



Headquarters
Department of the Army
Washington, DC
10 March 2024

***Army Regulation 735–5**

Effective 10 April 2024

Property Accountability
Relief of Responsibility and Accountability

By Order of the Secretary of the Army:

RANDY A. GEORGE
General, United States Army
Chief of Staff

Official:


MARK F. AVERILL
Administrative Assistant to the
Secretary of the Army

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

Authorities. The authorities for this regulation are 5 USC 5514, 10 USC 10503, 32 USC 708, 32 USC 710, 37 USC 1007, DoD 7000.14–R, and FAR 45.

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

Proponent and exception authority. The proponent of this 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 requirements.

Army internal control process. This regulation contains internal control provisions in accordance with AR 11–2 and identifies key internal controls that must be evaluated (see appendix D).

Suggested improvements. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to the Deputy Chief of Staff, G–4 (DALO–SPE), 500 Army Pentagon, Washington, DC 20310–0500 or via email at usarmy.pentagon.hqda-dcs-g-4.mesg.dcs-g44s-sup@army.mil.

Distribution. This regulation is available in electronic media only and is intended for the Regular Army, the Army National Guard/Army National Guard of the United States, and the U.S. Army Reserve.

*This publication supersedes AR 735-5, dated 9 November 2016 and DA Pam 735-5, dated 23 March 2016.

SUMMARY of CHANGE

AR 735–5
Relief of Responsibility and Accountability

This major revision, dated 10 March 2024—

- Changes title from Property Accountability Policies to Relief of Responsibility and Accountability (title page).
- Incorporates Army Directive 2018–07–18 (Prioritizing Efforts for Readiness and Lethality (Update 18)) (para 5–3a(6)).
- Removes property accounting guidance and places it in AR 710–4 Property Accountability (former chaps 2 through 8, chap 10, and app D).
- Merges and supersedes all content of DA Pam 735–5 in its entirety (throughout).
- Incorporates the term “accountable property officer” throughout as the general term encompassing accountable property officers in National level accountable activities, stock record officers, and sales account accountable officers, transportation control officers. The specific types of accountable property officers are only used when specifically applicable (throughout).

Contents (Listed by chapter and page number)

Summary of Change

Chapter 1

General, *page 1*

Chapter 2

General Information, *page 4*

Chapter 3

Rewards for the Recovery of Lost Army Property, *page 5*

Chapter 4

Methods of Obtaining Relief from Responsibility or Accountability for Property, *page 7*

Chapter 5

Financial Liability Investigations of Property Loss, *page 18*

Chapter 6

Appointment of Financial Liability Officer, *page 34*

Chapter 7

Cost of the Loss, *page 38*

Chapter 8

Investigation, *page 40*

Chapter 9

Financial Liability, *page 42*

Chapter 10

Findings and Recommendations, *page 44*

Chapter 11

Actions after Making Recommendations, *page 47*

Chapter 12

Special Procedures, *page 57*

Chapter 13

Accounting for Losses of National Stock, *page 75*

Chapter 14

Discrepancies Incident to Shipment of Property by Common or Contractor Carrier, *page 80*

Appendixes

A. References, *page 95*

B. Determining the Value of Actual Loss to the Government When Property Is Lost, Damaged, or Destroyed, *page 96*

C. Hard Copy Forms Procedures, *page 100*

D. Internal Control Evaluation, *page 111*

Table List

- Table 3–1: Rewards item, *page 6*
Table 4–1: Property record adjustments for damaged property, *page 9*
Table 4–2: Property record adjustments for lost or damaged property, *page 9*
Table 7–1: Method of computing financial liable charges against a single respondent, *page 39*
Table 7–2: Combined losses of different property types, *page 39*
Table 7–3: Method of computing equal shares of collective and individual financial liability when more than one person is charged, *page 40*
Table 13–1: Criteria for causative research, *page 76*
Table 14–1: Actions for discrepancies in shipment, *page 81*
Table C–1: Completion instructions (by block) for DA Form 7923, *page 101*
Table C–2: Complete instruction (by block) for DD Form 200, *page 103*
Table C–3: Completion instructions (by block) for DD Form 200 continuation sheet for blocks 4 through 8, *page 105*
Table C–4: Completion instruction (by block) for DD Form 200 continuation sheet for blocks 9, 10, and 15a, *page 106*
Table C–5: Completion instructions (by block) for DD Form 200, applies to abandoned property, *page 106*
Table C–6: Completion instructions (by block) for DD Form 200, applies to property in possession of contractors, *page 107*
Table C–7: Completion instructions (by block) for DA Form 1659, *page 108*
Table C–8: Completion instructions (by block) for DA Form 444, *page 109*

Figure List

- Figure 4–1: Processing determination for damaged property, *page 12*
Figure 4–2: Process determination for loss or destroyed property (other than fair wear and tear) at the property book level, *page 13*
Figure 4–3: Process determination for lost or destroyed property at the stock record, account level, *page 14*
Figure 4–4: Process flow chart for cash payment/purchase from central issue facility or self-service supply center, *page 16*
Figure 4–5: Accounting process for DA Form 7923, *page 17*
Figure 5–1: DD Form 200 processing time segments with appointing authority, *page 21*
Figure 5–2: DD Form 200 processing time segments without appointing authority, *page 22*
Figure 5–3: DD Form 200 processing steps with an appointing authority, *page 27*
Figure 5–4: DD Form 200 processing steps without an appointing authority, *page 28*
Figure 14–1: Process steps for SF 364 and related actions, *page 93*

Glossary of Terms

Chapter 1

General

Section I

Introduction

1–1. Purpose

This regulation implements DoD policy prescribed by DoD 7000.14–R, prescribing policies and procedures regarding the relief of accountability and responsibility for Government property (GP), and assessment or relief from liability for property loss (physical loss and loss of accountability), damage, or destruction or theft (LDDT). These procedures address processing administrative documents to adjust for LDDT of Army property and reestablishing accountability for recovered property. This regulation also provides guidance to individuals who must complete and manage Financial Investigations of Property Loss (FLIPL).

1–2. References, forms, and explanation of abbreviations

See appendix A. The abbreviations, brevity codes, and acronyms (ABCAs) used in this electronic publication are defined when you hover over them. All ABCAs are listed in the ABCA database located at <https://armypubs.army.mil/abca/>.

1–3. Associated publications

This section contains no entries.

1–4. Responsibilities

Responsibilities are in section II of this chapter.

1–5. Records management (recordkeeping) requirements

The records management requirement for all record numbers, associated forms, and reports required by this publication are addressed in the Records Retention Schedule–Army (RRS–A). Detailed information for all related record numbers, forms, and reports are located in Army Records Information Management System (ARIMS)/RRS–A at <https://www.arims.army.mil>. If any record numbers, forms, and reports are not current, addressed, and/or published correctly in ARIMS/RRS–A, see DA Pam 25–403 for guidance.

1–6. Statutory and Department of Defense provisions

The general policies and procedures contained in this regulation are based on the following statutory authority and Department of Defense (DoD) accounting policy:

- a. Title 5, United States Code, Section (5 USC) 9005514.
- b. 10 USC 10503.
- c. 32 USC 708, 32 USC 710.
- d. 37 USC 1007.
- e. DoD 7000.14–R.
- f. FAR Part 45.

1–7. Internal management controls

The key internal management controls are as follows:

- a. Property accountability.
- b. Accounting for lost, damaged, and destroyed Government property.
- c. Management of administrative documents related to adjustments for lost, damaged, or destroyed Government property.

1–8. Civil-funded property

This regulation does not apply to the civil-funded property of the U.S. Army Corps of Engineers (USACE). 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, USACE. The USACE military-funded

property will be managed using this regulation. The financial liability investigation of property loss prescribed by DoD 7000.14– R and this regulation is applicable to all USACE property, regardless of funding source.

1–9. Requesting exceptions to policy from authority

- a. Use the chain of command to request exception to policy of this regulation as follows:
 - (1) Use a memorandum when making a written request for exception to policy. Include the following:
 - (a) Page and paragraph number in question.
 - (b) Name, DSN phone number, and email address of the requestor.
 - (2) Each element in the chain of command receiving an exception to policy request will try to answer it. If the query cannot be answered by one element, send the request to the next higher element to ensure that available knowledge is used and that the quickest possible answers are given.
 - (3) When Department of the Army (DA) clarification is necessary, Army commands (ACOMs), Army service component commands (ASCCs), direct reporting units (DRUs), Army National Guard (ARNG) and U.S. Army Reserve (USAR) components will send clarification requests to Office of the Deputy Chief of Staff, G–4 (DALO–SPE) Washington, DC 20310–0500 or via email at usarmy.pentagon.hqda-dcs-g-4.mesg.dcs-g44s-sup@army.mil.
- b. Exceptions or waivers to the policies in this regulation are only allowed with prior approval of the Deputy Chief of Staff (DCS), G–4 per the procedures in this subparagraph. Requests must provide justification that includes a full analysis of the expected benefits and a formal review by the requesting activity's senior legal officer. Send all requests for exception to policy through command channels for review and endorsement by the commander or senior leader at the ACOM/ASCC/DRU level. ACOM/ASCC/DRU commands will route endorsed requests to Office of the Deputy Chief of Staff, G–4, (DALO–SPE) Washington, DC 20310–0500 or via email at usarmy.pentagon.hqda-dcs-g-4.mesg.dcs-g44s-sup@army.mil.
- c. Requests for processing via paper DD Form 200 are approved by the FLIPL approving authority.

Section II

Responsibilities

1–10. The Deputy Chief of Staff, G–4

The DCS, G–4 will–

- a. Publish and update all detailed relief of property accountability and responsibility policy and procedures in compliance with AR 710–4, DoD 5000.64, and DoD 7000.14–R.
- b. Coordinate with Materiel Developers (MATDEVs) of logistics defense business systems and Accountable Property Systems of Record (APSRs) to address gaps pertaining to property accounting policy and procedures.

1–11. The Chief, National Guard Bureau

The CNGB will—

- a. Supervise the acquisition and supply of, and accountability of the States for, Federal property issued to the National Guard through the property and fiscal officers designated, detailed, or appointed under 32 USC 708. (See 10 USC 10503.)
- b. Develop specific commodity, or command unique property, accounting policies, and procedures.
- c. Ensure the State Adjutants Generals (AGs), the State U.S. Property and Fiscal Officers (USPFOs), and subordinate commands comply with the policies and procedures prescribed by this regulation.
- d. Appoint approving authorities authorized to appoint a financial liability officer and to approve FLIPLs.
- e. Appoint appointing authorities with responsibility for appointing financial liability officers.
- f. Approve proposed offers of rewards up to the amounts shown in this regulation.
- g. Ensure the State USPFOs receipt and account for all funds and property of the United States in the possession of the National Guard for which they are the property and fiscal officer (see 32 USC 708).
- h. Ensure that members and employees of the Army National Guard (ARNG) who admit financial liability are offered the opportunity to pay the actual loss to the Government in cash, check, or payroll deduction, except when a FLIPL or an AR 15– 6 investigation is mandatory per paragraph 5–3.
- i. Ensure that a person who admits liability may voluntarily purchase replacements for lost or damaged hand tools or organizational clothing and individual equipment (OCIE) from the self-service supply center

(SSSC) or central issue facility (CIF) per paragraph 4–4. The USPFO may authorize replacement in kind when lack of item availability prevents cash sale of hand tools at the SSSC. USPFO sale of hand tools to ARNG members and to ARNG technicians is optional.

j. Ensure that FLIPLs are initiated and presented to the appointing authority or approving authority as appropriate not later than 75 calendar days after the date of discovering the discrepancy. Ensure that all ARNG investigations are forwarded to the State USPFO who may serve as the final review authority, if designated by the CNGB.

k. Serve as, or designate a State AG to serve as, the appeal authority for FLIPLs. This authority may be delegated to the Deputy AG only. In cases of State liability, the CNGB will act as appeal authority.

l. Ensure that the State USPFO or Federal National Guard technician acting for the USPFO seizes Government property unlawfully detained by civilians, 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.

m. For losses in laundries, ensure the State USPFO provides assistance in obtaining cash payment from the vendor for the monetary value recorded in the Army Enterprise Material Master (AEMM) of the lost or damaged property.

n. For discrepancies identified at CIF or stock record balances, act as, or delegate to the State AG, the approving authority for APSR system-generated inventory adjustment reports (IAR) or DA Form 444 (Inventory Adjustment Report) per chapter 14. If delegated, the State AG may delegate approval authority to a federally recognized ARNG general officer.

o. Initiate and present FLIPLs to the appointing authority or approving authority as appropriate no later than 75 calendar days after the date of discovering the discrepancy. All ARNG investigations will then be forwarded to the State USPFO who may serve as the final review authority if designated by the CNGB.

p. For an appeal in the ARNG, final action is delegated to the CNGB for State, and the AG or delegated deputy for ARNG members.

1–12. Commanders of Army commands, Army service component commands, direct reporting units, and Chief, Army Reserve

The Commanders of ACOMs, ASCCs, DRUs, and the Chief, Army Reserve (CAR) will—

- a.* Develop specific commodity, or command unique property accounting policies, and procedures.
- b.* Ensure subordinate commands comply with the policies and procedures prescribed by this regulation.
- c.* Approve proposed offers of rewards up to the amounts shown in chapter 3. These commanders may delegate reward approval authority to senior commanders (SCs).

1–13. Senior commanders

Senior commanders (SCs) will—

- a.* When delegated such authority, approve or disapprove offers of rewards for the recovery of or information leading to the recovery of lost Army property consistent with the policies and procedures in this regulation.
- b.* Designate appeal authorities to take final action on requests for reconsideration when the FLIPL approving authority denies relief of financial liability against an individual, and to act on requests for remission or cancellation of indebtedness.
- c.* Designate an officer to supervise and approve actions on DD Form 361 (Transportation Discrepancy Report) used for financial liability investigation of purposes.
- d.* At installations where an officer does not regularly serve as a transportation officer, assign a qualified officer or civilian to take all actions prescribed in this regulation.

1–14. Brigade, battalion, and equivalent-level commanders or civilian activity supervisors environment

Commanders and Army civilian activity supervisors at this level are responsible for—

- a.* FLIPLs (see chap 5).
- b.* Damage statements.
- c.* Inventory adjustment reports.

1–15. Commanders at all levels

Commanders at all levels will—

- a. Ensure compliance with all policies and procedures prescribed by this regulation that apply to their command.
- b. Implement a command supply discipline program per AR 710–4.
- c. Employ APSRs, AIT, and other technology enablers to the fullest extent per AR 710–4 to improve property accountability, responsibility, and reduce the potential for loss, damage theft, or destruction of property.
- d. Enforce mandatory use of APSRs or other Army-approved defense business systems (DBSs, see AR 25–1) which provide a capability equivalent to hard copy forms and manual processing described in this regulation. For this purpose, hard copy forms are defined as paper or electronic forms prepared by hand or electronically outside of a software system, distinct from system-generated forms and transactions.
- e. Restrict hard copy forms and manual processing to transactions where no approved automated system exists, or limited to temporary use during system outages and austere mission conditions.
- f. Require entry of temporary transactions into the approved system of record within three business days of restored access.

1–16. The materiel developers of logistics information systems and accountable property systems of record

The MATDEVs of LIS and APSRs will—

- a. Ensure all systems contain the essential elements of data.
- b. Develop system capabilities in compliance with the policies in this regulation and AR 710–4.
- c. Ensure system-generated forms are in compliance with the policies in this regulation and AR 710–4 and are approved per AR 25–30. System-generated forms approved by the form proponent will replace or will be used instead of the manually prepared hard copy forms.
- d. Identify necessary changes to policy or deviations from procedures in this regulation to the DCS, G–4 during the material development process.

Chapter 2 General Information

2–1. General instructions for using this regulation

- a. Use of APSRs, AIT, and associated technologies described in AR 710–4 apply to the policies and procedures in this regulation unless otherwise stated.
- b. The term Financial Liability Investigation of Property Loss (FLIPL) is used throughout this regulation to refer to the related investigation process as well as the administrative packet consisting of all associated forms, checklists, exhibits, statements, memoranda, and amendments to document a FLIPL.
- c. The DD Form 200 is only referenced when specific instructions apply to the form itself, regardless of format as a paper form, electronic form, or system-generated form. The term FLIPL applies to the complete packets of electronic FLIPL records in the electronic Financial Liability Investigations of Property Loss application (eFLIPL, access at <https://eflipl.army.mil/>) and hard copy processing of DD Form 200 (Financial Liability Investigation of Property Loss).

2–2. Electronic Financial Liability Investigations of Property Loss application

- a. All Army organizations must use the eFLIPL application to initiate and manage FLIPLs unless a specific exception to policy is approved per paragraph 1–9.
- b. The Deputy Chief of Staff, G–4 (DALO–SPE) is the proponent for the eFLIPL application. eFLIPL is developed to comply with policies prescribed in this regulation, and serves as the Army’s authoritative system of record for FLIPL oversight and management. In order to fully leverage capabilities of the software solution, specific terms, procedures, and workflow in the eFLIPL application and eFLIPL End User Manual (EUM) may deviate from the hard copy procedures described in this regulation and appendix C. If conflicts between the eFLIPL EUM and this regulation arise, seek clarification per paragraph 1–9.
- c. Commanders and supervisors of organizations required to use eFLIPL will not permit manual processing of FLIPLs in hard copy outside of the eFLIPL application unless each specific FLIPL is approved for temporary manual processing in writing by the FLIPL Approving Authority. Comprehensive exceptions are not permitted unless approved by the Deputy Chief of Staff, G–4 (DALO–SPE) per paragraph 1–9.

d. Hard copy FLIPL procedures are only authorized for temporary use during austere mission conditions or eFLIPL system outage, and the hard copy FLIPL data and exhibit records must be entered in eFLIPL within three working days of restored access to eFLIPL. Commanders and activity supervisors will not permit manual processing of FLIPLs in hard copy for preference or convenience.

2–3. Hard copy forms and manual processing of forms other than DD Form 200

Find specific details on when to use hard copy versions and manual processing of other forms prescribed in this regulation in the related text that prescribes the use of the forms. Instructions to complete and distribute forms prescribed by this regulation are contained in appendix C.

Chapter 3

Rewards for the Recovery of Lost Army Property

3–1. General requirements

Monetary rewards may be offered and paid to persons or organizations outside the Government for the recovery of, or information leading to the recovery of, lost Army property (continental United States (CONUS)) and outside the continental United States. 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. Rewards will not be offered nor paid when such payment would be inconsistent with local laws, prevailing customs, governing treaties, or international agreements. This does not apply to contingency operations. Stolen Army property is not considered lost property and is not included in the rewards program. Determine award amounts and prepare reward notices.

3–2. Announcement of rewards

Monetary awards for the recovery of, or information leading to the recovery of, lost Army property may be offered. Compose notices of rewards in memorandum format per AR 25–50 with the subject “Announcement of Awards.” Use award announcements in daily bulletins, post bulletin boards, or posted as flyers. Include any information that might lead to the recovery of lost property in the notice. The notice of rewards may list one or more items, including part number or material number and serial number (if applicable). Commanders should ensure distribution of announcements offering a reward is sufficiently broad to ensure reaching all persons and organizations reasonably expected to help recover the property. Use the following format as a guide to prepare the award statement: “The United States offers a reward of (amount per table 3–1) for the recovery of, or information leading to the recovery of, (item) which is the property of the U.S. Army. Lost (item) should be returned to, or information given to, (point of contact, agency). This offer expires on (day, month, year).”

3–3. Approval or disapproval of rewards

ACOM, ASCC, and/or DRU commanders and Chief, National Guard Bureau (CNGB) will approve proposed offers of rewards up to the amounts shown in table 3–1. Those commanders may delegate to senior commanders the authority to approve the standard amounts in table 3–1. The CNGB may delegate this authority to U.S. property and fiscal officers (USPFOs).

3–4. Payment of rewards

- a. Awards will not be paid to the following:
 - (1) Military or civilian employees of the Armed Forces or any other officer or employee of the Government.
 - (2) Agencies of the 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 activity 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 (APO) stating that—

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

3–5. 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 Manual 37–100.

Table 3–1
Rewards item—

Standard amount¹

Maximum amount²

Aircraft

\$100

\$500

Missiles

\$100

\$500

Vehicles, weapons, and/or 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 Senior commanders are authorized to offer rewards up to these amounts when authority is delegated per paragraph 3–2.

² ACOM, ASCC, and DRU commanders and CNGB 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.

Chapter 4

Methods of Obtaining Relief from Responsibility or Accountability for Property

4-1. Administrative action

a. This chapter implements DoD policy prescribed by DoD 7000.14-R, and additional administrative measures available to commanders to ensure enforcement of property accountability. When property becomes lost or damaged, use one of the adjustment methods discussed in this regulation. These administrative measures are designed to protect the right of the Government to obtain reimbursement for the loss or damage of Government property. These methods—

(1) 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 loss or damage of Government property.

(2) Do not constitute a punishment.

(3) Do not and will not preclude the use of adverse administrative or disciplinary measures.

b. Commanders at all levels who determine that the cause of loss or damage warrants adverse administrative or disciplinary action will take appropriate action. These actions include, but are not limited to—

(1) An oral or written reprimand.

(2) Appropriate remarks in officer, noncommissioned officer, and civilian evaluation reports.

(3) Military occupational specialty reclassification.

(4) Bar to reenlistment.

(5) Action under the Uniform Code of Military Justice (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 States.

(6) Adverse actions against civilian personnel as authorized.

4-2. Reporting requirements

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

(1) When reporting personal arms and equipment (PA&E) according to AR 190-11—or whenever the loss appears to involve unlawful conduct—report incident to military law enforcement authorities for investigation. Personal arms and personal equipment are the weapons and equipment assigned to Soldiers for their use. This includes a Soldier's OCIE issued to them. A preliminary investigation by the military or security police will assist the commander when taking action according to this regulation.

(2) Losses of equipment with sensitive or classified components or technology must be reported through local S-2 and supporting counter intelligence element within twenty-four hours to determine potential compromise by foreign powers.

(3) Communications security (COMSEC), cryptographic high value property, or controlled cryptographic item losses require an incident report in accordance with TB 380-41, respectively.

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

b. When Government property is reported missing, commanders at all levels, primary hand receipt holder, or the accountable property officer (APO) will initiate a preliminary investigation and search to be conducted to ensure the missing property is actually missing before an adjustment document per this policy is initiated. The preliminary search will be aggressively pursued to meet the time limits prescribed.

(1) In cases when a unit reports the loss, damage, or destruction of Class IX items with a recoverability code of D, F, or H, a copy of the documentation used to investigate the incident will be provided to the supply support activity APO. A completed DD Form 200, blocks 1 through 14, does not have to be submitted.

(2) When Government property in the hands of a contractor is lost or damaged, FAR Government Property clause will be followed and if necessary a DD Form 200 will be initiated per paragraph 12-11.

(3) When reporting Government property damaged or missing incidental to shipment by common or contract carrier, the consignee, APO, or transportation officer will initiate either a DD Form 361 (Transportation Discrepancy Report (TDR)) or a SF 364 (Report of Discrepancy (ROD)), as appropriate.

(4) Individuals are responsible for the proper care, custody, and safeguarding of all OCIE issued to them in accordance with AR 190-51, AR 700-84, and AR 710-4.

(5) Theft, loss (physical loss or loss of accountability), suspected theft, unaccounted or recovered arms, ammunition, and explosives require an incident report in accordance with AR 190–11 and this regulation.

4–3. Administrative action to be taken for causes of other than fair wear and tear

a. When GP of any kind becomes lost or damaged by causes of other than fair wear and tear, take administrative action according to this paragraph. These actions apply to all property, whether nonexpendable, durable, expendable, formally accountable, or informally controlled. This action will determine the facts concerning the incident and the amount of the loss to the Government, assess financial liability if appropriate, and/or provide relief from responsibility and accountability.

b. Obtain relief from property responsibility by the following actions, using the most appropriate method for the circumstances and value of loss:

- (1) DA Form 7923 (Statement of Charges/Cash Collection Voucher) per paragraph 4–6.
- (2) Cash sale provisions per paragraph 4–4b.
- (3) FLIPL (eFLIPL, DD Form 200) per chapter 5.
- (4) AR 15–6 investigation as used in conjunction with DD Form 200 per paragraphs 5–3 and 5–4.
- (5) Abandonment order per paragraph 12–8.
- (6) Memorandum to adjust losses of organizational clothing and individual equipment (OCIE) due to contamination per paragraph 12–19.
- (7) Damage statement per paragraph 12–12.
- (8) Collateral investigation for aircraft accidents used in conjunction with DD Form 200 per paragraph 12–13 of this regulation.
- (9) Inquiries to adjust losses of expendable, durable, and nonexpendable items when negligence or willful misconduct is not suspected.
- (10) Memorandum for record to adjust nonexpendable items consumed in use per paragraph 12–24 of this regulation.
- (11) Inventory Adjustment Report (IAR) per procedures in the approved APSR EUM or in hard copy DA Form 444 (Inventory Adjustment Report (IAR)) per chapter 14 of this regulation.
- (12) DA Form 4170 (Statement of Gains and Losses) as authorized by AR 30–22.
- (13) DD Form 361 (Transportation Discrepancy Report (TDR)) (available at <https://www.esd.whs.mil/dd/>) per instructions in this regulation.
- (14) SF 364 (Report of Discrepancy (ROD)) (available at <https://www.gsa.gov/reference/forms>) per instructions in this pamphlet.

c. Regardless of the method of accounting for property lost, damaged, or destroyed, title (ownership) of the property remains with the Government. Funds collected from an individual voluntarily admitting or assessed with liability does not constitute a sale of property. When property is recovered after financial transactions have been completed for voluntary payments or assessed liability, amend specific administrative actions and reimburse funds to the charged individual, as appropriate.

4–4. Actions to take when individuals admit negligence

a. *Voluntary payment limitations.* The following persons may pay the actual loss to the Government in cash, check, money order, or payroll deduction, except when the value of actual loss exceeds one month's base pay (or one-twelfth annual salary) or when a FLIPL or an AR 15–6 investigation is mandatory per paragraph 5–3:

(1) All Servicemembers and Civilian employees of the Regular Army or USAR, or members and employees of the ARNG, may admit financial liability and offer cash, check, or payroll deduction 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 is assessed with financial liability. Table 7–1 shows how to compute financial liability against one person, and tables 7–2 and 7–3 describe computing financial liability against multiple people.

(2) Army civilians will process DD Form 2481 (Request for Recovery of Debt Due the United States by Salary Offset) through their human resources representative for payroll deduction submission.

(3) A contractor admitting financial liability, for any amount, may pay by cash or check subject to their contract. Contractors admitting liability cannot use DA Form 7923 for payroll deduction.

b. *Replacement by cash purchase.* A person who admits liability may voluntarily purchase replacements for lost or damaged hand tools or OCIE from the SSSC or CIF.

- (1) Calculate actual loss per appendix B.
- (2) Accept payment made by cash or check.
- (3) When lack of item availability prevents immediate purchase, account for the lost or damaged hand tools or OCIE items by using DA Form 7923. See paragraph 4–6 for procedures for initiating and processing a DA Form 7923.
- (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 Regular Army and USAR members. USPFO sale of hand tools to ARNG members and ARNG technicians is optional.
- (5) Do not make cash sales without DA Form 7923 or a written authorization signed by the individual's commander/activity supervisor 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." Difference in actual value is chargeable to the accounting classification for the mission or base operation element funding the operations in which the tools or OCIE were used.
- (6) Prepare the statement on an original DA Form 7923 and make two copies. The unit retains copy 2 of DA Form 7923 until copy 1 is returned to the unit by the individual making the purchase. After verifying the purchase was actually made from the authorized source and accountability has been restored, copy 2 may be destroyed. The individual making the purchase retains copy 1. The SSSC or CIF retains the original copy of the DA Form 7923.
- (7) Figure 4–4 shows the flow of the cash purchase from the SSSC or the CIF, and figure 4–5 depicts the flow and distribution of DA Form 7923 from the time of initiation to the final actions by the finance and accounting office (FAO) and subsequent return to the initiator.

4–5. Determining methods to adjust property records

- a. This paragraph outlines the authorized adjustment documents when individuals admit liability, agree to voluntary repayment, and the value of the property is not more than one month's basic pay.
- b. Use tables 4–1 and 4–2 to determine which document to use to obtain relief from property responsibility. The flow charts in figures 4–1 through 4–3 show the process for determining which document to use for the transaction.

Table 4–1
Property record adjustments for damaged property

Damaged property	Adjustments	Remarks
OCIE, no negligence	Memorandum to the central issue facility (CIF)	See chapter 12, section III
Damaged property, no negligence involved	Damage statement prepared as a memorandum	See paragraph 12–12
Any item, person admits liability and amount is less than one month's base pay	DA Form 7923	See paragraph 4–6
Any item, person admits liability and amount is more than one month's base pay	DD Form 200	See chapter 5
Any item, person does not admit negligence or liability	DD Form 200	See chapter 5

Table 4–2
Property record adjustments for lost or damaged property

Lost property	Adjustments	Remarks
Any item other than controlled items. Person admits liability and the amount of the loss is less than one month's base pay.	Prepare DA Form 7923.	DA Form 7923 can be used for any amount for a contractor who admits liability and offers cash or check payment.

Table 4–2
Property record adjustments for lost or damaged property—Continued

Lost property	Adjustments	Remarks
Inquiry related to loss of expendable, durable, or nonexpendable property with no negligence or willful misconduct suspected. Inquiries will not be used to adjust the following types of items: (1) Controlled or sensitive items. (2) Weapons, ammunition, or OCIE. (3) Pilferable items when the unit price multiplied by the quantity is equal to or greater than \$2,500 for each material number. (4) Drugs. (5) Undenatured alcohol and alcoholic liquors. (6) Bulk fuels. (7) Monetary assets such as cash. (8) Leased property.	List the items on a memorandum per paragraph 12–23.	Appointing authority must approve the memorandum and provide quarterly summary to approving authority. Commanders or equivalent civilian supervisors may approve as follows: (1) Company or equivalent using organization—up to \$2,500 per loss incident. (2) Battalion and equivalent or above—up to \$5,000 per loss incident.
Requires the initiation of a DD Form 200 and/or AR 15–6 investigation		
When directed by higher authority or DA directive.	Prepare DD Form 200 per chapter 5.	
Loss discovered during inventory on change of primary hand receipt holder (PHRH). Hand receipt holder or APO and individual does not make voluntary reimbursement to the Government.	Prepare DD Form 200 per chapter 5.	
Loss of household furnishings and the amount of loss is more than one month's base pay.	Prepare DD Form 200 per chapter 5.	Includes damage to government-owned family or leased housing units, unaccompanied housing, or furnishings and equipment provided by the Government for use in unit or unaccompanied housing.
Person admits liability for the loss or damage, but amount of the loss is more than one month's base pay.	Prepare DD Form 200 per chapter 5.	
Lost property	Adjustments	Remarks
Negligence is suspected but no one admits liability.	Prepare DD Form 200 per chapter 5.	Person refused to sign DA Form 7923.
Bulk petroleum handling loss in gallons is over the allowable loss and over \$1,000 in value.	Prepare DD Form 200 per chapter 5.	AR 710–2 addresses allowable losses and gains.
Items lost as a result of fire, theft, or natural disaster.	Prepare DD Form 200 per chapter 5.	
Special instructions		
Bulk petroleum handling loss is over the allowable loss, and is less than \$500.	Perform causative research per AR 710–2.	
Loss of hand tools authorized to a unit and liability is admitted.	Respondent purchase from self-service supply center (SSSC) if available, otherwise, prepare DA Form 7923 per paragraph 4–6.	Cash sales only. Purchaser must have authority to buy, signed by the unit commander/activity supervisor or designated representative.

Table 4–2
Property record adjustments for lost or damaged property—Continued

Lost property	Adjustments	Remarks
Items lost in field, installation, or contracted laundry facilities per AR 210–130 Laundry and Dry Cleaning Operations; AR 700–84 Issue and Sale of Personal Clothing; Army Techniques Publication (ATP) 4–42 Materiel Management, Supply, and Field Services Operations.	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 his or her commander/activity supervisor for preparation of a DD Form 200. CIF or 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 paragraph 12–19.	The unit commander/activity supervisor 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 DD Form 1348–1A (Issue Release/Receipt Document) according to AR 710–4 or AR 40–61 for medical commodities (see para 12–27).	Information on age is published in Army supply bulletins. If such information is not available, initiate a FLIPL.
Abandoned items. Combat, contingency, or large-scale field maneuvers.	Written orders to abandon property, signed by appropriate approving authority for the type of property (see para 12–8). Approved memorandum is attached to a DD Form 200 and the DD Form 200 serves as the property voucher. No further investigation is required.	If command declines to approve order, initiate a FLIPL.

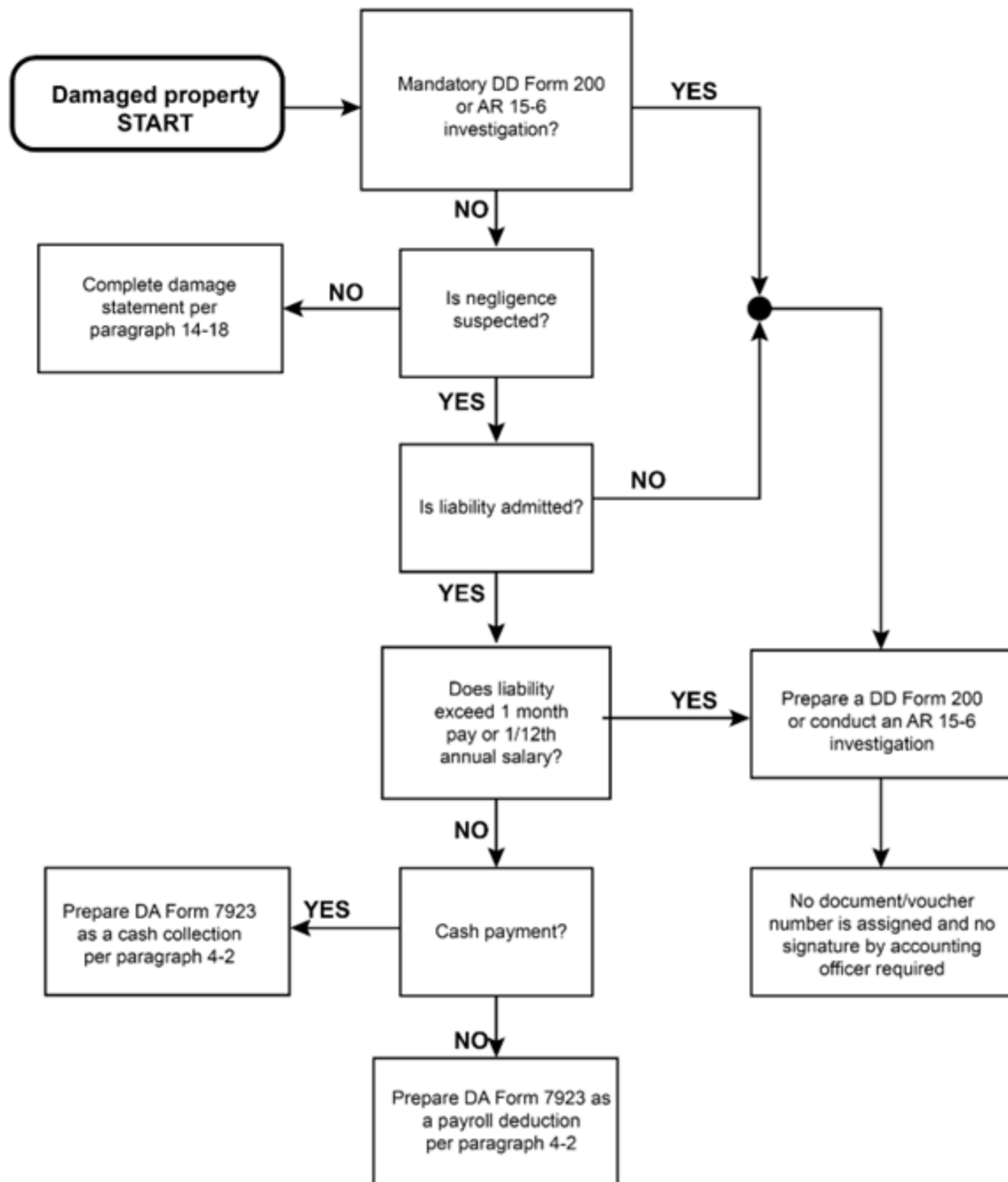


Figure 4-1. Processing determination for damaged property

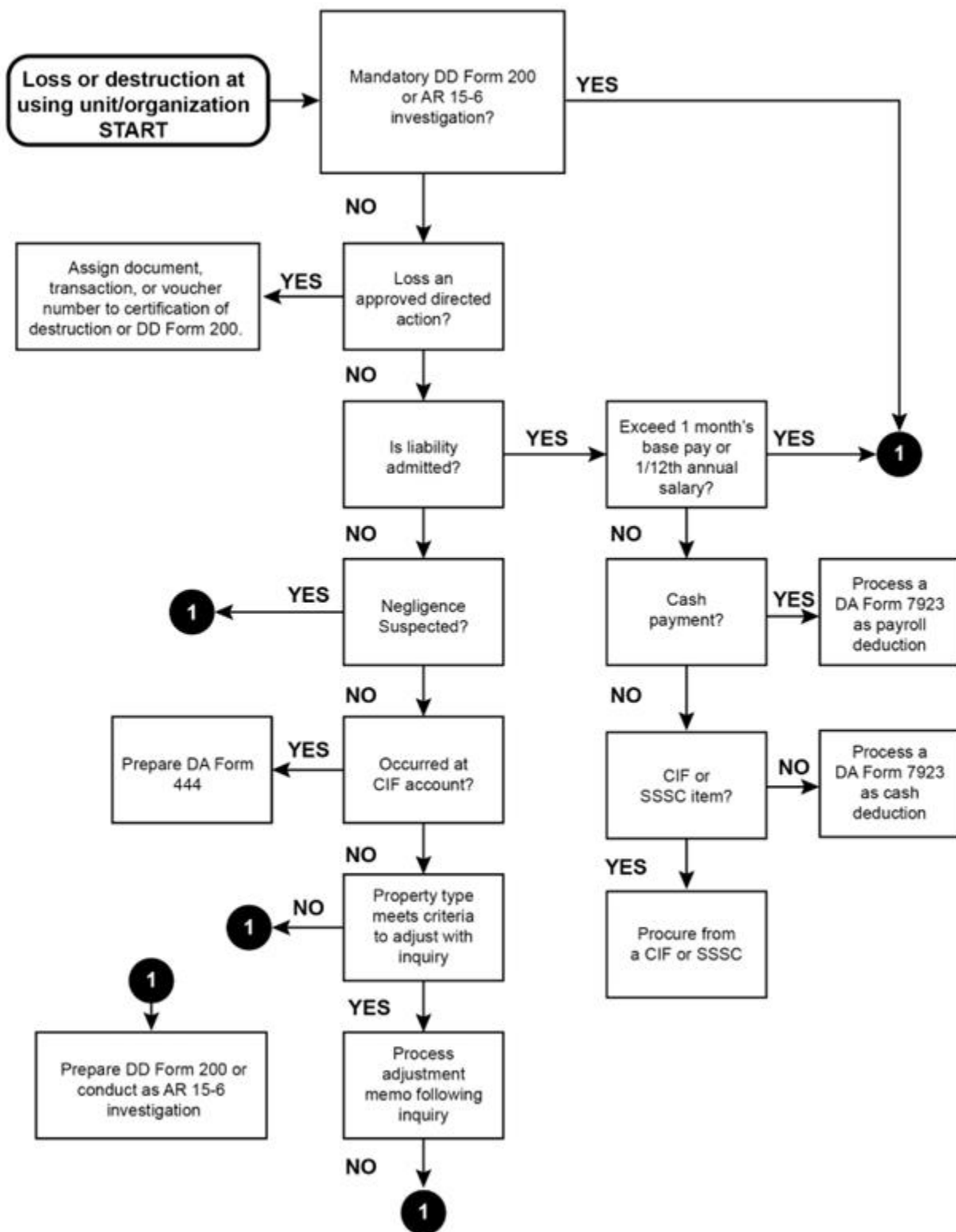


Figure 4–2. Process determination for loss or destroyed property (other than fair wear and tear) at the property book level

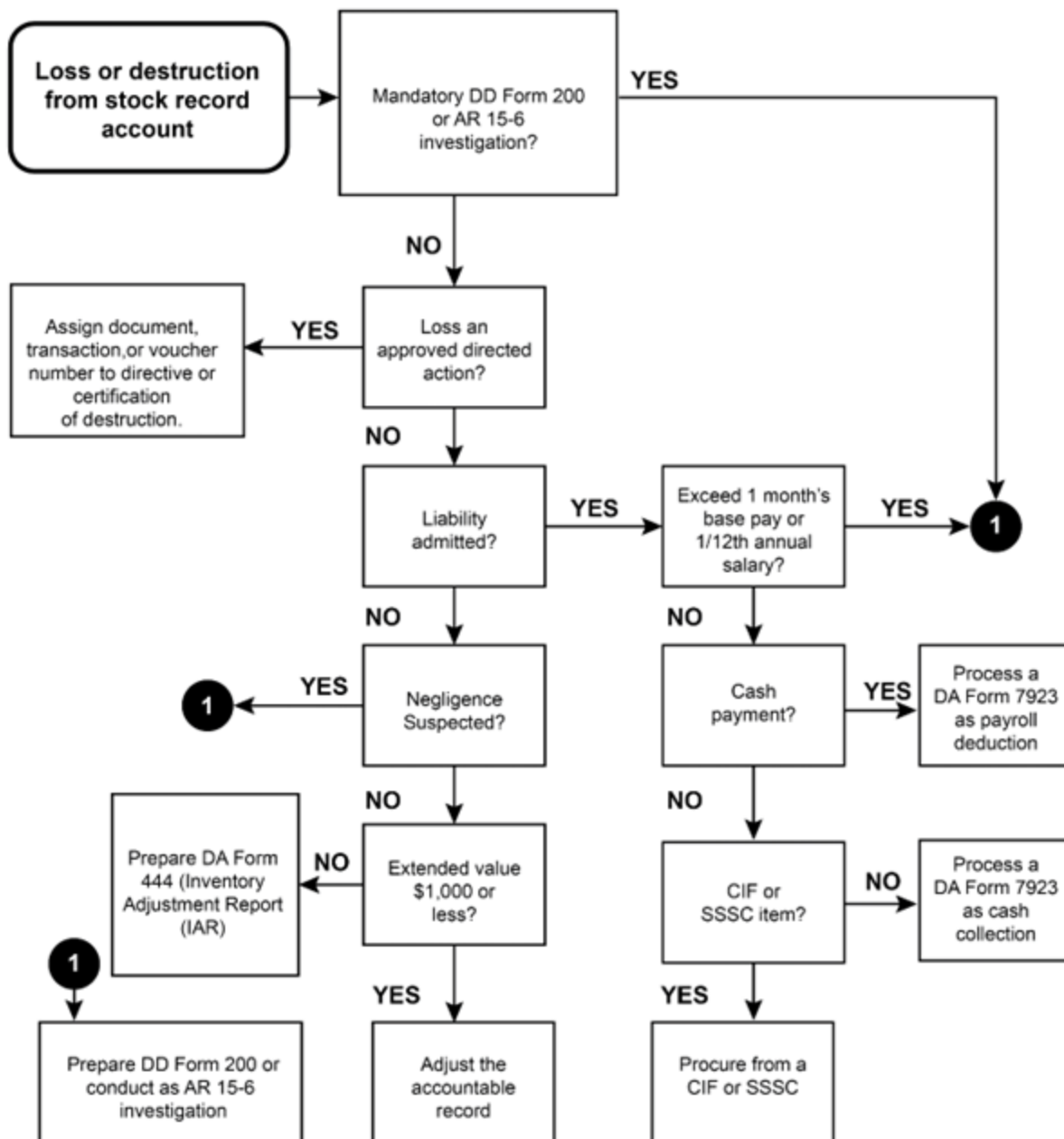


Figure 4–3. Process determination for lost or destroyed property at the stock record, account level

4–6. DA Form 7923

a. DA Form 7923 will be used when—

- (1) Military and Civilian employees admit liability and offer cash payment or agree to payroll deduction to settle the charge of financial liability.
- (2) Contractor admits liability and offers cash payment.
- (3) If a Servicemember, the charge does not exceed monthly basic pay, or if a civilian, does not exceed one-twelfth an annual salary. Contractors admitting liability will pay for the entire loss or damage, no matter the amount, subject to their contract.

(4) There is not a mandatory requirement for either a FLIPL or an AR 15–6 investigation per paragraph 5–3.

b. Civilians will see their human resource service representative for DD Form 2481 for payroll deduction submission. The APO will process the DA Form 7923 upon receipt of the processed DD Form 2481.

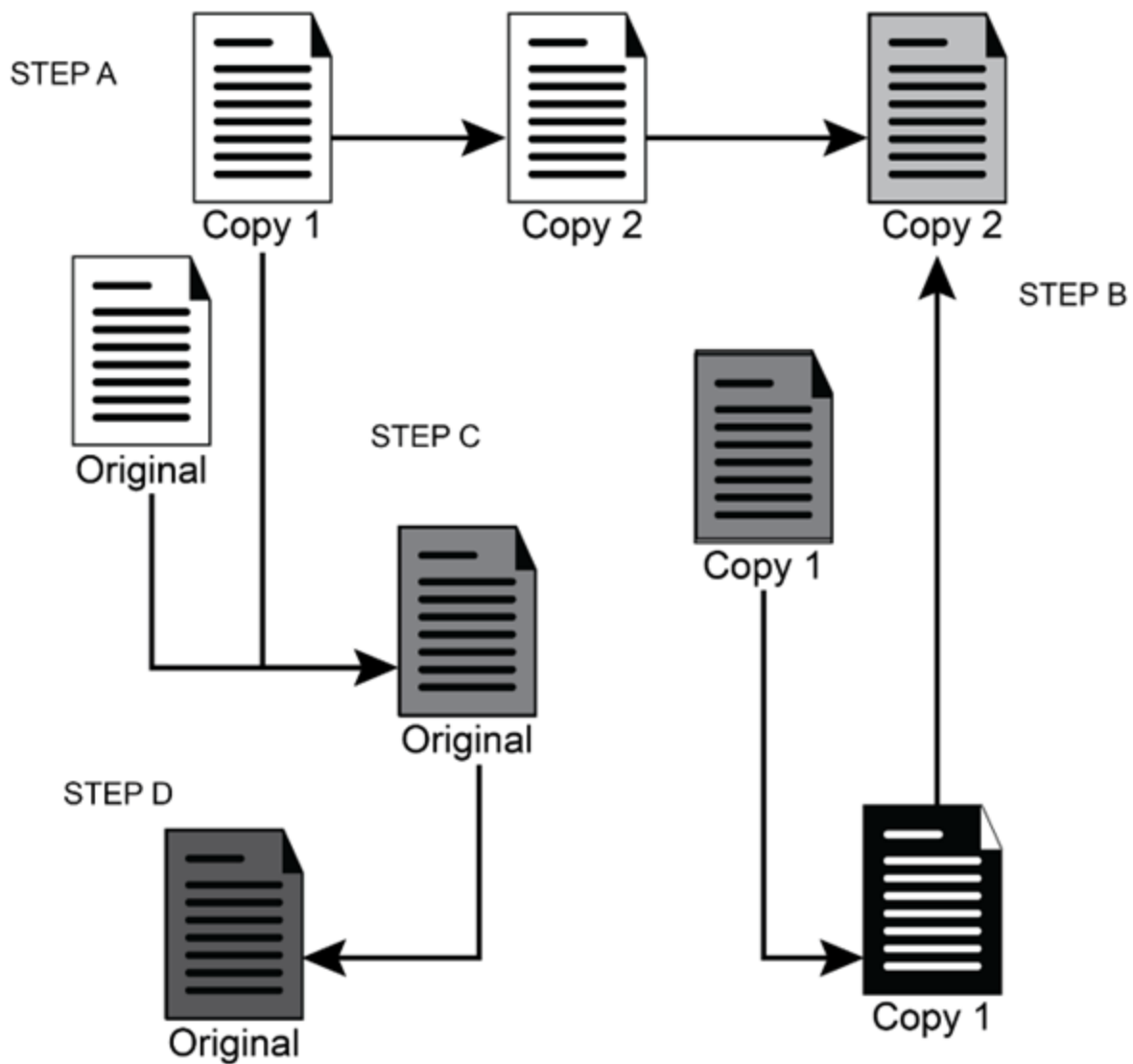
c. When a contractor loses equipment and admits liability the contracted company will work with contracting officer (KO), property administrator (PA), or the contracting officer representative (COR) to ensure the Government is reimbursed for the loss of equipment. The KO, PA, or COR will determine the documentation needed to reimburse the Government.

d. Figure 5–4 depicts the flow and distribution of the DA Form 7923 from the time of initiation to the final actions by the FAO and the subsequent return to the initiator.

e. DA Form 7923 may be electronically generated. The electronically generated form must contain all the data elements and follow the exact format of the existing printed form.

f. Replacement by cash reimbursement or accounting for a loss with a DA Form 7923 does not constitute a sale or transfer of GP to individuals or non-Government entities. The Government retains title to all property listed on DA Form 7923 and all property purchased as replacements for lost or damaged property per AR 710–4.

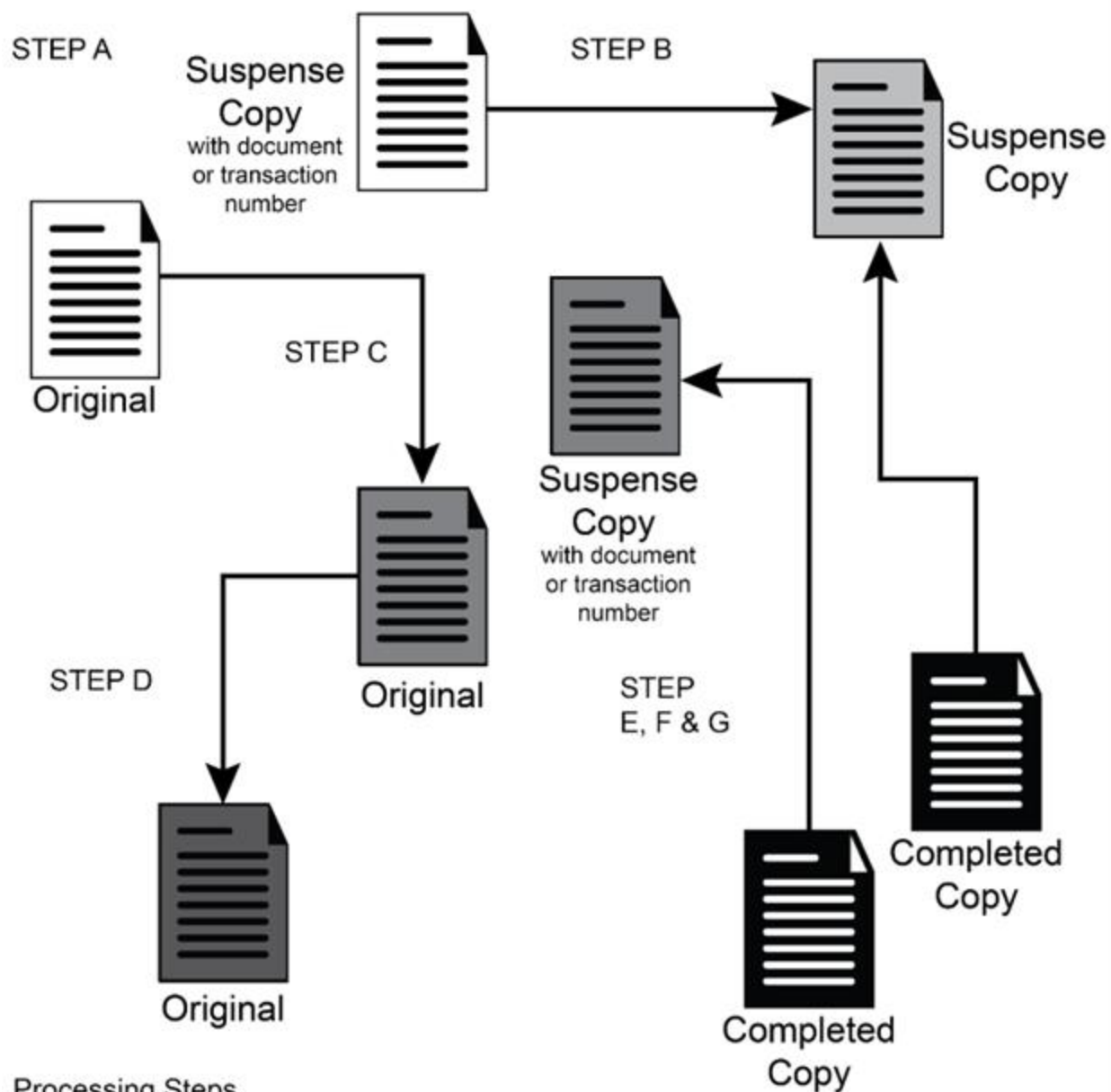
g. Property listed on DA Form 7923 may be recovered before a document/transaction or voucher number is assigned. When a portion of the items listed is recovered, the commander/activity supervisor will line through those items recovered and initial adjacent to the line through. If all the items listed on the DA Form 7923 are recovered before a document or voucher is assigned, destroy the DA Form 7923. When property listed on a DA Form 7923 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 DA Form 7923 as an exhibit. A copy of the amendment will be provided to the APO with instructions to reestablish accountability for the recovered property and then forwarded to the FAO and/or 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.” See chapter 7 for methods to compute the value of loss.



Processing Steps

- A. Prepare purchase authorization document in 3 copies, assign a document number.
- B. Unit retains copy 2.
- C. Forward the original and copy 1 to the CIF or SSSC for processing.
- D. CIF or 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 4-4. Process flow chart for cash payment/purchase from central issue facility or self-service supply center



Processing Steps

- A. Prepare DA Form 7923. The commander or activity chief will present the DA Form 7923 to the individual for signature and his/her selection of type of payment (payroll deduction or cash collection). Unit makes a suspense copy.
- B. Unit retains suspense copy.
- C. The person maintaining the document of voucher register will assign a document or voucher number and make a suspense copy for his/her file. No document number is assigned for damaged property.
- D. Original is hand carried by the individual charged, or forwarded by individual's commander or activity chief to FAO under a transmittal memorandum with receipt acknowledgement requested.
- E. FAO retains original and makes a copy to send back to unit.
- F. Unit sends a copy of completed DA Form 7923 to the person that assigned the document or voucher number who then destroys his/her suspense copy.
- G. Accountability complete. Unit destroys the suspense copy.

Figure 4-5. Accounting process for DA Form 7923

Chapter 5

Financial Liability Investigations of Property Loss

5-1. Financial liability investigation of property loss

a. All Army organizations must process FLIPLs in the electronic Financial Liability Investigations of Property Loss application (eFLIPL, access at <https://eflipl.army.mil/>) per paragraph 2-2.

b. eFLIPL provides the following capabilities:

- (1) Automated creation, routing, and tracking of FLIPLs and generation of DD Form 200.
- (2) Digital signature and electronic verification of processing actions and approvals. Signatures must be completed electronically in eFLIPL.
- (3) Data capture during the FLIPL process to enable trend analysis, assessment of completeness, and evaluation of quality of FLIPL management at echelon and the Army enterprise level.
- (4) Provides visibility of the results from liability determinations resulting from FLIPLs.
- (5) Provides visibility of recouped funds or losses to the government.
- (6) Enables auditable records of FLIPL processing, compliance with standards.

c. Manual processing of FLIPLs in hard copy (paper or electronic forms) outside of the eFLIPL application is prohibited unless the specific FLIPL is approved for temporary manual processing in writing by the FLIPL Approving Authority per paragraph 1-9. Hard copy procedures are only authorized for temporary use during austere mission conditions or eFLIPL system outage and must be entered in eFLIPL within three working days of restored access to eFLIPL. Manual processing in hard copy will not be used for preference or convenience.

5-2. Purpose of a financial liability investigation of property loss

FLIPLs are not the only method available to relieve an individual or organization from responsibility or accountability for property. This regulation provides additional methods as described in chapter 4 which may be more appropriate when an individual admits liability, the property is not a sensitive item, and the loss value is below specified thresholds. When a FLIPL is mandatory, or otherwise suits the circumstances of a LDDT, a DD Form 200 documents the circumstances concerning the loss or damage 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. To assess liability for contractors, refer to paragraph 12-11. The individual with direct responsibility for the property will initiate the loss or damage process and submit it to the APO. The APO will work with contracting officer or use the Government Furnished Property (GFP) Module in the Procurement Integrated Enterprise Environment (PIEE) website at <https://piee.eb.mil> to retrieve the property loss report to attach to the DD Form 200.

5-3. Mandatory initiation of a financial liability investigation of property loss

a. Initiate and process a FLIPL using the eFLIPL application to generate DD Form 200 to account for lost, damaged, or destroyed GP when one or more of the situations listed in paragraph 5-3 exist. Chapter 4 provides tables and process flow charts to determine the appropriate actions for damaged property or property loss, destruction, and theft. Process the FLIPL per the version of this regulation in effect at the time the LDDT occurred. A FLIPL must 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 actual loss determined per chapter 7 and appendix B.
- (2) The property lost, damaged, or destroyed involves a change of the APO's inventory and the outgoing APO made no voluntary reimbursement for the full amount of the loss to the Government.
- (3) The value of the admitted loss or damage exceeds the individual's monthly basic pay (military) or 1/12th of the annual salary of a Civilian employee.
- (4) The value of the damages or shortages in occupied government quarters (real property and furnishings combined) or Government furnishings in nongovernment 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 \$1,000.
- (6) Loss, damage, or destruction, suspected theft of, lapse of accountability, "found on installation", or recovery of any controlled inventory item identified by a controlled inventory item code (CIIC) 1 through 6,

8, 9, N, P, Q, or R, including arms, ammunition, and explosives; night vision devices; and electronic navigation systems (for example, Global Positioning System) regardless of CIIC. Controlled items defined by this paragraph must be investigated per AR 15–6. When these losses and lapses in accountability involve arms, ammunition, and explosives, commanders/activity supervisors must prepare and submit DA Form 3056 (Report of Missing/Recovered Firearms, Ammunition, and Explosives) per AR 190–11. The completed DA Form 3056 is a mandatory exhibit to FLIPLs in the eFLIPL application or when the approving authority authorizes specific temporary exceptions for DD Form 200 hard copy processing. Do not use the AR 15–6 investigation as the authority to adjust property records or to assess financial liability. Process a DD Form 200 to accomplish either of these actions. There is no requirement to perform an additional investigation or assign a liability officer following an AR 15–6 investigation unless additional information is needed (see para 5–23). The loss of communications security (COMSEC), cryptographic high value property, or controlled cryptographic item (CCI) also requires an incident report per TB 380–41. When possible, coordinate the submission of the loss report with the COMSEC custodian.

(7) Sensitive item serial number changes of more than two characters will require the processing of a DD Form 200 and an AR 15–6 investigation per paragraph 6–3. This ensures sufficient visibility to correct potential lapses in accounting and compliance with reporting requirements per AR 190–45.

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

(9) The loss involves public funds or other negotiable instruments and the value is \$750 or greater.

(10) The accountability for financial liability for lost, damaged, destroyed, or stolen government-owned property, including supply system materiel, equipment, and real property:

(a) Inquire, research, and investigate the causes of the loss, damage, destruction, or theft of government property.

(b) Assess financial liability with respect to lost, damaged, destroyed, or stolen government property.

(c) Account for loss, damage, destruction, or theft of government property; determine the responsibility and amount of financial liability of those found to be culpable for such financial losses; provide relief from accountability; and establish debts resulting from the assessment of financial liability.

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

(12) Directed by an IAR approving authority.

(13) The loss or damage involves a General Services Administration (GSA) vehicle or a vehicle that was rented due to nonavailability from an organization or installation transportation motor pool and the administrative actions under paragraph 4–3 have not been taken.

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

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

(16) The total dollar value of government-owned vehicle damage loss exceeds \$1,000.

(17) Soldier refuses to sign DA Form 7923.

(18) Losses due to combat where equipment is determined captured, abandoned, or a physical loss (no residue).

b. Paragraphs 5–22 and 5–23 discuss the relationship between an investigation using the procedures in AR 15–6 and a DD Form 200 using the procedures in this pamphlet. AR 190–11 contains mandatory requirements for initiating an AR 15–6 investigation for missiles and rockets, arms (including parts), ammunition, and explosives.

c. Do not use an AR 15–6 investigation or a DD Form 200 for ammunition at the stock record level unless the quantity lost or destroyed equals or exceeds those listed in AR 190–11. If the quantity lost or destroyed does not warrant an AR 15–6 investigation, prepare the adjustment document using inventory adjustment report procedures per chapter 12.

d. Do not use a DD Form 200 to adjust property book records for assets awaiting signed documentation for turn-ins.

5–4. Related DD Form 200

a. When property listed on more than one property account or document register becomes lost, damaged, or destroyed in the same incident, initiate a separate DD Form 200 as an adjustment voucher for each property account affected. Cross-reference the separate DD Form 200s to each other. This action does not require additional investigations for the same incident; the DD Form 200s are prepared to only list the affected property on the specific property accounts or register.

b. When the lost, damaged, or destroyed property is on the property records of the same account and the same document register, prepare only one DD Form 200.

5–5. Chain of command for processing DD Form 200

Process a DD Form 200 through the chain of command for 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 chain of command, follow the requirements in the support agreement. When real property is damaged or destroyed, an information copy of DD Form 200 will be provided to the activity supervisor of Public Works or Directorate of Logistics at the conclusion of the initiation period.

5–6. Initiator of DD Form 200

The initiator of a DD Form 200 will normally be the hand receipt holder, organization commander/activity supervisor, the APO, or the individual with the most knowledge of the incident. See figures 5–1 and 5–2 for examples.

Investigation of Property Loss

Time Segments with an Appointing Authority

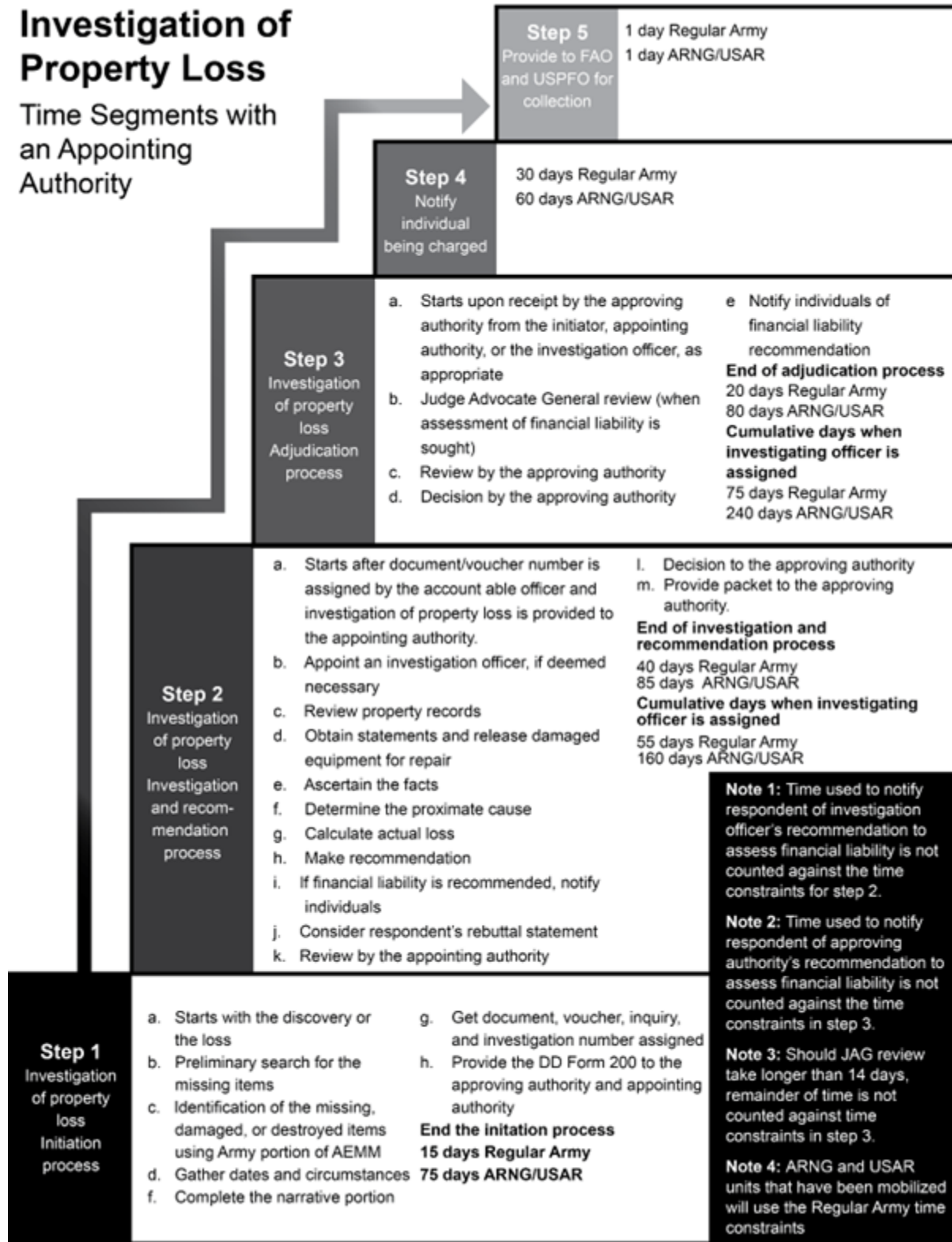


Figure 5-1. DD Form 200 processing time segments with appointing authority

Investigation of Property Loss

Time Segments without an Appointing Authority

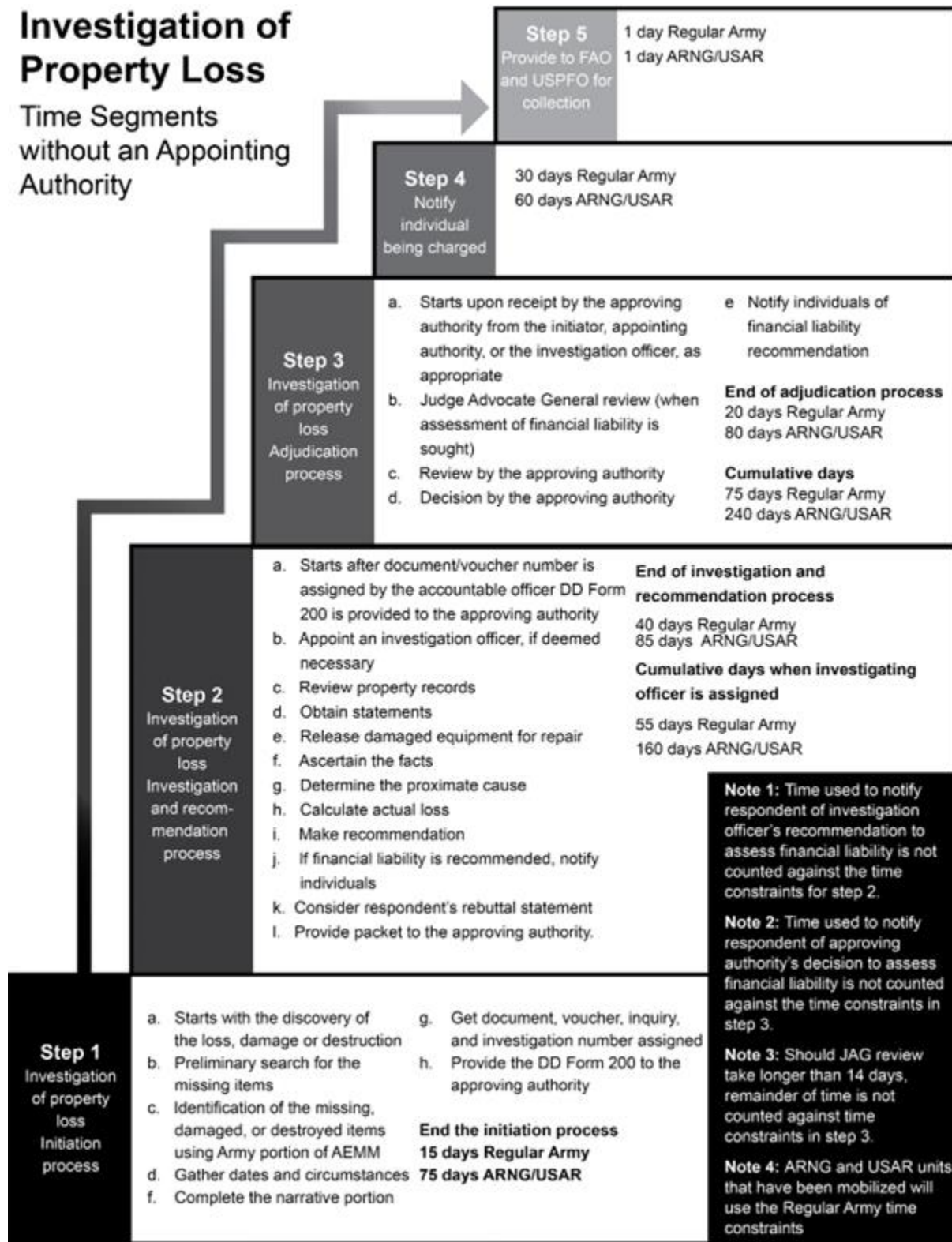


Figure 5-2. DD Form 200 processing time segments without appointing authority

5-7. Time constraints for initiation of financial liability investigations of property losses

Initiate FLIPLs within the following time limits:

a. *Regular Army.* The Regular Army will initiate and present FLIPLs 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, FLIPLs initiated to account for missing OCIE issued to Servicemembers 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. *U.S. Army Reserve.* The USAR will initiate and present FLIPLs to the appointing authority or approving authority as appropriate not later than 75 calendar days after the date of discovering the discrepancy.

c. *Contracting officers.* Under normal circumstances, do not exceed 15 calendar days after date of discovery of the discrepancy.

5–8. Time constraints for processing financial investigations of property losses

a. Process FLIPLs within the specified number of days per figures 5–1 and 5–2 following the discovery of the LDDT of property. The date the loss was discovered may differ from the date of physical loss. For example, an unreported LDDT determined to have occurred months prior to the organization discovering the loss would reflect the date the LDDT was discovered by the command or activity initiating DD Form 200, not the physical loss date. The physical loss date (actual or estimated) is explained in the statement of circumstances, DD Form 200, block 9. When delayed beyond the processing times listed in figures 5–1 and 5–2, explain the delay and include it with the FLIPL as an exhibit.

b. Total processing time equals the difference in days between the date of discovering the discrepancy (DD Form 200, block 3) and the date the FLIPL is approved.

c. Do not include 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. Subtract one date from the other, less the time used to notify the individual, to determine the total processing time.

d. For Regular Army, do not exceed 75 calendar days total processing time under normal circumstances. Figures 5–1 and 5–2 depict these periods. Commanders below the appointing/approving level will adjust the periods downward. Regular Army units will initiate and present the FLIPL to the appointing authority or approving authority as appropriate no later than 15 calendar days after the date of discovering the discrepancy. As an exception, initiate and present a FLIPL to account for missing OCIE issued to Servicemembers in an absent without leave status to the appointing authority or approving authority as appropriate on the day the Servicemember is dropped from the rolls.

e. For USAR and ARNG, do not exceed 240 calendar days total processing time under normal circumstances. Figures 5–1 and 5–2 depict the USAR or ARNG processing periods. Commanders at the approving authority level may adjust the periods downward.

(1) USAR units will initiate and present a FLIPL to the appointing authority or approving authority as appropriate not later than 75 calendar days after the date of discovering the discrepancy.

(2) The CNGB will ensure that ARNG units will initiate and present a FLIPL to the appointing authority or approving authority as appropriate not later than 75 calendar days after the date of discovering the discrepancy. All ARNG investigations will then be forwarded to the State USPFO who will serve as the final review authority.

f. For KOs, do not exceed 120 calendar days total processing time under normal circumstances.

5–9. Basic requirements for financial investigations of property losses

a. FLIPLs are initiated and managed in the eFLIPL application, available via common access card-enabled device at <https://eflipl.army.mil/>. DD Form 200 is created by entering required data per the eFLIPL end user manual (EUM) found in the eFLIPL application. The eFLIPL application serves as the automated system of record for oversight and management. eFLIPL procedural workflow and instructions in the eFLIPL EUM will comply with policy in this regulation but may deviate from hard copy DD Form 200 procedures in appendix C.

b. The eFLIPL application provides the following capabilities:

(1) Automated creation, routing, and tracking of FLIPLs and generation of DD Form 200.

(2) Digital signature and electronic verification of processing actions and approvals. Complete all signatures electronically in eFLIPL.

(3) Data capture during the FLIPL process to enable trend analysis, assessment of completeness, and evaluation of quality of FLIPL management at echelon and the Army enterprise level.

- (4) Provides visibility of the results from liability determinations resulting from FLIPLs.
- (5) Provides visibility of recouped funds or losses to the Government.
- (6) Provides auditable records of FLIPL processing, providing compliance with standards.
- c. FLIPLs will not be processed outside of the eFLIPL application unless the specific FLIPL is approved for temporary hard copy processing in writing by the FLIPL approving authority (O-6/GS-15 level). Hard copy procedures are only authorized for temporary use during austere mission conditions or eFLIPL system outage and will be entered in eFLIPL within 3 working days of restored access to eFLIPL. Do not process FLIPLs in hard copy (manually) for preference or convenience.
- d. The eFLIPL application provides automated routing and tracking of DD Form 200 throughout the FLIPL process and does not require DA Form 7531 (Checklist and Tracking Document for Financial Liability Investigations of Property Loss) or DA Form 1659 (Financial Liability Investigation of Property Loss Register).
- e. If an exception to allow hard copy DD Form 200 processing is approved per paragraph 5-1, prepare DA Form 7531 to ensure the FLIPL process is completed per procedures in this regulation. Complete DA Form 7531 per the form's embedded instructions as a checklist and to track events as they occur. When DD Form 200 is prepared, attach it to DA Form 7531. Prepare DA Form 1659 per the instructions in paragraph C-5 of this regulation to manage the FLIPL inquiry/investigation number and status of the FLIPL.
- f. When eFLIPL access is restored, use the information from DA Form 7531 and DA Form 1659 to enter the temporarily manually processed hard copy FLIPL in eFLIPL.

5-10. Responsible officer and/or reviewing authority

- a. The responsible officer or reviewing authority is usually an APO, an organization commander, or head of an activity formally assigned to their position in writing.
- b. The responsible officer or reviewing authority will make the determination if negligence or willful misconduct is suspected by completing DD Form 200, block 12, including a statement of recommendations to assess or relieve from liability and whether further investigation is required or the provided exhibits are sufficient for the approving authority to make a decision. If blocks 9 and 10 were completed by the responsible officer or reviewing authority, leave block 11 blank.

5-11. Preparation requirements for DD Form 200

- a. Prepare DD Form 200 per the eFLIPL EUM, using electronic signature within the eFLIPL application. If an exception for hard copy processing is approved, see appendix C. Enter signatures and dates in pen when DD Form 200 is prepared on paper or digital signatures when prepared as an electronic form. When DA Form 2823 (Sworn Statement) is electronically produced, electronic signatures will be used. Maintain final file copies per AR 25-400-2.
- b. Prepare DD Form 200 in original and as many copies as the local command prescribes. Prepare an additional copy when any of the individuals mentioned in DD Form 200, block 9, are within 6 months of termination of their service or employment and provide this copy to the installation FAO.
- c. The eFLIPL application maintains data related to the FLIPL, DD Form 200, and exhibits during FLIPL processing. Final copies of manually completed FLIPL's prior to eFLIPL implementation will remain in hard copy until archived or disposed of per AR 25-400-2.
- d. eFLIPL automatically identifies attached and system-generated exhibits when FLIPLs are processed in the application. When DD Form 200 is prepared in hard copy, identify exhibits alphabetically at the bottom of each exhibit. Following the sequential alphabetical designation of the exhibit (such as exhibit A and exhibit B), the financial liability officer will enter the date of DD Form 200, the dollar amount of the loss, and the organization or property account to which the property belonged, for example: Exhibit S, [title of exhibit], [date initiated], \$736.43, A Co, 435th Infantry Battalion.

5-12. Time constraints for actions by the responsible officer or reviewing authority

- a. *Regular Army.* The responsible officer or reviewing authority forwards the FLIPL to the appointing authority (or the approving authority, as appropriate) within 15 calendar days following the date of the discovery of the loss per paragraph 5-22. The responsible officer or reviewing authority will explain any delay in writing and attach the explanation to the FLIPL as an exhibit.
- b. *U.S. Army Reserve or Army National Guard.* The responsible officer or reviewing authority forwards the FLIPL 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 5–1 and 5–2. The responsible officer or reviewing authority will explain any delay in writing and attach the explanation to the FLIPL as an exhibit.

5–13. Distribution of financial investigations of property losses

The responsible officer or reviewing authority will forward the FLIPL with exhibits to the appointing or approving authority for assignment of an inquiry/investigation number (see para 5–22) and then to the APO for assignment of a document or voucher number (see para 5–15).

5–14. Disposition of damaged property listed on DD Form 200

The initiator of a FLIPL 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 (SSA) per AR 710–4. Determination of unserviceable uneconomically repairable items based upon an items maintenance expenditure limit will be made per policy contained in AR 750–1 and procedures contained in DA Pam 750–8.

c. Dispose of property damaged in shipment as provided in chapter 14.

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

(1) Damaged vehicle is photographed documenting the damage caused by the accident.

(2) Certification is 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 DD Form 200 when the investigation is initiated.

e. For vehicles leased from the GSA or rented from commercial activities that become involved in an accident, the FLIPL 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 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 FLIPL will attach this documentation to the FLIPL as an exhibit. The financial liability officer will rely on this documentation of damage in lieu of physically examining the damaged vehicle.

5–15. Accountable property officer's action on DD Form 200

Following the completion of DD Form 200, blocks 1 through 12, the APO completes blocks 17a through 17f per paragraph 5–18 (instructions are shown in table C–2). For physical loss, theft, or complete destruction (no residue exists in an identifiable condition to turn in) the APO processes the property record adjustment to assign a document/transaction or voucher number, dropping the property from accountability.

5–16. Distribution of DD Form 200 by the accountable property officer immediately after the document/transaction number or voucher number is assigned

The APO—

a. Retains one copy and posts it to the appropriate accountable record(s). This copy is filed with the supporting document files per AR 25–400–2.

b. Returns a copy to the initiator.

c. Forwards the original and all remaining copies (number as prescribed by the local command) of DD Form 200, with all exhibits, to the appointing authority or approving authority, as appropriate.

d. Initiates replenishment ordering for all items listed on DD Form 200, as necessary.

5–17. Processing steps for appointing authority or approving authority

a. Figure 5–3 depicts FLIPL processing steps from receipt with an appointing authority to assessing financial liability or relief from responsibility. Figure 5–4 depicts FLIPL processing steps from receipt by the approving authority (without an appointing authority) to assessing financial liability or relief from responsibility.

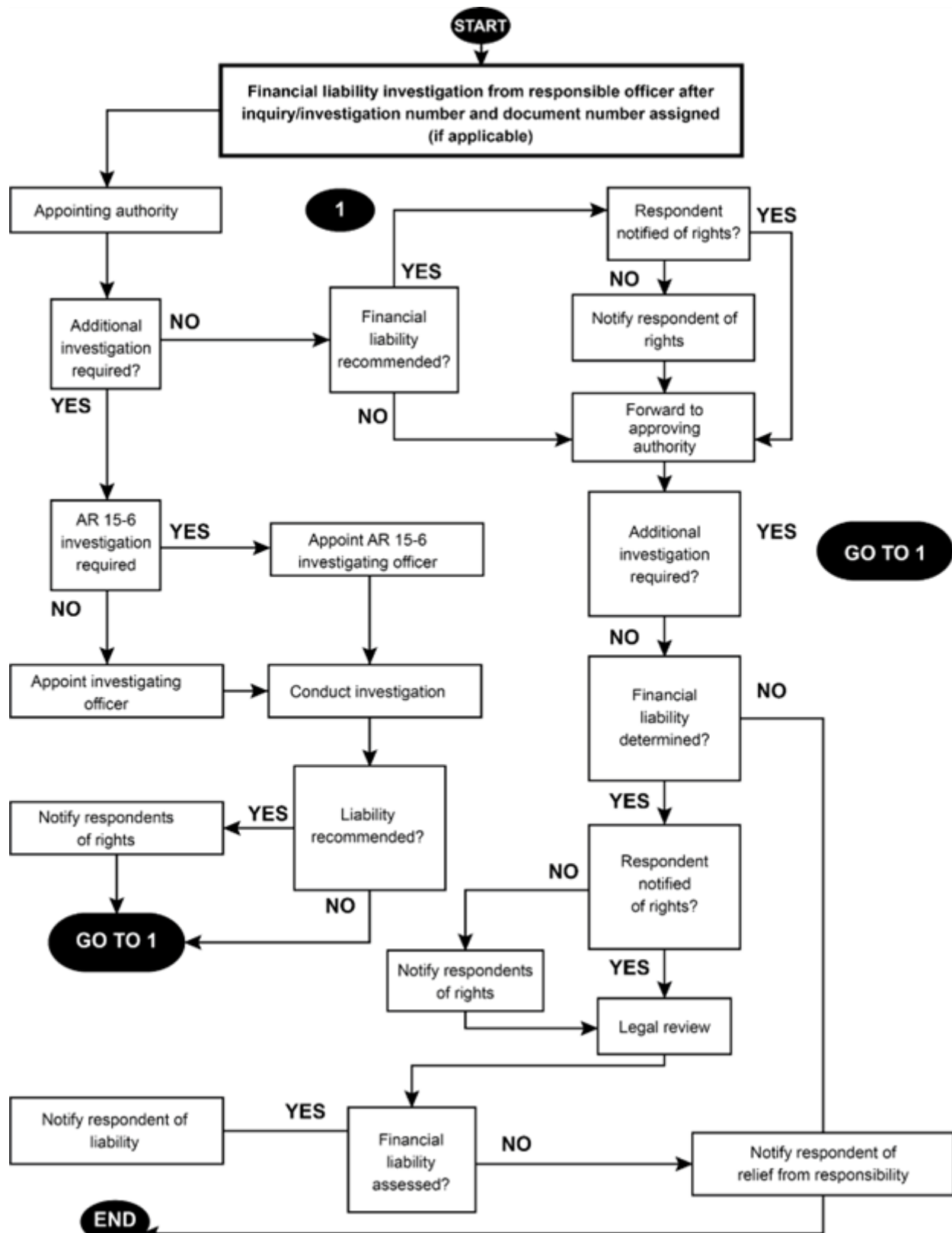


Figure 5–3. DD Form 200 processing steps with an appointing authority

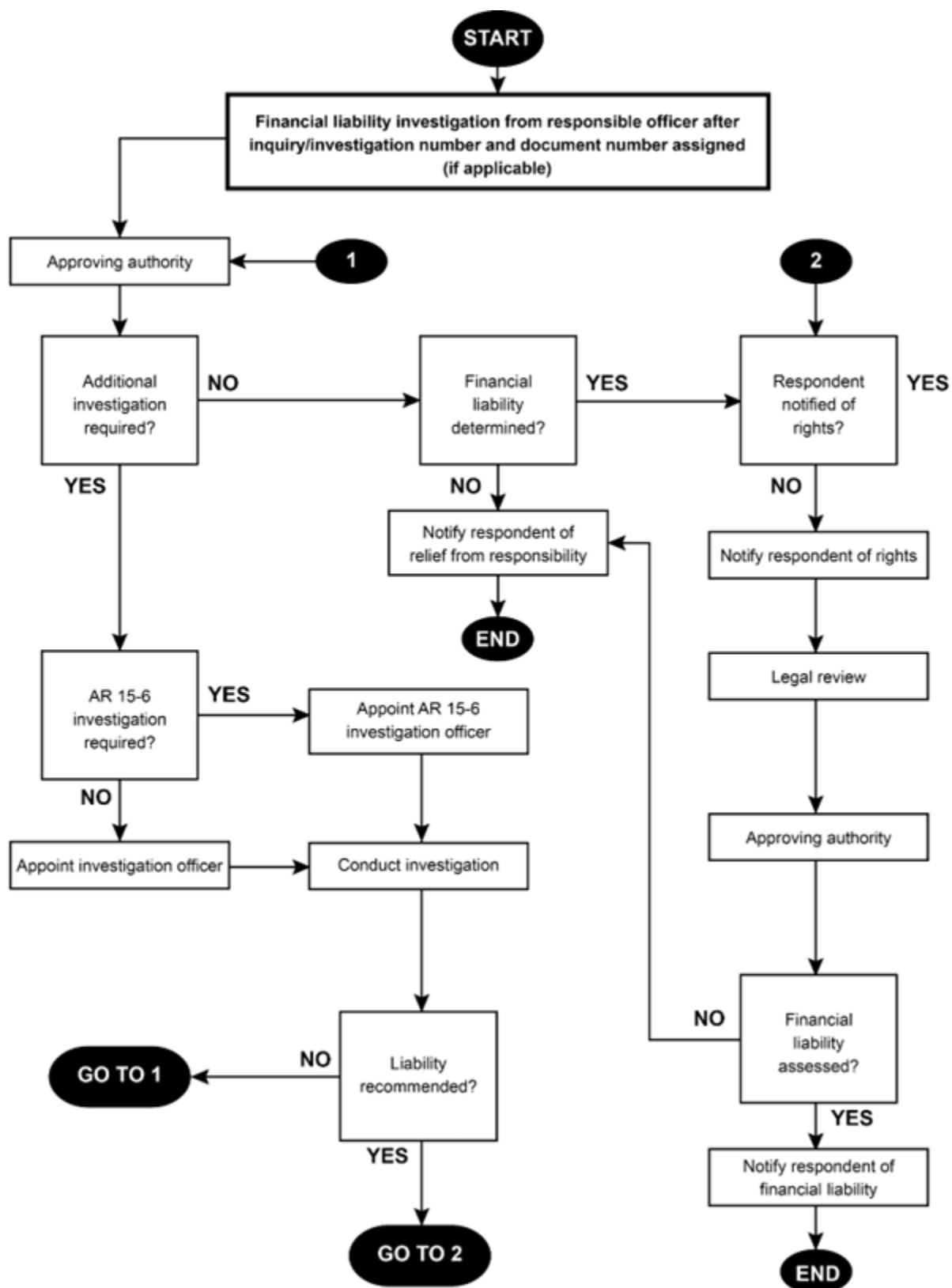


Figure 5-4. DD Form 200 processing steps without an appointing authority

b. Brigade and higher level commanders with subordinate approving authorities for financial liability investigations will initiate and conduct oversight management of the financial liability investigation process at subordinate commands.

(1) A random sample of no less than 10 percent of the FLIPLs 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 FLIPLs are properly carrying out their responsibilities as approving authorities, that is, are the decisions made—

(a) Supported by the evidence documented in the FLIPL?

(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 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?

c. For assessment of financial liability for contractors, the approving authority will compile all documentation for the property loss or damage. The approving authority will forward this documentation to the KO monitoring that specific contract. The KO assisted by the PA will investigate the loss.

5–18. Assigning document, transaction, and/or voucher numbers

a. Property adjustment actions are processed in accountable property systems of record (APSRs) that may assign a transaction number, or document numbers may be assigned in hard copy document registers per AR 710–4. Voucher numbers may also be assigned for related financial adjustments and stock records.

b. Assign a document/transaction and/or voucher number to property adjustment documents per the following instructions:

(1) *Nonexpendable property (property book level)*. Assign a document/transaction number from the nonexpendable document register to any adjustment document listed in paragraphs 4–1 and 4–2 and tables 4–1 and 4–2 that lists nonexpendable property or any other property that requires property book accountability.

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

(3) *Nonexpendable, expendable, or durable items (stock record activity level)*. Assign a transaction number or voucher number from a stock record activity voucher register to any document described in paragraphs 4–1 and 4–2 and tables 4–1 and 4–2 that lists supply system stocks.

(4) *Destroyed property*. See glossary for definition. If the destroyed item can be sufficiently identified to complete a turn-in of the residue or damaged item, do not assign a document/transaction number to DD Form 200 or DA Form 7923. Use the turn-in document to adjust the property records. If the destroyed item is completely unrecognizable (for example, scrap, ash, or similarly completely destroyed), assign a document/transaction number to DD Form 200 or DA Form 7923.

c. Document/transaction or vouchers numbers are not assigned when—

(1) Property is damaged. Do not assign a document/transaction number to DD Form 200 or DA Form 7923; there are no accountable record adjustments for these items. Damaged property is removed from organizational accountable records through subsequent disposition documents for supply transactions per AR 710–4, such as turn-in or transfer to a depot facility for repair or rebuild. The APO will only complete DD Form 200, blocks 17b through 17f, for damaged property.

(2) Property is lost due to combat actions. Property is damaged and classified as unserviceable as a result of combat action or a combat-related accident. Losses due to combat will only be removed from property records through the turn in of the equipment residue per AR 710–4. Combat losses may also require additional reporting per AR 710–1 and AR 710–3.

(3) The APSR or other accountable record system does not generate a document or transaction number. Some types of adjustment transactions may also not generate a unique transaction number in an APSR. The APO will enter “No document/transaction number assigned” in DD Form 200, block 17a, and complete blocks 17b through 17f.

(4) There is no property record adjustment to process. In some situations, no further adjustment actions are required to property records. For example, a loss of GP which was not posted to an accountable record may still require administrative actions per paragraph 4–3 to recoup the Government's loss of

value or to assess (or relieve from) financial liability for the loss. In another example, expendable items are considered consumed for financial and inventory purposes when issued from an APSR, but still require control during use and subsequent losses may require administrative action per paragraph 4–3. If there is no further property record adjustment, the APO will enter “No property record adjustment” in DD Form 200, block 17a, and complete blocks 17b through 17f.

5–19. Appointing and approving authority criteria

a. Approving authority.

(1) In most cases for Army garrisons, senior commanders will be the approving authority for FLIPLs arising within their command or under their supervision. The minimum grades for approving authorities are shown in paragraphs 5–19b and paragraph 5–19c.

(2) For FLIPLs 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.

(3) The approving authority will normally be senior to the appointing authority. The approving authority for FLIPLs is also the approving authority for inventory adjustment reports for inventory discrepancies at stock record accounts (SRAs) (see chap 12 section III and chaps 13 and 14).

b. Regular Army and U.S. Army Reserve. Army officers in command positions in the grade of O–6 or above, DA Civilian employees in supervisory positions in the grade of GS–15, chiefs of Headquarters, Department of the Army (HQDA) staff agencies, and ACOM, ASCC, and/or DRU commanders are approving authorities for FLIPLs arising within their command or under their supervision.

(1) For financial liability investigations assessing a final physical loss, or loss of accountability, damage or destruction of \$250,000 or greater, or physical loss or loss of accountability of a controlled item, the approving authority will be the first general officer, SES or GS–15 employee in the chain of command or supervision. Commanders in the grade of O–6 in a general officer command position, or officers in the grade of O–6 assigned as the deputy commander to the commanding general, are permitted to approve the FLIPL as the approving authority on behalf of the commanding general. This level of approving authority cannot be delegated.

(2) Commanders in the grade of O–6 or above, chiefs of HQDA staff agencies, and ACOM, ASCC, and/or DRU commanders may delegate approving authority to an Army officer in the grade of O–6 or above, or a DA Civilian employee in the grade of GS–15. If a command or agency is not headed by an Army officer in the grade of O–6 or above or a DA Civilian employee in a supervisory position in the grade of GS–15, the approval authority will be the first individual in the chain of supervision or support agreement who so qualifies. If this individual does not also meet the criteria in paragraph 5–19b, financial liability investigations assessing a final loss of \$250,000 or greater or loss of a controlled item must be elevated to the next approving authority in the command who meets the criteria.

(3) Approving authorities in the grade of colonel (O–6) or GS–15 or above may delegate, in writing, approving authority to an Army officer in the rank of lieutenant colonel (LTC) (O–5) or GS–14 for financial liability investigations assessing a final physical loss, or loss of accountability, damage or destruction of \$5,000.00 or less that do not include equipment classified as COMSEC, sensitive items, and/or equipment that contains personal identification information.

c. Army National Guard. For financial liability investigations assessing a final loss of \$250,000 or greater, or loss of a controlled item, the approving authority will be the first general officer or SES employee in the chain of command. Officers in the grade of O–6 with a promotable status or in a general officer command position, or officers in the grade of O–6 or DA Civilian/GS15 assigned as the deputy commander to the commanding general, are permitted to approve the FLIPL as the approving authority on behalf of the commanding general. This level of approving authority cannot be delegated.

(1) Commanders in the grade of O–6 (federally recognized) are authorized to be appointed as the approving authority for all other FLIPLs arising within their command. The CNGB, or designated representative of the CNGB, may authorize an adjutant general (AG) to delegate or appoint in writing a COL (O–6) assigned to a command billet awaiting federal recognition to be appointed as an approving authority. The CNGB may authorize state adjutants general to appoint LTCs (O–5) as appointing and approving officials in the absence of a COL (O–6).

(2) If designated by the CNGB, a state’s USPFO will be the final reviewing authority for all financial liability investigations in all cases except those involving general officers or probable state liability. Where

there is probable general officer involvement or state liability, the CNGB or designated representative will act as the appointing, approving, and reviewing authority.

(3) Approving authorities in the rank of colonel (COL) (O-6) or GS-15 or above may delegate, in writing, approving authority to an Army officer in the rank of LTC (O-5) or GS-14 for financial liability investigations assessing a final loss of \$5,000.00 or less that do not include equipment classified as COMSEC, sensitive items, and/or equipment that contains personal identification information.

d. Appointing authority (Regular Army and U.S. Army Reserve). See glossary for definition. The minimum grades of appointing authorities are shown in paragraphs 5-19d(1) through 5-19d(3). Commanders; activity supervisors; chiefs of HQDA staff agencies; ACOM, ASCC, or DRU commanders in the grade of COL or above; or GS-15 may designate individuals to act as appointing authorities using informal memorandum with copies provided to all affected subordinate commanders and/or supervisors. Individuals designated must be—

(1) LTC or major (MAJ) (O-4) filling an LTC billet.

(2) A DoD Civilian employee GS-13 or above, or a GS-12 filling a GS-13 position on the personnel authorization document.

(3) The first COL in chain of command when a general officer or SES is the approving authority for loss or damage of \$250,000 or above, or a loss of controlled item.

(4) Within the U.S. Army Materiel Command (AMC), a MAJ serving as a commander of a depot activity GS15 / Civilian Executive Assistant (CEA) not co-located with its next higher headquarters.

(5) The CNGB or designated representative (may authorize the adjutant grade of LTC).

e. Delegation of approving authority.

(1) *Regular Army and U.S. Army Reserve.* General officers in command positions who do not have subordinate commanders, general officers with subordinate commanders below the rank of COL, general officers who are chiefs of HQDA staff agencies, and ACOM, ASCC, and/or DRU commanders may delegate approving authority for FLIPLs. Delegation must be in writing. Individual's delegated approving authority for FLIPLs must be an Army officer in the grade of COL or above or be a DA Civilian employee in a supervisory position in the grade of GS-15 or above. In addition, the individual must be a member of the general's command or staff.

(2) *Army National Guard.* The CNGB may authorize state adjutants general to delegate approval authority to LTCs occupying COL command billets and awaiting federal recognition to COL. The CNGB may authorize general officers in command positions who do not have subordinate commanders to delegate in writing approval authority to member(s) of their staffs. Individual(s) delegated must be a federally recognized COL or above. The CNGB or designated representative may authorize the AG to delegate or appoint in writing approval authority to member(s) of the staff in the grade of COL or above. If authorized by the CNGB, the AG may designate a centralized approval authority for some or all commands in the state. Such designees must be senior to all the commanders over whom approval authority is exercised, and such centralization will not preclude exercising appeal authority within the state. Such designation carries with it all the responsibilities of an approval authority enumerated elsewhere in this pamphlet. These responsibilities may not be split or further delegated.

5-20. Initial review by the appointing authority or the approving authority

On receipt of DD Form 200 from the APO, the appointing authority, or the approving authority if there is no appointing authority will review the information in blocks 9, 10, and 12, along with any exhibits provided by the initiator and determine if:

a. A FLIPL has been directed by a higher authority, directed by other DA regulations, or requested by an APO.

b. Sufficient information exists to provide a clear understanding of the circumstances surrounding the loss or damage of GP and to determine the proximate cause.

c. The expense of performing an investigation by a financial liability officer is worth the significant expenditure of time and effort.

5-21. Conflict of interest

No person may act as an appointing authority or the approving authority who has had personal responsibility or accountability for the property listed on DD Form 200 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. Approving and appointing authorities must remain free from conflicts of interest.

5-22. Supervising the financial liability investigation of property loss system

a. The approving authority will ensure the FLIPL system works to promptly discover, report, and investigate the LDDT of GP. The approving authority ensures 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 FLIPLs takes place within the time limits as described in this pamphlet.

(3) Financial liability officers are thoroughly briefed on how to conduct a financial liability investigation and are provided with a copy per this regulation. 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.

b. The approving authority assigns the inquiry or investigation number prior to submitting the FLIPL to the APO for a document or voucher number. Enter the inquiry or investigation number in block 2 of DD Form 200. Obtain the inquiry or investigation number prior to the document or voucher number to ensure the approving authority is aware and tracking the financial liability investigation prior to the APO decreasing the property from accountable records.

c. Form the inquiry or investigation number using the approving authority's unit identification code (UIC), the two-digit year the inquiry or investigation number is assigned, and a serial numbering system determined by the approving authority. The inquiry or investigation number can be up to 44 characters. An example is WAJBAA-13- HQ-0002.

d. Maintain the FLIPL register per the eFLIPL EUM (or DA Form 1659 when permitted for temporary hard copy processing per para 5-1) and maintain files of approved FLIPLs per AR 25-400-2. Normally, the FLIPL records and the files of approved FLIPLs are maintained at the headquarters of the approving authority. This includes the battalion or brigade logistics officer (S-4), division, corps, or theater support command G-4, Logistics Readiness Center (LRC), or other subordinate staff elements as designated by the approving authority. Exceptions to this policy are allowed when the logistics staff offices are consolidated at a command level above the approving authority, such as brigade adjutants consolidated at the division G-4. Under this scenario, the register and associated files may be maintained at the division G-4.

e. The FLIPL register may be maintained at a centralized office on the installation, providing inquiry or investigation numbers are assigned to all FLIPLs initiated for those organizations supported. When this option is used, the approving authority still has the responsibility to appoint the financial liability officer per paragraph 6-4. Both the office maintaining the FLIPL register and the approving authority's headquarters will maintain file copies of the approved FLIPLs.

f. Brigade and higher level commanders with subordinate approving authorities for FLIPLs will initiate and conduct oversight management of the FLIPL process at subordinate commands.

g. Each quarter, commanders will review a random sample (of no less than 10 percent) of FLIPLs approved by subordinate commands during the previous quarter.

5-23. Review to determine if a financial liability officer or AR 15-6 investigating officer is necessary

a. The appointing authority (when designated) or the approving authority if there is no appointing authority reviews the FLIPL to decide whether a financial liability officer is necessary. If needed, the appointing authority or the approving authority (as appropriate), completes block 13 and signs a memorandum appointing a financial liability officer per chapter 6.

b. The appointing authority (when designated) or the approving authority briefs the financial liability officer on how to conduct the investigation and advises him or her of time restraints.

c. The appointing authority, or approving authority if there is no appointing authority, appoints an AR 15-6 investigating officer using a memorandum per AR 15-6, and will provide the FLIPL with all exhibits to the investigating officer.

5–24. Decision by the approving authority without further investigation

a. Conditions. This action provides the approving authority the option of shortening the FLIPL process when the facts and circumstances permit. When an appointing authority has not been designated by the approving authority, DD Form 200, block 13c, is left blank.

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

(1) Entering “X” in the box adjacent to APPROVE in block 14a.

(2) Completing blocks 14b through 14h and placing the following statement in block 14b to relieve all concerned of property accountability and responsibility: “I have reviewed the information 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.”

c. Assessment of financial liability. When the approving authority can establish from the information contained on DD Form 200, blocks 9, 10, and 12, and when attached exhibits prove that negligence or willful misconduct was the proximate cause of the loss or damage, financial liability may be assessed by:

(1) Ensuring that all actions normally performed by the financial liability investigation officer are performed, such as determining actual value of loss and amount of charges (see chaps 7, 11, and app B).

(2) Preparing a memorandum to the respondent stating 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 chapter 11. A complete copy of DD Form 200 with copies of all the exhibits is attached to the memorandum as an enclosure. Instruct the respondent to complete blocks 16a through 16g before returning the FLIPL to the approving authority.

(3) Considering a rebuttal statement to the FLIPL, if one is received, along with any new evidence provided or with allegations of error presented by the respondent. The approval authority will make appropriate comments and attach the rebuttal statement and remarks to the FLIPL as exhibits.

(a) Prepare memorandum to the respondent when the approving authority changes assessment based on the rebuttal material.

(b) Notify the respondent of assessment change.

(4) On receipt and review of the rebuttal statement or upon expiration of the time allowed the respondent to submit a rebuttal statement, forwarding the FLIPL to the installation legal advisor for a legal opinion, with all exhibits and a copy of the memorandum to the respondent containing the facts on which proposed assessment of financial liability is based.

(5) On receipt of the legal opinion, if such opinion supports the approval authority’s recommendations, completing blocks 14a through 14h and inserting a statement in block 14b to assess financial liability against an individual, which gives final approval to hold the respondent financially liable. Use a statement similar to the following: “Approved to hold [name, grade, and electronic data interchange personal identifier (EDIPI)] financially liable in the amount of [amount]. [Name and grade], monthly basic pay at the time of the loss was [amount].” Notify respondents of the approved charges of financial liability and provide the opportunity to exercise their rights as listed in paragraph 11–3. If the legal opinion does not support the recommendations as written, adjust as needed or confer with the legal advisor.

5–25. Recommendation by the appointing authority without further investigation

This action provides the appointing authority, when designated, the option to recommend shortening the FLIPL process when sufficient information is available for the approving authority to make an assessment of or relief from liability without further investigation. The short financial liability investigation does not relieve the appointing and/or approving authority from performing actions normally conducted by the investigating officer if liability is assessed, such as determining actual value of loss and amount of charges (see chaps 7, 11, and app B).

a. Relief from responsibility. When the appointing authority determines (from the information on DD Form 200, blocks 9, 10, and 12, and attached exhibits) that no evidence of negligence or willful misconduct exists, the appointing authority may recommend to the approving authority relief from responsibility by completing block 13, explaining the reasoning to relieve the individual of responsibility for the property.

b. Assessment of financial liability. When the appointing authority can establish (from the information contained on DD Form 200, blocks 9, 10, and 12, and the attached exhibits) that negligence or willful misconduct was the proximate cause of the loss and damage of GP, the appointing authority—

(1) Prepares a memorandum to the individual suspected of financial liability stating the 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 paragraph 11–3. A complete copy of the FLIPL, including copies of all the exhibits, is attached to the memorandum as an enclosure. Instruct the respondent to complete blocks 16a through 16g before returning the FLIPL to the appointing authority.

(2) Evaluates the merit of any rebuttal statement, if received; considers the FLIPL, along with any new evidence provided or allegations of error presented by the respondent; and makes appropriate comments and attaches the rebuttal statement and remarks to the FLIPL as exhibits.

(3) When a rebuttal statement is received after the time allotted for a rebuttal has expired, consider any new evidence presented by the respondent; if appropriate, amends the recommendations and forwards the amended recommendation by memorandum through the same channels the financial liability investigation was processed. Allotting this time will ensure Soldier receives due process.

(4) States in block 13b that further investigation is not required. Enters the words “See block 15a for appointing authority’s recommendation.”

(5) Completes blocks 13c through 13h.

(6) Enters—

(a) A recommendation in block 15a regarding the charge of financial liability and the amount of financial liability being recommended.

(b) A statement explaining the facts on which the appointing authority’s recommendation is based.

(c) The name, and grade of those individual(s) being recommended for charges of financial liability.

(7) Completes block 15.

(8) All documents must be forwarded to the approving authority to review findings and recommendations.

Chapter 6

Appointment of Financial Liability Officer

6–1. Role of a financial liability investigating officer

a. When supplies or equipment are lost, damaged, or destroyed, it is essential to determine the cause of the loss so corrective action can preclude further losses. Approving or appointing authorities appoint a financial liability officer to investigate the loss, damage, or destruction of property and the circumstances involved. The investigation will determine whether negligence or willful misconduct was the proximate cause of the loss. If an individual was negligent and if that negligence was the cause of the loss, it may be appropriate to recommend assessment of financial liability against that individual. An act of simple negligence on the part of the responsible individual may be sufficient grounds for the approval authority to approve charges of financial liability depending on the facts.

b. A financial liability officer must conduct investigations free from bias and prejudice. Investigators should not start with preconceived ideas as to the cause or blame for any loss. If a financial liability officer believes he or she cannot remain unbiased or free from conflicts of interest related to an assigned FLIPL, the officer should notify the approving authority or appointing authority to determine if a new financial liability officer is necessary.

6–2. Determining the type of investigating officer

a. The appointing authority or the approving authority, as appropriate, reviews the FLIPL to decide whether a financial liability officer is necessary to make findings and recommendations relating to the loss or damage of GP listed on a DD Form 200. The decision whether a financial liability officer is necessary is indicated by the appointing authority or the approving authority, as appropriate, recording the decision on the FLIPL following procedures in this pamphlet. The appointment of a financial liability officer is accomplished per paragraph 6–4.

b. The appointing authority or the approving authority may direct an investigation according to AR 15–6 in lieu of the FLIPL investigation procedures contained in this regulation (see paragraph 6–3.)

6-3. Use of an AR 15-6 investigation

a. There are five situations warranting an AR 15-6 investigation in lieu of a financial liability investigation conducted per this regulation. These situations occur when:

(1) The physical loss, damage, theft, destruction, lapse of accountability, or other circumstance meets criteria of paragraph 5-3 for mandatory FLIPL initiation with investigation per AR 15-6.

(2) Directed by a commander.

(3) Directed by a financial liability investigation approving or appointing authority per AR 15-6.

(4) Directed by other regulatory guidance.

b. There are two distinct situations warranting an AR 15-6 investigation to be included as an exhibit to a FLIPL:

(1) Upon review of a FLIPL and attached exhibits by the approving authority or appointing authority, as appropriate, a decision is made that an AR 15-6 investigation will be initiated to investigate the loss. The decision whether to appoint an AR 15-6 investigating officer is reflected on DD Form 200, block 13c. An investigating officer will be appointed using a memorandum of appointment per AR 15-6. The appointing authority and/or approving authority will provide the investigation of property loss with all exhibits to the investigating officer.

(2) When a loss of GP is discovered during the conduct of an AR 15-6 investigation, a DD Form 200 is initiated using the instructions in chapter 5.

6-4. Appointment of financial liability investigating officer

a. Either the approving authority or appointing authority appoints a financial liability officer using a memorandum.

b. The appointment must avoid conflicts of interest including not appointing individuals who held responsibility for the property listed on the DD Form 200 at the time the property became lost, damaged, or destroyed.

(1) No person may act as the financial liability officer who is personally responsible for, or who is directly interested in, the property listed on the DD Form 200.

(2) Chaplains will not be appointed as financial liability officers.

(3) An APO will not act as the financial liability officer for losses or destruction of equipment on his or her accountable records. An APO may act as a financial liability officer for equipment on his or her accountable records that is damaged and cannot be declared destroyed.

c. The following individuals may be appointed as financial liability officers:

(1) Army commissioned or warrant officers.

(2) Army noncommissioned officers E-7 or above.

(3) Civilian employees in the grade of GS-7 or above or wage leader (WL) and wage supervisor (WS) employees.

(4) In Joint Service activities, any assigned DoD commissioned or warrant officer or noncommissioned officer in the pay grade of E-7 or above.

(5) Foreign national employees in the pay grade of GS-7 equivalent or above for DD Form 200s originating within civilian support centers.

(6) Federal recognition of an ARNG member constitutes authority to be appointed as a financial liability officer.

d. The approving authority or appointing authority routes the FLIPL to the financial liability investigating officer in eFLIPL following appointment. When hard copy procedures are approved, the approving authority or appointing authority encloses the DD Form 200 under DA Form 7531 and provides the packet to the financial liability investigating officer. The financial liability officer completes block 15 of hard copy DA Form 7531 prior to returning the investigation to the appointing authority or approving authority.

6-5. Seniority of financial liability officers

a. When possible, a financial liability officer must be senior to any individual potentially subject to the assessment of financial liability. Senior by time-in-grade (TIG) or comparable military and civilian pay bands is acceptable.

b. If the financial liability officer discovers during the investigation 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.

c. If the investigation continues with the junior financial liability officer or civilian, the approving authority documents the military exigency that prevented the appointment of another financial liability officer and ensures its attachment to the FLIPL as an exhibit.

6–6. Financial liability investigation of property loss procedures and terms

A newly appointed financial liability officer is expected to become familiar with DD Form 200. Give particular attention to blocks 4 through 9, circumstances under which specific property was lost, damaged, or destroyed, and the contents of any exhibits. Financial liability officer investigation procedures are detailed further in this chapter and chapters 7 through 11. Several key terms for a financial liability officer are listed below:

a. *Loss.* Loss of, damage to, or destruction of property of the Government under control of the Army. Includes physical loss and loss of accountability for Government equipment. Property is considered lost when it cannot be accounted for by the person responsible for it.

b. *Responsibility.* The type of responsibility a person has for property specifies the obligations for that property. The different types of property responsibility are defined in AR 710–4.

c. *Culpability.* A determination of fault. Before a person can be held financially liable, the findings must show that they, 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:

- (1) The person's age, experience, physical condition, and special qualifications.
- (2) The type of responsibility the person had toward the property.
- (3) The type and nature of the property.
- (4) The nature, complexity, level of danger, or urgency of the ongoing activity at the time of the loss.
- (5) The adequacy of supervisory measures or guidance for property control.

d. *General.* The feasibility of maintaining close supervision over the property given the complexity of the organization or activity supervised.

e. *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. There may be more than one proximate cause for a specific loss or damage (for example, a vehicle accident where both drivers were negligent).

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

g. *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.

h. *Willful misconduct.* Any intentional wrongful or unlawful act or omission relating to Government property, to include misappropriation of Government property.

6–7. Financial liability officer's responsibilities

A financial liability officer's responsibility is to determine the cause and value of the loss or damage of GP listed on the FLIPL and to determine if assessment of financial liability is warranted. That determination must be made 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 loss or damage of GP if they were negligent or committed willful misconduct and their negligence or willful misconduct is the proximate cause of that loss or damage. The following terms are addressed in order to assist the financial liability officer in evaluating financial liability:

a. *Responsibility.*

(1) The type of responsibility a person has for property determines the obligations incurred by that individual for the property. See glossary and AR 710–4 for definitions.

(2) Property responsibility is the relationship between people and the property under their control.

(3) Policy and procedures to control property and record responsibility for property are prescribed in AR 710–4.

(4) All Servicemembers and DA Civilian employees are responsible for the proper use, care, and physical protection of government-owned property entrusted to their possession, command, or supervision. This responsibility includes using GP for official business only, complying with all applicable regulations, and contacting the appropriate authority if property is subjected to undue risk.

(5) Chapters 10 and 12 present specific issues the financial liability officer must consider before recommending financial liability.

(6) Chapters 12 and 13 provide special procedures and considerations for LDDT of specific types of property.

b. Culpability. See para 6–6 for definition.

(1) See para 6–6 for definition of simple negligence.

(2) See para 6–6 for definition of gross negligence.

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 LDDT. That is, the person's acts or omissions were the cause that, in a natural and continuous sequence, unbroken by a new action, produced the LDDT, and without which the LDDT would not have occurred.

d. Loss. See paragraph 6–6 for definition.

6–8. Time constraints for conducting the investigation by the financial liability officer

a. It is important for a financial liability officer to start the investigation of property loss immediately, while the facts and circumstances are still recent, potential respondents and witnesses can be located, and property adjustment or disposition actions are not delayed by investigations.

b. A financial liability officer has up to 30 calendar days (USAR 85 days and ARNG 85 days) from the date of receipt to complete the financial liability investigation.

c. 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. If unable to complete the investigation in the time allotted, the financial liability officer will notify the approval authority of the delay and explain, in writing, the reason for the delay and will attach the explanation to the FLIPL as an exhibit.

d. In the event the financial liability officer is unable to complete the investigation and a new financial liability officer is necessary, the new appointment will be made per instructions in paragraph 6–9. Include an explanation on the appointment memo stating why the original financial liability officer is unable to complete the financial liability investigation.

6–9. Relief of financial liability officer

a. A financial liability officer may be relieved by the approving authority at any time and a new financial liability officer appointed when—

(1) The financial liability officer has failed to conduct the investigation per 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 will 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 document the relief as an exhibit to the FLIPL. The approving authority checks the DISAPPROVE box (DD Form 200, block 14a), enters the date, and initials block 14a. The approving authority documents the rationale for relieving the financial liability officer on a memorandum for record and attaches it to the FLIPL as an exhibit.

d. Appointment of a subsequent financial liability officer will be made using a memorandum. A copy of the memorandum appointing the new financial liability officer will be attached to the FLIPL as an exhibit.

e. An added page, attached to the FLIPL, will document the subsequent approval or disapproval of the new financial liability officer's findings and recommendations by the approving authority.

6–10. Number of copies

FLIPLs and attached exhibits prepared per the eFLIPL EUM and chapter 5 do not require external copies once entered in the eFLIPL system. Hard copy FLIPL packets will contain the original documents, with additional copies as needed per appendix C or local requirements.

Chapter 7

Cost of the Loss

7–1. Value of the lost, damaged, or destroyed property

As a part the FLIPL process, the financial liability officer determines the cost of the loss to the Government. When recommending assessment of financial liability, the financial liability officer will determine the amount that should be charged. The basic premise is that the charge should represent the actual cost of the loss to the Government. Actual loss to the Government is the difference between the value of the property immediately before its loss, damage, or destruction and its value immediately after. Appendix B provides methods to determine actual value of loss.

7–2. Salvage credit

Compute the value of salvage credit for items that may be scrapped by adding the value of the scrap recovered to the depreciated value of serviceable repair parts, components, assemblies, or end items salvaged or cannibalized. A maintenance technician will compute the salvage credit, if any. See AR 750–1 for additional information.

7–3. Fair wear and tear

The value of loss to GP because of fair wear and tear is exempt from charges of financial liability. Qualified technical inspectors determine fair wear and tear.

7–4. Limits on the amount of financial liability that can be charged

a. This paragraph and tables 7–1 through 7–3 only apply to Servicemembers or DoD Civilian employees. See paragraph 12–11 to determine financial liability of contractors.

(1) For FLIPLs recommending one individual be charged with financial liability, use tables 7–1 and 7–2 to determine the amount.

(2) Collective Liability. If more than one individual is found financially liable for the loss, damage, destruction, or theft of government property, the individuals must be collectively held liable for the loss to the government. The government cannot collect more than the total amount of assessed liability, therefore, the approving authority who assessed financial liability will decide how much to collect from each individual. Among the factors to be considered in taking collection action from each liable individual are the degree of each individual's responsibility for the LDDT and the ability to collect from the responsible individual.

(a) When recommending two or more individuals with equal shares of responsibility for an LDDT in collective financial liability, the financial liability officer will use the method in table 7–3 to determine the amount of financial liability for each individual. This method ensures a fair and proportional liability relative to each individual's base pay as a percentage of the value of actual loss.

(b) When recommending two or more individuals with unequal shares of responsibility for an LDDT in collective financial liability, an individual whose actions or inaction contributed to the LDDT but was not the proximate cause may be held partially liable. For example, the financial liability officer's findings and recommendations may indicate a commander or supervisor who failed to exercise Command or Supervisory responsibilities as defined in this regulation enabled circumstances which contributed to the specific LDDT of GP; an individual may have been an accessory to events directly leading to the LDDT but not the proximate cause of the LDDT. Do not use table 7–3 to compute the amounts of financial liability for unequal shares of responsibility. The financial liability officer will subjectively determine a percentage of each individual's share of collective responsibility for the LDDT, totaling 100% of the value of actual loss calculated per Appendix B. The reasoning for this proportional assessment must be included in the findings and recommendations. Multiply the assessed percentage of liability by each individuals' monthly base pay. The amounts derived from this equation are the maximum amount each respondent is

assessed. The total assessed amount of all individuals must not exceed the value of actual loss calculated per appendix B.

b. Normally, the amount of assessed financial liability is limited to the amount of the loss, or one month's base pay, whichever is less. Assess the following exceptions at the full amount of the actual value of loss per this chapter and appendix B for:

- (1) Losses of property by the APO.
- (2) Losses of personal arms and equipment (PA&E) by Servicemembers.
- (3) Losses by states and territories of the United States.
- (4) Losses by contractors and contractors' employees.
- (5) Losses by nonappropriated fund activities.
- (6) Persons losing public funds.
- (7) Persons who lose, damage, or destroy government-owned family or leased housing units, unaccompanied housing, or furnishings and equipment provided by the Government for use in unit or unaccompanied housing when gross negligence or willful misconduct is determined to have caused the loss.

When simple negligence is determined, limit assessment of financial liability to the amount of the loss or one month's base pay, whichever is less.

c. A Soldier's base pay is the amount of money collected each month by a Soldier less all allowances. For individuals in the USAR and ARNG, one month's base pay is the amount a Soldier would receive each month, less all allowances, if he or she were on active duty. For DA Civilian employees, one month's base pay is equivalent to one-twelfth of their annual pay.

d. 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 due to the nature and circumstances surrounding the damage or loss. An exception is for Servicemembers who lose both PA&E and other equipment or property (OEP). In this case, the amount of liability is one month's base pay at the time of loss or the actual OEP amount of loss to the Government, whichever is less, plus the actual amount of the PA&E (see tables 7-1 and 7-2).

Table 7-1
Method of computing financial liable charges against a single respondent

Types of losses	Actual loss	Amount charged ¹	Loss to the Government
I. Losses of PA&E Servicemembers	\$150 \$1,600	\$150 \$1,600	None None
II. Losses of OEP and PA&E losses by civilian personnel ²	\$200 \$15,000	\$200 \$1,700 ³	None \$13,300 ³

Notes:

¹ Officer and enlisted members are subject to financial liability for the entire amount of the PA&E loss. This includes adjustments for value of actual loss per appendix B.

² Total liability of OEP will not exceed one month's base pay. This includes adjustments for value of actual loss per appendix B.

³ See paragraph 7-4 for exceptions.

Table 7-2
Combined losses of different property types

Base pay	Actual PA&E loss			Actual charge	Loss to the Government
Combined PA&E and OEP losses by Servicemembers and civilian personnel.	\$1,500	\$500	\$500	\$700	None
	\$1,500	\$900	\$700	\$1,600	None
	\$1,500	\$5,000	\$200	\$3,500	

Note: APOs are liable for the full amount of the loss to the Government, less adjustments for actual value of loss per chapter 7 and appendix B.

Table 7-3**Method of computing equal shares of collective and individual financial liability when more than one person is charged.**

To determine each person's liability amount percentage:

Step 1. Add personnel base pay together for all individuals being charged.

Step 2. Divide individual base pay by the total amount of base for all individuals.

Step 3. Multiply each person's monthly basic pay percentage times the actual loss.

Step 4. This equals the individual financial charge amount.

An example for an actual loss of \$1,000 with three persons charged:

Step 1

Person 1's monthly basic pay = \$1,200

Person 2's monthly basic pay = \$2,400

Person 3's monthly basic pay = \$3,600

Total monthly basic pay of all persons 1, 2, and 3 = \$7,200

Step 2

\$1,200 (person 1's basic pay)/\$7,200 (total basic pay of all persons) = .16667 (person 1's percentage of loss)

\$2,400 (person 2's basic pay)/\$7,200 (total basic pay of all persons) = .33333 (person 2's percentage of loss)

\$3,600 (person 3's basic pay)/\$7,200 (total basic pay of all persons) = .50000 (person 3's percentage of loss)

Step 3

.16667 (person 1's percentage of loss) x \$1,000 (total financial charge) = \$166.67

.33333 (person 2's percentage of loss) x \$1,000 (total financial charge) = \$333.33

.50000 (person 3's percentage of loss) x \$1,000 (total financial charge) = \$500.00

Step 4

\$166.67 (person 1's liability) + \$333.33 (person 2's liability) + \$500.00 (person 3's liability) = \$1,000 (total financial charge)

7-5. Documenting the value of losses and amount of financial liability

The financial liability officer enters the dollar value of losses and the amounts of recommended charges of financial liability on DD Form 200 in blocks 15b, 15c, and 15d, as shown below.

a. *Block 15b, DOLLAR AMOUNT OF LOSS.* The financial liability officer will enter the fair market value, the depreciated value, or the standard rebuild cost as discussed in appendix B. When property is damaged, it is the cost to return the damaged property to its original condition at the time of the incident causing the damage.

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

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

Chapter 8

Investigation

8-1. Conducting the investigation

Investigative work is a critical phase of the FLIPL system. A financial liability officer's task is to seek out all the facts that surround the loss or damage of GP. The purpose of a FLIPL is to determine responsibility for loss through investigating the relevant and contributing facts. 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 LDDT. A thorough investigation may establish no fault, or it may establish that financial liability should be recommended. The financial liability officer investigates as thoroughly as needed to ensure the facts are fully developed, the interests of the government are fully served, and the rights of the involved individual(s) are fully protected. This chapter provides examples of the different types of losses and the specific factors a financial liability officer should consider when developing findings and recommendations.

a. The financial liability officer must begin the investigation immediately upon notification of being appointed financial liability officer. A financial liability officer will use the statement in block 9 of DD Form 200 and the attached exhibits to begin the investigation.

b. If the loss is damaged property, a financial liability officer will first physically examine the property. After physically examining the damaged property and determining that it is no longer needed for the investigation, the financial liability officer will prepare a release statement to release the property for repair or turn-in as appropriate. If an expert opinion is needed to determine the cause of the damage or the cost to repair it, the financial liability officer will submit the damaged property to the maintenance activity for a technical inspection. Submit requests for technical inspection and estimated cost of damage (ECOD) on a hard copy DA Form 2407 (Maintenance Request) or an automated DA Form 5990–E (Maintenance Request) per DA Pam 750–8. If photographs would be helpful later in the investigation, the financial liability officer will obtain the photographs before releasing the property for repair or turn in.

c. The financial liability officer determines whom to interview and obtains statements. Interview and obtain statements from all individuals whose useful testimony may assist in deciding the cause of, or responsibility for, the LDDT of the property listed on the DD Form 200. 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 FLIPL 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 ECODs.

d. Before contacting the individuals, the financial liability officer determines what information should be obtained from them. During the interviews, other questions may arise that will require additional interviews with persons already interviewed or with other persons not originally considered. If so, the financial liability officer will follow up on these interviews, as needed. The financial liability officer should consider interviewing:

- (1) The APO.
- (2) The PHRH and subhand receipt holder.
- (3) The user(s) of the property and their commanders and supervisors.
- (4) Any witnesses.
- (5) Any others identified through the investigation.

e. The financial liability officer documents individuals' interviews using DA Form 2823. Type or legibly print in ink an individual's interview statement; the individual signs and dates the statement. If DA Form 2823 is not available, plain bond paper or ruled paper may be used. Type or legibly print the word "Certificate" across the top, followed by the individual's statement and his or her signature and the date entered at the end of the statement.

(1) When obtaining statements from persons who have some form of responsibility for the property listed on DD Form 200, the financial liability officer should consider whether the individual's statement is self-serving. Individuals who had responsibility for the property being accounted for on DD Form 200 may not incriminate themselves. The financial liability officer must confirm whether such statements are factual through the use of other independent statements and evidence. All statements will be recorded on DA Form 2823, Sworn Statement.

(2) Different persons' statements may be in conflict. The financial liability officer will resolve the conflicts and determine the true facts by comparing the conflicting versions with other known facts and circumstances.

f. Interviews may uncover other evidence that will assist in developing findings and recommendations. Other evidence deemed necessary in the conduct of the investigation may include copies of hand receipts, standard operating procedures, police reports, accident reports, copies of orders, other investigations, ECODs, and photographs. Mark the evidence as shown in paragraph 5–11d and include it with the FLIPL as exhibits. When evidence, such as an AR 15– 6 investigation, is classified or sensitive, the financial liability officer will reference the investigation in DA Form 7531, block 15, by indicating its location and the identification of the report.

g. Attach the evidence to the FLIPL as exhibits per paragraph 5–11.

h. If during the conduct of the investigation the property is recovered, the financial liability officer will ensure accountability is reestablished using the guidance in paragraph 12–2.

8–2. Personal rights

The financial liability officer must consult with the servicing Office of the Staff Judge Advocate prior to questioning any individual (witness or respondent) believed to have rights under Article 31(b), Uniform Code of Military Justice (see UCMJ, Art. 31(b)). This includes individuals suspected of financial liability, especially if misconduct is suspected.

Chapter 9 Financial Liability

9–1. Financial liability

The financial liability officer uses the following standards to determine whether negligence or misconduct was involved. To recommend financial liability, the financial liability officer will determine that the evidence supports the decision. The financial liability officer can recommend the assessment of financial liability against a person for the loss of or damage to GP only if that individual's negligence or willful misconduct was the proximate cause of the loss or damage. To make such a determination, the financial liability officer will understand what is meant by the terms "negligence" and "willful misconduct."

a. Negligence. See definitions of gross and simple negligence in paragraph 6–6. When the person did not exercise the care required by the circumstances, based on the standard of actions of a reasonable person, he or she was negligent. In each of the cases outlined in paragraphs 9–1a(1) through 9–1a(5), a reasonable and prudent person could foresee that a problem could result from his or her actions. Examples of negligence include, but are not limited to, the following:

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

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

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

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

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

b. Willful misconduct. See glossary for definition. Misappropriation and theft are examples of willful misconduct.

(1) The misappropriation that concerns the Army is using GP for unauthorized personal use. An example is a Soldier or Civilian employee using a military vehicle to travel to and from home for lunch. Another example is a Soldier's use of OCIE for weekend camping with resulting loss or damage.

(2) The theft that concerns the Army is taking GP without permission and for a person to use or dispose of it as though it were their own.

c. Difference between offenses. Evidence of intent is not necessary to prove negligence. However, evidence of intent is necessary for willful misconduct. That is, the financial liability officer must prove it to be a deliberate act.

9–2. Proximate cause

a. 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. There may be more than one proximate cause for a specific loss or damage (for example, a vehicle accident where both drivers were negligent).

b. The effect of proximate cause on individual liability. Determining that a person is negligent or has committed an act of willful misconduct is not alone sufficient cause to hold him or her financially liable.

The evidence must also indicate the willful misconduct or negligent act was the proximate cause of the loss, damage, or destruction of the GP.

c. Examples of proximate cause.

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

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

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

e. Recognition of proximate cause. At times, what appears to be the proximate cause may not be the case; for example:

(1) Sergeant John Doe was on permanent duty as sergeant of the guard. Due to the shortage of experienced drivers, the guard vehicle was assigned directly to Sergeant John Jones, with instructions that only he would drive the vehicle. However, Sergeant John Jones allowed Specialist Tom Jones to drive Soldiers to and from their guard posts. Specialist Tom Jones was involved in an accident. The investigation revealed that Specialist Tom Jones operated the vehicle in a safe and careful manner; however, icy road conditions and snow-filled ruts caused the vehicle to turn over. The survey officer recommended that Sergeant John Doe be held financially liable because Sergeant John Jones decided to allow Specialist Tom Jones to drive the vehicle, despite instructions to drive the vehicle himself. The survey officer stated in his findings that there was no negligence on the part of the driver, Specialist Tom Jones, and since he was an experienced, licensed driver, it must be assumed that, under the same given set of circumstances, the accident would have occurred no matter who was driving. Therefore, the proximate cause for the accident was not Sergeant John Jones' negligence in permitting an unauthorized driver to drive the vehicle, but the existing road conditions. Sergeant John Jones' wrongful action in permitting Specialist Tom Jones' to drive Soldiers to and from their guard posts might have left him open to adverse administrative action. However, a FLIPL is not the proper instrument to use in this case. Sergeant John Jones' commander could give him an oral reprimand, a formal letter of reprimand, or a notation on his noncommissioned officer evaluation report. He could also discipline him through UCMJ, Art. 15 (a section of the UCMJ allowing commanders to carry out discretionary punishments without judicial proceedings) or a court martial under the UCMJ. The commander must determine if a FLIPL is the right course of action and if so determine if anyone is liable or not.

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

cause an accident. It was not reasonably foreseeable that a tow truck would further damage the vehicle if an accident did occur. In this case, you should recommend holding Private First Class John Jones financially liable for the damage to the front of the military sedan and Private Susie Jones financially liable for the damage to the rear bumper. Each driver could have reasonably foreseen the possible damage to the vehicle as the result of their actions.

9–3. Recommending assessment of financial liability

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

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

b. The financial liability officer can recommend an individual be held financially liable for a loss, even though the property was not in their personal possession or under their supervisory control. For example, a Soldier carelessly backs a forklift within a warehouse, hitting a pallet of fragile supplies (such as cases of fluorescent light bulbs), breaking them all. The Soldier had neither possession nor supervisory responsibility for the light bulbs. However, the proximate cause of the breakage was the Soldier's negligence.

Chapter 10 Findings and Recommendations

10–1. Self-serving statements

When the findings rely on a self-serving statement in DD Form 200, block 9 or in one of the exhibits, the financial liability officer will explain how that person's statement is confirmed by other evidence in the FLIPL. Financial liability officers will ensure they have received legal advice prior to interviewing someone who may be found liable; see paragraph 8–2.

10–2. Conflicting statements or evidence

When the findings rely on evidence which conflicts with other evidence, the financial liability officer will explain how the conflict was resolved. The FLO will document how they resolve any conflicts. The use of other evidence and documentation provided during the investigation will be used to resolve any conflicts.

10–3. Considerations

The financial liability officer will consider various evidence when investigating the loss of GP. The financial liability officer will determine whether a person's actions were the proximate cause for the loss of, damage to, or destruction of GP. The financial liability officer should consider the following before making a recommendation:

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

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

(2) Eighteen-year old Private Tom Doe, a new member in the unit, while participating in his first field training exercise was assigned to the aggressor forces. While trying to avoid being captured by the enemy forces, he found a high mobility multipurpose wheeled vehicle (HMMWV), got in, and drove off. The HMMWV was assigned to First Lieutenant David Doe who, when he noticed the HMMWV being driven off by an unknown individual, shouted to Private Tom Doe to come back with his vehicle. Private Tom Doe, continuing to flee the enemy, drove off at a high speed. He did not stop until he discovered he was entangled in barbed wire, causing damage to the HMMWV. Private Tom Doe's commanding officer and his

platoon leader both stated he was caught up in his aggressor role and that he was totally intent on accomplishing his mission of avoiding capture by the enemy forces. In this case, the financial liability officer will consider Private Tom Doe's age, and his lack of experience. The financial liability officer could recommend he be relieved of responsibility for the damage to the HMMWV if these elements are believed to be warranted.

b. Responsibility of the person for the property (personal or nonpersonal). When a person holds property like OCIE, personal arms, binoculars, or hand tools that have been issued to him or her for personal use, he or she has personal responsibility. When a person converts property to his or her own use without permission or authority, as when an individual steals a vehicle, that person has personal responsibility. When a person commands or supervises others who use property or have custody of property, that person has nonpersonal (either command or supervisory) responsibility. If there was nonpersonal responsibility, the following elements can affect a decision:

- (1) The nature of the property.
- (2) The nature, extent, and complexity of the organization or activity he or she commanded or supervised. How feasible was it to keep close supervision over the property? The financial liability officer will check the factors that contributed to the loss or damage.
- (3) The adequacy of the measures set up for the supervision of subordinates to ensure property was properly used and cared for and that proper custody and safekeeping were provided.
- (4) The extent to which supervision by a commander/activity supervisor may have been hampered by other pressing duties or by a lack of qualified assistants.

c. Possibility of fraud, collusion, or willful misconduct. If there is any suspicion of fraud, collusion, or other willful misconduct incident to a property loss on the part of a Servicemember or DA Civilian employee, the financial liability officer must be especially careful to thoroughly investigate the facts. Fraud is the misrepresentation of truth to induce another to part with something of value or to surrender a legal right. It is also a deceitful act with the intent to deprive another of their rights or to cause them injury. Collusion is a secret agreement and cooperation for a fraudulent or deceitful purpose. When such suspicions reasonably exist, the financial liability officer must not recommend relief from property responsibility or financial liability until all involved persons are completely cleared of suspicion.

10-4. Findings and recommendations

The financial liability officer's findings and recommendations are administrative and not judicial; therefore, findings and recommendations are purely advisory and do not constitute a final determination or legal judgment. The recommendations are not binding upon the appointing authority or the approving authority. However, if the financial liability officer has conducted the investigation without prejudice or bias, has documented findings clearly and identified the supporting documentation, and has made recommendations that are reasonable and just, those recommendations are more likely to be accepted by the appointing authority and approving authority.

a. A finding is a conclusion reached by the financial liability officer during his or her investigation of the facts and circumstances surrounding the loss or damage of GP. Findings are supported by evidence contained on DD Form 200, block 9, or in exhibit(s) attached to the FLIPL. 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 DD Form 200 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 applying the guidance contained in this regulation.

10-5. Entering findings

Enter findings in block 15 of DD Form 200 per table C-2.

10–6. Reference the exhibits supporting the findings

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

- a. "Sergeant First Class John Doe had personal responsibility for the missing property based on the hand receipt at exhibit A."
- b. "Specialist Tom Doe was driving the vehicle above the posted speed limit based on the military police report at exhibit B."
- c. "The supply room was left unattended and unsecured on the evening of 1 Oct 14, based on the charge of quarter's log at exhibit C."

10–7. Recommendations

After recording the findings, the financial liability officer develops logical recommendations based on the findings and the guidance in this regulation. See chapters 10 and 13 for examples of types of losses and the considerations that should be made in determining whether assessment of financial liability is appropriate. Chapter 13 provides special considerations for specific types of property. Enter recommendations of findings in DD Form 200, block 15.

a. When findings reveal no negligence or willful misconduct, the financial liability officer will recommend relieving all persons concerned of responsibility. For example, the recommendation may read: "Recommend all persons be relieved of responsibility and accountability for the lost property."

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

(1) Liability for losses should not be assessed when the negligent act or willful misconduct is not the proximate cause of the loss. This does not preclude the commander/activity supervisor from taking other administrative or disciplinary actions against the individual(s) committing the negligent act(s) or willful misconduct.

(2) When the negligent act(s) or willful misconduct is the proximate cause of the loss, the person responsible for the negligent act(s) or willful misconduct should be recommended for assessment of financial liability for the cost of the loss; for example, "Recommend [individual's name, grade, and EDIPI] be held financially liable in the amount of [dollar amount]." Compute the amount of financial liability per chapter 5. When recommending charges of financial liability against an individual, the financial liability officer will include the individual's monthly base pay at the time of the loss in DD Form 200, block 15c. The financial liability officer will also include the expected date of the person responsible for the negligent act(s) termination of service or employment in block 15.

(3) When more than one person's negligent act or willful misconduct is the proximate cause for the loss, those persons should be recommended for assessment of collective financial liability. Use the phrase "collective financial liability" when more than one individual is found financially liable for a loss; for example, "Recommend [individual's name, grade, and EDIPI] and [identify others being recommended by name, grade, and EDIPI] be held collectively financially liable in the amount of [dollar amount] and [dollar amount] respectively." Compute the proportional amounts of collective financial liability per chapter 7. The financial liability officer will include the individuals' monthly base pay at the time of the loss and the expected dates of the person responsible for the negligent act(s) expiration of term of service or termination of employment.

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

Chapter 11

Actions after Making Recommendations

Section I

Actions after Investigating Officer Makes a Recommendation

11–1. Signing the findings and recommendations

Once the findings and recommendations have been entered in DD Form 200, block 15a, the financial liability officer will attach all exhibits and complete blocks 15e through 15k. The financial liability officer will ensure blocks 15b, 15c, and 15d are completed as stated in paragraph 8–1.

11–2. Actions when financial liability is not recommended

If assessment of financial liability is not recommended, the financial liability officer will route the completed FLIPL with all exhibits in eFLIPL to the approving authority or the appointing authority, as appropriate. No external copies are required when routed in eFLIPL. When prepared in hard copy per appendix C, the financial liability officer will forward the original and copies (number prescribed by the local command) and retain a copy with all exhibits for reference purposes.

11–3. Actions when financial liability is recommended

a. When recommending to hold individuals financially liable, the financial liability officer will make the individuals aware of the recommendations and inform them of their rights.

b. The financial liability officer will inform the respondent of the recommendations and of their rights using a notification memorandum. The endorsement should be included for the respondent to use for acknowledging receipt of notification and returning DD Form 200 with blocks 16a through 16g completed. Attach a complete copy of the FLIPL showing findings and recommendations to the memorandum as an enclosure. Attach copies of all the exhibits to the FLIPL.

c. The notification memorandum to the respondent will—

(1) Explain the respondent's rights. Individuals recommended for charges of financial liability (respondents) have the right to:

(a) Inspect and copy Army records relating to the debt.

(b) Obtain legal advice as authorized by AR 27–3.

(c) Submit a statement and other evidence in rebuttal of the findings and recommendations per Chapter 10, section IV in this pamphlet.

(2) Explain the consequences of the recommendation, if the recommendation is approved by the approval authority.

(3) Explain the significance of any statement made by the respondent regarding possible financial liability.

(4) State the financial liability officer will consider any statement the respondent desires to submit and include the statement in the FLIPL exhibits.

(5) Inform the respondent when his or her rebuttal statement or other evidence must be received in order to be considered in the determination of whether financial liability is assessed.

(6) When a FLIPL involves government-owned family or leased housing units, unaccompanied housing, or furnishings and equipment provided by the Government for use in unit or unaccompanied housing, explain to the respondent whether gross negligence was established. If gross negligence was established, explain the consequence of the gross negligence; that is, assess the full amount of the loss against the individual.

d. The financial liability officer ensures the respondent completes DD Form 200, block 16a through 16g acknowledging understanding of the respondent's rights using the following statement followed by the individual's signature block: "I hereby acknowledge receipt of notice recommending me for charge of financial liability contained in the basic correspondence above. The DD Form 200 with blocks 16a through 16h is returned, as requested." The financial liability officer or the respondent may make a copy of DD Form 200 (reverse side) for this purpose.

e. In the notification memorandum, the financial liability officer will attach a copy of the memorandum explaining the individual's rights to the FLIPL as an exhibit. If more than one individual is recommended for assessment of financial liability, the financial liability officer will annotate each individual on DD Form

200 being recommended for assessment (normally placed in blocks 16a through 16g) and attach to the FLIPL.

(1) When individuals being recommended for assessment of financial liability are at the same installation as the financial liability officer, the notification memorandum with enclosed FLIPL is hand delivered to the individual. The individual is allowed 7 calendar days from the date of receipt to submit a rebuttal statement or other evidence.

(2) Individuals unavailable but within the same country as the financial liability officer are allowed 15 calendar days from the date the notification memorandum is received or the date the email was sent to submit their rebuttal statement or other evidence. Notifications mailed to individuals require the individual to sign for and date the return receipt form.

(3) For those individuals unavailable and in a different country than the financial liability officer, 30 calendar days from the date the notification memorandum is received or the date the email was sent are allowed for individuals to submit their rebuttal statement or other evidence. Notifications mailed to individuals require the individual to sign for and date the return receipt form.

f. Notify unavailable individuals using certified mail, return receipt requested. Attach copies of the notification memorandum, together with the evidence of the mailing and return receipt, to the FLIPL as exhibits per paragraph 5–11*d*.

g. Upon receipt of a rebuttal statement or other evidence within the allowed time, the financial liability officer will consider the FLIPL with any new evidence or allegations of error presented by the respondent. The financial liability officer will make a recommendation in DD Form 200, block 15a, and attach the rebuttal statement to the FLIPL as an exhibit per paragraph 5–11*d*. The financial liability officer will forward the completed FLIPL to the approval authority or appointing authority, as appropriate.

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

i. In the event of receipt of a rebuttal statement or other evidence after the allowed time, but before the FLIPL has been forwarded to the approving authority, the financial liability officer will consider any new evidence presented by the individual. If appropriate, the financial liability officer will amend the recommendations to the approval authority and forward the amended recommendation through the same channels by which the FLIPL was processed.

j. Any time an individual elects to sign a DA Form 7923 (if permitted for the LDDT per chap 4) after FLIPL has been initiated, the FLIPL may be cancelled and the statement of charges processed.

11–4. Legal review of financial investigations of property losses

a. Upon receiving a FLIPL on which the approving authority believes financial liability is appropriate, the approving authority will obtain a legal opinion, if not already obtained by the appointing authority, 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 FLIPL. If, in the legal advisor's opinion, the investigation 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 prior to the approving authority's review and decision. The approving authority will 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. Time constraints for the legal review of FLIPLs are included in the adjudication process. However, if the legal opinion will take more than 10 days for Regular Army, 80 days for USAR, or 30 days for ARNG, extensions will be granted in 10 day intervals until the legal review is received. When extensions are granted, the amount of time over 10 days (Regular Army), 80 days (USAR), or 30 days (ARNG) will not be included in the calculation of total processing time.

e. The approving authority cannot assess financial liability against individuals for the loss or damage to GP if the findings and recommendations are found to be legally insufficient.

11–5. Forwarding the completed financial investigations of property loss for approval

a. Upon completion of a FLIPL, the financial liability officer will forward the original with copies (number prescribed by local command) and copies of all attached exhibits to the appointing authority or to the

approving authority, when an appointing authority is not appointed. The financial liability officer will retain a copy with all exhibits for reference.

b. Follow this sequence to process a FLIPL from assessment of financial liability to receipt at FAO or USPFO:

- (1) Assess liability.
- (2) Notify respondent of financial liability per paragraph 11–3.
- (3) Respondent's actions per chapter 11, section IV.
- (4) Forward to FAO/USPFO.
- (5) FAO/USPFO acknowledges receipt.

Section II

Review of Financial Liability Officer's Findings and Recommendations by a Designated Appointing Authority

11–6. Appointing authority review of financial investigations of property losses

a. When an appointing authority is designated, they will personally review all DD Form 200s arising within their command or authority, except DD Form 200s listing properties for which the appointing authority has either personal responsibility or accountability (see AR 710–4). In this instance, the appointing authority will forward the FLIPL with all exhibits to the approving authority without action.

b. The appointing authority will make an administrative check to determine if all pertinent instructions have been followed. The appointing authority, using and completing section F of DA Form 7531 per the form's embedded instruction, 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 in this pamphlet.
- (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.

11–7. Appointing authority review

The appointing authority will review the action taken by the financial liability officer, making certain all requirements have been met, and then will return the investigation to the financial liability officer for additional investigation. If further investigation is required 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 corrections are required. The appointing authority will then either—

a. Concur with the findings and recommendations. If the appointing authority concurs with the recommendations of the financial liability officer, they will process the FLIPL as follows:

- (1) Check APPROVE in DD Form 200, block 13a.
- (2) Complete DD Form 200 blocks 13b and 13d through 13h.
- (3) Forward the FLIPL with all exhibits to the approving authority. Approving authorities may require the appointing authority to obtain a legal opinion from the legal office before forwarding the FLIPL.

b. Nonconcur with findings and recommendations. If the appointing authority nonconcurs with the financial liability officer's recommendations, they will process the FLIPL as follows:

- (1) Check DISAPPROVE in DD Form 200, block 13a.
- (2) Enter a statement in DD Form 200, block 13b showing the rationale upon which their decision is based.
- (3) Complete DD Form 200, blocks 13d through 13h.
- (4) Forward the FLIPL with exhibits to the approving authority.

11–8. Respondent's rights

a. The approving authority will notify the respondent using a memorandum. Hand deliver the memorandum with a copy of the FLIPL and all exhibits to the person found financially liable. If the individual is not available locally, forward the memorandum by certified mail, return receipt requested.

(1) The memorandum will inform the individual that collection efforts will begin 30 calendar days (60 calendar days for ARNG) from the date delivered or mailed. If a respondent exercises his or her rights described in paragraph 11–8, temporarily halt collection actions.

(2) The memorandum will provide a means for the respondent to acknowledge receipt.

(3) 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 their rights. The time used in notifying respondents of approved charges of financial liability and of their rights is not counted towards the 75 days allowed for processing the FLIPL.

(4) The memorandum will specify the individual's rights to—

(a) Inspect and copy Army records relating to the debt.

(b) Obtain free legal advice from the servicing legal assistance office relating to the assessment of financial liability, as authorized by AR 27–3. Normally this free legal advice is available only to Servicemembers and DoD Civilian employees.

(c) Request reconsideration of the assessment of financial liability based on legal error. Requests for reconsideration denied by the approval authority are forwarded to the appeal authority by the approval authority per paragraph 11–13.

(d) 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 is 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.

(e) Request remission or cancellation of the indebtedness under the provisions of AR 600–4.

(f) Request extension of the collection period.

(g) Submit an application, DD Form 149 (Application for Correction of Military Record under the Provisions of Title 10, U.S. Code, Section 1552), to the Army Board for Correction of Military Records (ABCMR) under the provisions of AR 15–185, once final action has been taken by the appeal authority. 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.

b. The time constraints shown in chapter 5 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.

c. When time limits in paragraph 11–8b expire without action by the respondent, the approving authority will forward the FLIPL to the FAO or 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 or USPFO has not acknowledged receipt. Thereafter the approving authority will continue to follow-up every 10th day until the FAO or USPFO acknowledges receipt of the FLIPL.

d. DA Civilians will see their human resource service representative for DD Form 2481 for payroll deduction submission. They will attach DD Form 2481 upon receipt of the processed DD Form 2481.

e. The approving authority will attach a copy of the notification memorandum and FAO or USPFO receipt to the FLIPL.

11–9. Submission of individual rebuttal statement

a. *Time constraints.*

(1) An individual who receives a hand-delivered FLIPL 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 as the financial liability investigating officer have 15 calendar days from the date the notification memorandum is received or the date the email was sent to submit their rebuttal statement or other evidence. Notifications mailed to individuals

require the individual to sign for and date the return receipt form. The email will include a complete packet as an attachment. The investigating officer will ensure that sent, delivered, and read verification is applied. All verification emails will be attached to the FLIPL as exhibits. 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 the notification memorandum is received or the date the email was sent are allowed for individuals to submit their rebuttal statement or other evidence. Notifications mailed to individuals require the individual to sign for and date the return receipt form. The email will include a complete packet as an attachment. 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; or email to individual's official email address with return receipt and delivery confirmation options enabled. Copies of the notification memorandum will be attached to the FLIPL as an exhibit together with the evidence of mailing and return receipt or the email tracking document that the email has been read by the recipient.

(5) When the financial liability officer receives a rebuttal statement within the allotted time, he or she will consider the FLIPL together with any new evidence or allegations of error presented by the respondent. After review, attach the rebuttal statement to the FLIPL. If the evidence provided changes the financial liability investigating officer's findings and recommendation, the new findings and recommendation will be placed in block 15a or on an added page. Forward the complete packet to the appointing authority or the approving authority as appropriate for action.

(6) 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 their recommendations and forward the amended recommendation by memorandum through the same channels the financial liability investigation was processed.

(7) When the financial liability officer does not receive a rebuttal statement within the allotted time, he or she will forward the FLIPL showing the financial liability officer's findings and recommendations to the appointing authority or the approving authority as appropriate.

b. 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 FLIPL 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 available only to Servicemembers and DoD Civilian employees per AR 27–3, paragraph 2-4a(9).

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 III

Review by Approval Authority

11–10. Approving authority review of financial investigations of property losses

a. The approving authority will personally review all FLIPLs arising within their command or authority. The exception involves FLIPLs listing property for which the approving authority has either personal responsibility or accountability (see AR 710–4). In this instance, the next higher commander/activity supervisor will act as the approving authority.

b. The approving authority will make an administrative check to determine if all pertinent instructions have been followed. DA Form 7531 (Checklist and Tracking Document for Financial Liability Investigations of Property Loss) provides a checklist and tracking document. Using section G within 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 pamphlet.

- (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.

11–11. Approving authority's action after review of financial investigations of property losses

a. Chapter 5 describes the financial liability investigation processing steps from decision by the approving authority to receipt by the FAO/USPFO.

b. When the approving authority determines the financial liability investigation or AR 15–6 investigation is incomplete, or finds pertinent instructions have not been complied with, the official will return the FLIPL 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 FLIPL through the appointing authority. The approving authority will specify the additional data required using a memorandum.

c. A financial liability officer may be relieved by the approving authority and a new financial liability officer appointed per paragraph 6–9.

d. When the approving authority determines the FLIPL is complete, the approving authority—

- (1) Will adopt the recommendations of the financial liability officer or AR 15–6 investigating officer and approve them by following procedures in paragraph 11–11e; or
- (2) Will decide contrary to the recommendations of the financial liability officer or AR 15–6 investigating officer to relieve all concerned from financial liability, to assess financial liability against a new individual, or waive or reduce the amount of financial liability assessed against an individual. When the approving authority's decision is to relieve or waive financial responsibility, the respondent will be notified using a memorandum (see chap 10); or
- (3) Can overrule, when appropriate, the recommendations of the appointing authority and the financial liability officer. When this action results in the assessment of financial liability, the individuals not previously recommended for liability will be advised in writing of their rights and afforded an opportunity to exercise their rights.

e. The approving authority adopts the recommendations of the financial liability officer or AR 15–6 investigating officer and approves them by checking APPROVE in DD Form 200, block 14a and inserting a statement in block 14b to assess financial liability against an individual. Use a statement similar to the following: "Approved to hold [rank or grade and name] financially liable in the amount entered in block 15d." Also enter the respondent's rank or grade, last name, and basic pay at the time of loss or damage and complete blocks 14b through 14h.

f. When the approving authority decides to approve collective and individual liability against two or more individuals, additional actions to those actions outlined in paragraph 11–11e are taken. Since the data in blocks 16a through 16g allows only one individual to sign, it is necessary to prepare a continuation sheet. Using the continuation sheet, enter a statement similar to the statement described in paragraph 11–11e identifying each individual being held financially liable and the amount of financial liability being charged.

g. When the approving authority decides to relieve all concerned from financial liability, he or she will check block 14a, APPROVED, and make the following statement in block 14b: "All concerned are relieved from financial liability for the loss or damage of the property listed on this DD Form 200." The approving authority will then complete blocks 14d through 14h.

h. 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, loss, or destruction] to the property listed in blocks 4 through 6." To reduce the amount of financial liability assessed, 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 [dollar amount]." Also enter the respondent's rank or grade, last name, and basic pay at the time of loss or damage.

i. The approving authority will clearly state the facts that justify waiving any or all financial liability in block 14b, COMMENTS/RATIONALE, or on a separate memorandum for record. If a separate memorandum is used, add the statement "See separate memorandum for rationale of financial liability waiver" in block 14b, COMMENTS/RATIONALE.

j. When the approving authority decides to relieve all concerned persons from financial liability, the approving authority will retain the original FLIPL on file according to document retention instructions per AR 25–400–2 and destroy the remaining copies. When the approving authority determines to assess financial liability, the approving authority will retain the original, send a copy to the FAO or USPFO, and provide each respondent with a copy.

k. For ARNG, all investigations will then be forwarded to the state USPFO who will serve as the final reviewing authority. The final reviewing authority cannot be delegated to other than the USPFO. In cases of personal conflict, general officer, or state liability, the final reviewing authority is the ARNG designated representative, who also acts as the appointing and approving authority.

11–12. Respondent's actions

a. When an individual has been notified that financial liability has been approved, the individual will, with the advice of legal counsel if desired, thoroughly review the FLIPL packet provided and then decide whether or not to take one of the following actions:

(1) Request reconsideration of the approving authority's decision. Submit requests for reconsideration by memorandum through their immediate commander/activity supervisor to the approving authority. Only submit requests for reconsideration on the basis of legal error.

(a) The request for reconsideration will set forth, in detail, any new evidence offered and provide rationale why financial liability is not appropriate. Information already presented in the rebuttal will not be reconsidered.

(b) A request for reconsideration stops all collection action pending a decision by the approving authority or the appeal authority.

(c) When the approving authority does not reverse their original decision to approve financial liability, the request for reconsideration becomes an appeal, which is forwarded to the appeal authority by the approving authority.

(2) 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.

(a) A request for hearing is submitted by memorandum through the respondent's immediate commander/activity supervisor to the servicing FAO or USPFO, where arrangements for a hearing are made.

(b) The request for a hearing will set forth in detail any new evidence offered and explain why the individual believes the amount of the debt is incorrect or why the proposed repayment schedule should be changed.

(c) A request for a hearing stops all collection action pending a decision of the individual conducting the hearing.

(3) Request remission or cancellation of indebtedness under the provisions of AR 600–4.

(4) Request extension of the collection period.

(5) Submit an application, DD Form 149, to the ABCMR under the provision of AR 15–185 once the final action from the appeal authority has been received.

b. A request for reconsideration or hearing is processed only if received within the time prescribed in chapter 12 unless the individual can show good cause for failing to take one of the actions described in paragraphs 11–12a(1) through 11–12a(5) within the time prescribed.

11–13. Requests for reconsideration

Upon receipt of a request for reconsideration, the approving authority will review any new evidence offered and decide to either reverse the previous decision assessing financial liability against the individual or recommend the continuation of the assessment of financial liability. The approving authority will review a request for reconsideration only based on legal error; that is, the request must establish that the facts of the case, including any new facts provided in the request for reconsideration, do not support an assessment of financial liability.

a. *Relief.* When the approving authority determines from new evidence that the individual is relieved from financial liability, the approving authority will—

(1) Notify the individual of relief from the assessment of financial liability by memorandum (delivered by hand or by certified mail with return receipt requested).

(2) Retain the new evidence with the FLIPL and file.

(3) In some cases, the approving authority will notify the individual they have reduced the amount of liability.

b. Continuation of financial liability. When the approving authority determines that the assessment of financial liability is continued, the approving authority will—

(1) Prepare and sign a memorandum addressing paragraph 11–2 to the appeal authority. The approving authority is not authorized to allow other persons to sign on their behalf. The approving authority may use an electronic 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, include the actual cost in the memorandum, if available.

(2) Enclose the original the FLIPL and all exhibits to the memorandum. When the original the FLIPL is not available, the approving authority will include a statement in the memorandum explaining why the file is not available.

c. The appeal authority determines liability.

(1) Reviews the packet and makes a determination.

(2) Prepares and signs the memorandum.

d. 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 is delivered by hand or certified mail with return receipt requested. When financial liability is 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.

(3) Request an extension of the collection period.

(4) Submit a DD Form 149 application to the ABCMRs.

11–14. 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. The approving authority will not arrange for or conduct a hearing. When the appeal authority denies a request for reconsideration, DA 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 Activity supervisor, Defense Finance and Accounting Service—Indianapolis Center, Department 80, Indianapolis, IN 46249–0001, per DoD 7000.14– R, Volume 5 and Volume 8.

11–15. Remission or cancellation of indebtedness (enlisted personnel only)

When financial liability assessed through a FLIPL causes financial hardship on an enlisted Soldier, he or she may submit DA Form 3508 (Application for Remission or Cancellation of Indebtedness) for remission or cancellation of the debt through their commander, per AR 600–4. Submit a copy of the approved FLIPL assessing financial liability with the application. A request for remission or cancellation of indebtedness can be submitted at any time an individual is notified they are found financially liable during the process.

11–16. Requests for extension of the collection period

Forward requests for extension of the collection period 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. Expenses caused by living standards that are too high or by mishandling of personal funds are not a basis for a hardship determination.

Section IV

Appeal Authority’s Review of Requests for Reconsideration

11–17. Information regarding requests for reconsideration

a. The phrase “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 are

routed to the approving authority that acted on the FLIPL or the commander/activity supervisor currently holding this position. The approving authority will, after review and determination that liability will continue, forward requests for reconsideration to the next commander/activity supervisor in the chain of command within 15 calendar days of receipt by the approving authority. This individual is the appeal authority.

b. An individual may request reconsideration only one time. The decision of the appeal authority is final unless the individual chooses to apply 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 imposing financial liability. These procedures do not apply to financial liability imposed for discrepancies incident to shipment or to procurement reported using DD Form 361 or SF 364 procedures (see Subpart 101–26.8, Title 41, Code of Federal Regulations (see 41 CFR 101–26.8)).

c. Unless good cause for a greater delay exists, individuals must file requests for reconsideration within the time limits set forth in chapter 5 and paragraph 11–13.

(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 is 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.

11–18. Appeal authority

a. *Definition.* 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.

(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 senior commander, the U.S. Army Installation Management Command region activity supervisor will be the appeal authority. Individuals having approving authority that delegate it to subordinate personnel per paragraph 5–10 cannot be an appeal authority. Appeal authority must be at a command or supervisory level above the approving authority level.

(2) The following persons may delegate appeal authority for FLIPLs arising from organizations that fall under their command or supervision. Individuals designated must be in the grade of COL or above or be an SES employee and be senior in TIG to the approving authority. This provision does not apply to the ARNG.

- (a) Heads of HQDA staff agencies.
- (b) Commanders of ACOMs, ASCCs, DRUs, and life-cycle management commands.
- (c) Heads of unified commands.
- (d) Corps, division, and senior commanders.

(3) For FLIPLs 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) For financial liability investigations containing an assessment of a final loss of \$250,000 or greater or a final loss of a controlled item, the appeal authority will be the next general officer or SES employee senior to the approving authority in the rating chain unless designated otherwise by a support agreement.

(5) One individual 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 DD Form 200 will not act as an appeal authority. In such cases the next higher commander/activity supervisor 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. 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 him or her from financial liability. After review, the appeal authority may—

(a) Direct the approving authority to reopen the financial liability investigation 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, reverse an assessment of financial liability, and 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 FLIPL with all exhibits will be returned to the approving authority for action under a formal memorandum. The 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 their decision is recorded. The appeal authority's actions will be accomplished within 45 calendar days of receipt of request for reconsideration.

(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 will 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 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 in accordance with AR 600–4. When the appeal authority receives such a request, a review will be made under the provisions of AR 600–4 and forwarded to the appropriate individual for action if remission or cancellation is determined. In accordance with AR 600–4, debts over \$49,999 must go to the G–1 and potentially the M&RA. Under 10 USC 7837, SECARMY has this authority, and AR 600–4 pushes it down but not for all debts.

11–19. Submitting an application to the Army Board for Correction of Military Records

Individuals assessed financial liability through a FLIPL may submit DD Form 149 to the ABCMR if they believe the findings are unjust. Submit DD Form 149 with a complete copy of the FLIPL, to include all exhibits, attached, after the final decision by the appeals authority has been rendered. Instructions for submitting an application are in AR 15–185.

11–20. Actions resulting from reopening, correcting, amending, or canceling financial investigations of property losses

a. *Reopening, correcting, amending, or canceling FLIPLs are administrative procedures.* They may be activated—

(1) By a decision at the approval authority level previously acting on a FLIPL that such action is necessary.

(2) At the direction of the appeal authority.

b. The FLIPL approving authority will reopen a FLIPL when either of the situations shown in paragraphs 11–13a and 11–13b occur and result from one of the following actions:

(1) An individual has requested reconsideration of the assessment of financial liability when new evidence is presented as part of the appeal process.

(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 to the

approving authority 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 FLIPL 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.

c. Corrections on DD Form 200. See the eFLIPL EUM to correct FLIPLs in the application. Do not make corrections to hard copy DD Form 200 on the original, except as specified in 12-2a. If it becomes necessary to alter DD Form 200 in any other way after receipt by the approving authority, prepare an amendment citing the specific alterations and include it with the FLIPL as an exhibit.

d. Cancellation of DD Form 200. See the eFLIPL EUM to cancel FLIPLs in the application. Do not cancel an approved DD Form 200 (one on which the approving authority has taken approval action). When property is found after DD Form 200 is approved, follow the procedures in paragraph 12-2.

e. Amending DD Form 200. Based on new information received by the approving authority, it may become necessary to amend a FLIPL in eFLIPL (see the EUM) or one or more blocks of DD Form 200, including the decision of the approving authority. If it becomes necessary to alter DD Form 200 in any way, the approving authority will prepare an amendment, citing the specific alterations, and include it with the FLIPL as an exhibit.

f. Repayment of amounts previously collected. Property listed on a FLIPL may be recovered after assessment of financial liability is approved or the assessment may be reversed by the approving or appeal authority. If so, prepare an amendment citing the specific alterations and include it with the FLIPL as an exhibit. Attach a copy of the amendment to a memorandum directing repayment of the value of the recovered property to the individual due to a collection erroneously received. Forward the memorandum to the FAO or USPFO as appropriate.

Chapter 12

Special Procedures

Section I

Organizational, Operational, and Administrative Scenarios

12-1. General

This chapter provides procedures that must be followed to account for property losses under special circumstances not covered by previous chapters.

12-2. Accounting for recovered property previously listed on DD Form 200

Property is often found after a FLIPL has been initiated to account for loss. When this occurs, follow the procedures in the FLIPL EUM and listed in paragraphs 12-2a through 12-2e.

a. When the property is recovered before a document/transaction or voucher number is assigned to DD Form 200, the initiator should—

(1) If some, but not all, the property is recovered, line through the recovered property identified in blocks 4 through 8 of DD Form 200 and initial the entries on all copies. Adjust the grand total in block 8, TOTAL COST.

(2) If all the property is recovered, close the FLIPL in eFLIPL. In hard copy processes per appendix C, destroy the document.

b. When property is recovered after the approving authority has assigned an inquiry or investigation number, but before the APO has adjusted property records and assigned a document/transaction number or voucher number, the approving authority will—

(1) When some but not all items are recovered, attach a copy of the memorandum with APO's memorandum to DD Form 200 as an exhibit and continue the investigation until DD Form 200 is completed.

(2) When all property is recovered, attach the memorandum with the APO's memorandum to DD Form 200 as an exhibit and cancel DD Form 200. Notify the financial liability officer to discontinue the investigation and mark the original DD Form 200 cancelled. The approving authority files the form to support the cancellation.

c. When property is recovered after the APO has assigned a document/transaction or voucher number to DD Form 200, take the following actions:

(1) The initiator, the financial liability officer, appointing authority, or the approving authority, as appropriate, will forward a memorandum to the APO directing the APO to reestablish accountability for the recovered property.

(2) The memorandum will contain the investigation number, the document/transaction or voucher number assigned to the original LDDT, and a listing of the recovered property by material number, description, serial number and quantity.

(3) Attach the APO's response to the FLIPL as an exhibit.

d. The APO will complete the following actions to reestablish accountability for recovered property:

(1) Reverse the transaction in the APSR or, for hard copy property records, reverse the transaction using the original document/transaction number.

(2) Respond by memorandum to the initiator, financial liability officer, or approving authority as appropriate when accountability has been reestablished.

(3) In the ARNG, also provide a copy of the response memorandum to the USPFO to support adjustment to the equipment status report, including confirmation of the transaction data from the APSR.

e. When property is recovered after the approving authority has made a final decision on financial liability, the approving authority will reopen the FLIPL and follow instructions per paragraphs 12-2c and 12-2d.

f. 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 one month's base pay as prescribed in paragraph 7-5.

(1) If the individual was assessed the total amount of the loss, the approving authority will forward a memorandum to the FAO requesting the respondent be refunded the amount collected for the recovered property. For example, if an assessed loss of \$2000 was collected and the individual's base pay was \$3000, recovery of \$500 of lost property would result in a refund of \$500 to the individual, leaving a remaining \$1500 total loss.

(2) If the individual was assessed one month's base pay for a loss greater than that amount, refunds for the value of recovered property will only be made when 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). For example, if an assessed loss of \$10,000 collected one month's base pay of \$3000, the remaining loss to the Government is \$7000 (\$10,000 total loss - \$3,000 collected). Recovery of \$500 in lost property would not result in a refund to the individual as the Government still has \$6,500 in total losses above the collected \$3000 from assessed liability. Refunds to the individual would only occur once the recovered property value reduced the amount of total loss to less than the collected one month's pay.

g. In the event a unit or activity has been inactivated, the approval authority in the active chain of command immediately above the inactivated unit or activity will take the action specified in paragraph 12-2c and 12-2d, designating an active unit within the command to assume accountability for the property. Request disposition of the property per AR 710-4.

12-3. Accounting for lost, damaged, or destroyed property in a Joint Service environment

Property belonging to Army organizations taking part in joint exercises or operations will not lose its identity as Army-owned or ARNG-owned property. This paragraph prescribes actions to be taken when GP is lost, damaged, or destroyed at jointly operated military installations, activities, and operations. These installations and activities include those involving Defense Logistics Agency (DLA), military assistance advisory groups, and similar installations, activities, and operations.

a. *Preparation of FLIPLs.* Responsibility at Joint Service installations, activities, and operations for the preparation of FLIPLs listing property in the custody of personnel is as follows:

(1) Accountable or responsible Army personnel will prepare FLIPLs for Army property in the custody of Army personnel or in the custody of other than Army personnel as prescribed in chapter 5.

(2) Accountable or responsible Army personnel will prepare FLIPLs using DD Form 200 for losses of DLA property (including inventories stored at Army installations) in the custody of Army personnel according to DoD 7000.14-R.

(3) Personnel of the issuing U.S. agency, department, or foreign government will prepare FLIPLs 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 per AR 700–131. 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 5 of this regulation.

(b) Within a Joint Service organization or contingency operation, the following criteria will be used to determine who the approving authority will be for FLIPLs when Army property is lost, damaged, or destroyed:

1. Individual must be a DoD military officer in a command position in the pay grade of O–6 or above; or
2. Individual must be a DoD Civilian employee in a supervisory position in the grade of GS–15.

(2) *Defense Logistics Agency property (including stored at Army installations) in the custody of Army personnel.*

(a) Submit FLIPLs covering losses of DLA property in the custody of Army personnel to the Army approval authority specified in chapter 5. The FLIPL is prepared using the instructions contained in DoD 7000.14–R.

(b) After action by the approval authority, forward the original and duplicate of the DD Form 200 to the DLA reviewing authority specified in DLA instructions.

(c) Return a duplicate of the DD Form 200 with the confirmed action of the reviewing authority to the approval authority who took initial action on the FLIPL.

(3) *Navy and other Government agency and department property in the custody of Army personnel.* Accept as final recommendations for placing financial liability on Army personnel by Navy FLIPLs or comparable documents of other 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 5 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 DA personnel. The host foreign government may submit documents with a request for collection to the commander/activity supervisor of the DA 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 FLIPLs involving financial liability will initiate and follow-up on the collection actions. The final action on such FLIPLs establishes the indebtedness of persons by administrative procedure. For collection from other than Servicemembers and DA Civilian employees:

(a) Notify the respondent in the same manner as used for Servicemembers and DA Civilian employees per paragraph 11–3 of this regulation. Request payment in full for the amount due. Keep in mind that other agreements may be in place covering this process.

(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 requests for reconsideration were filed, send the DD Form 200 to FAO for referral to the Defense Finance and Accounting Service (DFAS) for collection assistance.

(c) The extent of liability of the Army for non-Army property is discussed in paragraph 12–3d.

(2) Collection of financial charges imposed on Army personnel by FLIPLs covering Army property is prescribed in chapter 11 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 DD Form 200 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/activity supervisor of an Army activity receives a request for collection against Army personnel charged with loss or damage of property of another Service, Government department, Government agency, or foreign government, the commander/activity supervisor 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 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 loss or damage of property is subject to the procedures for requesting reconsideration as set forth in paragraphs 11–13 and 11–14.

12–4. Reciprocal agreement between the Army and Air Force for financial liability investigations of property loss

a. Servicemembers of the U.S. Army, DoD employees, and members of other Services having a reciprocal agreement with the Army may have approved charges of financial liability involuntarily withheld from their federal pay. This also applies to former Servicemembers of the U.S. Army and DA Civilian employees who have retired prior to a decision being made on the assessment of financial liability. Payment is taken from the retiree's retirement pay unless the retiree makes other arrangements for payment that are acceptable to the Army. Withholding is by salary or administrative offset according to 5 USC 5514 for Civilian employees and 37 USC 1007 for Servicemembers. Before individuals are held financially liable, they must receive notice and the opportunity to exercise their rights, as listed in paragraphs 11–8a(4)(a) through 11–8a(4)(g).

b. In processing FLIPLs, a situation occasionally develops where personnel of the Air Force are determined to be financially liable for the loss or damage of Army property, and vice versa. The Army and Air Force have agreed that the action on, and the routing of, the DD Form 200 will be governed by the regulations of the property's owning Service without regard to the Service assignment (parent Service) of the respondent.

c. When a financial liability investigation results in a finding that a member whose parent Service is other than the property's owning Service will be held financially liable for the loss or damage of the property involved, forward the FLIPL to the parent Service's FLIPL approval authority with jurisdiction to act on FLIPLs concerning the member involved.

(1) The owning Service's financial liability investigation will contain all the evidence gathered as a result of the financial liability investigation, the findings and recommendations of the financial liability officer, and the recommendations of the owning Service's appropriate FLIPL 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 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 FLIPL or to reconcile any differences in the anticipated action and recommendations of the owning Service.

12–5. Approval authority for property issued to a unit during major training exercises

a. During training exercises, FLIPLs will be initiated immediately upon the discovery of GP 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 FLIPL, 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 paragraph 12–5a is when a support agreement allows a host installation or host ACOM, ASCC, or DRU to approve FLIPLs through the proper administrative channels.

12–6. Financial liability investigations of property loss listing property carried on accountable records of an installation other than where located

a. When a FLIPL 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 FLIPL 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 APO as an advance information copy. The APO will assign a document/transaction or voucher number following assignment of an inquiry/investigation number by the approving authority and post the property records.

b. Paragraph 12–6a also applies to the loss or damage of historical properties carried on the SRA of the Center of Military History and physically in the custody of a borrower not under the command jurisdiction of the Center of Military History. The approving authority will provide completed copies of FLIPLs on request from the Center of Military History.

c. When ARNG FLIPLs lists property located at a satellite installation and held on a property book or SRA of a parent installation, the initiator will retain one copy and forward the original and copies (number as directed by the USPFO) to the APO of the parent unit. The APO will assign a document/transaction or voucher number, post the property records, and forward the original and copies (number as directed by the USPFO) of the financial liability investigation to the approving authority.

12–7. Financial liability investigations of property loss pertaining to inactivated installations, activities, or organizations

a. Process all FLIPLs immediately upon the discovery of the loss or damage of GP. If possible, complete the financial liability investigation before the inactivation of the activity takes place. There are instances where FLIPLs 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 FLIPL.

b. Any unit or agency that still has equipment or supplies on hand after inactivation or discontinuance of an inactivated or deactivated UIC will have 90 days from the date of inactivation or discontinued date to complete turn-in, transfer, or removal of all equipment and supplies from the inactivated unit's property records. After 90 days with no extension granted, ACOMs, ASCCs, and DRUs will initiate a FLIPL for the equipment and supplies and send to the appropriate command for further investigation.

12–8. Property ordered to be abandoned

In the course of combat, emergencies, contingency operations, military advisory activities, or to meet other military requirements, situations may develop requiring abandoning or destroying property. Such decisions must be evaluated situationally on a case-by-case basis to balance risk to life or safety and effects on operations with considerations for responsibility for property at all levels. Commanders and activity supervisors will not establish broad policies to permit abandonment or destruction of government property.

a. Maintain all documents according to document retention instructions per AR 25–400–2.

b. The approving authority for abandonment or destruction of GP must meet criteria of paragraph 5–19 based on the type and value of affected property.

c. Approval to destroy or abandon property may initially be granted verbally or electronically (such as secure email or tactical communications) in situations where granting written authority is not practical because of the operational situation.

d. Before abandoning sensitive or classified components or technology, the approving authority must take into consideration the potential compromise of that technology or information. If such equipment is abandoned, notify the local S–2 and supporting counter intelligence element within 24 hours.

e. Where destruction or abandonment has been granted, the approving authority must document their decision and authorization in a memorandum for record that specifies the circumstances justifying the decision to destroy or abandon the property. The memorandum will contain the material number, item description, quantity, CIIC, and unit cost of each type of item abandoned.

f. If urgent operational considerations require a subordinate to direct immediate abandonment or destruction of property, the approving authority specified in paragraph 12–8b may ratify a subordinate's decision to abandon or destroy property after the fact. The approving authority must document their decision to ratify the subordinate'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 was unable to obtain authorization prior to destruction or abandonment. Situation reports, operational debriefs, or peripheral inquiries and investigations may be used to support the approving authority's decision.

g. If an approving authority elects not to ratify the decision of a subordinate to destroy or abandon property, a FLIPL or an investigation per AR 15–6 will be initiated.

h. Attach the memorandum documenting the approving authority's direction or ratification of the destruction or abandonment of property to an abbreviated DD Form 200 to adjust the accountable records. No further investigation is required. Prepare DD Form 200 per table C–2.

i. Within 72 hours of abandonment or destruction of CCI, a CCI incident report must be routed through command channels and sent to U.S. Army Communications Security Logistics Activity, Fort Huachuca, AZ 85612–7041. Additional guidance is provided in TB 380–41.

12–9. Property unlawfully detained by civilians

a. The senior, detachment, or other immediate commander will immediately recover GP in the possession of any party or parties that is likely to be—

(1) Unlawfully removed from the Government's controls affecting the exercise proper care, custody, safekeeping, use, or disposition of GP.

(2) Concealed or otherwise disposed of before necessary proceedings can be held in the civil courts for its recovery.

b. Senior or other immediate commanders will seize GP 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.

(1) The person from whom property is seized will be presented a receipt or certificate showing such property as belonging to the 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 GP, the commander will consult with the servicing staff judge advocate office to determine the legality of such seizure.

12–10. Property held as evidence

Property held as evidence per AR 195–5 is accounted for using evidence custodial receipts as the supporting documents (see AR 710–4). No adjustment actions are permitted per this regulation simply due to status as evidence, regardless of the length of time the property is in evidentiary custody. Loss, damage, destruction, or theft of the property while in evidence is processed per chapter 4 of this regulation.

12–11. Loss, theft, damage, or destruction of Army property in possession of contractors

a. Government-furnished property (GFP) is justified, furnished to contractors, and accounted for per AR 710–4. The APO, KO, PA, and plant clearance officer (PLCO) will ensure losses of GFP are properly documented and reported.

b. The purpose of processing a DD Form 200 for items lost by contractors is to provide the APO with an adjustment document to account for the loss of GFP only. This is not to relieve or hold the contractor liable for lost, damaged, destroyed, or theft of government equipment.

c. When loss of government-furnished equipment in an APSR involves possible contractor liability under a service contract, the contractor will process and report discrepancies, loss of GP, physical inventory results, audits and self-assessment, corrective action, and other property related reports as directed by the KO. The report will be per Federal Acquisition Regulation (FAR).

d. The KO and the PA will investigate the loss and make an independent finding as to the liability of the contractor. Once this is complete, the KO or PA will provide a copy of the findings to the APO. The KO and PA are the final authorities in determining relief or liability in regards to contractors.

e. Contractors are generally not held liable for loss of GP. The appointed PA has the authority to grant the contractor relief of responsibility for the loss of GP. Loss of GP encompasses loss, theft, damage, and destruction.

f. The contractor will have an established process to enable the prompt recognition, investigation, and disclosure for the loss of GP. The contractor will report loss via the GFP Module, as "loss of GP."

(1) The contractor reports the value of the loss at unit acquisition cost.

(2) The KO or PA reviews the loss case to ensure all the data elements required and supporting documentation were submitted.

(3) If any documentation or supporting documentation is lacking, the KO or PA may reject the case and require the contractor to correct it.

(4) If the PA or KO deem the loss case is sufficient, the PA or KO then determines liability. The PA has the authority to grant relief of liability, but only the KO may hold the contractor liable.

(5) Once completed, as a courtesy and only to the extent practical or appropriate, the designated representative KO or PA will provide the APO a copy of the property loss case documentation so the APO can update and reconcile the APSR fiduciary record.

(6) The APO is authorized to accomplish the adjustment to the APSR using the loss case documentation as an exhibit to a DD Form 200 (see table C-5) and the scheduled government-furnished property (SGFP) attachment from the contract once DD Form 200 is completed.

(7) The closed-out property loss case is the only documentation needed by the APO to close out DD Form 200.

(8) The APO, in coordination with the PA, tracks property adjustments related to the contract.

(9) The PA or designated representative will coordinate with the KO to incorporate the adjustments made on the earliest contract modification possible using the SGFP attachment to the contract as the source document.

(10) As a courtesy and only to the extent practical or appropriate, the PA or designated representative will provide the APO with a copy of SF 30 (Amendment of Solicitation/Modification of Contract) and DD Form 1149 (Requisition and Invoice/Shipping Document) once incorporated into the contract.

(11) The APO will process the decrement of lost GFP assets by completing an abbreviated DD Form 200 per table C-5.

(12) The FLIPL will be managed and maintained at the APO that accounts for the GFP.

(13) Liability for GFP on a contract is a contracting office concern (KO, PA, or PLCO), so the KO is diligent in contract administration and oversight to support the FAR. The program management officer, owning entity, and APO are mandated to sustain property accountability records, keeping them current and correct regardless of custody.

Section II

Accidents and Damaged Property

12-12. Damaged property

a. Qualified technical inspectors per AR 750-1, 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.

(1) A qualified individual trained on the equipment will determine the actual cost of damage (ACOD). When an ACOD cannot be determined, qualified personnel will compute the ECOD. A technical inspector certifies the maintenance request (ACOD or ECOD).

(2) For the ARNG, a commissioned officer of the Regular Army or any commissioned officer of the ARNG, per 32 USC 710, may determine the final fair wear and tear on all unserviceable property prior to disposition.

(3) Per AR 750-1, technical inspectors and maintenance personnel do not assess negligence or willful misconduct. The approval authority makes that final determination.

b. When property is determined to be unserviceable through other than fair wear and tear, the commander/activity supervisor having responsibility for the property (appointing authority) must investigate the circumstances. On completion of the investigation, one of the following will apply:

(1) *Release of item for repair.* Equipment work-ordered to a maintenance facility to determine ECOD or ACOD should not be repaired until it is determined that the item is not needed further for investigation consistent with evidentiary requirements per AR 195-5.

(2) *Damaged property (excluding organizational clothing and individual equipment).* If negligence or willful misconduct is suspected, the damaged property is work-ordered to the maintenance activity to

determine the ECOD. If negligence or willful misconduct was not suspected, attach a statement signed by the unit commander/activity supervisor to the maintenance request or the turn-in document stating the cause of the damage. The commander/activity supervisor will state, "I have reviewed the circumstances surrounding the damage to the above item(s) and find no evidence of negligence or willful misconduct."

(a) The FLIPL approving authority or designated representative must review all damage statements unless approval authority is delegated to subordinate organization commanders or TDA activity chiefs per paragraph 5–19. When the FLIPL approving authority or designated representative concurs with the damage statement, he or she will enter "concur" on the statement and date and sign it. Show nonconcurrency by entering "nonconcur—initiate DD Form 200 or DA Form 7923" on the statement, then date and sign it.

(b) Division commanders, commanders of separate brigades, and post commanders with subordinate TDA units and activities assigned will establish a dollar threshold above which all damage statements must be approved by the FLIPL approving authority. For damaged property costing less to repair than the dollar threshold established, the FLIPL approving authority may delegate authority to subordinate organization commanders and TDA activity chiefs to approve damage statements.

(c) When authority to approve damage statements is delegated to subordinate organization commanders and TDA activity chiefs, they will forward all copies of approved damage statements to the FLIPL approving authority on a quarterly basis for review. The FLIPL approving authority or designated representative (per paragraph 5–19) will use the review to determine whether subordinate commanders and TDA activity chiefs are properly utilizing the authority delegated to them.

(d) The FLIPL approving authority may designate a member of his or her staff (in the grade of MAJ 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 or disapprove damage statements when the cost to repair the damaged item exceeds the dollar threshold established per paragraph 12–12b(2)(b).

(e) Commanders above the FLIPL approving authority level will initiate and conduct oversight management of damage statements initiated and approved by subordinate commanders or TDA activity chiefs. Review a random sample of no less than 10 percent of all damage statements approved by subordinate commanders and activity chiefs semiannually. The review is made to determine if the FLIPL approving authorities, organization 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—

1. Supported by the commander's or the TDA activity chief's preliminary investigation as documented on the damage statement?

2. In the best interest of the Army and U.S. Government?

c. When the owning unit commander/activity supervisor suspects that damage to class IX components has been caused by negligence or willful misconduct, the component is work-ordered to the maintenance activity to determine the ECOD. When negligence or willful misconduct is not involved, apply paragraph 12–12a.

d. Organization commanders or their designated representatives are authorized to approve damage statements for damaged OCIE when preliminary investigation by the organization commander or the Soldier's chain of command (such as squad leader, platoon sergeant or leader, or first sergeant) reveals the damage occurred while being used conducting official government business and neither negligence nor willful misconduct was involved. The organization commander will state in a memorandum to the CIF, "I or a member of my command have reviewed the circumstances surrounding the damage to the below listed item(s) and find the damage occurred while being used for official government business with no evidence of negligence or willful misconduct." Identify the damaged OCIE by nomenclature and quantity. The commander or a designated representative will sign the statement. Each statement must have an original signature. Individuals for whom the organization 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.

e. If the commander believes that the damage was incurred during other than official business, through negligence, or through misconduct, initiate a FLIPL.

f. When liability is admitted and the amount of the damage does not exceed the person's monthly basic pay, prepare DA Form 7923, per paragraph 4–6.

g. When liability is admitted and the amount of damage exceeds the person's monthly basic pay, initiate a FLIPL (see chap 5).

- h. When liability is not admitted, no matter the cost of repairs, initiate a FLIPL.
- i. When negligence or willful misconduct is suspected and liability is not admitted, initiate a FLIPL.
- j. Do not prepare separate DD Form 200s for the same incident unless the damaged property is recorded on separate property accounts.
- k. The ECOD is a process to provide an estimate for government-owned equipment prior to repair or evacuation. An ACOD can only be determined when the item is actually repaired. Do not repair, dispose of, or continue use of damaged property for which negligence or willful misconduct is suspected until the investigating officer releases the item for repair.
 - (1) Use an ECOD to compute the value of a loss only when actual costs cannot be obtained within a reasonable time. The commander/activity supervisor may request ECOD, or the maintenance or other activity may provide it in the absence of a specific request. When an ECOD is used to compute the value of the damaged property, a FLIPL must state why and state the basis on which the estimate was made.
 - (2) An ECOD may be used for assessment of financial liability until the equipment is actually repaired. Then use the ACOD. When an item is not completely repaired until after a financial liability has already been assessed and the ACOD is less than the ECOD, the initiator of the adjustment document will reopen it and request the appropriate FAO or USPFO, on a memorandum, to reimburse the difference to the charged individual.
- l. When requested by the approval authority, the commander/activity supervisor of the maintenance support activity will consolidate the cost data for each supported unit and forward the data to the approving authority.
- m. When the DA Form 7923 or the FLIPL is approved, or when the property is released by the financial liability officer, attach a copy of the statement of charges, the FLIPL, or financial liability investigating officer's release statement to DA Form 5990–E.
- n. If the property is not economically repairable, attach a copy of the approved DA Form 7923, the FLIPL, or the financial liability officer's release statement to the turn-in document. If there is a condition code, attach it to the turn-in document as well. Complete the turn-in action to adjust property records in the APSR.

12–13. Vehicular accidents involving government-owned or government-leased vehicles

- a. Upon completion of a FLIPL that finds a Servicemember or government employee, through simple negligence, caused an accident involving a government-owned or -leased vehicle, the approving authority may waive financial liability or may reduce the amount of financial liability assessed against a member or employee.
- b. The waiver to waive or reduce the amount of financial liability charged is 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 law enforcement official, if available.
- c. A FLIPL based solely on DA Form 3946 (Military Police Traffic Accident Report) is annotated on DD Form 200, block 9 (for example, "see exhibit A, vehicle accident report"); state in block 14b, "I have reviewed the information in the attached exhibits. No further investigation is necessary." Include the following additional information on 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 [dollar amount]. The cost to repair the damaged vehicle is [dollar amount of ECOD or ACOD, if available]. [His/her] base pay for 1 month is [dollar amount]."
- d. When the DD Form 200 involves a vehicle accident, the financial liability officer will consider several categories when investigating.
 - (1) *Type of road.* If possible, the financial liability officer will examine the site of the accident. The financial liability officer will look at the type of road on which the accident took place; for example, checking whether it is macadam, asphalt, cobblestones, or dirt.

(2) *Weather and visibility.* Determine the visibility at the time of the accident; for example, checking whether it was sunny and bright, foggy, snowing, or raining.

(3) *Speed.* Determine how fast the person was driving at the time of the accident and before the accident and whether the person suddenly sped up. Determine whether the person obeyed posted traffic signals and traffic laws.

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

(5) *Accident report.* Determine whether DA Form 3946 has been included as an exhibit and whether an accident report from a civilian policeman has been included.

(6) *Driver's qualifications.* Determine whether DA Form 348 (Equipment Operator's Qualification Record (Except Aircraft)) has been included.

(7) *Pictures.* Determine whether pictures have been used to show damage. If so, determine whether the damage has been explained. The financial liability officer may have to take the pictures or have them taken and personally inspect the vehicle. The financial liability officer will look at the vehicle before releasing it for repair or turn-in.

(8) *Cost of damages.* Determine whether the ACOD has been included. If not, the financial liability officer will submit a request for technical inspection (DA Form 5990-E) and cost of repairs to the maintenance activity. DA Pam 750-8 provides instructions for submitting a request for technical inspection.

12-14. Special considerations for a convoy incident

a. Several points may be important in a FLIPL involving a convoy, in addition to the basic questions considered for any vehicular accident. The investigating officer should determine what interval the convoy commander prescribed before departure, whether the interval was kept by the driver just before or at the time of the accident, and whether the convoy commander furnished special instructions before crossing the starting point.

b. For example, in one case a van, part of a convoy, incurred damage to its roof while passing under a low archway. A question arose as to whether the driver was negligent by failing to check the height of the archway before driving through. Evidence showed that the convoy commander had prescribed a convoy interval of 100 yards for all vehicles. The same convoy interval was to be maintained at all halts. The convoy commander in the lead vehicle stopped to check whether the larger vehicles could pass under the archway. At the halt, a 2 1/2-ton truck just ahead of the respondent's truck in the convoy stopped 20 yards on the other side of the archway.

c. Should the investigating officer recommend holding the driver of the van liable for the damage to the roof of the truck? Yes. When the 2 1/2-ton truck stopped, the driver of the van truck should not have attempted to pass through the archway. The driver should have stopped about 80 yards back of the archway because the prescribed convoy interval was 100 yards, even at halts. The driver of the van was negligent by failing to follow the instructions of the convoy commander to maintain a 100-yard interval at all times, to include halts. The driver was also negligent by failing to ensure the vehicle could safely clear the archway before proceeding through.

12-15. Aircraft accidents

For property lost, damaged, or destroyed in an aircraft accident, attach a copy of the collateral investigation (line-of-duty, AR 15-6, or legal/other investigation) as an exhibit to DD Form 200 per paragraph 5-9d. Collateral investigations may be conducted at the discretion of the appointing authority [whose personnel, equipment, or operations were involved in the accident per AR 380-40. Collateral investigations will not be used as a property adjustment document or to assess financial liability. Process DD Form 200 to accomplish either of these actions.

12-16. Marine casualties

Property carried on a property account listed in a marine casualty investigating officer's report, as provided by Army Safety Office policy relative to marine casualties, does not require a financial liability officer to be appointed. However, the DD Form 200 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 DD Form 200 per paragraph 5-4 of this regulation.)

12–17. Vehicular accidents

a. Accidents involving civilian vehicles. Accidents often occur involving Servicemembers and Civilian employees of the Government, and civilians who are not employed by the Government. When GP 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 FLIPL must be initiated. When GP is accountable to a contract, the KO or the government PA will perform the assessment of liability of the contractor. 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 assessment of financial liability. The approval authority will forward a copy of the approved DD Form 200 with all exhibits to the servicing claims office. The claims office will initiate action under AR 27–20.

b. Accidents involving General Services Administration vehicles. Units and activities assigned GSA vehicles must comply with the policy contained in the Federal Property Management Regulation 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 its review of the accident reports and other evidence it is in receipt of.

(1) Administrative actions per paragraph 4–3 and 5–14 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 FLIPL will be forwarded to the installation claims office per AR 27–20, when—

(a) The financial liability investigation 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.

Section III

Clothing, Individual Equipment, Personally Owned Property, and Personal Effects

12–18. Personal clothing, and organizational clothing and individual equipment

a. Commanders of Regular Army, USAR and ARNG members, and Reserve Officers' Training Corps (ROTC) cadets are responsible for initiating a FLIPL when property issued from a CIF becomes lost, damaged, or destroyed and when none of the other methods cited in chapter 4 can be used to obtain relief from responsibility. Additionally, the commanders of USAR and ARNG members and ROTC cadets are responsible for initiating a FLIPL when property issued from a controlled initial issue point 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 personal clothing and OCIE. This also applies to Regular Army personnel in dropped-from-role status whose OCIE is not available for turn in.

(1) Initiate DD Form 200. The initiator will complete blocks 1 and 3 through 11 of DD Form 200. Forward DD Form 200 to the approving authority for assignment of an inquiry or investigation number in block 2 and then forward it to the APO for assignment of a document/transaction number. The APO will assign a document or transaction number if required per paragraph 5–15 in block 17a, complete blocks 17b through 17f, and forward DD Form 200 to the approving authority.

(2) Before the approving authority makes a decision to hold the individual financially liable, the servicing Office of the Staff Judge Advocate must first review DD Form 200 for legal sufficiency. Once the legal advisor provides a legal opinion saying there is legal sufficiency to hold the individual financially liable, the approving authority will complete blocks 14a through 14h and insert the following statement in block 14b: "Member (or cadet), [name and grade, if applicable] is held financially liable for the amount indicated in block 8, less adjustment for value of actual loss allowed in appendix B."

(3) The approving authority will forward one copy of the completed DD Form 200 to the servicing FAO or USPFO for collection. Forward DD Form 200 under a transmittal memorandum requesting acknowledgment of receipt and verification that DD Form 200 was processed for collection.

(4) If the FAO or USPFO cannot make collections because no pay is due in a nonpay status, forward DD Form 200 to the servicing claims office for collection. For USAR Servicemembers for whom no pay is due, return DD Form 200 to the approving authority, who will take the following actions:

(a) If the charge is \$250 or less, file a copy of DD Form 200 as an uncollectible debt in the DD Form 200 files. Include a copy in the respondent's permanent finance record per AR 637-1.

(b) If the charge is more than \$250, forward a copy of DD Form 200 to the Defense Finance and Accounting Service-Indianapolis Center, Debt and Claims, Department 3300 (Special Actions), 8899 E. 56th Street, Indianapolis, IN 46249-3300, for collection.

12-19. 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 for detailed instructions).

b. *Organizational clothing and individual equipment.* Contaminated OCIE 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 organization commander/activity supervisor. The APO will assign a document or transaction number to the memorandum and post the loss to the accountable record(s).

12-20. Discrepancies involving persons carried on the rolls, but not present

a. *General.* AR 710-4 provides policy and procedures to account for and inventory property related to individuals in absentee duty statuses, hospitalized, imprisoned, or similar circumstances. This paragraph describes property accountability and responsibility relief actions related to specific scenarios.

b. *Death, desertion, or mental incapacity requiring property settlement.* When death, desertion, or mental incapacitation requires a property settlement (other than personal clothing), prepare a FLIPL for the missing or damaged property.

c. *Assessment of financial liability.*

(1) *Death.* When an assessment of financial liability against a deceased Servicemember or DoD Civilian employee is appropriate, the approving authority will write or type the word "deceased" on DD Form 200, block 14b. The approved FLIPL will not be forwarded to the FAO, USPFO, or the surviving relatives of the deceased. A copy of the approved FLIPL 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 the installation claims office confirms the claim has been processed.

(2) *Desertion or mental incapacity.* When an assessment of financial liability against a Servicemember that has been dropped from the rolls or a Servicemember or DoD Civilian employee that has been declared mentally incapacitated is appropriate, the liability notification procedures in Chapter 11 are waived. A legal opinion is still required to substantiate the financial liability assessment before final approval.

d. *Regular Army.* When financial liability is assessed against a Servicemember or DoD Civilian employee who is alive but who is no longer in the military or employed by the Federal Government, a copy of the completed FLIPL with all exhibits will be forwarded under a memorandum to the servicing FAO or USPFO for inclusion in the respondent's permanent finance record per AR 637-1. The memorandum will request the FLIPL be forwarded to the respondent's unit or place of employment in case he or she returns to Government control.

e. *U.S. Army Reserve.* When financial liability is assessed against a Servicemember, a copy of the completed DD Form 200 will be added to the respondent's permanent record per AR 637-1.

f. *Property authorized under CTA 50-900.* Property authorized under Common Table of Allowances (CTA) 50-900 will not be listed on FLIPLs for Regular Army personnel (see DA Pam 600-8). Reserve components will use FLIPLs to account for losses of property authorized under CTA 50-900.

12-21. Losses in laundries

a. *Military personal clothing.* Replace military personal clothing that is lost or damaged while in the custody of a field, installation, or contracted laundry and dry cleaning facility operated per AR 210-130; AR 700-84; or Army Techniques Publication (ATP) 4-42. 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. Nonmilitary 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 OCIE 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. 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/activity supervisor of the complainant will initiate a FLIPL to account for the lost or damaged property. When the loss occurs in a contractor operated facility, see paragraph 12–11.

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 listed in the Army Enterprise Material Master (AEMM) for the lost or damaged property.

(2) Process a DA Form 7923 as prescribed in chapter 4. 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.

Section IV

Losses, Consumption, Disassembly of Expendable, Durable, and Nonexpendable Property

12–22. Sensitive items considerations

The financial liability officer will consider various evidence when investigating the loss of sensitive items. Sensitive items must be stored in a special storage facility. Only the minimum number of personnel should have access to sensitive items. When conducting an investigation per AR 15–6 on the loss of a sensitive item, the following questions may be asked:

- a.* What security measures were taken?
- b.* Were key control procedures adequate?
- c.* Who had responsibility for the lost sensitive items?
- d.* Who had access to the sensitive items?
- e.* When were the sensitive items last inventoried and by whom?
- f.* When were the sensitive items last seen and by whom?
- g.* What action was taken to recover the items?
- h.* Were appropriate notices placed in the daily bulletin?
- i.* Was the loss properly reported to the U.S. Army Criminal Investigation Division?

12–23. Inquiries to adjust losses of expendable, durable, and nonexpendable items when negligence or willful misconduct is not suspected

a. Inquiry and approval. Upon discovery of loss, damage, destruction, or theft of government-owned expendable, durable, and nonexpendable items of any value, the first line supervisor or, in the case of military, immediate superior within the chain of command, must conduct a general inquiry to determine if the situation warrants a more formal inquiry, that is, an investigation. A DD Form 200 is not required for general inquiries.

b. Limitations of inquiry adjustments. An investigation may be required per paragraph 5–3 or other circumstances following initial inquiries, when circumstances warrant. For example, when the loss, damage, destruction, or thefts of small amounts of property occur frequently enough to suggest a pattern of wrongdoing, then an investigation may be warranted. Inquiries will not be used to adjust the following types of items:

- (1) Controlled or sensitive items.
- (2) Weapons, ammunition, or OCIE.

(3) Pilferable items when the unit price multiplied by the quantity is equal to or greater than \$2,500 for each material number.

(4) Drugs.

(5) Undenatured alcohol and alcoholic liquors.

(6) Bulk fuels.

(7) Monetary assets such as cash.

(8) Leased property.

(9) Real property.

c. *Approval of adjustments based on inquiry.* Calculate the value of actual loss per appendix B. When an inquiry determines losses do not involve negligence or willful misconduct and do not require investigations per paragraphs 5–3 and 12–23b., commanders or equivalent civilian supervisors may approve adjustments of expendable, durable, and nonexpendable supplies, components, or equipment up to the following thresholds:

(1) Company or equivalent using organization – up to \$2,500 per loss incident.

(2) Battalion and equivalent or above – up to \$5,000 per loss incident.

d. *Documenting approved adjustments.* Prepare a memorandum in the following format:

(1) List the subject as “Memorandum for Record, Adjustment Document.”

(2) Prepare a narrative of the incident.

(3) List the items requiring adjustment by end item line item number (LIN) and material number (if applicable), nomenclature, unit of issue, number of items to be adjusted, unit price, extended price, and total price.

(4) Immediately after the last item adjusted, enter the following statement before 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.”

(5) Prepare the memorandum in original plus one copy for each hand receipt involved. This memorandum requires no additional approval above the levels stated in paragraph 12–23c. File the original in a consolidated file, in hand receipt holder sequence, for review per paragraph 12–23c. Retain the file for 2 years. File the duplicates in the appropriate hand receipt file to support the adjustment action. Destroy the duplicate copy upon receipt of the replacement for the lost item.

e. *Review criteria.* Summarize memorandums used as adjustment documents per this paragraph quarterly (attach adjustment documents to the summary) and forward them to the next higher command for review. Following the review, the reviewing authority will sign and return the summary and the attached adjustment documents to the organization.

(1) When abuse of this adjustment method is suspected, the reviewing commander or civilian supervisor will direct initiation of an investigation per AR 15–6 or chapter 5 of this regulation, and suspend authorization to approve adjustments until the investigation is completed. Examples of abuse of this process include using provisions of paragraph 12–23a–c to adjust property other than allowable types or splitting large amounts of loss from the same incident into smaller adjustments to avoid more appropriate administrative actions per paragraph 4–5.

(2) The review will validate the absence of abuse of this adjustment method. The reviewing authority will annotate concurrence or nonconcurrence on the quarterly summary. The reviewing authority will retain a copy of the quarterly summary for 2 years.

12–24. 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. Material number, nomenclature, and quantity identify the property. If the property is a serial numbered item, enter the serial number(s).

c. The commander/activity supervisor for whom the property book records are being maintained signs the memorandum for record.

d. The memorandum for record is reviewed and approved by the FLIPL approving authority. The APO will attach the approved memorandum to DA Form 4949 (Administrative Adjustment Report) and assign a document/transaction number.

12-25. 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 materiel manager, an adjustment to the SRA is required. Adjustments are made using IAR procedures as prescribed in the APSR EUM and chapter 14, or turn-in documents as prescribed in AR 710-4. A FLIPL is not normally required for this type of adjustment to the property record. However, FLIPL procedures may be used to investigate the circumstances causing the property to be damaged.

12-26. Loss of communication wire

The financial liability officer will consider various evidence in an investigation of the loss of communication wire. In an investigation involving the loss of communication wire, the financial liability officer will look at the unit's MTOE allowance to determine the length of wire authorized and the length of wire laid. The second piece of information is important for the financial liability officer to consider the relative percentage of loss. If 100 miles of wire were laid and just 300 feet were lost, no negligence may be involved. However, if 20 miles were extended and 18 miles were lost, then possible negligence or theft may have been involved unless further evidence shows fully why the loss occurred. The financial liability officer will also find out whether precautionary measures were set to safeguard the wire.

12-27. Property determined to be unsafe for further use or storage because of age

Supplies such as drugs, biological, 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 level stock activities or The Surgeon General 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 DD Form 1348-1A (Issue Release/Receipt Document) according to AR 710-4 or AR 40-61 for medical commodities. This form may be used as a voucher to drop the property from the accountable records if the following data is furnished and confirmed by the APO:
 - (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 FLIPL will be initiated.

12-28. 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 FLIPL.

Section V

Funds, Cash, Financial Losses, and Other Negotiable Instruments

12-29. DD Form 1544 and money collected as payment for meals in a dining facility

Loss of cash meal payment sheets (DD Form 1544 (Cash Meal Payment Book)) or money collected require an investigation under AR 15-6 per AR 30-22. Initiate a FLIPL to account for the lost form(s) or money and to assess financial liability if negligence or misconduct is found.

12-30. 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 regardless of the individuals suspected negligence or willful misconduct. A FLIPL will be processed to account for the loss.

Section VI

Accounting for Other Losses or Damage

12-31. Government quarters and furnishings considerations

a. When government quarters or the government furnishings and equipment contained therein become lost, damaged, or destroyed, the installation housing manager will initiate a FLIPL. The FLIPL will be processed per chapter 5 through the chain of command of the individual who is signed for the quarters at the time of the incident. The financial liability officer will determine if the loss resulted from gross or simple negligence or whether willful misconduct was involved. When negligence or willful misconduct caused the loss (on the part of the individual, family member, guest, or pet occupying the Army-owned and -leased family housing unit), the findings should specifically state the cause of the loss, as appropriate. Military and civilian sponsors may be charged with financial liability when the loss or damage 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 loss or damage 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 loss or damage. In this instance, upon assessing financial liability, the FLIPL will be forwarded to the servicing claims office for collection.

c. When a FLIPL is initiated to account for the loss or damage of government quarters and/or the government furnishings and equipment contained therein, a determination of gross negligence or misconduct will result in the full amount of the loss to the Government being assessed against the sponsor.

12-32. Liability of nonappropriated fund activities

AR 215-1 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 personal responsibility. The activity is not regarded as being an insurer of the property, but is financially liable for a loss. 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.

12-33. Keys

a. When a person loses a key due to negligence or willful misconduct, the individual 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.

12-34. Leased property

An AR 15-6 investigation may be used instead of a FLIPL 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 included with a FLIPL per paragraph 6-3.

Section VII

Inventory Losses

12-35. Inventory loss considerations

On an inventory, the financial liability officer will consider the circumstances and facts that are special in each investigation. When investigating the loss of items that have shown up as short or damaged on an inventory, the financial liability officer will ask questions that involve accounting procedures and also the procedures used in the inventory. For example:

a. Was the property account maintained according to the policy in AR 710-4?

b. Were proper hand receipt procedures used? Were individuals required to receipt for property issued to them?

- c. Did the user have a secured storage area in which to store property issued to them?
- d. Was adequate supervision maintained over the unit supply room or the hand receipt holder, as appropriate?
- e. If proper procedures were not followed, did the commander/activity supervisor or the supply officer take measures to correct the situation? What steps did they take?

12-36. Subsistence accounting variances

a. Troop issue subsistence activity.

(1) Adjust unidentifiable operational accounting variances in the troop issue subsistence activity (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 FLIPL per chapter 5 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 under drawn meal status, Army National Guard. Bring overdrawn or under drawn meal status in excess of the authorized tolerance factors for annual training or inactive duty training into tolerance per AR 30-22.

12-37. Inventory discrepancies at a central issue facility

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 listed in paragraph 3-3.

(1) Causative research will be conducted and documented on the IAR 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 APO for addition research. When an IAR is returned for further research, 15 days will be allowed for the APO 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 FLIPL or AR 15-6 investigation will be initiated for the shortages and the overages will be turned in to the 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/activity supervisor who appointed the APO. In a TDA environment, the commander may delegate approving authority to a division head within the LRC.

(b) *Over \$2,500, but less than \$10,000.* Approval authority is the commander/activity supervisor who appointed the APO if the appointing authority is in the grade of LTC or above or is assigned to a position authorized a LTC or above. In a TDA environment, the commander/activity supervisor may delegate approving authority to the LRC. Otherwise, the approving authority will be the first commander in the grade of LTC or above in the appointing authority's chain of command. General officers may delegate, in writing, a LTC or above to act as the approving authority.

(c) *\$10,000 and over.* Approval authority is the commander/activity supervisor who appointed the APO if the appointing authority is in the grade of COL or above or is assigned to a position authorized a COL or above. In a TDA environment, the commander/activity supervisor may delegate approving authority to the LRC. Otherwise, the approving authority will be the first commander in the grade of COL or above in the appointing authority's chain of command. General officers may delegate, in writing, a COL 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/activity supervisor who appointed the APO, if the appointing authority is in the grade of COL or above. In a TDA environment, the commander may delegate approving authority to the LRC. Otherwise, the approving authority will be the first commander in the grade of COL or above in the appointing

authority's chain of command. General officers may delegate, in writing, a COL 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 will not be included in the totals used to determine the 2 1/2 percent cutoff. These include administrative adjustment reports for discrepancies in makes, models, and sizes.

b. ACOM, ASCC, and DRU 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 IARs 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 Government?

(d) Followed up with corrective actions or directives, as appropriate?

12–38. Inventory discrepancies at a stock record account

a. All discrepancies in stock record balances found during an inventory will be researched and adjusted to meet the adjustment criteria per DLM 4000.25–2. Adjustments will be prepared using an IAR with the following exceptions:

(1) When negligence or willful misconduct is known or suspected, one of the other adjustment methods cited in paragraph 4–3 will be used.

(2) For other than small arms ammunition, verified losses of controlled inventory items will be adjusted using a FLIPL per paragraphs 5–3 and 5–23.

(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.

(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 an IAR adjustments not acceptable to the approving authority, one of the other adjustment methods are listed in paragraph 4–3 must be used.

b. All discrepancies (not covered in this para) in stock record balances found during an inventory will be adjusted and reported on an IAR. Paragraph C–6 provides hard copy DA Form 444 preparation instructions; see APSR EUM instructions for electronic preparation.

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 an 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 5 working days of receipt or will return the IAR to the stock record officer (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/activity supervisor in the grade of LTC or a civilian activity supervisor of logistics or activity supervisor of public works equivalent unless approval authority is retained at higher level with the chain of command.

f. 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 AEMM.

g. Administrative IARs will not be included in the totals used to determine the 5 percent cutoff. Administrative IARs include the following:

- (1) Assembly.
- (2) Disassembly.
- (3) Material numbers or unit of issue changes.
- (4) Transaction reversals.
- (5) Condition code changes.
- (6) Re-identification.
- (7) Pseudo receipts.

h. ACOM, ASCC, and/or DRU 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 this para) processed and approved by subordinate commands will be reviewed quarterly.

(2) The quarterly review will be made to determine if the IARs 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 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 Government.
- (d) Followed-up with corrective actions or directives, as appropriate.

i. IARs for SSA accounts capitalized under Army working capital fund (AWCF) business processes will be made available for review to AMC installation supply representatives (ISRs) or other designated DCS, G-3/5/7 representatives during site visits and copies provided as requested.

(1) If the approving official directs another adjustment method in lieu of the IAR, a completed and/or approved copy of that documentation will be made available for review to the ISR or other designated DCS, G-3/5/7 representative during site visits.

(2) Stock record APOs will provide copies of IARs as an exception upon specific request of the ISR or other designated DCS, G-3/5/7 representative outside of normal site visits.

Chapter 13

Accounting for Losses of National Stock

13-1. General

This chapter prescribes procedures for accounting for losses at accountable supply distribution activities (ASDAs) and depots, including general fund activities operated by program executive officers, program managers, or product support managers; U.S. Joint Munition Command site; arsenals; supply depots; maintenance depots; and other storage activities (such as prepositioned afloat ships). 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.

a. The national level stock activity will prepare an IAR (APSR system-generated or DA Form 444) for all losses not resolved by causative research. Table 13-1 gives the criteria for causative research.

b. Exceptions to these criteria are as follows:

- (1) Losses of controlled items that require an investigation per AR 15-6.
- (2) Losses for which negligence or willful misconduct is known or suspected. A FLIPL is required in these cases.
- (3) For weapons and ammunition (see AR 190-11).
- (4) For COMSEC material (see AR 380-40).
- (5) Losses for which the APO believes the IARs prepared by the depot does not adequately explain the loss. In these cases, the APO may require a FLIPL instead of an IAR.

c. 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.

d. When losses are equal to or less than the dollar values specified in table 13-1, the APO may request an IAR from the depot as an exception, if enough justification exists. The APO always has the option of requesting a FLIPL if the IAR does not explain the loss adequately.

e. 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 dollar value thresholds in table 13–1.

Table 13–1
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.
Greater than \$5,000 and a unit variance greater than 25 percent (losses only).	Yes.
Of classified and sensitive items with a CIIC of 1 through 6, 8, 9, A–H, K, L, or O through T regardless of dollar value of item or extended dollar value of adjustment.	Yes.
Of \$2,500 or less for items coded pilferable (that is, a CIIC of 7, I, J, M, N, V, W, X, Y, or Z).	Sample, see AR 740–26.
Greater than \$16,000.	Yes.
Where fraud, waste, or abuse is known or suspected. (A DD Form 200 is mandatory.)	Yes.
Results of an annual statistical sample physical inventory variance are greater than \$100.	Yes.

Note:

Sample causative research instead of complete causative research for pilferable item discrepancies with a value from \$.01 to \$2,500 may be accomplished to serve as a deterrent to fraud, waste, or abuse and to identify systemic inventory and security problems.

13–2. Procedures

a. The approving authority will appoint financial liability officers for FLIPLs. Within the AMC national supply system, the approving authority may require the respective depot commander/activity supervisor to appoint a financial liability officer from depot personnel resources. The depot commander/activity supervisor may delegate administrative requirements; however, the depot commander/activity supervisor must sign the proper blocks reserved for the appointing authority. The appointing authority actions on DD Form 200, blocks 13a through 13h, will be taken at the depot.

b. The commander/activity supervisor of the ASDA may designate the Activity supervisor of Materiel Management or equivalent as the FLIPL approving authority, provided the individual filling the position is an Army officer in the grade of COL or above or a DA Civilian employee in a supervisory position in the grade of GS–15 or above. If the Activity supervisor of Materiel Management does not meet this criteria, the first individual in the chain of command who qualifies will be the approving authority.

c. A military officer in the grade of brigadier general or above at the ASDA will act as the appeal authority for FLIPLs.

d. The commander/activity supervisor of national level stock activities (including AWCF and general fund warehouse activities) will take action including, but not limited to, the following:

- (1) Appoint an APO to review, concur, and implement IARs (see table C–6) and FLIPLs.
- (2) Appoint one of the persons cited in paragraph 6–4 as the financial liability officer.

e. The ASDA, depot, and warehouse commanders or activity chiefs will ensure complete and accurate entries in the following blocks of DD Form 200:

- (1) Block 9, CIRCUMSTANCES UNDER WHICH PROPERTY WAS (X one).
- (2) Block 15a, FINDINGS AND RECOMMENDATIONS.

f. Depot commanders will assign a reviewing authority for national assets stored at their depot.

g. The Activity supervisor or Deputy Activity supervisor of Materiel Management at ASDAs will be designated as the IAR approving authority.

h. In all instances when the loss of COMSEC and/or CCI material is discovered, the reporting requirements in AR 380–40 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 pamphlet. Such incident or insecurity reporting will be accomplished immediately upon discovery of the loss.

i. Accountability and the APO 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 storage activities, both in the continental United States (CONUS) and outside CONUS, to include both government-owned and/or -operated and government-owned contractor operated site and arsenals. It also refers to prepositioned afloat ships, each of which is a separate storage activity; to the U.S. Army Communications-Electronics Command Communications Security Logistics Activity storage activity at Tobyhanna Army Depot; and to national maintenance activities that are performing maintenance functions on ASDA-owned or customer-owned assets.

j. DLA, other Service, and Army storage activities will conduct causative research based on the criteria in table 13–1 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 to document the results of the causative research and the FLIPL. The DLA and other Service storage activities will provide copies of each completed DD Form 200 to each of the ASDAs affected by the loss or gain. Preparation of DD Form 200 is explained in DoD 7000.14–R and this regulation.

k. Accountability and the APO 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 maintained 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 in this chapter using an IAR and DD Form 200.

l. ASDAs will submit, in writing and within 5 working days after causative research is completed, requests for depots to initiate IAR, FLIPL, or AR 15–6 investigations. The ASDA will submit with the request an ASDA transaction history for 2 years along with an ASDA or depot transaction history reconciliation listing or an unresolved discrepancy research list, whichever is applicable. The APO will also include the following data with the request:

- (1) Material number.
- (2) Description of material.
- (3) Unit price.
- (4) Total cost.
- (5) Inventory category code.
- (6) CIIC.
- (7) Condition code of loss quantity.
- (8) Adjustment document/transaction number.
- (9) Name and grade of the APO.
- (10) ASDA SRA number.
- (11) Loss quantity.
- (12) Ownership code (ammunition only).
- (13) Reportable item control code.

m. ASDAs will initiate an IAR or FLIPL and the depot will provide the approving authority.

(1) ASDAs will evaluate depot requests for extensions received by telephone within 5 days of the suspense date and grant proper extensions.

(2) If a depot does not meet the suspense date, the ASDA will send a follow-up to the depot commander. Send a copy to Army Sustainment Command within 5 days after the suspense date.

(3) If the depot does not reply to the first follow-up, the ASDA will send a second follow-up 20 days after the first to Army Sustainment Command. Send copies to the depot commander/activity supervisor and to AMC (AMSDS–SM–SA) for ammunition and to DLA (DLA–OW) for general supplies.

n. A depot submits an IAR or FLIPL to an ASDA. The original 90-day suspense for that action ends on its submission of an IAR or FLIPL to the ASDA. In all cases when other actions are requested by ASDAs, a new suspense of 60 days for FLIPLs and 30 days for an IAR will apply; for example, when returning an IAR or FLIPL to the submitter for more action.

o. ASDAs will receive an IAR in original and two copies from depots and review them for completeness and accuracy (see table C-7). 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 APO will forward it through the Chief of Distribution and Transportation to the Activity supervisor 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 APO. 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 the memorandum. If the IAR remains unacceptable after the second submission, the ASDA may request a FLIPL.

p. ASDAs will receive FLIPLs from depots in an original and three copies (when hard copies are used). ASDAs review FLIPLs for completeness and accuracy. An ASDA has 60 days to approve the FLIPL or return it to the depot for more action. If acceptable, forward the FLIPL to the ASDA approving authority for approval. Retain the original of the approved FLIPL in the approving authority file. Return three approved copies to the APO. Forward two copies to the depots for their files. Place one copy in the ASDA completed files. If exception is taken to any part of the FLIPL, return it to the depot by cover memorandum for corrective action with a suspense of 60 days from the date of the memorandum.

q. When the IAR or FLIPL indicates one of the following, the ASDA will query the accountable records to determine if the accountable records have been updated correctly:

(1) When the loss quantity is accounted for, such as when erroneous receipt is posted, receipt reversal was not posted at ASDA, erroneous denial material was shipped, and the lost material was located in storage.

(2) 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 the case and file it in the completed file.

r. When a depot or when a FLIPL results in no conclusive finding because of inadequate accountable records at the ASDA, the commander/activity supervisor of the ASDA will certify it in writing and prepare an IAR. Records are considered inadequate when research shows 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, an IAR and FLIPL).

s. The ASDA approving authority will review all approved copies of FLIPLs received from DLA or other Service storage activity approving authority. The ASDA approving authority will 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 FLIPL to the storage activity with a memorandum outlining all concerns. Further action is 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 are addressed through command channels.

t. For assets held at DLA and other Service storage activities, the ASDA will monitor adjustment documents received from these activities to determine when the criteria outlined in table 13-1 are exceeded and causative research resulted in no conclusive findings. For these instances, forward the FLIPL to the ASDA within 45 days of posting of the adjustment. The ASDA will follow up with the storage activity on any DD Form 200s not received.

u. The inventory activity will, upon receipt of a request for an IAR or FLIPL, establish controls to ensure 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 per paragraph 5-8. Forward the original and two copies of the IAR or FLIPL to the ASDA.

v. To complete research relating to the IAR or FLIPL, the depot will obtain transaction history to include all current and deleted locations. Review the history to decide whether there are erroneous, duplicate, or missing transactions or depot local adjustments. Also review relevant hard copy documents. Do this as follows:

(1) For depot local adjustments, check inventory files to ensure that the correct quantity and condition code were posted.

(2) For denials, check material release order history files to ensure material was not shipped.

(3) Check all current and deleted locations.

(4) For receipts, review hard copy receipt documents for duplicates, ensure the quantity and condition code are correct, and confirm weight and cube agree with the weight and cube entries recorded in the depot master data record.

(5) For adjustments, review the hard copy and document control register on condition code reclassification and re-identifications to verify correct postings.

(6) For shipments, review material release order history file to verify correct posting of material release orders or stock transfer orders. 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 ensure shipment of the material.

(7) 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.

(8) Review outstanding SF 364s to decide whether they bear on loss.

(9) Check the depot maintenance activity to ensure missing material is not located there and check that any transaction to or from the maintenance activity is correctly reflected on the depot's transaction history.

(10) Check the disposal activity for missing material.

w. A depot-prepared IAR may result in no conclusive finding because of inadequate custodial records at the depot. If so, the commander/activity supervisor 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 (IAR or FLIPL).

x. An investigation may recover missing material or may account for it. If so, correct the depot custodial records as required. Forward a reply by first memorandum 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. In cases where recovery or accounting for quantities (partial or total) reduce the dollar value below the mandatory requirements for an IAR, depot replies by first memorandum will constitute closing of an 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 an IAR for the actual loss quantity.

y. An investigation may fail to account for the loss. If so, take the following actions:

(1) Prepare an IAR, FLIPL, or an 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/activity supervisor will initiate a FLIPL instead of an IAR.

(2) The depot commander/activity supervisor will approve both the IAR and FLIPL before submission to ASDAs.

Note. When DD Form 200 blocks 13a through 13h are completed, line out the words "APPOINTING AUTHORITY" and replace them with the words "DEPOT COMMANDER."

z. When initiating hard copy DD Form 200, forward copy number five to the proper ASDA showing that DD Form 200 has been initiated. Forward the original and three copies of hard copy DD Form 200 to the depot commander/activity supervisor for assigning an inquiry or investigation number from the FLIPL register and for appointing a financial liability officer (when required by the approving authority).

aa. Appointed financial liability officers will conduct an investigation and document losses as stated in chapter 8. They will compile the evidence that substantiates or refutes the statements on DD Form 200, block 9, and attached exhibits. Financial liability officers will record only facts about the loss. Statements attached as exhibits are in the form of certificates for military and civilian personnel. The financial liability officer will—

(1) Obtain statements in the form of certificates or direct quotes of persons mentioned on DD Form 200, block 9, if not already attached as exhibits, and any other persons interviewed during the investigation.

(2) Review evidence presented to ensure all transaction postings are correct. Transactions include receipts, issues, and adjustments.

(3) Confirm that receipt postings are correct as to quantity and condition code and that weight and cube recorded on hard copy receipt documents are equal to weight and cube recorded in the depot master data record.

(4) Ensure that all shipment postings have been verified against the material release order history file, that the bills of landing (BLs) are verified to ensure the correct quantity was shipped, and that the weight and cube agree with the quantity shipped.

(5) Verify that material numbers with a CIIC of 2, 3, and 8 were properly reported to security (controlled items that require an AR 15–6 investigation are exceptions). When a weapon is lost, include the serial number on DD Form 200 or the AR 15–6 investigation. Verify that a copy of the security investigation is attached to the FLIPL as an exhibit.

(6) 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.

(7) When citing local regulations, attach applicable parts as exhibits.

(8) As applicable, check the maintenance, disposal, and quality assurance activities.

(9) Check other owner transactions, if any, to ensure postings are correct, with no adjustments that would account for the loss.

(10) Decide whether the missing item has any commercial application.

(11) Decide whether a person is to be held financially liable.

(12) Determine who is responsible; normally this is the depot-appointed responsible officer.

(13) Per chapters 5 and 8, decide whether negligence or willful misconduct is evident.

(14) State how the loss occurred. If this cannot be determined, state why.

(15) If the missing material is found or accounted for, discontinue the investigation. Report the findings through the depot commander/activity supervisor to the inventory officer. The inventory officer will correct the depot custodial records as required. The inventory officer will also advise the applicable ASDA of these findings. Include a copy of the depot transaction history showing that corrective action has been taken.

(16) 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.

(17) Obtain the signature of the depot commander. Forward the completed FLIPL to the applicable ASDA.

bb. Conduct investigations on controlled items per AR 15–6 (see AR 190–11). An AR 15–6 investigation may be used instead of FLIPL. In these cases, the depot will complete DD Form 200, enclose a copy of the AR 15–6 investigation and submit it to the APO at the applicable ASDA. Complete DD Form 200, except that:

(1) Blocks 9 and 15a will not include details on the circumstances and findings. Instead, include a statement in these blocks referring to the attached AR 15–6 investigation.

(2) If no one is recommended for assessment of financially liable, include a statement in block 15a. The statement will recommend that the APO be relieved of accountability and not held financially liable.

(3) The name of the presiding member of the AR 15–6 board of investigation is recorded on the memorandum used to appoint members of the AR 15–6 board, which is attached to DD Form 200 as an exhibit. If there is not a board, use the name of the investigator.

Chapter 14

Discrepancies Incident to Shipment of Property by Common or Contractor Carrier

Section I

Introduction

14–1. Actions to take upon the discovery of discrepancies in shipment

The actions to take when discovering a discrepancy upon receipt of shipment depend on the type of consignee involved. Section I of this chapter lists the successive steps to report and adjust discrepancies. Section II of this chapter specifies the actions required in steps 3 through 7 to use DD Form 361. Section III of this chapter specifies actions required to use SF 364 and DD Form 361. This chapter provides for procedural steps in which requirements for actions differ with the type of consignor or consignee and the procedure that applies to each type or combination of types. See table 14–1.

Table 14–1
Actions for discrepancies in shipment

Step	Action
1	Discovery of the discrepancy by: The transportation officer (TO) or other receiving point personnel during checking-in operation or the receiving property officer during storage operation.
2	Classification of discrepancy to determine the proper form (SF 364 or DD Form 361) required.
3	Initiation of forms in step 2.
4	Investigation and documentation of loss with concurrent actions to complete the forms in step 2.
5	Approval of the forms in step 2 for consignee senior commanders.
6	Distribution of the forms in step 2.
7	Action by the consignor (shipping officer) or other addressee upon receipt of the completed forms in step 2.

14–2. Action activity requests

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, ICPs will request the submission of DD Form 361 or SF 368 in the response to SF 364. On receipt of such requests, the reporting activity will submit the requested DD Form 361 or SF 368 and include a copy of SF 364 with the request. If the response to DD Form 361 or SF 368 absolves the contractor, manufacturer, vendor, or carrier of responsibility for the discrepancy, the reporting activity will resubmit SF 364 and include a copy of all previous reports submitted and responses received.

14–3. 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 break-down of pallets and emptying the containers.
- (5) When moving the property into storage for later issue.

b. Undue delay of notice will dictate when to use SF 364 (not applicable to DD Form 361).

14–4. Step 2—classification of discrepancies

The receiving TO, the 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 “inconsequential” on a copy of the shipping document or other instrument used as a debit voucher.

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. Base whether the transportation discrepancy is an overage, shortage, or damage on definitions in the glossary. Decide if discrepancy requires initiating DD Form 361 in enough copies for financial liability investigation purposes.

(1) For other transportation discrepancies, do not use DD Form 200. 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 DD Form 361.

c. *Supply discrepancies.* After a deficiency is categorized as a supply discrepancy, further review it to see if it meets the report preparation time limits (see 41 CFR 101–26.8) and qualifies under the minimum dollar value criteria (see definition for discrepancies in the glossary). The receiving TO will submit supply

discrepancies discovered to the receiving property officer for action. Section III of this chapter contains detailed specifications for initiating and processing SF 364.

14-5. Discrepancy tolerance in receiving shipments of coal, petroleum products, and so forth

a. To ensure Army procedures to receive and check in shipments of special types of property conform to those used in the commercial field, shipments of solid fuels, petroleum products, and other items subject to shrinkage and evaporation are subject to discrepancy tolerances which may apply at Army installations.

b. When tolerances have been authorized under paragraph 14-4a, initiation of DD Form 361 or SF 364 is not required except when:

- (1) The discrepancy exceeds the authorized tolerance.
- (2) Prescribed by the directive setting the tolerance.
- (3) For shipments of bulk petroleum, see DoDM 4140.25 for DD Form 361 requirements.

Section II

Reporting and Adjusting Transportation Discrepancies

14-6. Step 3—DD Form 361 shipments on prepaid commercial bills of lading

a. *Acceptance at destination shipments.* The Army accepts and pays for only those articles received in a serviceable condition; therefore, transportation discrepancies in free on board (FOB) destination shipments made on prepaid commercial bills of lading (CBLs) from vendors do not require DD Form 361s to be prepared for financial liability investigation purposes. Furnish a DD Form 361 to the shipper who will settle the transportation discrepancies with the carrier since the title does not pass to the Government until acceptance at destination.

b. *Acceptance at origin shipments.* Carry out procurement contracts or purchase orders, per the FAR, on an acceptance-at-origin basis for shipment to a FOB destination to an Army installation on prepaid CBLs. When this occurs, the Army accepts title to the property at the shipping contractor's establishment. The contractor, only as a convenience, pays freight charges to the U.S. Government. When reporting transportation discrepancies of this type, prepare a DD Form 361 under the same procedures applicable to shipments moving on FOB origin on GBL or other related transportation document.

14-7. Step 3—free on board origin shipments from vendors on a government bill of lading

a. Initiate a DD Form 361 upon discovering a transportation-type discrepancy in an FOB origin shipment on GBL from a:

- (1) Vendor.
- (2) Fixed-price contractor.
- (3) Commercial warehouse.

b. The DD Form 361 determines the responsibility despite whether:

- (1) The vendor or contractor receives payment for all or part of the article.
- (2) The Army accepted it.

c. As a result of the FLIPL action, a shipper may be entitled to payment for articles listed on the investigation if payment has not been authorized previously. If so, the KO will start actions needed to make payment. Do not use FLIPLs as documentation to support payment vouchers.

d. Regarding property accountability for materiel in excess of serviceable articles actually received, when loss or damaged articles are obviously the shipper's responsibility, use procedures in paragraph 14-4.

14-8. Step 3—free on board origin for conversion to a government bill of lading

Treat a transportation-type discrepancy in shipment on CBL converted to a GBL at destination as a GBL.

14-9. Step 3—shipments from the Army Stock Fund

a. When property involved in a transportation discrepancy is part of the body of, or represents a purchase from, the AWCF by an element of the Army, start DD Form 361 action. This is done even though the money value of the discrepancy is less than \$100 per line item and a request for adjustment in reimbursement billing is not required according to DFAS—IN Manual 37-100.

b. Accounting principles governing the AWCF provide that title to shipments will pass to the consignee upon acceptance by the common carrier (see constructive delivery or receipt in AR 725–50).

c. Base adjusting overages, shortages, and damage 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 AWCF in processing DD Form 361 at steps 4, 6, and 7 are identified in paragraphs 14–23 through 14–31 and paragraphs 14–34 through 14–38.

14–10. Step 3—shipments from the Defense Logistics Agency

Requirements for initiation of DD Form 361 to report and adjust transportation discrepancies in shipments from DLA Fund are the same as for shipments from AWCF. However, requirements for steps 4 and 6 differ.

14–11. Step 3—shipments from the General Services Administration

Requirements for initiating DD Form 361 to report and adjust transportation discrepancies in shipments from GSA-controlled sources (not federal supply schedule) are the same as for DLA and AWCF. However, requirements for steps 4 and 6 differ.

14–12. Step 3—responsibility at Army depots

At Army depots (storage activities), the receiving or intended receiving TO will initiate DD Form 361 when prescribed per paragraph 14–12. 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 AR 710–4 prescribe processing DD Form 1348–1A, DD Form 1149, and DD Form 250 (Material Inspection and Receiving Report) as receipts at the storage activity (responsible officer) and the ASDA.

14–13. Step 3—responsibility at installations, depots, and terminals

At installations other than depots and terminals, the receiving TO will initiate and distribute DD Form 361. At installations where an officer does not regularly serve as a TO, the commander/activity supervisor will assign a qualified officer or civilian to take all actions prescribed in this pamphlet. In case of elements of field forces without an assigned TO, the officer in charge will assign an officer or other qualified subordinate to complete DD Form 361.

14–14. Step 3—responsibility at ocean terminals for overseas shipments

This is reporting on discrepancies in shipment attributed to movement in transit by ocean carrier. The receiving officer will prepare DD Form 361 for reporting and financial liability investigation purposes.

14–15. Step 3—responsibility at aerial ports or air freight terminals

The receiving officer will prepare DD Form 361 for reporting and financial liability investigation purposes.

14–16. Step 3—responsibility for shipments to commercial warehouses

Commercial warehouses are engaged either to store certain property in route to water terminals, to await other overseas shipment, or to provide more storage capacity for depots. In the first and second case, when DD Form 200 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 third case, the officer accountable for the property (the depot of the ASDA) will prepare DD Form 200 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.

14–17. Step 3—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 DD Form 361 for financial liability investigation purposes used to support adjustments to the APSR. The initiation of DD Form 361 at the Army installation receiving the shipment occurs regardless of whether the shipment moved on a DA BL or on one from another Government agency.

14–18. Step 3—shipments to nonmilitary activities

a. Continental United States destinations. When making shipments of Army property to activities listed in paragraphs 14–1 through 14–16, the shipping APO will adjust the discrepancies in the APSR. Include processing FLIPL for DD Form 361. In shipments from a contractor, the officer responsible for preparing the shipping document will prepare DD Form 361. 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 paragraph:

- (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) Nonappropriated fund activities of the Army.

b. Shipments to Department of the Army contractors. For shipments of GP made to a DA contractor, the designated receiving APO or PA will initiate and follow to conclusion necessary action on discrepancies in shipment. This includes preparing DD Form 200 and adjusting APSR records.

c. Overseas destinations. When transportation-type discrepancies in shipments are made on DA BLs to military activities (water or aerial port) for overseas shipments to agencies or activities outside Army, the receiving TO will initiate DD Form 361 for financial liability investigation purposes (grant aid and foreign military sales shipments are included). The receiving TO will forward the completed claim file to Defense Finance and Accounting Service (FINCH–BA), Indianapolis, IN 46249–5301.

14–19. Step 3—shipments to the 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 paragraph 14–17.

b. Discrepancies in shipments consigned on DA BLs to the American Red Cross at U.S. ports for export to foreign governments or other destinations fall in the same category as those mentioned in paragraph 14–17.

14–20. Step 3—Army property damaged or destroyed before reaching intended destination in the continental United States

When unable to deliver Army supplies and equipment at an intended destination because of severe damage suffered while in the possession of the common carrier, take the following actions:

a. Action by shipping officer.

(1) Upon receipt of data from a carrier that severe damage prevents delivery of a shipment, the shipping officer—

(a) Makes arrangements with the carrier, vendor, or originating Army installation for the repair or replacement.

(b) Notifies the Army installation designated to receive the property of the circumstances involved, action taken, and the new anticipated arrival date. Also, 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—

(a) Ascertains the suitable Army installation.

(b) Promptly furnishes disposition instructions to the carrier by the most expeditious means of communication.

(c) Notifies the Army installation designated to receive the damaged items for repair.

(d) Forwards a copy of the GBL issued for such items for use for DD Form 361 or FLIPL 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 FLIPL. Use a copy of the GBL provided by the shipping officer.

(2) Pick up on the stock records according to AR 710–2. 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.

c. Responsibility of the intended receiving officer when the ultimate consignee is in the continental United States. The intended receiving officer will complete and distribute DD Form 361s prepared by military activities.

14-21. Step 3—inactivated installations

Normally, FLIPLs involving shipment discrepancies are processed before inactivation of an installation and its records are retired to a record holding area. However, sometimes notice arrives after the inactivation. This happens most often for shipments to agencies outside the Army (see paras 14-6, 14-17, and 14-18). In such instances, the headquarters that exercises command jurisdiction over the installation before its inactivation will prepare and process the necessary FLIPL from data obtained from the proper records holding area.

14-22. Step 3—time limitation

The receiving TO will prepare DD Form 361 for traffic management and financial liability investigation purposes promptly upon discovery and classification as a transportation discrepancy. Include articles listed on one BL that are determined short, over, damaged, or otherwise make up a discrepancy on a single DD Form 361.

14-23. Step 3—determining decision authority

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 (see para 14-29).

14-24. Step 4—transmittal for financial liability investigation purposes by receiving transportation officer

When processing DD Form 361 for financial liability investigation purposes, and for all actions specified in paragraph 14-1 through 14-20 needed to satisfy the receiving TO, the TO will sign the original and all copies. Forward the signed original and four copies to the appointing and approving authority for action.

14-25. Step 4—shipments from the Army Stock Fund

Process DD Form 361s initiated for shipments from the AWCF per paragraph 14-12 (step 3) in step 4 in the same way as the other Army DD Form 361 except change the accounting classification shown for deposit of proceeds to that of the AWCF consignor prescribed in DFAS-IN Manual 37-100. This requirement applies to all AWCF transportation discrepancies including those amounting to less than \$100 per line.

14-26. Step 4—shipments from the Defense Logistics Agency

Process DD Form 361s initiated for shipments from DLA stock fund per paragraph 14-9 (step 3) in step 4 in the same way as the other Army DD Form 361 except change accounting citation shown on DD Form 361 to the Defense Stock Fund (according to DFAS-IN Manual 37-100) of "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.

14-27. Step 4—shipments from the General Services Administration

Initiate DD Form 361 for GSA shipments per paragraph 14-10 (step 3) and process step 4 in the same way as other Army DD Form 361s. For accounting classification, show the words "General Services Administration."

14-28. Step 4—designation of appointing and approving authority

At each Army installation or major activity, the senior commander/activity supervisor will designate an officer to supervise and approve actions on DD Form 361s used for financial liability investigation 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 the G4, adjutant, LRC, or equal level. This named designee will act as the appointing and approving authority for any DD Form 361 used for financial liability investigation purposes and will enter final approval for the senior commander.

14-29. Step 4—investigation of discrepancy general instructions

The instructions in chapter 5 to review FLIPLs by appointing and approving authority and investigation by financial liability officers do not fully apply to processing DD Form 361 for financial liability investigation

purposes because, based on DD Form 361, the appointing and approving authority discharges the functions of both the appointing authority and senior commander. In addition, investigations are made as an adjunct of the appointing and approving authority action rather than by formally designating a financial liability officer.

14–30. Step 4—examination by appointing and approving authority

a. Upon receipt of DD Form 200 or DD Form 361, the appointing and approving authority will review the investigation to ensure accuracy and completeness of the entries on DD Form 361 and in the supporting evidence. The appointing and 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 per chapter 4. Distribute the form per the requirements of chapter 4.

b. In the review, if the appointing and approving authority concludes more data are necessary to base a final decision on financial liability, they will refer the file to one or more financial liability officers and enter the note, “Referred to purchasing and KO for addition of findings and recommendations as exhibit.”

14–31. Step 4—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. Individuals regularly designated as financial liability officers to investigate discrepancies covered by DD Form 361 will familiarize themselves 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 will determine their actions. Financial liability officers will consider carefully the extent of their investigations and will 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 their findings on DD Form 361. Include references to added exhibits and the total amount of the loss. In block 36, REMARKS, enter proper recommendations. Summarize the investigation briefly and clearly, leaving no doubt in the minds of the appointing and approving authorities and other reviewing and approving authorities as to the facts set forth and the intent of the recommendations.

14–32. Step 4—disposition of damaged property

a. The damaged property may consist of articles falling within the classes in paragraph 14–31. 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 DD Form 361 for credit to the common carrier.

(1) Dispose of special or technical articles for which specific disposition instructions have been published by DA or by the commodity command concerned 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. Dispose of them per paragraph 14–31 when applicable. Otherwise, obtain specific instructions from an authorized representative of the commodity command concerned.

(3) Do not release articles not covered by paragraph 14–31 that contain 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, except for damaged property categorized in paragraph 14–31. Obtain a receipt to include a description of the damaged property from the local agent of the carrier. Enter a statement acknowledging the carrier’s acceptance and terms of return and/or reimbursement on the receipt. Get the statement signed by an agent of the carrier. Make sure each item disposed of in this way clearly reflects DD Form 361. A depreciation factor may apply to property accepted by the carrier. Include this factor when determining the actual value. When holding a common carrier responsible for the full value of the property damaged beyond economical repair or serviceability, and when the property has salvage value, the carrier will receive credit for the salvage value.

14–33. 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 appointing and 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 settle 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 KO to decide on any vendor or contractor liability.

b. The appointing and approving authority will—

(1) Approve the recommendations of the financial liability officer; or
(2) Disapprove the recommendations of the financial liability officer (see para 14–30); or
(3) Add a new recommendation. If adding a new recommendation, do so in any available space on DD Form 361, and enter the signature and designation immediately below the entry.

c. Record the action taken on all copies of the DD Form 361.

14–34. Step 5—review and approval review for senior commander

a. The appointing and approving authority has direct responsibility for initiating, processing, and approving DD Form 361s to report and adjust discrepancies in shipment. However, the senior commander/activity supervisor must check reviews of selected cases to ensure adequate protection of the interests of the Government. The review is completed 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), the freight handler, or the commercial warehouse. Properly handle financial liability.

b. The senior commander/activity supervisor will ensure FLIPLs (discrepancies incident to shipment) are entered in eFLIPL. Enter the number assigned to the investigation in block 2 on the face of the form.

14–35. Step 6—general distribution

a. After approval, the appointing and approving authority will distribute the original and copies of DD Form 361 and DD Form 200. The distribution specified in paragraph 14–34b applies to all shipments other than from the AWCF, DLA, GSA, and other than to and from overseas.

b. An examination of DD Form 361 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 DD Form 200 as follows:

(1) Forward the original, with exhibits attached, to the officer who administers the contract involved for shipments made to fill military standard requisitioning and issue procedures requisitions (see AR 725–50). Route it to the KO through the supply sources to which requisitions was originally submitted.

(2) Forward the second copy to the receiving APO.

(3) Forward the third copy to the installation FAO. The FAO may use it as a supporting document in setting up an accounts receivable (account 1100), when required.

(4) Forward the fourth copy to the officer who administers the contract. Include the original DD Form 200 (see para 14–34a(1)). No letter of transmittal is required with the distribution of any copy.

(5) Provide a copy to the cognizant Surface Deployment and Distribution Command (SDDC) area commands.

c. If there is no question as to the liability of a vendor, fixed-price contractor, freight handler, or commercial warehouse under contract to the Army, distribute DD Form 200 as follows:

(1) Forward the original, with exhibits, directly to the Defense Finance and Accounting Service–Indianapolis Center (DFAS–IN–FTF), Indianapolis, IN 46249–5301 (CONUS carrier liability only).

(2) Forward the second copy to the cognizant SDDC area command.

(3) Forward the third copy to the receiving APO.

(4) Forward the fourth copy to the installation FAO. The FAO may use it as a supporting document in setting up an accounts receivable (account 1100), when required.

(5) Forward the fifth copy 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 DD Form 361 for reporting purposes and DD Form 200 is regarded as a part of such services. Transshipping activities include water terminals, aerial ports, break-bulk activities, and container consolidation points.

14-36. Step 6—distribution of the Army Stock Fund

a. *General.* As provided in paragraphs 14-8 and 14-31 for steps 3 and 4, shipments from the AWCF involve reimbursement billing. With stated exceptions, these shipments require billing adjustments according to DFAS-IN Manual 37-100 to cover the discrepancies. To accommodate these requirements, distribute DD Form 361 for financial liability investigation purposes specified in this paragraph. For discrepancies amounting to less than \$100 per line item not requiring request for billing adjustment under DFAS-IN Manual 37-100, only distribute per paragraph 14-35.

b. *Vendor liability indicated.* Examination of DD Form 361 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 DD Form 200 as follows:

(1) Forward the original with exhibits to the officer who administers the contract involved. Route through the supply source to which the original military standard requisitioning and issue procedures requisition and the request for billing adjustments is submitted (see DFAS-IN Manual 37-100).

(2) Forward remaining copies as specified in paragraph 14-34.

c. *Vendor liability not shown.* If prepared as a hard copy form, distribute the original, second, third, fourth, and fifth copies as specified in paragraphs 14-34. Forward the sixth copy to support request for billing adjustment according to DFAS-IN Manual 37-100. 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.

14-37. Step 6—distribution of shipments from the Defense Logistics Agency

a. *General.* As provided in paragraphs 14-5 and 14-31 for steps 3 and 4, shipments from DLA involve reimbursement billing. With stated exceptions, these shipments require billings adjustment per DFAS-IN Manual 37-100 to cover discrepancies. To accommodate these requirements, distribute DD Form 361 for DD Form 200 specified in this paragraph for discrepancies of less than \$100 per line item. These shipments do not require request for billing adjustment according to DFAS-IN Manual 37-100. Use only the distribution in paragraph 14-36.

b. *Vendor liability indicated.* Examination of DD Form 361 may show that question exists as to liability of a vendor, contractor, freight handler, or commercial warehouse under contract to DLA and that financial liability of the carrier has not been ruled out. If so, distribute DD Form 200 as follows:

(1) Forward the original, with exhibits attached, to the defense supply center having jurisdiction over the items involved per DFAS-IN Manual 37-100. The KO handles it with the office responsible for paying the GBL.

(2) Forward the second, third, fourth, and fifth copies per paragraph 14-34.

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 paragraph 14-34. Forward the fifth copy to support request for billing adjustment per DFAS-IN Manual 37-100 (see para 14-35c). 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.

14-38. Step 6—distribution of shipments from the General Services Administration

As provided in paragraphs 14-5 and 14-31 for steps 3 and 4, shipments from GSA require billing adjustment to cover discrepancies. To accommodate these requirements, distribute the original DD Form 361, with exhibits, and the fifth copy to the General Services Administration, National Customer Service Center, 2300 Main Street, Kansas City, MO 64108-0000 (or via email to ncscustomer.service@gsa.gov) to distribute DD Form 361 unless shipments apply to shortages, damage, theft, or pilferage of commercial vehicles. Distribute the remaining copies as specified in paragraphs 14-34.

14-39. Step 7—action of shipping officer

As shown in paragraph 14-29, the receiving TO, receiving property officer, appointing authority, and approving authority may decide to withhold approval on DD Form 361 pending action to obtain needed data from the consignor (shipping officer). Upon receipt of request for information, the shipping officer will make such an investigation and furnish a prompt reply. Do not confuse these actions with those required of the shipping officer and KO on transportation discrepancies with indication of contractor liability per paragraphs 14-34 and 14-35.

14-40. Discrepancies involving contract freight handlers

Loss or damage to GP in transit and in freight-handling operations by contractors for longshoremen, stevedoring services, and so forth at SDDC water terminals, out ports, transportation terminal unit, and Army container consolidation points requires classification as transportation-type discrepancy and reporting. Use DD Form 361 for DD Form 200; 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 KO at the terminal will take proper action to determine liability for the discrepancy.

- a. When parcel post or a government delivery vehicle furnished by the shipping or the receiving activity, inter- or intra-installation, DD Form 361s 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 in route.

14-41. Shipments by ocean commercial carriers

The military sealift commander is responsible for transoceanic and intercoastal water transportation—

- a. On charter shipments, the use of a GBL does not apply. Except for losses of bulk liquids, use DD Form 200 to adjust property accounts for the shipment only. Adjust discrepancies in shipments of bulk liquids by means of DD Form 361 and DD Form 200 processed as prescribed in paragraph 14-41 and per DoDM 4140.25.
- b. On berth-term shipments on GBL on transportation, adjust discrepancies by DD Form 361 and DD Form 200 prepared and processed according to this section.

14-42. Discrepancies in shipments received by overseas ports of debarkation

a. When shipments that move by commercial transportation on GBLs are received at water terminals, they are checked carefully with the BL. Make a record of missing or damaged packages by shipment digit marking or other identifying marks. Open packages received in damaged condition and verify the contents if it's reasonable that part of the contents are missing or damaged. Reconcile overages, shortages, and damages to the greatest extent possible through the action of the cargo outturn reconciliation message and its reply. Document all discrepancies not reconciled on the cargo outturn reconciliation message and its reply on DD Form 361.

b. When acting as the transshipment point, the port of debarkation (POD) authority will report on DD Form 361 the description and weight of missing or damaged cargo along with any incidental costs such as direct, indirect, overhead, temporary duty, and so forth, to the ultimate consignee. The ultimate consignee will add any additional information required to complete DD Form 361 and report any additional discrepancies found on inspection of the shipment. The consignee will send DD Form 361 to the POD for processing to the Cargo Outturn Reporting System. The POD will consolidate all DD Form 361s received on a single voyage into a Cargo Outturn Reporting System package and forward it to the port of embarkation for ultimate submission to the Military Sealift Command (MSC) for adjudication. The POD will keep a file of DD Form 361 actions for 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/activity supervisor of an SDDC area command on DD Form 200, 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.
- (2) Collect in full or, when more facts support such action, amend DD Form 200 accordingly and make available DD Form 200 and supporting files (or extracts thereof) to assist the proper MSC officer to process the claims. When necessary, the commander/activity supervisor of the SDDC area command may

return the original DD Form 200 to a terminal commander/activity supervisor for an MSC office. Retain the fifth copy in the file. Annotate the file at the command.

14-43. 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 Material Inspection and Receiving Report), initiate DD Form 361 per paragraph 14-17 and process it per paragraph 14-42, except upon completion of action of the terminal commander/activity supervisor as senior commander, distribute copies as follows:

- (1) Forward original, with exhibits attached, to the Activity supervisor, Defense Fuels Supply Center, Fort Belvoir, VA 22060-5447.
- (2) Forward the second copy to the cognizant SDDC area command.
- (3) Forward the third copy to the FAO servicing the receiving property officer for support in settling a claim receivable (account 100).
- (4) Forward the fourth copy to the receiving property officer.
- (5) Forward the fifth copy with the original.
- (6) Forward the sixth copy 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, request it through the Commander, DLA-Energy, and dispatch the case to the Commander, MSC, for collection. Responsibility is the same as that prescribed for commanders of transportation terminal commanders in paragraph 14-42.

14-44. Discrepancies in domestic intercoastal shipments

Domestic intercoastal shipments ordinarily move from point of origin to final destination through two or more intermediate transfer points. Transfer points for military cargo exist at SDDC terminals or offices at coastal cities under the jurisdiction of the cognizant SDDC terminal or out port. Separate BLs issued at point of origin and at each transfer point covered by each element of a given routing. MSC routes the ocean part of the movement.

a. Upon receipt of shipment at a transfer point, check the package against the BL. Record missing or damaged packages by serial numbers or other identifying marks. Open packages received in damaged condition and verify the contents if it is reasonable 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 DD Form 361 to the final destination consignee. DD Form 361 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. Based on a final check of the inbound shipment and the information furnished per paragraph 14-43a, the consignee receiving TO at the final destination will complete DD Form 361 that covers all consequential and unadjusted transportation discrepancies that have been reported for which carrier liability cannot be ruled out (see para 14-3).

(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 DD Form 200; 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 DD Form 200.

c. Discrepancies due to movement in the ocean part of a domestic intercoastal shipment result in the preparation of a claim file by the MSC. The ultimate consignee will, within 15 days after receipt of shipment but not later than 60 days after cargo discharge, send DD Form 361 to the military ocean terminal having jurisdiction over military cargo at the POD for processing and submission to MSC for adjudication.

14-45. Shipment of authorized baggage and household goods

The loss of or damage to authorized personal baggage or household effects shipped at the Government's expense involve adjustment between the owner and the carrier or a contractor. The claims officer will

supervise the adjustment under the carrier's claim procedures or according to the applicable packing or storage contract. When containers such as boxes and crates are damaged and must be repaired at the Government's expense prior to forwarding to the owner or for storage by the Government, initiate DD Form 200 to account for the damage reported on DD Form 361. DD Form 200 will cover the cost of labor and material used to make the repairs to containers. Instructions for step 3 govern the responsibility for preparing DD Form 200. Follow detailed procedures for household goods or other personal property in the Joint Travel Regulation.

14-46. 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 DD Form 361 may have been issued for financial liability investigation purposes. If so, prepare and distribute the cancelled DD Form 361.

14-47. Discrepancies in container shipments

The ultimate consignee of shipping containers, military-owned demountable containers, roll-on or roll-off trailers, or container expresses will report discrepancies in shipments.

Section III

Reporting and Adjusting Supply Discrepancies

14-48. Step 3—Initiating an SF 364

a. General. This section addresses property accountability aspects of 41 CFR 101-26.8 (also see chapter 4). It gives procedures for use by Army receiving installations and activities to report and adjust item (supply) discrepancies as defined in paragraph 14-3. This section also outlines the relationship between SF 364 and DD Form 200 actions (see fig 14-1).

(1) When submitted, SF 364 serves as a suspended adjustment of received overages, shortages, and damaged GP until disposed of or taking authorized adjustment action. The SF 364 will clearly identify discrepancies and deficiencies involving the shipper of materiel (depot or contractor) or initiator of the shipments. Even though SF 364 does not always result in FLIPLs, SF 364 investigations can lead to that requirement as shown in paragraph 14-47 and figure 14-1.

(2) Discovery of a discrepancy involving the shipper usually occurs when matching the supply documents or counting items after opening shipping cartons in the activity's receiving area.

(3) Because 41 CFR 101-26.8 represents a broad area subject to Federal regulation, this section also identifies or clarifies SF 364 policies and procedures unique to the Army and differs from 41 CFR 101-26.8. Headquarters, AMC (AMCOPS-MT) has Army responsibility within the DoD SF 364 Program and will prescribe basic policies and procedures for processing, controlling, and providing credits for SF 364.

(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). Nonreceipt of parcel post shipments, shipments from vendors, packaging, and item discrepancies.

(d) Action by receiving personnel. The receiving personnel should—

1. Check criteria for preparation of SF 364 in 41 CFR 101-26.8.

2. Prepare SF 364 and forward to the proper officer (that is, inventory control point (ICP) or inventory manager) listed in 41 CFR 101-26.8.

(4) AMC has delegated responsibility to the AMC Packaging, Storage, and Containerization Center as the final arbitrator for unresolved and contested SF 364s appealed by the requestor under provisions of 41 CFR 101-26.8.

(a) Lateral redistributions of major items for intra-ACOM, intra-ASCC, or DRU lateral redistributions of major items, policies on discrepancy reporting, and issue of credit is established by the applicable ACOM, ASCC, or DRU.

(b) Unless otherwise directed by HQDA, for inter-ACOM, ASCC, DRU lateral redistributions of major items the losing activity is responsible for ensuring the item meets TM-10 or -20 series standards prior to shipment, per AR 750-1.

(c) AR 750–1 lists parts, labor (which includes both civilian and military), material, and direct and indirect costs (to include temporary duty costs for technical inspections). These charges are also appropriate for reimbursement on SF 364s against equipment transfers between ACOMs, ASCCs, or DRUs when the equipment does not meet TM–10 or –20 series standards. Reimbursements on such SF 364s, as with packaging SF 364s, are made for actual costs incurred. When operations, maintenance, and Army funds are involved, ensure that reimbursements are made during the same fiscal year the work is performed.

(d) To minimize the costs on SF 364s, do repair onsite whenever possible, using the lowest level maintenance activity that has capability and authority to perform the work. Repair components if cost effective.

(e) Exceptions to this policy may be made by agreement between the gaining ACOM, ASCC, or DRU and the losing ACOM, ASCC, or DRU.

b. *Scope.* Report shipping-type (item) discrepancies, packaging discrepancies, and discrepancies in parcel post shipments per 41 CFR 101–26.8. Discrepancies excluded from this section also appear in 41 CFR 101–26.8.

c. *Reporting discrepancies.* If the reporting criteria shown in paragraph 14–47 apply, report a shipping-type item discrepancy by submitting SF 364.

(1) *Shipping-type (item) discrepancies.* This involves supply discrepancies in shipments from DoD activities (including materiel returns from DoD and foreign military sales customers), GSA supply distribution facilities, contractors, manufacturers, or vendors. Find reporting criteria in 41 CFR 101–26.8 as to the types of discrepancies and dollar values. (Report discrepancies in shipments from contractors, manufacturers, or vendors regardless of dollar value.)

(2) *Discrepant shipments to the Defense Logistics Agency Disposition Service Office.* The following exception to 41 CFR 101–26.8 applies to DLA Disposition Service Office shipments. When document identification code AFX/AFZ is received, the shipper retains responsibility for—

(a) Investigating the discrepancy.

(b) Notifying the local provost marshal or security officer for investigation per AR 190–30 (regardless of ownership).

(c) Preparing and submitting SF 364 for Army-owned materiel per the procedures in 41 CFR 101–26.8 for receiving activities. This exception provides the use of SF 364 as the basis for any inventory adjustments and, if necessary, DD Form 200.

(3) *Packaging discrepancies.* Types of packaging discrepancies and dollar value reporting criteria appear in 41 CFR 101–26.8. The following clarifies damage:

(a) Report concealed damage as a shipping-type on SF 364 and indicate in block 12 of SF 364 concealed damage; for visible, carrier-caused damage, submit DD Form 361.

(b) When carrier liability does not apply on DD Form 361, submit a shipping-type on SF 364 with DD Form 361 attached as evidence.

(c) Questionable situations may require simultaneous submission of both DD Form 361 and a packaging SF 364.

(d) Check the top block on SF 364 to identify packaging discrepancies.

(4) *Time standards for submitting SF 364.* Submit SF 364s within the timeframes in 41 CFR 101–26.8.

(a) *Nonreceipt of parcel post shipment.* As added clarification, report nonreceipt of parcel post shipments from contractors, manufacturers, or vendors on a shipping-type (item) SF 364 within timeframes specified in 41 CFR 101–26.8. For shipments from contractors, manufacturers, or vendors where shipment status has not been received, report nonreceipt on shipping-type (item) SF 364 within timeframe specified in 41 CFR 101–26.8.

(b) *Shipments to Defense Logistics Agency Disposition Service Office.* Submit SF 364s on shipments of Army-owned materiel to DLA Disposition Service Offices within the timeframe specified (see para 14–48c(2)).

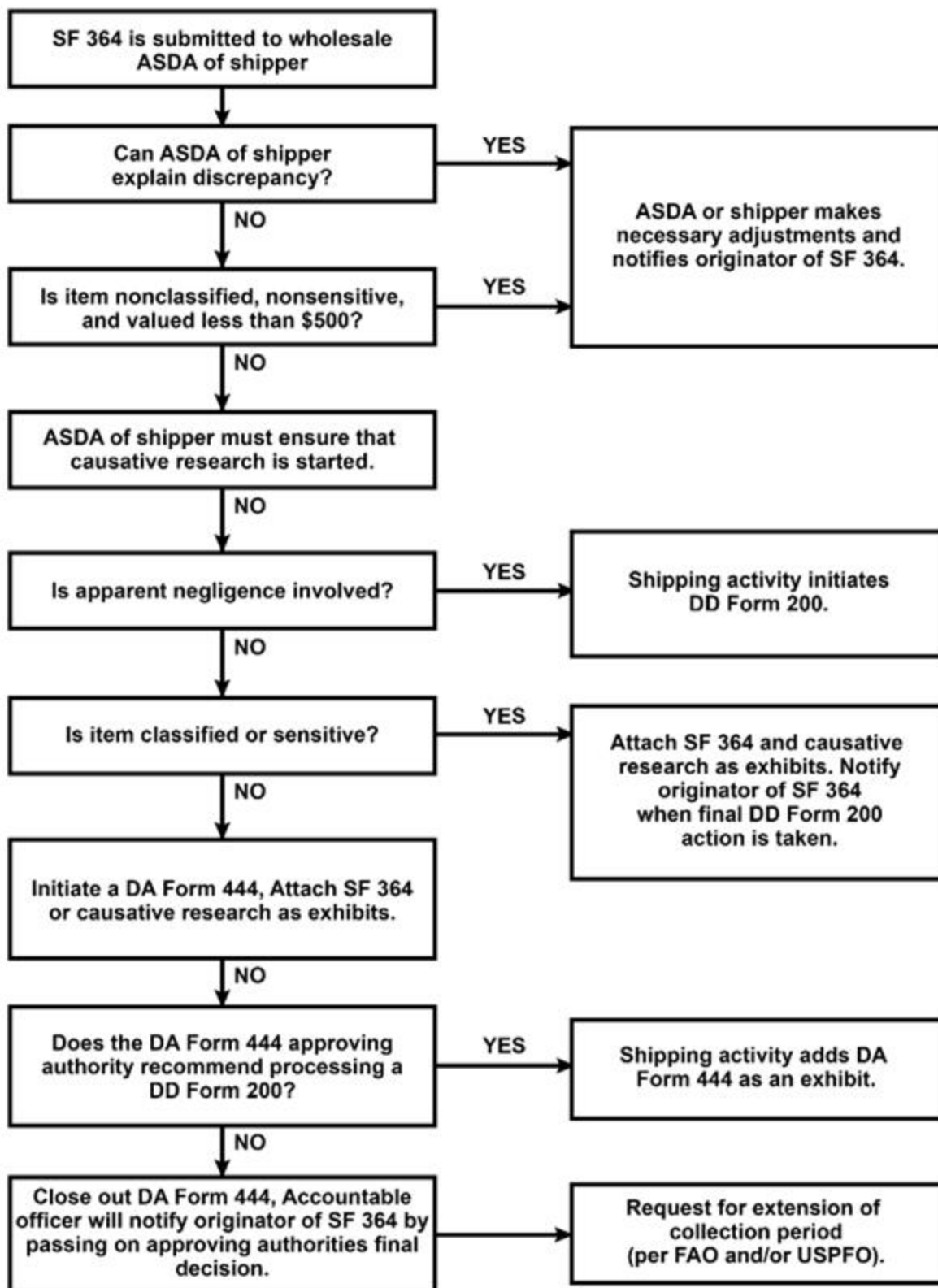


Figure 14-1. Process steps for SF 364 and related actions

14-49. Step 3—conducting investigations and preparing SF 364

Since SF 364 does not meet the requirements of a DD Form 200, conduct investigations according to chapter 4. Follow the instructions for preparing SF 364 in 41 CFR 101-26.8.

14-50. Step 4—approval of SF 364 of consignee

The receiving property officer or designated representative will approve by signing in SF 364, block 14b.

14-51. Step 5—distribution of forms

a. Distribution of forms for both shipping-type or item (supply) and packaging SF 364s is in 41 CFR 101-26.8.

b. Exceptions to these distributions are as follows:

(1) *SF 364s related to fielding of force modernization equipment.* In addition to 41 CFR 101-26.8 distributions, mail a copy of all SF 364s related to field maintenance equipment fielding to the Commander, U.S. Army Materiel Command (SDSTP-TO), Central Repository for Report of Discrepancies Data, Tobyhanna, PA 18466-5097 for entry into the central repository for SF 364 data. Provide the series field maintenance equipment project code to the AMC Packaging, Storing, and Containerization Center for entry into the Central Repository for Report of Discrepancies.

(2) *Defense European and Pacific redistribution activity directed shipments.*

(a) Forward the original and two copies to the ICP or inventory manager indicated in blocks 67 through 69 of the DD Form 1348-1A.

(b) Forward two copies to the receiving or reporting activities.

(c) Forward two copies to the shipping activity indicated in DD Form 1348-1A, blocks 3 through 6.

(3) *Enclosures.* Except in instances of missing documentation, SF 364 must contain a copy of the applicable DD Form 1348-1A, DD Form 250, or DD Form 1155 (Order for Supplies or Services). In addition, submit copies showing the resolution of any related and previously submitted DD Form 361s and SF 368 (Product Quality Deficiency Report).

14-52. Step 6—replies and follow-ups to SF 364

Follow the instructions in 41 CFR 101-26.8 to make replies and follow-ups to SF 364.

Appendix A

References

Section I

Required Publications

AR 15–6

Procedures for Administrative Investigations and Boards of Officers (Cited in para 1–11*h*.)

AR 27–20

Claims (Cited in para 12–17*a*.)

AR 30–22

Army Food Program (Cited in para 4–3*b*(12).)

AR 40–61

Medical Logistics Policies (Cited in table 4–2.)

AR 190–11

Physical Security of Arms, Ammunition, and Explosives (Cited in para 4–2*b*(5).)

AR 210–130

Laundry and Dry Cleaning Operations (Cited in table 4–2.)

AR 380–40

Safeguarding and Controlling Communications Security Material (U) (Cited in para 12–15.)

AR 600–4

Remission or Cancellation of Indebtedness (Cited in para 11–8*a*(4)(*e*).)

AR 700–84

Issue and Sale of Personal Clothing (Cited in para 4–2*b*(4).)

AR 710–4

Property Accountability (Cited in para 1–10*a*.)

AR 750–1

Army Materiel Maintenance Policy (Cited in para 5–14*b*.)

CTA 50–900

Clothing and Individual Equipment (Cited in para 12–20*f*.)

TB 380–41

Security: Procedures For Safeguarding, Accounting, and Supply Control of COMSEC Material (Cited in para 4–2*a*(3).)

Section II

Prescribed Forms

Unless otherwise indicated, DD Forms are available on the Office of the Secretary of Defense website (<https://www.esd.whs.mil/dd/>).

DA Form 1659

Financial Liability Investigation of Property Loss Register (Prescribed in para 5–9*d*.)

DA Form 7531

Checklist and Tracking Document for Financial Liability Investigation of Property Loss (Prescribed in para 5–9*d*.)

DA Form 7923

Statement of Charges/Cash Collection Voucher (Prescribed in para 4–3*b*(1).)

Appendix B

Determining the Value of Actual Loss to the Government When Property Is Lost, Damaged, or Destroyed

B-1. Determine the value of actual loss or damage to the Government

a. Financial charge calculations for all administrative property adjustment methods permitted by this regulation represent the value of the actual loss to the Government. Administrative property adjustment methods applied per this regulation are material accounting oriented and designed to protect the right of the Government to obtain reimbursement for the loss or damage of GP.

b. Adjustment methods per this regulation and determination of the value of actual loss are not intended to be used as corrective action or punishment. Even if negligence or willful misconduct is known or suspected to have contributed to the loss or damage of GP, calculations of the value of actual loss are always applied per this appendix, regardless of the circumstances leading to the loss or damage.

c. Determination of the value of actual loss or damage also applies in situations where the type of property or persons losing property are subject to liability for "full value of the actual loss." In such a scenario the value of actual loss or damage liability assessed may exceed normal liability limits. Full value is not always the full unit price listed in the AEMM. Actual value of loss or damage is still calculated according to this appendix.

d. Include a computation of charges when recommending financial liability. The computation should show how depreciation was calculated and other factors used in determining the loss, or reference should be made to the exhibit on which the computation is recorded. The results of the computation are entered in DD Form 200, block 15b.

e. The actual loss to the Government is the difference between the value of the property immediately before its loss or damage and its value immediately after.

f. The value of loss due to fair wear and tear is exempt from financial charge. A qualified technical inspector determines fair wear and tear.

g. This regulation establishes four means of arriving at the actual value of loss or ACOD to the Government and the amount to be charged. They must be considered in sequence.

(1) If the item is repairable, the charge is based on the actual cost of repairs.

(2) If the item cannot be repaired because it is too badly damaged, a technical inspector determines the fair market value of the item after the damage. Include salvage credit when it is appropriate.

(3) Deduct the standard rebuild cost and salvage value from the cost of the item.

(4) 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.

B-2. Technical inspection

Document technical inspection prior to the repair or turn-in of 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 is a representative of the maintenance support for the installation or activity. AR 750-1 and DA Pam 750-8 provide policies and procedures for technical inspection. In general, a qualified inspector is one who is trained and certified to maintain and/or repair the type of property or similar items. The investigating officer will use the technical inspection 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, do not use that value. 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.

d. *Explanation by investigating officer.* If the fair market value is to be used, the investigating officer must furnish an explanation. For example, the investigating officer 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-3. Value of repairable property

The value of repairable property loss is the repair cost required to return the damaged property to the condition it was in at the time of 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.

b. Computation. Technical personnel will compute the actual repair cost per DA Pam 750-8. When actual repair cost cannot be determined, they will prepare an itemized list of the ECOD. An ECOD is 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, DD Form 200 must state why and state the basis on which the estimate was made.

c. Adjustment document. When an ECOD is used in the interest of expediency to process an adjustment document, follow the repair of damaged property 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 reopens it and requests the appropriate FAO or USPFO, on a memorandum, to reimburse the difference to the charged individual.

d. Value at the time of the loss or damage. See paragraphs B-5 through B-9.

B-4. Actual cost of repairs

If an item can be repaired, base the charges on the cost of repairs, minus certain allowances. Although this pamphlet requires the use of the actual cost of repairs to compute the charges of financial liability, do not delay processing DD Form 200 pending the completion of repairs. When the actual cost of repairs cannot be obtained in time to complete processing DD Form 200 within the established time limits, technical personnel will make an itemized list of the estimated cost of repair. Then complete DD Form 200 with the understanding that if the documented ACOD is less than the ECOD, DD Form 200 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 supporting installation's procedures.

(3) *Overhead costs.* Use the amount as computed by using the authorized local cost accounting systems at a government repair activity. Do not 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, allow for the increase in value when determining financial liability and value of actual loss. If repairs upgrade a capital asset or add capability, also notify the FAO to determine whether corresponding valuation changes are required in the asset record and balance sheet.

(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. For example:

(a) Resurface the entire floor in a room, rather than repair the portion that was damaged.

(b) Paint the entire vehicle, rather than paint just the damaged portion.

(2) In determining the amount of financial liability, assess the respondent only that amount needed to return the damaged property to the condition it was in immediately before the incident causing the damage, not the cost to refurbish the entire item.

B-5. Value of lost, destroyed, or irreparably damaged property

The value of lost, destroyed, or irreparably damaged property is the actual value of the property at the time of the loss, minus any salvage or scrap value. Capital assets and capital leased assets with general ledger financial depreciation/amortization will follow the appropriate rates for the type of asset per DoD 7000.14- R, Volume 4, Chapter 26 (available at <https://comptroller.defense.gov/fmr/>) and use the value recorded in the property's asset master record or the lease records in the general ledger at the time of loss. For real property, the plant replacement value will be used to value the asset. If the cost to repair or restore the real property exceeds the plant replacement value, then the cost to acquire and install a new asset will be the amount of loss. Actual value of all other types of property at the time of the loss or damage may be computed in one of three ways: fair market value, standard rebuild cost and salvage value, or depreciated value.

B-6. Fair market value

The preferred method of determining 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.

a. 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 other means available.

b. Second, the technician reviews the commercial market to determine the price that similar items in similar conditions have sold for in commercial transactions within the last 6 months. Fair market value generally means the average price, expressed in dollars, that property would bring in an open and unrestricted market between a willing buyer and a willing seller who are both knowledgeable, informed, and prudent, and who are acting independently of each other. Appraisal guides accepted in the commercial market, such as automotive or information technology pricing guides, may be used for this purpose. Other methods may include averaging multiple quotes from retail marketplaces (online or local market prices). Refurbished item prices may provide reasonable fair market values for older commercially available items discontinued by manufacturers. Some property may not have a legitimate market, such as military-exclusive, restricted, or sensitive technologies, and fair market value determination may not be possible.

B-7. Standard rebuild cost and salvage value

a. 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 AEMM 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. Compute the value of salvage credit for items that must be scrapped 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-8. Scrap value

If an item was damaged to the point that it must be scrapped, determine how much credit to allow. The technical inspector at the maintenance activity decides whether the item can be repaired.

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 of \$2,000 and a 50 percent credit (or \$1,000) 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 DLA Disposition Service Office, which determines the amount of credit.

B-9. Depreciated value

a. Depreciation is the least preferable method of computing the value of lost or destroyed GP. Depreciation is only used when the fair market value or standard rebuild value is not appropriate, not equitable, 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. This is calculated by subtracting depreciation at a specified rate over time from the current AEMM, acquisition price, or other standard price of a new item. 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 AEMM in effect at the time of the loss was \$500, the amount charged to the individual would be \$450 (\$500 minus 10 percent is \$450).

b. The following rates of depreciation are based on normal use and may be increased or decreased based on facts showing more or less than average use. No property will be depreciated below its assessed scrap value. AR 27-20 may also be used as a guide to determine a fair rate of depreciation.

- (1) Small arms are not depreciated. Use the full AEMM price or acquisition price.
- (2) Do not depreciate loss of or damage to new property. This includes items which have been recently purchased within the previous 12 months of the loss or damage, or unissued items in the same condition as a newly manufactured item. Manufacturing dates, if known, may be used if the purchase date cannot be determined.
- (3) For OCIE items and nonpowered hand tools, depreciate by 10 percent for each such item.
- (4) For items made of relatively perishable material such as leather, canvas, plastic, or rubber (except for OCIE), depreciate by 25 percent for each such item.
- (5) For information technology equipment, depreciate at the same rates specified for life-cycle replacement depreciation per DA Pam 25-1-1.
- (6) For office furniture and equipment, depreciate 5 percent per year of service, up to 50 percent.
- (7) For tactical and general-purpose vehicles, depreciate 5 percent per year of service, up to 90 percent. Total depreciation will not exceed 90 percent.
- (8) For family quarters, depreciate furnishings 5 percent per year of service, up to 50 percent.
- (9) Compute depreciated value for all other property at 5 percent per year of service, up to 75 percent.
- (10) If the time in service cannot be determined, depreciate a standard 25 percent.

Appendix C

Hard Copy Forms Procedures

The hard copy forms prescribed in this chapter are completed electronically when a digital version is published (see <https://armypubs.army.mil/> for DA Forms, <https://www.esd.whs.mil/directives/forms/for> DD Forms, and <https://www.gsa.gov/reference/forms> for SF Forms). Forms without a digital version may be completed manually on paper. Online application-based equivalents of forms are approved by the proponent of this regulation and are completed electronically per the application's EUM.

C–1. General procedures for hard copy forms

- a. Leave blank spaces that do not require entries. Normally negative numbers, zero, and “N/A” (not applicable) entries are not required.
- b. Clearly print or type all entries on forms in this appendix, except personal signatures and initials. Use blue or black ink unless a pencil entry is specified. Repetitive information may be entered by use of a rubber stamp.
- c. Only use abbreviations authorized by the Army Publishing Activity's ABCA website at <https://armypubs.army.mil/abca/searchabca.aspx>.
- d. In this appendix, the terms “noun” and “noun nomenclature” are used interchangeably.

C–2. Basic instructions for DA Form 7923

- a. The organization commander/activity supervisor, the PHRH, or the APO will prepare DA Form 7923.
 - (1) The preparer presents DA Form 7923 to the individual being charged.
 - (2) If the individual accepts the charge, he or she has the option of either making a cash payment or, if a Servicemember or Civilian employee, by settling the charge through payroll deduction.
 - (3) If the individual desires to make a cash payment, the commander/activity supervisor will place an X in block 8b, CASH COLLECTION.
 - (4) If the Servicemember or Civilian employee desires to settle the charge through payroll deduction, the commander/activity supervisor will place an X in block 8a, PAYROLL DEDUCTION.
 - (5) Individuals will show their acceptance by verifying and signing the blocks immediately below block 9, CERTIFICATION OF RESPONSIBLE INDIVIDUAL and entering in their own handwriting the amount of the charge.
 - (6) The organization commander/activity supervisor will complete and sign the blocks immediately below ORGANIZATION COMMANDER/DIRECTOR.
- b. Prepare DA Form 7923 in original and as many copies as the local command prescribes per table C–1. Prepare an additional copy when any of the individuals mentioned in DA Form 7923, block 9e, are within 6 months of termination of their service or employment; provide this copy to the installation FAO.
- c. The APO assigns a document/transaction or voucher number to DA Form 7923. Post the document to the property accounting records as appropriate after verifying payment to the FAO. Submit replenishment requisition as required.
- d. Make five copies of the completed form. The unit, the person maintaining the document register or voucher register, and the individual charged retain a copy; provide two copies and the original DA Form 7923 to the FAO.
 - (1) If the payroll deduction option was checked, forward DA Form 7923 to FAO under a transmittal memorandum requesting receipt acknowledgment. When commanders/activity supervisors do not receive an acknowledgment of receipt from the FAO within 20 calendar days, they make an initial follow-up to the FAO and continue to follow up every 10th working day thereafter, until FAO acknowledges receipt of DA Form 7923.
 - (2) When individuals elect to make cash payment, the commander/activity supervisor may direct the individual to make payment directly to the FAO or may collect money from the individual and pay the FAO. When individuals pay the FAO, they must return DA Form 7923 annotated as a receipt of cash by the FAO within 2 workdays after the commander/activity supervisor approved the transaction. If the individual cannot show proof of payment, the commander/activity supervisor will request the FAO verify receipt of the payment. If FAO has no record of payment, initiate a new DA Form 7923 and process it as a payroll deduction or initiate DD Form 200 and cancel the old document. In the ARNG, the unit

commander/activity supervisor receives money shown on DA Form 7923 and forwards it with DA Form 7923 to the USPFO when processed as a cash collection.

(3) Provide a copy of DA Form 7923 to the APO or the individual maintaining the document register.

e. Initiate and process DA Form 7923 within the following time limits:

(1) *Regular Army or U.S. Army Reserve.* Regular Army units will initiate and furnish DA Form 7923 to the 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 expiration of term of service or a permanent change of station move and hand carrying DA Form 7923 to the FAO, commanders and APOs will not affix clearing signatures or stamps on any document per installation procedures to clear the individual until after the individual returns to them a copy of DA Form 7923 annotated by the FAO indicating receipt by the FAO.

(2) *Army National Guard.* ARNG units will initiate and forward DA Form 7923 to the USPFO within 45 workdays after the date of discovering the discrepancy. For personnel departing the installation on an expiration of term of service or permanent change of station move and hand carrying DA Form 7923 to the USPFO, commanders and APOs will not affix clearing signatures or stamps on their clearance forms (DA Form 137–1 (Unit Clearance Record)) until after the individual returns to them a copy of DA Form 7923 annotated by the USPFO indicating receipt by the USPFO.

f. DA Form 7923 may be electronically generated. Find this form on the DoD Forms Management Program website, <https://www.esd.whs.mil/directives/forms/>.

g. Replacement by cash purchase or accounting for a loss with DA Form 7923 does not constitute a sale of GP. The U.S. Government retains title to all property listed on DA Form 7923 and all property purchased as replacements for lost or damaged property.

h. Property listed on DA Form 7923 may be recovered before a document/transaction or voucher number is assigned. When a portion of the items listed is recovered, the commander/activity supervisor will line through those items recovered and initial adjacent to the line-through. If all the items listed on DA Form 7923 are recovered before a document or voucher is assigned, destroy DA Form 7923. When property listed on DA Form 7923 is recovered after the collection of the indebtedness, in full or in part, or the charges are reduced due to improper computation, prepare a memorandum of amendment. Attach the memorandum citing the specific alteration to the DA Form 7923 as an exhibit. Provide a copy of the amendment to the APO with instructions to reestablish accountability for the recovered property and then forward it to the FAO or USPFO under a memorandum signed by the commander/activity supervisor directing repayment of the value of the recovered property to the individual, as a collection erroneously received.

i. Maintain a copy of the completed document per document retention instructions in AR 25–400–2.

Table C–1
Completion instructions (by block) for DA Form 7923

Block	Instruction
Block 1	DATE. Enter the date the document is prepared in YYYYMMDD format.
Block 2	DOCUMENT/VOUCHER NUMBER. The APO enters a document/transaction or voucher number for lost or destroyed items. Documents or voucher numbers are not assigned for damaged items. Document is posted to the accountable records when document/transaction or voucher number is assigned.
Block 3	ORGANIZATION. Enter the organization and 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. ARNG and USAR will enter the city and state where located.
Block 5	DISBURSING OFFICE COLLECTION VOUCHER NUMBER. Leave blank (completed by the FAO).
Block 6	DISBURSING STATION SYMBOL NUMBER. Leave blank (completed by the FAO).
Block 7	ACCOUNTING CLASSIFICATION. Leave blank (completed by the FAO).
Column a	MATERIAL NUMBER. Enter the material number(s) and LIN(s) for the item(s) lost, damaged, or destroyed.
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 AEMM price at the time of the loss. In cases of damaged property, add, "Damage to." When item's reportable item control codes 2, A, B, C, or Z listed on the document are totally destroyed (no residue to turn in),

Table C-1
Completion instructions (by block) for DA Form 7923—Continued

Block	Instruction
	enter the words "No residue." After the last item, when adjustments to cost to reflect actual value is allowed, enter "Unit price in column d is the unit cost, less adjustments for value of actual loss per 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 adjustments to value of actual loss when authorized by appendix B for items lost or destroyed. For items damaged, enter the cost of repair (damage is not depreciated).
Column e	TOTAL COST. Enter the value of the unit price multiplied by the quantity for each item on the document.
Block 8	TYPE OR ACTION. The commander/activity supervisor will enter as described for blocks 8a through 8c:
Block 8a	An "X" in the PAYROLL DEDUCTION box.
Block 8b	CASH COLLECTION. Based on the desire of the individual being charged.
Block 8c	GRAND TOTAL. The total from column e, TOTAL COST. Include any costs from additional pages, if applicable.
Block 9	CERTIFICATION OF RESPONSIBLE INDIVIDUAL. Complete blocks 9d through 9i 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	EDIPI. Enter EDIPI.
Block 9g	CAUSE FOR CHARGE. Enter lost, damaged, or destroyed through negligence, as applicable.
Block 9h	SIGNATURE. Individual being charged signs the document. DA Form 7923 cannot be processed through a finance department if the form is not signed by the individual being charged.
Block 9i	AMOUNT. Individuals being charged enter the amount being charged (amount from block 8c, GRAND TOTAL) in their own handwriting (or may be entered by the individual in a digital or online version).
Block 10	COMMANDER/ACTIVITY SUPERVISOR. Organization commander.
Block 10a	DATE. The commander/activity supervisor enters the date block 10b is signed.
Block 10b	SIGNATURE BLOCK/SIGNATURE. The commander/activity supervisor signs above his or her signature block.
Block 11	DISBURSING OFFICER OR PAYROLL CERTIFYING OFFICER. Leave blank (completed by the FAO).

C-3. Basic instructions for DD Form 200

a. If temporary hard copy processing of DD Form 200 is approved per paragraph 5-9, the initiator prepares block 1 and blocks 3 through 11 of DD Form 200, except when an AR 15-6 investigation is conducted (see table C-2). Block 2 will be completed once the responsible officer or reviewing official completes block 12 and routes the DD Form 200 to the approving or appointing authority per paragraph 5-10 and receives an investigation number. When the loss of GP is discovered during an AR 15-6 investigation, initiate DD Form 200 per chapter 5 to adjust the property records and to assess financial liability, when appropriate.

b. The initiator of DD Form 200 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 witnesses or those who have knowledge of the incident resulting in the loss. If so, the initiator will ensure:

(1) The statements are recorded on DA Form 2823. If the initiator believes a person providing a statement must be informed of any rights under UCMJ, Art. 31(b) prior to questioning, the initiator will consult with the servicing Office of the Staff Judge Advocate for advice on how and when the rights are rendered.

(2) The statements are typed or printed legibly in black or blue ink by the individual making the statement. 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 DA Form 2823 to record the statement.

(3) The person making the statement or certificate will date and sign the statement or certificate. Electronic signature may be used if DA Form 2823 is electronically produced.

c. Letter the statements alphabetically at the bottom of the statement or certificate, followed with the date, amount, and organization as shown on the face of the form; for example, Exhibit A, DD Form 200,

18 May 2002, \$375, Co Z, 906th Signal Battalion. Other exhibits, such as an ECOD on DA Form 2404 (Equipment Inspection and Maintenance Worksheet), DA Form 2062 (Hand Receipt/Annex Number), or DA Form 3161 (Request for Issue of Turn-In) and DA Form 2823, will also be identified as exhibits per paragraph 5–11*d*.

d. Prepare the statements with as many copies as prescribed by the local command. Attach the original statement or certificate to the original DD Form 200. When copies of DD Form 200 are required, attach copies of the statements to the copies of DD Form 200. Retain copies according to document retention instructions per AR 25–400–2.

e. Except as authorized in paragraph 12–2, the initiator will not alter any part of DD Form 200, blocks 4 through 10, or any exhibit. The person preparing a statement may make minor corrections providing he or she initials the changes.

f. Table C–3 provides instructions for continuation sheets for blocks 4 through 8.

g. Table C–4 provides instructions for continuation sheets for blocks block 9, 10, and 15a.

h. Table C–5 provides instructions for an abbreviated DD Form 200 used to adjust property records for abandoned property per paragraph 12–8.

i. Table C–6 provides instructions for an abbreviated DD Form 200 used to adjust property records for LDDT of property in the possession of contractors per paragraph 12–11.

Table C–2
Complete instruction (by block) for DD Form 200

Block	Instruction
Block 1	DATE INITIATED. Enter the date the financial liability investigation is initiated in YYMMDD format.
Block 2	INQUIRY/INVESTIGATION NUMBER. Enter the inquiry/investigation number assigned by the approving authority (completed after the responsible officer or reviewing official completes block 1, blocks 3 through 12, routes the DD Form 200 to the approving or appointing authority, and receives an inquiry/investigation number.)
Block 3	DATE LOSS DISCOVERED. Enter the date the loss was discovered by the organization. Depending on the circumstances of LDDT, this date may differ from the date of physical loss.
Block 4 (one item)	MATERIAL NO. Enter the material number of the item from the AEMM, such as LIN and national stock number (NSN), nonstandard LIN, management control number, or part number.
Block 4 (LDDT of component)	If the loss or damage involves a component, list the component item in block 5, ITEM DESCRIPTION, and identify the end item in which it is a component.
Block 4 (damage to leased property)	For leased property that is damaged, enter the word “leased.” It is not necessary to enter the unit price for damaged leased property.
Block 4 (more than one item)	When more than one item is lost, damaged, or destroyed, leave the MATERIAL NO. block blank (see table C–3 to prepare DD Form 200 continuation sheet).
Block 5 (one item)	ITEM DESCRIPTION. Enter the noun, nomenclature, or other description.
Block 5 (more than one item)	When more than one item is lost, damaged, or destroyed, enter “See continuation sheet” in the ITEM DESCRIPTION block (see table C–3 to prepare DD Form 200 continuation sheet).
Block 6 (one item)	QUANTITY. Enter the quantity of the item.
Block 6 (more than one item)	When more than one item is lost, damaged, or destroyed, leave the QUANTITY block blank (see table C–3 to prepare DD Form 200 continuation sheet).
Block 7 (one item)	UNIT COST. (1) Complete the UNIT COST block using the AEMM price, which shows the price in effect at the time of the loss. When a price is not available in AEMM, use the current fair market price of a similar item and attach the basis for the fair market price to DD Form 200 as an exhibit. Do not compute the value of actual loss at this time; the financial liability officer will compute it per chapter 8 and appendix B. (2) For subsistence sales accounts, obtain unit prices from the TISA or the commissary price list in effect at the time of the loss.

Table C-2
Complete instruction (by block) for DD Form 200—Continued

Block	Instruction
	(3) Do not use reduced prices available to some members of private organizations.
Block 7 (more than one item)	When more than one item is lost, damaged, or destroyed, leave the UNIT COST block blank (see table C-3 to prepare DD Form 200 continuation sheet).
Block 8 (one item)	TOTAL COST. Enter the total cost (block 6, QUANTITY, multiplied by block 7, UNIT COST).
Block 8 (more than one item)	When more than one item is lost, damaged, or destroyed, leave the TOTAL COST block blank; place the grand total on the continuation sheet in blocks 4 through 8 in the GRAND TOTAL block (see table C-3 to prepare DD Form 200 continuation sheet).
Block 8 (damaged property)	For damaged property, enter the estimated cost to repair the damaged property in parenthesis in block 5, ITEM DESCRIPTION, following the description of the damaged property. For example, "Truck, 5 ton (\$3,562)."
Block 9 (financial liability investigation)	CIRCUMSTANCES UNDER WHICH PROPERTY WAS (X one). Mark an "X" in the appropriate box for Lost, Damaged, Destroyed, and whether property was Organization, Installation, or OCIE. Block 9 will describe the events leading to the loss or damage of property, with an explanation of how it happened, when it happened, and who was involved, omitting personal opinions and conjecture. The description will provide enough detail to determine the proximate cause of the loss or damage, if possible. Show all persons directly concerned by name and grade. Detail the facts enough to enable the appointing authority or the approving authority to determine whether relief from or assessment of financial liability is sought without appointing a financial liability officer or initiating an investigation by a financial liability officer.
Block 9 (investigation per AR 15-6)	Enter the words, "See AR 15-6 investigation" in block 9. Identify the location of the AR 15-6 investigation if not attached as an exhibit due to security classification.
Block 10	ACTIONS TAKEN TO CORRECT CIRCUMSTANCES REPORTED IN BLOCK 9 AND PREVENT FUTURE OCCURRENCES. Self-explanatory, enter a description of these actions.
Block 11	INDIVIDUAL COMPLETING BLOCKS 1 THROUGH 10. Have the person providing the statements in blocks 9 and 10 complete and sign block 11. Include the ORGANIZATIONAL ADDRESS (block 11a) TYPED NAME (block 11b), DSN NUMBER (block 11c), SIGNATURE (block 11d) of the individual completing blocks 1 through 10, and DATE SIGNED (block 11e). Electronic forms or online application equivalents will use digital signatures and dates. If blocks 9 and 10 were completed by the responsible officer or reviewing authority, leave block 11 blank.
Block 12	RESPONSIBLE OFFICER (PROPERTY RECORD ITEMS) or REVIEWING AUTHORITY (SUPPLY SYSTEM STOCKS). Mark an "X" in the appropriate box block 12a indicating whether negligence or abuse is evident/suspected (YES or NO). Enter COMMENTS/RECOMMENDATIONS in block 12b. Include the ORGANIZATIONAL ADDRESS (block 12c), TYPED NAME (block 12d), DSN NUMBER (block 12e), SIGNATURE (block 12f) of the individual completing block 12, and DATE SIGNED (block 12g). Electronic forms or online application equivalents will use digital signatures and dates.
Block 13	APPOINTING AUTHORITY. (When appointed.) Mark an "X" in block 13a to indicate approval or disapproval of the findings and recommendations. In block 13b, enter COMMENTS/RATIONALE for the appointing authority's decision. Mark an "X" in the appropriate block 13c to indicate whether a financial liability officer was appointed (YES or NO). Include the ORGANIZATIONAL ADDRESS (block 13d), TYPED NAME (block 13e), DSN NUMBER (block 13f), SIGNATURE (block 13g) of the individual completing block 13, and DATE SIGNED (block 13h). Electronic forms or online application equivalents will use digital signatures and dates.
Block 14	APPROVING AUTHORITY. Mark an "X" in block 14a to indicate approval or disapproval of the findings and recommendations. In block 14b, enter COMMENTS/RATIONALE for the approving authority's decision. Mark an "X" in the appropriate block 14c to indicate whether a legal review was completed, if required (YES, NO, or N/A). Include the ORGANIZATIONAL ADDRESS (block 14d), TYPED NAME (block 14e), DSN NUMBER (block 14f), SIGNATURE (block 14g) of the individual completing block 14, and DATE SIGNED (block 14h). Electronic forms or online application equivalents will use digital signatures and dates.
Block 15	FINDINGS AND RECOMMENDATIONS. When entering findings, the financial liability officer describes how the loss occurred, based on evidence found during the investigation. A financial liability officer will make the findings complete enough to withstand the scrutiny of later reviews by the approval authority, legal advisors,

Table C-2
Complete instruction (by block) for DD Form 200—Continued

Block	Instruction
	and the appeal authority. Include the total cost of the loss in block 15b, DOLLAR AMOUNT OF LOSS, calculated per chapter 12 and appendix B. (1) For damaged property, enter the cost to repair the damaged property. (2) For lost or destroyed property, use the value of actual loss per appendix B. When charges of financial liability are recommended, enter the monthly basic pay of the individual being recommended for assessment of financial liability in block 15c, MONTHLY BASIC PAY. Enter the amount of financial liability being recommended in block 15d, RECOMMENDED FINANCIAL LIABILITY. Compute the amount charged per Chapter 12. If assessment of financial liability is not recommended, enter \$0.00. Include the ORGANIZATIONAL ADDRESS (block 15e), TYPED NAME (block 15f), DSN NUMBER (block 15g), DATE SUBMITTED TO APPOINTING AUTHORITY (block 15h), DATE APPOINTED (block 15i), SIGNATURE (block 15j) of the individual completing block 15, and DATE SIGNED (block 15k). Electronic forms or online application equivalents will use digital signatures and dates.
Block 16	INDIVIDUAL CHARGED. When respondent's actions are completed per paragraph 11-3.3, the individual charged will mark an "X" in block 16a indicating whether or not he or she has included a statement of rebuttal. Include the ORGANIZATIONAL ADDRESS (block 16c), TYPED NAME (block 16d), DSN NUMBER (block 16e), SIGNATURE (block 16f) of the individual completing block 16, and DATE SIGNED (block 16g). Electronic forms or online application equivalents will use digital signatures and dates.
Block 17	ACCOUNTABLE OFFICER. The APO for the property enters the document/transaction number(s) used to adjust property records in block 17a, DOCUMENT NUMBER(S) USED TO ADJUST PROPERTY RECORD (see para 15-18 and chap 4, sec II). Include the ORGANIZATIONAL ADDRESS (block 17b), TYPED NAME (block 17c), DSN NUMBER (block 17d), SIGNATURE (block 17e) of the individual completing block 17, and DATE SIGNED (block 17f). Electronic forms or system-generated equivalents will use digital signatures and dates.

Table C-3
Completion instructions (by block) for DD Form 200 continuation sheet for blocks 4 through 8

Block	Instruction
Page count	Enter page number and number of total pages.
Block 1	DATE INITIATED. Enter the date the financial liability investigation is initiated in YYMMDD format.
Block 2	INQUIRY/INVESTIGATION NUMBER. Enter the inquiry/investigation number assigned by the approving authority (completed after the responsible officer or reviewing official completes block 1, blocks 3 through 12, routes the DD Form 200 to the approving or appointing authority, and receives an inquiry/investigation number.)
ITEM NO.	Enter the number of the listed item in sequence of the total items.
Block 4	MATERIAL NO. Enter the material number of the item from the AEMM, such as LIN and NSN, Nonstandard LIN, management control number, or part number.
Block 5	ITEM DESCRIPTION. Enter the noun, nomenclature, or other description.
Block 6	QUANTITY. Enter the quantity of the item.
Block 7	UNIT COST. (1) Complete the UNIT COST block using the AEMM price, which shows the price in effect at the time of the loss. When a price is not available in AEMM, use the current fair market price of a similar item and attach the basis for the fair market price to DD Form 200 as an exhibit. Do not compute the value of actual loss at this time; the financial liability officer will compute it per chapter 8 and appendix B. (2) For subsistence sales accounts, obtain unit prices from the TISA or the commissary price list in effect at the time of the loss. (3) Do not use reduced prices available to some members of private organizations.
Block 8	TOTAL COST. Enter the total cost of the items per line (block 6, QUANTITY, multiplied by block 7, UNIT COST).

Table C-3
Completion instructions (by block) for DD Form 200 continuation sheet for blocks 4 through 8—Continued

Block	Instruction
Page count	Enter page number and number of total pages.
SUBTOTAL	For intermittent pages, enter the sum of the TOTAL COST for all items on the page.
GRAND TOTAL	If the page is the last continuation page, enter the grand total of the sum of the TOTAL COST for all items.

Table C-4
Completion instruction (by block) for DD Form 200 continuation sheet for blocks 9, 10, and 15a

Block	Instruction
Page count	Enter page number and number of total pages.
Block 1	DATE INITIATED. Enter the date the financial liability investigation is initiated in YYYYMMDD format.
Block 2	INQUIRY/INVESTIGATION NUMBER. Enter the inquiry/investigation number assigned by the approving authority (completed after the responsible officer or reviewing official completes block 1, blocks 3 through 12, routes the DD Form 200 to the approving or appointing authority, and receives an inquiry/investigation number.)
Continuation	Specify which block is being continued (9, 10, and/or 15a). Continue remarks, specifying item numbers as appropriate.

Table C-5
Completion instructions (by block) for DD Form 200, applies to abandoned property

Block	Instruction
Block 1	DATE INITIATED. Enter the date the financial liability investigation is initiated in YYYYMMDD format.
Block 2	INQUIRY/INVESTIGATION NUMBER. Enter the inquiry/investigation number assigned by the approving authority (completed after the responsible officer or reviewing official completes block 1, blocks 3 through 12, routes the DD Form 200 to the approving or appointing authority, and receives an inquiry/investigation number.)
Block 3	DATE LOSS DISCOVERED. Enter the date the abandonment of property was directed.
Block 4	Leave blank.
Block 5	Enter the words "See attached approved abandonment memorandum."
Block 6	Leave blank.
Block 7	Leave blank.
Block 8	Leave blank.
Block 9	Do not mark the boxes for Lost, Damaged, Destroyed. Mark an "X" in the appropriate box to indicate whether property was Organization, Installation, or OCIE. Enter the words "See attached approved abandonment memorandum."
Block 10	Leave all blocks blank.
Block 11	Leave all blocks blank.
Block 12	Mark an "X" in the appropriate box indicating the DD Form 200 for abandoned property was prepared by RESPONSIBLE OFFICER (PROPERTY RECORD ITEMS) or REVIEWING AUTHORITY (SUPPLY SYSTEM STOCKS). Mark an "X" in NO of block 12a. Leave blocks 12b through-12g blank.
Block 13	Mark an "X" in APPROVE of block 13a and NO of block 13c. Leave blocks 13d through 13h blank.
Block 14	Mark an "X" in APPROVE of block 14a and N/A of block 14c. Leave blocks 14d through 14h blank.
Block 15	Leave all blocks blank.

Table C-5
Completion instructions (by block) for DD Form 200, applies to abandoned property—Continued

Block	Instruction
Block 16	Leave all blocks blank.
Block 17	ACCOUNTABLE OFFICER. The APO for the property enters the document/transaction number(s) used to adjust property records in block 17a, DOCUMENT NUMBER(S) USED TO ADJUST PROPERTY RECORD (see chapter 4, sec II). Include the ORGANIZATIONAL ADDRESS (block 17b), TYPED NAME (block 17c), DSN NUMBER (block 17d), SIGNATURE (block 17e) of the individual completing block 17, and DATE SIGNED (block 17f). Electronic forms or online application equivalents will use digital signatures and dates.

Table C-6
Completion instructions (by block) for DD Form 200, applies to property in possession of contractors

Block	Instruction
Block 1	DATE INITIATED. Enter the date the financial liability investigation is initiated in YYYYMMDD format.
Block 2	INQUIRY/INVESTIGATION NUMBER. Enter the UIC of the account maintaining fiduciary records for the GP in possession of contractors.
Block 3	DATE LOSS DISCOVERED. Enter the date the loss was discovered by the organization. Depending on the circumstances of LDDT, this date may differ from the date of physical loss.
Block 4 (one item)	MATERIAL NO. Enter the material number of the item from the AEMM, such as LIN and NSN, nonstandard LIN, management control number, or part number.
Block 4 (LDDT of component)	If the loss or damage involves a component, list the component item in block 5, ITEM DESCRIPTION and identify the end item in which it is a component.
Block 4 (damage to leased property)	For leased property that is damaged, enter the word "leased." It is not necessary to enter the unit price for damaged leased property.
Block 4 (more than one item)	When more than one item is lost, damaged, or destroyed, leave the MATERIAL NO. block blank (see table C-3 to prepare DD Form 200 continuation sheet).
Block 5 (one item)	ITEM DESCRIPTION. Enter the noun, nomenclature, or other description.
Block 5 (more than one item)	When more than one item is lost, damaged, or destroyed, enter "See continuation sheet" in the ITEM DESCRIPTION block (see table C-3 to prepare DD Form 200 continuation sheet).
Block 6 (one item)	QUANTITY. Enter the quantity of the item.
Block 6 (more than one item)	When more than one item is lost, damaged, or destroyed, leave the QUANTITY block blank (see table C-3 to prepare DD Form 200 continuation sheet).
Block 7 (one item)	UNIT COST. (1) Complete the UNIT COST block using the AEMM price, which shows the price in effect at the time of the loss. When a price is not available in AEMM, use the current fair market price of a similar item and attach the basis for the fair market price to DD Form 200 as an exhibit. Do not compute the value of actual loss at this time; the financial liability officer will compute it per chapter 8 and appendix B. (2) For subsistence sales accounts, obtain unit prices from the TISA or the commissary price list in effect at the time of the loss. (3) Do not use reduced prices available to some members of private organizations.
Block 7 (more than one item)	When more than one item is lost, damaged, or destroyed, leave the UNIT COST block blank (see table C-3 to prepare DD Form 200 continuation sheet).
Block 8 (one item)	TOTAL COST. Enter the total cost (block 6, QUANTITY, multiplied by block 7, UNIT COST).

Table C-6
Completion instructions (by block) for DD Form 200, applies to property in possession of contractors—Continued

Block	Instruction
Block 8 (more than one item)	When more than one item is lost, damaged, or destroyed, leave the TOTAL COST block blank; place the grand total on the continuation sheet in blocks 4 through 8 in the GRAND TOTAL block (see table C-3 to prepare DD Form 200 continuation sheet).
Block 8 (damaged property)	For damaged property, enter the estimated cost to repair the damaged property in parenthesis in block 5, ITEM DESCRIPTION, following the description of the damaged property. For example, "Truck, 5 ton (\$3,562)."
Block 9	CIRCUMSTANCES UNDER WHICH PROPERTY WAS (X one). Mark an "X" in the appropriate box for Lost, Damaged, or Destroyed. Do not mark the boxes for Organization, Installation, or OCIE. Enter "See loss case documentation as an exhibit to a DD Form 200" and annotate the loss case as an exhibit.
Blocks 10 through 16	Leave blank.
Block 17	ACCOUNTABLE OFFICER. The APO for the property enters the document/transaction number(s) used to adjust property records in block 17a, DOCUMENT NUMBER(S) USED TO ADJUST PROPERTY RECORD (see chapter 5, sec II). Include the ORGANIZATIONAL ADDRESS (block 17b), TYPED NAME (block 17c), DSN NUMBER (block 17d), SIGNATURE (block 17e) of the individual completing block 17, and DATE SIGNED (block 17f). Electronic forms or online application equivalents will use digital signatures and dates.

C-4. Basic instructions for DA Form 7531

- a. Prepare DA Form 7531 if temporary hard copy processing of DD Form 200 for a specific FLIPL is approved in writing by the approving authority. Prepare the form per the form's embedded instructions as a checklist and to track events as they occur.
- b. This form is not required when processing DD Form 200 in eFLIPL.

C-5. Basic instructions for DA Form 1659

- a. Table C-7 provides instructions to prepare DA Form 1659 if temporary hard copy processing of DD Form 200 for a specific FLIPL is approved in writing by the approving authority. The approving authority uses this form to record assigned inquiry/investigation numbers, track timeline compliance, processing days, charges, and collection or appeal status.
- b. This form is not required when processing DD Form 200 in eFLIPL.

Table C-7
Completion instructions (by block) for DA Form 1659

Block	Instruction
NAME OF ACTIVITY	Enter the name of the activity maintaining DA Form 1659.
LOCATION	Enter the location of the organization maintaining DA Form 1659.
INQUIRY/INVESTIGATION NUMBER	Enter the inquiry/investigation number assigned by the approving authority (completed after the responsible officer or reviewing official receives an inquiry/investigation number.)
DOCUMENT OR TRANSACTION NUMBER	Enter the document/transaction number assigned by the APO to adjust property records from DD Form 200 block. 17a.
ORIGINATOR	Enter the name (Last, First) and rank, if applicable, of the accountable officer or PHRH initiating the financial liability investigation from DD Form 200, block 12d.
DATE LOSS DISCOVERED	Enter the date from DD Form 200, block 3.
DATE PREPARED	Enter the date from DD Form 200, block 1.
DATE APPROVED	Enter the date from DD Form 200, block 14h.
NO. OF DAYS PROCESSING TIME	Enter the number of processing days by calculating the difference between DATE APPROVED and DATE LOSS DISCOVERED.
ACTUAL LOSS	Enter the amount from DD Form 200, block 15b.

Table C-7
Completion instructions (by block) for DA Form 1659—Continued

Block	Instruction
NAME OF ACTIVITY	Enter the name of the activity maintaining DA Form 1659.
AMOUNT CHARGED	Enter the amount from DD Form 200, block 15d or the amount of final charge if adjusted by the approving authority.
LOSS TO GOVERNMENT	Enter the loss to the Government by calculating the difference between the ACTUAL LOSS and AMOUNT CHARGED.
COLLECTION OR APPEAL STATUS	Enter the status of the financial liability investigation, recording whether the charges are pending or collected; or if an appeal is submitted, denied, or approved.

C-6. Instructions for DA Form 444

Table C-8 provides instructions to prepare DA Form 444 per chapter 14. This form may also be automated in APSRs and is then prepared per the APSR EUM.

Table C-8
Completion instructions (by block) for DA Form 444

Block	Instruction
SSA	Enter name of activity preparing IAR.
MATCAT	Leave blank.
VOUCHER NUMBER	Enter document/transaction number as follows:
DODAAC	Enter a DoDAAC from the document register.
DATE	Enter the date of the document/transaction number.
SERIAL	Enter the serial from the document/transaction number.
TOTAL NUMBER OF ITEMS	Enter the total number of items on the DA Form 444.
IAR REASON	Enter the reason for initiating the IAR.
STATION	Enter the warehouse activity's physical location.
COUNT CARD LOCATION	Leave blank.
ITEM	Enter the item number, in sequence, for each item on DA Form 444.
MATERIAL NUMBER	Enter the material number of each item on DA Form 444.
ITEM NOUN	Enter a description of each item on DA Form 444.
COND	Leave blank.
SEC	Leave blank.
RICC	Leave blank.
RECORDED BALANCE	Leave blank.
QUANTITY INVENTORIED	Leave blank.
POST	Leave blank.
GAIN	Leave blank.
LOSS	Leave blank.
UI	Enter the unit of issue for each item on DA Form 444.
UNIT PRICE	Enter the price found in AEMM for each item on DA Form 444.

Table C-8
Completion instructions (by block) for DA Form 444—Continued

Block	Instruction
EXTENDED PRICE	Enter the total dollar value of each line. Use either the GAIN or LOSS column corresponding to the POST column, but not both. Multiply the unit price by the posted gain or loss; enter the result in the EXTENDED PRICE, GAIN, or LOSS column.
GAIN	Leave blank.
LOSS	Leave blank.
STOCK RECORD OFFICER	Name of APO.
DATE	The APO dates this block.
SIGNATURE	The APO signs this block.
SSA COMMANDER	Line through "SSA COMMANDER" and enter title of division chief or equivalent.
DATE	Enter date.
SIGNATURE	Sign document.
ASSET REPORT COPY SENT	Leave blank.
DATE	Leave blank.
INITIALS	Leave blank.
IAR REVIEWED	Leave blank.
DATE	Leave blank.
INITIALS	Leave blank.
TOTAL DOLLARS	Leave blank.
NET DOLLARS	Leave blank.
GAIN	Leave blank.
LOSS	Leave blank.

Appendix D

Internal Control Evaluation

D-1. Function

This evaluation is a tool in determining compliance with this regulation.

D-2. Purpose

The purpose of this evaluation is to assist commands in evaluating the key internal controls listed. It is intended as a guide and does not cover all controls.

D-3. Instructions

a. Answers must be based on the actual testing of key internal controls (for example, document analysis, direct observation, sampling, simulation, other). Answers that indicate deficiencies must be explained and the corrective action identified in supporting documentation. These internal controls must be evaluated at least once every 5 years. Certification that the evaluation has been conducted must be accomplished on DA Form 11-2 (Internal Control Evaluation Certification).

- (1) Initiation - 15 days.
- (2) Investigation - 40 days.
- (3) Approving authority approval - 20 days.
- b. Army Reserve - total processing time of 240 days.
 - (1) Initiation - 75 days.
 - (2) Investigation - 85 days.
 - (3) Approving authority approval - 80 days.
- c. Army National Guard - total processing time of 150 days.
 - (1) Initiation - 45 days 2. 3.
 - (2) Investigation - 75 days.
 - (3) Approving authority approval - 30 days.

D-4. Supersession

This evaluation replaces the evaluation in AR 735-5, dated 9 November 2016.

D-5. Comments

Help make this a better tool for evaluating internal controls. Submit comments to the Deputy Chief of Staff, G-4 (DALO -SPE), 500 Army Pentagon, Washington, DC 20310-0500.

Glossary of Terms

Acceptance at destination

Assumption of title to property by the Department of the Army at the specified delivery point. This term corresponds, generally, to the commercial term free on board (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 property officer

An APO is an individual who, possesses training, knowledge, and experience in property management, accountability, and control procedures. An APO is appointed in writing as described in this paragraph to maintain an organization's accountable property records, systems, or financial records, in connection with government property, irrespective of whether the property is in the individual's possession. APOs are appointed to serve different roles depending on the type of organization and mission—

- a. A transportation officer, who is accountable for property entrusted to them for shipment.
- b. A stock record officer (SRO), who is accountable for property of all types being held for issue using Working Capital Funds and/or General Funds. The SRO assumes Direct Responsibility and retains accountability for property upon receipt until issued, shipped, or dropped from accountability. This type of APO is typically appointed in supply support activities, warehouses, distribution, and inventory facilities at wholesale, intermediate, and retail levels,
- c. A property book officer (PBO), who is accountable for property in use at the organizational level. This type of APO is typically appointed in modification table of organization and equipment (MTOE), TDA, and Joint table of allowances organizations to account for property issued to the using unit level, hand receipted to primary hand receipt holders (PHRHs). This may include deployable and/or fixed based equipment used to operate stock record account (SRA) activities and facilities, but is separate from all SRAs. The PBO assumes Direct Responsibility upon receipt of property, transfers Direct Responsibility when property is issued to PHRHs, but retains accountability of the property until subsequently turned in, used (consumed) for authorized purposes, or dropped from accountability.
- d. Accountable subsistence sales officers appointed per AR 30–22.
- e. An APO appointed in some enterprise level activities may simultaneously perform some functions of a PBO, SRO, and transportation officer due to unique mission requirements. Examples include materiel developer facilities operating under the General Fund, or prepositioned stock facilities maintaining equipment for issue and return to support training and mission requirements.

Accountable property system of record

The government system used to control and manage accountable property records. APSR is a subset of existing organizational processes related to the life-cycle management of property that is integrated with the core financial system. The APSR may also control and manage accountability records. All APSRs and property accounting procedures must comply with item unique identification requirements per AR 700–145 and serialized item management requirements per AR 710–3. APSRs are evaluated for compliance with the requirements of the Federal Information System Controls Audit Manual or Statement on Standards for Attestation Engagements No. 18 at least annually.

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 their concurrence or 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 General Schedule (GS)–13 or above (for exceptions, see this regulation).

Approving authority

An Army officer or Department of the Army civilian employee authorized to appoint financial liability officers and to approve FLIPLs. 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 a nonappropriated fund activity. "Government property" and "Army property" are used synonymously with "property."

Asset listing

It is an asset visibility listing of Government-furnished property (GFP) used by contractors but managed by an APO. This listing will provide all the pertinent information needed to track the authorized GFP equipment minus an on hand quantity.

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 and commercial bills of lading for transportation services administered by the Army. (For exception of FOB origin shipment, see this regulation.)

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 not posted 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 APO will normally determine if a FLIPL 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 GP within his or her command is properly used and cared for, and that proper custody and safekeeping of GP is 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, 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.

Concurrent negligence –

Negligence by more than one person acting independently. Can cause liability to accrue to more than one individual.

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 Federal Acquisition Regulation Supplement. This person may make determinations and findings for contracts or for any part of such authority. In the ARNG, a contracting officer may be the USPFO, or an ARNG technician who has been appointed as contracting officer by the CNGB with authority to enter into and administer contracts.

Contractor

A Government contractor is a private company that produces goods or services under contract for the Government.

Contractor acquired property

Any property acquired, fabricated, or otherwise provided by the contractor for performing a contract, and to which the Government has title. Contractor acquired property that is subsequently delivered and accepted by the Government for use on the same or another contract is considered GFP.

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 code (CIIC) 1–6, 8, 9 \$, N, P, Q, R, and Y for night vision devices in the Army Enterprise Material Master (AEMM, see DA Pam 708–2.)
 - (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. An item with a CIIC of : “7,” “M,” and “W” does not require an AR 15–6 investigation if an item is lost or damaged unless directed by the command. Examples are binoculars,

projectors, cigarettes, pagers, handheld two-way radios, cameras, tapes, laptop computers, cell phones, palm devices, or recorders. (See CIICs in the AEMM, per DA Pam 708–2.)

Culpability

A determination of fault. Before a person can be held financially liable, the findings must show that they, 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:

- 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 ongoing activity at the time of the loss.
- e. The adequacy of supervisory measures or guidance for property control.
- f. The feasibility of maintaining close supervision over the property given the complexity of the organization or activity supervised.

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.

DD Form 200

An instrument for recording circumstances concerning loss or damage 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.

Deliberate unauthorized use

Willful or intentional use without right, permit, or authority.

Destroyed

Equipment damaged to the point of complete loss of identity or beyond the prospect of future restoration. Major weapon systems, systems with classified components and sensitive items will not be considered destroyed without a technical inspection of the residue.

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 the identity of the individual.

Direct responsibility

Obligation of a person to ensure all GP for which he or she has receipted is properly used and cared for, and that proper custody and safekeeping are provided. Direct responsibility results from assignment as an APO, receipt of formal written delegation, or acceptance of the property on hand receipt from an APO and assignment is in writing.

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, General Services Administration or DD Form 1348–1A. 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) *DD Form 361.* A multiple-use form to report, investigate, and process discrepancies in shipments involving loss or damage, and to report other transportation-type discrepancies. DD Form 361 is authorized for use in lieu of a DD Form 200 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* When negligence is suspected, the report of discrepancy is used as an exhibit to a FLIPL to report and adjust supply discrepancies. (See chapter 14 section III for an example of how a report of discrepancy condition could develop into a FLIPL.)

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 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 DD Form 361 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, military-owned demountable containers, major support command containers, roll-on/roll-off trailers, or container expresses with seals intact, missing, or broken are included in this term.

Durable item

An item of Army property coded with an accounting requirement code (ARC) of “D” in the AEMM (DA Pam 708–2.) Durable items do not require property book accountability after issue from the SRA, but do require hand receipt control for hand tools. Commercial and fabricated items similar to items coded ARC “D” (see DA Pam 708–1 and DA Pam 708–2.) are considered durable items. Other items coded durable will be monitored by the commander or activity supervisor.

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. Cryptographic methods include shared symmetric key cryptography and public or 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 AEMM (see DA Pam 708–2.) Expendable items require no formal accountability after issue from a SRA. Commercial and fabricated items similar to items coded ARC “X” (see DA Pam 708–1 and DA Pam 708–2.) 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.

Federal Acquisition Regulation

This system consists of sets of regulations issued by agencies of the Federal Government of the United States to govern what is called the “acquisition process;” this is the process through which the Government purchases (“acquires”) goods and services. That process consists of three phases:

- a. Need recognition and acquisition planning
- b. Contract formation.
- c. Contract administration.

The FAR System regulates the activities of Government personnel in carrying out that process. It does not regulate the purchasing activities of private sector firms, except to the extent those parts of it are incorporated into Government solicitations and contracts by reference.

Fiduciary record

This record is a listing of GFP equipment being accounted for and used by contractors to perform their designated work or mission.

Final action

Action taken at the financial liability investigation of property loss approval/appeal authority level.

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 loss, damage, destruction or theft (LDDT) of Army property. It serves as, or supports, a voucher to adjust property records on which the property is listed. It also serves to determine any question of responsibility (financial or otherwise) for absence or condition of the articles.

Fixed base property

Nondeployable property issued to a unit under authority of a common table of allowance (CTA) or other Headquarters, Department of the Army (HQDA)-approved or National Guard Bureau authorization documents, except expendable items and personal clothing.

Fixed base property book

Record of property issued under an authorization document other than MTOE, deployable TDA, and deployable CTA items.

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 HQDA.

Government-furnished property

Government-owned property furnished to a contractor for the performance of a contract. Property in the possession of, or directly acquired by, the Government and subsequently furnished to the contractor (includes subcontractors and alternate locations) for performance of a contract. Also known as Government-furnished material and Government-furnished equipment in accordance with FAR 45.1, it is defined as—

- a. Equipment.
- b. Materiel.
- c. Special tooling.
- d. Special test equipment.
- e. Real property.

Grade (applicable to Army National Guard only)

Grade referred to in this regulation is the grade that has been granted Federal recognition. An exception is the grade of the AG in each State. The grade of the State adjutant general may be greater than their 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 handheld devices that are either manually operated or power driven that are portable, lightweight and small enough to be used by a craftsman in accomplishing their trade. They include such items as 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.

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 material. 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 Government under control of the Army. Includes physical loss and loss of accountability for Government equipment. Property is considered lost when it cannot be accounted for by the person responsible for it.

Material

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. Failure to comply with existing laws, regulations, and/or procedures may be considered as

evidence of negligence. The individual must also have a duty of care, whether specifically (i.e., a property user) or more generally (that is, all Soldiers must follow Army regulations).

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 AEMM (see DA Pam 708–2). Nonexpendable items require property book accountability after issue from the SRA. Commercial and fabricated items similar to items coded ARC “N” (see DA Pam 708–1 and DA Pam 708–2) are considered nonexpendable items.

Nonpersonal responsibility

Responsibility for GP derived from other than possession of the property. This includes responsibility for GP derived from positions such as Command, Supervisory, and Custodial Responsibility; or Direct Responsibility resulting from appointment or signing a Primary Hand Receipt.

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 table of organization and equipment units Armywide are considered organizational property. Examples of this type of equipment can be found in AR 71–32.

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.

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. FLIPLs.
- c. Damage statements approved by subordinate commanders.
- d. FLIPLs initiated to account for losses during military operations other than war PA&E.
- e. 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 PA&E, determine how the member uses the property 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 obligations of a person to exercise reasonable and prudent actions to properly use, care for, and safeguard all GP in their possession. It applies to all GP issued for, acquired for, or converted to a person's exclusive use, with or without receipt.

Plant clearance officer

Authorized representative of the KO, appointed per agency procedures, responsible for screening, redistributing, and disposing of contractor inventory from a contractor's plant or work site.

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 GP furnished to or acquired by a contractor; an authorized representative of the KO.

Property book

A formally designated set of property records maintained under AR 710–4 to account for organizational and fixed-based property in a using unit.

Property records and property account

General term referring to any record of property. This includes not only formal SRAs maintained in item or monetary terms, but also organizational and fixed-based 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. There may be more than one proximate cause for a specific loss or damage (for example, a vehicle accident where both drivers were negligent).

Real property

Land and interests in lands. This includes buildings, piers, docks, warehouses, rights-of way, and base-ments, 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 of-ficer. Usually, the receiving officer is an APO at the station of destination.

Record

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

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 their 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.

Responsible officer

An individual assigned direct responsibility for the property listed on DD Form 200. By virtue of assignment, the responsible officer is usually a APO or other APO, a unit commander, or head of an activity and has been formally assigned to their position in writing.

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.

Senior commander

An officer designated on orders from HQDA as the SC of an installation. Normally the senior general officer at the installation. The SC's mission is the care of Soldiers, Families, and DA Civilians, and to enable unit readiness. While the delegation of senior command authority is direct from HQDA, the SC will routinely resolve installation issues with U.S. Army Installation Management Command (IMCOM) and, as needed, the associated ACOM, ASCC, or DRU. Does not apply to the ARNG. However, when specific reference is made to accountability for, processing of, or collection of debts for GP that is lost, damaged, destroyed, or otherwise rendered unserviceable from SRAs, the term means the USPFO.

Shipping officer

An officer who ships property for which they are responsible or accountable, as distinguished from the officer who prepares the bill of lading. Normally, a shipping officer is an ACTPO who ships property to an officer who has requisitioned the articles (receiving officer).

Shipping-type (item) discrepancy

A variation in quantity or condition of goods received from that shown on the authorized (supply) shipping document; for example, SF 364 or DD Form 1348–1A. 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.

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

Per 42 USC 12103, each of the several states, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands of the United States, the Trust Territory of the Pacific Islands, and the Commonwealth of the Northern Mariana Islands.

Stock record

A perpetual inventory form of record, which shows by nomenclature, the quantities received, issued, and the balance on hand. The stock record will 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.

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 GP issued to, or used by, their 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 GP.

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 bill of lading (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.

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 GBL or other transportation documents (for example, CBL, manifest, load list, freight warrant). The shortage, overage, or damage is termed a "transportation-type discrepancy." Transportation-type discrepancies reportable on DD Form 361 may be the fault of the carrier, shipper, vendor, contractor, container consolidation point, or transshipping activities. Overages and shortages within commercial or government-owned (or leased) shipping containers, military-owned demountable containers, roll-on or roll-off trailers, or container expresses with seals intact, missing, or broken are included in this term.

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.

UNCLASSIFIED

PIN 004559-000