

Army Regulation 735-5

Property Accountability

Policies and Procedures for Property Accountability

**Headquarters
Department of the Army
Washington, DC
28 February 2005**

UNCLASSIFIED

SUMMARY of CHANGE

AR 735-5

Policies and Procedures for Property Accountability

This revision, dated 28 February 2005 --

- o Changes the Deputy Chief of Staff for Logistics (DCSLOG) to Deputy Chief of Staff, G-4 (DCS, G-4) (throughout).
- o Revises DA Form 1659, Reports of Survey to Financial Liability Investigations of Property Loss (chaps 1, 8, 12, 13, 14 and 15).
- o Requires contractors to report reportable Army property under the continuing balance system-expanded and unique item tracking to the Logistics Support Activity at least annually (para 2-5a).
- o Adds requirement to inventory real property, general property plant, and equipment and stewardship land at least once every 5 years (para 2-6d).
- o Changes the term international merchant purchase authorization card to General Services Administration smart pay purchase card (para 2-10b).
- o Establishes policy for the task force property book officer to support units participating in contingency operations or war (para 2-13b).
- o Directs commanders to use automatic identification technologies (AIT) in receipt, storage, inventory, issue, and shipment functions (para 6-1a).
- o Changes the term wholesale level to national level (throughout).
- o Changes policy for coding property durable (paras 7-6 and 7-7).
- o Changes the address for submitting requests for deviation to HQDA (DALO-SMP) (para 8-2d).
- o Removes quick service operations from summary accounting (para 10-6a).
- o Identifies personal arms and equipment as a soldier's personal weapon and equipment assigned to them for their exclusive use (para 12-1).
- o Replaces DA Form 4697 with DD Form 200 (chap 12).
- o Revises policy addressing the lost, damage, or destruction of Government property stemming from the publication of DOD 7000.14-R, and adds a new checklist, DA Form 7531 (chaps 13 and 14).
- o Replaces the survey officer with the financial liability officer (chaps 13 and 14).

- o Adds the use of electronic/digital signature on investigations of property loss (chaps 13 and 14).
- o Adds policy for investigations against general officers or senior executive service members (para 13-17).
- o Establishes the approving authority for investigations of property loss as the approving authority for inventory adjustment reports for inventory adjustments at subordinate stock record accounts (para 13-17).
- o Adds policy to authorize the Adjutant General to appoint approving authorities (para 13-17b).
- o Establishes policy for appointment of an investigating officer (para 13-24 and fig 13-12).
- o Provides a new table for the protocol for military and civilian rank comparison for the appointment of investigating officers (para 13-27 and table 13-1).
- o Sets policy for the approval authority to assess a lesser amount of financial liability than the actual amount of the loss in appropriate cases (para 13-41b).
- o Directs garnishing wages when Army members and civilian employees held financially liable retire prior to a decision being made on the assessment of financial liability (para 13-42a).
- o Establishes policy to allow civilian employees in the grade of GS-15 or above in supervisory positions to be appeal authorities (para 13-52a).
- o Establishes the installation management agency regional director as the appeal authority when the garrison commander is the approval authority (para 13-52a(1)).
- o Allows any commissioned officer of the Army National Guard of the United States per section 710(f), Title 32, United States Code to make final fair wear and tear determinations on all unserviceable property prior to disposition (para 14-18).
- o Allows the exchange of damaged organizational clothing and individual equipment when damage occurred while being used conducting official Government business (para 14-18c).
- o Adds directions for adjusting for losses of hand tools (para 14-19a).
- o Provides procedures for the primary hand receipt holder to prepare a statement documenting the expenditure of ammunition for adjusting accountable records (para 14-26g).
- o Sets policy for processing an investigation of loss for personal clothing and organizational clothing and individual equipment issued to U.S. Army Reserve, Army National Guard, or active duty soldiers who have stopped participating in training sessions or who are in absence without leave status (para 14-27b(3)).

- o Permits the approving authority to assess financial liability in an amount less than the cost of repair for damaged vehicle involve in an accident in lieu of relieving all concerned of financial liability (para 14-32c).
- o Changes the frequency of inventories at the central issue facility from semiannual to annual or cyclic inventories (para 14-33a).
- o Provides guidance for determining the approval authority within a joint Service organization or contingency operation for the conduct of financial liability investigations of property loss when Army property is lost, damaged, or destroyed (para 14-35).
- o Provides guidance when financial liability is assessed against an individual of another military Service (para 14-35c).
- o Changes the title of chapter 15 to "Accounting for Losses of National Stock (AMC Installations Only)."
- o Increases the dollar threshold for adjustments requiring causative research at the accountable supply distribution activity and Joint Munitions Command depots from \$16,000 to \$25,000 (para 15-2 and table 15-1).

Property Accountability

Policies and Procedures for Property Accountability

By Order of the Secretary of the Army:

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General, United States Army
Chief of Staff

Official:



SANDRA R. RILEY
Administrative Assistant to the
Secretary of the Army

History. This publication is a major revision.

Summary. This regulation provides basic policies and procedures for accounting for U.S. Army property and accounting for lost, damaged, or destroyed U.S. Army property.

Applicability. This regulation applies to the Active Army, the Army National Guard of the United States, the Army National Guard, and the U.S. Army Reserve. During mobilization, the proponent may modify chapters and policies contained in this regulation.

Proponent and exception authority. The proponent of this regulation is the

Deputy Chief of Staff, G-4. The proponent has the authority to approve exceptions or waivers to this regulation that are consistent with controlling law and regulations. The proponent may delegate this approval authority, in writing, to a division chief within the proponent agency or a direct reporting unit or field operating agency of the proponent agency in 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.

Army management control process. This regulation contains management control provisions in accordance with AR 11-2, but it does not identify key management controls that must be evaluated. The requirements listings used in the Command Supply Discipline Program, contained in AR 710-2, tables B-1 through B-6 will be used to validate these controls.

Supplementation. Supplementation of this regulation and establishment of command and local forms other than DA

Forms are prohibited without prior approval from HQDA, Deputy Chief of Staff, G-4, ATTN: DALO-SMP, 500 Army Pentagon, Washington, DC 20310-0500.

Suggested improvements. Users are invited to send comments and suggested improvements to this regulation. Internet users can submit their comments and suggested improvements through the electronic DA Form 2028 (Recommended Changes to Publications and Blank Forms) found within this regulation. Anyone without internet access should submit their comments and suggested improvements on DA Form 2028 directly to Director, U.S. Army Logistics Integration Agency, ATTN: LOIA-AP, 5870 21st Street, Fort Belvoir, VA 22060-5941.

Distribution. Distribution of this publication is made in electronic media only and is intended for command levels A, B, C, D, and E for the Active Army, the Army National Guard of the United States, the Army National Guard, and the U.S. Army Reserve.

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*This regulation supersedes AR 735-5 dated 10 June 2002.

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Glossary

Chapter 1

Introduction

1-1. Purpose

This regulation —

- a. Prescribes the basic policies and procedures in accounting for Army property.
- b. Sets the requirement for formal property accounting within the Army.
- c. Implements specific property accounting procedures.
- d. Defines accountability and responsibility.
- e. Identifies the categories of property and the accounting procedures to be used with each.
- f. Identifies the basic procedures for operating a property account.
- g. Provides the policy for offering rewards for the recovery of lost property, the procedures for requesting waivers of property accounting requirements, and the procedures for implementing bonding requirements for the Reserve Officers' Training Corps (ROTC) property accounts and using insurance in lieu of bonding for junior ROTC property accounts.
- h. Defines the command supply discipline program, its intent, and implementing procedures.
- i. Prescribes the accounting procedures to be used when Department of the Army (DA) property is discovered lost, damaged, or destroyed through causes other than fair wear and tear. It provides authorized methods to obtain relief from property responsibility and accountability. It also prescribes the Department of the Army policy on such losses and financial liability.
- j. Prescribes the procedures for accounting for losses during military operations other than war (MOOTW).
- k. Implements DA policy for integration and use of automatic identification technology (AIT) concerning procedures in accounting for Army property.

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 regulation are explained in the glossary.

1-4. Responsibilities

- a. *The Deputy Chief of Staff, G-4.* The Deputy Chief of Staff, G-4, (DCS, G-4) Headquarters, Department of the Army (HQDA) will ensure all detailed property accounting policy and procedures developed for specific materials or situations comply with this regulation. The DCS, G-4 is responsible for the development, supervision, and implementation of AIT applications pertaining to property accounting policy and procedures.
- b. *Commanders of major Army commands and installation management agency regions.* Commanders of major Army commands (MACOMs) and commanders of installation management agency (IMA) regions authorized to develop specific commodity, or command unique property, accounting policies and procedures will ensure they comply with the basic policies and procedures prescribed by this regulation.
- c. *Brigade commanders and equivalent level commanders.* Brigade commanders and equivalent level commanders in a table of distribution and allowance (TDA) environment will develop and implement oversight management over —
 - (1) Financial liability investigations of property loss (see para 13-20b).
 - (2) Damage statements (see para 14-18a(5)).
 - (3) Adjustments for losses in military operations other than war (see para 14-26i).
 - (4) Inventory adjustment reports (see paragraphs 14-33b and 14-34j).
- d. *Commanders at all levels.* Commanders at all levels will—
 - (1) Ensure compliance with all policies and procedures prescribed by this regulation that apply to their command.
 - (2) Implement a command supply discipline program.
 - (3) Ensure that available AIT such as bar code, 2D bar code, optical memory cards, radio frequency identification devise (RFID) tags, contact buttons, satellite tracking, or electronic signature capability are fully integrated into the all Government property management and accountability functions (such as, receipt, store, inventory, issue, and ship). AIT utilization applies to both formal and informal property accounting.
- e. *Developers.* Developers of standard and unique automated supply systems will ensure all systems contain the essential elements of data, and are in compliance with the policies contained herein. Computer generated supply forms must be understood by the supply level using and receiving the forms. Guidance pertaining to the forms approval process is contained in AR 25-30. Computer generated forms, approved by the proponent, will replace or will be used instead of the manually prepared forms.

1–5. Statutory and DOD Provisions

The general policies and procedures contained in this regulation are based on statutory authority and DOD accounting policy. They include —

- a.* Title 5, United States Code (5 USC), sections 5511, 5512, and 5514.
- b.* 10 USC 2636, 2775, 483, 4832, 4836, 4837, 4839, and 4840.
- c.* 10 USC 908, Art 108.
- d.* 32 USC 710.
- e.* 37 USC 1007.
- f.* DOD 4140.1–R, DOD Supply Chain Materiel Management Regulation, 23 May 2003.
- g.* DOD 7000.14–R, DOD Financial Management Regulations (FMRs) (dates vary per volume) —
 - (1) Volume 4, chapter 6, “Property, Plant and Equipment,” August 2000.
 - (2) Volume 12, chapter 7, “Financial Liability for Government Property Lost Damaged or Destroyed,” April 1998.

1–6. Internal management controls

The key internal management controls are —

- a.* Property accountability.
- b.* Accounting for lost, damaged, and destroyed Government property.

1–7. Civil-funded property

This regulation does not apply to the civil-funded property of the U.S. Army Corps of Engineers. Civil-funded property accountability is managed in accordance with the Federal Management Regulation (Title 41, Public Contracts and Property Management, chapter 102). However, in the interest of efficient management and Army uniformity, this regulation will be complied with when feasible for civil-funded property, as determined by the Chief, U.S. Army Corps of Engineers. The U.S. Army Corps of Engineers military-funded property will be managed using this regulation.

Chapter 2 Property Accounting Requirements

Section I Basis Principles

2–1. General requirements

- a.* All persons entrusted with Government property are responsible for its proper use, care, custody, safekeeping, and disposition.
- b.* Persons will not be assigned to a duty that will prevent them from exercising proper care and custody over the property for which they are responsible.
- c.* When a person assumes accountability for property that is remotely located, records must be maintained to show the location of the property and the persons charged with its care and safekeeping.
- d.* Vouchers for the issue or expenditure of property that are not specifically authorized by regulations or authorization tables will give the reason for the transaction and identify the commander who directed it.
- e.* Army property will not be used for any private purpose except as authorized by HQDA.
- f.* No Government property will be sold, given as a gift, loaned, exchanged, or otherwise disposed of unless specifically authorized by law. Items replaced in-kind and payments made under the provisions of para 12–1 and 12–2 for lost, damaged, or destroyed Army property do not constitute a sale of Army property. Title to such property remains with the U.S. Government.
- g.* Giving or accepting an issue document, hand receipt, or other form of receipt to cover articles that are missing, or appear to be missing, is prohibited.
- h.* Property documents and property record cards maintained for stock record accounts need not show the manufacturer’s serial numbers unless specifically required by Army policy. Serial numbers, for property in use, will be shown on property books and property book supporting documents under AR 710–2, para 2–51(3).
- i.* Army property will not be loaned or leased except as specifically authorized in DFAS–IN Regulation 37–1, AR 405–45, AR 700–131, or other appropriate regulations.
- j.* Military members or civilian employees of the Army who occupy Government quarters, or who have been issued furnishings for use in family quarters, must properly care for such property. Military members and civilian employees occupying Government quarters are responsible for the damage caused by their dependents’ negligence to the quarters and the furnishings and equipment contained therein.
- k.* The requisitioning or assembling of excess repair parts and/or components to create an unauthorized end item is

prohibited. All excess equipment and supplies will be turned in to the appropriate supply support activity (SSA) in accordance with AR 710-2, para 2-13b.

2-2. Accounting for Army property

a. All property (including historical artifacts, art, flags, organizational property, and associated items) acquired by the Army from any source, whether bought, scrounged, donated, and so forth, must be accounted for as prescribed by this regulation and other appropriate Army regulations (ARs). Such accounting will be maintained through formal records. The accounting will be continuous from the time of acquisition until the ultimate consumption or disposal of the property occurs. Supporting documents will be maintained as prescribed by appropriate regulations.

b. Property is categorized for financial accounting and reporting purposes as real property or personal property. Real property consists of lands and structures (see chapter 4, section I). Personal property is made up of capital equipment and other nonexpendable supplies, collectively called nonconsumable supplies, and all consumable supplies (see chapter 4, section II).

c. All property or material, except real and contractor-acquired property, acquired in any manner will be properly accounted for on item detail accounting records and financial (dollar) item accounting records. Responsibility will be fixed as prescribed by this regulation or other Army policy. The local commander may direct more stringent controls for expendable material.

d. All Army property, except real property, will be classified for property accounting purposes as expendable, durable, or nonexpendable. The criteria for the assignment of each accounting requirements code are shown in chapter 7. The physical characteristics and the anticipated use are the main factors in classifying an item. However, unit price will be considered to ensure that the costs of the accounting procedures being required are not out of proportion to the cost of the item being controlled. Items classified as—

(1) Nonexpendable will require formal property book accounting at the user level.

(2) Expendable or durable items require no formal accounting after issue to the user level unless these items specifically fall under the criteria of para 7-5b below and AR 710-2, para 2-5.

(3) Durable hand tools will be controlled at the user level using hand receipt procedures. The commander or the head of the activity will monitor items coded durable in accordance with para 7-7b(3). In addition, annually, the commander or the head of the activity will conduct management reviews in accordance with para 7-7b(3).

e. Accountable officers will establish accountability for any property not accounted for as soon as he or she discovers it. Procedures are contained in DA Pamphlet (Pam) 710-2-2, para 14-2.

f. Employees of the Army, both military and civilian, will turn in all found Government property to the supply system.

2-3. Centralized accounting

Where accountability is maintained at a central location and the property is physically stored at other installations, the property will not be included in the installation accountable records kept at the storage locations. Locator cards or other needed management records will be maintained at the storage location.

2-4. Other Service storage of Army property

Accountability for Army approved “packages” of production equipment and other plant equipment stored at a Defense Logistics Agency (DLA) installation will be established and maintained in a separate Army property account. The equipment will bear an Army account serial number. An officer or civilian employee of DLA will be the accountable officer. Financial (general ledger) control over the equipment (DFAS-IN Regulation 37-1, chapter 4) will be maintained by the Army commodity command that supports and justifies the packages.

2-5. Army property with contractors

a. Army property may be furnished to, or acquired by, contractors under the provisions of a contract.

(1) Property provided to a contractor under the terms of a contract assigned or transferred to the Defense Contract Management Agency (DCMA) for administration remains Army property.

(2) Contractor accountability and responsibility will be as set forth in the contract. (See Federal Acquisition Regulation (FAR), Part 45). Army property in the hands of the contractor are items that have been transferred to the contractor and in some cases are considered reportable under the Continuing Balance System-Expanded (CBS-X), and Unique Item Tracking (UIT) items requiring semiannual reporting to the Logistics Support Activity (LOGSA) at Huntsville, AL.

(3) If the current contract does not require the contractor to report the on hand Army property to LOGSA annually, the contract will be amended to add annual reporting requirements so that the Army does not lose asset visibility of these reportable items.

b. The Army command that awarded the contract will maintain financial (general ledger) control over the property. (See the FAR 45.505, and Army Federal Acquisition Regulation Supplement (AFARS) 5145.505-14, Reports of

Government Property.) Internal Army reporting requirements, such as those in DFAS-IN Regulation 37-1 and AR 710-3 will be satisfied by use of the data required to be maintained and reported by the FAR.

c. When a contract is not assigned to the DCMA for administration, a property administrator will be appointed by the contracting officer using the evaluation criteria in the DFARS, subpart 245.7001 and 45.7002.

d. For contracts awarded under the FAR 45.105(a), accountability for Government furnished property (GFP) will be transferred to the contractor; however, the property book office will create and maintain a GFP asset listing on the property book for fiduciary reporting purposes.

(1) Property book officers (PBOs), when directed by the official having command responsibility over the property required by a contract, will release the Government property to a contractor as GFP. The transfer of accountability of property provided to a contractor will be accomplished by using a DD Form 1149 (Requisition and Invoice/Shipping Document) or DA Form 3161 (Request for Issue or Turn-In). The document transferring accountability will be approved by the same contracting officer that approved the contract, or his or her representative, prior to the GFP being provided to the contractor. PBOs will use the transfer document to establish a GFP asset listing.

(2) A joint physical inventory of GFP will be conducted by the PBO, the property administrator, and the contractor prior to the beginning of the contract period. On completion of the inventory and written acknowledgment of receipt by the contractor, the PBO will post the transfer document as a loss to the Army's hand receipt and gain to a contract GFP asset listing. The PBO will continue to maintain the basic property book records for GFP transferred to the contractor. The contracting office's designated representative will notify the PBO upon contractor receipt, transfer, or disposal of any GFP during the life of the contract (see AR 710-2, para 2-33). The PBO will update the fiduciary records as changes to GFP are communicated.

(3) On termination or completion of the contract, a joint physical inventory by the contractor, the PBO and the property administrator will be accomplished. A transfer document transferring accountability back to the Army will be prepared as directed by the property administrator using DD Form 1149 or DA Form 3161. The contracting officer will reconcile the transfer document for shortages and will approve the transfer prior to the PBO acknowledging receipt and accepting accountability for the returned GFP. Upon completion of transfer document, the GFP asset listing for that contract will be discontinued.

e. For contracts awarded under the FAR 45.106(a), citing clause 52.245-1, accountability for GFP will be laterally transferred on DA Form 3161, per AR 710-2, para 2-13a, to the contracting office. The property records will be maintained by the property administrator. These records will be kept separate and distinct from installation property book records. Responsibility for GFP will be assigned to the contractor using the technical exhibit to the contract.

2-6. Inventories of personal property

a. Supplies and equipment on hand at U.S. Army Materiel Command (AMC) accountable supply distribution activities and depots will be inventoried once a year according to DOD 4000-25-2M. This will be done more often when prescribed by other regulatory guidance.

b. A complete physical inventory of all supplies and equipment in storage at SSA awaiting issue or turn-in will be accomplished annually according to AR 710-2, para 3-24c, 4-28, 5-21b or 6-13b as applicable. The results will be reconciled with the stock accounting records.

c. At the user level, all on-hand property carried on property book records and/or hand receipt records will be inventoried annually, or upon change of the primary hand receipt holder, whichever comes first. Upon change of the property book officer, all property not issued on hand receipt will be jointly inventoried by the outgoing and incoming property book officers. The conduct of these inventories will be documented and the results reconciled with the accounting records. See AR 710-2, table 2-2 for variances in the frequencies of these inventories. The above inventories will be accomplished in accordance with AR 710-2, para 2-12d and table 2-2.

d. Real property heritage assets will be inventoried at least once every 3 years or upon change of the accountable officer, whichever comes first, per AR 405-45. The results will be reconciled with the accounting records. Real property, general property plant, and equipment and stewardship land will be inventoried at least once every 5 years.

e. Army war reserve - 3 (AWR-3) stocks. A 100 percent inventory will be conducted when ships are downloaded in port during cyclic maintenance vessel berthing.

f. Inventories will be conducted more often when prescribed by other regulations or when directed by the commander or the accountable officer. The person having possession of, or having command/direct responsibility over the property is responsible for the conduct of the inventory. The accountable officer will ensure inventories are conducted when required. A record of the inventory and all adjustment documents resulting from the inventory will be maintained with the property records for a minimum of 2 years.

g. Installation support activities collocated with Army maintenance depots will inventory their materiel assets using the inventory rules of DOD 4000.25-2-M, chapters 4 and 5.

h. Library materials accounted for under the provisions of AR 735-17 will be inventoried on cyclic basis so all items are inventoried at least once every 3 years.

i. When and where feasible and practical, physical inventories will be accomplished using AIT.

Section II Accountability and Responsibility

2-7. Accountability

Accountability is the obligation of a person to keep records of property, documents, or funds. These records show identification data, gains, losses, dues-in, dues-out, and balances on hand or in use.

2-8. Responsibility

Responsibility is the obligation of an individual to ensure 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.

a. Types of responsibilities. Figure 2-1 shows the different types of responsibility and their relationship to the levels of command. The five different types of responsibility are—

(1) *Command responsibility.* The obligation of a commander to ensure all Government property within his or her command is properly used and cared for, and that proper custody, safekeeping, and disposition 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) Taking administrative or disciplinary measures when necessary.

(2) *Supervisory responsibility.* 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, and that proper custody, safekeeping, and disposition are provided. It is inherent in all supervisory positions, is not contingent upon signed receipts or responsibility statements and cannot be delegated. 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.
- (3) *Direct responsibility.* The obligation of a person to ensure all Government property for which he or she has received, 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 directors of separate TDA activities will determine and assign in writing those individuals who will have direct responsibility for property.

(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 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.
- (5) *Personal responsibility.* The obligation of a person to exercise reasonable and prudent actions to properly use, care for, safeguard and dispose of all Government property issued for, acquired for, or converted to a person's exclusive use, with or without receipt.

b. Responsibility relationships.

(1) Command responsibility and supervisory responsibility depend on the location of the property within the chain of command. This responsibility is a part of a job or position and is incurred by assuming that command or supervisory position. It cannot be delegated.

(2) Direct responsibility is a formal assignment of property responsibility to a person within the supply chain who has the property within his or her custody, but not necessarily in their possession or for their use. Accountable officers always have direct responsibility unless it has been specifically assigned to another person. Accountable officers may delegate such responsibility by written designation or by issue of the property on a hand receipt.

(3) Personal responsibility always accompanies the physical possession of property.

c. Responsibility for public funds. A person who receives or handles public funds has personal responsibility for

safeguarding those funds until they are deposited with a disbursing officer. That person is financially liable for the full value of the loss of funds when the loss is attributable to their personal negligence or misconduct.

2-9. Relationship between accountability and responsibility

Accountability pertains to maintaining formally prescribed property records for a property or sales account. It is an obligation officially assigned to a specific person and may not be delegated. Responsibility pertains to the care, custody, safekeeping and disposition of Government property. The specific type of responsibility depends on the relationship of the person to the property. Accountability and the five types of responsibility are separate obligations. They are incurred for separate reasons.

a. Accountability and each type of responsibility carry specific duties. Financial liability can be assessed against any person who fails, through negligence or misconduct, to perform those duties and where such failure is the proximate cause of a loss to the U.S. Government. (See para 13-29c.)

b. The appointment as an accountable officer for a stock record account and/or a property book account carries with it responsibility as follows:

(1) At the stock record account level, the appointment as an accountable officer carries with it direct responsibility for all the property carried on the stock accounting records. This direct responsibility may be further delegated to the storage supervisor.

(2) At the property book level, the appointment as a PBO carries with it direct responsibility for all the property carried on the property book records that has not been issued on hand receipt. Property issued by a PBO on hand receipt (called the primary hand receipt) carries with it the delegation of direct responsibility for the property listed. Further hand receipting (subhand receipting) does not transfer direct responsibility nor relieve the primary hand receipt holder of his or her duties.

c. Any member of the U.S. Army, civilian or military, may be charged with responsibility for property.

d. A contractor is charged with direct responsibility for specifically identified GFP provided to the contractor under the terms of the contract.

Section III

Accountable Officer

2-10. Appointment of an accountable officer

An accountable officer will be appointed in writing. The appointing authority will be the commander or the head of the activity for whom the property records are being maintained. The commander or TDA activity head may designate in writing, a representative to appoint the PBO or accountable officer. The designated representative may be a DOD commissioned officer or a DOD civilian manager.

a. An accountable officer may be —

(1) Any DOD commissioned officer or warrant officer. (Army National Guard (ARNG) officers must be Federally recognized.)

(2) A DOD civilian employee, if determined by the appointing official to be properly qualified.

(3) A DOD enlisted person, in the grade of sergeant or above, when appointment is approved by the MACOM commander, the major subordinate command commander, or the head of a HQDA agency, when personnel cited in (1) or (2) above are not available. Within the ARNG, the unit supply sergeant will not be the PBO unless a traditional M-day officer is not assigned to the unit.

(4) An ARNG military technician employed under 32 USC 709, who —

(a) When assigned to a modified table of organization and equipment (MTOE) unit, meets the criteria of (1) or (3) above based on his or her status as a unit member.

(b) When assigned to a TDA activity, meets the criteria of (2) above based on his or her technician status. ARNG military technicians appointed as PBOs in MTOE type organizations will not be appointed as a PBO in a TDA activity simultaneously.

(5) Foreign national employees of the U.S. Army, in overseas areas when no military or U.S. DOD civilian employees are assigned, and when approved by the MACOM or the command two levels above the organization for which the accountable officer is appointed. Does not apply to accountable records maintained for communication security (COMSEC) equipment. COMSEC custodians maintaining accountable records for COMSEC equipment must be U.S. citizens per AR 380-40, chapter 2.

b. Persons will not perform the (dual) functions of stock record accountable officer, PBO, transportation officer (TO), GSA Smart Pay Purchase Card ordering officer, or blanket purchase agreement ordering officer duties simultaneously. As an exception, PBOs within U.S. Military Entrance Command (USMEPCOM) may perform duties as an ordering officer simultaneously. The following limitations apply—

(1) Purchases made by the ordering officers using the GSA Smart Pay Purchase Card are limited to \$2,500 per transaction.

(2) There must be a primary and an alternate ordering officer designated. The primary will be the activity PBO and the alternate will be the activity budget accounting assistant.

(3) Ordering officers must complete the 8-hour cardholder-training program before transacting any purchases.

(4) The identity of the item(s) to be purchased, the authorization for the item(s), and the unit cost must be documented on a USMEPCOM locally designed form. The ordering officer, the support group supervisor, and the activity commander must sign the form before purchases are made.

(5) The receipt of the supplies and equipment must be documented on the USMEPCOM locally designed form by a receiving official other than the ordering officer.

(6) Purchased items similar to those items coded nonexpendable in the Army Master Data File (AMDF) contained on FEDLOG are considered nonexpendable property and should be accounted for on property book records in accordance with AR 710-2, para 2-5.

(7) A copy of the credit card purchase receipt attached to the completed USMEPCOM locally designed form will be provided to the supporting stock record officer within 72 hours of receipt per para 6-3.

c. Accountable subsistence sales officers are appointed under AR 30-22.

d. Normally, an accountable officer will not be assigned duties that will remove or separate him or her from his or her property account for an extended period of time. In the event an accountable officer is assigned duties that will separate him or her from his or her accountable officer's duties for a period of 30 calendar days or longer, an interim or replacement accountable officer will be appointed. The procedures for transfer of accounts in chapter 5 will apply.

e. Within U.S. Army Reserve (USAR) units—

(1) Commanders appointing PBOs will ensure the appointee is familiar with all supply directives issued from higher headquarters.

(2) Active Guard/Reserve and/or Active Army commissioned or warrant officers assigned may be appointed as the PBO.

(3) The position of USAR center commander is an additional duty over and above the responsibilities of a unit commander. As such, the USAR center commander may appoint a PBO or designate a primary hand receipt holder for the center's property.

2-11. Contractibility of the accountable officer

The responsibilities of the accountable officer as an individual and the position of the accountable officer are not contractible. Those functions of the accountable officer that involve the exercise of substantive discretionary authority in determining Government requirements and controlling Government assets cannot be contracted out. However, contractors can perform certain functions in support of the accountable officer when those functions are performed in accordance with the criteria defined by the Government. These functions must be mandatory requirements, requiring no personal judgment or discretion on the part of the contractor.

a. The functions below in support of the accountable officer are contractible. Stock control operations, property control, troop issue subsistence activity (TISA), self-service supply centers (SSSC), central issue facility (CIF), and clothing initial issue point (CIIP) operations, which include —

(1) Cataloging.

(2) Receiving operations (does not include Government certification of acceptance, which authorizes payment for goods received from commercial vendors or contractors).

(3) Storage operations.

(4) Issue operations.

(5) Data conversions, files, document control, and inventory and adjustment (except the individual with final approval authority will be a Government employee).

(6) Item management, materiel management, and similar accounting functions, except those with final approval authority for discretionary actions such as determining requirements and authorizing disposal.

b. The following accountable officer functions are governmental and cannot be performed by contractors for the Army:

(1) Procurement management certifying the acceptance of goods received from commercial vendors or contractors, which authorizes the payment for goods received.

(2) Those individuals with final approval authority as cited above on the immediate staff of the accountable officer.

c. Contractors may be appointed as COMSEC custodians for COMSEC accounts designated as "Contractor Maintenance COMSEC Accounts." All other COMSEC custodians are considered accountable officers and therefore their positions and responsibilities are not contractible. Any exceptions to this policy must be sent through HQDA DCS, G-2 (DAMI-CHS) to HQDA DCS, G-4 (DALO-SMP).

2-12. Duties of accountable officers

a. The accountable officer will maintain a formal set of property accounting records that show, on a continuing basis, the item identification, gains and losses, on hand balances, and the conditions and locations of all property

assigned to the property account. Documentation identified in the appropriate functional regulations will be maintained to support the recorded entries.

b. An accountable officer of a sales account will maintain formal sales records that show, on a continuing basis, the value of the sales and the monetary assets in addition to para *a* above.

c. When property that must be accounted for is issued to a property book account, the PBO receiving the property is charged with property book accountability. Accountability remains with the PBO until the property is transferred to another accountable officer or the property is dropped from the property book records on a valid credit voucher.

d. Army contractors may be held accountable and responsible for Government property provided to them under the terms of their contracts (DFAS-IN Regulation 37-1 and the FAR will govern.) However, contractor personnel cannot be designated as accountable officers, as defined by this regulation.

2-13. Property book accounts

a. The property book account is a formal set of property accounting records and files maintained at the user level. It is used to record and account for all nonexpendable and other specially designated property issued to that activity. (See AR 710-2, para 2-5.)

b. A property book account will be established for each activity having an assigned parent organization unit identification code (UIC). In the event of a contingency or war, the unit's property book records will be taken with the deploying unit. When an element of the unit deploys, separate property book records for the property accompanying the element will be established and accompany the deploying element. On arrival at the location of the contingency or war, units will receive property book support from the task force PBO. On termination of the contingency or war, accountability for property will be returned to owning unit, for return to their home station. This applies to both the Active Army and the Army Reserve Components.

c. Each property book account will be managed by a formally appointed PBO. The PBO is an accountable officer within the context of this regulation. (See para 2-12.)

2-14. Stock record accounts (SRA)

a. The SRA is a formally established set of records and files used to account for U.S. Army property being held for issue. Each SRA is assigned a unique DOD Activity Address Code (DODAAC) as an identification number. This account is operated by a designated accountable property officer, called a stock record officer (SRO).

b. The authority to set up an SRA is contained in the parent unit's authorization document or mission statement. As an exception, a component commander may establish a stock record account for the duration of a contingency to be operated by different supply support units on a rotational basis.

c. A mission property account is a special type of SRA. It is established to support a specific mission or activity such as testing, research and development (R&D), manufacturing, production, maintenance, or renovation. It will be used only to stock material for, and make issues to, the activity that the account was established to support.

d. Mission property accounts will be established as directed by the MACOM commander.

e. Mission property accounts will be established within the ARNG as directed by the Chief, National Guard Bureau (CNGB).

f. Item accounting for property capitalized under the Defense Business Operations Fund (DBOF) will be per AR 710-2. Financial accounting will be per DFAS-IN Regulation 37-1, chapter 4.

g. MACOMs may authorize organizations that must function independently as support or maintenance activities to maintain separate SRAs.

h. The SRA, unless specifically exempted, is a subsidiary record of the financial general ledger control account, titled "Inventories," maintained by the finance and accounting officer (FAO).

2-15. SRA serial number

a. The DODAAC is the SRA serial number. The LOGSA assigns DODAACs. (See AR 725-50, chapter 9.)

b. The commander appointing an accountable officer will request the assignment of a DODAAC through channels when—

- (1) A new account is established.
- (2) A DODAAC has not been assigned to the present account.
- (3) A present DODAAC needs revision.

c. The DODAAC represents the SRA. They do not represent the officer who maintains the account.

d. A unique DODAAC will be assigned to accounts established to maintain records of Government property provided to contractors according to the DFARS.

e. Requests to establish or cancel SRA serial numbers for Army libraries will be sent through command channels to HQDA. For law libraries, see AR 27-1, chapter 12; for medical libraries, see AR 40-3, para 7-5; for all other libraries see AR 735-17, para 2-2.

2-16. Sales accounts

a. Sales accounts are special property accounts established to support the authorized sale of supplies or services procured with appropriated funds.

b. Army military clothing sales store, TISA, and other sales accounts will be established as prescribed by the applicable AR.

c. Each sales account will be managed by a formally designated sales officer. The commander of the activity for whom the account is being maintained will be the appointing authority.

d. Sales officers are responsible for the collection and safekeeping of all cash receipts, the maintenance of required financial and property records, and the prompt turn-in of all cash proceeds and documentation to the supporting FAO. Other specific duties of a sales officer are included in the regulation that authorized the establishment of the sales account.

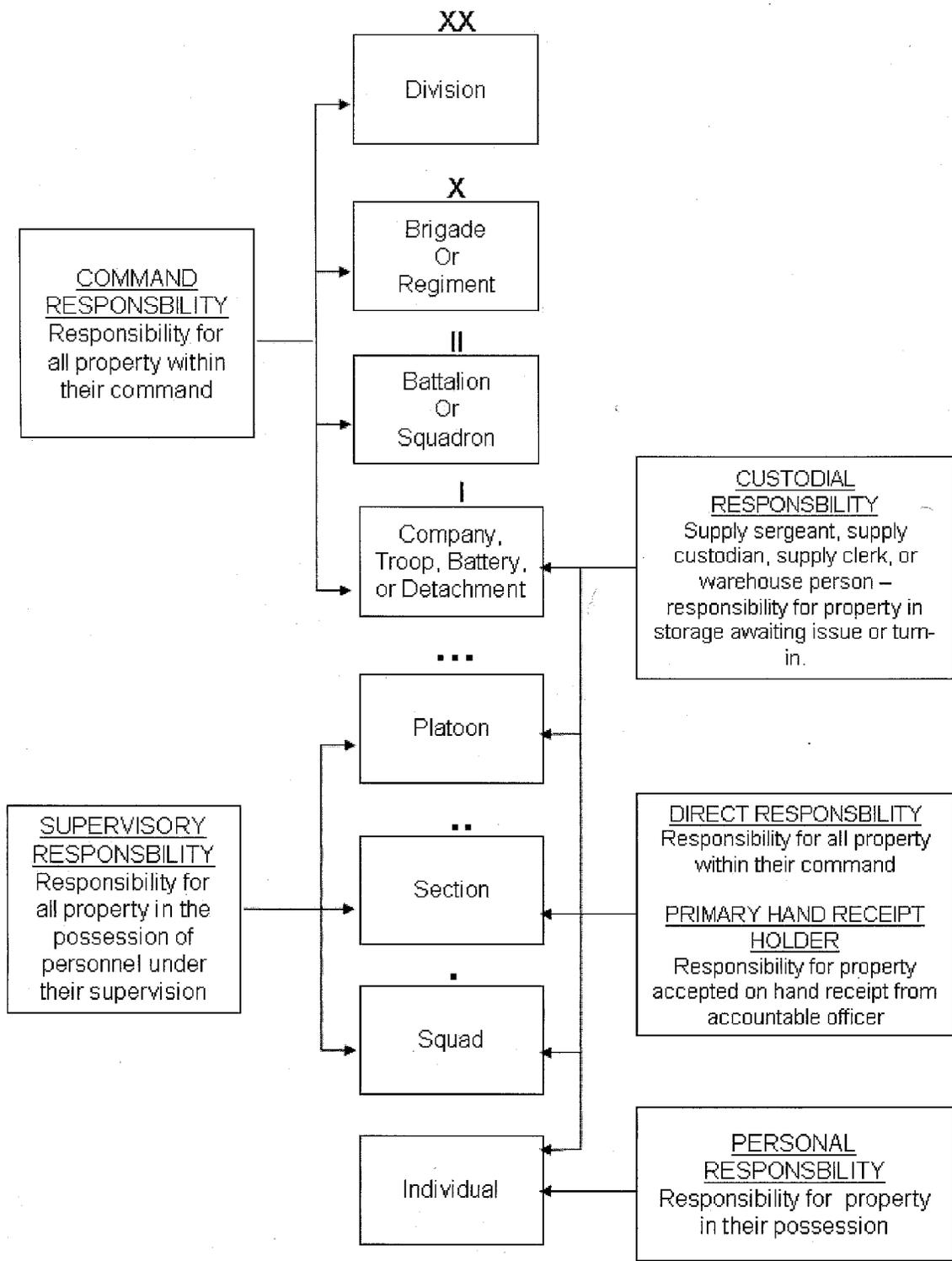


Figure 2-1. Five types of responsibilities and their relationship to levels of command

Chapter 3

Army Property and Non-Army Property

3-1. Army property

Army property is all property under the control of DA except property accounted for as owned by a nonappropriated fund (NAF) activity. It must be accounted for on a property account unless specifically exempted by an AR. Property leased by an Army activity is considered Army property for accounting purposes. Property loaned to a non-Army activity remains Army property. Real property accounts for all assets on the installation regardless of who funded the construction or pay for sustainment (except privately owned) and shall be reflected in the installation real property inventory, that is, property built by NAF, Air Force, Navy, and so forth are considered tenants on the installation and will be reflected as such in the inventory. (See AR 405-45 on reporting.)

3-2. Non-Army property

Property of another military Service, other U.S. Government activity, or a foreign government, which is not under Army control, is considered non-Army property. Property issued or loaned directly to an Army member or employee, rather than to the local Army element, is non-Army property.

3-3. Liability of the Army for property on loan from other activities

a. Unless otherwise stated in loan agreements or contracts, the Army has control over and accounts for as "Army property" any property loaned to the Army by another military Service, U.S. Government activity, foreign government, or civilian institution. Such property will be accounted for by the use of a temporary file. This file will include copies of all documents authorizing the loan and all documents that relate to the loan transaction. Borrowed property will not be recorded on Army property books or SRAs.

b. Borrowed property will be controlled and responsibility assigned using hand receipt procedures.

c. The Army assumes liability for borrowed property. This liability may be satisfied by—

- (1) Return of the borrowed item in acceptable condition.
- (2) Reimbursement to the lender.
- (3) Repair of damaged items at Army expense.
- (4) Replacement in-kind of lost or damaged items.

d. Financial liability may be assessed under chapter 13, when appropriate.

Chapter 4

Real Property, Capital Equipment, and Other Nonexpendable Supplies

Section I

Real Property

4-1. General requirements and references

a. This section contains general policies for real property accounting in support of statutory reporting requirements.

b. Specific policies and procedures for real property accounting are found in AR 405-45 and DA Pam 405-45.

c. Procedures for financial accounting and reporting of real property assets are contained in the following publications:

- (1) Industrial property accounting procedures are in the FAR.
- (2) Procedures for real property inventory reporting are in AR 405-45, para 2-2.

4-2. Real property

Real property consists of lands and improvements to land, buildings, and facilities, including improvements and additions, and utilities systems. It includes equipment affixed and built into the facility as an integral part of the facility (such as heating systems, installed carpeting, and overhead hoists), and nonmoveable equipment (such as plant equipment). Real property is divided into the four basic classes for accounting purposes shown below. These are—

- a.* Land.
- b.* Buildings.
- c.* Structures.
- d.* Utilities.

4-3. Real property accountable officer

An accountable property officer will be appointed, in writing, at each installation or activity to maintain the accountable records for all real property belonging to the installation or activity.

a. Any person assigned to the public works property office, and who meets the prerequisites of para 2-10 above, may be appointed as the real property accountable officer. The appointing authority will be the garrison commander. It is not necessary for the real property accountable officer to be reappointed when there is a change of garrison commanders.

b. Supplies for real property maintenance activities may also be under the control of the real property accountable officer.

c. The real property accountable officer responsibilities include inventory management, assets accounting, financial reporting, assigning space, space utilization, and real estate.

4-4. Property records

a. General. A property record is maintained in the real property inventory. The records will be maintained to show both the quantity and the dollar value of the on-hand items. Specific procedures are in AR 405-45, DA Pam 405-45 and DA Pam 415-28. All documents that show the acquisition, issue, or disposition of real property will be recorded in a voucher register. This register will be retained by the real property accountable officer to support changes to real property records, per AR 405-45. Audit trails must be kept, that is, DD Form 1354, DA Form 337, Contracts, work orders, and drawings. The DD Form 1354s will be kept for the life of the facility.

b. Accounting. The FAO performing the installation's integrated accounting will maintain the financial control accounts in the installation's general ledger. Summary or detail posting documents will be provided to the FAO by the facility engineer. As a minimum, the ledger accounts will include land, buildings, and utility distribution systems.

c. Inventory. Real property general property plant and equipment and stewardship land shall be inventoried at least once every 5 years. Real property heritage assets shall be inventoried at least once every 3 years or upon change of the accountable officer, whichever comes first per AR 405-45. The results will be reconciled with the accounting records.

d. Valuation. Real property will be recorded at acquisition cost. When costs are not known, local engineer personnel will estimate the costs. The real property system will automatically calculate the depreciation. All capital improvements must be recorded. (See AR 405-15).

4-5. Real property at contractor plants

Accounting for Government real property furnished to or acquired by DA contractors (industrial property) is the same as accounting for real property at military installations. The reporting pattern, however, is different. Procedures are in the FAR, DFAS-IN Regulation 37-1, and AR 405-45. The contractor must meet all accounting and reporting requirements of the contract.

Section II

Capital Equipment and Other Nonexpendable Supplies

4-6. General accounting and reporting policy

This section provides basic policy for accounting and reporting of capital equipment and other nonexpendable supplies in use. Formal accounting and reporting of durable and expendable supplies are not required after issue to the user level.

a. Accounting. Both item accounting records and financial (dollar) accounting records will be maintained unless specifically exempted by regulation. No financial accounting is required for property issued for use as an integral part of a MTOE type organization. Formal financial accounting records for property issued to other than MTOE type units will be maintained by the FAO supporting the unit. Accounting records will be maintained by the property book officer appointed to provide property book support.

b. Reporting. Reporting requirements will be accomplished as specified in this section.

4-7. Valuation

a. Recorded values of capital equipment will show the investment in the equipment and provide a way to evaluate maintenance costs. When an item of capital equipment is received, the price is recorded in the capital equipment account of the general ledger. The price remains unchanged until the item is disposed of.

b. Capital equipment will be recorded in accounting records at its standard price. When the standard price is not available, invoice cost or engineering estimates will be used.

c. The recorded value is not reduced for depreciation unless specifically directed.

d. Freight in and installation costs for equipment in use at AIF activities will be accumulated for capitalization in the appropriate accounts.

e. DFAS-IN Regulation 37-1 has additional pricing policy.

4-8. Capital equipment

Capital equipment is that nonconsumable personal property which possesses a capital nature and is classified as nonexpendable in the Army supply system or would be so classified if included in that system. The following guidance applies to all types of capital equipment:

a. Property in MTOE organizations.

(1) *Accounting records.* Accounting records will consist of item property book records under AR 710-2, para 2-5.

(2) *Inventory.* Inventories will be taken under AR 710-2, para 2-12d. To the fullest extent possible, the inventories will be taken using the most current suite of AIT technologies.

b. Property in other than MTOE organizations.

(1) *Accounting records.* The accounting records will consist of books of account maintained in the FAO and the supporting property records kept by the user. They provide the data needed to support the financial reports required by DFAS-IN Regulation 37-1. The records will include—

(a) General ledger control accounts showing the dollar value of capital equipment in total and the FAO subsidiary control accounts under DFAS-IN Regulation 37-1.

(b) Item property records under AR 710-2 and other appropriate regulations. The accountable or responsible officer will furnish posting documents to the FAO. When possible, this will be the same documentation provided for item accounting. (See DFAS-IN Regulation 37-1.)

(2) *Inventory.* Inventories will be taken under AR 710-2, AR 740-26, or other appropriate regulations. Inventories will be reconciled with the account maintained at the FAO. The installation commander may require more frequent inventories if desired.

4-9. Industrial plant equipment

Industrial plant equipment (IPE) is a special category of capital equipment. It is accounted for on property books under AR 710-2, para 2-5.

4-10. Other nonexpendable supplies

Other nonexpendable supplies consist of that portion of nonconsumable personal property that is classified as nonexpendable in the Army supply system, or that would be so classified if included in that system, but does not meet the criteria for capital equipment. Financial inventory accounting procedures are under DFAS-IN Regulation 37-1. Item accounting and inventory procedures are described in para 4-8.

4-11. Capital equipment at contractors' plants

Procedures in paragraphs 4-8b and 4-9 apply to capital equipment furnished to or acquired by contractors. The reporting pattern, however, is different. Specific procedures are in DFAS-IN Regulation 37-1 and the FAR.

4-12. Organizational historical artifacts

Display items that have been identified as historically significant properties will be accounted for in accordance with AR 870-20, para 2-3. Historically significant items include but are not limited to weapons, military equipment, articles of clothing and personal equipment, flags, works of art, unit and individual decorations, and campaign streamers. They also include other objects, except official records, that constitute relics or evidence of battle experience or other military activity of local or national significance to the United States or foreign armed forces.

Chapter 5

Transfer of Accounts

5-1. General transfer of accountability policy

This chapter prescribes policy and procedures for making administrative transfers of property accountability and responsibility by other than ordinary physical issue and receipt transactions. Excluded are transfers of property accountability and responsibility to the following:

a. Commissary officers.

b. Troop issue subsistence officers.

c. Reserve Components when not in Federal service, except as specified in AR 710-2.

d. Contractors who are furnished or have acquired Government property.

e. Army military clothing sales stores operated by the Army and Air Force Exchange System.

5-2. Change of stock record officers

a. A statement of transfer of accountability is required when a transfer of property occurs and no shipment is

involved. The individual being relieved of accountability will prepare a statement similar to the one shown in figure 5-1. The individual assuming the accountability will prepare a statement similar to the one shown in figure 5-2. Three copies of each statement are required.

(Place)

(Day, month and year)

I attest that the balances shown on the stock record account (designation of the account) at the time of transfer, last voucher number (DODAAC, Julian date and four position serial number), date (day, month and year)(or as of close of business (day, month and year)) are true and correct to the best of my knowledge and belief. The property has this date been transferred to (name of receiving officer) pursuant to (order directing the transfer).

(Signature, Officer turning over property)
(Typed name)
(Grade, Branch)
(Title)

Figure 5-1. Format for the transfer of property accountability statement by the losing stock record officer

(Place)

(Day, month and year)

I attest that I have this date received from (name) my predecessor, all property related to stock record account (designation of the account) for which my predecessor was accountable, plus all property charges against and less all authorized credits to the account at the time of transfer, last voucher number (DODAAC, Julian date, and four position serial number) on (day, month and year) (or as of close of business (day, month and year)). I have this date assumed accountability for the property pertaining to this document.

Approved:

(Signature, Commander)
(Typed name)
(Grade, Branch)
(Title)

(Signature, Officer receiving property)
(Typed name)
(Grade, Branch)

Figure 5-2. Format for the transfer of property accountability statement by the gaining stock record officer

b. When separate sections of the voucher register are maintained for different types of property in the property account, the statement of transfer of accountability must include one of the following:

- (1) The last voucher number used for each of the sections of the account prior to the transfer.
- (2) The date (as of close of business) of transfer of accountability for each section of the account.

c. Disposition of the transfer statements will be as follows:

- (1) One copy retained by the officer being relieved of accountability.
- (2) One copy filed with the property records.
- (3) One copy, together with a copy of the document directing the transfer, forwarded immediately to the installation or activity commander, or the State Adjutant General as appropriate.

(4) For transfers between U.S. Property and Fiscal Officers (USPFO), one additional copy will be prepared and sent to the Chief, National Guard Bureau (ATTN: NGB-ARL-LP), 111 South George Mason Drive, Arlington, VA 22204-1382.

5-3. Inactivating a stock record account

When an SRA is to be inactivated, all property still recorded on the account will be transferred to another property account. To establish closing balances and to ensure accounting continuity, the following will be done:

- a. Establish the transfer date.
- b. Conduct a physical inventory of the account and reconcile with the stock records. (Appropriate adjustments must be provided to the FAO for general ledger update.)
- c. Number, serially (beginning with 1) all stock record cards or automated system equivalent in the account being closed.
- d. Post all transactions dated on or before the transfer date to the stock record cards or automated system equivalent.
- e. Rule off all cards below the last entry.
- f. Prepare a transfer of accountability statement similar to the statement shown in figure 5-3 in two copies. Show the account being closed as consignor and the gaining account as consignee. When stock record cards are retained with property held in place as mobilization reserve, a notation to that effect will be included on the transfer statement.

(Place)

(Day, month and year)

To transfer accountability for balances on the attached stock records, numbered 1 through (final count) to account number (new account number) for the purpose of closing account number (old account number). Stock record cards will be retired with the records of account number (old number).

Approved:

(Signature, Commander)
(Typed name)
(Grade, Branch)
(Title)

(Signature, Consignee)
(Typed name)
(Grade, Branch)
(Title)

Figure 5-3. Format for the gaining accountable officer's transfer of property accountability statement for inactivating a stock record account

g. Process the transfer statement as follows:

- (1) The consignee and the commander will sign both copies.
- (2) One copy will be filed as the final voucher to the closed account.
- (3) One copy will be filed as a debit voucher to consignee account.

5-4. Other transfers of accountability

a. The transfer of custody or accountability of installation real property will be per AR 405-45 and DA Pam 405-45.

b. Accountability for property carried on a property book will be transferred to a successor by a joint inventory, per AR 710-2, para 2-5h. The inventory will be conducted within the time frame prescribed in AR 710-2, table 2-2, para c.

(1) The incoming PBO will complete a formal statement assuming property book accountability. Specific wording is in AR 710-2, para 2-5h.

(2) The PBO's statement will be filed with the property book or automated equivalent.

(3) For ARNG only, (on the same page as the PBO's statement, the ARNG USPFO, or designated representative, will complete the following statement after the joint property book inventory is made: "Property records verified (Date) (Signature of USPFO or representative.)")

(4) The new PBO will be accountable for the property on signing the statement or on expiration of the time limits set forth in AR 710-2 table 2-2, para c, whichever occurs first.

(5) The PBO will accept the DD Form 1354, Transfer and Acceptance of Military Real Property.

c. Property book accounts will be deactivated when the commander for whom the account is being maintained determines the account is no longer needed.

(1) The commander will advise the PBO, in writing, of the effective date and the reason for the deactivation. One copy of the notification, along with the deactivation or other pertinent orders, will be filed with the property book records.

(2) The PBO will—

- (a) Conduct a complete physical inventory of all property on the account.
- (b) Adjust the property book as necessary.
- (c) Turn in the property to the supporting SRA.

5-5. Emergency transfers of accountability

a. The installation commander, U.S. Army Reserve Command Major Subordinate Command (USARC MSC) or States Adjutant General must take emergency action—

(1) On the death of an accountable officer.

(2) When competent authority decides an accountable officer is mentally unfit.

(3) When the property account is to be transferred and the accountable officer is absent, in the hospital or confinement for a period of 30 days or more, or has been relieved for cause.

b. The commander or State Adjutant General will appoint a board of officers (three when practicable) to determine the correctness and condition of the account. The board and the new accountable officer will perform a joint inventory of the property.

(1) The board will adjust any discrepancies under para 12-1 and transfer accountability to the new accountable officer.

(2) If the person was in charge of both public funds and Army property, the board of officers appointed to settle the public funds account may also be authorized to take the action described in (1) above to settle the property account.

c. A report of the board, including the results of the inventory and a certificate of transfer, will be prepared in triplicate. After the commander or State Adjutant General approves the report, one copy will be filed at the installation or USARC MSC headquarters. Other copies will be forwarded under para 5-2c(1) and (2).

d. A physical inventory of the property is not required when the conditions above involved an officer accountable for Government property furnished to a DA contractor under the terms of a contract.

e. When the situations in para a above apply to a person with direct responsibility for property, the commander or State Adjutant General will take all necessary action, to include appointment of a board of officers, if deemed appropriate, to ensure property accountability is maintained.

5-6. Change of station

Army property issued to a person will be turned in before that individual departs the unit/installation on a permanent

change of station move. However, certain special purpose or fitted items are authorized to be transferred with the individual:

a. Organizational clothing and individual equipment per DA Pam 710–2–1, para 10–10b, and CTA 50–900, table 4, notes 50 and 56, and other applicable notes.

b. Personal clothing per AR 700–84, para 11–1.

c. The individual protective mask, chemical-biological, when issued to a soldier as "hard-to-fit," will be transferred with the individual on permanent change of station moves and placed on their DA Form 3645–1. The gaining unit PBO may stock repair parts for the M45 mask as an authorized substitute for the unit's MTO&E or TDA mask. Upon discharge from the Service, the mask will be turned in to the Integrated Materiel Management Center (IMMC), RIC: A12, Soldier and Biological Chemical Command (SBCCOM).

5–7. Equipment of prisoners

When a prisoner is transferred under provisions of AR 190–47, para 10–21, action will be taken per AR 700–84, para 5–9.

5–8. Equipment of hospitalized personnel

When personnel are hospitalized, action will be taken per AR 700–84, para 12–14.

5–9. Property impounded or held as evidence

The commander owning the property that has been impounded and held as evidence for investigation and judicial proceedings, in accordance with AR 195–5 should obtain a signed copy of the DA Form 4137 (Evidence/Property Custody Document).

Chapter 6

Receipt, Shipment, and Issue of Property

6–1. General requirements

a. Commanders will ensure that all management and accountability functions of receipt, storage, inventory, issue, and shipment fully utilize available AIT such as bar code, 2D bar code, optical memory cards, radio frequency identification device (RFID) tags, contact buttons, satellite tracking, or electronic signature capability.

b. The accountable officer will ensure that—

(1) All receipts, shipments, and issues of property for which he or she is accountable, are posted to the appropriate property or sales account.

(2) Records to support each posting are maintained within the account for a minimum of 1 year after the posting date.

(3) At the end of the year (fiscal or calendar, however the document register is maintained), the register becomes inactive and a new register is started. The old register is held in the current files area for 1 year. During that year, any open transactions from the prior year that are completed, are closed out (posted) on the old, inactive register. At the end of the 1-year period, all open numbers (if any still exist) are transferred to the new document register. The old inactive register is held for one additional year and then destroyed.

c. All property received from the national level or a commercial vendor will be recorded on an SRA before it is issued to an authorized customer.

d. The accountable officer may appoint DOD military or DOD civilian employee assistants to aid in managing the account. Such appointment(s) will be in writing. The accountable officer is responsible for any transactions authorized by an assistant.

6–2. Property receipt, shipment, and issue

a. Receipt.

(1) The receiving officer will record only the items actually received, regardless of the quantities shown on the shipping or transferring documents. Overages or short shipments will be reported under AR 735–11–2, and chapter 16 of this regulation.

(2) Detailed instructions for receiving and handling shipments of Government property are prescribed in DOD 4145.19–R–1.

b. Shipments.

(1) Accountability for property will be maintained during shipment. Procedures are contained in AR 725–50, para 4–40, and DOD 4500.32–R, Volume 2.

(2) When Government-owned materials or supplies are furnished to contractors, one copy of the shipping document will be sent to the property administrator.

c. Issue. Property will be issued to authorized customers when a correctly prepared request for issue document is presented.

6-3. Receiving property directly from a vendor

a. Property will be accompanied by a receiving report, such as a DD Form 250 (Materiel Inspection and Receiving Report), DD Form 1155 (Order for Supplies or Services), Government credit card purchase receipt, or an SF 44 (Purchase Order-Invoice-Voucher). The report will be used to show receipt of property from a vendor under the terms of a contract or purchase order. The FAR and AR 30-22 provide specific procedures for the various types of purchases.

b. The receiving report supports a payment voucher and becomes a voucher to a property account. When vendors deliver directly to the using unit, a copy of the receiving report will be provided to the supporting SRO within 72 hours.

c. Instructions for processing receiving reports are in para 6-4 of this regulation, the FAR and DFAS-IN Regulation 37-1.

6-4. Processing of receiving reports by the stock record officer

a. The prompt payment of invoices is of prime importance in maintaining favorable relations with and cooperation of contractors furnishing supplies and/or services to the Government. It is essential that all receiving reports be prepared and forwarded as expeditiously as possible in order that payment may be made at the earliest possible date. It is of particular importance that the submission of receiving reports covering contracts that involve discounts be expedited.

b. Receiving reports will be forwarded by the SRO under transmittal letter in time to be received by the designated payment office no later than 5 working days after receipt and acceptance of goods and/or services, unless other arrangements are made. Designated payment offices will acknowledge receipt and stamp receiving reports and invoices with the date received in that office.

6-5. Property accountability for discrepancies in shipment

a. Accountability for material that is "Short" reverts to the consignor. The consignee will report the shortages on SF 361 (Transportation Discrepancy Report) or SF 364 (Report of Discrepancy (ROD)) and coordinate with the supporting FAO to initiate any necessary billing adjustments. Property responsibility for items "short" ends because only the number actually received is posted to the consignee's stock record or sales account. (See AR 735-11-2, and chapter 16 of this regulation.)

b. Accountability for items "over" (including items shipped in error) and damaged items is established by the consignee.

c. The consignee also assumes property responsibility for any "over" or damaged material (in the condition described). The consignee retains the material until final disposition. The consignee reports the "over" or damaged material on SF 361 or SF 364 under AR 735-11-2. Disposition instructions for material are provided by the consignor.

d. Shortages of COMSEC equipment and controlled cryptographic item (CCI) require the submission of an insecurity report per TB 380-41 and DA Pam 25-380-2 respectively.

Chapter 7

Nonexpendable, Expendable, and Durable Property

7-1. General accounting requirements

a. All Army property, except real property, is classified for property accounting purposes as expendable, durable, or nonexpendable. The LOGSA assigns the accounting requirements code (ARC) using the ARC assignment criteria contained in DA Pam 708-2, chapter 2, section XV. An ARC is assigned to each item of supply to identify its specific classification and the degree of accounting and control that must be applied at the user level. The ARC is published in appropriate supply publications.

b. The criteria in this chapter will be used to classify nonstandard items locally procured or fabricated.

c. Army property, except for funds on the records of an FAO, which become lost, damaged, or destroyed through causes of other than fair wear and tear will be accounted for per para 12-1 of this regulation.

7-2. Nonexpendable property

Nonexpendable property is personal property that is not consumed in use and that retains its original identity during the period of use. This includes all nonconsumable major end items authorized by DA-recognized authorization documents. (See AR 71-32, para 8-23.) These items have an ARC of "N" in the AMDF contained on FEDLOG. Commercial and fabricated items similar to items coded "N" in the AMDF contained on FEDLOG are considered nonexpendable property.

7-3. Accounting for nonexpendable property

a. Nonexpendable property requires formal accountability throughout the life of the item. Nonexpendable items will be accounted for at the using unit level using property book procedures in accordance with AR 710-2, para 2-5. Above the user level, accountability will be maintained using stock record accounting procedures in accordance with AR 710-2, section IV of chapters 3, 4, 5, or 6, as applicable. Other publications that include policy and procedures on accounting for property are AR 710-1, AR 725-50, and DA Pamphlets 710-2-1 and 710-2-2.

b. Additional commodity unique requirements are contained in the commodity-oriented regulations cited in AR 710-2, para 1-1, and chapter 4 of this regulation.

7-4. Expendable property

Expendable property is property that is consumed in use, or loses its identity in use. It includes items not consumed in use, with a unit cost of less than \$300 and having a CIIC of "U" or "7" assigned. The following classes or types of property will be classified as expendable.

a. Supplies consumed in the maintenance and upkeep of public service. Examples are oil, paint, fuel, and cleaning and preserving materials.

b. Supplies that lose their identity when used to repair or complete other items. Examples are assemblies, repair parts, and accessories.

c. Supplies consumed by Government activities in the manufacturing, testing, sampling, or for experimental purposes. Also included are audiovisual products, training devices, training aids, and displays when these supplies will be consumed or rendered unserviceable for the purpose originally intended.

d. Office supplies and equipment (such as paper, staplers, and hole punchers) with a unit cost of less than \$300.

e. Subsistence items.

f. Commercial or fabricated items similar to items with an ARC of "X" (expendable) in the AMDF contained on FEDLOG.

g. Special tooling, jigs, fixtures, and templates, provided —

(1) Like item is not available through normal supply channels.

(2) Items are fabricated for exclusive use by Joint Munitions Command (JMC) depots; in depot rebuild programs, and costs less than \$2,500 each.

7-5. Accounting for expendable property

a. Accounting for expendable property before issue to the user is the same as accounting for durable and nonexpendable property.

b. Expendable property authorized by an MTOE or TDA, and deployable or augmentation property authorized by a CTA will be accounted for on property book records.

c. All other expendable property is considered, for accounting purposes, to be consumed upon issue; consequently, no formal accounting of expendable property is required after issue from the SRA level, to the user level.

d. Some items, although classified as expendable, are of such a nature as to require additional supply and issue controls. Such controls, when needed, will be prescribed by the national item manager. Examples are shown below.

(1) Expendable items, component assemblies, repair parts, and accessories identified as recoverable or pilferable items. (See AR 710-2, para 2-6e.)

(2) Drugs identified by The Surgeon General. (See AR 40-61, chapter 3.)

(3) Udenatured alcohol and alcoholic liquors. (See AR 40-61, para 3-53.)

(4) Food items at the dining facility level. (See AR 30-22.)

(5) Bulk Fuels. (See AR 710-2, para 2-37.)

(6) Subsistence drawn for training. (See Common Table of Allowances (CTA) 50-970 and AR 30-22.)

(7) Hand tools. When expendable tools are issued to the user, issues will be controlled and responsibility assigned by using hand receipt, component hand receipt, tool room, or tool crib procedures. (See AR 710-2, para 2-10.)

(a) Expendable components of sets, kits and outfits (SKOs) and end items will be controlled using component hand receipts when SKOs and/or end items are issued to the user level.

(b) Expendable hand tools issued by a tool room/tool crib become the personal responsibility of the recipient. The recipient is responsible for the return of the hand tool(s) to the tool room/tool crib.

(c) When expendable hand tools are issued outside a tool room environment or not as a component of a SKO or end item, the recipient will acknowledge receipt in writing. Receipt may be a log or other locally developed method. Receipt will be retained for 2 years before being destroyed.

(8) Facilities Engineering supplies. (See AR 405-45.)

(9) Radio frequency (RF) tags. (See AR 710-2, para 1-32.)

e. Items issued for the purpose of destructive testing and experiments will be accounted for as expendable property. These include items that are issued to —

(1) An Army activity or a Government laboratory for use in tests or experiments that will cause the items to be destroyed, made useless, or undergo identity change.

(2) An Army activity for use as training aids, devices, or displays that will be consumed in training, with the understanding that when the items are no longer needed they will be disposed of under current supply procedures.

f. Private firms likely to become manufacturers of supplies or equipment, or to perform services under a contract with the Army, may be issued free samples on approval of procuring activity. Such items will be accounted for as expendable property.

(1) All items will be credited to the SRA on issue and no further accounting will be required.

(2) Written authority for the transfer will be filed with a valid credit voucher. Any of the following is considered a valid credit voucher:

(a) Receipt from a commercial carrier or transportation agency.

(b) Certificate signed by the accountable officer showing the date and place items were mailed.

(c) Receipt from an authorized representative of the private firm or organization.

g. Fabricated items described in para 7-4g above will be accounted for as expendable property. However, a control point will be established for fabricated items earmarked for reuse. Before fabricating a new item, a check of the control point for a like item already on hand will be made.

7-6. Durable property

Durable property is personal property that is not consumed in use, does not require property book accountability, but because of its unique characteristics requires control when issued to the user. The following classes or types of property will be coded durable and responsibility assigned as follows:

a. All hand tools in Federal supply classes (FSC) 5110, 5120, 5130, 5133, 5136, 5140, 5180, 5210, 5220, and 5280 with a unit cost of \$50.00 or more, but less than \$300. When the unit of issue contains more than one item (such as, package, box, dozen, and so forth and the cost of a single item (unit of measurement) is less than \$50.00, the hand tool will be treated as an expendable item at the user level, even though it is coded as durable in the AMDF contained on FEDLOG.

b. Personal property having a unit cost over \$300, but less than \$5,000, assigned a CIIC of "U" or "7," and a RICC of "0."

c. Nonconsumable supply class 8 items as limited by AR 40-61, and not otherwise coded with an ARC of "N" (nonexpendable) in the AMDF contained on FEDLOG.

d. Commercial and fabricated items similar to those items coded with an ARC of "D" (durable) in the AMDF contained on FEDLOG.

e. Audiovisual production master material and copies that are accounted for under AR 25-1.

f. Cellular phones, pagers, and research in motion (RIM) Blackberry units with a unit cost of less than \$1,000.

g. Software.

7-7. Accounting for durable property

a. Accounting procedures for durable items before issue to the user level are the same as for expendable and nonexpendable items.

b. Accounting for durable property at the user level is not required. However, because of the nature of these items, they must be controlled and responsibility assigned as follows:

(1) Durable hand tools that are components of sets, kits, and outfits will be controlled using hand receipt annexes or component hand receipts, per AR 710-2, para 2-10i.

(2) Durable hand tools that are not components of sets, kits and outfits will be controlled using hand receipts and subhand receipts. Tool room or tool crib procedures may be used in lieu of hand receipts and subhand receipts in accordance with AR 710-2, para 2-10i or j, as applicable, and DA Pam 710-2-1, para 6-3.

(3) Durable property will be monitored by the commander or the head of the activity. Also applies to the property referred to in para 7-6f above. Annually, the commander or the head of the activity will conduct a management review of all the on hand durable items to determine whether there are any indications of any missing items, and whether there are any indications of fraud, waste or abuse. Anytime there are indications of lost, damaged or destroyed property, the commander or the head of the activity should initiate a financial liability investigation of property loss or an AR 15-6 investigation to determine corrective measures that can be taken to correct the deficiency causing the loss, and determine whether financial liability should be assessed. The commander or the head of the activity will document that a management review of durable property was conducted, stating what the results were, and what corrective actions, if any, were taken. Documentation will be prepared in the form of a memorandum for record in duplicate. One copy will be retained at the unit or activity, and one copy provided to the next level of command. These memorandums for records will be retained on file for 2 years before being destroyed.

- (4) Durable software will be controlled in accordance with AR 710–2, para 2–35h.

Chapter 8

Deviations From and Waivers to Property Accounting Policy and Procedures

8–1. General requirements

This chapter contains the policy and procedures for requesting waivers and deviations to Army property accounting policies prescribed by this regulation. Requests for waivers and deviations to accounting procedures for Government property furnished to, or acquired by, contractors under the terms of their contract will be submitted under the provisions of this chapter. (Deviations or waivers concerning contract clauses or other contractual matters are not included in this chapter.) Requests for deviations or waivers will be initiated by the command level responsible for the property account concerned. These requests will be submitted through command channels. Each intermediate command level will indicate, by endorsement, their concurrence with the request and the supporting justification. Requests not favorably considered will be returned to the originator. Request to waive property accountability and implement wartime policy of all or part of section IX of chapter 2 of AR 710–2 must be by direction of the Office of the Deputy Chief of Staff, G–4.

8–2. Deviations

a. A deviation is the temporary authority given to a property account to use a procedure that is different from that prescribed by regulation. Requests for deviation from accounting procedures will be submitted after a command review has established that the deviation is necessary.

b. Specific justification will be submitted with each request for deviation. Justification must include the reasons why the prescribed procedures should not be used, and an evaluation of the advantages that will result from the proposed procedure. In addition, drafts of the proposed local directives and forms to implement the proposed deviation must accompany the request for deviation.

c. Property accounts requesting deviation authority will request it for a specific period of time. Approval of the request will limit the deviation authority to that specific period. Requests for extension of deviation authority must be submitted prior to its expiration, and include complete justification.

d. Requests for deviation authority from property accounting procedures will be sent through command channels to HQDA (DALO–SMP), Washington DC 20310–0500.

e. The approval authority for deviations of, and exceptions to supply policy and property accountability is HQDA, Director for Sustainment, ATTN: DALO–SMZ.

8–3. Waivers

a. A waiver is the formal release of a property account from the obligation to comply with a specified property accounting requirement for a specific period of time.

b. A waiver of property accounting requirements will be requested when one or more of the following circumstances exist:

(1) An internal review finds the property records cannot be audited because of inadequacies, incompleteness, or missing records.

(2) An audit or internal review of property records has been completed and the resulting report reveals deficiencies that, in the opinion of the command or audit agency, cannot be corrected under existing authority.

(3) The property accounting records have been lost, stolen, or destroyed.

(4) Reconstruction of the property records would be necessary to prepare them for audit, and such reconstruction is considered uneconomical, or not in the best interest of the Government.

c. Requests for waivers will be prepared per para 8–5 below. Requests will be submitted through command channels to the final approval authority in para 8–4.

d. Installation and MACOM commanders, IMA regions, heads of HQDA staff agencies, and the CNGB will review each request for waiver submitted to them.

(1) Approved requests will be endorsed to the final approving authority.

(2) When the reviewer determines additional investigation is required, a board of officers will be appointed to conduct the investigation. (See para 8–6).

e. Installation and MACOM commanders, IMAs, heads of HQDA staff agencies, and the CNGB will review each report of the board of officers that supports a request for waiver.

(1) Approved reports will be attached to the approved request for waiver and the request will be sent to the final approving authority.

(2) Disapproved reports will be returned to the originator.

8-4. Final approving authority

a. Final approval authority for waivers up to an adjustment of \$1 million is delegated to MACOM commanders, the CNGB and the head of the HQDA staff agency concerned. MACOM commanders may further delegate approval authority for waivers to subordinate commanders in the grade of major general or above. One copy of each approved waiver will be sent through command channels to HQDA (DALO-SMP) Washington DC 20310-0500.

b. Further delegation of approval authority to lower echelons is not authorized.

c. Requests for waivers in excess of \$1 million will be forwarded through command channels to HQDA (DALO-SMP), Washington DC 20310-0500 for final approval. On completion of a case, the waiver will be returned through command channels. The MACOM commander, the CNGB, or the head of the HQDA staff agency concerned will ensure that any required actions are completed.

8-5. Requests for waivers

a. Requests for waiver of property accounting requirements will be submitted by formal memorandum with the signature of the commander responsible for the property account. Each request will include, as an attachment, a report on the status of the property account requiring waiver action. The report will be prepared by the accountable officer or, in the case of a contract property account, by the property administrator. In the event the account is closed, the report will be prepared by such officer as may be designated.

b. The status report will—

(1) Be narrative in format.

(2) Contain the following essential information:

(*a.*) Specific nature of the waiver requested, with inclusive dates.

(*b.*) History of the property account.

(*c.*) Current status of the property involved.

(*d.*) Status of any financial liability investigation of property loss action initiated under chapter 13 of this regulation.

(3) Be signed by the officer designated to prepare the report.

c. Requests for waivers pertaining to contract property accounts will be forwarded through the contracting officer that awarded the contract.

8-6. Appointment of a board of officers

a. When further investigation is required by para 8-3d(2) above, a board of not less than three qualified officers will be appointed to conduct the investigation. The installation commander, MACOM commander, IMA, the CNGB, or the head of the HQDA staff agency concerned will appoint the board, or may direct a subordinate commander to appoint the board. The investigating board will—

(1) Conduct a physical inventory of all property on hand at the installation and identify all items pertaining to the account being reviewed.

(2) Inquire into the responsibility for the unsatisfactory condition of the account.

b. To the extent practicable, members of the board will not be under the jurisdiction of the installation commander having, or having had, command responsibility for the account involved.

c. Where the quantity of the property to be inventoried justifies such action, the appointing activity will designate, or cause to be designated, a technically qualified inventory team to assist the board in the inventory. Team members will not be under the jurisdiction of the accountable officer for the account being inventoried.

d. One member of the board of officers will be specifically qualified in investigative procedures.

8-7. Preparation of the report of proceedings

Except as otherwise prescribed in this regulation, the conduct and the reports of proceedings of boards of officers convened under this regulation will conform with AR 15-6, chapter 3. The following essential elements of information will be included in the report:

a. Station where the account under investigation is, or was located, and the designation and serial number (DODAAC if stock record account, or UIC if property book) of the account.

b. Purpose of the board's investigation.

c. Facts disclosed by the board's investigation, in sequence, and including all pertinent data necessary for a proper understanding of the situation.

d. The board's conclusions with respect to, but not limited to, the following subjects:

(1) Whether the account is regarded as being in proper condition for audit. If the account cannot be placed in proper condition without an undue amount of effort, the findings should so indicate. The period during which the account is regarded as being unsatisfactory or un-auditable should be specified.

(2) Identification of any person or persons responsible for the improper or illegal disposition of records, the failure to conform to published accounting instructions, or the failure to exercise proper supervision. An opinion should be expressed in each case as to whether negligence or criminal intent was involved.

(3) Whether there is an indication of negligence or willful misconduct shown on the part of a person or persons in connection with the improper or illegal disposition of any assets of the account. The board should also indicate the status of any actions initiated under other regulations or the Uniform Code of Military Justice (UCMJ).

e. The board should only make recommendations that fall within the approval jurisdiction of the reviewing authorities. For instance, a recommendation that a person be discharged from the Service or be tried by court-martial would not be proper. However, a recommendation that the findings of the board be brought to the attention of those exercising that jurisdiction would be proper.

(1) The board may properly state that the evidence indicates the loss was caused by negligence on the part of a specific person or persons, and recommend that a financial liability investigation of property loss be processed under the provisions of chapter 13 of this regulation. In such cases, the board will not act as the financial liability officer, but will ensure that a copy of the board's proceedings is provided to the financial liability officer for inclusion in the formal financial liability investigation of property loss.

(2) The board will recommend either that the account be audited for a specified period, or that accounting requirements be waived for a specified period, giving dates.

f. The completed report will be forwarded to the activity, which caused the board to be appointed.

Chapter 9

Offer and Payment of Rewards for the Recovery of Lost Army Property

9-1. General requirements

Monetary rewards may be offered and paid to persons or organizations outside the U.S. Government for the recovery of, or information leading to the recovery of lost Army property. The decision to offer a reward will be based on both the dollar value of the lost property and the importance of its recovery to the Army. The maximum amounts that may be offered are shown in table 9-1. Rewards will not be offered nor paid when such payment would be inconsistent with local laws, prevailing customs, governing treaties, or international agreements. Stolen Army property is not considered lost property and is not included in the rewards program.

Item	Standard Amount ¹	Maximum Amount ²
Aircraft	\$100	\$500
Missiles	\$100	\$500
Vehicles/weapons/ammunition	\$100	\$500
Communications, and electronic equipment	\$50	\$200
Any airborne item lost in flight or from crashed aircraft not located by search and rescue	\$25	\$100
Flight clothing and equipment	\$25	\$50
Other items	\$25	\$50

Notes:
 1. Installation commanders are authorized to offer rewards up to these amounts when authority is delegated per para 9-2.
 2. MACOM and sub-MACOM commanders are authorized to approve offers of rewards up to the maximum amount. The maximums listed apply to any one case for information leading to the recovery of missing Army property or to its return.

9-2. Approval or disapproval of rewards

MACOM or sub-MACOM commanders will approve or disapprove proposed offers of rewards up to the amounts shown in table 9-1. Those commanders may delegate to installation commanders the authority to approve the standard amounts shown in table 9-1.

9-3. Payment of rewards

a. Awards will not be paid to —

(1) Military or civilian employees of the Armed Forces of the United States or any other officer or employee of the U.S. Government.

(2) Agencies of the U.S. Government.

b. After an offer has been published, rewards will be paid to persons or organizations if they submit the property or information leading to its recovery after learning that —

- (1) A reward is being offered.
- (2) A general practice is made of offering rewards.

c. Payment of the reward will be made by the installation offering the reward after the lost property has been returned to Army control.

d. Each reward payment will be supported by a written statement from the accountable property officer stating that—

- (1) The provisions of the offer have been satisfied.
- (2) Accountability for the property described in the offer has been reestablished.

9–4. Announcement of rewards

a. Notices of rewards should read as shown in figure 9–1 and are to be used in the daily bulletin, post bulletin board, or hand flyers.

The United States offers a reward of (\$ amount) for the recovery of, or information leading to the recovery of (lost item(s)) which is the property of the U.S. Army. Lost item(s) should be returned to, or information given to (appropriate commander). This offer expires on (day, month, and year).

Figure 9–1. Format for the announcement of rewards

b. Any information that might lead to the recovery of lost property should be included in the notice.

c. Notice of rewards may list one or more items.

d. Distribution of announcements offering a reward should be sufficiently broad to ensure reaching all persons and organizations reasonably expected to help recover the property.

9–5. Funds

The activity's operation and maintenance funds are used to pay for the rewards. The accounting classifications to be used are contained in DFAS–IN Regulation 37–1.

Chapter 10 Loans, Bonding, and Other Accounting Procedures

Section I Loans and Bonding

10–1. Loans

Army property may be loaned as prescribed by appropriate regulation. AR 700–131 provides detailed policy and procedures for loan or lease of Army property. Additional policy and procedures that apply to specific types of material may be found in—

- a.* AR 30–22, for operational rations.
- b.* DFAS–IN Regulation 37–1, chapter 16 for Stock Fund owned materiel.
- c.* AR 25–1, chapter 7 for visual information products.
- d.* AR 725–1, chapter 4 for veteran's organizations and chapter 6 for the scouting program.
- e.* AR 215–1, pertaining to the checkout of rental of appropriated fund (APF) and nonappropriated fund (NAF) property to authorized morale, welfare, and recreation (MWR) patrons.

10-2. Legal bonds

a. Civil authorities and organizations that borrow Army property must post a surety bond equal to the value of the property being borrowed unless specifically exempted by HQDA. Bonds ensure the safe return of the loaned property or reimbursement for any loss of, or damage to the loaned property. The bond will consist of one of the following:

- (1) A properly executed surety bond with a certified check, cash, or negotiable U.S. Treasury bond.
- (2) A notice of bond by a reputable bonding company deposited with the loan approving authority. (Specific instructions and formats are contained in AR 700-131, para 2-8, and AR 725-1, figure 6-4.)

b. This requirement is waived—

(1) When the loan is of an emergency nature and to delay the loan would impact upon the health, safety, or security of persons and property.

(2) For the checkout or rental of APF and NAF property for recreational purposes as prescribed in AR 215-1. (The patron pays a fee or signs for the property (checkout). Therefore, a bond is not required.

10-3. Reserve Officers' Training Corps (ROTC) or National Defense Cadet Corps (NDCC) bonding

a. Each institution hosting ROTC or NDCC units must post a bond or other indemnity in such amount as is adequate, but not less than \$5,000, for the care and safekeeping of all property issued to the institution to include uniforms stored by the institution; exceptions will include uniforms issued to cadets, expendable articles, and supplies expended in operation, maintenance, or instruction. A bond without surety thereon is acceptable if the institution concerned furnishes satisfactory evidence of its financial responsibility. Bonding is not required when institutions elect to have accountability and responsibility for Government property retained by Department of the Army (DA) (senior program units only).

b. The Secretary of the Army delegates to ROTC region commanders, and major overseas commanders having authorized ROTC units under their jurisdiction, the authority to determine the amount of the bond to be required and the financial responsibility of the institution. All such determinations by these commanders will be made "For the Secretary of the Army" on the basis of the standards in c and d below. Any case not clearly falling within these standards will be forwarded through command channels to HQDA, Army Human Resource Command (AHRC-OPD-C), 200 Stovall Street, Alexandria, VA 22332-0400 for action by the Secretary of the Army (exempt report, AR 335-15, para 5-2a(4)). The submission should include—

- (1) Evidence of financial responsibility of the institution, including a financial statement.
- (2) Total value of the following controlled items entrusted to the institution.
 - (a)* All weapons smaller than 40mm.
 - (b)* Small arms ammunition.
 - (c)* Field glasses, compasses, stopwatches, and fire control equipment.
 - (d)* Other valuable items susceptible to pilferage (such as knives, bayonets, radiac meters, radiac chargers, and dosimeters).
- (3) The cumulative value of losses of controlled items of property over the past 3 years.
- (4) A statement by the ROTC region commander of the experience in recovering such losses from the institution over the past 3 years. (This statement is sufficient evidence of financial responsibility for State institutions or schools operating under State charters or directly under the control of municipalities.)

c. In determining the amount of the bond to be required of an institution, the following standards apply:

- (1) The amount of the bond will not be less than \$5,000.
- (2) The amount of the bond will not be less than the value of cumulative losses of property requiring bonding incurred by the institution during the preceding 3 years.
- (3) The amount of the bond will not be less than the ROTC region commander considers adequate to protect the interest of the U.S. Government for the property involved.

d. In determining that a bond without surety thereon is acceptable, the following is considered adequate evidence of the institution's financial responsibility:

- (1) A financial statement of the institution that shows that total assets exceed the total liabilities by an amount greater than the total value of the property requiring bond that is, or will be, issued to the institution.
- (2) An independent audit, other report, or other documentary evidence indicating that the institution accounts payable are settled within 10 days, and that its commercial credit rating is satisfactory (such as AAA, AA, and so forth).

(3) In the case of schools operating under State charters and institutions directly under the control of municipalities, documentary evidence showing, during the preceding 3 years, amounts due the Government in connection with the ROTC or NDCC program were paid promptly by the institution.

e. Supplies and equipment will not be issued to an institution that maintains accountability and responsibility for such supplies and equipment until a bond has been executed and filed with the appropriate ROTC region command headquarters, or the United States is otherwise indemnified.

f. ROTC region commanders will review bonds in force at least once every 3 years to ensure conformance with

standards prescribed in *c* and *d* above. Institutions will be required to furnish the reports and statements necessary to make a proper review.

g. On establishment of an Army ROTC or NDCC unit at an institution which is required, or elects, to maintain accountability and responsibility for supplies and equipment to be issued, the ROTC region commander will—

(1) Obtain two copies of the following:

(*a*) The resolution or bylaw citing the authority of the president or other designated officer to execute the bond on behalf of the institution and designating an institutional representative to be the military property custodian. These copies will be authenticated as true copies by the signature of the secretary and by the corporate seal (where applicable). In the case of high schools, an authenticated attestation by the governing assemblage designating a representative to be military custodian will be obtained.

(*b*) The charter or articles of incorporation, or similar documentary evidence of organization, or a reference to the statute if incorporated by direct legislative action.

(2) Forward one set of the documents to HQDA (AHRC-OPD-C), 200 Stovall Street, Alexandria, VA 22332-0400. The other set will be retained at the ROTC region headquarters.

h. On approval of the establishment of an Army ROTC or NDCC unit at an institution that will maintain accountability and responsibility for Government property, the ROTC region commander will forward to the institution a DA Form 1622 (Bond for Safekeeping of Government Property Issued To Educational Institutions). If necessary, DA Form 1622-1 (Affidavits of Individual Sureties) will also be forwarded to the institution, along with a statement of the approximate value of the Government property authorized for initial issue to the institution. The amount of the bond and requirements for acceptance of a bond without surety thereon also will be provided.

i. The surety on the bond, if required, may be U.S. bonds or notes deposited with the ROTC region commander.

j. The bond or other form of indemnification, when duly executed, will be returned to the ROTC region commander. The commander will retain it and assure the sufficiency of the sureties required. No bond or other form of indemnification will be accepted until it has been examined and approved by the installation or overseas command judge advocate.

k. When a bond presently in effect conforms to the above requirements, no change in the bond is necessary. When a new bond is required, the forms prescribed in *h* above will be used.

l. Where an institution maintains both Army and other Service ROTC or NDCC units, a separate bond will be needed to cover DA property that requires a bond. Provisions of this para apply with respect to such bond.

10-4. Junior ROTC's bonding/insurance

a. Institutions of secondary education hosting a JROTC unit must post a bond, or provide proof of suitable insurance in lieu of posting a bond, for the care and safekeeping of all property as stipulated in their application and agreement for the establishment of a JROTC unit, as recorded on DA Form 3126 (Application and Contract for Establishment of a Junior Reserve Officer's Training Corps Unit) under the provisions of AR 145-2. The amount of the bond or insurance will be a minimum of \$5000. When the amount needed to compensate the U.S. Army for Government property issued to the institution that may become lost, damaged or destroyed is greater than \$5000, the amount of the bond or insurance will be increased to that amount. The bond or insurance policy must name the U.S. Army as the beneficiary for the amount needed to replace the lost, damaged or destroyed Government property. Government property includes all nonexpendable property accounted for under the provisions of AR 710-2, para 2-5a(2), to include uniforms stored by the institution. It does not include uniforms issued to cadets, expendable articles, and supplies expended in operation, maintenance, or instruction.

b. Proof of suitable insurance in lieu of a bond may be an affidavit on school or board of education letterhead with the signature of the principal or similar authority to the effect that all Government property used by the JROTC program is covered by the school's insurance policy.

c. Schools that are self-insured may also provide an affidavit to the effect that the school accepts financial responsibility for all Government property used by the JROTC unit. Schools with a history of causing the Government unrecoverable losses may be required to post a bond, as determined by the ROTC region commander or the Army's major overseas area commander having authorized the army JROTC unit under their jurisdiction.

d. The Secretary of the Army delegates to ROTC region commanders, and Army major overseas area commanders having authorized JROTC units under their jurisdiction, the authority to determine the amount of the bond or insurance required, and the financial responsibility of the institution. All such determinations by these commanders will be made "For the Secretary of the Army" on the basis of the standards in paragraphs *a* through *c* above. Any case not clearly falling within these standards will be forwarded through command channels to HQDA (AHRC-OPD-C), 200 Stovall Street, Alexandria, VA 22332-0400 for action by the Secretary of the Army (exempt report, AR 335-15, para 5-4).

e. ROTC region commanders and Army major overseas area commanders having authorized JROTC units under their jurisdiction will review the bonds and insurance affidavits in force at least once every 3 years to ensure their conformance with the standards prescribed in *a* through *c* above. Institutions will be required to furnish the reports and statements necessary for the ROTC region commanders to make a property review.

Section II Other Accounting Procedures

10-5. Financial inventory accounting

A financial inventory accounting system will be established and maintained for inventories of Army material held on records of accountability within the Army supply system. It will be the formal accounting system used to integrate the required quantitative and monetary accounting of Army property. It will not be used to account for property in the hands of troops, or for fixed assets accounted for under the real property record system. Financial inventory accounting records will be maintained by the servicing FAO based on information provided by the accountable officers. Specific policy and procedures are contained in DFAS-IN Regulation 37-1, chapter 21.

10-6. Summary accounting

a. Summary accounting is a simplified inventory accounting procedure that records only the net result of all transactions that took place during the posting period. It is designed for use at certain retail level issue functions involving low dollar value items and in self-service operations. It can be in terms of items or dollars, but not both. Its purpose is to improve supply and financial operations and reduce the workload in supply management and accounting.

b. Property accounts will be maintained using detail accounting procedures unless specifically exempted by HQDA. Each transaction is recorded on the property record and a running balance is maintained. The use of summary accounting procedures must be specifically authorized in AR 710-2 or other functional regulation. Procedures for implementing summary accounting, when authorized by AR 710-2, are contained in DA Pam 710-2-1, para 10-7.

10-7. Contractor-operated property accounts

Contractor personnel are authorized to act as responsible property officers for Army property accounts when such function is included in the scope of their contracts. Cognizant contracting officers will ensure that the contractor is made responsible for Government-owned property under part 45 of the FAR, and that adequate property accountability and record keeping requirements are included in the formal contract.

Chapter 11 Command Supply Discipline Program (CSDP)

Section I Introduction

11-1. General information

This chapter contains concepts and guidelines for establishing and maintaining the CSDP. The CSDP addresses supervisory/managerial responsibilities within the supply system from the user to the MACOM levels. AR 710-2, app B, outlines the specific requirements for the CSDP.

a. The CSDP is a compilation of existing regulatory requirements brought together for visibility purposes. It is directed at standardizing supply discipline throughout the Army. Also, the CSDP is meant to simplify command, supervisory, and managerial responsibilities. Simplification is accomplished by outlining the various requirements for responsible personnel, by standardizing requirements, and by formalizing follow-up procedures.

b. The CSDP is a commander's program. Commanders will implement the CSDP using existing resources. Examples of existing resources are— Command Logistics Review Program (AR 11-1), Command Inspection Program, Internal Review Office, staff personnel, and so forth. Whichever activity the commander designates to assist with implementing the CSDP, the designated activity will then incorporate the CSDP policy in their evaluation plans and procedures. Also, all existing supply evaluation programs will absorb the CSDP. Additionally, local inspector generals can be used at the commander's discretion to conduct special inspections using the systemic methodology for determining root causes for problems identified through the CSDP. Therefore, commanders should not establish new evaluation teams because of the CSDP.

11-2. CSDP purpose

a. The purpose of the CSDP is to—

- (1) Establish supply discipline as regulatory guidance.
- (2) Standardize supply discipline requirements.
- (3) Provide responsible personnel with a single listing of all existing supply discipline requirements.
- (4) Make the U.S. Army more efficient regarding time spent monitoring subordinates' actions.

b. To achieve the above purpose, the CSDP will—

- (1) Ensure compliance with DA supply policy and procedures.

- (2) Determine the adequacy of established DA supply policy and procedures.
- (3) Identify supply problems to permit timely corrective action within the chain of command.

11-3. Explanation of terms that apply to the CSDP

a. Supervisory personnel. All individuals in a position of responsibility whose job involves them with supply operations within or for the U.S. Army force structure. This applies to officers, warrant officers, NCOs, and civilians.

b. Supply economy. The conservation of material by every individual dealing with Army supplies to ensure that only the proper item in the necessary amount is used to accomplish a task. The term Stewardship of Resources is synonymous with Supply Economy.

c. Supply discipline. The compliance with established DA regulations to effectively administer supply economy. Supply discipline applies to the use of supply funds and to all functions and levels of supply operations, (from contractor through the national and retail level, to the user).

d. The CSDP. A four-fold program addressing—

- (1) Responsibilities of commanders and supervisory personnel to instill supply discipline in their operations.
- (2) Guidance for evaluating supply discipline.
- (3) Feedback through command and technical channels for improving supply policy.
- (4) Follow-up to ensure supply discipline is maintained.

e. Repeat finding. A discrepancy of noncompliance noted from a previous evaluation and unresolved beyond the established suspense date.

f. Requirements listing. A compilation of existing regulatory requirements as a single source listing, organized by level of responsibility or function.

11-4. CSDP responsibilities

a. HQDA, DCS, G-4 will—

- (1) Prescribe overall guidance establishing and monitoring the CSDP.
- (2) Coordinate with the Army Staff and other agencies to develop policy and/or resolve policy problems (that is, ODCS, G-1 assistance to improve personnel aspects of supply management).
- (3) Conduct periodic reviews and updates of the program.
- (4) Provide MACOM coordinators with periodic program updates.

b. Commanders of proponents for schools will—

- (1) Modify present blocks of instruction on supply management to include CSDP. No additional program of instruction (POI) time is authorized.
- (2) Continually improve and update supply training at all levels.

c. Commanding General, USAMC will—

- (1) Establish and implement a CSDP consistent with DA policy addressing the national level of the supply system.
- (2) Conduct periodic reviews and updates of the national portion of the CSDP.
- (3) Coordinate with ODCS, G-4 to resolve policy problems.

d. The Commanding General, U.S. Army Combined Arms Support Command (USACASCOM) will provide for the development and maintenance of retail supply systems that implement retail supply policy. This does not include those retail systems unique to AMC.

e. MACOM and equivalent commanders will establish an aggressive CSDP within their respective commands by—

- (1) Appointing a CSDP coordinator and furnishing a copy of the appointment to Director, U.S. Army Logistics Integration Agency, ATTN: LOIA-AP, 54 M Avenue, Suite 4, New Cumberland, PA 17070-5007.
- (2) Ensuring the CSDP is implemented by all subordinate elements.
- (3) Initiating intraservice support agreements, if desired, as explained in para 11-6e of this regulation.
- (4) Providing recommended changes to the CSDP to HQDA, ATTN: DALO-SMP.
- (5) Adding to the program, when necessary, to account for any uniqueness within their command.

f. Subordinate commanders (excluding company, battery, and troop) will—

(1) Implement an aggressive CSDP by using existing assets (that is, chain of command, organizations, or programs) to avoid duplication or fragmentation of effort. The commanders' designated asset will then incorporate CSDP into their evaluation plans and procedures.

- (2) Provide the necessary emphasis to ensure the success of the CSDP.
- (3) Appoint, in writing, a senior logistician in the headquarters as the CSDP monitor.
- (4) Recognize both superior and inferior performance regarding supply discipline.
- (5) Use the results of the CSDP evaluations to determine candidates for the Army Supply Excellence Award Program. See app G, AR 710-2.

g. Immediate supervisors and company, battery, and troop commanders will—

- (1) Review the Requirements Listing within the CSDP (AR 710–2, appendix B) in order to become familiar with the applicable regulatory requirements.
- (2) Use the listing as a guide in the routine performance of their duties.
- (3) Report to their immediate higher headquarters any applicable requirements within the listing that cannot be completed.

Section II

Program Guidance

11–5. The CSDP’s intent

The purpose of the CSDP is to—

- a.* Establish supply discipline as regulatory guidance as follows:
 - (1) Standardize supply discipline requirements.
 - (2) Provide responsible personnel with a single listing of all existing supply discipline requirements.
 - (3) Make the U.S. Army more efficient regarding time spent monitoring subordinates’ actions.
- b.* To achieve the above purpose, the CSDP will—
 - (1) Ensure compliance with DA supply policy and procedures.
 - (2) Determine the adequacy of established DA supply policy and procedures.
 - (3) Identify supply problems to permit timely corrective action within the chain of command.

11–6. The CSDP implementation procedures

- a.* *Requirements Listing* (AR 710–2, app B).
 - (1) A compilation of existing requirements is established as a Requirements Listing. The present supply-oriented supervisory responsibilities are listed according to level of responsibility.
 - (2) Each level of command will review the Requirements Listing for completeness and make the necessary additions to account for any uniqueness.
- b.* *Implementation.*
 - (1) Each commander will provide the personal interest and direction necessary to establish and ensure the success of his or her CSDP.
 - (2) The CSDP will be incorporated into existing resources in the command to avoid redundancy of effort.
 - (3) Each command level above the unit level will appoint a CSDP coordinator to assist the commander with establishing and monitoring the CSDP.
- c.* *Evaluations.*
 - (1) The CSDP does not require vertical assessments of subordinate organizations’ activities. Each command level is required to evaluate the next lower level of operations (except for ROTC battalions which will be inspected per AR 710–2, para 1–10). Further evaluations of lower levels are as command directed.
 - (2) The frequency of evaluations is as follows:
 - (a)* The frequency of internal evaluations as desired.
 - (b)* External evaluations are conducted on a periodic basis as established in AR 710–2, table B–7.
 - (3) The evaluation process is as follows:
 - (a)* The purpose of the evaluation is to determine whether or not an organization is complying with regulatory guidance.
 - (b)* The Requirements Listing (AR 710–2, app B) establishes the minimum standards. Commands are encouraged to develop command checklists using the Requirements Listing as a baseline.
 - (c)* Evaluators will record findings on each applicable Requirements Listing entry. The results of the last evaluation will also be reviewed to determine if past discrepancies were resolved. Resolved and repeat findings will be noted.
 - (d)* The organization’s supervisor will be briefed on the evaluation findings at the completion of the evaluation. The supervisor, during the out-briefing, will establish a suspense date (get-well date) for resolution of each discrepancy.
 - (e)* The supervisor’s chain of command is authorized to grant extensions to the established suspense date.
 - (f)* In the case of a discrepancy due to circumstances beyond the control of the evaluated organization, refer to subparagraph (i) below.
 - (g)* In the case of repeat findings, the chain of command will be notified of the problem upon completion of the evaluation in order to reestablish compliance.
 - (h)* The evaluated organization/activity will be provided copies of each evaluation made under CSDP. The copies will specify any noncompliance findings along with the respective suspense dates determined by the supervisor. The evaluator will also retain a copy of the evaluation and use it for follow-up on corrective actions during the next periodic evaluation.

(i) If major problems or policy questions are surfaced during a CSDP evaluation, these findings will be elevated up the chain of command to that level capable of resolving the problem.

d. Documentation.

(1) At the user level, no additional record keeping unique to the CSDP is required. The normal recording of inventories, inspections, and so on, is still required.

(2) The level conducting the external evaluation will—

(a) Provide the subordinate organization a copy of the evaluation results.

(b) Establish a file of evaluations conducted. A minimum of two evaluations per organization will be maintained.

(3) The minimum information required in the file of evaluations conducted is—

(a) Date of the evaluation.

(b) Organization evaluated.

(c) Findings and associated suspense dates.

(d) Repeat findings.

e. *Intraservice support agreements.* In order to make the CSDP a responsive and efficient program, maximum use of intraservice support agreements is encouraged. Numerous tenant units are located at many installations. Chain of command evaluations of these subordinate organizations in accordance with the CSDP frequency requirements may create extensive travel and man-hour support. Therefore, MACOMs are encouraged to enter into intraservice support agreements to authorize installation commanders to conduct evaluations of applicable tenant units. Evaluation results would then be forwarded to the respective MACOM headquarters.

11–7. Monitoring—MACOM and DA levels only

At the MACOM and DA levels, formal visibility of the CSDP is provided through the MACOM Command Logistics Review Program under AR 11–1.

Chapter 12

Methods of Obtaining Relief from Responsibility for Property

12–1. General actions to protect Government property

a. *Administrative action.* Administrative measures available to commanders to ensure enforcement of property accountability. When property becomes lost, damaged, or destroyed, use one of the adjustment methods discussed in this regulation.

(1) The methods discussed below are designed to protect the right of the U.S. Government to obtain reimbursement for the loss, damage, or destruction (LDD) of Government property caused by negligence or misconduct. These methods:

(a) Are materiel accounting oriented and are not appropriate for, nor intended to be used as corrective action or punishment, when negligence or willful misconduct is known or suspected to have contributed to the LDD of Government property.

(b) Do not constitute a punishment.

(c) Do not and should not preclude the use of adverse administrative or disciplinary measures.

(2) Commanders who determine that the cause of LDD warrants adverse administrative or disciplinary action should take appropriate action. These actions include, but are not limited to—

(a) An oral or written reprimand.

(b) Appropriate remarks in officer's, noncommissioned officer's, and civilian's evaluation reports.

(c) MOS reclassification.

(d) Bar to reenlistment.

(e) Action under the UCMJ. ARNG members who are not in the Federal service are not subject to the UCMJ; they are subject to the military codes of their State.

(f) Adverse actions against civilian personnel as authorized.

b. Reporting requirements.

(1) Persons responsible for Government property will immediately report all losses or damages to their immediate supervisor or commander. The report will state in writing, the circumstances of the loss or damage, and a listing and description of the property involved.

(2) When reporting personal arms and equipment (PA&E) according to AR 190–11, or whenever the loss appears to involve unlawful conduct, submit a report to the military law enforcement authorities for investigation. Personal arms and equipment is a soldier's personal weapon and equipment assigned to them for their use. It includes a soldier's organizational clothing and individual equipment issued to them. A preliminary investigation by the military or security police will assist the commander when taking action according to this regulation.

(3) Report USAR element losses or damages incurred to the next higher USAR command and, if appropriate, to the active Army law enforcement activity or provost marshal having area responsibility.

(4) When Government property is reported missing, the commander, primary hand receipt holder, or the accountable officer should cause a preliminary investigation and search to be conducted to ensure the missing property is actually missing before an administrative adjustment document in para c(1) below is initiated. The preliminary search should be aggressively pursued to meet the time limits in para 13–8 below.

(5) When Government property in the hands of a contractor is lost, damaged, or destroyed, FAR Part 52 “Solicitation Provisions and Contract Clauses” which prescribes a LDD process, will be followed in lieu of a financial liability investigation of property loss (DD Form 200).

c. Administrative action to be taken for causes of other than fair wear and tear. When DA property becomes lost, damaged or destroyed by causes of other than fair wear and tear, take administrative action according to this regulation regardless of the ARC assigned to the property. This action will determine the facts concerning the incident and the amount of the loss to the U.S. Government, assesses financial liability if appropriate, and/or provides relief from responsibility and accountability.

(1) Obtain relief from property responsibility by the following actions:

- (a) DD Form 200 (Financial Liability Investigation of Property Loss), per chapter 13.
- (b) Board action according to AR 15–6 as used in conjunction with DD Form 200, per para 13–25 below.
- (c) DD Form 362 (Statement of Charges/Cash Collection Voucher), per para 12–3 below.
- (d) DA Form 444 (Inventory Adjustment Report (IAR)), per paragraphs 14–33 and 34, and 15–2 and 3 below.
- (e) Collateral investigation for aircraft accidents per AR 385–40 used in conjunction with DD Form 200, per para 14–15 below.
- (f) Cash sale provisions, per para 12–2b below.
- (g) Damage statement, per para 14–18 below.
- (h) DA Form 4170 (Statement of Gains and Losses) as authorized by AR 30–22.
- (i) Abandonment order, per para 14–7 below.
- (j) Memorandum to adjust losses of organizational clothing and individual equipment due to contamination, per para 14–10b below.
- (k) Memorandum to adjust losses of durable hand tools, per para 14–19 below.
- (l) SF 361 (Transportation Discrepancy Report (TDR)).
- (m) SF 364 (Supply Discrepancy Report) (also referred to as (Report of Discrepancy (ROD)) as authorized by AR 735–11–2.

(2) Regardless of the method of accounting for property lost, damaged, or destroyed, title (ownership) of the property remains with the U.S. Government.

(3) Assign a document/voucher number to property adjustment documents per the following instructions:

(a) *Nonexpendable property (property book level).* Assign a document number from the nonexpendable document register to any adjustment document listed in c (1) above that lists nonexpendable property or any property, which requires property book accountability.

(b) *Expendable or durable property (unit level).* Assign a document number from the expendable/durable document register to those adjustment documents listing only expendable or durable items, which do not require property book accountability.

(c) *Nonexpendable, expendable, or durable items (stock record activity level).* Assign a voucher number from a stock record activity voucher register to any document described in c (1) above that lists supply system stocks.

(d) *Damaged property.* Do not assign a document number to DD Form 200, or DD Form 362, when processing financial liability investigations of property losses or statement of charges/cash collection voucher for damaged end items.

(4) This chapter outlines the authorized adjustment documents when individuals admit liability, agrees to voluntary repayment, and the value of the property is not more than 1 month’s basic pay.

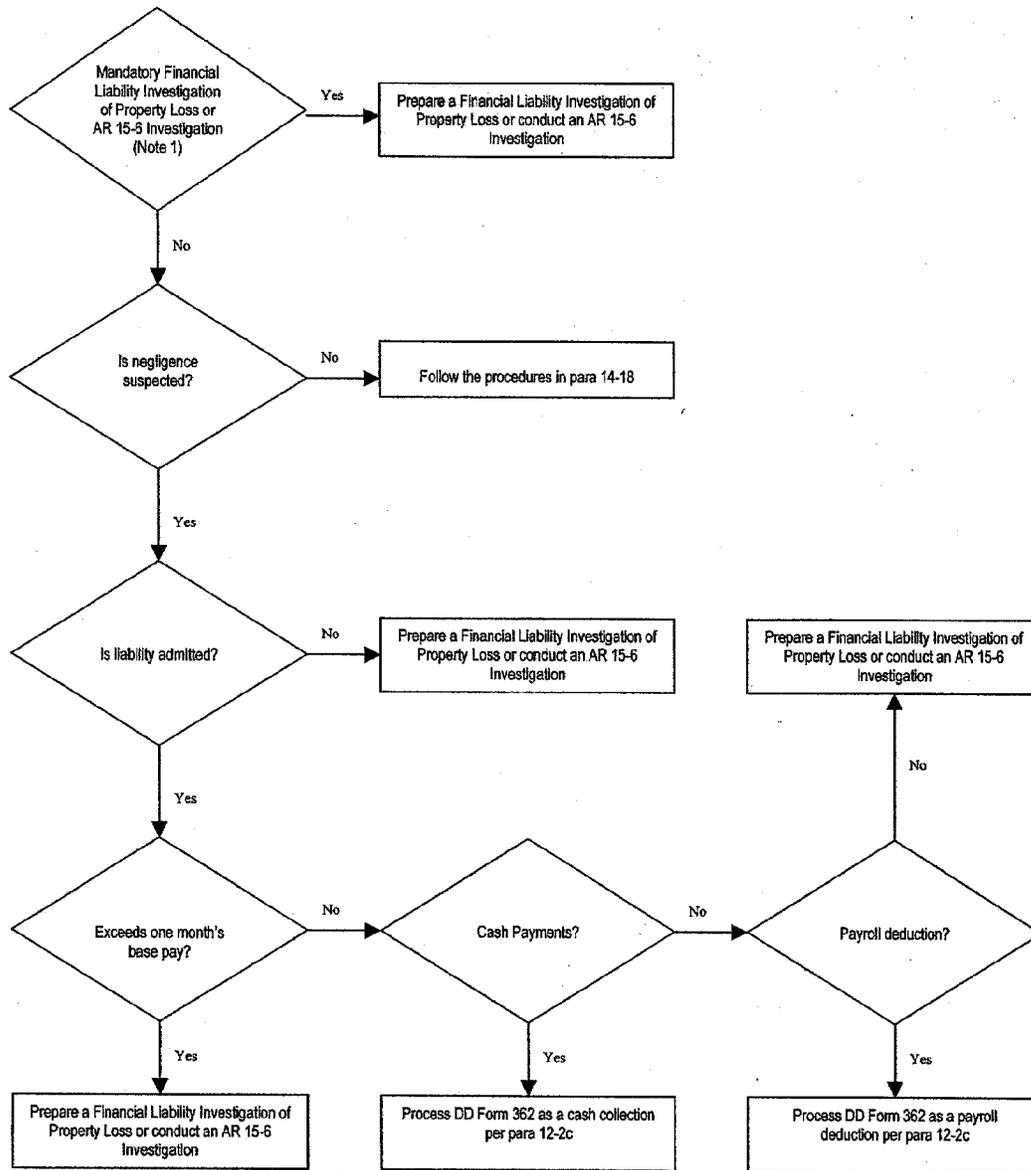
(5) Decision tables developed to help individuals determine which document to use to obtain relief from property responsibility are at tables 12–1 and 12–2. Figures 12–1 through 12–3 show the process for determining which document to use for the transaction.

Table 12-1 Property record adjustments for damaged property		
Damaged Property	Adjustments	Remarks
OCIE, no negligence.	Memorandum to CIF.	See para 14-18c
Damaged property, no negligence involved.	Damage statement prepared as a memorandum	See para 14-18a
Any item, person admits liability, and amount is less than 1 month's base pay	DD Form 362	See para 12-3
Any item, person admits liability, and amount is more than 1 month's base pay	DD Form 200	See para 13-3a(3)
Any item, person does not admit negligence or liability	DD Form 200	See para 13-3a(1)

Table 12-2 Property record adjustments for lost or destroyed property		
Lost or destroyed property	Adjustments	Remarks
Any item other than controlled items. Person admits liability and the amount of the loss is less than 1 month's base pay.	Prepare DD Form 362.	DD Form 362 can be used for any amount for a contractor who admits liability and offers cash payment.
Loss of the following items requires the initiation of a financial liability investigation of property loss and/or AR 15-6 investigation.		
1. Controlled items.	Prepare DD Form 200 per para 13-3a(6).	Controlled items require an investigation under AR 15-6. Attach the investigation to the financial liability investigation of property loss per para 13-25c(1).
2. When directed by higher authority or DA directive.	Prepare DD Form 200 per para 13-3a(8).	
3. Loss discovered during inventory on change of accountable officers, and individual does not make voluntary reimbursement to the Government.	Prepare DD Form 200 per para 13-3a(2).	
4. Loss of household furnishings, and the amount of loss is more than 1 month's base pay.	Prepare DD Form 200 per para 13-3a(4).	Includes damage to Government family housing.
5. Person admits liability for the loss, but amount of the loss is more than 1 month's base pay.	Prepare DD Form 200 per para 13-3a(3).	
6. Negligence is suspected but no one admits liability.	Prepare DD Form 200 per para 13-3a(1).	Person refused to sign DD Form 362.
7. Bulk petroleum handling loss is over the allowable loss and over \$500.	Prepare DD Form 200 per para 13-3a(5).	AR 710-2, para 2-37i addresses allowable losses and gains.
8. Items lost as a result of fire, theft or natural disaster.	Prepare DD Form 200 per para 13-3a(11).	
Special Instructions		
Bulk petroleum handling loss is over the allowable loss, and is less than \$500.	Perform causative research per AR 710-2, para 2-37i.	
Loss of hand tools authorized to a unit, and liability is admitted.	Respondent purchase from SSSC if available per para 12-2b. Otherwise, prepare DD Form 362 per para 12-3.	Cash sales only. Purchaser must have authority to buy, signed by their unit commander or designated representative.

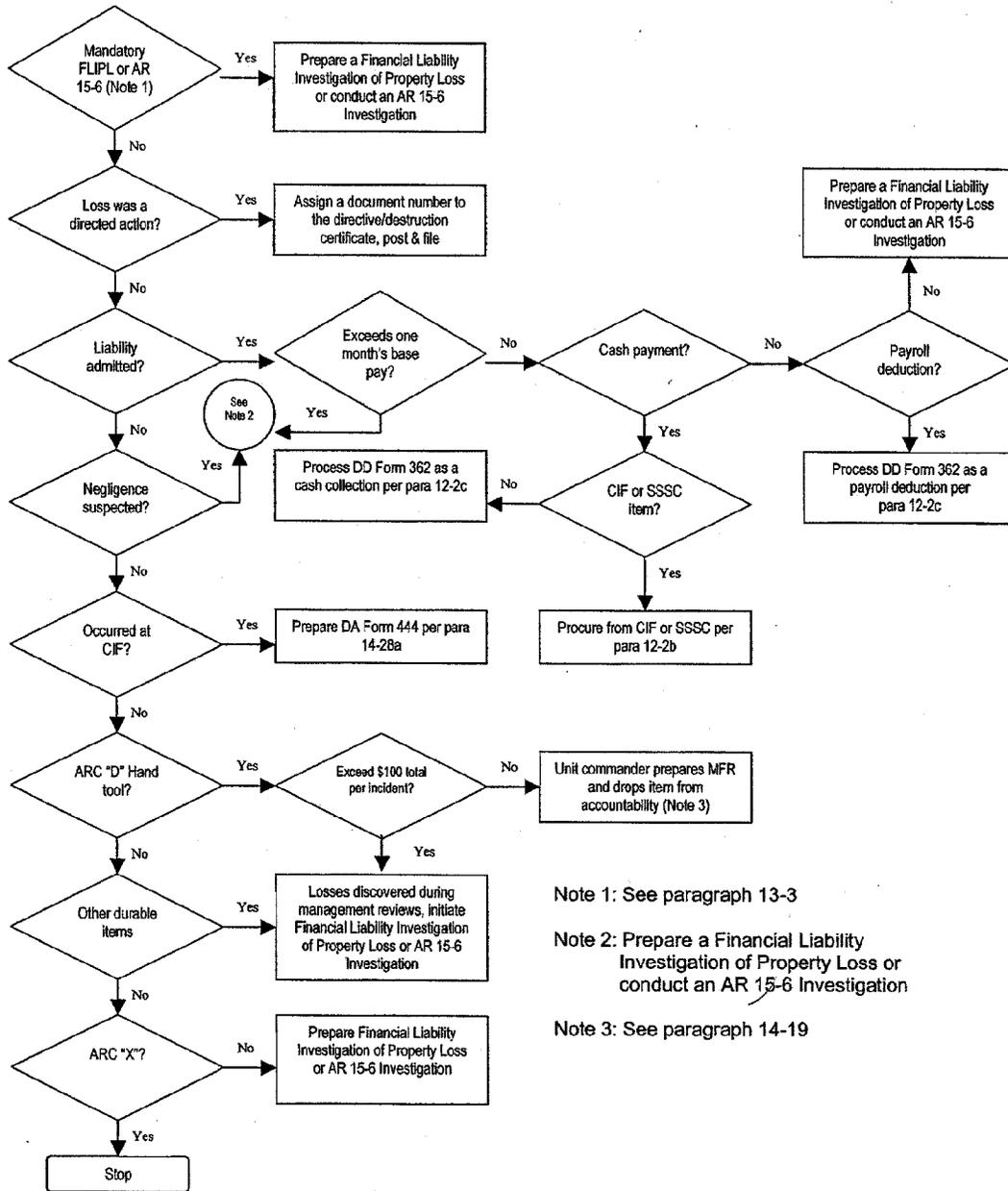
Table 12-2
Property record adjustments for lost or destroyed property—Continued

Items lost in the laundry.	The facility manager will attempt to repair or replace damaged or lost items from surplus stocks. Failing this the facility manager authorizes a gratuitous replacement for military personal clothing. For OCIE, the facility manager prepares a memorandum for the complainant who will present it to their commander for preparation of a financial liability investigation of property loss. See para 14-23c. CIF/OCIE issue point will issue replacement of OCIE items.	
Items destroyed because of infection.	List the items on a memorandum naming the medical officer who directed the destruction, per para 14-10.	The unit commander must sign the memorandum.
Destruction of property determined to be unsafe because of age. Includes drugs, ammunition, chemicals, and other supplies of a similar nature.	Prepare turn-in documents according to AR 710-2, or AR 40-61 for medical commodities. See para 14-9.	Information on age is published in Army supply bulletins. If such information is not available, initiate a financial liability investigation of property loss.
Abandoned items. Combat, contingency, or large scale field maneuvers.	Written orders to abandon property, signed by the installation or division commander, serve as a property voucher, see para 14-7.	If command declines to approve order, prepare DD Form 200.



Note 1: See paragraph 13-3

Figure 12-1. Accounting process for damaged property



Note 1: See paragraph 13-3

Note 2: Prepare a Financial Liability Investigation of Property Loss or conduct an AR 15-6 Investigation

Note 3: See paragraph 14-19

Figure 12-2. Accounting process for loss or destroyed property (other than fair wear and tear) at the property book level

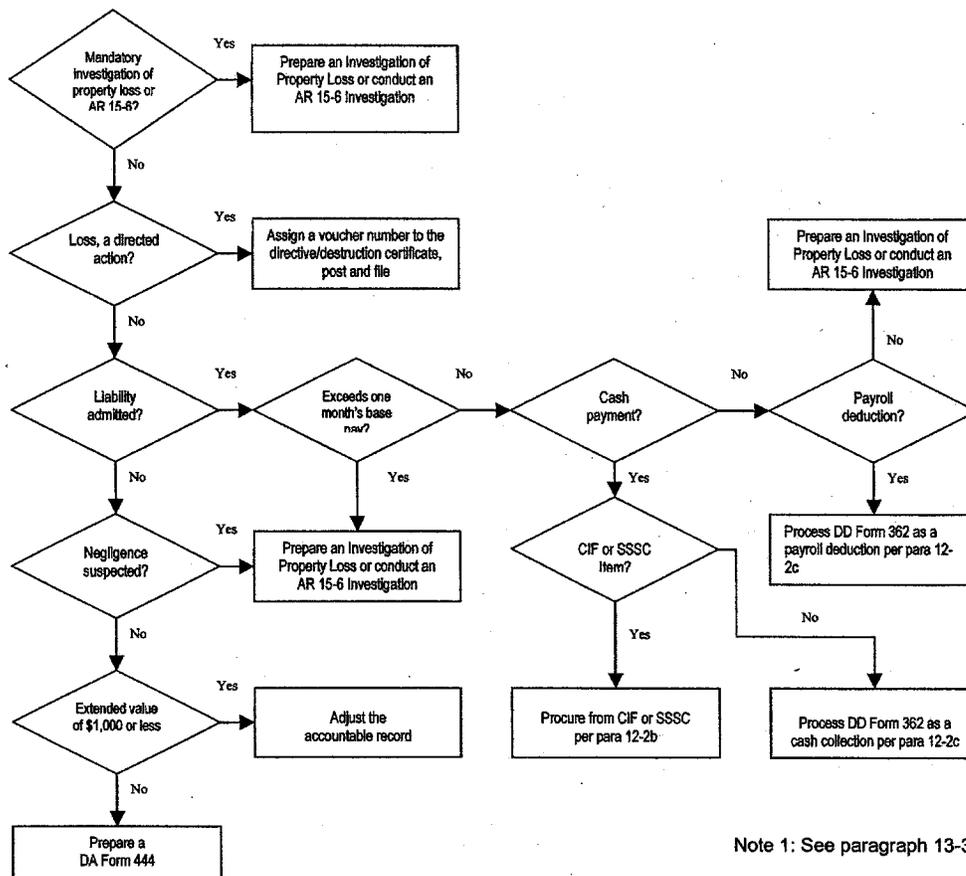


Figure 12-3. Accounting process for lost or destroyed property at the stock record account level

(6) This regulation does not apply to relief actions for property losses under AR 381-143.

12-2. Actions to take when individuals admit negligence

a. Voluntary payment limitations. The following persons may pay the actual loss to the Government in cash or check, except when a financial liability investigation of property loss or an AR 15-6 investigation is mandatory:

(1) All Service members and civilian employees of the active Army or U.S. Army Reserve, or members and employees of the ARNG may admit financial liability and offer cash or check payment in an amount not to exceed the person's monthly basic pay. This also applies to the payment of an individual's share of collective liability when more than one person has been assessed with financial liability. Table 12-3 shows how to compute financial liability against one person. Table 12-4 shows how to compute collective and individual liability against two or more persons.

Table 12-3
Method of computing financial charges against a single respondent (The dollar amounts shown in this table are for example purposes only.)

		Actual Loss	Amount Charged ¹	Loss to the Govt.	
I. Losses of personal arms and equipment (PA&E)— military members, officer and enlisted		\$150 \$1,600	\$150 \$1,600	None None	
II. Losses of other equipment or property (OEP); includes PA&E losses by civilian personnel. All personnel ³ .		\$200 \$15,000	\$200 \$1,700 ²	None 13,300	
	Base Pay	Actual OEP Loss	Actual PA&E Loss	Actual Charge ⁴	Loss to the Govt.
III. Combined PA&E and OEP losses by military members, offer and enlisted	\$1,500 \$1,500 \$1,500	\$500 \$900 \$5,000	\$200 \$700 \$200	\$700 \$1,600 \$1,700	None None \$3,500

IV. Accountable officers are liable for the full amount of the loss to the Government, less depreciation.

Notes:

1. Officer and enlisted members are subject to financial liability for the entire amount of the loss.
2. Total liability will be 1 month's base pay.
3. See para 13-41 of this regulation of exceptions.
4. Total liability for OEP will be the cost of OEP, or 1 month's base pay, whichever is less, plus the total cost of PA&E.

Table 12-4
Method of computing collective and individual financial liability when more than one person is changed

Person's monthly basic pay x actual loss. = Person's Financial Charge
 Combined monthly basic pay of all persons

Example: (actual loss=\$1,000)

Person number 1 monthly basic pay = \$1,200
 Person number 2 monthly basic pay = \$2,400
 Person number 3 monthly basic pay = \$3,600

Total monthly basic pay of all of the above = \$7,200

\$1,200 (Person Number 1) = .16667 x \$1,000 = \$166.67
 \$7,200 (Total Basic Pay)

\$2,400 (Person Number 2) = .33333 x \$1,000 = \$333.33
 \$7,200 (Total Basic Pay)

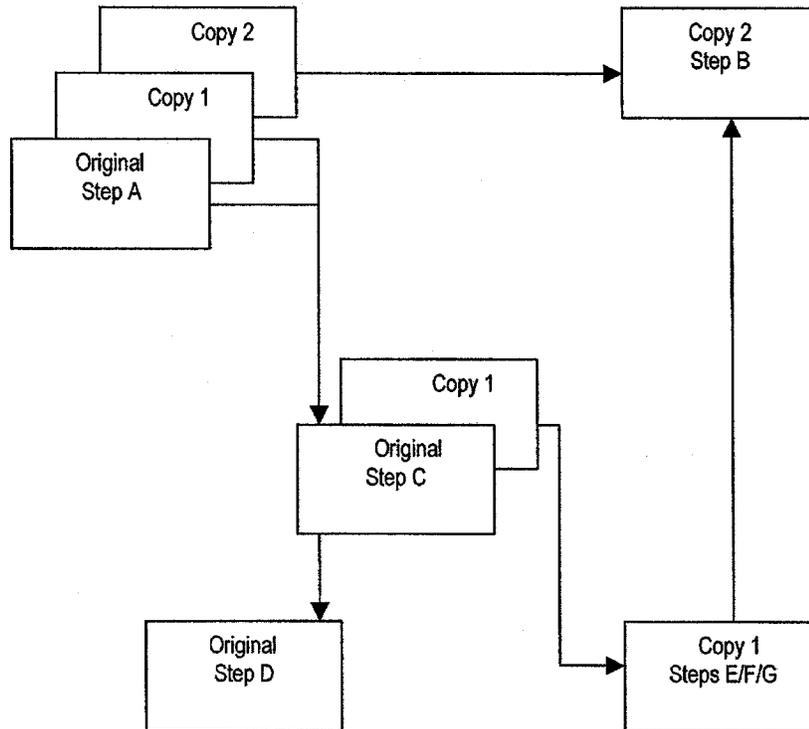
\$3,600 (Person Number 3) = .50000 x \$1,000 = \$500.00
 \$7,200 (Total Basic Pay)

Total financial charge = \$1,000.00

- (2) A contractor admitting financial liability, for any amount.
 - b. Replacement by cash purchase.* A person who admits liability may voluntarily purchase replacements for lost, damaged, or destroyed hand tools or organizational clothing and individual equipment (OCIE) from the SSSC or CIF.
 - (1) Allow depreciation per appendix B.
 - (2) Accept payment made by cash or check.
 - (3) When lack of item availability prevents immediate purchase, account for the lost, damaged, or destroyed hand tools or OCIE items by using the DD Form 362. The procedures for initiation and processing a DD Form 362 are contained in para 12-3 below.
 - (4) For ARNG, the USPFO may authorize replacement in-kind when lack of item availability prevents cash sale of hand tools at the SSSC. This rule does not apply to active Army and USAR members. USPFO sale of hand tools to ARNG members and to ARNG technicians is optional.
 - (5) No cash sales will be made without a written authorization signed by the person's commander or designated representative. The authorization statement follows: "I authorize (Name and Grade) to purchase the following hand tools (or OCIE). Purchased items will remain the property of the U.S. Government." Allowable depreciation is chargeable to the accounting classification for the mission/base operation element funding the operations in which the tools or OCIE were used.

(6) Prepare the statement in original and two copies. The unit retains copy two until copy one is returned to the unit by the individual making the purchase. After verification that the purchase was actually made from the authorized source, and accountability has been restored, copy two may be destroyed. The individual making the purchase retains copy one. The original will be retained by the SSSC or CIF.

(7) Figure 12-4 shows the flow of the cash purchase from the SSSC or the CIF.



Processing Steps

- A. Prepare purchase authorization document in 3 copies per paragraph 12-2b(5) & (6). Assign a document number.
- B. Unit retains copy 2.
- C. Forward the original and copy 1 to the CIF/SSSC for processing.
- D. CIF/SSSC retains the original. CIF annotates copy 1 that purchase has been made.
- E. Copy 1 is returned to the customer.
- F. Unit verifies purchase by review of copy 1.
- G. Accountability complete. Copy 1 is returned to the customer. Unit returns or destroys copy 2 as desired.

Figure 12-4. Accounting process for cash payment/purchase from CIF/SSSC

12-3. DD Form 362

a. This form will be used when—

(1) Individual admits liability and offers cash payment or agrees to payroll deduction to settle the charge of financial liability.

(2) The charge does not exceed the monthly basic pay of the individual being charged.

(3) There is not a mandatory requirement for either a financial liability investigation of property loss or an AR 15-6 investigation per para 13-3 or 13-25 of this regulation.

b. Preparation of DD Form 362. The unit commander, the primary hand receipt holder, or the accountable officer will prepare DD Form 362 in original and five copies per instructions in figure 12-5. Figure 12-6 depicts the flow and distribution of the DD Form 362 from the time of initiation, to the final actions by the FAO, and the subsequent return to the initiator.

Block 1, Date. Enter the date the document is prepared.

Block 2, Document/Voucher Number. The property book officer or stock record officer enters a document or voucher number for lost or destroyed items. Document or voucher numbers are not assigned for damaged items. Document is posted to the accountable records when document or voucher number is assigned.

Block 3, Organization. Enter the organization and unit identification code (UIC) to which the individual being charged is assigned, or the name of the employing agency in the case of a civilian employee.

Block 4, Station. Enter the name of the installation where the organization is located. The ARNG will enter the city and state where located.

Block 5, Disbursing Office Collection Voucher Number. Leave blank, to be completed by the Finance and Accounting Office.

Block 6, Disbursing Station Symbol Number. Leave blank, to be completed by the Finance and Accounting Office.

Block 7, Accounting Classification. Leave blank, to be completed by the Finance and Accounting Office.

Column a, Stock Number. Enter the stock number(s) and line item number(s) for the item(s) lost, damaged or destroyed. If the item(s) is nonstandard, enter "nonstandard item" or "NSI."

Column b, Item Description. Enter the complete description, and unit cost of the items lost, damaged or destroyed. Obtain the unit cost from the current FEDLOG at the time of the loss. In cases of damaged property, add, "Damage to." Enter the reportable item control code (RICC) for RICC 2, A, B, C, and Z items. When a RICC 2, A, B, C, and Z item(s) listed on the document are totally lost or destroyed (no residue to turn in), enter the words "no residue." When space on the face of the form is insufficient, blank paper, property identified, may be used as continuation sheets. After the last item, when depreciation is allowed, enter "Unit price in column d is the unit cost, less (Percentage of depreciation) allowed per AR 735-5, appendix B."

Column c, Qty. Enter the total number of each item lost, damaged, or destroyed.

Column d, Unit Price. Enter the unit cost, less depreciation when authorized by AR 735-5, appendix B, for items lost or destroyed. For items damaged, enter the cost to repair. Depreciation is not allowed for damaged items.

Column e, Total Cost. Enter the value of the unit price multiplied by the quantity for each item on the document.

Block 8, Type of Action. The commander will place an "X" in either --

Block 8a, Payroll Deduction or

Block 8b, Cash Collection, based on the desire of the individual being charged.

Block 8c, Grand Total. Enter the total from column title "Total Cost." Include any costs from continuation sheets if applicable.

Block 9, Certification of Responsible Individual. Complete blocks *d* through *i* as follows--

Block 9d, Rank/Grade. Enter the grade of the individual being charged.

Block 9e, Name. Enter the full name of the individual being charged.

Block 9f, SSN. Enter the social security number of the individual being charged. Obtain the social security number from the unit or activity personnel roster.

Block 9g, Cause of Charge. Enter either lost, damaged, or destroyed through negligence as applicable.

Block 9h, Signature. Individual being charged, signs the document

Block 9i, Amount. Individual being charged enters the amount being charged (amount from block titled Grand Total) in his or her own handwriting.

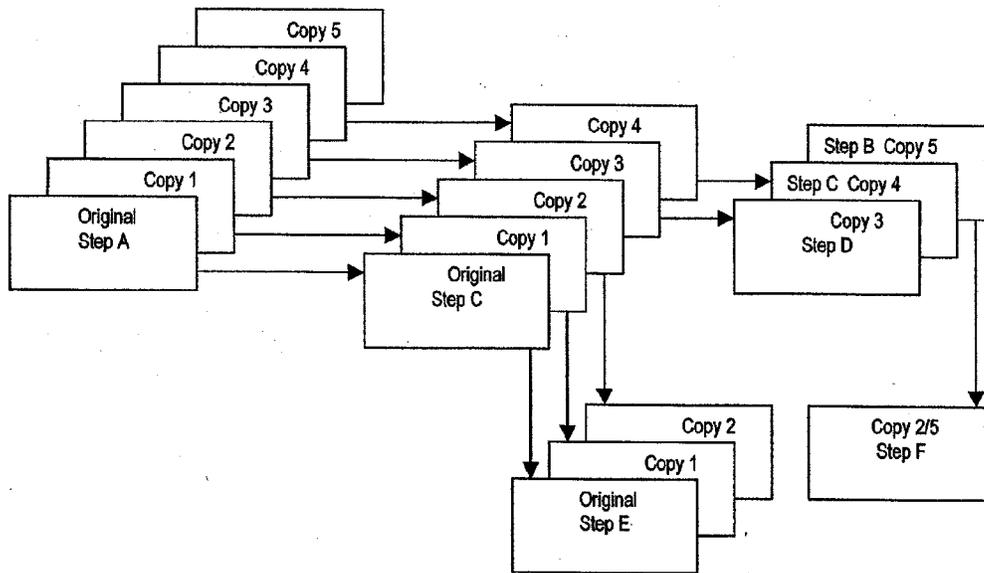
Block 10, Organization Commander.

Block 10a, Date. The commander enters the date he or she signs block b.

Block 10b, Signature Block/Signature. The commander signs above his or her signature block.

Block 11, Disbursing Officer or Payroll Certifying Officer. Leave blank, to be completed by the Finance and Accounting Office.

Figure 12-5. Completion instruction for DD Form 362, Statement of Charges/Cash Collection Voucher (continued)



Processing Steps

- A. Prepare DD Form 362 in an original and 5 copies per paragraph 12-2d. The commander will present the DD Form 362 to the individual for their signature and their selection of type of payment, i.e., payroll deduction or cash collection.
- B. The unit retains copy 5 in suspense file.
- C. The person maintaining the document register or voucher register will assign a document number or voucher number to the document and retain copy 4. Post it to the property records as required after verification of payment to FAO. No document number is required for damaged equipment.
- D. Individual charged is provided copy 3.
- E. Original and copies 1 and 2 are hand carried by individual charged, or are forwarded by the individual's commander to FAO under a transmittal memorandum with receipt acknowledgement requested.
- F. FAO retains the original and copy 1. Copy 2 is returned to the unit. The unit destroys the suspense copy (copy 5) and files the processed DD Form 362 (copy 2) as prescribed in AR 25-400-2.

Figure 12-6. Accounting process for DD Form 362, Statement of Charges/Cash Collection Voucher

- (1) The unit or activity commander presents the DD Form 362 to the individual being charged, to examine the document.
- (2) If the individual accepts the charge, he or she will be given the option of either making a cash payment, or settling the charge through payroll deduction.
 - (a) If the individual desires to make cash payment, the commander will place an "X" in the space titled "cash collection."
 - (b) If the individual desires to settle the charge through payroll deduction, the commander will place an "X" in the space titled "Payroll deduction."
- (3) Individuals will show their acceptance by verifying and signing the blocks following immediately below the "Certificate of Responsible Individual" and entering in their own handwriting the amount of the charge.
- (4) The unit or activity commander will complete and sign the blocks immediately below the statement by the "Organization Commander." Prior to forwarding the document to FAO, the accountable officer will assign a document/

voucher number to the DD Form 362. Post the document to the property accounting records as appropriate after verification of payment to FAO. Replenishment requisition will be submitted as required.

(a) If payroll deduction option was checked, DD Form 362 will be forwarded to FAO under a transmittal memorandum with receipt acknowledgement requested. When commanders do not receive an acknowledgment of receipt within 20 calendar days from the FAO, they will make an initial follow-up to the FAO and continue to follow up every 10th working day thereafter, until FAO acknowledges receipt of the DD Form 362.

(b) When individuals elect to make cash payment, the commander may direct the individual to make payment directly to the FAO, or the commander may collect monies from the individual and make payment to the FAO. When individual makes payment to the FAO, they will be required to return the DD Form 362 annotated as a receipt of cash by the FAO within 2 workdays after the commander has approved the transaction. If the individual cannot show proof of payment, the commander will inquire to the FAO to verify receipt of the payment. If FAO has no record of payment, a new DD Form 362 will be initiated and processed as a payroll deduction, or a DD Form 200 (Financial Liability Investigation of Property Loss) will be initiated and the old document canceled. In the ARNG, monies shown on DD Form 362 will be received by the unit commander and forwarded with the DD Form 362 to the USPFO when processed as a cash collection.

c. Time limits for processing DD Form 362. Initiate and process a DD Form 362 within the time limits established below.

(1) Active Army/USAR. The Active Army will initiate and furnish a DD Form 362 to FAO within 5 workdays after the date of discovering the discrepancy. The USAR will accomplish this action within 60 days. For personnel departing the installation on an ETS/PCS move and hand carrying a DD Form 362 to the FAO, commanders, PBOs, and accountable officers will not affix clearing signatures or stamps on their clearance forms until after the individual returns to them a copy of the DD Form 362 annotated by FAO indicating receipt by the FAO.

(2) ARNG. The ARNG will initiate and forward a DD Form 362 to the USPFO within 45 workdays after the date of discovering the discrepancy. For personnel departing the installation on an ETS/PCS move and hand carrying a DD Form 362 to the USPFO, commanders, PBOs, and accountable officers will not affix clearing signatures or stamps on their clearance forms until after the individual returns to them a copy of the DD Form 362 annotated by the USPFO indicating receipt by the USPFO.

d. The DD Form 362 may be electronically generated. This electronically generated form must contain all the data elements and follow the exact format of the existing printed form. The date of the electronically generated form will carry the same date as the original form.

e. Replacement by cash purchase or accounting for a loss with a DD Form 362 does not constitute a sale of Government property. The U.S. Government retains title to all property listed on DD Form 362 and all property purchased as replacements for lost, damaged and destroyed property per para 2-1f above.

f. Property listed on DD Form 362 may be recovered before a document or voucher number is assigned. When a portion of the items listed is recovered, the commander will line through those items recovered and initial adjacent to the line through. If all the items listed on the DD Form 362 are recovered before a document or voucher is assigned, destroy the DD Form 362. When property listed on a DD Form 362 is recovered after the collection of the indebtedness, in full or in part, or the charges are reduced due to improper computation, an amendment will be prepared. The amendment citing the specific alteration will be attached to the statement of charges as an exhibit. A copy of the amendment will be forwarded to the FAO/USPFO under a memorandum signed by the commander, directing repayment of the value of the recovered property to the individual, as a "collection erroneously received". Also a copy of the amendment will be provided to the accountable officer with instructions to reestablish accountability for the recovered property.

Chapter 13

Financial Liability Investigations of Property Loss

Section I

General

13-1. Financial liability investigation of property loss versus the report of survey system

The financial liability investigation of property loss prescribed by the DOD Financial Management Regulation, volume 12, chapter 7, replaces the report of survey system.

13-2. Purpose of a financial liability investigation of property loss

A financial liability investigation of property loss documents the circumstances concerning the LDD of Government property and serves as, or supports a voucher for adjusting the property from accountable records. It also documents a charge of financial liability assessed against an individual or entity, or provides for the relief from financial liability.

13-3. Mandatory initiation of a financial liability investigation of property loss

a. Initiate and process a financial liability investigation of property loss to account for lost, damaged, or destroyed U.S. Government property when one or more of the situations listed below exist. Tables 12-1 and 12-2 display these data in chart form, segregated for damaged property and lost or destroyed property. Process the financial liability investigation of property loss in accordance with the version of this regulation in effect at the time the LDD occurred. A financial liability investigation of property loss will be processed when—

(1) Negligence or willful misconduct is suspected as the cause, and the individual does not admit liability and refuses to make voluntary reimbursement to the Government for the full value of the loss, less depreciation.

(2) The property lost, damaged, or destroyed involves a change of accountable officer's inventory and the outgoing accountable officer made no voluntary reimbursement for the full amount of the loss to the Government.

(3) The value of the admitted LDD exceeds the individual's monthly basic pay.

(4) The value of the damages or shortages in occupied Government quarters (real property and furnishings combined) or Government furnishings in non-Government quarters exceeds the individual's monthly basic pay.

(5) The total handling loss of a specific bulk petroleum product exceeds the allowable loss for that product, and the dollar value of the total loss exceeds \$500. See AR 710-2, para 2-37i.

(6) The loss or destruction involves a controlled inventory item. Investigate controlled inventory items lost or destroyed per AR 15-6. However, do not use the AR 15-6 investigation as authority to adjust property records or to assess financial liability. Process a financial liability investigation of property loss to accomplish either of these actions. When using an AR 15-6 investigation, do not request a separate investigation by a financial liability officer.

(7) The loss or destruction involves public funds or other negotiable instruments and the individual does not voluntarily reimburse the Army for the loss.

(8) Required by higher authority or other DA regulatory guidance.

(9) Directed by an inventory adjustment report (IAR) approving authority.

(10) The loss or damage involves a GSA vehicle, and the administrative actions under para 12-1c above have not been taken.

(11) The loss resulted from a fire, theft or natural disaster.

(12) The loss is a recoverable item with a recoverability code of "D," "F," "H" or "L".

b. Paragraph 13-25 discusses the relationship between an AR 15-6 investigation and a financial liability investigation of property loss, and the processing procedures.

c. AR 190-11, app E, contains mandatory requirements for initiating an AR 15-6 investigation.

d. Accounting for the loss or destruction of small arms ammunition.

(1) *Stock record level.* Do not use an AR 15-6 investigation or a financial liability investigation of property loss for small arms ammunition unless the quantity lost or destroyed equals or exceeds those listed in AR 190-11, appendix E. If the quantity lost or destroyed does not warrant an AR 15-6 investigation, prepare the adjustment document using inventory adjustment report procedures under the provisions of para 14-34.

(2) *Property book level.* When the loss or destruction involves small arms ammunition, process a financial liability investigation of property loss to adjust the quantity on the property book record. As an exception to this policy see para 14-26h.

13-4. Related financial liability investigations of property loss

a. When property listed on more than one property account becomes lost, damaged, or destroyed in the same incident, initiate a separate financial liability investigations of property loss for each property account affected. Cross-reference the separate financial liability investigations of property loss to each other.

b. When the lost, damaged or destroyed property is on the property records of the same account, the same DODAAC, and the same document register, prepare only one financial liability investigation of property loss.

13-5. Chain of command for processing financial liability investigations of property loss

Process financial liability investigations of property loss through the chain of command of the individual responsible for the property at the time of the incident if the individual is subject to this regulation. When formalized support agreements require processing through other than the above, follow the requirements in the support agreement. When real property is damaged or destroyed, an information copy of the financial liability investigation of property loss will be provided to the Director of Public Works and Logistics.

13-6. Time constraints for processing financial liability investigations of property loss

Initiate and process financial liability investigations of property loss within a specific number of days, following the discovery of the LDD of U.S. Government property, as prescribed in para 13-8 below. When delayed beyond the below listed processing times, the person responsible for the delay will prepare a written statement explaining the reason for the delay and attach it to the financial liability investigation of property loss as an exhibit. Total processing time equals the difference in days between the date of discovering the discrepancy, block 3, DD Form 200, and the date the financial liability investigation of property loss is approved. The time used to notify the individual of the

financial liability officer's recommendation and the approving authority's decision to hold the respondent financially liable per paragraphs 13-34 and 13-42 are not included. Subtract one date from the other, less the time used to notify the individual, to determine the total processing time.

a. Active Army. Under normal circumstances, do not exceed 75 calendar days total processing time. Figures 13-1 and 13-2 depict these time segments. Commanders may adjust the time segments shown in these figures downward at their discretion.

b. Army Reserve. Under normal circumstances, do not exceed 240 calendar days total processing time. Figures 13-1 and 13-2 depict the USAR processing time segments. Commanders may adjust the time segments shown in these figures downward at their discretion.

c. ARNG. Under normal circumstances, do not exceed 150 calendar days total processing time. Figures 13-1 and 13-2 depict the ARNG processing time segments. Commanders may adjust the time segments shown in these figures downward at their discretion.

**Investigation of Property Loss
Time Segments
Without an Appointing Authority**

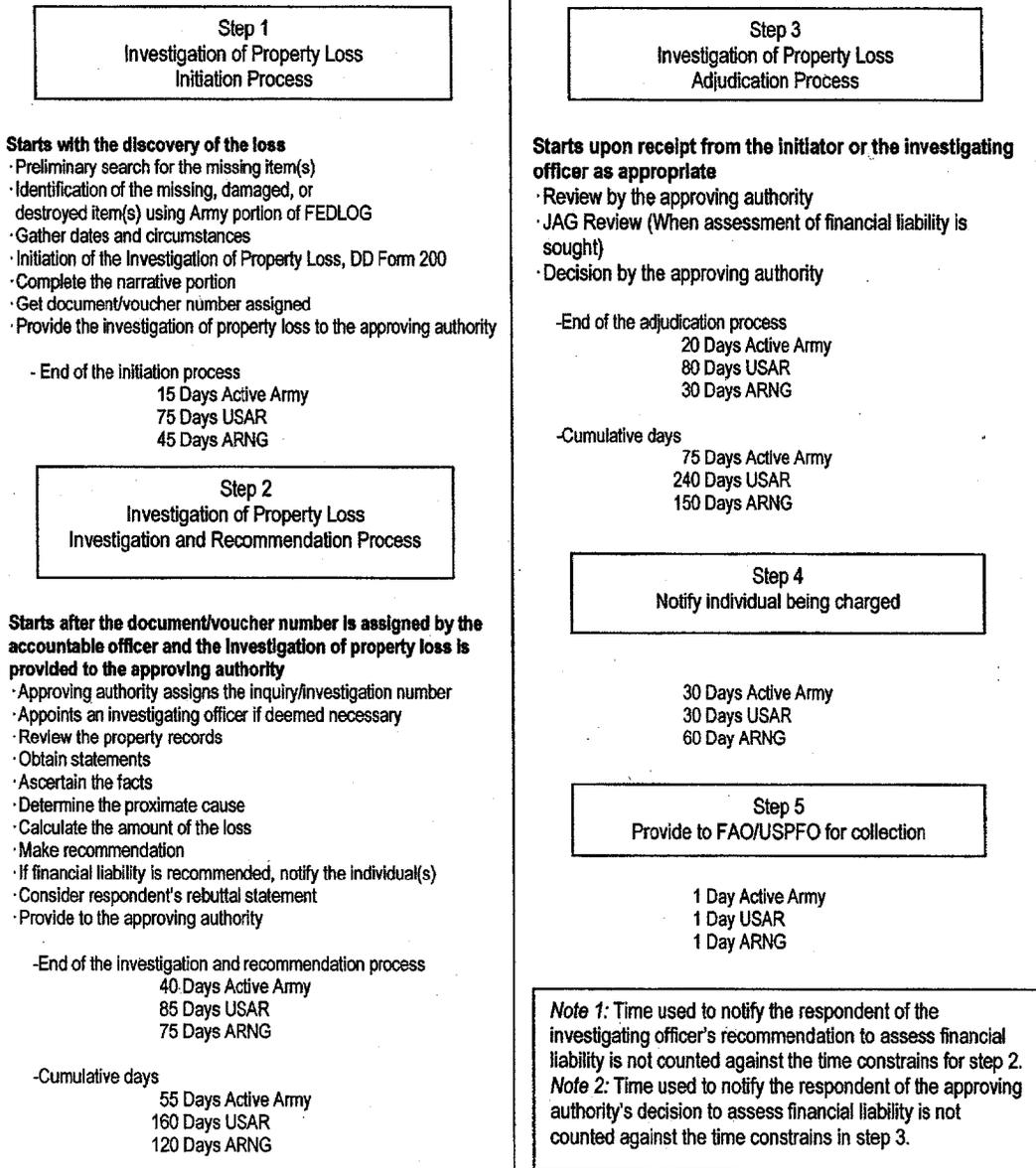


Figure 13-1. Financial liability investigation of property loss processing time segments without an appointing authority

**Investigation of Property Loss
Time Segments
With Appointing Authority**

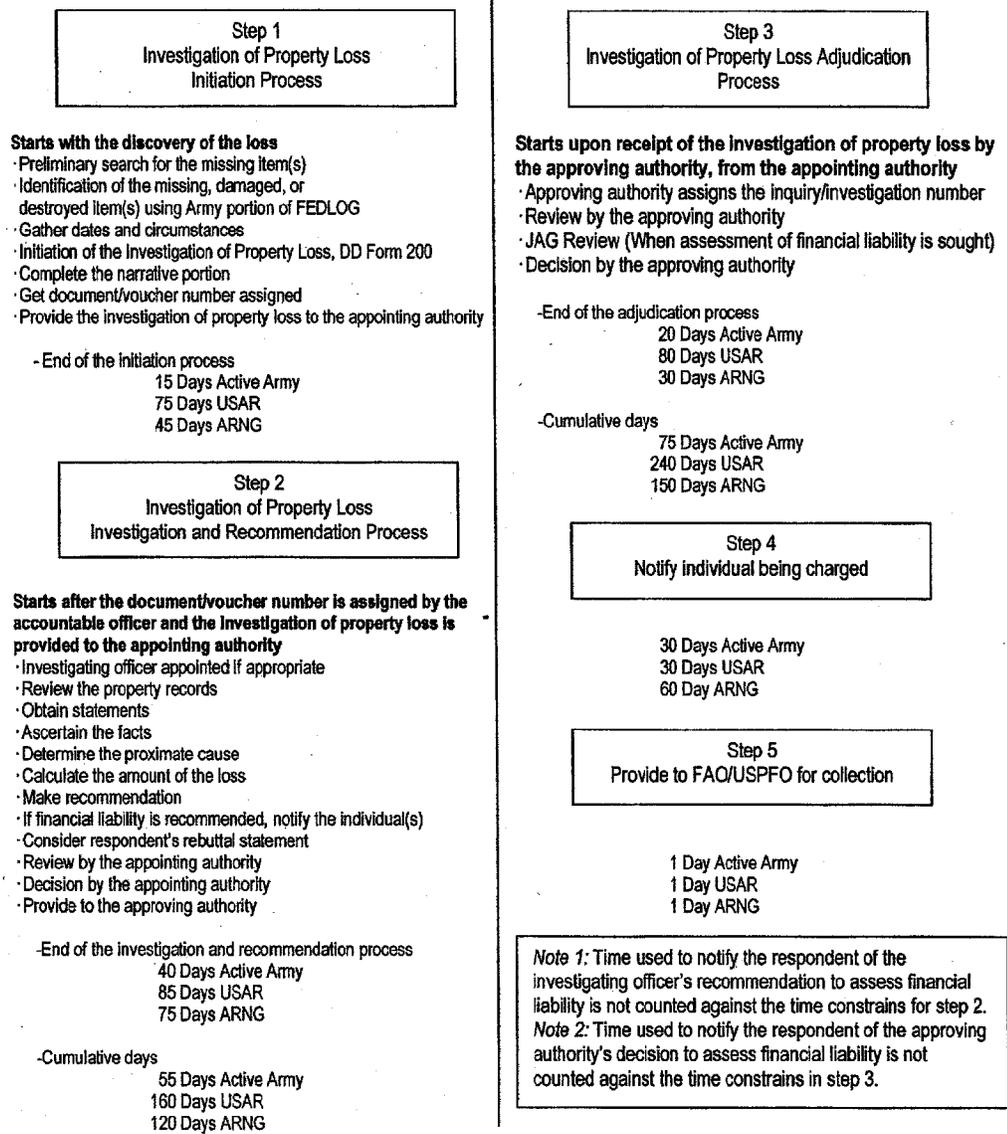


Figure 13-2. Financial liability investigation of property loss processing time segments with an appointing authority

13-7. Initiator of financial liability investigations of property loss

The initiator of a financial liability investigation of property loss will normally be the hand receipt holder or the accountable officer. When the hand receipt holder or the accountable officer is not available, the person with the most knowledge of the incident will serve as the initiator.

13-8. Time constraints for initiation of financial liability investigations of property loss

Initiate financial liability investigations of property loss within the following time limits:

- a. *Active Army.* The Active Army will initiate and present financial liability investigations of property loss to the

appointing authority or approving authority as appropriate not later than 15 calendar days after the date of discovering the discrepancy. As an exception, financial liability investigations of property loss initiated to account for missing organizational clothing and individual equipment issued to soldiers in an absent without leave status will be initiated and presented to the appointing authority or approving authority as appropriate on the day the soldier is dropped from the rolls.

b. Army Reserve. The USAR will initiate and present financial liability investigations of property loss to the appointing authority or approving authority as appropriate not later than 75 calendar days after the date of discovering the discrepancy.

c. ARNG. The ARNG will initiate and present financial liability investigations of property loss to the appointing authority or approving authority as appropriate not later than 45 calendar days after the date of discovering the discrepancy.

13–9. Basic requirements for DD Form 200

a. Prepare DD Form 200, Financial Liability Investigation of Property Loss in original and as many copies as the local command prescribes. Prepare an additional copy when any of the individuals mentioned in block 9, DD Form 200 are within 6 months of termination of their service or employment. This copy will be provided to the installation FAO.

b. When it becomes known that there will be a requirement to prepare a DD Form 200 to investigate the loss of Government property, a Checklist and Tracking Document for Financial Liability Investigations of Property Loss will be prepared with elements in part A completed as events occur. When the DD Form 200 is prepared it will be attached to DA Form 7531 that will be used as a checklist and for tracking events as they occur. See figure 13–3, for a sample of DA Form 7531.

CHECKLIST AND TRACKING DOCUMENT FOR FINANCIAL LIABILITY INVESTIGATIONS OF PROPERTY LOSS

For use of this form, see AR 735-5; the proponent agency is DCS, G-4.

To: Accountable Officer 1. Glenn A. Hoffman, CPT			
To: Approving Authority 2. Richard E. Whitley, LTC, Commander			
To: Financial Liability Officer 3. Tobi A. Felder, 2LT, 1st Platoon Leader			
To: Approving Authority 4. Richard E. Whitley, LTC, Commander			
To: Staff Judge Advocate 5. Donna M. Dirk, CPT			
To: Approving Authority 6. Richard E. Whitley, LTC, Commander			
(A) Complete When a Loss is Discovered			
Date loss was discovered	20030306	Originating Unit	4/56th Infantry Battalion
Preliminary search for item began	20030224	Preliminary search for item ended	20030305
Date assigned document number	20030307	Date assigned inquiry/investigation number	20030208
(B) Initiator (Blocks 1 and 3 through 11 are completed by the individual initiating the investigation of property loss. Normally this will be the hand receipt holder or the accountable officer. When the hand receipt holder or accountable officer is not available, the person with the most knowledge of the incident causing the loss will initiate the financial liability investigating of property loss.)			
Block 1.	Has the date the investigation of property loss initiated been entered?	Yes	<input checked="" type="checkbox"/> No
Block 3.	Has the date the loss was discovered been entered?	Yes	<input checked="" type="checkbox"/> No
Block 4.	Has the correct stock number(s) been entered? If more than one, use a continuation sheet per figure 13-5. For items with a line item number (LIN), enter the LIN and for those items with a reportable item control code (RICC) of, 2, A, B, C or Z, enter the RICC.	Yes	<input checked="" type="checkbox"/> No
Block 5.	Has the correct nomenclature(s) been entered, to include serial numbers if items have serial numbers? For damaged property, enter the cost of repair or the estimated cost of repair if actual cost is not available. Use continuation sheet when the loss to be investigated involves more than one item.	Yes	<input checked="" type="checkbox"/> No
Block 6.	Has the quantity of the item(s) lost, damaged or destroyed been entered? Use continuation sheet when necessary.	Yes	<input checked="" type="checkbox"/> No
Block 7.	Has the unit cost of the item(s) lost, damaged or destroyed been entered? Use continuation sheet when necessary.	Yes	<input checked="" type="checkbox"/> No
Block 8.	Has the total cost of the item(s) lost, damaged or destroyed been entered? Use continuation sheet when necessary.	Yes	<input checked="" type="checkbox"/> No
Block 9.	Has an accurate and concise statement of facts surrounding the loss been entered? Statement should identify as much as possible what happened, how it happened, where it happened, who was involved, when it happened and any evidence of negligence, willful misconduct, or deliberate unauthorized use or disposition of the property.	Yes	<input checked="" type="checkbox"/> No
Block 10.	Has a recommendation been entered by the initiator? Recommendations may be entered by the commander, accountable officer, and when appropriate by the financial liability investigating officer.	Yes	<input checked="" type="checkbox"/> No
Block 11.	Has the individual who completed blocks 1 and 3 through 10, completed blocks 11a through 11e?	Yes	<input checked="" type="checkbox"/> No
Block 12.	Has the responsible officer or the reviewing authority completed blocks 12 through 12g?	Yes	<input checked="" type="checkbox"/> No
Attach the financial liability investigation of property loss to this checklist and tracking document, and forward to the accountable officer or person maintaining the expendable/durable document register for assignment of a document/voucher number.			
(C) Accountable Officer (Block 17 is completed by the accountable officer or person maintaining the expendable or durable document register prior to forwarding the investigation to the appointing authority or approving authority as appropriate.)			

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Figure 13-3. Sample Checklist and Tracking Document for Financial Liability Investigations of Property Loss Page

Block 17.	Has the accountable officer completed blocks 17a through 17f showing the assignment of a document number or voucher number to the financial liability investigation of property loss for lost and destroyed property? For damaged property, a document number is not assigned.	Yes	<input checked="" type="checkbox"/>	No	N/A
(D) Appointing Authority or Approving Authority as Appropriate (Leave blocks 13a and 13d through 13h blank at this time. These blocks are completed after the investigation is completed to show whether the appointing authority approves of the financial liability officer's findings and recommendations. When an appointing authority has not been designated, these blocks will be left blank.)					
Block 13c.	Has the appointing authority or the approving authority as the appropriate completed block 13c indicating whether a financial liability officer is appointed? When a financial liability officer is appointed, use a memorandum as described in figure 13-12; when an AR 15-6 financial liability officer is appointed use, an appointment memorandum in accordance with AR 15-6, paragraph 2-1b.	Yes	<input checked="" type="checkbox"/>	No	
(E) Financial Liability Officer (Block 15 is completed by the financial liability officer prior to returning the investigation to the appointing authority or approving authority as appropriate.)					
Block 15a.	The financial liability officer's findings and recommendations are recorded here. In conducting the financial liability investigation of property loss has the financial liability officer--				
	<input type="checkbox"/> Scrutinized all available evidence.	Yes	<input checked="" type="checkbox"/>	No	
	<input type="checkbox"/> Interviewed witnesses and secured statements from individuals concerning: oo The cause of the loss or damage. oo The responsibility for the loss or damage.	Yes	<input checked="" type="checkbox"/>	No	
	<input type="checkbox"/> Compiled evidence substantiating or refuting any statement in block 9, DD Form 200.	Yes	<input checked="" type="checkbox"/>	No	
	<input type="checkbox"/> Physically examined the damaged property, when available, and released it for repair or disposal. This should be done on the first day of the financial liability officer's appointment.	Yes		No	N/A <input checked="" type="checkbox"/>
	<input type="checkbox"/> Consulted with the appointing/approving authority as appropriate for guidance, when needed.	Yes	<input checked="" type="checkbox"/>	No	N/A
	<input type="checkbox"/> Determined the amount of damage, if property was damaged. This value may be the actual cost of repairs or an estimated cost of the repairs obtained from technical manuals or other reliable sources. Determine the value of the property immediately before it was damaged if the property is not economically repairable. The accountable officer may be asked to assist if he or she has not been directly involved.	Yes	<input checked="" type="checkbox"/>	No	N/A
	<input type="checkbox"/> Has action been taken to exercise control over the property recovered during the investigation?	Yes	<input checked="" type="checkbox"/>	No	N/A
	<input type="checkbox"/> Has the total loss to the government been computed correctly?	Yes	<input checked="" type="checkbox"/>	No	N/A
	<input type="checkbox"/> Has the financial liability officer coordinated this investigation with the claims investigating officer when the investigation covers the loss, damage or destruction of Government property that is being, has been, or shall be investigated because of attendant events by a claims financial liability officer. This includes cases where military personnel or civilian employees, while driving a privately owned vehicle, damage Government property and have insurance to pay for part of the loss.	Yes		No	N/A <input checked="" type="checkbox"/>
	<input type="checkbox"/> Ensured that individuals being recommended for a possible charge of financial liability are aware of their rights.	Yes	<input checked="" type="checkbox"/>	No	N/A
	<input type="checkbox"/> Request individual(s) to acknowledge their understanding of their rights by completing block 16, DD Form 200.	Yes	<input checked="" type="checkbox"/>	No	N/A

Figure 13-3. Sample Checklist and Tracking Document for Financial Liability Investigations of Property Loss Page (continued)

	<ul style="list-style-type: none"> o If appropriate, prepare a statement that individual recommended for a charge of financial liability refused to sign block 16g, DD Form 200, after being given the opportunity. <ul style="list-style-type: none"> oo A full explanation of the person's rights shall be included and a reply shall be requested. oo If the reply is not received within 30 days after the date of mailing, the financial liability officer shall record this fact and take action to complete the DD Form 200. This record of fact shall be included in, or appended to, the DD Form 200. oo Any reply received after the expiration of 30 days shall be forwarded through the same channels as the DD Form 200, form attachment to the original DD Form 200. o Was consideration given to any new evidence received after a recommendation was made? If the financial liability recommendation remains unchanged, the financial liability officer shall note that the added evidence was considered and provide the rationale for not changing the decision. The notation shall be on all copies of the report immediately following the original recommendation. If the financial liability officer makes a change in the original recommendations because of the new evidence, the financial liability officer shall record such change as "Amended Recommendations." These recommendations should be recorded immediately after the original recommendations. 	Yes	<input checked="" type="checkbox"/>	No	N/A
Block 15b.	Has the dollar amount of the loss been entered by the financial liability officer?	Yes	<input checked="" type="checkbox"/>	No	N/A
Block 15c.	When a charge of financial liability is being recommended, has the monthly basic pay of the respondent been entered?	Yes	<input checked="" type="checkbox"/>	No	N/A
Block 15d.	When a charge of financial liability is being recommended, has the recommended amount of financial liability been entered?	Yes	<input checked="" type="checkbox"/>	No	N/A
Blocks 15e-15k.	Self explanatory.	Yes	<input checked="" type="checkbox"/>	No	N/A
On completion of the investigation, the financial liability officer forwards the completed DD Form 200 with all exhibits to the approving authority. When the approving authority has designated an appointing authority, the financial liability officer forwards the completed investigation to the appointing authority.					
(F) Appointing Authority (Block 13 is completed by the appointing authority when one has been designated by the approving authority. When an appointing authority has not been designated, block 13a through b and d through f are left blank.)					
Block 13a.	On completion of the appointing authority's review of the financial liability investigation of property loss, a recommendation is made to either approve or disapprove the financial liability officer's findings and recommendations.	Yes	<input checked="" type="checkbox"/>	No	N/A
Block 13b.	The appointing authority's rationale for the decision reached in block 13a is entered in block 13b.	Yes	<input checked="" type="checkbox"/>	No	N/A
Block 13c.	This block was previously completed, as indicated in (D) above.	Yes	<input checked="" type="checkbox"/>	No	N/A
Blocks 13c-13h.	Self explanatory.	Yes	<input checked="" type="checkbox"/>	No	N/A
On completion of block 13, the financial liability investigation of property loss is either – <ul style="list-style-type: none"> o Returned to the financial liability officer for additional investigation or documentation of findings and recommendation, or o Forwarded to the approving authority. 					
(G) Approving Authority (This set of blocks is completed by the approving authority to show the approving authority's preliminary decision after the approving authority's initial review of the financial liability officer's findings and recommendations.)					

Figure 13–3. Sample Checklist and Tracking Document for Financial Liability Investigations of Property Loss Page (continued)

Block 14a.	On completion of the approving authority's initial review of the financial liability officer's findings and recommendations, has the approving authority indicated his or her approval or disapproval of the financial liability officer's findings and recommendations? <ul style="list-style-type: none"> o If the financial liability officer has recommended that all persons be relieved of responsibility and accountability for the loss and the approving authority agrees with the financial liability officer, the approving authority may approve the financial liability investigation of property loss and close the investigation, per AR 735-5, paragraph 13-39g(3). o If the financial liability officer has recommended that person(s) be charged with financial liability for the loss, and the approving authority agrees with the financial liability officer, the approving authority must forward the financial liability investigation of property loss to the supporting Office of the Staff Judge Advocate for legal review prior to making a final decision, per AR 735-5, paragraph 13-40d. o When the approving authority makes a decision contrary to the recommendations of the investigating officer or AR 15-6 financial liability officer, either to relieve all concerned from financial liability or assess financial liability against a new individual, this decision is entered in block 14a(1) with appropriate comments in block 14b, per AR 735-5, paragraph 13-40d(2). 	Yes	<input checked="" type="checkbox"/>	No	N/A
Block 14b.	Has the approving authority entered his or her rationale for the initial decision shown in block 14a? When a decision to charge an individual(s) with financial liability, comments should be entered stating who the respondent is and the amount of financial liability to be assessed.	Yes	<input checked="" type="checkbox"/>	No	N/A
Block 14c.	Has the approving authority indicated whether a legal review is necessary? A legal review is required when -- <ul style="list-style-type: none"> o A charge of financial liability is recommended. o The recommendations appear to be inconsistent with the findings. 	Yes	<input checked="" type="checkbox"/>	No	N/A
Blocks 14d-14h.	Self explanatory	Yes	<input checked="" type="checkbox"/>	No	N/A
On completion of block 14, when the approving authority decides to approve a charge of financial liability, he or she must forward the financial liability investigation of property loss to the supporting Office of the Staff Judge Advocate for legal review prior to making the final decision to assess financial liability.					
(H) Staff Judge Advocate When financial liability is recommended, or when recommendations appear to be inconsistent with the financial liability officer's findings, a judge advocate or civilian attorney must review the findings and recommendations and provide an opinion on the adequacy of the evidence and its relationship to the findings and recommendations. This legal review will be attached to the financial liability investigation of property loss as an exhibit. On completion of the legal review, the financial liability investigation of property loss will be returned to the approving authority.					
(I) Approving Authority On receipt of the financial liability investigation of property loss containing a legal review from Staff Judge Advocate, the approving authority will conduct a final review of the financial liability officer's findings and recommendation together with the Staff Judge Advocate's legal review and make a final decision concerning the charge of financial liability. <ul style="list-style-type: none"> o When a decision is reached to charge an individual with financial liability, the approving authority notifies the respondent by memorandum per AR 735-5, paragraph 13-42a. See AR 735-5, paragraph 13-43 addressing actions required when a respondent submits a request for reconsideration. o When a decision is reached to relieve all concerned of accountability and responsibility for the loss, investigation will be closed out per AR 735-5, paragraph 13-40e. 					

Figure 13-3. Sample Checklist and Tracking Document for Financial Liability Investigations of Property Loss Page (continued)

13-10. Preparation requirements for DD Form 200

a. Except as stated in b below, the initiator prepares block 1 and blocks 3 through 11 of DD Form 200 per figure 13-4.

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) 20020621		2. INQUIRY/INVESTIGATION NUMBER 02-573-04		3. DATE LOSS DISCOVERED (YYYYMMDD) 20020618			
4. NATIONAL STOCK NO. 4930-00-276-0087 (G21472) RICC 2		5. ITEM DESCRIPTION Dispensing Pump, Hand Driven Continued on continuation sheet		6. QUANTITY 2	7. UNIT COST 268.57	8. TOTAL COST 537.14	
9. CIRCUMSTANCES UNDER WHICH PROPERTY WAS (X one) (Attach additional pages as necessary)				<input checked="" type="checkbox"/> LOST	<input type="checkbox"/> DAMAGED	<input type="checkbox"/> DESTROYED	
On 12 through 18 June 2002, a joint inventory of the unit motor pool was conducted by SSG Gary M. Slatt, the outgoing motor sergeant, and SSG Bryan D. McKee, the incoming motor sergeant. The property identified in blocks 4 through 8 above, and on continuation sheet could not be found. Continued on continuation sheet							
10. ACTIONS TAKEN TO CORRECT CIRCUMSTANCES REPORTED IN BLOCK 9 AND PREVENT FUTURE OCCURRENCES (Attach additional pages as necessary)							
Commander placed command emphasis on keeping him informed when property is loaned to another platoon or section within the unit and on the preparation of sub-hand receipts when property is loaned to other platoons and sections within the unit.							
11. INDIVIDUAL COMPLETING BLOCKS 1 THROUGH 10							
a. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code) 573d Supply and Service Company Fort Mile High, HI 12345-6789		b. TYPED NAME (Last, First, Middle Initial) Groft, Austin E., 1LT, Ord, XO			c. DSN NUMBER 321-8888		
		d. SIGNATURE <i>Austin E. Groft</i>			e. DATE SIGNED 20020621		
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 SSG Slatt alleges missing property was loaned to the Laundry and Bath (L&B) Platoon. However, when asked to provide the hand receipt showing the issue of property to the L&B Platoon, he was unable to provide them. Continued on continuation sheet					
c. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code) 573d Supply and Service Company Fort Mile High, HI 12345-6789		d. TYPED NAME (Last, First, Middle Initial) Armstrong, Joseph E. CPT, Inf, Commanding			e. DSN NUMBER 321-6666		
		f. SIGNATURE <i>Joseph E. Armstrong</i>			g. DATE SIGNED 20020625		
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>GCS 23/06/02</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 13-4. Completion instructions (by item or column) for DD Form 200, Financial Liability Investigation of Property

Block 1. DATE INITIATED (YYYYMMDD). Enter the date the investigation of property loss is prepared. The date of 21 June 2002 is recorded as 20020621.

Block 2. INQUIRY/INVESTIGATION NUMBER. Leave blank, the approving authority will enter the inquiry/investigation number when received from the responsible officer, the reviewing authority, the appointing authority or the accountable officer.

Block 3. DATE LOSS DISCOVERED (YYYYMMDD). Enter the date the loss was discovered or the date of the incident that caused the loss. The date 18 June 2002 is recorded as 20020618.

Block 4. NATIONAL STOCK NO. Enter the national stock number (NSN), manufacturer's part number, management control number (MCN) or other identification numbers, of the item(s) described in block 5. For end items assigned a line item number (LIN), enter the LIN below or adjacent to the NSN. Also, enter the reportable item control code (RICC) for RICC 2, A, B, C and Z items. When RICC 2, A, B, C or Z items are listed on the investigation of property loss, and are totally lost (no residue to turn-in), enter the words "No residue." If the space on the face of the form is insufficient, continuation sheets may be used. (See figure 13-5).

Block 5. ITEM DESCRIPTION. Enter the nomenclature of the item(s) lost damaged or destroyed. If the items are nonstandard, give a description accurate enough for identification. When the items involved have been assigned serial numbers, include such numbers for more identification. Describe damaged major units as such and not as damaged component parts. For damaged property, enter the estimated cost of damage (ECOD) in parenthesis in this block following the description of damaged property. If the space on the face of the form is insufficient, continuation sheets may be used. (See figure 13-5.)

Block 6. QUANTITY. Enter the number of items lost, damaged or destroyed and the unit of issue. As an example, 1 ea, 2 dz, 1 pr, and so on. If space on the face of the form is insufficient, continuation sheets may be used. (See figure 13-5).

Block 7. UNIT COST. Enter the price as shown in FEDLOG in effect at the time of the loss. When a price is not available in FEDLOG, use the current market price of a similar item; otherwise, estimate the unit price and attach the basis for the estimate to the investigation of property loss. Do not record the repair cost in this column. If the space on the face of the form is insufficient, continuation sheets may be used. (See figure 13-5).

Block 8. TOTAL COST. Enter the total cost of all property identified in blocks/columns 4 and 5 that has been lost or destroyed. Total cost is computed by multiplying the unit price (column 7) of each item listed, by the quantity (column 6). For damaged property, enter the estimated cost of damage (ECOD) in parenthesis in block 5 following the description of the damaged property. After the last entry on each page, enter the "subtotal" for that page. Enter the "grand total" on last page. The grand total is the total cost of all items listed on the front of the DD Form 200 and on all continuation sheets. If the space on the face of the form is insufficient, continuation sheets may be used. See table 13-5).

Block 9. CIRCUMSTANCES UNDER WHICH PROPERTY WAS (X one). Place an X in the appropriate box identifying whether the property was lost, damaged or destroyed. Enter a complete and accurate statement of the facts in the case, including the date and place of the incident. Show all persons directly concerned by name and grade. Refer to exhibits by the capital letter designation assigned according to paragraph 13-10a(3)(e). Show exhibits initially attached; for example, Exhibits "A" through "D" attached. If space on the form is insufficient, continuation sheets may be used. (See figure 13-6.)

Block 10. ACTIONS TAKEN TO CORRECT CIRCUMSTANCES REPORTED IN BLOCK 9 AND PREVENT FUTURE OCCURRENCES. Initiators (commanders or accountable officers) and when appropriate the investigating officer enters what actions have been initiated or what action they recommend be taken to preclude further losses of the types identified in this investigation. If space on the form is insufficient, continuation sheets may be used. Same format as shown for block 9 in figure 13-6.

Block 11. INDIVIDUAL COMPLETING BLOCKS 1 THROUGH 10. If the responsible officer or the reviewing authority completed blocks 1 through 10, leave block 11a through 11e blank. Other wise complete as follows:

Block 11a. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code). Enter the organizational address of the individual who completed blocks 1 and 3 through 10.

Block 11b. TYPED NAME (Last, First, Middle Initial). Enter the individual's name that completed blocks 1 and 3 through 10.

Figure 13-4. Completion instructions (by item or column) for DD Form 200, Financial Liability Investigation of Property Loss (continued)

Block 11c. DSN NUMBER. Enter the telephone number of the individual identified in block 11b.

Block 11d. SIGNATURE. The individual identified in block 11b enters his or her signature. Electronic/digital signature may be used if DD Form 200 is electronically produced.

Block 11e. DATE SIGNED. Enter the date block "d" is signed. The date 21 June 2002 is entered as 20020621.

Block 12. (X one)

RESPONSIBLE OFFICER (PROPERTY RECORD ITEMS) For losses of property at the using unit level, check responsible officer, or

REVIEWING AUTHORITY (SUPPLY SYSTEM STOCKS) For losses of property at the forward distribution point level, check reviewing authority.

Block 12a. NEGLIGENCE OR ABUSE EVIDENT/SUSPECTED (X one). The responsible officer or the reviewing authority as appropriate, checks the "yes" or "no" block indicating whether negligence or abuse is evident or suspected.

Block 12b. COMMENTS/RECOMMENDATIONS. Rationale for the determination made in block 12a and recommendations.

Block 12c. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code). Enter the organizational address of the responsible officer or the reviewing authority as appropriate.

Block 12d. TYPED NAME (Last, First, Middle Initial). Enter the full name, grade and position, of responsible officer or the reviewing authority as appropriate.

Block 12e. DSN NUMBER. Enter the telephone number of the responsible officer or the reviewing authority as appropriate.

Block 12f. SIGNATURE. The responsible officer or the reviewing authority as appropriate enters their signature. Electronic/digital signature may be used if DD Form 200 is electronically produced.

Block 12g. DATE SIGNED. Enter the date block "f" is signed. The date 25 June 2002 is entered as 20020625.

Block 13. APPOINTING AUTHORITY

Blocks 13a through b, and d through h. Leave blank at this time. These blocks are completed after the investigation is completed to show whether the appointing authority approves of the investigating officer's findings and recommendations. When an appointing authority has not been designated, these blocks will be left blank.

Block 13c. FINANCIAL LIABILITY OFFICER APPOINTED (X one). The appointing authority or the approving authority as appropriate indicates whether an investigating officer will be appointed by placing an X in the appropriate box and entering their initials and the date in block 13c. Electronic/digital signature may be used if DD Form 200 is electronically produced. The investigating officer will be appointed using an informal memorandum per paragraph 13-27b.

Figure 13-4. Completion instructions (by item or column) for DD Form 200, Financial Liability Investigation of Property Loss (continued)

(1) Unit price (block 7) will be the price contained in the Army Master Data File (AMDF) contained on FEDLOG in effect at the time of the loss. When a price is not available in the AMDF contained on FEDLOG, use the current fair market price of a similar item; otherwise, estimate the price and attach the basis for the estimate to the financial liability investigation of property loss as an exhibit. Do not compute the depreciation at this time; the financial liability officer will compute it in accordance with para 13-32c(1) below.

(a) For subsistence sales accounts, obtain unit prices from the TISA or the commissary price list in effect at the time of the loss.

(b) Do not use reduced prices available to some members of private organizations.

(c) For leased property that is damaged, enter the word "LEASED;" it is not necessary to enter the unit price for damaged leased property.

(2) Total cost (block 8) equals the quantity, times the unit price. For damaged property, enter the estimated cost to repair the damaged property in parenthesis in block 5, following the description of the damaged property.

(3) Block 9 will contain a description of the events leading to the LDD of Government property, with an explanation of how it happened, omitting personal opinions and conjectures. Show all persons directly concerned by name and grade. The description of the facts must be detailed enough to enable the appointing authority or the approving authority to make a determination of whether relief from, or assessment of financial liability should be sought without appointment of a financial liability officer, or that an investigation by a financial liability officer is required. The initiator of a financial liability investigation of property loss must prepare a thorough document in recognition that an investigation by a financial liability officer represents a significant expenditure of time and effort. It may be necessary for the initiator to obtain statements from individuals who were witnesses or who have knowledge of the incident resulting in the loss. If so, the initiator will ensure the statements are—

(a) Prepared on DA Form 2823 (Sworn Statement) to record the statements. If the financial liability officer believes a person providing a statement should be informed of their rights under the Uniform Code of Military Justice (UCMJ), Article 31b prior to questioning, the financial liability officer should consult with the servicing office of the staff judge advocate for advise on how and when the advise will be rendered.

(b) Typed or printed legibly by the individual making the statement in black or blue ink. When DA Form 2823 is not available, plain bond paper or ruled paper with the word "CERTIFICATE" printed or typed across the top may be used in lieu of the DA Form 2823 to record the statement.

(c) Prepared in original and as many copies as prescribed by the local command. Attach the original statement/certificate to the original of the financial liability investigation of property loss. Attach the copies to the copies of the financial liability investigation of property loss.

(d) The person making the statement dates and signs the statement/certificate. Electronic/digital signature may be used if DA Form 2823 is electronically produced.

(e) Lettered alphabetically at the bottom of the statement/certificate, followed with the date, amount, and organization as shown on the face of the financial liability investigation of property loss. Example: "Exhibit A, IOPL, 18 May 2002, \$375.00, Co Z, 906th Signal Battalion." Other exhibits such as an estimated cost of damage (ECOD), military police report, hand receipt and so forth, will also be identified as exhibits as shown above.

(4) Except as authorized in para 14–14, the initiator will not erase or alter any part of blocks 4 through 10, DD Form 200, or any exhibit. The person preparing a statement may make minor corrections providing he or she initials the change(s).

(5) Figure 13–5 and 13–6 show sample continuation sheets for blocks 4 through 8 and block 9, respectively.

Blocks 4 - 8 continued, Investigation of Property Loss number 02-573, 21 June 2002, \$2,733.89, 573d Supply and Service Company

<i>National Stock No.</i>	<i>Item Description</i>	<i>Quantity</i>	<i>Unit Cost</i>	<i>Total Cost</i>
7520-00-375-9181 (T47141) RICC 2	Sign Painting Set	1	\$292.95	\$292.95
4720-00-289-6123 (K53748) RICC 2	Hose Cotton Rubber	3	\$30.00	\$90.00
4720-00-375-1528 (K49775) RICC 2	Hose and Fitting Kit	2	\$906.90	\$1,813.80
			Grand Total	\$2,733.89

Notes:

1. If last page, enter Grand Total.
2. For intermittent pages, enter Sub-total.

Figure 13-5. Sample continuation sheet, blocks 4-8, DD Form 200

Block 9 continued, Investigation of Property Loss, 21 March 2002, \$2,733.89, 573rd Supply and Service Company.

The missing property is on sub-hand receipt to SSG Slatt. Property has been sub-hand receipted to SSG Slatt for the past 17 months, which was last signed by SSG Slatt on 23 November 2001, exhibit A. The missing property was last seen by the commander, CPT Magee during a change of command inventory conducted on 17 - 28 September 2001, exhibit B.

According to a statement obtained from SSG Slatt, the missing property was loaned to the Laundry and Bath (L&B) Platoon, on 4 December 2002, for use in a field training exercise, during the period 9 - 22 December 2001, exhibit C. However, SSG Slatt was unable to produce a signed hand receipt showing the property as being issued to the L&B Platoon. Both 1LT Randall, L&B Platoon Leader and SFC Tucker, L&B Platoon Sergeant were asked if they knew where the property was and neither recalled receiving the property from SSG Slatt as stated by SSG Slatt.

The other platoon leaders and/or sergeants were asked if they knew the whereabouts of the missing property and were unable to provide its whereabouts.

Exhibits "A" through "C" attached.

Figure 13-6. Sample continuation sheet, block 9, DD Form 200

(6) Have the person providing the statements in blocks 9 and 10 complete and sign block 11. If blocks 9 and 10 were completed by the responsible officer or reviewing authority, leave block 11 blank. Electronic/digital signature may be used if DD Form 200 is electronically produced.

(7) Leave block 13 blank.

b. Initiating a financial liability investigation of property loss resulting from an AR 15–6 investigation. When the loss of Government property is discovered during the conduct of an AR 15–6 investigation, a financial liability investigation of property loss must be initiated to adjust the property records and to assess financial liability when appropriate. The initiator will do the following:

(1) Blocks 1 through 8. Prepare the financial liability investigation of property loss in accordance with figure 13–7.

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) 20020208		2. INQUIRY/INVESTIGATION NUMBER			3. DATE LOSS DISCOVERED (YYYYMMDD) 20020206		
4. NATIONAL STOCK NO. 5855-00-760-3870 (N15518)R1CC2		5. ITEM DESCRIPTION Night Vision Sight Tripod Mounted, AN/TVS-4, SN: 123454			6. QUANTITY 1	7. UNIT COST 4,231.00	8. TOTAL COST 4,231.00
9. CIRCUMSTANCES UNDER WHICH PROPERTY WAS (X one) (Attach additional pages as necessary)					<input checked="" type="checkbox"/> LOST	<input type="checkbox"/> DAMAGED	<input type="checkbox"/> DESTROYED
See AR 15-6 Investigation, Exhibit (Alpha character), or the location of AR 15-6 investigation, if classified.							
10. ACTIONS TAKEN TO CORRECT CIRCUMSTANCES REPORTED IN BLOCK 9 AND PREVENT FUTURE OCCURRENCES (Attach additional pages as necessary) See AR 15-6 Investigation							
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	
				d. SIGNATURE		e. DATE SIGNED	
12. (X one) <input checked="" type="checkbox"/>	RESPONSIBLE OFFICER (PROPERTY RECORD ITEMS)			REVIEWING AUTHORITY (SUPPLY SYSTEM STOCKS)			
e. NEGLIGENCE OR ABUSE EVIDENT/ SUSPECTED (X one) <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		b. COMMENTS/RECOMMENDATIONS					
c. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code) A Co, 4/56th FA Fort Hardward, NC 54321-3456				d. TYPED NAME (Last, First, Middle Initial) Shunk, Donald A. Jr., CPT, ART, Commanding		e. DSN NUMBER 321-6006	
				f. SIGNATURE <i>Donald A. Shunk Jr.</i>		g. DATE SIGNED 20020209	
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) <input 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 13-7. Sample DD Form 200, Financial Liability Investigation of Property Loss front side, when initiated as a result of an AR 15-6 Investigation

Block 1. DATE INITIATED (YYYYMMDD). Enter the date the investigation of property loss is prepared. The date of 8 February 2002 is recorded as 20020208.

Block 2. INQUIRY/INVESTIGATION NUMBER. Leave blank, the approving authority will enter the inquiry/investigation number when received from the responsible officer, the reviewing authority or the appointing authority.

Block 3. DATE LOSS DISCOVERED (YYYYMMDD). Enter the date the loss was discovered or the date of the incident that caused the loss. The date of 6 Feb 2002 is recorded as 20020206.

Block 4. NATIONAL STOCK NO. Enter the national stock number (NSN), manufacturer's part number, management control number (MCN) or other identification numbers, of the item(s) described in block 5. For end items assigned a line item number (LIN), enter the LIN below the NSN. Also, enter the reportable item control code (RICC) for RICC 2, A, B, C and Z items. When RICC 2, A, B, C or Z items are listed on the investigation of property loss, and are totally lost (no residue to turn-in), enter the words "No residue." If the space on the face of the form is insufficient, continuation sheets may be used. (See figure 13-4).

Block 5. ITEM DESCRIPTION. Enter the nomenclature of the item(s) lost damaged or destroyed. If the items are nonstandard, give a description accurate enough for identification. When the items involved have been assigned serial numbers, include such numbers for more identification. Describe damaged major units as such and not as damaged component parts. For damaged property, enter the estimated cost of damage (ECOD) in parenthesis in this block following the description of damaged property. If the space on the face of the form is insufficient, continuation sheets may be used. (See figure 13-5).

Block 6. QUANTITY. Enter the number of items lost, damaged or destroyed and the unit of issue. As an example, 1 ea, 2 dz, 1 pr, etc. If space on the face of the form is insufficient, continuation sheets may be used. (See figure 13-5).

Block 7. UNIT COST. Enter the price as shown in FEDLOG in effect at the time of the loss. When a price is not available in FEDLOG, use the current market price of a similar item; otherwise, estimate the unit price and attach the basis for the estimate to the investigation of property loss. Do not record the repair cost in this column. If the space on the face of the form is insufficient, continuation sheets may be used. (See figure 13-5).

Block 8. TOTAL COST. Enter the total cost of all property identified in blocks/columns 4 and 5 that has been lost or destroyed. Total cost is computed by multiplying the unit price (Column 7) of each item listed, by the quantity (Column 6). For damaged property, enter the estimated cost of damage (ECOD) in parenthesis in block 5 following the description of the damaged property. After the last entry on each page, enter the "subtotal" for that page. Enter the "grand total" on last page. The grand total is the total cost of all items listed on the front of the DD Form 200 and on all continuation sheets. If the space on the face of the form is insufficient, continuation sheets may be used. See table 13-5).

Block 9. CIRCUMSTANCES UNDER WHICH PROPERTY WAS (X one). Place an X in the appropriate box identifying whether the property was lost, damaged or destroyed. Enter "See AR 15-6 Investigation, exhibit (Alpha character), or the location of the AR 15-6 investigation," if classified.

Block 10. ACTIONS TAKEN TO CORRECT CIRCUMSTANCES REPORTED IN BLOCK 9 AND PREVENT FUTURE OCCURRENCES. Enter "See AR 15-6 Investigation."

Block 11. INDIVIDUAL COMPLETING BLOCKS 1 THROUGH 10. If the responsible officer or the reviewing authority completed blocks 1 through 10, leave block 11a through 11e blank. Other wise complete as follows:

Block 11a. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code). Enter the organizational address of the individual who completed blocks 1 and 3 through 10.

Block 11b. TYPED NAME (Last, First, Middle Initial). Enter the individual's name that completed blocks 1 and 3 through 10.

Block 11c. DSN NUMBER. Enter the telephone number of the individual identified in block 11b.

Block 11d. SIGNATURE. The individual identified in block 11b enters his or her signature. Electronic/digital signature may be used if DD Form 200 is electronically produced.

Figure 13-7. Sample DD Form 200, Financial Liability Investigation of Property Loss front side, when initiated as a result of an AR 15-6 Investigation (continued)

Block 11e. DATE SIGNED. Enter the date signed.

Block 12. (X one)

- RESPONSIBLE OFFICER (PROPERTY RECORD ITEMS)** For losses of property at the using unit level, check responsible officer, or
- REVIEWING AUTHORITY (SUPPLY SYSTEM STOCKS)** For losses of property at the forward distribution point level, check reviewing authority.

Block 12a. NEGLIGENCE OR ABUSE EVIDENT/SUSPECTED (X one). The responsible officer or the reviewing authority as appropriate check the "yes" or "no" block indicating whether negligence or abuse is evident or suspected.

Block 12b. COMMENTS/RECOMMENDATIONS. Rationale for the determination made in block 12a and recommendations.

Block 12c. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code). Enter the organizational address of the responsible officer or the reviewing authority as appropriate.

Block 12d. TYPED NAME (Last, First, Middle Initial). Enter the full name, grade and position, of responsible officer or the reviewing authority as appropriate.

Block 12e. DSN NUMBER. Enter the phone number of the responsible officer or the reviewing authority as appropriate.

Block 12f. SIGNATURE. The responsible officer or the reviewing authority as appropriate enters their signature. Electronic/digital signature may be used if DD Form 200 is electronically produced.

Block 12g. DATE SIGNED. Enter the date block "f" is signed. The date 9 February 2002 is entered as 20020209.

Figure 13–7. Sample DD Form 200, Financial Liability Investigation of Property Loss front side, when initiated as a result of an AR 15–6 Investigation (continued)

(2) Block 9. Insert the words "See AR 15–6 Investigation." Identify the location of the AR 15–6 investigation if not attached as an exhibit due to security classification.

c. Signatures will be entered by pen when DD Form 200 is manually prepared. When DD Form 200 and associated documents are electronically produced, electronic/digital signatures may be used.

13–11. Distribution

The initiator will forward financial liability investigations of property loss with exhibits, in original with copies (number as prescribed by the local command) to the accountable officer for assignment of a document/voucher number. (See para 13–15.)

13–12. Disposition of damaged property

The initiator of a financial liability investigation of property loss will not dispose of, repair, or continue to use the damaged property until the financial liability officer (when appointed), appointing authority, or the approving authority, decide it is no longer needed for investigative purposes.

a. When damaged property is not needed for investigative purposes, return to service that property considered fit for service, or make repairable property available for repair.

b. Turn in unserviceable uneconomically repairable property to the supporting supply support activity in accordance with AR 710–2, para 2–13b.

c. Dispose of property damaged in shipment as provided in chapter 16 of this regulation.

d. For vehicular accidents resulting in minor damage to the exterior of the vehicle, the approving authority may allow the continued use or the repair of the vehicle when the following actions are accomplished.

- (1) Damaged vehicle is photographed documenting the damage caused by the accident.
- (2) Certification obtained from a qualified automotive technician that damage does not prevent the safe use of the vehicle, and that continued use will not make the damages worse.
- (3) Both the photographs and the certification will be attached as exhibits to the financial liability investigation of property loss when the investigation is initiated.
 - e. For vehicles leased from the General Services Administration (GSA) or rented from commercial activities that become involved in an accident, the following applies. The financial liability investigation of property loss approving authority may authorize the use of photographs and written estimated costs to repair the damaged vehicles, in lieu of the financial liability officer providing a release statement for the repair or turn-in of the vehicles. The estimated costs of repairs must be prepared by a qualified technical inspector. When preparing the estimated cost of repair, the technical inspector must identify and document any damage to the vehicle (such as, through photographs), to include damage that existed prior to the accident. When this process is completed, the appropriate motor pool official may release the vehicle for repair or turn-in. The individual initiating the financial liability investigation of property loss will attach this documentation to the financial liability investigation of property loss as an exhibit. The financial liability officer will rely on this documentation of damage in lieu of physically examining the damaged vehicle.

Section II

Accountable officer

13–13. Accountable officer

a. The accountable officer is a person officially appointed on orders to maintain a formal set of accounting records of property or funds. This person may or may not have physical possession of the property or funds. The three types of accountable officers are—

(1) *Transportation officer*. The transportation officer is accountable for property entrusted to him or her for shipment.

(2) *Stock record officer*. The stock record officer is accountable for supplies being held for issue from time of receipt until issued, shipped, or dropped from accountability.

(3) *Property book officer*. The property book officer is accountable for property at the using unit level on receipt and until subsequently turned in, used (consumed) for authorized purposes, or dropped from accountability. (Hand receipt holders are not accountable officers.)

b. An accountable officer supervises the preparation, maintenance, and management of the document/voucher registers, regardless of the physical location of the registers.

13–14. Time constraints for actions by the accountable officer

a. *Active Army*. The accountable officer will forward financial liability investigations of property loss to the appointing authority or the approving authority as appropriate within 15 calendar days following the date of the discovery of the loss per para 13–8a. The accountable officer will explain any delay in writing and attach the explanation to the financial liability investigation of property loss as an exhibit.

b. *USAR*. The accountable officer will forward financial liability investigations of property loss to the appointing authority or the approving authority as appropriate within 75 calendar days from the date of discovery of the loss, as shown in figures 13–1 and 13–2. The accountable officer will explain any delay in writing and attach the explanation to the financial liability investigation of property loss as an exhibit.

c. *ARNG*. The accountable officer will forward financial liability investigations of property loss to the appointing authority or approving authority as appropriate within 45 calendar days from the date of discovery of the loss, as shown in figures 13–1 and 13–2. The accountable officer will explain any delay in writing and attach the explanation to the financial liability investigation of property loss as an exhibit.

13–15. Accountable officer's action on a financial liability investigation of property loss

Complete blocks 17a through 17f as shown in figure 13–8, assigning a document or voucher number to any initiated financial liability investigation of property loss when received from the initiator except—

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 "F" as indicated below. I have personally investigated the same and it is my belief that the articles listed hereon and on continuation sheet, were lost as a result of simple negligence on the part of SSG Gary M. Slatt.</p> <p>SSG Slatt, as the sub-hand receipt holder for property in the motor pool and as the motor sergeant, had supervisory and personal responsibility for the missing items. A review of the hand receipt files in the motor pool revealed the hand receipt records maintained by SSG Slatt were in a state of disarray. There were other items for which SSG Slatt was the hand receipt holder, which could not be found in the motor pool area. These items were found in other areas within the unit. Discussion with other noncommissioned officers within the unit, exhibits "D" and "E" revealed that SSG Slatt let individuals take equipment from the motor pool without first obtaining a signature on a hand receipt for the items borrowed.</p> <p>SSG Slatt was negligent in that he failed to properly hand receipt property to other elements of the unit when property was borrowed from the motor pool. AR 710-2, paragraph 2-10f directs that property will be controlled using permanent or temporary hand receipts. The amount of the loss has been depreciated by 5 percent for each year of service (10 percent) in accordance with AR 735-5, paragraph B-2b.</p> <p>Based on SSG Slatt's failure to use hand receipts when property belonging to the motor pool was lent to other platoons/personnel in the unit, recommend SSG Gary M. Slatt be held financially liable for the amount contained in block 15d.</p>		
b. DOLLAR AMOUNT OF LOSS	c. MONTHLY BASIC PAY	d. RECOMMENDED FINANCIAL LIABILITY
\$2,460.50	\$2,033.70	\$2,033.70
e. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)	f. TYPED NAME (Last, First, Middle Initial)	g. DSN NUMBER
573d Supply and Service Company Fort Mile High, HI 12345-6789	McGarvey, Richard M., 1LT, Investigating Officer	DSN 123-4321
	h. DATE REPORT SUBMITTED TO APPOINTING AUTHORITY (YYYYMMDD)	i. DATE APPOINTED (YYYYMMDD)
		20020706
	j. SIGNATURE	k. DATE SIGNED
	<i>Richard M. McGarvey</i>	20020803
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
573d Supply and Service Company Fort Mile High, HI 12345-6789	Slatt, Gary M.	333-22-4444
f. DSN NUMBER	g. SIGNATURE	h. DATE SIGNED
123-5678	<i>Gary M. Slatt</i>	20020818
17. ACCOUNTABLE OFFICER		
a. DOCUMENT NUMBER(S) USED TO ADJUST PROPERTY RECORD		
WS4GBW 2174-7008		
b. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)	c. TYPED NAME (Last, First, Middle Initial)	d. DSN NUMBER
67th Maintenance Battalion Fort Mile High, HI 12345-6789	Moseley, Patricia A., CPT, QM, PBO	123- 6789
	e. SIGNATURE	f. DATE SIGNED
	<i>Patricia A. Moseley</i>	20020623

DD FORM 200 (BACK), OCT 1999

Figure 13-8. Sample completed DD Form 200, Financial Liability Investigation of Property Loss, reverse side, blocks 15 through 17f completed

15. FINANCIAL LIABILITY OFFICER

Block 15a. FINDINGS AND RECOMMENDATIONS (Attach additional pages as necessary).

Enter the findings of the investigating officer along with a recommendation regarding financial liability of the involved parties. Proper conclusions shall be drawn from the available facts, not on opinions or suspicions. The investigating officer must sustain or refute the statements made in block 9 and any other statements that are part of the investigation. Do not use stereotyped phrases such as "loss or damaged in manner stated." The investigating officer states in his or her own words how the loss or damage occurred based on the evidence obtained through the investigation. Recommendations should state the investigating officer's recommendation, such as financial liability to be assessed or relief from responsibility and accountability. Also state the disposition instructions for any unserviceable property. When the space in block 15a is not sufficient, prepare continuations sheets using plain bond paper.

Block 15b. DOLLAR AMOUNT OF LOSS. Enter the actual cost of the loss in block 15b.

(1) For damaged property, enter the cost to repair the damaged property. If actual cost is available, use actual cost; if actual cost is not available, use estimated cost.

(2) For lost or destroyed property use the fair market value or the depreciated value per appendix B, paragraph B-2.

Block 15c. MONTHLY BASIC PAY. When recommending a charge of financial liability, enter the monthly basic pay of the respondent in block 15c. When more than 1 individual is being recommended for charges of financial liability, use a continuation sheet that contains the elements of information that are unique to the individuals being recommended for charges of financial liability. When continuation sheet is used, enter "see continuation sheet" in block 15c.

Block 15d. RECOMMENDED FINANCIAL LIABILITY. When a recommendation of financial liability is being made, enter the amount in block 15d. When financial liability is not recommended, enter 0. Financial liability is normally limited to one month's base pay at the time of the loss, or the actual amount of the loss to the Government, whichever is less. For exceptions to this rule, see paragraph 13-41 below. When more than 1 individual is being recommended for charges of financial liability, use a continuation sheet that contains the elements of information that are unique to the individuals being recommended for charges of financial liability. When continuation sheet is used, enter "see continuation sheet" in block 15d.

Block 15e. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code). Enter the unit/organizational address of the investigating officer.

Block 15f. TYPED NAME (Last, First, Middle Initial). Enter the name and grade of the investigating officer.

Block 15g. DSN NUMBER. Enter the investigating officer's telephone number.

Block 15h. DATE REPORT SUBMITTED TO APPOINTING AUTHORITY (YYYYMMDD). Enter the date the investigation of property loss is submitted to appointing authority if an appointing authority is used. If an appointing authority is not used, leave blank.

Block 15i. DATE APPOINTED (YYYYMMDD). Enter the date the investigating officer is appointed.

Block 15j. SIGNATURE. The investigating officer enters his or her signature. Electronic/digital signature may be used if DD Form 200 is electronically produced.

Block 15k. DATE SIGNED. Enter the date investigation of property loss is signed by the investigating officer. Use (YYYYMMDD) format for date.

Figure 13-8. Sample completed DD Form 200, Financial Liability Investigation of Property Loss, reverse side, blocks 15 through 17f completed (continued)

16. INDIVIDUAL CHARGED

Block 16a. I HAVE EXAMINED THE FINDINGS AND RECOMMENDATIONS OF THE FINANCIAL LIABILITY OFFICER AND (X one). The individual being recommended for a charge of financial liability (Respondent) places an "X" in the appropriate box to indicate his or her intention to submit a statement of objection to the investigating officer's findings and recommendations.

Block 16b. I HAVE BEEN INFORMED OF MY RIGHTS TO LEGAL ADVICE. MY SIGNATURE IS NOT AN ADMISSION OF LIABILITY. No entry is required.

Block 16c. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code). Enter the respondent's unit or organizational address.

Block 16d. TYPED NAME (Last, First, Middle Initial). Enter the respondent's name. If the respondent is a military member, enter their grade.

Block 16e. SOCIAL SECURITY NUMBER. Enter the respondent's social security number. Social security number may be obtained from unit/organizational personnel roster or files.

Block 16f. DSN NUMBER. Enter the respondent's telephone number.

Block 16g. SIGNATURE. The respondent enters his or her signature. Electronic/digital signature may be used if DD Form 200 is electronically produced. In the event the respondent refuses to sign, the investigating officer will enter: "Respondent refused to sign." When more than 1 individual is being recommended for charges of financial liability, use a continuation sheet as shown in figure 13-? When continuation is used, enter "see continuation sheet" in block 16g.

Block 16h. DATE SIGNED. Enter the date respondent signs investigation of property loss. If respondent refuses to sign the investigation of property loss, enter the date he or she refused to sign.

17. ACCOUNTABLE OFFICER

Block 17a. DOCUMENT NUMBER(S) USED TO ADJUST PROPERTY RECORD. The document number or voucher number is entered by the accountable officer or the individual maintaining the expendable/durable document register.

Block 17b. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code). Enter the unit or organization address of the accountable officer, or the address of unit or activity maintaining the expendable/durable document register that document/voucher number was obtained from.

Block 17c. TYPE NAME (Last, First, Middle Initial). Enter the name and grade of the accountable officer, or the individual who maintains the expendable/durable document register.

Block 17d. DSN NUMBER. Enter the telephone number of the accountable officer or the individual who maintains the expendable/durable register.

Block 17e. SIGNATURE. The accountable officer or the individual maintaining the expendable/durable document register enters their signature. Electronic/digital signature may be used if DD Form 200 is electronically produced.

Block 17f. DATE SIGNED. Enter the date the document number or voucher number is assigned.

Figure 13-8. Sample completed DD Form 200, Financial Liability Investigation of Property Loss, reverse side, blocks 15 through 17f completed (continued)

- a. For damaged property.
- b. When the lost or destroyed property is on another accountable officer's records. The accountable officer will return the financial liability investigation of property loss without action, and advise the initiator of whom the correct accountable officer is, if known.

13–16. Distribution of financial liability investigations of property loss by the accountable officer immediately after the document number or voucher number is assigned—

- a. The accountable officer retains one copy, and posts it to the appropriate accountable record(s). This copy will be filed with the supporting document files.
- b. The accountable officer returns one copy to the initiator.
- c. The accountable officer forwards the original and all remaining copies of the DD Form 200, with all exhibits, to the appointing authority or approving authority as appropriate.
- d. The accountable officer initiates replenishment action as necessary.

Section III

Approving Authority/Appointing Authority

13–17. Definition

The approving authority is defined as an Army officer, or DA civilian employee authorized to appoint a financial liability officer and to approve financial liability investigations of property loss. For Army garrisons, garrison commanders will be the approving authority for financial liability investigations of property loss arising within their command or under their supervision. The minimum grades for approving authorities are shown in paragraphs *a and b* below. For financial liability investigations of property loss containing recommendations affecting general officers or SES employees, the next general officer or SES employee in the chain of command senior to the general officer or SES employee being recommended for assessment of, or relief from, financial liability becomes the approving authority. The appointing authority is an officer or civilian employee designated by the approving authority with responsibility for appointing financial liability officers. The minimum grades of appointing authorities are shown in paragraphs *c(1)* through *(3)* below. The approving authority will normally be senior to the appointing authority. The approving authority for financial liability investigations of property loss is also the approving authority for inventory adjustment reports for inventory discrepancies at stock record accounts.

a. *Active Army and USAR.* Army officers in command positions in the grade of lieutenant colonel or above, DA civilian employees in supervisory positions in the grade of GS–14 or above, chiefs of HQDA staff agencies, and MACOM commanders are approving authorities for financial liability investigations of property loss arising within their command or under their supervision. Commanders in the grade of colonel or above, chiefs of HQDA staff agencies, and MACOM commanders may delegate approving authority to an Army officer in the grade of lieutenant colonel or above, or a DA civilian employee in the grade of GS–14 or above. If a command or agency is not headed by an Army officer in the grade of lieutenant colonel or above or a DA civilian employee in a supervisory position in the grade of GS–14 or above, the approval authority will be the first individual in the chain of supervision who so qualifies.

b. *ARNG.* Commanders in the grade of colonel (federally recognized) are authorized to be the approving authority for financial liability investigations of property loss arising within their command. The Director, Army National Guard (DARNG) or his designated representative may authorize the Adjutant General to delegate or appoint in writing approval authority to member(s) of their staff in the grade of lieutenant colonel or above. Where there is possible state liability, the DARNG or his designated representative will act as both the appointing authority and the approving authority.

c. *Withdrawal of approving authority (Active Army and USAR).* Commanders, directors, chiefs of HQDA staff agencies, and MACOM commanders in the grade of colonel or above, or GS–15 or above, may retain approving authority for financial liability investigations of property loss at their level. Retention of approving authority will be documented using an informal memorandum, with copies provided to all affected subordinate commanders and/or supervisors. When the approving authority is retained at the Colonel or above level, or at the GS–15 or above level, the approving authority may designate individuals to act as appointing authorities using the same informal memorandum. Individuals designated must be—

- (1) Lieutenant colonel or major filling a lieutenant colonel billet, or
- (2) U.S. DOD civilian employee of equivalent grade of lieutenant colonel or above, that is, GS–13 or above, or GS–12 filling a GS–13 position on the personnel authorization document.
- (3) Within AMC, a major serving as a commander of a depot activity not co-located with its next higher headquarters.

d. Delegation of approving authority.

(1) *Active Army and USAR.* General officers and colonels in command positions who do not have subordinate commanders, general officers and colonels who are chiefs of HQDA staff agencies, and MACOM commanders may delegate approving authority for financial liability investigations of property loss. Delegation must be in writing. Individual delegated approving authority for financial liability investigations of property loss must be an Army officer in the grade of lieutenant colonel or above, or be a DA civilian employee in a supervisory position in the grade of GS-14 or above. In addition, they must be a member of the general's or the colonel's command or staff.

(2) *USAR.* U.S. Army Reserve Command Major Subordinate Command (USARC MSC) commanders may designate centralized approving authorities for financial liability investigations of property loss initiated by units reporting directly to the USARC MSC. This applies to those units commanded by a major or below, and those commanded by a lieutenant colonel, when the USARC MSC commander has withdrawn approval authority per para *c* above. Such designee must be an Army officer in the grade of lieutenant colonel or above, and be senior to all commanders over whom he or she exercises approval authority. The USARC MSC commander retains appeal authority.

(3) *ARNG.* The Adjutant General may delegate approval authority to lieutenant colonels occupying colonel command billets and awaiting Federal recognition to colonel. General officers in command positions who do not have subordinate commanders, may delegate in writing approval authority to member(s) of their staff. Individual(s) delegated must be a federally recognized colonel or above. The DARNG or his designated representative may authorize the Adjutant General to delegate or appoint in writing approval authority to member(s) of their staff in the grade of lieutenant colonel or above. The Adjutant General may designate a centralized approval authority for some or all commands in the State. Such designee must be senior to all of the commanders over who he or she exercises approval authority and such centralization will not preclude exercising appeal authority within the State. Such designation carries with it all of the responsibilities of an approval authority enumerated elsewhere in this regulation. These responsibilities may not be split or further delegated.

13–18. Conflict of interest

No person may act as an appointing authority or the approving authority that has had personal responsibility or accountability for the property listed on the financial liability investigation of property loss at the time the property became lost, damaged or destroyed. In such cases, the next higher commander or DA civilian employee in the chain of command or supervision will act as the appointing authority or the approving authority as appropriate.

13–19. Processing steps for appointing authority/approving authority

Figure 13–9 depicts the financial liability investigation of property loss processing steps from receipt by the approving authority to assessment of financial liability, or relief from responsibility. Figure 13–10 depicts the financial liability investigation of property loss processing steps from receipt by the appointing authority, to assessment of financial liability, or relief from responsibility.

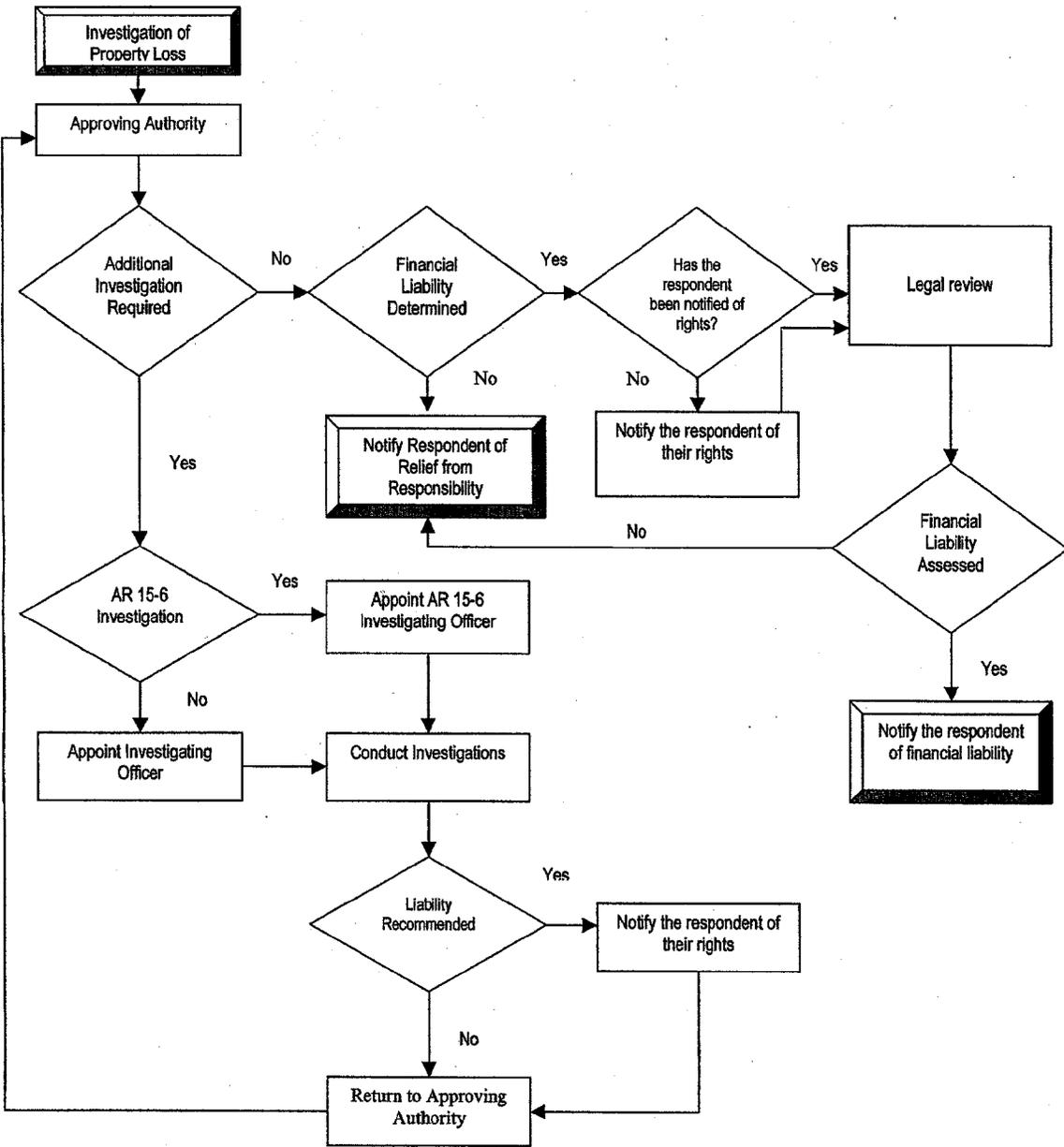


Figure 13-9. Financial Liability Investigation of Property Loss processing steps without an appointing authority

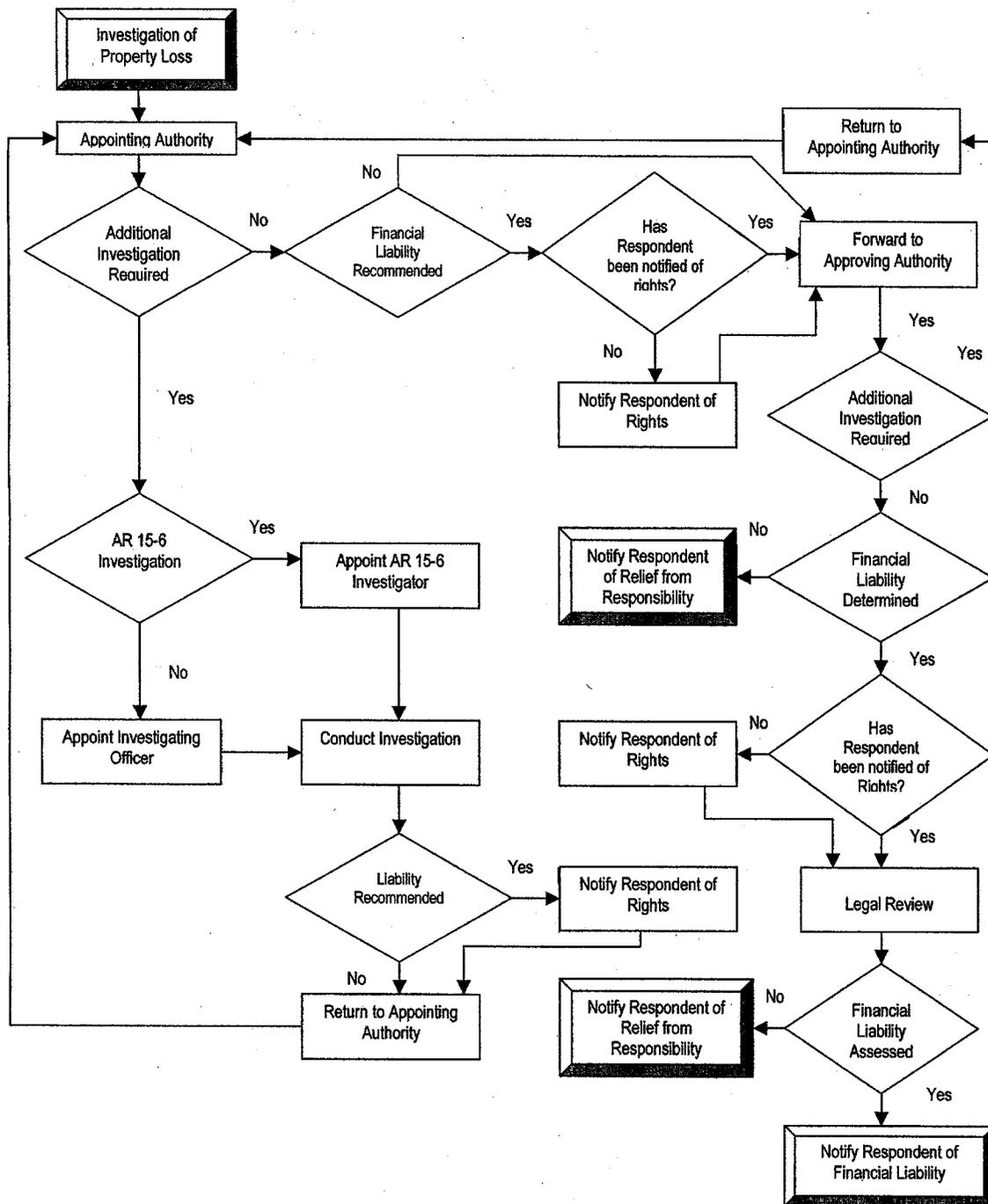


Figure 13-10. Financial Liability Investigation of Property Loss processing steps with an appointing authority

13–20. Supervising the financial liability investigation of property loss system

a. The approving authority will ensure the financial liability investigation of property loss system works to promptly discover, report, and investigate the LDD of Government property. The approving authority will ensure that—

(1) Responsible persons keep themselves informed as to whether any property for which they are responsible or accountable becomes lost, damaged, or destroyed.

(2) Initiation, processing, and adjudication of financial liability investigations of property loss, takes place within the time limits cited in figures 13–1 and 13–2.

(3) Financial liability officers are thoroughly briefed on how to conduct a financial liability investigation of property loss and are provided with a copy of DA Pam 735–5. They are also informed of any specific time restraints.

(4) Administrative action takes place to correct the causes of avoidable delays exceeding the processing time limits established by this regulation.

(5) Assignment of the inquiry/investigation number is assigned upon initial receipt of the financial liability investigation of property loss by the approving authority from the accountable officer. The inquiry/investigation number is entered in block 2 of DD Form 200. The financial liability investigation of property loss may be routed through the approval authority for assignment of the inquiry/investigation number prior to going to the accountable officer for a document/voucher number.

(6) The financial liability investigation of property loss register, DA Form 1659 (or automated substitute) and files are maintained according to AR 25–400–2, and figure 13–11 of this regulation. Automated substitutes of DA Form 1659 must contain all the elements of information contained on the DA Form 1659. Normally the financial liability investigation of property loss register and the files of approved financial liability investigations of property loss are maintained at the headquarters of the approving authority. This includes the S4, G4, DOL, or other subordinate staff elements as designated by the approving authority. Exceptions to this policy are allowed when—

(a) The logistics staff offices are consolidated at a command level above the approving authority, such as, battalion S4s consolidated at the brigade S4. Under this scenario the register and associated files may be maintained at the brigade S4.

(b) The financial liability investigation of property loss register may be maintained at a centralized office on the installation, providing inquiry/investigation numbers are assigned to all financial liability investigations of property loss initiated for those organizations supported. When this option is used, the approving authority still has the responsibility for the appointment of the financial liability officer per para 13–17. Both the office maintaining the financial liability investigation of property loss register and the approving authority's headquarters will maintain file copies of the approved financial liability investigations of property loss.

Name of activity. Enter the name of organization the approving authority commands or supervises.

Location. Enter the location of the organization.

Page No. Enter the page number.

Inquiry Investigation Number. The approving authority numbers investigations of property loss beginning with the number 1 at the beginning of each year.

Document Number. Enter the document number or voucher number assigned to investigations of property loss. For investigations of damaged property not assigned document number, leave blank.

Originator (Accountable officer, or primary hand receipt holder). Enter the name of the accountable officer or the name of the individual who maintains the document register.

Date Loss Discovered. Enter the date from block 3, DD Form 200.

Date Prepared. Enter the date from block 1, DD Form 200.

Date Approved. Enter the date investigation of property loss is approved by the approving authority, block 14h, DD Form 200.

Number of days processing time. Total processing time equals the difference in days between the date of discovering the loss (column 7) and the date the investigation of property loss is approved (column 9). Time used to notify the respondent of the investigating officer's recommendation and the approving authority's decision to hold respondent financially liable is not included.

Actual Loss. Enter the amount from block 15b, DD Form 200.

Amount Charged. Enter the amount of financial liability assessed as approved by the approving authority in block 14b, DD Form 200.

Loss to Government. Enter the difference between column 11 and column 12.

Collection or Appeal Status. Enter the status of collection actions and appeals.

Figure 13–11. Sample DA Form 1659, Financial Liability Investigation of Property Loss Register (continued)

b. Commanders with subordinate approving authorities for financial liability investigations of property loss will initiate and conduct oversight management of the financial liability investigation of property loss process at subordinate commands.

(1) A random sample of no less than 10 percent of the financial liability investigations of property loss approved by subordinate commands during the previous quarter will be reviewed quarterly.

(2) The review will be made to determine if the approving authorities for financial liability investigations of property loss are properly carrying out their responsibilities as approving authorities, that is, are the decisions made—

(a) Supported by the evidence documented in the financial liability investigation of property loss?

(b) Fair and without bias or prejudice towards the respondent, when charges of financial liability were approved? Was the respondent's negligence and/or willful misconduct the proximate cause for the loss?

(c) In the best interest of the Army and the U.S. Government, when all persons were relieved of accountability and/or responsibility, and charges of financial liability were not made?

(d) Followed-up with corrective actions or directives as appropriate.

13–21. Initial review by the appointing authority or the approving authority

On receipt of DD Form 200 from the accountable officer, the appointing authority when designated, or the approving authority will review the information in blocks 9 and 10, along with any exhibits provided by the initiator, and determine if—

a. A financial liability investigation of property loss is directed by higher authority, other DA regulations, or requested by an accountable supply distribution activity.

b. Sufficient information exists to provide a clear understanding of the circumstances surrounding the LDD of Government property.

Section IV

Processing Financial Liability Investigations of Property Loss by the Approving Authority or Appointing Authority Without Appointing a Financial Liability Officer

13–22. Decision by the approving authority without further investigation

This action, a "short financial liability investigation of property loss" provides the approving authority the option of shortening the financial liability investigation of property loss process when the facts and circumstances permit. When an appointing authority has not been designated by the approving authority, the approving authority completes block 13c, placing an "X" in box indicating "No" and entering their initials and date.

a. Relief from responsibility. When the approving authority determines from the information contained in blocks 9 and 10, DD Form 200, and attached exhibits, there is no evidence of negligence, he or she may provide relief from responsibility by—

(1) Enter "X" in box adjacent to approved in block 13a.

(2) Completing blocks 14b through 14h, placing a statement in block 14b to relieve all concerned of property accountability and responsibility: "I have reviewed the information contained in blocks 9 and 10. No further investigation is required. I do not suspect negligence, or willful misconduct. I relieve all concerned from financial liability for the property listed in blocks 4 through 6."

b. Assessment of financial liability. When the approving authority can establish from the information contained in blocks 9 and 10, DD Form 200, and attached exhibits, that negligence or willful misconduct was the proximate cause of the LDD, he or she may assess financial liability by—

(1) Preparing a memorandum to the respondent stating his or her intent to assess financial liability without further investigation. The memorandum will include the facts, on which the proposed charge of financial liability is based, computation of the actual loss, and the amount of financial liability to be charged. The memorandum will include an explanation of the respondent's rights as described in paragraphs 13–34 and 13–35. A complete copy of the financial liability investigation of property loss with copies of all the exhibits will be attached to the memorandum as an enclosure. Instruct the respondent to complete blocks 16a through 16h before returning the financial liability investigation of property loss to the approving authority.

(2) On receipt of a rebuttal statement, if one is received, the approving authority will consider the financial liability investigation of property loss together with any new evidence provided, or allegations of error presented by the respondent. The approval authority will make appropriate comments and attach the rebuttal statement and remarks to the financial liability investigation of property loss as exhibits.

(3) On receipt and review of the rebuttal statement, or upon expiration of the time allowed the respondent to submit a rebuttal statement, the financial liability investigation of property loss with all exhibits and a copy of the memorandum to the respondent containing the facts on which proposed assessment of financial liability is based will be forwarded to the installation legal advisor for a legal opinion per para 13–38 below.

(4) On receipt of the legal opinion, final approval to hold respondent financially liable is accomplished by completing blocks 14a through 14h, inserting a statement in block 14b to assess financial liability against an individual. Use a statement similar to the following: "Approved to hold (insert name, grade, and SSN) financially liable in the amount of (enter amount). (Insert name and grade), monthly basic pay at the time of the loss was (enter amount)." Respondents must be notified of the approved charges of financial liability and be provided the opportunity to exercise their rights as listed in para 13–42.

13–23. Recommendation by the appointing authority without further investigation

This action is also a "short financial liability investigation of property loss". It provides the appointing authority, when designated, the option to shorten the financial liability investigation of property loss process when the facts and circumstances permit.

a. Relief from responsibility. When the appointing authority determines from the information in blocks 9 and 10, DD Form 200, and attached exhibits, there is no evidence of negligence or willful misconduct, they may recommend relief from responsibility by—

(1) Completing blocks 13b through 13h, placing a statement in block 13b, recommending all persons be relieved of financial liability.

(2) Forward the DD Form 200, with exhibits, to the approving authority.

b. Assessment of financial liability. When the appointing authority can establish from the information contained in blocks 9 and 10, DD Form 200, and the attached exhibits, that negligence or willful misconduct was the proximate cause of the LDD of Government property, the appointing authority must—

(1) Prepare a memorandum to the respondent stating his or her intent to recommend charges of financial liability without further investigation. The memorandum will include the facts on which the recommended charges of financial liability are based, computation of the actual loss, and the amount of financial liability being recommended. The memorandum will include an explanation of the respondent's rights as described in paragraphs 13–34 and 13–35. A complete copy of the financial liability investigation of property loss, to include copies of all the exhibits, will be attached to the memorandum as an enclosure. Instruct the respondent to complete blocks 16a through 16h before returning the financial liability investigation of property loss to the appointing authority.

(2) On receipt of a rebuttal statement, if one is received, the appointing authority will consider the financial liability investigation of property loss together with any new evidence provided, or allegations of error presented by the respondent. The appointing authority will make appropriate comments and attach the rebuttal statement and remarks to the financial liability investigation of property loss as exhibits.

(3) On receipt and review of a rebuttal statement, or upon expiration of the time allowed the respondent to submit a rebuttal statement, the appointing authority will—

(a) Enter a statement in block 13b stating further investigation is not required. Enter the words see block 15a, for appointing authority's recommendation.

(b) Complete blocks 13c through 13h.

(c) In block 15a, enter a recommendation regarding the charge of financial liability, and the amount of financial liability being recommended. Enter a statement explaining the facts on which the appointing authority's recommendation is based. Enter the name, grade and SSN of those individual(s) being recommended for charges of financial liability.

(d) Complete blocks 15b, c, and d showing the amount of the loss, the respondent's monthly basic pay, and the recommended amount of financial liability. Leave blocks 15e through k blank.

(e) Ensure blocks 16a through 16h are completed by the respondent. In the event respondent refuses to complete these blocks enter a statement "Respondent refused to sign" in block 16g and place the date refusal was made in block 16h. Forward the completed DD Form 200, with all exhibits, to the approving authority for final action, per para 13–37. Electronic/digital signature may be used if DD Form 200 is electronically produced.

Section V

Appointment of the Financial Liability Officer or AR 15–6 Investigating Officer

13–24. Review of the financial liability investigation of property loss to determine if a financial liability officer or AR 15–6 investigating officer is necessary.

a. The appointing authority or the approving authority as appropriate reviews the financial liability investigation of property loss to decide whether a financial liability officer is necessary. The decision whether a financial liability officer is necessary is indicated by the appointing authority or the approving authority as appropriate, completing block 13c, and entering their initials and the date. See figure 13–4. The appointment of a financial liability officer is accomplished by using a memorandum as shown in figure 13–12.

(Appropriate Letterhead)

OFFICE SYMBOL

Date

MEMORANDUM FOR: (Individual Concerned)

SUBJECT: Appointment of Investigating Officer

1. You are hereby appointed an investigating officer pursuant to AR 735-5, paragraph 13-24, to conduct an investigation of property loss. Your task in conducting an 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.
2. Whenever it is necessary to advise a witness or respondent of their rights under the Uniform Code of Military Justice, Article 31b, you should consult with the servicing Office of the Staff Judge Advocate prior to questioning that individual.
3. Submit your findings and recommendations on DD Form 200, block 15 to this office by (enter date). In the event you are unable to meet the above suspense date, prepare a written statement explaining the reason for the delay and attach it to the investigation of property loss as an exhibit.

(Authority Line)

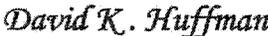
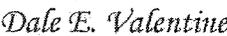
(Signature Block)

Note: when signed by the commander, the authority line is not necessary.

Figure 13-12. Sample memorandum for appointment of a financial liability officer

b. The appointing authority or the approving authority may direct an investigation according to AR 15-6 by lining through the words financial liability in block 13c and inserting "AR 15-6 investigating" in the row immediately above (see figure 13-13). An AR 15-6 investigating officer will be appointed using a memorandum of appointment in accordance with AR 15-6, para 2-1b. The appointing authority/approving authority will present the financial liability investigation of property loss with all exhibits to the financial liability officer.

c. The financial liability officer will be thoroughly briefed on how the investigation is to be conducted and be advised as to specific time restraints.

FINANCIAL LIABILITY INVESTIGATION OF PROPERTY LOSS					
PRIVACY ACT STATEMENT					
AUTHORITY: 10 USC 2776; 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) 20020824		2. INQUIRY/INVESTIGATION NUMBER 06-115F		3. DATE LOSS DISCOVERED (YYYYMMDD) 20020808	
4. NATIONAL STOCK NO. 1005-01-086-1400 (G96797) RICC 2	5. ITEM DESCRIPTION Gun Automatic, 25 Millimeter, M242 (ECOD \$1,644.33)		6. QUANTITY 1	7. UNIT COST 48,203.00	8. TOTAL COST 48,203.00
9. CIRCUMSTANCES UNDER WHICH PROPERTY WAS (X one) (Attach additional pages as necessary)					
<input type="checkbox"/> LOST <input checked="" type="checkbox"/> DAMAGED <input type="checkbox"/> DESTROYED On 8 August 2002, F Company, 1-15th CAV was conducting Bradley Table VI at Genson Mountain Multi-Use Range. The 25 MM gun mounted on B7, a Bradley Fighting Vehicle, exploded in the turret, causing the gun barrel to separate from the receiver. Continued on continuation sheet.					
10. ACTIONS TAKEN TO CORRECT CIRCUMSTANCES REPORTED IN BLOCK 9 AND PREVENT FUTURE OCCURRENCES (Attach additional pages as necessary)					
Will increase training on the proper care and maintenance of damaged weapon.					
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	
F Co, 1-15th Armored Cav Fort Hook, TX 45678-3004		Huffman, David K., ILT, CAV, XO		987-5003	
		d. SIGNATURE		e. DATE SIGNED	
				20020825	
12. (X one) <input checked="" type="checkbox"/> RESPONSIBLE OFFICER (PROPERTY RECORD ITEMS) <input type="checkbox"/> REVIEWING AUTHORITY (SUPPLY SYSTEM STOCKS)					
a. NEGLIGENCE OR ABUSE EVIDENT/SUSPECTED (X one)	b. COMMENTS/RECOMMENDATIONS				
<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	The damage to the 25 MM gun on B7 was caused by one of the following: 1. Crew error in not locking the gun barrel to the receiver. 2. The feeder was not timed properly.				
c. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)		d. TYPED NAME (Last, First, Middle Initial)		e. DSN NUMBER	
F Co, 1-15th Armored Cav Fort Hook, TX 45678-3004		Valentine, Dale C., CPT, CAV, Commanding		987-6003	
		f. SIGNATURE		g. DATE SIGNED	
				20020827	
13. APPOINTING AUTHORITY					
a. RECOMMENDATION (X one)	b. COMMENTS/RATIONALE		c. FINANCIAL LIABILITY OFFICER APPOINTED (X one) <i>FBO III</i>		
<input type="checkbox"/> APPROVE <input type="checkbox"/> DISAPPROVE			<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO <i>28 Aug 02</i>		
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)	b. COMMENTS/RATIONALE		c. LEGAL REVIEW COMPLETED IF REQUIRED (X one)		
<input type="checkbox"/> APPROVE <input type="checkbox"/> DISAPPROVE			<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 13-13. Sample DD Form 200 when an AR 15-6 investigating officer will be appointed (blocks 1 through 13c)

Blocks 1 through 12. Same as figure 13-4.

Block 13. APPOINTING AUTHORITY. Blocks 13a through b and d through h leave blank at this time. These blocks are completed after the investigation is completed to show whether the appointing authority approves of the investigating officer's findings and recommendations. When an appointing authority has not been designated, these blocks will be left blank.

Block 13c. FINANCIAL LIABILITY OFFICER APPOINTED (X one). When the appointing authority or the approving authority decide an AR 15-6 investigation should be conducted to investigate the loss, damage or destruction of Government property they will line through "FINANCIAL LIABILITY" in block 13c and enter "AR 15-6 Investigating" in the blank space immediately above. They will place an "X" in the box marked YES and enter their initials and date. The AR 15-6 investigating officer will be appointed using an appointment memorandum in accordance with AR 15-6, paragraph 2-1b.

Figure 13-13. Sample DD Form 200 when an AR 15-6 investigating officer will be appointed (blocks 1 through 13c) (continued)

13-25. Use of an AR 15-6 investigation

a. There are four situations warranting an investigation performed per AR 15-6 in lieu of a financial liability investigation of property loss conducted under this regulation. These situations occur when directed by—

- (1) Other regulatory guidance.
- (2) A commander.
- (3) A financial liability investigation of property loss approving or appointing authority per AR 15-6, para 2-1a(2).
- (4) The loss or destruction involves a controlled item.

b. There are 2 distinct situations warranting an AR 15-6 investigation to be included as an exhibit to a financial liability investigation of property loss. They are—

(1) Upon review of DD Form 200 (Financial Liability Investigation of Property Loss) and attached exhibits by the approving authority or appointing authority as appropriate, a decision is made that an AR 15-6 investigation should be initiated to investigate the loss. The decision whether to appoint an AR 15-6 investigating officer is reflected in block 13c, of the DD Form 200, as shown in figure 13-13. An AR 15-6 investigating officer is appointed using a memorandum of appointment per the AR 15-6, para 2-1b.

(2) When a loss of Government property is discovered during the conduct of an AR 15-6 investigation, a DD Form 200 is initiated using the instructions contained in figure 13-7.

c. On completion of the AR 15-6 investigation—

(1) Attach the AR 15-6 investigation to the financial liability investigation of property loss as an exhibit. Do not use the AR 15-6 investigation as a supporting document/voucher to adjust balances on property records or as a document to assess financial liability. Use the financial liability investigation of property loss for these purposes.

(2) In block 15a, enter the words "see AR 15-6 investigation at exhibit (identify exhibit by an alpha character)". Mark classified or controlled AR 15-6 investigation reports in block 15a showing their identification and location.

(3) In blocks 15a through 16h, the AR 15-6 investigating officer will complete all actions as required by AR 15-6. The appointing authority or the approving authority as appropriate will accomplish those actions normally required of a financial liability officer as prescribed in paragraphs 13-32, 13-34, and 13-35, had one been appointed.

13-26. Financial liability officer

An individual appointed to investigate the circumstances, and make findings and recommendations relating to the LDD of Government property listed on a financial liability investigation of property loss.

13-27. Financial liability officer qualifications

a. The financial liability officer must be an Army commissioned or warrant officer; an Army noncommissioned officer in the grade of sergeant first class (SFC) or above; civilian employee GS-7 or above, or a wage leader (WL) or wage supervisor (WS) employee. For financial liability investigations of property loss conducted in joint Service activities, financial liability officers may be any DOD commissioned or warrant officer, or a noncommissioned officer in the pay grade of E7 or above assigned to the activity. Additionally, a foreign national employee, GS-7 equivalent or above, may be designated to act as a financial liability officer on financial liability investigations of property loss originating within a civilian support center (CSC). Federal recognition of an ARNG member constitutes authority to be appointed as a financial liability officer.

b. Appoint only those individuals as financial liability officer who are senior to individual(s) subject to potential

financial liability. Senior by time-in-grade is acceptable. Refer to table 13–1 to determine the proper grade of a financial liability officer. If during the investigation the financial liability officer discovers that completion of the investigation will require him or her to examine the conduct or performance of duty of someone senior, or may result in a finding and recommendation adverse to a person senior to him or her, the financial liability officer will report that fact to the approving authority. The approving authority will review the findings, and either excuse the financial liability officer and designate another person senior to the individual concerned, or direct the investigation to continue if military exigencies make the change impractical. When employing the military exigency option, the approving authority will document the military exigency as an exhibit to the financial liability investigation of property loss.

Table 13–1 Protocol for Military and civilian rank comparison for appointment of financial liability officer purposes only			
To read this chart, find the military or civilian grade you are looking for, read across to the right column to find the grade, which may be appointed as a financial liability officer for that grade. The term "any of the above" means any military or civilian grade found on any line above the line in which you found the grade for which a financial liability investigation of property loss is being processed.			
<i>Potential Respondent</i>			
<i>Military</i>	<i>Civilian</i>		
COL	GS–15		Senior COL/GS–15 by TIG or position
	GS–14	WS–18/19	Senior GS–14 by TIG and any of the above
LTC	GS–13	WS–16/17	Senior LTC/GS–13 by TIG or position and any of the above
	GS–12	WS/WL–15	Senior GS–12 by TIG and any of the above
MAJ		WS/WL–14	Senior MAJ by TIG and any of the above
	GS–11	WS/WL–13	Senior GS–11 by TIG and any of the above
CPT	GS–10	WS/WL–12	Senior CPT/GS–10 by TIG or position and any of the above
1LT	GS–9	WS/WL–11	Senior 1LT/GS–9 by TIG or position and any of the above
	GS–8	WS–10	Senior GS–8 by TIG and any of the above
2LT	GS–7	WS–9	Senior 2LT/GS–7 by TIG or position and any of the above
CWO–5			Senior CWO–5 by TIG or LTC or above
CWO–4			Senior CWO–4 by TIG or GS–12 or above
CWO–3			Senior CWO–3 by TIG or GS–11 or above
CWO–2			Senior CWO–2 by TIG or GS–9 or above
WO–1			Senior WO–1 by TIG or GS–8 or above
SMA			CW5 or GS–12 or above
CSM/SGM			Senior CSM/SGM by TIG or CWO or GS–12 or above
1SG/MSG			Senior 1SG/MSG by TIG or any of the above
SFC			Senior SFC by TIG or any of the above
PVT thru SSG			SFC or above
	GS–1 thru GS–6	WL–10, WS–8, and WG–1 thru WG–15	SFC/GS–7/ WS–9 or above

Notes:
1. Individuals appointed as the financial liability officer must be senior to individual(s) subject to potential financial liability. Senior by time-in-grade (TIG) is acceptable.

c. No person may act as the financial liability officer who is personally responsible for, or is in any way directly interested in the property listed on the financial liability investigation of property loss.

d. Appointment of financial liability officers is accomplished using an informal memorandum. See figure 13–12 above for format.

13–28. Time constraints for conducting the investigation by the financial liability officer

a. Unless the approving authority specifies a shorter time, a financial liability officer has up to 30 calendar days

(USAR and ARNG 60 calendar days) from the date of receipt to complete the financial liability investigation of property loss. Appointment as a financial liability officer becomes that person's primary duty until the approving authority accepts the investigation as completed, or until otherwise relieved from that duty. Any delay must be explained in writing by the financial liability officer and attached to the financial liability investigation of property loss as an exhibit.

b. In the event the financial liability officer is unable to complete the investigation and a new financial liability officer is necessary, appointment will be made using an informal memorandum using the format in figure 13-12 above. Include an explanation stating why the original financial liability officer is unable to complete the financial liability investigation of property loss.

13-29. Financial liability officer's responsibilities

A financial liability officer's responsibility is to determine the cause and value of the LDD of Government property listed on the financial liability investigation of property loss, and to determine if assessment of financial liability is warranted. That determination must be determined from the facts developed during a thorough and impartial investigation. However, before beginning the investigation the financial liability officer must have an understanding of the terms "responsibility, culpability, proximate cause, and loss;" each term impacts upon a determination of financial liability. Individuals may be held financially liable for the LDD of Government property if they were negligent or have committed willful misconduct, and their negligence or willful misconduct is the proximate cause of that LDD. The following terms are addressed in order to assist the financial liability officer in evaluating financial liability:

a. Responsibility.

(1) *General.* The type of responsibility a person has for property determines the obligations incurred by that individual for the property. DA Pam 735-5 presents specific issues the financial liability officer must consider before recommending financial liability.

(2) *Command responsibility.* The obligation of a commander to ensure all Government property within his or her command is property 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 command at any level and includes—

(a) Ensuring the security of all property within 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) Taking administrative or disciplinary action when necessary.

(3) *Supervisory responsibility.* 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, 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.

(4) *Direct responsibility.* The obligation of a person to ensure 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.

(5) *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. Personnel with custodial responsibility are 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.

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

b. Culpability.

(1) Before a person can be held financially liable, the facts must show that he or she, through negligence or willful misconduct, violated a particular duty involving the care of the property.

(2) Simple negligence is the absence of due care, by an act or omission of a person which lacks that degree of care for the property that a reasonably prudent person would have taken under similar circumstances, to avoid the LDD of Government property.

(3) Gross negligence is an extreme departure from due care resulting from an act or omission of a person accountable or responsible for Government property which falls far short of that degree of care for the property that a reasonably prudent person would have taken under similar circumstances. It is accompanied by a reckless, deliberate, or wanton disregard for the foreseeable loss or damage to the property.

(4) Whether a person's acts or omissions constitute negligence depends on the circumstances of each case. Negligence under some circumstances may not reflect negligence under other circumstances. Therefore, fully consider the following factors, as a minimum, when determining the reasonableness of a person's conduct:

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

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

(c) The type and nature of the property.

(d) The nature, complexity, level of danger, or urgency of the activity ongoing at the time of the LDD of the property.

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

(f) The feasibility of maintaining close supervision over the property, given the nature and complexity of the organization or activity supervised.

(g) The extent supervision could influence the situation considering pressing duties or lack of qualified assistants.

(5) Willful misconduct is any intentional wrongful or unlawful act or omission relating to Government property.

(6) A retired military member or civilian employee can be held financially liable for the LDD of Government property that can be attributed to their negligence while on active duty or employed by DA.

c. Proximate cause. Before holding a person financially liable for a loss to the Government, the facts must clearly show that the person's conduct was the "proximate" cause of the LDD. That is, the person's acts or omissions were the cause that, in a natural and continuous sequence, unbroken by a new cause, produced the LDD, and without which the LDD would not have occurred.

d. Loss. Before holding a person financially liable, the facts must show that a loss to the Government occurred. "Loss" means loss of, damage to, or destruction of, property of the U.S. Government. Loss includes a loss from accountability. Property is considered lost when it cannot be found or accounted for by the last responsible person in the audit trail.

13–30. Relief of financial liability officer

a. A financial liability officer may be relieved by the approving authority and a new financial liability officer appointed when—

(1) The financial liability officer has failed to conduct the investigation in accordance with regulatory guidance contained in this regulation.

(2) The financial liability officer has been counseled by the approving authority concerning the inadequacy of the investigation.

b. A financial liability officer should not be relieved because the approving authority has a preconceived belief that differs from the financial liability officer's findings and recommendations.

c. When the approving authority decides to relieve a financial liability officer, the approving authority will check block 14a Disapprove box, DD Form 200, enter the date, and his or her initials in block 14a. The approving authority will document the rationale for relieving the financial liability officer on a memorandum for record, and attach it to the financial liability investigation of property loss as an exhibit.

d. Appointment of a subsequent financial liability officer will be made using a memorandum. See figure 13–12. A copy of the memorandum appointing the new financial liability officer will be attached to the financial liability investigation of property loss as an exhibit.

Section VI

Conducting a Financial Liability Investigation of Property Loss by the Financial Liability Officer

13–31. Conducting the investigation

Investigative work is a critical phase of the financial liability investigation of property loss system. A financial liability officer's task is to seek out all the facts that surround the LDD of Government property. The following paragraphs will assist the financial liability officer in collecting data needed to develop his/her findings:

a. A financial liability officer must stay free from bias or prejudice. An investigation should not be started with

predetermined ideas as to what caused, or who is to blame for the LDD. A thorough investigation may establish no fault, or it may establish that financial liability should be recommended.

b. The financial liability officer must begin the investigation immediately upon notification of being appointed financial liability officer.

c. As first priority, physically examine any damaged property, and release it for repair or turn-in. If expert opinion will be of value in determining the cause of damage, or the cost of repair, ensure that technical inspectors examine the property and give statements regarding any damaged property. If the damaged property is the result of a vehicular accident involving a GSA vehicle or a rental vehicle rented from a commercial activity, and the proof of damages (such as, photographs) and estimated cost of damages were documented according to para 13–12e, it is not necessary for the financial liability officer to release the vehicle for repair or turn-in. However, the financial liability officer must rely on this documentation in lieu of physically examining the damaged vehicle.

d. Interview and obtain statements from all individuals whose useful testimony may assist in deciding the cause of, or responsibility for, the LDD of the property listed on the financial liability investigation of property loss. For losses or damages previously investigated by a board of officers, military police, or other authorized official, obtain a copy of the report, or extracted information and attach it to the financial liability investigation of property loss as an exhibit. When using classified or otherwise sensitive references, make a statement to that effect in block 15a along with the location and identification of the investigation report. Obtain other available exhibits such as hand receipts or estimated cost of damages (ECOD).

e. Statements and other evidence provided by persons who were responsible for the property listed on a financial liability investigation of property loss may be self-serving. The financial liability officer must confirm, through the use of other independent statements and evidence gathered in the financial liability investigation of property loss, if available, as well as any other evidence of reliability that the financial liability officer considers relevant to indicate that such statements and evidence are factual.

f. The evidence provided by different persons may conflict. The financial liability officer must resolve conflicts and determine the true facts, as far as possible, by comparing the conflicting versions with other known facts, surrounding circumstances, and common sense.

g. Obtain and mark evidence as follows and attach to each copy of the financial liability investigation of property loss:

(1) Prepare witness statements on DA Form 2823. When DA Form 2823 is not available, use plain bond or ruled paper, 8–1/2 by 11 inches, with the word "CERTIFICATE" typed or legibly printed across the top. Statements/certificates will be dated and signed by the individual giving the statement/certificate.

(2) Mark the bottom of each exhibit alphabetically, followed with the date, amount, and organization or account shown on the face of the financial liability investigation of property loss. Example: "Exhibit A, IOPL, 18 May 2002, \$375.00, Co Z, 906th Signal Battalion.

13–32. Financial liability officer's findings and recommendations

a. The financial liability officer's findings and recommendations are entered in block 15a, DD Form 200. A finding is a conclusion reached by the financial liability officer during his or her investigation of the facts and circumstances surrounding the LDD of Government property. Findings are supported by evidence contained in either block 9, DD Form 200 or in exhibit(s) attached to the financial liability investigation of property loss. When writing findings, exclude personal speculation, suspicion, or opinion not supported by evidence. Findings are the conclusions, which form the basis for making recommendations, and must be factual. The financial liability officer must state the facts in his or her own words. Findings will be as complete as possible to enable the reviewers to ascertain relief from, or assessment of, financial liability.

(1) If the financial liability officer's findings rely on a self-serving statement in block 9, or in one of the exhibits, made by a person who was personally responsible for the property listed on an financial liability investigation of property loss at the time of the loss, the financial liability officer's findings must explain how that person's statement is confirmed by other independently documented evidence, if available, or by any other evidence of reliability that the financial liability officer considers relevant.

(2) If the financial liability officer's findings rely on evidence which conflicts with other evidence, the financial liability officer must explain how the conflict was resolved.

b. After recording the findings, the financial liability officer must develop a logical recommendation(s) based on his or her findings as applied against the guidance contained in this regulation.

c. The financial liability officer will enter the following information in block 15. (See figure 13–8).

(1) The value of the lost or destroyed property listed on the financial liability investigation of property loss before the loss or destruction occurred. If depreciation is allowed, compute the value of the property as shown in appendix B. Enter the dollar amount of the loss in block 15b.

(2) For damaged property, use the actual (if available) or the estimated cost of repairs. Enter the dollar amount of the cost of repairs in block 15b.

(3) Enter the disposition, or recommended disposition, of damaged property classified as uneconomically repairable in block 15a.

(4) For property other than Government quarters, and/or furnishings and equipment therein, the financial liability officer will state in his or her findings whether the liability resulted from simple negligence or willful misconduct. When the financial liability investigation of property loss involves the LDD to occupant's assigned Government quarters, and/or Government furnishings and equipment therein, the financial liability officer will determine whether the loss resulted from simple negligence, gross negligence or willful misconduct on the part of the occupant, or the occupant's dependents, quests or pets. When simple negligence is determined, the amount of financial liability will not exceed one month's basic pay or one twelfth of the annual salary for a DOD civilian employee. The occupant will be held financially liable for the full amount of the LDD when it is determined to be the result of—

(a) Gross negligence or willful misconduct of the occupant, or

(b) Gross negligence or intentional misconduct of his or her dependents, quests or pets, under circumstances where the occupant was on notice of the particular risk involved, and failed to exercise available opportunities for preventing or limiting the damage or loss. In the absence of evidence to the contrary, occupants will be presumed to be on notice of risks attending the activities of those whom the occupant invites upon the premises.

(5) Whether assessment of financial liability is appropriate. If financial liability is being recommended, the financial liability officer will enter—

(a) The name, grade, and social security number of the individual.

(b) When the LDD involves Government quarters, and/or furnishings and equipment therein, state whether the recommendations are based on a finding of simple negligence, gross negligence, or willful misconduct.

(c) The amount to be charged the individual. See para 13–41, for liability limits. The total amount of recommended charges of financial liability is entered in block 15d. When 2 or more individuals are recommended for charges of financial liability enter the information called for in blocks 15c and 15d in block 15a, adjacent to respondents' name and social security number. Enter "see block 15a in blocks 15c and 15d."

(d) The methodology used for computation of the charges against a single individual is shown at table 12–3. When collective and individual liability are recommended, that is, when 2 or more persons are involved, the charges are computed according to table 12–4.

(e) The amount of the individual's monthly base pay at the time of the loss. Enter this amount in block in block 15c. When 2 or more individuals are recommended for charges of financial liability enter the information called for in blocks 15c and 15d in block 15a, adjacent to respondents' name and social security number. Enter "see block 15a in blocks 15c and 15d."

(f) The date the individual is expected to terminate his or her service, or employment.

(6) Whether relief from financial liability is appropriate.

(7) Whether the financial liability investigation of property loss lists property for which a claim may be processed under AR 27–20.

d. The financial liability officer will complete blocks 15b through 15k in addition to block 15a. See figure 13–8B for instructions. If financial liability is being recommended, the financial liability officer will cause the individual recommended for a charge of financial liability to complete blocks 16a through 16h. (See figure 13–8). When 2 or more individuals are recommended for charges of financial liability, enter the data normally placed in blocks 15c and 15d, in block 15 for each individual being recommended for charges of financial liability.

Section VII

Actions After Financial Liability Officer's Recommendation

13–33. Financial liability not recommended

The financial liability officer forwards the financial liability investigation of property loss with exhibits in original and number of copies specified by the locale command to the appointing authority or the approving authority as appropriate for action. The financial liability officer retains 1 copy.

13–34. Financial liability recommended

a. The financial liability officer will give any individual, against whom he or she makes a recommendation to assess financial liability, a chance to examine the financial liability investigation of property loss after the findings and recommendations have been recorded on the DD Form 200, and the opportunity to make a rebuttal statement in his or her behalf (see para 13–35). The financial liability officer will—

(1) Explain to the individual recommended for a charge of financial liability, the consequences of the recommendation, if approved.

(2) Explain to the individual the significance of any rebuttal statement submitted by him or her regarding the possible assessment of financial liability.

(3) Consider and attach as an exhibit to the financial liability investigation of property loss any statement the individual desires to submit.

(4) For financial liability investigations of property loss involving LDD of Government quarters and/or Government furnishings and equipment therein, explain to the individual whether a finding of gross negligence was established and the consequence of a finding of gross negligence.

b. The financial liability officer will notify the individual by memorandum (example at figure 13-14) that he or she has the right—

- (1) To inspect and copy Army records relating to the debt.
- (2) To legal advice as authorized by AR 27-3, para 2-5 and 3-6g(4)(b). Legal advice is normally provided only to military and DOD civilian employees.
- (3) To submit a statement and other evidence in rebuttal of the financial liability officer's recommendation.

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

Office symbol
(Date)

MEMORANDUM THRU (Respondent's Commander or Supervisor)

FOR (Respondent's Name, Grade and Address)

SUBJECT: Financial Liability, Investigation of Property Loss (Number), (\$ Amount)

1. You are hereby notified that you are being recommended for charges of financial liability to the United States Government, in the amount of (\$ amount) for the loss of Government property investigated under subject investigation of property loss (Encl). If the approval authority approves my recommendation, you may be held financially liable for the subject loss of property.

2. Your attention is invited to AR 735-5, paragraph 13-34b, 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.
- b. Legal advice.
- c. Submit a statement and other evidence to the approving authority in rebuttal of my recommendation. The approval authority must consider any rebuttal statement you submit in making his or her determination of financial liability.

3. Time constraints for submission of a rebuttal are contained in AR 735-5, paragraph 13-35b.

4. You are requested to complete blocks 16a through 16h of the enclosed DD Form 200, and to sign the endorsement below. Request these be returned to me not later than (enter the date the DD Form 200 with blocks 16a through 16h completed, and the 1st endorsement signed by the respondent are to be returned using the guidance in AR 735-5, paragraph 13-35b). In the event I am not in receipt of these documents on (enter date), I will forward the financial liability investigation of property loss to the approving authority as is.

Encl

Investigating Officer's
Signature Block
and Signature

Figure 13-14. Sample financial liability officer's notification to the respondent informing respondent of his or her intension to recommend a charge of financial liability

OFFICE SYMBOL (Office symbol/date basic correspondence) 1st End
SUBJECT: Financial Liability, Investigation of Property Loss (Number), (\$ Amount)

THRU (Respondent's Commander/Supervisor)

FOR (Investigating Officer's name, grade and address)

I hereby acknowledge receipt of notice recommending me for charges of financial liability contained in the basic correspondence above. A copy of DD Form 200 with blocks 16a through 16h completed is returned as requested.

Encl

Respondent's
Signature Block
and Signature

Figure 13-14. Sample financial liability officer's notification to the respondent informing respondent of his or her intension to recommend a charge of financial liability (continued)

c. The financial liability officer will ensure the respondent completes blocks 16a through 16h, DD Form 200. A copy of the memorandum explaining the individual's rights will be attached to the financial liability investigation of property loss as an exhibit. If more than one individual is recommended for assessment of financial liability, the financial liability officer will prepare continuation sheet(s) for blocks 16a through 16h as shown in figure 13-15.

Block 16, continuation sheet (Individual charged) Investigation of Property Loss number 05-319,
4 September 2002, \$693.99, 319th Military Intelligence Battalion

a. I HAVE EXAMINED THE FINDINGS AND RECOMMENDATIONS OF THE FINANCIAL LIABILITY OFFICER AND (check one).

- (1) Submit the attached statement of objection, or
- (2) 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: 319th Military Intelligence Battalion

d. NAME: Smith, William A.

e. SOCIAL SECURITY NUMBER: 000-11-2222

f. DSN: 543-9876

g. SIGNATURE: *William A. Smith*

h. DATE SIGNED: 26 September 2002

Figure 13-15. Sample continuation sheet for block 16 DD Form 200

d. Anytime an individual elects to sign a statement of charges after a financial liability investigation of property loss has been initiated, the financial liability investigation of property loss may be cancelled and the statement of charges processed.

13–35. Submission of individual rebuttal statement

a. *Rebuttal statement.* Individuals have the right to submit a rebuttal statement, or other added evidence, and to have that statement or evidence considered and attached to the financial liability investigation of property loss for consideration by higher authority. Individuals against whom a charge of financial liability is recommended may obtain legal advice from the servicing legal office, (Office of the Staff Judge Advocate, Post Judge Advocate, Command Counsel or Legal Counsel). Normally this free legal advice is only available to military personnel and DOD civilian employees per AR 27–3, paragraphs 2–5 and 3–6g(4)(b).

b. *Time constraints.*

(1) An individual who receives a hand delivered financial liability investigation of property loss packet has 7 calendar days from the date of receipt to reply with a rebuttal statement or other additional evidence. This time will not be included when computing the total processing time.

(2) Those individuals who are unavailable, but in the same country, have 15 calendar days from the date of mailing to submit a rebuttal. This time will not be included when computing the total processing time.

(3) Those individuals who are unavailable, and in a country different than the financial liability officer, have 30 calendar days from the date of mailing to submit a rebuttal. This time will not be included when computing the total processing time.

(4) Notification to unavailable individuals will be made by certified mail, return receipt requested. Copies of the notification memorandum will be attached to the financial liability investigation of property loss as an exhibit together with the evidence of mailing and return receipt.

(5) When the financial liability officer receives a rebuttal statement within the allotted time, he or she will consider the financial liability investigation of property loss together with any new evidence or allegations of error presented by the respondent. After review, attach the rebuttal statement to the financial liability investigation of property loss, and make a recommendation. Forward the complete packet to the appointing authority or the approving authority as appropriate for action.

(6) When the financial liability officer does not receive a rebuttal statement within the allotted time, they will forward the financial liability investigation of property loss showing the financial liability officer's findings and recommendations to the appointing authority or the approving authority as appropriate.

(7) When the financial liability officer receives a rebuttal statement after the time allotted for a rebuttal has expired, he or she will consider any new evidence presented by the respondent. If appropriate, amend his or her recommendations and forward the amended recommendation by memorandum through the same channels the financial liability investigation of property loss was processed.

c. *Distribution.* The financial liability officer will forward the original and copies (number as specified by the local command) to the appointing authority or the approving authority as appropriate for action. The financial liability officer will retain one copy.

Section VIII

Review of Financial Liability Officer's Findings and Recommendations by a Designated Appointing Authority

13–36. Appointing authority's review of financial liability investigations of property loss

When an appointing authority is designated—

a. The appointing authority will personally review all financial liability investigations of property loss arising within his or her command or authority. The exception involves financial liability investigations of property loss listing property for which the appointing authority has either personal responsibility (see para 13–18) or accountability. In this instance, the next higher commander will determine the appointing authority.

b. The appointing authority will make an administrative check to determine if all pertinent instructions have been followed. Figure 13–3A, B, C and D provides a checklist and tracking document. The appointing authority, using and completing section F of checklist and tracking document will further check to ensure the investigation—

(1) Resolves contradictory statements.

(2) Confirms or refutes self-serving statements.

(3) Reflects clearly stated findings from documented evidence.

(4) Presents sound and logical conclusions and recommendations based on the findings and the policy contained in this regulation.

- (5) Reflects that individuals have received counseling, advisement of their rights, and an opportunity to rebut on their behalf.
- (6) Reflects correct computation of financial charges.
- (7) If late, contains statements of delay attached as exhibits.
- (8) Reflects initials on all changes and minor corrections that support authenticity and clear doubt.
- (9) Reflects an unbiased investigation.

13–37. Appointing authority's decision

The appointing authority will review the action taken by the financial liability officer, making certain all requirements have been met, and make a decision as follows.

a. Return of the investigation to the financial liability officer for additional investigation. If further investigation is required and/or pertinent instructions have not been complied with, the appointing authority will return the investigation to the financial liability officer as an enclosure to a memorandum specifying what additional data and/or corrections are required.

b. Concurs with the findings and recommendations. If the appointing authority concurs with the recommendations of the financial liability officer, he or she will process the DD Form 200 as follows:

- (1) Check "Approve" in Block 13a.
- (2) Complete blocks 13b and 13d through 13h.
- (3) Forward the DD Form 200 with all exhibits to the approving authority.

c. Nonconcurs with findings and recommendations. If the appointing authority nonconcurs with the financial liability officer's recommendations, he or she will process the DD Form 200 as follows:

- (1) Check "Disapprove" in block 13a.
- (2) Enter a statement in block 13b showing the rationale upon which his or her decision is based.
- (3) If the financial liability officer does not recommend financial liability and the appointing authority recommends financial liability, the appointing authority will ensure the procedures outlined in paragraphs 13–34c and 13–35 are accomplished.
- (4) Complete blocks 13d through 13h.
- (5) Forward the DD Form 200 with exhibits to the approving authority.

Section IX

Review by Approval Authority

13–38. Legal review of a financial liability investigation of property loss

a. Upon receiving a financial liability investigation of property loss on which the approving authority believes financial liability is appropriate, the approving authority will obtain a legal opinion as to its legal sufficiency prior to determining whether to assess financial liability.

b. A legal advisor will provide a written opinion as to the legal sufficiency of the financial liability investigation of property loss. If, in the legal advisor's opinion, the financial liability investigation of property loss is not legally sufficient, the opinion will state the reasons why and make appropriate recommendations. The opinion will be attached to the financial liability investigation of property loss prior to the approving authority's review and decision. The approving authority should ensure corrective actions are taken before taking final action to assess financial liability.

c. A lawyer other than the one who advised the respondent in the preparation of the respondent's rebuttal statement must perform the legal review required by the approving authority.

d. Figures 13–1 and 13–2 show the time constraints for the legal review of financial liability investigations of property loss.

13–39. Approving authority's review of financial liability investigations of property loss

a. The approving authority will personally review all financial liability investigations of property loss arising within their command or authority. The exception involves financial liability investigations of property loss listing property for which the approving authority has either personal responsibility or accountability (see para 13–18). In this instance, the next higher commander will act as the approving authority.

b. When the legal advisor returns the financial liability investigation of property loss, the approving authority will make an administrative check to determine if all pertinent instructions have been followed. Figure 13–3A, B, C and D provides a checklist and tracking document. Using section G of the checklist and tracking document, the approving authority will further check to ensure the investigation—

- (1) Resolves contradictory statements.
- (2) Confirms or refutes self-serving statements.
- (3) Reflects clearly stated findings from documented evidence.

- (4) Presents sound and logical conclusions and recommendations based on the findings and the policy contained in this regulation.
- (5) Reflects individuals received counseling, advisement of their rights, and an opportunity to rebut on their behalf.
- (6) Reflects correct computation of financial charges.
- (7) If late, contains statements of delay attached as exhibits.
- (8) Reflects initials on all changes and minor corrections that support authenticity and clear doubt.
- (9) Reflects an unbiased investigation.

13-40. Approving authority's action after review of financial liability investigations of property loss

a. Figure 13-16 shows the financial liability investigation of property loss processing steps from decision by the approving authority to receipt by the FAO/USPFO.

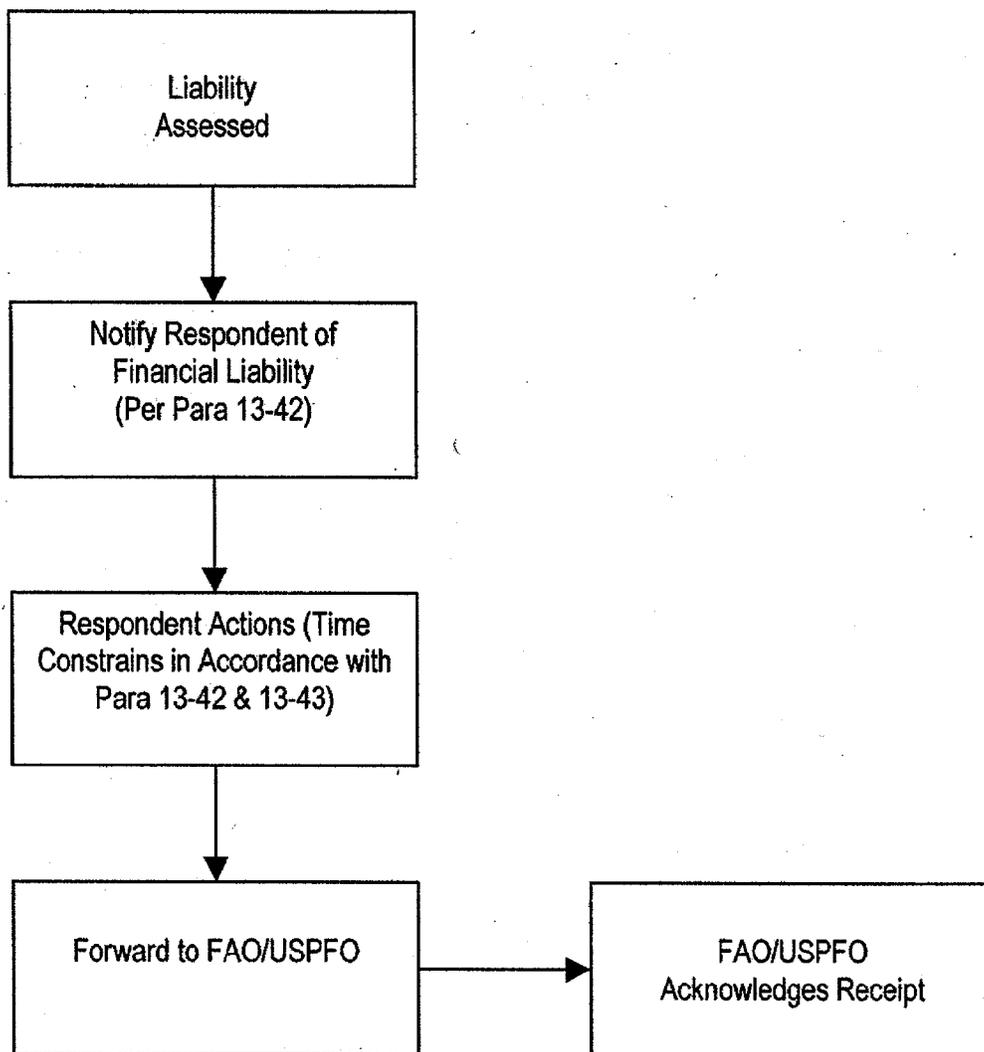


Figure 13-16. Financial liability investigation of property loss processing steps from assessment of financial liability to receipt at FAO/USPFO

b. When the approving authority determines the financial liability investigation of property loss or AR 15–6 investigation is incomplete, or finds pertinent instructions have not been complied with, he or she will return the financial liability investigation of property loss to the financial liability officer or AR 15–6 investigating officer for further investigation. If an appointing authority was designated, the approving authority will return the financial liability investigation of property loss through the appointing authority. The approving authority will insert an "X" in block 14a "Disapprove box", and specify the additional data required using a memorandum. The approving authority will then enter the date and his or her initials in block 14a.

c. A financial liability officer may be relieved by the approving authority and a new financial liability officer appointed per para 13–30 above.

d. When the approving authority determines the financial liability investigation of property loss is complete, the approving authority will—

(1) Adopt the recommendations of the financial liability officer or AR 15–6 investigating officer, and approve them by checking block 14a Approved box, DD Form 200, and completing blocks 14b through 14h, or;

(2) Make a decision contrary to the recommendations of the financial liability officer or AR 15–6 investigating officer, either to relieve all concerned from financial liability or to assess financial liability against a new individual. Enter the decision of the approval authority in block 14a through 14h, DD Form 200 to relieve all concerned from property responsibility and accountability, or to assess financial liability against one or more respondents.

(3) When the approving authority decides to relieve all concerned from financial liability he or she will enter an "X" in block 14a Approved Box and make the following statement in block 14b: "All concerned are relieved from financial liability for the LDD of the property listed on this financial liability investigation of property loss." The approving authority will then complete blocks 14d through 14h.

(4) Make an assessment of liability as follows:

(a) When the approving authority decides to approve charges of financial liability against an individual, the approving authority will enter an "X" in block 14a, "Approved box," DD Form 200 and insert a statement in block 14b to assess financial liability against an individual. Use a statement similar to the following: "To hold (insert name, grade, and SSN) financially liable in the amount entered in block 15d. Enter the respondent's monthly basic pay at the time of loss in block 15c." If the approving authority determines that it appears appropriate to approve financial liability against an individual not previously recommended for assessment of financial liability, the approving authority will ensure that all actions required by paragraphs 13–34 and 13–35 are completed prior to approving financial liability. The approving authority will then complete blocks 14c through 14h, DD Form 200. When approving financial liability against a new respondent, the approving authority will enter the reasons for approving financial liability in block 14b, DD Form 200.

(b) When the approving authority decides to approve collective and individual liability against two or more individuals, the following additional actions supplement *(a)* above: Since the data in blocks 16a through 16h allows only one individual to sign, it is necessary to prepare a continuation sheet (sample at figure 13–15). In block 14b enter a statement similar to the statement described in *(a)* above identifying each individual being held financially liable and the amount of financial liability being charged.

e. When the approving authority decides to relieve all concerned persons from financial liability, the approving authority will retain the original of DD Form 200 on file, and destroy the remaining copies. When the approving authority determines to assess financial liability, the approving authority will retain the original and one copy of the DD Form 200 and provide the respondent with the remaining copy.

13–41. Liability limits

a. When negligence or willful misconduct are shown to be the proximate cause for a loss, the following individuals/entities should be assessed the full amount of the Government's loss, minus amounts charged to others.

(1) Accountable officers.

(2) States and Territories of the United States.

(3) Contractors and contractor employees (see the FAR).

(4) Nonappropriated fund activities.

(5) Persons losing public funds.

(6) Soldiers losing personal arms or equipment.

(7) Persons, who lose, damage or destroy Government quarters, and/or furnishings and equipment provided by the Government for use in quarters, through gross negligence or willful misconduct. If simple negligence is shown, para *b* below applies.

(8) Individuals or entities not federally employed.

b. In all other cases, the amount equal to one month's basic pay at the time of the loss, or the actual amount of the loss to the Government, whichever is less, may be assessed. The approval authority may reduce in whole or in part the

amount of the individual's financial liability when the approval authority determines that the evidence documented in the investigating officer's findings indicates that the amount should be reduced because of the nature and circumstances surrounding the damage or loss.

(1) For ARNG and USAR personnel, 1 month's basic pay refers to the amount that would be received by the soldier if on active duty.

(2) For DOD civilian employees, financial liability for losses of Government property (including personal arms and equipment) is limited to 1/12 of their annual pay.

(3) When two or more financial liability investigations of property loss are processed that involve the same incident, financial liability is limited to 1 month's basic pay. (Compute the charge per table 12-3.)

c. When two or more entities are held collectively and individually liable for a single loss, their individual financial charge is computed per table 12-4.

d. When a soldier or DOD civilian employee is held collectively and individually liable with an individual and/or entity identified in para a(8) above, table 12-4 is not used to compute the amounts of financial liability. The total dollar amount of the loss is divided by the number of respondents. The amount derived from this equation is the maximum amount each respondent will be assessed. For soldiers and DOD civilian employees, the amount of financial liability assessed will be the amount derived from the above equation or 1 month's base pay, whichever is less.

Section X

Notice to Respondents on Assessment of Financial Liability

13-42. Respondent's rights

a. Members of the U.S. Army, employees, and members of other services having a reciprocal agreement with the U.S. Army, may have approved charges of financial liability involuntarily withheld from their Federal pay. For military members and DOD civilian employees of other military services, see chapter 14, section V. Also applies to former members of the U.S. Army and civilian employees who have retired prior to a decision being made on the assessment of financial liability. Payment will be taken from the retiree's retirement pay unless the retiree makes other arrangements for payment that are acceptable to the Army. Withholdings will be by salary or administrative offset according to (5 USC 5514) for civilian employees and (37 USC 1007(e)) for military members. Before individuals are held financially liable, they must receive notice and the opportunity to exercise their rights, as listed below. Notification of the respondent will be accomplished by the approving authority using a memorandum (see sample at figure 13-17). The memorandum with a copy of the financial liability investigation of property loss with all exhibits will be hand delivered to the person found financially liable. If the individual is not available locally, the memorandum will be forwarded by certified mail, return receipt requested. The memorandum will inform the individual that collection efforts will begin 30 calendar days (ARNG 60 calendar days) from the date delivered or mailed. If respondent exercises his or her rights described below in subparagraphs (3) or (4), collection actions will be temporarily halted. The memorandum will provide a means for the respondent to acknowledge receipt. The memorandum will state what rights the respondent has and the time limits for exercising these rights. When a memorandum is returned indicating that the memorandum is not deliverable, the approving authority need not make further attempts to notify the individual of his or her rights. The time utilized in notifying respondents of approved charges of financial liability, and of their rights is not counted towards the 75 days allowed for processing the financial liability investigation of property loss. Individual rights are to—

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

OFFICE SYMBOL

(Date)

MEMORANDUM THRU (Respondent's commander or supervisor)

FOR (Respondent's name, grade and address)

SUBJECT: Financial Liability, Investigation of Property Loss (Number), (\$ Amount)

1. You are hereby notified that an approved charge of financial liability has been assessed against you by the United States Government, in the amount of (\$ amount) for the loss of Government property investigated under subject investigation of property loss.
2. Your attention is invited to AR 735-5, paragraph 13-4.2 which lists your rights relative to this matter. You have the right to—
 - a. Inspect and copy Army records relating to this debt.
 - b. Obtain legal advice relating to the assessment of financial liability per AR 27-3.
 - c. Request reconsideration of the assessment of financial liability. A request for reconsideration can be submitted only on the basis of legal error.
 - d. Request a hearing concerning the amount of the debt, or the terms of any proposed repayment schedule (applies to civilian employees only). A request for hearing will not be considered until after a request for reconsideration concerning the existence of the debt has been submitted and denied by the appellate authority. A respondent who wishes to challenge the existence of the debt must do so by submitting a request for reconsideration to the approving authority.
 - e. Request remission or cancellation of the indebtedness under the provisions of AR 600-4 (applies to enlisted personnel only). A request for remission or cancellation of the indebtedness will not be considered until respondent has submitted a request for reconsideration and it has been denied by the approval authority and the appellate authority.
 - f. Request extension of the collection period.
 - g. Submit an application to the Army Board for Correction of Military Records under the provisions of AR 15-185. Submitting such an application is not proper until other avenues of redress have been exhausted.
 - h. Enter into a written agreement with FAO/USPFO to repay the debt by installment.
3. Submission of a request for reconsideration, a hearing, or remission or cancellation of indebtedness, stops all collection action, pending a decision on the request by the appropriate official. These rights are listed in the order in which they should be exercised.
 - a. You have thirty calendar days from the date of this memorandum to submit a request for reconsideration. Submit request for reconsideration to: (insert organization title and address).

Figure 13–17. Sample Approving Authority's notification to the respondent that financial liability is being assessed

OFFICE SYMBOL

SUBJECT: Financial Liability, Investigation of Property Loss (Number), (\$ Amount)

b. Should your request for reconsideration be denied, you (applies to civilian employees only) have an additional 30 calendar days from the date of the reconsideration denial to submit a request for hearing. Submit request for hearing to: (insert the organization title and address of the servicing (FAO).

c. You (applies to enlisted personnel only) have thirty calendar days from the date of the notification of adverse action resulting from a request for reconsideration to submit a request for remission or cancellation of the indebtedness. Submit request for remission or cancellation of indebtedness to: (insert organization title and address).

d. When the rights in paragraph a through c above have been exercised and you have been notified you are still financially liable and must make reimbursement to the Government, you should immediately contact your servicing FAO/USPFO to determine how to avoid possible interest and/or penalty charges if payment is not immediately made.

e. Should all of these rights be denied, or you fail to exercise one of the rights within the appropriate time frame, your last avenue of redress is to make application to the Army Board for Correction of Military Records (ABCMR). Application to the ABCMR does not stop collection actions.

4. Should you have any questions concerning the above rights, you may contact my designated representative (insert name, grade, organization title and address) or the servicing Staff Judge Advocate office.

End
Subject Investigation of Property Loss

Approving Authority's
Signature Block
and Signature

OFFICE SYMBOL

1st End

(Date)

THROUGH (Respondent's commander or supervisor)

FOR (Approving Authority's name, grade and address)

I hereby acknowledge receipt of notice of the assessment of financial liability contained in the basic correspondence. I am aware of my rights as listed in the basic correspondence.

Respondent's
Signature Block
and Signature

Figure 13-17. Sample Approving Authority's notification to the respondent that financial liability is being assessed (Continued)

- (1) Inspect and copy Army records relating to the debt.
- (2) Obtain free legal advice from the servicing legal assistance office relating to the assessment of financial liability, as authorized by AR 27-3, paragraphs 2-5 and 3-6g(4)(b). Normally this free legal advice is only available to military personnel and DOD civilian employees.
- (3) Request reconsideration of the assessment of financial liability based on legal error. Requests for reconsideration denied by the approval authority will be forwarded to the appeal authority by the approval authority per paragraphs 13-44b and 13-51a.
- (4) Request a hearing concerning the amount of the debt or the terms of any proposed repayment schedule (civilian employees only). A request for a hearing will not be submitted until a request for reconsideration concerning the existence of the debt has been acted on by the appeal authority. A request for a hearing conducted by the FAO/USPFO will be submitted to the servicing FAO/USPFO. A respondent who chooses to challenge the existence of the debt will do so by submitting a request for reconsideration to the approving authority.
- (5) Request remission or cancellation of the indebtedness (enlisted personnel only) under the provisions of AR 600-4, paragraphs 1-6, 1-7 and 1-11.
- (6) Request extension of the collection period.
- (7) Submit an application to the Army Board for Correction of Military Records (ABCMR) under the provisions of AR 15-185.
 - b.* Submission of a request for reconsideration, a hearing, or remission or cancellation of indebtedness, stops all collection action, pending a decision on the request made by the appropriate official.
 - c.* The time constraints shown in figures 13-18 and 13-19 apply for the submission of requests for reconsideration and hearings. The time constraints in AR 600-4 apply to remission or cancellation of indebtedness. The time constraints in AR 15-185 apply to the correction of military records.

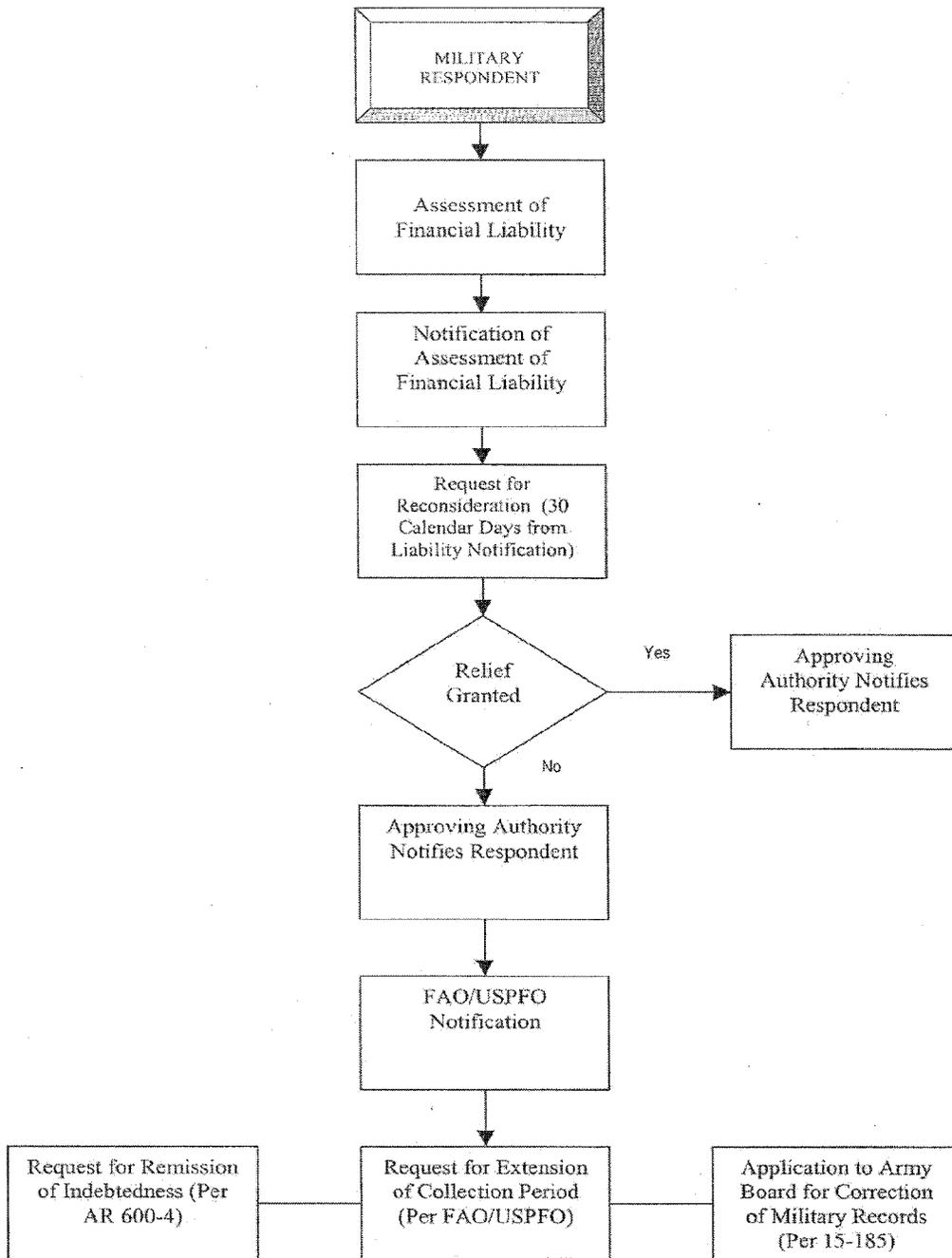


Figure 13-18. Time constraints for a military respondent

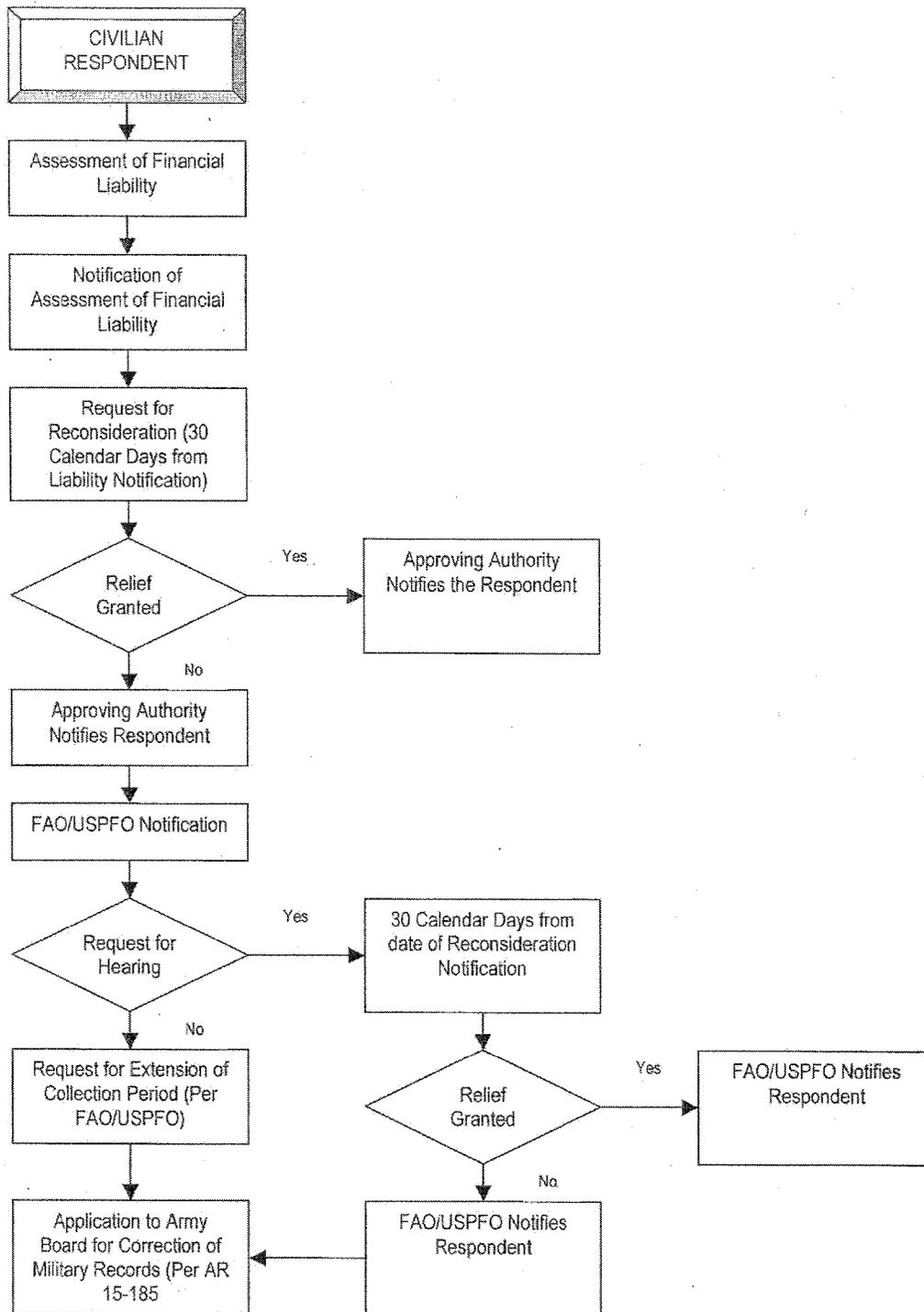


Figure 13-19. Time constraints for civilian employee respondent

d. When time limits in *c* above expire without action by the respondent, the approving authority will forward the financial liability investigation of property loss to the FAO/USPFO for collection under cover of a transmittal document requesting acknowledgment of receipt. The approving authority will make initial follow-up to the FAO/USPFO within 20 calendar days when the FAO/USPFO has not acknowledged receipt. Thereafter the approving authority will continue to follow-up every tenth day until the FAO/USPFO acknowledges receipt of the DD Form 200.

e. The approving authority will attach a copy of the notification memorandum and FAO/USPFO receipt to the financial liability investigation of property loss.

13–43. Respondent’s actions

When an individual has been notified that financial liability has been approved, the individual should, with the advice of legal counsel, thoroughly review the financial liability investigation of property loss packet provided, then decide whether or not to take one of the actions listed below.

a. Request reconsideration of the approving authority’s decision. Submit requests for reconsideration by memorandum through his or her immediate commander to the approving authority. Submit requests for reconsideration only on the basis of legal error. Figure 13–20 shows a sample request for reconsideration.

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

Office symbol

(Date)

MEMORANDUM THRU (Respondent's commander or supervisor)

FOR (Approving authority, title and address)

SUBJECT: Request for Reconsideration, Investigation of Property Loss (Number), (\$ Amount)

I hereby request reconsideration of the assessment of financial liability against me for the loss of Government property investigated under subject investigation of property loss.

(Note: When you request reconsideration of the assessment of financial liability, you must enclose the following with your request.)

1. A statement of the reason(s) why you believe the approving authority's assessment of financial liability is erroneous, including a complete description of the facts, evidence, and a summary of the testimony of any witnesses you believe support your position.
2. Copies of any pertinent records you wish to have considered if they differ from those records previously provided to you by the approving authority.

Respondent's
Signature Block
and Signature

Figure 13–20. Sample request for reconsideration

(1) When the approving authority does not reverse his or her original decision to approve financial liability, the request for reconsideration becomes an appeal, which will be forwarded to the appeal authority by the approving authority.

(2) The request for reconsideration should set forth, in detail, any new evidence offered, and provide rationale why financial liability is not appropriate.

(3) A request for reconsideration stops all collection action pending a decision by the approving authority and/or the appeal authority.

b. Submit a request for a hearing (civilian employees only). Request a hearing concerning the amount of the debt, or the terms of the proposed repayment schedule. Respondents choosing to submit a request for a hearing must first submit a request for reconsideration through the approving authority to the appeal authority. Requests for a hearing will be submitted by memorandum through the respondent's immediate commander to the servicing FAO or USPFO, where arrangements for a hearing will be made. Figure 13–21 shows a sample request for a hearing.

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

OFFICE SYMBOL

(Date)

MEMORANDUM THRU (Respondent's commander or supervisor)

FOR (Servicing FAO's or USPFO's title and address)

SUBJECT: Request for Hearing, Investigation of Property Loss (Number), (\$ Amount)

I request a hearing for the following reason(s): (Enter one or more of the following reason(s) for requesting a hearing).

1. To contest the validity of the debt for salary offset purposes.
2. To contest the amount of the debt.
3. To contest the terms of the offset schedule proposed by the Creditor Component.

(Note: If you are requesting a hearing to contest the validity of the amount of the debt, (1) and/or (2) above, you must enclose the following with this request:)

1. A statement of the reason(s) why you believe the creditor's determination of the validity and/or the amount of the debt is erroneous. Include a complete description of the facts, evidence, and a summary of the testimony of any witnesses you believe support your position.

2. Copies of any pertinent records you wish to have considered at the hearing, if they differ from those records previously provided to you by the Creditor component.

(Note: If you are requesting a hearing to contest the terms of the offset schedule proposed by the Creditor Component, (3) above, you must enclose the following with your request:)

1. Your proposed alternative offset schedule, i.e., how much you can repay each month.
2. An affidavit of financial status (obtained from the servicing FAO).
3. Copies of any records you wish to be considered at the hearing, if they differ from the records previously provided by the Creditor Component.

Encl(s)

Respondent's
Signature Block
and Signature

Figure 13–21. Sample request for a hearing by civilian employee

(1) The request for a hearing should set forth in detail any new evidence offered, and explain why the individual believes the amount of the debt is incorrect, and/or why the individual believes the proposed repayment schedule should be changed.

(2) A request for a hearing stops all collection action pending a decision of the individual conducting the hearing.

c. Request remission or cancellation of indebtedness under the provisions of AR 600-4.

d. Request extension of the collection period. Figure 13-22 shows a sample request for extension.

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

OFFICE SYMBOL (Date)

MEMORANDUM THRU (Respondent's commander or supervisor)

(Approving Authority's title and address)

FOR (Servicing FAO's or USPFO's title and address)

SUBJECT: Request for Extension of the Collection Period, Investigation of Property Loss (Number), (\$ Amount)

I hereby request an extension of the collection period be extended to a total of (number) months, due to financial hardship.

(Note: when requesting extension of the collection period, you may be required to submit an affidavit of financial support to your servicing FAO or USPFO).

Respondent's
Signature Block
and Signature

Figure 13-22. Sample request for extension of the collection period

e. Submit an application to the ABCMR under the provision of AR 15-185.

f. A request for reconsideration, or hearing, will be processed only if received within the time prescribed by figures 13-18 and 13-19 unless the individual can show good cause for failing to take one of the above actions within the time prescribed.

13-44. Requests for reconsideration

The approving authority, upon receipt of a request for reconsideration, will review any new evidence offered, and make a decision to either reverse the previous decision assessing financial liability against the individual or recommend the continuation of the assessment of financial liability. A request for reconsideration will be reviewed only on the basis of legal error (that is, the request must establish that the facts of the case do not support an assessment of financial liability).

a. *Relief.* When the approving authority determines from new evidence that the individual should be relieved from financial liability, the approving authority will—

(1) Notify the individual by memorandum that he or she is relieved from the assessment of financial liability. (See figure 13-23 for sample memorandum.) The memorandum will be delivered by hand, or certified mail, return receipt requested.

DEPARTMENT OF THE ARMY
ORGANIZATION NAME/TITLE
CITE, STATE, AND ZIP CODE

OFFICE SYMBOL

(Date)

MEMORANDUM THRU (Respondent's commander or supervisor)

FOR (Respondent's name, grade and address)

SUBJECT: Notice of Relief of Financial Liability, Investigation of Property Loss (Number)

You are hereby notified that you are relieved of responsibility for the loss, damage, or destruction of the Government property listed on subject Investigation of Property Loss.

Approving Authority's
Signature Block
and Signature
or
their designated
representative

Figure 13–23. Sample approving authority's notification of relief of financial liability

(2) Retain the new evidence with the financial liability investigation of property loss and file.

b. Continuation of financial liability. When the approving authority determines that the assessment of financial liability should be continued, the approving authority will—

(1) Prepare and sign a memorandum addressing subparagraphs (*a*) through (*c*) below to the appeal authority. The approving authority is not authorized to allow other persons to sign for him or her. (See figure 13–24 for sample memorandum.) The approving authority may use an electronic/digital signature when the memorandum is electronically produced.

(*a*) The memorandum will give the basis for denying the requested relief.

(*b*) The memorandum will show the dollar amount of financial liability assessed.

(*c*) If estimated costs were initially used, the actual cost will be included in the memorandum, if available.

DEPARTMENT OF THE ARMY
ORGANIZATION NAME/TITLE
CITE, STATE, AND ZIP CODE

OFFICE SYMBOL

(Date)

MEMORANDUM FOR APPEAL (Appeal Authority's title and address)

SUBJECT: Appeal of Investigation of Property Loss (Number) (\$ Amount)

1. Request for reconsideration of the charge of financial liability stemming from subject investigation of property loss was submitted to this office for consideration. I have personally reviewed the new evidence submitted by the respondent in conjunction with the investigation of property loss and have determined that the assessment of financial liability should continue based on the following:

RATIONALE

2. Subject investigation of property loss with all exhibits (Encl 1) and new evidence submitted by the respondent (Encl 2) are forwarded for your review and evaluation as the appeal authority in accordance with AR 735-5, paragraph 13-51b. Please return this package with your decision to this office within 45 calendar days of receipt per AR 735-5, paragraph 13-51b(5).

2 Encl
as

Approving Authority's
Signature Block
and Signature

Figure 13–24. Sample memorandum from the approving authority to the appeal authority, forwarding request for reconsideration for review as the appeal authority

(2) Enclose the original financial liability investigation of property loss and all exhibits to the memorandum. When the original of the financial liability investigation of property loss is not available, the approving authority will include a statement in the memorandum explaining why the file is not available.

c. Notification to the individual. On receipt of a response from the appeal authority concerning the relief or continuation of the assessment of financial liability, the approving authority will notify the individual by memorandum. The memorandum will be delivered by hand, or certified mail, return receipt requested. When financial liability is to continued the approving authority will notify the individual that he or she has the right to—

- (1) Request a hearing (civilian personnel only).
- (2) Request remission or cancellation of indebtedness (enlisted personnel only).
- (3) Request an extension of the collection period, or
- (4) Submit an application to the Army Board for Correction of Military Records.

13–45. Requests for a hearing (civilian employees only)

Prior to requesting a hearing, the individual is required to submit a request for reconsideration to the approving authority. Upon receipt of a request for reconsideration the approving authority will follow the instructions in para 13–44. The approving authority will not arrange for, nor conduct a hearing. When a request for reconsideration is denied by the appeal authority, civilian employees may request a hearing through their servicing FAO or USPFO, as appropriate. The FAO or USPFO will forward the petition for the hearing to the Director, Defense Finance and

13-46. Remission or cancellation of indebtedness (Enlisted personnel only)

When financial liability assessed through a financial liability investigation of property loss causes financial hardship on an enlisted soldier, he or she may submit an application for remission or cancellation of the debt through their commander, per AR 600-4, para 2-1. A copy of the approved financial liability investigation of property loss assessing financial liability will be submitted with the application.

13-47. Requests for extension of the collection period

Requests for extension of the collection period will be forwarded through the approving authority to the servicing FAO or USPFO for action. Civilian employees who have requested a hearing to challenge the proposed repayment schedule are not authorized to request an extension of the collection period. The approving authority will make a recommendation regarding extending the collection period using the following factors as the basis for the recommendation:

- a. Monthly income.
- b. Additional income or assets (including spouse's).
- c. Expenses caused by living standards that are too high or by mishandling of personal funds are not a basis for a hardship determination.

13-48. Submitting an application to the Army Board for Correction of Military Records (ABCMR)

Individuals assessed financial liability through a financial liability investigation of property loss may submit an application to the ABCMR if they believe the findings of negligence on their part are unjust. Applications are submitted on DD Form 149, with a complete copy of the financial liability investigation of property loss to include all exhibits, attached. Instructions for submitting an application are contained in AR 15-185.

13-49. Reopening, correcting, amending, or canceling financial liability investigations of property loss

These are administrative procedures. They may be activated by either—

- a. A decision at the approval authority level previously acting on the financial liability investigation of property loss that such action is necessary.
- b. At the direction of the appeal authority.
- c. The financial liability investigation of property loss approving authority will reopen a financial liability investigation of property loss when either of the situations shown in *a* and *b* above occur and result from one of the following actions:
 - (1) An individual has requested reconsideration of the assessment of financial liability.
 - (2) A response to the financial liability officer's original notification from an individual recommended for assessment of financial liability is received after the approving authority has approved financial liability. The financial liability officer who receives such a correspondence, will prepare a memorandum as discussed in para 13-35b(7) to the approving authority level that approved financial liability. Such a response, although received late, will not be considered a request for reconsideration.
 - (3) A memorandum from a subordinate headquarters that previously acted on a financial liability investigation of property loss supporting reopening based on new evidence.
 - (4) Property is recovered.
 - (5) The approving authority becomes aware of an injustice against either the Government or the individual assessed financial liability.

13-50. Actions resulting from reopening a financial liability investigation of property loss

a. *Corrections on a financial liability investigation of property loss.* Corrections on a financial liability investigation of property loss will not be made on the original of the financial liability investigation of property loss except as specified in para 13-10a(4). Should it become necessary to alter a financial liability investigation of property loss in any other way, after receipt by the approving authority, an amendment will be prepared, citing the specific alterations, and attached to the financial liability investigation of property loss as an exhibit.

b. *Cancellation of a financial liability investigation of property loss.* An approved financial liability investigation of property loss (one on which the approving authority has taken approval action) will not be cancelled. When property is found after a financial liability investigation of property loss is approved, follow the procedures set forth in para 14-14.

c. *Amending a financial liability investigation of property loss.* Based on new information received by the approving authority it may become necessary to amend one or more blocks of the financial liability investigation of property loss, including the decision of the approving authority. Should it become necessary to alter a financial liability investigation of property loss in any way, the approving authority will prepare an amendment, citing the specific alterations, and attach it to the financial liability investigation of property loss as an exhibit.

d. Repayment of amounts previously collected. Property listed on a financial liability investigation of property loss may be recovered after assessment of financial liability is approved, or the assessment may have been reversed by the approving or appeal authority. If so, an amendment will be prepared, citing the specific alterations, and attached to the financial liability investigation of property loss as an exhibit. A copy of the amendment will be attached to a memorandum directing repayment of the value of the recovered property to the individual, as a "collection erroneously received." The memorandum will be forwarded to FAO or USPFO as appropriate.

Section I

Appeal Authority's Review of Requests for Reconsideration

13–51. Information regarding requests for reconsideration

a. The term "request for reconsideration" refers to an application to the appeal authority challenging the decision of the approving authority in assessing financial liability. Requests for reconsideration will be submitted to the approving authority that acted on the financial liability investigation of property loss. The approving authority will, after review and determination that liability should continue, forward requests for reconsideration to the next commander in the chain of command. This will be accomplished within 15 calendar days of receipt by the approving authority.

b. An individual may request reconsideration only one time. The decision of the appeal authority is final unless the individual chooses to make an application to the ABCMR under the provisions of AR 15–185. An application to the ABCMR can be made only when an appeal authority has sustained the decision of the approving authority. These procedures do not apply to financial liability imposed for discrepancies incident to shipment or to procurement reported using TDR or supply discrepancy reports (SDR) procedures. (See AR 735–11–2 and chapter 16 of this regulation.)

c. Unless good cause for a greater delay exists, individuals must file requests for reconsideration within the time limits set forth in figures 13–18 and 13–19.

(1) Individuals may submit requests for extension of the time allotted for submission of requests for reconsideration in writing to the approving authority.

(2) The decision to grant an extension of the allotted submission time will be made by the approving authority based on the following:

- (a) Acts of war.
- (b) Military operations other than war.
- (c) Extended training maneuvers.
- (d) Sickness.
- (e) Unavoidable difficulty in obtaining supporting facts.
- (f) Other similar difficulties.

13–52. Appeal authority

a. Definition. An Army officer or DA civilian employee in the grade of GS–15 or above in a supervisory position designated to take final action on requests for reconsideration when the financial liability investigation of property loss approving authority denies relief of financial liability against an individual, and to act on requests for remission or cancellation of indebtedness.

(1) Normally, the appeal authority will be the next higher commander or DA civilian employee in the chain of command or supervision above the approving authority. When the approval authority is the garrison commander, the IMA region director will be the appeal authority. Individuals having approving authority that delegates it to subordinate personnel per para 13–17a, cannot be an appeal authority. Appeal authority must be at a command or supervisory level above the approving authority level.

(2) The persons listed below may delegate appeal authority, for financial liability investigations of property loss arising from organizations that fall under their command or supervision. Individuals designated must be in the grade of Colonel or above, or be an SES employee, and be senior in time-in-grade to the approving authority. This provision does not apply to the ARNG. In the ARNG, the Adjutant General (AG) is the appeal authority for financial liability investigations of property loss. This authority may be delegated to the Deputy AG only. In cases of State liability the Chief, National Guard Bureau will act as appeal authority.

- (a) Heads of HQDA staff agencies.
- (b) MACOM and major subordinate command (MSC) commanders.
- (c) Heads of unified commands.
- (d) Corps, division and installation commanders.

(3) For financial liability investigations of property loss containing assessment of financial liability against a general officer or SES employee, the appeal authority will be the next general officer or SES employee senior to the approving authority in the chain of command.

(4) The appeal authority may not act as both the approving and appeal authority. Also, a person who has had personal responsibility or accountability for the property listed on a financial liability investigation of property loss, will not act as an appeal authority. In such cases the next higher commander will be the appeal authority.

b. Appeal authority actions on a request for reconsideration.

(1) Prior to reviewing a request for reconsideration the appeal authority will forward the request to a legal advisor under the appeal authority's command. The lawyer performing the legal review required by the appeal authority must not have conducted the legal review for the approving authority or provided legal advice to the individual held financially liable. The appeal authority will require the legal advisor to review the approving authority's memorandum and all related documentation and give a written opinion as to its legal sufficiency. If, in the opinion of the legal advisor, the approving authority's action is legally insufficient, the legal advisor will state the reasons why and make appropriate recommendations. The opinion will be attached to the request for reconsideration before the appeal authority's review.

(2) Review requests for reconsideration only on the basis of legal error. That is, the request must establish that the facts of the case do not support an assessment of financial liability.

(3) Review requests for reconsideration to determine if the evidence, to include any new evidence offered by the respondent, provides grounds to relieve them from financial liability. After review, the appeal authority may—

(a) Direct the approving authority to reopen the financial liability investigation of property loss and conduct further investigation to clarify matters specified by the appeal authority.

(b) Grant relief of financial liability in whole or in part based on the facts and evidence contained in the file. Direct the approving authority to reopen the financial liability investigation of property loss, to reverse an assessment of financial liability, and to arrange for repayment of collections erroneously received.

(c) Deny relief of financial liability to the individual.

(4) After review and decision by the appeal authority, the financial liability investigation of property loss with all exhibits will be returned to the approving authority for action under a formal memorandum (figure 13–25). Memorandum will state action taken, with instructions directing that the individual is to be informed of the action taken. If the appeal authority grants relief from financial liability, the memorandum will direct repayment of any monies erroneously collected. The appeal authority will retain a copy of the memorandum on which his or her decision is recorded. The appeal authority's actions will be accomplished within 45 calendar days of receipt of request for reconsideration.

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

OFFICE SYMBOL

(Date)

MEMORANDUM FOR (Approving Authority's Title and Address)

SUBJECT: Request for Reconsideration, Investigation of Property Loss Number (Number)

1. Subject request for reconsideration of assessment of financial liability against (enter name and grade of respondent) has been reviewed and request for relief of financial liability is (denied) or (granted) by the appellate authority.

2. This decision is final and no further request for reconsideration is allowed.

3. You are directed to inform the respondent of this decision, and to take the following actions as appropriate:

(Note: When the request for reconsideration is denied by the appellate authority, advise the respondent of the following rights—

a. If respondent is a civilian employee, he or she has thirty days from the date of notification to submit a request for hearing.

b. If respondent is an enlisted soldier, he or she has the right to request remission or cancellation of indebtedness under the provisions of AR 600-4.

c. Respondent has the right to make application to the Army Board for Correction of Military Records, should all avenues of redress fail.

(Note: If the request for reconsideration is granted by the appellate authority, the approving authority will advise the FAO/USPFO to refund any monies previously collected against this debt as a collection erroneously received.

End

Appellate Authority's
Signature Block
and Signature

Figure 13–25. Sample Appeal Authority's notification of results of review of financial liability investigation of property loss

(5) The appeal authority is allowed to reverse financial liability charges. If during the review of the computation of financial liability, error is discovered, the appeal authority should correct the error, if the amount assessed is more than should have been assessed. The appeal authority is not allowed to assess financial liability against a new individual. If the appeal authority concludes from his or her review of the case that new financial liability may be appropriate, the appeal authority may direct the approving authority to reopen the case.

c. Appeal authority's review of requests for remission or cancellation of indebtedness. Authority to take final action

on requests for remission or cancellation of indebtedness is restricted to the Commander, AHRC. When the appeal authority receives such a request, a review will be made under the provisions of AR 600-4. (See para 13-46.)

Chapter 14 Special Procedures

Section I

Exceptions to policy contained in chapter 13

14-1. General

This chapter provides policy and procedures that must be followed to account for property losses under special circumstances.

14-2. Financial liability investigations of property loss listing property carried on accountable records of an installation other than where located

a. When a financial liability investigation of property loss is initiated for losses of property located at a satellite installation or maintenance activity that is accounted for by a parent installation or maintenance customer, the initiator will forward the financial liability investigation of property loss in original and copies (number as prescribed by the local command) to the approving authority at the satellite installation or maintenance activity. The initiator will retain one copy, and forward another copy to the accountable officer as an advance information copy. Upon receipt of a copy, the accountable officer will assign a document or voucher number, post the property records, and ensure the document or voucher number is provided to the initiator and approving authority.

b. Paragraph *a* above, also applies to the LDD of historical properties carried on the stock record account of the Center of Military History (CMH) and physically in the custody of a borrower not under the command jurisdiction of the CMH. The approving authority will provide completed copies of financial liability investigations of property loss on request from the CMH.

c. When ARNG financial liability investigations of property loss list property located at a satellite installation and held on a property book or stock record account of a parent installation, the initiator will retain one copy and forward the original and copies (number as directed by the USPFO) to the accountable officer of the parent unit. The accountable officer will assign a document or voucher number, post the property records, and forward the original and copies (number as directed by the USPFO) of the financial liability investigation of property loss to the approving authority.

14-3. Financial liability investigations of property loss pertaining to inactivated installations, activities, or organizations

Process all financial liability investigations of property loss immediately upon the discovery of the LDD of Government property. If possible, complete the financial liability investigation of property loss before the inactivation of the activity takes place. There are instances where financial liability investigations of property loss are necessary, but are not initiated or completed before the inactivation is completed. In these cases, the headquarters exercising command jurisdiction over the inactivated installation, activity, or organization will prepare and process the financial liability investigation of property loss.

Section II

Special Rules During Unique Events

14-4. Discrepancies involving persons carried on the rolls, but not present

a. Death, desertion or insanity requiring property settlement. When death, desertion or insanity requires a property settlement (other than personal clothing), prepare a financial liability investigation of property loss for the missing or damaged property.

b. Assessment of financial liability. When an assessment of financial liability against a deceased military member or DOD civilian employee is appropriate, the approving authority will write or type the word "DECEASED" in block 14b of DD Form 200. The approved financial liability investigation of property loss will not be forwarded to the FAO, USPFO or , or the surviving relatives of the deceased. A copy of the approved financial liability investigation of property loss assessing financial liability against a deceased individual will be forwarded under a transmittal memorandum to the installation claims office for adjudication under the provisions of AR 27-20. When acknowledgment of receipt is not received by the approving authority within 20 calendar days, the approving authority will initiate a follow-up to the claims office. Follow-ups will continue to be sent every 10th day until receipt by the installation claims office is acknowledged.

c. Active Army. When financial liability is assessed against a military member or DOD civilian employee who is

alive, but is no longer in the military Service or employed by the Federal Government as a civilian employee, a copy of the financial liability investigation of property loss, with all exhibits, will be forwarded, under a memorandum, to the servicing FAO or USPFO for inclusion in the respondent's permanent finance record. The memorandum will request the financial liability investigation of property loss be forwarded to the respondent's unit or place of employment in case he or she should return to Government control.

d. USAR. When financial liability is assessed against a military member, a copy of the financial liability investigation of property loss will be mailed to U.S. Army Reserve Personnel Center, 9700 Page Boulevard, St Louis, MO 63132-5200 for inclusion in the respondent's permanent records.

e. Distribution. Place copies of completed DD Form 200 in the member's permanent records.

f. Property authorized under CTA 50-900. Property authorized under CTA 50-900, tables 1, 2 and 3 will not be listed on financial liability investigations of property loss for active Army personnel (see DA Pam 600-8). Reserve components will use DD Form 200 to account for losses of property authorized under CTA 50-900, tables 1, 2 and 3.

14-5. Losses incident to taking part in joint exercises and operations

Property belonging to Army or ARNG units taking part in joint exercises or operations will not lose its Army or ARNG identity. It remains the property of the Army or ARNG unit or organization involved. Account for losses of, or damage to, such property according to this regulation.

14-6. Approval authority for property issued to a unit during major training exercises

a. During training exercises, financial liability investigations of property loss will be initiated immediately upon the discovery of Government property being lost, damaged or destroyed. The financial liability officer must begin the investigation by examining the damaged property, and releasing it for turn-in, or repair and disposition back to the owning unit. Every effort will be made to complete the investigation while the facts are fresh, and responsible and knowledgeable persons are still present.

b. Regardless of who initiates the financial liability investigation of property loss, it will be processed through the chain of command of the individual who had personal and/or direct responsibility for the property at the time of the incident.

c. The exception to *a* above is when a support agreement allows a host installation or host MACOM to approve financial liability investigations of property loss through the property administrative channels.

14-7. Property ordered to be abandoned

In the course of combat, contingency operations, military advisory activities, or to meet other military requirements, situations may develop requiring the abandonment or destruction of property.

a. When abandonment or destruction of property is necessary because of operational requirements a commander in the grade of colonel or above, or the civilian equivalent, may authorize the abandonment or destruction of the property. Authority to destroy or abandon property may initially be granted verbally or electronically (such as, e-mail) in situations where granting written authority is not practical because of the operational situation.

b. Where destruction or abandonment has been granted the authorizing authority must document his or her decision and authorization in a memorandum for record that specifies the circumstances justifying the decision to destroy or abandon the property.

c. The authorizing authority specified in para 14-7a, above, may ratify a subordinate commander's decision to abandon or destroy property when it is not possible to obtain approval from the approving authority because of the operational situation. The ratifying official must document his or her decision to ratify the subordinate commander's decision in a memorandum for record that specifies the circumstances leading to the decision to destroy or abandon the property and the reasons the subordinate commander was unable to obtain authorization prior to destruction or abandonment.

d. If an approving authority elects not to ratify the decision of a subordinate commander to destroy or abandon property, a financial liability investigation of property loss or a 15-6 investigation will be initiated.

e. The memorandum documenting the approving authority's approval or ratification of the destruction or abandonment of property will be used as the voucher to adjust the accountable records.

14-8. Disassembled or cannibalized major items, kits, or assemblies

When a major item (except aircraft), kit, or assembly is disassembled or cannibalized according to instructions of the appropriate national item manager, an adjustment to the stock record account is required. Adjustments are made using inventory adjustment report (IAR) procedures as prescribed in para 14-34, or turn-in documents as prescribed in AR 710-2. A financial liability investigation of property loss is not normally required for this type of adjustment to the property record. However, financial liability investigation of property loss procedures may be used to investigate the circumstances causing the property to be damaged.

14-9. Property determined to be unsafe for further use or storage because of age

Supplies such as drugs, biologicals, ammunition, chemicals, parachutes, or other supplies of a similar nature, determined to be unsafe or unsuitable for further use or storage beyond a specified date by the national item manager, or The Surgeon General (TSG) will receive disposition instructions as follows:

a. On hand quantities of these items may be disposed of at any locality, as specified in instructions published in Army supply bulletins and other approved media.

b. List quantities for disposal on the proper turn-in forms according to AR 710-2, or AR 40-61 for medical commodities. These forms may be used as vouchers to drop the property from the accountable records if the following data is furnished and confirmed by the accountable officer.

(1) A supply bulletin or other competent directive is cited authorizing the disposal of the supplies.

(2) Reference to records or data is cited by which—

(a) The supplies may be positively identified as pertaining to a designated lot.

(b) The supplies have been procured or issued before a date specified in the supply bulletin, or applicable regulations may not be available.

c. If such records or data are not available, a financial liability investigation of property loss will be initiated.

14-10. Destruction of contaminated clothing and equipment

a. Individual clothing. Replace contaminated individual clothing when directed to be destroyed by medical authority using DA Form 3078 (Personal Clothing Request) prepared as a gratuitous issue. (See AR 700-84, para 5-4b, for detailed instructions.)

b. Organizational clothing. Contaminated organizational clothing and individual equipment destroyed by direction of medical authority will be adjusted from property records. List this property on a memorandum, bearing a signed statement naming the medical officer who directed the destruction of the articles, and the signature of the unit commander. When received by the person maintaining the accountable record, a document number will be assigned to the memorandum, and the memorandum posted as a loss to the accountable record(s).

14-11. Property unlawfully detained by civilians

a. The installation, detachment, or other immediate commander will immediately recover Government property in the possession of any party or parties that is likely to be—

(1) Unlawfully removed from his or her jurisdiction.

(2) Concealed, or otherwise disposed of, before necessary proceedings can be held in the civil courts for its recovery.

b. Installation or other immediate commanders will seize Government property, as authorized by Federal or State laws, if such seizure can be achieved without committing a breach of the peace or a trespass on private premises. (In the National Guard, only the USPFO or a Federal National Guard Technician acting for the USPFO may take this action.)

(1) The person from whom property is seized will be presented a receipt or certificate showing such property as belonging to the U.S. Government.

(2) The officer seizing the property will hold the property as provided by applicable Federal and/or State law, subject to any legal proceedings.

c. Before authorizing a recovery or seizure of Government property, the commander should consult with the servicing Staff Judge Advocate office to determine the legality of such seizure.

14-12. Liability of nonappropriated fund activities

AR 215-1, chapter 12 authorizes the loan of specified items of appropriated fund property to nonappropriated fund activities of the Army. In such cases the activity rather than the person who signs for the property assumes nonpersonal responsibility. The activity is not regarded as being an insurer of the property, but is financially liable for a loss under para 13-41. An action to hold a nonappropriated fund activity financially liable for the loss of appropriated fund property does not negate the right of the activity to hold, in turn, its officers or employees financially liable.

14-13. Contracting officer's actions on financial liability investigations of property loss

a. When losses of property on Army accountable records involve possible contractor liability under a service contract, the individual with direct responsibility will initiate the LDD process as governed by the FAR subpart 45.5 and subpart 52.245 and submit it to the approving authority. The approving authority will forward the LDD documentation to the contracting officer that is monitoring the service contract.

b. The contracting officer, assisted by the property administrator, will investigate the loss and make an independent finding as to the liability of the contractor involved in a financial liability investigation of property loss. The contracting officer will make a determination as to the contractor's liability, and formally furnish a copy of his or her determination to the contractor. Should the contracting officer determine compensation is due to the U.S. Government, he or she will promptly issue a written request (demand) for payment to the contractor. The contracting officer will

record the findings and state the adjustment on the LDD documentation. The decision of the contracting officer is final and conclusive unless the contractor makes an appeal under the disputes clause of the contract.

c. Contracting officers will forward their decisions on the financial liability investigation of property loss to the approving authority. This processing of the LDD is not to be considered under the time constraints in para 13–6 of this regulation. However, there will be 30-day follow-ups by the approving authority until the completed LDD is returned.

14–14. Accounting for recovered property previously listed on a financial liability investigation of property loss

Often property is found after a financial liability investigation of property loss has been initiated to account for its loss. When this occurs, follow the procedures listed below:

a. When the property is recovered before a document or voucher number is assigned to the financial liability investigation of property loss, the initiator will—

(1) If some, but not all the property is recovered, line through the recovered property identified in blocks 4 through 8 and initial the entries on all copies. Adjust the grand total in block 8, total cost.

(2) If all the property is recovered, destroy the document.

b. When property is recovered after a document or voucher number has been assigned to the financial liability investigation of property loss, the initiator, the financial liability officer, appointing authority, or the approving authority, as appropriate, will direct the accountable officer in writing to reestablish accountability for the recovered property.

(1) In the active Army and USAR, the accountable officer will reverse the transaction using the same document or voucher number assigned to the financial liability investigation of property loss.

(2) In the ARNG, the accountable officer will prepare a DA Form 3161, and annotate the form as found on installation. A new document or voucher number will be assigned and cross-referenced to the financial liability investigation of property loss. After posting the accountable records, copies of the DA Form 3161 will be distributed as follows:

(a) File the original in the accountable officer's document or voucher supporting file.

(b) Provide a copy to the USPFO to support adjustment to the Equipment Status Report (ESR).

(c) Attach one copy to the financial liability investigation of property loss as an exhibit.

(3) The accountable officer will respond back by endorsement to the initiator, financial liability officer, or approving authority as appropriate when accountability has been reestablished. The accountable officer's response will be attached to the financial liability investigation of property loss as an exhibit.

c. When property is recovered after an inquiry/investigation number has been assigned by the approving authority, the approving authority will forward a memorandum to the accountable officer instructing the accountable officer to reestablish accountability for the property recovered. The instructions in para *b* above, will apply to the accountable officer when reestablishing accountability.

(1) When some items are recovered, but not all, a copy of the memorandum with accountable officer's endorsement will be attached to the financial liability investigation of property loss as an exhibit, and the investigation will continue until the financial liability investigation of property loss is completed.

(2) When all property is recovered, the memorandum with the accountable officer's endorsement will be attached to the financial liability investigation of property loss as an exhibit, and the financial liability investigation of property loss will be cancelled. The financial liability officer will be notified to discontinue the investigation and the original of the financial liability investigation of property loss will be marked "CANCELLED" and filed by the approving authority to support the cancellation.

d. When property is recovered after the approving authority has made a final decision on financial liability, the approving authority will reopen the financial liability investigation of property loss.

(1) The approving authority will forward a memorandum to the accountable officer instructing the accountable officer to reestablish accountability for the recovered property. The instructions in para *b* above will apply to the accountable officer when reestablishing accountability. The accountable officer's response will be attached to the financial liability investigation of property loss as an exhibit.

(2) When an individual(s) has been assessed with financial liability for those items recovered, determine whether the individual was assessed the total amount of the loss or 1 month's base pay as prescribed in para 13–41b. If the individual was assessed the total amount of the loss, the approving authority will forward a memorandum to the finance and accounting office requesting the respondent be refunded the amount collected for the recovered property. When the individual was assessed one month's base pay, refunds of the amount collected for recovered property will not be made unless the items recovered, reduce the total loss to less than one month's base pay. The amount refunded would be the difference between the amount collected and the amount of the adjusted loss (total loss, less the value of the recovered property.)

(3) In the event a unit or activity has been inactivated, the approval authority in the chain of command immediately

above the inactivated unit or activity, and still active, will take the action specified in (2) above. The recovered property will be turned in as found on installation in accordance with AR 710-2, para 2-13d(1).

Section III

Accounting for Losses of, or losses Resulting From—

14-15. Aircraft accidents

For property lost, damaged or destroyed in an aircraft accident, a copy of the collateral investigation (also known as a line-of-duty, AR 15-6, or legal investigation) will be attached to the financial liability investigation of property loss per para 13-25. Collateral investigations may be conducted at the discretion of the commander whose personnel, equipment, or operations were involved in the accident per AR 380-40, para 1-8. Collateral investigations will not be used as a property adjustment document or to assess financial liability. Process a financial liability investigation of property loss to accomplish either of these actions.

14-16. ARNG loaned property

ARNG equipment that is lost, damaged, or destroyed while on loan to another State will be processed according to appendix C.

14-17. Cash meal payment sheets, DD Form 1544 (Cash Meal Payment Book) and money collected as payment for meals in a dining facility

Losses of cash meal payment sheets and/or money collected as payment for meals in a dining facility require an investigation under AR 15-6 per AR 30-22. A financial liability investigation of property loss will be initiated to account for the lost form(s) and/or money, and to assess financial liability if negligence is found.

14-18. Damaged property

Qualified technical inspectors, property classification officers, and other designated persons may classify property physically on hand as unserviceable. From its general condition and appearance, the property may be classified as either unserviceable through fair wear and tear, or unserviceable through other than fair wear and tear. For the ARNG, a commissioned officer of the regular Army, or any commissioned officer of the Army National Guard of the United States per 32 USC 710(f) may make the final fair wear and tear determination on all unserviceable property prior to disposition, per 32 USC 710(f)(1) and (2). When property is determined to be unserviceable through other than fair wear and tear, the commander or TDA activity chief having responsibility for the property must investigate the circumstances. On completion of the commander's or the TDA activity chief's investigation, one of the following actions will be taken.

a. Damaged property (excluding OCIE). If negligence or willful misconduct was not involved, a statement signed by the unit commander or the TDA activity chief will be attached to the maintenance request or the turn-in document stating the cause of the damage. The unit commander or the TDA activity chief will state "I have reviewed the circumstances surrounding the damage to the above item(s) and find no evidence of negligence or willful misconduct."

(1) The financial liability investigation of property loss approving authority, or their designated representative, must review all damage statements unless approval authority is delegated to subordinate unit commanders and/or TDA activity chiefs per (2) below. When the financial liability investigation of property loss approving authority, or his or her designated representative concurs with the damage statement, they will enter "CONCUR" on the statement, and date and sign their concurrence. Nonconcurrency will be shown by entering "NONCONCUR—INITIATE A FINANCIAL LIABILITY INVESTIGATION OF PROPERTY LOSS" on the statement, and date and sign their nonconcurrency.

(2) Division commanders, commanders of separate brigades, and post commanders with subordinate TDA units and/or activities assigned will establish a dollar threshold above which all damage statements must be approved by the financial liability investigation of property loss approving authority. For damaged property costing less to repair than the dollar threshold established, the financial liability investigation of property loss approving authority may delegate authority to subordinate unit commanders and/or TDA activity chiefs to approve damage statements.

(3) When authority to approve damage statements is delegated to subordinate unit commanders, and/or TDA activity chiefs, they will forward copies of the approved damage statements to the financial liability investigation of property loss approving authority on a quarterly basis for review. The financial liability investigation of property loss approving authority, or their designated representative per subparagraph (4) below, will use the review to determine whether subordinate commanders and/or TDA activity chiefs are abusing the authority delegated to them.

(4) The financial liability investigation of property loss approving authority may designate a member of his or her staff in the grade of major or above, or a DA civilian employee in the position of division chief or above to review approved damage statements. This same individual may also be designated to approve/disapproved damage statements when the cost to repair the damaged item exceeds the dollar threshold established per (2) above.

(5) Commanders above the financial liability investigation of property loss approving authority level will initiate and conduct oversight management of damage statements initiated and approved by subordinate commanders and/or TDA

activity chiefs. A random sample of no less than 10 percent of all damage statements approved by subordinate commanders and activity chiefs will be reviewed quarterly. The review will be made to determine if the financial liability investigation of property loss approving authorities, and unit commanders and TDA activity chiefs delegated with approval authority of damage statements are properly carrying out their responsibilities as approving authorities, that is, are the decisions to approve damage statements—

(a) Supported by the commander's or the TDA activity chief's preliminary investigation documented on the damage statement.

(b) In the best interest of the Army and U.S. Government.

b. *Damaged class 9 components.* When the owning unit commander suspects that damage to a class 9 component has been caused by gross negligence or willful misconduct, the component should be work ordered to the supporting maintenance activity for determination of the estimated cost of damages (ECOD). After completion of the ECOD, the component will be turned in, or work ordered for repair as quickly as possible, consistent with evidentiary requirements of chapter 13. When negligence or willful misconduct is not involved, para *a* above applies.

c. *Damaged OCIE.* Unit commanders or their designated representative are authorized to approve damage statements for damaged OCIE when preliminary investigation by the unit commander or the soldier's chain of command (such as squad leader, platoon sergeant/leader, or first sergeant) reveals the damage occurred while being used conducting official Government business and neither negligence nor willful misconduct was involved. The commander will state in a memorandum to the central issue facility (CIF), "I or a member of my command have reviewed the circumstances surrounding the damage to the below listed item(s), and find no evidence of negligence or willful misconduct." The damaged OCIE will be identified by nomenclature and quantity. The commander, or his or her designated representative will sign the statement. Each statement must have an original signature. Individuals for whom the unit commander has approved a damage statement for OCIE will take the statement and the damaged articles of OCIE to the servicing CIF or OCIE issue point within 30 calendar days of the commander's approval for exchange. If the commander believes negligence or misconduct were involved, a financial liability investigation of property loss should be initiated.

d. *Liability amount does not exceed monthly basic pay.* When liability is admitted and the amount of the damage does not exceed the person's monthly basic pay, prepare a DD Form 362, per para 12–3.

e. *When liability amount exceeds monthly basic pay.* When liability is admitted and the amount of damage exceeds the person's monthly basic pay, initiate a financial liability investigation of property loss, para 13–3a(3).

f. *Negligence or willful misconduct.* When negligence or willful misconduct is suspected, and liability is not admitted, initiate a financial liability investigation of property loss per para 13–3a(1).

g. *Separate financial liability investigations of property loss.* Separate financial liability investigations of property loss will not be prepared for the same incident unless the damaged property is recorded on separate property accounts.

h. *When to request the actual cost of repair.* When a financial liability investigation of property loss has been initiated on damaged property the initiator of the financial liability investigation of property loss will request the actual cost of repair from the maintenance support activity, and forward that data to the financial liability investigation of property loss approving authority. When the ECOD (used to initiate a financial liability investigation of property loss) is greater than the actual cost of damage (ACOD), the approving authority will amend the amount charged the respondent, and request FAO/USPFO to make repayment as appropriate.

i. *When to consolidate the cost data.* When requested by the approval authority, the commander of the maintenance support activity will consolidate the cost data for each supported unit and forward the data to the approving authority.

j. *When the financial liability investigation of property loss is approved.* When the financial liability investigation of property loss is approved or when the property is released by the financial liability officer, attach a copy of the financial liability investigation of property loss to the maintenance request. If the property is not economically repairable, attach a copy of the approved financial liability investigation of property loss or the financial liability officer's release statement to the turn-in document. If there is a maintenance request showing the condition code, attach it to the turn-in document also. Damaged property for which negligence or willful misconduct is suspected will not be repaired or disposed of, or continued in use until the financial liability officer prepares a release statement per para 13–31c.

14–19. Durable hand tools at the using unit level when negligence or willful misconduct is not suspected

a. *MTOE organization.* Using unit commanders are authorized to adjust losses of durable hand tools up to \$100 per incident when the losses did not occur from negligence or misconduct. When determining the total cost of lost hand tools, the depreciated price should be used per para B–2b(1).

(1) Prepare a memorandum in the following format:

(a) Subject block: Memorandum for Record; Adjustment Document.

(b) Prepare a narrative of the incident.

(c) List the items requiring adjustment by NSN, nomenclature, unit of issue, number of items to be adjusted, unit price, extended price, and total price.

(2) Immediately after the last item adjusted, enter the following statement over the signature of the commander: "I

have reviewed the circumstances surrounding the loss of the above items and find no evidence of negligence or willful misconduct."

(3) Prepare the memorandum in original, plus one copy for each hand receipt involved. This memorandum requires no approval above the unit level. File the original in a consolidated file, in hand receipt holder sequence, for review by the financial liability investigation of property loss approving authority per *c* below. Retain the file for 2 years. The duplicate copy(s) is filed in the appropriate hand receipt file to support the adjustment action. The duplicate copy should be destroyed upon receipt of the replacement for the lost hand tool.

b. TDA organization. In TDA organizations, individuals occupying positions equivalent to that of a unit commander in a MTOE environment are authorized to adjust losses of durable hand tools using the same provisions cited in *a* above. In TDA organizations, those individuals will normally occupy a directorate or division level TDA position. Use the major TDA paragraphs as a guide. Individuals not filling those major TDA positions do not have the authority to adjust losses of durable hand tools under the provisions of *a* above.

c. Review criteria. Memorandums used as adjustment documents for losses of durable hand tools, as prescribed in *a* and *b* above, will be summarized quarterly (adjustment documents will be attached to the summary) and forwarded to the financial liability investigation of property loss approving authority for review. The attached adjustment documents will be returned to the unit commander following the review.

(1) The approving authority's review will validate the absence of abuse to this adjustment method.

(2) When abuse is suspected, the approving authority will cause an AR 15-6 investigation or a financial liability investigation of property loss to be initiated. Any suspicion of abuse by the approving authority will result in the automatic suspension of this authorization until the unit commander is cleared of suspicion.

(3) The approving authority will annotate concurrence or nonconcurrence on the quarterly summary. A copy of the quarterly summary will be retained on file by the approving authority for 2 years.

14-20. Government provided property

The officer or property administrator designated to maintain or supervise property records of DA property held by a contractor will initiate financial liability investigations of property loss, as appropriate.

14-21. Government quarters and furnishings

a. When Government quarters or the Government furnishings and equipment contained therein become lost, damaged or destroyed, the installation housing manager will initiate a financial liability investigation of property loss. The financial liability investigation of property loss will be processed through the chain of command of the individual who is signed for the quarters at the time of the incident per para 13-5. Military and civilian sponsors may be charged with financial liability when the LDD is the result of negligence or willful misconduct on the part of the sponsor, whether or not the sponsor has receipted for the quarters, furnishings or equipment. This also includes cases where the LDD results from an act of a household member or guest, or a pet of either the household member or guest. However, it does not include losses resulting from fair wear and tear, or an act of God.

b. When liability against a sponsor cannot be shown, the financial liability can be assessed against the individual who actually caused the LDD. In this instance, upon assessing financial liability, the financial liability investigation of property loss will be forwarded to the servicing claims office for collection.

c. When a financial liability investigation of property loss is initiated to account for the LDD of Government quarters and/or the Government furnishings and equipment contained therein, a determination of gross negligence will result in the full amount of the loss to the Government being assessed against the sponsor.

14-22. Keys

a. When a person loses a key due to negligence or willful misconduct, he or she will be assessed financial liability for the lost key.

b. When the loss of a key through negligence or willful misconduct is the proximate cause of replacing a locking device or door by rendering the locking device or door unsuitable for its intended purpose, the respondent will be held financially liable for the replacement cost of the locking device and/or the door. Replacement cost includes both the cost of the parts and the cost of the labor to install.

14-23. Losses in laundries

a. Military personal clothing. Replace military personal clothing that is lost or damaged while in the custody of a laundry and dry cleaning facility under the provisions of AR 210-130, para 4-1 and AR 700-84, para 5-4c. The facility manager will attempt to repair or replace damaged or lost military personal clothing items from surplus stocks. Failing that, the facility manager will authorize a gratuitous replacement by preparing and approving DA Form 3078.

b. Non-military personal clothing and equipment. When this type of property cannot be satisfactorily replaced from surplus at the laundry and dry-cleaning facility, the facility manager will list the lost or damaged property on a memorandum. The facility manager will sign and give the completed memorandum to the complainant and direct him or her to the nearest claims office.

c. Organizational clothing and individual equipment. Account for organizational clothing and individual equipment lost or damaged while in the custody of a laundry and dry cleaning facility by repairing or replacing the property under the provisions of AR 210–130, para 4–1. When the facility manager cannot repair or replace the property from surplus stocks to the satisfaction of the customer, the facility manager will describe the items lost or damaged, and the extent of the damage, on a memorandum. The facility manager will sign and give the completed memorandum to the complainant. The commander of the complainant will initiate a financial liability investigation of property loss to account for the lost or damaged property. When the loss occurs in a contractor operated facility, adhere to the provisions of para 14–13.

d. Articles and equipment not returned by contract laundries and dry cleaners. When ARNG clothing articles and other military equipment are not returned by contract laundries and dry cleaners, or are returned in a damaged condition, follow one of the procedures listed below:

(1) Obtain cash payment from the vendor for the monetary value from the AMDF contained on FEDLOG of the lost or damaged property. The USPFPO will provide assistance in the collection process.

(2) Process a DD Form 362 prescribed in chapter 12. Attach a brief statement of circumstances in addition to the normal entries on the form. Substitute the name of the vendor for the individual's name.

14–24. Leased property

An AR 15–6 investigation may be used instead of a financial liability investigation of property loss for losses of leased property when negligence or willful misconduct is suspected. However, when the investigation finds negligence or willful misconduct exists, the AR 15–6 investigation will be attached to a financial liability investigation of property loss as discussed in para 13–25.

14–25. Marine casualties

Property carried on a property account listed in a Marine Casualty Investigating Officer's report as provided in AR 385–40, chapter 7 does not require a financial liability officer to be appointed. However, the financial liability investigation of property loss will include a copy of the Marine Casualty Investigating Officer's Report, or an extract of the report, as an exhibit. (Follow the procedures established for using an AR 15–6 investigation with a financial liability investigation of property loss as shown in para 13–25.)

14–26. During military operations other than war

The actions prescribed by this para apply only to units and activities participating in military operations other than war at the direction of HQDA. When Government property is lost, or destroyed in military operations other than war, the commander of the operation will cause a DD Form 200 to be initiated. If the loss involves damage to Government property, a damage statement prepared by the commander in accordance with para 14–18 will be used when the preliminary investigation by the commander reveals no negligence or willful misconduct on the part of U.S. soldiers or DA civilian employees. If negligence or willful misconduct on the part a U.S. soldier(s) or DA civilian employee(s) is known or suspected, a DD Form 200 will be prepared. When it is deemed necessary to abandoned Government property, the procedures in para 14–7 will apply. When small quantities of small arms ammunition become lost or are expended, follow the procedures in subparagraph *h*, below.

a. The DD Form 200 should be initiated as soon as possible, but no later than 5 days after the discovery of the loss. The individual having the most knowledge of the circumstances and facts concerning the loss should be the person tasked to prepare the statement for block 9 and complete blocks 11a through e. The DD Form 200 should be prepared in 3 copies using the example in figure 14–1 as a guide. The date and circumstances must state—

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) 20030311		2. INQUIRY/INVESTIGATION NUMBER MOOTW-002		3. DATE LOSS DISCOVERED (YYYYMMDD) 20030306	
4. NATIONAL STOCK NO. 8340-01-W64-8725 VT0019	5. ITEM DESCRIPTION Tent, Command Post		6. QUANTITY 1	7. UNIT COST 1,000.00	8. TOTAL COST 1,000.00
9. CIRCUMSTANCES UNDER WHICH PROPERTY WAS (X one) (Attach additional pages as necessary)			<input type="checkbox"/> LOST	<input type="checkbox"/> DAMAGED	<input checked="" type="checkbox"/> DESTROYED
Destroyed tent was set up and used to house the 4/56th Infantry Battalion S2/3 Operations. The tent was located in the outskirts of town, at map grid coordinates AA00000000. The tent was set fire by local nationals throwing burning torches into the encampment area during demonstrations on the evening of 6 February 2003. Exhibits A and B attached.					
10. ACTIONS TAKEN TO CORRECT CIRCUMSTANCES REPORTED IN BLOCK 9 AND PREVENT FUTURE OCCURRENCES (Attach additional pages as necessary)					
Posted addition security forces to monitor and curb civil disturbances by local nationals.					
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	
4/56th Infantry Battalion APO 00000-0000		Graig J. Reese, 2LT, 1st Platoon Leader		456-1234	
		d. SIGNATURE <i>Graig J. Reese</i>		e. DATE SIGNED 200303014	
12. (X one) <input checked="" type="checkbox"/> RESPONSIBLE OFFICER (PROPERTY RECORD ITEMS) <input type="checkbox"/> REVIEWING AUTHORITY (SUPPLY SYSTEM STOCKS)					
a. NEGLIGENCE OR ABUSE EVIDENT/ SUSPECTED (X one) <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		b. COMMENTS/RECOMMENDATIONS Further investigation of incident is not necessary. There was not negligence or abuse on the part of U.S. soldiers. The fire was the result of hostilities on the part of local nationals demonstrating against the presence of U.S. Forces. Exhibits A and B attached.			
c. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)		d. TYPED NAME (Last, First, Middle Initial)		e. DSN NUMBER	
Headquarters and Headquarters Company 4/56th Infantry Battalion APO 00000-0000		Rob C. Getz, CPT, Inf, Commander		456-6789	
		f. SIGNATURE <i>Rob C. Getz</i>		g. DATE SIGNED 20030325	
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) <input 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 14-1. Sample DD Form 200, when used to account for lost, damaged or destroyed Government property during military operations other than war, (blocks 1 - 12g)

Block 1. DATE INITIATED (YYYYMMDD). Enter the date the investigation of property loss is prepared. The date of 11 March 2003 is recorded as 20030311.

Block 2. INQUIRY/INVESTIGATION NUMBER. Enter OOTW followed by number, numbering consecutively from the number 1 at the beginning of the year. Is entered by the commander identified in block 12d.

Block 3. DATE LOSS DISCOVERED (YYYYMMDD). Enter the date the loss was discovered or the date of the incident that caused the loss. The date 6 March 2003 is recorded as 20030306.

Block 4. NATIONAL STOCK NO. Enter the national stock number (NSN), manufacturer's part number, management control number (MCN) or other identification numbers, of the item(s) described in block 5. For end items assigned a line item number (LIN), enter the LIN below or adjacent to the NSN. Also, enter the reportable item control code (RICC) for RICC 2, A, B, C and Z items. When RICC 2, A, B, C or Z items are listed on the investigation of property loss, and are totally lost (no residue to turn-in), enter the words "No residue." If the space on the face of the form is insufficient, continuation sheets may be used. (See figure 13-5).

Block 5. ITEM DESCRIPTION. Enter the nomenclature of the item(s) lost damaged or destroyed. If the items are nonstandard, give a description accurate enough for identification. When the items involved have been assigned serial numbers, include such numbers for more identification. Describe damaged major units as such and not as damaged component parts. For damaged property, enter the estimated cost of damage (ECOD) in parenthesis in this block following the description of damaged property. If the space on the face of the form is insufficient, continuation sheets may be used. (See figure 13-5.)

Block 6. QUANTITY. Enter the number of items lost, damaged or destroyed and the unit of issue. As an example, 1 ea, 2 dz, 1 pr, and so on. If space on the face of the form is insufficient, continuation sheets may be used. (See figure 13-5).

Block 7. UNIT COST. Enter the price as shown in FEDLOG in effect at the time of the loss. When a price is not available in FEDLOG, use the current market price of a similar item; otherwise, estimate the unit price and attach the basis for the estimate to the investigation of property loss. Do not record the repair cost in this column. If the space on the face of the form is insufficient, continuation sheets may be used. (See figure 13-5).

Block 8. TOTAL COST. Enter the total cost of all property identified in blocks/columns 4 and 5 that has been lost or destroyed. Total cost is computed by multiplying the unit price (column 7) of each item listed, by the quantity (column 6). For damaged property, enter the estimated cost of damage (ECOD) in parenthesis in block 5 following the description of the damaged property. After the last entry on each page, enter the "subtotal" for that page. Enter the "grand total" on last page. The grand total is the total cost of all items listed on the front of the DD Form 200 and on all continuation sheets. If the space on the face of the form is insufficient, continuation sheets may be used. (See figure 13-5).

Block 9. CIRCUMSTANCES UNDER WHICH PROPERTY WAS (X one). Place an X in the appropriate box identifying whether the property was lost, damaged or destroyed. Enter a complete and accurate statement of the facts in the case, including the date and place of the incident. Show all persons directly concerned by name and grade. Refer to exhibits by the capital letter designation assigned according to paragraph 13-10a(3)(e). Show exhibits initially attached; for example, Exhibits "A" through "D" attached. If space on the form is insufficient, continuation sheets may be used. (See figure 13-6.)

Figure 14-1. Sample DD Form 200, when used to account for lost, damaged or destroyed Government property during military operations other than war, (blocks 1 - 12g) (continued)

Block 10. ACTIONS TAKEN TO CORRECT CIRCUMSTANCES REPORTED IN BLOCK 9 AND PREVENT FUTURE OCCURRENCES. Initiators (commanders or accountable officers) and when appropriate the investigating officer enters what actions have been initiated or what action they recommend be taken to preclude further losses of the types identified in this investigation. If space on the form is insufficient, continuation sheets may be used. Same format as shown for block 9 in figure 13-6.

Block 11. INDIVIDUAL COMPLETING BLOCKS 1 THROUGH 10. If the responsible officer completed blocks 1 through 10, leave block 11a through 11e blank. Other wise complete as follows:

a. **ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code).** Enter the organizational address of the individual who completed blocks 1 and 3 through 10.

b. **TYPED NAME (Last, First, Middle Initial).** Enter the individual's name that completed blocks 1 and 3 through 10.

c. **DSN NUMBER.** Enter the telephone number of the individual identified in block 11b.

d. **SIGNATURE.** The individual identified in block 11b enters his or her signature. Electronic/digital signature may be used if DD Form 200 is electronically produced.

e. **DATE SIGNED.** Enter the date block 11d is signed. The date 14 February 2003 is entered as 20030214.

Block 12. (X one) RESPONSIBLE OFFICER (PROPERTY RECORD ITEMS) For losses of property at the using unit level, check responsible officer, or

REVIEWING AUTHORITY (SUPPLY SYSTEM STOCKS) For losses of property at the forward distribution point level, check reviewing authority.

a. **NEGLIGENCE OR ABUSE EVIDENT/SUSPECTED (X one).** The responsible officer or the reviewing authority as appropriate, checks the "yes" or "no" block indicating whether negligence or abuse on the part of any U.S. service member or DA civilian employee is evident or suspected. Normally this will be the commander of MOOTW operations. In the event negligence or abuse is evident or suspected, the commander's rationale for determining further investigation is warranted will be documented in writing in block 12b.

b. **COMMENTS/RECOMMENDATIONS.** Rationale for the determination made in block 12a and recommendations.

c. **ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code).** Enter the organizational address of the responsible officer or the reviewing authority as appropriate.

d. **TYPED NAME (Last, First, Middle Initial).** Enter the full name, grade and position, of responsible officer or the reviewing authority as appropriate. Normally this will be the commander of OOTW operations.

e. **DSN NUMBER.** Enter the telephone number of the individual identified in block 12d.

f. **SIGNATURE.** The responsible officer or the reviewing authority as appropriate enters their signature. Electronic/digital signature may be used if DD Form 200 is electronically produced. Normally this will be the commander of OOTW operations.

g. **DATE SIGNED.** Enter the date block 12f is signed. The date 25 February 2003 is entered as 20030225.

Figure 14-1. Sample DD Form 200, when used to account for lost, damaged or destroyed Government property during military operations other than war, (blocks 1 - 12g) (continued)

(1) What happened.

(2) When it happened.

(3) Where it happened. (Location must be specific, providing the country, state, city, and the street address, if available. If in a field environment, include the eight digit map grid coordinates of the area it occurred in.)

(4) Identity of all persons involved by name, grade and organization, and a description of their involvement and actions.

b. Available documentation such as statements from persons involved, or witnessing the actions of others involved; accident reports; copies of hand receipts; orders; and so forth are attached to the DD Form 200 as exhibits. See para 13-10a(3)(e) for marking the exhibits.

c. The DD Form 200 with exhibits attached is reviewed by the unit commander having command responsibility for the property lost, damaged or destroyed. The commander will conduct a preliminary investigation to determine if there

was negligence or willful misconduct on the part of any U.S. Service member or DA civilian employee. Based on the commander's investigation, the commander will complete block 12 as follows:

- (1) Enter a check mark in block titled "Responsible Officer (property record Items)."
- (2) When the commander believes negligence or willful misconduct on the part of any U.S. Service member or DA civilian employee was not involved, the commander should check the "no" box in block 12a.
- (3) If the commander suspects negligence or willful misconduct on the part of a U.S. Service member(s) or DA civilian employee(s), the commander should check the "yes" box in block 12a. The commander's rationale for determining further investigation is warranted, will be documented in writing in block 12b, DD Form 200.
- (4) On completion of preliminary investigation, the commander will complete blocks 12c through 12g of the DD Form 200.

d. The commander should complete the preliminary investigation and other necessary actions within 15 days of receipt of the DD Form 200. The commander will retain 1 copy of DD Form 200 with 1 copy of each of the exhibits, and forward the original and 1 copy with all exhibits to the accountable officer.

e. The accountable officer will assign a document number or voucher number to all DD Forms 200 initiated for lost, and destroyed Government property. If the loss involves damage to Government property, assignment of a document number or voucher number is not required. The document number or voucher number is entered in block 17a. The identification data for the accountable officer is entered in blocks 17b through 17f. The accountable officer, or his or her designated representative, signs block 17e. The accountable officer retains 1 copy of all DD Forms 200, with exhibits, and posts the property records accordingly. The original DD Form 200 with exhibits is forwarded to the financial liability investigation of property loss approving authority in the initiating unit's chain of command at home station.

f. The financial liability investigation of property loss approving authority will review the DD Forms 200 initiated during military operations other than war and take appropriate action as follows—

(1) Where the commander has recommended further investigation, the financial liability investigation of property loss approving authority will process the DD Form 200 as a financial liability investigation of property loss in accordance with chapter 13 of this regulation.

(2) Where the commander has determined no further investigation was necessary, the DD Form 200 will be reviewed by the financial liability investigation of property loss approving authority to ensure the authority to approve these documents was not abused.

(a) When the financial liability investigation of property loss approving authority's review reveals the commander abused, or may have abused his or her authority in approving the DD Form 200, the approving authority will process the DD Form 200 in accordance with chapter 13, of this regulation.

(b) Otherwise, copies will be retained on file in accordance with AR 25-400-2.

g. When ammunition in an ABL is expended, the primary hand receipt holder (normally the commander) must prepare and sign a statement indicating the date, time, location and duration of each expenditure by NSN, lot number and quantity consumed during the operation requiring expenditure. Statement should state the rationale for the expenditure of ammunition. Statement will be provided to the accountable officer for adjustment of accountable records.

h. When small quantities, not more than 30 rounds, of small arms ammunition becomes lost or are expended by a Service member without authorization, the unit commander will cause a preliminary investigation to be conducted to determine the cause. The investigation should normally be conducted in the Service member's chain of command. It can be hand written on plain or lined paper. If negligence or willful misconduct on the part of a Service member is suspected or known, the commander should initiate appropriate adverse administrative or disciplinary action as described in para 12-1a(2). The commander will prepare a memorandum for record showing the type of ammunition, the lot number and the quantity of ammunition lost or expended. The commander will state what administrative or disciplinary action was taken, if any. The investigation will be attached to the memorandum for record, which will be used to post the property accounting records for small arms ammunition as a loss. Copies of the memorandum for record with the attached investigation will be provided to the financial liability investigation of property loss approving authority for review. In the event the financial liability investigation of property loss approving authority determines abuse on the part of a commander, the approving authority may take this authority away from the commander.

i. Commanders above the financial liability investigation of property loss approving authority will initiate and conduct oversight management of these property adjustments as prescribed in para 13-20b.

14-27. Personal clothing and organizational clothing and individual equipment (OCIE)

a. The commanders of active Army, USAR and ARNG members, and ROTC cadets are responsible for initiating financial liability investigations of property loss when property issued from a Central Issue Facility (CIF) becomes lost, damaged, or destroyed, and none of the methods cited in chapter 12 can be used to obtain relief from responsibility. Additionally, the commanders of USAR and ARNG members, and ROTC cadets are responsible for initiating financial liability investigations of property loss when property issued from a clothing initial issue point (CIIP) becomes lost, damaged, or destroyed.

b. The following applies to the loss of personal clothing and OCIE when a USAR member, ARNG member, or ROTC cadet stops participating in training sessions (unsatisfactory participant whose whereabouts is unknown), and has not returned his or her personal clothing and/or OCIE. Also applies to active duty personnel in an absent without leave (AWOL) status whose OCIE is not available for turn-in.

(1) Financial liability investigations of property loss will be initiated. The initiator will complete blocks 1, and 3 through 11 of DD Form 200. The financial liability investigation of property loss will be forwarded to the accountable officer for assignment of a document number. The accountable officer will assign a document number in block 17a, and complete blocks 17b through 17f and forward the financial liability investigation of property loss to the approving authority.

(2) The approving authority will assign an inquiry/investigation number in block 2, DD Form 200 upon receipt of the financial liability investigation of property loss.

(3) Before making a decision to hold the individual financially liable, the financial liability investigation of property loss must first be reviewed by the servicing office of the Staff Judge Advocate for legal sufficiency. Once the legal advisor provides a legal opinion saying there is legal sufficiency to hold individual financially liable, the approving authority will complete blocks 14a through h, and insert the following statement in block 14b: "Member, or cadet (insert name, grade if applicable and SSN) is held financially liable for the amount indicated in block 8, less depreciation allowed in para B-2b(1) below."

(4) The approving authority will forward one copy of the completed financial liability investigation of property loss to the servicing FAO or USPFO for collection. The financial liability investigation of property loss will be forwarded under a transmittal memorandum requesting acknowledgment of receipt and verification that the financial liability investigation of property loss was processed for collection.

(5) If the FAO or USPFO cannot make collections because no pay is due, the financial liability investigation of property loss will be forwarded to the servicing claims office for collection. For USAR soldiers for whom no pay is due, the financial liability investigation of property loss will be returned to the approving authority, who will take the following actions:

(a) If the charge is \$100 or less, a copy of the financial liability investigation of property loss will be filed as an uncollectible debt in the financial liability investigation of property loss files. A copy will be mailed to the U.S. Army Reserve Personnel Center, 9700 Page Boulevard, St. Louis, MO 63132-5200 for inclusion in the respondent's permanent record.

(b) If the charge is more than \$100, a copy of the financial liability investigation of property loss will be forwarded to the Defense Finance and Accounting Service, Indianapolis Center, Department 80, Indianapolis, IN 46249-0001, for collection.

14-28. Nonexpendable property consumed in use

Nonexpendable property consumed in use may be posted as a loss on property book records using a memorandum for record, provided—

a. The memorandum states the circumstances under which the property was consumed in use, and the date of the occurrence.

b. The property is identified by stock number, nomenclature, and quantity. If the property is a serial numbered item, the serial number(s) is entered.

c. The memorandum for record is signed by the commander for whom the property book records are being maintained.

d. The memorandum for record is reviewed and approved by the financial liability investigation of property loss approving authority within the chain of command of the property book officer appointing authority.

14-29. Public funds and other negotiable instruments

A person who receives or handles public funds or other negotiable instruments has personal responsibility for safeguarding of public funds or instruments while under his or her control. That person is financially liable for the full value of the loss to the Government caused by their negligence or willful misconduct. A financial liability investigation of property loss will be processed to account for the loss.

14-30. Subsistence accounting variances

a. Troop issue subsistence activity (TISA).

(1) Adjust unidentifiable operational accounting variances in the TISA account (ration breakdown for ARNG) that do not exceed the authorized tolerances according to AR 30-22. The approving authority for DA Form 4170 will approve the gain and loss variances.

(2) Prepare a financial liability investigation of property loss according to chapter 13 when the unidentifiable accounting losses exceed the tolerance authorized by AR 30-22, or if the approving authority for DA Form 4170 does not approve the gains or losses.

b. Overdrawn or underdrawn meal status, ARNG. Bring overdrawn or underdrawn meal status in excess of the authorized tolerance factors for annual training or inactive duty training into tolerance per AR 30–22.

14–31. Unserviceable supplies in depot storage

Inspectors who find damaged or unserviceable supplies in a depot storage area will report the finding to the responsible officer. When negligence or willful misconduct is suspected, the responsible officer will initiate a financial liability investigation of property loss.

14–32. Vehicular accidents

a. Accidents involving civilian vehicles. Accidents often occur involving military and civilian employees of the Government, and civilians who are not employed by the Government. When Government property is damaged (other than a GSA vehicle), and negligence or willful misconduct by civilians who are not Government employees is suspected, but not admitted, or is admitted with a refusal to make restitution, a financial liability investigation of property loss must be initiated. When assessment of financial liability is made against a civilian not employed by the Government, it is not necessary for the financial liability officer or the approving authority to notify the individual of recommended for assessment of financial liability. The approval authority will forward a copy of the approved financial liability investigation of property loss with all exhibits to the servicing claims office. The claims office will initiate action under AR 27–20.

b. Accident involving GSA vehicles. Units and activities assigned GSA vehicles must comply with the policy contained in the Federal Property Management Regulation, subpart 101–39.4 — Accidents and Claims, when an assigned GSA vehicle is involved in an accident. When a GSA vehicle is involved in an accident, the GSA fleet management center that issued the vehicle will advise the unit or activity of its financial responsibility to GSA based on their review of the accident reports and other evidence they are in receipt of.

(1) Financial liability investigation of property loss or other administrative adjustments in accordance with para 12–1c above must be initiated when a GSA vehicle is involved in an accident, or has sustained damages through vandalism, theft, or parking lot damage.

(2) The approved financial liability investigation of property loss should be forwarded to the installation claims office per AR 27–20, when—

(a) The financial liability investigation of property loss reveals the damage to the GSA vehicle was not the result of negligence or willful misconduct on the part of the driver of the GSA vehicle or the unit or activity assigned the GSA vehicle, but was the result of negligence on the part of other person(s), and

(b) The GSA fleet management center is charging the unit or activity for the damages, or

(c) The GSA vehicle is involved in an accident resulting in damage to the property of, or injury to, a third party.

c. Accidents involving Government owned and leased vehicles. Upon completion of a financial liability investigation of property loss that finds a military member or Government employee, through simple negligence, caused an accident involving a Government owned or leased vehicle (see Joint Publication 1–02), the approving authority may waive financial liability or may reduce the amount of financial liability assessed against a member or employee. The waiver to waive or reduce the amount of financial liability charged will be based on the approving authority's review of all the pertinent information concerning the accident. The approving authority may base the waiver entirely on a vehicle accident report by a Military Provost Marshal or a duly appointed civilian law official, if available. A financial liability investigation of property loss based solely on a vehicle accident report will be annotated in block 9, DD Form 200, (see exhibit A, vehicle accident report), and state in block 14b "I have reviewed the information contained in the attached exhibits. No further investigation is necessary." Include the following additional information on the DD Form 200 for all waivers—

(1) Place an "X" in block 14a Approve.

(2) To grant a waiver relieving all concerned of financial liability, place the following statement in block 14b, "I relieve all concerned of financial liability from the damage to the property listed in blocks 4 through 6".

(3) To reduce the amount of financial liability assessed (an amount less than the cost to repair the damaged vehicle, or one month's base pay) place the following statement in block 14b. "To hold (name and grade of individual being assessed with financial liability) financially liable in the amount of (\$ amount). The cost to repair the damaged vehicle is (\$ amount of ECOD or ACOD if available). Their base pay for one month is (\$ amount)."

Section IV

Inventory Adjustment Reports

14–33. Inventory discrepancies at a central issue facility (CIF)

a. Inventory discrepancies of OCIE in CIF property book balances discovered during annual or cyclic inventories will be adjusted and reported using an IAR except when negligence or willful misconduct is known or suspected; use one of the adjustment methods cited in para 12–1c (1) (a) through (c) of this regulation.

(1) Causative research will be conducted and documented on IARs for inventory discrepancies—

(a) Exceeding 1/2 of 1 percent of the combined total of the dollar value of issues and turn-ins (to and from supported personnel) of a single line since the last inventory.

(b) Exceeding \$500 in extended line item value.

(2) IARs will be prepared and forwarded to the approving authority within 30 calendar days after completion of the inventory. The approving authority will take final action on the IAR within 5 working days of receipt, or will return the IAR to the PBO for addition research. When an IAR is returned for further research, 15 days will be allowed for the PBO to do further research. The approving authority may grant extensions of up to a total of 30 additional days. For those entries disapproved by the approving authority, a financial liability investigation of property loss or AR 15-6 investigation will be initiated for the shortages, and the overages will be turned in to the supply support activity (SSA).

(3) As long as the total adjustments (both gains and losses) for all IARs do not exceed 2-1/2 percent of the dollar value of the stockage allowance during the fiscal year, the approval authority for individual IARs will be as follows:

(a) \$2,500 or less. Approval authority is the commander who appointed the accountable officer. In a TDA environment, the commander may delegate approving authority to a division head within the Directorate of Logistics (DOL).

(b) Over \$2,500, but less than \$10,000. Approval authority is the commander who appointed the accountable officer if the appointing authority is in the grade of lieutenant colonel or above, or is assigned to a position authorized a lieutenant colonel or above. In a TDA environment, the commander may delegate approving authority to the DOL. Otherwise, the approving authority will be the first commander in the grade of lieutenant colonel or above in the appointing authority's chain of command. General officers may delegate, in writing, a lieutenant colonel or above to act as the approving authority.

(c) \$10,000 and over. Approval authority is the commander who appointed the accountable officer if the appointing authority is in the grade of colonel or above, or is assigned to a position authorized a colonel or above. In a TDA environment, the commander may delegate approving authority to the DOL. Otherwise, the approving authority will be the first commander in the grade of colonel or above in the appointing authority's chain of command. General officers may delegate, in writing, a colonel to act as the approving authority.

(4) Once the total adjustments (both gains and losses) for the fiscal year exceed 2-1/2 percent of the total dollar value of the stockage allowance, the approval authority for all subsequent IARs is the commander who appointed the accountable officer, if the appointing authority is in the grade of colonel or above. In a TDA environment, the commander may delegate approving authority to the DOL. Otherwise, the approving authority will be the first commander in the grade of colonel or above in the appointing authority's chain of command. General officers may delegate, in writing, a colonel to act as the approving authority.

(5) The dollar value of the stockage allowance will be as of the last day of the first month of the fiscal year. This stockage allowance value will be used for all IARs during the fiscal year.

(6) Administrative adjustment reports (AARs) will not be included in the totals used to determine the 2-1/2 percent cut-off. These include AARs for discrepancies in makes, models, and sizes.

(7) In the ARNG, the State AG is the approving authority for USPFO IARs. The State AG may delegate approval authority to a Federally recognized ARNG general officer.

b. MACOM commanders will initiate and conduct oversight management of the inventory adjustment report process within their commands.

(1) A random sample of no less than 25 percent of those inventory adjustments reports that show physical losses and/or gains of property processed and approved by subordinate commands will be reviewed quarterly.

(2) The review will be made to determine if the IAR approving authorities are properly carrying out their responsibilities as approving authority, that is, are the decisions made—

(a) Supported by evidence documented in the causative research on IARs.

(b) Supported by adequate explanation when the quantity or dollar value adjusted is substantially high.

(c) In the best interest of the Army and the U.S. Government.

(d) Followed-up with corrective actions or directives as appropriate.

14-34. Inventory discrepancies at a stock record account (SRA)

a. All discrepancies in stock record balances found during an inventory will be adjusted and reported on an IAR with the following exception:

(1) When negligence or willful misconduct is known or suspected, one of the other adjustment methods cited in para 12-1c should be used.

(2) For other than small arms ammunition, verified losses of controlled inventory items will be adjusted using a financial liability investigation of property loss per para 13-3a(6).

(3) Discrepancies between ammunition stock record balances and inventory counts that show substantial overages or shortages of ammunition and explosives will be reported under AR 190-11. Substantial overages or shortages are those meeting the AR 15-6 investigation requirements indicated by AR 190-11, app E.

(4) Discrepancies that have an extended line item value of \$1,000 or less will not be reported for inventory adjustment with the following exceptions:

(a) Controlled inventory items.

(b) When negligence or willful misconduct is known or suspected.

(5) For IAR adjustments not acceptable to the approving authority, one of the other adjustment methods cited in para 12-1c must be used.

b. All discrepancies (not covered above) in stock record balances found during an inventory will be adjusted and reported on an IAR. Manual and automated system procedures publications, provides IAR preparation instructions.

c. Causative research, which is part of the inventory process, will be conducted and documented on the IAR when discrepancies result in adjustments over \$1,000 in extended line item value.

d. IARs will be prepared and forwarded to the approval authority within 30 calendar days after completion of the inventory. The approval authority will take final action on the IAR within five working days of receipt or will return the IAR to the SRO for additional research. When an IAR is returned for further research, 15 days will be allowed for the SRO to do further research. The approval authority may grant extensions of up to a total of 30 additional days.

e. The goal for inventory adjustments (both gains and losses) for all IARs is to keep total adjustments below 5 percent of the dollar value of the requisitioning objective (RO) during the fiscal year. The approval authority for IARs is the first commander in the grade of lieutenant colonel or a civilian director of logistics or director of public works equivalent unless approval authority is retained at higher level with the chain of command.

f. In the ARNG, the State AG is the approval authority for the USPFO IARs. The State AG may delegate approval authority to a federally recognized ARNG general officer.

g. The Army's performance objective and internal management control goal is to keep total inventory adjustments (both gains and losses) below 5 percent of the total annual dollar value of the RO. The dollar value of the RO is computed annually during October using the October AMDF contained on FEDLOG.

h. Administrative IARs will not be included in the totals used to determine the 5 percent cutoff. Administrative IARs include—

(1) Assembly.

(2) Disassembly.

(3) Stock numbers or unit-of-issue changes.

(4) Transaction reversals.

(5) Condition code changes.

(6) Re-identification.

(7) Pseudoreceipts.

i. A copy of the IAR or other adjustment documents on which reportable items are listed will be provided to the CBS-S central collection activity.

j. MACOM commanders will initiate and conduct oversight management of the inventory adjustment report process within their commands.

(1) A random sample of no less than 25 percent of those inventory adjustment reports that show physical losses or gains of property (other than administrative IARs in para h above) processed and approved by subordinate commands will be reviewed quarterly.

(2) The quarterly review will be made to determine if the IAR approving authorities are properly carrying out their responsibilities as approving authority, that is, are the decisions made—

(a) Supported by evidence documented in the causative research on the IAR.

(b) Supported by adequate explanation when the quantity or dollar value adjusted is substantially high.

(c) In the best interest of the Army and the U.S. Government.

(d) Followed-up with corrective actions or directives as appropriate.

Section V

Joint Service Environment

14-35. Accounting for lost, damaged or destroyed property in a joint Service environment

This para prescribes actions to be taken when Government property is lost, damaged, or destroyed at jointly operated military installations, activities and operations. These installations and activities include those involving DLA, military assistance advisory groups (MAAGs), and similar installations, activities and operations.

a. Preparation of financial liability investigations of property loss. Responsibility at joint Service installations, activities and operations for the preparation of financial liability investigations of property loss listing property in the custody of personnel follows:

(1) Accountable or responsible Army personnel will prepare financial liability investigations of property loss for Army property in the custody of Army personnel or in the custody of other than Army personnel as prescribed in chapter 13.

(2) Accountable or responsible Army personnel will prepare financial liability investigations of property loss, using DD Form 200, for losses of DLA property (including inventories stored at Army installations) in the custody of Army personnel according to the DOD Financial Management Regulation, volume 12, chapter 7. The DOD Financial Management Regulation is available on the Internet using <http://www.dtic.mil/comptroller/fmr>.

(3) Personnel of the issuing United States agency, department, or foreign government will prepare financial liability investigations of property loss or other administrative property accounting actions for all other non-Army property in the custody of Army personnel according to the procedures of the agency or foreign government.

(4) When Army property is loaned to other DOD Services, a loan agreement between the loaning and the borrowing activity will be established prior to the loan taking place in accordance with AR 700-131, para 2-6. The loan agreement will state the borrowing Service's responsibility for the return of the borrowed item(s), and in the event of loss or damage, the borrowing Service's responsibility for the payment of replacement or repair costs.

b. Designation of approval authority.

(1) Army property in custody of Army personnel or other personnel.

(a) Approval authority will be as prescribed in chapter 13.

(b) Within a joint Service organization or contingency operation, the following criteria will be used to determine who the approving authority will be for financial liability investigations of property loss when Army property is lost, damaged or destroyed. Individual must be a DOD military officer in a command position, in the pay grade of O5 or above. May be a DOD civilian employee in a supervisory position in the grade of GS-14 or above. DOD military officers in the pay grade of O6, or above and DOD civilian employees in supervisory position in the grade of GS-15, or above may delegate approving authority to subordinate DOD military officers in the pay grade of O5, or above or DOD civilian employers in supervisory positions in the grade of GS-14, or above.

(2) DLA property (including stored at Army installations) in the custody of Army personnel.

(a) Submit financial liability investigations of property loss covering losses of DLA property in the custody of Army personnel to the Army approval authority specified in chapter 13. The financial liability investigation of property loss is prepared on DD Form 200 using the instructions contained in the DOD Financial Management Regulation, volume 12, chapter 7. The DOD Financial Management Regulation is available on the Internet using <http://www.dtic.mil/comptroller/fmr>.

(b) Forward the original and duplicate of the financial liability investigation of property loss to the DLA reviewing authority specified in DLA instructions, after action by the approval authority.

(c) Return a duplicate of the financial liability investigation of the property loss with the confirmed action of the reviewing authority to the approval authority who took initial action on the financial liability investigation of property loss.

(3) Navy and other U.S. Government agency and department property in the custody of Army personnel. Accept as final recommendations for placing financial liability on Army personnel by Navy financial liability investigations of property loss or comparable documents of other U.S. Government agencies and departments—

(a) If approved by the official designated in regulations of the agency concerned to confirm such approvals.

(b) Provided the recommendations are based on findings meeting the criteria stated in chapter 13 of this regulation.

(4) Host foreign government property in the custody of Army personnel. Property of a host foreign government may be lost, damaged, or destroyed while in the custody of Army personnel. The host foreign government may submit documents with a request for collection to the commander of the Army element of which the Army personnel are assigned. If so, the Army claims judge advocate will evaluate the request to determine the amount of financial liability to be assessed against the person concerned.

c. Collection of financial charges.

(1) Persons authorized to take final action on financial liability investigations of property loss involving financial liability will initiate and follow-up on the collection actions. The final action on such financial liability investigations of property loss establishes the indebtedness of persons by administrative procedure. Collection from other than Army DOD military members and civilian employees —

(a) Notify the respondent in the same manner as used for Army members and civilian employees per para 13-42a of this regulation. Request payment in full for the amount due.

(b) If after 60 days from initial notification, the respondent fails to pay, either the full amount due or installments, and there is no indication that a request for reconsideration was filed, send the financial liability investigation of property loss to FAO for referral to DFAS for collection assistance.

(c) The extent of liability of the Army for non-Army property is discussed in *d* below.

(2) Collection of financial charges imposed on Army personnel by financial liability investigations of property loss covering Army property is prescribed in chapter 13 of this regulation. Civilian employees against whom the charges are imposed may be indigenous personnel in overseas commands. Agreements may exist with the foreign governments concerned. If so, overseas commanders will consider these agreements when collection action is required. The decision will be based on the advice of the claims attorney or the staff judge advocate.

(3) On receipt of a copy of a financial liability investigation of property loss authenticated to approve a finance

charge from the DLA reviewing authority, the approval authority will refer the case to the Army installation claims judge advocate for collection action.

(4) When a commander of an Army activity receives a request for collection against Army personnel charged with LDD of property of another Service, U.S. Government department, agency, or foreign government, the commander will refer the case to the Army installation claims judge advocate for evaluation and collection as appropriate.

d. Liability of the Army for non-Army property. The Army assumes some degree of responsibility in taking control over and entering in its records, as “Army property,” property loaned by other services, agencies or departments of the U.S. Government or of host foreign government. This is true unless a covering loan agreement or contract provides to the contrary. This responsibility may take the form of reimbursement to the lending activity, repair of damaged items at Army expense, or replacement in-kind of lost or irreparably damaged items.

e. Requesting reconsideration. Action to hold a respondent financially liable for the LDD of property is subject to the procedures for requesting reconsideration as set forth in para 13–42, and 13–43 of this regulation.

14–36. Reciprocal agreement between the Army and Air Force for financial liability investigations of property loss.

a. In processing financial liability investigations of property loss, a situation occasionally develops where personnel of the Air Force are determined to be financially liable for the LDD of Army property, and vice versa. The Army and Air Force have agreed that the action on, and the routing of the financial liability investigation of property loss will be governed by the regulations of the property’s owning Service without regard to the Service assignment (parent Service) of the respondent.

b. When a financial liability investigation of property loss results in a finding that a member whose parent Service is other than the property’s owning Service should be held financially liable for the LDD of the property involved, forward the financial liability investigation of property loss to the parent Service’s financial liability investigation of property loss approval authority with jurisdiction to act on financial liability investigations of property loss concerning the member involved.

(1) The owning Service’s financial liability investigation of property loss will contain all the evidence gathered as a result of the financial liability investigation of property loss, the findings and recommendations of the financial liability officer, and the recommendations of the owning Service’s appropriate financial liability investigation of property loss approving authority.

(2) The parent Service approval authority will take action on the findings and recommendations according to the parent Service’s financial liability investigation of property loss regulations. Collection action will be pursued under the parent Service’s regulation.

(3) The parent Service approval authority will take action to notify the owning Service approval authority of the action taken on a financial liability investigation of property loss or to reconcile any differences in the anticipated action and recommendations of the owning Service.

Chapter 15

Accounting for Losses of National Stock (AMC Installations Only)

15–1. General information

This chapter prescribes procedures for accounting for losses at accountable supply distribution activities (ASDAs) and depots. The procedures are used in processing the DA Form 444 and DD Form 200 for inventory losses of national stocks. Losses are those for which causative research has resulted in no conclusive findings. Adjustments not subject to ASDA causative research will be completed according to AR 725–50. Address all questions concerning this chapter to Commander, AMC, ATTN: AMCOPS–SLA, 9301 Chapek Road, Fort Belvoir, VA 22060–5527.

15–2. Policy

Except as indicated below, the following policy applies to accountable supply distribution activities (ASDAs) and to Joint Munitions Command (JMC) plants, arsenals, supply depots, maintenance depots, and other storage activities (such as prepositioned afloat ships). The depot will prepare an IAR for all losses not resolved by causative research at the ASDA. Table 15–1 gives the criteria for causative research.

Table 15-1 Criteria for Causative Research	
Adjustment	Causative research required
Of \$5,000, or less.	No, unless required below.
Greater than \$5,000, but less than or equal to \$16,000, and a unit variance of 25 percent, or less.	Sample, see AR 740-26, app E .
Greater than \$5,000, and a unit variance greater than 25 percent (losses only).	Yes.
Of items with a controlled inventory item code (CIIC) of other than U or J.	Yes.
Of \$2,500 or less for items coded pilferable (that is, a CIIC of I, J, M, N, , V, W, X, Y, or Z).	Sample, see AR 740-26, appendix E.
Greater than \$25,000.	Yes.
Where fraud, waste, or abuse is known or suspected. (A financial liability investigation of property loss is mandatory).	Yes.
Results of an annual statistical sample physical inventory variance are greater than \$100.	Yes.

a. Exceptions to this criteria are—Losses of controlled items that require an AR 15-6 investigation.

(1) Losses of controlled items that require an AR 15-6 investigation.

(a) For weapons and ammunition see AR 190-11 .

(b) For COMSEC material, see AR 380-40.

(2) Losses for which negligence or willful misconduct is known or suspected. A financial liability investigation of property loss is required in these cases.

(3) Losses for which the accountable property officer (ACTPO) believes the IAR prepared by the depot does not adequately explain the loss. In these cases the ACTPO may require a financial liability investigation of property loss instead of an IAR.

(a) IARs must be prepared by depots for all losses identified by error cause codes 8Y and 8Z, when causative research at the ASDAs result in no conclusive findings.

(b) When losses are equal to, or less than the dollar values specified in table 15-1 , the ACTPO may request an IAR from the depot as an exception, if enough justification exists. The ACTPO always has the option of requesting a financial liability investigation of property loss if the IAR does not explain the loss adequately.

b. The ASDA will prepare an IAR for all other adjustments that—

(1) Do not require causative research.

(2) Result in a conclusive finding from causative research.

(3) Result in no conclusive finding from causative research, but are below the dollar value thresholds in table 15-1 .

c. The approving authority will appoint financial liability officers for financial liability investigations of property loss. Within the AMC national supply system the approving authority may require the respective depot commander to appoint a financial liability officer from depot personnel resources. The depot commander may delegate administrative requirements; however, the depot commander must sign the proper blocks reserved for the appointing authority. The appointing authority actions in blocks 13a through 13h, DD Form 200 will be taken at the depot.

d. The commander of the ASDA may designate the Director of Materiel Management, or equivalent as the financial liability investigation of property loss approving authority, provided the individual filling the position is an Army officer in the grade of lieutenant colonel or above, or a DA civilian employee in a supervisory position, in the grade of GS-14 or above. If the Director of Materiel Management does not meet the criteria discussed above, the first individual in the chain of command who qualifies will be the approving authority.

e. A military officer in the grade of brigadier general or above at the ASDA will act as the appeal authority for financial liability investigations of property loss.

f. To ensure the proper working of the financial liability investigation of property loss system, the depot commander will take action including, but not limited to the following:

(1) Appoint one of the persons cited in para 13-27 as the financial liability officer.

(2) The ASDA and depot commanders will ensure complete and accurate entries in the following blocks of DD Form 200:

(a) Block 9. (Circumstances under which property was (X one)).

(b) Block 15a. (Findings and Recommendation).

g. Depot commanders will assign a reviewing authority for national assets stored at their depot.

h. The Director or Deputy Director of Materiel Management at ASDAs will be designated as the IAR approving authority.

i. In all instances when the loss of COMSEC and/or controlled cryptographic item (CCI) material is discovered, the reporting requirements in AR 380-40, DA Pam 25-380-2 and TB 380-41 (as applicable) will not be subjected to delays pending the outcome of internal investigations or causative research as prescribed by this regulation. Such incident or insecurity reporting will be accomplished immediately upon discovery of the loss.

j. Accountability and the accountable property officer (ACTPO) for assets held at national storage activities will reside at the storage activity; the former custodial record at the storage activity will be the accountable record. This accountable record will be maintained solely by the storage activity. Within AMC, the term "storage activity" refers to Operations Support Command (OSC) storage activities, both continental United States (CONUS) and OCONUS, to include both Government owned-Government operated and Government owned-contractor operated plants and arsenals. It also refers to prepositioned (PREPO) afloat ships, each of which is a separate storage activity, to the U.S. Army Communications-Electronics Command (CECOM) Communications Security Logistics Activity storage activity at Tobyhanna Army Depot, and to national maintenance activities, which are performing maintenance functions on ASDA-owned or customer-owned assets.

k. Defense Logistics Agency (DLA), other Service, and Army storage activities will conduct causative research based on the criteria in table 15-1 and investigate all adjustments for which causative research results in no conclusive findings. DLA, other Service storage activities, and Army activities storing DLA stocks will use DD Form 200, Financial Liability Investigation of Property Loss, to document the results of the causative research and the financial liability investigation of property loss. The DLA and other Service storage activities will provide copies of completed DD Forms 200 to each of the ASDAs that were affected by the loss or gain. Preparation of DD Form 200 is explained in the DOD Financial Management Regulation, volume 12, chapter 7. The DOD financial Management Regulation is available on the Internet under www.dtic.mil/comptroller/fmr.

l. Accountability and the ACTPO for national assets not held at a national storage activity will reside with the ASDA. Assets at a contractor for repair, assets on loan, and assets in transit between storage activities (other than on post) are examples of this category of assets. The asset record maintain by the ASDA will remain the accountable record for these assets. This accountable record will be maintained solely by the ASDA. For these assets, the ASDA will conduct causative research as outlined above using DA Form 444 and DD Form 200. Each ASDA will complete and maintain an internal control checklist to document the steps taken during each causative research action. An example of this checklist is in AR 740-26, app H.

15-3. Procedures

a. ASDAs.

(1) ASDAs will submit, in writing, within 5 working days after causative research is completed, requests for depots to initiate IARs, financial liability investigations of property loss, or AR 15-6 investigations. The ASDA will submit, with the request, an ASDA transaction history for 2 years along with an ASDA/depot transaction history reconciliation listing or an unresolved discrepancy research list, whichever is applicable. The ACTPO will also include the following data with the request:

- (a)* National stock number (NSN).
- (b)* Description of NSN.
- (c)* Unit price.
- (d)* Total cost.
- (e)* Inventory category code.
- (f)* Controlled inventory item code.
- (g)* Condition code of loss quantity.
- (h)* Adjustment document number.
- (i)* Name and grade of the ACTPO.
- (j)* ASDA stock record account number.
- (k)* Loss quantity.
- (l)* Ownership code (ammunition only).

(2) ASDAs will request depots to reply within 90 days with either a DA Form 444 or a financial liability investigation of property loss.

(3) ASDAs will evaluate depot requests for extensions received by telephone within 5 days of the suspense date and grant proper extensions.

(4) If a depot does not meet the suspense date, the ASDA will send a follow-up to the depot commander. Send a copy to Operations Support Command (OSC) within 5 days after the suspense date.

(5) If the depot does not reply to the first follow-up, the ASDA will send a second follow-up 20 days after the first follow-up to OSC. Send copies to the depot commander and to the AMC, ATTN: AMSDS-SM-SA for ammo, and Defense Logistics Agency, ATTN: DLA-OW for general supplies.

(6) A depot submits an IAR or financial liability investigation of property loss to an ASDA. The original 90 days suspense period for that action ends on its submission of the IAR or financial liability investigation of property loss to the ASDA. In all cases when other actions are requested by ASDAs, a new suspense period of 60 days for financial liability investigations of property loss and 30 days for IARs will apply; for example, when returning an IAR or financial liability investigation of property loss to the submitter for more action.

(7) ASDAs will receive IARs in an original and 2 copies from depots and review them for completeness and accuracy. (See figure 15-1.) An ASDA has 30 days to approve an IAR, or return it to the depot for more action. If the IAR is satisfactorily completed, the ACTPO will forward it through the Chief of Distribution and Transportation to the Director of Materiel Management for approval. Retain the original of the approved IAR in the approving authority file. Return two copies of the approved IAR to the ACTPO. Forward one copy to the depot. Place the other copy in the ASDA completed files. If the ASDA takes exception to any part of the IAR, return the IAR to the depot by cover memorandum for corrective action. Set a suspense of 30 days from the date of memorandum. If the IAR remains unacceptable after the second submission, the ASDA may request a financial liability investigation of property loss.

INVENTORY ADJUSTMENT REPORT (IAR)				SSA Sierra Army Depot Herlong, CA 96113-5230				MATCAT		VOUCHER NUMBER		
FOR THE USE OF THIS FORM, SEE DA PAM 710-2-2; THE PROPONENT AGENCY IS THE OFFICE OF THE DEPUTY CHIEF OF STAFF FOR LOGISTICS.										DODAAC	DATE	SERIAL
										W311PPJ	3016	0012
TOTAL NUMBER OF ITEMS		IAR REASON		STATION U.S. Army Missile Command Redstone Arsenal, AL 35809				COUNT CARD LOCATION				
ITEM	STOCK NUMBER	ITEM NOUN	COND	SPEC	RECORDED BALANCE	QUANTITY INVENTORIED	POST		UI	UNIT PRICE	EXTENDED PRICE	
							GAIN	LOSS			GAIN	LOSS
1.	4935-00-001-0001	Amplifier	A	U					5 ea	800.00		4,000.00
<p>EXPLANATION OF LOSS/DESCRIPTION OF RESEARCH: The following research has been accomplished in an attempt to determine reasons for the above shortage reported on 16 January 2003 as a result of a physical inventory.</p> <p>a. All transactions for all owners have been examined for the past 2 years.</p> <p>b. A physical search of recorded locations, both active and inactive was made.</p> <p>FINDINGS: There is a loss, as described above, which cannot be accounted for. There is no evidence of theft or negligence.</p> <p>DEPOT AUTHENTICATION: I have reviewed this voucher and recommend approval.</p> <p><i>Frank C. Garcia</i> FRANK C. GARCIA Colonel, QM Depot Commander</p> <p>ASDA AUTHENTICATION: I have reviewed this voucher and approve all actions being taken.</p> <p><i>Richard J. Hale</i> RICHARD J. HALE Deputy Director Materiel Management Directorate</p>												
STOCK RECORD OFFICER			SSA COMMANDER				ASSET REPORT COPY SENT		GAIN		TOTAL DOLLARS	LOSS
THESE ADJUSTMENTS WERE MADE FOR THE REASON SHOWN. IF THE REASON IS "INVENTORY" THEY HAVE BEEN MADE PENDING THE SSA COMMANDER'S APPROVAL.			I APPROVE THE ADJUSTMENT OF ALL ITEMS NOT CIRCLED. THE CIRCLED ITEMS WILL BE SUPPORTED BY ACTION UNDER: (CIRCLE ONE) AR 15-8 AR 73B-11				DATE	INITIALS			4,000.00	
DATE	SIGNATURE	DATE	SIGNATURE	IAR REVIEWED		GAIN		NET DOLLARS		LOSS		
7 Feb 03	<i>James V. Boone</i> JAMES V. BOONE	9 Feb 03	<i>Franklin P. Kincaide</i> FRANKLIN P. KINCAIDE	DATE	INITIALS							

Figure 15-1. Sample of DA Form 444, Inventory Adjustment Report (IAR) for AMC National Supply System

SSA. Enter name of depot preparing the IAR.

MATCAT. Leave blank.

Voucher number. Enter the ASDA document number as it appears on the ASDA memorandum requesting the IAR or as shown on Part III(4B) IAR.

Total number of items. Leave blank.

IAR reason. Leave blank.

Station. Enter ASDA where the accountable record is maintained.

Count card location. Optional for single manager for conventional ammunition to identify the owner of the lost materiel. Otherwise, leave blank.

Item. Leave blank

Stock number. Self-explanatory.

Item noun. Self-explanatory.

Condition. Enter the condition code as stated in the ASDA memorandum requesting the IAR or as shown on Part III(4B) IAR.

SEC. Enter the controlled inventory item code (CIIC) as stated on the ASDA memorandum requesting the IAR or as shown on Part III(4B) IAR.

RICC. Leave blank.

Recorded balance. Leave blank.

Quantity inventoried. Leave blank.

Gain. Leave blank.

Loss. Enter the quantity as stated in ASDA memorandum requesting the IAR or as shown on Part III(4B) IAR.

UI. Enter the unit of issue (UI).

Unit price. Enter the unit price as stated in ASDA memorandum requesting the IAR or as shown on Para III(4B) IAR.

Extended price-gain. Leave blank.

Extended price-loss. Enter the dollar value of loss.

Figure 15-1. Sample of DA Form 444, Inventory Adjustment Report (IAR) for AMC National Supply System (continued)

Explanation of loss/description of research. Describe across the face of the IAR the research action taken by the depot to explain the loss. Attach copies of the depot transaction history and any other documents used to support the explanation of the loss. Statements such as "previous erroneous count," "previous offsetting adjustment," and the like, are not acceptable explanations unless fully supported by documentation. In such cases where previous offsetting adjustments and erroneous counts are cited, they must equal the quantitative loss under investigation. In all cases, research will cover all areas stated in paragraph 15-3b.

Findings. Enter across the face of the IAR conclusions made based on the research conducted. If reasons for the loss are not known or cannot be determined, it will be so stated.

Depot authentication. Above the Stock Record Officer block, type the statement recommending approval and the depot commander's or deputy commander's signature block as shown in figure 15-1. The depot commander or deputy will sign and date here before the IAR is forwarded to the accountable property officer.

Stock record officer. The ASDA ACTPO will sign and date this block when the IAR is received from the depot and accepted by the ACTPO.

SSA commander. The ASDA will strike out "SSA Commander" and enter "C, DISTRIBUTION AND TRANSPORTATION DIVISION." The division chief will sign and date this block.

ASDA authentication. The ASDA will type the statement of approval and the Director's/Deputy Director's, Materiel Management Directorate signature block as shown in figure 15-1. The Director/Deputy Director will sign and date this block.

Asset report copy sent. Leave blank.

IAR reviewed. Leave blank.

Total dollars-gain. Leave blank.

Net dollars. Leave blank.

Figure 15-1. Sample of DA Form 444, Inventory Adjustment Report (IAR) for AMC National Supply System (continued)

(8) ASDAs will receive financial liability investigations of property loss from depots in an original and three copies. ASDAs review the financial liability investigations of property loss for completeness and accuracy. (See figure 15-2 .) An ASDA has 60 days to approve a financial liability investigation of property loss or return it to the depot for more action. If acceptable, forward the financial liability investigation of property loss to the ASDA approving authority for approval. Retain the original of the approved financial liability investigation of property loss in the approving authority file. Return three approved copies to the ACTPO. Forward two copies to the depots for their files. Place one copy in the ASDA's completed files. If exception is taken to any part of the financial liability investigation of property loss, return it to the depot by cover memorandum for corrective action with a suspense date of 60 days from the date of the memorandum.

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) 20030207		2. INQUIRY/INVESTIGATION NUMBER 03-0016		3. DATE LOSS DISCOVERED (YYYYMMDD) 20030128			
4. NATIONAL STOCK NO. 4933-01-244-9778		5. ITEM DESCRIPTION Logic Control Unit		6. QUANTITY 1	7. UNIT COST 9,288.00	8. TOTAL COST 9,288.00	
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	
Preliminary investigation reveals an inventory loss was discovered on 28 January 2003, during a cyclic inventory of stocks in FSC 4933 as reflected on the depot transaction history file (Exhibit A). This loss resulted in a request for a financial liability investigation of property loss by U.S. Army Aviation and Missile Command (AMCOM).							
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) Letterkenny Army Depot Chambersburg, PA 17201-5000				b. TYPED NAME (Last, First, Middle Initial) Bryan E. Lehman, GS-09		c. DSN NUMBER 267-8000	
				d. SIGNATURE <i>Bryan E. Lehman</i>		e. DATE SIGNED 20030207	
12. (X one) RESPONSIBLE OFFICER (PROPERTY RECORD ITEMS) <input checked="" type="checkbox"/> REVIEWING AUTHORITY (SUPPLY SYSTEM STOCKS)							
a. NEGLIGENCE OR ABUSE EVIDENT/ SUSPECTED (X one) <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		b. COMMENTS/RECOMMENDATIONS					
c. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code) Letterkenny Army Depot Chambersburg, PA 17201-5000				d. TYPED NAME (Last, First, Middle Initial) Judi L. Hall, GS-11		e. DSN NUMBER 267-9000	
				f. SIGNATURE <i>Judi L. Hall</i>		g. DATE SIGNED 20030211	
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) <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	
d. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code) Letterkenny Army Depot Chambersburg, PA 17201-5000				e. TYPED NAME (Last, First, Middle Initial) Michael D. Geisler, COL, ORD, Commanding		f. DSN NUMBER 267-6000	
				g. SIGNATURE <i>Michael D. Geisler</i>		h. DATE SIGNED 20030212	
14. APPROVING AUTHORITY							
a. RECOMMENDATION (X one) <input checked="" type="checkbox"/> APPROVE <input type="checkbox"/> DISAPPROVE		b. COMMENTS/RATIONALE To relieve the accountable officer and responsible officer of accountability and responsibility, and that all persons be relieved of financial liability.				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) Letterkenny Army Depot Chambersburg, PA 17201-5000				e. TYPED NAME (Last, First, Middle Initial) George C. Billings, Director of Materiel Management		f. DSN NUMBER 267-5000	
				g. SIGNATURE <i>George C. Billings</i>		h. DATE SIGNED 20030314	

DD FORM 200, OCT 1999

PREVIOUS EDITION IS OBSOLETE.

Figure 15-2. Sample of DD Form 200, Financial Liability Investigation of Property Loss for AMC National Supply System loss

(9) When the IAR or financial liability investigation of property loss indicates one of the following, the ASDA will inquire the accountable records to determine if the accountable records have been updated correctly.

(a) The loss quantity is accounted for. (Erroneous receipt is posted; receipt reversal was not posted at ASDA; erroneous denial material was shipped; the lost material was located in storage, and so forth)

(b) The partial loss quantity has been recovered or accounted for that would reduce dollar value below mandatory requirement to initiate an IAR. When records are updated correctly, close case and file it in the completed file.

(10) When an IAR is prepared by a depot or when a financial liability investigation of property loss results in no conclusive finding because of inadequate accountable records at the ASDA, the commander of the ASDA will certify this in writing. This certification may be delegated to the Director of Materiel Management. Records are considered inadequate when it can be shown during research that transactions for the item under investigation are missing or unreadable, thereby precluding a conclusive investigation. File the certification with the research investigation documents to which it applies, (that is, IARs and financial liability investigations of property loss).

(11) The ASDA approving authority will review all approved DD Forms 200 received from the DLA or other Service storage activity approving authority. The ASDA approving authority should ensure that the level and depth of the investigation were commensurate with the nature and size of the adjustment. If the ASDA approving authority, as owner of the material in question, does not agree with the level of investigation or draws a different conclusion, he or she will return the DD Form 200 to the storage activity with a memorandum outlining his or her concern(s). Further action should be handled on a case-by-case basis between the approving authorities. If the ASDA approving authority believes a reinvestigation is necessary, the storage activity approving authority may request that the ASDA pay for the reinvestigation. Patterns of seeming superficiality in a storage activity's investigation should be addressed through command channels.

(12) For assets held at DLA and other Service storage activities, the ASDA should monitor adjustment documents received from these activities to determine when the criteria outlined in table 15-1 are exceeded and causative research resulted in no conclusive findings. For these instances, a DD Form 200 should be forwarded to the ASDA within 45 days of posting of the adjustment. The ASDA should follow up with the storage activity on any DD Forms 200 not received.

b. Depots.

(1) The inventory activity will, upon receipt of a request for an IAR or financial liability investigation of property loss, establish controls to assure the interim and final replies are forwarded to ASDAs by suspense dates. If the depot cannot meet the suspense date, the depot will request an extension by telephone from the ASDA, 5 days before the suspense date. (See a(2), (6), (7), and (8) above for suspense dates.)

(2) Forward the original and two copies of the IAR, or financial liability investigation of property loss to the ASDA.

(3) To complete research relating to the IAR or financial liability investigation of property loss, the depot will obtain transaction history to include all current and deleted locations; review the history to decide whether there are erroneous, duplicate, missing transactions, or depot local adjustments; and review relevant hard copy documents. This will be done as follows:

(a) Depot local adjustments (Z9L)—check inventory files to assure that the correct quantity and condition code were posted.

(b) Denials—check material release order history files to assure material was not shipped.

(c) Locations—check all current and deleted locations.

(d) Receipts—review hard-copy receipt documents for duplicates; quantity and condition code as posted are correct; and weight and cube agree with the weight and cube entries recorded in the depot master data record.

(e) Adjustments—review hard-copy and document control register on condition code reclassification (DACs) and reidentifications (D8J and D9J) to verify correct postings.

(f) Shipments—review material release order (MRO) history file to verify correct posting of MROs; for those items shipped on a Government bill of lading (GBL) or other traceable means, verify correctness of weight and cube for shipment; review the GBL to assure shipment of the material.

(g) Other owners—assets may be on record for other owners. If so, verify that these recorded assets are correct with no adjustments that would have a bearing on the loss.

(h) Outstanding RODs—review SFs 364 to decide whether an outstanding ROD has a bearing on the loss.

(i) Depot maintenance—check the depot maintenance activity to assure missing material is not located there, and any transaction to or from the maintenance activity is correctly reflected on the depot's transaction history.

(j) Disposal activity—check the disposal activity for missing material.

(4) An IAR prepared by a depot may result in no conclusive finding because of inadequate custodial records at the depot. If so, the commander of the depot or his or her deputy will certify this in writing. Records are considered inadequate when research shows that transactions for the item under investigation are missing or unreadable, thereby

preventing a conclusive investigation. File the certification with the research or investigative documents to which it applies, (that is, IARs or financial liability investigations of property loss).

(5) Investigation may recover missing material or may account for it. If so, make corrections to the depot custodial records as required. Forward a reply by 1st endorsement to the ASDA to include a copy of the depot transaction history showing the corrections have been made. Include an explanation for the discovery. This history will include recovery or accounting for partial quantities that would reduce the dollar value below the mandatory requirement for an IAR as stated in table 15-1 . In those cases where recovery or accounting for quantities (partial or total) reduce the dollar value below the mandatory requirements for an IAR, depot replies by 1st endorsement will constitute closing of the IAR unless otherwise notified by the ASDA. A partial quantity may be recovered or accounted for and may not reduce the dollar value below the mandatory requirement. If so, continue processing the IAR for the actual loss quantity.

(6) Investigation may fail to account for the loss. If so, take the following actions:

(a) Prepare an IAR, financial liability investigation of property loss, or AR 15-6 investigation on request from the ASDA. If the ASDA requests an IAR, not knowing that negligence or willful misconduct is suspected, the depot commander will initiate a financial liability investigation of property loss instead of an IAR.

(b) The depot commander will sign both IARs and financial liability investigations of property loss in the proper blocks before submission to ASDAs. Note that when blocks 13a through 13h are completed, the words "appointing authority" will be lined out and replaced with the words "depot commander."

(c) When initiating a financial liability investigation of property loss, forward copy number five to the proper ASDA showing that a financial liability investigation of property loss has been initiated. Forward the original and three copies of the financial liability investigation of property loss to the depot commander for assigning a inquiry/investigation number from the financial liability investigation of property loss register, and appointing a financial liability officer (when required by the approving authority).

(7) Appointed financial liability officers will conduct an investigation and document losses as stated in chapter 13 . They will compile the evidence that substantiates or refutes the statements in block 9, DD Form 200 and attached exhibits. Financial liability officers will record only facts about the loss. Statements attached as exhibits will be in the form of certificates for military and civilian personnel. The financial liability officer will—

(a) Obtain statements in the form of certificates or direct quotes of persons mentioned in block 9, DD Form 200 if not already attached as exhibits, and any other persons interviewed during the investigation.

(b) Review evidence presented to assure all transaction postings are correct. Transactions include receipts, issues, and adjustments.

(c) Confirm that receipt postings are correct as to quantity and condition code; weight and cube recorded on hard-copy receipt documents are equal to weight and cube recorded in the depot master data record.

(d) Assure that all shipment postings have been verified against the MRO history file; the bills of lading (BL) are verified to assure the correct quantity was shipped; and the weight and cube agree with the quantity shipped.

(e) Verify that NSNs with a CIIC of 0, 2, 3, and 8 were properly reported to security. (Those controlled items that require an AR 15-6 investigation are exceptions.) When a weapon is lost, include the serial number in the financial liability investigation of property loss or AR 15-6 investigation. Verify that a copy of the security investigation is attached to the financial liability investigation of property loss as an exhibit.

(f) Investigate the receiving, storage, inventory, and shipping practices; obtain statements in the form of certificates or direct quotes that verify practices met regulatory requirements; cite the regulations. Include whether or not the security measures are, or were in effect to prevent theft. Note: When citing local regulations, attach applicable parts as exhibits.

(g) As applicable, check the maintenance, disposal, and quality assurance activities.

(h) Check other owner transactions, if any, to ensure postings are correct, with no adjustments that would account for the loss.

(i) Decide whether or not the missing item has any commercial application.

(j) Decide whether or not a person is to be held financially liable.

(k) Determine who is responsible; normally this is the depot appointed responsible officer.

(l) From the above, decide whether negligence or willful misconduct is evident.

(m) State how the loss occurred. If this cannot be determined, state why.

(n) If the missing material is found or accounted for, discontinue the investigation. Report the findings through the depot commander to the inventory office. The inventory officer will have the depot custodial records corrected as required. The office will also advise the applicable ASDA of these findings. Include a copy of the depot transaction history showing that corrective action has been taken.

(o) Make a recommendation based on recorded facts stated in the findings. The recommendation will cover accountability, responsibility, and financial liability, as applicable. Do not recommend adjusting records as the records have already been adjusted.

(p) Obtain the signature of the depot commander. Forward the completed financial liability investigations of property loss to the applicable ASDA.

(8) Conduct AR 15–6 investigations on controlled items according to AR 15–6 . (See AR 190–11 .) An AR 15–6 investigation may be used instead of a financial liability investigation of property loss. In these cases the depot will complete DD Form 200, enclose a copy of the AR 15–6 investigation to it, and submit it to the ACTPO at the applicable ASDA. The financial liability investigation of property loss will be completed according to figure 15–2 except that—

(a) Blocks 9 and 15a should not include details on the circumstances and findings. Instead, include a statement in these blocks referring to the attached AR 15–6 investigation.

(b) If no one is recommended for assessment of financially liable, include a statement in block 15a. The statement will recommend that the accountable officer be relieved of accountability and not held financially liable.

(c) The name of the presiding member of the AR 15–6 board of investigation will be recorded on the memorandum used to appoint members of the AR 15–6 board, which will be attached to the DD Form 200, as an exhibit.

Chapter 16

Discrepancies Incident to Shipment of Property by Common or Contractor Carrier

Section I

Introduction

16–1. General

a. This chapter specifies actions to be taken by TOs, property officers, and other officials. Take actions when supply and transportation type discrepancies in shipments of Army property are disclosed. The property may include foreign military sales (FMS) and Grant Aid. These actions include reporting and adjusting discrepancies revealed. They also provide the basis for asserting claims against common carriers and vendors.

b. The chapter prescribes the use of—

(1) *The SF 361, (Transportation Discrepancy Report (TDR))*. This form will be referred to throughout this chapter as TDR.

(2) *The SF 364, (Report of Discrepancy (ROD))*.

c. Address all questions on RODs through channels to Executive Director, AMC, Logistics Support Activity (LOGSA), Red Stone Arsenal, AL 35898–7466; all questions on TDRs will be addressed to Commander, AMC, ATTN: AMCLG–SD, Fort Belvoir, VA (for Army policy) and/or the Military Traffic Management Command (TDR proponent), ATTN: MT–ITD, Washington DC 20315–5050.

d. For additional guidance on reporting and investigating discrepancies incident to the transportation and shipment of COMSEC and CCI materiel, refer to AR 380–40, DA Pam 25–380–2, and TB 380–41, as applicable.

16–2. Authority

This chapter is based on Department of Defense Instructions (DODIs) and joint regulations, as follows:

a. *DODI 7420.12 covering DOD billing, collection, and accounting procedures*. This chapter specifies documents to submit in support of requests for adjusting of reimbursement billings.

b. *AR 735–11–1*. The distribution of documents to DFAS for freight loss and damage claims.

c. *AR 735–11–2*. The Army property accountability aspects of item and packaging discrepancies.

16–3. Scope

a. Types of transportation services. Shipments moving on—

(1) GBL.

(2) Commercial bill of lading (CBL) when converted to a GBL at destination.

(3) CBL, free on board (F.O.B.) origin terms, when freight charges are paid by the vendor as a convenience to the Government (para 16–4).

(4) An Army-administered contract for transportation services.

(5) Military MTOE transportation units providing transportation support services.

b. *Types of consignees*. This section covers shipments received at all types of Army installations and activities as defined in AR 310–25 . Specialized procedures are required at storage depots for which property accountability is maintained at a central point. Separate depot procedures are identified below. (See AR 725–50, chapter 5 .)

c. *Types of property*. The term "property" as defined in the glossary includes, but is not limited to that which—

(1) Is part of the body of, or represents a purchase by, an element of the Army from the Army Stock Fund (ASF).

(2) Represents a purchase by an element of the Army from the DLA stock fund or from supply sources controlled by GSA.

(3) Includes FMS and Grant Aid.

d. Types of discrepancies. These instructions concern the reporting and adjusting of property accounting records resulting from shipping discrepancies, and decisions as to the assessment of financial liability for the loss or damage. Also, they include references to Army or other regulations specifying use of standard DOD discrepancy forms used in traffic management or quality control of depot operations.

16-4. Property accountability for discrepancies

a. F.O.B. origin shipments. Normally, to account for F.O.B. origin shipments, title to items shipped passes to the consignee upon acceptance by the common carrier (constructive delivery or receipt). This policy of "F.O.B. origin" applies to shipments from the Army and DLA stock funds and to GSA shipments as well as to those from vendors, except against Army local purchase on an F.O.B. destination basis. Accountability for discrepancies in F.O.B. origin shipments is assigned below. Accountability for items disclosed as—

(1) "Short" reverts to the consignor when reported by the consignee on TDR or ROD. Property responsibility for such items terminates because the consignee posts only the quantity actually received to the consignee stock record account.

(2) "Over" (including items apparently shipped in error) reverts to the consignor as in (1) above. Property responsibility remains as a suspense item with the consignee until taking final action for disposing of such items to comply with the instructions of the consignor.

(3) "Damaged" reverts to the consignor, as in (1) above, along with property responsibility for the items in the condition shown on the shipping document. The consignee assumes and retains property responsibility for damaged items described in the condition of actual receipt until taking final disposition action to comply with the instructions of the consignor. Thus, the consignor on F.O.B. origin shipments must resume accountability for, and take proper actions to adjust shortages and overages and damages attributed to him or her by financial liability investigation of property loss action as in (1) above. Army consignors must also properly adjust their consignor stock record accounts and stock fund records to provide for shipments made to replace items reported short or damaged.

b. Local purchase. On F.O.B. destination shipments from vendors of "local purchases" (AR 310-25) by the consignee, accept property accountability and make payment only for those quantities received in a serviceable condition. Disposition of unacceptable items is the responsibility of the vendor.

16-5. Actions to be taken upon discovery of discrepancies in shipment

a. Actions to be taken will be decided on discovery of a discrepancy upon receipt of shipment. The actions to be taken depend on the type of consignee involved. Listed below are the successive steps for reporting and adjusting discrepancies. These steps are discussed in separate paragraphs of this chapter. For those steps in which requirements for action differ with the type of consignor or consignee, the procedure that applies to each type or combination of types is identified as follows:

- (1) *Step 1.* Discovery of the discrepancy by—
 - (a) The TO or other tally clerk during "checking-in" operation, or;
 - (b) The receiving property officer during "storage" operation.
- (2) *Step 2.* Classification of discrepancy (see glossary to determine the proper form (TDR, ROD, or other forms) required.
- (3) *Step 3.* Initiation of forms in (2) above.
- (4) *Step 4.* Investigation and documentation of loss with concurrent actions to complete the forms in (2) above.
- (5) *Step 5.* Approval of the forms in (2) above for consignee installation commanders.
- (6) *Step 6.* Distribution of the forms in (2) above.
- (7) *Step 7.* Action by the consignor (shipping officer) or other addressee upon receipt of the completed forms in (2) above.

b. Section II of this chapter specifies the actions required in steps 3 through 7 for the use of the TDR form. Section III of this chapter specifies those actions required for the use of SF 364 and other applicable forms.

16-6. Step 1—Discovery of discrepancies

a. Persons working in the receiving transportation office or the property office normally discover the discrepancies. Discovery of discrepancies occurs—

- (1) During the "checking-in" operation.
- (2) After receiving the shipment from the receiving TO.
- (3) During inspection.
- (4) During breaking down the pallets and emptying the containers.
- (5) When moving the property into storage for later issue.

b. Undue delay of notice will dictate which discrepancy form will be used (not applicable to TDR).

16-7. Step 2—Classification of discrepancies

The receiving TO or receiving property officer, or both, will categorize discrepancies as to their physical characteristics

and capability. Categorization, once decided, will not change except upon agreement between the receiving TO and receiving property officer. If the officers fail to agree, the approving authority will categorize the discrepancies.

a. Inconsequential discrepancies. Discrepancies that are categorized as inconsequential do not require financial liability investigation of proper loss action. Adjust these discrepancies by entering the following note on a copy of the shipping document or other instrument used as a debit voucher: "Inconsequential."

b. Transportation discrepancies. The strict adherence to the definition of transportation discrepancies will assist in protecting the Government's interest. Categorize all discrepancies where carrier liability cannot be ruled out as transportation discrepancies. Further decision will be made according to the glossary as to whether the transportation discrepancy should be an overage, shortage, or damage, thereby requiring initiation of a TDR in enough copies for financial liability investigation of property loss purposes.

(1) For other transportation discrepancies, do not use a financial liability investigation of property loss. In cases of damages discovered by the receiving property officer when opening packages at storage locations (concealed damage), he or she will consult the receiving TO for the category of the discrepancy.

(2) Section II of this chapter contains specifications for initiating and processing TDRs.

c. Supply discrepancies. After a deficiency is categorized as a supply discrepancy, further review will be made to see if it meets the report preparation time limits (AR 735-11-2) and qualifies under the minimum dollar value criteria (see definition for "discrepancy" in the glossary). Refer supply discrepancies discovered by the receiving TO to the receiving property officer for action. Section III contains detailed specifications for initiating and processing the SF 364.

16-8. Discrepancy tolerance in receiving shipments of coal, petroleum products, and so forth

a. So that Army procedures for receiving and checking in shipments of special types of property will conform with those used in the commercial field, DA will, from time to time, authorize certain shipment discrepancy tolerances to be applied at Army installations. Shipments of solid fuels and petroleum products, and other items subject to shrinkage, evaporation, and so forth, are shipments to which such tolerances may apply.

b. When tolerances have been authorized under *a* above, initiation of a TDR or ROD is not required except when—

(1) The discrepancy exceeds the authorized tolerance.

(2) Prescribed by the directive setting the tolerance.

c. For shipments of bulk petroleum, see DOD 4140.25-M, chapter 5 for SF 361 requirements.

Section II

Reporting and Adjusting Transportation Discrepancies

16-9. Step 3—Initiating SF 361 (TDR) shipments on prepaid CBLs

a. "Acceptance at destination" shipments. The Army accepts and pays for only those articles received in a serviceable condition; therefore, transportation discrepancies in "F.O.B. destination" shipments made on prepaid CBLs from vendors do not require TDRs to be prepared for financial liability investigation of property loss purposes. Furnish a TDR to the shipper who will settle the transportation discrepancies with the carrier since title does not pass to the Government until acceptance at destination.

b. "Acceptance at origin" shipments. Procurement contracts or purchase orders are carried out according to the FAR, on an "acceptance at origin" basis for shipment "F.O.B. destination" to an Army installation on prepaid CBLs. When this occurs, the Army accepts title to the property at the shipping contractor's establishment. Freight charges are paid by the contractor only as a convenience to the U.S. Government. When reporting transportation discrepancies of this type, prepare a TDR under the same procedures applicable to shipments moving on F.O.B. origin on GBL or related transportation document.

16-10. Step 3—Initiating TDR—F.O.B origin shipments from vendors on GBL

a. Initiate a TDR when discovering a transportation-type discrepancy in an F.O.B. origin shipment on GBL from a—

(1) Vendor.

(2) Fixed-price contractor.

(3) Commercial warehouse.

b. The TDR determines the placing of responsibility despite whether—

(1) The vendor or contractor receives payment for all or part of the article.

(2) Acceptance by the Army took place.

c. As a result of financial liability investigation of property loss action, a decision may be made that the shipper is entitled to payment for articles listed on the investigation and payment has not been authorized previously. If so, the contracting officer will start such actions needed to make payment. Do not use financial liability investigation of property loss as documents to support payment vouchers.

d. Property accountability for materiel in excess of serviceable articles actually received. When it is determined that loss or damage articles are obviously the shipper's responsibility, procedures in para 16-4 , will be used.

16-11. Step 3—Initiating TDR—F.O.B. origin for conversion to GBL

Treat a transportation-type discrepancy in shipment on CBL converted to a DA bill of lading (BL) at destination as a DA BL.

16-12. Step 3—Initiating TDR—shipments from ASF

a. When property involved in a transportation discrepancy is part of the body of, or represents a purchase from the ASF by an element of the Army, TDR action will be started. This is true even though the money value of the discrepancy is less than \$100 per line item and request for adjustment in reimbursement billing is not required according to DFAS-IN Regulation 37-1.

b. Accounting principles governing the ASF provide that title to shipments will pass to the consignee upon acceptance by the common carrier. (See constructive delivery or receipt, para 16-4 .)

c. Adjusting overages, shortages, and damage must be based accordingly on the premise that the funds of the consignee are charged by the stock fund upon release of the shipment to the carrier at origin. Special requirements for ASF in processing TDR at steps 4, 6, and 7 are identified below.

16-13. Step 3—Initiating TDR—shipments from DLA

Requirements for initiation of TDR to report and adjust transportation discrepancies in shipments from DLA Fund are the same as for shipments from ASF (AR 37-1). However, requirements for steps 4 and 6 differ.

16-14. Step 3—Initiating TDR—shipments from GSA

Requirements for initiation of TDR to report and adjust transportation discrepancies in shipments from GSA-controlled sources (not Federal supply schedule) are the same as for DLA and ASF. However, requirements for steps 4 and 6 differ.

16-15. Step 3—Initiating TDR—responsibility at Army depots

At Army depots (storage activities), the receiving or intended receiving TO will initiate TDR when prescribed below. The receiving property officer will furnish the TO all-essential data. Include prices and results of inspection and "checking-in" at the storage location in the data. AR 725-50 and chapter 6 of this regulation prescribe processing of DD Form 1348 series of documents, or other prescribed forms, as receipts at the storage activity (responsible officer) and the accountable supply distribution activity.

16-16. Step 3—Initiating TDR—responsibility at installations, depots, and terminals

At installations other than depots and terminals, the receiving TO will initiate and distribute the TDR. At installations where an officer does not regularly serve as a TO, the commander will assign a qualified officer or civilian to take all actions prescribed in this regulation. In case of elements of field forces without an assigned TO, the officer in charge will assign an officer or other qualified subordinate to do the TDR.

16-17. Step 3—Initiating TDR—responsibility at ocean terminals for overseas shipments

Reporting of discrepancies in shipment attributed to movement in transit by ocean carrier.

16-18. Step 3—Initiating TDR—responsibility at aerial ports or air freight terminals

The receiving officer will prepare a TDR for reporting and financial liability investigation of property loss purposes.

16-19. Step 3—Initiating TDR—responsibility for shipments to commercial warehouses

Commercial warehouses are employed either to store certain property en route to water terminals or awaiting other overseas shipment, or to provide more storage capacity for depots. In the former case, when a financial liability investigation of property loss is needed for a transportation discrepancy in a shipment received by a commercial warehouse, the terminal agency that maintains the files on shipping documents covering property stored at a certain warehouse is responsible for its preparation. In the latter case, the officer accountable for the property (the depot accountable officer of the accountable supply distribution activity) will prepare such a financial liability investigation of property loss covering the transportation discrepancies in shipments received at a warehouse. The officer or activity depends on the warehouse for pertinent data required for its preparation.

16-20. Step 3—Initiating TDR—shipments between Army and other Government agencies

On discovery of a transportation discrepancy (except inconsequential) in a shipment received from another Government agency, the TO initiates a TDR for financial liability investigation of property loss purposes. The initiation of the TDR

at the Army installation receiving the shipment occurs regardless of whether or not the shipment moved on a DA BL or on one from another Government agency.

16-21. Step 3—Initiating TDR—shipments to non-military activities

a. CONUS destinations. When making shipments of Army property to activities listed below, the shipping accountable officer will adjust the discrepancies. Processing needed financial liability investigation of property loss in TDR is included. In shipments from a contractor, the officer responsible for preparing the shipping document will prepare the TDR. The shipping TO will instruct the consignee on proper reporting of discrepancies in the quantities received. The following types of consignees fall within the scope of this para:

- (1) U.S. Government departments or agencies other than DOD and GSA.
- (2) Persons, corporations, or non-Government activities not under Army contract.
- (3) Foreign governments or instrumentalities of such governments.
- (4) NAF activities of the Army.

b. Shipments to DA contractors. For shipments of Government property made to a DA contractor, the designated receiving accountable property officer or property administrator will initiate and follow to conclusion necessary action on discrepancies in shipment. This includes preparation of financial liability investigation of property loss.

c. Overseas destinations. In the cases of transportation-type discrepancies in shipments made on Army BLs to military activities (water or aerial port) for overseas shipments to agencies or activities outside Army, the receiving TO will initiate the TDR for financial liability investigation of property loss purposes. (Grant Aid and FMS shipments are included.) The receiving TO will forward the completed claim file to Defense Finance and Accounting Service, ATTN: FINCH-BA, Indianapolis, IN 46249-5301.

16-22. Step 3—Initiating TDR—shipments to American Red Cross

a. Discrepancies in shipments consigned on DA BLs to officers of the American Red Cross in CONUS fall in the same category as those mentioned in para 16-21a.

b. Discrepancies in shipments consigned on DA BLs to the American Red Cross at U.S. ports of exports for export to foreign governments or other destinations fall in the same category as those mentioned in para 16-21c.

16-23. Step 3—Initiating TDR—Army property damaged or destroyed before reaching intended destination in CONUS

When unable to deliver Army supplies and equipment at an intended destination because of the severity of damage suffered while in the possession of the common carrier, take the actions shown below.

a. Action by shipping officer.

(1) Upon receipt of data from a carrier that severity of damage prevents delivery of a shipment, the shipment officer will—

- (a) Make arrangements with the carrier, vendor, or originating Army installation for the repair or replacement.
- (b) Notify the Army installation designated to receive the property of the circumstances involved, action taken, and the new anticipated arrival date; and furnish a copy of covering BL with such data annotated on the BL.

(2) When the shipping officer decides to turn over damaged supplies and equipment to a Government repair activity for repair or other disposition before delivery, he or she will—

(a) Ascertain the suitable Army installation; promptly furnish disposition instructions to the carrier by the most expeditious means of communication.

(b) Notify the Army installation designated to receive the damaged items for repair; forward a copy of the GBL issued for such items for use for TDR financial liability investigation of property loss action.

b. Action by activity designated to receive the damaged items for repair.

(1) Furnish the intended designated receiving officer detailed data as to the cost of repair and other data needed to initiate a financial liability investigation of property loss. Use a copy of the GBL provided by the shipping officer.

(2) Pick up on the stock records according to chapter 6. Report as excess the economically repairable materiel to the proper inventory manager. When accepting a damaged vehicle delivered to an installation having a vehicle storage mission, submit a *major item status report according to instructions to the Commander, AMC.*

c. Responsibility of the intended receiving officer when the ultimate consignee is in CONUS. The intended receiving officer will complete and distribute TDRs prepared by a military activities.

16-24. Step 3—Initiating TDR—for inactivated installations

Normally, financial liability investigations of property loss involving discrepancies in shipments process before inactivation of an installation and its records are retired to a records holding area. However, notice arrives sometimes after the inactivation. This happens most often for shipments to agencies outside the Army (paragraphs 16-10, 16-21, and 16-22). In such instances, the headquarters that exercised command jurisdiction over the installation before its

inactivation will prepare and process the necessary financial liability investigations of property loss from data obtained from the proper records holding area.

16-25. Step 3—Initiating TDR—time limitation

The receiving TO will prepare TDR for traffic management and financial liability investigation of property loss purposes promptly upon discovery and classification as a transportation discrepancy. Articles listed on one BL that are determined short, over, damaged or otherwise making up a discrepancy, will be included on a single TDR.

16-26. Step 3—Initiating TDR—number of copies required

When preparing a TDR for financial liability investigation of property loss purposes, identify the TDR file by checking the "yes" block on the TDR. The basis for a firm decision may not be evident to the receiving TO under this chapter. If so, consult with the receiving property officer. If a decision is not reached with the receiving property officers, the TO will consult the appointing and approving authority (para 16-33).

16-27. Step 4—Investigation of discrepancy—transmittal of TDR for financial liability investigation of property loss purposes by receiving transportation officer (TO)

When processing a TDR for financial liability investigation of property loss purposes, and all actions specified above satisfy the receiving TO, the TO will sign the original and all copies. The signed original and four copies will be forwarded to the appointing and approving authority for action prescribed below.

16-28. Step 4—Investigation of discrepancy—shipments from ASF

TDRs initiated for shipments from the ASF according to para 16-12 (covering step 3) will be processed in step 4 in the same way as the other Army TDR except change of the accounting classification shown for deposit of proceeds to that of the ASF consignor prescribed in AR 37-1. This requirement applies to all ASF transportation discrepancies including those amounting to less than \$100 per line.

16-29. Step 4—Investigation of discrepancy—shipments from DLA

TDRs initiated for shipments from DLA stock fund according to para 16-13 (step 3) will be processed in step 4 in the same way as the other Army TDR except for accounting classification shown on the TDR. Change the citation shown in TDR to that of the Defense stock fund (according to DFAS-IN Regulation 37-1) 97X4961.5XX, replacing the XX with the proper activity code of the Defense Logistics Center that initiated the shipment. This requirement applies to all DLA transportation discrepancies including those amounting to less than \$100 per line item.

16-30. Step 4—Investigation of discrepancy—shipments from GSA

Initiate a TDR for GSA shipments according to para 16-14 (step 3) and process step 4 in the same way as other Army TDRs. For accounting classification, show the words "General Services Administration."

16-31. Step 4—Investigation of discrepancy—designation of appointing and approving authority

At each Army installation or major activity, the installation commander will designate an officer to supervise and approve actions on TDRs used for financial liability investigation of property loss purposes. To properly adjust property accounts, the officer designated will at least serve at the command level above both the receiving TO and receiving property officer; for example; normally the G-4, S-4, Director of Supply or Logistics, or equal level. This named designee will act as the appointing and approving authority for any TDR used for financial liability investigation of property loss purposes and will enter final approval for the installation commander.

16-32. Step 4—Investigation of discrepancy—general instructions

The instructions contained in chapter 13 for review of financial liability investigations of property loss by appointing and approving authority and investigation by financial liability officers do not fully apply to processing the TDR for financial liability investigation of property loss purposes. This is true because based on the TDR, the functions of both the appointing authority and installation commander are discharged by the appointing and approving authority. Also, investigations are made as an adjunct of the appointing and approving authority action rather than by formally designating a financial liability officer.

16-33. Step 4—Investigation of discrepancy—examination by appointing and approving authority

a. Upon receipt of a financial liability investigation of property loss on TDR, the appointing and approving authority will review the investigation to assure accuracy and completeness of the entries on the TDR and in the supporting evidence. The approving authority will also decide whether the entries provide an adequate basis for a decision on financial liability or relief from financial liability. If complete and accurate, the appointing and approving authority will show approval as provided in chapter 13. Distribution of the form will follow the requirements of chapter 13.

b. In the review, should the appointing and approving authority conclude more data is necessary to base a final

decision on financial liability, he or she will refer the file to one or more financial liability officers and enter the note, "Referred to purchasing and contracting officer for addition of findings and recommendations as exhibit."

16-34. Step 4—Investigation of discrepancy—action by financial liability officer

a. The financial liability officer will develop data essential to present the complete facts on the discrepancy and to comply with the specific instructions of the appointing and approving authority. Officers regularly designated to investigate discrepancies covered by TDR should acquaint themselves thoroughly with the receiving and shipping procedures. In this way, they may more easily determine the pertinent facts of the case. No hard and fast rules apply in performing an investigation. The judgment of the investigator, the situation, and the importance of the case should determine his or her actions. Officers should consider carefully the extent of their investigations; they should refrain from compiling lengthy reports, affidavits, and certificates that do not have a direct bearing on placing responsibility for the loss or damage.

b. The action of the financial liability officer includes entering his or her findings on TDR or on added blank sheets properly identified. Include references to added exhibits and the total amount of the loss. Opposite a caption "Recommendations," which follows the findings without loss of space, enter proper recommendations. Make the summation of the investigation brief and clear. It should leave no doubt in the minds of the appointing and approving authority and other reviewing and approving authorities as to the facts set forth and the intent of the recommendations.

16-35. Step 4—Investigation of discrepancy—disposition of damaged property

a. The damaged property may consist of articles falling within the classes below. If so, dispose of it as shown for each class. When proper, furnish data as to the salvage or scrap value of the articles received in damaged condition with the original financial liability investigation of property loss for credit to the common carrier.

(1) Special or technical articles for which specific disposition instructions have been published by DA or by the commodity command concerned will be disposed of according to such instructions immediately upon a decision that the physical presence of the damaged article is no longer required as evidence. This class of property includes motor vehicles.

(2) Do not dispose of classified articles referred to in AR 380-5 in a way that may disclose classified information to unauthorized parties. They will be disposed of under (1) above when applicable. Otherwise, specific instructions will be obtained from an authorized representative of the commodity command concerned.

(3) Do not release articles not covered by (1) and (2) above, containing valuable parts or subassemblies to the carrier for salvage. Turn this type item over to a repair shop.

b. When a common carrier, through its authorized claims representative, accepts full responsibility for the actual value, permit the carrier to retain the damaged property. This applies except for damaged property in the above categories. Obtain a receipt to include a description of the damaged property from the local agent of the carrier. Enter a statement such as the one shown at figure 16-1 on the receipt. Get the statement signed by an agent of the carrier. Make sure each item disposed of in this way clearly reflects the SF 361. A depreciation factor may apply to property accepted by the carrier. Use this factor when determining the actual full value. When holding a common carrier responsible for the full value of the property damaged beyond economical repair or serviceability, and the property has salvage value, the carrier will receive credit for the salvage value.

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The existence of the shipment discrepancy as described above is acknowledged. The above damaged property has been returned to the common carrier for mitigation of damages. It will be accounted for in the amount the carrier receives from its sale. The carrier will hold the proceeds in escrow until the final responsibility and financial liability are determined.

Agent
For Freight Claim Agent

Figure 16–1. Acknowledgment and receipt of return of a discrepancy in shipment

16–36. Step 5—Review and approval—by appointing and approving authority

a. A financial liability officer will complete the action and return the report to the appointing and approving authority. The approving authority will review the findings and recommendations of the financial liability officer and carefully consider the type and quantity of the evidence required to set forth the facts and to effect a settlement in the case. If the case involves a vendor or contractor, the appointing and approving authority must determine if enough data is included to enable the contracting officer to decide on any vendor or contractor liability.

b. The appointing and approving authority will approve or disapprove the recommendations of the financial liability officer (para 16–34b or add a new recommendation. If so, add the new recommendation in any available space on the form and enter signature and designation immediately below the entry. Record the action taken on all copies of the form.

16–37. Step 5—Review and approval—review for installation commander

a. The appointing and approving authority has direct responsibility for initiating, processing, and approving TDRs to report and adjust discrepancies in shipment. However, the installation commander must ensure reviews of selected cases to assure adequate protection of the interests of the Government. The review will be made in the office of the installation comptroller. Checks of selected individual case files will include a review for completeness and accuracy and the decision as to whether a question of liability exists for the carrier, the shipping and receiving officer, the vendor (or contractor, freight handler, or commercial warehouse). The check will also ensure that financial liability is properly handled.

b. The installation commander will ensure financial liability investigations of property loss (discrepancies incident to shipment) are entered on the DA Form 1659 (Financial Liability Investigation of Property Loss Register). Enter the number assigned to the investigation in block 2 on the face of the form.

16–38. Step 6—Distribution of TDR—general

a. After approval, the appointing and approving authority will distribute the original and copies of the TDR financial liability investigation of property loss. The distribution specified in *b* and *c* below applies to all shipments other than from the ASF, DLA, GSA, and other than to and from overseas.

b. An examination of the TDR may show that a question exists concerning the liability of a vendor, contractor, freight handler, or commercial warehouse under contract to the Army, and that liability of the carrier has not been ruled out. If so, distribute the financial liability investigation of property loss as follows:

(1) The original, with exhibits attached, is forwarded to the officer who administers the contract involved for shipments made to fill MILSTRIP requisitions (AR 725–50). Route to the contracting officer through the supply sources to which requisitions was originally submitted.

(2) The second copy is forwarded to the receiving accountable property officer.

(3) The third copy is forwarded to the installation FAO. The FAO may use it as a supporting document in setting up an accounts receivable (Account 1100), when required.

(4) The fourth copy is forwarded to the officer who administers the contract. The original of the financial liability investigation of property loss, b(1) above, will be included. No letter of transmittal is required with the distribution of any copy.

(5) Provide a copy to the cognizant Military Traffic Management Command (MTMC) area commands.

c. If there is no question as to the liability of a vendor, fixed-priced contractor, freight handler, or commercial warehouse under contract to the Army, distribute the financial liability investigation of property loss as follows:

(1) The original, with exhibits, forward directly to the Defense Finance and Accounting Service-Indianapolis Center, ATTN: DFAS-IN-FTF, Indianapolis, IN 46249-5301. (CONUS carrier liability only).

(2) Second copy is forwarded to the cognizant MTMC area command.

(3) The third copy is forwarded to the receiving accountable officer.

(4) The fourth copy is forwarded to the installation FAO. The FAO may use it as a supporting document in setting up an accounts receivable (Account 1100), when required.

(5) The fifth copy is forwarded to DFAS level with the original of the report.

(6) The sixth copy may be returned to the officer who prepared the report. No letter of transmittal is required for the distribution of any copy.

d. After DFAS takes the final action, DFAS will specially arrange return of the fourth copy to the originating installation and for file in the headquarters file.

e. At transshipping activities, when the transportation of the military services or military agencies (including Federal agencies) property is handled as a reciprocal service for the other, the initiating and processing of TDRs for reporting purposes and financial liability investigations of property loss will be regarded as a part of such services. Transshipping activities include water terminals, aerial ports, break-bulk activities, and container consolidation points.

16-39. Step 6—Distribution of TDR—ASF

a. General. As provided in paragraphs 16-12 and 16-30 for steps 3 and 4, shipments from the ASF involve reimbursement billing. With stated exceptions, these shipments require billing adjustments according to AR 37-1 to cover the discrepancies. To accommodate these requirements, use distribution of TDR for financial liability investigation of property loss purposes specified in this para. In cases of discrepancies amounting to less than \$100 per line item not requiring request for billing adjustment under AR 37-1, use only the distribution in *c* below.

b. Vendor liability indicated. Examination of the TDR may show that there is a question as to the liability of a vendor, contractor, freight handler, or commercial warehouse under contract to the Army and financial liability against the carrier has not been ruled out. If so, distribute the financial liability investigation of property loss as follows:

(1) The original with exhibits is forwarded to the officer who administers the contract involved. Route through the supply source to which the original MILSTRIP requisition and the request for billing adjustments will be submitted. (See AR 37-1).

(2) Remaining copies as specified in para 16-38b(2) through (5).

c. Vendor liability not shown. Distribute the original, second, third, fourth and fifth copies as specified in para 16-38c(1) through (5). Forward the sixth copy to support request for billing adjustment according to AR 37-1 (see b(1) above). This copy must be legible; otherwise substitute a copy of the original. Request for billing adjustment may not be required because the discrepancy amounts to less than \$100 per line item. If so, return the fifth copy for filing to the officer who originated the report.

16-40. Step 6—Distribution of TDR—shipments from DLA

a. General. As provided in paragraphs 16-13 and 16-29 for steps 3 and 4, shipments from DLA involve reimbursement billing. With stated exceptions, these shipments require billings adjustment according to AR 37-1 to cover discrepancies. To accommodate these requirements, use distribution of TDR for financial liability investigation of property loss specified in this para for discrepancies of less than \$100 per line item. These shipments do not require request for billing adjustment according to AR 37-1. Use only the distribution in *c* below.

b. Vendor liability indicated. Examination of the TDR may show that question exists as to liability of a vendor, contractor, freight handler, or commercial warehouse under contract to DLA and financial liability of the carrier has not been ruled out. If so, distribute the financial liability investigations of property loss as follows:

(1) The original with exhibits attached, forward to the Defense Supply Center having jurisdiction over the items involved as provided in AR 37-1. It will be handled by the contracting officer and with the office responsible for paying the GBL.

(2) Second, third, fourth, and fifth copy according to para 16-38b(2) through (5).

c. Vendor liability not indicated. Distribute the original, with exhibits attached, and the fourth copy to the officer responsible for paying the GBL. Distribute the second and third copies per para 16-38c(2) and (3). Forward the fifth copy to support request for billing adjustment according to AR 37-1 (para 16-39b(1) and (c)). Request for billing

adjustment may not be required because the discrepancy amounts to less than \$100 per line item. If so, return the fifth copy to the officer who prepared the report.

16-41. Step 6—Distribution of TDR—shipments from GSA

As provided in paragraphs 16-4 and 16-30 for steps 3 and 4, shipments from GSA require billing adjustment to cover discrepancies. To accommodate these requirements distribute an original TDR, with exhibits, and fifth copy to the GSA regional Discrepancy Report Center (6FR7), 1500 E. Banister Road, Kansas City, MO 64131 for distribution of SF 361 unless shipments apply to shortages, damage, theft or pilferage of commercial vehicles. In this case, the address is GSA, Automotive Commodity Center (FAP), Washington, DC 20406. Distribute the remaining copies as specified in para 16-38c(2), (3), (4), and (6).

16-42. Step 7—Action of shipping officer upon receipt of TDR

As shown in para 16-33a, the receiving TO, receiving property officer, appointing and approving authority may decide to withhold approval on the TDR pending action to obtain needed data from the consignor (shipping officer). Upon receipt of request for information, the shipping officer will make such investigation and furnish prompt reply. Do not confuse these actions with those required of the shipping officer and contracting officer on transportation discrepancies with indication of contractor liability covered in paragraphs 16-38, and 16-39.

16-43. Discrepancies involving contract freight handlers

Loss or damage to Government property in transit and in freight-handling operations by contractors for longshoremen, stevedoring services, and so forth, at MTMC water terminals, outports, transportation terminal unit (TTUs), and Army container consolidation points requires classification as transportation-type discrepancy and reporting. Use the TDR for financial liability investigation of property loss; however, follow the instructions in this section with any necessary modification to meet the requirements for deciding liability for this certain type of discrepancy. Loss or damage may stem from contractor or shipper responsibility. The contracting officer at the terminal will take proper action to determine liability for the discrepancy.

16-44. Discrepancies in shipments by parcel post and Government delivery vehicles

a. When supplies are moved by parcel post or a Government delivery vehicle furnished by the shipping or the receiving activity, inter/intra installation TDRs do not apply.

b. When a Government delivery vehicle is involved, the shipping or the receiving officer will prepare the report; in other words, whoever is responsible for the vehicle while the supplies are en route.

16-45. Shipments by ocean commercial carriers

The military sealift commander (MSC) has responsibility for transoceanic and intercostal water transportation

a. On charter shipments, the use of a GBL does not apply. Except for losses of bulk liquids, use financial liability investigations of property loss to adjust property accounts for the shipment only. Adjust discrepancies in shipments of bulk liquids by means of TDR financial liability investigation of property loss processed as prescribed below and according to DOD 4140.25-M.

b. On berth-term shipments on GBL on transportation, adjust discrepancies by TDR financial liability investigation of property loss prepared and processed according to this section.

16-46. Discrepancies in shipments received by overseas ports of debarkation (PODs)

a. When shipments that move by commercial transportation on GBLs are received at water terminals, they will be checked carefully with the BL. Make a record of missing or damaged packages by shipment digit marking or other identifying marks. Packages received in damaged condition will be opened and contents verified if reason exists to believe that part of the contents is missing or damaged. Overages, shortages and damage will be reconciled to the greatest extent possible through the action of the Cargo Outturn Reconciliation Message (CORM) and its reply (CORMR). Document discrepancies not reconciled on the CORM and CORMR on the TDR.

b. When acting as the transshipment point, the POD authority will report on the TDR the description and weight of missing or damaged cargo along with any incidental cooperate costs, that is, direct, indirect, overhead, TDY, and so forth, to the ultimate consignee. The ultimate consignee will add any additional information required for completion of the TDR and report any additional discrepancies found on inspection of the shipment. The consignee will send the TDR to the POD for processing to the Cargo Outturn Reporting System (CORS). The POD will consolidate all TDRs received on a single voyage into a CORS package and forward it to the port of embarkation (POE) for ultimate submission to the MSC for adjudication. The POD will keep a file of TDR actions for use in responding to the MSC if subsequent questions arise or additional information is required.

c. When the financial charge is raised or approved by the final action of the commander of an MTMC area command on a financial liability investigation of property loss, the officer will send the case to the MSC for collection. However, the officer has limited responsibility to—

- (1) Request collection from the proper local officer of the MSC, and;

(2) Collect in full or, when more facts support such action, amend the financial liability investigation of property loss accordingly, and make available financial liability investigations of property loss and supporting files (or extracts thereof) to assist the proper MSC officer to process the claims. When necessary, the commander of the MTMC area command may return the original of the financial liability investigation of property loss to a terminal commander for use by an MSC office. Retain the fifth copy in the file. The file at the command will be so annotated.

16-47. Discrepancies in tanker shipments of petroleum and other bulk liquids received at overseas discharge points

a. AR 710-2 specifies the transportation loss allowance for petroleum products. When a discrepancy in tanker shipments of petroleum exceeds this allowance or a discrepancy in other bulk liquids is disclosed on DD Form 250-1 (Tanker/Barge Materiel Inspection Receiving Report), initiate TDR, SF 361 according to para 16-17 and process according to para 16-46 . Exception: Upon completion of action of the terminal commander as installation commander, make the following distribution of copies:

- (1) Original with exhibits attached forward to the Director, Defense Fuels Supply Center, Fort Belvoir, VA 22060.
- (2) Second copy forward to the cognizant MTMC area command.
- (3) Third copy forward to the FAO servicing the receiving property officer for support in settling a claim receivable (Account—100).
- (4) Fourth copy forward to the receiving property officer.
- (5) Fifth copy with the original.
- (6) Sixth copy forward to the TO at the terminal.

b. The Commander, Defense Fuel Supply Center, will take action on the financial liability investigation of property. When requiring more loading data or technical data about the shipment at origin, make a request through the Commander, Defense Fuel Supply Center, and dispatch the case to the Commander, MSC for collection. Responsibility is the same as that prescribed for commanders of transportation terminal commanders in para 16-46 .

16-48. Discrepancies in domestic intercostal shipments

Domestic intercostal shipments ordinarily move from point of origin to final destination through two or more intermediate transfer points. Transfer points for military cargo exist at MTMC terminals or offices at coastal cities under the jurisdiction of the cognizant MTMC terminal or outpost. Separate BLs issued at point of origin and at each transfer point cover each element of a given routing. Military Sealift Command (MSC) routes the ocean part of the movement.

a. Upon receipt of shipment at a transfer point, make a package check with the BL. Make a record of missing or damaged packages by serial numbers or other identifying marks. Open packages received in damaged condition and verify the contents if reason exists to believe that a part of the contents is missing or damaged.

(1) Immediate consignees will report description and weight of missing or damaged packages and cost data for any repackaging by TDR to the final destination consignee. TDR will reference the serial numbers of both inbound and outbound BL numbers.

(2) In each case, the intermediate consignee will cross-reference BL numbers on the inbound and outbound BL. Further, show discrepancies noted on the inbound movement on the face of the outbound BL.

b. On the basis of a final check of the inbound shipment and the information furnished according to *a* above, the consignee receiving TO at the final destination will complete a TDR that covers all consequential and unadjusted transportation discrepancies that have been reported for which carrier liability cannot be ruled out (para 16-7).

(1) The receiving TO or the appointing and approving authority will not need to decide which carrier of a number of connecting carriers to hold financially liable for a discrepancy noted on a BL covering a segment of the complete movement. Determine carrier liability on a basis of each separate BL.

(2) Include concealed damage impossible to allocate to the movement covered by any one of the several BLs in financial liability investigations of property loss; however, regard such damage as an item jointly chargeable to the several BLs subject to such allocation as decided upon by the officer taking action on the financial liability investigation of property loss.

c. Discrepancies due to movement in the ocean part of a domestic intercostal shipment results in the preparation of a claim file by the MSC. The ultimate consignee will send within 15 days after receipt of shipment, but not later than 60 days after cargo discharge a TDR to the military ocean terminal having jurisdiction over military cargo at the POD for processing and submission to MSC for adjudication.

16-49. Shipment of authorized baggage and household goods

The loss of or damage to authorized personal baggage or household effects shipped at Government expense involve adjustment between the owner and the carrier or a contractor. The claims officer will supervise the adjustment under the carrier's claims procedures or according to the applicable packing or storage contract. When containers, such as boxes and crates, receive damage and must be repaired at Government expense prior to reforwarding to the owner or for storage by the Government, initiate a financial liability investigation of property loss on the TDR. The financial

liability investigation of property loss will cover the cost of labor and materiel used to make the repairs to containers. Instructions for step 3 govern the responsibility for preparing such financial liability investigations of property loss. Follow detailed procedures for household goods or other personal property in

16-50. Receipt of property previously reported lost or short

Property may be delivered after being reported lost or short while in the hands of the common carrier and a TDR may have been issued for financial liability investigation of property loss purposes. If so, prepare and distribute cancelled TDR.

16-51. Discrepancies in container shipments

The ultimate consignee of container shipments (SEAVANs, MILVANs, RO/RO trailers, or CONEXs) will report discrepancies in shipments.

Section III

Reporting and Adjusting Supply Discrepancies

16-52. Step 3—Initiating SF 364, (Report of Discrepancy (ROD))

a. General. As stated in para 16-2d , this section addresses property accountability aspects of the joint regulation AR 735-11-2 . It gives procedures for use by Army receiving installations and activities to report and adjust item (supply) discrepancies as defined in para 16-7c. This section also outlines the relationship between ROD and financial liability investigation of property loss actions.

(1) When submitted, a ROD serves to suspense received overages, shortages and damaged Government property until disposed of or taking authorized adjustment action. The RODs clearly identify discrepancies and deficiencies involving the shipper of materiel (depot, or contractor) or initiator of the shipments. Even though RODs do not always result in financial liability investigations of property loss, ROD investigations can lead to that requirement as shown below and at figure 16-2.

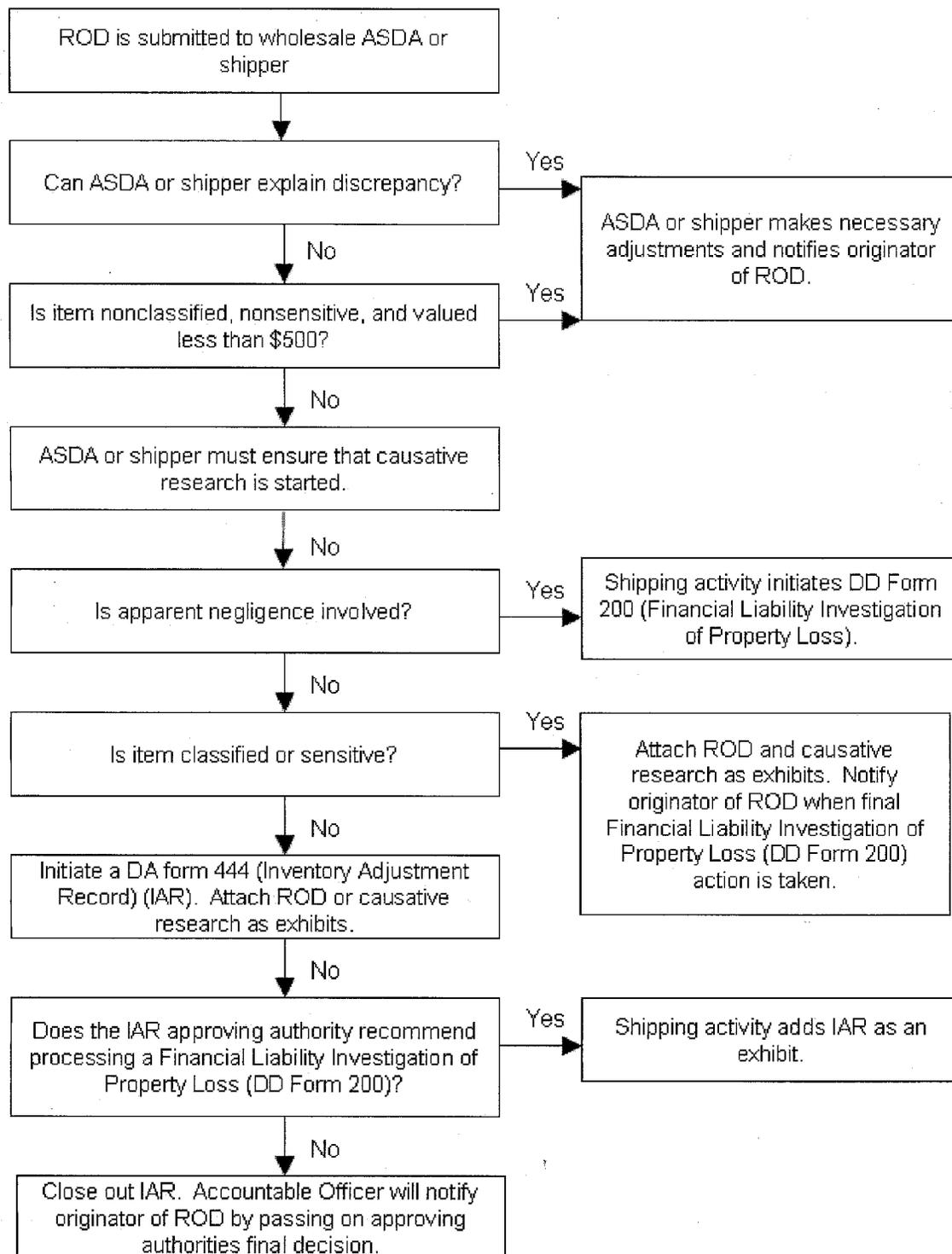


Figure 16-2. Report of discrepancy (ROD) and related actions

(2) Discovery of a discrepancy involving the shipper usually occurs when matching the supply documents or making an item count after opening shipping cartons in the activity's receiving area.

(3) Because AR 735-11-2 is a joint Service regulation, this section also identifies/clarifies ROD policies and procedures unique to the Army and differ from that contained in AR 735-11-2. Headquarters, U.S. Army Materiel Command, ATTN: AMCLG-MT, has Army responsibility within the DOD ROD Program and will prescribe basic policies and procedures for processing, controlling, and providing credits for RODs.

(a) *Situation*. Shipment received.

(b) *Type of shipment*. Parcel post, commercial carrier and military transportation.

(c) *Discrepancy*. Comparison of document and tally shows not all items received from shipping activity (that is, depot, contractors, manufacturers and vendors). Non-receipt of parcel post shipments, shipments from vendors, packaging and item discrepancies.

(d) Action by receiving personnel. The receiving personnel will—

1. Check criteria for preparation of ROD in AR 735-11-2.

2. Prepare ROD and forward to proper officer (that is, inventory control point (ICP) or inventory manager (IM)) listed in AR 735-11-2. Note: IPC or IM must decide if ROD can be resolved immediately without further investigation or if causative research is needed. Generally, if the value of the shipment shortage warrants causative research, that shows an unexplained loss or negligence. The shipper will initiate a DD Form 200. The ROD will be attached as an exhibit.

(4) AMC has delegated responsibility to AMC Packaging, Storage and Containerization Center (AMCPSCC) as the final arbitrator for unresolved and contested RODs appealed by requisitioners under provisions of AR 735-11-2 .

(a) Lateral redistributions of major items for intra-major Army command (MACOM) lateral redistributions of major items, policies on discrepancy reporting and issue of credit will be established by the applicable MACOM.

(b) For inter-major command lateral redistributions of major items, the losing activity has the responsibility for ensuring the items meet TM -10/-20 standards prior to shipment, per AR 750-1 . Gaining activities will report discrepancies to the losing activity per AR 735-11-2, citing estimated or actual repair costs and request reimbursement.

(5) Army ROD policy for lateral transfers of equipment/major items between major Army commands. The losing activities must meet TM -10/-20 standards on all equipment transfers between MACOMs as stated in AR 750-1 Discrepancies are to be reported by the gaining activity directly to the losing activity for resolution using AR 735-11-2, ROD procedures. An information copy of the ROD will be provided to the national level ICP.

(a) *Charges and reimbursement*. AR 750-1 lists parts; labor, which includes both civilian and military, material, and direct and indirect costs, to include TDY costs for technical inspections. These charges are also appropriate for reimbursement on RODs against equipment transfers between MACOMs when the equipment does not meet TM -10/-20 standards. Reimbursements on such RODs, as with packaging RODs, should be made for actual costs incurred. When OMA funds are involved, assure that reimbursements are made the same fiscal year the work is performed.

(b) *Parts and labor*. To minimize the costs on RODs, repair should be done on site whenever possible, using the lowest level maintenance activity that has capability and authority to perform the work. Components should be repaired when cost effective.

(c) *Exceptions*. Exceptions to this policy may be made by agreement between the gaining MACOM, and the losing MACOM.

b. *Scope*. Report shipping-type (item) discrepancies, packaging discrepancies and discrepancies in parcel post shipments per AR 735-11-2. Discrepancies excluded from this section also appear in AR 735-11-2.

c. *Reporting discrepancies*. If the reporting criteria shown below apply, report a shipping-type item discrepancy by submitting a SF 364. (See figure 16-3 for preparation instructions.)

REPORT OF DISCREPANCY (ROD)				1. DATE OF PREPARATION	2. REPORT NUMBER				
<input type="checkbox"/> SHIPPING <input checked="" type="checkbox"/> PACKAGING				1995 October 27	183FW5041				
3. TO (Name and address, include ZIP Code)				4. FROM (Name and address, include ZIP Code)					
Commander, AKZ ATTN: AMSTA-IN-PII U.S. Army Tank Automotive Command Warren, MI 48090-6326				183FW/LOGSDI Capital Airport, Bldg P-15 Springfield, ILL 62707-5003					
5a. TRANSPORTATION OFFICER				5b. NUMBER AND DATE OF INVOICE		6. TRANSPORTATION DOCUMENT NUMBER (OR, Waybill, TCM, etc.)			
SW3224 ATTN: DDJC Stockton, CA 95296-0113				95287		PB6123 5144 0322			
7a. SHIPPER'S NUMBER (Purchase Order, Shipment, Contract, etc.)			7b. OFFICE ADMINISTERING CONTRACT			8. REQUISITIONER'S NUMBER (Requisition, Purchase Order, etc.)			
						FB6123 5144 0322			
9. SHIPMENT, BILLING, AND RECEIPT DATA					10. DISCREPANCY DATA				11.
NSN/PART NUMBER AND NOMENCLATURE (a)	UNIT OF ISSUE (b)	QUANTITY SHIPPED/BILLED (c)	QUANTITY RECEIVED (d)	QUANTITY (e)	UNIT PRICE (f)	TOTAL COST (g)	CODE (h)	AC ² TION CODE (i)	
1. 2610-00-050-9840 Tire, Pneumatic	EA	5	0	5	\$33.51	\$167.55	S1	1G	
2. 2610-00-050-9880 Tire, Pneumatic	EA	0	5	5	\$51.56	\$257.80	W1	1A	
12. REMARKS (Continue on separate sheet of paper if necessary)									
Need disposition instructions for wrong item shipped. This activity has no requirement for the item shipped.									
DISCREPANCY CODES					ACTION CODES				
CONDITION OF MATERIAL C1 - In condition other than that indicated on release/receipt document C2 - Expired shelf life C3 - Damaged parcel post shipment SUPPLY DOCUMENTATION D1 - Not received D2 - Illegible or mutilated D3 - Incomplete improper or without authority (Only when receipt cannot be properly processed) MISDIRECTED MATERIAL M1 - Addressed to wrong activity OVERAGE/DUPLICATE SHIPMENTS O1 - Quantity in excess of that on receipt document O2 - Quantity in excess of that requested (Other than unit of issue pack) O3 - Quantity duplicates shipment PACKING DISCREPANCY P1 - Improper preservation P2 - Improper packing P3 - Improper marking P4 - Improper unitization		PRODUCT QUALITY DEFICIENCIES Q1 - Defective material (Applicable to Grant Aid and FMS shipments only) SHORTAGE OF MATERIAL S1 - Quantity less than that on receipt document S2 - Quantity less than that requested (Other than unit of issue pack) S3 - Non-receipt of parcel post shipments ITEM TECHNICAL DATA MARKINGS (i.e., Name Plate, Log Books, Operating Handbooks, Special Instructions, etc.) T1 - Missing T2 - Illegible or mutilated T3 - Preliminary operational markings missing T4 - Instruction data missing or incomplete T5 - Serviceability operating data missing or incomplete T6 - Warranty data missing WRONG ITEM SHIPPED/Requested item as a separate copy in Item 9 above W1 - Incorrect item received W2 - Unacceptable substitute OTHER DISCREPANCIES Z1 - See remarks			1A - Disposition instructions requested (Reply on reverse) 1B - Material being retained (See remarks) 1C - Supporting supply documentation requested 1D - Material still required expedite shipment (Not applicable to FMS) 1E - Local purchase material to be returned at supplier's expense unless disposition instructions to the contrary are received within 15 days (Reply on reverse) (Not applicable to FMS) 1F - Replacement shipment requested (Not applicable to FMS) 1G - Replacement not required. Item to be re-requisitioned. 1H - No action required. Information only 1Z - Other action requested (See remarks)				
13. FUNDING AND ACCOUNTING DATA									
14a. TYPED OR PRINTED NAME, TITLE, AND PHONE NUMBER OF PREPARED BY					14b. SIGNATURE				
BRUCE C. MCCOY, MSG, ILL ARNG, DSN 692-8319 Com (217) 788-2319, FAX DSN 892-892-8307									
15. DISTRIBUTION ADDRESSES FOR COPIES									

Figure 16-3. Completion instructions by block or column for SF 364, Report of Discrepancy

(1) Date of preparation. Report is prepared in sequence of year, month, and day. Use this sequence in all date entries; i.e., items 24c. For example, 23 March 1996 is written 96 March 23, and 1 June 1996 is written 96 June 01.

(2) Report number. The country and record control number must be shown for Grant Aid as a part of the report number.

(3) To. Name, address, zip code, activity address code or routing identifier code, and attention symbol or code of action activity. When both shipping-type (item) discrepancies and packaging deficiencies are reported for the same item, enter "see item 15" enter address and/or codes of both action activities in item 15.

(4) From. Name, address, zip code of the reporting activity (consignee). Enter the "in-the-clear" address.

(5a) Shipper's name. Enter name and address of shipper (consignor) when different from item 3.

(5b) Number and date of invoice. Enter number and date of vendor's invoice or shipper's bill number. Attach copy of the invoice to the SF 364.

(6) Transportation document (not applicable to packaging discrepancies). Enter the type of transportation document, Government bill of lading (GBL), commercial bill of lading (CBL), manifest, waybill, insured or certified parcel post number, or transportation control number (TCN) and the identifying number assigned to such document. This is a mandatory entry when shipment received was made by traceable means; e.g., GBL, CBL, etc. Further, for shipment-type (item) discrepancies, include following statement in item 12 "shortage has been verified as not being transportation related." (For Grant Aid, include a copy of the CBL or GBL, if available.)

(7a) Shipper's number. Enter shipment number (when more than one shipment is made under a contract or requisition) and contract or document number (e.g., contract, purchase order, etc.)

(7b) Officer administering contract. Name, address and zip code of contract administration officer. (Contract Administration Service (CAS) activity that directed or arranged shipment.)

(8) Requisitioner's number. Enter the requisitioning activity's number; e.g., requisition, purchase request, etc. For MAP/Grant Aid, enter the applicable requisition document number in all instances even though a contract or purchase order is involved. Enter a requisition or document number for all customers requesting credit.

(9a) NSN/part number and nomenclature. If item received is different than item shown on shipping document, or different from item ordered, show each item on a separate line.

(9b) Unit of issue. Enter unit of issued as billed or shown on shipping document for each item listed in item 9a. (Not applicable to packaging discrepancies.)

(9c) Quantity shipped or billed. Enter the quantity of item shipped or billed. When code C1 applies, enter the quantity and the materiel condition code. (See DoD 4140.17-M Military Standard Requisitioning and Issue Procedures (MILSTRIP)) of the item when shipped; e.g., 980A as shown on shipping document. Not applicable to packaging discrepancies.)

(9d) Quantity received. Enter quantity of item received.

(10a) Discrepancy/deficiency quantity. Enter the discrepant quantity. If code C1 applies, enter the quantity and the materiel condition code (see MILSTRIP) of the item received. If total quantity received is classified under more than one condition code, enter separately each partial quantity so classified followed by the applicable condition code; e.g., 960A, 20F.

Note: Quantity deficiencies in Grant Aid shipments may be involved or overage materiel (expired shelf-life) may be received, and code Q1 or C2 is applicable. If so enter the data below under item 12k, remarks:

a. Manufacturer's name.

Figure 16-3. Completion instructions by block or column for SF 364, Report of Discrepancy (continued)

-
- b. Contract/purchase order number if not shown in item 7a.
 - c. Date of manufacture, pack, or expiration.
 - d. Log/batch number.
 - e. Location of materiel.
 - f. Name, address, and telephone number of contract.
 - g. Nature of complaint, stating in detail why materiel is unsatisfactory.
- (10b) Discrepancy/deficiency unit price.** Enter the unit price as billed or shown on shipping document (does not apply to packaging discrepancies).
- (10c) Discrepancy/deficiency total cost.** For shipping-type (items discrepancies, enter the total value of materiel (10a x 10b). For packaging discrepancies, enter the cost of corrective action.
- (10d) Discrepancy/deficiency code.** Nature of the discrepancy using the discrepancy or deficiency codes listed on the face of the form. If a condition exists that is not listed, use code Z1 and describe discrepancy or deficiency in item 12, remarks.
- (11) Action code.** Enter requested action codes listed on the face of the form. If action is other than that covered by listed actions codes, use code 1Z. Explain action requested in item 12, remarks. Do not use action codes 1D or 1F on reports prepared to cover shipments of DoD stock funded items and from GSA. Materiel still required must be requisitioned. Action code 1E applies only to local purchase items.
- (12) Remarks.** Use supplemental data when the combination of discrepancy or deficiency codes and action codes need clarifying shipping-type (item) discrepancies and packaging deficiencies need explanation, and a breakout of cost to reports in terms of time and materiel is required. Specific data include such items as appearance, lot or batch number, manufacture or packaging date, inspector number and inspection date, probable cause of improper packaging, and suggested corrective action. Include telephone number (DSN and commercial) of the person to be contacted for more data if different than that entered in item 14a. If medical materiel requiring refrigeration or frozen storage is involved, provide the date requested on the special instruction sheet that is included with shipments of such materiel. Provide photos when it would assist the shipping activity in deciding the cause of the discrepancy or deficiency. For RODs related to the fielding of Force Modernization Equipment (FME), show the I ... series FME project code.
- (13) Funding and accounting data.** For packaging deficiencies, enter the accounting of appropriation data needed by the action activity to credit the account of the reporting activity for costs involved in correcting the reported deficiency. This item does not apply to shipping-type (item) discrepancies.
- (14a) Typed or printed name, title, and phone number of preparing official.** Self-explanatory. When non-DoD action activities are involved, include both commercial and DSN numbers.
- (14b) Signature.** Self-explanatory.
- (15) Distribution addresses for copies.** Enter other addresses receiving copies of the report.

Figure 16-3. Completion instructions by block or column for SF 364, Report of Discrepancy (continued)

16. FROM: Department of the Army U.S. Army Tank-Automotive and Armaments Command ATTN: AMSTA-IM-F11A Warren, MI 48397-6000	17. DISTRIBUTION ADDRESSEES FOR COPIES Department of the Army U.S. TACOM ATTN: DFAS-SEGE Warren, MI 48397-5000	
18. TO: 183FW/LGSD1 Capital Airport, Bldg P-15 Springfield, IL 62707-5003	Use window envelope to mail this document. Insert name and address, including ZIP Code, starting one typing space below the left dot. Each address line must NOT extend beyond right dot. Address must not exceed four single space typing lines.	
19. IN ACCORDANCE WITH NOTICE OF DISCREPANCY ON FACE OF THIS FORM		
1. MATERIAL <input type="checkbox"/> HAS BEEN SHIPPED <input type="checkbox"/> WILL BE SHIPPED DOCUMENT NUMBER	d. <input type="checkbox"/> NO RECORD OF SHIPMENT. RESUBMIT REPORT TO PROPER OFFICE UNDER APPROPRIATE REGULATION.	
c. <input type="checkbox"/> AN ADJUSTMENT IN BILLING HAS BEEN/WILL BE PROCESSED AS A: <input type="checkbox"/> CREDIT <input type="checkbox"/> DEBIT	d. <input type="checkbox"/> INVOICE WILL ATTACHED e. <input type="checkbox"/> PROOF OF DELIVERY (PRICE POST SHIPMENTS) OR EVIDENCE OF SHIPMENT ENCLOSED	
f. <input type="checkbox"/> AN ADJUSTMENT IN BILLING FOR THE REPORTED DISCREPANCY WILL NOT BE PROCESSED FOR THE FOLLOWING REASON WHICH IS CITED IN THE INDICATED REGULATION.		
(1) REASON FOR NOT PROCESSING	(2) PRESCRIBING REGULATION	
(a) DISCREPANCY WAS NOT REPORTED WITHIN THE TIME FRAMES ALLOWED AND/OR (b) DOLLAR VALUE DOES NOT MEET THE CRITERIA PRESCRIBED IN THE REGULATION OR AGREEMENT INDICATED IN (1)(2)	(a) CHAPTER 5 OF THE GSA HANDBOOK, DISCREPANCIES OR DEFICIENCIES IN GSA OR ODD SHIPMENTS, MATERIAL, OR BILLINGS (FPMR 101-26.6) (b) CHAP. 2 AND/OR 7 OF ODD 4806.25-7-M, MILITARY STANDARD BILLING SYSTEM (MILSBILLS) AND/OR DD 1513, U.S. ODD OFFER AND ACCEPTANCE, AS APPLICABLE.	
20. THE FOLLOWING DISPOSITION IS TO BE MADE OF THE REFERENCED MATERIAL		
a. <input type="checkbox"/> PROCESS FOR DISPOSAL IN ACCORDANCE WITH SERVICE/AGENCY DIRECTIVES.	b. <input type="checkbox"/> REPRESENTATIVE WILL CALL FOR DISCUSSION CONCERNING DISPOSITION IN: _____ DAYS	
c. <input type="checkbox"/> RETAIN MATERIAL AT NO CHARGE.	d. <input type="checkbox"/> MATERIAL WILL BE PICKED UP IN: _____ DAYS	
a. <input type="checkbox"/> SHIP MATERIAL (Specify location):		
(1) <input type="checkbox"/> OBL APPROPRIATION CHARGEABLE: (2) <input type="checkbox"/> CHARGES COLLECT-VIA: <input type="checkbox"/> FREIGHT <input type="checkbox"/> EXPRESS <input type="checkbox"/> PARCEL POST <small>if _____ postage advanced herewith</small> (3) <input type="checkbox"/> PARCEL POST LABEL ATTACHED (4) <input type="checkbox"/> FREIGHT PREPAID	<small>NOTE: Please enclose postage. Material cannot be returned Parcel Post collect.</small>	
f. <input type="checkbox"/> OTHER (Specify) _____		
21. <input type="checkbox"/> IF MATERIAL IS STILL REQUIRED, SUBMIT NEW REQUISITION	22. <input type="checkbox"/> REPLACEMENT WITH SATISFACTORY MATERIAL WILL BE MADE ON OR BEFORE: _____ DATE	
23. REMARKS (Continue on separate sheet of paper if necessary) Recommend credit <u>5 each</u> NSN <u>2610-00-050-9840</u>		
24a. TYPED OR PRINTED NAME AND PHONE NUMBER OF PREPARING OFFICIAL JUDY GROVES, DSN 786-6127	24b. SIGNATURE 	24c. DATE 11-6-95

Figure 16-3. Completion instructions by block or column for SF 364, Report of Discrepancy (continued)

-
- (16) **From.** Enter the address of the activity preparing the reply.
- (17) **Distribution addressees for copies.** Enter addresses receiving copies of the reply in addition to addressee listed in item 18.
- (18) **To.** Enter address of the activity shown in item 4 on the face of the form.
- (19) **In accordance with notice of discrepancy on face of this form.** Enter advice of action taken by responsible action officer by placing an X in proper box(es).
- (20) **The following disposition is to be made of the referenced material.** Enter disposition instructions by placing an X in the proper box(es).
- (21) Enter an X to show the reporting activity that a new requisition is required if the materiel is still needed.
- (22) Enter an X to show a replacement shipment will be made and the approximate date of the shipment.
- (23) **Remarks.** Enter any Clarification or data necessary for a complete reply. Enter corrective action taken to prevent future packaging deficiencies. When reporting MAP/Grant Aid quality or package deficiency, cite the specific violation of specification regulation, packaging instruction, or contract.
- (24a) **Type or printed name and phone number of preparing official.** Self-explanatory. When item 18 is a non-DoD activity, include both commercial and DSN numbers.
- (24b) **Signature.** Self-explanatory.
- (24c) **Date.** Self-explanatory.

Figure 16-3. Completion instructions by block or column for SF 364, Report of Discrepancy (continued)

- (1) *Shipping-type (item) discrepancies.* This involves supply discrepancies in shipments from DOD activities (including materiel returns from DOD and FMS customers), GSA supply distribution facilities, and from contractors, manufacturers, or vendors. Reporting criteria in AR 735-11-2 applies to the types of discrepancies and dollar values to report. (Report discrepancies in shipments from contractors, manufacturers, or vendors regardless of dollar value.)
- (2) *Discrepant shipments to DRMO.* The following exception to AR 735-11-2 applies to Defense Reutilization and Marketing Office (DRMO) shipments. When DIC AFX/AFZ is received, the shipper retains responsibility for—
- Investigating the discrepancy.
 - Notifying the local provost marshal/security officer for investigation under the provisions of AR 190-30 (regardless of ownership).
 - Prepare and submit a ROD for Army-owned materiel according to the procedures described in AR 735-11-2 for receiving activities. This exception provides the use of the ROD as the basis for any inventory adjustments, and if necessary, a financial liability investigation of property loss.
- (3) *Packaging discrepancies.* Types of packaging discrepancies and dollar value reporting criteria appear in AR 735-11-2. The following clarifies damage: Report concealed damage as a shipping-type ROD and indicate in block 12 of the SF 364 concealed damage; for visible, carrier-caused damage, submit a TDR, SF 361. When carrier liability does not apply on the TDR, submit a shipping-type ROD with the TDR attached as evidence. Questionable situations may require simultaneous submission of both a TDR and a packaging ROD. Check top block on SF 364 to identify packaging discrepancies.
- (4) *Time standards for submitting SF 364.* Submit RODs within the time frames contained in AR 735-11-2
- Nonreceipt of parcel post shipment.* As added clarification, report nonreceipt of parcel post shipments from contractors, manufacturers or vendors on a shipping type (item) ROD within time frames specified in AR 735-11-2.

For shipments from contractors, manufacturers or vendors where shipment status has not been received, report nonreceipt on shipping-type (item) ROD within time frame specified in AR 735-11-2 .

(b) *Shipments to DRMO*. Submit RODs on shipments of Army-owned materiel to DRMOs (see c(2) above), within the time frame specified in AR 735-11-1.

16-53. Step 4—Conducting investigations and preparing SF 364

Since SF 364 does not constitute a financial liability investigation of property loss, conduct investigations according to chapter 13 of this regulation. Follow the instructions for preparing the SF 364 in AR 735-11-2. Exceptions or additions to these instructions are contained in figure 16-3 .

16-54. Step 5—Approval of SF 364 of consignee installation commanders

The receiving property officer or his or her designated representative will approve by signing in block 14b of the SF 364.

16-55. Step 6—Distribution of forms

a. Distribution of forms for both shipping-type/item (supply) and packaging RODs is in AR 735-11-2.

b. Exceptions to these distributions are as follows:

(1) *RODs related to fielding of force modernization equipment (FME)*. In addition to AR 735-11-2 distributions, mail a copy of all RODs related to FME fielding to the AMC Packaging, Storage, and Containerization Center (PSCC), ATTN: SDSTO-TO (CERROD), Tobyhanna, PA 18466-5097 for entry into the central repository for RODs data (CERROD). Provide the I series FME project code to the AMC PSCC for entry into the CERROD.

(2) Defense European and Pacific Redistribution Activity directed shipments.

(a) Original and two copies to the ICP/IM indicated in cc 67-69 of the DD Form 1348-1A, Issue Release/Receipt Document.

(b) Two copies to the receiving/reporting activity's accountable officer.

(c) Two copies to the shipping activity indicated in cc 4-6 of the DD Form 1348-1A.

(3) *Enclosures*. Except in instances of missing documentation, the ROD must contain a copy of the applicable DD Form 1348-1A/DD Form 250/DD Form 1155. Also, submit copies showing the resolution of any related and previously submitted TDRs and quality deficiency reports (QDRs).

16-56. Step 7—Replies and follow-ups to SF 364s

Follow the instructions contained in AR 735-11-2 to make replies and follow-ups to SF 364s.

16-57. Action activity requests for QDRs and TDRs

Accountable officers at the inventory control points (ICPs) are responsible for ensuring the U.S. Government obtains restitution from contractors, manufacturers, vendors, and carriers when they are responsible for discrepancies. In carrying out this responsibility, accountable officers at ICPs may in questionable situations, request the submission of a TDR or Quality Deficiency Report (QDR) in the response to the ROD. On receipt of such requests, the reporting activity will submit the requested TDR/QDR and include a copy of the ROD with the request. If the response to the TDR/QDR absolves the contractor, manufacturer, vendor, or carrier of responsibility for the discrepancy, the reporting activity will resubmit the ROD and include a copy of all previous reports submitted and responses received.

Appendix A References

Section I Required Publications

This section contains no entries.

Section II Related Publications

A related publication is merely a source of additional information. The user does not have to read it to understand this publication.

AR 11-1

Command Logistics Review Program (CLRP)

AR 15-6

Procedures for Investigating Officers and Boards of Officers

AR 15-185

Army Board for Correction of Military Records

AR 25-1

The Army Information Management

AR 25-30

The Army Publishing Program

AR 25-400-2

Army Records Information Management System (ARIMS)

AR 27-1

Legal Service judge Advocate Legal Services

AR 27-3

The Army Legal Assistance Program

AR 27-20

Claims

AR 30-22

The Army Food Program

AR 40-3

Medical, Dental, and Veterinary Care

AR 40-61

Medical Logistics Policies and Procedures

AR 71-32

Force Development and Documentation Consolidated Policies

AR 145-2

Junior Reserved Officer Training Corps Program, Organization, Administration, Operation, and Support

AR 190-11

Physical Security of Arms, Ammunition and Explosives

AR 190-30

Military Police Investigations

AR 190-47
The Army Corrections System

AR 195-5
Evidence Procedures

AR 210-50
Housing Management

AR 210-130
Laundry and Dry Cleaning Operations

AR 215-1
Morale, Welfare, and Recreation Activities and Nonappropriated Fund Instrumentalities

AR 310-25
Dictionary of United States Army Terms

AR 335-15
Management Information Control System

AR 380-5
Department of the Army Information Security Program

AR 380-40
Policy for Safeguarding and Controlling Communications Security (COMSEC) Material (U)

AR 381-143
Logistics Policies and Procedures

AR 385-40
Accident Reporting and Records

AR 405-15
Real Estate Claims Founded Upon Contract

AR 405-45
Real Property, Inventory Management

AR 600-4
Remission or Cancellation of Indebtedness for Enlisted Members

AR 700-84
Issue and Sale of Personal Clothing

AR 700-131
Loan and Lease of Army Materiel

AR 710-1
Centralized Inventory Management of the Army Supply System

AR 710-2
Inventory Management Supply Policy Below the National Level

AR 710-3
Asset and Transaction Reporting System

AR 725-1
Special Authorization and Procedures for Issues, Sales, and Loans

AR 725-50

Requisition, Receipt, and Issue System

AR 735-11-2

Reporting of Supply Discrepancies

AR 735-17

Accounting for Library Materials

AR 740-26

Physical Inventory Control

AR 750-1

Army Materiel Maintenance Policy and Retail Maintenance Operations

AR 870-20

Museums and Historical Artifacts

AMDF

Army Master Data File (AMDF) contained on FEDLOG

CTA 50-900

Clothing and Individual Equipment

CTA 50-970

Expendable/Durable Items (Except: Medical, Class V, Repair Parts and Heraldic Items)

DA Pam 25-380-2

Security Procedures for Controlled Cryptographic Items

DA Pam 405-45

Real Property Inventory Management

DA Pam 415-28

Guide to Army Real Property Category Codes

DA Pam 600-8

Management and Administrative Procedures

DA Pam 708-2

Cataloging and Supply Management Data Procedures for the Army Central Logistics Data Bank

DA Pam 710-2-1

Using Unit Supply System (Manual Procedures)

DA Pam 710-2-2

Supply Support Activity Supply System: Manual Procedures

DA Pam 738-750

Maintenance of Supplies and Equipment, Functional Users Manual for the Army Maintenance Management System (TAMMS)

DFARS

Defense Federal Acquisition Regulation Supplement (DFARS) (available at <http://www.deskbook.osd.mil/>)

DFAS-IN Regulation 37-1

Finance and Accounting Policy Implementation (<https://dfas4dod.dfas.mil/centers/dfasin/library/ar37-1/>)

DOD 4000.25-2-M

Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP)

DOD 4140.1–R

DOD Supply Chain Materiel Management Regulation

DOD 4140.25–M

DOD Management of Bulk Petroleum Products, Natural Gas and Coal

DOD 4145.19–R–1

Storage and Materials Handling

DOD 4500.32–R, volume 2

Military Standard Transportation and Movement Procedures

DOD 7000.14R, volume 4, chapter 6

Property Plant and Equipment

DOD 7000.14R, volume 12, chapter 7

Financial Liability for Government Property Lost, Damaged or Destroy

DODI 7420.12

Billing, Collection and Accounting for Sale of Materiel from Supply System Stock

FAR

Federal Acquisition Regulation (FAR) (available at <http://www.deskbook.osd.mil/>)

FEDLOG

Federal Logistics

TB 380–41

Procedures For Safeguarding, Accounting and Supply Control of COMSEC Material (available through normal supply channels.)

Section 5511, Title 5, United States Code (5 USC 5511)

Withholding pay; employees removed for cause (available at <http://uscode.house.gov/usc.htm>)

Section 5512, Title 5, United States Code (5 USC 5512)

Withholding pay; individuals in arrears (available at <http://uscode.house.gov/usc.htm>)

Section 5514, Title 5, United States Code (5 USC 5514)

Installment deduction for indebtedness to the United States (available at <http://uscode.house.gov/usc.htm>)

Section 908, Title 10, United States Code (10 USC 908)

Article 108, Military property of United States – Loss, damage, destruction, or wrongful disposition (available at <http://uscode.house.gov/usc.htm>)

Section 2636, Title 10, United States Code (10 USC 2636)

Deductions from carriers because of loss or damage to material in transit (available at <http://uscode.house.gov/usc.htm>)

Section 2775, Title 10, United States Code (10 USC 2775)

Liability of member for damages to family housing, equipment, and furnishings (available at <http://uscode.house.gov/usc.htm>)

Section 4831, Title 10, United States Code (10 USC 4831)

Custody of departmental records and property (available at <http://uscode.house.gov/usc.htm>)

Section 4832, Title 10, United States Code (10 USC 4832)

Property accountability: regulations (available at <http://uscode.house.gov/usc.htm>)

Section 4835, Title 10, United States Code (10 USC 4835)

Reports of Survey (available at <http://uscode.house.gov/usc.htm>)

Section 4836, Title 10, United States Code (10 USC 4836)

Individual equipment: unauthorized disposition (available at <http://uscode.house.gov/usc.htm>)

Section 4837, Title 10, United States Code (10 USC 4837)

Settlement of accounts: remission of cancellation of indebtedness of enlisted members (available at <http://uscode.house.gov/usc.htm>)

Section 4839, Title 10, United States Code (10 USC 4839)

Settlement of accounts: oaths (available at <http://uscode.house.gov/usc.htm>)

Section 4840, Title 10, United States Code (10 USC 4840)

Final settlement of officer's accounts (available at <http://uscode.house.gov/usc.htm>)

Section 3531, Title 31, United States Code (31 USC 3531)

Property returns (available at <http://uscode.house.gov/usc.htm>)

Section 710, Title 32, United States Code (32 USC 710)

Accountability for property issued to the National Guard (available at <http://uscode.house.gov/usc.htm>)

Section 1007, Title 37, United States Code (37 USC 1007)

Deductions from pay (available at <http://uscode.house.gov/usc.htm>)

Section III

Prescribed Forms

DD Form 362

Statement of Charges/Cash Collection Voucher (Cited in paras 12-1 , 12-2 and 14-24.)

DA Form 1622

Bond for Safekeeping of Government Property Issued to Educational Institutions (Cited in para 10-3.)

DA Form 1622-1

Affidavits of Individual Sureties (Cited in para 10-3.)

DA Form 1659

Financial Liability Investigation of Property Loss Register (Cited in para 13-20.)

DA Form 7531

Checklist And Tracking Document For Financial Liability Investigations Of Property Loss (Cited in para 13-20.)

DD Form 200

Financial Liability Investigation of Property Loss (Cited in chapter 13 and paras 12-1 , 14-3 , 14-34 , 15-1 , 15-2 , 15-3 and 16-52.)

Section IV

Referenced Forms

DA Form 337

Request for Approval of Disposal of Buildings and Improvements

DA Form 444.

Inventory Adjustment Report (IAR)

DA Form 2823

Sworn Statement

DA Form 3078

Personal Clothing Request

DA Form 3126

Application and Contract for Establishment of a Junior Reserve Officers' Training Corps Unit

DA Form 3161

Request for Issue or Turn-in

DA Form 3645-1

Additional Organizational Clothing and Individual Equipment Record

DA Form 4137

Evidence/Property Custody Document

DA Form 4170

Statement of Gains and Losses

DD Form 149

Application For Correction Of Military Record Under The Provisions of Title 10, U.S. Code, Section 1552

DD Form 250

Materiel Inspection and Receiving Report

DD Form 250-1

Tanker/Barge Materiel Inspection and Receiving Report

DD Form 1149

Requisition and Invoice/Shipping Document

DD Form 1155

Order for Supplies and Services

DD Form 1348-1A

Issue Release/Receipt Document

DD Form 1354

Transfer and Acceptance of Military Real Property

DD Form 1544

Cash Meal Payment Book

SF 44

Purchase Order Invoice Voucher.

SF 361

Transportation Discrepancy Report

SF 364.

Report of Discrepancy (ROD)

Appendix B

Computing the Actual Loss to the Government when property is Lost, Damaged, or Destroyed

B-1. Value of repairable property

The value of repairable property loss will be the repair cost required to return the damaged property to the condition it was in at the time of the damage, or the value of the item at the time of the damage, whichever is less. The value of repairable property is the lesser of the following computations:

a. Repair cost. The cost of repairs consists of the sum of the costs of material, labor, overhead, and transportation, minus any salvage or scrap value of replaced component parts. If repair makes the item more valuable than it was at the time of the loss, reduce the cost of repairs by the amount of the increase in value. Technical personnel will compute

the actual repair cost per DA Pam 738–750 . When actual repair cost cannot be determined, they will prepare an itemized list of the estimated cost of damage (ECOD). An ECOD will be used to compute the value of a loss only when actual costs cannot be obtained within a reasonable time. When an ECOD is used to compute the value of the damaged property, the financial liability investigation of property loss must state why, and state the basis on which the estimate was made.

b. Adjustment document. When an ECOD is used, in the interest of expediency, to process an adjustment document, the repair of damaged property will be followed through the repair process to determine the actual cost of repairs. When the ACOD is less than the ECOD, the initiator of the adjustment document will cause it to be reopened and the appropriate FAO/USPFO will be requested, on a memorandum, to reimburse the difference to the charged individual.

c. Value at the time of the loss or damage. (See para B–2.)

B–2. Value of lost, destroyed, or irreparably damaged property

The value of lost, destroyed, or irreparably damaged property will be the actual value of the property at the time of the loss, minus any salvage or scrap value. Actual value at the time of the loss or damage may be computed in one of three ways.

a. *Fair Market Value.* The preferred method of fixing the value of property at the time of loss or damage is by a qualified technician’s two-step appraisal of its fair market value. First, a technician determines the condition of the item at the time of the loss or damage through personal knowledge, review of maintenance records, conversations with using personnel, and any other means available. Second, the commercial market will be reviewed to determine the price that similar items in similar condition have sold for in commercial transactions within the last 6 months. Appraisal guides accepted in the commercial market, such as the NADA Official Used Car Guide may be used for this purpose.

b. *Depreciated value.* When determination of fair market value is not possible or equitable, the value at the time of the loss or destruction may be computed by subtracting depreciation from the current AMDF contained on FEDLOG or other standard price of a new item. Depreciation is not deducted on loss or damage to new property. Compute depreciated value for all property not listed below at 5 percent per year of service, up to 75 percent. If the time in service cannot be determined, depreciate a standard 25 percent.

(1) OCIE items and nonpower hand tools: Depreciate by 10 percent for each such item.

(2) Items made of relatively perishable material such as leather, canvas, plastic, or rubber (except for OCIE): Depreciate by 25 percent for each such item.

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

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

(5) Family quarters furnishings will be depreciated per AR 210–50 , para 9–12k(1).

(6) The rates of depreciation above are based on normal use, and may be increased or decreased based on facts showing more or less than average use. AR 27–20 may be used as a guide to determine a fair rate of depreciation.

(7) Small arms are not depreciated.

c. *Standard Rebuild Cost.* When determination of fair market or depreciated value is not possible or equitable, the value of the loss or damage may be computed by subtracting the standard rebuild cost plus any salvage value from the current AMDF contained on FEDLOG price for the item. This method may only be used 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.

(4) There is residue that can be salvaged.

B–3. Salvage credit

The value of salvage credit for items that must be scrapped will be 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 . A technician will compute the salvage credit, if any.

B–4. Fair wear and tear

The value of loss to Government quarters or related furnishings or equipment due to fair wear and tear is exempt from financial charge. Fair wear and tear will be determined by a qualified technical inspector.

B–5. Determine the actual loss or damage to the Government

The basic premise on which financial charges are computed is that the charge should represent the actual loss to the Government. The actual loss to the Government is the difference between the value of the property immediately before its LDD and its value immediately after. This regulation establishes four means of arriving at the actual costs of loss or damage to the Government, and the amount to be charged. They must be considered in sequence.

a. If the item is repairable, the charge should be based on the actual cost of repairs.

- b. If the item cannot be repaired because it is too badly damaged, have a technical inspector determine the market value of the item after the damage. Include salvage credit when it is appropriate.
- c. If the item is not repairable and the technical inspection is impossible (when an item is lost or completely destroyed as in a fire), apply the appropriate depreciation formula to determine the property value.
- d. Deduct the standard rebuild cost from the cost of the item.

B-6. Actual cost of repairs

How to compute the actual cost of repairs. If an item can be repaired, the charges must be based on the cost of repairs minus certain allowances. Although this regulation requires the use of the actual cost of repairs to compute the charges of financial liability, processing a financial liability investigation of property loss document will not be delayed pending the completion of repairs. When the actual cost of repairs cannot be obtained in time to complete processing a financial liability investigation of property loss within the time limits established in chapter 13 of this regulation, technical personnel will make an itemized list of the estimated cost of repair. The financial liability investigation of property loss will then be completed with the understanding that if the ACOD is less than the ECOD, the financial liability investigation of property loss will be reopened, the charge amended, and the difference reimbursed to the respondent.

- a. When computing the actual cost of repairs, charge for the following expenses:
 - (1) *Direct materials.* For instance, if a fender was damaged and is not repairable, charge for the cost of the new fender.
 - (2) *Direct labor.* Charge for the actual rate paid for civilian labor. If soldier labor is used, charge for that cost by using the installation procedures set up according to DFAS-IN regulation 37-1.
 - (3) *Overhead costs.* Use the amount as computed by using the authorized local cost accounting systems at a Government repair activity. Don't include statistical costs, unless the installation is financed by the Army Industrial Fund.
 - (4) *Transportation costs.* Charge for the cost of shipping an item to the repair installation and returning it.
- b. When computing the actual costs, allow for things that affect the actual loss to the Government.
 - (1) *Allowance for increase in value.* If extensive repairs enhance the value so that the item is worth more than it was before the repair, make an allowance for the increase in value.
 - (2) *Credit for scrap value.* Give credit for the scrap value of the parts that cannot be reused. Do not allow the full list price of the part. Allow salvage credit for the usable or salable value of metal as waste or scrap.
- c. Credit for repairs made, but not needed to return the damaged property to the condition it was in immediately before the incident causing the damage.
 - (1) Sometimes it is determined to be more economical to refurbish the damaged item rather than repair just the damaged portion. As an example—
 - (a) Resurface the entire floor in a room, rather than repair the portion that was damaged, or
 - (b) Paint the entire vehicle, rather than paint just the damaged portion.
 - (2) In determining the amount of financial liability, the respondent should be assessed only that amount needed to return the damage property to the condition it was in immediately before the incident causing the damage, not the cost to refurbish the entire item.

B-7. Technical inspection

When and how to use a technical inspection. When computing the charges of financial liability on an item that cannot be repaired, start the computations on the basis of the value just before the item was damaged. Technical inspection will be documented prior to the repair or turn-in of the damaged equipment.

- a. *Definition of technical inspection.* A technical inspection determines the extent of damage and establishes whether the item is repairable. It also involves an appraisal to determine the value of the item just before it was damaged or destroyed.
- b. *Need for a technical expert.* A technical inspector must have a thorough knowledge of the item and its uses, mechanisms, and functions and must have broad experience in dealing with the type of item. In most cases this person will be a representative of the maintenance support for the installation or activity. The technical inspector will have to determine the prices of the same or similar items sold in the commercial markets at or about the time of the loss.
- c. *Decision on fair value of item.* If the fair market value appears to be unfair to the Government or the respondent, that value should not be used. For instance, if the cost of a pair of binoculars was \$97, and they are now being sold on the open market for \$175, the respondent cannot be charged \$175. In some cases, a determination of fair market value is impossible. For example, there is no commercial market for missiles whatsoever.
- d. *Explanation by technical inspector.* If the fair market value is to be used, the technical inspector must furnish an explanation. For example, the inspector must state there is no existing market for missiles or that binoculars are being sold in the local market at prices higher than the acquisition cost of the item to the Army.

B-8. Computing value based on depreciation

How to use depreciation for computing charges for an item. Depreciation is the least preferable method of computing the value of lost or destroyed Government property, and will be used only when using the fair market value or standard rebuild value is not appropriate, and when the item is in less than new condition. Apply a depreciation formula to get the value of the lost or destroyed item on the basis of life expectancy. For instance, a lost piece of office furniture that had been in use for 2 years would be depreciated 5 percent per year for a total of 10 percent. If the value of the office furniture listed on the AMDF contained on FEDLOG in effect at the time of the loss was \$500, the amount charged the individual would be \$450 (\$500 minus 10 percent is \$450).

B-9. Scrap value

How to determine scrap value. If an item was damaged to the point that it must be scrapped, a determination of how much credit to allow must be made. The individual to decide whether the item can be repaired is the technical inspector at the maintenance activity.

a. Repairable items. When items are repaired, allow for the scrap value of the repair parts, components, or assemblies recovered from the item. However, these reclaimable parts must be depreciated by the same factor that is used to depreciate the whole item. For example, a vehicle cost \$2000, and a 50 percent credit (or \$1000) was allowed for depreciation. If a mechanic removed \$500 worth of reclaimable parts from the vehicle, only a 50 percent credit (or \$250) would be allowed for depreciation on the reclaimable parts for the vehicle.

b. Items beyond repair. If an item has been damaged to the point it has to be scrapped, allow credit for the salvage or scrap value of the item or parts. When the entire item is turned in, obtain the information on the credit from the Defense Reutilization and Marketing Office, which determines the amount of credit.

Appendix C Loaned ARNG Property

C-1. General

This appendix prescribes the property adjustment procedures for ARNG's equipment loaned to other military organizations while training at mobilization and training equipment sites (MATES), Unit Training Equipment Sites (UTES), or ARNG training sites and equipment borrowed from other military organizations.

C-2. Policy

Military property on authorized loan, remains on the property records of the unit or activity concerned. It must be properly hand-receipted to the user.

C-3. Adjustment procedures

a. In the case of LDD of military property through other than fair wear and tear, the hand-receipt holder will initiate and process one of the following adjustment documents:

(1) *DD Form 200.* The commander or supervisor of the training site account or owning organization will ensure the financial liability investigation of property loss is correct and complete, and expeditiously forward the investigation to the owning organization PBO for property book adjustment.

(2) *Other authorized adjustment documents.* Other authorized adjustment documents may be prepared when agreed upon by the commander or supervisor of the training site or the owning organization.

b. The owning organization PBO will retain one copy of the applicable property adjustment document and return the remaining copies to the hand-receipt holder for processing and approval.

c. The hand-receipt holder will process the applicable property adjustment document through normal channels for final action by the officer designated to approve adjustment documents initiated by the hand-receipt holder.

d. When the hand-receipt holder is a member of a Service other than the U.S. Army, USAR, or ARNG, the property adjustment document will be processed through the normal channels of the owning organization.

C-4. Approving authority

a. The approving authority for applicable property adjustment documents initiated according to para C-3c, will be the proper approving authority of the borrowing organization.

b. The approving authority of applicable property adjustment documents initiated according to para C-3d, will be the proper approving authority of the owning organization.

c. The approving authority will forward the proper copy of the applicable property adjustment document to the owning organization PBO when final action has been completed.

C-5. Financial responsibility

The hand-receipt holder that initiates procedures will ensure that monetary restitution for lost, damaged, or destroyed property is made to the USPFO of the owning State or the loaning military organization by either—

- a.* Transfer of funds.
- b.* Replacement in kind.
- c.* Lateral transfer of property for which property adjustment is being made.

C-6. Borrower/hand-receipt holder responsibilities

When equipment is lost, damaged, or destroyed by the borrower or hand-receipt holder, the borrower or hand-receipt holder will replace the property according to para C-5. Replacement of property by the borrower is a separate action for property adjustment and is not involved in deciding financial liability.

Glossary

Section I Abbreviations

AAR

administrative adjustment report

ABCMR

Army Board for Correction of Military Records

ABL

ammunition basic load

ACOD

actual cost of damage

ACTPO

Accountable property officer

AFARS

Army Federal Acquisition Regulation Supplement

AG

Adjutant General

AHRC

Army Human Resources Command

AIT

automatic identification technology

AMC

U.S. Army Materiel Command

AMDF

Army Master Data File

APF

Appropriated fund

AR

Army regulation

ARC

accounting requirements code

ARNG

Army National Guard

ASDA

accountable supply distribution activity

ASF

Army Stock Fund

AWOL

absent without leave

AWR

Army war reserve

BL
bill of lading

CBL
commercial bill of lading

CBS-X
continuing balance system-expanded

CCI
controlled cryptographic item

CECOM
U.S. Army Communications-Electronics Command

CERROD
central repository for RODs data

CMH
Center of Military History

CIF
central issue facility

CIC
controlled inventory item code

CIIP
clothing initial issue point

CMH
Center of Military History

CNGB
Chief, National Guard Bureau

COL
colonel

COMSEC
communications security

CONUS
Continental United States

CORM
cargo outturn reconciliation message

CORMR
cargo outturn reconciliation message reply

CORS
Cargo Outturn Reporting System

CPT
captain

CSC
civilian support center

CSDP

command supply discipline program

CSM

command sergeant major

CTA

common table of allowance

CWO

chief warrant officer

D

durable

DA

Department of the Army

DARNG

Director, Army National Guard

DBOF

Defense business operations funds

DCMA

Defense contract management agency

DCS, G-1

Deputy Chief of Staff, G-1

DCS, G-4

Deputy Chief of Staff, G-4

DFARS

Defense Federal Acquisition Regulation Supplement

DFAS

Defense Financial Accounting Service

DLA

Defense Logistics Agency

DOD

Department of Defense

DODAAC

Department of Defense activity address code

DOL

director of logistics

DRMO

Defense Reutilization and Marketing Office

ECOD

estimated cost of damages

ESR

equipment status report

ETS

expiration term of service

FAO

finance and accounting office/officer

FAR

Federal Acquisition Regulation

FDP

funded delivery period

FEDLOG

Federal Logistics Information System (FLIS)

FMR

Financial Management Regulation

FMS

foreign military sales

F.O.B.

free on board

FSC

Federal supply classification

GBL

Government bill of lading

GFP

Government furnished property

GS

general schedule

GSA

General Services Administration

HQDA

Headquarters Department of the Army

ICP

inventory control point

IAR

inventory adjustment report

IM

inventory manager

IMA

installation management agency

IMMC

integrated materiel management center

IPE

industrial plant equipment

JROTC

Junior Reserve Officer Training Corps

JMC

Joint Munitions Command

LDD

loss, damage, or destruction

LOGSA

Logistics Support Activity

LTC

lieutenant colonel

MAAG

military assistance advisory group

MACOM

major Army command

MAJ

major

MATES

mobilization and training equipment sites

MILSTRIP

Military Standard Requisitioning and Issue Procedures

MOOTW

military operations other than war

MRO

materiel release order

MSC

major subordinate command, and Military Sealift Command

MSG

master sergeant

MTMC

Military Traffic Management Command

MTOE

modification table of organization and equipment

MWR

morale, welfare, and recreation

N

nonexpendable

NAF

nonappropriated fund(s)

NDCC

National Defense Cadet Corps

NSN
national stock number

OCIE
organizational clothing and individual equipment

OCONUS
outside continental United States

ODCS, G-1
Office, Deputy Chief of Staff, G-1

ODCS, G-4
Office, Deputy Chief of Staff, G-4

OEP
other equipment or property

OSC
Operations Support Command

OSD
Office of the Secretary of Defense

PA&E
personal arms and equipment

PBO
property book officer

PCS
permanent change of station

POD
port of debarkation

POE
port of embarkation

POI
program of instruction

PREPO
prepositioned

QDR
Quality Deficiency Report

R & D
research and development

RFID
radio frequency identification device

RIM
radio frequency identification device

RO
requisitioning objective

ROD

Report of Discrepancy

ROTC

Reserve Officers' Training Corps

SBCCOM

Soldier and Biological Chemical Command

SDR

supply discrepancy reports

SES

senior executive service

SFC

sergeant first class

SGM

sergeant major

SKO

sets, kits, and outfits

SMA

SGM of the Army

SRA

stock record account

SRO

stock record officer

SSA

supply support activity

SSSC

self-service supply center

TAACOM

theater Army area command

TDA

table of distribution and allowances

TDR

transportation discrepancy report

TDY

temporary duty

TIG

Time-in-grade

TISA

Troop issue subsistence activity

TO

transportation officer

TSG

The Surgeon General

TTU

transportation terminal unit

UCMJ

Uniform Code of Military Justice

UI

unit of issue

UIC

unit identification code

UIT

unique item tracing

UPH

unaccompanied personnel housing

USACASCOM

U.S. Army Combined Arms Support Command

USAR

U.S. Army Reserve

USARC MSC

U.S. Army Reserve Command major subordinate command

USC

United States Code

USMEPCOM

U.S. Military Entrance Command

USPFO

United States property and fiscal office

UTES

unit training equipment site

WG

wage grade

WS

wage supervisor

X

expendable

1LT

first lieutenant

1SG

first sergeant

2LT

second lieutenant

Section II

Terms

Acceptance at destination

Assumption of title to property by DA at the specified delivery point. This term corresponds, generally, to the commercial term FOB destination.

Acceptance at origin

Assumption of title to property by DA at the point of shipment. This term corresponds, generally, to the commercial term FOB origin. It does not imply that payment was made at the time title passed to the Army nor does it necessarily mean that the Government, by assumption of title, forfeited the right to reject any article not conforming to contract specifications.

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.)

Appeal authority

An Army officer designated to take final action on requests for reconsideration when the financial liability investigation of property loss approving authority denies relief of financial responsibility to a respondent, and to act on requests for remission of cancellation of indebtedness. Appeal authority action is by authority of the Secretary of the Army. Normally, the appeal authority will be the next higher commander above the approving authority, in the chain of command.

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/nonconcurrence 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, para 13-16c(1) through (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.

Army property

All property under DA control, except property accounted for as owned by an NAF activity. "Government property" and "Army property" are used synonymously with "property."

Audit trail

Documentation supporting debit and credit entries on accounting records from the time property is brought into the Army inventory with a source document, until the property is dropped from accountability.

Bill of lading

Includes Government bills of lading issued by the Army (as defined in AR 55–355) and commercial bills of lading for transportation services administered by the Army. (For exception of FOB origin shipment, see AR 735–5, para 16–9.)

Capital equipment

Personal property of a capital nature classified nonexpendable in an Army supply manual, or that would be so classified if included in an Army supply manual or catalog.

Capital nature

Property that has all or most of the following characteristics:

- a.* Does not lose its identity when used for its intended purpose.
- b.* Has an acquisition of cost of \$15,000 or more.
- c.* Has a useful life of more than 2 years when used for its intended purpose.
- d.* Normally is an investment-type item capitalized in the accounting records.

Causative research

An investigation of discrepancies (that is, gains and losses) consisting of a complete review of all transactions, as a minimum. Transactions will include the following supporting documentation occurring since the last completed inventory; the last location reconciliation that included quantity; or back one year, whichever is the most recent. These include catalog change actions, shipment discrepancies or unposted or rejected documentation.

a. The purpose of causative research is to identify, analyze, and evaluate the cause(s) of inventory discrepancies to eliminate repetitive errors. Causative research ends either when the cause is found or after review of transactions back to the last inventory, last audit match, inventory, or immediately preceding the last audit match, when there have been no conclusive findings.

b. The accountable officer will normally determine if a financial liability investigation of property loss is required.

Checking-in (tally-in) operation

An operation performed by a receiving clerk, normally under the supervision of the transportation officer or the receiving property officer. Includes removing items from a carrier's vehicle and conducting a visual inspection to decide the condition of the packages and loose pieces in a shipment. Checking-in may be performed under other supervision, or at a later time, because of emergency conditions; however, it will not be confused with the 'storage' operation. Storage operation involves the opening of undamaged packages after delivery to a customer, user, or warehouse.

Collective liability

Where more than one individual is held financially liable for a loss, both collectively and individually.

Command responsibility

The obligation of a commander to ensure all Government property within his or her command is properly used and cared for, and that proper custody and safekeeping 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 used or in storage.
- b.* Observing subordinates to ensure their activities contribute to the proper custody, care, use, and safekeeping of all property within the command.
- c.* Enforcing all security, safety, and accounting requirements.
- d.* When necessary, taking administrative or disciplinary measures.

Concealed shortage or damage.

Shortage in, or damage to the contents of an original container or package detected after delivery. This damage or shortage is contrasted with visible damages or shortages in the number of packages involved, readily noticeable at the time of delivery.

Consumable supplies

Supplies consumed in use, such as ammunition, fuel, cleaning and preserving materials, surgical dressings, and drugs, or supplies that lose their separate identity in use, such as repair parts and building materials.

Contracting officer

A person who is currently a contracting officer with authority to enter into and administer contracts. The person may be a contracting officer either by virtue of position or by appointment under procedures prescribed by the Defense

Acquisition Regulation (DAR). This person may make determinations and findings for contracts or for any part of such authority. In the ARNG, a contracting officer is the USPFO, or an ARNG technician who has been appointed as contracting officer by the CNGB with authority to enter into and administer contracts.

Controlled inventory items

Those items designated as having characteristics requiring 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 item.* (See controlled inventory item codes (CIIC) 1–6, 8, 9 \$, N, P, Q, R, and Y for night vision devices in the Army portion of FEDLOG as explained by DA Pam 708–2, table 3–9 .)
 - (1) Materiel requiring a high degree of protection and control because of statutory requirements or regulations.
 - (2) High-value, highly technical, or hazardous items.
 - (3) Small arms, ammunition, explosives, and demolition materiel.
- c. *Pilferable item.* Materiel having ready resale value or civilian application to personal possession and, therefore, especially subject to theft. Examples are binoculars, projectors, cigarettes, pagers, hand-held two-way radios, cameras, tapes, laptop computers, cell phones, palm devices, or recorders. (See CIIC codes in the Army portion of FEDLOG as explained by DA Pam 708–2, table 3–9.)

Culpability

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 and safekeeping 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, 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.

Damage

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.

Defense Industrial Plant Equipment Center

A primary level field activity of DLA responsible for providing services to DOD components (as set forth in DLAM 4215.1 (AR 700–43)).

Deliberate unauthorized use

Willful or intentional use without right, permit, or authority.

Destruction

Action or omission that renders property completely useless. Damage to the point of complete loss of identity or beyond the prospect of future restoration is considered to be 'destruction.' Animals killed for various reasons are said to be "destroyed."

Detail accounting

Method of accounting that requires each transaction to be separately recorded and uniquely identified by a voucher or document number in the records, including adjustment of balances each time. Opposite of summary accounting, whereby several transactions may be shown as one without any unique identification.

Digital signature

The product of an asymmetric cryptographic system that is created when the owner of the private signing key uses that key to create a unique mark (the signature) on an electronic document or file. Like a written signature, the purpose of a digital signature is to guarantee that the individual sending the message really is who he or she claims to be.

Direct responsibility

Obligation of a person to ensure all Government property for which he or she has received, is properly used and cared for, and that proper custody and safekeeping 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.

Discrepancies

Disagreement between quantities or condition of property on hand and that required to be on hand, as shown by the accountable record of the property. It is usually a disagreement between quantities or condition of property actually received in a shipment and that recorded on the shipping document. This type of discrepancy generally is referred to as a 'discrepancy incident to shipment.' Another form of discrepancy occurs when a disagreement exists between a stock record balance and the result of a physical count or inventory.

a. Shipping-type (item) discrepancy. A variation in quantity or condition of goods received from that shown on the authorized (supply) shipping document; for example, GSA or DD Form 1348-1A Issue Release/Receipt Document. A shipping-type (item) shortage or overage is not evident on delivery; it is discovered when the article of freight as described on the transportation document is opened and the contents do not agree with the supply shipping documents.

b. Inconsequential transportation discrepancies. Loss and damage claims of \$50 or less. Formal documents are not required, nor are claims filed against carriers in amounts of \$50 or less. Exceptions are narcotics, drugs, and sensitive and classified materiel.

c. Financial liability investigation of property loss discrepancies in shipment. Procedure and proper forms required to adjust property accountability and determine liability for discrepancies in shipment as defined above.

(1) SF 361 (Transportation Discrepancy Report (TDR)). A multiple-use form to report, investigate, and process discrepancies in shipments involving loss or damage, and to report other transportation-type discrepancies. SF 361 is authorized for use as a financial liability investigation of property loss to support claims against carriers and contractors or vendors, including adjustment of inventory and financial accounting records, as proper, when dollar value involved is \$50 or more.

(2) SF 364 (Report of Discrepancy (ROD)). When negligence is suspected, the ROD is used as an exhibit to a financial liability investigation of property loss to report and adjust supply discrepancies. (See AR 735-5, figure 16-2, for an example of how an ROD condition could develop into a financial liability investigation of property loss condition.)

d. Transportation-type discrepancy in shipment. A carrier (common or contract) may fail to deliver to a consignee, in the condition originally billed, all of the packages or loose pieces of property listed on the Government Bill of Lading (GBL) or other transportation documents (for example, commercial bill of lading, manifest, load list, freight warrant). The shortage, overage, or damage is termed a transportation-type discrepancy. Transportation-type discrepancies reportable on SF 361 (TDR) may be the fault of the carrier, shipper, vendor or contractor, container consolidation point, or transshipping activities. Overages and shortages within commercial or Government-owned (or leased) shipping containers (SEAVANs), military-owned demountable containers (MILVANs), MSCVANs, roll-on/roll-off (RO/RO) trailers, or container expresses (CONEXs) with seals intact, missing, or broken are included in this term.

Durable item

An item of Army property coded with an ARC of "D" in the AMDF contained on FEDLOG. Durable items do not require property book accountability after issue from the stock record account, but do require hand receipt control for hand tools. Other items coded durable will be monitored by the commander or the head of the activity.

Electronic signature

A generic term encompassing both noncryptographic and cryptographic methods of authenticating identity. Noncryptographic methods include personal identification number (PIN) or password, smart card, digitized signature, and biometrics. Crypto-graphic methods include shared symmetric key cryptography and public/private key (asymmetric) cryptography—digital signatures.

Equipment

Articles needed to outfit an individual or organization. Clothing, tools, utensils, vehicles, weapons, and similar items are articles of equipment. It is synonymous with 'supplies' and 'materiel.'

Expendable items

An item of Army property coded with an ARC of 'X' in the AMDF contained on FEDLOG. Expendable items require no formal accountability after issue from a stock record account. Commercial and fabricated items similar to items coded 'X' in the AMDF contained on FEDLOG are considered expendable items.

Fair wear and tear

Loss or impairment of appearance, effectiveness, worth, or utility of an item that has occurred solely because of normal and customary use of the item for its intended purpose.

Final action

Action taken at the financial liability investigation of property loss approval/appeal authority level. For an appeal in the ARNG, final action is delegated to the CNGB for State, and the Adjutant General or delegated deputy for ARNG members.

Financial accounting

Maintaining accounting records in terms of dollars, without regard for the quantity of items.

Financial inventory accounting

Act of establishing and maintaining accounts in both monetary and quantitative terms for material, supplies, and equipment held as stock on records of property accountability in the Army supply system worldwide.

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.

Financial liability investigation of property loss

An instrument for recording circumstances concerning LDD of Army property. It serves as, or supports, a voucher for dropping articles from property records on which they are listed. It also serves to determine any question of responsibility (financial or otherwise) for absence or condition of the articles.

Formal accountability

Obligation to maintain property book or stock record property accounts, commissary accounts, or troop issue subsistence activity (TISA) sales accounts. All property is subject to formal accountability unless specifically exempted by regulation or specific instructions of Headquarters, Department of the Army.

Government-furnished property

Government-owned property furnished to a contractor for the performance of a contract. Also known as GFM (Government furnished material) and GFE (Government furnished equipment). It is defined as:

- a. Industrial facilities.
- b. Materiel.
- c. Special tooling.
- d. Special test equipment.
- e. Military property.

Grade (applicable to ARNG only)

Grade referred to in this regulation is the grade that has been granted Federal recognition. As an exception, is the grade of the Adjutant General in each State. The grade of the State Adjutant General may be greater than his or her Federally recognized grade.

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.

Hand receipt

A signed document acknowledging acceptance of and responsibility for the items of property listed thereon that are issued for use and are to be returned.

Hand tools

Any hand-held devices that are either manually operated or power driven that are portable, lightweight and small enough to be used by a craftsman in accomplishing his or her trade. They include such items are wrenches,

screwdrivers, hammers, chisels, pliers, saws, impact wrenches and other small devices that are normally held in a tool box.

Individual equipment

Personal clothing and equipment issued for exclusive personal use of an individual.

Industrial plant equipment

Plant equipment that cost \$3,000 or more; used to cut, abrade, grind, shape, form, join, test, measure, heat, treat, or otherwise alter physical, electrical, or chemical properties of materials, components, or end items. Also used in manufacturing, maintenance, supply, processing, assembly, or research and development operations. Excludes minor plant equipment.

Installation commander

The term 'installation commander,' when used in general terms, does not apply to the ARNG. However, when specific reference is made to accountability for, processing of, or collection of debts for Government property that is lost, damaged, or destroyed, or otherwise rendered unserviceable from stock record accounts, the term 'installation commander' means the U.S. Property and Fiscal Officer.

Installation property

Nondeployable property issued to a unit under authority of a CTA or other HQDA-approved or NGB authorization documents, except expendable items and personal clothing.

Installation property book

Record of property issued under an authorization document other an MTOE, deployable TDA, and deployable CTA items.

Installed building equipment

Items of equipment that are affixed and built into the facility as an integral part of the facility. Equipment that is an integral part of the facility is equipment that is necessary to make the facility complete, and if removed would destroy or reduce the usefulness of the facility. Use of the equipment determines if it is an integral part of the facility.

Inventory accounting

Establishment and maintenance of accounts for material in storage, in manufacturing process, on hand, in transit, or on consignment in terms of cost or quantity. The accounting process includes maintenance of supporting records and rendition of reports when required. Specific types of inventory accounting are detail, summary, financial, and item accounting.

Investigation

Means of determining the facts related to the LDD 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 LDD of Government property.

Item

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

Item accounting

Method of accounting that expresses credit and debit (loss or gain) entries in terms of quantity of items transacted without regard for dollar value of the materiel. May be performed in either a detailed or summary manner.

Latent defects

Weaknesses or flaws normally not detected by examination or routine tests, but present at time of manufacture and may be aggravated or discovered by use.

Liability

The state of being responsible or answerable for the LDD of Government property.

Loss

Loss of, damage to, or destruction of property of the U.S. Government under control of the Army. Includes loss from Government accountability. Property is considered lost when it cannot be accounted for by the person responsible for it.

Major Army command

A command directly subordinate to, established by authority of, and specifically designated by Headquarters, Department of the Army. Army component commands of unified and specified commands are major Army commands.

Materiel

Property necessary to equip, maintain, operate, and support military activities. May be used either for administrative or combat purposes.

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.

Nonconsumable supplies

Supplies not consumed in use and retaining their original identity during the period of use, such as weapons, machines, tools, furniture, and fixtures.

Nonexpendable items

An item of Army property coded with an ARC of 'N' in the AMDF contained on FEDLOG. Nonexpendable items require property book accountability after issue from the stock record account. Commercial and fabricated items, similar to items coded 'N' in the AMDF contained on FEDLOG are considered nonexpendable items.

Nonplant equipment

Capital equipment that does not meet the criteria for plant equipment.

Organizational property

Property authorized to a unit or organization under an MTOE or deployable TDA authorization document and all CTA property, which deploys with the unit.

Organizational property book

Record of property issued under an MTOE or deployable TDA authorization document. CTA items of equipment that are mission-related to all TOE units Army-wide are considered organizational property. Examples of this type of equipment can be found in AR 71-13.

Original package

A sealed or otherwise securely closed container packed by vendor, supply depot, or arsenal. Container conforms to the following:

a. Contains only one kind of article. This distinguishes the container from one in which miscellaneous articles are packed for convenience in shipment. Component articles comprising a standard assembled unit of equipment, when shipped as a complete unit, may be considered as one article.

b. Contents are standard as to quantity, or the outside of the package shows by stenciling or other permanently affixed markings a list of quantities and description of the contents.

c. Designation of vendor, depot, or arsenal that packaged the contents is shown on the outside of the package.

d. Package was received by consignee with unbroken seals or protective fastening applied by the vendor, depot, or arsenal, and with no evidence of tampering or visible damage to contents.

Other nonconsumable supplies

Nonconsumable supplies other than capital equipment.

Other plant equipment

Plant equipment used in, or with, manufacture of components or end items relative to maintenance, supply, processing, assembly, or R&D operations. (Items categorized as IPE are excluded.)

Oversight management

Reviews of administrative property adjustments by senior commanders, brigade level and above to ensure inventory adjustments are proper and in the best interest of the Army. Administrative property adjustments include—

- a. Inventory adjustment reports.
- b. Financial liability investigations of property loss.
- c. Damage statements approved by subordinate commanders.
- d. DD Form 200 initiated to account for losses during military operations other than war.

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 clothing

Military-type clothing and personal clothing such as headgear, underwear, footwear, Service uniforms, and component items prescribed by the Secretary of the Army and provided to enlisted members.

Personal property

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. Applies to all Government property issued for, acquired for, or converted to a person's exclusive use, with or without receipt.

Personnel

The terms: personnel, military personnel, Service member, and civilian employee mean DA members, ARNG members or technicians, or DA civilian employees, unless otherwise stated.

Plant equipment

That portion of capital equipment, such as machinery, equipment, furniture, vehicles, machine tools, and other production equipment with a unit cost over \$1,000, used, or capable of use, in the manufacture of supplies, or in the performance of services, or for any administrative or general plant purpose.

Primary hand receipt

Hand receipt between an accountable officer and the person receiving the property and assuming direct responsibility for it.

Primary hand receipt holder

A person who is hand receipted property directly from an accountable officer.

Probable cause

Reasonable grounds for belief.

Property

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 administrator

An individual duly designated by appropriate authority to administer contract requirements and obligations relative to Government property furnished to or acquired by a contractor; an authorized representative of the contracting officer.

Property book

A formally designated set of property records maintained under AR 710-2 to account for organizational and installation property in a using unit.

Property records and property account

General term 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

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.

Real property

Land and interests in lands. This includes buildings, piers, docks, warehouses, rights-of way and basements, utility systems, and all other improvements permanently attached and ordinarily regarded as real estate. This does not include machinery, equipment, or fixed signal communication systems that may be removed without harming the usefulness of the structure.

Receiving officer

An officer charged with custody or storage of property received by means of shipment. The office is distinguished from the consignee on the bill of lading because that consignee usually is the transportation officer. Usually, the receiving officer is an accountable officer at the station of destination.

Respondent

Any individual, State or entity against whom financial liability is recommended or assessed.

Responsibility

The obligation of an individual to ensure Government property and funds entrusted to his or her possession, command, or supervision are properly used and cared for and that proper custody and safekeeping are provided. There are five types of responsibility—

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

Sales account

Formal records of accountability maintained in monetary terms by TISAs, commissaries, and other sales activities. Line item stock record balances are not normally maintained by sales accounts.

Scrap

Property that has no value except for its basic material content.

Shipping officer

An officer who ships property for which he or she is responsible or accountable, as distinguished from the officer who prepares the bill of lading. Normally, a shipping officer is an accountable property officer who ships property to an officer who has requisitioned the articles (receiving officer).

Simple negligence

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

Standard rebuild cost

Average cost to repair an article to return it to its regular operating condition. The cost may be set forth in publications such as supply bulletins and manuals, or may be obtained from the installation maintenance activity.

State

Includes the 50 States, Commonwealth of Puerto Rico, territory of the U.S. Virgin Islands, territory of Guam, and the District of Columbia.

Stock record

A perpetual inventory form of record, which shows by nomenclature, the quantities received, issued, and the balance on hand. The stock record shall show by item the receipt, issue, and transfer of accountability of property; the balances on hand; and such other identifying or stock control data as required.

Stock record account

Formal basic record showing, by item, receipt and disposal of property being held for issue, balance on hand, and other identifying or stock control data. The account is prepared on prescribed forms. It is maintained by, or under supervision of, an accountable officer. It may be maintained manually, by accounting machine methods, or by ADPE.

Sub-hand receipt

A hand receipt for property from a primary hand receipt holder or a subhand receipt holder to a person subsequently given the property for care, use, safekeeping or further issue. It does not transfer direct responsibility for the property to the subhand receipt holder, but does transfer personal responsibility.

Summary accounting

Grouping transactions together for a specific time or activity, and then posting only net results or summary of transactions to the accounting records.

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 and safekeeping 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.

Supplies

Items needed to equip, maintain, operate, and support military activities. Supplies may be used for administrative, combat, or general plant purposes. Supplies include food, clothing, equipment, arms, ammunition, fuel materials, and machinery of all kinds. For planning and administrative purposes, supplies are divided into 10 classes. Supplies are synonymous with 'equipment' and 'materiel.'

Training equipment

Items developed, authorized, issued, or procured primarily for training and learning.

Transportation officer

The officer responsible for the shipment of property. This officer initiates and accomplishes BLs. When no person is specifically provided to perform these functions, the officer who accomplishes BLs is responsible for duties assigned to the transportation officer.

U.S. property and fiscal officer

A commissioned officer of the Army or National Guard of the United States on extended Federal active duty and who is accountable and responsible for the proper obligation and expenditure of all Federal funds and for the receipt and accounting of all Federal property in the possession of the National Guard of the State; maintains an SRA comparable to the level of a CONUS installation; and must ensure that accountability for Federal property is maintained after property is issued to the property book level.

Unserviceability

More inclusive term than damage or destruction. It indicates, in military usage, that the article to which the term is applied is no longer useful for its intended purpose. Damage or destruction may not be involved. The term also indicates property that has deteriorated through use; however, it may include property no longer usable for its original purpose, despite the reason for its condition.

Voucher

Document attesting to, or serving as evidence of a specific property transaction. Credit vouchers, such as signed

receipts, support a reduction of on-hand balance shown on the property record. Debit vouchers, such as receiving reports, support an increase in the recorded on-hand balance.

Willful misconduct

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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