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***Army Regulation 735–5**

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Property Accountability Relief of Responsibility and Accountability

By Order of the Secretary of the Army:

CHRISTOPHER C. LANEVE
General, United States Army
Vice Chief of Staff

Official:

MATTHEW L. SANNITO
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 via email at usarmy.pentagon.hqda-dcs-g-4.mbx.publications@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 10 March 2024.

Summary of Change

AR 735–5
Relief of Responsibility and Accountability

This major revision, dated 30 April 2026—

- Describes alignment of approving authorities to accountable area, custodial area (figs 1–1 and 1–2).
- Adds accountable property officer responsibilities (para 1–17).
- Replaces references to “company level” with “property custodian” (para 1–18).
- Adds property custodian responsibilities (para 1–18).
- Adds the default definition of “day” as calendar day in accordance with DoD 7000.14–R Financial Management Regulation, unless otherwise specified (para 2–1d).
- Revises amounts offered and approval levels for rewards (para 3–3 and table 3–1).
- Incorporates Army Directive 2023–07 (Arms, Ammunition, and Explosives Accountability) (para 4–2).
- Relocates and revises Financial Liability Investigation of Property Loss appointing authority criteria (para 4–21).
- Removes option for ARNG members to voluntarily purchase commercial items as “replacement in kind” for organizational clothing and individual equipment, and hand tools (para 6–4).
- Clarifies the relationship between “negotiable instruments” and “negotiable media” (para 7–5).
- Adds Financial Liability Investigation of property loss considerations for loss, damage, destruction, or theft of raw materials (para 8–13).
- Adds additional procedures to determine fair market value when calculating actual value of loss, damage, destruction, or theft (para B–7).
- Adds additional procedures for information technology equipment depreciated value calculation when fair market value cannot be determined (para B–10).
- Adds terms in accordance with DoDI 5000.64 (glossary).
- Revises procedural instructions specifically related to hard copy forms to general instructions applicable to electronic Financial Liability Investigation of Property Loss or hard copy processing (throughout).
- Revises all references to commanders or supervisors at “battalion and brigade or equivalent” to “parent level organization authorities” (throughout).
- Adds cross-reference to bulk fuel losses procedures in AR 703–2, Petroleum Products Supply and Management (throughout).

- Adds requirement for the accountable property officer to process adjustments to property records within 7 working days of receiving the adjustment action in accordance with DoDI 5000.64 (throughout).

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Chapter 1

General

Section I

Introduction

1–1. Purpose

This regulation implements Department of Defense (DoD) policy prescribed by DoD 7000.14–R and incorporates additional administrative measures available to commanders to ensure enforcement of property accountability. This regulation prescribes the adjustment methods to be used when property becomes physically lost, is lost from accountability and requires further investigation to resolve, is damaged, destroyed, or stolen. The terms loss and/or loss, damage, destruction, or theft (LDDT) are used throughout this regulation to collectively refer to physical loss, administrative loss of accountability, damage, destruction, or theft (see Article 121, Uniform Code of Military Justice (UCMJ)) unless a specific type of LDDT is stated. Administrative lapses in accountability with no corresponding physical loss of property or financial liability may be more appropriate to resolve through administrative corrections to accountable property records (see AR 710–4).

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 directory located at <https://armypubs.army.mil/>.

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 requirements for all record numbers, forms, and reports required by this publication are prescribed in AR 25–400–2. Approved Army records control schedules are available on the National Archives and Records Administration website at <https://www.archives.gov/records-mgmt/rscs>. Retention schedules for Army users are located on the Records Management Division SharePoint Site at <https://armyeitass.sharepoint-mil.us/sites/hqda-cio-ises-rmr/sitepages/records-management-division.aspx>. Refer to AR 25–400–2 for detailed records management requirements.

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 DoD accounting policy—

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

1–7. Internal management controls

The key internal management controls are as follows:

- a. Property accountability.
- b. Accounting for LDDT of Government property.
- c. Management of administrative documents related to adjustments for LDDT of Government property.

1–8. Civil-funded property

a. 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 Commanding General, USACE.

b. The Financial Liability Investigation of Property Loss (FLIPL) prescribed by DoD 7000.14–R, Volume 12, Chapter 7 and this regulation is applicable to all USACE property, regardless of funding source.

1–9. Requesting clarification

a. Army organizations will request clarification to policy through the chain of command or supervision, using existing resources and knowledge within the organization before forwarding to the next higher echelon.

b. Each echelon of command or supervision will attempt to resolve the clarification request at that level, or forward to the next echelon.

c. 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 should send clarification requests to the Office of the Deputy Chief of Staff (DCS), G–4 (DALO–SPE) in Washington, DC 20310–0500 or via email at usarmy.pentagon.hqda-dcs-g-4.mbx.publications@army.mil.

1–10. Exceptions or waivers to policy

a. *Limited exceptions for hard copy processing of Financial Liability Investigation of Property Loss.* FLIPL approving authorities designated in accordance with chapter 4 may approve requests to temporarily process a specific FLIPL via hard copy DD Form 200 (Financial Liability Investigation of Property Loss) (see app C).

b. *Exceptions or waivers to all other policy and procedures in this regulation.* DCS, G–4, approves exceptions or waivers to policies in this regulation. Commanders and supervisors will not proceed with deviations from this regulation until written approval of the requested exception or waiver is granted.

c. *Requesting exceptions to policy.* When requesting an exception to policy, use a memorandum addressed to DCS, G–4 (DALO–SPE) in Washington, DC 20310–0500, through the requesting organization's chain of command. The memorandum will include the following:

- (1) The page and paragraph number in question.
- (2) The requestor's name, phone number, and email address.
- (3) An analysis of the expected benefits if the exception or waiver is approved.
- (4) An analysis of the impacts if the exception or waiver is denied.
- (5) A formal review by the requesting activity's senior legal officer.
- (6) Each commander or supervisor in the next echelon of the chain of command reviews exception requests and attempts to mitigate or resolve the circumstances which led to the request.
- (7) If a commander or supervisor cannot address the circumstances requiring an exception or waiver, forward the request to the next higher echelon.
- (8) Commanders or senior leaders at the ACOM/ASCC/DRU level review and endorse unresolved requests, which are then routed to the Office of the DCS, G–4 (DALO–SPE) in Washington, DC 20310–0500 or via email at usarmy.pentagon.hqda-dcs-g-4.mesg.dcs-g44s-sup@army.mil.

Section II

Responsibilities

1–11. The Deputy Chief of Staff, G–4

The DCS, G–4 will—

a. Plan, supervise, review, and assess the execution of 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 (DBS) and Accountable Property Systems of Record (APSR) to address gaps pertaining to property accounting policy and procedures.

c. Increase the visibility and status of lost, stolen, or missing Arms, Ammunition, and Explosives (AA&E) by using <https://vantage.army.mil/da3065> as an analytics-based, live-feed dashboard to keep Army senior leaders informed of AA&E loss incidents.

1–12. 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 adjutant generals (AGs), the State U.S. property and fiscal office/officers (USPFOs), and subordinate commands comply with the policies and procedures prescribed by this regulation.
- d. Approve proposed offers of rewards up to the amounts shown in this regulation.
- e. Ensure the 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).
- f. Ensure that members and employees of the ARNG who admit financial liability are offered the opportunity to pay the actual value of LDDT to the Government in cash, check, or payroll deduction, except when an FLIPL or an AR 15–6 investigation is mandatory (see para 7–3).
- g. Ensure that an individual who admits liability for LDDT of hand tools or organizational clothing and individual equipment (OCIE) may purchase replacements from an installation's self-service supply center, base supply store, or OCIE issue facility (see para 6–4).
- h. Ensure that FLIPLs are initiated and presented to the appointing authority or approving authority as appropriate not later than 75 days after the date of discovering the discrepancy. Ensure that all ARNG investigations are forwarded to the USPFO who may serve as the final review authority, if designated by the CNGB.
- i. 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 Director, Army National Guard (DARNG) will act as appeal authority.
- j. Ensure that the 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.
- k. For losses in laundries, ensure the USPFO aids 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.
- l. For discrepancies identified at OCIE issue facility or stock record balances, act as, or delegate to the State AG, the approving authority for APSR system-generated inventory adjustment report (IAR) or DA Form 444 (Inventory Adjustment Report) in accordance with chapter 15. If delegated, the State AG may delegate approval authority to a Federally recognized ARNG general officer.
- m. For an appeal in the ARNG, final action is delegated to the DARNG for State, and the AG or delegated deputy for ARNG members.

1–13. Commanders of Army commands, Army service component commands, direct reporting units, and Chief, Army Reserve

The commanders of ACOMs, ASCCs, DRUs, and the CAR will—

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

1–14. Senior commanders

SCs designated by Headquarters, Department of the Army (HQDA) in accordance with AR 600–20 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 in accordance with 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. At installations where an officer does not regularly serve as a transportation officer (TO), assign a qualified officer or DA Civilian to take all actions prescribed for TOs in this regulation.

d. When a unique subordinate organization structure is not specified in this regulation, establish policies to designate approval authorities for LDDT actions at appropriate levels in accordance with chapter 4. Figures 4-4 and 4-5 provide examples of typical approval authority levels as a guide.

1-15. Organization authorities (commanders, directors, managers, or supervisors)

a. For the purposes of this regulation, the organization authority is the individual who is in command of or has civilian supervisory authority of organizations such as a battalion, squadron, brigade, division, installation, depot, arsenal, institution, center, laboratory, school, acquisition program/product office, or similar activity, and is in the grades of—

(1) O-5 or higher.

(2) A DA civilian with supervisory responsibility in the grade of GS-14 or higher.

(3) The equivalent grade to supervisory GS-14 or higher in other DoD Civilian and DA Civilian personnel structures, such as broadband pay or pay-for-performance programs in the acquisition workforce or science and technical programs.

b. Parent level organization authorities will—

(1) Establish controls to supervise administrative actions related to LDDT of Government property within their organizations in accordance with this regulation. Figures 1-1 and 1-2 provide examples of typical command and supervisory relationships to property.

(2) Establish controls to report losses (see paras 4-1 and 4-2).

(3) Serve as, or designate approving and/or reviewing subordinate approving authorities for LDDT administrative actions (see chap 4).

(4) When a unique subordinate organization structure is not specified in this regulation, establish policies to designate approval authorities for LDDT actions at appropriate levels in accordance with chapter 4. Figures 4-4 and 4-5 provide examples of typical approval authority levels as a guide.

(5) Perform other specific responsibilities related to administrative actions for LDDT as stated throughout this regulation.

1-16. Commanders and Department of the Army Civilian supervisors at all levels

Commanders and DA Civilian supervisors at all levels will—

a. Ensure compliance with all policies and procedures prescribed by this regulation that apply to their organization.

b. Implement a command supply discipline program (see AR 710-4).

c. Employ APSRs, automatic identification technology (AIT), and other technology enablers to the fullest extent in accordance with AR 710-4 to improve property accountability, responsibility, and reduce the potential for physical loss, administrative losses of accountability, damage, theft, or destruction of property.

d. Enforce mandatory use of APSRs or other Army-approved DBSs which provide a capability equivalent to hard copy forms and manual processing described in this regulation (see AR 25-1). For this purpose, hard copy forms are defined as paper or electronic forms prepared by hand or electronically outside of an APSR or DBS system of record, distinct from system-generated forms and transactions.

e. Restrict hard copy forms and manual processing to transactions where no approved automated system exists, or for temporary use during system outages and austere mission conditions.

f. Require entry of temporary hard copy transactions into the approved system of record within three working days of restored access.

1-17. Accountable property officers

a. Accountable property officers (APOs) are appointed in accordance with AR 710-4 to maintain accountable property records within an APSR, as required by DoDI 5000.64.

b. The APO maintains accountable property records for an accountable area defined by organizational or geographical limits, such as a battalion, brigade, command, installation, or other parent level organization; a theater of operations; or other accountable area defined by the APO appointment orders (see AR 710–4).

c. Accountable areas are segmented into custodial areas, such as a ward in a hospital, a company and platoons within a company, a depot manufacturing activity and shops or sections within the depot, or temporary segments such as a task force and rear-detachment elements. Custodial areas typically follow organizational structures and command or supervisory chains, but there may be as many custodial areas as are required to execute effective property management.

d. Accountable Property within custodial areas is managed by property custodians (see para 1–19). Figures 1–1 and 1–2 provide examples of typical command and supervisory relationships to property.

e. APOs at all levels will—

- (1) Report LDDT of accountable property within their control (see paras 4–2 and 4–3).
- (2) Initiate administrative actions for LDDT of property within their control (see chap 4).
- (3) Maintain records of assignment of responsibility for accountable property to property custodians in accordance with paragraph 1–19 and AR 710–4.
- (4) Employ APSRs, AIT, and other technology enablers to the fullest extent in accordance with AR 710–4 to improve property accountability, responsibility, and reduce the potential for physical loss, administrative losses of accountability, damage, theft, or destruction of property.
- (5) Enforce mandatory use of APSRs or other Army-approved defense DBSs which provide a capability equivalent to hard copy forms and manual processing described in this regulation (see AR 25–1). For this purpose, hard copy forms are defined as paper or electronic forms prepared by hand or electronically outside of an APSR or DBS system of record, distinct from system-generated forms and transactions.
- (6) Restrict hard copy forms and manual processing to transactions where no approved automated system exists, or for temporary use during system outages and austere mission conditions.
- (7) Perform adjustments to accountable property records in accordance with this regulation within 7 working days.
- (8) Require entry of temporary hard copy transactions into the approved system of record within three working days of restored access.
- (9) Comply with all policies and procedures prescribed by this regulation that apply to their accountable area and organization.
- (10) Comply with command supply discipline programs (see AR 710–4).
- (11) Perform other specific responsibilities related to administrative actions for LDDT as stated throughout this regulation.

1–18. Property custodians

a. Property custodians are individuals directly responsible for the physical custody of accountable property under their control within a custodial area. This responsibility may result from signing a primary hand receipt (PHR) from an APO as a primary hand receipt holder (PHRH, see AR 710–4) or by written appointment as a property custodian for a custodial area with or without a PHR. Throughout this regulation the term property custodian refers to both PHRHs responsible for property on a specific PHR, and individuals appointed with responsibility for a custodial area with or without a PHR.

b. Figures 1–1 and 1–2 provide examples of typical command and supervisory relationships to property.

c. In accordance with AR 710–4, property custodians are typically established at a company, detachment, or equivalent organizational level in modified table of organization and equipment organizations. table of distribution and allowances (TDA) organizations may establish property custodians at the parent organization level or within sub-activities such as shops, sections, or offices; laboratories, centers, and schools; a program manager (PM) or product manager (PdM) activity; or similar organization directly responsible for property in use by the organization. Task force alignments or other temporary organizational structures may also establish property custodians for deployed and rear-detachments or split elements (see AR 710–4).

d. Property custodians may also be an organization's commander or civilian supervisor, or individuals without command or supervisory authority may be appointed as property custodians to manage property for a designated custodial area.

e. Property custodians manage property in their custodial area in accordance with AR 710–4, and have additional responsibilities for the following actions in accordance with this regulation:

- (1) Report LDDT of property listed on a PHR or within their control (see paras 4–2 and 4–3).
- (2) Initiate administrative actions for LDDT of property on the PHR or within their control in accordance with chapter 4. Figures 4–4 and 4–5 provide examples of typical approval authority levels as a guide.
- (3) Employ APSRs, AIT, and other technology enablers to the fullest extent in accordance with AR 710–4 to improve property accountability, responsibility, and reduce the potential for physical loss, administrative losses of accountability, damage, theft, or destruction of property.
- (4) Use APSRs or other Army-approved DBSs which provide a capability equivalent to hard copy forms and manual processing described in this regulation (see AR 25–1). For this purpose, hard copy forms are defined as paper or electronic forms prepared by hand or electronically outside of an APSR or DBS system of record, not system-generated forms and transactions.
- (5) Restrict hard copy forms and manual processing to transactions where no approved automated system exists, or for temporary use during system outages and austere mission conditions.
- (6) Ensure temporary hard copy transactions are entered into the approved system of record within three working days of restored access.
- (7) Comply with all policies and procedures prescribed by this regulation that apply to their custodial area and organization.
- (8) Comply with command supply discipline programs (see AR 710–4).
- (9) Other specific responsibilities related to administrative actions for LDDT throughout this regulation.

1–19. The materiel developers of sustainment information systems and accountable property systems of record

The MATDEVs of sustainment information systems and APSRs will—

- a. Ensure all systems contain the essential elements of data to document adjustments to accountable property records in accordance with this regulation and AR 710–4.
- b. Develop system capabilities in compliance with the policies in this regulation and AR 710–4.
- c. Ensure system-generated forms follow the policies in this regulation and AR 710–4 and are approved in accordance with 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.

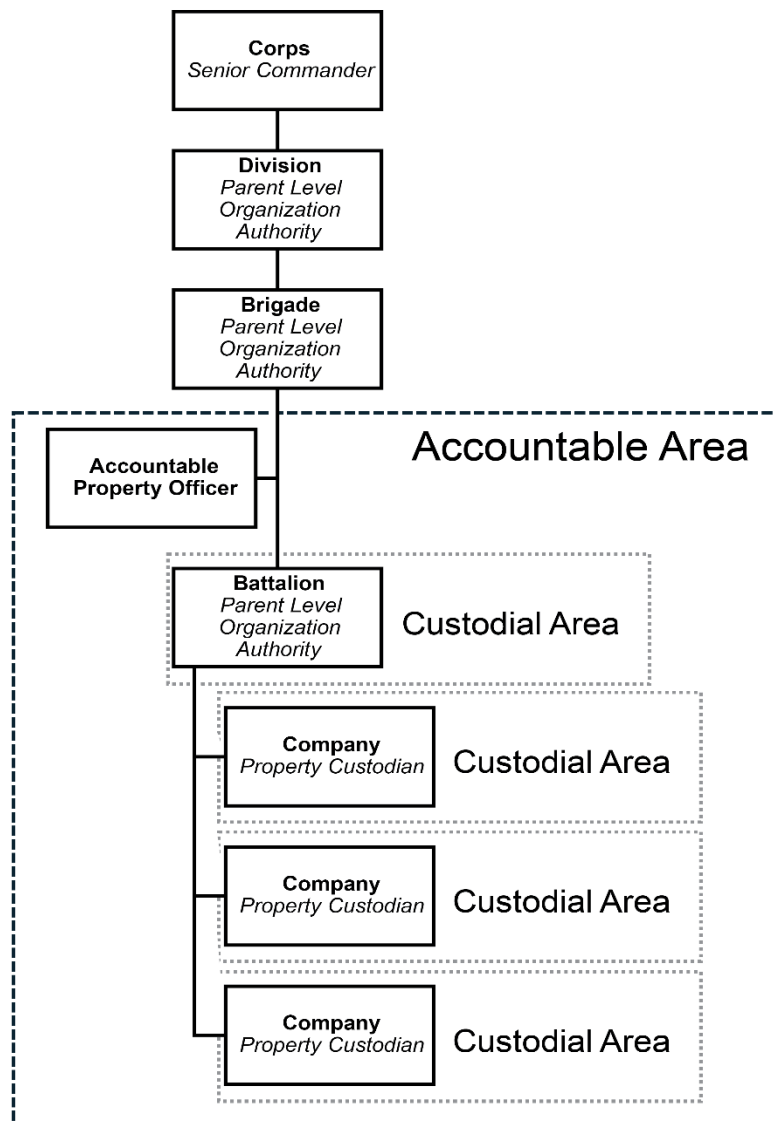


Figure 1–1. Example of command relationships to accountable area and custodial area (military authorities in a typical brigade structure)

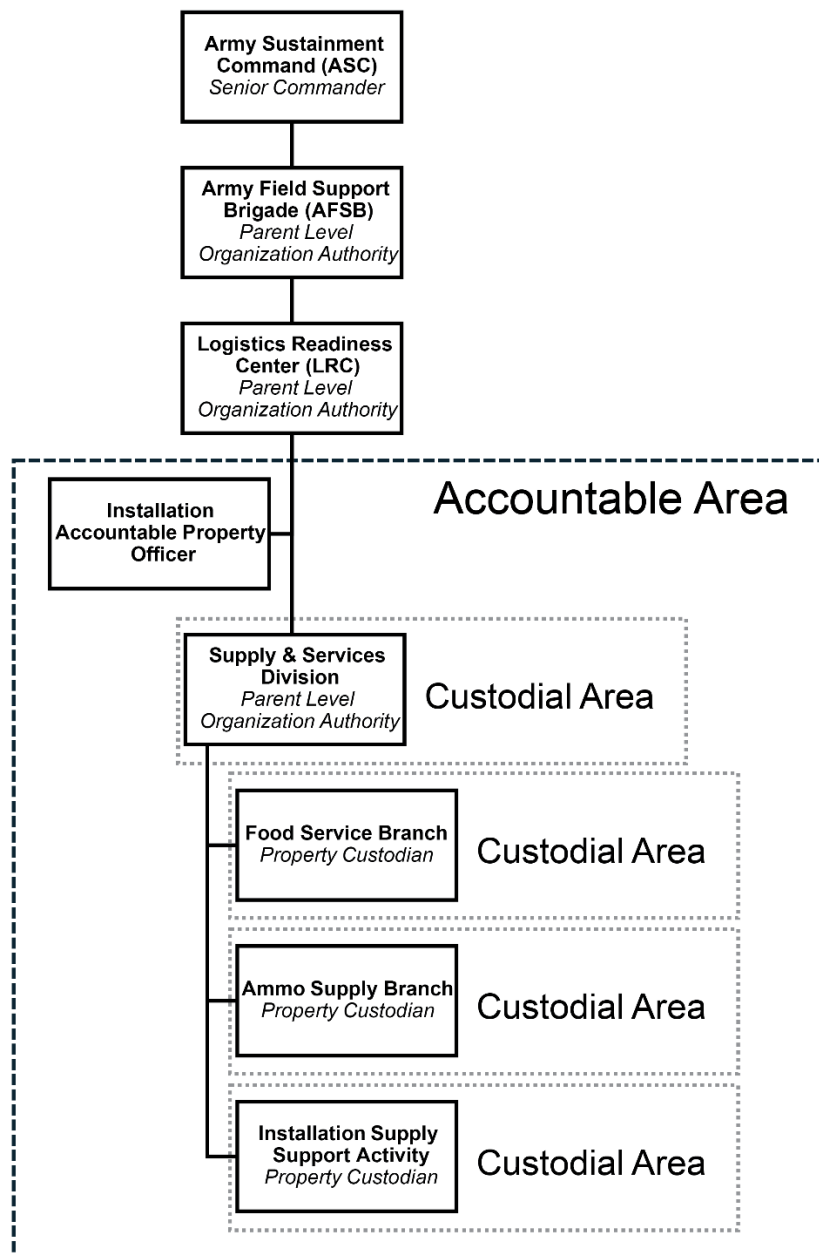


Figure 1–2. Example of typical command and supervisory relationships to accountable area and custodial areas (military and civilian authorities in a fixed-base organization structure)

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 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 an FLIPL.
- c. The DD Form 200 is only referred to 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 Financial Liability Investigation of Property Loss (eFLIPL) application records in the (eFLIPL, access at <https://eflipl.army.mil/>) and hard copy processing of DD Form 200 (Financial Liability Investigation of Property Loss).
- d. In accordance with DoD 7000.14-R, the term "day" in this regulation means a calendar day, unless otherwise noted. If the day on which an action is required is a nonworking day, then the action is required on the next working day.

2-2. Electronic Financial Liability Investigation 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 (see para 1-10).
- b. Enhancements to eFLIPL will add capabilities to process other LDDT adjustment actions prescribed by this regulation. The eFLIPL capability allows for an LDDT adjustment action prescribed by this regulation, use of eFLIPL is also mandatory for that type of adjustment action.
- c. The DCS, 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.
- d. To fully leverage capabilities of the software solution, specific terms, procedures, and workflow in the eFLIPL application and eFLIPL end user materials (EUMs) 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 (see para 1-9).
- e. 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. Only the DCS, G-4 (DALO-SPE) may approve general exceptions to eFLIPL processing (see para 1-10).
- f. Commanders and supervisors will not permit manual processing of FLIPLs in hard copy for preference or convenience. 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. When a hard copy DD Form 200 is processed without justification or approval, it will be rejected, and the organization will process it in eFLIPL.

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.

2-4. Army property involving non-Army organizations or non-Army property

- a. Army-owned or ARNG-owned property belonging to Army organizations does not lose its identity as Army property when taking part in joint, combined, multinational, or multiagency exercises or operations, or in storage by third parties such as Defense Logistics Agency (DLA), military assistance advisory groups, and similar installations, activities, and operations.
- b. Unless a loan agreement or contract states otherwise, the Army assumes some degree of responsibility for property loaned by other services, agencies, or departments of the Government or of host foreign government. See AR 700-131 for loans and leases, and AR 710-4 for accountable property records of loaned property.
- c. Army responsibility and financial liability for non-Army property may take the form of reimbursement to the lending organization, repair of damaged items at Army expense, or replacement in kind of physically lost, stolen, or irreparably damaged or destroyed items.

Chapter 3

Rewards for the Recovery of Lost Army Property

3-1. General requirements

a. In accordance with 10 USC 1124(e) and DoD 7000.14-R Volume 10, Chapter 12, monetary rewards may be offered and paid to individuals or entities 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 (OCONUS).

b. 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 is inconsistent with local laws, prevailing customs, governing treaties, or international agreements. This restriction does not apply to contingency operations.

c. Stolen Army property is not considered lost property and is not included in the rewards program prescribed by this regulation. Rewards for information leading to the recovery of stolen property are processed through the supporting U.S. Army Criminal Investigation Division (CID) office (see AR 195-4). During the causative research or during the eFLIPL process it is determined that a piece of equipment is stolen and not lost, process eFLIPL for the theft of property.

3-2. Announcement of rewards

a. Compose notices of rewards in memorandum format in accordance with 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.

b. The notice of rewards may list one or more items, including part number or material number and serial number (if applicable). Commanders and civilian supervisors should ensure distribution of announcements offering a reward is sufficiently broad to ensure reaching all individuals and entities reasonably expected to help recover the property.

c. Use the following format as a guide to prepare the award statement—"The United States offers a reward of (amount in accordance with 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, CAR, and CNGB, and program executive officers (PEOs) will determine reward amounts and approve proposed offers of rewards up to the amounts shown in table 3-1. Those authorities may further delegate the authority to approve the standard amounts in table 3-1. The CNGB may delegate this authority to USPFOs.

3-4. Payment of rewards

a. Awards will not be paid to the following:

- (1) Military or civilian employees of the Armed Forces.
- (2) Any other officer or employee of the Government.
- (3) Agencies of the Government.

b. Payment of the reward to authorized individuals or organizations will be made by the organization offering the reward after the lost property has been returned to Army control.

c. Each reward payment will be supported by a written statement from the 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 Defense Financial Accounting Service (DFAS)—In Manual 37-100.

Table 3–1**Rewards item**

Property Type	Standard amount per case (may be approved by individuals with authority delegated in accordance with para 3–3)	Maximum amount per case (approved by ACOM, ASCC, DRU commanders or CAR, CNGB)
Aircraft	\$250	\$500
Missiles	\$250	\$500
Vehicles, weapons or ammunition	\$250	\$500
Communications and electronic equipment	\$200	\$500
Any airborne item lost in flight or from crashed aircraft not located by search and rescue	\$150	\$250
Other items	\$75	\$150

Chapter 4**Materiel Accounting Actions Related to Property Loss, Damage, Destruction, or Theft****Section I****Administrative Actions Related to Property Loss, Damage, Destruction, or Theft****4–1. Reporting requirements when loss, damage, destruction, or theft of property is discovered**

a. Initial reporting. All individuals responsible for Government property will immediately report, in writing, all potential or actual LDDT of government-owned expendable, durable, and nonexpendable property (including supplies, end items, or components of any value) to their immediate supervisor or commander. The report will state the circumstances of the LDDT, and a listing and description of the property involved.

b. Commanders and supervisors. Commanders and supervisors will immediately initiate further reporting in accordance with this paragraph and other applicable regulations for the type of property and circumstances of the LDDT. Commanders and supervisors will not delay reporting pending the outcomes of related inquiries or investigations.

c. Personal arms and equipment. Personal arms and personal equipment are the weapons, OCIE, and other equipment issued to an individual for individual use in accordance with AR 190–11, AR 190–51, AR 700–84, and AR 710–4.

(1) Report all physical losses or theft of any weapons or other AA&E issued as personal arms and equipment (PA&E) in accordance with AR 190–11 and paragraph 4–2 of this regulation.

(2) Whenever the LDDT of any type of PA&E appears to involve unlawful conduct, report the incident to military law enforcement authorities for investigation.

(3) A preliminary investigation by the Army police or CID will assist the commander or organization supervisor when acting according to this regulation.

d. Equipment with sensitive or classified components or technology. Report all physical losses, damage, destruction, or theft in accordance with AR 190–45 through supporting physical security counter-intelligence elements within twenty-four hours to determine potential compromise by foreign powers.

e. Communications security, cryptographic high-value property, or controlled cryptographic items. Coordinate with the organization's communications security (COMSEC) custodian to submit an incident report in accordance with TB 380–41.

f. U.S. Army Reserve element physical loss, damage, destruction, or theft. Report to the next higher USAR command and, if appropriate, to the Regular Army (RA) law enforcement activity or provost marshal having area responsibility.

g. Recoverable and/or critical items. All items with a Recoverability Code (RC) of D, F, or H and all items with a Criticality Code of C, E, F, H, M, or Y (see DA Pam 708–2)—provide an information copy of the supporting documentation used to investigate the incident to the supply support activity (SSA) APO to assess possible measures to prevent reoccurrence of similar incidents. The SSA APO does not require a copy of the related LDDT adjustment documents to accountable property records.

h. Government property in the hands of a contractor. When Government property in the hands of a contractor is physically lost, damaged, destroyed, or stolen, follow the FAR Government Property clause 52.2455–1(h) and if necessary, a modified FLIPL process will be completed in accordance with paragraph 5–7.

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

4–2. Additional arms, ammunition, & explosives loss reporting requirements

a. The control of arms, ammunition, and explosives (AA&E) is of the highest importance to the Army. Commanders at all levels must reinforce the importance of physical security measures and procedures for securing AA&E.

b. In addition to the reporting requirements in paragraph 4–1, commanders, civilian supervisors, and other leaders will report any stolen, lost, suspected stolen, unaccounted for, or recovered AA&E in the quantities specified in this paragraph. Quantities below these thresholds may also require formal reporting (see AR 190–11 or AR 190–45)—

- (1) One or more missiles, rockets, or Security Risk Category (SRC) I–IV arms.
- (2) 1,000 or more rounds of ammunition smaller than 40mm or 5 or more rounds of 40mm automatic weapon ammunition.
- (3) Individual rounds of 40mm and larger non-automatic weapon ammunition.
- (4) Individual mortar, grenade, and missile rounds.
- (5) Individual land mines, demolition charges, and blocks of bulk explosives.
- (6) Any other explosives, including demolition explosives (for example, detonation cord or blocks of explosives, such as C–4).
- (7) Any SRC I or SRC II item not otherwise included in this paragraph.

c. Commanders and leaders will report details of physical losses, thefts, shortages/overages, and recoveries via the automated DA Form 3056 (Report of Missing/Recovered Firearms, Ammunition, and Explosives) within 72 hours of the discovery of the discrepancy at <https://vantage.army.mil/da3056>. A common access card and .mil domain access is required to request a provisional account to submit a report in this system. This form is also viewable on the Army Publishing Directorate's website.

(1) Weapons reporting will include quantity, national stock number (NSN), unit identification code (UIC), and serial number as described in AR 190–45. Ammunition and explosives reporting will include quantity, NSN/national item identification number or other material number, DoD identification code (DoDIC), UIC, lot number, and serial number if applicable.

(2) Commanders and equivalent civilian supervisors will ensure the completed DA Form 3056 is a mandatory exhibit to FLIPLs involving AA&E in the eFLIPL application or in hard copy FLIPL packets.

(3) The automated DA Form 3056 will automatically and simultaneously forward a PDF copy of the form to the sender; the unit's supporting Army Provost Marshal Office (PMO)/military law enforcement agency (LEA) or command headquarters Physical Security Division, Office of the Provost Marshal General; the DoD central registry; and the HQDA G–4 Logistics Operations Center.

(4) The Army PMO/military LEA will enter information from DA Form 3056 into the Army Law Enforcement Reporting System and the National Criminal Information Center (NCIC) and inform local law enforcement of physical losses or thefts and subsequent recovery. Only weapons, not ammunition or explosives, will be entered into the NCIC.

(5) Commanders, or their designated representatives having direct responsibility for AA&E or the receiving unit or agency, will notify the supporting PMO/military LEA, CID, and their command headquarters as soon as an AA&E loss/recovery incident is discovered. Commanders, or their designated representatives having direct responsibility for AA&E or the receiving unit or agency, will vigorously continue efforts to recover or resolve lost, missing, or unaccounted for AA&E unless instructed to stop their efforts by a military or civilian LEA.

(6) When AA&E theft is suspected, units, or agencies will refrain from having personnel contaminate the crime scene and will quarantine further use of the area. Continued use of the area compromises the crime scene, making it difficult for the LEA to conduct its investigation.

4-3. Administrative actions when loss, damage, destruction, or theft of property are reported

a. Initial actions. When notified of a potential or actual LDDT of property, the property custodian, or the APO, or other responsible official for the property will—

(1) Initiate an informal preliminary inquiry to determine the circumstances of the potential or actual LDDT.

(2) Initiate causative research to identify possible discrepancies in accountable property records and/or transaction history (see glossary).

(3) Attempt to locate property by physical search before initiating an LDDT adjustment document.

(4) Document the results of the initial actions on an informal memorandum or other format in accordance with AR 15-6 as appropriate.

(5) Complete the initial actions within the time constraints prescribed in paragraphs 8-5 and 8-6.

b. Determine type of loss, damage, destruction, or theft. The preliminary inquiry will resolve whether the LDDT involves physical LDDT of property, or if the LDDT is only an administrative error or lapse of accountability.

(1) *Administrative error or lapse of accountability.* These discrepancies may not involve physical LDDT or financial liability but may also require investigation in accordance with paragraph 4-5 and AR 15-6 to confirm there is no physical loss or theft of property, identify corrective measures to prevent reoccurrence, and provide findings and recommendations to support administrative corrections to accountable property records rather than LDDT adjustments in accordance with this regulation.

(2) *Physical loss, damage, destruction, or theft.* When government property of any kind becomes physically lost, is stolen, or is damaged or destroyed by causes other than fair wear and tear, this regulation prescribes actions to adjust accountable property records, assess, or relieve individuals from financial liability, and collect reimbursement to the government when appropriate. These actions apply to all property, whether nonexpendable, durable, expendable, formally accountable, or informally controlled. These actions may also include investigations when mandated by this regulation or when directed by a commander or supervisor (see AR 15-6).

4-4. Determining loss, damage, destruction, or theft administrative adjustment actions

a. When government property of any kind becomes physically lost, is stolen, or is damaged or destroyed by causes other than fair wear and tear, commanders and supervisors must take administrative action according to this paragraph. These actions apply to all property, whether nonexpendable, durable, expendable, formally accountable, or informally controlled.

b. This regulation prescribes administrative actions which vary by the type of property, actual value of LDDT, the circumstances involved, and whether negligence or willful misconduct was the proximate cause of loss. As a best practice, commanders and supervisors should address all reported LDDT promptly and use the lowest threshold of administrative actions appropriate to the LDDT.

c. Obtain relief from property responsibility and/or accountability by the following actions, using the most appropriate method for the circumstances and actual value of LDDT:

(1) Damaged property or destroyed property when residue is retrieved (see fig 4-1).

(2) Physical loss, unretrievable abandoned or destroyed property, or stolen property (see fig 4-2).

(3) IAR of stock record accounts (SRAs) in accordance with the governing policy for the type of account, following procedures in the approved APSR EUM or in hard copy DA Form 444 (Inventory Adjustment Report (IAR)).

(a) AR 30-22 (subsistence SRAs).

(b) AR 700-28 (munitions SRAs).

(c) AR 703-2 (petroleum SRAs).

(d) AR 710-2 (retail level general supply SRAs).

(e) AR 740-26 and chapter 15 of this regulation (wholesale SRAs).

(4) DD Form 361 to adjust for LDDT in transit in accordance with instructions in this regulation. (available at <https://www.esd.whs.mil/dd/>).

(5) SF 364 (available at <https://www.gsa.gov/reference/forms>) to adjust for discrepancies in supply fulfillment in accordance with this regulation.

(6) DA Form 4170 (Statement of Gains and Losses) for subsistence items as authorized by AR 30-22.

(7) Bulk fuel LDDT adjustments in accordance with procedures in AR 703-2.

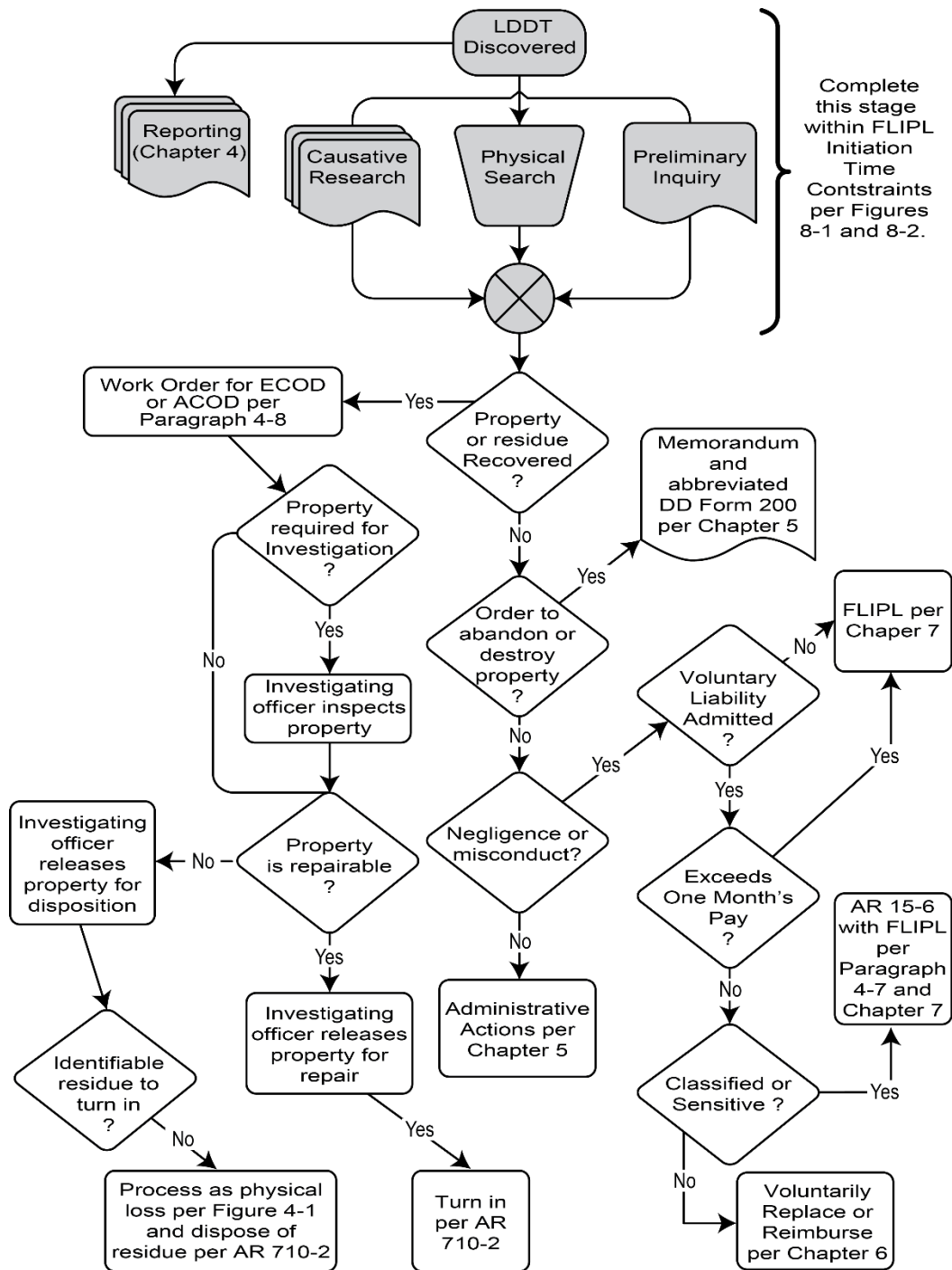


Figure 4-1. Process determination for damaged property

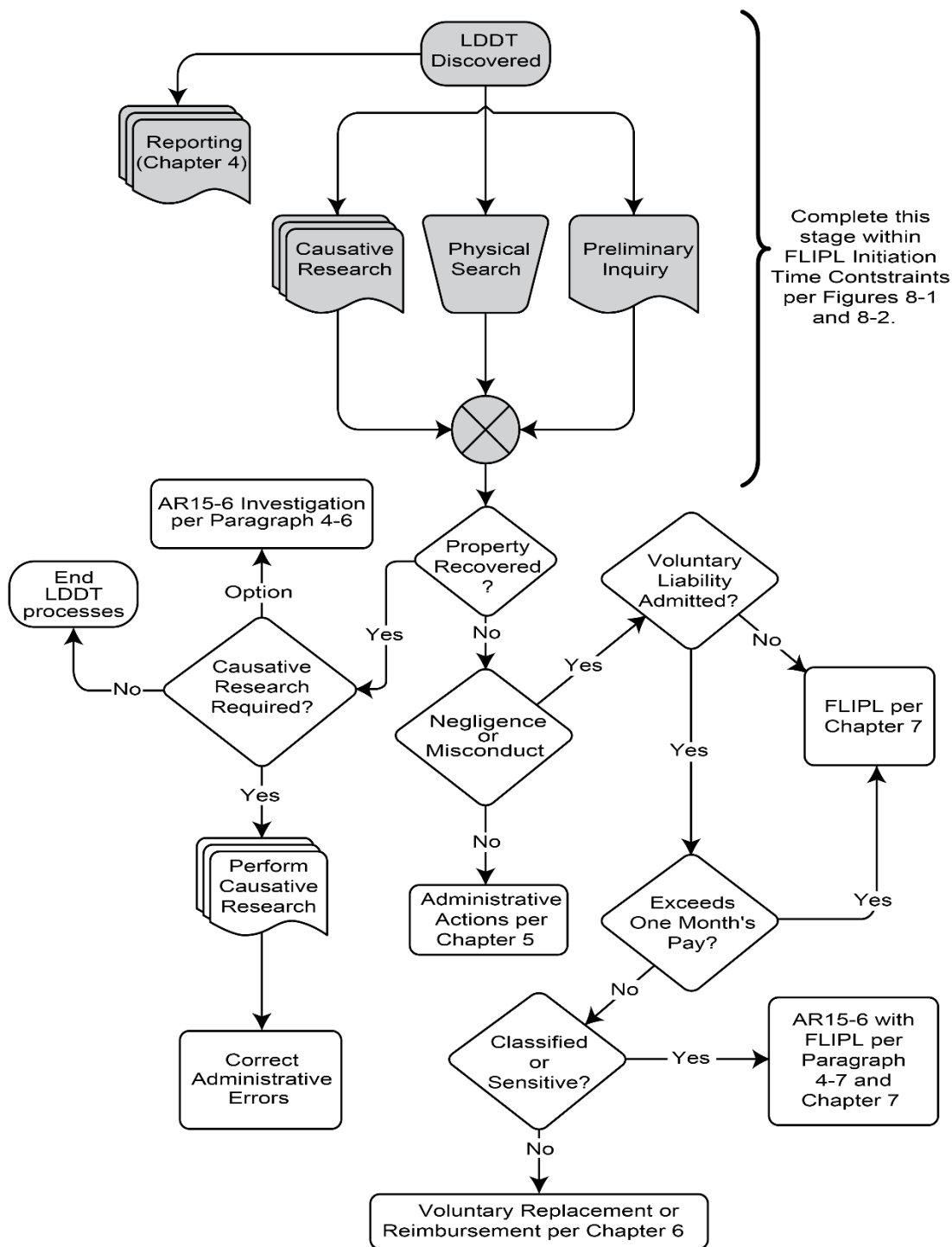
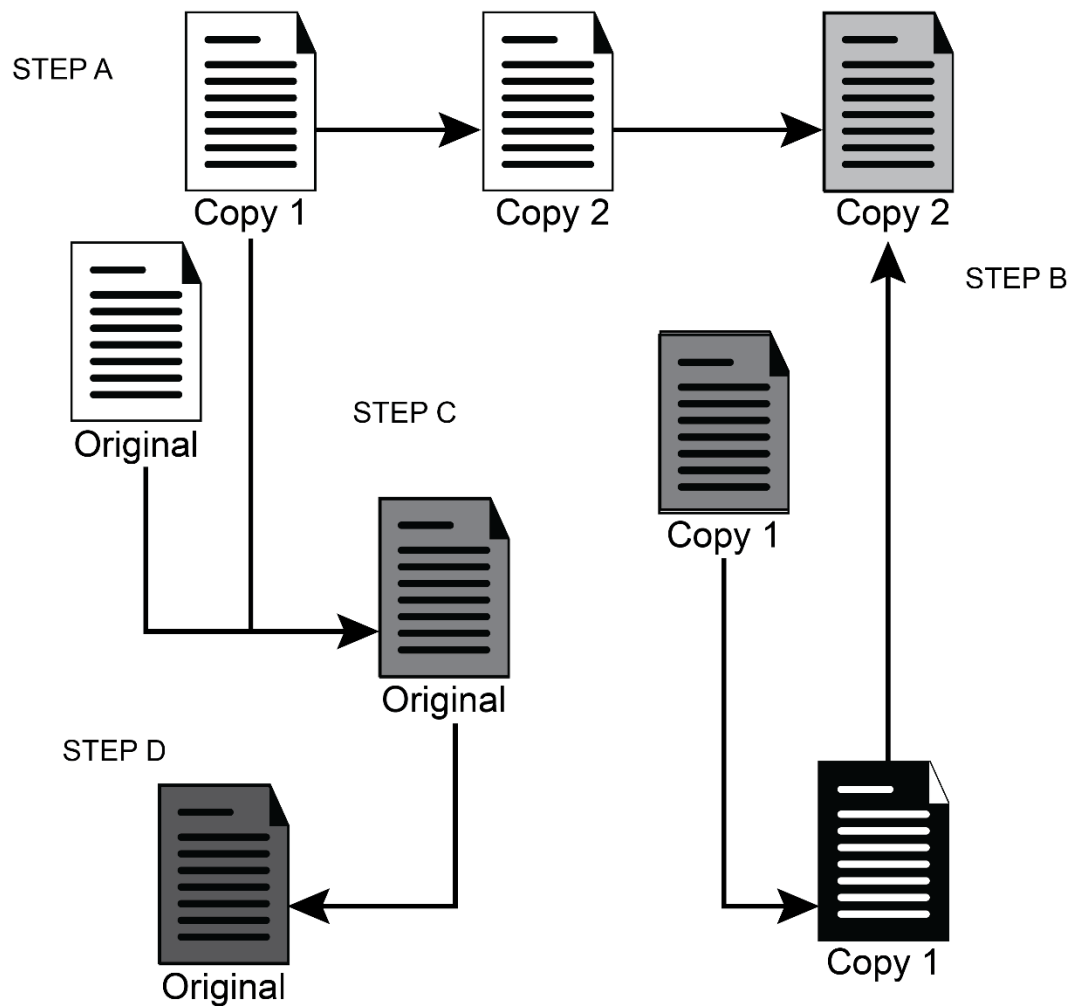


Figure 4–2. Process determination for physical loss, unretrievable property, or stolen property at the using organization level



Processing Steps

- Prepare purchase authorization document in 3 copies, assign a document number.
- Unit retains copy 2.
- Forward the original and copy 1 to the OCIE issue point or authorized supply source for processing.
- OCIE issue point or authorized supply source retains the original. OCIE issue point annotates copy 1 that purchase has been made.
- Copy 1 is returned to the customer.
- Unit verifies purchase by review of copy 1.
- Accountability complete. Copy 1 is returned to the customer. Unit returns or destroys copy 2 as desired.

Figure 4–3. Process determination for loss, damage, destruction, or theft of property at the stock record, account level

4–5. Use of an AR 15–6 investigation related to administrative errors or loss of accountability with no physical loss, damage, destruction, or theft of property

a. When administrative errors in accountable property records or administrative losses of accountability occur without physical LDDT of property, an AR 15–6 investigation may be necessary (see AR 15–6).

b. This investigation documents the circumstances related to the lapse of accountability or errors and identifies possible systemic problems which led to discrepancy, or to correct administrative discrepancies which cannot be resolved by causative research, but do not involve physical LDDT. See paragraphs 4–1 and 4–2 of this regulation for additional reporting requirements related to lapses of accountability.

c. An AR 15–6 investigation in accordance with this paragraph does not require an FLIPL to determine financial liability nor a DD Form 200 to adjust accountable property records unless there is also a related physical LDDT of property. If possible financial liability or a physical LDDT is identified during the investigation; refer to paragraph 4–3 and 4–4 to determine appropriate methods to assess liability and adjust accountable property records.

d. Causative research (see Glossary) as part of preliminary inquiries may resolve administrative errors or loss accountability without a requirement for investigation (see AR 15–6). For specific instruction on causative research, also refer to the governing publication(s) for the type of account, including the following:

- (1) AR 30–22 (subsistence SRAs).
- (2) AR 700–28 (munitions SRAs).
- (3) AR 703–2 (petroleum SRAs).
- (4) AR 710–2 (retail level general supply SRAs).
- (5) AR 710–4 (accountable property records of general equipment or organization level supplies).
- (6) AR 740–26 (wholesale SRAs).

e. Initiate an investigation in accordance with AR 15–6 when—

- (1) Required in accordance with paragraph 7–3.
- (2) Directed by a commander or supervisor.
- (3) Directed by a financial liability investigation approving or appointing authority (see AR 15–6).
- (4) Directed by other regulatory guidance.
- (5) An administrative error in accountable records or lapse in accountability occurs without physical LDDT for any controlled inventory item identified by a Controlled Inventory Item Code (CIIC) in the Classified Items or Sensitive Items categories of the CIIC tables in DA Pam 708–2. If these discrepancies cannot be resolved through causative research, initiate investigation prior to adjusting accountable property records (see AR 15–6).

(6) A controlled inventory item is recovered, including items previously adjusted for LDDT in accordance with this regulation; items previously removed from accountable property records, administrative actions; items “found on installation”; items with no accountable property record history (see AR 710–4).

f. Findings and recommendations from an AR 15–6 can support the following actions to adjust for LDDT or administrative errors in accountable records:

- (1) LDDT administrative adjustment actions in accordance with paragraph 4–6.
- (2) Adjustments to accountable property records or stock records related to administrative errors affecting account balances, or to establish/reestablish accountability for property.
- (3) Corrections to resolve administrative errors, such as serial numbers or material numbers.

4–6. Use of an AR 15–6 investigation related to physical loss, damage, destruction, or theft of property

a. *Criteria for investigation of loss, damage, destruction, or theft of property (see AR 15–6).* Investigate in accordance with AR 15–6 in lieu of a financial liability investigation when—

- (1) Required in accordance with paragraph 7–3 to investigate the physical LDDT of public funds; controlled inventory items; or other property as otherwise stated in this regulation. See paragraphs 4–1 and 4–2 of this regulation for additional reporting requirements related to LDDT of property.
- (2) Directed by a commander.
- (3) Directed by a financial liability investigation approving or appointing authority (see AR 15–6).
- (4) Directed by other regulatory guidance.

b. *Processing accountable property record, stock record, or other property loss, damage, destruction, or theft adjustments related to investigation (see AR 15–6).* Do not use an AR 15–6 investigation as the authority to assess financial liability or adjust accountable property records, stock records, or similar accounts. When an administrative investigation in accordance with AR 15–6 involves LDDT of government property, the findings and recommendations may be included or cited as an exhibit to process an FLIPL in lieu of appointing a financial liability investigating officer (see chap 9), or to support other LDDT administrative adjustment actions in accordance with this regulation. There is no requirement to perform an

additional financial liability investigation to complete a related FLIPL unless initial review by appointing or approving authorities determines additional information is needed to assess financial liability (see para 9–3).

c. Property loss, damage, destruction, or theft triggers investigation (see AR 15–6). This occurs when initial inquiries related to suspected or confirmed LDDT of property result in a decision that an AR 15–6 investigation is required to investigate the LDDT.

(1) If an FLIPL is necessary to determine financial liability, the decision whether to appoint an AR 15–6 investigating officer is recorded in accordance with the eFLIPL EUM.

(2) An investigating officer will be appointed using a memorandum of appointment (see AR 15–6).

(3) The appointing authority and/or approving authority will provide the investigation of property LDDT with all exhibits to the investigating officer.

d. AR 15–6 investigation triggers property loss, damage, destruction, or theft administrative adjustment actions. When LDDT of government property is discovered during an AR 15–6 investigation, initiate appropriate actions in accordance with chapter 4 depending on the type of property and circumstances of the LDDT.

e. Ammunition Stock Record adjustments. AR 190–11 contains mandatory requirements for initiating an investigation in accordance with AR 15–6 for missiles and rockets, arms (including parts), ammunition, and explosives. Do not use an AR 15–6 investigation or an FLIPL 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 IAR procedures (see AR 710–2, AR 700–28, and DA Pam 700–16).

4–7. Administrative actions for damaged property

a. Technical inspectors, property classification officers, and other designated persons may classify property physically on hand as unserviceable (see AR 750–1). 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. When property is determined to be unserviceable through other than fair wear and tear, the commander/organization supervisor having responsibility for the property must conduct a preliminary inquiry of the circumstances.

b. Determine the cost of damages (see para 4–7e).

c. If the commander or supervisor believes that the damage was incurred during other than official business, through negligence, or through misconduct, initiate a DA Form 7923 (Statement of Charges/Cash Collection Voucher) in accordance with chapter 6 or chapter 7.

d. Release of item for repair. Equipment work-ordered to a maintenance facility to determine the cost of damages should not be repaired until it is determined that the item is not needed further for investigation consistent with evidentiary requirements (see AR 195–5). 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.

e. Determining cost of damages.

(1) Initiate a work-order to a maintenance facility authorized to repair the property (see DA Pam 750–8).

(2) A qualified individual trained on the equipment will determine the actual cost of damage (ACOD). An ACOD can only be determined when the item is repaired.

(3) When an ACOD cannot be determined, qualified personnel will compute the estimated cost of damages (ECOD). The ECOD is a process to provide an estimate for government-owned equipment prior to repair or evacuation.

(4) A technical inspector certifies the maintenance request (ACOD or ECOD). For the ARNG, a commissioned officer of the RA or any commissioned officer of the ARNG, in accordance with 32 USC 709, may determine the final fair wear and tear on all unserviceable property prior to disposition.

(5) Technical inspectors and maintenance personnel do not assess negligence or willful misconduct. The approval authority makes that final determination (see AR 750–1).

f. Using ECOD or ACOD when negligence or misconduct is suspected.

(1) Use an ECOD to compute the value of a loss from damage only when actual costs cannot be obtained within a reasonable time.

(2) The commander/organization supervisor may request ECOD, or the maintenance or other activity may provide it in the absence of a specific request.

(3) When an ECOD is used to compute the value of the damaged property, a DA Form 7923 or FLIPL must state why ECOD is used and state the basis on which the estimate was made.

(4) An ECOD may be used for assessment of financial liability until the equipment is repaired, then use the ACOD.

(5) When requested by the approval authority, the commander/organization supervisor of the maintenance support activity will consolidate the cost data for each supported unit and forward the data to the approving authority.

(6) 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 or financial liability investigating officer's release statement to the maintenance request documenting the ACOD/ECOD (see DA Pam 750-8).

(7) If the property is not economically repairable, do not post a property loss transaction to the accountable property records for damaged property. Complete a turn-in action to adjust property records in the APSR (see AR 710-4).

(8) Attach a copy of the approved DA Form 7923 or the financial liability officer's release statement to the turn-in document.

(9) Attach a copy of any condition code or inspection documents (such as a DA Form 461-5 (Vehicle Classification Inspection) or similar forms and reports) to the turn-in document.

4-8. Assigning document, transaction, and/or voucher numbers to loss, damage, destruction, or theft adjustment actions

a. Property adjustment actions in accordance with this regulation are processed in APSRs or accountability records in other systems of record which may assign a transaction number or document number. Accounts maintained in hard copy without an approved APSR or other system of record may assign document numbers in hard copy document registers (see AR 710-4). Voucher numbers may also be assigned for related financial adjustments and stock records. Some adjustments may not result in a document, transaction, or voucher number (see para 4-8c.)

b. For physical loss, theft, or complete destruction (no residue exists in an identifiable condition to turn in) the APO processes the appropriate accountable property record adjustment within 7 working days of receiving the LDDT adjustment action. Assign a document/transaction and/or voucher number to property adjustment documents in accordance with the following instructions and the APSR EUM:

(1) *Nonexpendable property (property book level)*. Assign a document/transaction number from the nonexpendable register to any LDDT adjustment transaction for nonexpendable property or any other property that requires property book accountability.

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

(3) *Nonexpendable, expendable, or durable items (stock record accounts)*. Assign a transaction number or voucher number from a stock record activity voucher register to any transaction for supply system stocks.

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

(1) *Damaged property*. Do not assign a document/transaction number to the adjustment action selected in accordance with chapter 4; there are no accountable record loss adjustments for these items. Damaged property is removed from organizational accountable records through subsequent disposition documents for supply transactions, such as turn-in to an SSA or transfer to a depot facility for repair or rebuild. The APO will enter "No document/transaction number assigned" in eFLIPL in lieu of a document/transaction number.

(2) *Combat losses*. 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 if the equipment is retrievable (see AR 710-2 and AR 710-4). Combat losses may also require additional reporting (see AR 710-1 and AR 710-3).

(3) *Destroyed property (identifiable residue recovered)*. See glossary for definition. If the property is damaged beyond possibility of restoration (destroyed) but residue was recovered and can be sufficiently identified to complete a turn-in, do not assign a document/transaction number to the adjustment action. Use a turn-in document to adjust the property records.

(4) *No document/transaction number generated by Accountable Property Systems of Record or other system of record*. Some types of adjustment transactions may also not generate a unique transaction

number. The APO will enter "No document/transaction number assigned" in eFLIPL in lieu of a document/transaction number.

(5) *No accountable property record exists to adjust.* In some situations, no further adjustment actions are required to property records. For example—

(a) LDDT of property which was not posted to an accountable property record or stock record may still require administrative actions in accordance with this regulation to recoup the Government's loss of value or to assess or relieve from financial liability for the LDDT. Lapses in accountable records do not eliminate the Government's right to assess financial liability for LDDT of property in accordance with this regulation. A financial liability investigation may also be appropriate to formally confirm individuals are not financially liable, regardless of the status of accountable property records.

(b) In another example, expendable items are expensed for financial and inventory purposes when issued to the consumer level from an APSR but still require control during use. LDDT of these items may require administrative action (see para 4–4).

(c) If there is no further property record adjustment, the APO will enter "No property record adjustment" in eFLIPL in lieu of a document/transaction number.

Section II

Financial Liability

4–9. Purpose of financial liability

a. Financial liability is the statutory obligation of an individual to reimburse the government for lost, damaged, or destroyed government property as a result of negligence or misconduct.

b. The administrative measures prescribed by this regulation are the following:

(1) Materiel accounting oriented.

(2) Designed to protect the right of the Government to obtain reimbursement up to the actual value of LDDT when financial liability is assessed (see app B).

(3) Not to be used to assess punitive damages related to LDDT of property.

(4) Not appropriate for, nor intended to be used as corrective action or punishment.

(5) Not intended to prevent the use of other adverse administrative or disciplinary measures which may be appropriate to circumstances involving LDDT of property—

c. If financial liability is voluntarily admitted or assessed through an FLIPL, funds collected from individuals in accordance with this regulation are not directly credited to the funds of organizations assessing financial liability for LDDT. Administrative actions in accordance with this regulation may be used to support requests for funding through the organization's budget planning processes to replace lost, damaged, destroyed, or stolen property.

d. Commanders and supervisors of civilian employees who determine the cause of LDDT warrants adverse administrative or disciplinary action may apply appropriate actions (see AR 690–752).

e. Commanders and supervisors of military personnel who determine the cause of LDDT warrants adverse administrative or disciplinary action will take appropriate action including, but not limited to the following:

(1) An oral or written reprimand.

(2) Appropriate remarks in military evaluation reports.

(3) Military occupational specialty reclassification.

(4) Bar to reenlistment.

(5) Action under the UCMJ or, for ARNG members who are not in the Federal service who are not subject to the UCMJ, the military codes of their States.

4–10. Individual financial liability limits

a. Financial liability of individuals is based on the actual loss to the government, computed in accordance with Appendix B, not punitive damages or full replacement cost. Use appropriate adverse administrative or disciplinary actions in accordance with paragraph 4–4 when warranted by an individual's behavior related to the proximate cause of an LDDT.

b. This paragraph and paragraph 4–12 only apply to Servicemembers or DA Civilian employees. See paragraph 5–7 to determine financial liability of contractors. See table 4–1 to determine the amount when

only one individual is recommended or assessed with financial liability. See paragraph 4–12 and table 4–2 to determine collective liability for multiple individuals.

c. Normally, the amount of assessed financial liability is limited to the actual value of LDDT at the time of loss, or one month's base pay at the time of LDDT, whichever is less.

(1) A Soldier's gross base pay is the amount of money collected each month by a Soldier less all allowances.

(2) For members of the USAR and ARNG, one month's base pay is the amount a Soldier would receive each month, less all allowances, if the Soldier were on active duty.

(3) For DA Civilian employees, one month's base pay is equivalent to one-twelfth of their annual gross pay.

d. The following exceptions are assessed financial liability at the full amount of the actual value of LDDT in accordance with this chapter and appendix B for physical LDDT of property by—

(1) States and territories of the United States.

(2) Contractors and their employees if authorized in accordance with paragraph 5–7 and FAR Part 45.104.

(3) Non-appropriated fund activities if authorized (see AR 215–1).

(4) Individuals losing public funds (see DoD 7000.14–R, Volume 12, Chapter 6).

(5) Individuals who are found financially liable for LDDT of government-owned or leased family 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 LDDT. When simple negligence is determined, limit assessment of financial liability to the amount of the LDDT or one month's base pay, whichever is less.

(6) Individuals found financially liable for LDDT of Personal Arms & Equipment (PA&E).

(7) Individuals financially liable for both PA&E and other equipment or property. In this case, the amount of liability is the actual value of LDDT of the PA&E, in addition to the normal financial liability in accordance with paragraph 4–11c (see table 4–1).

e. The approval authority may reduce in whole or in part or waive the amount of the individual's financial liability based on the evidence and circumstances in an FLIPL findings and recommendations FLIPL officer and any recommendations from AR 15–6 investigation (see chap 14).

Table 4 – 1
Computing financial liability charges against a single individual

Type of LDDT		Actual Value of LDDT	One Month's Base Pay	Amount charged	Loss to the Government
Personal Arms & Equipment (PA&E)		\$4,500	\$3,000	\$4,500¹	None
Other equipment and property		\$7,000	\$3,000	\$3,000²	\$4,000
Combined PA&E with other property and equipment	PA&E	\$4,500	\$3,000	\$4,500	None
	Other equipment and property	\$7,000		\$3,000	\$4,000
				\$7,500 total³	\$4,000 total

4–11. Calculating collective financial liability

a. If more than one individual is found financially liable for the physical LDDT of government property, the individuals must be collectively held liable for the actual value of LDDT to the government.

b. The government cannot collect more than the total amount of assessed liability for the actual value of the LDDT. The approving authority who assessed financial liability will decide how much to collect from each individual, considering the degree of each individual's responsibility for the LDDT and the ability to collect from the responsible individuals.

c. When recommending two or more individuals with equal shares of responsibility for an LDDT of government property in collective financial liability, the financial liability officer will use the method in table 4–2 to determine the amount of financial liability for each individual. This method ensures a fair and proportional amount of financial liability relative to each individual's base pay as a percentage of the value of actual loss.

d. Individual financial liability limits in accordance with paragraph 4–11c. and exceptions in accordance with paragraph 4–11d. still apply when collective financial liability is assessed. See table 4–2 for an

example of calculating collective financial liability shares, applying financial liability limits, and calculating loss to the government.

Table 4–2

Calculating equal shares of financial liability when more than one individual is charged—

Example for an actual value of LDDT of \$10,000 with three individuals held equally liable—

Step 1 Total Monthly Base Pay

Add each individual's monthly base pay together for all individuals being charged.

Individual 1's monthly base pay = \$1,200

Individual 2's monthly base pay = \$2,400

Individual 3's monthly base pay = \$3,600

Total monthly base pay of all individuals. 1, 2, and 3 = \$7,200

Step 2 Calculate Proportional Share Factor

Divide each individual's monthly base pay by the total monthly base pay for all individuals

\$1,200 (individual 1's monthly base pay)/\$7,200 (total basic pay of all individuals) = 0.16667 (individual 1's percentage of total monthly base pay)

\$2,400 (individual 2's monthly base pay)/\$7,200 (total basic pay of all individuals) = 0.33333 (individual 2's percentage of total monthly base pay)

\$3,600 (individual 3's monthly base pay)/\$7,200 (total basic pay of all individuals) = 0.50000 (individual 3's percentage of total monthly base pay)

Step 3 Calculate Initial Proportional Shares

Multiply each individual's proportional share of financial liability by the actual value of LDDT.

.16667 (individual 1's percentage of financial liability) x \$10,000 (total financial charge) = \$1666.67

.33333 (individual 2's percentage of financial liability) x \$10,000 (total financial charge) = \$3333.33

.50000 (individual 3's percentage of financial liability) x \$10,000 (total financial charge) = \$5000.00

Step 4 Compare Initial Shares to Individual Monthly Base Pay

\$1666.67 (individual 1's financial liability share), greater than \$1,200 monthly base pay normal limit

\$3333.33 (individual 2's financial liability share), greater than \$2,400 monthly base pay normal limit

\$5000.00 (individual 3's financial liability share), greater than \$3,600 monthly base pay normal limit

Step 5 Apply Financial Liability Limits, Calculate Financial Liability and Loss to the Government

Step 5. Example 1—Apply Financial Liability Limits (normal limit of one month's base pay)

\$1666.67 (individual 1's financial liability share)-\$1,200 (individual 1's monthly base pay) = \$466.67

\$3333.33 (individual 2's financial liability share)-\$2,400 (individual 2's monthly base pay) = \$933.33

\$5000.00 (individual 3's financial liability share)-\$3,600 (individual 3's monthly base pay) = \$1,400

\$10,000 total LDDT \$7,200 collective financial liability

Loss to the Government = \$2,800

Step 5. Example 2—Full value of LDDT Financial Liability in accordance with paragraph 4–11d exceptions

\$1666.67 (individual 1's financial liability share)

\$3333.33 (individual 2's financial liability share)

\$5000.00 (individual 3's financial liability share)

\$10,000 total LDDT = No Loss to Government

4–12. Accounting for recovered property previously listed on a loss, damage, destruction, or theft administrative adjustment

a. Property. Property may be found after administrative adjustment action has been initiated to account for LDDT of property, or errors are discovered when property is incorrectly reported lost, damaged, destroyed, or stolen. Accountable property record or inventory adjustments must be completed to reestablish Army accountability and amend or close the LDDT administrative adjustment action. If financial liability was assessed and collected from individuals, then a refund must also be processed.

b. Recovery of property before completing accountable property record adjustments. This occurs when an LDDT action such as DA Form 7923, Loss Inquiry, FLIPL, or other action has been initiated but some or all of the property is recovered before completing adjustments to accountable property records. Take the following actions depending on the situation—

- (1) Partial recovery of property (only some items or partial quantities are recovered).
- (2) Amend the adjustment action document to remove the recovered property from the LDDT action.
- (3) Adjust the grand total of the LDDT.
- (4) Proceed with LDDT administrative adjustment actions for the remaining property.

c. Complete recovery of property (all items and quantities listed are recovered).

- (1) Cancel any suspended or pending accountable property record adjustments.
- (2) Cancel and close the LDDT administrative adjustment actions.

d. Recovery of property after completing accountable property record adjustments, but before completing collection actions. When property is recovered after the APO completed adjustments to accountable property records, but collection of charges to individuals have not been completed take the following actions:

- (1) Notify the APO of the recovered property via the APO's official email address, directing the APO reestablish accountability for the recovered property. If temporary hard copy processing is approved, a memorandum may be used for the notification.
- (2) The notification to the APO will include the following:
 - (a) A copy of the completed LDDT administrative adjustment document.
 - (b) The document/transaction or voucher number assigned to the original accountable property record adjustment.
 - (c) A listing of the recovered property by material number, description, serial number (if applicable), and quantity.
 - (d) Attach the APO's response to the notification of recovered property to the FLIPL as an exhibit.

e. Recovered property. The APO will complete the following actions within 7 working days to reestablish accountability for recovered property:

- (1) Reverse the transaction in the APSR in accordance with the relevant EUM or, for hard copy property records, reverse the transaction using the original document/transaction number.
- (2) Respond via official email or within eFLIPL in accordance with the EUM to the organization reporting the recovered property confirming accountability has been reestablished. If temporary hard copy processing is approved, a memorandum may be used for the response.

f. Property of organization. If recovered property belonged to organization that has been inactivated, the approval authority in the active chain of command immediately above the inactivated organization will take the actions in paragraphs 4–13*b* through 4–13*d*, designating an active unit within the command to assume accountability for the property. Request disposition of the recovered property or other applicable regulations for the type of property (see AR 710–2 and AR 710–4).

4–13. Refund of charges to individuals when actual value of loss, damage, destruction, or theft is adjusted

a. Regardless of the method of accounting for property physically lost, damaged, destroyed, or stolen, all title (ownership) of the property remains with the Government. Funds collected from an individual voluntarily admitting or assessed with liability do not constitute a sale of property.

b. Actual value of LDDT may change after financial liability has been assessed, such as recovering lost or stolen property, changes in value from ECOD to ACOD, correction of errors in computing actual value of LDDT, or other adjustments.

- (1) If financial liability charges have not been completed, adjust the actual value of LDDT before completing financial collection actions.
- (2) If financial collections for voluntary payments or assessed liability have been completed, re-open and/or amend the administrative LDDT actions in accordance with this regulation and reimburse funds to the charged individual, as appropriate.

c. If financial liability charges were collected based on ECOD and completed repairs determine (see para 4–7)—

- (1) ACOD is less than the ECOD (individual charged more than the actual cost of repairs), see paragraph 4–12 to request refunds of the difference to the individual.

(2) ACOD is greater than the ECOD (actual cost of repairs is more than the individual was charged), see paragraph 6–5 to amend DA Form 7923, or paragraph 14–15 to re-open and amend an FLIPL. In this case, approving authorities must consider financial liability limits in accordance with paragraph 4–11, and may also consider waiving further financial liability for the additional charges in accordance with paragraph 14–8.

d. Once accountability for recovered property has been reestablished in accordance with paragraph 4–11 the approving authority will follow supporting the finance and accounting office (FAO) or USPFO procedures to request a refund to the charged individual as follows:

(1) *Amount collected is equal to the actual value of loss, damage, destruction, or theft of the recovered property.* If an amount equal to the actual value of LDDT of was collected from an individual and the following occurred:

(a) *Partial recovery of multiple items of property.* Request a refund for the actual value of LDDT for the recovered items, not the full amount collected from the individual. For example, an individual was charged with financial liability for four items totaling \$2,000. Three of the four items totaling \$500 actual value of LDDT were later recovered. The approving authority would request a refund of \$500 to the individual. The remaining \$1500 collected for the unrecovered item is not refunded.

(b) *Full recovery of all property.* Request a refund for the entire amount of collected funds.

(2) *Amount collected is less than the actual value of loss, damage, destruction, or theft of the recovered property.* If an amount less than the actual value of LDDT was collected from an individual due to financial liability limits, refunds will only be made when the items recovered reduce the total actual value of LDDT 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 actual value of LDDT (total loss, less the value of the recovered property). For example—

(a) An actual value of LDDT on an FLIPL for \$10,000 resulted in financial liability charges and collection of one month's base pay of \$3000 from an individual.

(b) The remaining actual value of LDDT to the Government is \$7000 (\$10,000 total actual value of LDDT minus \$3,000 collected from the individual).

(c) 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 (\$7,000 remaining actual value of LDDT minus \$500). The remaining actual value of LDDT to the Government is higher than the collected \$3000 from assessed liability.

(d) Refunds to the individual would only occur once the recovered property value exceeded the amount collected from the individual. In this example, if \$3800 in property was recovered, the recovered property would exceed the amount collected and the remaining actual value of LDDT to the Government is \$6200 (\$10000 initial actual value of LDDT minus the \$3800 recovered). The amount of \$3000 collected from the individual is refunded, as the amount of recovered property equals or exceeds the collected amount of financial liability.

Section III

Approval Authorities for Loss, Damage, Destruction, or Theft Administrative Adjustment Actions

4–14. Loss, damage, destruction, or theft administrative adjustment action approving authority criteria

a. *General.* This section prescribes mandatory criteria for approving authorities of all LDDT administrative actions described within this regulation. See the instructions for the specific type of administrative action for additional criteria.

(1) Thresholds for approving authorities of all types of LDDT in accordance with this regulation are based on the actual value of loss computed (see app B).

(2) If an organization is not headed by an individual who meets the approving authority criteria for the type of property or amount of the LDDT, the approving authority will be the first individual in the higher chain of command, supervision, or support agreement who qualifies.

(3) Individuals meeting the primary criteria for approving authority in accordance with this paragraph do not require appointment orders. Any subsequent delegations of authority authorized in this regulation must be in writing and will not be delegated further.

(4) All ARNG approving authorities for property LDDT administrative actions in accordance with this regulation must be Federally recognized in accordance with 32 USC 709 or DA Civilian employees. The

CNGB, directly or through the DARNG, may authorize state adjutants general to delegate approval authority to O-5s occupying O-6 command billets and awaiting Federal recognition to O-6.

(5) If designated by the CNGB, a USPFO will be the final reviewing authority for all ARNG FLIPLs in all cases except those involving general officers (GO) or probable state liability. Where there is probable general officer involvement or State liability, the CNGB or designated representative will act as the appointing, approval, and reviewing authority. This administrative review will validate FLIPL procedures and compliance with this regulation's policies.

(6) Approving authorities in the grade of colonel (COL) (O-6) or GS-15 or above may delegate, in writing, approving authority to an Army officer in the rank of lieutenant COL (O-5) or GS-14 for financial liability investigations assessing a final physical loss, or loss of accountability, damage, or destruction of \$10,000.00 or less that do not include equipment classified as COMSEC, sensitive items, and/or equipment that contains personal identification information.

(a) Final actual value of physical loss, theft, destruction, abandonment, or loss of accountability which results in financial loss totaling less than \$10,000 and—

(b) Does not involve property that contains personal identification information.

(c) Does not involve property identified with a CIIC in the classified items or sensitive items categories of the controlled items inventory code tables in DA Pam 708-2.

(d) Damage totaling less than \$10,000 (not including classified or sensitive items).

(e) Damage totaling less than \$10,000 to property identified with a CIIC in the classified items or sensitive items categories of the controlled items inventory code tables in DA Pam 708-2 when no negligence or misconduct is suspected.

(f) This authority will not be delegated further.

(7) Approving authorities in the grade of COL (O-6) or GS-15 or above may delegate, in writing, appointing, and approving authority to company commanders to Army officer in the rank of (1LT/O2), (captain/O3), (major/O4) for financial liability investigations for OCIE (only) assessing a final physical loss, or loss of accountability, damage, or destruction of \$5,000.00. This does not apply to company-issued OCIE managed within the supply room.

b. Seniority of approving authorities. For all actions in accordance with this regulation containing recommendations of financial liability affecting GO or senior executive service (SES) employees, the next GO or SES employee in the chain of command senior to the GO or SES employee being recommended for assessment of, or relief from, financial liability becomes the approving authority. The approving authority will normally be senior to the appointing authority (see para 4-21).

4-15. Final value of loss, damage, destruction, or theft totaling \$250,000 or more, and/or loss, damage, destruction, or theft of classified or sensitive items

a. This paragraph applies to the following thresholds for LDDT of property:

(1) Final actual value of physical loss, theft, or loss of accountability which results in financial loss totaling \$250,000 or greater, and/or involving property identified with a CIIC in the classified items or sensitive items categories of the controlled items inventory code tables in DA Pam 708-2.

(2) Destruction or abandonment of property totaling \$250,000 or greater or any property of any value identified with a CIIC in the classified items or sensitive items categories of the controlled items inventory code tables in DA Pam 708-2.

(3) Damage totaling \$250,000 (estimated or ACODs) or greater for any property.

(4) Damage to property of any value identified with a CIIC in the classified items or sensitive items categories of the controlled items inventory code tables in DA Pam 708-2 when negligence or misconduct is suspected.

b. The minimum approval authorities at the thresholds in this paragraph for all actions prescribed by this regulation are as follows:

(1) The first GO, SES, or HQDA-designated SC in the chain of command or supervision.

(2) An O-6 in a GO or SC position, or GS-15 or equivalent supervisory employee in an SES position.

c. Approving authorities in paragraph 4-16*b.* may only delegate this level of approving authority in writing to personnel meeting the following criteria (this authority will not be delegated further):

(1) Officers in the grade of O-6 assigned to positions such as deputy commander, chief of staff, (or similar level of authority) to a GO/SC commander or SES.

(2) GS-15 or equivalent supervisory employees serving as deputy or chief of staff (or similar level of authority) to a GO/SC commander or SES.

4-16. Final losses totaling less than \$250,000, limited approval for loss, damage, destruction, or theft of classified or sensitive items

a. This paragraph applies to the following thresholds for LDDT of property:

(1) Final actual value of physical loss, theft, or loss of accountability which results in financial loss totaling less than \$250,000, and not involving property identified with a CIIC in the classified items or sensitive items categories of the controlled items inventory code tables in DA Pam 708-2.

(2) Destruction or abandonment of unretrievable property totaling less than \$250,000 and not involving any property identified with a CIIC in the classified items or sensitive items categories of the controlled items inventory code tables in DA Pam 708-2.

(3) Damage totaling less than \$250,000 (not including classified or sensitive items).

(4) Damage totaling less than \$250,000 to property identified with a CIIC in the classified items or sensitive items categories of the controlled items inventory code tables in DA Pam 708-2 when no negligence or misconduct is suspected.

b. The minimum approval authorities at the thresholds in this paragraph for all actions prescribed by this regulation are as follows:

(1) ACOM, ASCC, and/or DRU commanders.

(2) Chiefs of HQDA staff agencies.

(3) Army parent level organization authorities in the grade of O-6 or above (see para 1-15).

(4) DA Civilian employees in supervisory positions in the grade of GS-15/equivalent or above.

c. Approving authorities in paragraphs 4-17b. may only delegate this level of approving authority in writing to personnel in the following positions (this authority will not be delegated further):

(1) Any Army officer in the grade of O-6 or above.

(2) Any DA Civilian employee in the grade of GS-15/equivalent or above.

4-17. Approving authority for loss, damage, destruction, or theft of property involving non-Army organizations or non-Army property

a. *Army property in custody of Army personnel or other Department of Defense service or U.S. Government agency personnel.* Approval authority will be as prescribed in chapter 4 of this regulation. Within a Joint Service organization or contingency operation, approving authorities will be DoD officers or DoD Civilians of equivalent grades to those prescribed by chapter 4.

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

(1) Submit FLIPLs covering LDDT of DLA property in the custody of Army personnel to the Army approval authority for the level of LDDT (see chap 4). The FLIPL is prepared using the instructions contained in DoD 7000.14-R.

(2) After action by the approval authority, forward the original and duplicate of the FLIPL to the DLA reviewing authority specified in DLA instructions.

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

c. *Other Department of Defense services and other Government agency or department property in the custody of Army personnel.* FLIPLs from other DoD Services and comparable documents of other Government agencies and departments will be accepted as final recommendations for placing financial liability on Army personnel—

(1) If approved by the official designated in regulations of the agency concerned to confirm such approvals.

(2) If the recommendations are based on findings meeting the criteria of chapter 13 of this regulation.

d. *Host foreign government property in the custody of Army personnel.* Property of a host foreign government may be lost, damaged, destroyed, or stolen while in custody of DA personnel. The host foreign government may submit documents with a request for collection to the commander/organization supervisor of the DA element of which the Army personnel are assigned.

4-18. Approving authority for loss, damage, destruction, or theft at retail stock record accounts

a. If the governing policy document for the specific type of SRA does not specify an IAR approving authority, the approval authority for IARs is the first commander in the grade of O-5 or above; or a civilian supervisor of logistics or public works in the grade of GS-14 or above.

b. For additional IAR procedures, see the governing policy document for the specific type of SRA:

- (1) AR 30–22 (subsistence SRAs).
- (2) AR 700–28 (munitions SRAs).
- (3) AR 710–2 (retail level general supply SRAs).
- (4) AR 703–2 (petroleum SRAs).

4–19. Approval authorities for loss, damage, destruction, or theft of inventory at wholesale activities

a. The IAR approving authority for the wholesale stock record activity is the PM, PdM; or Activity supervisor or Deputy Activity supervisor of Materiel Management at the Army supply distribution activity (ASDA).

b. See chapter 15 for LDDT of property in wholesale SRAs requiring adjustment in accordance with this regulation. For IARs processed within the APSR below the thresholds specified in chapter 15, see the governing policy document for the specific type of SRA—

- (1) AR 30–22 (subsistence SRAs).
- (2) AR 700–28 (munitions SRAs).
- (3) AR 740–26 (wholesale SRAs).
- (4) AR 703–2 (petroleum SRAs).

c. The approving authority will appoint financial liability officers for FLIPLs of inventory in wholesale activities. Within the U.S. Army Materiel Command (AMC) national supply system, the approving authority may require the respective depot commander/organization supervisor to appoint a financial liability officer from depot personnel resources. The depot commander/organization supervisor may delegate administrative requirements; however, the depot commander/organization supervisor must complete actions reserved for the appointing authority in accordance with chapters 7 through 14.

d. The commander/organization supervisor of the wholesale stock record activity may designate the 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 O–6 or above or a DA Civilian employee in a supervisory position in the grade of GS–15/equivalent or above. If the supervisor of materiel management does not meet these criteria, the first individual in the chain of command or supervision who qualifies will be the approving authority.

e. A GO or SES within the wholesale stock record activity chain of command or supervision will act as the appeal authority for FLIPLs.

f. The commander/organization supervisor will take action including, but not limited to, the following:

- (1) Appoint an APO to review, concur, and implement IARs and FLIPLs (see table C–6).
- (2) Appoint a financial liability officer (see para 10–3).

g. The wholesale stock record activity commanders or activity chiefs will ensure complete and accurate entries to the FLIPL in eFLIPL for the circumstances of the LDDT, and findings and recommendations related to the FLIPL.

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

4–20. Approving authority criteria at organization/property custodian level

a. Approving authorities at this level will only approve LDDT administrative actions as follows:

(1) Loss inquiry adjustment in accordance with paragraph 5–2 for physical loss, destruction, or administrative errors.

(2) Damage statements in accordance with paragraph 5–3 when ECOD or ACOD is less than \$2,500 and no negligence or misconduct is involved, including property identified with a CIIC in the classified items or sensitive items categories of the controlled items inventory code tables in DA Pam 708–2.

(3) An individual voluntarily admits liability and the LDDT meets the criteria for voluntary replacement or reimbursement (see chap 6).

b. The approving authority at the level is normally the commander or equivalent civilian supervisor at or above the property custodian level such as company or detachment; custodial areas for shops, branches, or sections within a TDA activity; or other designated level.

c. If a property custodian is also the commander or civilian supervisor of the organization, that individual may approve LDDT actions for their own custodial area, subject to reviews by the next echelon of command or supervision as required by this regulation (see chap 6). For example, a loss inquiry adjustment or cash collection voucher/statement of charges may be approved by a Company Commander for

property on the Commander's PHR; or by a DA Civilian division chief, or branch chief of a TDA supply or maintenance branch defined as a custodial area (see para 5-2).

d. Property custodians without command or civilian supervisory authority at the appropriate level will not approve any LDDT actions in accordance with this regulation. For example, if a Noncommissioned Officer is appointed property custodian of a rear-detachment activity and signs a PHR, but is not in command, the approval authority must be the commander of that organization. In the previous example of a TDA activity, if a non-supervisory employee is the appointed property custodian for the custodial area, the supervisor of the designated custodial area is the approving authority.

4-21. Optional designation of an appointing authority for financial liability investigation of property loss

a. Approving authorities may choose to designate an appointing authority to distribute the supervisory and administrative duties related to FLIPLs. An appointing authority is an Army officer or DA civilian employee designated in writing by the approving authority to appoint financial liability officers. In addition, appointing authorities perform administrative actions and make recommendations to the approving authority throughout the FLIPL process as described throughout this regulation.

b. The appointing authority is normally under the command or supervision of, or on the staff of the approving authority. An appointing authority must meet the following grade and/or position criteria:

(1) The first O-6 or GS-15/equivalent in the chain of command or supervision when a GO/SES/SC is the approving authority.

(2) The grade of O-5, or O-4 filling an O-5 position.

(3) A DA Civilian employee in the grade of GS-13/equivalent or above, or a GS-12/equivalent or above filling a higher level position on the personnel authorization document.

(4) Within AMC, an O-4 serving as a commander of a depot activity or GS-15/equivalent Civilian Executive Assistant not co-located with the next higher headquarters.

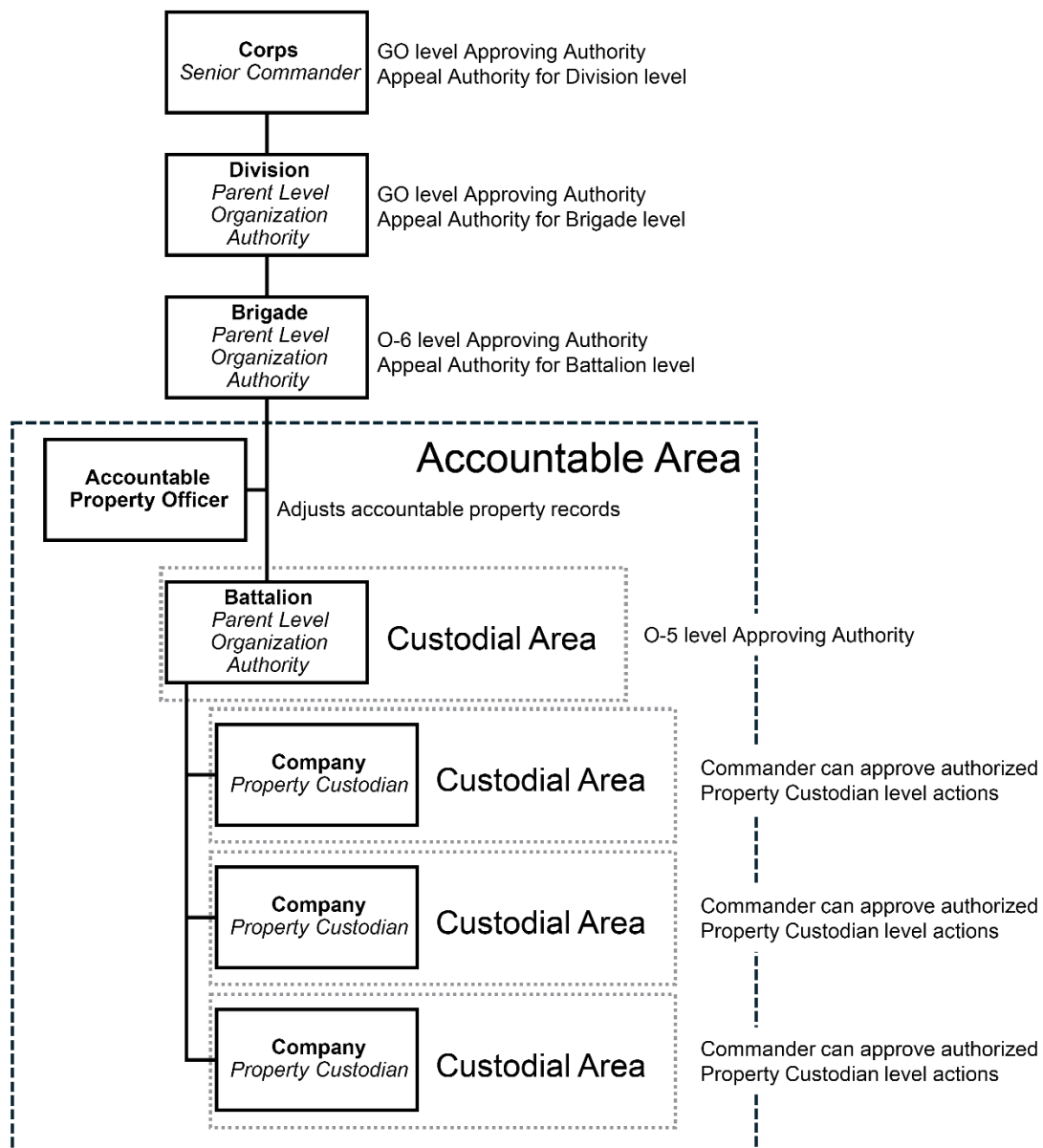


Figure 4–4. Example of approving authority relationships to accountable area and custodial areas (military authorities in a typical brigade structure)

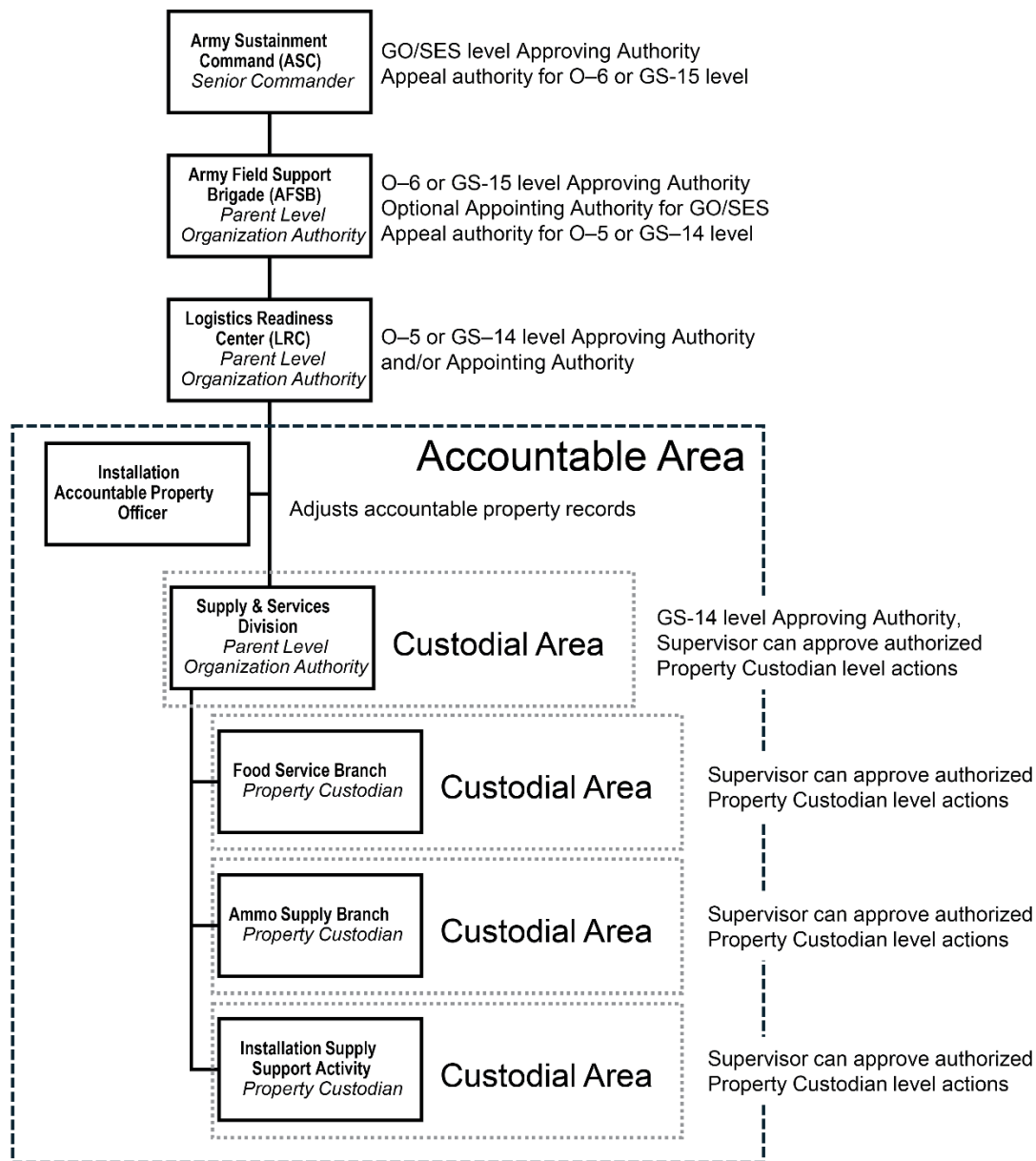


Figure 4-5. Example of typical Approval Authority relationships to accountable area and custodial areas (military and civilian authorities in a fixed-base organization structure)

Chapter 5

Loss, Damage, Destruction, or Theft Administrative Actions When No Negligence or Misconduct is Involved

Section I

General Purpose Adjustments

5-1. Adjustments without financial liability to an individual or entity

a. This chapter prescribes multiple administrative actions for LDDT of property when no negligence or misconduct is involved, and there is no need to determine financial liability.

b. Paragraph 4-1 requires an initial search, preliminary inquiry, and causative research when any LDDT of property is reported. If these actions do not recover the property or resolve an administrative discrepancy, adjustments in accordance with this chapter may be used when no negligence or misconduct is suspected and the actual value of LDDT meets the criteria of the specific LDDT administrative action.

c. A mandatory formal investigation in accordance with AR 15-6 with or without an FLIPL may be required in accordance with paragraph 7-3 or determined to be necessary following preliminary inquiries. For example—

- (1) When the loss, damage, or destruction of small amounts of property occurs frequently enough to suggest a pattern of negligence or misconduct.
- (2) Indications of theft may require further investigation.
- (3) Preliminary inquiries may not be sufficient to determine if negligence or misconduct is not a factor.

5-2. Loss Inquiry Adjustments

a. *Use of Loss Inquiry Adjustments for physical loss or destruction of property.* This method may be used for expendable, durable, and nonexpendable materiel (including supplies, end items, or components) when a preliminary inquiry determines no negligence or misconduct is suspected for a physical loss or destruction of property. Loss inquiries are appropriate to adjust less significant losses at the property custodian or next commander/supervisor level with a simplified administrative process.

(1) If property is damaged see paragraph 4-7. If no negligence or misconduct is suspected for damage to property, a Damage Statement in accordance with paragraph 5-3 may be appropriate.

(2) If negligence or willful misconduct is suspected or confirmed, initiate a DA Form 7923 in accordance with chapter 6 or FLIPL in accordance with chapter 7.

(3) If theft is suspected or confirmed, report the theft in accordance with paragraphs 4-1 and 4-2, and initiate an FLIPL and/or AR 15-6 investigation in accordance with chapter 7.

(4) Calculate the value of actual loss (see app B).

b. *Use of Loss Inquiry adjustments for administrative errors or loss of accountability without physical loss, damage, destruction, or theft.* This method may also be used when there is no physical loss, destruction, or theft but administrative errors affect inventory balances of organization level loads and property book accountable property records (see AR 710-4), bench and shop stocks (see AR 710-2). For example, minor mistakes in posting receipts, or improperly processed transactions due to reasonable causes. The following criteria must be met:

(1) No negligence or misconduct is suspected.

(2) The discrepancy is within the actual value of LDDT limits and types of property allowed for Loss Inquiry Adjustments in accordance with this paragraph.

(3) The discrepancy is not appropriate for an IAR within the APSR or other administrative correction to account inventory balances (see para 5-17 and chap 15).

(4) Causative research and reversal or completion of related transactions cannot resolve an error.

c. *Prohibited use of Loss Inquiry adjustments.* Loss Inquiries will not be used to adjust the following types of items, regardless of circumstances:

(1) Damaged property (see para 4-7 for actions related to damaged property).

(2) Property identified with a CIIC in the classified items or sensitive items categories of the controlled item inventory code tables in DA Pam 708-2.

(3) Weapons and ammunition regardless of CIIC.

(4) OCIE or Chemical, Biological, Radiological, Nuclear Equipment (CBRNE).

(5) Heraldry items (flags, organizational colors, guidons, and all other items described by AR 840-10).

(6) Historical property described by AR 870-20.

(7) Pilferable items (coded with a CIIC listed in the pilferable items category of the controlled items inventory table of DA Pam 708-2) when the unit price multiplied by the quantity is equal to or greater than \$2,500 for each material number.

- (8) Drugs.
- (9) Undenatured alcohol and alcoholic liquors.
- (10) Bulk fuels.
- (11) Monetary assets such as cash.
- (12) Leased property.
- (13) Real property.

d. Approval authorities and limits of adjustments based on Loss Inquiry. When a Loss Inquiry determines losses do not involve negligence or willful misconduct and do not require investigations in accordance with paragraphs 4–5 and 4–6 (AR 15–6 investigation) and/or 7–3 (mandatory FLIPL), commanders or equivalent civilian supervisors at or above the property custodian level may approve adjustments of expendable, durable, and nonexpendable supplies, components, or end items up to the following thresholds:

(1) Commanders or supervisors at or above the property custodian level may approve Loss Inquiry adjustments up to \$2,500 per incident (see para 1–18). Individuals who are appointed as property custodians but without command or civilian supervisory authority will not approve adjustment actions in accordance with this paragraph; approval must be routed to the commander or organization supervisor at or immediately above the property custodian level.

(2) Parent level organization authorities and above may approve up to \$5,000 per incident (see para 1–14).

e. Documenting approved adjustments. Prepare the Loss Inquiry in accordance with the eFLIPL EUM, or prepare a memorandum in the following format:

- (1) List the subject as “Memorandum for Record, Loss Inquiry Adjustment.”
- (2) Prepare a narrative of the incident.
- (3) List the items requiring adjustment by the end item’s line item number (LIN, if applicable) and material number, 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 or administrative inventory discrepancy and find no evidence of negligence or willful misconduct.”
- (5) Prepare the memorandum in original plus one copy for each custodial area account involved. This memorandum requires no additional approval above the levels stated in paragraph 5–2e.
- (6) File the original in a consolidated file in custodial area account sequence for quarterly summary and review by the next higher command or supervisor (see para 5–2g).
- (7) Retain the file in accordance with AR 25–400–2. 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, damaged, or destroyed item.

f. Adjustments to accountable property records or other accounts. The APO or responsible official for the type of account will—

- (1) Validate the approved Loss Inquiry does not include any prohibited items in accordance with paragraph 5–2d.
- (2) Post approved adjustments as a loss transaction within 7 working days of receipt of the approved Loss Inquiry.
- (3) Record the accountable property record document/transaction number on the approved Loss Inquiry document and attach it to the transaction in the APSR as a supporting document.
- (4) If the document cannot be attached to the transaction in the APSR, file the Loss Inquiry Adjustment with accountable property supporting documents (see AR 710–4 and AR 25–400–2).

g. Review criteria. Summarize loss inquiries used as adjustment documents in accordance with this paragraph quarterly (attach posted 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 by an individual is suspected, the reviewing commander or civilian supervisor will direct initiation of an investigation in accordance with AR 15–6 or FLIPL in accordance with chapter 7 of this regulation and suspend authorization to approve Loss Inquiry adjustments until the investigation is completed. Examples of abuse of this process include using Loss Inquiry adjustments for prohibited types of property or splitting large amounts of loss, damage, and/or destruction from the

same incident into smaller adjustments to avoid more appropriate administrative actions in accordance with this regulation.

(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 (see AR 25–400–2).

5–3. Damage statements when no negligence or willful misconduct is involved

a. If negligence or willful misconduct resulting in damage to property is suspected or confirmed, initiate a DA Form 7923 in accordance with chapter 6 or FLIPL in accordance with chapter 7.

b. If negligence or willful misconduct is not suspected, damage statements may be used to document facts related to the damage and certify no negligence or willful misconduct is involved in the LDDT of property. Prepare damage statements as follows:

c. Damage statements for property (not including OCIE).

(1) Do not post a property loss transaction to the accountable property records. Damaged property must be repaired or turn-in for disposal by approved disposition instructions (see AR 710–4).

(2) The commander/organization supervisor will sign the following statement: “I have reviewed the circumstances surrounding the damage to the above items and find no evidence of negligence or willful misconduct.”

(3) Attach the damage statement to the maintenance or disposition transaction.

d. Approving damage statements (not including OCIE). Approving authorities for damage statements are relative to the value of loss and type of property (see chap 4).

(1) When the approving authority concurs with the damage statement, enter “concur” on the statement, then date and sign it.

(2) When the approving authority does not concur with the damage statement, enter “non-concur—initiate FLIPL or DA Form 7923” on the statement, then date and sign it.

(3) When authority to approve damage statements is delegated to subordinate organization commanders or civilian organization supervisors, they will forward all copies of approved damage statements to the next level of approving authority on a quarterly basis for review (see para 5–3f).

(4) The approving authority may designate a member of their staff (in the grade of O–4 or above or a DA Civilian supervisory employee) to review damage statements approved by subordinate organization commanders or supervisors.

e. Approving damage statements for OCIE. Organization commanders or supervisors, or their designated representatives are the approving authority of damage statements for OCIE when preliminary inquiry reveals the damage occurred while being used conducting official government business and neither negligence nor willful misconduct was involved.

(1) The approving authority will state in a memorandum to the OCIE issuing activity, “I or a designated representative 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.”

(2) Identify the damaged OCIE by nomenclature and quantity.

(3) The damage statement approving authority will sign the statement.

(4) Include approved damage statements with OCIE exchange or turn-in requests (see AR 700–84).

f. Commanders and civilian supervisors will initiate, and conduct oversight management of damage statements initiated and approved by subordinate approving authorities.

(1) Review a random sample of no less than 10 percent of all damage statements approved by subordinate commanders and civilian organization supervisors semiannually. The review is made to determine if the approving authorities, or subordinates delegated with approval authority of damage statements are properly carrying out their responsibilities as approving authorities.

(2) Approving authorities will summarize damage statements quarterly and forward them to the next level of approving authority for review. Following the review, the reviewing authority will sign and return the summary and the attached adjustment documents to the organization.

(3) The reviewing authority will validate the absence of abuse of this adjustment method. That is, whether the decisions to approve damage statements are—

(a) Supported by the damage statement approving authority’s preliminary investigation as documented on the damage statement.

(b) In the best interest of the Army and U.S. Government.

(4) When abuse of this adjustment method is suspected, the reviewing commander or civilian supervisor will direct initiation of an investigation in accordance with AR 15–6 or FLIPL in accordance with chapter 7 of this regulation and suspend authorization to approve adjustments until the investigation is completed.

(5) The reviewing authority will annotate concurrence or nonconcurrence on the quarterly summary. The reviewing authority will retain a copy of the quarterly summary (see AR 25–400–2).

Section II

Special Loss, Damage, Destruction, or Theft Actions for Operational and Administrative Scenarios

5–4. Unretrievable property

a. Unusual circumstances may require decisions to abandon or deliberately destroy property, or property may be unretrievable for legal, operational, safety, or other reasons.

b. 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 organization supervisors will not establish broad policies to permit casual abandonment or destruction of government property but will provide guidance and oversight to enable appropriate use of this method of adjustment.

c. Although the circumstances and type of property involved will vary, some possible examples include but are not limited to the following:

(1) An accountable unmanned system lost in circumstances where the system cannot be retrieved due to legal restrictions, hostile forces, or terrain.

(2) Property abandoned during an ambush or mission without a means to destroy it due to significant safety risks.

(3) Property unretrievable due to natural disasters, such as flooding, mudslides, sinkholes, or volcanic eruptions.

(4) Property directed to be destroyed during a hasty withdrawal from an area of operations.

(5) A downed aircraft (this does not include unmanned aerial systems (UAS)) destroyed to prevent adversary access to sensitive technology.

d. Approval to direct abandonment or destruction of unretrievable property. The final approving authority for abandonment or destruction of government property must meet all criteria of chapter 4 based on the type and value of affected property.

e. 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.

f. Before abandoning sensitive or classified components or technology, the approving authority must take into consideration the potential compromise of that technology or information and the means to sufficiently destroy the property in accordance with applicable technical instructions. If such equipment is abandoned, notify the organization's security officer and supporting counterintelligence element within 24 hours and comply with all reporting requirements (see paras 4–1 and 4–2).

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

h. If urgent operational considerations require a subordinate to direct immediate abandonment or destruction of property without prior authorization, the approving authority specified in chapter 4 may ratify a subordinate's decision to abandon or destroy property after the fact.

(1) The approving authority must document their decision to ratify the subordinate's decision in a memorandum for record or written order.

(2) Specify 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.

(3) When appropriate, situation reports, operational debriefs, or peripheral inquiries and investigations may be used to support the approving authority's decision.

(4) If an approving authority chooses not to ratify the decision of a subordinate to destroy or abandon property, an FLIPL and/or an investigation in accordance with AR 15–6 will be initiated.

i. Once the document is completed by the approving authority, no additional investigation is required unless directed by a higher command or supervisory authority.

(1) Table C-5 provides instructions for an abbreviated DD Form 200 used to adjust property records for abandoned or unretrievable property in accordance with this paragraph.

(2) Attach the approved memorandum or written order documenting the approving authority's direction or ratification of the destruction or abandonment of property to the DD Form 200.

(3) Provide the approved document and abbreviated DD Form 200 to the APO to post adjustments to the accountable property records.

(4) The APO will record the document/transaction number on the abbreviated DD Form 200 and attach it to the transaction in the APSR as a supporting document in accordance with the APSR EUM and AR 25-400-2.

5-5. Property unlawfully detained by non-Government civilians

a. The SC will immediately recover government property 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 property.

(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 government property as authorized by federal or state laws if such seizure can be achieved without committing a breach of the peace or a trespass on private premises.

c. The person from whom property is seized will be presented a receipt or certificate showing such property as belonging to the Government.

d. The officer seizing the property will hold the property as provided by applicable federal and/or state law, subject to any legal proceedings.

e. Before authorizing a recovery or seizure of property, the commander will consult with the servicing Judge Advocate office to determine the legality of such seizure.

5-6. Property held as evidence

a. Property held as evidence in accordance with AR 195-5 is accounted for using evidence custodial receipts as the supporting documents (see AR 710-4).

b. No adjustment actions are permitted in accordance with this regulation simply due to status as evidence, regardless of the length of time the property is in evidentiary custody.

c. If the property is physically lost, damaged, destroyed, or stolen while in evidence, process the appropriate LDDT administrative adjustment action in accordance with this regulation.

5-7. Loss, damage, destruction, or theft of Army property in possession of contractors

a. Government-furnished property (GFP) is justified, furnished to contractors, and accounted for in (see AR 710-4). The APO, contracting officer (KO), property administrator (PA), and plant clearance officer (PLCO) will ensure physical LDDT of GFP is properly documented and reported.

b. An FLIPL will not be used to relieve or hold the contractor liable for LDDT of government equipment.

c. When LDDT of Government-furnished equipment in an APSR involves possible contractor liability under a service contract, the contractor will process and report discrepancies, LDDT of property, physical inventory results, audits, self-assessment, corrective action, and other property related reports as directed by the KO. The report will be in accordance with FAR.

d. KO and the PA will investigate the LDDT 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 of contractors.

e. Contractors are only held liable for LDDT of property within the terms of the contract. The appointed PA has the authority to grant the contractor relief of responsibility for the LDDT of property.

f. The contractor will have an established process to enable prompt recognition, investigation, and disclosure for the LDDT of property.

(1) The contractor will report LDDT via the GFP Module in Procurement Integrated Enterprise Environment (PIEE), as "Loss of property."

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

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

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

(5) If the PA or KO deem the GFP 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.

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

g. APO actions for LDDT of GFP Upon notification of a loss of GFP, the APO will—

(1) Retrieve completed loss cases from the GFP Module in PIEE if a copy was not received from the PA or KO.

(2) Prepare an abbreviated DD Form 200 for the loss of GFP in accordance with the eFLIPL EUM (or table C–6 for hard copy). The purpose of processing a DD Form 200 for LDDT of GFP by contractors is to provide the APO with an adjustment document to account for the loss of GFP, not a financial liability investigation.

(3) Attach the closed GFP loss case to the abbreviated DD Form 200.

(4) Post the adjustment to the APSR within 7 working days and attach copies of the documents to the transaction in accordance with the APSR EUM.

(5) If processed in eFLIPL, the completed action is archived in eFLIPL. If completed in hard copy, maintain the abbreviated DD Form 200 for LDDT of GFP in supporting document files (see AR 710–4).

h. Contract adjustments following LDDT adjustments for GFP. The APO, in coordination with the PA, tracks property adjustments related to the contract.

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

(2) Attach the updated SGFP attachment from the contract once accountable property record adjustments are completed.

(3) 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.

i. 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 accountable property records, keeping them current and correct regardless of custody.

Section III

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

5–8. 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/organization supervisor. The APO will assign a document or transaction number to the memorandum and post the property adjustment as a decrement to the accountable record(s).

5–9. Disposal of heraldry items in accordance with AR 840–10

a. When heraldry items such as flags, organizational colors, streamers, guidons, and similar items are unserviceable, see AR 840–10 for appropriate disposition for the type of item, condition, and potential historical significance. Disposition may include turn-in, transfer, or disposal as prescribed by AR 840–10.

b. These items are not the personal property of individuals, and AR 840–10 prohibits heraldry items for retention by individuals unless specifically authorized an exception by AR 840–10 or USC.

c. If a heraldry item is approved for disposal in accordance with AR 840–10 (such as burning, shredding, or other prescribed method), list this property on a memorandum including the following:

- (1) The name and rank/grade of the person who directed the destruction of the item.
- (2) The method of destruction as authorized (see AR 840–10).
- (3) The statement “In compliance with AR 840–10, this item was not retained by any individual for personal use, display, provided as a gift, or other prohibited purpose.”
- (4) The signature of the organization commander or DA Civilian supervisor.

d. The APO will assign a document or transaction number to the memorandum and post an adjustment to the accountable property record.

5–10. Loss, damage, destruction, or theft in laundries

a. *Military personal clothing.* Replace military personal clothing that is physically lost, damaged, destroyed, or stolen while in the custody of a field, installation, or contracted laundry and dry cleaning facility operated in accordance with AR 210–130; AR 700–84; or Army Techniques Publication 4–62. The facility manager will attempt to repair or replace LDDT of 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 property involved in the LDDT on a memorandum. The facility manager will sign and give the completed memorandum to the complainant and direct them to the nearest claims office.

c. *Organizational clothing and individual equipment.* Account for LDDT of OCIE 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 involved in the LDDT and the extent of any damage on a memorandum. The facility manager will sign and give the completed memorandum to the complainant. The commander/organization supervisor of the complainant will initiate an FLIPL to account for the LDDT of the property. When the LDDT occurs in a contractor operated facility (see para 5–7).

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 damaged condition follow one of the procedures listed—

- (1) Obtain cash payment from the vendor for the monetary value listed in the AEMM for the LDDT of property.
- (2) Process a DA Form 7923 in accordance with chapter 6. 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

Consumption, Disassembly, Cannibalization, Expiration, Damage in Storage

5–11. Property consumed in normal use

a. Certain types of accountable property may be consumed in normal use for the intended purpose of the item. For example, one time use items such as weather balloons, low cost aerial delivery systems, UAS that provide deliberate launch effect, one way, loiter munition and munitions or similar property may be posted as a decrement of balances on accountable property records. This method is not authorized for items which are not designed to be consumed in normal use or for LDDT of property when negligence or misconduct is involved.

b. Adjust accountable property records for consumption using a memorandum for record, as follows:

- (1) The memorandum must state the circumstances under which the property was consumed in use and the date of the occurrence.
- (2) Material number, nomenclature, and quantity to identify the property. If the property is a serial numbered item, enter the serial number(s).
- (3) The property custodian signs the memorandum for record.

(4) The memorandum for record is reviewed and approved by the approving authority authorized for the type and actual value of LDDT (see chap 4).

c. The APO will process the adjustment for consumption in accordance with the APSR EUM and record the document/transaction number on the memorandum.

d. Small UAS that provide deliberate launch effect, one way, loiter munition and munitions do not require formal accountability.

5-12. Disassembled or cannibalized major items, kits, or assemblies at wholesale activities

a. When a major item (except aircraft), low cost small unmanned aerial systems (UAS) (deliberate launch effect, one way, loiter munition and munitions), UAS accountable sets, kits, outfits, test sets, kit, or assembly is disassembled or cannibalized according to instructions of the appropriate wholesale level materiel manager, an adjustment to the SRA is required.

b. Adjustments are made using IAR procedures as prescribed in the APSR EUM and chapter 14 or turn-in documents (see AR 710-2 and AR 710-4).

c. An 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.

5-13. Property determined to be unsafe for further use or storage because of age

a. 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 published in Army supply bulletins and other approved media.

b. On hand quantities of these items may be disposed of at any locality, as specified in the disposition instructions.

c. 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 decrease the property from the accountable records if the following data is furnished and confirmed by the APO:

(1) A supply bulletin or other approved directive is cited authorizing the disposal of the supplies.

(2) The form references records or data which confirm—

(a) The property may be positively identified as part of the lot designated for disposal.

(b) The property was procured or issued before a date specified in the supply bulletin or directive.

d. If such records or data are not available, an FLIPL will be initiated.

5-14. Unserviceable supplies in storage

Inspectors who find damaged or unserviceable supplies in a storage area will report the finding to the responsible officer for the storage area. When negligence or willful misconduct is suspected, the responsible officer will initiate an FLIPL.

Section V

Loss, Damage, Destruction, or Theft of Inventory

5-15. Subsistence accounting variances

a. *Class I support activity accounts.* Adjust unidentifiable operational accounting variances in a Class I support activity account (or 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.

b. *Preparation.* Prepare an FLIPL in accordance with chapter 7 and additional instructions in AR 30-22 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. The purpose of this FLIPL is to serve as a voucher to adjust the Class 1 support activity accounts, to determine the cause of the variance, and to relieve or assess financial liability as appropriate.

c. *Overdrawn or underdrawn meal status, Army National Guard.* Bring overdrawn or underdrawn meal status in excess of the authorized tolerance factors for annual training or inactive duty training into tolerance (see AR 30-22).

5–16. Inventory discrepancies at an organizational clothing and individual equipment issue facility

a. Inventory discrepancies of OCIE in OCIE issue facility 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 (see para 4–4 to determine the appropriate action).

b. Causative research will be conducted and documented on the IAR for inventory discrepancies—

(1) Exceeding 0.5 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.

(2) Exceeding \$500 in extended line item value.

c. IARs will be prepared and forwarded to the approving authority within 30 days after completion of the inventory—

(1) 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 additional research.

(2) 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.

(3) For those entries disapproved by the approving authority, an FLIPL or AR 15–6 investigation will be initiated for the shortages, and the overages will be turned in to the SSA.

d. Total adjustments below 2.5 percent of the total dollar value of the stockage allowance per fiscal year. As long as the total adjustments (both gains and losses) for all IARs do not exceed 2.5 percent of the dollar value of the stockage allowance during the fiscal year, the approval authority for individual IARs will be as follows:

(1) \$2,500 or less. Approval authority is the commander/organization supervisor who appointed the APO. In a TDA environment, the commander may delegate approving authority to a supervisor within the logistics readiness center (LRC).

(2) Over \$2,500, but less than \$10,000. Approval authority is the commander/organization supervisor who appointed the APO if the appointing authority is in the grade of O–5 or above or is assigned to a position authorized as O–5 or above. In a TDA environment, the commander/organization supervisor may delegate approving authority to the LRC. Otherwise, the approving authority will be the first commander in the grade of O–5 or above in the appointing authority's chain of command. GOs may delegate, in writing, an O–5 or above to act as the approving authority.

(3) \$10,000 and over. Approval authority is the commander/organization 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/organization 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. GOs may delegate, in writing, a COL to act as the approving authority.

e. Once the total adjustments (both gains and losses) for the fiscal year exceed 2.5 percent of the total dollar value of the stockage allowance, the approval authority for all subsequent IARs is the commander/organization 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 O–6 or above in the appointing authority's chain of command. GOs may delegate, in writing, a O–6 to act as the approving authority.

f. 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.

g. Administrative adjustment reports will not be included in the totals used to determine the 2.5 percent cutoff. These include administrative adjustment reports for discrepancies in make, models, and sizes.

h. ACOM, ASCC, and DRU commanders will initiate and conduct oversight management of the IAR process within their commands.

(1) A random sample of no less than 25 percent of those inventory adjustment 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?

5-17. Inventory discrepancies at a stock record account

a. All discrepancies in SRA balances found during an inventory will be researched and adjusted to meet the adjustment criteria (see Defense Logistics Management 4000.25-2).

b. Adjustments for inventory discrepancies at an SRA 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 4-4 will be used.

(2) For other than small arms ammunition, verified losses of controlled inventory items will be adjusted using an AR 15-6 investigation with FLIPL in accordance with paragraphs 4-5 and 7-3.

(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 defined as those meeting the AR 15-6 investigation requirements prescribed 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.

c. For IAR adjustments not acceptable to the approving authority, initiate an FLIPL or AR 15-6 investigation.

d. All discrepancies (not covered in this paragraph) 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.

e. 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.

f. IARs will be prepared and forwarded to the approval authority within 30 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.

g. 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.

h. 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.

i. 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.

j. ACOM, ASCC, and/or DRU commanders will initiate and conduct oversight management of the IAR process within their commands.

(1) A random sample of no less than 25 percent of those IARs 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—

(3) Supported by evidence documented in causative research on the IARs.

(4) Supported by adequate explanation when the quantity or dollar value adjusted is substantially high.

(5) In the best interest of the Army and the Government.

(6) Followed up with corrective actions or directives, as appropriate.

k. 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 6

Loss, Damage, Destruction, or Theft Administrative Actions When an Individual Voluntarily Admits Financial Liability

6-1. Voluntary replacement or reimbursement to the Government for loss, damage, destruction, or theft

a. Individuals may voluntarily choose to pay the government for the actual value of LDDT for LDDT of government property any time prior to involuntary collection from their pay (see app B).

b. Terms of voluntary replacement or reimbursement—

(1) Individuals offering to replace property or reimburse the government do so of their own free will.

(2) The government does not seek any advantage nor forego any right by accepting a voluntary payment for LDDT of property.

(3) An individual cannot be coerced or threatened with adverse action if voluntary replacement or reimbursement payment is not made.

(4) Individuals must be made aware of the effect of making a voluntary payment. That is, it may not be later withdrawn, avenues for relief will no longer be available, and voluntary payment does not prevent other administrative or disciplinary action.

(5) Replacement by purchase, by reimbursement, or accounting for an LDDT with a DA Form 7923 does not constitute a sale or transfer of government property to individuals or non-Government entities.

(6) The Government retains all title to all property listed on DA Form 7923 and all property purchased as replacements for physical loss, damaged, destroyed, or stolen property.

6-2. Mandatory conditions to authorize voluntary replacement or reimbursement

Servicemembers and DA Civilians may reimburse the Government for the actual value of LDDT of the LDDT in accordance with appendix B when all of the following conditions are met:

a. The individual voluntarily admits liability for the LDDT and offers to purchase replacements or reimburse the government for the actual value of LDDT (see app B).

b. The actual value of LDDT does not exceed the voluntary payment limitations in paragraph 6-3.

c. The CIIC of the property is not listed in the Classified Items or Sensitive Items categories of the CIIC table in accordance with DA Pam 708-2.

d. There is no mandatory requirement for an FLIPL and/or AR 15-6 investigation in accordance with paragraph 7-3.

6-3. Voluntary payment limitations

a. The following individuals may voluntarily pay the actual value of LDDT to the Government (calculated in app B) unless the amount exceeds specified liability limits or an FLIPL and/or an AR 15-6 investigation is mandatory (see para 7-3)—

(1) All Servicemembers of the RA, ARNG, or USAR may admit financial liability and offer payment in cash, check, money order, or other legal tender payment using DA Form 7923 (see para 6-4), except when the value of actual value of LDDT exceeds one month's base pay. The FAO or USPFO will provide procedures for individuals to request prorated payments of the total amount over time instead of a lump sum collection.

(2) Civilian employees may admit liability and offer payment in cash, check, money order, or other legal tender payment using DA Form 7923 (see para 6-4), except when the value of actual value of LDDT exceeds one month's base pay (or one-twelfth annual salary). For payroll deduction, DA Civilians will

process DD Form 2481 (Request for Recovery of Debt Due the United States by Salary Offset) through their servicing payroll customer service representative.

b. These limitations also apply to the payment of an individual's share of collective liability when more than one individual voluntarily admits financial liability and offers payment.

c. A contractor's employing company will work with KO, PA, or the contracting officer representative (COR) to ensure the Government is reimbursed for the LDDT of equipment as applicable in accordance with the contract. The KO, PA, or COR will determine the documentation needed to reimburse the Government. Contractors admitting individual personal liability cannot use DA Form 7923 for payroll deduction since contractor pay is processed through their employer.

6-4. Replacement by voluntary purchase (organizational clothing and individual equipment and hand tools)

a. An individual who admits liability for LDDT of hand tools or OCIE within the conditions of paragraph 6-2 may voluntarily purchase replacements from Government approved sources such as the installation self-service supply center, base supply store, or OCIE issue point.

b. For ARNG, USPFO sale of hand tools to ARNG members and ARNG technicians is optional.

c. Do not make purchases for replacement from approved sources without DA Form 7923 or a written authorization for immediate purchase signed by the individual's commander or equivalent level supervisor or designated representative. Process purchases for replacement as follows:

(1) Prepare DA Form 7923 (see para C-2).

(2) Include the following authorization statement—"I authorize (name and grade) to purchase the following hand tools (or OCIE). Purchased items will remain the property of the U.S. Government."

(3) Calculate actual value of LDDT (see app B). The 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.

(4) The authorized sales activity accepts payment made by cash, check, money order, or other legal tender payment from the individual.

(5) The purchased items resolve the individual's liability for the LDDT, and the APO or responsible officer for the account records the satisfaction of the LDDT in the accountable property records.

(6) When lack of item availability prevents immediate purchase, account for the LDDT of hand tools or OCIE items by using DA Form 7923 as a Statement of Charges (see paras 6-5 and C-2).

(7) Figure 6-1 shows the flow of the purchase for replacement from the base supply center or the central issue facility, and figure 6-2 depicts the flow and distribution of DA Form 7923 from the time of initiation to the final actions by the FAO and subsequent return to the initiator.

6-5. Reimbursement by statement of charges

a. An individual who voluntarily admits liability for LDDT of property meeting the conditions of paragraph 6-2 may offer reimbursement for the value of actual loss (see app B). There is no requirement to prepare a DA Form 7923 to document a refusal to admit liability or to include an unsigned DA Form 7923 as an exhibit to an FLIPL.

(1) Prepare a DA Form 7923 (see para C-2).

(2) Figure 6-1 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.

(3) The APO will suspend property adjustments until FAO final actions are complete, then process the final property adjustment upon receipt of the processed DA Form 7923.

(4) For DA Civilians, the APO will process the final property adjustments on the DA Form 7923 upon receipt of the processed DD Form 2481 indicating the payroll deduction has been processed.

b. 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/organization supervisor will line through those items recovered and initially 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.

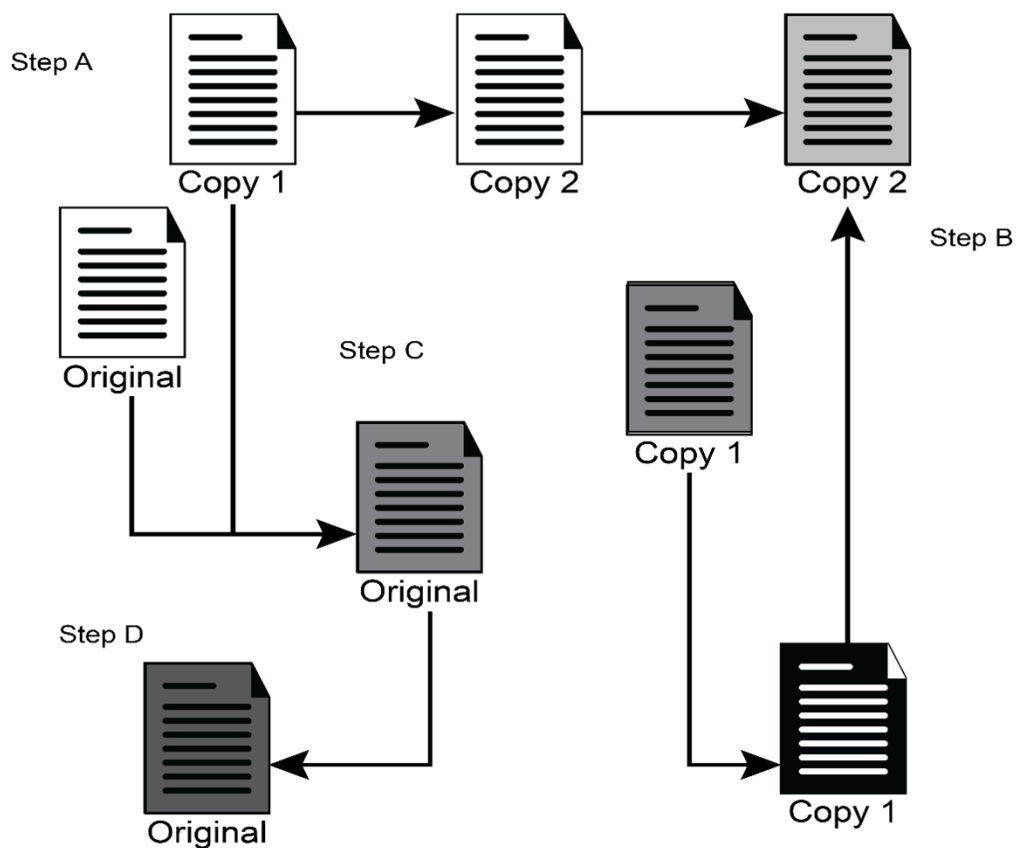
c. If property listed on a DA Form 7923 is recovered after the collection of the debt, in full or in part, or the charges are reduced due to improper computation take the following actions:

(1) Prepare an amendment citing the specific alteration to the original DA Form 7923.

(2) Attach the amendment to the DA Form 7923 as an exhibit.

(3) Provide a copy of the amendment and DA Form 7923 to the APO or responsible official for the account with instructions to reestablish accountability for the recovered property.

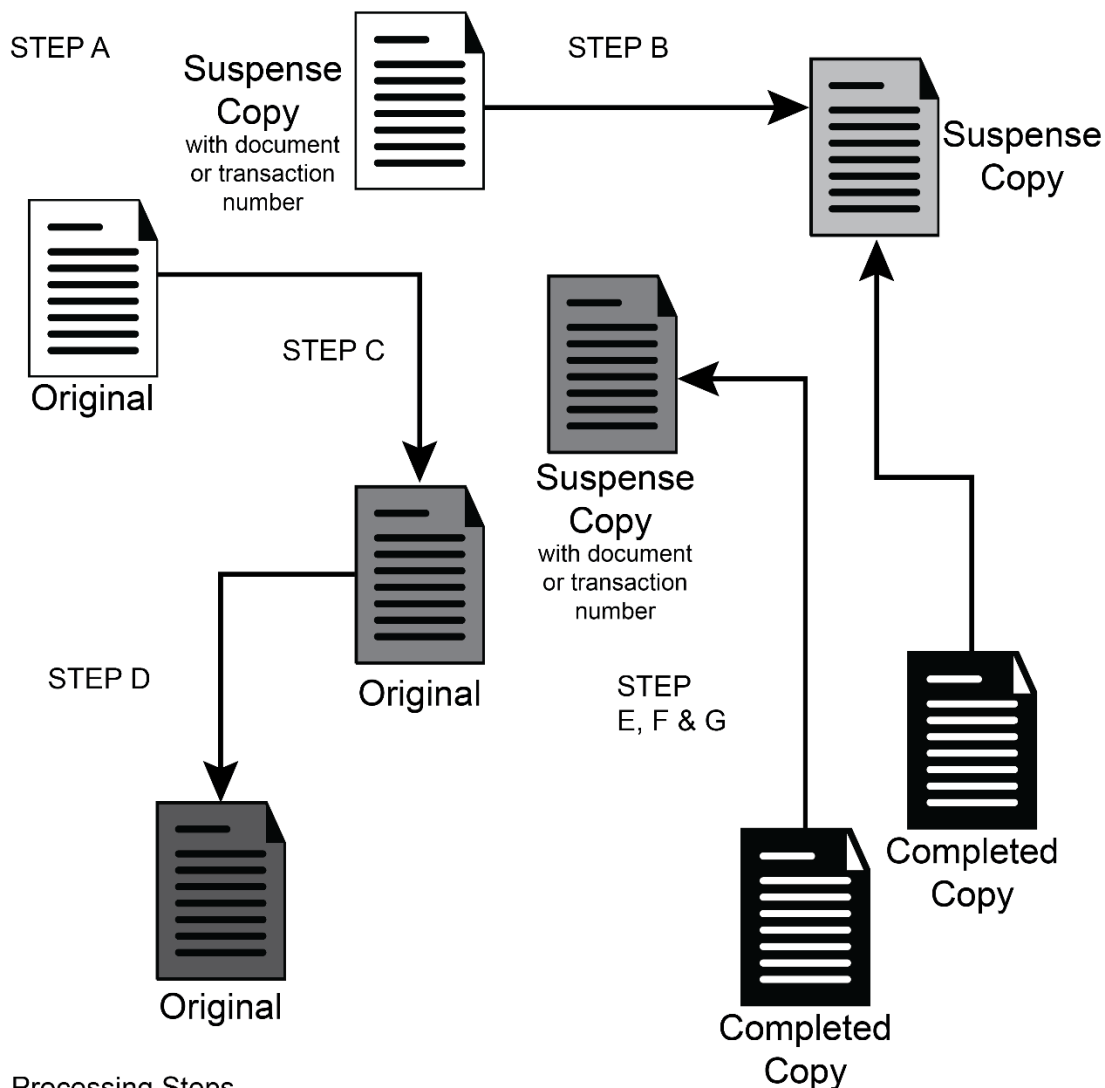
(4) Forward the amendment and DA Form 7923 to the FAO and/or USPFO under a memorandum signed by the commander or organization supervisor, directing repayment of the value of the recovered property to the individual as a “collection erroneously received.”



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 OCIE issue point or authorized supply source for processing.
- D. OCIE issue point or authorized supply source retains the original. OCIE issue point 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 6–1. Process flow chart for cash payment/purchase from organizational clothing and individual equipment issue point or authorized supply source



Processing Steps

- A. Prepare DA Form 7923. The commander or organization supervisor 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 organization supervisor 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 6–2. Accounting process for DA Form 7923

Chapter 7

Financial Liability Investigations of Property Loss

Section I

Administration of the Financial Liability Investigations of Property Loss System

7-1. Processing Financial liability investigation of property loss

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

a. 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 (see para 1-10).

b. Hard copy procedures are only authorized for temporary use during austere mission conditions or eFLIPL system outage and must be entered into eFLIPL within three working days of restored access to eFLIPL. Manual processing in hard copy will not be used for preference or convenience.

7-2. Purpose of a financial liability investigation of property loss

a. An FLIPL is an administrative, material accounting action to adjust accountable property records for physical losses, administrative losses of accountability, damaged, destroyed, or stolen government-owned property, including supply system materiel, equipment, and real property. An FLIPL is not punishment or adverse action, nor does an FLIPL prevent other appropriate disciplinary or adverse administrative actions (see para 1-1).

b. FLIPLs support approving authority responsibilities to—

(1) Inquire, research, and investigate the causes of the LDDT of government property.

(2) Adjust accountable property records for LDDT of government property.

(3) Determine the responsibility and amount of financial liability of those found to be culpable for such financial losses; provide relief from accountability or responsibility for such losses; and establish debts resulting from the assessment of financial liability.

c. 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 depending on the type of property and circumstances.

d. When an FLIPL is mandatory in accordance with paragraph 7-3 or otherwise suits the circumstances of the LDDT, a DD Form 200 documents the circumstances concerning the LDDT of Government property and serves as or supports a voucher for adjusting the property from accountable records. The investigation and exhibits to an FLIPL also document findings and recommendations related to a charge of financial liability against an individual or provides relief from financial liability.

e. To assess liability for contractors, refer to paragraph 5-7. The individual with direct responsibility for the property will initiate the LDDT process and submit it to the APO. The APO will work with the KO or use the GFP Module in the PIEE website at <https://piee.eb.mil> to retrieve the property loss report to attach to the DD Form 200.

f. An individual subject to an FLIPL may voluntarily choose to admit liability and offer reimbursement by signing a DA Form 7923 at any time after an FLIPL has been initiated. If the use of DA Form 7923 is permitted for the type of property and actual value of LDDT in accordance with paragraph 6-2, the FLIPL may be cancelled once the DA Form 7923 is processed.

7-3. Mandatory initiation of a financial liability investigation of property loss

a. Initiate and process an FLIPL using the eFLIPL application to account for physical LDDT of government property when one or more of the situations listed in this paragraph exist. Process the FLIPL in accordance with the version of this regulation in effect at the time the LDDT occurred.

b. Administrative investigations in accordance with AR 15-6 may also be required in conjunction with an FLIPL for physical LDDT as specified in paragraphs 4-4 and 7-3c.

c. An FLIPL must be initiated when—

(1) Negligence or willful misconduct is suspected as the cause of LDDT and any of the following conditions exist:

(a) The individual made no voluntary reimbursement for the full amount of the actual value of LDDT to the Government (see app B.)

(b) The type of property and/or actual value of LDDT exceed the limits of paragraph 6-2 for voluntary replacement or reimbursement.

(2) The LDDT involves a change of property custodian or APO inventory and any of the following conditions exist:

(a) The outgoing property custodian or APO made no voluntary reimbursement for the full amount of the actual value of LDDT to the Government (see app B.)

- (b) The type of property and/or actual value of LDDT exceed the limits of paragraph 6–2 for voluntary replacement or reimbursement.
- (3) The value of the admitted LDDT 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 LDDT resulted from a fire, theft, or natural disaster.
- (6) The total handling loss of a specific bulk petroleum product exceeds the allowable loss for that product (see AR 703–2).
- (7) The LDDT involves public funds or other negotiable instruments, and the individual does not voluntarily reimburse the Army for the actual value of LDDT, or the value is \$750 or greater (see DoD 7000.14–R Volume 6). If the actual value of LDDT is \$2 million or greater, a mandatory investigation in accordance with AR 15–6 and paragraph 4–6 is required in conjunction with an FLIPL to determine financial liability and adjust accounts.
- (8) The LDDT involves a General Services Administration (GSA) leased vehicle belonging to an organization or installation transportation motor pool and other administrative actions under paragraph 4–4 have not been taken. Damage to commercial short term rental vehicles is resolved in accordance with the claims process in AR 27–20.
- (9) Negligence or misconduct is suspected in the LDDT of an item with a RC of D, F, H, or L or an item with a Criticality Code of C, E, F, H, M, or Y. If no negligence or misconduct is suspected for LDDT of these items, a Loss Inquiry Adjustment in accordance with paragraph 5–2 or Damage Statement in accordance with paragraph 5–3 may be used when the type of item or actual value of LDDT meets criteria for those adjustment methods.
- (10) The LDDT involves any heraldry items (flags, organizational colors, guidons, streamers, or similar items (see AR 840–10)) or any historical property (see AR 870–20). This type of property is unique, highly pilferable, and prohibited for retention by individuals. See paragraph 5–9 for authorized disposal of unserviceable heraldry items (see AR 840–10).
- (11) Losses due to combat where equipment is determined captured, abandoned, or a physical loss (no residue to recover) and an abandonment or destruction order in accordance with paragraph 5–4 was not approved.
- (12) The LDDT involves any item identified by a CIIC listed in the classified item codes or sensitive items codes categories of the CIIC table in DA Pam 708–2. Physical LDDT of items meeting these criteria must be investigated in accordance with AR 15–6 in lieu of a financial liability investigation (see para 4–6). For administrative-only discrepancies in the accountable property records of these items with no related physical LDDT, (see para 4–5).
- (13) Directed by an IAR approving authority.
- (14) Required by higher authority or other DA or DoD regulatory guidance.

Section II

Financial Liability Investigation of Property Loss Involving Funds, Cash, Financial Losses, and Other Negotiable Instruments

7–4. DD Form 1544 (Cash Meal Payment Sheet) and money collected as payment for meals in a dining facility

AR 30–22 requires an investigation in accordance with AR 15–6 for loss of cash meal payment sheets (DD Form 1544 (Cash Meal Payment Book)) or collected money. If negligence or misconduct is found, initiate an FLIPL to account for the lost form(s) or money and to assess financial liability.

7–5. Public funds, negotiable instruments, and negotiable media

a. A person who receives or handles public funds or other negotiable instruments in accordance with DoD 7000.14–R has personal responsibility for safeguarding of public funds or instruments while under their control (see Glossary). That person is financially liable for the full actual value of LDDT to the Government caused regardless of the individual's suspected negligence or willful misconduct.

b. An investigation in accordance with DoD 7000.14–R, Chapter 6 and an FLIPL will be processed to account for the LDDT of negotiable instruments.

c. Any negotiable media which can be executed as a negotiable instrument, or electronic negotiable media cards or devices containing digital funds are also considered negotiable instruments (see Glossary).

d. LDDT of electronic negotiable media that is not loaded with funds is not considered a loss of public funds or negotiable instruments, but the LDDT of such devices may require inquiries or investigations in accordance with chapter 4 of this regulation.

Section III

Financial Liability Investigation of Property Loss for Loss, Damage, Destruction, or Theft Related to Installations and Facilities

7–6. 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.

7–7. Leased property

An AR 15–6 investigation may be used instead of appointing a financial liability officer for LDDT 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 an FLIPL to determine financial liability and adjust account records (see para 4–6).

7–8. Liability of nonappropriated fund activities

a. AR 215–1 authorizes the loan of specified items of appropriated fund property to nonappropriated fund (NAF) activities of the Army. In such cases the NAF activity rather than the person who signs for the property assumes personal responsibility.

b. The NAF activity is not regarded as being an insurer of the property but is financially liable for LDDT of government property.

c. An action to hold a NAF activity financially liable for the LDDT of appropriated fund property does not negate the right of the activity to hold, in turn, its officers or employees financially liable (see AR 215–1).

Section IV

Financial Liability Investigation of Property Loss for Accidents and Damaged Property

7–9. Vehicular accidents involving civilian vehicles or General Services Administration vehicles

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. Take action as follows:

(1) When government property is damaged (other than a GSA vehicle) and negligence or willful misconduct by civilians who are not government employees is suspected, but not admitted, or is admitted with a refusal to make restitution, an FLIPL must be initiated.

(2) When government property is accountable to a contract, the KO or the government PA will perform the assessment of liability of the contractor.

(3) 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 FLIPL with all exhibits to the servicing claims office to 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 organization of its financial responsibility to GSA based on its review of the accident reports and other evidence it is in receipt of.

c. Administrative actions. Administrative actions in accordance with this regulation must be initiated when a GSA vehicle is involved in an accident or has sustained damages through vandalism, theft, or parking lot damage.

d. Initiation. If an FLIPL is initiated, forward approved FLIPLs to the installation claims office in accordance with AR 27–20, when—

(1) 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 organization assigned the GSA vehicle, but was the result of negligence on the part of other person(s); and

(2) The GSA fleet management center is charging the organization for the damages; or

(3) The GSA vehicle is involved in an accident resulting in damage to the property of, or injury to, a third party.

7–10. Aircraft accidents

a. Adjustments for LDDT of property in an aircraft accident (this does not include UAS) do not require a financial liability officer to be appointed. Collateral investigations may be conducted at the discretion of the appointing authority whose personnel, equipment, or operations were involved in the accident (see AR 385–10).

b. Attach a copy of the collateral investigation (line-of-duty, AR 15–6, or legal/other investigation) as an exhibit an FLIPL to determine financial liability.

c. Collateral investigations will not be used as a property adjustment document or to assess financial liability. Process a short FLIPL with the attached investigation to accomplish either of these actions.

7–11. Marine casualties

a. 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.

b. Attach a copy of the marine casualty investigation as an exhibit to an FLIPL to determine financial liability.

c. The marine casualty investigation will not be used as a property adjustment document or to assess financial liability. Process a short FLIPL with the attached investigation to accomplish either of these actions.

Section V

Financial Liability Investigation of Property Loss for Clothing, Organizational Clothing and Individual Equipment, and Personal Effects

7–12. Cadet personal clothing and organizational clothing and individual equipment

a. Commanders of RA, USAR, and ARNG members, and Reserve Officers' Training Corps (ROTC) cadets are responsible for initiating an FLIPL when LDDT of property issued from an OCIE issue facility occurs and when none of the other methods cited in chapter 5 or 6 can be used to obtain relief from responsibility. Additionally, the commanders of USAR and ARNG members and ROTC cadets are responsible for initiating an FLIPL when LDDT of property issued from a controlled initial issue point occurs.

b. The following applies to the LDDT 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 RA personnel in dropped-from-role status whose OCIE is not available for turn-in.

(1) Initiate an FLIPL in accordance with chapter 7.

(2) Before the approving authority makes a decision to hold the individual financially liable, a servicing Judge Advocate must first review the FLIPL for legal sufficiency.

(3) Once the legal advisor provides a legal opinion saying there is legal sufficiency to hold the individual financially liable, the approving authority will complete findings and recommendations, then insert the following statement: "Member (or cadet), (name and grade, if applicable) is held financially liable for the

amount indicated in the FLIPL, less adjustment for value of actual loss allowed in accordance with AR 735–5.”

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

c. If the FAO or USPFO cannot make collections because no pay is due in a non-pay status, forward the FLIPL to the servicing claims office for collection. For USAR Servicemembers for whom no pay is due, return the FLIPL to the approving authority, who will take the following actions:

d. If the charge is \$250 or less, annotate the FLIPL as an uncollectible debt. Include a copy in the respondent's permanent finance record (see AR 637–1).

e. If the charge is more than \$250, forward a copy of the FLIPL 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.

7–13. Personnel in desertion status, deceased, incapacitated, or separated from Service

a. *General.* AR 710–4 provides policy and procedures to account for, and inventory property related to individuals in absentee duty statuses, hospitalized, imprisoned, deceased, 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 incapacity requires a property settlement (other than personal clothing), prepare an 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 DA Civilian employee is appropriate, the approving authority will enter the word “DECEASED” in the FLIPL's findings and recommendations. 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 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 roles or a Servicemember or DA Civilian employee that has been declared mentally incapacitated is appropriate, the liability notification procedures in chapter 14 are waived. A legal opinion is still required to substantiate the financial liability assessment before final approval.

(3) *Separated from military or Federal Service.* When financial liability is assessed against a Servicemember or DA 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 (see AR 637–1). The memorandum will request the FLIPL be forwarded to the respondent's unit or place of employment in case the Servicemember returns to Government control.

Chapter 8

Initiating a Financial Liability Investigation of Property Loss

8–1. Chain of command or supervision for processing Financial Liability Investigation of Property Loss

a. Process an FLIPL through the chain of command or supervision for the individual responsible for the property at the time of the incident if the individual is subject to this regulation.

b. The owning organization of the property initiates the FLIPL in order to adjust the accountable records, while determination of financial liability must be from an Approving Authority within the individual's chain of command or supervision.

c. When formalized support agreements require processing through other than the chain of command, follow the requirements in the support agreement.

d. When real property is damaged or destroyed, an information copy of the FLIPL will be provided to the organization supervisor of Public Works or Directorate of Logistics at the conclusion of the initiation period.

8-2. Financial liability investigation of property loss listing property carried on accountable records of an installation other than where located

a. When an FLIPL is initiated for LDDT 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 8-2a also applies to the LDDT 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.

8-3. Financial Liability Investigation of Property Loss pertaining to inactivated installations, activities, or organizations

a. Process all FLIPLs immediately upon the discovery of the LDDT of government property. If possible, complete the financial liability investigation before the inactivation takes place.

b. There are instances where FLIPLs are necessary but are not initiated or completed before the inactivation is completed. In these cases, the headquarters exercise command jurisdiction over the inactivated installation, organization, or activity will prepare and process the FLIPL.

c. Any inactivated installation, organization, or activity 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.

d. After 90 days with no extension granted, ACOMs, ASCCs, and DRUs will initiate an FLIPL for the equipment and supplies and send them to the appropriate command for further investigation.

8-4. 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 government property. The approving authority ensures that—

b. Responsible individuals keep themselves informed as to whether any property for which they are responsible or accountable becomes physically lost, lost from accountability, or is damaged, destroyed, or stolen.

c. Initiation, processing, and adjudication of FLIPLs takes place within the time limits as described in this pamphlet.

d. Financial liability officers are thoroughly briefed on how to conduct a financial liability investigation and are provided with a copy in accordance with this regulation. They are also informed of any specific time restraints.

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

f. The approving authority or appointing authorities (if used) will personally review all FLIPLs arising within their command or supervisory authority, with the exception of FLIPLs listing property for which the approving authority or appointing authority has either personal responsibility or accountability (see AR 710-4). In this instance, the next higher commander/organization supervisor will act as the approving authority. The approving authority or appointing authority will make an administrative check of the FLIPL processed in eFLIPL to determine if all pertinent instructions have been followed (see para C-2 if

temporary hard copy processing has been approved). The approving authority or appointing authority will further check to ensure the investigation—

- (1) Resolves contradictory statements.
- (2) Confirms or refutes self-serving statements.
- (3) Reflects clearly stated findings from documented evidence.
- (4) Presents sound and logical conclusions and recommendations based on the findings and the policy contained in this regulation.
- (5) Reflects individuals received counseling, advisement of their rights, and an opportunity to rebut on their behalf.
- (6) Reflects correct computation of financial charges.
- (7) If late, contain 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.

g. O-6, GO, GS-15, or SES parent level organization authorities with subordinate approving authorities for financial liability investigations will initiate and conduct oversight management of the financial liability investigation process at subordinate organizations (see para 1-15).

h. Each quarter, commanders, or civilian organization supervisors will review a random sample (of no less than 10 percent) of FLIPLs approved by subordinate organizations during the previous quarter. 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—

- (1) Supported by the evidence documented in the FLIPL?
- (2) 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 LDDT?
- (3) 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?
- (4) Followed up with corrective actions or directives, as appropriate?

i. Maintain the FLIPL register in accordance with the eFLIPL EUM (or DA Form 1659 (Financial Liability Investigation of Property Loss Register) paragraph C-3 only when permitted for temporary hard copy processing in accordance with para 2-3) and maintain files of approved FLIPLs (see AR 25-400-2). Normally, the eFLIPL records and the files of approved FLIPLs are maintained at the headquarters of the approving authority. Exceptions to this policy are allowed when the logistics staff offices are consolidated at a command or supervisory level above the approving authority, such as brigade adjutants consolidated at the division G-4, or geographically dispersed activities under a centralized command or directorate. Under this scenario, the register and associated files may be maintained at the consolidated organization.

j. The FLIPL register may be maintained by 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 (see para 10-3). Both the office maintaining the FLIPL register, and the approving authority's headquarters will maintain file copies of the approved FLIPLs.

k. For assessment of financial liability for contractors, the approving authority will compile all documentation for the property LDDT 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 LDDT.

8-5. Time constraints to initiate financial liability investigation of property loss

a. The initiator of an FLIPL will normally be the property custodian, organization commander or supervisor, the APO, or other individual with the most knowledge of the incident. Physical searches, causative research, and preliminary inquiries in accordance with paragraph 4-1 should be completed within this time constraints in this paragraph, as those actions typically provide the basic information required to initiate an FLIPL.

b. Initiate FLIPLs within the following time limits (see figs 8-1 and 8-2 for examples):

- (1) *Regular Army.* The RA will initiate and present FLIPLs to the appointing authority or approving authority as appropriate not later than 15 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.

(2) *U.S. Army Reserve and Army National Guard.* The USAR and ARNG will initiate and present FLIPLs to the appointing authority or approving authority as appropriate not later than 75 days after the date of discovering the discrepancy.

(3) *Contracting officers.* Under normal circumstances, do not exceed 15 days after date of discovery of the discrepancy.

Investigation of Property Loss

Time Segments with an Appointing Authority

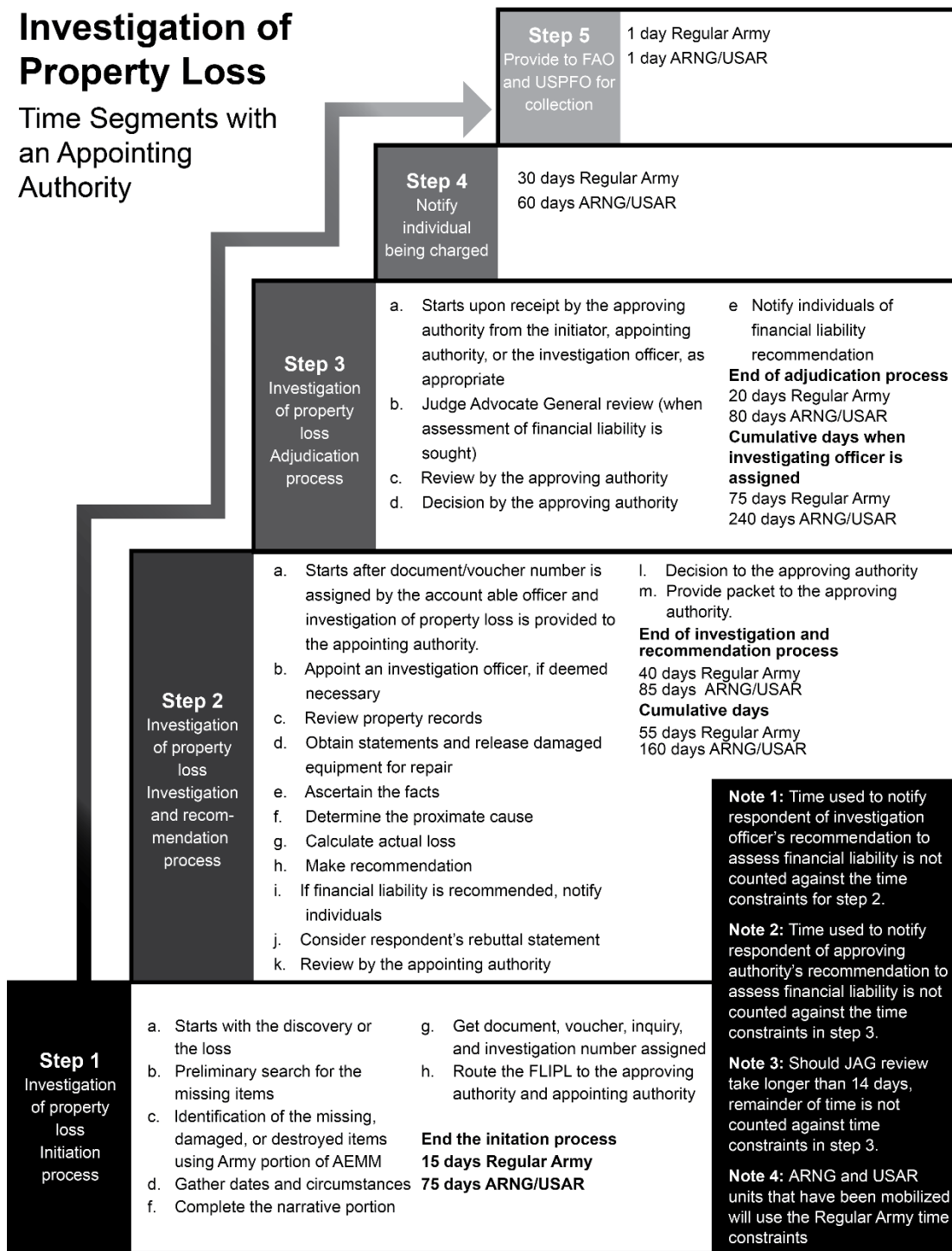


Figure 8–1. Financial Liability Investigation of Property Loss processing time segments with appointing authority

Investigation of Property Loss

Time Segments without an Appointing Authority

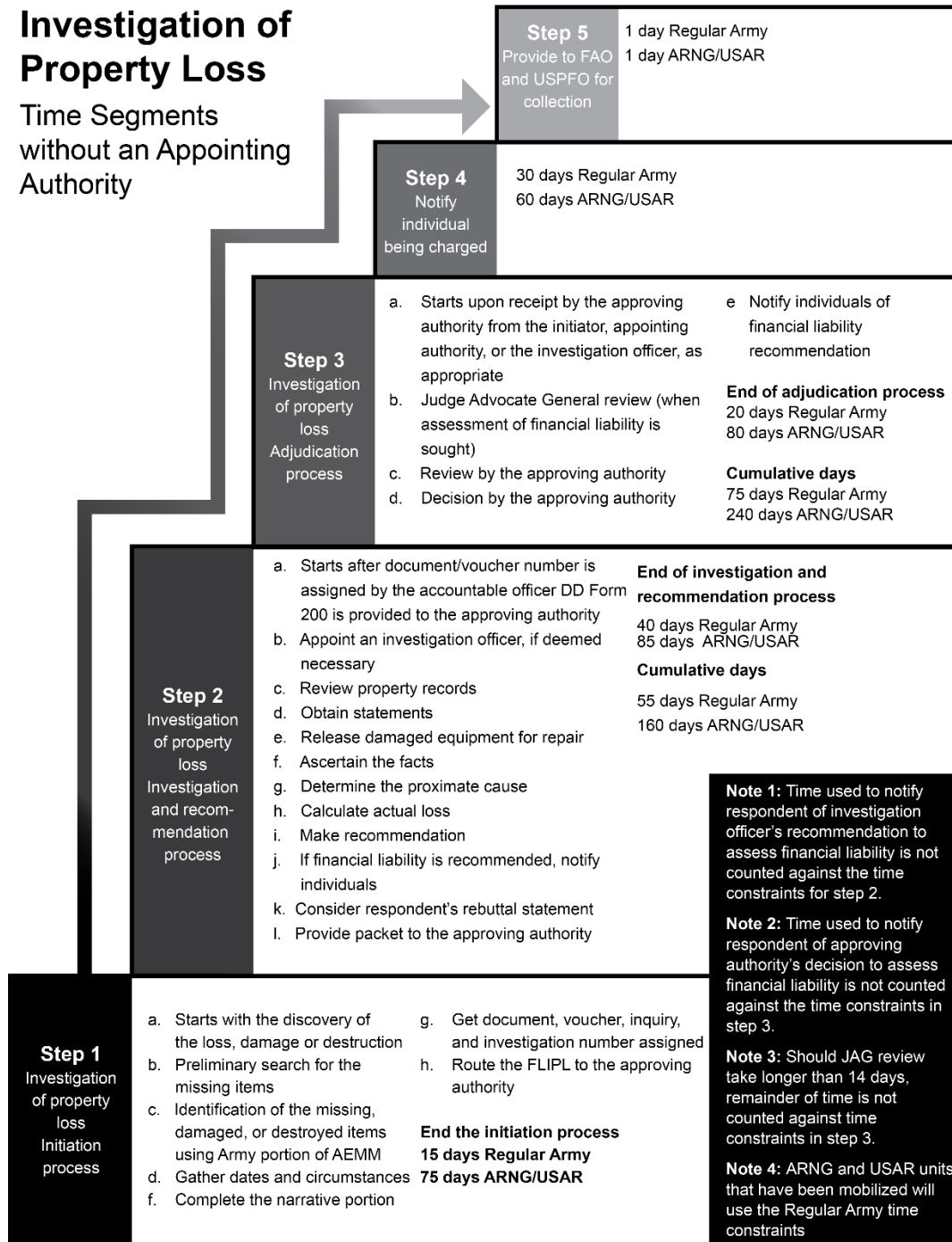


Figure 8–2. Financial Liability Investigation of Property Loss processing time segments without appointing authority

8–6. Time constraints for processing Financial Liability Investigation of Property Loss

a. Process FLIPLs within the specified number of days in accordance with figures 8–1 and 8–2 following the discovery of a property LDDT.

b. The date the loss was discovered may differ from the date of physical loss. For example, an individual loses OCIE but fails to report the LDDT to a supervisor until several months later; or an inventory identifies missing property, and a preliminary inquiry determines the LDDT likely occurred on a

deployment the previous year; or causative research identifies an account discrepancy indicating a possible LDDT but requiring further investigation to confirm.

(1) The “Date Loss Discovered” recorded in an FLIPL is the date the organization initiating the FLIPL was aware of the LDDT, not the earlier physical loss date or date other discrepancies occurred. The preliminary investigation period (if used) should be completed within the time constraints (see para 8–5).

(2) The “date initiated” is the date the FLIPL was formally initiated in eFLIPL at the end of the initiation process to assign an inquiry/investigation number.

(3) The physical loss, damage, destruction, theft, or other discrepancy occurrence date (actual or estimated) is explained in the FLIPL’s statement of circumstances under which the property was physically lost, lost from accountability, damaged, destroyed, or stolen. This date is part of the narrative to provide context for the investigation of the LDDT but does not affect the FLIPL processing time.

c. When delayed beyond the processing times listed in figures 8–1 and 8–2, explain the delay and include it with the FLIPL as an exhibit.

d. Total processing time equals the difference in days between the date of the initiating organization discovering the discrepancy and the date the FLIPL is approved.

e. 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 time used to notify the individual, to determine the total processing time.

f. For RA, do not exceed 75 days total processing time under normal circumstances. Figures 8–1 and 8–2 depict these periods. Commanders below the appointing/approving level will adjust the periods downward. RA organizations will initiate and present the FLIPL to the appointing authority or approving authority as appropriate no later than 15 days after the date of discovering the discrepancy. As an exception, initiate, and present an 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.

g. For USAR and ARNG, do not exceed 240 days total processing time under normal circumstances. Figures 8–1 and 8–2 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 an FLIPL to the appointing authority or approving authority as appropriate not later than 75 days after the date of discovering the discrepancy.

(2) The CNGB will ensure that ARNG units will initiate and present an FLIPL to the appointing authority or approving authority as appropriate not later than 75 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 for FLIPL procedural and process compliance.

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

8–7. Initiating Financial Liability Investigation of Property Loss in eFLIPL

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 in accordance with 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. eFLIPL does not require DA Form 7531 (Checklist and Tracking Document for Financial Liability Investigations of Property Loss) or DA Form 1659.

(2) Automatic identifies attached and system-generated exhibits when FLIPLs are processed in the application. Manually labeling exhibits is not required before uploading the exhibit to eFLIPL, only when temporary hard copy processing of a specific FLIPL is approved (see para 1–10).

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

(4) Data captured 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.

(5) Provides visibility of the results from liability determinations resulting from FLIPLs.

(6) Provides visibility of recouped funds or actual value of LDDT to the Government.

(7) Provides a completed DD Form 200 original and serves as the final file for archival storage in accordance with AR 25–400–2 of auditable records of FLIPL processing.

c. FLIPLs and attached exhibits prepared in accordance with the eFLIPL EUM and chapters 7 through 14 do not require external copies once entered in the eFLIPL system.

d. When any of the individuals mentioned in the FLIPL's Statement of Circumstances are within 6 months of termination of their service or employment, export a copy of the FLIPL from eFLIPL and provide this copy to the installation FAO or USPFO.

8–8. Related DD Form 200s for loss, damage, destruction, or theft of property on multiple accounts in the same incident

a. When LDDT of property listed on more than one property account or document/transaction register occurs in the same incident, prepare a separate DD Form 200 as an adjustment voucher for the APO or responsible officer of each property account affected, only including the items related to the specific account(s).

b. This action does not require additional investigations for the same incident. In eFLIPL, if the related DD Form 200s prepared as adjustment vouchers are from a single FLIPL with one investigating officer—

(1) Cross-reference the separate DD Form 200s to the primary FLIPL.

(2) Complete APO actions on the respective DD Form 200s for each account in accordance with paragraph 8–14.

(3) Attach the posted DD Form 200s as exhibits to the main FLIPL in the EUM.

(4) When the property in an FLIPL is on the property records of the same account and the same document/transaction register, only prepare one DD Form 200 in accordance with the eFLIPL EUM.

8–9. Preparing Financial Liability Investigation of Property Loss in hard copy by temporary exception

a. 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 (see para 1–10).

b. 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.

c. If a temporary exception to allow hard copy DD Form 200 processing is approved—

(1) Prepare DA Form 7531 in accordance with the form's embedded instructions as a checklist to ensure the FLIPL process is completed in accordance with procedures in this regulation and to track events as they occur (see para C–4).

(2) When DD Form 200 is prepared in hard copy, attach it to DA Form 7531.

(3) Manually label all exhibits supporting a hard copy FLIPL (see para C–3).

(4) Prepare DA Form 1659 in accordance with the instructions in paragraph C–5 of this regulation to manage the FLIPL inquiry/investigation number and status of the FLIPL.

(5) 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 within 3 working days.

d. Final copies of manually completed FLIPLs prior to eFLIPL implementation will remain in hard copy until archived or disposed of (see AR 25–400–2). Hard copy FLIPL packets will contain the original documents, with additional copies as needed in accordance with appendix C or local requirements.

8–10. Responsible officer and/or reviewing authority

a. The responsible officer or reviewing authority is usually an APO, an organization commander, or civilian supervisor of an organization formally assigned to their position in writing, such as appointment orders, assumption of command orders, or a performance work description.

b. The responsible officer or reviewing authority will make the determination if negligence or willful misconduct is suspected 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.

8–11. 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 days following the date of the discovery of

the LDDT. 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 days from the date of discovery of the LDDT, as shown in figures 8–1 and 8–2. The responsible officer or reviewing authority will explain any delay in writing and attach the explanation to the FLIPL as an exhibit.

8–12. Distribution of Financial Liability Investigation of Property Loss

The responsible officer or reviewing authority will forward the FLIPL with exhibits in accordance with the eFLIPL EUM to the appointing or approving authority for assignment of an inquiry/investigation number (for temporary hard copy procedures, see para C–3) and then to the APO for each affected account for assignment of a document number, transaction number, or voucher number related to the accountable property record adjustment actions (see para 4–8).

8–13. Disposition of damaged property listed in Financial Liability Investigation of Property Loss

a. The initiator of an 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 decides it is no longer needed for investigative purposes.

b. 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.

c. Turn-in unserviceable uneconomically repairable property to the appropriate SSA (see AR 710–4). See AR 750–1 and DA Pam 750–8 to determine if an item is unserviceable and uneconomically repairable based upon an item's maintenance expenditure limit. Dispose of property damaged in shipment (see chap 16).

d. For vehicular accidents resulting in minor damage to the exterior of the vehicle, the appointing 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 technician that damage does not prevent the safe use of the vehicle, and that continued use will not make the damages worse (see AR 750–1 and DA Pam 750–8).
- (3) Both the photographs and the certification will be attached as exhibits to the FLIPL 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 appointing 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.

(1) The estimated costs of repairs must be prepared by a technical inspector (see AR 750–1 and DA Pam 750–8).

(2) 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.

(3) When this process is completed, the appropriate motor pool official may release the vehicle for repair or turn-in.

(4) 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.

8–14. Accountable property officer's action on Financial Liability Investigation of Property Loss

a. Following the completion of the Initiator and Responsible Officer/Reviewing Authority actions, the APO performs the following actions in eFLIPL in accordance with the EUM:

- (1) Provides their contact information.
- (2) Confirms an inquiry/investigation number has been assigned (see para 8–4).
- (3) Records the accountable property record actions in accordance with paragraph 5–11 to generate a document number, transaction number, or voucher number, or confirm no such number is required. This action must be posted immediately to adjust accountable property records prior to forwarding them to the Appointing or Approving Authority. APOs will not suspend property adjustment actions to await completion of the FLIPL process.
- (4) Certifies the actions taken (see para 5–11).

(5) Forwards the FLIPL to the appointing authority or approving authority, as appropriate, in accordance with the eFLIPL EUM.

b. The eFLIPL record certified by the APO in accordance with this paragraph is sufficient to meet accountable property record supporting document files without an exported copy. If required, the APO may export one copy of the FLIPL from eFLIPL to file with the APO's accountable property record supporting document files or upload to the relevant APSR transaction record (see AR 25-400-2).

c. Initiates replenishment for items listed in the FLIPL, as necessary.

d. If temporary hard copy procedures are approved for an FLIPL, see instructions in paragraph C-3.

Chapter 9

Financial Liability Investigation of Property Loss Approving Authority or Appointing Authority Initial Actions

9-1. Appointing or approving authority conflicts of interest

No individual may act as an appointing authority or the approving authority who has had Personal Responsibility, Direct Responsibility, or Accountability for the property listed in an FLIPL at the time of the LDDT of government property (see AR 710-4). 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.

9-2. Processing steps for appointing authority or approving authority

Figure 9-1 depicts FLIPL processing steps from receipt with an appointing authority to assessing financial liability or relief from responsibility. Figure 9-2 depicts FLIPL processing steps from receipt by the approving authority (without an appointing authority) to assessing financial liability or relief from responsibility.

9-3. Initial review by the appointing authority or the approving authority

a. On receipt of the FLIPL from the APO, the appointing authority, or the approving authority if there is no appointing authority will review the narrative of the circumstances of the LDDT, the actions taken to correct the circumstances, recommendations of the responsible officer or reviewing authority, along with any exhibits provided by the initiator and determine if—

b. An FLIPL is mandatory (see para 7-3).

c. Has been directed by a higher authority, directed by other DA regulations, or requested by an APO.

d. Sufficient information exists to provide a clear understanding of the circumstances surrounding the LDDT of government property and to determine the proximate cause.

e. The expense of performing an investigation by a financial liability officer is worth the significant expenditure of time and effort compared to the actual value of LDDT.

f. If another administrative action in accordance with chapter 5 or 6 is more appropriate for the LDDT.

9-4. Review to determine if a financial liability officer or AR 15-6 investigating officer is necessary

a. The approving authority (or a designated appointing authority) reviews the FLIPL to decide whether a financial liability officer is necessary. If a financial liability officer is needed, record the decision in eFLIPL in accordance with the EUM to generate a memorandum appointing a financial liability officer (see chap 10).

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

c. If an AR 15-6 investigation is required, per paragraph 7-3, follow the appointment procedures prescribed by AR 15-6 and provide the FLIPL with all exhibits to the investigating officer or board.

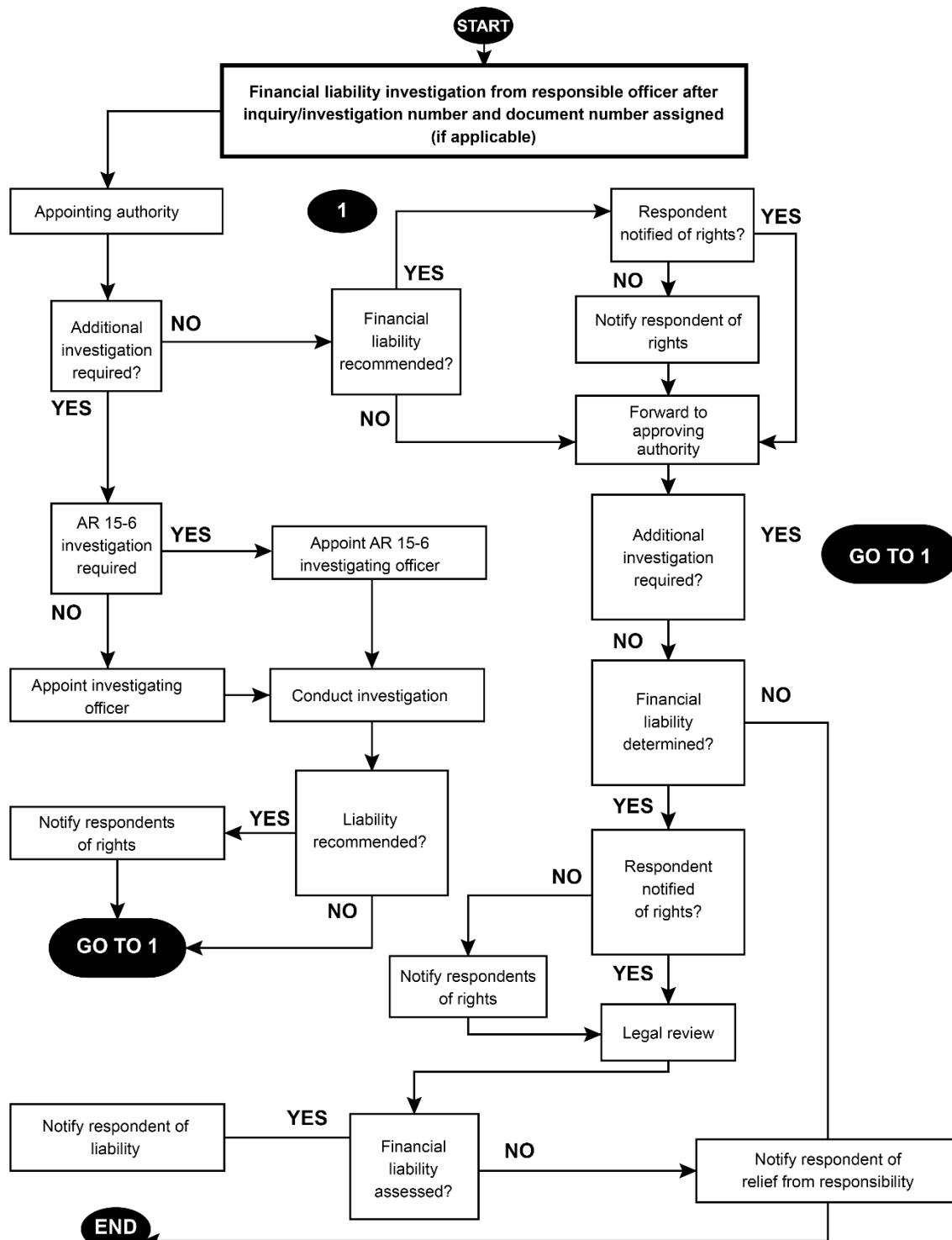


Figure 9–1. Financial Liability Investigation of Property Loss processing steps with an appointing authority

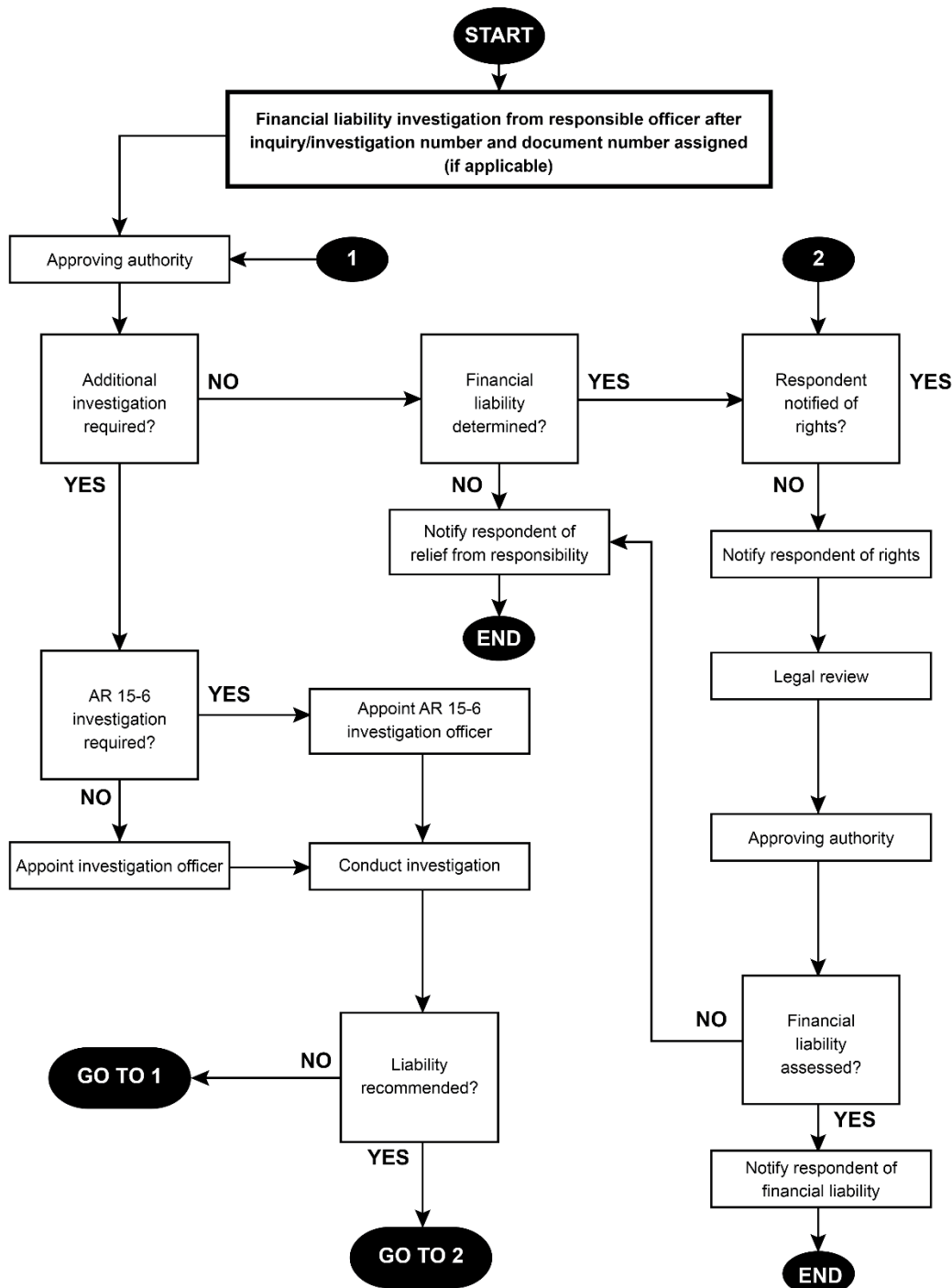


Figure 9–2. Financial Liability Investigation of Property Loss processing steps without an appointing authority

9–5. Recommendation by the appointing authority without further investigation

a. Approving authority. This action provides the option to shorten 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 FLIPL 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 LDDT, recording findings and recommendations, and computing the amount of charges (see chaps 7, 9, 10, and app B).

b. Relief from responsibility. When the appointing authority determines (from the information in the FLIPL's statements of circumstances leading to the LDDT, corrective actions taken, 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 explaining the reasoning to relieve the individual of responsibility for the property.

c. Assessment of financial liability. When the appointing authority can establish (from the information in the FLIPL's statements of circumstances leading to the LDDT, corrective actions taken, and attached exhibits) that negligence or willful misconduct was the proximate cause of the loss and damage of government property, the appointing authority—

- (1) Notifies the individual suspected of financial liability (see chap 14).
- (2) Evaluates the merit of any rebuttal statement, if received (see chap 14).
- (3) States that further investigation is not required. Enters the words "See appointing authority's recommendation." then records and endorses the recommendation in accordance with the eFLIPL EUM. The appointing authority's recommendation will include the following:
 - (a) A recommendation 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.
 - (4) All documents must be forwarded to the approving authority to review findings and recommendations.

9–6. 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. The approving authority assesses the information contained in the FLIPL's statement of circumstances of property LDDT, corrective actions taken to correct circumstances and prevent future occurrences and attached exhibits.

b. Relief from responsibility. When the approving authority determines there is no evidence of negligence, they may provide relief from responsibility by entering the following statement in eFLIPL to relieve all concerned of property accountability and responsibility—"I have reviewed the information of the circumstances of property LDDT, and corrective actions taken to correct circumstances and prevent future occurrences. 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 the FLIPL."

c. Assessment of financial liability. When the approving authority determines that negligence or willful misconduct was the proximate cause of the LDDT and is supported by the contents of the FLIPL, 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 LDDT, recording findings and recommendations, and computing the amount of charges (see chaps 11 through 13 and app B).
- (2) Performing all required actions in accordance with chapter 14 when liability is assessed.

Chapter 10

Appointing a Financial Liability Officer

10–1. Roles and responsibilities of a financial liability investigating officer

a. When supplies or equipment are physically lost, lost from accountability, damaged, destroyed, or stolen, it is essential to determine the cause of the LDDT so corrective action can prevent further losses.

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

c. Approving or appointing authorities appoint a financial liability officer to investigate the LDDT of property and the circumstances involved. A financial liability officer's responsibilities during the investigation are to—

- (1) Determine culpability and the proximate cause of the LDDT of government property.
- (2) Determine whether negligence or willful misconduct was the proximate cause of the LDDT.
- (3) Determine if assessment of financial liability is warranted.

(4) Compute the actual value of LDDT and recommend financial liability.

d. If an individual was negligent and if that negligence was the proximate cause of the LDDT, 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.

e. Determination of financial liability must be made from the facts developed during a thorough and impartial investigation. 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 LDDT. If a financial liability officer believes they 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.

f. A newly appointed financial liability officer is expected to become familiar with the FLIPL process and DD Form 200. Give particular attention to the circumstances under which LDDT of the specific property occurred, and the contents of any exhibits.

g. Financial liability officer investigation procedures are detailed further in chapters 11 through 14.

10-2. 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 LDDT of government property listed in an FLIPL. 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 regulation. The appointment of a financial liability officer is accomplished (see para 10-3).

b. The appointing authority or the approving authority may direct an administrative investigation in accordance with AR 15-6 in lieu of the FLIPL investigation procedures contained in this regulation (see paras 4-5 and 4-6).

10-3. Appointment of financial liability investigating officer

a. Either the approving authority or appointing authority appoints a financial liability officer in accordance with the eFLIPL EUM (or using a memorandum if temporary hard copy procedures are approved).

b. The appointment must avoid conflicts of interest including not appointing individuals who held responsibility for the property listed in the FLIPL at the time of the LDDT.

(1) No individual may act as the financial liability officer who is personally responsible for, or who is directly interested in, the property listed in the FLIPL.

(2) Chaplains will not be appointed as financial liability officers (see AR 165-1).

(3) An APO will not act as the financial liability officer for physical loss, destruction, or theft of equipment on their accountable property records. An APO may act as a financial liability officer for equipment on their accountable property records that is damaged and cannot be declared destroyed.

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

(1) Army officers or warrant officers.

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

(3) Civilian employees in the grade of GS-7 or above, wage leader and wage supervisor employees, or equivalent grades in other DoD personnel programs.

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

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

d. The approving authority or appointing authority routes the FLIPL to the financial liability investigating officer in eFLIPL following appointment. See paragraph C-4 for routing the FLIPL if temporary hard copy procedures are approved.

10-4. Seniority of financial liability officers

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

b. The financial liability officer will report to the approving authority if completion of the investigation will require examination of the conduct or performance of duty of someone senior or may result in a finding

and recommendation adverse to an individual senior to the financial liability officer. The approving authority will review the findings and either excuse the financial liability officer and designate another individual 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, the approving authority must include an exhibit to the FLIPL documenting the military exigency that prevented the appointment of another financial liability officer.

10–5. 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 LDDT 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 days (ARNG and USAR, 85 days) from the date of receipt to complete the financial liability investigation.

c. Appointment as a financial liability officer becomes that individual'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 in accordance with instructions in paragraph 10–3. Include an explanation on the appointment memo stating why the original financial liability officer is unable to complete the financial liability investigation.

10–6. Relief of financial liability officer

a. A financial liability officer may be relieved by the approving authority or appointing authority at any time and a new financial liability officer appointed when the financial liability officer has failed to conduct the investigation in accordance with this regulation.

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 or appointing authority will document the relief as an exhibit to the FLIPL. The approving authority or appointing authority disapproves the financial liability officer's findings and recommendations in accordance with the eFLIPL EUM. The approving authority or appointing authority then 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.

Chapter 11

Conducting the Financial Liability Investigation

Section I

Interviews, Statements, and Evidence

11–1. Initial steps of the investigation

a. This chapter provides instructions and the specific factors a financial liability officer should consider when developing findings and recommendations. 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 LDDT of government property.

b. The purpose of an FLIPL is to determine responsibility for LDDT through investigating the relevant and contributing facts. An FLIPL is administrative and material accounting oriented only, it is not

punishment or adverse action, nor does an FLIPL prevent other appropriate disciplinary under the UCMJ or adverse administrative actions (see para 1–1).

c. 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.

d. The financial liability officer must begin the investigation immediately upon notification of being appointed financial liability officer. A financial liability officer will use the FLIPL's statement of circumstances and the attached exhibits to begin the investigation.

e. If the LDDT is damaged property, a financial liability officer will—

(1) Physically examine the property to determine if the investigation will require further access to the property or not.

(2) 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 (see DA Pam 750–8).

(3) 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.

(4) 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.

f. If the property is recovered at any time during the conduct of the investigation, the financial liability officer will ensure accountability is reestablished using the guidance in paragraph 4–13.

g. An individual subject to an FLIPL may voluntarily choose to admit liability and offer reimbursement by signing a DA Form 7923 at any time after an FLIPL has been initiated. If the use of DA Form 7923 is permitted for the type of property and actual value of LDDT in accordance with paragraph 6–2, the FLIPL may be cancelled once the DA Form 7923 is processed.

11–2. Personal rights

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

11–3. Interviews, statements, and evidence

a. 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 in the FLIPL.

b. For LDDT previously investigated by a board of officers, Army police or CID, 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 the FLIPL findings and recommendations along with the location and identification of the investigation report. Obtain other available exhibits such as hand receipts or ECODs.

c. 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 individuals already interviewed or with other individuals 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 property custodian 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.

d. The financial liability officer documents all individuals' interviews and statements using DA Form 2823 (Sworn Statement), typed or legibly printed in ink.

(1) The individual signs and dates the completed statement.

(2) 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 their signature and the date entered at the end of the statement.

(3) When DA Form 2823 is electronically produced, electronic signatures will be used.

(4) Upload completed statements to eFLIPL in accordance with the EUM, or if hard copy procedures are approved by exception, maintain final file copies (see AR 25–400–2).

e. 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.

f. When evidence, such as an AR 15–6 investigation, is classified or sensitive, the financial liability officer will reference the investigation in findings and recommendations by indicating its location and the identification of the report.

g. Attach the evidence to the FLIPL as exhibits in accordance with the eFLIPL EUM.

11–4. Self-serving statements

a. When obtaining statements from individuals who have some form of responsibility for the property listed in an FLIPL, the financial liability officer should consider whether the individual’s statement is self-serving. Individuals who had responsibility for the property being accounted for in an FLIPL may not incriminate themselves. The financial liability officer must confirm whether such statements are factual through the use of other independent statements and evidence.

b. When the findings rely on a self-serving statement in an FLIPL’s statement of circumstances or in one of the exhibits, the financial liability officer will explain how that individual’s statement is confirmed by other evidence in the FLIPL. Financial liability officers will ensure they have received legal advice in accordance with paragraph 11–2 prior to interviewing someone who may be found liable.

11–5. Conflicting statements or evidence

a. Different individuals’ 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.

b. When the findings rely on evidence which conflicts with other evidence, the financial liability officer will use other evidence and documentation provided during the investigation to resolve any conflicts. The financial liability officer’s findings will explain how the conflict was resolved.

Section II

Financial Liability Considerations During Investigation

11–6. General considerations

The financial liability officer will consider various evidence when investigating the LDDT of property. The financial liability officer will determine whether an individual’s actions were the proximate cause for the physical loss of, damage to, destruction of, or theft of property.

a. Degree of care and judgment (see para 11–7).

b. Responsibility of the individual for the property (personal or nonpersonal). See paragraph 11–8.

c. Possibility of fraud, collusion, or willful misconduct (see para 11–9).

d. Other special considerations for the type of property or incident as described in the remainder of this section of chapter 11.

11–7. Responsibility of the individual for the property

a. Property responsibility is the relationship between individuals and the property under their control. Policy and procedures to control and record responsibility for property are prescribed in AR 710–4.

b. All servicemembers and DA Civilian employees are responsible for the proper use, care, and physical protection of government-owned property entrusted to their possession, within their command or area of supervision, or within an accountable area or custodial area the individual is responsible for. This responsibility includes using government property for official business only, complying with all applicable regulations, and contacting the appropriate authority if property is subjected to undue risk.

c. The financial liability officer will check the factors related to responsibility for property that contributed to the LDDT.

d. Personal responsibility generally accompanies physical, personal possession of the property, whether authorized or not. These are not all inclusive.

(1) When an individual holds property like OCIE, personal arms, binoculars, or hand tools that have been issued to them for personal use, that individual has personal responsibility.

(2) When an individual converts property to their own use without permission or authority, as when an individual steals a vehicle, that individual has personal responsibility.

(3) Paragraphs (1) and (2) are illustrated but not all inclusive.

e. When an individual commands or supervises others who use property or have custody of property, that individual has nonpersonal (such as command, supervisory, or custodial) 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 the individual commanded or supervised. These factors indicate whether a commander or supervisor could feasibly maintain close supervision of individuals using property.

(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/organization supervisor may have been hampered by other pressing duties or by a lack of qualified assistants.

11-8. Possibility of fraud, collusion, or willful misconduct

a. If there is any suspicion of fraud, collusion, or other willful misconduct incident to a LDDT of property on the part of a Servicemember or DA Civilian employee, the financial liability officer must be especially careful to thoroughly investigate the facts.

(1) 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.

(2) Collusion is a secret agreement and cooperation for a fraudulent or deceitful purpose.

b. When such suspicions reasonably exist, the financial liability officer must not recommend relief from property responsibility or financial liability until all involved individuals are completely cleared of suspicion.

11-9. Controlled inventory item considerations

a. The financial liability officer will consider various evidence when investigating the LDDT of controlled inventory items. See the Glossary and the CIIC table in DA Pam 708-2. These items must have additional physical security measures, and some must be stored in a special storage facility. Only the minimum number of personnel should have access to controlled inventory items.

b. When conducting an investigation in accordance with AR 15-6 on the LDDT of a controlled inventory item, an assessment of the physical security and other control measures may provide useful evidence. For example—

(1) What security measures were taken?

(2) Were key control procedures adequate?

(3) Who had responsibility for the items?

(4) Who had access to the items?

(5) When were the items last inventoried and by whom?

(6) When were the items last seen and by whom?

(7) What action was taken to recover the items?

(8) Were appropriate notices placed in the daily bulletin?

(9) Was the LDDT properly reported to CID?

11-10. Inventory loss considerations

On an inventory loss, the financial liability officer will consider the circumstances and facts that are special in each investigation. When investigating the LDDT 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? Was the (retail) SRA maintained according to the policy in AR 710–2? (or other governing policy for different types of accounts).
- b. Were proper hand receipt procedures used? Were individuals required to receipt for property issued to them?
- c. Is access to storage or issue areas controlled?
- d. Did the user have a secured storage area in which to store property issued to them?
- e. Was adequate supervision maintained over the unit supply room or the hand receipt holder, as appropriate?
- f. If proper procedures were not followed, did the commander, supervisor, or the supply officer take measures to correct the situation? What steps did they take?

11–11. Vehicle accident considerations

When the FLIPL involves a vehicle accident, the financial liability officer will consider the following non-exhaustive factors when investigating.

- a. *Type of road.* If possible, the financial liability officer will examine the site of the accident. The financial liability officer will look at the type of road on which the accident took place; for example, checking whether it is macadam, asphalt, cobblestones, or dirt.
- b. *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.
- c. *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.
- d. *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.
- e. *Accident report.* Determine whether DA Form 3946 (Military Police Traffic Accident Report) has been included as an exhibit and whether an accident report from a civilian policeman has been included.
- f. *Driver's qualifications.* Determine whether DA Form 348 (Equipment Operator's Qualification Record (Except Aircraft)) has been included.
- g. *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.
- h. *Cost of damages.* Determine whether the ACOD has been included. If not, the financial liability officer will submit a request for technical inspection and determination of the cost of repairs to the maintenance activity. DA Pam 750–8 provides instructions for submitting a request for technical inspection.

11–12. Convoy incident considerations

- a. Several points may be important in an 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 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.

11–13. Raw materials considerations

a. This paragraph does not apply to bulk petroleum (see AR 703–2). Raw materials include raw and processed material in a form or state that requires further processing. Examples may include items issued in bulk spools or standard lengths and trimmed as needed, such as communication wire, network cable, electrical wire, tubing, or lumber; bulk materials such as gravel, soil, mulch, cement, or mortar; liquid materials such as paint, adhesives, lubricants; or similar materials that are not finished products but necessary to manufacture, repair, maintain, or install equipment.

b. Waste factors are commonly applied during raw materials supply planning to accommodate reasonable anticipated waste during work processes, ensuring sufficient material remains to complete the work. Processes such as trimming lumber and wire to length, minor spillage while applying loose or liquid materials, or minor defects in large quantities of materials are typical causes of reasonably expected losses. Industrial guides, interviews with impartial experts, or reviews of past rates of use of the material in the organization or similar activities may provide a reference for reasonable waste factors.

c. The financial liability officer will consider various evidence as follows:

- (1) The organization's authorized and previously inventoried quantities of raw material.
- (2) The amount of raw materials reported used compared to remaining quantities on hand.
- (3) A reasonable waste factor anticipated for the type of material and use.
- (4) The relative percentage of loss compared to the reasonable waste factor.
- (5) Possible changes to the circumstances of use of the raw materials, such as increased production or operational tempo, modifications to work processes, or differences in the raw materials between vendors resulting in increased material use or defects.
- (6) Security and safeguarding measures where the raw materials are stored or used.

11–14. Government quarters and furnishings considerations

a. When LDDT of government quarters or the government furnishings and equipment contained therein occurs, the installation housing manager will initiate an FLIPL.

(1) The FLIPL will be processed in accordance with paragraph 8–1 through the chain of command of the individual who is signed for the quarters at the time of the incident.

(2) The financial liability officer will determine if the LDDT resulted from gross or simple negligence or whether willful misconduct was involved.

(3) When negligence or willful misconduct caused the LDDT (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 LDDT, as appropriate.

(4) Military and civilian sponsors may be charged with financial liability when the LDDT 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 LDDT results from an act of a household member or guest or a pet of either the household member or guest.

(5) Financial liability in accordance with this paragraph does not include LDDT resulting from fair wear and tear or events outside human control, such as sudden natural disasters for which no individual can be held responsible.

b. When liability against a sponsor cannot be shown, financial liability can be assessed against the individual who actually caused the LDDT. In this instance, upon assessing financial liability, the FLIPL will be forwarded to the servicing claims office for collection.

c. When an FLIPL is initiated to account for the LDDT 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 actual value of LDDT to the Government being assessed against the sponsor.

Chapter 12

Determining Fault and Proximate Cause in a Financial Liability Investigation of Property Loss

12-1. Determining culpability

a. Culpability means a determination of fault. Before an individual 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 individual'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 an individual's conduct—

- (1) The individual's age, experience, physical condition, and special qualifications.
- (2) The type of responsibility the individual 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 LDDT.
- (5) The adequacy of supervisory measures or guidance for property control.
- (6) The feasibility of maintaining close supervision over the property given the complexity of the organization or activity supervised.

b. The financial liability officer will weigh the actions of the individual 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:

c. A newly hired warehouse worker with no prior material handling equipment experience was attending a forklift operator's training course.

- (1) The course instructor told the worker to back the forklift into a parking place. In attempting to place the forklift in reverse, the worker inadvertently shifted into the high forward gear.
- (2) The forklift leaped forward and struck a storage rack, damaging the rack and stored supplies.
- (3) In this case, the financial liability officer should consider the worker's experience, the environment the training was performed in, and the expected level of proficiency based on completion of training provided prior to operating the forklift.

d. A Soldier participating in a field training exercise was assigned to the opposing forces. While trying to avoid being captured by friendly forces:

- (1) The Soldier found an unattended vehicle, got in, and drove off. An officer assigned to the friendly force element noticed the vehicle being driven off by an unknown individual and shouted to the Soldier to stop the vehicle. The Soldier, continuing to evade capture, drove off at a high speed and did not stop until the vehicle became entangled in barbed wire, damaging the suspension and brake lines.

(2) The Soldier's commanding officer and platoon leader both stated the Soldier was caught up the role of opposing forces during the field exercise was intent on accomplishing the training mission of avoiding capture.

(3) In this case, the financial liability officer may consider the Soldier's level of experience, which may have influenced the consideration of risk in context of the situation.

(4) A less experienced Soldier may have been more concerned with disapproval from the command for being captured in a field exercise, and less likely to anticipate the safety risks of driving at high speed to evade capture. The financial liability officer could recommend relief of responsibility for the damage to the vehicle during the field exercise if the Soldier lacked sufficient experience to anticipate the risk of damage compared to possible consequences for failing to avoid capture on the mission during training.

(5) Alternatively, the financial liability officer could recommend financial liability for the damage to the vehicle if the Soldier had years of experience, was relatively senior in rank, and should reasonably have been expected to take a less risky course of action to evade capture during the training exercise.

e. Judgment as a factor. Always use common sense and good judgment in determining the proximate cause. For example, although the speed limit in a particular place may be 30 miles per hour, at times the street may be so crowded or icy that even 20 miles per hour is a reckless and excessive speed. Actions which may be reasonable judgment in combat to protect life or accomplish a critical mission may be considered excessive in a training environment, depending on the circumstances.

12-2. Proximate cause

a. Proximate cause. Proximate cause is the cause, which in a natural and continuous sequence of events unbroken by a new cause produced the LDDT. Without this cause, the LDDT would not have occurred. It is further defined as the primary moving cause, or the predominate cause, from which the LDDT followed as a natural, direct, and immediate consequence. There may be more than one proximate cause for a specific LDDT (for example, a vehicle accident where both drivers were negligent).

b. The effect of proximate cause on individual liability. Simply being the last individual responsible for property when an LDDT occurs is not sufficient to assess financial liability. Determining that an individual is negligent or has committed an act of willful misconduct is not alone sufficient cause to hold them financially liable. The evidence must also indicate the willful misconduct or negligent act was the proximate cause of the LDDT. At times, what appears to be the proximate cause may not be the case.

(1) *Concurrent negligence.* Concurrent negligence arises when an accident is caused by the concurrent wrongful acts of two or more individuals acting independently.

(2) *Negligence by an individual without responsibility for the property.* An individual responsible for property on a hand receipt or in their possession may be involved in circumstances causing LDDT of property but with a proximate cause outside of that individual's control.

(3) *Adverse administrative or disciplinary actions related to financial liability.* In accordance with paragraph 1-1, all LDDT administrative actions in this regulation are related to material accounting. Negligence or misconduct related to LDDT may be more appropriate to address with adverse administrative or disciplinary actions, whether, or not financial liability is assessed.

(4) *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.

12-3. Recognizing proximate cause

The following examples examine scenarios with different factors determining the proximate cause:

a. Concurrent negligence. The driver of a military vehicle was driving at a speed of 65 miles per hour (mph), 20 mph above the posted speed limit. When reaching the top of the hill, the driver became aware of another vehicle to 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 the driver 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.

b. Negligence by an individual without responsibility for the property. 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 their vehicle 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.

c. Adverse administrative or disciplinary actions related to financial liability. A Sergeant on permanent duty as sergeant of the guard. Due to a shortage of drivers, the guard vehicle was assigned directly to the Sergeant with instructions from the Platoon Sergeant that no other personnel would drive the vehicle. However, the Sergeant allowed a Soldier assigned to the guard force to drive other guards to and from their guard posts after verifying the Soldier's license for the vehicle type.

(1) The specialist was involved in an accident while operating the vehicle, causing extensive damage to the body panels and roof. The investigation revealed the vehicle was operated the vehicle in a safe and careful manner; however, icy road conditions and snow-filled ruts caused the vehicle to turn over.

(2) The financial liability officer recommended the sergeant be held financially liable due to the decision to allow the specialist to drive Soldiers to guard points, despite instructions to not allow other Soldiers to operate the vehicle.

(3) The financial liability officer's findings stated there was no negligence on the part of the Specialist. As driving records showed the Specialist 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 the Sergeant's negligence in permitting an unauthorized driver to drive the vehicle, but the existing road conditions.

(4) The sergeant's decision to allow the specialist to drive Soldiers to and from their guard posts in violation of instructions might be a wrongful action, but an FLIPL is not the proper instrument to use for disciplinary or adverse administrative actions.

(5) The sergeant's commander could issue an oral reprimand, a formal letter of reprimand, or a notation on the sergeant's noncommissioned officer evaluation report. Nonjudicial punishment or a court martial under the UCMJ might also be appropriate. The FLIPL approving authority must determine if an FLIPL is the right course of action, and if so, determine if any individuals involved are liable or not. Financial liability also does not prevent adverse administrative or disciplinary actions for conduct which led to the LDDT of property.

d. Intervening cause. A material handler in a depot storage area was driving a flatbed truck at a speed higher than the posted speed limit, hitting a GSA-leased van passing through an intersection, causing damage to the front of the van. A tow truck was called to haul the damaged van from the scene of the accident to the GSA motor pool. The tow truck driver improperly hooked the towing equipment to the van, causing damage to the rear bumper.

(1) In this case, the material handler was held financially liable for the damage to the front of the van but not held financially liable for the damage to the rear bumper. The material handler's negligence (speeding) was not the proximate cause for the damage to the rear.

(2) The tow truck driver's negligent action (improperly hooking up towing equipment) was an intervening cause, a cause which broke into the ordinary course of events. The tow truck driver's negligence was sufficient to cause damage to the rear of the military sedan. The original speeding had nothing directly to do with that damage.

(3) As a general rule, if the LDDT was a result of the negligence, which might have been reasonably foreseen, then the negligence was not the proximate cause for the LDDT.

(4) 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, which created an intervening cause. Each driver could have reasonably foreseen the possible damage to the vehicle as the result of their actions.

12-4. Determining negligence and willful misconduct

a. 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 an individual for the LDDT of government property only if that individual's negligence or willful misconduct was the proximate cause of the LDDT. To make such a determination, the financial liability officer will understand what is meant by the term's "negligence" and "willful misconduct."

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

c. Negligence. Negligence occurs when the individual does not exercise the care required by the circumstances, based on the standard of actions of a reasonable person. LDDT of property does not automatically imply the individual responsible for the property was negligent.

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

(2) *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.

d. Examples. In each of the cases outlined in this paragraph, a reasonable and prudent person could foresee that a problem could result from their 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 their 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) A property custodian did not conduct a joint inventory with the previous property custodian before assuming responsibility for the property. During their tenure as property custodian, they also did not ensure the property was subhand receipted to end users (see AR 710–4), nor did they conduct inventories directed by the APO or prescribed by AR 710–4. Upon departure from the position, the joint inventory with the incoming property custodian revealed several shortages of property.

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

(1) The misappropriation that concerns the Army is using government property 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 LDDT.

(2) The theft that concerns the Army is taking government property without permission and for an individual to use or dispose of it as though it were their own.

Chapter 13

Financial Liability Investigation of Property Loss Findings and Recommendations

13–1. General

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.

13–2. Findings

a. A finding is a conclusion reached by the financial liability officer during their investigation of the facts and circumstances surrounding the LDDT of government property. Findings are supported by evidence contained in an FLIPL's statement of circumstances 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 their 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 FLIPL's statement of circumstances or in exhibit(s) made by an individual who was personally responsible for the property listed in an FLIPL at the time of the LDDT, the financial liability officer's findings must explain how that individual'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. A financial liability officer will show that the findings are supported by evidence by referring to the exhibits in sequence. The following are examples:

(1) "Sergeant First Class (individual's name) had personal responsibility for the missing property based on the hand receipt at exhibit A."

(2) "(individual's name) was driving the vehicle above the posted speed limit based on the law enforcement report at exhibit B."

(3) "The supply room was left unattended and unsecured on the evening of 1 October 2024, based on the charge of quarter's log at exhibit C."

c. After recording the findings, the financial liability officer must develop logical recommendations based on their findings, applying the guidance contained in this regulation.

13–3. Value of the lost, damaged, destroyed, or stolen property

a. As a part the FLIPL process, the financial liability officer determines the cost of the LDDT to the Government. When recommending assessment of financial liability, the financial liability officer will determine the amount that should be charged.

b. The charge represents the actual value of the LDDT to the Government computed (see app B), no replacement cost or punitive damages, regardless of whether simple negligence, gross negligence, or willful misconduct was involved. The actual value of LDDT is solely related to material accounting.

c. The value of loss to government property because of fair wear and tear is exempt from charges of financial liability. Technical inspectors determine fair wear and tear.

d. Actual value of LDDT to the Government is the difference between the value of the property immediately before its physical LDDT and its value immediately after. Appendix B provides methods to determine actual value of LDDT.

13–4. Financial liability recommendations

a. After recording the findings, the financial liability officer develops logical recommendations based on the findings and guidance in this regulation. See chapter 11 Sections II and III for examples of types of LDDT and the considerations that should be made in determining whether assessment of financial liability is appropriate. Enter recommendations of findings in eFLIPL in accordance with the EUM.

b. When findings reveal no negligence or willful misconduct, the financial liability officer will recommend relieving all individuals concerned of responsibility. For example, the recommendation may read—“Recommend all individuals be relieved of responsibility and accountability for the LDDT of property.”

c. The financial liability officer may recommend an individual be held financially liable for the LDDT of government property if the individual had personal or nonpersonal responsibility for the property and if their negligence or willful misconduct caused the LDDT of the property.

d. The financial liability officer can recommend an individual be held financially liable for LDDT of property, 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, breaking them all. The Soldier had neither possession nor supervisory responsibility for the damaged supplies. However, the proximate cause of the breakage was the Soldier’s negligence.

e. 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 LDDT. Consider whether without the negligent act or acts, would the LDDT have occurred?

(1) Liability for LDDT should not be assessed when the negligent act or willful misconduct is not the proximate cause of the LDDT. This does not prevent the commander/organization 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 LDDT, the individual responsible for the negligent act(s) or willful misconduct may be recommended for assessment of financial liability for the cost of the LDDT; for example, “Recommend (individual’s name, grade, and electronic data interchange personal identifier (EDIPI)) be held financially liable in the amount of (dollar amount).”

(3) Compute the amount of financial liability in accordance with chapter 4 and Appendix B. 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 LDDT in eFLIPL in accordance with the EUM. The financial liability officer will also include the individual’s expected date termination of service or employment in the FLIPL findings and recommendations.

(4) When more than one individual’s negligent act or willful misconduct is the proximate cause for the LDDT, those individuals may be recommended for assessment of collective financial liability. Use the phrase “collective financial liability” when more than one individual is found financially liable for the LDDT; 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 in accordance with chapter 4. The financial liability officer will include the individuals’ monthly base pay at the time of the LDDT and the expected dates of the individual’s expiration of term of service or termination of employment.

f. The financial liability officer’s recommendations should also recommend disposition of the accounting requirements for the property listed in the FLIPL. For example—

- (1) A recommendation to relieve all concerned of accountability for the physically lost, damaged, destroyed, or stolen item(s).
- (2) A recommendation that accountability continues, and damaged property be repaired and returned to service may be appropriate depending on the circumstances.
- (3) In an FLIPL related to administrative lapses of accountability with no confirmed physical LDDT, recommendations to re-establish accountability and implement controls or training to prevent reoccurrence.

13–5. Financial liability for vehicular accidents involving Government-owned or Government-leased vehicles

- a. Upon completion of an FLIPL that finds a Servicemember or Government employee, through simple negligence, caused an accident involving a Government-owned or Government-leased vehicle, the approving authority may waive financial liability or may reduce the amount of financial liability assessed against a member or employee.
- b. A waiver to relieve from 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. If an FLIPL is based solely on DA Form 3946 the approving authority will perform the following actions in eFLIPL in accordance with the EUM:
- d. Reference the DA Form 3946 in the statement of circumstances (for example, "see exhibit A, vehicle accident report").
- e. Enter the following statement in findings and recommendations. "I have reviewed the information in the attached exhibits. No further investigation is necessary."
- f. Complete the actions appropriate to the approving authority's decision in accordance with paragraph 14–8 to assess, reduce the amount of, or relieve the respondent from financial liability.

13–6. Completing the findings and recommendations

Once the findings and recommendations have been entered in eFLIPL, the financial liability officer will complete the following in accordance with the eFLIPL EUM:

- a. Ensure all exhibits are attached.
- b. Confirm the financial liability officer contact information, date submitted to appointing authority, and date of appointment are correct.
- c. Complete the dollar amount of actual value of LDDT, monthly basic pay, and recommended financial liability in accordance with chapter 4 and paragraph 13–9.
- d. Certify the findings and recommendations.

13–7. Forwarding the completed Financial Liability Investigation of Property Loss for approval

- a. Upon completion of an FLIPL, the financial liability officer will forward the FLIPL in accordance with the eFLIPL EUM to the approving authority (or appointing authority if one is designated). If a temporary exception for hard copy processing is approved, the financial liability officer will retain a copy of the FLIPL with all exhibits for reference.
- b. Follow this sequence to process an FLIPL from assessment of financial liability to receipt at FAO or USPFO:
 - (1) Assess liability.
 - (2) Notify respondent of financial liability (see para 14–2).
 - (3) Respondent's actions (see para 14–5).
 - (4) Forward to FAO/USPFO.
 - (5) FAO/USPFO acknowledges receipt.

13–8. Financial liability agreements between the Army and other Services for Financial Liability Investigation 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 (see chap 14).

b. In processing FLIPLs, a situation occasionally develops where personnel of another U.S. Government service, agency, or department are determined to be financially liable for the LDDT of Army property, and vice versa. FLIPLs will be governed by the regulations of the property's owning Service, including routing and approval authorities (see para 8–1).

c. When a financial liability investigation results in finding that a member whose parent Service is other than the property's owning Service will be held financially liable for the LDDT 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.

d. 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.

e. 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.

f. The parent Service approval authority will take action to notify the owning Service approval authority of the action taken on an FLIPL or to reconcile any differences in the anticipated action and recommendations of the owning Service.

13–9. Documenting the actual value of loss, damage, destruction, or theft and amount of financial liability

a. *Documenting actual value.* The financial liability officer enters the dollar value of the actual value of LDDT and the amounts of recommended charges of financial liability in accordance with the eFLIPL EUM as shown below.

b. *Dollar amount of loss.* The financial liability officer will enter the actual value of loss determined in accordance with 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.

c. *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 recommended for assessment of financial liability, enter \$0.

d. *Recommended financial liability.* The financial liability officer will enter the amount of financial liability being recommended for assessment against an individual or individuals (see chap 13).

Chapter 14

Actions after Making Recommendations

Section I

Actions after Investigating Officer Makes a Recommendation

14–1. 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 in accordance with 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.

14–2. Notification process when financial liability is recommended

a. When financial liability is recommended, the individual must be notified and given the opportunity to examine the findings and recommendations, obtain representation, make a rebuttal statement, and present any mitigating factors that may have contributed to the negligence or abuse. If damage to Government housing is involved, an individual also must be given the opportunity to request a waiver of financial liability in accordance with 10 USC 2775.

b. The financial liability officer will notify the respondent of the recommendations and of their rights (see para 14–3). Include an endorsement in accordance with paragraph 14–2f. for the respondent to acknowledge receipt of notification and complete the respondent's actions in eFLIPL.

c. In the notification to the respondent, the financial liability officer will attach a copy of the explanation of 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 the FLIPL being recommended for assessment and attach to the FLIPL.

d. Attach a complete copy of the FLIPL (including all exhibits) showing findings and recommendations to the notification as an enclosure.

e. The notification to the respondent will—

(1) Explain the respondent's rights (see para 14–4). 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 financial liability officer's findings and recommendations (see para 14–6).

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

(3) Explain the significance of any statement 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 their rebuttal statement or other evidence must be received in order to be considered in the determination of whether financial liability is assessed.

(6) The notification will inform the individual that collection efforts will begin 30 days (60 days for ARNG) from the date delivered or mailed. If a respondent exercises their rights described in paragraph 14–4, temporarily halt collection actions.

(7) When an 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 gross negligence; that is, assess the full amount of the actual value of LDDT against the individual.

f. The financial liability officer ensures the respondent completes the notification 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 FLIPL with completed acknowledgment of notification of my rights is returned, as requested.” If temporary hard copy processing is approved, the financial liability officer or the respondent may make a copy of DD Form 200 (reverse side) for this purpose and complete the DD Form 200 in accordance with paragraph C–3.

14–3. Notification methods and timelines when financial liability is recommended

a. Failure of involved individuals to respond to recommendations of financial liability is not a sufficient reason to delay the approval process if the individuals were given a reasonable opportunity to reply.

b. When a notification is returned as not deliverable, the financial liability officer is not required to make further attempts to notify the individual of their rights. If no reply is received within 30 days after the date the notification is sent, record all correspondence and receipts as exhibits to the FLIPL and proceed with the appointing and/or approving authority review (see paras 14–7 and 14–8).

c. Notification methods and timelines are as follows:

(1) *Individual located on the same installation as the financial liability officer.* The notification with enclosed FLIPL is hand delivered to the individual. The individual is allowed 7 days from the date of receipt to submit a rebuttal statement or other evidence.

(2) *Individual is unavailable but within the same country as the financial liability officer.* Send by official email with read and return receipt enabled; by eFLIPL notification; or by certified physical mail with return receipt service. Individuals are allowed 15 days from the date the notification is received or the date the email was sent to submit their rebuttal statement or other evidence.

(3) *Individual is unavailable and within a different country than the financial liability officer.* Send by official email with read and return receipt enabled; by eFLIPL notification; or by certified physical mail with

return receipt service. Individuals are allowed 30 days from the date the notification is received or the date the email was sent to submit their rebuttal statement or other evidence.

(4) Individual is deceased, incapacitated, or deserted from Service and property settlement is required; or individual is otherwise separated from military or Federal Government service. See paragraph 7–13.

Section II

Approving Authority and Respondent's Actions

14–4. Respondent's rights

- a. An individual recommended or assessed with financial liability has the rights to—
 - (1) Inspect and copy Army records relating to the debt.
 - (2) Obtain free legal assistance 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 Service-members and DoD Civilian employees.
 - (3) Submit a statement and other evidence in rebuttal of the financial liability officer's findings and recommendations (see para 14–6).
 - (4) 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 in accordance with paragraph 14–13. The time constraints in chapter 8 apply to requests for reconsideration.
 - (5) Request a hearing concerning the amount of the debt or the terms of any proposed repayment schedule (Civilian employees only) (see para 14–16). 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. The time constraints in chapter 8 apply to requests for a hearing.
 - (6) Request remission or cancellation of the indebtedness under the provisions of AR 600–4 (see para 14–17). The time constraints in AR 600–4 apply to remission or cancellation of indebtedness.
 - (7) Request extension of the collection period (see para 14–18).
 - (8) Once final action has been taken by the appeal authority, individuals may submit an application on 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) (see AR 15–185). The time constraints in AR 15–185 apply to the correction of military records.
- b. Submit 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.

14–5. 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/organization 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/organization 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 8 unless the individual can show good cause for failing to take one of the actions described in paragraphs 14–5a(1) through 14–5a(5) within the time prescribed.

14–6. Submission of individual rebuttal statement

a. *Rebuttal statement.* Individuals have the right to submit a rebuttal statement or other added evidence and to have that statement or evidence considered and attached to the 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 assistance is available only to Servicemembers and DoD Civilian employees (see AR 27–3).

b. Time constraints.

(1) An individual who receives a hand delivered FLIPL packet has 7 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 days from the date the notification is received by physical mail or the date the email was sent to submit their rebuttal statement or other evidence. Notifications physically 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 days from the date the notification 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 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.

c. Financial liability officer actions.

(1) The financial liability officer will review a rebuttal statement received within the allotted time and 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 recorded in eFLIPL in accordance with the EUM. Forward the complete packet to the appointing authority or the approving authority as appropriate for action.

(2) When the financial liability officer receives a rebuttal statement after the time allotted for a rebuttal has expired, they 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.

(3) If there is no rebuttal statement or other evidence from the individual, the financial liability officer will forward the completed FLIPL to the approving authority or appointing authority, as appropriate.

d. Distribution. The financial liability officer process rebuttal in eFLIPL. The eFLIPL workflow will notify the appointing or approving authority for next action.

14–7. Appointing authority review

a. The appointing authority will review the FLIPL in accordance with paragraph 8–4*b*, ensuring all administrative requirements have been met. 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—

b. 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 in accordance with the eFLIPL EUM—

- (1) Approve the recommendation.
- (2) Enter comments related to the decision (optional at the discretion of the appointing authority).
- (3) Confirm the appointing authority contact information.
- (4) Certify the appointing authority recommendation.
- (5) 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.

c. Non-concur with findings and recommendations. If the appointing authority non-concurs with the financial liability officer's recommendations, they will process the FLIPL as follows in accordance with the eFLIPL EUM and—

- (1) Disapprove the recommendation.
- (2) Enter a statement showing the rationale upon which their decision is based.
- (3) Confirm the appointing authority contact information.
- (4) Certify the appointing authority recommendation.
- (5) 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.

14–8. Approving authority's action after review of Financial Liability Investigation of Property Loss

a. Chapter 8 describes the financial liability investigation processing steps from decision by the approving authority to receipt by the FAO/USPFO.

b. If 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 (see para 10–3).

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 14–8*e*; 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 in accordance with paragraph 14–10; 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. When the approving authority adopts the recommendations of the financial liability officer or AR 15–6 investigating officer to assess the respondent with financial liability, the approving authority will ensure a legal review is completed in accordance with paragraph 14–9. A legal is conducted regardless if the recommendation is to hold an individual or individual liable or not. On receipt of the legal opinion, if such opinion supports the approval authority's recommendations, the approving authority will perform the

following actions in accordance with the eFLIPL EUM to provide final approval to hold the respondent financially liable—

- (1) Approve the recommendation of the financial liability or AR 15–6 investigating officer.
- (2) Enter a statement to assess financial liability against the respondent, similar to the following: “Approved to hold (name, grade, and EDIPI) financially liable in the amount of (actual value of LDDT in accordance with appendix B). (Name and grade), monthly basic pay at the time of the LDDT was (amount).” When more than one individual is held collectively liable for the actual value of LDDT in accordance with chapter 4, use one statement in accordance with individual respondent.
- (3) Ensure the rank or grade, last name, and basic pay at the time of LDDT are entered in eFLIPL for all respondents held financially liable.
- (4) Record the approving authority’s contact information.
- (5) Certify the approval of financial liability.
- (6) Retain the original in eFLIPL, send a copy to the FAO (RA and USAR) or USPFO (ARNG), and provide each respondent with a copy.

f. When the approving authority adopts the recommendations of the financial liability officer or AR 15–6 investigating officer to assess the respondent with financial liability, but at a reduced amount below the actual value of LDDT calculated in accordance with appendix B, the approving authority will ensure a legal review is completed in accordance with paragraph 14–9. On receipt of the legal opinion, if such opinion supports the approval authority’s recommendations, the approving authority will perform the following actions in accordance with the eFLIPL EUM to provide final approval to hold the respondent financially liable—

- (1) Approve the recommendation of the financial liability or AR 15–6 investigating officer.
- (2) Enter a statement to assess financial liability against the respondent, similar to the following—“Approved to hold (name, grade, and electronic data interchange personal identifier (EDIPI)) financially liable in the amount of (reduced amount of financial liability). (Name and grade), monthly basic pay at the time of the LDDT was (amount).” When more than one individual is held collectively liable for the LDDT in accordance with chapter 4, use one statement in accordance with individual respondent.
- (3) Clearly state the facts that justify waiving any or all financial liability in the FLIPL’s 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 the FLIPL comments/rationale and attach the memorandum as an exhibit to the FLIPL.
- (4) Ensure the rank or grade, last name, and basic pay at the time of LDDT are entered in eFLIPL for all respondents held financially liable.
- (5) Record the approving authority’s contact information.
- (6) Certify the approval of reduced financial liability.
- (7) Retain the original in eFLIPL, send a copy to the FAO (RA and USAR) or USPFO (ARNG), and provide each respondent with a copy.

g. When the approving authority decides to relieve all concerned from financial liability in an FLIPL, the approving authority will perform the following actions in accordance with the eFLIPL EUM—

- (1) Approve or disapprove the recommendation of the financial liability or AR 15–6 investigating officer as appropriate.
- (2) Enter the following statement “All concerned are relieved from financial liability for the LDDT of the property listed on this FLIPL.”
- (3) Clearly state the facts that justify waiving any or all financial liability in the FLIPL’s 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 the FLIPL comments/rationale and attach the memorandum as an exhibit to the FLIPL.
- (4) Record the approving authority’s contact information.
- (5) Certify the approval of relieving financial liability.
- (6) Retain the original FLIPL in eFLIPL and destroy any remaining copies.

h. 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. 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.

14–9. Legal review of Financial Liability Investigation of Property Loss

a. Upon receiving an FLIPL on whether the approving authority believes financial liability is appropriate or the approval authority decides to waive or reduce liability, 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 review the legal opinion. If corrective action is needed in the FLIPL process, the approving authority will address the issues outlined in the legal review process and ensure compliance with this policy. After corrections, the approving authority will make a final decision on 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 RA, 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 (RA), 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 LDDT to Government property if the findings and recommendations are found to be legally insufficient.

14–10. Notification process when financial liability is assessed

a. The approving authority will notify the individual(s) assessed with financial liability in accordance with this paragraph. Failure of involved individuals to respond to the assessment of financial liability is not a sufficient reason to delay the FLIPL collection process if the individuals were given a reasonable opportunity to reply. The approving authority will notify the respondent using the methods and timelines described in paragraph 14–11.

b. The notification will inform the individual that collection efforts will begin 30 days (60 days for ARNG) from the date delivered or mailed. If a respondent exercises their rights described in paragraph 14–4, temporarily halt collection actions.

(1) The notification will provide a means for the respondent to acknowledge receipt.

(2) The notification will state what rights the respondent has in accordance with paragraph 14–4 and the time limits for exercising these rights.

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

14–11. Notification methods and timelines when financial liability is assessed

a. Notification methods and timelines are as follows:

b. Individual located on the same installation as the approval authority. The notification with enclosed FLIPL is hand delivered to the individual. The individual is allowed 7 days from the date of receipt to submit a rebuttal statement or other evidence.

c. Individual is unavailable but within the same country as the approval authority. Send by official email with read and return receipt enabled; by eFLIPL notification; or by certified physical mail with return receipt service. Individuals are allowed 15 days from the date the notification is received or the date the email was sent to submit their rebuttal statement or other evidence.

d. Individual is unavailable and within a different country than the approval authority. Send by official email with read and return receipt enabled; by eFLIPL notification; or by certified physical mail with return receipt service. Individuals are allowed 30 days from the date the notification is received or the date the email was sent to submit their rebuttal statement or other evidence.

e. Individual is deceased, incapacitated, or deserted from Service and property settlement is required; or individual is otherwise separated from military or Federal Government service (see para 7–13).

f. When a notification is returned as not deliverable, the approving authority is not required to 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 total days allowed for processing the FLIPL (see chap 8).

g. If no reply is received within 30 days after the date the notification is sent, record all correspondence and receipts as exhibits to the FLIPL. 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 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.

14–12. Appeal authority

a. The appeal authority is an Army officer or a DA Civilian employee designated to take final action on requests for reconsideration when the FLIPL approving authority denies relief of financial responsibility to a respondent.

b. The appeal authority reviews previous decisions or considers requests for remission of cancellation of debts.

c. Appeal authority action is by authority of the Secretary of the Army.

(1) The appeal authority is 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 SC, the appeal authority is the U.S. Army Installation Management Command region organization supervisor will be the appeal authority. Individuals having approving authority that delegate it to subordinate personnel in accordance with chapter 4 cannot be an appeal authority. Appeal authority must be at a command or supervisory level above the approving authority level.

(2) The following individuals 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 time-in-grade 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) Heads of Corps, division, and SCs.

(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 actual value of LDDT of \$250,000 or greater or a final determination of LDDT of a classified or sensitive 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, an individual who has had personal responsibility or accountability for the property listed on a DD Form 200 will not act as an approving or appeal authority. In such cases the next higher commander/organization supervisor will be the appeal authority.

14–13. Requests for reconsideration

a. The phrase “request for reconsideration” refers to an application to the appeal authority (the next commander/organization supervisor in the chain of command) 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/organization supervisor currently holding this position.

b. 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. If liability is to continue, the approving authority will forward requests for reconsideration to the appeal authority within 15 days of the approving authority receiving the request. If the appeal authority believes financial liability is appropriate or the appeal authority decides to waive or reduce liability, the appeal authority will obtain a legal opinion.

c. 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.

d. 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 after a request for reconsideration. 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)).

e. Unless good cause for a greater delay exists, individuals must file requests for reconsideration within the time constraints in chapter 8 and paragraph 14–11.

(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.

14–14. Processing requests for reconsideration

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

(1) Notify the individual of relief from the assessment of financial liability or reduced amount of financial liability. Notification will be made by email to individual's official email address with return receipt and delivery confirmation options enabled. Notify individuals without an official email address by hand carried hard copy, certified mail, return receipt requested. Copies of the notification 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.

(2) Retain the new evidence with the FLIPL in eFLIPL in accordance with the EUM.

b. *Continuation of financial liability.* When the approving authority determines that the assessment of financial liability is continued, within 15 days of receiving the request for reconsideration the approving authority will—

(1) Prepare and sign a memorandum addressing paragraph 14–12 to the appeal authority. The approving authority is not authorized to allow other individuals 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. *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 the respondent 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 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.

d. 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.

e. 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 (see para 14–11). The notification will inform the individual of their the right to—

- (1) Request a hearing (Civilian personnel only, (see para 14–16)).
- (2) Request remission or cancellation of indebtedness (see para 14–17).
- (3) Request an extension of the collection period (see para 14–18).
- (4) Submit a DD Form 149 application to the ABCMR in accordance with AR 15–185 (see para 14–19) after final action has been taken by the appeal authority.

14–15. Actions resulting from reopening, correcting, amending, or canceling a Financial Liability Investigation of Property Loss

a. Reopening, correcting, amending, or canceling Financial Liability Investigation of Property Loss are administrative procedures. They may be activated—

- (1) By a decision at the approval authority level previously acting on an FLIPL that such action is necessary.
- (2) At the direction of the appeal authority.

b. Approving authority. The FLIPL approving authority will reopen an FLIPL when either of the situations shown in paragraph 14–15a occurs as a result 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 as outline in paragraph 14–5. 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 an 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 to Financial Liability Investigation of Property Loss. 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 4–13a. when property is recovered. If it becomes necessary to alter a hard copy 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 Financial Liability Investigation of Property Loss. See the eFLIPL EUM to cancel FLIPLs in the application. Do not cancel an approved FLIPL (one on which the approving authority has taken final approval action). When property is found after an FLIPL is approved, follow the procedures in paragraph 4–13.

e. Amending Financial Liability Investigation of Property Loss. Based on new information received by the approving authority, it may become necessary to amend an FLIPL, including the decision of the approving authority. If it becomes necessary to alter an FLIPL 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 an 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. See paragraph 4–14 for procedures to calculate and request refunds of collected funds to individuals charged with financial liability.

14–16. 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, in accordance with DoD 7000.14– R, Volume 5 and Volume 8.

14–17. Remission or cancellation of indebtedness

When financial liability assessed through an FLIPL causes financial hardship to a Soldier found liable, they may submit DA Form 3508 (Application for Remission or Cancellation of Indebtedness) for remission or cancellation of the debt through their commander, (see 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.

14–18. 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.

14–19. Submitting an application to the Army Board for Correction of Military Records

Individuals assessed financial liability through an 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.

Chapter 15

Accounting for Loss, Damage, Destruction, or Theft at National/Wholesale Level Accounts

Section I

Introduction

15–1. General

a. This chapter prescribes procedures for accounting for LDDT of property in SRAs and storage activities at national/wholesale levels. This includes ASDAs; general fund activities operated by PEOs, PMs, or

product support managers; U.S. Joint Munition Command sites; arsenals; supply depots; maintenance depots; and other national level storage activities (such as prepositioned afloat ships).

b. This chapter applies to LDDT which cannot be resolved by causative research. Adjustments not subject to causative research will be completed according to AR 725–50.

15–2. Storage activities

a. *National assets at national level storage activities.* The national level storage activity APO will maintain accountability of stored national assets. The accountable record is the storage activity formal custodial record. Within AMC, the term “storage activity” refers to the following:

- (1) Army Sustainment Command storage activities, both in the CONUS and OCONUS.
- (2) Includes both Government-owned and/or -operated and Government-owned contractor operated site and arsenals.
- (3) Prepositioned afloat ships, each of which is a separate storage activity.
- (4) The U.S. Army Communications-Electronics Command COMSEC Logistics Activity storage activity at Tobyhanna Army Depot.
- (5) National maintenance activities that are performing maintenance functions on ASDA-owned or customer-owned assets.

b. *National assets at non-national level wholesale storage activities.* The wholesale storage activity APO will maintain accountability of national assets. The accountable record is the storage activity formal custodial record. Examples of this category include the following:

- (1) Assets at a contractor for repair.
- (2) Assets on loan.
- (3) Assets in transit between storage activities on different installations.

15–3. Causative research and loss, damage, destruction, or theft administrative actions

a. Wholesale SRAs will prepare an IAR (APSR system-generated or DA Form 444) for all losses not resolved by causative research. Table 15–1 gives the criteria for causative research.

b. DLA, and Army storage activities will conduct causative research in accordance with table 15–1 and initiate an FLIPL in accordance with this chapter for all adjustments which cannot be resolved through causative research. The DLA and other Service storage activities will provide copies of each completed FLIPL to each of the accounts affected by the loss or gain.

c. Exceptions to these criteria are as follows:

- (1) LDDT of controlled items that require an investigation (see AR 15–6).
- (2) LDDT for which negligence or willful misconduct is known or suspected. An 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 wholesale stock record or storage activity do not adequately explain the loss. In these cases, the APO may require an FLIPL instead of an IAR.

d. IARs must be prepared by the next higher activity for all losses when causative research at the wholesale stock record activity results in no conclusive findings.

e. When losses are equal to or less than the dollar values specified in table 15–1, the APO may request an IAR from the stock record or storage activity as an exception, if enough justification exists. The APO always has the option of requesting an FLIPL if the IAR does not explain the loss adequately.

f. The stock record or storage activity 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 15–1.

Table 15–1
Criteria for causative research

Adjustment	Causative research required
Of \$5,000, or less.	No, unless required below.

Table 15–1
Criteria for causative research—Continued

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 items coded with CIIC in the Classified Items or Sensitive Items categories of the CIIC table in DA Pam 708–2 regardless of dollar value of item or extended dollar value of adjustment.	Yes.
Of \$2,500 or less for items coded with CIIC in the Pilferable Items category of the CIIC table in DA Pam 708–2. See note.	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.

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

15–4. Initiating loss, damage, destruction, or theft administrative actions after causative research

- a. Within 5 working days after causative research is completed, national, or wholesale activity commanders or supervisors will submit a written request for stock record or storage activities to initiate any necessary IAR, FLIPL, or AR 15–6 investigations.
- b. The stock record or storage activity will provide a transaction history for 2 years along with a transaction history reconciliation listing or an unresolved discrepancy research list, whichever is applicable.
- c. 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) Wholesale stock record activity account identifier.
 - (11) Loss quantity.
 - (12) Ownership code (ammunition only).
 - (13) Reportable item control code.

Section II

Inventory Adjustment Reports and Financial Liability Investigation of Property Loss Procedures

15–5. General Procedures

This section applies specifically to AMC, but the general procedures may be adapted for use in other national/wholesale activities as applicable.

- a. Within AMC, 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/organization supervisor and to AMC (AMSDS–SM–SA) for ammunition and to DLA (DLA–OW) for general supplies.

b. 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.

15–6. Depot of inventory adjustment reports submitted to Army supply distribution activity

a. Depots will submit an IAR to ASDAs in original and two copies.

b. ASDAs will review IARs for completeness and accuracy (see table C–7).

c. An ASDA has 30 days to approve an IAR or return it to the depot for more action.

d. 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.

(1) Retain the original of the approved IAR in the approving authority file.

(2) Return two copies of the approved IAR to the APO.

(3) Forward one copy to the depot.

(4) Place the other copy in the ASDA completed files.

e. If the ASDA non-concurs with any part of the IAR, return the IAR to the depot by covering memorandum for corrective action with a suspense of 30 days from the date of the memorandum.

f. If the IAR remains unacceptable after the second submission, the ASDA may request an FLIPL.

15–7. Depot of Financial Liability Investigation of Property Loss submitted to Army supply distribution activity

a. Depots will submit FLIPLs to ASDAs in eFLIPL, or if hard copies are used in an original and three copies.

b. ASDAs review FLIPLs for completeness and accuracy.

c. An ASDA has 60 days to approve the FLIPL or return it to the depot for more action.

d. If acceptable, forward the FLIPL to the ASDA approving authority for approval in eFLIPL. If hard copies are used—

(1) Retain the original of the approved FLIPL in the approving authority file.

(2) Return three approved copies to the APO.

(3) Forward two copies to the depots for their files.

(4) Place one copy in the ASDA completed files.

e. If the ASDA non-concurs with any part of the FLIPL, return it to the depot by covering memorandum for corrective action with a suspense of 60 days from the date of the memorandum.

15–8. Army supply distribution activity actions for depot inventory adjustment reports or Financial Liability Investigation of Property Loss

a. 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.

b. When an IAR or FLIPL results in no conclusive finding because of inadequate accountable records, the commander/organization supervisor of the ASDA will record the circumstances in a written statement, then 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.

c. File the statement of inadequate accountable records with the IAR or FLIPL.

15–9. Army supply distribution activity actions for Defense Logistics Agency or other Service storage activity inventory adjustment reports or Financial Liability Investigation of Property Loss

a. ASDA will monitor adjustment documents received from DLA and other Service storage activities to determine when the criteria outlined in table 15–1 are exceeded, and causative research resulted in no conclusive findings. For these instances, the storage activity will forward an FLIPL to the ASDA within 45 days of posting of the adjustment.

b. 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 appropriate to type of property and circumstances of the LDDT.

c. 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, the approving authority will return the FLIPL to the storage activity with a memorandum outlining all concerns.

(1) Further action is handled on a case-by-case basis between the approving authorities and command channels.

(2) If the ASDA approving authority believes a reinvestigation is necessary, the storage activity approving authority may request that the ASDA pay for the reinvestigation.

15–10. Depot research actions prior to inventory adjustment reports or Financial Liability Investigation of Property Loss

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:

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

b. For denials, check material release order history files to ensure material was not shipped.

c. Check all current and deleted locations.

d. 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.

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

f. 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.

g. Assets may be on record for other owners. If so, verify that these recorded assets are correct with no adjustments that would be relevant to the LDDT.

h. Review outstanding SF 364s to decide whether they are relevant to the LDDT.

i. Check the depot maintenance activity for missing material.

j. Check that any transaction to or from the maintenance activity is correctly reflected on the depot's transaction history.

k. Check the disposal activity for missing material.

15–11. Depot administrative actions for loss, damage, destruction, or theft

a. The depot will 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 from the ASDA 5 days before the suspense date. Forward the original and two copies of the IAR or FLIPL to the ASDA.

b. A depot-prepared IAR may result in no conclusive finding because of inadequate custodial records at the depot. If so, the commander or supervisor of the depot or their 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 IAR or FLIPL.

c. An investigation may recover missing material or may account for it. If so, correct the depot custodial records as required—

(1) Forward a reply by first memorandum to the ASDA to include a copy of the depot transaction history showing the corrections have been made.

(2) 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.

(3) 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.

(4) 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.

d. 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.

(2) If the ASDA requests an IAR, not knowing that negligence or willful misconduct is suspected, the depot commander/organization supervisor will initiate an FLIPL instead of an IAR.

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

e. If hard copy DD Form 200 is used, see paragraph C–3 and modify the instructions as follow —

(1) On DD Form 200 block 13, line out the words “APPOINTING AUTHORITY” and replace them with the words “DEPOT COMMANDER.”

(2) Forward copy number five to the proper ASDA showing that DD Form 200 has been initiated.

(3) Forward the original and three copies of hard copy DD Form 200 to the depot commander or supervisor to assign an inquiry or investigation number from the FLIPL register and to appoint a financial liability officer (when required by the approving authority).

15–12. Depot financial liability officer actions

a. Appointed financial liability officers will conduct an investigation and document losses in accordance with chapters 7 through 11. In addition, the financial liability officer will—

(1) Obtain statements in the form of certificates or direct quotes of individuals mentioned on in the FLIPL statement of circumstances, if not already attached as exhibits, and any other individuals 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 bill of landings (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).

(6) When LDDT of a weapon or ammunition occurs, include the serial and/or lot number on the FLIPL or the AR 15–6 investigation and follow additional mandatory reporting procedures (see para 4–2). Verify that a copy of the security investigation and DA Form 3056 is attached to the FLIPL as an exhibit.

(7) 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.

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

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

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

(11) Decide whether the missing item has any commercial application.

(12) Decide whether an individual is to be held financially liable.

(13) Determine who is responsible; normally this is the depot-appointed responsible officer.

(14) In accordance with chapter 12, decide whether negligence or willful misconduct is evident.

(15) State how the LDDT occurred. If this cannot be determined, state why.

b. If the missing material is found or accounted for, discontinue the investigation. Report the findings through the depot commander/organization 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.

c. When the investigation is complete, 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.

d. Obtain the signature of the depot commander and forward the completed FLIPL to the applicable ASDA.

15–13. Depot actions for controlled inventory item of Financial Liability Investigation of Property Loss

Conduct investigations on controlled inventory items in accordance with paragraph 4–6 and AR 15–6 as follows:

a. The FLIPL will not include details on the circumstances and findings. Instead, include a statement referring to the attached AR 15–6 investigation.

b. If no financial liability is recommended, include a statement in the findings and recommendations. The statement will recommend that the APO be relieved of accountability and not held financially liable.

c. 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 an FLIPL as an exhibit. If there is not a board, use the name of the investigator.

Chapter 16

Discrepancies Incident to Shipment of Property by Common or Contractor Carrier

Section I

Introduction

16–1. 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 16–1.

Table 16–1
Actions for discrepancies in shipment

Step	Action
1	Discovery of the discrepancy by— The 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 SCs.
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.

16–2. Inventory control point actions

The inventory control point (ICPs) is 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 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.

16-3. Discovery of discrepancies

a. Individuals working in the receiving transportation office or the property office normally discover the discrepancies.

b. Undue delay of notice will dictate when to use SF 364 (not applicable to DD Form 361).

16-4. 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. The receiving property officer will consult the receiving TO when concealed damage is discovered upon opening packages.

(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.

16-5. 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 16-5a, initiation of DD Form 361 or SF 364 is not required except during the following:

(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

16-6. 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, in accordance with 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.

16-7. 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 lost, damaged, destroyed, or stolen articles are obviously the shipper's responsibility, use procedures in paragraph 16-5.

16-8. 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.

16-9. 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, 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 16-33 through 16-41 and paragraphs 16-44 through 16-48.

16-10. 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.

16-11. 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.

16-12. Responsibility at Army depots

At Army depots (storage activities), the receiving or intended receiving TO will initiate DD Form 361 when prescribed in accordance with paragraph 16-23. 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.

16–13. Responsibility at installations, depots, and terminals

a. At installations other than depots and terminals, the receiving TO will initiate and distribute DD Form 361.

b. At installations where an officer does not regularly serve as a TO, the commander or organization supervisor will assign a qualified Army officer or DA Civilian to take all actions prescribed in this regulation.

c. 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.

16–14. 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.

16–15. Responsibility at aerial ports or air freight terminals

The receiving officer will prepare DD Form 361 for reporting and financial liability investigation purposes.

16–16. Responsibility for shipments to commercial warehouses

a. Commercial warehouses are engaged either to—

- (1) Store certain property in route to water terminals; or
- (2) Await other overseas shipment; or
- (3) Provide more storage capacity for depots.

b. In the first and second cases, 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.

c. 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.

16–17. 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.

16–18. Shipments to nonmilitary activities

a. *Continental United States destinations.* When making shipments of Army property to activities listed in paragraphs 16–2 through 16–26, 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) Individuals, corporations, or non-Government activities not under Army contract.
- (3) Foreign governments or instrumentalities of such governments.
- (4) NAF activities of the Army.

b. *Shipments to Department of the Army contractors.* For shipments of Government property 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.

16–19. 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 16–27.

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 16–27.

16–20. Army property damaged or destroyed before reaching intended destination in the continental United States

a. *Unable to deliver.* 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:

b. *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 damaged supplies and equipment are turned over to a Government repair activity for repair or other disposition before delivery, the shipping officer—

(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.

c. *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 an 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.

d. *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.

16–21. 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 14–7). 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.

16–22. 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.

16–23. 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 16–39).

16–24. 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 16–2 through 16–30 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.

16–25. Shipments from the Army Stock Fund

Process DD Form 361s initiated for shipments from the AWCF in accordance with paragraph 16–23 (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.

16–26. Shipments from the Defense Logistics Agency

Process DD Form 361s initiated for shipments from DLA stock fund in accordance with paragraph 16–20 (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.

16–27. Shipments from the General Services Administration

Initiate DD Form 361 for GSA shipments in accordance with paragraph 16–10 (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.”

16–28. Designation of appointing and approving authority

At each Army installation or major activity, the SC or organization 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 SC.

16–29. Investigation of discrepancy general instructions

The instructions in chapter 14 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 SC. In addition, investigations are made as an adjunct of the appointing and approving authority action rather than by formally designating a financial liability officer.

16–30. 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 (see para 14–8). Distribute the form in accordance with the requirements of paragraph C–5 if hard copies are used.

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.”

16–31. 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 LDDT.

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 LDDT. 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.

16–32. Disposition of damaged property

a. The damaged property may consist of articles falling within the classes in paragraph 16–41. 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 in accordance with paragraph 16–41 when applicable. Otherwise, obtain specific instructions from an authorized representative of the commodity command concerned.

(3) Do not release articles not covered by paragraph 16–41 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 16–41. 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.

16–33. 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 16–40); 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.

16–34. Review and approval review for senior commander

a. The appointing and/or the approving authority has direct responsibility for initiating, processing, and approving DD Form 361s to report and adjust discrepancies in shipment. However, the SC or organization supervisor must check reviews of selected cases to ensure adequate protection of the interests of the Government.

b. 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.

c. The SC or organization supervisor will ensure FLIPLs (discrepancies incident to shipment) are entered in eFLIPL and an inquiry/investigation number is assigned.

16–35. General distribution

a. After approval, the appointing and approving authority will distribute the original and copies of DD Form 361 and the FLIPL. The distribution specified in paragraph 16–44b 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 copies of an FLIPL 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 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 16–44a(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 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.

16–36. Distribution of the Army Stock Fund

a. *General.* As provided in paragraphs 16–9 and 16–41 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 (see para 16–45).

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 16–44.

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 16–44. 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.

16–37. Distribution of shipments from the Defense Logistics Agency

a. General. As provided in paragraphs 16–6 and 16–41 for steps 3 and 4, shipments from DLA involve reimbursement billing. With stated exceptions, these shipments require billings adjustment in accordance with 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 16–46.

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 in accordance with 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 (see para 16–44).

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 (see para 16–44). Forward the fifth copy to support request for billing adjustment in accordance with DFAS–IN Manual 37–100 (see para 16–45c). Request for billing adjustment may not be required because the discrepancy amounts to less than \$100 per line item. If so, return the fifth copy to the officer who prepared the report.

16–38. Distribution of shipments from the General Services Administration

As provided in paragraphs 16–6 and 16–41 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 GSA, 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 16–44.

16–39. Action of shipping officer

As shown in paragraph 16–39, 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 (see paras 16–44 and 16–45).

16–40. Discrepancies involving contract freight handlers

a. LDDT to Government property in transit and in freight-handling operations by contractors for long-shoremen, 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. LDDT may stem from contractor or shipper responsibility. The KO at the terminal will take proper action to determine liability for the discrepancy.

b. When parcel post or a Government delivery vehicle furnished by shipping or the receiving activity, interior intra-installation, DD Form 361s do not apply.

c. 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.

16–41. Shipments by ocean commercial carriers

- a. The military sealift commander is responsible for transoceanic and intercoastal water transportation—
- b. On charter shipments, the use of a GBL does not apply. Except for losses of bulk liquids, use an FLIPL 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 16–51 and (see DoDM 4140.25).
- c. 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.

16–42. 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/organization 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/organization supervisor of the SDDC area command may return the original DD Form 200 to a terminal commander/organization supervisor for an MSC office. Retain the fifth copy in the file. Annotate the file at the command.

16–43. Discrepancies in tanker shipments of petroleum and other bulk liquids received at overseas discharge points

- a. AR 703–2 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 in accordance with paragraph 16–27 and process it in accordance with paragraph 16–52, except upon completion of action of the terminal commander/organization supervisor as SC, 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 16–52.

16–44. Discrepancies in domestic intercoastal shipments

a. 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.

b. 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.

c. Based on a final check of the inbound shipment and the information furnished in accordance with paragraph 16–51a, 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 16–4).

(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.

d. 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.

16–45. Shipment of authorized baggage and household goods

a. The LDDT of 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.

b. 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.

c. 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.

16–46. 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.

16–47. 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

16–48. Initiating a Standard Form 364

a. General. This section addresses property accountability aspects of 41 CFR 101–26.8. It gives procedures for use by Army receiving installations and activities to report and adjust item (supply) discrepancies as defined in paragraph 16–4. This section also outlines the relationship between SF 364 and DD Form 200 actions (see fig 16–1).

(1) When submitted, SF 364 serves as a suspended adjustment of received overages, shortages, and damaged Government property 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 16–48.

(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, 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, (see 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 (see 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 16–48 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 in accordance with AR 190–30 (regardless of ownership).

(c) Preparing and submitting SF 364 for Army-owned materiel in accordance with 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 Standard Form 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 16–48c(2)).

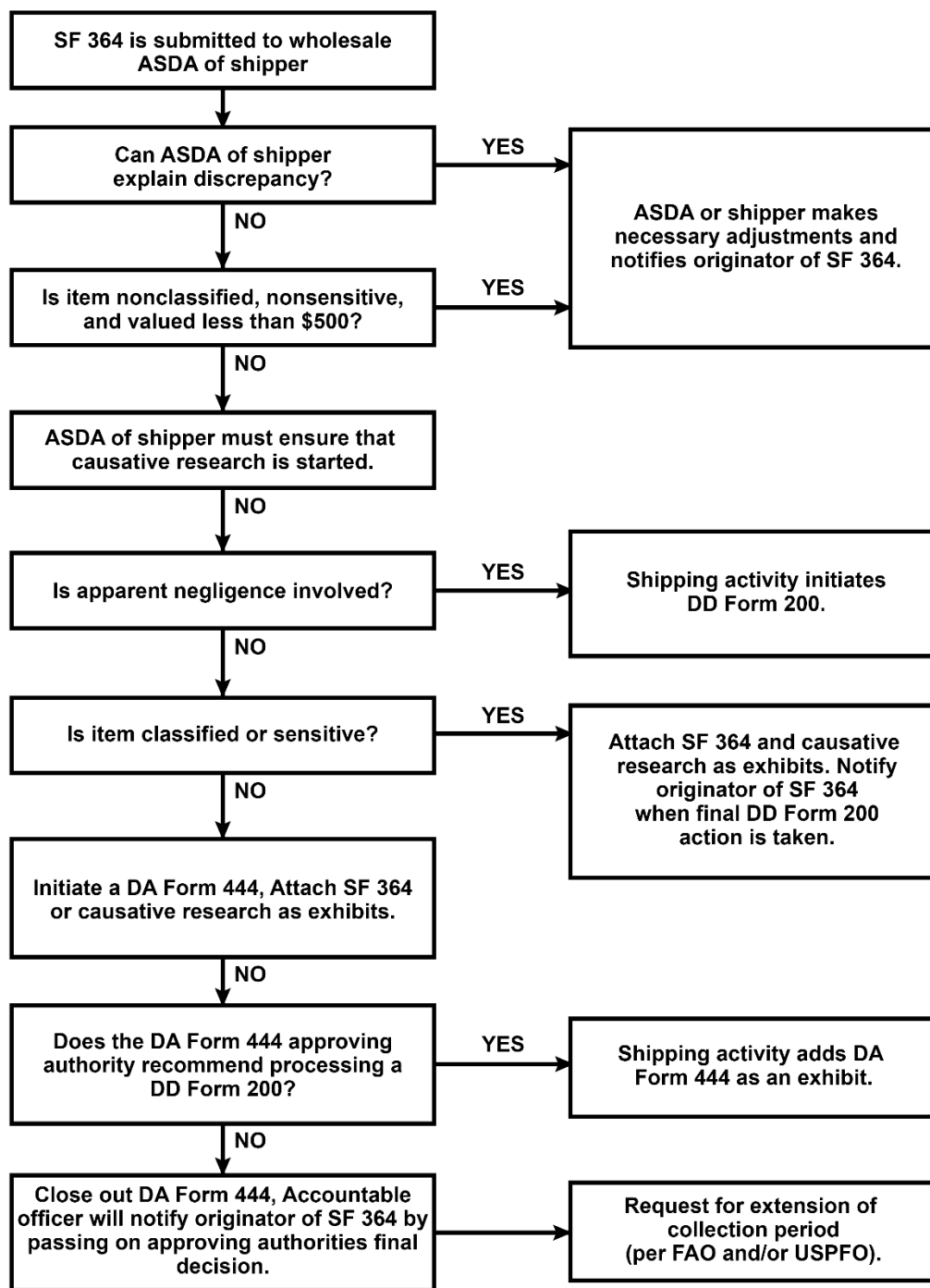


Figure 16–1. Process steps for Standard Form 364 and related actions

16–49. Conducting investigations and preparing Standard Form 364

Since SF 364 does not meet the requirements of a DD Form 200, conduct investigations according to chapter 7 through 13. Follow the instructions for preparing SF 364 in 41 CFR 101–26.8.

16–50. Approval of Standard Form 364 of consignee

The receiving property officer or designated representative will approve by signing in SF 364, block 14b.

16–51. 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) *Standard Form 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, AMC (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).

16–52. Replies and follow-ups to Standard Form 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

Unless otherwise stated, Department of the Army publications are available on the Army Publishing Directorate website at <https://armypubs.army.mil/>.

AR 15–6

Procedures for Administrative Investigations and Boards of Officers (Cited in para 1–12*f*.)

AR 27–20

Claims (Cited in para 7–3*c*(8).)

AR 30–22

Army Food Program (Cited in para 4–4*c*(3)(*a*).)

AR 40–61

Medical Logistics Policies (Cited in para 5–13*c*.)

AR 190–11

Physical Security of Arms, Ammunition, and Explosives (Cited in para 4–1*c*.)

AR 210–130

Laundry and Dry Cleaning Operations (Cited in para 5–10*a*.)

AR 380–40

Safeguarding and Controlling Communications Security Material (U) (Cited in para 15–3*c*(4).)

AR 600–4

Remission or Cancellation of Indebtedness (Cited in para 14–4*a*(6).)

AR 700–84

Issue and Sale of Personal Clothing (Cited in para 4–1*c*.)

AR 710–4

Property Accountability (Cited in para 1–1.)

AR 750–1

Army Materiel Maintenance Policy (Cited in para 4–7*a*.)

TB 380–41

Security— Procedures For Safeguarding, Accounting, and Supply Control of COMSEC Material (Cited in para 4–1*e*.)

Section II

Prescribed Forms

Unless otherwise indicated, Department of the Army forms are available on the Army Publishing Directorate website at. Department of Defense 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 8–4*i*.)

DA Form 7531

Checklist and Tracking Document for Financial Liability Investigations of Property Loss (Prescribed in para 8–7*b*(1).)

DA Form 7923

Statement of Charges/Cash Collection Voucher (Prescribed in para 4–7*c*.)

DD Form 200

Financial Liability Investigation of Property Loss (Prescribed in para 1–10*a*.)

Appendix B

Determining the Actual Value of Loss, Damage, Destruction, or Theft to the Government

B-1. Introduction

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 in accordance with this regulation are material accounting oriented and designed to protect the right of the Government to obtain reimbursement for the LDDT of Government property.

b. Adjustment methods in accordance with this regulation and determination of the value of actual loss are not intended to be used as adverse administrative or disciplinary action (see paras 1-1 and 4-9). Even if negligence or willful misconduct is known or suspected to have contributed to the LDDT of Government property, calculations of the value of actual loss are always applied in accordance with this appendix, regardless of the circumstances leading to the LDDT.

c. Determination of the actual value of LDDT also applies in situations where the type of property or individuals losing property are subject to liability for "full value of the actual loss." In such a scenario the "full value of actual loss" means the total amount of liability assessed and recouped from a respondent may exceed normal liability limits, not simply the full unit price listed in the AEMM. Actual value of LDDT is still calculated according to this appendix.

d. Include a computation of charges when recommending financial liability. The computation should show how actual value of loss was calculated and other factors used in determining the actual value of LDDT, or reference should be made to the exhibit on which the computation is recorded. The results of the computation are entered in the FLIPL findings and recommendations.

e. The base price of property is the current AEMM unit price; or the acquisition price if no AEMM price is recorded; or the receipt price from a local procurement contract or commercial purchase; or other standard price of a new item.

f. The actual value of LDDT to the Government is the difference between the value of the property immediately before its LDDT and its value immediately after.

g. The actual value of LDDT due to fair wear and tear is exempt from financial liability charges to an individual. A technical inspector determines fair wear and tear. For example, several years of normal fair wear and tear estimated to reduce an item's value by \$5,000 would not be included in the actual value of LDDT charged to an individual held liable for \$1,500 of damage determined by an ACOD.

h. This regulation establishes four means of arriving at the actual value of LDDT or ACOD to the Government and the amount to be charged. These methods must be considered in sequence—

- (1) Actual cost of repairs. (See para B-4).
- (2) Standard rebuild cost and salvage/scrap value. (See para B-6).
- (3) Fair market value. (See para B-7).
- (4) Depreciation by a percentage rate. (See para B-8).

B-2. Technical inspection

a. *Technical inspection.* Document technical inspection prior to the repair or turn-in of damaged equipment.

b. *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.

c. *Need for a technical inspector.* 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 individual 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 technical inspector is one who is trained to maintain and/or repair the type of property.

B-3. Value of repairable property

a. Value. 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:

b. 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 damage, reduce the cost of repairs by the amount of the increase in value.

c. Computation. Technical personnel will compute the actual repair cost (see 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 actual value of LDDT 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.

d. 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.

e. Value at the time of loss, damage, destruction, or theft. See paragraphs B-5 through B-10.

B-4. Actual cost of repairs

a. If an item can be repaired, base the charges on the cost of repairs, minus certain allowances. Although this regulation requires the use of the actual cost of repairs to compute the charges of financial liability, do not delay processing an FLIPL pending the completion of repairs.

b. When the actual cost of repairs cannot be obtained in time to complete an FLIPL within the established time limits, technical personnel will make an itemized list of the estimated cost of repair. The FLIPL will continue with the understanding that if the documented ACOD is less than the ECOD, the FLIPL will be reopened, the charge amended, and the difference reimbursed to the respondent.

c. 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 and from the repair installation.

d. When computing the actual costs, allow for factors that affect the actual value of LDDT—

(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 an increase in value when determining financial liability and actual value of LDDT. 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 AEMM price of the part. Allow salvage credit for the usable or salable value of metal as waste or scrap.

e. 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, only assess the respondent the 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 physical loss, stolen, destroyed, or irreparably damaged property

a. The value of lost, stolen, destroyed, or irreparably damaged property is the actual value of the property at the time of the LDDT, minus any salvage or scrap value.

b. The actual value of capital assets and capital leased assets with general ledger financial depreciation/amortization will follow the appropriate rates for the type of asset in accordance with DoD 7000.14-R, Volume 4, Chapter 26 and use the value recorded in the property's asset master record or the lease records in the general ledger at the time of LDDT.

c. The actual value of real property loss is the plant replacement value. 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.

d. Actual value of all other types of property at the time of the LDDT may be computed in one of three ways, in this order—

- (1) Standard rebuild cost and salvage value. See paragraph B-6.
- (2) Fair market value. See paragraph B-7.
- (3) Depreciated value. See paragraph B-8.

B-6. Standard rebuild cost and salvage value

a. When property cannot be repaired, the value of the LDDT may be computed by subtracting the standard rebuild cost plus any salvage value from the current base price for the property. The base price of property is the current AEMM unit price; or the acquisition price if no AEMM price is recorded; or the receipt price from a local procurement contract or commercial purchase; or other standard price of a new item.

b. This method may only be used when—

- (1) A standard rebuild cost has been published.
- (2) The property was not new or recently overhauled.
- (3) The property was in service long enough to warrant overhaul.
- (4) There is residue that can be salvaged.

c. 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.

d. 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 property can be repaired.

e. 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.

(1) For example, a piece of equipment's AEMM price is \$2,000 and a 50 percent credit (or \$1,000) was allowed for depreciation.

(2) 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.

f. 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-7. Fair market value

a. The preferred method of determining the value of property at the time of LDDT is by a qualified technician's two-step appraisal of its fair market value. Depreciation in accordance with paragraph B-9 will only be used as a last resort when fair market value cannot be determined, or when calculated fair market value is not equitable to the Government or individual (see para B-7e.).

b. First, a technician estimates the condition of the lost, stolen, destroyed, or irreparably damaged item at the time of the LDDT through personal knowledge, review of maintenance records, accountable property records indicating service life of the property, conversations with using personnel, and other means available.

c. Second, the investigating officer uses the technical inspection and may consult with the technician to determine the price that similar items in similar conditions have sold for in commercial market transactions within the last 12 months.

d. 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. The process is similar to consumer comparison shopping, seeking the average fair price.

(1) Items used for comparison should generally meet the specifications and condition of the item involved in the LDDT, but do not have to be an exact match by make and model.

(2) For example, a laptop computer of a specific brand and specifications may be compared to commercial market transactions for competing brands with similar capabilities, or other models with similar features to determine a fair market value.

(3) Appraisal guides accepted in the commercial market, such as automotive or information technology pricing guides, may be used for this purpose.

(4) Other methods may include averaging multiple quotes from retail marketplaces (online or local market prices).

(5) Refurbished item prices may provide reasonable fair market values for older commercially available items discontinued by manufacturers.

(6) 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.

e. If the fair market value appears to be unfair to the Government or the individual charged with financial liability, do not use that value.

(1) For example, if the actual value of LDDT for a pair of binoculars was \$97, and they are now being sold on the open market for \$175, the individual cannot be charged \$175.

(2) In some cases, a determination of fair market value is impossible. For example, there is no legitimate commercial market for missiles or other military-restricted property; commercial or industrial equipment configured for Government requirements may have no commercial equivalent to develop comparisons of fair market value.

f. The investigating officer must furnish an explanation of the calculation of fair market value. If fair market value is not used, the financial liability officer must also explain the reasoning. For example, the financial liability may state there is no legitimate 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 and therefore do not present a fair value; or a unique commercially purchased item has no similar items on the market to develop a comparison.

B-8. Depreciation

a. Depreciation is the least preferred method of computing the actual value of LDDT for LDDT of Government property. Depreciation is only used when all of the following conditions apply:

(1) Actual cost of repairs is not appropriate or possible. See paragraph B-4.

(2) The standard rebuild value is not possible. See paragraph B-6.

(3) Fair market value cannot be determined, or fair market value is not equitable to the Government or the individual(s) assessed with liability. See paragraph B-7.

(4) The property is not new. Assess liability for the full base price for LDDT of new property. New for this purpose means within 12 months of purchase or acquisition, or unissued stocks older than 12 months but in the same condition as a newly manufactured item.

(5) The property is not small arms. Assess liability at the full base price for LDDT of small arms.

b. See paragraph B-9 for general depreciation rates (not including information technology equipment (ITE)).

c. See paragraph B-10 to calculate depreciation rates for ITE.

B-9. General depreciation rates (not including information technology equipment)

a. If depreciation is authorized in accordance with paragraph B-8a., apply a depreciation formula using the approved rates in this paragraph to determine the actual value of LDDT on the basis of life expectancy. This is calculated by subtracting depreciation at a specified rate over time from a base price. For example—

(1) A lost piece of office furniture that had been in use for 2 years would be depreciated 5 percent of the base price per year for a total depreciation of 10 percent of the base price.

(2) The value of the office furniture listed on the 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) For OCIE items, CBRNE personal protective masks and clothing, and nonpowered hand tools, depreciate by 10 percent of the base price for each such item.

(2) For items made of relatively perishable material such as leather, canvas, plastic, or rubber (except for OCIE and CBRNE), depreciate by 25 percent of the base price for each such item.

(3) For office furniture and equipment, depreciate 5 percent of the base price per year of service, up to 50 percent of the base price.

(4) For tactical and general purpose vehicles, depreciate 5 percent per year of service, up to 90 percent of the base price. Total depreciation will not exceed 90 percent of the base price.

(5) For family quarters, depreciate furnishings 5 percent of the base price per year of service, up to 50 percent of the base price.

(6) Compute depreciated value for all other property at 5 percent of the base price per year of service, up to 75 percent of the base price.

(7) If the time in service cannot be determined, depreciate a standard 25 percent of the base price.

B–10. Depreciation rates for information technology equipment

a. Always attempt to determine fair market value for similar items of ITE in similar condition in accordance with paragraph B–7 first. If a fair market value cannot be determined and depreciation is authorized in accordance with paragraph B–8a, apply a depreciation formula using the instructions in this paragraph to determine the actual value of LDDT on the basis of life cycle (see DA Pam 25–1–1).

b. Calculate depreciated value at the same rates specified for ITE life cycle replacement. ITE depreciates more rapidly than other types of equipment due to technology obsolescence, and disposal may also incur recycling costs which must be considered in calculating depreciated value.

c. DA Pam 25–1–1 provides additional information on managing ITE hardware. DA Pam 25–1–1 provides life cycle replacement rates which vary by type of equipment and use of the equipment. If this method must be used as a last resort, calculate the depreciation as follows:

(1) *Step 1 Determine items of information technology equipment life cycle.* Determine the life cycle replacement rate in years from the appropriate table for the type of ITE in DA Pam 25–1–1.

(2) *Step 2 Calculate items of information technology equipment depreciation rate.*

(a) Divide 100 percent by the number of life cycle years determined in Step 1 to calculate ITE depreciation percentage per year.

(b) For example, only, a 4 year life cycle replacement rate for a certain type of ITE results in 25 percent per year (100 percent divided by 4 is 25 percent).

(c) For example, only, 5 year life cycle replacement rate for different ITE types or uses would result in 20 percent per year (100 percent divided by 5 is 20 percent).

(3) *Step 3 Calculate Total Depreciation Rate.*

(a) Multiply the age of the equipment in years by the calculated depreciation rate.

(b) For example, only, if an item of ITE that is 3 years old has a 4 year life cycle replacement rate per DA Pam 25–1–1 Appendix H, this results in a 75 percent depreciation (Steps 1 and 2 equals 25 percent per year, multiplied by 3 years equals 75 percent total depreciation).

(c) This calculation may result in 100 percent depreciation if an item of ITE has reached the life cycle threshold. In this situation the item is fully depreciated and the actual value of LDDT is \$0. This is a rare occasion when an asset has \$0 value because of scrap value.

(4) *Step 4 Calculate Total Depreciation Value.*

(a) Multiply the total depreciation rate from Step 3 by the base price to calculate total depreciation percentage.

(b) For example, an item of ITE with a base price of \$1000 and a depreciation rate (Steps 1–3) of 75 percent results in a depreciation of \$750 (\$1000 multiplied by 75 percent equals \$750).

(5) *Step 5 Calculate Actual value of loss, damage, destruction, or theft for physical loss of items of information technology equipment.*

(a) When ITE is physically lost, calculate the actual value of LDDT by subtracting the total depreciation calculated in Step 4 from the base price.

(b) For example, only, an item of ITE with a base price of \$1000 and calculated depreciation of \$750 results in a calculated initial actual value of LDDT of \$250.

(c) For example, only if the Total Depreciation Rate calculated in Step 3 equals 100 percent (fully depreciated) the actual value of LDDT is \$0.

(6) *Step 6 Calculate final Actual value of loss, damage, destruction, or theft for damaged or destroyed information technology equipment–*

(a) For damaged or destroyed ITE, actual value of LDDT may require adjustments for salvage value in accordance with paragraph B–6 if applicable, or if recycling costs are incurred.

(b) For example, if a 3 year old item of ITE with a \$1000 base price was depreciated by 75 percent to \$250, this would also be the scrap value.

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 in accordance with 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. Enter signatures and dates in pen when DD Form 200 is prepared on paper or digital signatures when prepared as an electronic form.
- 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/organization supervisor, the property custodian, 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, they have 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/organization 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/organization 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/organization 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 in accordance with 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 individual 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/organization supervisors do not receive an acknowledgment of receipt from the FAO within 20 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/organization 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/organization supervisor approved the transaction. If the individual cannot show proof of payment, the commander/organization 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/organization 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.* RA 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 in accordance with 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 LDDT with DA Form 7923 does not constitute a sale of Government property. The U.S. Government retains title to all property listed on DA Form 7923 and all property purchased as replacements for LDDT of 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/organization supervisor will line through those items recovered and initially 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/organization 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, stolen, or destroyed items. Documents or voucher numbers are not assigned for damaged items, follow turn-in procedures in accordance with AR 710-2 and AR 710-4. 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).

Table C–1
Completion instructions (by block) for DA Form 7923—Continued

Block	Instruction
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 LDDT. 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), 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 (see appendix B)."
Column c	QTY. Enter the total number of each item.
Column d	UNIT PRICE. Enter the unit cost, less adjustments to value of actual loss when authorized by appendix B for items physically lost, destroyed, or stolen. 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/organization 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/organization supervisor enters the date block 10b is signed.
Block 10b	SIGNATURE BLOCK/SIGNATURE. The commander/organization supervisor signs above their 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 in accordance with paragraph 1–10, 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 and receives an investigation number. When the LDDT of Government property is discovered during an AR 15–6 investigation, initiate DD Form 200 in accordance with chapter 7 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 LDDT. If so, the initiator will ensure—

(1) The statements are recorded on DA Form 2823. If the initiator believes an individual providing a statement must be informed of any rights under UCMJ, Art. 31(b) prior to questioning, the initiator will consult with a servicing 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 individual 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. Identify hard copy exhibits alphabetically at the bottom of each exhibit, followed with the Inquiry/Investigation Number, title of the exhibit, date the FLIPL was initiated, FLIPL amount, and organization as shown on the face of the DD Form 200; for example, Exhibit A, (FLIPL inquiry number), DA Form 2823, (date initiated), \$736.43, A Co, 435th Infantry Battalion; Exhibit B, (FLIPL inquiry number), Copy of Vendor Receipt, (date initiated), \$736.43, A Co, 435th Infantry Battalion; and so on.

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 (see AR 25–400–2).

e. Except as authorized in paragraph 4–13 when lost property is recovered, the initiator will not alter any part of DD Form 200, blocks 4 through 10, or any exhibit. The individual preparing a statement may make minor corrections and add their initial to 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 unretrievable abandoned or destroyed property (see para 5–4).

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 in accordance with paragraph 5–7.

j. When the APO completes actions (see paras 4–8 and 8–14)—

(1) The APO retains one copy and posts it to the appropriate accountable property record(s). This copy is filed with the APO's accountable property record supporting document files (see AR 25–400–2).

(2) The APO returns a copy to the initiator.

(3) Forwards the original and all remaining copies (number as prescribed by the local command) of an FLIPL, with all exhibits, to the appointing authority or approving authority, as appropriate.

k. 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 in accordance with appendix C, destroy the document.

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 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 LDDT was discovered by the organization. Depending on the circumstances of LDDT, this date may differ from the date of the LDDT actually occurred.
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 (loss of component)	If the LDDT 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 involved in the LDDT, leave the MATERIAL NO. block blank (see table C–3 to prepare DD Form 200 continuation sheet).

Table C-2
Complete instruction (by block) for DD Form 200—Continued

Block	Instruction
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 involved in the LDDT, 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 involved in the LDDT, 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 LDDT. 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 actual value of LDDT at this time; the financial liability officer will compute it in accordance with chapter 4 and appendix B. (2) For subsistence sales accounts, obtain unit prices from the troop issue subsistence activity (TISA) or the commissary price list in effect at the time of the LDDT. (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 involved in the LDDT, 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 involved in the LDDT, 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 LDDT 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 LDDT, if possible. Show all individuals 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 in accordance with 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 individual 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),

Table C-2
Complete instruction (by block) for DD Form 200—Continued

Block	Instruction
	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). When an appointing authority has not been designated by the approving authority, DD Form 200, block 13c, is left blank. 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. If the Approving Authority's decision is to relieve all concerned of property accountability and responsibility, enter the statement in block 14b— <i>"I have reviewed the information of the circumstances of property LDDT and corrective actions taken. 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 the FLIPL."</i> If the Approving Authority's decision is to assess financial liability, in block 14b enter COMMENTS/RATIONALE for the approving authority's decision. If legal review supports the Comments/Rationale, enter the following statement in block 14b— "Approved to hold (name, grade, and electronic data interchange personal identifier (EDIPI)) financially liable in the amount of (actual value of LDDT in accordance with appendix B). (Name and grade), monthly basic pay at the time of the LDDT was (amount)." 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 LDDT 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, and the appeal authority. Include the total cost of the loss in block 15b, DOLLAR AMOUNT OF LOSS, calculated in accordance with chapter 4 and Appendix B. (1) For damaged property, enter the cost to repair the damaged property. (2) For lost, destroyed, or stolen property, use the actual value of LDDT in accordance with 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 in accordance with chapter 4 and Appendix B. 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 in accordance with paragraph 14–5, the individual charged will mark an "X" in block 16a indicating whether or not they have 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 4–8 and 8–14). 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 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).
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 LDDT. 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 actual value of LDDT at this time; the financial liability officer will compute it in accordance with chapter 4 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 LDDT. (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).
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).

Table C-5
Completion instructions (by block) for DD Form 200, applies to abandoned property—Continued

Block	Instruction
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.
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 para 4-8). 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 Government property in possession of contractors.
Block 3	DATE LOSS DISCOVERED. Enter the date the LDDT was discovered by the organization. Depending on the circumstances of LDDT, this date may differ from the date the LDDT actually occurred.
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 (loss of component)	If the LDDT 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 involved in the LDDT, 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.

Table C-6
Completion instructions (by block) for DD Form 200, applies to property in possession of contractors—Continued

Block	Instruction
Block 5 (more than one item)	When more than one item is involved in the LDDT, 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 involved in the LDDT, 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 LDDT. 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 actual value of LDDT at this time; the financial liability officer will compute it in accordance with chapter 4 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 LDDT. (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 involved in the LDDT, 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 involved in the LDDT, 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 GFP loss case documentation as an exhibit to a DD Form 200" and annotate the GFP 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 para 4-8). 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 in accordance with 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. 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.

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.

c. 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.

d. Form the inquiry or investigation number using the approving authority's 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-23-HQ-0002.

e. Maintain DA Form 1659 when permitted for temporary hard copy processing (see para 1-10).

f. The DA Form 1659 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 (see para 10-3). Both the office maintaining the DA Form 1659 and the approving authority's headquarters will maintain file copies of the approved FLIPLs.

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 property custodian 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.
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 Department of the Army Form 444

Table C-8 provides instructions to prepare DA Form 444 in accordance with chapter 15. This form may also be automated in APSRs and is then prepared in accordance with the APSR EUM.

Table C-8
Completion instructions (by block) for Department of the Army Form 444

Block	Instruction
SSA	Enter name of activity preparing IAR.
MATCAT	Leave blank.

Table C–8
Completion instructions (by block) for Department of the Army Form 444—Continued

Block	Instruction
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.
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.
SRO	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.

Table C-8
Completion instructions (by block) for Department of the Army Form 444—Continued

Block	Instruction
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

Answers must be based on the actual testing of key internal controls by utilizing one of four test methods which are Inquiry, Observations, Examination, or Reperformance. Inquiry regarding a control's effectiveness does not, by itself, provide sufficient evidence of whether a control is operating effectively and generally is corroborated through other types of control tests (observation or inspection). Answers that indicate deficiencies must be explained and 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 a DA Form 11–2 (Internal Control Evaluation Certification).

D–4. Key control questions

- a. Are approving authorities for administrative adjustment actions for lost, damaged, destroyed, or stolen property designated at the appropriate thresholds in accordance with AR 735–5?
- b. Do commanders or supervisors conduct periodic reviews and sampling of the FLIPL process in accordance with AR 735–5 paragraph 8–4?
- c. Are FLIPLs processed within the time constraints prescribed by AR 735–5?
 - (1) RA–total processing time of 75 days.
 - (a) Initiation 15 days.
 - (b) Investigation 40 days.
 - (c) Approving authority approval 20 days.
 - (2) Army Reserve total processing time of 240 days.
 - (a) Initiation 75 days.
 - (b) Investigation 85 days.
 - (c) Approving authority approval 80 days.
 - (3) ARNG total processing time of 240 days.
 - (a) Initiation 75 days.
 - (b) Investigation 85 days.
 - (c) Approving authority approval 80 days.

D–5. Supersession

This evaluation replaces the evaluation in AR 735–5, dated 10 March 2024.

D–6. Comments

Help to make this a better tool for evaluating internal controls. Submit comments to the DCS, G–4 (DALO–SPE), 500 Army Pentagon, Washington, DC 20310–0500.

Glossary of Terms

Acceptance at destination

Assumption of title to property by the DA at the specified delivery point. This term corresponds, generally, to the commercial term FOB destination.

Acceptance at origin

Assumption of title to property by DA at the point of shipment. This term corresponds, generally, to the commercial term FOB origin. It does not imply that payment was made at the time title passed to the Army nor does it necessarily mean that the Government, by assumption of title, forfeited the right to reject any article not conforming to contract specifications.

Accountability

The obligation imposed by law, lawful order, or regulation on an officer or other individual 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 individual having this obligation may or may not have actual possession of the property, documents, or funds.

Accountable area

a specifically defined geographical or organizational locale in which personal property accountability is assigned to a designated APO.

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 TO, who is accountable for property entrusted to them for shipment.
- b. An 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 PHRH (property custodians). This may include deployable and/or fixed-based equipment used to operate stock 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 property custodians, 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 (see AR 30–22).
- e. An APO appointed in some enterprise level activities may simultaneously perform some functions of a PBO, SRO, and TO due to unique mission requirements. Examples include MATDEV facilities operating under the General Fund, or prepositioned stock facilities maintaining equipment for issue and return to support training and mission requirements.

Accountable property systems 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 in accordance with AR 700–145 and serialized item management requirements (see 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.

Aircraft

Free balloons, gliders, airships, and flying machines, whether manned or unmanned; weight-carrying structure for navigation of the air that is supported by its own buoyancy or the dynamic action of the air against its surfaces.

Appeal authority

An Army officer or DA Civilian designated to take final action on requests for reconsideration when the FLIPL 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 Army officer or DA 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 or supervision of, or on the staff of the approving authority. An appointing authority must meet the grade and/or position criteria in paragraph 4–21 of this regulation.

Approving authority

An Army officer or DA Civilian employee authorized to appoint financial liability officers and to approve FLIPLs. An approving authority must meet the grade and/or position criteria in chapter 4 of this regulation. 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 NAF activity. "Government property" and "Army property" are used synonymously with "property."

Asset listing

It is an asset visibility listing of 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.

Base price

Base price is the starting value to determine actual value of LDDT. This is normally the current AEMM unit price, or the acquisition price if no AEMM unit price is recorded. If there is no AEMM record for the item, use the receipt price from the item's local procurement contract or commercial purchase, or other standard price of the item when new in the commercial market.

Bill of lading

Includes Government bills of lading issued by the Army and CBL 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 an FLIPL is required.

Checking-in (tally-in) operation

An operation performed by a receiving clerk, normally under the supervision of the TO 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 physical LDDT of Government property, both collectively and individually.

Command responsibility

The obligation of a commander to ensure all Government property within their command is properly used and cared for, and that proper custody and safekeeping of Government property 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 the following:

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, take 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 individual can result in liability to accrue to each 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

An individual who is currently a KO with authority to enter into and administer contracts. The individual may be a KO either by virtue of position or by appointment under procedures prescribed by the Defense FAR Supplement. This individual may make determinations and findings for contracts or for any part of such authority. In the ARNG, a KO may be the USPFO, or an ARNG technician who has been appointed as KO 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. See CIIC table in DA Pam 708–2 for specific designations. Controlled inventory items in descending order of the degree of control normally exercised are—

a. Classified items. Materiel requiring protection in the interest of national security.

b. Sensitive items.

(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 items. Materiel having ready resale value or civilian application to personal possession and, therefore, especially subject to theft.

Culpability

A determination of fault. Before an individual 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 individual's actions or omissions constitute negligence depends on the circumstances of each case. Negligence under some circumstances may not reflect negligence under other circumstances. See paragraph 12–1 for additional criteria to determine culpability if a financial liability investigation is required. Therefore, all facts must be fully considered when determining the reasonableness of an individual's conduct—

a. The individual's age, experience, physical condition, and special qualifications.

b. The type of responsibility the individual 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 LDDT.

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.

Custodial area

A segment of the accountable area (for example, a ward in a hospital, a division in an organization, within an accountable area). There may be as many custodial areas and officers as are required to execute effective property management. See "property custodian."

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.

Day

A calendar day, unless otherwise noted. If the day on which an action is required falls on a nonworking day, then day means the next working day.

DD Form 200

An instrument for recording circumstances concerning LDDT 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

Property damaged to the point of complete loss of identity or beyond the prospect of future restoration. Destroyed property with identifiable residue will be processed as a turn-in transaction (see AR 710–2) (such as equipment which exceeds maintenance expenditure limits but is still identifiable as the item and serial number if applicable). Destroyed property with no identifiable residue (burnt to ash, scrap that cannot be identified as the item), or unretrievable property confirmed to be physically destroyed (such as downed aircraft destroyed by air strike or thermite grenades), may be adjusted in accordance with this

regulation. 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 an individual to ensure all Government property for which they have 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, GSA, 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 or classified property.

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 LDDT, 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 an FLIPL to report and adjust supply discrepancies. (See chapter 16 section III for an example of how a report of discrepancy condition could develop into an 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 GBL or other transportation documents (for example, commercial bill of lading, manifest, load list, freight warrant). The shortage, overage, or damage is termed a transportation-type discrepancy. Transportation-type discrepancies reportable on 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 organization supervisor.

Electronic signature

A generic term encompassing both noncryptographic and cryptographic methods of authenticating identity. Noncryptographic methods include personal identification number 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 list of GFP equipment being accounted for and used by contractors to perform their designated work or mission.

Final action

Action taken at the FLIPL 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 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 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 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 AG 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 wrenches, screwdrivers, hammers, chisels, pliers, saws, impact wrenches, and other small devices that are normally held in a toolbox.

Individual equipment

Personal clothing and equipment are 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 it 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 LDDT 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 LDDT of Government property.

Item

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

Item accounting

Method of accounting that expresses credit and debit (loss or gain) entries in terms of quantity of items transacted without regard for dollar value of the materiel. May be performed in either a detailed or summary manner.

Latent defects

Weaknesses or flaws normally not detected by examination or routine tests but are present at time of manufacture and may be aggravated or discovered by use.

Liability

The state of being responsible or answerable for the LDDT of Government property.

Loss

Loss of, damage to, destruction of, or theft 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 individual responsible for it. Physical loss of, loss of accountability for, damage to, destruction of, or theft of property of the Government under control of the Army, summarized as LDDT or simply "loss" throughout this regulation.

Materiel

Property necessary to equip, maintain, operate, and support military activities. May be used either for administrative or combat purposes

Negligence

The failure to act as a reasonably prudent person would have acted under similar circumstances. An act or omission that a reasonably prudent person would not have committed, or omitted, under similar circumstances. 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 (for example, a property user) or more generally (that is, all Soldiers must follow Army regulations). Negligence occurs when the individual does not exercise the care required by the circumstances, based on the standard of actions of a reasonable person. LDDT of property does not automatically imply the individual responsible for the property was negligent. See paragraph 12–4 for additional criteria to determine negligence if a financial liability investigation is required.

Negotiable instrument

An unconditional promise or order to pay a fixed amount of money, with, or without interest or other charges described in the promise or order, if it—(1) is payable to bearer or to order at the time it is issued or first comes into possession of a holder; (2) is payable on demand or at a definite time. Examples include checks, money orders, or electronic deposits or payments. Also includes items with a fixed value that may be used to gain a specific service, such as a postage stamp used to mail a letter, toll scrip used to pay for the use of a toll road, fuel coupons, or a token that is used to pay for a ride on public transportation. See additional criteria in DoD 7000.14–R and Uniform Commercial Code 3–104.

Negotiable media

Physical devices which are used to perform financial transactions, such as purchase cards, keys, fobs, badges, and similar devices but do not represent the value of the negotiable instrument (funds).

Nonexpendable items

An item of Army property coded with an ARC of "N" in the AEMM (see DA Pam 708–2). Supplies not consumed in use and retain their original identity during the period of use, such as weapons, machines, tools, furniture, and fixtures. Nonexpendable items require property book accountability after issue from the SRA. Commercial and fabricated items similar to items coded ARC "N" are considered nonexpendable items (see DA Pam 708–1 and DA Pam 708–2).

Non-personal responsibility

Responsibility for Government property derived from other than possession of the property. This includes responsibility for Government property derived from positions such as command, supervisory, and custodial responsibility; or direct responsibility resulting from appointment or signing a PHR.

Non-plant 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 SCs, brigade level and above, to ensure inventory adjustments are proper and in the best interest of the Army. Administrative property adjustments include the following:

- a. IARs.
- b. FLIPLs.
- c. Damage statements approved by subordinate commanders.
- d. FLIPLs initiated to account for LDDT of property during military operations other than war.

Personal arms & equipment

Equipment or clothing issued to individuals for their sole use and care such as weapons, personal retention items, mobility kit bags, flight jackets, parkas, and similar items. In defining 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 they go, 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 an individual to exercise reasonable and prudent actions to properly use, care for, and safeguard all Government property in their possession. It applies to all Government property issued for, acquired for, or converted to an individual's exclusive use, with, or without receipt.

Plant clearance officer

Authorized representative of the KO, appointed in accordance with 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. LDDT of property does not always require an assessment of financial liability. Some incidents of LDDT are beyond

an individual or entity's control, or there may be mitigating factors. Less significant losses for low cost, non-controlled, non-critical items may not be worth extensive efforts to investigate when time and labor costs exceed any potential financial liability recovered. Approving authorities must consider all factors when deciding which methods to pursue in accordance with this regulation.

Property administrator

An individual duly designated by appropriate authority to administer contract requirements and obligations relative to Government property furnished to or acquired by a contractor; an authorized representative of the 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 custodian

An individual appointed by an APO, commander, or DA Civilian supervisor who accepts direct and/or custodial responsibility for property, typically by signing a hand receipt or by an appointment order. The property custodian is directly responsible for the physical custody of accountable property under their control. See “custodial area.”

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 LDDT. Without this cause, the LDDT would not have occurred. It is further defined as the primary moving cause, or the predominate cause, from which the LDDT followed as a natural, direct, and immediate consequence. There may be more than one proximate cause for a specific LDDT (for example, a vehicle accident where both drivers were negligent). Before holding an individual financially liable for a loss to the Government, the facts must clearly show that the individual's conduct was the “proximate” cause of the LDDT. See paragraphs 12–2 and 12–3 for additional criteria to determine proximate cause of loss if a financial liability investigation is required.

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 TO. 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 temporary 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. Responsibility. The type of responsibility an individual has for property determines the obligations incurred by that individual for the property. See glossary for basic definitions and AR 710–4 for detailed explanation of the types of responsibility. Simply being responsible for property on a hand receipt, holding command, supervisory, or custodial positions, or possessing property are not sufficient to assess financial liability. Approving authorities for all actions in accordance with this regulation must consider the

type of loss, an individual's responsibility for the property and culpability, the proximate cause of the loss, and whether negligence or misconduct were involved.

- 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 an 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 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 Government property that is lost, damaged, destroyed, stolen, 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 APO 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

In accordance with 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 an individual subsequently given the property for care, use, safekeeping, or further issue. It does not transfer direct responsibility for the property to the subhand receipt holder but does transfer personal responsibility.

Summary accounting

Grouping transactions together for a specific time or activity and then posting only net results or summary of transactions to the accounting records.

Supervisory responsibility

Obligation of a supervisor to ensure all Government property issued to, or used by, 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 the following:

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

Supplies

Items needed to equip, maintain, operate, and support military activities. Supplies may be used for administrative, combat, or general plant purposes. Supplies include food, clothing, equipment, arms, ammunition, fuel materials, and machinery of all kinds. For planning and administrative purposes, supplies are divided into 10 classes. Supplies are synonymous with 'equipment' and 'materiel.'

Training equipment

Items developed, authorized, issued, or procured primarily for training and learning.

Transportation officer

The officer responsible for the shipment of property. This officer initiates and accomplishes bill of lading (BLs). When no individual is specifically provided to perform these functions, the officer who accomplishes BLs is responsible for duties assigned to the TO.

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. See paragraph 12–4 for additional criteria to determine willful misconduct if a financial liability investigation is required.

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