investigation of Property Loss) in place of Department of the Army Form 4697 (Department of the Army Report of Survey).

Property Accountability

Financial Liability Officer's Guide

By Order of the Secretary of the Army:

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General, United States Army
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Official:


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History. This publication is an administrative revision. The portions affected by this administrative revision are listed in the summary of change.

Summary. This pamphlet is a guide for financial liability investigating officers. It is designed to help the financial liability investigating officer conduct a competent and efficient financial liability investigation of property loss.

Applicability. This pamphlet applies to

the Active Army, the Army National Guard/Army National Guard of the United States, and the U.S. Army Reserve, unless otherwise stated. During mobilization, the proponent may modify chapters and policies contained in this regulation.

Proponent and exception authority.

The proponent of this pamphlet is the Deputy Chief of Staff, G-4. The proponent has the authority to approve exceptions to this pamphlet that are consistent with controlling law and regulation. The proponent may delegate this approval authority in writing, to a division chief within the proponent agency who holds the grade of colonel or the civilian equivalent. Activities may request a waiver to this regulation by providing justification that includes a full analysis of the expected benefits and must include formal review by the activity's senior legal officer. All waiver requests will be endorsed by the commander or senior leader of the requesting activity and forwarded through their higher headquarters to the policy proponent. Refer to AR 25-30 for specific guidance.

Suggested improvements. Users are

invited to submit comments and suggested improvements to this pamphlet. Internet users can submit their comments and suggested improvements through the electronic DA Form 2028 (Recommended Changes to Publications and Blank Forms) found within the individual Deputy Chief of Staff, G-4, regulation and pamphlet. Anyone without Internet access should submit comments and suggested improvements on DA Form 2028 directly to the Center for Logistics Innovation, ATTN: CLI-AP, 5870 21st St., Fort Belvoir, VA 22060-5941.

Distribution. This publication is available in electronic media only and is intended for command levels B, C, D and E for the active Army, the Army National Guard/Army National Guard of the United States, and the U.S. Army Reserve.

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Chapter 1

Appointment of Financial Liability Officer

1-1. Purpose

This pamphlet provides guidance to individuals appointed as financial liability officers on conducting and documenting financial liability investigations of property loss.

1-2. References

Required and related publications and prescribed and referenced forms are listed in appendix A.

1-3. Explanation of abbreviations and terms

Abbreviations and special terms used in this pamphlet are explained in the glossary.

1-4. Introduction

A financial liability officer is appointed to investigate the loss of Government property and the circumstances involved in the loss. Based on the investigation findings and recommendations, the approving authority (the individual who will take final action on the financial liability investigation of property loss) will make a final decision. The decision could be to relieve all concerned of responsibility and accountability for the loss, or to assess financial liability against an individual, or individuals. A great deal of responsibility is placed on the financial liability officer to conduct a fair, impartial and thorough investigation. The Army has billions of dollars invested in supplies and equipment. When any of these supplies and equipment are lost, damaged, or destroyed, it is essential to determine the cause of the loss, so corrective action can be taken to preclude further losses. When the loss is the result of negligence or willful misconduct on the part of an individual or several individuals, then it is proper to assess financial liability against the individual(s) for the cost of the loss.

1-5. Policy

The policy for conducting financial liability investigations of property loss is contained in Army Regulation (AR) 735-5. AR 735-5, chapter 12, explains the methods for obtaining relief from responsibility for property; chapter 13 covers the financial liability investigation of property loss system; chapter 14 addresses special procedures used to account for property losses under special circumstances. The procedures contained in this pamphlet are derived from the policy contained in AR 735-5 and Department of Defense (DOD) 7000.14-R, volume 12, chapter 7.

1-6. Appointment

a. A financial liability officer is appointed by either the approving authority or by an appointing authority (fig 1-1). The appointment is made using a memorandum per AR 735-5, paragraph 13-24, using the format shown in AR 735-5, figure 13-12. The decision of whether a financial liability officer is necessary or not is indicated by the approving authority or appointing authority as appropriate, completing block 13c, Department of Defense (DD) Form 200 (Financial Liability Investigation of Property Loss) and entering their signature and the date. The following individuals may be appointed as financial liability officers:

- (1) Army commissioned or warrant officers.
- (2) Army noncommissioned officers in the military grade of sergeant first class or above.
- (3) Civilian employees in the grade of General Schedule-7 (GS-7) or above; or wage leader and wage supervisory employees.
- (4) In joint DOD service activities, any assigned DOD commissioned or warrant officer, or noncommissioned officer in the pay grade of E7 or above.
- (5) Foreign national employees, GS-7 equivalent or above, for financial liability investigations of property loss originating within Civilian Support Centers.

b. The Financial Liability Investigation of Property Loss will be enclosed under a checklist and tracking document which will be presented to the financial liability investigating officer by the approving authority or appointing authority. Block 15 of DA Form 7531 (Checklist and Tracking Document for Financial Liability Investigations of Property Loss) will be completed by the financial liability officer prior to returning the investigation to the appointing authority or approving authority.

1-7. Seniority of financial liability officers

A financial liability officer generally will be senior to any individual subject to the potential assessment of financial liability. The financial liability officer will report to the approving authority, any instances in the course of an investigation that would require the examination of the conduct or performance of duty of senior personnel. The approving authority will exercise the options of replacing the junior financial liability officer with an individual of a senior grade, or directing the junior financial liability officer to continue the investigation. If the financial liability officer is directed to continue the investigation, the approving authority will document the military exigency (urgency)

that prevented the appointment of another financial liability officer. This documentation should be attached to the financial liability investigation of property loss as an exhibit. Mark the exhibit as shown in paragraph 3-1f.

1-8. Time constraints

It is important for a financial liability officer to start the investigation of property loss immediately, while the facts and circumstances are still fresh in everyone's mind. In most cases, 30 calendar days are allotted to conduct an investigation and document the findings and recommendations. For an Army Reserve or Army National Guard financial liability officer, 60 calendar days are generally allowed for an investigation. If unable to complete the investigation in the time allotted, the financial liability officer will explain, in writing, the reason for the delay and will attach the explanation to the financial liability investigation of property loss, as an exhibit. The exhibit will be marked as shown in paragraph 3-1f.

1-9. Number of copies

The financial liability investigation of property loss (DD Form 200), provided by the approving authority or the appointing authority, will look similar to the sample in figure 1-1. The financial liability investigation of property loss packet and attached exhibits will include the original with copies (number of copies as prescribed by the local command). Figure 1-2 shows an example of a DD Form 200 continuation sheet, block 9.

FINANCIAL LIABILITY INVESTIGATION OF PROPERTY LOSS							
PRIVACY ACT STATEMENT							
AUTHORITY: 10 USC 2775; DoD Directive 7200.11; EO 9397.				ROUTINE USE(S): None.			
PRINCIPAL PURPOSE(S): To officially report the facts and circumstances supporting the assessment of financial charges for the loss, damage, or destruction of DoD-controlled property. The purpose of soliciting the SSN is for positive identification.				DISCLOSURE: Voluntary; however, refusal to explain the circumstances under which the property was lost, damaged, or destroyed may be considered with other factors in determining if an individual will be held financially liable.			
1. DATE INITIATED (YYYYMMDD)		2. INQUIRY/INVESTIGATION NUMBER		3. DATE LOSS DISCOVERED (YYYYMMDD)			
20040616		2004-009		20040607			
4. NATIONAL STOCK NO.	5. ITEM DESCRIPTION			6. QUANTITY	7. UNIT COST	8. TOTAL COST	
5855-01-228-0936	Night vision goggles, AN/PVS-5C, SN: 23954C, RICC 2. No residue			1	4,300.00	4,300.00	
9. CIRCUMSTANCES UNDER WHICH PROPERTY WAS (X one) (Attach additional pages as necessary)							
<input type="checkbox"/> LOST <input type="checkbox"/> DAMAGED <input type="checkbox"/> DESTROYED On 7 June 2004, 2LT Charles D. Casey and PFC Libby M. Hart (driver) returned to main post to pickup mail for soldiers in the field. At the postal facility, both 2LT Casey and PFC Hart dismounted the vehicle and entered the postal facility at approximately (Continued on continuation sheet)							
10. ACTIONS TAKEN TO CORRECT CIRCUMSTANCES REPORTED IN BLOCK 9 AND PREVENT FUTURE OCCURRENCES (Attach additional pages as necessary)							
11. INDIVIDUAL COMPLETING BLOCKS 1 THROUGH 10							
a. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)			b. TYPED NAME (Last, First, Middle Initial)			c. DSN NUMBER	
HHC, 16th Infantry Division Fort Way Out, TX 12345			McCall, Michael J. 1LT, Inf, Executive Officer			767-6800	
			d. SIGNATURE			e. DATE SIGNED	
			<i>Michael J. McCall</i>			20040617	
12. (X one) <input checked="" type="checkbox"/> RESPONSIBLE OFFICER (PROPERTY RECORD ITEMS)		REVIEWING AUTHORITY (SUPPLY SYSTEM STOCKS)					
a. NEGLIGENCE OR ABUSE EVIDENT/SUSPECTED (X one) <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		b. COMMENTS/RECOMMENDATIONS					
		The missing night vision goggles were issued to 2LT Hart for his use during field training exercise (Clean Sweep). When leaving the vehicle, 2LT hart did not ensure the vehicle was secure.					
c. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)			d. TYPED NAME (Last, First, Middle Initial)			e. DSN NUMBER	
HHC, 16th Infantry Division Fort Way Out, TX 12345			Elliott, Thomas E. CPT, Inf, Commanding				
			f. SIGNATURE			g. DATE SIGNED	
			<i>Thomas E. Elliott</i>			20040619	
13. APPOINTING AUTHORITY							
a. RECOMMENDATION (X one) <input type="checkbox"/> APPROVE <input type="checkbox"/> DISAPPROVE		b. COMMENTS/RATIONALE			c. FINANCIAL LIABILITY OFFICER APPOINTED (X one) <i>L.S.R. 21/06/04</i> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		
d. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)			e. TYPED NAME (Last, First, Middle Initial)			f. DSN NUMBER	
			g. SIGNATURE			h. DATE SIGNED	
14. APPROVING AUTHORITY							
a. RECOMMENDATION (X one) <input type="checkbox"/> APPROVE <input type="checkbox"/> DISAPPROVE		b. COMMENTS/RATIONALE			c. LEGAL REVIEW COMPLETED IF REQUIRED (X one) <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> N/A		
d. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)			e. TYPED NAME (Last, First, Middle Initial)			f. DSN NUMBER	
			g. SIGNATURE			h. DATE SIGNED	

DD FORM 200, OCT 1999

PREVIOUS EDITION IS OBSOLETE.

Figure 1-1. Sample DD Form 200, Appointment of the Financial Liability Officer (block 13c)

Block 9 continued, Investigation of Property Loss, 16 June 2004, \$4,300.00, HHC, 16th Infantry Division.

1020 hours. On returning to the vehicle at approximately 1045 hours, 2LT Casey discovered that someone had entered the vehicle and removed a pair of night vision goggles. The night vision goggles were issued to 2LT Casey for his exclusive use during the field training exercise (Clean Sweep), exhibit A, hand receipt to 2LT Casey. Upon discovering the night vision goggles were taken, 2 LT Casey notified the installation Military Police. On their arrival at 1050 hours, they questioned both 2LT Casey and PFC Hart, exhibits B and C to determine what had happened. There were no other persons in the vicinity of where they had parked their vehicle, consequently there were no other statements taken. In 2LT Casey's statement, exhibit B, he indicated he did not check if PFC Hart locked all the doors before leaving the vehicle. He indicated he had left the night vision goggles on the floor between the front and back seats. In PFC Hart's statement, exhibit C, she indicated she locked her side of the vehicle before leaving the vehicle to go into the post office. She indicated further that she did not know the night vision goggles were in vehicle. She recalls 2LT Casey placing something behind his seat when she picked him up from the Division Main earlier that morning. Exhibits A through C attached.

Figure 1-2. Sample DD Form 200 continuation sheet, block 9

Chapter 2 Preliminary Actions

2-1. Financial liability investigation of property loss procedures and terms

A newly appointed financial liability officer will be expected to become familiar with the financial liability investigation of property loss, DD Form 200. Particular attention should be given to blocks 4 through 9, circumstances under which specific property was lost, damaged or destroyed and the contents of any exhibits. Financial liability officer investigation procedures are detailed further in this pamphlet and AR 735-5, chapter 13. Several key terms for a financial liability officer are listed and defined below:

a. Loss. Loss is the dispossession of, damage to, or destruction of U.S. Government property under the control of the Army. Loss is also, a shortfall in accountability. Property is considered lost when it cannot be found, or accounted for, by the last responsible person in the audit trail.

b. Responsibility. The type of responsibility a person has for property signifies the obligations that person has for the property. The different types of responsibility for property are defined in AR 735-5, paragraph 2-8. They are repeated here because the type of responsibility a person has for the lost, damaged or destroyed property is a very important element in the conduct of the financial liability investigation of property loss.

(1) *Command responsibility.* Command responsibility is the obligation of a commander to ensure all Government property within his or her command is properly used. This includes providing for the proper custody, safekeeping and disposition of the property. Command responsibility is inherent in all positions of command and cannot be delegated. It is evidenced by assignment to a command position at any level. Command responsibility includes—

(a) Ensuring that security is provided for all property within the command, whether the property is in use or in storage.

(b) Observing subordinates to ensure their activities contribute to the proper use, care, custody, safekeeping and disposition of all property within the command.

(c) Enforcement of all security, safety, and accounting requirements.

(d) Taking administrative and/or disciplinary actions when necessary.

(2) *Supervisory responsibility.* Supervisory responsibility is the obligation of a supervisor to ensure all Government property issued to, or used by, his or her subordinates, is properly used and cared for. It includes providing proper custody, safekeeping and disposition of the property. Supervisory responsibility is inherent in all supervisory positions. It is not contingent upon signed receipts or responsibility statements. Supervisory responsibility arises by assignment to a supervisory position. It includes—

(a) Providing proper guidance and direction to subordinate personnel.

(b) Enforcement of all security, safety, and accounting requirements.

(c) Maintaining a supervisory climate that facilitates and ensures the proper use and care of Government property.

(3) *Direct responsibility.* Direct responsibility is the obligation of a person to ensure all Government property, for which he or she has receipted, is properly used and cared for. It includes providing proper custody, safekeeping and disposition of the property. Direct responsibility results from assignment as an accountable officer, the receipt of formal written delegation, or the acceptance of the property on a hand receipt from an accountable officer.

(4) *Custodial responsibility.* The obligation of an individual for property in storage, awaiting issue or turn-in, to exercise reasonable and prudent actions to properly care for, and ensure proper custody, safekeeping and disposition of the property are provided. Custodial responsibility results from assignment as a supply sergeant, supply custodian, supply clerk, or warehouse person, and is rated by and answerable directly to the accountable officer or the individual having direct responsibility for the property. Responsibilities include—

(a) Ensuring the security of all property stored within the supply room and storage annexes belonging to the supply room or Supply Support Activity (SSA) is adequate.

(b) Observing subordinates to ensure their activities contribute to the proper custody, care, and safekeeping of all property within the supply room and storage annexes belonging to the supply room or SSA.

(c) Enforcing all security, safety, and accounting requirements.

(d) When unable to enforce any of these, reporting the problem(s) to their immediate supervisor.

(5) *Personal responsibility.* Personal responsibility is the obligation of a person to exercise reasonable and prudent actions to properly use, care for, and safeguard all Government property in their physical possession. It applies to all Government property issued for, acquired for, or converted to a person's exclusive use, with or without receipt.

c. *Culpability.* Before a person can be held financially liable, the findings must show that he or she, through negligence or willful misconduct, violated a particular duty involving the care for the property. Whether the person's actions or omissions constitute negligence depends on the circumstances of each case. Negligence under some circumstances may not reflect negligence under other circumstances. Therefore, consider fully the following factors when determining the reasonableness of a person's conduct:

(1) The person's age, experience, physical condition, and special qualifications.

(2) The type of responsibility the person(s) had toward the property.

(3) The type and nature of the property.

(4) The nature, complexity, level of danger, or urgency of the ongoing activity at the time of the loss.

(5) The adequacy of supervisory measures or guidance for property control.

(6) The feasibility of maintaining close supervision over the property given the complexity of the organization or activity supervised.

(7) The extent supervision could have influenced the situation considering pressing duties or the lack of qualified assistants.

d. *Proximate cause.* Proximate cause is the cause, which, in a natural and continuous sequence, unbroken by a new cause, produces loss, damage or destruction, and without which, the loss, damage or destruction would not have occurred. See AR 735-5, paragraph 13-29c. For additional information on the term proximate cause, see chapter 7.

e. *Simple negligence.* Simple negligence is the failure to act as a reasonably prudent person would have acted under similar circumstances. See AR 735-5, paragraph 13-29b(2).

f. *Gross negligence.* Gross negligence is the extreme departure from the course of action expected of a reasonably prudent person, accompanied by a reckless, deliberate, or wanton disregard for the foreseeable consequences of the act. See AR 735-5, paragraph 13-29b(3).

g. *Willful misconduct.* Willful misconduct is any intentionally wrongful or unlawful act or omission relating to Government property, to include misappropriation of Government property.

2-2. Purpose of financial liability investigation of property loss

The task of a financial liability officer, in conducting a financial liability investigation of property loss, is to determine whether someone's negligence or willful misconduct was the proximate cause of the loss. If an individual was negligent, and that negligence was the cause of the loss, it is appropriate to recommend assessment of financial liability against that individual. An act of simple negligence on the part of the responsible individual is sufficient grounds for the approval authority to approve charges of financial liability.

2-3. Losses involving Government family housing and furnishings

When the loss, damage or destruction involves Government family housing and/or Government furnishings and equipment therein, it will be necessary for the financial liability officer to determine whether the loss resulted from gross or simple negligence, or whether willful misconduct was involved. When gross or simple negligence or willful misconduct was the cause of the loss on the part of the individual, family member, guest or pet occupying the family housing unit, the findings should state that the loss was caused by gross or simple negligence, or willful misconduct as appropriate.

2-4. Computing the amount of financial liability

See chapter 5 for computing the amount of financial liability.

2-5. Staying free of bias and prejudice

A financial liability officer will begin and maintain any investigation, free from bias and prejudice. The investigation should not be started with preconceived ideas as to what caused the loss, or who is to blame for the loss.

Chapter 3 Investigation

3-1. Conduct of the financial liability investigation of property loss

The purpose of the financial liability investigation of property loss is to determine responsibility for the loss. To determine such responsibility, the facts contributing to the loss must be developed through investigation. The financial liability officer will perform the investigation as thoroughly as needed to ensure the facts are fully developed, the interests of the Government are fully served, and the rights of the involved individuals are fully protected. Chapter 8 provides examples of the different types of losses and the specific factors a financial liability officer should consider when developing findings and recommendations.

a. A financial liability officer will use the statement in block 9 of DD Form 200 and the attached exhibits to begin the investigation.

b. If the loss is property that has been damaged, a financial liability officer will, first physically examine the property. After physically examining the damaged property, and determining that it is no longer needed for the investigation, the financial liability officer will prepare a release statement to release the property for repair or turn-in as appropriate. If an expert opinion is needed to determine the cause of the damage or the cost to repair it, the financial liability officer will submit the damaged property to the supporting maintenance activity for a technical inspection. Requests for technical inspection and/or estimated cost of damages are submitted on a manual DA Form 2407 (Maintenance Request) or an automated DA Form 5990-E (Maintenance Request), in accordance with DA Pamphlet 750-8, paragraphs 3-13 and 3-14 and figures 3-36 and 3-38. If photographs are determined to be helpful later in the investigation, the financial liability officer will obtain the photographs before releasing the property for repair or turn-in.

c. The financial liability officer will determine who to interview and obtain their statements. It is important to obtain statements from all individuals whose testimony may assist in determining the cause of the loss or those individuals who had responsibility for the loss. The financial liability officer should consider interviewing the accountable officer, the primary hand receipt holder and sub-hand receipt holder, the user(s) of the property and their commanders and/or supervisors, and any witnesses. Before contacting the individuals, the financial liability officer will determine what information should be obtained from the individuals. During the interviews, other questions may arise that will require additional interviews with persons already interviewed, or with other persons not originally considered. If this is the case, the financial liability officer will follow-up on these interviews as needed.

d. When interviewing individuals, the financial liability officer will document the interviews using DA Form 2823 (Sworn Statement). Statements provided by individuals interviewed must be typed or legibly printed in ink, and signed and dated by the individual making the statement. In the event a DA Form 2823 is not available, plain bond paper or ruled paper may be used. The word CERTIFICATE should be typed or printed legibly across the top. The individual's statement follows, with his or her signature and the date entered at the end of the statement.

(1) When obtaining statements from persons who have some form of responsibility for the property listed on the financial liability investigation of property loss, the financial liability officer should consider whether the individual's statement is self-serving. When individuals have had responsibility for the property being accounted for on a financial liability investigation of property loss, there is an excellent possibility the individuals are not going to incriminate themselves. The financial liability officer will confirm through the use of other independent statements and evidence, whether such statements are factual or not.

(2) There also may be a conflict in the statements provided by different persons. The financial liability officer will resolve the conflicts and determine the true facts. The financial liability officer will compare the conflicting versions with other known facts and circumstances.

e. During interviews with individuals, other evidence will probably become available that will assist in developing findings and recommendations. Other evidence deemed necessary in the conduct of the investigation may include copies of hand receipts, standard operating procedures, police reports, accident reports, copies of orders, other investigations, estimated cost of damages, photographs, and more. The evidence will be marked, as shown in paragraph 3-1f, and attached to the financial liability investigation of property loss, as exhibits. When evidence such as an AR 15-6 investigation is classified or sensitive, the financial liability officer will make reference to the investigation in DA Form 7531, block 15, by indicating its location and the identification of the report.

f. The evidence discussed above is attached to the DD Form 200 as exhibits. Exhibits are identified alphabetically at

the bottom of each exhibit. Following the alpha designation, the financial liability officer will enter the date of the financial liability investigation of property loss, the dollar amount of the loss, and the organization or property account to which the property belonged. The following is an example: Exhibit S, 24 June 2004, \$736.43, A Co, 4/35th Infantry Battalion.

g. If, during the conduct of the investigation, the property is recovered, the financial liability officer will ensure accountability is reestablished using the guidance in AR 735–5, paragraph 14–14.

3–2. Personal rights

Whenever the financial liability officer believes it is necessary to advise a witness or respondent of their rights under the Uniform Code of Military Justice, Article 31b, consultation with the servicing Office of the Staff Judge Advocate will be established prior to questioning the individual.

Chapter 4 Findings and Recommendations

4–1. Developing findings

Findings are the conclusions reached during the investigation of the loss. They are based on the facts and circumstances surrounding the loss. Findings will be supported by evidence contained in either block 9 of DD Form 200, or by exhibits attached to the financial liability investigation of property loss. Findings are not based on personal speculation, suspicion, or opinions not supported by evidence. Findings are the basis for forming a recommendation. It is very important that the financial liability officer express the findings as accurately and completely as possible.

4–2. Entering findings

a. Findings are entered in block 15 of DD Form 200, as shown in figure 4–1. When entering the findings, describe how the loss occurred, on the basis of the evidence found during the investigation. A financial liability officer will make the findings complete enough to withstand the scrutiny of later reviews by the approval authority, legal advisors, and the appeal authority.

b. Include the total cost of the loss in block 15b.

(1) For damaged property, enter the cost to repair the damaged property.

(2) For lost or destroyed property, use the fair market value or the depreciated value.

c. When charges of financial liability are recommended, enter the monthly basic pay of the individual being recommended for assessment of financial liability in block 15c. If recommendation is being made to relieve all of accountability and responsibility for the loss, enter \$0.00.

d. Enter the amount of financial liability being recommended in block 15d. If assessment of financial liability is not recommended, enter \$0.00. Compute the costs in accordance with chapter 5, and enter the costs per paragraph 5–5.

15. FINANCIAL LIABILITY OFFICER		
a. FINDINGS AND RECOMMENDATIONS (Attach additional pages as necessary)		
<p>I have examined all the available evidence shown in block 9, and exhibits "A" through "E" as indicated below. I have personally investigated the same and it is my belief that the missing night vision goggles were lost as a result of simple negligence on the part of 2LT Charles D. Casey.</p> <p>The missing night vision goggles were issued to 2LT Casey on 24 May 2004, exhibit A. They were issued for his exclusive use during field training exercise (Clean Sweep) through 25 June 2004. 2LT Casey had personal responsibility for the night vision goggles as discussed in AR 735-5, paragraph 2-8a(5). This obligated 2LT Casey with exercising reasonable and prudent actions to property use, care for, safeguard and dispose of the night vision goggles. When 2LT Casey left the night vision goggles in plain view to anyone looking through the side windows of the vehicle, and leaving his door unlocked, he did not provide for the safeguarding of Government property in his possession. The listed item was depreciated according to AR 735-5, paragraph 13-32, and appendix B. The total cost of the loss after allowing depreciation is \$4,085.00 (exhibit E). Since the night vision goggles were issued to 2LT Casey for his exclusive use, the night vision goggles should be considered personal arms and equipment, and he should be charged the entire amount of the loss to the Government per AR 735-5, paragraph 13-41a(6).</p> <p>Recommendation: 2LT Casey, 000-00-0000, be held financially liable in the amount of \$4,085.00, and all others be relieved from accountability and responsibility for the missing item.</p>		
b. DOLLAR AMOUNT OF LOSS	c. MONTHLY BASIC PAY	d. RECOMMENDED FINANCIAL LIABILITY
\$4,085.00	\$2,264.40	\$4,085.00
e. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)	f. TYPED NAME (Last, First, Middle Initial)	g. DSN NUMBER
HHC, 16th Infantry Division Fort Way Out, TX 12345	Longenecker, Brian M. 1LT, Financial Liability Office	767-5497
	h. DATE REPORT SUBMITTED TO APPOINTING AUTHORITY (YYYYMMDD) 20040707	i. DATE APPOINTED (YYYYMMDD) 20040621
	j. SIGNATURE <i>Brian M. Longenecker</i>	k. DATE SIGNED 20040707
16. INDIVIDUAL CHARGED		
a. I HAVE EXAMINED THE FINDINGS AND RECOMMENDATIONS OF THE FINANCIAL LIABILITY OFFICER AND (X one)		
<input type="checkbox"/> Submit the attached statement of objection. <input checked="" type="checkbox"/> Do not intend to make such a statement.		
b. I HAVE BEEN INFORMED OF MY RIGHT TO LEGAL ADVICE. MY SIGNATURE IS NOT AN ADMISSION OF LIABILITY.		
c. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)	d. TYPED NAME (Last, First, Middle Initial)	e. SOCIAL SECURITY NUMBER
HHC, 16th Infantry Division Fort Way Out, TX 12345	Casey, Charles D.	000-00-0000
	f. DSN NUMBER 767-4258	g. SIGNATURE <i>Charles D. Casey</i>
		h. DATE SIGNED 20040714
17. ACCOUNTABLE OFFICER		
a. DOCUMENT NUMBER(S) USED TO ADJUST PROPERTY RECORD		
b. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)	c. TYPED NAME (Last, First, Middle Initial)	d. DSN NUMBER
Division Property Book WK4GBW Fort Way Out, TX 12345	Owen, Fred B. III	770-7572
	e. SIGNATURE <i>Fred B. Owen III</i>	f. DATE SIGNED 20040617

DD FORM 200 (BACK), OCT 1999

Figure 4-1. Sample DD Form 200 with blocks 15 through 17f completed

4-3. Reference the exhibits supporting the findings

A financial liability officer will show that the findings are supported by evidence, by referring to the exhibits in sequence. The following are examples:

- a. SFC Davis had personal responsibility for the missing property based on the hand receipt at exhibit A.
- b. SPC Smith was driving the vehicle above the posted speed limit based on the military police report at exhibit B.
- c. The supply room was left unattended and unsecured on the evening of 16 May 2004, based on the charge of quarter's log at exhibit C.

4-4. Self-serving statements

When the findings rely on a self-serving statement in block 9 of DD Form 200, or in one of the exhibits, the financial liability officer will explain how that person's statement is confirmed by other evidence in the financial liability investigation of property loss.

4-5. Conflicting statements or evidence

When the findings rely on evidence which conflicts with other evidence, the financial liability officer will explain how the conflict was resolved.

4-6. Recommendations

After recording the findings, the financial liability officer will develop recommendations. The recommendations will be logical and based on the findings as well as the guidance in this pamphlet and AR 735-5. See chapter 8 for examples of the various types of losses and the considerations that should be made in determining whether assessment of financial liability is appropriate. Recommendations are entered in block 15 after the findings.

a. When findings reveal there was no negligence or willful misconduct on the part of anyone, the financial liability officer will make a recommendation to relieve all persons concerned of responsibility. As an example, the recommendation may read: "Recommend all persons be relieved of responsibility and accountability for the lost property."

b. When the findings reveal there was negligence or willful misconduct on the part of one or more individuals, the financial liability officer will determine if the negligence was the proximate cause for the loss. In other words, without the negligent act or acts, would the loss have occurred?

(1) When the negligent act or willful misconduct is not the proximate cause of the loss, involved individuals should be relieved of responsibility for the loss. An example of a recommendation that may be used is: "Recommend all persons be relieved of responsibility and accountability for the lost property." This does not preclude the commander from taking other administrative or disciplinary actions against the individual(s) committing the negligent act(s) or willful misconduct.

(2) When the negligent act(s) or willful misconduct is the proximate cause of the loss, the person responsible for the negligent act(s) or of willful misconduct should be recommended for assessment of financial liability for the cost of the loss. An example of the recommendation may read: "Recommend (individual's name, grade, and Social Security Number (SSN)) be held financially liable in the amount of (dollar-amount)." Compute the amount of financial liability as shown in chapter 5. When recommending charges of financial liability against an individual, the financial liability officer will include the individual's monthly base pay at the time of the loss in block 15c. The financial liability officer will also, include the expected date of their termination of service or employment in block 15.

(3) When more than one person's negligent act or willful misconduct is the proximate cause for the loss, those persons should be recommended for assessment of collective financial liability. The term "collective financial liability" is used when more than one individual is found financially liable for a loss. An example of the recommendation may read: "Recommend (individual's name, grade and SSN) and (identify others being recommended as shown in the previous parenthesis) be held collectively financially liable in the amount of (dollar amount) and (dollar amount) respectively." Compute the amounts of collective financial liability as shown in chapter 5. The financial liability officer will include the individuals' monthly base pay at the time of the loss and the expected dates of their termination of service or employment.

c. The financial liability officer's recommendations should also include a recommended disposition of the accounting requirements for the lost property. A recommendation to relieve all concerned of accountability for the lost item(s), or a recommendation that accountability continue and damaged property be repaired and returned to service is appropriate, depending on the circumstances.

4-7. Findings and recommendations

The financial liability officer's findings and recommendations are administrative and not judicial; therefore, findings and recommendations are purely advisory and do not constitute a final determination or legal judgment. The recommendations are not binding upon the appointing authority or the approving authority. However, if the financial liability

officer has conducted the investigation without prejudice or bias, has documented findings clearly and identified the supporting documentation, and has made recommendations that are reasonable and just, based upon the findings, those recommendations are more likely to be accepted by the appointing authority and approving authority.

Chapter 5

Cost of the loss

5-1. Value of the lost, damaged or destroyed property

As a part of the financial liability investigation of property loss, it is necessary for the financial liability officer to determine the cost of the loss to the Government. When recommending assessment of financial liability, the financial liability officer will determine the amount that should be charged. The basic premise is that the charge should represent the actual cost of the loss to the Government. Actual loss to the Government is the difference between the value of the property immediately before its loss, damage, or destruction, and its value immediately after. There are four methods available for determining the actual cost of the loss to the Government. They should be considered in the following sequence.

a. When property is damaged and is repairable, use the cost to return the property to the condition it was in immediately before the incident causing the damage. The charge should be based on the actual cost of the repairs. This is obtained by submitting a request for technical inspection to the supporting maintenance activity as discussed in paragraph 3-1*b*. If the actual cost is not initially available, use the estimated cost of repairs. When the actual cost of repairs becomes available, attach it to the financial liability investigation of property loss as an exhibit and amend blocks 15b through 15d of DD Form 200 to reflect the actual cost of repairs. If the actual cost of repairs is received after the investigation is completed, and the financial liability investigation of property loss has been returned to the approval authority or the appointing authority as appropriate, the financial liability officer will forward the actual repair costs to the approval authority. For additional information, see AR 735-5, appendix B, paragraphs B-1, B-6, and B-7.

b. If the item cannot be repaired because it is too badly damaged or it was lost, the financial liability officer should have a technical inspector determine the fair market value of the item. The fair market value is determined by a qualified technician, who will determine the condition of the item at the time of the loss or damage. The financial liability officer will then review the commercial market to determine the price for similar items in similar condition that have been sold during the past 6 months. For damaged property, include the salvage credit (paragraph 5-2) in the computation. The fair market value is the preferred method of fixing the value of property at the time of the loss. However, it is not always practical because much of the Army's inventory is not available on the commercial market.

c. When the item is not repairable and a technical inspection is impossible, or the item is lost, the financial liability officer will subtract the appropriate depreciation allowance from the current price as listed in the Army Master Data File (AMDF) (contained on FED LOG), or the current acquisition price. As an example, a lost piece of electronic equipment that has been in use for 4 years is depreciated 5 percent per year for 4 years, for a total of 20 percent. If the value of the electronic equipment listed on the AMDF in effect at the time of the loss is \$1000, the amount of the loss would be \$800 (\$1000 less \$200 is \$800).

d. The following depreciation allowances are used when determining the value of lost and destroyed property:

(1) Organizational clothing and individual equipment (OCIE) items and non-powered hand-tools, depreciate by 10 percent for each such item, or 10 percent of the grand total, if all items are OCIE and/or non-powered hand-tools.

(2) Items made of a relatively perishable material such as leather, canvas, plastic, or rubber (excluding OCIE), depreciate by 25 percent for each such item, or by 25 percent of the grand total, if all items are made of a relatively perishable material as described above.

(3) Electronic equipment and office furniture use 5 percent depreciation per year of service, up to 50 percent.

(4) Tactical and general purpose vehicles, use 5 percent depreciation per year of service, up to 90 percent. Total depreciation will not exceed 90 percent.

(5) Family housing furnishings are depreciated according to AR 210-50, paragraph 9-12*k*(1). Per AR 210-50, paragraph 9-12*k*(2), unaccompanied personnel housing furnishings are depreciated according to AR 735-5, appendix B.

(6) For property not listed above, use 5 percent depreciation per year of service, up to 75 percent. If the years of service cannot be determined, use a standard 25 percent depreciation.

(7) The depreciation rates stated above are based on normal use. When the findings reveal the item was subjected to more or less than normal use, it is permissible to increase or decrease the rate of depreciation allowances accordingly. AR 27-20 may be used as a guide to determine a fair rate of depreciation.

e. When it is not possible or equitable to use the fair market value or depreciation allowance to determine the cost of the loss, the value of the loss or damage may be computed by subtracting the standard rebuild cost plus any salvage value from the current price of the item as listed in the AMDF. This method may be used only when—

(1) A standard rebuild cost has been published.

- (2) The item was not new or recently overhauled.
- (3) The item was in service long enough to warrant overhaul.

5-2. Salvage credit

The value of salvage credit for items that must be scrapped is computed by adding the value of the scrap recovered, plus the depreciated value of serviceable repair parts, components, assemblies, or end items salvaged or cannibalized. See AR 750-1 for additional information. A maintenance technician will compute the salvage credit, if any.

5-3. Fair wear and tear

The value of loss to Government property because of fair wear and tear is exempt from charges of financial liability. Fair wear and tear is determined by qualified technical inspectors.

5-4. Limits on the amount of financial liability that can be charged

a. When recommending an individual or individuals be held financially liable for the loss of Government property, the financial liability officer will determine the amount of financial liability the individual or individuals should be charged. For financial liability investigations of property loss recommending one individual be charged with financial liability, use figure 5-1 to determine the amount. When recommending two or more individuals with collective financial liability, the financial liability officer will use figure 5-2 to determine the amount of financial liability for each individual.

TYPE OF LOSS		BASIC PAY	ACTUAL LOSS	AMOUNT CHARGE
1. Losses of personal arms and equipment (PA&E) military members, officers and enlisted		\$1,200.00	\$400.00	\$400.00 ¹
		\$1,200.00	\$1,500.00	\$1,500.00 ¹
2. Losses of other equipment or property (OEP); includes PA&E losses by civilian personnel. All personnel ² .		\$1,200.00	\$500.00	\$500.00
		\$1,200.00	\$2,300.00	\$1,200.00 ³
TYPE OF LOSS	BASIC PAY	ACTUAL OEP LOSS	ACTUAL PA&E	ACTUAL CHARES
3. Combined PA&E and OEP losses by military member, officer and enlisted.	\$1,200.00	\$400.00	\$500.00	\$900.00
	\$1,200.00	\$900.00	\$500.00	\$1,400.00
	\$1,200.00	\$5,000.00	\$5,000.00	\$6,200.00 ⁴
4. Accountable officers are financially liable for the full amount of the loss, less depreciation.				
NOTES:				
1. Officer and enlisted members are subject to liability for the entire loss.				
2. See AR 735-5, paragraph 13-41 for exceptions.				
3. Total liability will be 1 month's base pay.				
4. Total liability for OEP will be 1 month's base pay plus the total of PA&E.				

Figure 5-1. Sample method of computing charges of financial liability

Person's monthly basic pay (divided) by the total monthly base pay of all persons, (times) the actual loss, (equals) person's financial charge.			
Actual Loss	=		\$2,600.00
Person number 1 monthly base pay	=		\$1,200.00
Person number 2 monthly base pay	=		\$1,600.00
Person number 3 monthly base pay	=		<u>\$2,000.00</u>
Total monthly base pay of all three			<u>\$4,800.00</u>
<u>\$1,200.00 (Person number 1)</u>	=	25%	X \$2,600.00 = \$650.00
<u>\$4,800.00 (Total base pay)</u>			
<u>\$1,600.00 (Person number 2)</u>	=	33%	X \$2,600.00 = \$585.00
<u>\$4,800.00 (Total base pay)</u>			
<u>\$2,000.00 (Person number 3)</u>	=	42%	X \$2,600.00 = <u>\$1,092.00</u>
<u>\$4,800.00 (Total base pay)</u>			
Total financial charge	=		<u>\$2,600.00</u>

Figure 5-2. Sample method of computing charges of financial liability when more than one person is recommended, both collectively and individually

b. Normally, the amount of assessed financial liability is limited to the amount of the loss, or 1 month's base pay, whichever is less. The following exceptions to this policy are assessed the full amount of the loss for—

- (1) Losses of property by the accountable officer.
- (2) Losses of personal arms and equipment by military personnel.
- (3) Losses by states and territories of the United States.
- (4) Losses by contractors and contractor's employees.
- (5) Losses by nonappropriated fund activities.
- (6) Persons losing public funds.

(7) Persons who lose, damage, or destroy Government quarters, or furnishings and/or equipment provided by the Government for use in quarters, when gross negligence or willful misconduct is determined to have caused the loss. When simple negligence is determined, assessment of financial liability is limited to the amount of the loss, or 1 month's base pay, whichever is less.

c. A Soldier's base pay is the amount of money collected each month by a Soldier, less all allowances. For individuals in the US Army Reserve and Army National Guard, 1 month's base pay is the amount a Soldier would receive each month, less all allowances, if he or she were on active duty. For Department of the Army civilian employees, 1 month's base pay is equivalent to one-twelfth of their annual pay.

5-5. Documenting the value of losses and amount of financial liability

The dollar value of losses and the amounts of recommended charges of financial liability are entered by the financial liability officer, on DD Form 200, in blocks 15b, c, and d, as shown in figure 5-3.

a. *Block 15b, dollar amount of loss.* The financial liability officer will enter the fair market value, the depreciated value, or the standard rebuild cost as discussed in paragraph 5-1. When property is damaged, it is the cost to return the damaged property to its original condition at the time of the incident causing the damage.

b. *Block 15c, monthly basic pay.* When recommending charges of financial liability, the financial liability officer will enter the monthly basic pay of the individual(s) being recommended for assessment of financial liability. If no one is being recommended for assessment of financial liability, enter \$0.00.

c. *Block 15d, recommended financial liability.* The financial liability officer will enter the amount of financial liability being recommended for assessment against an individual or individuals.

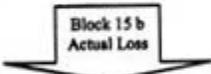
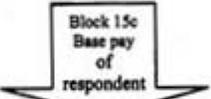
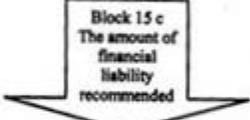
15. FINANCIAL LIABILITY OFFICER

a. FINDINGS AND RECOMMENDATIONS (Attach additional pages as necessary)

I have examined all the available evidence shown in block 9, and exhibits "A" through "E" as indicated below. I have personally investigated the same and it is my belief that the missing night vision goggles were lost as a result of simple negligence on the part of 2LT Charles D. Casey.

The missing night vision goggles were issued to 2LT Casey on 24 May 2004, exhibit A. They were issued for his exclusive use during field training exercise (Clean Sweep) through 25 June 2004. 2LT Casey had personal responsibility for the night vision goggles as discussed in AR 735-5, paragraph 2-8a(5). This obligated 2LT Casey with exercising reasonable and prudent actions to property use, care for, safeguard and dispose of the night vision goggles. When 2LT Casey left the night vision goggles in plain view to anyone looking through the side windows of the vehicle, and leaving his door unlocked, he did not provide for the safeguarding of Government property in his possession. The listed item was depreciated according to AR 735-5, paragraph 13-32, and appendix B. The total cost of the loss after allowing depreciation is \$4,085.00 (exhibit E). Since the night vision goggles were issued to 2LT Casey for his exclusive use, the night vision goggles should be considered personal arms and equipment, and he should be charged the entire amount of the loss to the Government per AR 735-5, paragraph 13-41a(6).

Recommendation: 2LT Casey, 000-00-0000, be held financially liable in the amount of \$4,085.00, and all others be relieved from accountability and responsibility for the missing item.

					
b. DOLLAR AMOUNT OF LOSS \$4,085.00		c. MONTHLY BASIC PAY \$2,264.40		d. RECOMMENDED FINANCIAL LIABILITY \$4,085.00	
e. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code) HHC, 16th Infantry Division Fort Way Out, TX 12345		f. TYPED NAME (Last, First, Middle Initial) Longenecker, Brian M. 1LT, Financial Liability Office		g. DSN NUMBER 767-5497	
		h. DATE REPORT SUBMITTED TO APPOINTING AUTHORITY (YYYYMMDD) 20040707		i. DATE APPOINTED (YYYYMMDD) 20040621	
		j. SIGNATURE <i>Brian M. Longenecker</i>		k. DATE SIGNED 20040707	
16. INDIVIDUAL CHARGED					
a. I HAVE EXAMINED THE FINDINGS AND RECOMMENDATIONS OF THE FINANCIAL LIABILITY OFFICER AND (X one) <input type="checkbox"/> Submit the attached statement of objection. <input checked="" type="checkbox"/> Do not intend to make such a statement.					
b. I HAVE BEEN INFORMED OF MY RIGHT TO LEGAL ADVICE. MY SIGNATURE IS NOT AN ADMISSION OF LIABILITY.					
c. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code) HHC, 16th Infantry Division Fort Way Out, TX 12345		d. TYPED NAME (Last, First, Middle Initial) Casey, Charles D.		e. SOCIAL SECURITY NUMBER 000-00-0000	
f. DSN NUMBER 767-4258		g. SIGNATURE <i>Charles D. Casey</i>		h. DATE SIGNED 20040714	
17. ACCOUNTABLE OFFICER					
a. DOCUMENT NUMBER(S) USED TO ADJUST PROPERTY RECORD					
b. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code) Division Property Book WK4GBW Fort Way Out, TX 12345		c. TYPED NAME (Last, First, Middle Initial) Owen, Fred B. III		d. DSN NUMBER 770-7572	
		e. SIGNATURE <i>Fred B. Owen III</i>		f. DATE SIGNED 20040617	

DD FORM 200 (BACK), OCT 1999

Figure 5-3. Sample DD Form 200 with blocks 15b, c, and d completed

Chapter 6 Actions After Making Recommendations

6-1. Signing the findings and recommendations

Once the findings and recommendations have been entered in block 15a of DD Form 200, the financial liability officer will attach all exhibits, and complete blocks 15e through 15k. The financial liability officer will ensure blocks 15b, c and d are completed as stated in paragraph 5-5.

6-2. Actions when financial liability is not recommended

If assessment of financial liability is not recommended, the financial liability officer will forward the original and copies (number prescribed by the local command), of the completed financial liability investigation of property loss, with all exhibits, to the approving authority or the appointing authority, as appropriate. The financial liability officer will retain a copy with all exhibits for reference purposes.

6-3. Actions when financial liability is recommended

a. When making a recommendation to hold an individual or individuals financially liable, the financial liability officer will make the individual(s) being recommended for the assessment of financial liability aware of the recommendations, and inform them of their rights. Individuals recommended for charges of financial liability (respondents) have the right to—

- (1) Inspect and copy Army records relating to the debt.
- (2) Legal advice as authorized by AR 27-3, paragraphs 2-5a(6), and 3-6g(4)(b).
- (3) The financial liability officer will submit a statement and other evidence in rebuttal of the findings and recommendations.

b. The financial liability officer will inform the respondent of the recommendations and of their rights using a notification memorandum prepared in accordance with the example shown in figure 6-1. The endorsement (figure 6-2) should be included, for the respondent to use for acknowledging receipt of notification and returning DD Form 200 with blocks 16a through 16h completed. A complete copy of the financial liability investigation of property loss, showing findings and recommendations, should be attached to the memorandum as an enclosure. Copies of all the exhibits should be attached to the financial liability investigation of property loss. When presenting the memorandum to the respondent, the financial liability officer will—

- (1) Explain the consequences of the recommendation, if the recommendation is approved by the approval authority.
- (2) Explain the significance of any statement made by the respondent regarding possible financial liability.
- (3) Consider, and attach as an exhibit to the financial liability investigation of property loss, any statement the respondent desires to submit.
- (4) When the financial liability investigation of property loss involves Government quarters, and/or Government furnishings and equipment therein, explain to the respondent whether gross negligence was established. If gross negligence was established, explain the consequence of the gross negligence, that is, the full amount of the loss is assessed against the individual (see para 5-4b(7)).
- (5) Ensure the respondent completes blocks 16a through 16h of DD Form 200 acknowledging his or her understanding of their rights, as shown in figure 6-3. A copy may be made of the DD Form 200 (reverse side) by the financial liability officer or the respondent for this purpose.

**DEPARTMENT OF THE ARMY
ORGANIZATIONAL NAME/TITLE
CITY, STATE, AND ZIP CODE**

OFFICE SYMBOL

MEMORANDUM THROUGH (Commander of individual recommended for assessment
of financial liability)

FOR (Name and grade of individual (s) recommended for assessment of financial
Liability)

SUBJECT: Financial Liability Investigation of Property Loss (number), (\$ amount)

1. You are hereby notified that you are being recommended for assessment of financial liability to the U.S. Government, in the amount of (\$ amount) for the loss of Government property investigated under subject financial liability investigation of property Loss (encl).

2. Your attention is invited to AR 735-5, chapter 13, which lists your rights relative to this matter at this time. You have the right to:

a. Inspect and copy Army records relating to the debt, per AR 735-5, paragraph 13-34(b)(1).

b. Legal advice, per AR 735-5, paragraph 13-34b(2), as qualified by AR 27-3, paragraphs 2-5 and 3-6g(4)(b).

c. To submit a statement and other evidence to the approving authority in rebuttal of my recommendations, per AR 735-5, paragraph 13-35.

3. I will hold the financial liability investigation of property loss until (date rebuttal statement or other evidence must be received), awaiting receipt of your statement or other evidence, before forwarding subject financial liability investigation of property loss to the approval authority.

4. You are requested to sign the endorsement on the following page. Complete blocks 16a through 16h of DD Form 200 indicating you understand your rights and indicate whether you desire to submit a rebuttal statement or other evidence. You may make a copy of the reverse side of the enclosed DD Form 200 for this purpose if you desire to retain the enclosed copy. Please return these documents to me as soon as possible.

Encl

(Signature of financial liability officer)

(Signature Block of the
Financial Liability Officer)

Figure 6-1. Sample memorandum for financial liability

OFFICE SYMBOL 1ST End
 SUBJECT: Financial Liability Investigation of Property Loss (Investigation number)(\$ Amount)

THRU (Individual's Commander)

FOR (Financial Liability Officer)

I hereby acknowledge receipt of the notice contained in the basic correspondence informing me of your intention to recommend assessment of financial liability against me. I am aware of my rights as listed in the basic correspondence. A copy of the DD Form 200, with blocks 16a through 16h completed, is returned as requested (Encl).

1 Encl
 Copy of DD Form 200

(Signature of Respondent)
 (Signature Block of Individual
 Recommended)

Figure 6-2. Sample memorandum of reply to financial liability

Blocks 16a through 16h completed by the respondent

16. INDIVIDUAL CHARGED		
a. I HAVE EXAMINED THE FINDINGS AND RECOMMENDATIONS OF THE FINANCIAL LIABILITY OFFICER AND (X one) <input type="checkbox"/> Submit the attached statement of objection. <input checked="" type="checkbox"/> Do not intend to make such a statement.		
b. I HAVE BEEN INFORMED OF MY RIGHT TO LEGAL ADVICE. MY SIGNATURE IS NOT AN ADMISSION OF LIABILITY.		
c. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)	d. TYPED NAME (Last, First, Middle Initial)	e. SOCIAL SECURITY NUMBER
HHC, 16th Infantry Division Fort Way Out, TX 12345	Casey, Charles D.	000-00-0000
f. ODN NUMBER	g. SIGNATURE	h. DATE SIGNED
767-4258	<i>Charles D. Casey</i>	20040714
17. ACCOUNTABLE OFFICER		
a. DOCUMENT NUMBER(S) USED TO ADJUST PROPERTY RECORD		
d. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)	e. TYPED NAME (Last, First, Middle Initial)	f. ODN NUMBER
Division Property Book WX4GBW Fort Way Out, TX 12345	Owen, Fred B. III	770-7572
	g. SIGNATURE	h. DATE SIGNED
	<i>Fred B. Owen III</i>	20040617

DD FORM 200 (BACK), OCT 1999

Figure 6-3. Sample DD Form 200 with blocks 16a through 16h completed

c. In the notification memorandum, the financial liability officer will inform the individual when their rebuttal statement or other evidence must be received in order for it to be considered in the determination of whether or not financial liability will be assessed.

(1) Normally, when individuals being recommended for assessment of financial liability are at the same installation as the financial liability officer, the notification memorandum with enclosed financial liability investigation of property loss is hand delivered to the individual. Seven calendar days from the date of receipt are allowed for the individual to submit a rebuttal statement or other evidence.

(2) Individuals unavailable, but within the same country as the financial liability officer, are normally allowed 15 calendar days from the date the notification memorandum was mailed to submit their rebuttal statement or other evidence.

(3) For those individuals unavailable and in a different country than the financial liability officer, 30 calendar days from the date the notification memorandum was mailed are normally allowed for individuals to submit their rebuttal statement or other evidence.

d. Notification of unavailable individuals is made using certified mail, return receipt requested. Copies of the notification memorandum, together with the evidence of the mailing and return receipt, will be attached to the financial liability investigation of property loss as exhibits. The financial liability officer will mark the exhibits as shown in paragraph 3-1f.

e. Upon receipt of a rebuttal statement or other evidence within the allowed time, the financial liability officer will consider the financial liability investigation of property loss with any new evidence or allegations of error presented by the respondent. The financial liability officer will make a recommendation in DD Form 200, block 15a or on a continuation sheet following the original recommendation, and attach the rebuttal statement to the financial liability investigation of property loss as an exhibit. See paragraph 3-1f for marking exhibits. The financial liability officer will forward the completed financial liability investigation of property loss to the approval authority or appointing authority, as appropriate.

f. If there is no rebuttal statement or other evidence from the individual within the allowed time, the financial liability officer will forward the completed financial liability investigation of property loss to the approving authority or appointing authority, as appropriate.

g. In the event of receipt of a rebuttal statement or other evidence after the allowed time, the financial liability officer will consider any new evidence presented by the individual. If appropriate, the financial liability officer will amend the recommendations to the approval authority, and forward the amended recommendation through the same channels by which the financial liability investigation of property loss was processed.

6-4. Forwarding the completed financial liability investigation of property loss for approval

Upon completion of the financial liability investigation of property loss, the financial liability officer will forward the original with copies (number prescribed by local command) and copies of all attached exhibits to the approving authority or the appointing authority (the person who appointed you as the financial liability officer). The financial liability officer will retain a copy with all exhibits for reference purposes.

Chapter 7 Financial Liability

7-1. Financial liability

What standards does the financial liability officer use to determine whether negligence or misconduct was involved? To recommend financial liability, the financial liability officer will believe that the evidence supports the decision. The financial liability officer can recommend the assessment of financial liability against a person for the loss of, or damage to, Government property only if their negligence or willful misconduct was the proximate cause of the loss or damage. To make such a determination, the financial liability officer will understand what is meant by the terms “negligence” and “willful misconduct.”

a. *Negligence.* The failure to act as a reasonable and prudent person would have acted under similar circumstances. An act or omission that a reasonable and prudent person would not have committed or omitted under similar circumstances and which is the proximate cause of the loss of, damage to, or destruction of Government property. Failure to comply with existing laws, regulations, or procedures may be considered as evidence of negligence. In each of the following cases, a reasonable and prudent person with a normal intelligence quotient could foresee that a problem could result from his or her action. When the person did not exercise the care required by the circumstances, he or she was negligent.

(1) The Soldier drove the vehicle at a speed excessive for road and weather conditions. When he or she attempted to stop the vehicle, the vehicle slid off the road into a ditch, causing damage to the right front axle.

(2) A Soldier leaned his or her weapon against the open ramp of an armored personnel carrier. Someone closed the ramp, and the weapon was damaged.

(3) A driver was carrying a large air compressor in the back of the truck. He or she failed to check the lashings securing the compressor before leaving. As the vehicle rounded a curve, the compressor slid off the truck and was damaged.

(4) A driver backed a vehicle without a ground guide, and struck a post, causing damage to the left rear bumper of the vehicle.

(5) The incoming commander did not have time to conduct a joint inventory with the outgoing commander before accepting command, and did not ensure that unit property was sub-hand receipted during his or her tenure as commander. Upon his or her departure from command, the joint inventory between him or her and the incoming commander revealed several shortages of unit property.

b. Willful misconduct. Willful misconduct is an intentionally wrongful or unlawful act or omission. It is either a willful act contrary to, or a willful failure to do something required by law or regulation. Misappropriation and theft are examples of willful misconduct.

(1) The misappropriation that concerns you is the use of Government property for unauthorized personal use. For example, it may be the use of a military vehicle by a Soldier or civilian employee to transport him or her to and from their home for lunch, or the use of organizational clothing and individual equipment when a Soldier takes his or her children camping for the weekend with resulting loss or damage.

(2) The theft that concerns you is the taking of Government property without permission, and for person to use or dispose of it as though it were his or her own.

c. Difference between offenses. What is the difference between negligence and willful misconduct? To find negligence you do not have to find evidence of intent. However, for willful misconduct, the financial liability officer will find evidence of intent—that is, it must be a deliberate act.

7-2. Proximate cause

a. Proximate cause. Proximate cause is defined as the cause that, in a natural and continuous sequence, unbroken by a new cause, produces the loss or damage, and without which the loss or damage would not have occurred. Stated more simply, proximate cause is the immediate or direct cause of the loss.

b. The effect of proximate cause on individual liability. A determination that a person is negligent or has committed an act of willful misconduct is not alone sufficient cause to hold him or her financially liable. The evidence must also indicate the willful misconduct or negligent act was the proximate cause of the loss, damage, or destruction of the Government property.

c. Examples of proximate cause. Perhaps it would be better to explain the term by giving a few examples.

(1) The driver of a military vehicle was driving at a speed of 65 miles per hour (MPH), 20 MPH above the posted speed limit. When reaching the top of the hill, the driver became aware of another vehicle to his or her immediate front. The driver was unable to slow down in time to prevent hitting the other vehicle. In this case, the proximate cause for the accident was clearly the driver's excessive speed. The accident would not have happened if he or she had not been driving too fast. Suppose the other vehicle was coming the wrong way on a one-way road. Both drivers could be charged with financial liability, as they both contributed to the accident. A financial liability officer could reason that there was concurrent negligence. Concurrent negligence arises when an accident is caused by the concurrent wrongful acts of two or more persons acting independently.

(2) In another case, the driver of vehicle "A" drove at the posted speed limit. The driver of vehicle "B" came out of a side street from which he or she did not have the right of way, and hit vehicle "A." In this case the proximate cause was the negligent act of the driver of vehicle "B."

d. Judgment as a factor. Common sense and good judgment should always be used in determining the proximate cause. Although the speed limit in a particular place may be 30 miles per hour, a person cannot always drive at that speed. At times the street may be so crowded, or so icy that even 20 miles per hour is a reckless and excessive rate of speed.

e. Recognition of proximate cause. Sometimes, the financial liability officer has to look long and hard at the facts. At times, what appears to be the proximate cause may not be the case.

(1) For example, Sergeant (SGT) Jones was on permanent duty as Sergeant of the Guard. Due to the shortage of experienced drivers, the guard vehicle was assigned directly to SGT Jones, with instructions that only he would drive the vehicle. However, SGT Jones took it upon himself to allow Specialist (SPC) Smith to drive the Soldiers to and from their guard posts. SPC Smith was involved in an accident. The investigation revealed that SPC Smith operated the vehicle in a safe and careful manner. However, icy road conditions and snow-filled ruts caused the vehicle to turn over. The survey officer recommended that SGT Jones be held financially liable because of SGT Jones' decision to allow SPC Smith to drive the vehicle, even though he had been instructed to drive the vehicle himself. The survey officer stated in his findings that there was no negligence on the part of the driver, SPC Smith, and since he was an

experienced, licensed driver, it must be assumed that, under the same given set of circumstances, the accident would have occurred no matter who was driving. Therefore, the proximate cause for the accident was not SGT Jones' negligence in permitting an unauthorized driver to drive the vehicle, but the existing road conditions. SGT Jones' wrongful action in permitting SPC Smith to drive the Soldiers to and from their guard posts might have left him open to adverse administrative action. However, the financial liability investigation of property loss is not the proper instrument to use in this case. SGT Jones' commander could give him an oral reprimand, a formal letter of reprimand, or a notation on his noncommissioned officer evaluation report. He could also discipline him through an Article 15 or a court-martial under the Uniform Code of Military Justice.

(2) In another case, Private First Class (PFC) Jones, the driver of a military sedan, drove at a speed higher than the posted speed limit. He hit the vehicle in front of him, causing damage to the front of his vehicle. Private (PVT) Downey, the driver of the tow truck was called to tow the damaged military sedan from the scene of the accident. PVT Downey improperly hooked the towing equipment to the military sedan causing damage to the rear bumper. In this case, PFC Jones was held financially liable for the damage to the front of the military sedan. However, he was not held financially liable for the damage to the rear bumper because his negligence (speeding) was not the proximate cause for the damage to the rear. PVT Downey's negligent action (the improper hook up of towing equipment) was an "intervening cause." An intervening cause is a new and independent force that breaks the causal connection between the original wrongdoing and the injury. It becomes the direct and immediate cause itself. PVT Downey's act of improperly hooking the towing equipment broke into the ordinary course of events. PVT Downey's negligence was sufficient itself to cause the damage to the rear of the military sedan. The original speeding had nothing directly to do with that damage. As a general rule, if the result of the negligence was not one, which might have been reasonably foreseen, then the negligence was not the proximate cause for the loss. In the above example, it was reasonably foreseeable that speeding could cause an accident. It was not reasonably foreseeable that a tow truck would further damage the vehicle if an accident did occur. In this case, you should recommend holding PFC Jones financially liable for the damage to the front of the military sedan, and PVT Downey financially liable for the damage to the rear bumper. Each of the drivers could reasonably have foreseen the possible damage to the vehicle as the result of their actions.

7-3. Recommendation for assessment of financial liability

When does the financial liability officer recommend a person for assessment of financial liability? Financial liability is the indebtedness of an individual to the U.S. Government for property that was lost, damaged, or destroyed as a result of their negligence or willful misconduct. The liability results when the individual's negligence or willful misconduct (including willful misappropriation) is the proximate cause of the loss, damage, or destruction of Government property.

a. The financial liability officer can recommend an individual be held financially liable for the loss, damage, or destruction of Government property if they had personal or nonpersonal responsibility for the property, and their negligence or willful misconduct caused the loss, damage, or destruction of the property.

b. The financial liability officer can recommend an individual be held financially liable for a loss, even though the property was not in their personal possession or under their supervisory control. As an example, a Soldier carelessly backing a forklift within a warehouse hits a pallet of fragile supplies, such as cases of fluorescent light bulbs, breaking them all. The Soldier did not have possession of the fluorescent light bulbs, nor did he or she have supervisory responsibility for the light bulbs. However, the proximate cause of the breakage was the Soldier's negligence in carelessly backing the forklift.

Chapter 8 Special Considerations

8-1. Considerations

What does the financial liability officer consider when investigating the loss of Government property? The financial liability officer will try to decide whether a person's actions were the proximate cause for the loss of, damage to, or destruction of Government property. The financial liability officer should consider the following before making a recommendation:

a. Degree of care and resourcefulness. The financial liability officer will weigh the actions of the person involved against those of a reasonable and prudent person. A prudent person is one who uses good judgment and common sense in handling practical matters; is careful about his or her conduct; and not wasteful or extravagant in the use of resources. The financial liability officer will also, consider their age, experience, and any special qualifications needed to do the job. The following scenarios help to illustrate these points:

(1) Private E-2 (PV2) Shannon, a nondriver, was attending a driver's training course. His instructor told him to back the vehicle into a parking place. In attempting to place the vehicle in reverse, he inadvertently shifted into third gear. The vehicle leaped forward and struck a tree. In this case, the financial liability officer will consider PV2 Shannon's lack of experience.

(2) Eighteen-year-old PVT Smitdlap, a new member in the unit, while participating in his first field training exercise was assigned to the aggressor forces. While trying to avoid being captured by the enemy forces, he found a High-Mobility Multipurpose Wheeled Vehicle (HMMWV), got in and drove off. The HMMWV was assigned to 1LT Hunter, who when he noticed the HMMWV being driven off by an unknown individual, shouted to PVT Smitdlap to come back with his vehicle. PVT Smitdlap, continuing to flee the enemy, drove off at a high speed. He did not stop until he discovered he was entangled in barbed wire, causing damage to the HMMWV. PVT Smitdlap's commanding officer and his platoon leader both stated he was caught up in his aggressor role and that he was totally intent on accomplishing his mission of avoiding capture by the enemy forces. In this case, the financial liability officer will consider PVT Smitdlap's age, his lack of experience, and his limited intellectual capability. The financial liability officer could recommend he be relieved of responsibility for the damage to the HMMWV, if these elements are believed to be warranted.

b. Responsibility of the person for the property (personal or nonpersonal). When a person holds property like organizational clothing and individual equipment, personal arms, binoculars, or hand-tools that have been issued to them for their personal use, they have personal responsibility. When a person converts property to his or her own use without permission or authority, as when they steal a vehicle, that person has personal responsibility. When a person commands or supervises others who use property or have custody of property, they have non-personal (either command or supervisory) responsibility. If there was non-personal responsibility, the following elements can effect a decision:

(1) The nature of the property.

(2) The nature, extent, and complexity of the organization or activity they commanded or supervised. How feasible was it to keep close supervision over the property? The financial liability officer will check the factors that contributed to the loss or damage.

(3) The adequacy of the measures set up for the supervision of subordinates to ensure property was properly used and cared for, and that proper custody and safekeeping were provided.

(4) The extent to which supervision by a commander may have been hampered by other pressing duties or by a lack of qualified assistants.

c. Possibility of fraud, collusion, or willful misconduct. If there is any suspicion of fraud, collusion, or other willful misconduct incident to a property loss on the part of a military or civilian employee of the Army, the financial liability officer must be especially careful to make a thorough investigation of the facts. Fraud is the misrepresentation of truth to induce another to part with something of value or to surrender a legal right. It is also a deceitful act with the intent to deprive another of his or her rights or to cause him or her injury. Collusion is a secret agreement and cooperation for a fraudulent or deceitful purpose. The financial liability officer must not recommend relief from property responsibility or financial liability until all persons are completely cleared of suspicion of these crimes.

8-2. Sensitive items

What evidence does the financial liability officer consider when investigating the loss of sensitive items? Sensitive items must be stored in a special storage facility. Only the minimum number of personnel should have access to sensitive items. When conducting a financial liability investigation of property loss on the loss of a sensitive item, the following questions may be asked:

a. What security measures were taken?

b. Were key control procedures adequate?

c. Who had responsibility for the lost sensitive items?

d. Who had access to the sensitive items?

e. When were the sensitive items last inventoried, and by whom?

f. When were the sensitive items last seen and by whom?

g. What action was taken to recover the items?

h. Were appropriate notices placed in the daily bulletin?

i. Was the loss properly reported to the Criminal Investigation Division?

8-3. Vehicular accidents

What evidence does the financial liability officer look at when investigating a vehicle accident? When the financial liability investigation of property loss involves a vehicle accident, several categories of evidence will be considered:

a. Type of road. If possible, the financial liability officer will examine the site of the accident. The financial liability officer will look at the type of road on which the accident took place. Is it macadam, asphalt, cobblestones, or dirt?

b. Weather and visibility. At the time of the accident, was it sunny and bright, or was it foggy, snowing, or raining? Did it happen at night? How good was the visibility at the time of the accident?

c. Speed. How fast was the person driving at the time of the accident? Before the accident? Did the person suddenly speed up? Did the person obey the posted traffic signals and traffic laws?

d. Statements. The financial liability officer will obtain statements from the driver of the vehicle being investigated, and the driver of the other vehicle involved. The financial liability officer will obtain statements from witnesses.

e. Accident report. Has DA Form 3946 (Military Police Traffic Accident Report) been included as an exhibit? Has an accident report from a civilian policeman been included?

f. Driver's qualifications. Has DA Form 348 (Equipment Operator's Qualification Record (Except Aircraft)) been included in the file?

g. Pictures. Have pictures been used to show damage? If so, has the damage been explained? The financial liability officer may have to take the pictures or have them taken. Personally inspect the vehicle. The financial liability officer will look at the vehicle before releasing it for repair or turn-in.

h. Cost of damages. Has the actual cost of damages been included? If not, the financial liability officer will submit a request for technical inspection and cost of repairs to the supporting maintenance activity. DA Pamphlet 750-8, paragraphs 3-13 and 3-14 and figures 3-36 and 3-38, provide instructions for submitting a request for technical inspection.

8-4. Special considerations for a convoy incident

What points may be important in a financial liability investigation of property loss involving a convoy? If investigating the damage to a vehicle that was part of a convoy, the financial liability officer will consider certain points of information. What interval did the convoy commander prescribe before departure? What was the interval kept by the driver just before, or at the time of the accident? Did the convoy commander furnish special instructions before crossing the initial point?

a. In one case a van, part of a convoy, incurred damage to its roof while passing under a low archway. A question arose as to whether the driver was negligent because he or she did not check the height of the archway before driving through. Evidence showed that the convoy commander had prescribed a convoy interval of 100 yards for all vehicles. The same convoy interval was to be maintained at all halts.

b. The convoy commander stopped his or her lead vehicle to check whether the larger vehicles could pass under the archway. At the halt, a 2½-ton truck just ahead of the respondent's truck in the convoy stopped 20 yards on the other side of the archway. Should the survey officer, recommend holding the driver of the van liable for the damage to the roof of his truck? Yes. When the 2½-ton truck stopped, the driver of the van truck should not have attempted to pass through the archway. He should have stopped about 80 yards back of the archway because the prescribed convoy interval was 100 yards, even at halts. The driver of the van was negligent in that he or she did not follow the instructions of the convoy commander to maintain a 100-yard interval at all times, to include halts. The driver was also negligent in that he or she failed to ensure the vehicle could safely clear the archway before proceeding through.

8-5. Loss of communication wire

What evidence does the financial liability officer look at in an investigation of the loss of communication wire? In an investigation involving the loss of communication wire, the financial liability officer will look at the unit's modified table of organization and equipment allowance, to determine the length of wire authorized, and the length of wire laid. The second piece of information is important because the financial liability officer will consider the relative percentage of loss. If 100 miles of wire were laid and just 300 feet were lost, no negligence may be involved. However, if 20 miles were extended and 18 miles were lost, then it would seem obvious that negligence or even theft was involved unless further evidence shows fully why the loss occurred. The financial liability officer will also check to find out whether precautionary measures were set up to safeguard the wire.

8-6. Inventory losses

On an inventory, what points are checked for losses? The financial liability officer will consider the circumstances and facts that are special in each investigation. When investigating the loss of items that have shown up as short on an inventory, the financial liability officer will ask questions that involve accounting procedures and also the procedures used in the inventory.

- a.* Was the property account maintained according to the policy contained in AR 710-2?
- b.* Were proper hand receipt procedures used? Were individuals required to receipt for property issued to them?
- c.* Did the user have a secured storage area in which to store property issued to him or her?
- d.* Was adequate supervision maintained over the unit supply room, or the hand receipt holder, as appropriate?
- e.* If proper procedures were not followed, did the commander and/or the supply officer take measures to correct the situation? What steps did he or she take?

Appendix A References

Section I Required Publications

AR 735-5

Policies and Procedures for Property Accountability (Cited in paras 1-5, 1-6a, 2-1, 4-6, and 5-1a.)

AR 15-6

Procedures for Investigating Officers and Boards of Officers. (Cited in para 3-1e.)

Section II Related Publications

A related publication is a source of additional information. The user does not have to read a related reference to understand this publication. United States Code (USC) is available at <http://www.gpoaccess.gov/uscode>.

AR 27-3

The Army Legal Assistance Program.

AR 27-20

Claims

AR 210-50

Housing Management

AR 710-2

Supply Policy Below the National Level

AR 750-1

Army Materiel Maintenance Policy

DA Pam 750-8

The Army Maintenance Management System (TAMMS) Users Manual

AMDF

FED LOG Information Center (Available at <http://www.dlis.dla.mil/fedlog>;(restricted use).)

DOD 7000.14-R, volume 12, chapter 7

Department of Defense Financial Management Regulations (Available at www.dtic.mil/whs/directives.)

UCMJ, Article 31b

Compulsory Self-incrimination Prohibited (Available at <http://www.army.mil/references/UCMJ>.)

10 USC 2775

Liability of member for damages to family housing, equipment, and furnishings

10 USC 4832

Property accountability: regulations

37 USC 1007

Deductions from pay

Section III Prescribed Forms

DD Form 200

Financial Liability Investigation of Property Loss (Available at <http://www.dtic.mil/whs/directives/infomgt/formsprogram.htm>.)

Section IV

Referenced Forms

The following forms are available on the APD Web site (www.apd.army.mil); DD Forms are available from the OSD Web site (<http://www.dtic.mil/whs/directives/infomgt/formsprogram.htm>).

DA Form 348

Equipment Operator's Qualification Record

DA Form 2407

Maintenance Request (Available through normal forms supply channels.)

DA Form 2823

Sworn Statement

DA Form 3946

Military Police Traffic Accident Report

DA Form 5990-E

Maintenance Request (EGA)

DA Form 7531

Checklist and Tracking Document for Financial Liability Investigations of Property Loss

Glossary

Section I Abbreviations

AMDF

Army Master Data File

AR

Army Regulation

DA

Department of the Army

DD

Department of Defense

DOD

Department of Defense

GS

General Schedule

HMMWV

High-Mobility Multipurpose Wheeled Vehicle

MPH

miles per hour

OCIE

Organizational clothing and individual equipment

OEP

Other equipment or property

PFC

Private First Class

PVT

Private

PV2

Private E-2

SGT

Sergeant

SPC

Specialist

SSA

Supply Support Activity

SSN

Social Security Number

UCMJ

Uniform Code of Military Justice

US

United States

Section II

Terms

Abuse

Willful misconduct or deliberate unauthorized use.

Accountability

The obligation imposed by law, lawful order, or regulation on an officer or other person for keeping an accurate record of property, documents, or funds. Includes identification data, gains, losses, dues-in, dues-out and balances on hand or in use. The person having this obligation may or may not have actual possession of the property, documents, or funds.

Accountable officer

Person officially appointed in writing, by proper authority, to maintain item and/or financial records of Government property, irrespective of whether the property is in their possession for use or storage, or is in the possession of others to whom it has been officially entrusted for use or for care and safekeeping. There are three types of supply accountable officers:

- a.* Transportation officer, accountable for property entrusted to him or her for shipment.
- b.* Stock record officer, accountable for supplies being held for issue from time of receipt until issued, shipped or dropped from accountability.
- c.* Property book officer, accountable for property upon receipt and until subsequently turned in, used (consumed) for authorized purposes, or dropped from accountability. (Hand receipt holders are not considered accountable officers.)

Appointing authority

An officer or civilian employee designated in writing by the approving authority with responsibility for appointing financial liability officers; reviewing the financial liability officer's findings and recommendations; and providing his or her concurrence or non-concurrence to the approving authority of the financial liability officer's findings and recommendations. The appointing authority is normally under the command of, or on the staff of the approving authority. An appointing authority must be in the grade of lieutenant colonel or above, or be a GS-13 or above. (For exceptions, see AR 735-5, paragraph 13-17c(1), (2) and (3)).

Approving authority

An Army officer or Department of the Army civilian employee authorized to appoint financial liability officers and to approve financial liability investigations of property loss. An approving authority must be in the grade of lieutenant colonel or above, or be a GS-14 or above, in a supervisory position. The approving authority is normally senior to the appointing authority.

Causative research

Causative research is an investigation of discrepancies resulting in gains and losses. Consists of as a minimum, a complete review of all transactions to include supporting documentation identifying catalog change actions, shipment discrepancies, and unposted or rejected documentation occurring since the last completed inventory; the last location reconciliation which included quantity; or back one year, whichever is the most recent. The purpose of causative research is to identify, analyze, and evaluate the cause(s) of inventory discrepancies with the aim of eliminating repetitive errors. Causative research ends when the cause(s) of the discrepancies have been discovered or when, after review of the transactions, no conclusive findings are possible.

Collective liability

Collective liability is suggested when more than one individual is held financially liable for a loss, both collectively and individually.

Commander

An individual vested with command authority.

Command responsibility

The obligation of a commander to ensure that all Government property within his or her command is properly used and cared for, and that proper custody, safekeeping and disposition of Government property are provided. Command

responsibility is inherent in command and cannot be delegated. It is evidenced by assignment to a command position at any level and includes—

- a. Ensuring the security of all property of the command, whether in use or in storage.
- b. Observing subordinates to ensure their activities contribute to the proper custody, care, use, safekeeping, and disposition of all property within the command.
- c. Enforcing all security, safety, and accounting requirements.
- d. When necessary, taking administrative or disciplinary measures.

Controlled inventory items

Those items designated as having characteristics which require they be identified, accounted for, secured, segregated, or handled in a special manner to ensure their safekeeping and integrity. Controlled inventory items, in descending order of the degree of control normally exercised, are:

- a. Classified item. Materiel requiring protection in the interest of national security.
- b. Sensitive items. Material requiring a high degree of protection and control due to statutory requirements or regulations; high value, highly technical, or hazardous items; and small arms, ammunition, explosives, and demolition material. (See controlled inventory item codes (CIIC) “1–6,” “8,” “9,” “\$,” “N,” “P,” “Q,” “R,” and “Y” for night vision devices and navigation systems (GPS) in the AMDF contained on FED LOG as explained by AR 708–1).

Culpability

Culpability is a determination of fault. Before a person can be held financially liable, the findings must show that he or she, through negligence or willful misconduct, violated a particular duty involving the care for the property. Whether the person’s actions or omissions constitute negligence depends on the circumstances of each case. Negligence under some circumstances may not reflect negligence under other circumstances. Therefore, all facts must be fully considered when determining the reasonableness of a person’s conduct.

Custodial responsibility

The obligation of an individual for property in storage awaiting issue or turn-in to exercise reasonable and prudent actions to properly care for, and ensure proper custody, safekeeping and disposition of the property are provided. Custodial responsibility results from assignment as a supply sergeant, supply custodian, supply clerk, or warehouse person who is rated by and answerable directly to the accountable officer or the individual having direct responsibility for the property. Responsibilities include—

- a. Ensuring the security of all property stored within the supply room and storage annexes belonging to the supply room or SSA is adequate.
- b. Observing subordinates to ensure their activities contribute to the proper custody, care, safekeeping, and disposition of all property within the supply room and storage annexes belonging to the supply room or SSA.
- c. Enforcing all security, safety, and accounting requirements.
- d. When unable to enforce any of these, reporting the problem(s) to their immediate supervisor.

Damage

Damage is a condition that impairs either the value or use of an article; may occur in varying degrees. Property may be damaged in appearance or in expected useful life without rendering it unserviceable or less useful. Damage also shows partial unserviceability. Usually implies that damage is the result of some act or omission.

Deliberate unauthorized use

Deliberate unauthorized use is the willful or intentional use without right, permit, or authority.

Direct responsibility

Obligation of a person to ensure that all Government property for which he or she has receipted is properly used and cared for, and that proper custody, safekeeping and disposition are provided. Direct responsibility results from assignment as an accountable officer, receipt of formal written delegation, or acceptance of the property on hand receipt from an accountable officer. Commanders and/or supervisors will determine and assign, in writing, the individuals who will have direct responsibility for property.

Financial liability

The statutory obligation of an individual to reimburse the Government for lost, damaged, or destroyed Government property as a result of negligence or abuse.

Gross negligence

An extreme departure from the course of action to be expected of a reasonably prudent person, all circumstances being considered. The act is characterized by a reckless, deliberate, or wanton disregard of the foreseeable consequences.

Investigation

Means of determining the facts related to the loss, damage, or destruction of Government property; determining the present condition of such property; receiving recommendations as to disposition, retention, and further accountability for such property; or determining the responsibility for the loss, damage, or destruction of Government property.

Item

Item is a generic term meaning any article of material which is produced, stocked, issued, or used.

Liability

Liability is the state of being responsible or answerable for the loss, damage, or destruction of Government property.

Negligence

The failure to act as a reasonably prudent person would have acted under similar circumstances. An act or omission that a reasonably prudent person would not have committed, or omitted, under similar circumstances and which is the proximate cause of the loss of, damage to, or destruction of Government property. Failure to comply with existing laws, regulations, and/or procedures may be considered as evidence of negligence.

Personal Arms or Equipment

Equipment or clothing issued to individuals for their sole use and care, such as weapons, personal retention items, mobility kit bags, flight jackets, parkas, and similar items. In defining personal arms or equipment, determine how the property is used by the member, and whether it is turned in at the end of the work shift. This is especially true when dealing with portable radios and hand tools. A portable radio, for example, is personal equipment when an individual uses it constantly, carries it wherever he or she goes, and has it for an indefinite period of time. However, it is not personal equipment when the individual has it for a specified time while on duty, and turns it in to be used by others at the end of a shift.

Personal property

Personal property is property of any kind or any interest herein, except real property, and records of the Federal Government.

Personal responsibility

The obligation of a person to exercise reasonable and prudent actions to properly, use, care for, and safeguard all Government property in their possession. Personal responsibility applies to all Government property issued for, acquired for, or converted to a person's exclusive use, with or without receipt.

Property

Property is anything that may be owned. As used in the Army, this term is usually confined to "tangible property," including real estate and material. For special purposes and as used in certain statutes, this term may exclude such items as the public domain, certain lands, and records of the Federal Government.

Property records and property account

These are general terms referring to any record of property. This includes not only formal stock record accounts maintained in item or monetary terms by accountable officers, but also organizational and installation property book records, individual clothing and equipment records, hand receipt records, or any system of files for property records.

Proximate cause

Proximate cause is the cause which, in a natural and continuous sequence of events unbroken by a new cause, produced the loss or damage. Without this cause, the loss or damage would not have occurred. It is further defined as the primary moving cause, or the predominate cause, from which the loss or damage followed as a natural, direct, and immediate consequence.

Record

All forms of information such as, narrative, graphic data, and computer memory registered in either temporary or permanent form so that it can be retrieved, reproduced, or preserved.

Respondent

A respondent is any individual, state or entity against which financial liability is recommended or assessed.

Responsibility

The obligation of an individual to ensure that Government property and funds entrusted to his or her possession,

command, or supervision are properly used and cared for and that proper custody, safekeeping, and disposition are provided. There are five types of responsibility as defined in this glossary—

- a.* Command responsibility.
- b.* Supervisory responsibility.
- c.* Direct responsibility.
- d.* Custodial responsibility.
- e.* Personal responsibility.

Simple negligence

The failure to act as a reasonably prudent person would have acted under similar circumstances.

Supervisory responsibility

Obligation of a supervisor to ensure all Government property issued to, or used by his or her subordinates is properly used and cared for, and that proper custody, safekeeping, and disposition of the property are provided. It is inherent in all supervisory positions and is not contingent upon signed receipts or responsibility statements. It arises because of assignment to a specific position and includes—

- a.* Providing proper guidance and direction.
- b.* Enforcing all security, safety, and accounting requirements.
- c.* Maintaining a supervisory climate that will facilitate and ensure the proper care and use of Government property.

Willful misconduct

Willful misconduct is any intentional wrongful or unlawful act or omission relating to Government property, to include misappropriation of Government property.

Section III

Special Abbreviations and Terms

This section contains no entries.

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