

As amended through August 28, 2007

Operations and Product Support

## MANAGING, ACCOUNTING, AND REPORTING OF GOVERNMENT PROPERTY

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BY ORDER OF THE DIRECTOR

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**AUTHORITY:** Defense Commissary Agency Directive Management Program is established in compliance with DoD Directive 5105.55, Defense Commissary Agency (DeCA), November 1990.

**MANAGEMENT CONTROL SYSTEM:** This directive contains management control provisions that are subject to evaluation and testing as required by DeCAD 70-2 and as scheduled in DeCAD 70-3. The Management Control Review Checklist to be used by assessable unit managers to conduct the evaluation and test management controls is included as Appendix C.

**APPLICABILITY:** This directive applies to →all← DeCA activities.

**HOW TO SUPPLEMENT:** Regions may not supplement this directive.

**HOW TO OBTAIN COPIES:** Copies may be read or downloaded from DeCA →Web site.←

**SUMMARY:** This directive provides procedures for the managing, accounting and reporting of →g←overnment property and the procedures to use when property is discovered to be lost, damaged, or destroyed through other than normal wear and tear.

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**SUPERSEDES:** DeCAD 40-15, Managing, Accounting & Reporting of Government Property, May 31, 1996.

**OFFICE OF PRIMARY RESPONSIBILITY (OPR):** HQ DeCA/DO

**COORDINATORS:** →HQ DeCA AM, CI, DO, EE, HR, HS, OC, PM, PS, RM, SE, XP, GC, IG, IR, LL, regional offices←

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## CHAPTER 1

### INTRODUCTION

**1-1. PURPOSE.** All DeCA property must be properly managed, accounted for, and reported IAW this directive. This includes the requirements for formal property inventories, responsibilities, categories of property, and accounting procedures. The directive provides procedures to be used when DeCA property is lost, damaged, or destroyed through causes other than normal wear and tear, authorized methods to obtain relief from property responsibility and accountability, and DeCA procedures on such losses and financial liability.

**1-2. RESPONSIBILITIES.** HQ DeCA directors and managers are responsible for providing guidance, assistance, and procedures to region and store personnel in the accountability of DeCA property. The Property Accountability Branch (→DOLP←) will ensure that the procedures in this directive are properly executed. Store directors and Center Distribution Center (CDC) managers are responsible for the daily care, security, and usage of property assigned to their areas of responsibility.

**1-3. RESALE MERCHANDISE ACCOUNTABILITY.** This directive does not include procedures that pertain to accountable inventory losses of resale merchandise. DeCAD 40-21, Accountability for Commissary Resale Merchandise. However, this directive does contain procedures for subsistence losses (other than accountable inventory losses) or fund losses.

**1-4. DEFINITIONS AND ACRONYMS.** Definitions are contained in Appendix A and acronyms are contained in Appendix B.

## CHAPTER 2

### PROPERTY ACCOUNTING REQUIREMENTS

**2-1. GENERAL REQUIREMENTS.** All personnel entrusted with government property are responsible for the proper use, care, and safeguard. Personnel will not be assigned duties that would prevent them from exercising proper care and custody over the property they are accountable or responsible for. When personnel assume accountability for property that is in a remote location, property records must reflect the remote location and the personnel charged with its care and safekeeping.

a. Government property will not be used for private purposes. Government property will not be sold, given as a gift, loaned, exchanged, or otherwise disposed of, unless specifically authorized by the DeCA Property Manager (DPM). It is prohibited to give or accept an issue document, hand receipt, or any other form of receipt to cover articles that are missing, or appear to be missing.

b. All property transactions will be documented and all records will include the nomenclature, assigned bar code number, manufacturer's name, manufacturer's serial number, stock/model number, equipment category code (ECC) (Figure 2-1), Federal supply classification (<http://www.supply.dla.mil/CustomHandbook/index.asp>), acquisition date/cost, the cost shown on the original receiving report, and month/year of manufacture.

c. Accountable property, categorized as Plant, Property and Equipment (PP&E) acquired with Defense Working Capital Funds (DWCF) or surcharge funds, upon receipt will be entered into and accounted for in the Defense Property Accountability System (DPAS). Contractor-furnished, but Government-owned property, will also be accounted for in DPAS.

**2-2. ACCOUNTABLE PROPERTY/RECORD.** All property purchased, leased (capital leases) or otherwise obtained, having a unit acquisition cost of \$5,000 or more (and land, regardless of cost) and items that are capital, items declared sensitive as classified by DOLP (Appendix C) and items listed on a maintenance contract.

a. Property (of any value) provided to third parties (e.g., Federal Agencies, State, and local governments, contractors, foreign governments) where the property was formerly in the Government's possession, and where title of the property remains with the Government.

b. Property records and/or systems will provide a complete trail of all transactions, suitable for audit (i.e., a transaction-based history of asset activity, including individual additions and deletions). If historical information is not available, the record should be appropriately annotated.

(1) Property Records.

(a) Records with a Property Book Identification Code (PBIC) code of "A" Accountable \$5,000 and above, will be inventoried every 3 years.

(b) Records with Depreciation (Deprn) code of "T" Capital purchases will be inventoried annually.

(2) Property Management Records.

(a) Records with a PBIC code of "M" Sensitive/Classified items (listed in Appendix C), will be inventoried every 3 years.

2-3. **ACCOUNTING FOR DeCA PROPERTY.** The DeCA Property Manager (DPM) is appointed by the Chief Operations Officer (COO) to establish and maintain DeCA's formal property records and systems, and/or financial records for government property, and implement internal controls, whether the property is in his/her possession.

a. All property acquired by DeCA must be accounted for from the time of acquisition until final disposition, and accountability for the property will be maintained in DPAS.

b. The DPAS property files will be maintained in DOLP. DPAS will record and account for all nonexpendable and other specially designated property belonging to DeCA activities. For HQ DeCA, field operating activities (FOAs), regions, and stores separate property accounts will be established, under the activity's Department of Defense Activity Address Code (DoDAAC), for property with DWCF (fund code N2 or N6) and for property purchased with surcharge funds (fund code A6 or AE).

c. Managers will ensure that records are maintained for property within their assigned areas. When DPAS is not available to accomplish detail/lateral transfer, DeCAF 40-108, Equipment Request for Issue/Turn In/Transfer (Figure 2-2) will be used to transfer property equipment between departments. Accountable property will be sub-hand receipted to the supervisory level. Managers will ensure that required supporting documentation is maintained on file in accordance with DeCAD 30-2, DeCA Files System.

d. Accountable property is categorized as either real or personal property (acquired with DWCF or surcharge funds), and will be processed into DPAS within 72 hours of receipt, or as required by the Financial Management Regulation (FMR), Volume 4, Chapter 6, for capital asset requirements. Government-furnished property (GFP) or contractor-acquired property and leased equipment over a period of 90 days will also be accounted for in DPAS.

e. Government-Wide Purchase Card (GPC) holders must ensure that accountable equipment (Appendix C) purchased with the GPC card is posted to DPAS in accordance with DOLP guidelines.

f. Any Navy Exchange Market (NEXMART) equipment purchased with 100 percent of the NEXMART surcharge reserve account held by Navy Exchange Command (NEXCOM) will be considered DeCA property and will be included in DPAS. NEXMART equipment purchase price prorated between DeCA and NEXCOM will be included in the NEXCOM property books, not DeCA's.

g. Property Accountability DPAS daily operating procedures are provided in DeCA's public folders for the following areas of accountability:

- (1) Pre-post;
- (2) INV (items not found);
- (3) DRH (DRMO turn-in);
- (4) Equipment sales;
- (5) Temporary model number;
- (6) LT (lateral transfer);
- (7) Excess;

- (8) DPAS Access;
- (9) Transfer out decrease;
- (10) Detailing equipment from one DeCA activity to another; and
- (11) Conducting (scanning) inventory:
  - (a) PDCD manager;
  - (b) Generate inventory;
  - (c) Initial Setup of Scanner;
  - (d) Activesync.zip;
  - (e) Intermec 751G setup for PC;
  - (f) Intermec 751G setting change; and
  - (g) DeCA Form 40-202 DPAS Profile.

#### **2-4. ← ACCOUNTABLE OFFICERS.**

→ a. An accountable officer is an individual appointed by proper authority to maintain formal records of government property or funds. (At commissaries, this individual is the store director; at regions, this individual is the region director.)

b. ← The accountable officer is responsible for maintaining records in DPAS that includes the item identification, serial number, model number, acquisition date, acquisition cost, inventory on hand, condition, and location of all property assigned to the property account. When accountable property is issued, the activity receiving the property is charged with ensuring property accountability.

→ c. ← Accountable officers will document the gain of any →g←overnment property not previously accounted for, as soon as it is discovered. →Prepare a DeCAF 40-239, Accountable Equipment Found During Inventory (Figure 2-4), for all items found. Process a “TEMPMODELNUMBER” increase with a PBIC of “F” and process into DPAS with other information from the DeCAF 239. ←

→ d. ← Property accountability remains with the receiving activity until the property is transferred to another activity, removed from the property records, or otherwise accounted for by the processing of a DD Form 200, Financial Liability Investigation of Property Loss.

→ e. ← Contractors may not be designated as accountable officers, but are held accountable and responsible for →g←overnment property provided to them under the terms of their contract.

→ f. Accountable officers will inventory all property assigned to his or her custody and control within 30 days of their departure or arrival at a new organization of responsibility.

#### **2-5. ← DeCA PROPERTY FURNISHED TO OR ACQUIRED FROM CONTRACTORS/ VENDORS.**

a. DeCA property may be furnished to or acquired by contractors under conditions of a specific contract. →g←overnment property provided to contractors under the terms of a specific contract that is assigned or transferred to the Defense Contract Management Command for administration remains the property of DeCA.

b. A record of any Government-leased property provided to a contractor for more than 120 days will be maintained. Ensure a hand receipt is issued to the responsible property custodian. Document the value of the leased equipment at zero dollars; to ensure that general ledger accounts are not affected for the equipment. If DeCA ultimately purchase the leased property, then enter the dollar value of the acquisition.

c. DeCA must inform the Contracting Officer when Government-furnished property (GFP) is to be used. The contract will require contractors to be responsible and accountable for →g←overnment property in their possession or control.

d. The Government representative and contractor representative will conduct a joint physical inventory of GFP at the beginning and upon termination/completion of the contract. The Government representative will ensure that periodic physical inventories of the GFP are conducted, as specified by the contract.

(1) The contractor will provide documentation to the Contracting Office that an inventory was conducted and discrepancies noted.

(2) If required by the contract, the contractor will provide replacements for damaged GFP.

(3) The Government representative will provide to the major hand receipt holder a written account of the circumstances surrounding the loss, damage, or destruction of property.

e. Property/equipment furnished by vendors for commissary use will be identified on an informal log. Vendor property/equipment may be either loaned or donated in writing to the commissary. However, donated property/equipment then becomes →g←overnment property and must be accounted for in DPAS. Loaned equipment should be handled in accordance with DeCAD 10-3, Vendor Demonstration/ Presentation and Loan/Testing of Supplies, Equipment or Services.

**→2-6.←CYCLIC INVENTORY OF PROPERTY FOR COMMISSARIES.**

a. Cyclic inventories of commissary property will be conducted →as directed by the DeCA Property Manager← as follows:

DEPARTMENT/AREA	FY QUARTER	DATES
ADMIN (101) - FRONT-END (102)	1ST	OCT 1 - DEC 31
GROCERY (201) - DELI (202) - BAKERY (202)	2ND	JAN 1 - MAR 31
MEAT (301) - RECEIVING (302) - FISH (303)	3RD	APR 1 - JUN 30
PRODUCE (401) - MINI COMSY (402) - VET (403) BREAKROOM (404) - DETACHED WHSES (405) VENDOR/INSTALLATION OWNED (406) EXCESS (999) INV (Inventory Hold)	4TH	JUL 1 - SEP 30

b. Accountable officers will ensure that inventories are conducted as required and that discrepancy reports, as appropriate, are accomplished. Each department manager or supervisor is responsible for conducting their property inventory.

c. The results of each inventory will be recorded on the Equipment Quarterly Trial Balance (EQTB) Inventory Report and →forwarded← to →DOLP←, no later than the last day of the assigned inventory quarter. After reviewing the EQTB report, →DOLP← will return an Equipment Quarterly Final Balance (EQFB) Inventory Report to the accountable officer for review, signature, and file retention.

d. Any discrepancies or shortages will be documented on DeCAF 40-110, →Inventory Adjustment Report (IAR)← (Figure 2-3), or DD Form 200, →Financial Liability Investigation of Property Loss← (Figure 5-1), as appropriate.

e. Accountable officers will maintain records of inventories and all supporting documents with the property accounting register, IAW DeCAD 30-2, Defense Commissary Agency Filing System.

### →2-7.←NON CYCLIC PHYSICAL PROPERTY INVENTORIES.

a. Physical inventories → for general personal property ← shall be completed as follows →(unless otherwise directed):←

- (1) Every →3 years;←
- (2) Every year for →capital← general personal →property; and←
- (3) Every 5 years for general real →property.←

b. Physical inventories are required for all PP&E regardless of location. A physical inventory is a check of accountable record to physical asset and physical assets to accountable record. For example, property accountability listings will be physically compared/validated with property in the field. Property in the field will be compared/validated with the property accountability listing. The activity must document that physical inventories have been performed. This must be done in writing and provided to the DeCA DPM. Inventory records will be maintained until next inventory is performed.

→2-8.←AUTOMATION EQUIPMENT FOR DISABLED USERS. The Rehabilitation Act of 1973 requires that electronic office equipment procured by the Government be useable by disabled persons. DoD has implemented the Computer/Electronic Accommodation Program (CAP) to help fund disabled accommodation procurements. CAP funded equipment must also be accounted for as described in this chapter. Upon transfer of a disabled individual for which CAP funded equipment is furnished, process the equipment records as a transfer to the individual's gaining activity.

→ 2-9. AUTOMATION EQUIPMENT FOR WORK AT HOME USERS. (TELEWORK) The work at home policy was developed by DeCA. Managers will prepare a memorandum to the property manager as to the authorization of an individual who is authorized to work at home for a special project, identify type of equipment required and circumstances. DPAS records will be annotated in the sub-location with an address and name of the individual authorized to work at home.

**EQUIPMENT CATEGORY CODE (ECC)**

A	Aircraft
B	Air Defense Systems
C	Missile Systems Land Combat
D	Artillery Weapons
E	Small Arms
F	Tanks
G	Combat Vehicles
H	Tactical Vehicles
J	Communication and Electronic Equipment
K	Electronic Test Equipment
L	Floating Equipment
M	Railway Equipment
N	Construction Equipment
O	Medical and Dental Equipment
P	Material Handling Equipment
Q	Support Equipment
R	Ammunition and Ammunition Equipment
S	Installations Depot Peculiar Service Equipment
T	Machine Tools
U	Shop Support Equipment
V	Non-Tactical Wheel Vehicle (Commercial Design)
W	Furniture and Appliances
X	Office Equipment
Y	Tools Not Classified Elsewhere
Z	Equipment Not Listed Elsewhere

Figure 2-1 – Equipment Category Code ←



INVENTORY ADJUSTMENT REPORT (IAR) <small>For use by Wisconsin counties and municipalities</small>				1. ORGANIZATION/ACTIVITY REGMFG		2. DOCUMENT NUMBER						
				BOOKING	DATE	SERIAL						
				BOOKING	2879	2008						
3. REASONS FOR ADJUSTMENT												
			ITEM#1 ERROR IN POSTING		ITEM#2 FOUND ON POST		ITEM#3 DAMAGED					
			ITEM#4 MISPLACED		ITEM#5 SCHEDULED INVENT		ITEM#6					
ITEM NO.	BARCODE and/or STRIKED TAG	ITEM DESCRIPTION and SERIAL NO.	C O N T A I N E R	E O C O D E	RECORDED BOOK BALANCE	QUANTITY INVENTORY	POST		U N I T	UNIT PRICE	EXTENDED PRICE	
							GAIN	LOSS			GAIN	LOSS
1.	WE000106	CHARGER BATT 35 VOLT SN 888211			1	0	0	1	EA	\$ 1,500.00	\$ 0.00	\$ 1,500.00
2.	STKMDL NG 66481	SCRUBBING MACHINE SN 141661			0	1	1	0	EA	\$ 18,600.00	\$ 18,600.00	\$ 0.00
3.	WE000155	MINI COMPUTER, HP000 SN 160554			1	0	0	1	EA	\$ 126,000.00	\$ 0.00	\$ 126,000.00
4.	WE000645	FORNIFT 1500 LPS SN 240501249			1	0	0	1	EA	\$ 25,000.00	\$ 0.00	\$ 25,000.00
5.	WE000688	CPU SN C.G. 12594			1	0	0	1	EA	\$ 400.00	\$ 0.00	\$ 400.00
6.												
7.												
5. ACCOUNTABLE OFFICER/MAJOR INCHARGE/SIGNATURE <small>HOLDER, PLEASE SIGN AND PRINT NAME AND TITLE</small>			6. REVIEWED BY			7. APPROVED BY <small>I APPROVE THE ADJUSTMENT OF ALL INCREASES CIRCLED. DECREASED ITEMS WILL BE SUPPORTED BY A REPORT OR SURVEY.</small>			8. TOTAL DOLLARS			
NAME SIGNATURE/TITLE			DATE SIGNATURE/TITLE			DATE SIGNATURE/TITLE			GAIN		LOSS	
9-19-2008 RWJORDAN@REGMFG.HOLDERS			9-21-2008 JONEAM@REGMFG.HOLDERS			9-27-2008 REGION DIRECTOR OF RCR DEPTENH			\$ 18,600.00		\$ 166,999.00	

DeCAD Form 40-110, Jul 1986

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Figure 2-3 - DeCAF 40-110, Inventory Adjustment Report (IAR)



## CHAPTER 3

### TRANSFER OF ACCOUNTS

**3-1. TRANSFER OF ACCOUNTABILITY.** Transfer of accountability will be accomplished within 30 days →prior to← the change of an accountable officer. Requests for exception to the 30 days will be submitted in writing with justification to →DOLP←.

**3-2. EMERGENCY TRANSFER OF ACCOUNTABILITY.** DeCA directors and office chiefs will take immediate action to transfer accountability when any of the following occurs:

- a. Death of an accountable officer.
- b. When competent authority decides an accountable officer is mentally unfit.
- c. When the property account is transferred because the accountable officer is absent for a period of 30 days or more, or has been relieved for cause.
- d. When any commissary facility is scheduled for closure due to Base Realignment and Closure (BRAC) action, construction of a new facility, or upon termination of commissary operations.

**3-3. CLOSED COMMISSARIES.** The DPM will ensure that commissary property and equipment located at a permanently closed commissary are disposed of in the following manner:

a. Transfer excess equipment with 70 percent or greater life serviceability, and document the transfer in DPAS by using the losing activity DoDAAC and Code 999 (Example: HQCAAD-999). Consideration should also be given to the value of the equipment and cost to redistribute or transfer this equipment. The cost to transfer may exceed the value of the equipment. A more efficient option of disposing the equipment maybe through an on-site sale. (See paragraph 3-3d below.)

b. Excess items will be redistributed to other DeCA activities, when cost effective. Procedures for handling damage equipment that appears to be due to negligence or misconduct are described in Chapter 5.

(1) Transportation costs incurred by redistribution actions are chargeable to organization cost code (OCC) 22.12. Coordination must be made prior to transporting equipment.

(2) The losing activity will fund the expenses for de-installing, packing, crating and shipping of equipment to the new location. The gaining activity will fund the expense of reinstallation at the new location.

c. Accountable officers will ensure that equipment set aside for redistribution is in working order, equipment was properly de-installed, packaged or crated for shipment, and that all spare parts, parts manuals, operating manuals, and maintenance records accompany each item of equipment.

d. → Facilities Sustainment Division (DOF) ← is responsible for obtaining a qualified refrigeration contractor to remove refrigerant. The contractor must comply with Environmental Protection Agency (EPA) Clean Air Act of 1990, and Refrigeration Services Engineers Society requirements for capture and reuse of chlorofluorocarbon refrigerants.

e. DeCA will receive credit from the contractor for the market value of recovered refrigerants. The credited value will be deducted from the contractor's service charge.

f. End use certificates, showing final disposition of all removed refrigerants, will be provided by the contractor, and maintained on file at the applicable region RDO, for possible EPA inspection.

**3-4. DRMS RESPONSIBILITIES.** If the equipment is sold through DRMS, then DRMS will act as the DeCA agent for on-site sales of commissary equipment. The value of property recovered from the sale, less any reimbursable costs incurred by DRMS, will be returned to HQ DeCA.

- a. Ensure the security of the building and property for the sale.
- b. Ensure that appropriate measures are taken for removal by the purchasers of the equipment to prevent damage to the facility. Purchasers may be held liable for avoidable damage to the facility as a result of improper removal of equipment.

**3-5. CONTRACTOR REMOVAL OF EQUIPMENT.** When a contractor is required to remove equipment, the requiring activity will provide the list of equipment and contractor responsibilities to the appropriate contracting office. When applicable, these responsibilities will be provided to DRMS for inclusion in the contract. The list may include the following responsibilities when necessary.

- a. Removing equipment within 30 days of store closure.
- b. Furnishing all labor, equipment, and supplies to remove equipment.
- c. Contacting the store point of contact at least 24 hours before commencing work to arrange for opening of the store. Hours of work for removal will be 0800 - 1700.
- d. Disconnecting each item of equipment at the closest point of connection and removing each from the premises.
- e. Verifying that equipment has been de-energized and notifying the store director if this has not been done, prior to commencing work.
- f. Risking storage of contractor-owned removal equipment. The Government will take normal precautions in securing the premises during non-business hours.
- g. Using the rear loading dock areas of the store for staging and loading of equipment onto the contractor's conveyance.
- h. Removing all refrigeration equipment, including display cases, compressors, compressor racks, and condensing units. This includes furnishing a crane, if required, to remove condensers, removing refrigerant piping through exterior walls and roofs to the interior of building and capping, patching with approved material to assure a weather tight seal, open roof or wall penetrations resulting from removal of refrigerant piping, and disconnecting electrical wiring to the nearest junction box or panel. The contractor may elect to abandon refrigeration piping in preparation areas to avoid structural damage.
- i. Having a "bill of lading" signed by the store director/manager, or his/her representative, for each load of material.
- j. Preventing structural damage, although recognizing there may be some degree of superficial damage to the building.

k. Following the appropriate Occupational Safety and Health Administration (OSHA) regulations during removal, as well as applicable State and Department of Transportation laws concerning motor vehicle operation and securing of loads.

l. Cleaning up the area by sweeping and removing debris off-site at the contractor's expense.

m. Abiding by the rules and regulations of the installation where services are performed (contractors and their employees), while on the premises. These regulations include, but are not limited to, presenting valid identification for installation entrance, obtaining and using vehicle passes for all contractor-owned and/or privately-owned vehicles, obeying all posted directives, and providing strict adherence to installation personnel direction.

**3-6. BOARD OF OFFICERS.** The Director may appoint a Board of Officers (three when practicable), in accordance with DoD Directive 7000.14-R, Volume 12, Chapter 7, to determine the correctness and condition of the property account. The Board and the new accountable officer will perform a joint inventory of the property. Functions of the Board of Officers include:

a. The Board will authorize the adjustment of any discrepancies under Chapter 4 of this directive and will transfer accountability to the new accountable officer.

b. If the person was in charge of both public funds and property, the Board of Officers appointed to settle the public funds account will be authorized to take the action described above to settle the property account.

c. The Board will prepare a report that includes the results of the inventory and a certificate of transfer. Following approval by the Director, the report will remain on file for 2 years.

## CHAPTER 4

### PROCEDURES FOR OBTAINING RELIEF FROM RESPONSIBILITY FOR PROPERTY THAT BECOMES LOST, DAMAGED, OR DESTROYED

**4-1. ACTIONS TO PROTECT GOVERNMENT PROPERTY.** Administrative measures are available to directors to ensure enforcement of property accountability. The procedures are designed to protect the right of the Government to obtain reimbursement for loss, damage, or destruction of property caused by negligence or misconduct.

a. These procedures are not appropriate, nor intended to be used, as corrective action or punishment for negligence or willful misconduct. They also do not preclude the use of adverse administrative or other appropriate disciplinary measures.

b. Directors who determine that the cause of a loss, damage, or destruction warrants adverse administrative or disciplinary action should take action as appropriate. These actions may be:

- (1) An oral or written reprimand.
- (2) Appropriate remarks in civilian performance appraisals, officer evaluation reports, or enlisted efficiency reports.
- (3) Adverse actions against civilian personnel as authorized.

**4-2. REPORTING LOST, DAMAGED, OR DESTROYED GOVERNMENT PROPERTY.** Persons responsible for government property will immediately report any losses or damages to their immediate supervisor. The report will include circumstances of the loss or damage and description of the property involved. **→For fund losses, a written investigatory report is required for every physical loss of \$6 or more as stated in DeCAD 40-6.←**

a. When the property loss, damage, or destruction appears to involve unlawful conduct, notify the appropriate installation law enforcement authorities for investigation.

**→(1) When fund losses occur, report the loss by means of the DeCA Interest Report (DIRep) no later than the end of the first business day following the discovery of cash losses in excess of \$100.**

**(2) When minor fund losses occur for \$100 to \$300, no appearance of fraud, report the loss by completing DeCAF 40-70 and process to region.**

**(3) Minor losses of \$300 to \$750, someone other than the immediate accountable officer will initiate an investigation and DeCAF 40-70, Government Property Lost or Damaged (GPLD) Survey Certificate.**

**(4) Major physical losses in excess of \$750 will be investigated by means of a Report of Survey, DD Form 200, Financial Liability Investigation of Property Loss.←**

b. Submit a DeCAF 30-69, Accident Report or DeCAF 30-70, Serious Incident Report, as appropriate, IAW DeCAD 30-17, DeCA Safety and Occupational Health Program.

c. Report and document any damage to Real Property as required by DeCAD 30-17 and installation policy and procedures.

d. The region will report all lost damaged or destroyed motor vehicles to the accountable property officer and prepare relief documents IAW Chapter 5. GSA also has specific reporting requirements for vehicle accidents.

**4-3. ADMINISTRATIVE ACTION FOR CAUSES OTHER THAN FAIR WEAR AND TEAR.**

When DeCA property is lost, damaged, or destroyed by causes other than fair wear and tear, administrative action will be taken IAW these procedures.

a. Actions will include those necessary to determine the facts concerning the incident and the amount of loss to the Government, to assess any liability, and/or provide relief from responsibility and accountability.

b. Obtain relief from responsibility by one or more of the following types of actions:

(1) DD Form 200, Financial Liability Investigation of Property Loss.

(2) Board of Officers' Investigation Action.

(3) DD Form 362, Statement of Charges/Cash Collection Voucher.

(4) DeCAF 40-70, Government Property Lost or Damaged (GPLD) Survey Certificate, when no negligence or misconduct is suspected, for subsistence losses other than accountable inventory losses.

(5) DeCAF 40-110, Inventory Adjustment Report (IAR), used for equipment losses.

c. On a special case-by-case basis when the accountable or responsible officer feels that circumstances surrounding the loss/damage were not due to negligence, willful misconduct, or unauthorized use, accounting will be in accordance with DeCAD 70-6, Financial Procedures for the Accounts Control Section and the Office of the →store director←, and this directive.

**4-4. OWNERSHIP OF PROPERTY.** Regardless of the method of accounting for property lost, damaged, or destroyed, ownership of the property remains with the Government. Do not assign a document number to a DD Form 200 or DD Form 362 when processing reports of financial liability, statement of charges, or cash collection vouchers for damaged items.

**4-5. ACTIONS TO TAKE WHEN INDIVIDUALS ADMIT LIABILITY.** When individuals admit liability and agree to a voluntary repayment, as described in DoD Directive 7000.14-R, Volume 12, Chapter 7, the following applies.

a. Voluntary Payment Limitation. Persons may pay for the actual loss (not to exceed \$750) to the Government by cash or check, except when a financial liability or a Board of Officers' investigation is mandated. This also applies to a voluntary payment of an individual's share of a joint or multiple liabilities. A contractor may admit financial liability for any amount.

b. Replacement by Cash Purchase. A person who admits liability may voluntarily purchase a replacement item (not to exceed \$750) for lost, damaged, or destroyed hand tools, clothing, or individual equipment.

**4-6. STATEMENT OF CHARGES/CASH COLLECTION VOUCHERS (DD FORM 362).**

- a. Prepare a DD Form 362 when liability (not to exceed \$750) for the loss, damage, or destruction of **→g←**overnment property is admitted, or when a person elects to make a voluntary payment or cash purchase replacement.
- b. The accountable officer or designated representative prepares the DD **→Form←** 362 as follows:
  - (1) List the property and name(s) of person(s) concerned on the form.
  - (2) Assign a document number from DPAS for DD Form 362 and hold a suspense copy until the validated copy is returned from DFAS. For a subsistence loss, obtain the document number from the region. Prepare original and 4 copies of the DD Form 362 for each property record (**Figure 4-1**). Provide a copy to the individual charged on the DD Form 362, the initiator's administrative suspense file, and the original and 2 copies to DFAS. Submit a replenishment requisition as necessary. After receipt of the validated copy from DFAS, credit the property account as follows:
    - (a) When property has been lost or destroyed and there is no residual for turn-in, use DD Form 362 to credit the property record in DPAS. Use DD Form 200 when losses exceed \$750.
    - (b) When property has been damaged, is not economically repairable, and is available for turn-in, use the turn-in document to credit the property account in DPAS.
    - (c) When property has been destroyed and there is identifiable residue available for turn-in, use the turn-in document to adjust the property account in DPAS.
    - (d) When property damage meets economically repairable criteria submit for repair and take no credit on the property account in DPAS.
  - (3) Permit the person charged on DD Form 362 to examine the form. Then provide them a copy of the completed form prior to forwarding it to DFAS for collection.
    - (a) If the person accepts responsibility by signing in the appropriate space and annotates the amount of the charge.
    - (b) If the person refuses to accept the charge, cancel DD Form 362, clear the document register, and prepare a DD Form 200 or conduct a board of investigation, as appropriate.
  - (4) Property listed on the processed DD Form 362 may be recovered after collection of the indebtedness, in full or in part, or the charges may be reduced due to improper computation.
    - (a) Prepare an amendment citing the specific alterations and attach the statement of charges as an exhibit.
    - (b) Attach a copy of the amendment to a memorandum directing repayment for the value of the recovered property to the individual, as a "collection erroneously received."
    - (c) Forward the memorandum to the servicing payroll office.

**4-7. GOVERNMENT PROPERTY LOST OR DAMAGED (GPLD) SURVEY CERTIFICATE (DeCAF 40-70).** When preliminary research of subsistence losses (other than accountable inventory losses) or fund losses fails to show positive evidence of negligence, willful misconduct, or unauthorized use, the accountable officer will initiate a DeCAF 40-70 (**Figure 4-3**) for relief of the individual

concerned by an adjustment of inventory records. To relieve the individual from responsibility for equipment losses, use a DeCAF 40-110, in lieu of the DeCAF 40-70.

a. Initiate DeCAF 40-70 when identifiable subsistence losses (other than accountable inventory losses) with unlimited dollar amount and fund losses of →\$100← to \$750 occur, and the preliminary research fails to show positive evidence of negligence, willful misconduct, or unauthorized use.

b. For fund losses per day of →\$99.99← or below, and when preliminary research shows no positive evidence of negligence, willful misconduct, or unauthorized use during daily sales operation, →will be handled administratively at store level and the← accountable officer →must← reflect the loss as a shortage on that day's DD Form 707, Report of Deposit.

→(1) If there is evidence of negligence, willful misconduct, fraud or theft, with any physical loss of funds, a Report of Survey, DD Form 200, Financial Liability Investigation of Property Loss, will be requested in coordination with a servicing police agency investigation.

(2) Minor fund losses \$100 to \$300 (No Fraud). DeCAF 40-70 must be completed and attached to DIRep used to report the loss and forwarded through regional office operations to HQ DeCA, ATTN: General Counsel. Adjustment to the store account will be reported on DD 707, Report of Deposit.

(3) Minor fund losses \$300 to \$750 (No Fraud). Initiate an investigation above the Customer Service level, complete DeCAF 40-70, and submit to regional office for processing. When there is evidence of fraud or theft, request an investigation by a servicing police agency.

(4) Fund losses in excess of \$750 (Major Loss). A major loss will be investigated by means of a Report of Survey, DD Form 200, Financial Liability Investigation of Property Loss. If there is evidence of fraud or theft, a servicing police agency investigation will be requested.←

c. Initiate a DeCAF 40-70 when conditions change due to acts of nature, enemy action, fire, major disaster, shelf life, or suspension, regardless of the dollar amount. Attach all investigative reports, including medical food inspection forms, to DeCAF 40-70.

d. Distribution of DeCAF 40-70 is as follows:

- (1) One copy for file retention at the activity.
- (2) The original to the region director for approval.
- (3) After director's signature is obtained, forward the original to DeCA/GC for legal review.
- (4) After legal review, forward a copy of the completed package to region report of survey coordinator.
- (5) Provide the Accounting & Reconciliation Division (RMFA) copies of the legal review and DeCAF 40-70.

**4-8. EVIDENCE OF NEGLIGENCE - REIMBURSEMENT.** If the results of the initial research are positive, and the responsible individual admits pecuniary liability for the loss, damage, or destruction not exceeding \$750, he or she may agree to reimburse the Government. A DD Form 362 is used when

reimbursement is made in cash. Process a DD Form 200 if the loss, damage, or destruction dollar value exceeds \$750.

**4-9. TRANSPORTATION DISCREPANCIES.** Commissary subsistence, equipment, and supplies that become lost, damaged, or destroyed during shipping will be processed as follows:

a. CONUS Shipments. Either the shipping or receiving transportation offices, using SF 361, Transportation Discrepancy Report, reports transportation discrepancies in shipments moving between points in CONUS. Losses are processed IAW →Chapter 6, paragraph 6-5.←

b. Overseas Shipments. Transportation activities report shipment discrepancies on SF 361 with supporting documentation. A copy of this report is furnished to the responsible overseas region. The region checks the accuracy of reports and forwards them to HQ DeCA. HQ DeCA will, at the request of the MTMC area command, investigate the facts surrounding the shipment discrepancies through coordination with the DeCA shipping activities. MTMC area command recommendations and findings are forwarded to MSC, which initiates claim actions against the responsible carrier, receives reimbursement for overseas claims, and distributes recovered funds to DeCA.

STATEMENT OF CHARGES/CASH COLLECTION VOUCHER				1. DATE 01-01-2009	
				2. DOCUMENT NUMBER	
3. ORGANIZATION FORT CRATER COMMAND			4. STATION FORT CRATER, VA 22995		
6. REPORTING OFFICE COLLECTION VOUCHER NUMBER		8. DISPLAYING SYSTEM SYMBOL NUMBER		5. ACCOUNTING CLASSIFICATION	
STOCK NO. a.	ITEM DESCRIPTION b.	QTY c.	UNIT PRICE d.	TOTAL COST e.	
H0008925	INTERMED. 8659 018 892700012	1	892.00	892.00	
6. TYPE OF ACTION (Optional)					
a. PAYROLL DEDUCTION		b. CASH COLLECTION		c. GRAND TOTAL	
00.00				892	
7. CERTIFICATION OF RESPONSIBLE INDIVIDUAL I certify that my signature below constitutes: a. An affirmation to receive the amount of indebtedness through payroll deduction, if payroll deduction is checked. If cash collection is checked, I am certifying debt in cash. b. An affirmation that the articles are not now in my possession. c. An agreement to return to the appropriate postal officer all articles later recovered, it being understood that the U.S. Government retains title to the articles listed below.					
d. OFFICER GRADE GS-12	e. NAME (Last, First, Middle Initial) JOHN L. COPE f. SOCIAL SECURITY NUMBER 998-09-9999	g. CAUSE FOR CHARGE Negligence	h. SIGNATURE		i. AMOUNT 892.00
10. ORGANIZATION COMMANDER The statements herein are complete and correct. All damaged property has been disposed of in accordance with correct directives and the charges herein have been compiled in accordance with the provisions of AR 735-8, Appendix E.			11. (a) SOURCES OFFICER OR PAYROLL CERTIFYING OFFICER The amount entered in grand total has been (FAC) checked for appropriate value below: a. Entered on the appropriate pay record or journal, or GFR Form 102 has been prepared and forwarded for collection. b. Paid/collected through cash collection.		
a. DATE	b. SIGNATURE (PLEASE SIGNATURE) JOHN GOODFELLOW GS-12	c. DATE	d. SIGNATURE (PLEASE SIGNATURE)		

Figure 4-1, DD Form 362, Statement of Charges/Cash Collection Voucher

GOVERNMENT PROPERTY LOST OR DAMAGED (GPLD) SURVEY CERTIFICATE					
<i>(For use of this form, see DoC, 40-15, 40-15, 40-15, 40-15)</i>					
1. AGENCY AFW COMMISSARY			2. ORIGINATOR NAME AND GRADE MERIT MANAGER GS-12		
3. TO (Agency) WESTERN PACIFIC REGION			4. VOUCHER NO. WP-02-002		
I certify that the loss of or damage to the items described below was not caused by negligence, willful misconduct or deliberate unauthorized use. I further certify that the loss of or damage to the items occurred under the circumstances described herein.					
5. ITEM NO.	6. NOUN OR NRS PART NO.	7. NOMENCLATURE	8. QTY	9. UNIT COST	10. TOTAL COST
1		MISC BEEF	50	\$ 2.28	\$ 114.00
2		MISC PORK	20	\$ 3.29	\$ 65.80
3		MISC DELI PRODUCTS	30	\$ 1.50	\$ 45.00
				11. TOTAL COST OF LISTED ITEMS	\$ 225.80
13. CIRCUMSTANCES OF LOSS OR DAMAGE COPPER TYPE FREEZER WENT DOWN. THE PRELIMINARY FINDINGS BY PUBLIC WORKS WAS THAT THE DEFROST CYCLE DID NOT SHUT DOWN PROPERLY, WHICH HEATED THE ENTIRE FREEZER AND THE FREEZER MAINTAINED THE HEAT. THIS WAS DISCOVERED TUESDAY MORNING 9/24/2008 ABOUT 1600					
15. DATE 9-25-08		14. TYPER NAME, GRADE AND ORGANIZATION <i>(Print Name Clearly - Do Not Use Shorthand Notations)</i> STORE CORE CTOR		SIGNATURE	
15. REVIEWING AUTHORITY <i>(Signature)</i>			16. TO <i>(Signature/Date/Number)</i>		
17. I have reviewed the evidence pertaining to the loss or damage and agree to not agree (strike one out) that the loss or damage to the property was not due to negligence, willful misconduct, or deliberate unauthorized use. The following action is authorized:					
<input checked="" type="checkbox"/> An inventory adjustment for the property which was not lost through negligence, willful misconduct, or deliberate unauthorized use.					
<input type="checkbox"/> Repair the damaged property and charge to O&M's book fund as fair wear and tear as damage was not caused by gross negligence, willful misconduct, or deliberate unauthorized use.					
<input type="checkbox"/> The circumstances surrounding the loss or damage warrant the processing of a report of survey, DD Form 200, to be initiated immediately.					
<input type="checkbox"/> Other action (Specify)					
18. DATE		19. DIRECT TYPER NAME, GRADE		SIGNATURE	

DoCA Form 40-70, Jan 92  
 This form was electronically produced by Global Print and Press, Inc.

Figure 4-2, DeCAF 40-70, Government Property Lost or Damaged (GPLD) Survey Certificate

## CHAPTER 5

### FINANCIAL LIABILITY INVESTIGATION OF PROPERTY LOSS

**5-1. PURPOSE OF THE FINANCIAL LIABILITY INVESTIGATION OF PROPERTY LOSS (DD FORM 200).** The DD Form 200 serves as or supports a voucher for adjusting accountable property records. It also may document relief from or a charge of financial liability assessed against an individual or entity.

**5-2. MANDATORY INITIATION OF THE DD FORM 200.** The →regional report of survey coordinator← will initiate and process a DD Form 200 to account for lost, damaged, or destroyed →g←overnment property, when one or more of the situations listed below exists. However, before initiating a report of survey for missing property conduct a preliminary investigation and search, to ensure the missing property is actually missing before a report of survey or administrative adjustment document is initiated. When more than one property account is involved in the same incident, a separate DD Form 200 will be prepared for each property account affected. Cross-reference the separate DD Forms 200.

a. When negligence or willful misconduct is suspected, and the individual involved does not admit liability and refuses to make voluntary reimbursement to the Government.

b. The value of an admitted loss or damage of →g←overnment property exceeds \$750.

c. Loss or destruction involving Government funds (change fund or proceeds from cash sales of subsistence) or other negotiable instruments when negligence is suspected.

d. When a fund loss exceeds \$750.

(1) There will be no loss to the change fund except for robbery or theft.

(2) The change fund will be replenished from cash sales received and the resultant cash shortages will be reflected in the deposit.

e. When a DeCA motor vehicle is involved in an accident and the documentation clearly indicates that negligence or abuse was the proximate cause, or if a claim against the Government is possible.

f. When directed by DeCA directives or other DoD regulations.

g. Property lost, damaged, or destroyed involves a change of accountable officer's inventory and the outgoing accountable officer made no voluntary reimbursement for the loss to the Government.

**5-3. INITIATING AND PROCESSING THE DD FORM 200.** The initiator of the DD Form 200 will be the →regional report of survey coordinator← for subsistence and the major hand receipt holder for equipment. When the →regional report of survey coordinator← or major hand receipt holder is not available, the person with the most knowledge of the incident will be the initiator. For accounting and reporting purposes for lost, damaged, or destroyed →g←overnment property, HQ DeCA, FOA, region, commissary, zone, and CDC management will:

a. Ensure that an internal inquiry is conducted, facts documented, and statements by involved individuals are compiled in order to capture the circumstances and facts surrounding the incident.

b. Ensure that the inquiry identifies what, how, where, who, when, and why, and determines whether there is evidence of negligence, willful misconduct, or deliberate unauthorized use or disposition of →g←overnment property.

c. Determine if simple negligence (failure to exercise precautions or good judgment) or gross negligence (conduct characterized by a reckless, deliberate, or wanton disregard of foreseeable consequences) apply.

d. Report the incident, as required by the local installation investigative agency. Obtain an investigative report number when making the request, if available, or provide a written statement as to the date of the request and the Agency conducting the investigation. Obtain a completed investigative report when available.

**5-4. TIME CONSTRAINTS.** Initiate and process documentation for lost, damaged, or destroyed →g←overnment property within the time frame listed below.

a. Complete DeCAF 40-70/DD Form 200 to account for the loss within 90 days following the incident.

(1) The initiator of DeCAF 40-70 has 15 calendar days to report the incident and process the documentation to the responsible official for that activity.

(2) The responsible or reviewing official will review and analyze the results of the research and forward results to the →DOLS←, between calendar days 16 through 37.

(a) Ensure that each incident receives a thorough review and evaluation by a designated commissary management specialist (CMS) for subsistence and equipment.

(b) The CMS will coordinate the documented file through the appropriate element within that activity, and request written comments and/or recommendations to be added to the file as an exhibit.

(c) The responsible official may approve an inventory adjustment with an unlimited dollar amount for subsistence (not accountable inventory losses), for equipment, and \$750 for funds when negligence, willful misconduct, or abuse are not suspected.

(d) The responsible official will disqualify himself/herself when there may be a conflict of interest since the loss relates to property for which he/she is responsible and/or accountable.

(e) By calendar day 37, the responsible official will process the file to the appointing authority, →DOLS←.

(f) By calendar day 85, the appointing authority will process the DD Form 200 to the approving authority, with a recommendation for approval or disapproval.

b. The person responsible for any delay in processing times, as provided above, will prepare a written statement explaining the reason for the delay, and will attach it to the DD Form 200 as an exhibit.

**5-5. PREPARATION REQUIREMENTS FOR THE DD FORM 200.** Prepare DD Form 200 in original (for appointing authority) and two copies. See **Figure 5-1**.

a. Except as stated below, the initiator will prepare blocks 1 through 12g of DD Form 200.

(1) Block 7, Unit Cost: Enter the price in effect at the time of the loss. When no price is available, use the current market price of a similar item. For damaged equipment, use an estimated cost of damage and attach the basis for the estimate to DD Form 200. For subsistence accounts, obtain unit prices from the commissary price list in effect at the time of the loss.

(2) Block 8, Total Cost: Enter the total value of property reported on the form.

(3) Block 9, Circumstances Under Which Property was Lost, Damaged, or Destroyed: The detailed facts should enable the approving authority to provide relief from liability, assess liability without appointing a financial liability officer (FLO), or determine that an investigation by an FLO is required. The initiator of DD Form 200 must prepare a thorough survey document in recognition of an investigation by a FLO. When the initiator obtains statements from individuals involved in the incident/loss, ensure the information is:

(a) Prepared in the form of original statements.

(b) Attached to the original DD Form 200.

(c) Typed or legibly printed (black or blue ink) by the individual making the statement, on letter size bond paper. Date and sign. Type or print the word "Statement" across the top of page 1.

(d) Alphabetically label the bottom of each document attached to DD Form 200 as an exhibit followed with the control number, date of loss, dollar amount, and name of activity reporting the loss. For example, "Exhibit A, GPLD SW95-000, May 31, 1995, \$375, Wagner Commissary." Mark other exhibits in the same manner.

(4) Block 10, Action Taken to Correct Circumstances Reported in Block 9 Above to Prevent Future Occurrences. Self-explanatory.

(5) Blocks 11a through 11e, to be completed by the individual completing blocks 1 through 10.

(6) Blocks 12a through 12g, to be completed by the responsible officer or the reviewing authority.

(7) Blocks 13a through 13h, to be completed by the appointing authority.

(8) Blocks 14a through 14h, to be completed by the approving authority.

(9) Blocks 15a through 15k, to be completed by the FLO.

(10) Blocks 16a through 16h, to be completed by the individual charged financial liability (if applicable).

(11) Blocks 17a through 17f, to be completed, as applicable, by the → **Financial Policy, Systems and Services Division (RMCF)** ← or the accountable officer upon completion of the review and investigation of the loss.

b. Corrections may be made to the statement by striking one line through the error and initialing the correction or change. Do not erase entries on the statement.

c. When it is determined from a Board of Investigation that →g←overnment property is lost, damaged, or destroyed, insert in Block 15a “See Board of Investigation Report.”

**5-6. DISTRIBUTION OF THE DD FORM 200.** The responsible officer or a designated representative will prepare DD Form 200 as identified in paragraph 5-5 or as directed by →DOLS← or the region director.

- a. Maintain one suspense file copy.
- b. Forward one copy to the DeCA activity reporting the loss.
- c. Forward the original DD Form 200 and attachments to the →DOLS← for action.

**5-7. DISPOSITION OF DAMAGED PROPERTY.** The initiator of DD Form 200 will not dispose of, repair, or continue to use damaged property until the FLO or the appointing authority decides that it is no longer needed for investigative purposes.

a. When it is no longer needed for investigative purposes, damaged property considered serviceable may be placed back into service or may be repaired. In the interim, should there be a need to use the property, submit a request for exception to the appointing authority.

b. Turn in unserviceable property to the servicing DRMS.

**5-8. DeCA APPOINTING AUTHORITY.** The appointing authority, designated in writing by the approving authority, may also act as the approving authority to:

- a. Appoint FLOs.
- b. Approve or disapprove the recommendations of the accountable/responsible officer, reviewing authority, or FLO.
- c. Ensure that the responsibilities as outlined in DoD Directive 7000.14-R, Volume 12, Chapter 7 are met.
- d. Review DD Form 200 for accuracy and compliance with DoD Directive 7000.14-R, Volume 12, Chapter 7, and determine if:
  - (1) A report of investigation is directed by higher authority, other DoD regulations, or requested by an accountable officer.
  - (2) Reports are administratively correct and information exists to provide a clear understanding of the circumstances surrounding the loss, damage, or destruction of →g←overnment property. Reports requiring correction or additional information will be returned for completion.
  - (3) The recommendation for approval or disapproval by the accountable/responsible officer or reviewing authority is acceptable.
- e. Ensure that DD Form 200 received is adjudicated within the established time constraints by maintaining a serial number control register as required by DoD Directive 7000.14-R, Volume 12, Chapter 7.

- f. Request a control number for each DD Form 200 from →DOLS← prior to submission for processing. This control number will be used to identify the official file for each DD Form 200 processed.
- g. Contact personnel who may be considered financially liable and obtain comments, statements, and any additional information to assist in making a recommendation in the best interest of the Government.
- h. Promptly investigate all gains and losses that require a formal investigation.
- i. Evaluate each DD Form 200 to determine if there is evidence of misconduct, negligence, unauthorized use, or abuse.
- j. The process for the financial liability investigation loss (Figure 5-2) shows the steps involved in processing DD Form 200 from receipt by the appointing authority to the assessment of financial liability or relief from responsibility.
- k. Coordinate with HQ DeCA and region subject matter experts when evaluating a reported loss.
- l. Coordinate with DeCA/GC for legal assistance, as required by DoD Directive 7000.14-R, Volume 12, Chapter 7.

**5-9. DeCA APPROVING AUTHORITY.** The →Chief Financial Executive (CFE)← is the designated approving authority "by authority of the Secretary of the Defense."

- a. Losses containing recommendations affecting general officers will be forwarded to the DeCA Director for action.
- b. The approving authority is responsible for:
  - (1) Designating the appointing authority in writing to conduct the daily operations of managing, accounting, and reporting of →g←overnment property.
  - (2) Approving or disapproving recommendations to assess financial liability or to relieve those involved in a loss from financial liability, responsibility, or accountability.
  - (3) Delegating authority to the appointing authority to approve or disapprove DD Forms 200 (up to \$100,000) when there is no evidence of willful misconduct, negligence, unauthorized use, or abuse of →g←overnment property.
  - (4) Overruling, when appropriate, the recommendations of the appointing authority or the FLO.

**5-10. CONFLICT OF INTEREST.** No person may act as an approving or appointing authority who has obligation or personal responsibility for the property listed on DD Form 200 at the time the property became lost, damaged, or destroyed. In such cases, the next higher command in the chain of command will act as the approving authority and a designated qualified person will act as appointing authority.

**5-11. DECISION PROCESS.**

- a. When the DD Form 200 and exhibits contain sufficient information for a decision.

(1) When DD Form 200 and attached exhibits contain sufficient information for the approving authority to make a decision, without further investigation, the approving authority has the option to shorten the reporting process by submitting a "short report" for any dollar amount.

(2) When the facts and circumstances permit, the approving authority may provide relief from responsibility by inserting the following statement in block 14b to relieve all concerned from property accountability and responsibility: "I have reviewed the information contained in block 9 and 10. No further investigation is required. I do not suspect negligence or willful misconduct. I relieve all concerned from financial liability for the property listed in block 5, and attached continuation sheet, when applicable."

(3) Assessment of financial liability may be accomplished by inserting a statement in block 13b to assess liability against one or more individuals. Use a statement similar to the following: "To hold (insert name, grade, and SSN) financially liable in the amount of (enter amount). Recommend the charges be prorated over a (enter time span) period."

(4) When the approving authority decides to assess financial liability without appointing a FLO or Board of Investigation →(Board of Officers) ←to conduct further investigation, the approving authority becomes responsible for performing all the requirements of the investigating officer (had one been appointed) relative to computation of the charges and notification to the individual.

b. When DD Form 200 does not contain enough information for a decision, the appointing authority may appoint a FLO by completing block 13c. The appointing authority will present the original and one copy of the DD Form 200 and exhibits to the FLO.

**5-12. BOARD OF INVESTIGATION.** There are two situations warranting an investigation by a Board of Officers in lieu of an investigation conducted under this directive. These situations occur when directed by the DeCA Director or the approving authority. When a Board of Investigation is conducted as a result of a financial liability investigation involving →g←overnment property lost, damaged, or destroyed, attach the investigation report to DD Form 200. Do not use a Board of Investigation report as a supporting voucher for an adjustment to a property account record.

**5-13. FINANCIAL LIABILITY OFFICER (FLO).** A FLO is appointed to determine the cause and value of loss, damage, or destruction of property listed on DD Form 200.

a. From the facts developed during a thorough and impartial investigation, determine:

(1) Whether the facts and circumstances support the findings and make recommendations relating to the loss, damage, or destruction of property listed.

(2) Any assessment of financial liability.

b. DeCA personnel may be held financially liable for loss, damage, or destruction of →g←overnment property if negligence or willful misconduct is the proximate cause of that loss, damage, or destruction.

c. Interview and obtain statements from all individuals whose testimony may assist in deciding the cause or responsibility for the loss, damage, or destruction of the property listed on DD Form 200.

(1) Consider losses previously investigated by a Board of Officers, military police, or other authorized official and obtain a copy of the report.

(2) Attach information to DD Form 200.

d. When using classified or other sensitive references, make a statement to that effect in block 15a of DD Form 200, along with the location, and ensure that technical inspectors also examine and give statements regarding any damaged property.

e. The statements and other evidence provided by persons who were responsible for property listed on DD Form 200 may be self-serving. The FLO must confirm that such evidence, whether contained in block 9 of DD Form 200, as an exhibit, or by independent evidence in the investigation, is valid.

f. The four types of property responsibility, described below, must be determined by the FLO, and considered before evaluation of financial liability.

(1) Command responsibility requires that all →g←overnment property within the directors' control is properly used, cared for, and secured. Directors will observe subordinates to ensure they properly care for, use, and safeguard of all property, and take administrative or disciplinary actions, when required.

(2) Supervisory responsibility. The obligation of a supervisor to ensure that all →g←overnment property issued to or used by his/her subordinates is properly used, cared for, and secured. Supervisors will provide guidance and direction, enforce all security, safety, and accounting requirements, and maintain a working climate that will facilitate effective property management.

(3) Direct Responsibility. The obligation of a person to ensure that all →g←overnment property under their custody is properly used, cared for, and secured. Direct responsibility results from assignment as an accountable officer, receipt of formal written delegation, or acceptance of property on a hand receipt from an accountable officer. Directors, managers, and supervisors will designate in writing individuals who will have direct responsibility for property.

(4) Personal Responsibility. The obligations of a person to exercise reasonable and prudent actions to use, care for, and safeguard all →g←overnment property in his/her possession. It applies to all →g←overnment property issued for, acquired for, or converted to a person's exclusive use, with or without a receipt. Individuals who receive or handle commissary change funds or deposits have personal responsibility for safeguarding those funds. These individuals may be financially liable for the full value of any losses of such funds attributable to personal negligence or misconduct.

g. A person cannot be held liable unless it is shown that he/she had a duty to protect the property, and that the loss or damage was proximately caused by the negligence or willful misconduct of the individual sought to be held liable.

h. Negligence results in the failure to act as a reasonable, prudent person would have acted under similar circumstances. It is an act or omission that a reasonably prudent person would have committed or omitted under similar circumstances and which is the proximate cause of the loss of, damage to, or destruction of →g←overnment property. In addition, negligence is a failure to comply with existing laws, regulations or procedures. Whether or not a person's act or omission constitutes negligence depends on the circumstances of each case. Negligence under some circumstances may not reflect negligence under other circumstances, therefore, fully consider the following factors, as a minimum, when determining the reasonableness of a person's conduct:

- (1) The person's training, experience, physical condition, and special qualifications.
- (2) The type of responsibility assigned to the individual.

- (3) The type and nature of the property.
- (4) The nature, complexity, level of danger, or urgency of the activity ongoing at the time of loss, damage, or destruction of the property.
- (5) The adequacy of supervisory guidance for property control.
- (6) The feasibility of maintaining close supervision over the property, given the nature and complexity of the organization or activity supervised.
- (7) The extent supervision could influence the situation considering pressing duties or lack of qualified assistants.
  - i. Willful misconduct is any intentional wrongful or unlawful act or omission relating to **→g←**overnment property. Before holding a person financially liable for a loss to the Government, the facts must clearly show that the person's conduct was the "proximate cause" of the loss, damage, or destruction.
  - j. Before holding a person financially liable, the facts must show a loss to the Government or damage or destruction of property of the Government has occurred. Property is considered lost when it cannot be found or accounted for by the last responsible person on the audit trail.
  - k. Gross negligence is an extreme departure from the course of action expected of a reasonably prudent person, all circumstances being considered, and is characterized by a reckless, deliberate, or wanton disregard of foreseeable consequences.

**5-14. FLO QUALIFICATIONS.** The following must apply:

- a. The FLO is selected based on training, experience, competence, and ability to conduct independent and objective investigations.
- b. Before beginning the investigation, the investigating officer must have an understanding of the terms "responsibility, proximate cause, and loss," as each term impacts upon a determination of financial liability.
- c. Must be a commissioned/warrant officer, enlisted service member in the grade of E7 or above or a civilian employee GS-7/WG-7 or above.
- d. A foreign national employee, GS-7 equivalent or above, deemed qualified by the appointing authority, may be designated to act as a FLO.
- e. Appoint only individuals senior in rank to the individual subject to any potential liability.
  - (1) If the FLO discovers that completion of the investigation requires examining the conduct or performance of duty, or may result in findings and recommendations adverse to a person senior to him or her, the investigating officer will report that fact to the appointing authority.
  - (2) The appointing authority will review the findings and either excuse the investigating officer and designate a person senior in rank to the individual concerned, or direct the investigation to continue if military exigencies make the change impractical.

(3) When employing the military exigency option, the appointing authority will document the exigency as an exhibit to the DD Form 200.

f. No person may act as a FLO if personally responsible or in any way directly interested in the property listed on the DD Form 200.

**5-15. TIME CONSTRAINTS FOR THE FLO.** Unless the approving authority specifies a shorter time, a FLO has up to 30 calendar days from the date of receipt of the DD Form 200 to complete their investigation.

a. Appointment as a FLO becomes that person's primary duty until the approving authority accepts the investigation as completed, or until otherwise relieved from that duty.

b. Any delay must be explained in writing by the FLO and the explanation attached to the DD Form 200.

**5-16. CONDUCTING THE INVESTIGATION.** The following guidance will assist the FLO in collecting data needed to develop findings.

a. The FLO must stay free from bias or prejudice. An investigation should not be started with predetermined ideas as to cause(s), or who is to blame for the loss. A thorough investigation may establish no fault or it may establish that financial liability be recommended.

b. The FLO must immediately begin the investigation.

c. The first priority is to physically examine any damaged property and release it for repair or turn-in. If an expert opinion will be of value in determining the cause of damage or cost of repair, ensure that technical inspectors also examine and give statements regarding any damaged property.

d. Interview and obtain statements from all individuals whose testimony may assist in deciding the cause of or responsibility for the loss, damage, or destruction of the property listed on the DD Form 200. Consider losses previously investigated by a Board of Officers, military police, or other authorized officials, obtain a copy of the report or extracted information, and attach the report/information to the DD Form 200.

e. When using classified or other sensitive references make a statement to that effect in block 15a on DD Form 200. Describe the location and identification of the investigation report. Obtain all other available exhibits.

f. The statements and other evidence provided by different persons who were responsible for property listed on DD Form 200 may be self-serving. The FLO must confirm that such evidence, whether contained in block 9 on DD Form 200, or, as an exhibit by independent evidence on the DD Form 200, is valid.

g. The evidence provided by different persons may conflict. The FLO must resolve conflicts and determine the true facts, as far as possible, by comparing the conflicting versions with other known facts surrounding the circumstances.

h. Obtain and mark evidence as follows and attach to each copy of the DD Form 200:

(1) Prepare witness statements on the DD Form 2823 (Sworn Statement), or type or legibly print on plain bond or ruled paper, 8 1/2 by 11 inch, with the word "CERTIFICATE" across the top. The witness will sign and date the statement.

(2) Mark the bottom of each exhibit alphabetically, followed with the date, amount, and organization or account found on the DD Form 200. For example: Exhibit A, R/S, DeCA 96-000, Oct 05, 1995, \$575, Wagner Commissary.

**5-17. FLO FINDINGS.** A finding provides a clear and concise statement of a conclusion or fact directly supported by evidence contained in either block 9 of DD Form 200, or in any exhibits attached to the DD Form 200.

a. A finding may represent a conclusion of fact by the FLO that can be readily determined from evidence in the record.

b. Findings exclude speculation, suspicion, or opinion. Findings are the conclusions of fact that form the basis for recommendations.

c. The FLO must state the facts in their words and make findings complete so that reviewers can ascertain the liability in the case without returning the DD Form 200 for more information.

d. The FLO will enter findings in block 15a of the DD Form 200.

e. If the FLO's findings rely on a self-serving statement in block 9, made by a person who was personally responsible for the property listed on DD Form 200 at the time of the loss, the statement of findings must explain how that other independent documented evidence confirms person's statement.

f. If the FLO's findings rely on a fact in evidence that conflicts with another fact in evidence, the statement of findings must explain how the FLO resolved the conflict.

g. The FLO will enter the following information in block 15a, if applicable.

(1) The value of the lost, damaged, or destroyed property listed on the DD Form 200, determined before depreciation, if allowed.

(2) If depreciation is allowed, enter the depreciated value of the property.

(3) The property value not recovered by the Government.

(4) The disposition, or recommended disposition, of damaged property classified not economically repairable.

**5-18. FLO RECOMMENDATIONS.** After recording the findings, the FLO must develop a logical recommendation, based on the statement of findings as applied against the guidance contained in this directive, and enter the recommendations in block 15a of DD Form 200.

a. After making recommendations, the FLO will complete blocks 15b through 15k, and cause the individual recommended for liability to complete blocks 16a through 16h.

b. The FLO will include:

(1) Whether or not assessment of financial liability is appropriate. If financial liability is being recommended the FLO will enter:

(a) The name and social security number of the individual.

(b) Whether or not the recommendation is based on a finding of simple negligence, gross negligence, or willful misconduct.

(2) If the financial liability investigation involved loss, damage, or destruction of Government quarters and furnishings or equipment therein, and if a determination was made that gross negligence or willful misconduct was the proximate cause, the individual will be charged the full amount of the losses to the Government, minus any amount apportioned to other individuals when using joint and several liability computations.

(3) When joint liabilities are being recommended, the charge will be computed according to **Figure 5-3**.

(4) The amount of the individual's monthly base pay at the time of the loss.

(5) The date the individual is expected to terminate services, be discharged, or terminate employment.

(6) Whether or not relief from financial liability is appropriate.

(7) Whether or not the DD Form 200 lists property for which a claim may be processed under provision of Staff Judge Advocate directives.

#### **5-19. FLO ACTIONS AFTER MAKING RECOMMENDATION.**

a. Financial Liability Not Recommended. When financial liability is not recommended, the FLO forwards the original and one copy to the approving authority for action, and keeps one copy.

b. FLO Actions after Making a Recommendation - Financial Liability Recommended.

(1) The FLO will give any individual, against whom he/she makes a recommendation of financial liability, a chance to examine the DD Form 200 after the findings and recommendations have been recorded, and the opportunity to make a rebuttal in his or her behalf. The FLO will:

(a) Explain to the individual recommended for a financial charge whether a finding of gross negligence has been made, and the consequences of the recommendation, if approved.

(b) Explain to the individual the significance of any statement made by them regarding possible financial liability.

(c) Consider and attach as an exhibit to the DD Form 200 any statement the individual desires to submit.

(2) The FLO will notify the individual by memorandum that he/she has the right to:

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

(b) Legal advice.

(c) Submit a statement and other evidence to the appointing/approving authority in rebuttal of the FLO's recommendation.

(3) The FLO will ensure that the individual completes blocks 16a through 16h and attaches a copy of the memorandum explaining the individual's rights as an exhibit to the DD Form 200, **Figure 5-1 (Attachment)**.

**5-20. INDIVIDUAL REBUTTAL STATEMENT.**

a. 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 DD Form 200 for consideration by higher authority.

b. Time constraints.

(1) An individual (in CONUS) who receives a DD Form 200 packet has 30 calendar days from the date of receipt to reply with a rebuttal statement or other additional evidence.

(2) Individuals at OCONUS locations have 45 calendar days from date of receipt of the DD Form 200 to submit a rebuttal statement or other additional evidence.

(3) Notification to individuals will be made by certified mail.

(4) When the FLO/appointing authority receives a rebuttal statement within the allotted time, he or she will consider all available evidence, attach the rebuttal statement to the DD Form 200, make a recommendation, and forward the complete packet to the approving authority for action.

(5) When the FLO/appointing authority does not receive a rebuttal statement within the allotted time, he/she will forward the DD Form 200 packet and recommendation to the appointing/approving authority.

(6) When the FLO/appointing authority receives a rebuttal statement after the time allotted has expired, they will consider any new evidence presented by the respondent, amend their recommendation when appropriate, and forward the amended recommendation through the channels in which the DD Form 200 was processed.

c. Distribution. The FLO will forward the original and 1 copy to the appointing authority for action and keep one copy.

**5-21. LEGAL REVIEW OF THE DD FORM 200.** Upon receiving a DD Form 200 on which the appointing/ approving authority believes financial liability is appropriate, the appointing/approving authority will obtain a legal opinion as to its legal sufficiency prior to determining whether or not to assess financial liability.

a. DeCA/GC will provide a written opinion as to the legal sufficiency of the DD Form 200.

b. If, in the opinion of DeCA/GC, the DD Form 200 is not legally sufficient, the opinion will state the reasons why and make appropriate recommendations.

c. Attach the opinion to the DD Form 200 prior to the approving authority's review and decision. A lawyer other than the one who advised the respondent in the preparation of the respondent's case must perform the legal review required by the approving authority.

**5-22. APPROVING AUTHORITY REVIEW OF THE DD FORM 200.**

a. The approving authority will personally review all recommendations by the appointing authority on the DD Form 200. The exception involves a DD Form 200 listing property for which the approving authority has either responsibility or accountability. In this instance, the next higher authority will act as the approving authority.

b. When DeCA/GC returns the DD Form 200, the approving authority will make an administrative check to determine if all pertinent instructions have been followed. The approving authority will further check to ensure the packet:

- (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 of this directive.
- (5) Reflects that individuals received counseling, advisement of rights, and an opportunity to rebut on their behalf.
- (6) Reflects correct computation of financial charges.
- (7) Contains statements of delay.
- (8) Reflects initials on all changes and minor corrections that support authenticity and clear doubt.
- (9) Reflects an unbiased investigation.

#### **5-23. APPROVING AUTHORITY ACTIONS.**

a. When the approving authority determines the FLO or Board of Investigation is incomplete, or finds pertinent instructions not complied with, they will return the DD Form 200 packet and one copy to the FLO or Board of Investigation officers for further investigation. The approving authority will specify by memorandum the additional data required.

b. When the approving authority determines that the financial liability investigation is complete, the approving authority will:

- (1) Adopt the recommendations of the FLO or Board of Investigation officer, and approve them by completing blocks 14a through 14h of the DD Form 200, or:
- (2) Make a decision contrary to the recommendations of the FLO or Board of Investigation, either to relieve all concerned from financial liability or to assess financial liability against a new individual.
- (3) Enter the decision of the approval authority in block 14b of the DD Form 200, to relieve all concerned from property responsibility and accountability, or to assess financial liability against one or more respondents. The approving authority will then complete blocks 14c through 14h.

c. When the approving authority decides to relieve all concerned from financial liability, they will make the following statement in block 14b: "All concerned are relieved from financial liability for the loss, damage, or destruction of the property listed on this DD Form 200."

d. When the approving authority decides to approve liability against an individual, they will enter the amount of the charge along with the respondent's name, grade, SSN, monthly base pay at the time of the loss, and the time allowed for prorating, in block 14b.

(1) If the approving authority determines that it appears appropriate to approve financial liability against an individual not recommended to be held financially liable, the approving authority will ensure that all actions required by paragraphs 5-23 and 5-24 are completed prior to approving financial liability.

(2) When approving financial liability against a new respondent, the approving authority will enter the reasons in block 14 of the DD Form 200.

e. When the approving authority decides to approve joint and several liabilities against two or more individuals, the following additional actions will supplement paragraph d above:

(1) Since data in block 16g allows only one individual to sign, prepare a continuation sheet.

(2) Prepare a continuation sheet for blocks 15b through 15k, listing the amount of each charge along with the respondent's name, grade, SSN, monthly basic pay at the time of the loss, and the time allowed for prorating.

f. When the approving authority decides to relieve all concerned persons from financial liability, they will keep the original DD Form 200 on file, forward one copy to the originator, and notify the concerned persons in writing.

#### **5-24. LIABILITY LIMITS.**

a. The liability limits are fully outlined in DoD Directive 7000.14-R, Volume 12, Chapter 7.

b. The amount equal to one month's base pay or the full amount of the Government's loss minus amounts assessed to others, whichever is less, will be charged to military and civilian employees held financially liable on a DD Form 200 or on two or more DD Forms 200 originating from the same neglect or willful misconduct. Base pay withheld will be the pay at the time of the loss.

#### **5-25. NOTICE TO RESPONDENTS ON ASSESSMENT OF FINANCIAL LIABILITY.**

a. Employees may have approved charges of financial liability involuntarily withheld from their pay either by salary or administrative offset according to Title 5, United States Code, Section 5514 for employees. Before individuals may be held financially liable, they must receive notice and have an opportunity to exercise the rights listed below.

b. Notification will be made by written memorandum. The memorandum, with a copy of the completed DD Form 200, and all exhibits, will be hand delivered to the person found financially liable, or forwarded by certified mail, return receipt requested.

c. The memorandum will inform the individual that collection action will start after expiration of 30 calendar days from the date of receipt, unless the respondent exercises one of the rights listed below that will temporarily stop collection, will provide for the respondent's acknowledgment of

receipt, and will state the respondent's rights and the time limits for exercising those rights. When a memorandum is returned indicating that the memorandum is not deliverable, the approving authority need not make further attempts to notify the individual of their rights. Individual rights are to:

- (1) Inspect and copy records relating to the debt.
- (2) Request reconsideration of the assessment of financial liability based on legal error.
- (3) Request remission under the provisions of applicable service regulation.
- (4) Request extension of the collection period.
- (5) Request an appeal that is to be submitted to the appeal authority within 2 years from date of assessment of financial liability.

d. Submission of a request for reconsideration, remission or cancellation of indebtedness stops all collection action, pending a decision on the request made by the appropriate official.

e. The approving authority will forward the DD Form 200 for collection under cover of a transmittal document.

f. The approving authority will make an initial follow-up within 20 calendar days if the servicing payroll office has not acknowledged receipt, and thereafter will continue to follow up every 10th day until the servicing payroll office has acknowledged receipt of the DD Form 200.

g. Attach a copy of the notification memorandum and servicing payroll office receipt to the DD Form 200.

h. Assessments against individuals outside DeCA will be processed through their servicing payroll office. The accounting classification and instructions will be provided.

**5-26. RESPONDENT ACTIONS.** When an individual has been notified that financial liability has been approved, the individual should, with the advice of legal counsel through the local installation, thoroughly review the DD Form 200 packet provided and decide whether or not to take one of the following actions:

- a. Request reconsideration of the approving authority's decision.
  - (1) Submit requests for reconsideration by memorandum through the immediate director to the approving authority.
  - (2) Submit requests for reconsideration only on the basis of legal error.
  - (3) When the approving authority does not reverse the original decision to approve financial liability, the request for reconsideration becomes an appeal that will be forwarded to the appeal authority.
  - (4) The request for reconsideration will set forth in detail; any new evidence offered and explains why financial liability is not appropriate.
  - (5) A request for reconsideration stops all collection action pending a decision by the approving authority or the appeal authority.

(6) Request remission or cancellation of the indebtedness under the provisions of applicable financial regulations.

(7) Request extension of the collection period.

b. A request for reconsideration will be processed only if received within 30 calendar days from receipt of liability notification, unless the individual can show good cause for failing to take one of the above actions within the required time frame.

**5-27. APPROVING AUTHORITY ACTIONS ON REQUESTS FOR RECONSIDERATION.**

The approving authority, upon receipt of a request for reconsideration, will review any new evidence offered, and make a decision to either reverse the previous decision to approve liability against the individual, or recommend continuation of liability.

a. Relief. When the approving authority determines from new evidence that the individual should be relieved from financial liability, the approving authority will:

(1) Notify the individual by memorandum that he/she is relieved from financial liability. The memorandum will be delivered by hand, or certified mail, return receipt requested.

(2) Keep the new evidence with the DD Form 200 and file.

b. Continuation of Liability. When the approving authority determines that liability should be continued, the approving authority will:

(1) Prepare and sign a memorandum to the appeal authority. The approving authority is not authorized to allow other persons to sign for them.

(a) The memorandum will give the basis for denying the requested relief.

(b) The memorandum will show the dollar amount of the charge.

(c) If estimated costs were initially used, the actual cost will be included in the memorandum.

(2) Enclose the original DD Form 200 and all exhibits to the memorandum. When the original DD Form 200 is not available, the approving authority will include a statement in the memorandum explaining why the file is not available.

c. Notification to the Individual. On receipt of a response from the appeal authority concerning relief or continuation of liability, the approving authority will notify the individual by memorandum, either delivered by hand, or certified mail, return receipt requested. The approving authority will notify the individual that he/she has the right to request a remission or cancellation of indebtedness, or extension of the collection period, as applicable.

**5-28. REMISSION OR CANCELLATION OF INDEBTEDNESS.** When allowable, an individual will submit requests for remission or cancellation of indebtedness involving financial liability through his/her immediate supervisor to the approving authority.

**5-29. REQUESTS FOR EXTENSION OF THE COLLECTION PERIOD.** Requests for extension of the collection period will be forwarded through the approving authority to the servicing payroll office for action.

- a. Civilian employees who have requested to challenge the proposed repayment schedule are not authorized to request extension of the collection period.
- b. The approving authority will make a recommendation regarding extending the collection period, using the following factors as the basis for the recommendation:
  - (1) A decision, at the approval authority level previously acting on the DD Form 200, that such action is necessary.
  - (2) Additional income or assets (including spouse's).
  - (3) Expenses caused by living standards that are too high or by mishandling of personal funds that are not a basis for a hardship determination.

**5-30. TO REOPEN, CORRECT, AMEND, OR CANCEL THE DD FORM 200.** These are administrative procedures that may be activated by either:

- a. A decision at the approval authority level previously acting on the DD Form 200 that such action is necessary.
- b. A direction from the appeal authority.
- c. The DD Form 200 approving authority will reopen a DD Form 200 when either of the situations shown in subparagraphs a and b above exists and results from one of the following actions:
  - (1) An individual has requested reconsideration of the assessment.
  - (2) A response to the FLO's original notification to the individual of a recommendation of financial liability is received after the approving authority has approved financial liability.
  - (3) A memorandum from a subordinate headquarters that previously acted on a DD Form 200 supporting reopening based on new evidence.
  - (4) Property is recovered after financial liability has been assessed.
  - (5) The approving authority becomes aware of an injustice against either the Government or the individual assessed to be financially liable.
  - (6) Property has been recovered.

**5-31. ACTION RESULTING FROM REOPENING A DD FORM 200.**

- a. Correction of a DD Form 200. Correction of a DD Form 200 will not be made on the original DD Form 200, except as described in paragraph 5-5b. Should it become necessary to alter a DD Form 200 in any other way after receipt by the approving authority, an amendment will be prepared, citing the specific alterations, and will be attached to the DD Form 200 as an exhibit.
- b. Cancellation of a DD Form 200. Cancellation of an approved DD Form 200 (one for which the approving authority has taken approval action) will not be done. When property is discovered after a DD Form 200 is approved, the approving authority will ensure that accountability is reestablished.

c. Amending a DD Form 200. Based on new information received by the approving authority, it may become necessary to amend one or more blocks of the DD Form 200. The approving authority will prepare an amendment, citing the specific alterations, and attach it to the DD Form 200 as an exhibit.

d. Repayment of Amounts Previously Collected. Property listed on a DD Form 200 may be recovered after assessment of financial liability or the approving or appealing authority may have reversed the assessment. If so, prepare an amendment, citing the specific alterations, and attach it to the DD Form 200 as an exhibit. Attach a copy of the amendment to a memorandum directing repayment of the value of the recovered property to the individual, as a "collection erroneously received." Then forward the memorandum to the servicing payroll office as appropriate.

### **5-32. APPEAL AUTHORITY REVIEW OF REQUESTS FOR RECONSIDERATION.**

a. The term "request for reconsideration" refers to an application directed to the appeal authority having jurisdiction over the command in which the loss to the Government occurred, or other designated appeal authority, challenging the decision of the approving authority in assessing financial liability.

b. Requests for reconsideration will be submitted to the approving authority that acted on the DD Form 200. An individual may request that the appeal authority review the DD Form 200 on which they have been sustained or reversed.

(1) An individual may request reconsideration only one time.

(2) The decision of the appeal authority is final unless the individual chooses to make application to the Board for Correction of Military Records. These procedures do not apply to financial liability imposed for discrepancies incident to shipment or to procurement reported using report of discrepancy (ROD) procedures.

c. The decision to grant an extension of the allotted submission time will be made by the approving authority for the following reasons:

(1) Acts of war.

(2) Extended training maneuvers.

(3) Sickness.

(4) Unavoidable difficulty in obtaining supporting facts.

(5) Other similar difficulties.

### **5-33. APPEAL AUTHORITY.**

a. Appeal Authority. The appeal authority is the person designated to take final action on requests for reconsideration when the approving authority, which denies relief of financial responsibility to an individual, disapproves the DD Form 200 and to act on requests for remission or cancellation of indebtedness.

(1) Appeal authority action is granted by the authority of the Secretary of Defense.

(2) The appeal authority is the →Chief Operating Officer (COO)← for DeCA. Normally, the appeal authority will be the next higher commander in the chain of command above the approving authority. For DD Forms 200 containing assessment of financial liability against a general officer, the appeal authority will be the next general officer or civilian in the chain of command senior to the officer affected. An individual may not act as both the approving and appeal authority. Also, a person who had personal responsibility or accountability for the property listed on a DD Form 200 will not act as the appeal authority. In such cases the next higher commander will be the appeal authority.

b. Appeal Authority Actions on a Request for Reconsideration.

(1) Prior to reviewing a request for reconsideration, the appeal authority will forward the request to a legal advisor under the appeal authority's command. The legal advisor is the lawyer performing legal action required by the appeal authority or an individual. The appeal authority will require the legal advisor to review the approving authority's memorandum, and all related documentation, and give a written opinion as to its legal sufficiency. If, in the legal advisor's opinion, the approving authority's action is legally insufficient, the opinion 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 of record, to include any new evidence offered by the individual in the request, provides grounds to relieve the individual from financial liability. After review, the appeal authority may:

(a) Direct the approving authority to reopen the DD Form 200 and conduct further investigation to clarify matters specified by the appeal authority.

(b) Grant relief of financial liability in completely or in part and direct the approving authority to reopen the DD Form 200 to reverse an assessment of financial liability, and to arrange for repayment of collections erroneously received.

(c) Deny relief of financial liability to the individual.

(4) After final action, the appeal authority will return the original DD Form 200 and all exhibits, with a formal memorandum stating the action taken, directing that the individual be notified of the action, and including instructions to repay any monies erroneously collected to the approving authority for action. The appeal authority will keep a copy of the memorandum on which his/her decision is recorded.

(5) The appeal authority is allowed to reverse or reduce financial charges. 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 approving authority may be directed to reopen the case.

<b>FINANCIAL LIABILITY INVESTIGATION OF PROPERTY LOSS</b>					
<b>PRIVACY ACT STATEMENT</b>					
<b>AUTHORITY:</b>	28 USC 532; 16 USC 2275; DoD Instruction 2000-02; 23 USC	<b>COLLECTING USES:</b>	None.		
<b>FUNCTIONAL PURPOSE:</b>	To identify cause, facts and circumstances supporting the assessment of financial damage for fire loss, damage, or destruction of DoD-controlled property. This purpose of collecting the data is for public identification.	<b>DISCLOSURE:</b>	Following: however, not used to update the circumstances under which the property was lost, damaged, or destroyed may be considered with other factors in determining if an incident will be factually identified.		
<b>1. LOSS INCIDENT (FY/QUARTER)</b>	<b>2. INCIDENT INVESTIGATION NUMBER</b>	<b>3. LOSS LOSS DESCRIPTION (FY/QUARTER)</b>			
000025	08-25	000121			
<b>4. NATIONAL STOCK NO.</b>	<b>5. ITEM DESCRIPTION</b>	<b>6. QUANTITY</b>	<b>7. UNIT COST</b>	<b>8. TOTAL COST</b>	
	MEAT PRODUCTS	20	72.15	1443.00	
<b>9. CIRCUMSTANCES UNDER WHICH PROPERTY WAS (X one)</b> (Attach additional pages as necessary)					
<input type="checkbox"/> LOST <input type="checkbox"/> DAMAGED <input type="checkbox"/> DESTROYED ITEMS WERE SIGNED FOR AS BUT NOT DELIVERED					
<b>10. ACTION TAKEN TO CORRECT CIRCUMSTANCES REPORTED IN BLOCK 9 AND PREVENT FUTURE OCCURRENCES</b> (Attach additional pages as necessary)					
APPLIED MANAGEMENT INSTRUCTION AND TRAINING REGARDING RECEIVING AND SPOT CHECK PROCEDURES.					
<b>11. INDIVIDUAL COMPLETING BLOCKS 1 THROUGH 10</b>					
<b>a. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)</b>		<b>b. TYPE/NAME (Last, First, Middle Initial)</b>		<b>c. AUTOPEN/ DESK NUMBER</b>	
DoDA NORTHERN AREA BLDG 1299 STONEY LONESOME ROAD USMA WEST POINT BY MISS-1052		JOE, JOHN A		667-2232	
		<b>d. SIGNATURE</b>		<b>e. DATE SIGNED</b>	
<b>12. (If one) <input checked="" type="checkbox"/> RESPONSIBLE OFFICER (PROPERTY RECORDS)    <input type="checkbox"/> REVIEWING AUTHORITY (SUPPLY SYSTEM PROCS)</b>					
<b>a. RESUBJECT OR ABUSE ELEMENT / SUBJECT</b> (If one)		<b>b. COMMENTS/ RECOMMENDATIONS</b>			
<input type="checkbox"/> Yes <input type="checkbox"/> No					
<b>a. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)</b>		<b>d. TYPE/NAME (Last, First, Middle Initial)</b>		<b>e. AUTOPEN/ DESK NUMBER</b>	
		REGION DIRECTOR		667-2232	
		<b>f. SIGNATURE</b>		<b>g. DATE SIGNED</b>	
<b>13. APPOINTING AUTHORITY</b>					
<b>a. APPROVAL (If one)</b>		<b>b. COMMENTS/ REASONABLE</b>		<b>c. FINANCIAL LIABILITY OFFICER APPOINTED (If one)</b>	
<input type="checkbox"/> Approve <input type="checkbox"/> Disapprove				<input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>a. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)</b>		<b>e. TYPE/NAME (Last, First, Middle Initial)</b>		<b>f. AUTOPEN/ DESK NUMBER</b>	
		<b>g. SIGNATURE</b>		<b>h. DATE SIGNED</b>	
<b>14. APPROVING AUTHORITY</b>					
<b>a. APPROVAL (If one)</b>		<b>b. COMMENTS/ REASONABLE</b>		<b>c. LEGAL REVIEW COMPLETED IF APPLICABLE (If one)</b>	
<input type="checkbox"/> Approve <input type="checkbox"/> Disapprove				<input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>a. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)</b>		<b>e. TYPE/NAME (Last, First, Middle Initial)</b>		<b>f. AUTOPEN/ DESK NUMBER</b>	
		<b>g. SIGNATURE</b>		<b>h. DATE SIGNED</b>	

Figure 5-1a (Front), DD Form 200, Financial Liability Investigation of Property Loss



Block 16a through 16h: DD Form 200, Financial Liability Investigation of Property Loss

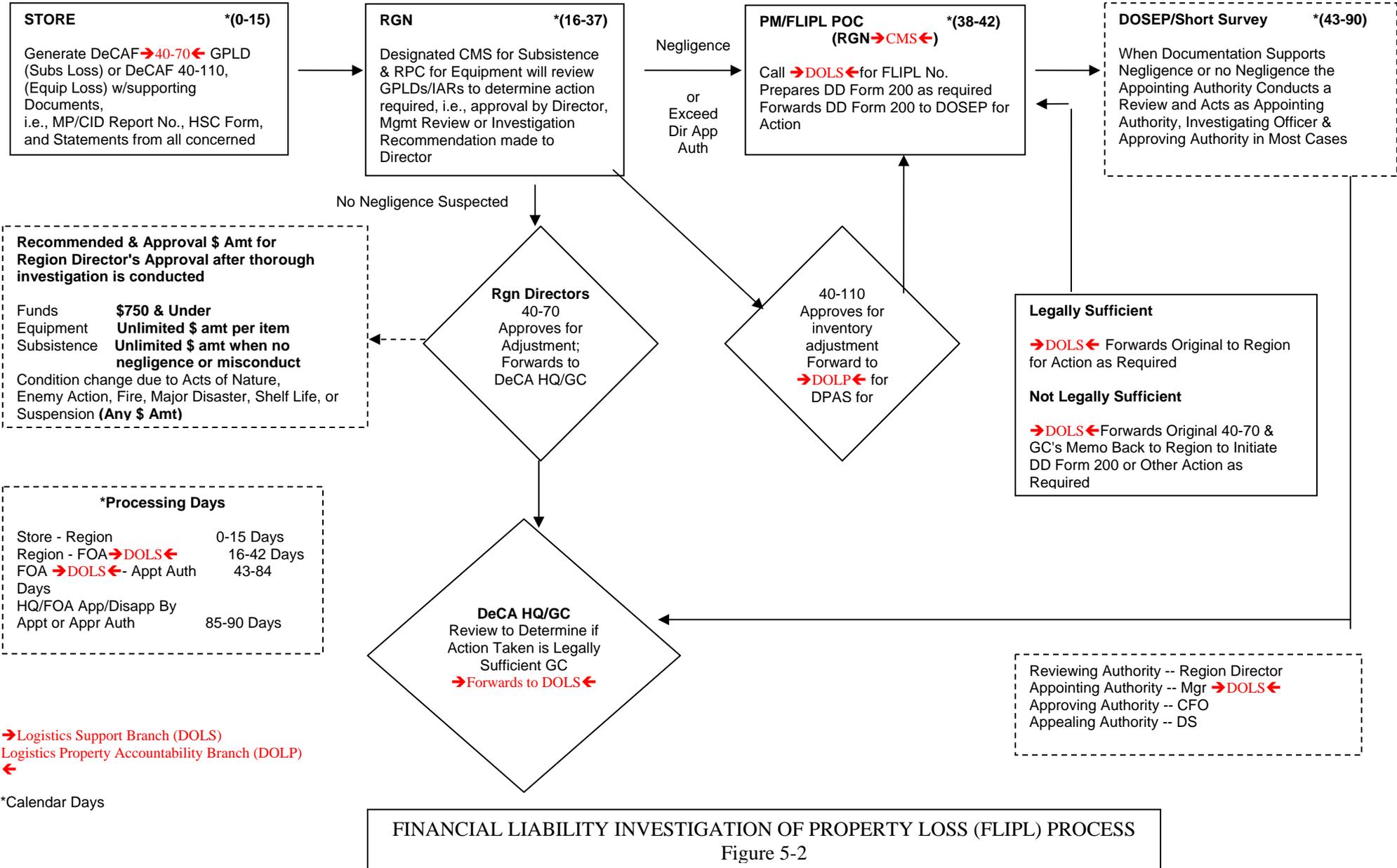
I have examined the findings and recommendations of the survey officer on this Report of Survey and Exhibits \_\_\_\_\_ to \_\_\_\_\_ and \_\_\_\_\_ desire to make a statement that is attached hereto/\_\_\_\_\_ does not desire to make a statement. I am aware of my right to legal advice in preparing the statement and if a financial charge is finally approved, to make an appeal and (if enlisted military personnel) my right to remission of indebtedness. I am/am not the accountable officer for the lost or damaged property. This property was/was not personal arms or equipment.

Date: \_\_\_\_\_

Name and Grade of Respondent: \_\_\_\_\_

Respondent Signature: \_\_\_\_\_

Figure 5-1c (Attachment), DD Form 200, Financial Liability Investigation of Property Loss



**METHOD OF COMPUTING A FINANCIAL CHARGE  
FOR JOINT LIABILITY**

Formula To Use: Person's Monthly Basic Pay Divided by Combined Monthly Basic Pay of all Persons X  
Actual Loss + Person's Financial Charge

Example: (Actual Loss = \$1,000)

Person Number 1 monthly basic pay = \$ 300

Person Number 2 monthly basic pay = \$ 600

Person Number 3 monthly basic pay = \$ 900

Total Monthly Basic Pay of All = \$1,800

\$300 (Person Number 1)

\$1,800 (Total Basic Pay) = .16667 X \$1,000 = \$166.67

\$600 (Person Number 2)

\$1,800 (Total Basic Pay) = .33333 X \$1,000 = \$333.33

\$900 (Person Number 3)

\$1,800 (Total Basic Pay) = .50000 X \$1,000 = \$500.00

Figure 5-3 - Method of Computing a Financial Charge for Joint Liability

## CHAPTER 6

### DISCREPANCIES INCIDENT TO SHIPMENT OF PROPERTY BY COMMON OR CONTRACTOR CARRIER

**6-1. GENERAL.** This chapter specifies actions to be taken by accountable officers when supply and transportation discrepancies in the shipments of →g←overnment property are identified. These actions include reporting and adjusting required documentation for discrepancies found. They also provide the basis for assessing claims against common carriers and vendors. This chapter prescribes the use of Standard Form (SF) 364, Report of Discrepancy (ROD). Refer to **Figures 6-1** for preparation of SF 364. Address all questions on RODs to the DOSEP or Military Traffic Management (TDR proponent) Command, ATTN: MT-ITD, Washington, DC 20315-5050.

**6-2. AUTHORITY.** This chapter is based on the following DoD Instructions and Joint Services Regulations.

- a. DLAR 4140.55, Reporting of Item and Packaging Discrepancies.
- b. AR 55-38, Reporting of Transportation Discrepancies in Shipment.
- c. AR 735-11-2, Reporting of Item and Packaging Discrepancies.

**6-3. SCOPE.** This chapter covers shipment of →g←overnment property as follows:

- a. Types of Transportation Services.
  - (1) Government bill of lading (GBL).
  - (2) Commercial bill of lading (CBL) when converted to GBL at destination.
  - (3) CBL with free on board (FOB) origin terms, when a vendor as a convenience pays freight charges to the Government.
  - (4) A Government-administered contract for transportation services.
- b. Types of Consignees. This section covers shipments received at all types of installations and activities. Specialized procedures are required at storage depots for which property accountability is maintained at a central point.
- c. Types of Property. The term "property" includes, but is not limited to, that which:
  - (1) Is part of the body of, or represents a purchase by, an element of a Government stock fund.
  - (2) Represents a purchase by an element of the Government from the Defense Logistics Agency (DLA) stock fund or from supply sources controlled by the General Services Administration (GSA).
- d. Types of Discrepancies. These instructions concern reporting and adjusting of property accountability for discrepancies and decisions as to financial liability for loss or damage. They include references to Army or other regulations specifying the use of standard DoD discrepancy forms used in traffic management or quality control of depot operations.

#### **6-4. PROPERTY ACCOUNTABILITY FOR DISCREPANCIES.**

a. FOB Origin Shipments. Normally, to account for FOB origin shipments, title to items shipped passes to the consignee upon acceptance by the common carrier (constructive delivery or receipt). This policy of FOB origin applies to shipment to/from DLA stock funds and GSA shipments, as well as to those from vendors, except against local purchase on a FOB destination basis. Accountability for discrepancies in FOB origin shipments is assigned below. Accountability for items disclosed as:

(1) "Short" - A shortage reverts to the consignor (shipper) when reported by the consignee (receiver) through the processing of a Report of Discrepancy (ROD). Property responsibility for such items terminates because the consignee posts only the quantity actually received to the consignee property account.

(2) "Over" - An overage (including items apparently shipped in error) reverts to the consignor (shipper) as in 6-4a (1) above. Property responsibility remains as a suspense item with the consignee, until taking final action is taken for disposing of such items to comply with the instructions of the consignor.

(3) "Damaged" reverts to the consignor, as in 6-4a (1) above, along with property responsibility for the items in the condition shown on the shipping document. The consignee assumes and retains property accountability for damaged items described in the condition of actual receipt until taking final disposition action is taken to comply with instructions of the consignor. The consignor on FOB origin shipments must assume responsibility for, and take proper actions to adjust shortages, overages, and damages attributed to him/her by DD Form 200 action, as in 6-4a (1) above.

b. Local Purchase. On FOB destination shipments from vendors of "local purchases" by the consignee, accept property accountability and make payment only for those quantities received in serviceable condition. Disposition of unacceptable items is the duty of the vendor.

#### **6-5. ACTIONS TO BE TAKEN UPON DISCOVERY OF DISCREPANCIES IN SHIPMENT.**

Action to be taken will be decided on discovery of a discrepancy upon receipt of shipment. The actions to be taken depend on the type of consignee involved. Listed below are the successive steps for reporting and adjusting discrepancies.

a. Step 1 - Discovery of discrepancy by the receiver during in-checking operations, or by the receiving property officer during storing operations.

b. Step 2 - Classification of discrepancy to determine if the SF 364 is required.

c. Step 3 - Initiation of the SF 364.

d. Step 4 - Investigation and documentation of loss with concurrent actions to complete SF364.

e. Step 5 - Approval of the SF 364 for consignee director.

f. Step 6 - Distribution of the SF 364.

g. Step 7 - Action by the consignor (shipping officer) or other addressee upon receipt of the completed SF 364.

h. Step 8 - The consignee's responsibility is to ensure that items short or damaged upon receipt of shipment are reported using SF 364. Also, assumed responsible for any overage.

**6-6. PREPARATION REQUIREMENTS FOR THE REPORT OF DISCREPANCY (ROD), SF**

**364.** Determine the type of report required by checking the appropriate block and complete blocks 1 through 15.

- a. Block 1, Date of Preparation: Enter MM/DD/YYYY.
- b. Block 2, Report Number: Obtain number from the DPAS document register.
- c. Block 3, To: Enter the name, address, ZIP code and activity address code (ACC) or routing identifier code of the consignor to which the original of the report is to be submitted for action. Activities furnished information copies will be noted in Item 15. When both shipping-type (item) and packaging discrepancies are reported for the same item in a DoD shipment, enter "See Item 15" and enter the addresses of both action activities in Item 15.
- d. Block 4, From: Enter the name, address, and ZIP code of the reporting activity (consignee).
- e. Block 5a, Shipper's Name: Enter the name and address of the shipping activity, when different from name listed in Block 3.
- f. Block 5b, Number and Date of Invoice: Enter the number and date of vendor's invoice, or shipping document, attach copy of invoice. (Not applicable to packaging discrepancies).
- g. Block 6, Transportation Document Number: Enter the type of transportation document, i.e., GBL, CBL, manifest, waybill, insured/certified parcel post number, or transportation control and movement document (TCMD), the identifying number assigned to such documents and the document number used in Block 2, followed by XXX. This is a mandatory entry when the item was shipped by traceable means, e.g., GBL, CBL. For an item shortage, include the following statement in Item 12: "The shortage has been verified as not being transportation related."
- h. Block 7a, Shipper's Number: Enter the shipment number (when more than one shipment is made under a contract, purchase order, or requisition) and the contract/document number.
- i. Block 7b, Office Administering Contract: Enter the name, address, and ZIP code of the contract administration office (CAO) that directed/arranged the shipment.
- j. Block 8, Requisitioner's Number: Enter same document number as listed in Block 2.
- k. Block 9a, NSN/Part Number and Nomenclature: If the item received is different from item shown on shipping documents, or different from item ordered, list each item on a separate line.
- l. Block 9b, Unit of Issue: Enter the unit of issue as billed or indicated on the shipping document for each item listed in 9a (not applicable to packaging discrepancies).
- m. Block 9c, Quantity Shipped/Billed: Enter the quantity of the item shipped or billed. When discrepancy code C1 is applicable, enter the quantity and the actual supply condition code when shipped, e.g., 980A, as shown on the shipping document (not applicable to packaging discrepancies).
- n. Block 9d, Quantity Received: Enter the quantity of item received.
- o. Block 10a, Discrepancy Quantity: Enter the discrepant quantity. For discrepancy code C1, enter the quantity and the correct condition code. When the total quantity received is classified under

more than one condition code, enter separately each partial quantity. For discrepancy code C2, enter under Item 12 the manufacturer's name, date of manufacture/pack/expiration, lot/batch number, location of material, name/address/telephone number of contact, and a detailed statement of reason(s) the material is considered unsatisfactory.

p. Block 10b, Discrepancy Unit Price: Enter the unit price billed or shown on the shipping document (not applicable to packaging discrepancies).

q. Block 10c, Discrepancy Total Cost: Enter the total value of the discrepant material (quantity in Item 10a times unit price in Item 10b). For packaging discrepancies, enter the cost of the corrective action.

r. Block 10d, Code: Enter the discrepancy code using the codes listed on the face of the form. If a discrepancy condition exists that is not listed, use code Z1 and describe the discrepancy in Item 12.

s. Block 11, Action Code: Indicate requested action-using codes listed on the face of the form. If action is other than that covered by the listed action codes, insert code 1Z and explain the action requested in Item 12. Action code 1D or 1F shall not be used on discrepancy reports prepared to cover shipments from GSA facilities (See Chapter 1-7 for shipments from a supplier) or from or directed by DoD activities, i.e., Services or DLA. Material still required must be re-requisitioned. Financial adjustments, when appropriate, will be based on the SF 364.

t. Block 12, Remarks: To be used for any supplemental information where the combination of discrepancy codes and action codes needs additional clarification, where shipping-type discrepancies and packaging discrepancies need explanation, and where a breakout of cost to repair in terms of time and material is required. Information should provide specifics pertaining to the appearance, lot/batch number, manufacture or packaging date, inspector number and date of inspection, probable cause of improper packaging, and suggested corrective action. Indicate the levels of protection received versus required and make recommendations for improvement. When reporting shortages or non-receipt of items shipped by parcel post to GSA, a statement must be included in Item 12 regarding whether all packages were received shown as shipped in Item 5 of the GSA Form 1348-1.

u. Block 13, Funding and Accounting Data: For packaging discrepancies, enter the accounting/appropriation data needed by the action activity to credit the account of the reporting activity for costs involved in correcting the reported discrepancies. This item does not apply to shipping-type discrepancies.

v. Block 14a, Typed or Printed Name, Title, and Phone Number of Preparing Official: Enter both the commercial and DSN phone numbers.

w. Block 14b, Signature: Self-explanatory.

x. Block 15, Distribution Addresses for Copies: Enter other addressees receiving copies of the report. When the report reflects an action code to which a reply is applicable, the appropriate GSA or DoD action office will complete the reverse side of the report.

<b>REPORT OF DISCREPANCY (ROD)</b>				1. DATE OF PREPARATION		2. REPORT NUMBER			
<input type="checkbox"/> SHIPPING <input type="checkbox"/> PACKAGING				03/03/2000		HQCAAD-6003-20001			
3. TO (Name and address, include Zip Code)				4. FROM (Name and address, include Zip Code)					
DEFENSE DISTRIBUTION DEPOT RICHMOND VA 23297 SW00400				PENSACOLA COMMISSARY BLDG 3745 PENSACOLA FL 32507-1070					
5a. SHIPPER'S NAME				5b. NUMBER AND DATE OF INVOICE		6. TRANSPORTATION DOCUMENT NUMBER (GBL, Waybill, TCN, etc.)			
UPS GROUNDING RICHMOND VA 23929						enter which one applies			
7a. SHIPPER'S NUMBER (Purchase Order/Shipments Contract, etc.)		7b. OFFICE ADMINISTERING CONTRACT		8. REQUISITIONER'S NUMBER (Requisition, Purchase Request, etc.)					
3228228110065 DeCA OC/REA		1300 E AVE FT LEE VA 23801		HQCAAD-6003-20001					
9. SHIPPING, BILLING, AND RECEIPT DATA				10. DISCREPANCY DATA				11. ACTION CODE	
NSN/PART NUMBER AND NOMENCLATURE (a)		UNIT OF ISSUE (b)	QUANTITY SHIPPED/BILLED (c)	QUANTITY RECEIVED (d)	QUANTITY (a)	UNIT PRICE (b)	TOTAL COST (c)		CODE (d)
7320 01 029 5171 MACHINERY-EA MACHINES NO1 CLEANING M 6150-00-925-3536 HOSE		EA EA	1 1	0 1	1 1	1,310 732.	W1 W2		1F 1A

12. REMARKS (Continue on separate sheet of paper if necessary)

THE DD 1348-1A STATES THAT THE CORRECT INFORMATION FOR THE ITEMS REQUIRED BUT THE PACKAGE RECEIVED HAS 2 NSN LABELS ON OPPOSITE ENDS. ONE NSN IS THE ITEM REQUESTED AND THE OTHER IS THE NSN'S FOR THE MATERIAL IN THE CONTAINER.

1 DISCREPANCY CODES		2 ACTION CODES
<b>CONDITION OF MATERIAL</b> C1 - In condition other than that indicated on release/receipt document C2 - Expired shelf life C3 - Damaged parcel post shipment <b>SUPPLY DOCUMENTATION</b> D1 - Not received D2 - Illegible or mutilated D3 - Incomplete improper or without authority (Only when receipt cannot be properly processed) <b>MISDIRECTED MATERIAL</b> M1 - Addressed to wrong activity <b>OVERAGE/DUPLICATE SHIPMENTS</b> O1 - Quantity in excess of that receipt document O2 - Quantity in excess of that requested (Other than unit of issue pack) O3 - Quantity duplicates shipment <b>PACKING DISCREPANCY</b> P1 - Improper preservation P2 - Improper packing P3 - Improper marking P4 - Improper unitization	<b>PRODUCT QUALITY DEFICIENCIES</b> Q1 - Deficient material (Applicable to Grant Aid and FMS shipments only) <b>SHORTAGE OF MATERIAL</b> S1 - Quantity less than that on receipt document S2 - Quantity less than that requested (Other than unit of issue pack) S3 - Non-receipt of parcel post shipments <b>ITEM TECHNICAL DATA MARKINGS (i.e., Name Plates, Log Books, Operating Handbooks, Special Instructions, etc.)</b> T1 - Missing T2 - Illegible or mutilated T3 - Precautionary operational markings missing T4 - Inspection data missing or incomplete T5 - Serviceability operating data missing or incomplete T6 - Warranty data missing <b>WRONG ITEM (Identify requested item as a separate copy in Item 9 above)</b> W1 - Incorrect item received W2 - Unacceptable substitute <b>OTHER DISCREPANCIES</b> Z1 - See remarks	1A - Disposition instructions requested (Reply on reverse) 1B - Material being retained (See remarks) 1C - Supporting supply documentation requested 1D - Material still required expedite shipment (Not applicable to FMS) 1E - Local purchase material to be returned at supplier's expense unless disposition instructions to the contrary are received within 15 days (Reply on reverse) (Not applicable to FMS) 1F - Replacement shipment requested (Not applicable to FMS) 1G - Reshipment not required. Item to be re-requisitioned. 1H - No action required. Information only 1Z - Other action requested (See remarks)

13. FUNDING AND ACCOUNTING DATA

14a. TYPED OR PRINTED NAME, OFFICIAL

JOHN JOHNSON RESOURCE ADVISOR  
DSN 687-2202

Figure 6-1 - SF 364, Report of Discrepancy

15. DISTRIBUTION ADDRESSEES FOR COPIES

DEFENSE COMMISSARY AGENCY  
ATTN REA  
1300 E AVEUNUE FT LEE VA 23801-6300

## APPENDIX A

### DEFINITIONS

Abuse	An act of willful misconduct or deliberate unauthorized use.
Accountability	The obligation imposed by law, lawful order, or regulation on a person to keep accurate records of property, documents, or funds. The person having this obligation may or may not have actual possession of the property, documents, or funds.
Accountable Officer	An individual appointed by proper authority to maintain formal records of →g←overnment property or funds. (At commissaries, this individual is the store director, at regions; this individual is the region director.)
Accountable Property	Is categorized as either real or personal property (acquired with DWCF or surcharge funds), and will be entered into and accounted for in DPAS upon receipt. Contractor-furnished, but Government-owned property, will also be accounted for in DPAS.
Acquisition Cost	Consists of the amount paid for the property, less trade and cash discounts, plus the transportation costs
Adjustment	Adjustment of accountable records.
Administration	Administration of a system to determine whether a responsible party should be held financially for a loss.
Appeal Authority	The individual assigned the responsibility for making the final decision on requests for reconsideration when the approving authority disapproves a DD Form 200, thereby denying relief of financial liability and remissions or cancellations of indebtedness.
Appointing Authority	An individual appointed in writing by the approving authority to appoint financial liability officers, approve or disapprove recommendations of responsible, reviewing, or financial liability officers, and recommend actions to the approving authority. When so designated in the letter of appointment, the appointing authority may perform the duties of the approving authority.
Approving Authority	Appointed by the DeCA Director to make determinations to relieve involved persons from responsibility and/or accountability or to approve assessment of financial liability. When so designated in the letter of appointment, this individual may act as the appointing authority.
Audit Trail	Documentation that supports adjustments to the automated property records.
Causative Research	An investigation, consisting of a complete review of all transactions and a verification of supporting documentation, of a gain or loss discrepancy.
Classified Items	Material requiring protection in the interest of national security.

Collective Liability	Where more than one person may be held liable for lost, damaged, or destroyed →g←overnment property.
Commander	An individual vested with command authority in a DoD Component.
Command Responsibility	Obligation of a director to ensure that all →g←overnment property within his/her control is properly used, cared for, and secured. Directors will observe subordinates to ensure they contribute to the proper care, custody, use, and safekeeping of all property, and take administrative or disciplinary actions, when required.
Contractor-Acquired Property	Is property acquired or provided by the contractor for performing a contract and to which the Government has the title.
Controlled Inventory	Items with characteristics requiring special identification accounting, security, or handling to ensure their safekeeping
Culpability	Determination of fault.
Damage	A condition that impairs either value or use of an item.
DeCA Property Manager	The individual assigned the responsibility of administering DeCA's property accountability requirements and managing the automated Defense Property Accounting System (DPAS).
Deliberate Unauthorized Use	Willful or intentional use without right, permit, or authority.
Direct Responsibility	The obligation of a person to ensure that all →g←overnment property under his/her custody is properly used, cared for, and secured. Direct responsibility results from assignment as an accountable officer, receipt of formal written delegation, or acceptance of property on a hand receipt from an accountable officer. Directors, managers, and supervisors will designate in writing individuals who will have direct responsibility for property.
Discrepancy	The loss of recorded property or the gain of non-recorded property. Damage or destruction of →g←overnment property during shipment.
Durable Items	Do not require formal property book accounting, but do require hand receipt control at the user level.
Expendable Property	Requires no formal property book accounting after it is issued to the user.
Financial Liability	The statutory obligation of an individual to reimburse the Government for lost, damaged, or destroyed property resulting from an act of negligence or abuse
Financial Liability Officer	A person appointed by the appointing authority to conduct an investigation to determine responsibility for loss, damage, or destruction of →g←overnment property.

Formal Accountability	The obligation to maintain files in the automated property accounting system.
Government-Furnished Property	Is property acquired or possessed by the Government and subsequently made available to the contractor.
Gross Negligence	The act of reckless, deliberate, or wrongful disregard of foreseeable consequences.
Hand Receipt	A signed document acknowledging acceptance of and responsibility for items of property listed thereon and issued for use.
Investigation	Means of determining the facts surrounding the loss, damage, or destruction of →g←overnment property.
Item	A generic term meaning any article of material that is produced, stocked, or stored, issued, or used.
Liability	The state of being responsible or answerable for the loss, damage, or destruction of →g←overnment property.
Major Hand Receipt Holder	The accountable person, with sub-hand receipt delegation authority, who is hand receipted for property by unit identification code (UIC) within the property accounting system.
Negligence	Failure to act as a reasonable person would have acted under the same circumstances.
Nonexpendable Property	Having an acquisition cost of \$1000 or more does require formal property book accounting.
Personal Property	All capital acquisitions and equipment items with an acquisition cost of \$1,000 or more, a nonexpendable supply item, such as a typewriter, computer controller, or module, any expendable supply item or piece of equipment, such as office supplies, desk lamps, etc. Personal property is classified as either expendable, durable, or nonexpendable, based on the physical characteristics and intended use of the property. All equipment regardless of cost that is on a maintenance contract and selected ADP equipment.
Personal Responsibility	The obligation of a person to exercise reasonable and prudent actions to use, cares for, and safeguards all →g←overnment property in their possession. It applies to all →g←overnment property issued for, acquired for, or converted to a person's exclusive use, with or without a receipt. Individuals who receive or handle commissary change funds or deposits have personal responsibility for safeguarding those funds. These individuals may be financially liable for the full value of any losses of such funds attributable to personal negligence or misconduct.

Pilferable Items	Material having ready resale value or application to personal possession and, therefore, especially subject to theft. Examples are binoculars, projectors, cigarettes, pagers, handheld two-way radios, cameras, tapes, recorders, and laptops.
Probable Cause	Reasonable grounds for belief.
Property Record	An automated record of property or equipment, or a hand receipt.
Proximate Cause	The cause which, in a natural and continuous sequence of events unbroken by a new cause, produced the loss or damage. Without this cause the loss, gain, or damage would not have occurred. It is further defined as the primary moving cause, or the predominate cause, from which the loss, gain, or damage followed as a natural, direct, and immediate consequence.
Real Property	Consists of land and permanent building structures.
Record	All forms of information, hard copy or automated, stored in temporary or permanent form that can be retrieved, reproduced, or preserved.
Research	An investigation to determine the correct balance between physical counts and recorded balance, and the cause of a potential or actual discrepancy.
Responsibility	The obligation for the custody, care, and safekeeping of property entrusted to the possession or supervision of an individual
Responsible Officer	An individual appointed by proper authority to exercise proper custody, care, and safekeeping over property entrusted to his or her possession or under his or her supervision.
Responsible Person	An individual issued →g←overnment property by a property receipt.
Reviewing Authority	An individual designated by the approving authority to review and analyze the results of research conducted for an occurrence of loss, gain, or damage of property.
Sensitive Items	Material requiring a high degree of protection and control because of statutory requirements or regulations, high value, highly technical content, or hazardous items.
Sub-Hand Receipt	Hand receipt between an accountable officer and the person receiving the property and assuming direct responsibility for it.
Supervisory Responsibility	The obligation of a supervisor to ensure that all →g←overnment property issued to or used by his/her subordinates is properly used, cared for, and secured. Supervisors will provide guidance and direction, enforce all security, safety, and accounting requirements, and maintain a working climate that will facilitate effective property management.
Willful Misconduct	Intentional damage or destruction, misappropriation, or loss of →g←overnment property.

## APPENDIX B

### LIST OF ACRONYMS

AAC	Activity Address Code
AAR	Administrative Adjustment Report
BRAC	Base Realignment and Closure
CAO	Contract Administration Office
→CAP	Computer/Electronic Accommodation Program←
CBL	Commercial Bill of Lading
CDC	Central Distribution Center
CEO	Chief Executive Officer
→CFE	Chief Financial Executive←
CIF	Directorate of Facilities
CIE	Engineering Business Unit
CMS	Commissary Management Specialist
CONUS	Continental United States
→COO	Chief Operating Officer←
DeCA	Defense Commissary Agency
DeCAD	DeCA Directive
DeCAF	DeCA Form
DFAS	Defense Finance and Accounting Service
DLA	Defense Logistics Agency
DO	Directorate→of Performance and Policy←
DoDAAC	Department of Defense Activity Address Code
→DOLP	DeCA, Property Accountability Branch
DOLS	Logistics, Support Branch←
DPAS	Defense Property Accountability System
DPM	DeCA Property Manager
DRMS	Defense Reutilization and Marketing Service
DWCF	Defense Working Capital Fund
ECC	Equipment Category Code
ECOD	Estimated Cost of Damage
EPA	Environmental Protection Agency
FLO	Financial Liability Officer
→FMR	Financial Management Regulation←
FMS	Foreign Military Sales
→FOA	Field Operating Activity←
FOB	Free on Board
GBL	Government Bill of Lading
GC	General Counsel
GFP	Government Furnished Property
→GPC	Government-Wide Purchase Card←
GPLD	Government Property Lost or Damaged
GSA	General Services Administration
IAR	Inventory Adjustment Report
→NEXCOM	Navy Exchange Command←
→NEXMART	Navy Exchange Market←
NSN	National Stock Number
OCONUS	Outside CONUS
→PBIC	Property Book Identification Code←
→PP&E	Plant, Property and Equipment←

→RMCF

RMFA

ROD

SF

SSN

SD

TCMD

TDR

TO

Financial Policy, Systems and Services Division←

Financial Management Business Unit/Analysis & Reconciliation Division

Report of Discrepancy

Standard Form

Social Security Number

Store Director

Transportation Control and Movement Document

Transportation Discrepancy Report

Transportation Officer

**→APPENDIX C**

**SENSITIVE ITEMS**

**Sensitive Items.** Items having ready resale value or application to personal possession and therefore especially subject to theft.

Binoculars  
Camera, Photo ID  
Camera, Digital  
Camera, Video  
Camera, Security  
Disc Drive, External  
Monitors  
CPU's  
DVD Player/Recorder  
Laptop  
Projectors  
Blackberry  
Satellite, Disc  
Satellite, Receiver  
Television/VCR Combination  
VTC equipment  
Printers  
Facsimile Machines ←