Army Regulation 735–5

Property Accountability

Policies and Procedures for Property Accountability

Headquarters
Department of the Army
Washington, DC
31 January 1998

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SUMMARY of CHANGE

AR 735–5
Policies and Procedures for Property Accountability

This revision--

- Identifies the statutory authority and DoD accounting policy that policies and procedures contained in this regulation are based on (para 1-4).

- Expands the basic requirements for conducting inventories to include property on hand at USAMC Accountable Supply Distribution Activities and Depots, supplies stored by a supply support activity, supplies at the user level accounted for on property book records, real property, and Army War Reserve - 3 stocks (para 2-6).

- Adds, under responsibility, a new type of responsibility, i.e., custodial responsibility, providing the definition and obligations (para 2-8d).

- Identifies installed carpeting as real property (para 4-2).

- Provides new policy and procedures for using insurance in lieu of bonding for educational institutions hosting a Junior ROTC unit (para 10-4).

- Provides requirements for individuals 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 other administrative adjustment document is initiated (para 12-1b(4).

- Reinforces policy that replacement of loss property by cash purchase or accounting for the loss with a DD Form 362 does not constitute a sale of Government property, that the U.S. Government retains title to the property (para 12-2g).

- Provides guidance for initiating a report of survey and other administrative adjustment action when a GSA vehicle is involved in an accident (para 13-2a(10).

- Clarifies reports of survey processing time to state the time utilized to notify respondents of recommended and approved charges of financial liability are not counted (para 13-5).

- Provides guidance on preparation of DA Form 4697 stating do not compute depreciation, but use the AMDF price when completing block 9, DA Form 4697 (para 13-9).

- Provides new information such as when leased property is damaged, enter the word "LEASED" instead of the unit priced, when completing block 9, DA Form 4697 (para 13-9a(1)(c)).

- Removes requirement for entering SSN for persons discussed in block 11, DA Form 4697 (para 13-9a).

- Provides guidance to the survey officer concerning the survey officer's responsibility for informing personnel contacted during the investigation of their rights (para 13-9a(3)(a)).

- Provides method of documenting damages on a GSA vehicle involved in an accident (para 13-11e).

- Allows civilian employees in the grade of GS-14 or above and in a supervisory position to take action on those reports of survey processed under their supervision as the approving authority (para 13-16a).

- Provides guidance on where within the approving authority's headquarters the report of survey register and approved reports of survey will be retained on file (para 13-19a(6)).

- Provides requirements for brigade and equivalent level TDA commanders to initiate and conduct oversight management of reports of survey processed by subordinate commands (para 13-19b).

- Provides requirements for all survey officers to be briefed on the conduct of report of survey investigations and specific time restraints at time of appointment (para 13-19a(3)).

- Revises text on decision by the approving authority without appointing a survey officer (para 13-21).

- Revises text on recommendation by the appointing authority without appointing a survey officer (para 13-22).

- Revises text on use of an AR 15-6 investigation (para 13-24).

- Includes definition and obligations under custodial responsibility (para 13-28a(5).

- Includes procedures for appointing another survey officer when the original survey officer is unable to complete the report of survey investigation (para 13-27b).

- Provides guidance for the survey officer regarding damaged vehicles already released for repair or turn-in (para 13-29c).

- Replaces joint and several liability with collective and individual liability (para 13-39c and table 12-4).

- Provides guidance for computing the amounts of financial liability when two or more persons are held collectively and individually liable, and one of the persons is not Federally employed (para 13-39d).

- Rescindes requirement to enter SSN for persons discussed in block 28, DA Form 4697, findings and recommendations unless the individual is being recommended for charges of financial liability (para 13-30 and figure 13-6).

- Identifies that requests for reconsideration denied by the approval authority will be forwarded to the appeal authority with the basis for the approval authority's denial shown (para 13-42b).

- Revises figure 13-17 addressing the memorandum to the approving authority rather than through the approving authority (para 13-17).

- Revises the text on accounting for lost, damaged or destroyed personal clothing and OCIE (para 14-4).

- Requires that when contracting officers determine contractor’s liability on reports of survey, the contracting officer will issue a written request (demand) for payment to the contractor (para 14-14b).

- Revises text on accounting for recovered property previously listed on a report of survey to address amount of refund respondent should be get if only 1 month’s base pay was assessed (para 14-16).

- Provides new para on losses of cashmeal sheets (para 14-18).

- Revises text on damaged property to allow AGR commissioned officers within the ARNG to make fair wear and tear determinations for damaged property (para 14-26).

- Revises text on damaged property, directing senior commanders to establish the dollar value above which the damaged statement must be approved by the report of survey approving authority (para 14-26).

- Requires commanders above the report of survey approving authority to initiate and conduct oversight management of damage statements approved by subordinate commanders (para 14-26).

- Removes the $100 threshold above which unit commanders could not approve damage statements for damaged OCIE (para 14-26b).

- Requires that MACOM commanders initiate and conduct oversight management of inventory adjustment reports at the property book level (para 14-28c, and at the stock record accounts (para 14-29o).

- Provides guidance for initiating reports of survey or other administrative adjustments when GSA vehicles are involved in an accident (para 14-30b).

- Clarifies method of accounting for nonexpendable property consumed in used (para 14-33).

- Clarifies accounting for losses in military operations other than war (para 14-34).

- Provides requirement for oversight management by brigade level and equivalent level TDA commanders of DA Forms 4697 processed for losses of property during military operations other than war (para 14-34).

- Provides new criteria for causative research for losses at USAMC Accountable Supply Distribution Activities and Depots (para 15-1).

- Provides new ROD policy for lateral transfers between MACOMs (para 16-52a(5)).

- Allows the use of appraisal guides accepted in the commercial market to determine fair market value (B-2a).

- Provides policy for determining cost of repairs when the damaged item was refurbished rather than just repaired (B-6c(1)).

- Provides requirements for loan agreement when Army property is loaned to other DoD services (para 14-32a(4)).

Headquarters
Department of the Army
Washington, DC
31 January 1998

*Army Regulation 735–5

Effective 28 February 1998

Property Accountability

Policies and Procedures for Property Accountability

Robert M. Walker
Acting Secretary of the Army

History. This printing publishes a revision to Army Regulation 735-5. The previous edition was published as part of the Unit Supply Update, Update 2-14. This printing establishes Army Regulation 735-5 as a standalone publication.

Summary. This regulation provides basic policies and procedures for accounting for U. S. Army property and accounting for lost, damaged, or destroyed U.S. Army property. It defines accountability and responsibility, identifies categories of property and accounting procedures to be used with each, and identifies basic procedures for operating a property account. It also provides for requesting waivers, offering rewards for lost property, and provides bonding requirements for Reserve Officers' Training Corps property accounts. It implements DoD 7200.10-M, prescribing basic policies and procedures for accounting for lost, damaged, or destroyed U. S. Army property.

Applicability. This regulation applies to all elements of the U.S. Army and all U.S. Army property. It applies to the Army National Guard (ARNG) and the U.S. Army Reserve (USAR). It does not apply to relief actions for property processed per procedures prescribed by (C) AR 381-143.

Proponent and exception authority. The proponent of this regulation is the Deputy Chief of Staff for Logistics (DCSLOG). The DCSLOG has the authority to approve exceptions to this regulation that are consistent with controlling law and regulation. The DCSLOG may delegate this approval authority, in writing, to a division chief within the proponent agency in the grade of colonel or the civilian equivalent.

Army management control process. This regulation is subject to the requirements of AR 11-2. It contains internal control provisions but does not contain checklists for conducting internal control reviews. The requirements listings used in the Command Supply Discipline Program, contained in AR 710-2, tables B-1 through B-6 will be used to validate these controls. Use the table that most accurately describes the type of unit/activity being reviewed. Elements within these tables that should be reviewed annually under the internal control program will include as a minimum: property accountability; property responsibility; inventories; adjustments for lost, damaged, or destroyed property; and asset reporting. A minimum of 2 sub-elements of the above elements that are applicable to the unit/activity being reviewed will be reviewed annually. When it is deemed necessary to review identical sub-elements in consecutive years, 2 sub-elements in addition to those reviewed the previous year must also be reviewed during the current year. (Note: Elements within tables are identified by a alpha character and sub-elements are identified by a numeric character.)

Supplementation. Supplementation of this regulation and establishment of forms other than DA Forms are prohibited without prior approval from Director, U.S. Army Logistics Integration Agency, ATTN: LOIA-LM, 54 M Avenue, Suite 4, New Cumberland, PA 17070-5007.

Suggested Improvements. The proponent agency of this regulation is the Office of the Deputy Chief of Staff for Logistics. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to: Director, U.S. Army Logistics Integration Agency, ATTN: LOIA-LM, 54 M Avenue, Suite 4, New Cumberland, PA 17070-5007.

Distribution. Distribution of this publication is made in accordance with the initial distribution number (IDN) 095510, intended for command levels A, B, C, D, and E for Active Army, Army National Guard and U.S. Army Reserve.

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*This regulation supersedes AR 735-5, 28 February 1994.

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Glossary

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Chapter 1
Introduction

1–1. Purpose

This regulation—

a. Prescribes the basic policies and procedures in accounting for Army property.

b. Sets the requirement for formal property accounting within the Army.

c. Implements specific property accounting procedures.

d. Defines accountability and responsibility. Identifies the categories of property and the accounting procedures to be used with each. Identifies the basic procedures for operating a property account.

e. Provides the procedures for requesting waivers of property accounting requirements; the policy for offering rewards for the recovery of lost property; the procedures for implementing bonding requirements for the Reserve Officers' Training Corps (ROTC) property accounts and using insurance in lieu of bonding for junior ROTC property accounts.

f. Defines the command supply discipline program, its intent, and implementing procedures.

g. Prescribes the accounting procedures to be used when Department of the Army property is discovered lost, damaged, or destroyed through causes other than fair wear and tear. It provides authorized methods to obtain relief from property responsibility and accountability. It also prescribes the Department of the Army policy on such losses and financial liability.

h. Prescribes the procedures for accounting for losses during military operations other than war.

1–2. References

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

1–3. Explanation of abbreviations and terms

Abbreviations and special terms used in this regulation are explained in the consolidated glossary located at the back of this regulation.

1–4. Statutory and DoD provisions

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

a. Section 5511-5512, and 5514, title 5, United States Code.

b. Section 2636, 2775, 4831-4832, 4835-4837, and 4839-4840, title 10, United States Code.

c. Section 3531, title 31, United States Code.

d. Section 710, title 32, United States Code.

e. Section 1007, title 37, United States Code.

f. Article 108, Uniform Code of Military Justice (10 USC 908).

g. DoD 4140.1-R (DoD Materiel Management Regulation), Jan 93.

h. DoD 7220.9-M (DoD Accounting Manual), Oct 83.

i. DoD 7200.10-M (DoD Accounting and Reporting for Government Property Lost, Damaged or Destroyed), Mar 91.

1–5. Responsibilities

a. The Deputy Chief of Staff for Logistics, HQDA, will ensure all detailed property accounting policy and procedures developed for specific materiels or situations comply with this regulation.

b. Commanders of major Army commands (MACOMs) authorized to develop specific commodity or command unique property accounting policies and procedures will ensure they comply with the basic policies and procedures prescribed by this regulation.

c. Commanders at all levels will ensure compliance with all policies and procedures prescribed by this regulation that apply to their command.

d. Commanders will implement a command supply discipline program.

e. Brigade commanders and above, and equivalent level commanders in a TDA environment will develop and implement oversight management over the following—

(1) Reports of survey. See paragraph 13-19b.

(2) Damage statements. See paragraph 14-26a(5).

(3) Inventory adjustment reports. See paragraphs 14-28c and 14-29o.

(4) Adjustments for losses in military actions other than war. See paragraph 14-34g.

f. Developers of standard and unique automated supply systems will ensure all systems contain the essential elements of data, and are in compliance with the policies contained herein. Computer generated supply forms must be understood by the supply level using and receiving the forms. Guidance pertaining to the forms approval process is contained in AR 25-30. Computer generated forms, approved by the proponent, will replace or will be used instead of the manually prepared forms.

1–6. Internal management controls

The key internal management controls are—

a. Property accountability.

b. Accounting for lost, damaged, and destroyed Government property.

1–7. Request for clarification

Send requests for clarification through command channels to Director, U.S. Army Logistics Integration Agency, ATTN: LOIA-LM, 54 M Avenue, Suite 4, New Cumberland, PA 17070-5007.

Chapter 2
Property Accounting Requirements

Section I
Basic Principles

2–1. General requirements

a. All persons entrusted with Government property are responsible for its proper use, care, custody and safekeeping.

b. Persons will not be assigned to duty that will prevent them from exercising proper care and custody over the property they are responsible for.

c. When a person assumes accountability for property that is remotely located, records must be maintained to show the location of the property and the persons charged with its care and safekeeping.

d. Vouchers for the issue or expenditure of property that are not specifically authorized by regulations or authorization tables will give the reason for the transaction and identify the commander who directed it.

e. Army property will not be used for any private purpose except as authorized by Headquarters, Department of the Army (HQDA).

f. No Government property will be sold, given as a gift, loaned, exchanged, or otherwise disposed of unless specifically authorized by law. Items replaced in-kind and payments made under the provisions of paragraph 12-1 for lost, damaged, or destroyed Army property do not constitute a sale of Army property. Title to such property remains with the U.S. Government.

g. Giving or accepting an issue document, hand receipt, or other form of receipt to cover articles that are missing, or appear to be missing, is prohibited.

h. Property documents and property record cards maintained for stock record accounts need not show the manufacturer's serial numbers unless specifically required by Army regulation (AR). Serial numbers, for property in use, will be shown on property books and property book supporting documents under AR 710-2, paragraph 2-5l(3).

i. Army property will not be loaned or leased except as specifically authorized in AR 37-1, AR 420-17, AR 700-131, or other appropriate ARs.

j. Military members or civilian employees of the Army who occupy Government quarters, or who have been issued furnishings for use in family quarters, must properly care for such property. They, or where appropriate, their spouses, must sign a document to show occupancy of quarters and receipt of the furnishings.

k. The requisitioning or assembling of excess repair parts and/or components to create an unauthorized end item is prohibited. All excess equipment and supplies will be turned in to the appropriate supply support activity in accordance with AR 710-2, paragraph 2-13.

2–2. Accounting for Army property

a. All property acquired by the Army from whatever source, whether paid for or not, must be accounted for as prescribed by this regulation and other appropriate ARs. Such accounting will be maintained through formal records. The accounting will be continuous from the time of acquisition until the ultimate consumption or disposal of the property occurs. Supporting documents will be maintained as prescribed by appropriate regulations.

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

c. All property, except real property and contractor acquired property, acquired in any manner will be processed through and accounted for on a formal stock record account before issue.

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

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

(2) Expendable or durable require no formal accounting after issue to the user level.

(3) Durable hand tools will be controlled at the user level using hand receipt procedures.

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

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

2–3. Centralized accounting

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

2–4. Other service storage of Army property

Accountability for Army approved "packages"of production equipment and other plant equipment stored at a Defense Logistics Agency (DLA) installation will be established and maintained in a separate Army property account (AR 700-43, chapter 2). The equipment will bear an Army account serial number. An officer or civilian employee of DLA will be the accountable officer. Financial (general ledger) control over the equipment (AR 37-1, chapter 4) will be maintained by the Army commodity command that supports and justifies the packages.

2–5. Army property with contractors

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

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

(2) Contractor accountability and responsibility will be as set forth in the contract. (See Federal Acquisition Regulation (FAR), Part 45.)

b. The Army command that awarded the contract will maintain financial (general ledger) control over the property. (See the FAR 45.505, DFARS 245.505-14 and AFARS 45.505-14, Reports of Government Property.) Internal Army reporting requirements, such as those in AR 37-1 and AR 710-3 will be satisfied by use of the data required to be maintained and reported by the FAR.

c. When a contract is not assigned to the DCMC for administration, a property administrator will be appointed by the contracting officer using the evaluation criteria in the Department of Defense Federal Acquisition Regulation Supplement (DFARS), sub-part 45.7001-1 and 45.7001-2 and AFARS 45.7001-1.

d. For contracts awarded under the FAR 45.105(a), accountability for Government furnished property (GFP) will be transferred to the contractor.

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

(2) A joint physical inventory of GFP will be conducted by the PBO, the property administrator, and the contractor prior to the beginning of the contract period. On completion of the inventory and written acknowledgment of receipt by the contractor, the PBO will post the transfer document as a loss to the Army's property accounting records. The PBO will continue to maintain the basic property book records with authorization, identification and management data for all GFP transferred to the contractor.

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

e. For contracts awarded under the FAR 45.105(b), citing clause 52.245-1, accountability for GFP will be laterally transferred on DA Form 3161, per AR 710-2, paragraph 2-13a, to the contracting office. The property records will be maintained by the property administrator. These records will be kept separate and distinct from installation property book records. Responsibility for GFP will be assigned to the contractor using the technical exhibit to the contract.

2–6. Inventories of property

a. Supplies and equipment on hand at U.S. Army Materiel Command (USAMC) accountable supply distribution activities and depots will be inventoried according to AR 740-26, paragraph 1-5b. Assets belonging to USAMC and stored at Army installations (other than AMC installations) will be physically inventoried according to the criteria in AR 740-26.

b. A complete physical inventory of all supplies and equipment in storage at supply support activities (SSA) awaiting issue or turn-in will be accomplished annually according to AR 710-2, paragraph 3-29c, 4-34, 5-23b or 6-14b as applicable. The results will be reconciled with the stock accounting records.

c. At the user level, all on-hand property carried on property book records and/or hand receipt records will be inventoried annually, or upon change of the primary hand receipt holder, whichever comes first. Upon change of the property book officer, all property

not issued on hand receipt will be jointly inventoried by the outgoing and incoming property book officers. Conduct of these inventories will be documented and the results reconciled with the accounting records. See AR 710-2, table 2-1 for variances in the frequencies of these inventories. The above inventories will be accomplished in accordance with AR 710-2, paragraph 2-12d and table 2-1.

d. Real property will be physically inventoried once every 3 years or upon change of the accountable officer, whichever comes first per AR 420-17, paragraph 5-32h. The results will be reconciled with the accounting records.

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

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

Section II
Accountability and Responsibility

2–7. Accountability

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

2–8. Responsibility

Responsibility is the obligation of an individual to ensure Government property and funds entrusted to his or her possession, command or supervision are properly used and cared for, and that proper custody and safekeeping are provided. Figure 2-1 shows the different types of responsibility and their relationship to the levels of command. The five different types of responsibility are—

a. Command responsibility. The obligation of a commander to ensure all Government property within his or her command is properly used and cared for, and that proper custody and safekeeping are provided. Command responsibility is inherent in command and cannot be delegated. It is evidenced by assignment to a command position at any level and includes—

(1) Ensuring the security of all property of the command, whether in use or in storage.

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

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

(4) Taking administrative or disciplinary measures when necessary.

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

(1) Providing proper guidance and direction.

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

(3) Maintaining a supervisory climate that will facilitate and ensure the proper care and use of Government property.

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

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

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

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

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

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

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

f. Responsibility relationships.

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

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

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

g. Responsibility for public funds. A person who receives or handles public funds has personal responsibility for safeguarding those funds until they are deposited with a disbursing officer. That person is financially liable for the full value of the loss of funds when the loss is attributable to their personal negligence or misconduct.

2–9. Relationship between accountability and responsibility

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

a. Accountability and each type of responsibility carry specific duties. Financial liability can be assessed against any person who fails, through negligence or misconduct, to perform those duties and where such failure is the proximate cause of a loss to the U.S. Government. (See para 13-28c.)

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

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

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

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

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

Section III
Accountable Officer

2–10. Appointment of accountable officer

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

a. An accountable officer may be—

(1) Any Department of Defense (DoD) commissioned officer or warrant officer. Army National Guard (ARNG) officers must be Federally recognized.

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

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

(4) An ARNG military technician employed under section 709, title 32, United States Code (32 USC 709), who—

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

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

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

b. Persons will not perform the dual functions of stock record accountable officer, PBO, transportation officer (TO), IMPAC credit card ordering officer, or blanket purchase agreement ordering officer duties simultaneously. As an exception, PBOs within USMEPCOM may perform duties as an ordering officer simultaneously. The following limitations apply—

(1) Purchases made by the ordering officers using the International Merchant Purchase Authorization Card (IMPAC) are limited to $2,500 per transaction.

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

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

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

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

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

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

c. Accountable subsistence sales officers are appointed under AR 30-18, paragraph 4-2.

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

e. Within USAR units—

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

(2) Active guard/reserve and/or active component commission or warrant officers assigned may be appointed as the PBO.

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

2–11. Contractibility of the accountable officer

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

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

(1) Cataloging.

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

(3) Storage operations.

(4) Issue operations.

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

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

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

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

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

2–12. Duties of accountable officers

a. The accountable officer will maintain a formal set of property accounting records that show, on a continuing basis, the item identification, gains and losses, on-hand balances, conditions and location of all property assigned to the property account. Documentation identified in the appropriate functional regulations will be maintained to support the recorded entries.

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

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

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

2–13. Property book accounts

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

b. A property book account will be established for each activity having an assigned parent organization unit identification code (UIC). In the event of a contingency or war, the unit's property book records will be taken with the deploying unit. When an element of the unit deploys, separate property book records for the property accompany the element will be established and accompany the deploying element.

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

2–14. Stock record accounts (SRA)

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

b. The authority to set up an SRA is contained in the parent unit's organizing document or mission statement.

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

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

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

f. Item accounting for property capitalized under the Army Industrial Fund (AIF) will be per AR 710-2. Financial accounting will be per AR 37-1, chapter 4.

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

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

2–15. SRA serial number

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

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

(1) A new account is established.

(2) A DODAAC has not been assigned to the present account.

(3) A present DODAAC needs revision.

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

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

e. Requests to establish or cancel SRA serial numbers for Army libraries will be sent through command channels to HQDA. For law libraries, see AR 27-1, chapter 12; for medical libraries, see AR 40-2, chapter 10; for all other libraries (See AR 735-17, paragraph 6).

2–16. Sales accounts

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

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

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

d. Sales officers are responsible for the collection and safekeeping of all cash receipts, the maintenance of required financial and property records, and the prompt turn-in of all cash proceeds and documentation to the supporting FAO in accordance with AR 37-103, paragraph 6-15. Other specific duties of a sales officer are included in the regulation which authorized the establishment of the sales account.

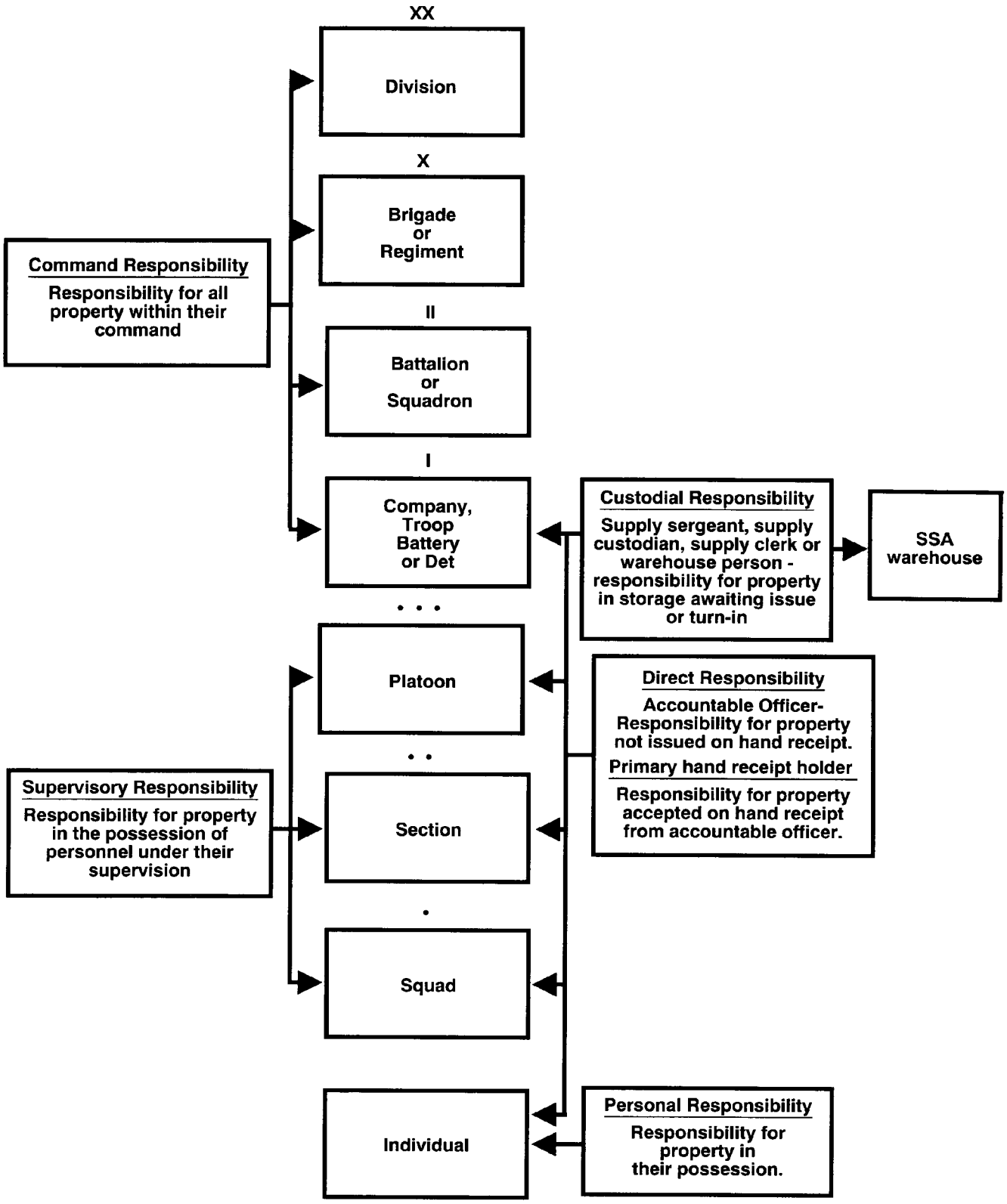


Figure 2-1. Five types of responsibilities and their relationship to levels of command

Chapter 3
Army Property and Non-Army Property

3–1. Army property
Army property is all property under the control of DA except property accounted for as owned by a nonappropriated fund (NAF) activity. It must be accounted for on a property account unless specifically exempted by an AR. Property leased by an Army activity is considered Army property for accounting purposes. Property loaned to a non-Army activity remains Army property.

3–2. Non-Army property
Property of another military service, other U.S. Government activity, or a foreign government, which is not under Army control, is considered non-Army property. Property issued or loaned directly to an Army member or employee, rather than to the local Army element, is non-Army property.

3–3. Liability of the Army for property on loan from other activities
a. Unless otherwise stated in loan agreements or contracts, the Army has control over and accounts for as "Army property"any property loaned to the Army by another military service, U.S. Government activity, foreign government, or civilian institution. Such property will be accounted for by the use of a temporary file. This file will include copies of all documents authorizing the loan and all documents that relate to the loan transaction. Borrowed property will not be recorded on Army property books or SRAs.

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

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

(1) Return of the borrowed item in acceptable condition.

(2) Reimbursement to the lender.

(3) Repair of damaged items at Army expense.

(4) Replacement in-kind of lost or damaged items.

d. Financial liability may be assessed under paragraph 13-28, when appropriate.

Chapter 4
Real Property, Capital Equipment, and Other Nonexpendable Supplies

Section I
Real Property

4–1. General requirements and references
a. This section contains general policies for real property accounting in support of statutory reporting requirements.

b. Specific policies and procedures for real property accounting are found in AR 420-17, chapter 5, sections IV and V.

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

(1) Procedures for financial accounting for real property at installations and activities are in AR 37-1, chapter 4.

(2) Industrial property accounting procedures are in AR 37-1, the FAR, and the AFARS.

(3) Financial accounting procedures for real property at installations and activities financed under the AIF are in AR 37-1, paragraph 3-12.

(4) Procedures for real property inventory reporting are in AR 405-45, paragraph 2-2.

4–2. Real property
Real property consists of lands and improvements to land, buildings, and facilities, including improvements and additions, and utilities systems. It includes equipment affixed and built into the facility as an integral part of the facility (such as heating systems, installed carpeting, and overhead hoists), and non-moveable equipment (such as plant equipment). Real property is divided into the four basic classes for accounting purposes shown below. These are—

a. Land.

b. Improvements to land.

c. Buildings and facilities (including installed building equipment).

d. Utility distribution and sanitary systems.

4–3. Real property accountable officer
An accountable property officer will be appointed, in writing, at each installation or activity to maintain the accountable records for all real property belonging to the installation or activity. Any person assigned to the facilities engineering function, and who meets the prerequisites of paragraph 2-10a, may be appointed as the real property accountable officer. Supplies for real property maintenance activities may also be under the control of the real property accountable officer.

4–4. Property records
a. General. A basic property record, DA Form 2877 (Real Property Record) or an automated equivalent, will be prepared for each item of real property. The records will be maintained to show both the quantity and the dollar value of the on-hand items. Specific procedures are in AR 420-17, paragraph 4-22. All documents that show the acquisition, issue, or disposition of real property will be recorded in a voucher register. This register will be retained by the real property accountable officer to support real property record changes, per AR 420-17, paragraph 4-6.

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

c. Inventory. Real property must be physically inventoried at least once every 3 years. The inventory listing must be reconciled with the accounting records.

d. Valuation. Real property will be recorded at acquisition cost. When costs are not known, local engineer personnel will estimate the costs. The value of real property will not be depreciated unless specifically directed by appropriate AR.

4–5. Real property at contractor plants
Accounting for Government real property furnished to or acquired by DA contractors (industrial property) is the same as accounting for real property at military installations. The reporting pattern, however, is different. Procedures are in the FAR, AFARS, AR 37-1, and AR 405-45. The contractor must meet all accounting and reporting requirements of the contract.

Section II
Capital Equipment and Other Nonexpendable Supplies

4–6. General accounting and reporting policy
This section provides basic policy for accounting and reporting of capital equipment and other nonexpendable supplies in use. (Formal accounting and reporting of consumable supplies are not required after issue to the user level.)

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

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

c. AIF. Specific requirements for installations and activities financed under the AIF are contained in AR 37-1, paragraph 3-12, and AR 710-2, paragraph 2-5.

4–7. Valuation.

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

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

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

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

e. AR 37-60 has additional pricing policy.

4–8. Capital equipment

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

a. Property in MTOE organizations.

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

(2) *Inventory.* Inventories will be taken under AR 710-2, paragraph 2-12d.

b. Property in other than MTOE organizations.

(1) *Accounting records.* The accounting records will consist of books of account maintained in the FAO and the supporting property records kept by the user. They provide the data needed to support the financial reports required by AR 37-1, paragraph 2-20. The records will include—

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

(b) Item property records under AR 710-2 and other appropriate regulations. The accountable or responsible officer will furnish posting documents to the FAO. When possible, this will be the same documentation provided for item accounting. (See AR 37-1, paragraph 3-10.)

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

4–9. Industrial plant equipment

Industrial plant equipment (IPE) is a special category of capital equipment. It is accounted for on property books under AR 710-2, paragraph 2-5. AR 700-43, chapter 2 prescribes additional accounting and reporting requirements for IPE, including records and documentation.

4–10. Other nonexpendable supplies

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

4–11. Capital equipment at contractors' plants

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

4–12. Organizational historical artifacts

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

Chapter 5
Transfer of Accounts

5–1. General transfer of accountability policy

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

a. Commissary officers.

b. Troop issue subsistence officers.

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

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

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

5–2. Change of stock record officers

a. A statement of transfer of accountability is required when a transfer of property occurs and no shipment is involved. The individual being relieved of accountability will prepare a statement similar to the one shown in figure 5-1. The individual assuming the accountability will prepare a statement similar to the one shown in figure 5-2. Three copies of each statement are required.

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

(1) The last voucher number used for each of the sections of the account prior to the transfer.

(2) The date (as of close of business) of transfer of accountability for each section of the account.

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

(1) One copy retained by the officer being relieved of accountability.

(2) One copy filed with the property records.

(3) One copy, together with a copy of the document directing the transfer, forwarded immediately to the installation or activity commander, or the State Adjutant General as appropriate.

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

5–3. Inactivating a stock record account

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

a. Establish the transfer date.

b. Conduct a physical inventory of the account and reconcile with the stock records. (Appropriate adjustments must be provided to the FAO for general ledger update.)

c. Number, serially (beginning with 1) all stock record cards or automated system equivalent in the account being closed.

d. Post all transactions dated on or before the transfer date to the stock record cards or automated system equivalent.

e. Rule off all cards below the last entry.

f. Prepare a transfer of accountability statement similar to the statement shown in figure 5-3 in two copies. Show the account being closed as consignor and the gaining account as consignee. When stock record cards are retained with property held in place as mobilization reserve, a notation to that effect will be included on the transfer statement.

g. Process the transfer statement as follows:

(1) The consignee and the commander will sign both copies.

(2) One copy will be filed as the final voucher to the closed account.

(3) One copy will be filed as a debit voucher to consignee account.

5–4. Other transfers of accountability

a. The transfer of custody or accountability of installation real property will be per AR 420-17, paragraph 4-42.

b. Accountability for property carried on a property book will be transferred to a successor by a joint inventory, per AR 710-2, paragraph 2-5h. The inventory will be conducted within the time frame prescribed in AR 710-2, table 2-1, paragraph c.

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

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

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

(4) The new PBO will be accountable for the property on signing the statement or on expiration of the time limits set forth in AR 710-2 table 2-1, paragraph c, whichever occurs first.

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

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

(2) The PBO will—

(a) Conduct a complete physical inventory of all property on the account.

(b) Adjust the property book as necessary.

(c) Turn in the property to the supporting SRA.

(3) The deactivated property book and supporting property files will be disposed of per AR 25-400-2.

d. When deactivating the account, PBOs and custodians of cannibalization points (CPs) will transfer accountability for property per paragraph 5-3. The statement of transfer will refer to the appropriate records.

e. Physical movement (transfer) of property between units or activities at the same installation will be made per AR 710-2, paragraph 2-13a.

f. Army property ownership will not be transferred to other Services, except for military medical benefits property (MMBP) which may be transferred per AR 40-61, paragraph 4-18i. The transfer of MMBP to other Services must be approved by the medical department activity (MEDDAC) commanders of both services.

5–5. Emergency transfers of accountability

a. The installation commander, commander of major U.S. Army Reserve Command (MUSARC), or State Adjutant General must take emergency action—

(1) On the death of an accountable officer.

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

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

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

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

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

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

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

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

5–6. Change of station

Army property issued to a person will be turned in before that individual departs the unit/installation on a permanent change of station move. However, certain special purpose or fitted items are authorized to be transferred with the individual. Specific instructions are shown below.

a. Organizational clothing and individual equipment per DA Pamphlet 710-2-1, paragraph 10-9b, and CTA 50-900, table 4, notes 50 and 56, and other applicable notes.

b. Personal clothing per AR 700-84, paragraph 11-1.

5–7. Equipment of prisoners

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

5–8. Equipment of hospitalized personnel

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

5–9. Property impounded or held as evidence

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

(Place) ***(Day, month and year)***

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

(Signature, Officer turning over property)

(Typed name)

(Grade, Branch)

(Title)

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

(Place) ***(Day, month and year)***

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

Approved:

(Signature, Commander)

(Typed name)

(Grade, Branch)

(Title)

(Signature, Officer receiving property)

(Typed name)

(Grade, Branch)

(Title)

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

(Place) ***(Day, month and year)***

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

Approved:

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

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

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

Chapter 6
Receipt, Shipment, and Issue of Property

6–1. General requirements

a. The accountable officer will ensure that—

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

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

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

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

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

6–2. Property receipt, shipment, and issue

a. Receipt.

(1) The receiving officer will record only the items actually received, regardless of the quantities shown on the shipping or transferring documents. Overages or short shipments will be reported under AR 55-38, AR 735-11-2, and chapter 16 of this regulation.

(2) Detailed instructions for receiving and handling shipments of Government property are prescribed in DoD 4145.19-R-1 and TM 743-200-1.

b. Shipments.

(1) Accountability for property will be maintained during shipment. Procedures are contained in AR 725-50, paragraph 4-40, and DoD 4500.32-R.

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

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

6–3. Receiving property directly from a vendor

a. Property will be accompanied by a receiving report, such as a DD Form 250 (Materiel Inspection and Receiving Report), DD Form 1155 (Order for Supplies or Services), Government credit card purchase receipt, or an SF 44 (Purchase Order-Invoice-Voucher). The report will be used to show receipt of property from a vendor under the terms of a contract or purchase order. The FAR, the AFARS and AR 30-18 provide specific procedures for the various types of purchases.

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

c. Instructions for processing receiving reports are in paragraph 6-4 of this regulation, the FAR and AR 37-1, chapter 20, section III.

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

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

receiving reports covering contracts that involve discounts be expedited.

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

6–5. Property accountability for discrepancies in shipment

a. Accountability for material that is "short"reverts to the consignor. The consignee will report the shortages on SF 361 (Transportation Discrepancy Report) or SF 364 (Report of Discrepancy (ROD)) and coordinate with the supporting FAO to initiate any necessary billing adjustments. Property responsibility for items "short"ends because only the number actually received is posted to the consignee's stock record or sales account. (See AR 55-38, AR 735-11-2, and chapter 16 of this regulation.)

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

c. The consignee also assumes property responsibility for any "over"or damaged materiel (in the condition described). The consignee retains the materiel until final disposition. The consignee reports the "over"or damaged materiel on SF 361 or SF 364 under AR 55-38 and AR 735-11-2, respectively. Disposition instructions for materiel is provided by the consignor.

d. Shortages of classified communications security (COMSEC) equipment and controlled cryptographic items (CCI) require the submission of an insecurity report per TB 380-41 and DA Pamphlet 25-380-2 respectively.

Chapter 7
Nonexpendable, Expendable, and Durable Property

7–1. General accounting requirements

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

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

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

7–2. Nonexpendable property

Nonexpendable property is personal property that is not consumed in use and that retains its original identity during the period of use. This includes all nonconsumable major end items authorized by DA-recognized authorization documents. (See AR 71-13, chapter 2, section III.) These items have an ARC of "N"in the Army Master Data File (AMDF). Commercial and fabricated items similar to items coded "N"in the AMDF are considered nonexpendable property.

7–3. Accounting for nonexpendable property

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

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

7–4. Expendable property

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

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

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

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

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

e. Subsistence items.

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

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

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

(2) Item is fabricated for exclusive use by Industrial Operations Command (IOC) depot in depot rebuild programs, and costs less than $2,500.

7–5. Accounting for expendable property

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

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

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

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

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

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

(3) Undenatured alcohol and alcoholic liquors. (See AR 40-61, paragraph 3-55.)

(4) Food items at the dining facility level. (See AR 30-1, chapter 7.)

(5) Bulk Fuels. (See AR 710-2, paragraph 2-35.)

(6) Subsistence drawn for training. (See Common Table of Allowances (CTA) 50-970 and AR 30-1, paragraph 10-12.)

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

(8) Facilities Engineering supplies. (See AR 420-17, chapter 6.)

(9) Radio frequency (RF) tags. (See AR 710-2, paragraph 1-29.)

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

(1) An Army activity or a Government laboratory for use in tests

or experiments that will cause the items to be destroyed, made useless, or undergo identity change.

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

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

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

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

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

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

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

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

7–6. Durable property

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

a. All hand tools in Federal Supply Classes (FSC) 5110, 5120, 5130, 5133, 5136, 5140, 5180, 5210, 5220, and 5280 with a unit price greater than $5.00. When the unit of issue contains more than one item (e.g. package, box, dozen, etc) and the cost of a single item (unit of measurement) is less than $5.00, the hand tool will be treated as an expendable item at the user level, even though it is coded as durable in the AMDF.

b. Personal property in FSC 3510, 4110, 4140, 6240, 7105, 7110, 7125, 7195, 7210, 7220, 7230, 7290, 7310, 7320, 7350, 7820, and 7910, having a unit cost of over $300, but less than $2,500, and assigned a CIIC of "U"or "7."

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

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

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

7–7. Accounting for durable property

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

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

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

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

(3) Durable property in FSCs 3510, 4110, 4140, 6240, 7105, 7110, 7125, 7195, 7210, 7220, 7230, 7290, 7310, 7320, 7350, 7820, and 7910 will be monitored by the commander or the head of the activity. Annually, the commander or the head of the activity will conduct a management review of all the on hand durable items within the above FSCs to determine whether there are any indications of any missing items, and whether there are any indications of fraud, waste or abuse. Anytime there are indications of lost, damaged or destroyed property, the commander or the head of the activity should initiate a report of survey investigation or an AR 15-6 investigation to determine corrective measures that can be taken to correct the deficiency causing the loss, and determine whether financial liability should be assessed. The commander or the head of the activity will document that a management review of durable property was conducted, stating what the results were, and what corrective actions, if any, were taken. Documentation will be prepared in the form of a memorandum for record in duplicate. One copy will be retained at the unit or activity, and one copy provided to the next level of command. These memorandums for records will be retained on file for 2 years before being destroyed.

Chapter 8
Deviations from, and Waivers to Property Accounting Policy and Procedures

8–1. General requirements

This chapter contains the policy and procedures for requesting waivers and deviations to Army property accounting policies prescribed by this regulation. Requests for waivers and deviations to accounting procedures for Government property furnished to, or acquired by, contractors under the terms of their contract will be submitted under the provisions of this chapter. (Deviations or waivers concerning contract clauses or other contractual matters are not included in this chapter.) Requests for deviations or waivers will be initiated by the command level responsible for the property account concerned. These requests will be submitted through command channels. Each intermediate command level will indicate, by endorsement, their concurrence with the request and the supporting justification. Requests not favorably considered will be returned to the originator.

8–2. Deviations

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

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

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

d. Requests for deviation authority from property accounting procedures will be sent through command channels to Director, U.S. Army Logistics Integration Agency, ATTN: LOIA-LM, 54 M Avenue, Suite 4, New Cumberland, PA 17070-5007.

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

8–3. Waivers

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

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

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

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

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

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

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

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

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

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

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

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

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

8–4. Final approving authority

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

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

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

8–5. Requests for waivers

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

b. The status report will—

(1) Be narrative in format.

(2) Contain the following essential information:

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

(b) History of the property account.

(c) Current status of the property involved.

(d) Status of any report of survey action initiated under chapter 13 of this regulation.

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

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

8–6. Appointment of a board of officers

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

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

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

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

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

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

8–7. Preparation of the report of proceedings

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

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

b. Purpose of the board's investigation.

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

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

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

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

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

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

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

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

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

Chapter 9
Offer and Payment of Rewards for the Recovery of Lost Army Property

9–1. General requirements

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

Table 9–1
Rewards

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

Notes:

[1] Installation commanders are authorized to offer rewards up to these amounts when authority is delegated per paragraph 9-2.

[2] MACOM and sub-MACOM commanders are authorized to approve offers of rewards up to the maximum amount. The maximums listed apply to any one case for information leading to the recovery of missing Army property or to its return.

9–2. Approval or disapproval of rewards

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

9–3. Payment of rewards

a. Awards will not be paid to—

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

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

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

(1) A reward is being offered.

(2) A general practice is made of offering rewards.

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

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

(1) The provisions of the offer have been satisfied.

(2) Accountability for the property described in the offer has been reestablished.

9–4. Announcement of rewards

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

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

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

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

9–5. Funds

The activity's operation and maintenance funds are used to pay for the rewards. The accounting classifications to be used are contained in AR 37-1.

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

Figure 9-1. Format for the announcement of rewards

Chapter 10
Loans, Bonding, and Other Accounting Procedures

Section I
Loans and Bonding

10–1. Loans

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

a. AR 30-18, chapter 14 for operational rations.

b. AR 37-1, chapter 16 for Stock Fund owned materiel.

c. AR 25-1, chapter 7 for visual information products.

d. AR 725-1, chapters 4 and 7 respectively for veterans organizations and the scouting program.

10–2. Legal bonds

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

(1) A properly executed surety bond with a certified check, cash, or negotiable U.S. Treasury bond.

(2) A notice of bond by a reputable bonding company deposited with the loan approving authority. (Specific instructions and formats are contained in AR 700-131, paragraph 2-7, and AR 725-1, figure 6-6.)

b. This requirement is waived when the loan is of an emergency nature and to delay the loan would impact upon the health, safety, or security of persons and property.

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

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

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

(1) Evidence of financial responsibility of the institution, including a financial statement.

(2) Total value of the following sensitive items entrusted to the institution.

(a) All weapons smaller than 40mm.

(b) Small arms ammunition.

(c) Field glasses, compasses, stopwatches, and fire control equipment.

(d) Other valuable items susceptible to pilferage (such as knives, bayonets, radiac meters, radiac chargers, and dosimeters).

(3) The cumulative value of losses of sensitive items of property over the past 3 years.

(4) A statement by the ROTC region commander of the experience in recovering such losses from the institution over the past 3 years. (This statement is sufficient evidence of financial responsibility for State institutions or schools operating under State charters or directly under the control of municipalities.)

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

(1) The amount of the bond will not be less than $5,000.

(2) The amount of the bond will not be less than the value of cumulative losses of property requiring bonding incurred by the institution during the preceding 3 years.

(3) The amount of the bond will not be less than the ROTC region commander considers adequate to protect the interest of the U.S. Government for the property involved.

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

(1) A financial statement of the institution that shows that total assets exceed the total liabilities by an amount greater than the total value of the property requiring bond that is, or will be, issued to the institution.

(2) An independent audit, other report, or other documentary evidence indicating that the institution accounts payable are settled within 10 days, and that its commercial credit rating is satisfactory (AAA, AA, and so forth, for example).

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

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

f. ROTC region commanders will review bonds in force at least once every 3 years to ensure conformance with standards prescribed in c and d above. Institutions will be required to furnish the reports and statements necessary to make a proper review.

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

(1) Obtain two copies of the following:

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

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

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

h. On approval of the establishment of an Army ROTC or NDCC unit at an institution that will maintain accountability and responsibility for Government property, the ROTC region commander will forward to the institution a DA Form 1622-R (Bond for Safekeeping of Government Property Issued To Educational Institutions). If necessary, DA Form 1622-1-R (Affidavits of Individual Sureties) also will be forwarded to the institution, along with a statement of the approximate value of the Government property authorized for initial issue to the institution. The amount of the bond and requirements for acceptance of a bond without surety thereon also will be provided. DA Form 1622-R and 1622-1-R will be locally reproduced on 8 1/2 by 11 inch paper. Copies for reproduction purposes are located at the back of this regulation.

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

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

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

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

10–4. Junior ROTC's bonding/insurance

a. Institutions of secondary education hosting a JROTC unit must post a bond, or provide proof of suitable insurance in lieu of posting a bond, for the care and safekeeping of all property as stipulated in their application and agreement for the establishment of an JROTC unit, as recorded on DA Form 3126, (Application and Contact for Establishment of a Junior Reserve Officer's Training Corps Unit) under the provisions of AR 145-2. The amount of the bond or insurance will be a minimum of $5000. When the amount needed to compensate the U.S. Army for Government property issued to the institution that may become lost, damaged or destroyed is greater than $5000, the amount of the bond or insurance will be increased to that amount. The bond or insurance policy must name the U.S. Army as the beneficiary for the amount needed to replace the lost,

damaged or destroyed Government property. Government property includes all nonexpendable property accounted for under the provisions of AR 710-2, paragraph 2-5a(2), to include uniforms stored by the institution. It does not include uniforms issued to cadets, expendable articles, and supplies expended in operation, maintenance, or instruction.

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

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

d. The Secretary of the Army delegates to ROTC region commanders, and Army major overseas area commanders having authorized JROTC units under their jurisdiction, the authority to determine the amount of the bond or insurance required, and the financial responsibility of the institution. All such determinations by these commanders will be made "For the Secretary of the Army" on the basis of the standards in paragraphs a through c above. Any case not clearly falling within these standards will be forwarded through command channels to HQDA (DAPC-OPP-P), 200 Stovall Street, Alexandria, VA 22332-0400 for action by the Secretary of the Army (exempt report, AR 335-15, paragraph 5-21(4).

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

Section II
Other Accounting Procedures

10–5. Financial inventory accounting

A financial inventory accounting system will be established and maintained for inventories of Army materiel held on records of accountability within the Army supply system. It will be the formal accounting system used to integrate the required quantitative and monetary accounting of Army property. It will not be used to account for property in the hands of troops, or for fixed assets accounted for under the real property record system. Financial inventory accounting records will be maintained by the servicing FAO based on information provided by the accountable officers. Specific policy and procedures are contained in AR 37-1, chapter 4.

10–6. Summary accounting

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

b. Property accounts will be maintained using detail accounting procedures unless specifically exempted by HQDA. Each transaction is recorded on the property record and a running balance is maintained. The use of summary accounting procedures must be specifically authorized by AR 710-2 or other functional regulation. Procedures for implementing summary accounting, when authorized by AR 710-2, are contained in DA Pamphlets 710-2-1, paragraph 10-7 and 710-2-2, paragraph 12-3. DA Pamphlet 710-2-2 also includes procedures for transferring an item from detail accounting to summary accounting and vice versa.

10–7. Contractor-operated property accounts

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

Chapter 11
Command Supply Discipline Program (CSDP)

Section I
Introduction

11–1. General information

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

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

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

d. The U.S. Army Logistics Integration Agency (USALIA) will function as the executive agent for developing and monitoring the CSDP.

11–2. CSDP purpose

a. The purpose of the CSDP is to—

(1) Establish supply discipline as regulatory guidance.

(2) Standardize supply discipline requirements.

(3) Provide responsible personnel with a single listing of all existing supply discipline requirements.

(4) Make the U.S. Army more efficient regarding time spent monitoring subordinates' actions.

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

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

(2) Determine the adequacy of established DA supply policy and procedures.

(3) Identify supply problems to permit timely corrective action within the chain of command.

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

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

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

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

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

(1) Responsibilities of commanders and supervisory personnel to instill supply discipline in their operations.

(2) Guidance for evaluating supply discipline.

(3) Feedback through command and technical channels for improving supply policy.

(4) Follow-up to ensure supply discipline is maintained.

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

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

11–4. CSDP responsibilities

a. HQDA, Deputy Chief of Staff for Logistics (DCSLOG) will—

(1) Prescribe overall guidance for establishing and monitoring the CSDP.

(2) Coordinate with the Army Staff and other agencies to develop policy and/or resolve policy problems (i.e., Office, Deputy Chief of Staff for Personnel (ODCSPER) assistance to improve personnel aspects of supply management).

(3) Conduct periodic reviews and updates of the program.

(4) Provide MACOM coordinators with periodic program updates.

b. Commanders of proponents for schools will—

(1) Modify present blocks of instruction on supply management to include CSDP. No additional program of instruction (POI) time is authorized.

(2) Continually improve and update supply training at all levels.

c. Commanding General, U.S. Army Materiel Command (AMC) will—

(1) Establish and implement a CSDP consistent with DA policy addressing the wholesale arena of the supply system.

(2) Conduct periodic reviews and updates of the wholesale portion of the CSDP.

(3) Coordinate with ODCSLOG to resolve policy problems.

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

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

(1) Appointing a CSDP coordinator and furnishing a copy of the appointment to Director, U.S. Army Logistics Integration Agency, ATTN: LOIA-LM, 54 M Avenue, Suite 4, New Cumberland, PA 17070-5007.

(2) Ensuring the CSDP is implemented by all subordinate elements.

(3) Initiating intra-service support agreements, if desired, as explained in paragraph 11-6e of this regulation.

(4) Providing recommended changes to the CSDP to USALIA, ATTN: LOIA-LM.

(5) Adding to the program, when necessary, to account for any uniqueness within their command.

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

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

(2) Provide the necessary emphasis to ensure the success of the CSDP.

(3) Appoint, in writing, a senior logistician in the headquarters as the CSDP monitor.

(4) Recognize both superior and inferior performance regarding supply discipline.

(5) Use the results of the CSDP evaluations to determine candidates for the Army Supply Excellence Award Program.

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

(1) Review the Requirements Listing within the CSDP (AR 710-2, appendix B) in order to become familiar with the applicable regulatory requirements.

(2) Use the listing as a guide in the routine performance of their duties.

(3) Report to their immediate higher headquarters any applicable requirements within the listing that cannot be completed.

Section II
Program Guidance

11–5. The CSDP's intent

a. The CSDP is designed as a commander's program and directed at eliminating noncompliance with supply regulations. To accomplish this, the CSDP assists commanders by enabling them to become aware of DA regulatory supply requirements.

b. The CSDP is not intended to be solely an inspection program. Rather, responsible personnel are expected to use the program to—

(1) Gain familiarity with established policy.

(2) Enforce compliance with policy by subordinate personnel.

c. Evaluations are a necessary part of the CSDP in order to monitor performance. The intended result is to factually present to the commander what supply problems exist so the chain of command can initiate prompt corrective action.

11–6. The CSDP implementation procedures

a. Requirements Listing (AR 710-2, appendix B).

(1) A compilation of existing requirements is established as a Requirements Listing. The present supply-oriented supervisory responsibilities are listed according to level of responsibility.

(2) Each level of command will review the Requirements Listing for completeness and make the necessary additions to account for any uniqueness.

b. Implementation.

(1) Each commander will provide the personal interest and direction necessary to establish and ensure the success of his or her CSDP.

(2) The CSDP will be incorporated into existing resources in the command to avoid redundancy of effort.

(3) Each command level above the unit level will appoint a CSDP coordinator to assist the commander with establishing and monitoring the CSDP.

c. Evaluations.

(1) The CSDP does not require vertical assessments of subordinate organizations' activities. Each command level is required to evaluate the next lower level of operations (except for ROTC battalions which will be inspected per AR 710-2, para 2-30). Further evaluations of lower levels are as command directed.

(2) The frequency of evaluations is as follows:

(a) The frequency of internal evaluations as desired.

(b) External evaluations are conducted on a periodic basis as established in AR 710-2, table B-7.

(3) The evaluation process is as follows:

(a) The purpose of the evaluation is to determine whether or not an organization is complying with regulatory guidance.

(b) The Requirements Listing (AR 710-2, appendix B) establishes the minimum standards. Commands are encouraged to develop command checklists using the Requirements Listing as a baseline.

(c) Evaluators will record findings on each applicable Requirements Listing entry. The results of the last evaluation will also be reviewed to determine if past discrepancies were resolved. Resolved and repeat findings will be noted.

(d) The organization's supervisor will be briefed on the evaluation findings at the completion of the evaluation. The supervisor, during the out-briefing, will establish a suspense date (get-well date) for resolution of each discrepancy.

(e) The supervisor's chain of command is authorized to grant extensions to the established suspense date.

(f) In the case of a discrepancy due to circumstances beyond the control of the evaluated organization, refer to subparagraph (i) below.

(g) In the case of repeat findings, the chain of command will be notified of the problem upon completion of the evaluation in order to reestablish compliance.

(h) The evaluated organization/activity will be provided copies of each evaluation made under CSDP. The copies will specify any noncompliance findings along with the respective suspense dates determined by the supervisor. The evaluator will also retain a copy of the evaluation and use it for follow-up on corrective actions during the next periodic evaluation.

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

d. Documentation.

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

(2) The level conducting the external evaluation will—

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

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

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

(a) Date of the evaluation.

(b) Organization evaluated.

(c) Findings and associated suspense dates.

(d) Repeat findings.

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

11–7. Monitoring—MACOM and DA levels only

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

Chapter 12
Methods of Obtaining Relief from Responsibility for Property

12–1. General actions to protect Government property

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

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

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

(b) Do not constitute a punishment.

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

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

(a) An oral or written reprimand.

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

(c) MOS reclassification.

(d) Bar to reenlistment.

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

(f) Adverse actions against civilian personnel as authorized.

b. Reporting requirements.

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

(2) When reporting personal arms and equipment (PA&E) according to AR 190-11, or whenever the loss appears to involve unlawful conduct, submit a report to the military law enforcement authorities for investigation. A preliminary investigation by the military or security police will assist the commander when taking action according to this regulation.

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

(4) When Government property is reported missing, the commander, primary hand receipt holder, or the accountable officer should cause a preliminary investigation and search to be conducted to ensure the missing property is actually missing before an administrative adjustment document in paragraph c(1) below is initiated. The preliminary search should be aggressively pursued to meet the time limits in paragraph 13-7 below.

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

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

(a) DA Form 4697 (Department of the Army Report of Survey). This form will be referred to in some instances as Report of Survey.

(b) Board action according to AR 15-6 as used in conjunction with DA Form 4697.

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

(d) DA Form 444 (Inventory Adjustment Report, IAR).

(e) Collateral investigation for aircraft accidents per AR 385-40 used in conjunction with DA Form 4697.

(f) Cash sale provisions.

(g) Damage statement.

(h) DA Form 4170-R (Statement of Gains and Losses) as authorized by AR 30-18.

(i) Abandonment order.

(j) Memorandum to adjust losses of organizational clothing and equipment due to contamination.

(k) Memorandum to adjust losses of durable hand tools.

(l) SF 361 (Transportation Discrepancy Report (TDR)) as authorized by AR 55-38.

(m) SF 364 (Report of Discrepancy (ROD)) as authorized by AR 735-11-2.

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

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

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

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

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

(d) Damaged property. Do not assign a document number to DA Form 4697, or DD Form 362, when processing reports of survey or statement of charges/cash collection voucher for damaged end items.

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

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

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

12–2. Actions to take when individuals admit liability

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

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

(2) A contractor admitting financial liability, for any amount.

b. Replacement by cash purchase. A person who admits liability may voluntarily purchase replacements for lost, damaged, or destroyed hand tools or organizational clothing and individual equipment (OCIE) from the SSSC or CIF.

(1) Allow depreciation per appendix B.

(2) Accept payment made by cash or check.

(3) When lack of item availability prevents immediate purchase, account for the lost, damaged, or destroyed hand tools or OCIE items by using the DD Form 362. The procedures for initiation and processing a DD Form 362 are contained in paragraph c, d, and e below.

(4) For ARNG, the USPFO may authorize replacement in-kind when lack of item availability prevents cash sale of hand tools at the SSSC. This rule does not apply to active Army and USAR members. USPFO sale of hand tools to ARNG members and to ARNG technicians is optional.

(5) No cash sales will be made without a written authorization signed by the person's commander or designated representative. The authorization statement follows: "I authorize (Name and Grade) to purchase the following hand tools (or OCIE). Purchased items will remain the property of the U.S. Government." Allowable depreciation is chargeable to the accounting classification for the mission/base operation element funding the operations in which the tools or OCIE were used.

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

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

c. DD Form 362 will be used when—

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

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

(3) There is not a mandatory requirement for either a report of survey or an AR 15-6 investigation per paragraph 13-2 or 13-26 of this regulation.

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

(1) The unit or activity commander presents the DD Form 362 to the individual being charged, to examine the document.

(2) If the individual accepts the charge, he or she will be given the option of either making a cash payment, or settling the charge through payroll deduction.

(a) If the individual desires to make a cash payment, the commander will place an "X" in the space titled "cash collection."

(b) If the individual desires to settle the charge through payroll deduction, the commander will place an "X" in the space titled "Payroll deduction."

(3) Individuals will show their acceptance by completing and signing the blocks following immediately below the "certificate of responsible individual" and entering in their own handwriting the amount of the charge.

(4) The unit or activity commander will complete and sign the blocks immediately below the statement by the "organization commander." Prior to forwarding the document to FAO, the accountable officer will assign a document/voucher number to the DD Form 362 and post the document to the property accounting records as appropriate. Replenishment requisition will be submitted as required.

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

(b) When individuals elect to make cash payment, the commander may direct the individual to make payment directly to the FAO, or the commander may collect monies from the individual and make payment to the FAO. When individual makes payment to the FAO, they will be required to return the DD Form 362 annotated as a receipt of cash by the FAO within 2 workdays after the commander has approved the transaction. If the individual cannot show proof of payment, the commander will inquire to the FAO to verify receipt of the payment. If FAO has no record of payment, a new DD Form 362 will be initiated and processed as a payroll deduction, or a DD Form 4697 (report of survey) will be initiated and the old document canceled. In the ARNG, monies shown on DD Form 362 will be received by the unit commander and forwarded with the DD Form 362 to the USPFO when processed as a cash collection.

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

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

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

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

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

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

Table 12–1
Property record adjustments for damaged property

Damaged Property	Adjustments	Remarks
OCIE, no negligence.	Memorandum to CIF.	See paragraph 14-26b.
Damaged property, no negligence involved.	Damage statement prepared as a memorandum.	See paragraph 14-26a.
Any item, person admits liability, and amount is less than 1 month's base pay.	DD Form 362.	See paragraph 12-2c.
Any item, person admits liability, and amount is more than 1 months base pay.	DA Form 4697.	See paragraph 13-2a(3).
Any item, person does not admit negligence or liability.	DA Form 4697.	See paragraph 13-2a(1).

Table 12–2
Property record adjustments for lost or destroyed property

Lost or destroyed property	Adjustments	Remarks
Any item other than sensitive items. Person admits liability and the amount of the loss is less than 1 month's base pay.	Prepare DD Form 362	DD Form 362 can be used for any amount for a contractor who admits liability and offers cash payment.
Loss of the following items require the initiation of a report of survey and/or an AR 15-6 investigation.		
1. Sensitive items.	Prepare DA Form 4697 per paragraph 13-2a(6).	Sensitive items require an investigation under AR 15-6. Attach the investigation to the report of survey per paragraph 13-26b.
2. When directed by higher authority or DA directive.	Prepare DA Form 4697 per paragraph 13-2a(8).	
3. Loss discovered during inventory on change of accountable officers, and individual does not make voluntary reimbursement to the Government.	Prepare DA Form 4697 per paragraph 13-2a(2).	
4. Loss of household furnishings, and amount of loss is more than 1 month's base pay.	Prepare DA Form 4697 per paragraph 13-2a(4).	Includes damage to Government family housing.
5. Person admits liability for the loss, but amount of the loss is more than 1 month's base pay.	Prepare DA Form 4697 per paragraph 13-2a(3).	
6. Negligence is suspected but no one admits liability.	Prepare DA Form 4697 per paragraph 13-2a(1).	Person refused to sign DD Form 362.
7. Bulk petroleum handling loss is over the allowable loss and over $500.	Prepare DA Form 4697 per paragraph 13-2a(5).	AR 710-2, paragraph 2-35i addresses allowable losses and gains.

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

Lost or destroyed property	Adjustments	Remarks
8. Items lost as a result of fire, theft or disaster.	Prepare DA Form 4697 per paragraph 13-2a(10).	
	Special Instructions	
Bulk petroleum handling loss is over the allowable loss, and is less than $500.	Perform causative per AR 710-2, paragraph 2-35i.	
Loss of hand tools authorized to a unit, and liability if admitted.	Purchase from SSSC if available per paragraph 12-2b. Otherwise, prepare DD Form 362 per paragraph 2-12d.	Cash sales only. Purchaser must have authority to buy, signed by their unit commander or designated representative.
Items lost in the laundry.	Reissue items on gratuitous basis per paragraph 14-23. Prepare a property issue slip listing the items. Use the slip to adjust the records if release is not desired.	Officer who requisitions replacement items prepares a DA Form 4697 monthly for all articles reissued or for which credit was taken.
Items destroyed because of infection.	List the items on a memorandum naming the medical officer who directed the destruction, per paragraph 14-18.	The unit commander must sign the memorandum.
Destruction of property determined to be unsafe because of age. Includes drugs, ammunition, chemicals, and other supplies of a similar nature.	Prepare turn-in documents according to AR 710-2, or AR 40-61 for medical commodities. See paragraph 14-21 for further guidance.	Information on age is published in Army supply bulletins. If such information is not available, use a report of survey.
Abondoned items. Combat, contingency, or large scale field maneuvers.	Written orders to abandon property, signed by the installation or division commander, serve as a property voucher, See paragraph 14-22.	If command declines to approve order, prepare DA Form 4697.

Table 12–3
Method of computing financial charges against a single respondent

	Base Pay	Actual Loss	Amount Charged[1]	Loss to the Govt.
I. Losses of personal arms and equipment (PA&E)--military	$800	$50	$50	None
members, officer and enlisted.	$800	$900	$900	None
II. Losses of other equipment or property (OEP)(includes PA&E	$1000	$100	$100	None
losses by civilian personnel). All personnel[3].	$1000	$15000	$1000[2]	$14000

	Base Pay	Actual OEP Loss	Actual PA&E Loss	Actual Charge[4]	Loss to the Govt.
III. Combined PA&E and OEP losses by military members, officer and enlisted.	$1000	$500	$200	$700	None
	$1000	$700	$400	$1100	None
	$1000	$5000	$200	$1200	$4000
IV. Accountable officers are liable for the full amount of the loss to the Government, less depreciation.					

Notes:

[1] Officer and enlisted members are subject to liability for the entire amount of loss.

[2] Total liability will be 1 month's base pay.

[3] See paragraph 13-42 of this regulation for exceptions.

[4] Total liability for OEP will be the cost of OEP, or 1 month's base pay, whichever is less, plus the total cost of PA&E.

Table 12–4
Method of computing collective and individual liability when more than one per person is charged

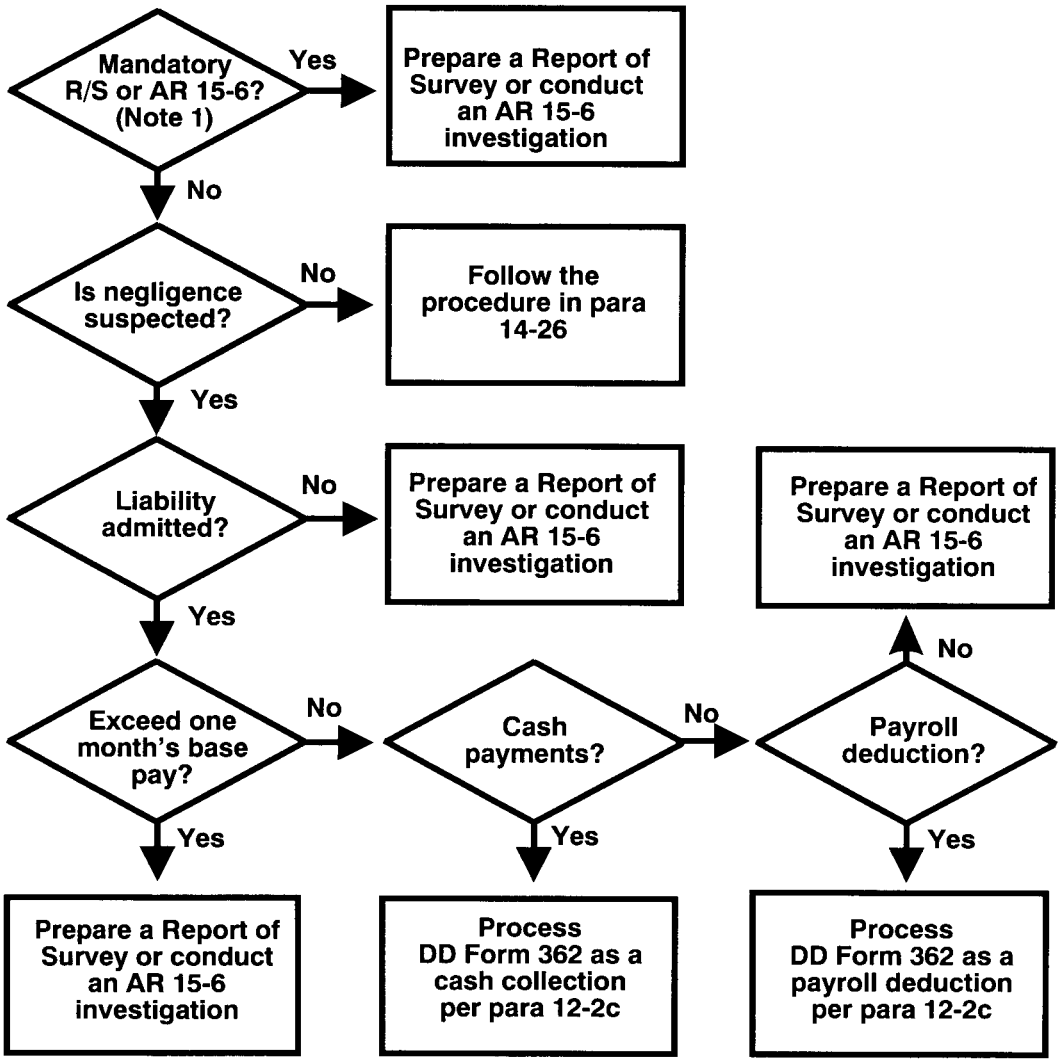
Method of computing collective and individual liability when more than one per person is charged

$$\frac{\text{Person's monthly basic pay X actual loss.}}{\text{Combined monthly basic pay of all persons.}} = \text{Person's Financial charge}$$

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 above	=	$1,800

$\frac{\$300 \text{ (person number 1)}}{\$1,800 \text{ (Total basic pay)}}$	=	.16667 X $1,000	=	$ 166.67
$\frac{\$600 \text{ (Person number 2)}}{\$1,800 \text{ (Total basic pay)}}$	=	.33333 X $1,000	=	$ 333.33
$\frac{\$900 \text{ (Person number 3)}}{\$1,800 \text{ (Total basic pay)}}$	=	.50000 X $1,000	=	$ 500.00
Total financial charge			=	$1,000.00



Note 1: See paragraph 13-2

Figure 12-1. Accounting process for damaged property

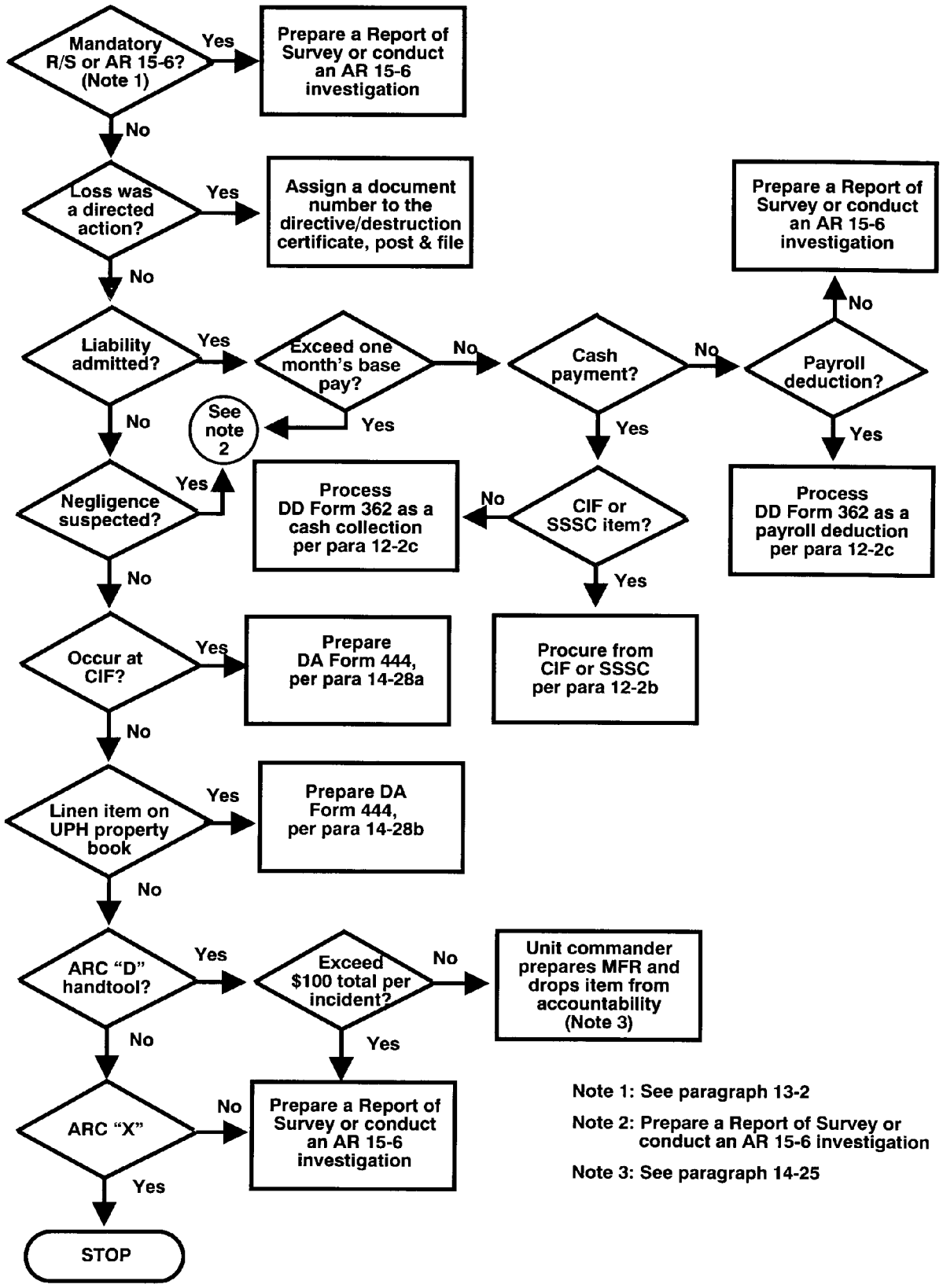
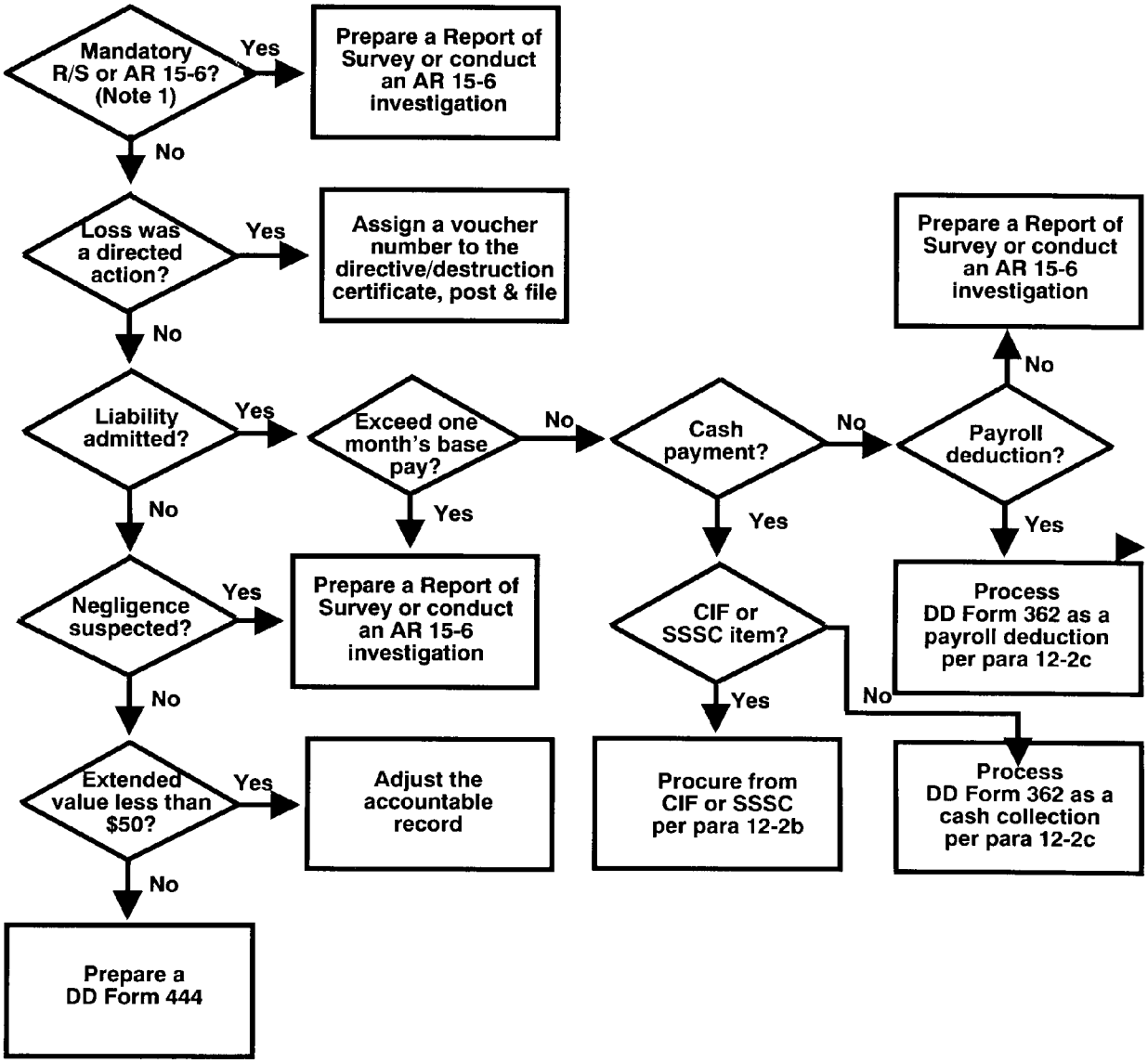
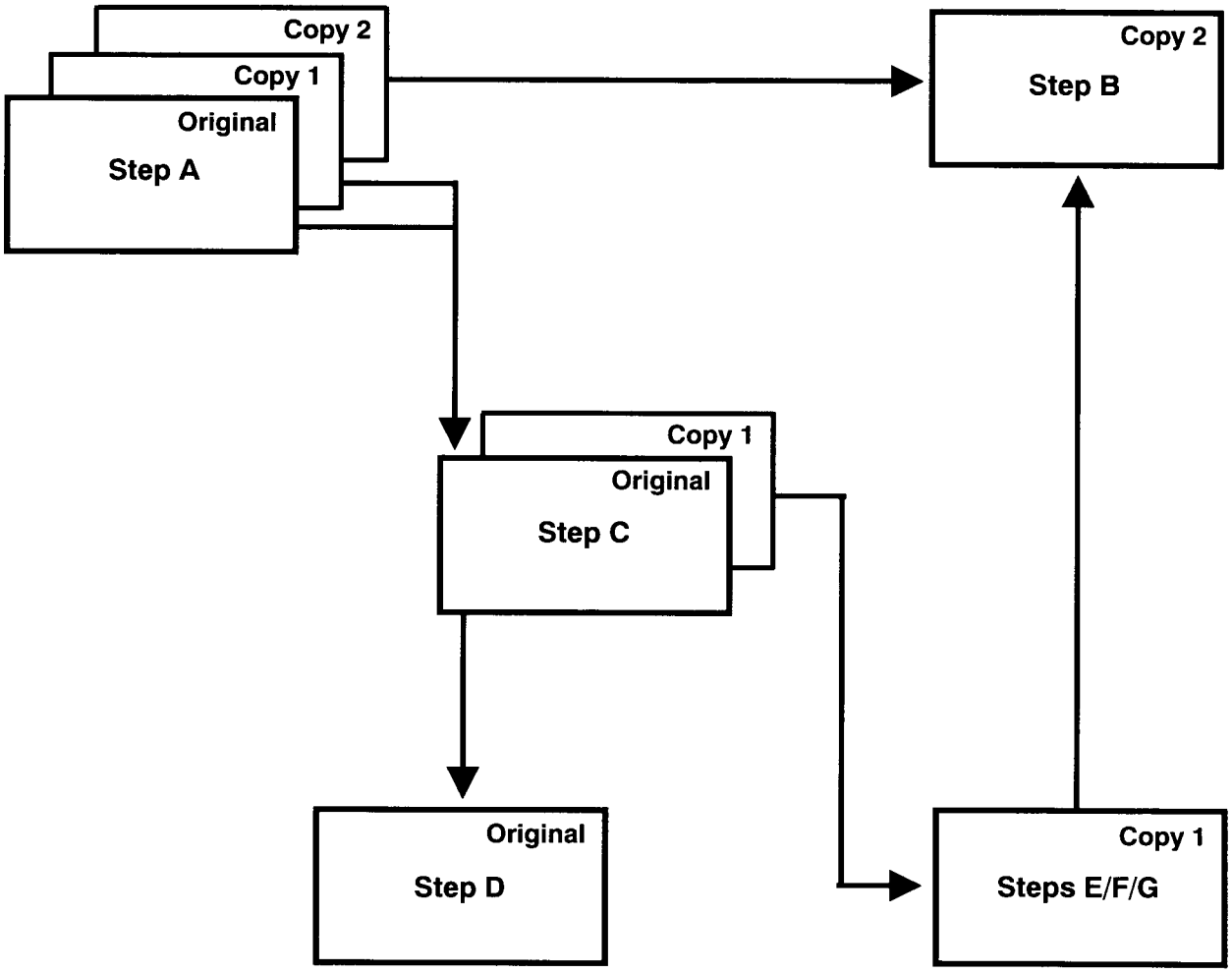


Figure 12-2. Accounting process for loss or destroyed property (other than fair wear and tear) at property book level



Note 1: See paragraph 13-2

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



Processing Steps

A. Prepare purchase authorization document in 3 copies per para 12-2b(5) & (6). Assign a document number.

B. Unit retains copy 2.

C. Forward the original and copy 1 to the CIF/SSSC for processing

D. CIF/SSSC retains the original. CIF annotates copy 1 that purchase has been made.

E. Copy 1 is returned to customer.

F. Unit verifies purchase by review of copy 1.

G. Accountability complete. Copy 1 is returned to customer. Unit returns or destroys copy 2 as desired.

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

STATEMENT OF CHARGES/CASH COLLECTION VOUCHER

1. DATE: 11 January 1996

2. DOCUMENT/VOUCHER NUMBER: WK5CHN 6011-1023

3. ORGANIZATION: A Trp, 4/65 Cav Regt

4. STATION: Fort Blank, TX 12345-1234

5. DISBURSING OFFICE COLLECTION VOUCHER NUMBER:

6. DISBURSING STATION SYMBOL NUMBER:

7. ACCOUNTING CLASSIFICATION:

STOCK NUMBER a.	ITEM DESCRIPTION b.	QTY c.	UNIT PRICE d.	TOTAL COST e.
8465-01-115-0026 C96534	Canteen 1 quart ($3.25)	1	$ 2.92*	$ 2.92
8465-00-753-6490 F29980	Cover canteen cold weather ($3.25)	1	$ 2.92*	$ 2.92
8415-00-926-1674 J63886	Gloves barb wire handlers ($14.10)	2	$ 12.69*	$ 25.28
8465-01-033-8057 T71706	Sleeping bag unvi type 2 ($115.95)	1	$104.35*	$104.35
	* - 10% depreciation allowed per AR 735-5, appendix B.			

8. TYPE OF ACTION *(Select one)*

a. PAYROLL DEDUCTION:

b. CASH COLLECTION:

c. GRAND TOTAL: $135.47

9. CERTIFICATION OF RESPONSIBLE INDIVIDUAL

I certify that my signature hereon constitutes

a. An authorization to recover the amount of the indebtedness through payroll deduction, if payroll deduction is checked. If cash collection is checked, I am remitting debt in cash.

b. An affirmation that the articles are not now in my possession.

c. An agreement to turn-in to the appropriate supply officer all articles later recovered, it being understood that the U.S. Government retains title to the articles listed hereon.

d. RANK/GRADE: SPC

e. NAME *(LAST, First, Middle Initial)*: Francis C. Osborne

f. SOCIAL SECURITY NUMBER: 123-12-1234

g. CAUSE FOR CHARGE: LOST THROUGH NEGLECT

h. SIGNATURE: Francis C. Osborne

i. AMOUNT: $135.47

10. ORGANIZATION COMMANDER

The statements hereon are complete and correct. All damaged property has been disposed of in accordance with current directives and the charges have been computed in accordance with the provisions of AR 735-5, Appendix B.

a. DATE: 11 Jan 96

b. SIGNATURE BLOCK/SIGNATURE: Randall C. Scott
RANDALL C. SCOTT
CPT, Cav, Commanding

11. DISBURSING OFFICER OR PAYROLL CERTIFYING OFFICER

The amount entered in grand total has been (FAO) check the appropriate action below.

a. Entered on the appropriate pay record or payroll, or DD Form 139 has been prepared and forwarded for collection.

b. Remitted through cash collection.

c. DATE:

d. SIGNATURE BLOCK/SIGNATURE:

DD Form 362, JUL 93 *Previous edition may be used.* *U.S. Government Printing Office: 1994 — 300-727/10602

Figure 12-5A. Sample of DD Form 362, Statement of Charges/Cash Collection Voucher

(1) Date. Enter the date the document is prepared.

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

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

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

(5) Disbursing Office Collection Voucher Number. Leave blank, to be complete by the Finance and Accounting Office.

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

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

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

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

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

(d) Unit Price. Enter the unit cost, less depreciation when authorized by AR 735-5, appendix B, for the items lost or destroyed. Place an "*" after the unit cost for those items depreciated. For items damaged, enter the cost of repair. Depreciation is not allowed for damaged items.

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

(8) Type of Action. The commander will place and "X" in either —

(a) Payroll deduction or

(b) Cash collection, based on the desire of the individual being charged.

(c) Grand Total. Enter the total from column titled "Total Cost." Include any costs from continuation sheets if applicable.

(d) Rank/Grade. Enter the grade of the individual being charged.

(e) Name. Enter the full name of the individual being charged.

(f) SSN. Enter the social security number of the individual being charged. Obtain the social security number from the unit or activity personnel roster.

(g) Cause for Charge. Enter either lost, damaged, or destroyed through negligence as applicable.

(h) Signature. Individual being charged, signs the document.

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

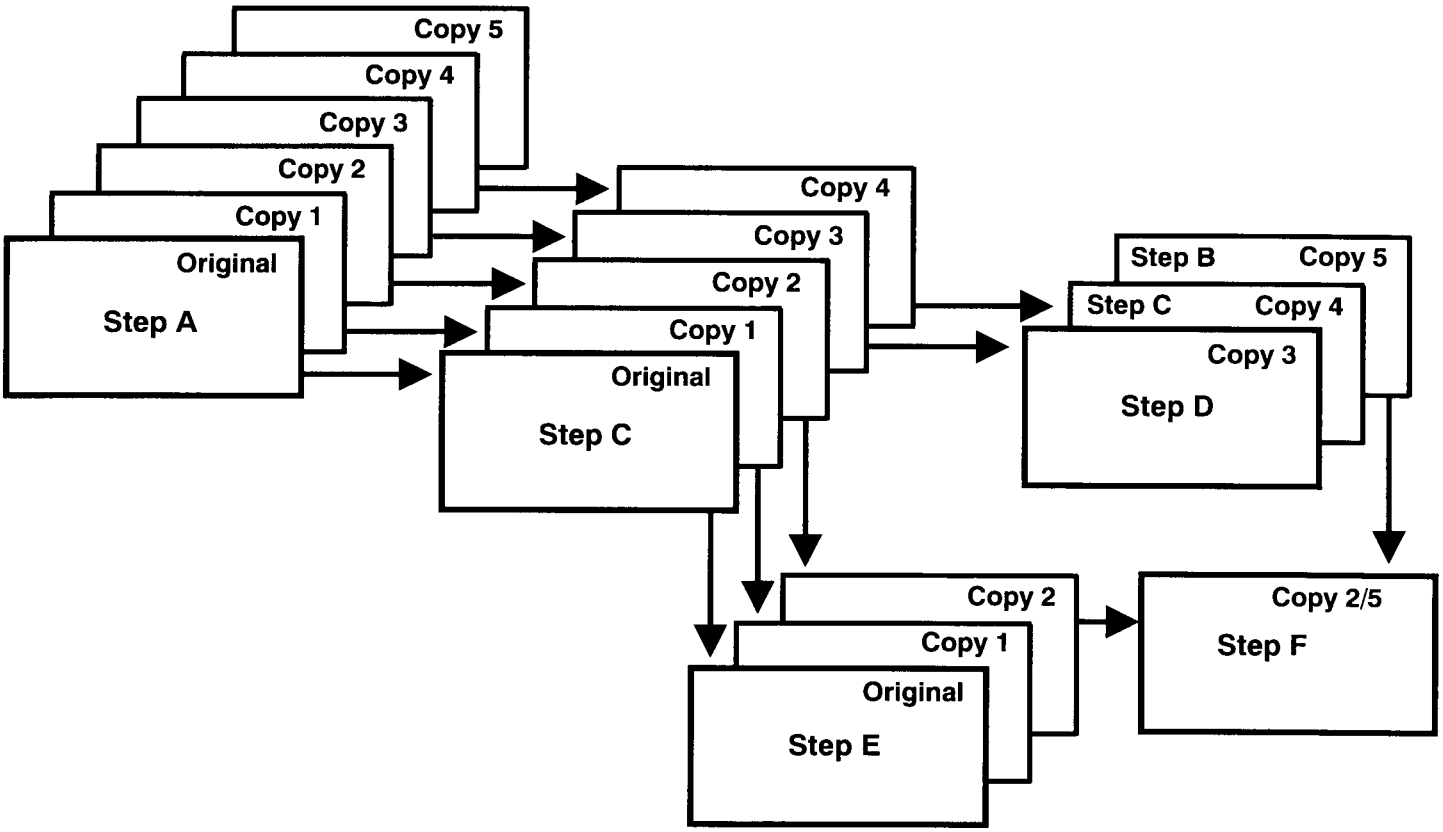
(10) Organization Commander.

(a) Date. The commander enters the date he or she signs block b.

(b) Signature block/signature. Commander signs above his or her signature block.

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

Figure 12-5B. Compeletion Instructions for DD Form 362, Statement of Charges/Cash Collection Voucher



Processing Steps

A. Prepare DD Form 362 in an original and 5 copies per para 12-2d. The commander will present the DD Form 362 to the individual for their signature and their selection of type of payment, i.e., payroll deduction or cash collection.

B. The unit retains copy 5 in suspense file.

C. The person maintaining the document register or voucher register will assign a document number or voucher number to the document, retain copy 4, and post it to the property records as required. Replenishment requisitions will be submitted as required.

D. Individual charged is provided copy 3.

E. Original and copies 1 and 2 are hand carried by individual charged, or are forwarded by the individual's commander to FAO under a transmittal memorandum with receipt acknowledgement requested.

F. FAO retains the original and copy 1. Copy 2 is returned to the unit. The unit destroys the suspense copy (copy 5) and files the processed DD Form 362 (copy 2) as prescribed in AR 25-400-2.

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

Chapter 13
The Report of Survey System

Section I
General

13–1. Purpose of a report of survey
A report of survey documents the circumstances concerning the loss, damage, or destruction of Government property and serves as, or supports a voucher for adjusting the property from accountable records. It also documents a charge of financial liability assessed against an individual or entity, or provides for relief from financial liability.

13–2. Mandatory initiation of a report of survey
a. Initiate and process a report of survey to account for lost, damaged, or destroyed U.S. Government property when one or more of the situations listed below exist. Tables 12-1 and 12-2 display this data in chart form, segregated for damaged property and lost or destroyed property. Process the report of survey in accordance with the version of this regulation in effect at the time the loss, damage or destruction occurred. A report of survey will be processed when—

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

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

(3) The value of the admitted loss, damage, or destruction exceeds the individual's monthly basic pay.

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

(5) The total handling loss of a specific bulk petroleum product exceeds the allowable loss for that product, and the dollar value of the total loss exceeds $500. See AR 710-2, paragraph 2-35i.

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

(7) The loss or destruction involves public funds or other negotiable instruments.

(8) Required by higher authority or other DA regulations.

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

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

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

b. Paragraph 13-24 discusses the relationship between an AR 15-6 investigation and a report of survey, and the processing procedures.

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

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

(1) *Stock record level.* Do not use an AR 15-6 investigation or a report of survey for small arms ammunition unless the quantity lost or destroyed equals or exceeds those listed in AR 190-11, appendix E. If the quantity lost or destroyed does not warrant an AR 15-6 investigation, prepare the adjustment using inventory adjustment report procedures under the provisions of paragraph 14-29.

(2) *Property book level.* When the loss or destruction involves small arms ammunition, process a report of survey to adjust the quantity on the property book record.

13–3. Related reports of survey
a. When property listed on more than one property account becomes lost, damaged, or destroyed in the same incident, initiate a separate report of survey for each property account affected. Cross reference the separate reports of survey to each other.

b. When the lost, damaged or destroyed property is on the property records of the same account, the same DODAAC, and the same document register, prepare only one report of survey.

13–4. Chain of command for processing reports of survey
Process reports of survey through the chain of command of the individual responsible for the property at the time of the incident if the individual is subject to this regulation. When formalized support agreements require processing through other than the above, follow the requirements in the support agreement.

13–5. Time constraints for processing reports of survey
Initiate and process reports of survey within a specific number of days, following the discovery of the loss, damage, or destruction of U.S. Government property, as prescribed in paragraph 13-7 below. When delayed beyond the below listed processing times, the person responsible for the delay will prepare a written statement explaining the reason for the delay and attach it to the report of survey as an exhibit. Total processing time equals the difference in days between the date of discovering the discrepancy and the date of report of survey approval. The time used to notify the individual of the survey officer's recommendation and the approving authority's decision to hold the respondent financially liable per paragraph 13-32 and 13-40 are not included. Subtract one date from the other, less the time used to notify the individual, to determine the total processing time.

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

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

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

13–6. Report of survey initiator
The initiator of a report of survey will normally be the hand receipt holder or the accountable officer. When the hand receipt holder or the accountable officer is not available, the person with the most knowledge of the incident will serve as the initiator.

13–7. Time constraints for initiation of reports of survey
Initiate reports of survey within the following time limits:

a. Active Army The Active Army will initiate and present reports of survey to the appointing authority or approving authority as appropriate not later than 15 calendar days after the date of discovering the discrepancy.

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

c. ARNG. The ARNG will initiate and present reports of survey to the appointing authority or approving authority as appropriate not later than 45 calendar days after the date of discovering the discrepancy.

13–8. Basic requirements for DA Form 4697
Prepare DA Form 4697 in original and as many copies as the local

command prescribes. Prepare an additional copy when any of the individuals mentioned in block 11, DA Form 4697 are within 6 months of termination of their service or employment. This copy will be provided to the installation FAO.

13–9. Preparation requirements for DA Form 4697

a. Except as stated in b below, the initiator prepares block 1 and blocks 3 through 12 of DA Form 4697 per figure 13-3.

(1) Unit price (block 9) will be the AMDF price in effect at the time of the loss. When no AMDF price is available, use the current market price of a similar item; otherwise, estimate the price and attach the basis for the estimate to the report of survey as an exhibit. Do not compute the depreciation at this time, the survey officer will compute it in accordance with paragraph 13-30c below.

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

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

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

(2) Total cost (block 10) equals the quantity, times the unit price. For damaged property, enter the estimated cost to repair the damaged property.

(3) Block 11 will contain a description of the events leading to the loss, damage, or destruction of Government property, with an explanation of how it happened. Show all persons directly concerned by name and grade. The description of the facts must be detailed enough to enable the appointing authority or the approving authority to make a determination of whether relief from, or assessment of financial liability should be sought without appointment of a survey officer, or that an investigation by a survey officer is required. The initiator of a report of survey must prepare a thorough survey document in recognition that an investigation by a survey officer represents a significant expenditure of time and effort. It may be necessary for the initiator to obtain statements from individuals who were witnesses or who have knowledge of the incident resulting in the loss. If so, the initiator will ensure the statements are—

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

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

(c) Prepared in original and as many copies as prescribed by the local command. Attach the original statement/certificate to the original of the report of survey. Attach the copies to the copies of the report of survey.

(d) The person making the statement dates and signs the statement/certificate.

(e) Lettered alphabetically at the bottom of the statement/certificate, followed with the date, amount, and organization or account as shown on the face of the report of survey. Example: "Exhibit A, R/S, 18 January 1996, $375, Co Z, 906th Signal Battalion."Other exhibits such as an estimated cost of damage (ECOD), military police report, etc., will also be identified as exhibits as shown above.

(4) Except as authorized in paragraph 14-16, the initiator will not erase or alter any part of blocks 6 through 11, DA Form 4697, or any exhibit. The person preparing a statement may make minor corrections providing he or she initials the change(s).

(5) Table 13-1 and figure 13-4 show sample continuation sheets for blocks 6 through 11.

(6) Have the person providing the statement in block 11 complete and sign block 12.

(7) Leave block 13 blank.

b. Initiating a report of survey resulting from an AR 15-6 investigation. When an AR 15-6 investigation establishes that there is lost, damaged, or destroyed Government property, initiate a report of survey. The initiator will do the following:

(1) Blocks 1 through 10. Prepare the report of survey in accordance with figure 13-5.

(2) Block 11. Insert the words "See AR 15-6 Investigation". Identify the location of the AR 15-6 investigation if not attached as an exhibit due to security classification.

(3) Blocks 12 and 13. Leave blank.

13–10. Distribution

The initiator will forward reports of survey with exhibits, in original with copies (number as prescribed by the local command) to the accountable officer for assignment of a document/voucher number. (See paragraph 13-14.)

13–11. Disposition of damaged property

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

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

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

c. Dispose of property damaged in shipment as provided in AR 55-38, and chapter 16 of this regulation.

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

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

(2) Certification obtained from a qualified automotive technician that damage does not prevent the safe use of the vehicle, and that continued use will not make the damages worse.

(3) Both the photographs and the certification will be attached as exhibits to the report of survey when report of survey is initiated.

e. For vehicles leased from the General Services Administration (GSA) or rented from commercial activities that become involved in an accident, the following applies. The report of survey approving authority may authorize the use of photographs and written estimated costs to repair the damaged vehicles, in lieu of the survey officer providing a release statement for the repair or turn-in of the vehicles. Estimated costs must be prepared by a qualified technical inspector. When preparing the estimated cost of repair, the technical inspector must identify and document any damage to the vehicle (e.g., through photographs), to include damage that existed prior to the accident. When this process is completed, the appropriate motor pool official may release the vehicle for repair or turn-in. The individual initiating the report of survey will attach this documentation to the report of survey as an exhibit. The survey officer will rely on this documentation of damage in lieu of physically examining the damaged vehicle.

Section II
Accountable Officer

13–12. Accountable officer

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

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

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

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

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

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

a. Active Army. The accountable officer will forward reports of survey to the appointing authority or the approving authority as appropriate within 15 calendar days following the date of the discovery of the loss per paragraph 13-7a. The accountable officer will explain any delay in writing and attach the explanation to the report of survey as an exhibit.

b. USAR. The accountable officer will forward reports of survey to the appointing authority or the approving authority as appropriate within 75 calendar days from the date of discovery of the loss, as shown in figures 13-1 and 13-2. The accountable officer will explain any delay in writing and attach the explanation to the report of survey as an exhibit.

c. ARNG. The accountable officer will forward reports of survey to the appointing authority or approving authority as appropriate within 45 calendar days from the date of discovery of the loss, as shown in figure 13-1 and 13-2. The accountable officer will explain any delay in writing and attach the explanation to the report of survey as an exhibit.

13–14. Accountable officer's action on a report of survey

Complete blocks 14, 15, and 16 as shown in figure 13-3, assigning a document or voucher number to any initiated report of survey when received from the initiator except—

a. For damaged property.

b. When the lost or destroyed property is on another accountable officer's records. The accountable officer will return the report of survey without action, and advise the initiator of who the correct accountable officer is, if known.

13–15. Distribution of reports of survey by the accountable officer immediately after the document number or voucher number is assigned—

a. The accountable officer retains one copy, and posts it to the appropriate accountable record(s). This copy will be filed with the supporting document files.

b. The accountable officer returns one copy to the initiator.

c. The accountable officer forwards the original and all remaining copies of the DA Form 4697, with all exhibits, to the appointing authority or approving authority as appropriate.

Section III
Approving Authority/Appointing Authority

13–16. Definition

The approving authority is defined as an Army officer, or DA civilian employee authorized to appoint a survey officer and to approve reports of survey "by authority of the Secretary of the Army". The minimum grades for approving authorities are shown in paragraphs a and b below. For reports of survey containing recommendations affecting general officers, the next general officer in the chain of command senior to the officer being recommended for assessment of, or relief from, financial liability becomes the approving authority. The appointing authority is an officer or civilian employee designated by the approving authority with responsibility for appointing report of survey investigating officers. The minimum grades of appointing authorities are shown in paragraphs c(1) through (3) below. The approving authority will normally be senior to the appointing authority.

a. Active Army and USAR. Army officers in command positions in the grade of lieutenant colonel or above, DA civilian employees in supervisory positions in the grade of GS-14 or above, chiefs of HQDA staff agencies, and MACOM commanders are report of survey approving authorities. Commanders in the grade of colonel or above, chiefs of HQDA staff agencies, and MACOM commanders may delegate approving authority to an Army officer in the grade of lieutenant colonel or above. If a command or agency is not headed by an Army officer in the grade of lieutenant colonel or above or a DA civilian employee in a supervisory position in the grade of GS-14 or above, the approval authority will be the first individual in the chain of supervision who so qualifies.

b. ARNG. Commanders in the grade of Colonel (Federally recognized) are authorized to be the approving authority for reports of survey arising within their command. Where there is possible state liability, the Director, Army National Guard (DARNG) or the designated representative will act as both the appointing authority and the approving authority.

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

(1) Lieutenant colonel or major filling a lieutenant colonel billet, or

(2) U.S. DoD civilian employee of equivalent grade of lieutenant colonel or above, i.e. GS-13 or above, or GS-12 filling a GS-13 position on the personnel authorization document.

(3) Within USAMC, a major serving as a commander of a depot activity not co-located with its next higher headquarters.

d. Delegation of approving authority.

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

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

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

enumerated elsewhere in this regulation. These responsibilities may not be split or further delegated.

13–17. Conflict of interest

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

13–18. Processing steps for appointing authority/ approving authority

Figure 13-19 depicts the report of survey processing steps from receipt by the approving authority to, assessment of financial liability, or relief from responsibility. Figure 13-20 depicts the report of survey processing steps from receipt by the appointing authority, to assessment of financial liability, or relief from responsibility.

13–19. Supervising the report of survey system

a. The approving authority will ensure the report of survey system works to promptly discover, report, and investigate the loss, damage, or destruction of Government property. The approving authority will ensure that—

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

(2) Initiation, processing, and adjudication of report of survey investigations takes place within the time limits cited in figures 13-1 and 13-2.

(3) Survey officers are thoroughly briefed on how to conduct a report of survey investigation and are provided with a copy of DA Pam 735-5. They are also informed of any specific time restraints.

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

(5) Assignment of the survey number upon initial receipt of the report of survey from the accountable officer. The survey number is entered in block 2 of DA Form 4697. The report of survey may be routed through the approval authority for assignment of the survey number prior to going to the accountable officer for a document/ voucher number.

(6) The report of survey register and files are maintained according to AR 25-400-2, and figure 13-10 of this regulation. Normally the report of survey register and the files of approved reports of survey are maintained at the headquarters of the approving authority. This includes the S4, G4, DOL, or other subordinate staff elements as designated by the approving authority. Exceptions to this policy are allowed when—

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

(b) The report of survey register may be maintained at a centralized office on the installation, providing survey numbers are assigned to all reports of survey initiated for those organizations supported. When this option is used, the approving authority still has the responsibility for the appointment of the survey officer per paragraph 13-16. Both the office maintaining the report of survey register and the approving authority's headquarters will maintain file copies of the approved reports of survey.

b. Commanders with subordinate report of survey approving authorities will initiate and conduct oversight management of the report of survey process at subordinate commands.

(1) A random sample of no less than 10 percent of the reports of survey approved by subordinate commands during the previous quarter will be reviewed quarterly.

(2) The review will be made to determine if the report of survey approving authorities are properly carrying out their responsibilities as approving authorities, i.e., are the decisions made—

(a) Supported by the evidence documented in the report of survey investigation?

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

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

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

13–20. Initial review by the appointing authority or the approving authority

On receipt of DA Form 4697 from the accountable officer, the appointing authority when designated, or the approving authority will review the information in block 11, along with any exhibits provided by the initiator, and determine if—

a. A report of survey investigation is directed by higher authority, other DA regulations, or requested by an accountable supply distribution activity.

b. Sufficient information exists to provide a clear understanding of the circumstances surrounding the loss, damage, or destruction of Government property.

Section IV
Processing Reports of Survey by the Approving Authority Without Appointing a Survey Officer

13–21. Decision by the approving authority without further investigation

This action, a "short survey"provides the approving authority the option of shortening the report of survey process when the facts and circumstances permit. When an appointing authority has not been designated by the approving authority, leave blocks 17 through 20, blank.

a. Relief from responsibility. When the approving authority determines from the information contained in block 11, DA Form 4697, and attached exhibits, there is no evidence of negligence, he or she may provide relief from responsibility by—

(1) Placing an "X"in block 37c and inserting the following statement in block 37 to relieve all concerned of property accountability and responsibility: "I have reviewed the information contained in block 11. No further investigation is required. I do not suspect negligence, or willful misconduct. I relieve all concerned from financial liability for the property listed in blocks 6 through 8."

(2) Completing blocks 38 through 40b.

b. Assessment of financial liability. When the approving authority can establish from the information contained in block 11, DA Form 4697, and attached exhibits, that negligence or willful misconduct was the proximate cause of the loss, damage, or destruction, he or she may assess financial liability by—

(1) Preparing a memorandum to the respondent stating his or her intent to assess financial liability without further investigation. The memorandum will include the facts on which the proposed assessment of financial liability if based, computation of the actual loss, and the amount of financial liability to be assessed. The memorandum will include an explanation of the respondent's rights as described in paragraphs 13-32 and 13-33. A complete copy of the report of survey with copies of all the exhibits will be attached to the memorandum as an enclosure.

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

(3) On receipt and review of the rebuttal statement, or upon expiration of the time allowed the respondent to submit a rebuttal statement, the report of survey with all exhibits will be forwarded to

the installation legal advisor for a legal opinion per paragraph 13-36 below.

(4) On receipt of the legal opinion, final approval to hold respondent financially liable is accomplished by completing blocks 37 through 40b, DA Form 4697, per paragraph 13-38g(4) below. Respondents must be notified of the approved charges of financial liability and be provided the opportunity to exercise their rights as listed in paragraph 13-40.

Section V
Processing Reports of Survey by Appointing Authority Without Appointing a Survey Officer

13–22. Recommendation by the appointing authority without further investigation

This action is also a "short survey". It provides the appointing authority, when designated, the option to shorten the report of survey process when the facts and circumstances permit.

a. Relief from responsibility. When the appointing authority determines from the information in block 11, DA Form 4697, and attached exhibits, there is no evidence of negligence or willful misconduct, they may recommend relief from responsibility by—

(1) Checking item a in block 17 and completing blocks 18, 19, and 20.

(2) Complete block 27.

(3) Forward the DA Form 4697, with exhibits, to the approving authority.

b. Assessment of financial liability. When the appointing authority can establish from the information contained in block 11, DA Form 4697, and the attached exhibits, that negligence or willful misconduct was the proximate cause of the loss, damage, or destruction of Government property, the appointing authority must—

(1) Prepare a memorandum to the respondent stating his or her intent to recommend charges of financial liability without further investigation. The memorandum will include the facts on which the recommended charges of financial liability are based, computation of the actual loss, and the amount of financial liability being recommended. The memorandum will include an explanation of the respondent's rights as described in paragraphs 13-32 and 13-33. A complete copy of the report of survey, to include copies of all the exhibits, will be attached to the memorandum as an enclosure.

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

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

(a) Check item "a"of block 17, DA Form 4697. In the second and third sentences of item "a", line through the words "no"and "do not"respectively. Note the parenthetical instruction "(proceed to block 37)"does not apply.

(b) Complete blocks 18, 19, and 20.

(c) Leave blocks 21 through 25 blank.

(d) In block 26, enter a recommendation regarding the charge of financial liability, and the amount of financial liability being recommended. Enter a statement explaining the facts on which the appointing authority's recommendation is based. Enter the name, grade and SSN of those individual(s) being recommended for charges of financial liability. Include the amount of their monthly basic pay at the time of the loss.

(e) Complete blocks 27a, b, and c showing the amount of the loss, the recommended amount of financial liability, and the loss to the Government.

(f) Leave blocks 28, 29a and b, blank.

(g) Ensure blocks 30, 31, 32a, and 32b are completed by the respondent. In the statement in block 30, line through the words "of the surveying officer".

(h) Leave block 33 blank.

(i) In block 34 enter: See block 26 above for appointing authority's comments.

(j) Complete blocks 35, 36a and b.

(k) Forward the completed DA Form 4697, with all exhibits, to the approving authority for final action, per paragraph 13-38g.

Section VI
Appointment of a Survey Officer or AR 15-6 Investigating Officer

13–23. When the report of survey does not contain enough information to make a decision without further investigation

a. The appointing authority or the approving authority as appropriate may appoint a survey officer by completing blocks 21 through 25 (see figure 13-6). When an appointing authority has not been designated, and the approving authority appoints the survey officer, blocks 17 through 20 are left blank. The appointing authority/approving authority will present the report of survey with all exhibits to the survey officer.

b. The appointing authority or the approving authority may direct an investigation according to AR 15-6 by completing blocks 21 through 25, lining through the words "survey officer"and inserting "AR 15-6 investigating officer"(see figure 13-7). The appointing authority/approving authority will present the report of survey with all exhibits to the investigating officer.

13–24. Use of an AR 15-6 investigation

a. There are four situations warranting an investigation performed per AR 15-6 in lieu of an investigation conducted under this regulation. These situations occur when directed by—

(1) Other specific Army regulations.

(2) A commander.

(3) A report of survey approving authority per AR 15-6, paragraph 2-1a.

(4) A report of survey appointing authority per AR 15-6, paragraph 2-1a.

b. When an AR 15-6 investigation is directed as a result of the loss, damage, or destruction of Government property, the DA Form 4697 will be prepared as follows:

(1) Blocks 1 through 16 are completed prior to the appointment of an AR 15-6 investigating officer. Follow the instructions in figure 13-5.

(2) Blocks 17 through 20. If an appointing authority has been designated, the appointing authority will complete, otherwise leave blank.

(3) Blocks 21 through 25. The appointing authority or the approving authority as appropriate will appoint an AR 15-6 investigating officer following the instructions in figure 13-7 and AR 15-6, paragraph 2-1b.

c. On completion of the AR 15-6 investigation, do the following:

(1) Attach the AR 15-6 investigation to the report of survey as an exhibit. Do not use the AR 15-6 investigation as a supporting document/voucher to adjust balances on property records or as a document to assess financial liability. Use the report of survey for these purposes.

(2) In block 26, enter the words "see AR 15-6 investigation at exhibit (identify exhibit by an alpha character)". Mark classified or sensitive AR 15-6 investigation reports in block 26 showing their identification and location.

(3) Blocks 26 through 32b. The AR 15-6 investigating officer will complete all actions as required by AR 15-6. The appointing authority or the approving authority as appropriate will accomplish those actions normally required of a survey officer as prescribed in paragraphs 13-30, 13-32, and 13-33, had one been appointed.

13–25. Survey Officer

An individual appointed to investigate the circumstances, and make

findings and recommendations relating to the loss, damage, or destruction of Government property listed on a report of survey.

13–26. Survey officer qualifications

a. The survey officer must be an Army commissioned or warrant officer; an Army noncommissioned officer in the grade of sergeant first class (SFC) or above; civilian employee GS-7 or above, or a wage leader (WL) or wage supervisor (WS) employee. For report of survey investigations conducted in joint service activities, survey officers may be any DoD commissioned or warrant officer, or a noncommissioned officer in the pay grade of E7 or above assigned to the activity. Additionally, a foreign national employee, GS-7 equivalent or above, may be designated to act as survey officer on reports of survey originating within a civilian support center (CSC). Federal recognition of an ARNG member constitutes authority to be appointed as a survey officer.

b. Appoint only those individuals as survey officers who are senior to individual(s) subject to potential financial liability. Senior by time-in-grade is acceptable. If during the investigation the survey officer discovers that completion of the investigation will require him or her to examine the conduct or performance of duty of someone senior, or may result in a finding and recommendation adverse to a person senior to him or her, the survey officer will report that fact to the approving authority. The approving authority will review the findings, and either excuse the survey officer and designate another person senior to the individual concerned, or direct the investigation to continue if military exigencies make the change impractical. When employing the military exigency option, the approving authority will document the military exigency as an exhibit to the report of survey.

c. No person may act as the survey officer who is personally responsible for, or is in any way directly interested in the property listed on the report of survey.

13–27. Time constraints for conducting the investigation by the survey officer

a. Unless the approving authority specifies a shorter time, a survey officer has up to 30 calendar days (USAR and ARNG 60 calendar days) from the date of receipt to complete the report of survey investigation. Appointment as a survey officer becomes that person's primary duty until the approving authority accepts the investigation as completed, or until otherwise relieved from that duty. Any delay must be explained in writing by the survey officer and attached to the report of survey as an exhibit.

b. In the event the survey officer is unable to complete the investigation and a new survey officer is necessary, appointment will be made using an informal memorandum. Enter the information shown on DA Form 4697, blocks 21 through 25, as show in figure 13-6. Include an explanation stating why the original survey officer is unable to complete the report of survey investigation.

13–28. Survey officer's responsibilities

A survey officer's responsibility is to determine the cause and value of the loss, damage, or destruction of Government property listed on the report of survey, and to determine if assessment of financial liability is warranted. That determination must follow from the facts developed during a thorough and impartial investigation. However, before beginning the investigation the survey officer must have an understanding of the terms "responsibility, culpability, proximate cause, and loss;"each term impacts upon a determination of financial liability. Individuals may be held financially liable for the loss, damage, or destruction of Government property if they were negligent or have committed willful misconduct, and their negligence or willful misconduct is the proximate cause of that loss, damage, or destruction. The following terms are addressed in order to assist the survey officer in evaluating financial liability:

a. Responsibility.

(1) *General.* The type of responsibility a person has for property determines the obligations incurred by that individual for the property. Appendix C presents specific issues the survey officer must consider before recommending financial liability.

(2) *Command responsibility.* The obligation of a commander to ensure all Government property within his or her command is properly used and cared for, and that proper custody and safekeeping of Government property are provided. Command responsibility is inherent in command and cannot be delegated. It is evidenced by assignment to command at any level and includes—

(a) Ensuring the security of all property within the command, whether in use or in storage.

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

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

(d) Taking administrative or disciplinary action when necessary.

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

(a) Providing proper guidance and direction.

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

(c) Maintaining a supervisory climate that will facilitate and ensure the proper care and use of Government property.

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

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

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

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

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

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

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

b. Culpability.

(1) Before a person can be held financially liable, the facts must show that he or she, through negligence or willful misconduct, violated a particular duty involving the care of the property.

(2) Simple negligence is the absence of due care, by an act or omission of a person which lacks that degree of care for the property that a reasonably prudent person would have taken under similar circumstances, to avoid the loss, damage, or destruction of Government property.

(3) Gross negligence is an extreme departure from due care resulting from an act or omission of a person accountable or responsible for Government property which falls far short of that degree of care for the property that a reasonably prudent person would have taken

under similar circumstances. It is accompanied by a reckless, deliberate, or wanton disregard for the foreseeable loss or damage to the property.

(4) Whether a person's acts or omissions constitute negligence depends on the circumstances of each case. Negligence under some circumstances may not reflect negligence under other circumstances. Therefore, fully consider the following factors, as a minimum, when determining the reasonableness of a person's conduct:

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

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

(c) The type and nature of the property.

(d) The nature, complexity, level of danger, or urgency of the activity ongoing at the time of the loss, damage, or destruction of the property.

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

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

(g) The extent supervision could influence the situation considering pressing duties or lack of qualified assistants.

(5) Willful misconduct is any intentional wrongful or unlawful act or omission relating to Government property.

c. Proximate cause. Before holding a person financially liable for a loss to the Government, the facts must clearly show that the person's conduct was the "proximate"cause of the loss, damage, or destruction. That is, the person's acts or omissions were the cause that, in a natural and continuous sequence, unbroken by a new cause, produced the loss, damage, or destruction, and without which the loss, damage, or destruction would not have occurred.

d. Loss. Before holding a person financially liable, the facts must show that a loss to the Government occurred. "Loss"means loss of, damage to, or destruction of, property of the U.S. Government. Loss includes a loss from accountability. Property is considered lost when it cannot be found or accounted for by the last responsible person in the audit trail.

Section VII
Conducting a Report of Survey Investigation by the Survey Officer

13–29. Conducting the investigation

Investigative work is a critical phase of the report of survey system. A survey officer's task is to seek out all the facts that surround the loss, damage, or destruction of Government property. The following paragraphs will assist the survey officer in collecting data needed to develop findings:

a. A survey officer must stay free from bias or prejudice. An investigation should not be started with predetermined ideas as to what caused, or who is to blame for the loss, damage or destruction. A thorough investigation may establish no fault, or it may establish that financial liability should be recommended.

b. The survey officer must begin the investigation immediately upon notification of being appointed survey officer.

c. As first priority, physically examine any damaged property, and release it for repair or turn-in. If expert opinion will be of value in determining the cause of damage, or the cost of repair, ensure that technical inspectors examine the property and give statements regarding any damaged property. If the damaged property is the result of a vehicular accident involving a GSA vehicle or a rental vehicle rented from a commercial activity, and the proof of damages (e.g., photographs) and estimated cost of damages were documented according to paragraph 13-11e, it is not necessary for the survey officer to release the vehicle for repair or turn-in. However, the survey officer must rely on this documentation in lieu of physically examining the damaged vehicle.

d. Interview and obtain statements from all individuals whose useful testimony may assist in deciding the cause of, or responsibility for, the loss, damage, or destruction of the property listed on the report of survey. For losses or damages previously investigated by a board of officers, military police, or other authorized official, obtain a copy of the report, or extracted information and attach it to the report of survey as an exhibit. When using classified or otherwise sensitive references, make a statement to that effect in block 26 along with the location and identification of the investigation report. Obtain other available exhibits such as hand receipts or estimated cost of damages (ECOD).

e. The statements and other evidence provided by persons who were responsible for the property listed on a report of survey may be self-serving. The survey officer must confirm, through the use of other independent statements and evidence gathered in the report of survey investigation, if available, as well as any other evidence of reliability that the survey officer considers relevant to indicate that such statements and evidence are factual.

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

g. Obtain and mark evidence as follows and attach to each copy of the report of survey:

(1) Prepare witness statements on DA Form 2823. When DA Form 2823 is not available, use plain bond or ruled paper, 8-1/2 by 11 inches, with the word "CERTIFICATE"typed or legibly printed across the top. Statements/certificates will be dated and signed by the individual giving the statement/certificate.

(2) Mark the bottom of each exhibit alphabetically, followed with the date, amount, and organization or account shown on the face of the report of survey. Example: Exhibit A, R/S, 20 January 1996, $375, Co Z, 906th Signal Battalion.

13–30. Survey Officer's Findings and Recommendations

a. A finding is a conclusion reached by the survey officer during his or her investigation of the facts and circumstances surrounding the loss, damage, or destruction. Findings are supported by evidence contained in either block 11, DA Form 4697 or in exhibit(s) attached to the report of survey. When writing findings, exclude personal speculation, suspicion, or opinion not supported by evidence. Findings are the conclusions which form the basis for making recommendations and must be factual. The survey officer must state the facts in his or her own words. Findings will be as complete as possible to enable the reviewers to ascertain relief from, or assessment of, financial liability.

(1) If the survey officer's findings rely on a self-serving statement in block 11, or in one of the exhibits, made by a person who was personally responsible for the property listed on a report of survey at the time of the loss, the survey officer's findings must explain how that person's statement is confirmed by other independently documented evidence, if available, or by any other evidence of reliability that the survey officer considers relevant.

(2) If the survey officer's findings rely on evidence which conflicts with other evidence, the survey officer must explain how the conflict was resolved.

b. After recording the findings, the survey officer must develop a logical recommendation(s) based on his or her findings as applied against the guidance contained in this regulation.

c. The survey officer will enter the following information in blocks 26 through 27c (see figure 13-6).

(1) The value of the lost or destroyed property listed on the report of survey before the loss or destruction occurred. If depreciation is allowed, compute the value of the property as shown in appendix B.

(2) For damaged property, use the actual (if available) or the estimated cost of repairs.

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

(4) The disposition, or recommended disposition, of damaged property classified as uneconomically repairable.

(5) For property other than Government quarters, and/or furnishings and equipment therein, the survey officer will state in his or her findings whether the liability resulted from simple negligence or willful misconduct. When the report of survey involves the loss,

damage, or destruction to occupant's assigned Government quarters, and/or Government furnishings and equipment therein, the survey officer will determine whether the loss resulted from simple negligence, gross negligence or willful misconduct on the part of the occupant, or the occupant's dependents, quests or pets. When simple negligence is determined, the amount of financial liability will not exceed one month's basic pay or one twelfth of the annual salary for a DoD civilian employee. The occupant will be held financially liable for the full amount of the loss, damage or destruction when it is determined to be the result of—

(a) Gross negligence or willful misconduct of the occupant, or

(b) Gross negligence or intentional misconduct of his or her dependents, quests or pets, under circumstances where the occupant was on notice of the particular risk involved, and failed to exercise available opportunities for preventing or limiting the damage or loss. In the absence of evidence to the contrary, occupants will be presumed to be on notice of risks attending the activities of those whom the occupant invites upon the premises.

(6) Whether assessment of financial liability is appropriate. If financial liability is being recommended, the survey officer will enter—

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

(b) When the loss, damage or destruction involves Government quarters, and/or furnishings and equipment therein, state whether the recommendations are based on a finding of simple negligence, gross negligence, or willful misconduct.

(c) The amount to be charged the individual. See paragraph 13-39, for liability limits.

(d) The methodology used for computation of the charges against a single individual is shown at table 12-3. When collective and individual liability are recommended, i.e., when 2 or more persons are involved, the charges are computed according to table 12-4.

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

(f) The date the individual is expected to terminate his or her service, or employment.

(7) Whether relief from financial liability is appropriate.

(8) Whether the report of survey lists property for which a claim may be processed under AR 27-20.

d. The survey officer will complete blocks 28 and 29 of DA Form 4697. If financial liability is being recommended the survey officer will cause the individual recommended for financial liability to complete blocks 30 through 32b (see figure 13-6).

Section VIII
Survey Officer's Actions After Making a Recommendation

13–31. Financial liability not recommended

The survey officer forwards the original and the number of copies specified by the locale command to the appointing authority or the approving authority as appropriate for action. The survey officer retains 1 copy.

13–32. Financial liability recommended

a. The survey officer will give any individual, against whom he or she makes a recommendation to assess financial liability, a chance to examine the report of survey after the findings and recommendations have been recorded on the DA Form 4697, and the opportunity to make a rebuttal statement in his or her behalf (see paragraph 13-35). The survey officer will—

(1) Explain to the individual recommended for a charge of financial liability, the consequences of the recommendation, if approved.

(2) Explain to the individual the significance of any rebuttal statement submitted by him or her regarding the possible assessment of financial liability.

(3) Consider and attach as an exhibit to the report of survey any statement the individual desires to submit.

(4) For reports of survey involving loss, damage or destruction of Government quarters and/or Government furnishings and equipment therein, explain to the individual whether a finding of gross negligence was established and the consequence of a finding of gross negligence.

b. The survey officer will notify the individual by memorandum (example at figure 13-11) that he or she has the right—

(1) To inspect and copy Army records relating to the debt.

(2) To legal advice as authorized by AR 27-3, paragraph 2-5 and 3-6g(4)(b). Legal advice is normally provided only to military and DoD civilian employees.

(3) To submit a statement and other evidence in rebuttal of the survey officer's recommendation.

c. The survey officer will ensure the respondent completes blocks 30 through 32b on DA Form 4697. A copy of the memorandum explaining the individual's rights will be attached to the report of survey as an exhibit. If more than one individual is recommended for assessment of financial liability, the survey officer will prepare continuation sheet(s) for blocks 30 through 32b as shown in figure 13-8.

13–33. Submission of individual rebuttal statement

a. Rebuttal statement. Individuals have the right to submit a rebuttal statement, or other added evidence, and to have that statement or evidence considered and attached to the report of survey for consideration by higher authority. Individuals against whom a charge of financial liability is recommended may obtain legal advice from the servicing legal office, (Office of the Staff Judge Advocate, Post Judge Advocate, Command Counsel or Legal Counsel). Normally this free legal advice is only available to military personnel and DoD civilian employees per AR 27-3, paragraphs 2-5 and 3-6g(4)(b).

b. Time constraints.

(1) An individual who receives a hand delivered report of survey packet has 7 calendar days from the date of receipt to reply with a rebuttal statement or other additional evidence. This time will not be included when computing the total processing time.

(2) Those individuals who are unavailable, but in the same country, have 15 calendar days from the date of mailing to submit a rebuttal. This time will not be included when computing the total processing time.

(3) Those individuals who are unavailable, and in a country different than the survey officer, have 30 calendar days from the date of mailing to submit a rebuttal. This time will not be included when computing the total processing time.

(4) Notification to unavailable individuals will be made by certified mail, return receipt requested. Copies of the notification memorandum will be attached to the report of survey as an exhibit together with the evidence of mailing and return receipt.

(5) When the survey officer receives a rebuttal statement within the allotted time, he or she will consider the report of survey together with any new evidence or allegations of error presented by the respondent, attach the rebuttal statement to the report of survey, make a recommendation, and forward the complete packet to the appointing authority or the approving authority as appropriate for action.

(6) When the survey officer does not receive a rebuttal statement within the allotted time, he or she will forward the report of survey investigation/recommendation to the appointing authority or the approving authority as appropriate.

(7) When the survey officer receives a rebuttal statement after the time allotted for rebuttal has expired, he or she will consider any new evidence presented by the respondent. If appropriate amend his or her recommendation and forward the amended recommendation through the same channels the report of survey was processed.

c. Distribution. The survey officer will forward the original and copies (number as specified by the local command) to the appointing authority or the approving authority as appropriate for action. The survey officer will retain one copy.

Section IX
Review of the Survey Officer's Findings and Recommendations by the Appointing Authority When an Appointing Authority Has Been Designated

13–34. Appointing authority's review of reports of survey

a. The appointing authority will personally review all reports of survey arising within his or her command or authority. The exception involves reports of survey listing property for which the appointing authority has either personal responsibility (see paragraph 13-17) or accountability. In this instance, the next higher commander will determine the appointing authority.

b. The appointing authority will make an administrative check to determine if all pertinent instructions have been followed. Figure 13-18 provides a checklist guide. The appointing authority may expand the checklist as required. The appointing authority will further check to ensure the survey—

(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 regulation.

(5) Reflects that individuals have received counseling, advisement of their rights, and an opportunity to rebut on their behalf.

(6) Reflects correct computation of financial charges.

(7) If late, contains attached statements of delay.

(8) Reflects initials on all changes and minor corrections which support authenticity and clear doubt.

(9) Reflects an unbiased investigation.

13–35. Appointing authority's decision

The appointing authority will review the action taken by the survey officer, make certain all requirements have been met, and make a decision as follows.

a. Return of survey to the survey officer for additional investigation. If further investigation is required and/or pertinent instructions have not been complied with, the appointing authority will return the survey to the survey officer as an enclosure to a memorandum specifying what additional data and/or corrections are required.

b. Concurs with the findings and recommendations. If the appointing authority concurs with the recommendations of the survey officer, he or she will process the DA Form 4697 as follows:

(1) Check "Concur"in Block 33.

(2) Complete block 35, 36a, and 36b.

(3) Forward the DA Form 4697 with all exhibits to the approving authority.

c. Nonconcurs with findings and recommendations. If the appointing authority nonconcurs with the recommendations of the survey officer, he or she will process the DA Form 4697 as follows:

(1) Check"Nonconcur"in block 33.

(2) Enter a statement in block 34 showing the rationale upon which his or her decision is based.

(3) If the survey officer does not recommend financial liability and the appointing authority recommends financial liability, the appointing authority will ensure the procedures outlined in paragraphs 13-32d and 13-33 are accomplished.

(4) Complete blocks 35, 36a, and 36b.

(5) Forward the DA Form 4697 to the approving authority.

Section X
Review by Approval Authority

13–36. Legal review of a report of survey

a. Upon receiving a report of survey on which the approving authority believes financial liability is appropriate, the approving authority will obtain a legal opinion as to its legal sufficiency prior to determining whether to assess financial liability.

b. A legal advisor will provide a written opinion as to the legal sufficiency of a report of survey. If, in the legal advisor's opinion, the report of survey is not legally sufficient, the opinion will state the reasons why and make appropriate recommendations. The opinion will be attached to the report of survey prior to the approving authority's review and decision. The approving authority should ensure corrective actions are taken before taking final action to assess financial liability.

c. A lawyer other than the one who advised the respondent in the preparation of the respondent's rebuttal statement must perform the legal review required by the approving authority.

d. Figures 13-1 and 13-2 show the time constraints for the legal review of reports of survey.

13–37. Approving authority's review of reports of survey

a. The approving authority will personally review all reports of survey arising within his or her command or authority. The exception involves reports of survey listing property for which the approving authority has either personal responsibility (see paragraph 13-17) or accountability. In this instance, the next higher commander will act as the approving authority.

b. When the legal advisor returns the report of survey, the approving authority will make an administrative check to determine if all pertinent instructions have been followed. Figure 13-18 provides a checklist. The approving authority may expand the checklist as required. The approving authority will further check to ensure the survey—

(1) Resolves contradictory statements.

(2) Confirms or refutes self-serving statements.

(3) Reflects clearly stated findings from documented evidence.

(4) Presents sound and logical conclusions and recommendations based on the findings and the policy contained in this regulation.

(5) Reflects individuals received counseling, advisement of their rights, and an opportunity to rebut on their behalf.

(6) Reflects correct computation of financial charges.

(7) If late, contains attached statements of delay.

(8) Reflects initials on all changes and minor corrections which support authenticity and clear doubt.

(9) Reflects an unbiased investigation.

13–38. Approving authority action after review of report of survey

a. Figure 13-21 shows the report of survey processing steps from decision by the approving authority to receipt by the FAO/USPFO.

b. Figure 13-6 shows an example of a report of survey with blocks 37 through 40b completed.

c. When the approving authority determines the report of survey or AR 15-6 investigation is incomplete, or finds pertinent instructions have not been complied with, he or she will return the report of survey to the survey officer or AR 15-6 investigating officer for further investigation. If an appointing authority was designated, the approving authority will return the report of survey through the appointing authority. The approving authority will insert an "X"in block 37b, and specify the additional data required using a memorandum. The approving authority will then enter the date and his or her initials on line 37b.

d. A survey officer may be relieved by the approving authority and a new survey officer appointed when—

(1) The survey officer has failed to conduct the investigation in accordance with regulatory guidance contained in this regulation.

(2) The survey officer has been counseled by the approving authority concerning the inadequacy of the investigation.

e. A survey officer should not be relieved due to the approving authority having a preconceived belief that differs from the survey officer's findings and recommendations.

f. When the approving authority decides to relieve a survey officer, the approving authority will check block 37b, enter the date, and his or her initials. The approving authority will document the rationale for relieving the survey officer on a memorandum for record, and attach it to the report of survey as an exhibit. Appointment of a subsequent survey officer will be made using an informal memorandum containing the information shown on DA Form 4697, blocks 21 through 25, as shown in figure 13-6. A copy of the

memorandum appointing the new survey officer will be attached to the report of survey as an exhibit.

g. When the approving authority determines the report of survey investigation is complete, the approving authority will—

(1) Adopt the recommendations of the survey officer or AR 15-6 investigating officer, and approve them by checking block 37c, DA Form 4697, and completing blocks 38 through 40b, or;

(2) Make a decision contrary to the recommendations of the survey officer or AR 15-6 investigating officer, either to relieve all concerned from financial liability or to assess financial liability against a new individual. Enter the decision of the approval authority in block 37, DA Form 4697 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 38 through 40b.

(3) When the approving authority decides to relieve all concerned from financial liability he or she will enter an "X"in block 37c and make the following statement in block 37: "All concerned are relieved from financial liability for the loss, damage, or destruction of the property listed on this report of survey."The approving authority will then complete blocks 38 through 40b.

(4) Make an assessment of liability as follows:

(a) When the approving authority decides to approve liability against an individual, the approving authority will enter an "X"in block 37c and insert a statement in block 37 to assess financial liability against an individual. Use a statement similar to the following: "To hold (insert name, grade, and SSN) financially liable in the amount of (enter amount). (Insert name and grade), monthly basic pay at the time of loss was (enter the amount)."If the approving authority determines that it appears appropriate to approve financial liability against an individual not previously recommended to be held financially liable, the approving authority will ensure that all actions required by paragraphs 13-32 and 13-33 are completed prior to approving financial liability. The approving authority will then complete blocks 37 through 40b, DA Form 4697. When approving financial liability against a new respondent, the approving authority will enter the reasons for approving financial liability in block 37, DA Form 4697.

(b) When the approving authority decides to approve collective and individual liability against two or more individuals, the following additional actions supplement (a) above: Since the data in blocks 30 through 32b allows only one individual to sign, it is necessary to prepare a continuation sheet (sample at figure 13-8). Further, prepare a continuation sheet for blocks 37, and 39 through 40b. In block 37 enter a statement similar to the statement described in (a) above for each individual being held financially liable.

h. When the approving authority decides to relieve all concerned persons from financial liability, the approving authority will retain the original of DA Form 4697 on file, and destroy the remaining copies. When the approving authority determines to assess financial liability, the approving authority will retain the original and one copy of the DA Form 4697 and provide the respondent with the remaining copy.

13–39. Liability limits

a. When negligence or willful misconduct are shown to be the proximate cause for a loss, the following individuals/entities should be assessed the full amount of the Government's loss, minus amounts charged to others.

(1) Accountable officers.

(2) States and Territories of the United States.

(3) Contractors and contractor employees, (See the FAR).

(4) Non-appropriated fund activities.

(5) Persons losing public funds (AR 37-103, chapter 4, section VIII).

(6) Soldiers losing personal arms or equipment.

(7) Persons who lose, damage or destroy Government quarters, and/or furnishings and equipment provided by the Government for use in quarters, through gross negligence or willful misconduct. If simple negligence is shown, paragraph b below applies.

(8) Individuals or entities not federally employed.

b. In all other cases, the amount equal to one month's basic pay at the time of the loss, or the actual amount of the loss to the Government, whichever is less, may be assessed. For ARNG and USAR personnel, 1 month's basic pay refers to the amount that would be received by the soldier if on active duty. For DoD civilian employees, financial liability for losses of Government property (including personal arms and equipment) is limited to 1/12 of their annual pay. When two or more reports of survey are processed that involve the same incident, financial liability is limited to 1 month's basic pay. (Compute the charge per table 12-3.)

c. When two or more entities are held collectively and individually liable for a single loss, compute their individual financial charge per table 12-4.

d. When a soldier or DoD civilian employee is held collectively liable with an individual and/or entity identified in paragraph a(8) above, table 12-4 is not used to compute the amounts of financial liability. The total dollar amount of the loss is divided by the number of respondents. The amount derived from this equation is the maximum amount each respondent will be assessed. For soldiers and DoD civilian employees, the amount of financial liability assessed will be the amount derived from the above equation or 1 month's base pay, whichever is less.

Section XI
Notice to Respondents on Assessment of Financial Liability

13–40. Respondent's rights

a. Members of the U.S. Army, employees, and members of other services having a reciprocal agreement with the U.S. Army, may have approved charges of financial liability involuntarily withheld from their Federal pay. Withholdings will be by salary or administrative offset according to Section 5514, title 5, United States Code (5 USC 5514) for civilian employees and Section 1007(e), title 37, United States Code (37 USC 1007(e)) for military members. Before individuals are held financially liable, they must receive notice and the opportunity to exercise their rights, as listed below. Notification will be made by the approving authority using a memorandum (see sample at figure 13-12). The memorandum with a copy of the report of survey with all exhibits will be hand delivered to the person found financially liable. If the individual is not available locally, the memorandum will be forwarded by certified mail, return receipt requested. The memorandum will inform the individual that collection efforts will begin 30 calendar days (ARNG 60 calendar days) from the date delivered or mailed. If respondent exercises his or her rights described below in sub-paragraphs (3) or (4), collection actions will be temporarily halted. The memorandum will provide a means for the respondent to acknowledge receipt. The memorandum will state what rights the respondent has and the time limits for exercising these rights. When a memorandum is returned indicating that the memorandum is not deliverable, the approving authority need not make further attempts to notify the individual of his or her rights. The time utilized in notifying respondents of approved charges of financial liability, and of their rights is not counted towards the 75 days allowed for processing the report of survey. Individual rights are—

(1) To inspect and copy Army records relating to the debt.

(2) To obtain free legal advice from the servicing legal assistance office relating to the assessment of financial liability, as authorized by AR 27-3, paragraphs 2-5 and 3-6g(4)(b). Normally this free legal advice is only available to military personnel and DoD civilian employees.

(3) To request reconsideration of the assessment of financial liability based on legal error. Requests for reconsideration denied by the approval authority will be forwarded to the appeal authority by the approval authority per paragraphs 13-42b and 13-48a.

(4) To request a hearing concerning the amount of the debt or the terms of any proposed repayment schedule (civilian employees only). A request for a hearing will not be submitted until a request for reconsideration concerning the existence of the debt has been acted

on by the appeal authority. A request for a hearing conducted by the FAO/USPFO will be submitted to the servicing FAO/USPFO. A respondent who chooses to challenge the existence of the debt will do so by submitting a request for reconsideration to the approving authority.

(5) To request remission or cancellation of the indebtedness (enlisted personnel only) under the provisions of AR 600-4, paragraphs 1-6 and 1-7.

(6) To request extension of the collection period.

(7) To submit an application to the Army Board for Correction of Military Records (ABCMR) under the provisions of AR 15-185.

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

c. The time constraints shown in figures 13-22 and 13-23 apply for submission of requests for reconsideration and hearings. The time constraints in AR 600-4 apply to remission or cancellation of indebtedness. The time constraints in AR 15-185 apply to the correction of military records.

d. When time limits in c above expire without respondent action, the approving authority will forward the report of survey for collection under cover of a transmittal document requesting FAO/USPFO acknowledgment of receipt. The approving authority will make initial follow-up to the FAO/USPFO within 20 calendar days when the FAO/USPFO has not acknowledged receipt. Thereafter the approving authority will continue to follow-up every tenth day until the FAO/USPFO has acknowledged receipt of DA Form 4697.

e. The approving authority will attach a copy of the notification memorandum and FAO/USPFO receipt to the report of survey.

13–41. Respondent's actions

When an individual has been notified that financial liability has been approved, the individual should, with the advice of legal counsel, thoroughly review the report of survey packet provided, then decide whether or not to take one of the actions listed below.

a. Request reconsideration of the approving authority's decision. Submit requests for reconsideration by memorandum through his or her immediate commander to the approving authority. Submit requests for reconsideration only on the basis of legal error. Figure 13-13 shows a sample request for reconsideration.

(1) When the approving authority does not reverse original decision to approve financial liability, the request for reconsideration becomes an appeal which will be forwarded to the appeal authority.

(2) The request for reconsideration should set forth, in detail, any new evidence offered, and explain why financial liability is not appropriate.

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

b. Submit a request for a hearing (civilian employees only). Request a hearing concerning the amount of the debt, or the terms of the proposed repayment schedule. Respondents choosing to submit a request for a hearing must first submit a request for reconsideration through the approving authority to the appeal authority. Requests for a hearing will be submitted by memorandum through the respondent's immediate commander to the servicing FAO or USPFO, where arrangements for a hearing will be made. Figure 13-14 shows a sample request for a hearing.

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

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

c. Request remission or cancellation of indebtedness under the provisions of AR 600-4.

d. Request extension of the collection period. Figure 13-15 shows a sample request for extension.

e. Submit an application to the ABCMR under the provision of AR 15-185.

f. A request for reconsideration, or hearing, will be processed only if received within the time prescribed by figures 13-22 and 13-23 unless the individual can show good cause for failing to take one of the above actions within the time prescribed.

13–42. 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 financial liability against the individual or recommend continuation of financial liability. A request for reconsideration will be reviewed only on the basis of legal error (i.e., the request must establish that the facts of the case do not support an assessment of financial liability).

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

(1) (See figure 13-16 for sample memorandum.) The memorandum will be delivered by hand, or certified mail, return receipt requested.

(2) Retain the new evidence with the report of survey 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 (see (a) through (c) below) to the appeal authority. The approving authority is not authorized to allow other persons to sign for him or her.

(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, if available.

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

c. Notification to the individual. On receipt of a response from the appeal authority concerning the relief or continuation of financial 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 or she has the right to request a hearing (civilian personnel only), remission or cancellation of indebtedness (enlisted personnel only), or extension of the collection period, as appropriate.

13–43. Requests for a hearing (civilian employees only)

Prior to requesting a hearing, the individual is required to submit a request for reconsideration to the approving authority. Upon receipt of a request for reconsideration the approving authority will follow the instructions in paragraph 13-42. The approving authority will not arrange for, nor conduct a hearing. When a request for reconsideration is denied by the appeal authority, civilian employees may request a hearing through their servicing FAO or USPFO, as appropriate. The FAO or USPFO will forward the petition for the hearing to the Director, Defense Finance and Accounting Service—Indianapolis Center, ATTN: Department 80, Indianapolis, IN 46249-0001, per AR 37-1, paragraph 15-25.

13–44. Remission or cancellation of indebtedness (Enlisted personnel only)

When financial liability assessed through a report of survey causes financial hardship on an enlisted soldier, he or she may submit an application for remission or cancellation of the debt through their commander, per AR 600-4, paragraph 2-1. A copy of the approved report of survey assessing financial liability will be submitted with the application.

13–45. Requests for extension of the collection period

Requests for extension of the collection period will be forwarded through the approving authority to the servicing FAO or USPFO for action. Civilian employees who have requested a hearing to challenge the proposed repayment schedule are not authorized to request

an extension of the collection period. The approving authority will make a recommendation regarding extending the collection period using the following factors as the basis for the recommendation:

a. Monthly income.

b. Additional income or assets (including spouse's).

c. Expenses caused by living standards that are too high or by mishandling of personal funds are not a basis for a hardship determination.

13–46. Reopening, correcting, amending, or cancelling reports of survey

These are administrative procedures. They may be activated by either—

a. A decision at the approval authority level previously acting on the report of survey that such action is necessary.

b. At the direction of the appeal authority.

c. The report of survey approving authority will reopen a report of survey when either of the situations shown in a and b above occur and result from one of the following actions:

(1) An individual has requested reconsideration of the assessment of financial liability.

(2) A response to the survey officer's original notification from an individual recommended for financial liability is received after the approving authority has approved financial liability. The survey officer who receives that correspondence, will prepare a memorandum to the approving authority level that approved financial liability. Such a response, although received late, will not be considered a request for reconsideration.

(3) A memorandum from a subordinate headquarters that previously acted on a report of survey supporting reopening based on new evidence.

(4) Property is recovered.

(5) The approving authority becomes aware of an injustice against either the Government or the individual assessed financial liability.

13–47. Actions resulting from reopening a report of survey

a. Corrections on a report of survey. Corrections on a report of survey will not be made on the original of the report of survey except as specified in paragraph 13-9. Should it become necessary to alter a report of survey in any other way, after receipt by the approving authority, an amendment will be prepared, citing the specific alterations, and attached to the report of survey as an exhibit.

b. Cancellation of a report of survey. An approved report of survey (one on which the approving authority has taken approval action) will not be cancelled. When property is found after a report of survey is approved, the approving authority will follow the procedures set forth in paragraph 14-16.

c. Amending a report of survey. Based on new information received by the approving authority it may become necessary to amend one or more blocks of the report of survey, including the decision of the approving authority. Should it become necessary to alter a report of survey in any way, the approving authority will prepare an amendment, citing the specific alterations, and attach it to the report of survey as an exhibit.

d. Repayment of amounts previously collected. Property listed on a report of survey may be recovered after assessment of financial liability or the assessment may have been reversed by the approving or appeal authority. If so, an amendment will be prepared, citing the specific alterations, and attached to the report of survey as an exhibit. A copy of the amendment will be attached to a memorandum directing repayment of the value of the recovered property to the individual, as a "collection erroneously received."The memorandum will be forwarded to FAO or USPFO as appropriate.

Section XII
Appeal Authority's Review of Requests for Reconsideration

13–48. Information regarding requests for reconsideration

a. The term "request for reconsideration"refers to an application to the appeal authority challenging the decision of the approving authority in assessing financial liability. Requests for reconsideration will be submitted to the approving authority that acted on the report of survey. The approving authority will, after review and determination that liability should continue, forward requests for reconsideration to the next commander in the chain of command. This will be accomplished within 15 calendar days of receipt by the approving authority.

b. An individual may request reconsideration only one time. The decision of the appeal authority is final unless the individual chooses to make an application to the ABCMR under the provisions of AR 15-185. An application to the ABCMR can be made only when an appeal authority has sustained the decision of the approving authority. These procedures do not apply to financial liability imposed for discrepancies incident to shipment or to procurement reported using TDR or ROD procedures. (See AR 55-38, AR 735-11-2, and chapter 16 of this regulation.)

c. Unless good cause for a greater delay exists, individuals must file requests for reconsideration within the time limits set forth in figures 13-22 and 13-23.

(1) Individuals will submit requests for extension of the time allotted for submission of requests for reconsideration in writing to the approving authority.

(2) The decision to grant an extension of the allotted submission time will be made by the approving authority based on the following reasons:

(a) Acts of war.

(b) Military operations other than war.

(c) Extended training maneuvers.

(d) Sickness.

(e) Unavoidable difficulty in obtaining supporting facts.

(f) Other similar difficulties.

13–49. Appeal authority

a. Definition. An Army officer designated to take final action on requests for reconsideration when the report of survey approving authority denies relief of financial responsibility to an individual, and to act on requests for remission or cancellation of indebtedness. Appeal authority ((1) through (4) below) action is by authority of the Secretary of the Army.

(1) Normally, the appeal authority will be the next higher commander in the chain of command above the approving authority.

(2) The persons listed below may delegate appeal authority, for reports of survey arising from organizations that fall under their command or supervision. Individuals designated must be in the grade of Colonel or above and be senior in time in grade to the approving authority. This provision does not apply to the ARNG. In the ARNG, the Adjutant General (AG) is the appeal authority for reports of survey. This authority may be delegated to the Deputy AG only. In cases of State liability the Chief, National Guard Bureau will act as appeal authority.

(a) Heads of HQDA staff agencies.

(b) MACOM and major subordinate command (MSC) commanders.

(c) Heads of unified commands.

(d) Corps, division and installation commanders.

(3) For reports of survey containing assessment of financial liability against a general officer, the appeal authority will be the next general officer or civilian senior to the approving authority in the chain of command.

(4) The appeal authority may not act as both the approving and appeal authority. Also, a person who had personal responsibility or accountability for the property listed on a report of survey will not act as an appeal authority. In such cases the next higher commander will be the appeal authority.

b. Appeal authority actions on a request for reconsideration.

(1) Prior to reviewing a request for reconsideration the appeal authority will forward the request to a legal advisor under the appeal authority's command. The lawyer performing the legal review required by the appeal authority must not have conducted the legal review for the approving authority or provided legal advice to the individual held financially liable. The appeal authority will require the legal advisor to review the approving authority's memorandum and all related documentation and give a written opinion as to its legal sufficiency. If, in the opinion of the legal advisor, the approving authority's action is legally insufficient, the legal advisor will state the reasons why and make appropriate recommendations. The opinion will be attached to the request for reconsideration before the appeal authority's review.

(2) Review requests for reconsideration only on the basis of legal error. That is, the request must establish that the facts of the case do not support an assessment of financial liability.

(3) Review requests for reconsideration to determine if the evidence, to include any new evidence offered by the 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 report of survey and conduct further investigation to clarify matters specified by the appeal authority.

(b) Grant relief of financial liability in whole or in part based on the facts and evidence contained in the file. Direct the approving authority to reopen the report of survey, to reverse an assessment of financial liability, and to arrange for repayment of collections erroneously received.

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

(4) After review and decision by the appeal authority, the report of survey with all exhibits will be returned to the approving authority for action under a formal memorandum (figure 13-17). Memorandum will state action taken, with instructions directing that the individual is to be informed of the action taken. If the appeal authority grants relief from financial liability, the memorandum will direct repayment of any monies erroneously collected. The appeal authority will retain a copy of the memorandum on which his or her decision is recorded. The appeal authority's actions will be accomplished within 45 calendar days of receipt of request for reconsideration.

(5) The appeal authority is allowed to reverse or reduce financial liability charges. The appeal authority is not allowed to assess financial liability against a new individual. If the appeal authority concludes from his or her review of the case that new financial liability may be appropriate, the appeal authority may direct the approving authority to reopen the case.

c. Appeal Authority's Review of Requests for Remission or Cancellation of Indebtedness. Authority to take final action on requests for remission or cancellation of indebtedness is restricted to the Commander, Total Army Personnel Command (PERSCOM). When the appeal authority receives such a request, a review will be made under the provisions of AR 600-4. (See para 13-44.)

Table 13–1
Sample continuation sheet (Blocks 6-10, DA Form 4697)
Blocks 6-10 continued, Report of Survey Number 12-96, 24 April 1996, $673.29, Co Z, 906th Signal Battalion

National Stock Number	Item Description	Qty	Unit Price	Total Cost
5110-00-186-7107	Chisel, cold, hand	1	$ 1.59	$ 1.59
5120-00-223-7396	Pliers, slip joint	1	$ 4.33	$ 4.33
5120-00-357-7175	Screwdriver set	2	$ 5.29	$10.58
			Subtotal	$16.50

Notes:
If last page, would be grand total instead of subtotal.

REPORT OF SURVEY PROCESS
TIME SEGMENTS
WITHOUT APPOINTING AUTHORITY

STEP 1
REPORT OF SURVEY INITIATION PROCESS

STARTS WITH THE DISCOVERY OF THE LOSS
- PRELIMINARY SEARCH FOR THE MISSING ITEM(S)
- IDENTIFICATION OF THE MISSING, DAMAGED, OR DESTROYED ITEM(S) USING THE AMDF
- GATHER DATES AND CIRCUMSTANCES
- INITIATION OF THE REPORT OF SURVEY - DA FORM 4697
- COMPLETE THE NARRATIVE PORTION
- GET DOCUMENT/VOUCHER NUMBER ASSIGNED
- PROVIDE THE REPORT OF SURVEY TO THE APPROVING AUTHORITY

- END OF THE INITIATION PROCESS
  15 DAYS ACTIVE ARMY
  75 DAYS USAR
  45 DAYS ARNG

STEP 2
REPORT OF SURVEY INVESTIGATION AND RECOMMENDATION PROCESS

STARTS AFTER THE DOCUMENT/VOUCHER NUMBER IS ASSIGNED BY THE ACCOUNTABLE OFFICER AND THE REPORT OF SURVEY IS PROVIDED TO THE APPROVING AUTHORITY
- APPROVING AUTHORITY ASSIGNS SURVEY NUMBER
- APPOINTS SURVEY OFFICER IF APPROPRIATE
- REVIEW THE PROPERTY RECORDS
- TAKE STATEMENTS
- ASCERTAIN THE FACTS
- DETERMINE THE PROXIMATE CAUSE
- CALCULATE THE AMOUNT OF THE LOSS
- MAKE RECOMMENDATION
- IF FINANCIAL LIABILITY IS RECOMMENDED, NOTIFY THE INDIVIDUAL(S)
- CONSIDER RESPONDENT'S REBUTTAL STATEMENT
- PROVIDE TO THE APPROVING AUTHORITY

- END OF THE INVESTIGATION AND RECOMMENDATION PROCESS
  40 DAYS ACTIVE ARMY
  85 DAYS USAR
  75 DAYS ARNG

- ACCUMULATIVE DAYS
  55 DAYS ACTIVE ARMY
  160 DAYS USAR
  120 DAYS ARNG

Note: Time used to notify the respondent of the survey officer's recommendation to assess financial liability is not counted against the time constrains for step 2.

STEP 3
REPORT OF SURVEY ADJUDICATION PROCESS

STARTS UPON RECEIPT FROM THE INITIATOR OR THE SURVEY OFFICER AS APPROPRIATE
- REVIEW BY THE APPROVING AUTHORITY
- JAG REVIEW (WHEN ASSESSMENT OF FINANCIAL LIABILITY IS SOUGHT)
- DECISION BY THE APPROVING AUTHORITY

- END OF THE ADJUDICATION PROCESS
  20 DAYS ACTIVE ARMY
  80 DAYS USAR
  30 DAYS ARNG

- ACCUMULATIVE DAYS
  75 DAYS ACTIVE ARMY
  240 DAYS USAR
  150 DAYS ARNG

STEP 4
NOTIFY INDIVIDUAL BEING CHARGED

30 DAYS ACTIVE ARMY
30 DAYS USAR
60 DAYS ARNG

Note: Time used to notify the respondent of the approving authority's decision to assess financial liability is not counted against the time constrains in step 3.

STEP 5
PROVIDE TO FAO/USPFO FOR COLLECTION

1 DAY ACTIVE ARMY
1 DAY USAR
1 DAY ARNG

Figure 13-1. Report of survey processing time segments without Appointing Authority

REPORT OF SURVEY PROCESS
TIME SEGMENTS
WITH APPOINTING AUTHORITY

STEP 1
REPORT OF SURVEY INITIATION PROCESS

STARTS WITH THE DISCOVERY OF THE LOSS
- PRELIMINARY SEARCH FOR THE MISSING ITEM(S)
- IDENTIFICATION OF THE MISSING, DAMAGED, OR DESTROYED ITEM(S) USING THE AMDF
- GATHER DATES AND CIRCUMSTANCES
- INITIATION OF THE REPORT OF SURVEY - DA FORM 4697
- COMPLETE THE NARRATIVE PORTION
- GET DOCUMENT/VOUCHER NUMBER ASSIGNED
- PROVIDE THE REPORT OF SURVEY TO THE APPOINTING AUTHORITY

- END OF THE INITIATION PROCESS
  15 DAYS ACTIVE ARMY
  75 DAYS USAR
  45 DAYS ARNG

STEP 2
REPORT OF SURVEY INVESTIGATION AND RECOMMENDATION PROCESS

STARTS AFTER THE DOCUMENT/VOUCHER NUMBER IS ASSIGNED BY THE ACCOUNTABLE OFFICER AND THE REPORT OF SURVEY IS PROVIDED TO THE APPOINTING AUTHORITY.
- SURVEY OFFICER APPOINTED IF APPROPRIATE
- REVIEW THE PROPERTY RECORDS
- TAKE STATEMENTS
- ASCERTAIN THE FACTS
- DETERMINE THE PROXIMATE CAUSE
- CALCULATE THE AMOUNT OF THE LOSS
- MAKE RECOMMENDATION
- IF FINANCIAL LIABILITY IS RECOMMENDED, NOTIFY THE INDIVIDUAL(S)
- CONSIDER RESPONDENT'S REBUTTAL STATEMENT
- REVIEW BY THE APPOINTING AUTHORITY
- DECISION BY THE APPOINTING AUTHORITY
- PROVIDE TO THE APPROVING AUTHORITY

- END OF THE INVESTIGATION AND RECOMMENDATION PROCESS
  40 DAYS ACTIVE ARMY
  85 DAYS USAR
  75 DAYS ARNG

- ACCUMULATIVE DAYS
  55 DAYS ACTIVE ARMY
  160 DAYS USAR
  120 DAYS ARNG

Note: Time used to notify the respondent of the survey officer's recommendation to assess financial liability is not counted against the time constrains in step 2.

STEP 3
REPORT OF SURVEY ADJUDICATION PROCESS

STARTS ON RECEIPT OF THE REPORT OF SURVEY BY THE APPROVING AUTHORITY, FROM THE APPOINTING AUTHORITY
- SURVEY NUMBER ASSIGNED
- REVIEW BY THE APPROVING AUTHORITY
- JAG REVIEW (WHEN ASSESSMENT OF FINANCIAL LIABILITY IS SOUGHT)
- DECISION BY THE APPROVING AUTHORITY

- END OF THE ADJUDICATION PROCESS
  20 DAYS ACTIVE ARMY
  80 DAYS USAR
  30 DAYS ARNG

- ACCUMULATIVE DAYS
  75 DAYS ACTIVE ARMY
  240 DAYS USAR
  150 DAYS ARNG

STEP 4
NOTIFY INDIVIDUAL BEING CHARGED

30 DAYS ACTIVE ARMY
30 DAYS USAR
60 DAYS ARNG

Note: Time used to notify the respondent of the approving authority's decision to assess financial liability is not counted against the time constrains in step 3.

STEP 5
PROVIDE TO FAO/USPFO FOR COLLECTION

1 DAY ACTIVE ARMY
1 DAY USAR
1 DAY ARNG

Figure 13-2. Report of survey processing time segments with Appointing Authority

DEPARTMENT OF THE ARMY
REPORT OF SURVEY
For use of this form, see AR 735-11; the proponent agency is DCSLOG

1. DATE PREPARED: 24 Jan 96

2. SURVEY NUMBER: 4-96

3. TYPE OF PROPERTY: Organizational

4. ADDRESS OF ACCOUNTABLE OFFICER: DMMC, 7th Inf Div, Ft Mile HI 12345, UCI W6GBAA

5. ORIGINATOR *(Accountable officer, or primary hand receipt holder)*
William P. Albright, CPT, Commanding, A Co, 1/34 Inf Bn, UIC W6GBA2

6. NATIONAL STOCK NUMBER	7. ITEM DESCRIPTION	8. QTY	9. UNIT PRICE	10. TOTAL COST
6650-00-530-0973 (B67081)	Binocular, M13A1, SN: 2467	1 ea	$228.00	$228.00
6645-00-066-4279 (Y34027)	Watch Wrist (RICC 2, No residue)	1 ea	49.90	49.90
6605-01-196-6971 (E63317)	Compass Magnetic	2 ea	30.29	60.58
			Grand Total	$338.48

11. DATE AND CIRCUMSTANCES

The above items in columns 6 through 8 were discovered missing during a change of command inventory between CPT James T. Armstrong, the incoming commander, and myself, CPT William P. Albright, the outgoing commander. A search has been made of the company area. The inventory was conducted on 9 through 17 January 1996. The last time I recall seeing the binoculars and wrist watch was during the 10 percent cyclic inventory in June 1995, exhibit A. The compasses were inventoried during the 10 percent cyclic inventory in August 95, exhibit B. The binoculars, watch and compasses are stored in a locked container in the supply room. The Supply Sergeant, SSG Chery Fudge has control of one key, and the other key is kept in the company key box under the control of the company first sergeant, 1SG Bruce D. Williams.

12. AFFIDAVIT

I do solemnly swear *(or affirm)* that *(to the best of my knowledge and belief)* the articles of public property shown above and/or on attached sheets were lost, destroyed, damaged, or worn out in the manner stated, while in the public service.

SIGNATURE AND DATE: William P. Albright

TYPED NAME, GRADE, AND SSN: William P. Albright, CPT, Inf, Commanding

13. Subscribed and sworn to *(or affirmed)* before me at this day of

NAME AND GRADE *(type and sign)*

14. DATE

15. NAME, GRADE, AND SIGNATURE OF ACCOUNTABLE OFFICER: Jack C. Dolley, MAJ, QM, DPBO

16. DOCUMENT NUMBER: WK4GVE 6025-0046

17. APPOINTING AUTHORITY

I have received the evidence pertaining to the lost, damaged, or destroyed property, and have determined that the following action is required.

a. ☐ No further investigation is required. There is no positive evidence of negligence. I do not suspect willful misconduct or deliberate unauthorized use. I hereby forward this document to the approving authority for final action. *(Proceed to block 37.)*

b. ☒ The circumstances surrounding the lost, damaged or destruction warrants further investigation. *(Proceed to block 21.)*

c. ☐ Conduct an investigation according to AR 15-6. Attach this document, as an exhibit, to the investigation and forward it to the approving authority.

18. DATE: 30 Jan 96

19. TYPED NAME, GRADE, AND TITLE OF APPOINTING AUTHORITY: THOMAS D. SHAFFER, LTC, Commander, 1/34th Inf Bn

20. SIGNATURE: Thomas D. Shaffer

DA FORM SEP 81 4697 DA FORM 4696(TEST), 1 JUL 78 and DA FORM 4697(TEST), 1 JUL 78 ARE OBSOLETE.

Figure 13-3A. Sample DA Form 4697, Department of the Army Report of Survey (Blocks 1-20)

(1) Date prepared. Enter the date the report of survey is prepared.

(2) Survey number. The approving authority will enter the survey number.

(3) Type of property. If the property is carried on a stock record account, enter "Stock Record Account." If the property is carried on the organizational clothing and equipment records, enter "Organizational." If the property is carried on the installation property book, enter "Installation." If the property is real property, enter "Real Property."

(4) Address of accountable officer. Enter the address of the accountable officer. Also enter the Unit Identification Code (UIC) for property book accounts and Department of Defense Activity Address Code (DODAAC) for stock record accounts. If the items listed on the report of survey are not recorded on a property book or stock record account, enter the address of the activity maintaining the expendable or durable document register.

(5) Originator (accountable officer or primary hand receipt holder). Enter the name, grade and organization of the person preparing the document. Include the UIC of the organization. Normally, this person will be the commander or the primary hand receipt holder. When it is impractical for these persons to prepare the report of survey, provisions will be made for another person to perform this duty for them. Line out the words "accountable officer" or "Primary hand receipt holder," as appropriate.

(6) National stock number. Enter the stock number and line item number. If the item is nonstandard, enter "nonstandard" or "NSI."

(7) Item description. Enter the correct description of the articles lost, damaged, or destroyed. If the articles are nonstandard, give a description accurate enough for identification. When the articles involved have been assigned serial numbers, include such numbers for more identification. Describe damaged major units as such and not as damaged component parts. If the space on the face of the form is insufficient, use blank paper, properly identified. Do not trim the basic form and use it as a continuation sheet. (See Table 13-1.) Also enter the reportable item control code (RICC) for RICC 2, A and Z items. When RICC 2, A or Z items are listed on the report of survey and are totally lost (no residue to turn-in), enter the words "No residue."

(8) Qty. Enter the number of units of the articles listed, together with the unit of issue, such as "1 ea," "2 pr," "2 dz," etc.

(9) Unit price. Enter the AMDF price in effect at the time of the loss. When the AMDF price is not available, use the current market price of a similar item; otherwise, estimate the unit price and attach the basis for estimate to the report of survey as an exhibit. Do not enter the repair cost in this column.

(10) Total cost. Enter the total cost of all units of each article listed that has been lost or destroyed. Total cost is computed by multiplying the unit price (column 9) of each item listed, by the quantity (column 8). For damaged property, enter the ECOD. After the last entry, draw a line and enter the sum of the entries in the column and enter "Grand Total" in the unit price column. If continuation sheets are used, show the "subtotal" on each sheet. Show the grand total on the last sheet. The grand total will be the total cost of all items listed on all sheets.

(11) Date and circumstances. Enter a concise and accurate statement of the facts in the case. Include the date and place of the loss or damage. Show all persons directly concerned by name and grade. Refer to exhibits by the capital letter designation assigned according to paragraph 13-9. Show exhibits initially attached; for example, "Exhibits A to D attached." If space on the form is insufficient, continuation sheets may be used. (See figure 13-4.) Do not trim the basic form for use as a continuation sheet.

(12) Affidavit. The person providing the statement in block 11 will sign in the block titled: "signature and date". Type the person's name, grade and title in block titled: "type name, grade, and SSN".

(13) Subscribed and sworn to (or affirmed). Leave blank.

(14) Date. Enter the date the signature is entered in block 15.

Figure 13-3B. Completion Instructions (by item or column) for DA Form 4697, Department of the Army Report of Survey (Blocks 1-20)—Continued

(15) Name, grade, and signature of accountable officer. Enter the name, grade and signature of the accountable officer, or the individual who maintains the expendable/durable document register.

(16) Document number. Enter the document number or voucher number (DODAAC, julian date and serial number).

Note: Blocks 17 through 20 are to be completed by the appointing authority. If an appointing authority has not been designated, leave blocks 17 through 20 blank.

(17) Appointing Authority. The Appointing Authority will check the proper block. (See paragraph 13-22.)

(18) Date. Enter the date the signature is entered in block 20.

(19) Typed Name, Grade, and Title of Appointing Authority. Enter the name, grade and title of the appointing authority.

(20) Signature. The Appointing Authority will sign.

Figure 13-3B. Completion Instructions (by item or column) for DA Form 4697, Department of the Army Report of Survey (Blocks 1-20)

Block 11 continued, Report of Survey number 12-96, 24 April 1996, $673.29, Co Z, 906th Signal Battalion.The tool kit was hand receipted to SPC Jack L. Hunt (exhibit C). SPC Hunt has in his possession copies of DA Form 3161 showing the items were turned in to the company supply room (Exhibit D). The supply sergeant, SSG Ralph F. Watson, has no record of these turn-ins, nor is there any record in the battalion property book office.

Figure 13-4. Sample continuation sheet (Block 11, DA Form 4697)

DEPARTMENT OF THE ARMY
REPORT OF SURVEY
For use of this form, see AR 735-11; the proponent agency is DCSLOG

1. DATE PREPARED: 20 January 1996
2. SURVEY NUMBER: 3-96

3. TYPE OF PROPERTY: Organizational
4. ADDRESS OF ACCOUNTABLE OFFICER: DMMC, 7th Inf Div, Ft Mile, HI 12345, UIC W6GBAA

5. ORIGINATOR *(Accountable officer, or primary hand receipt holder)*
George F. Knight, CPT, Commanding, C Co, 3/54th Inf Bn, UIC: WARBBQ

6. NATIONAL STOCK NUMBER	7. ITEM DESCRIPTION	8. QTY	9. UNIT PRICE	10. TOTAL COST
5855-00-760-3870 N15518	Night Vision Sight Tripod Mounted, AN/TVS-4A, SN: 12345 (RICC 2, no residue)	1 ea	$4,231.	$4,231.
		GRAND TOTAL		$4,231.

11. DATE AND CIRCUMSTANCES
See AR 15-6 Investigation, Exhibit (*Alpha character*), or the location of AR 15-6 investigation, if classified.

12. AFFIDAVIT
I do solemnly swear *(or affirm)* that *(to the best of my knowledge and belief)* the articles of public property shown above and/or on attached sheets were lost, destroyed, damaged, or worn out in the manner stated, while in the public service.

SIGNATURE AND DATE

TYPED NAME, GRADE, AND SSN

13. Subscribed and sworn to *(or affirmed)* before me at
this day of

NAME AND GRADE *(type and sign)*

14. DATE

15. NAME, GRADE, AND SIGNATURE OF ACCOUNTABLE OFFICER

16. DOCUMENT NUMBER

17. APPOINTING AUTHORITY
I have received the evidence pertaining to the lost, damaged, or destroyed property, and have determined that the following action is required.

a. ☐ No further investigation is required. There is no positive evidence of negligence. I do not suspect willful misconduct or deliberate unauthorized use. I hereby forward this document to the approving authority for final action. *(Proceed to block 37.)*

b. ☐ The circumstances surrounding the lost, damaged or destruction warrants further investigation. *(Proceed to block 21.)*

c. ☐ Conduct an investigation according to AR 15-6. Attach this document, as an exhibit, to the investigation and forward it to the approving authority.

18. DATE

19. TYPED NAME, GRADE, AND TITLE OF APPOINTING AUTHORITY

20. SIGNATURE

DA FORM SEP 81 4697

DA FORM 4696(TEST), 1 JUL 78 and DA FORM 4697 (TEST), 1 JUL 78 ARE OBSOLETE.

Figure 13-5A. Sample DA Form 4697 initiated as a result of an AR 15-6 investigation

(1) through (10). Same as Figure 13-3.

(11) Date and Circumstances. Enter "See AR 15-6 Investigation."

(12) and (13). Leave blank.

(14) through (16). Assign document/voucher number as required.

(17) through (26). Leave blank.

(27) through (32b). The approving authority will cause the senior AR 15-6 investigator to complete these blocks. If an Appointing Authority has been designated, the Appointing Authority will cause the senior AR 15-6 investigator to complete these blocks.

Note: Blocks 33 through 36b are to be completed by the Appointing Authority. If an Appointing Authority has not been designated, leave blocks 33 through 36b blank.

(33) through (36b). The Appointing Authority will complete these blocks per figure 13-6.

(37) through (40b). The approving authority will complete these blocks per figure 13-6.

Figure 13-5B. Completion Instructions (by item or column) for DA Form 4697 initiated as a result of an AR 15-6 investigation

21. APPOINTING AUTHORITY	22. STATION	23. DATE
1/34th Inf Bn, 7th Inf Div	Ft Mile, HI 12345	30 Jan 96

24. NAME, GRADE OF SURVEYING OFFICER
CPT Keith E. Evans

25. YOU ARE APPOINTED SURVEYING OFFICER BY ORDER OF: LTC Thomas D. Shaffer
(Typed name, grade of Appointing Authority)

26. FINDINGS AND RECOMMENDATION

I have examined all available evidence as shown in exhibits A to F and as indicated below, have personally investigated the same and it is my belief that the article(s) listed hereon and/or attached to sheets, total cost $ 338.48 was lost as a result of negligence on the part of SSG Chery Fudge.

The missing items were lent to SFC Carl J. Brown, HSC, 3/45th Armor Bn by the unit supply sergeant, SSG Fudge, for use on a weekend camping trip with the Boy Scouts in October 1995. SSG Fudge permitted SFC Brown to take the items without first signing a hand receipt for the items borrowed. At the conclusion of the camping trip the items were never returned, exhibit C. SFC Brown retired from the Army on 30 November 1995. Attempts to ask SFC Brown of the whereabouts of these items were unsuccessful, exhibit D. SSG Fudge had custodial responsibility for the missing items per AR 735-5, paragraph 2-8d. This obligated SSG Fudge with ensuring these items were cared for, and that proper custody and safekeeping were provided. She was negligent in allowing these items to be taken from the supply room without a properly prepared hand receipt signed by SFC Brown. SSG Fudge's actions further violated AR 735-5, paragraphs 2-1e, and f which states Government property will not be loaned or used for private purposes. The amount of the loss was depreciated by 25 percent in accordance with AR 735-5, paragraph B-2b, exhibit F.

Recommendation: That SSG Fudge 000-00-0000, be held financially liable in the amount of $253.86, and all others be relieved of accountability and responsibility for the missing items. SSG Fudge's base pay is $1,890.

27. RECOMMEND PECUNIARY CHARGE	a. ACTUAL LOSS	b. AMOUNT CHARGED	c. LOSS TO GOVERNMENT
	$253.86	$253.86	$0

28. DATE	29a. TYPED NAME, GRADE OF SURVEYING OFFICER	b. SIGNATURE
19 Feb 96	Keith E. Evans, CPT	Keith E Evans

30. I have examined the findings and recommendations of the Surveying Officer on this report of survey and the exhibits A to F and ☐ desire to make a statement which is attached hereto; ☒ do not desire to make a statement. I am aware of my right to legal advice in preparing the statement and, if a pecuniary charge is finally approved, to make appeal and *(If an enlisted man)* my right to request remission of indebtedness. I am/am not the accountable officer for the lost or damaged property. The property was/was not my personal arms or equipment.

31. DATE	32a. TYPED NAME, GRADE OF INDIVIDUAL BEING CHARGED	b. SIGNATURE
20 Feb 96	Chery Fudge, SSG	Chery Fudge, SSG

33. RECOMMENDATION BY THE APPOINTING AUTHORITY	34. COMMENTS
☐ CONCUR ☐ NONCONCUR	

35. DATE	36a. TYPED NAME, GRADE & TITLE OF APPOINTING AUTH	b. SIGNATURE

37. APPROVING AUTHORITY

a. ☐ REJECTED. Investigation is required. Appoint a survey officer. Date _____ Initials _____
b. ☐ REJECTED. Investigation incomplete. Additional information required. Date _____ Initials _____
c. ☒ APPROVED BY AUTHORITY OF THE SECRETARY OF THE ARMY.

To hold SSG Chery Fudge, 000-00-0000, financially liable in the amount of $253.86. Accountability has been discontinued and all other persons have been relieved of responsibility. SSG Fudge's basic pay at the time of the loss was $1,890.

38. PECUNIARY CHARGE

a. ACTUAL LOSS	b. AMOUNT CHARGED	c. LOSS TO GOVERNMENT
$253.86	$253.86	$0

39. DATE	40a. TYPED NAME, GRADE & TITLE OF APPROVING AUTH	b. SIGNATURE
23 Mar 96	Thomas D. Shaffer, LTC Commander, 1/34 Inf Bn	Thomas D. Shaffer

1982-0-564-036/527

Figure 13-6A. Sample DA Form 4697, Department of the Army Report of Survey (Blocks 21-40)

(21) and (22) Appointing Authority and Station. Enter the organization and station of the individual who appoints the survey officer.

(23) Date. Enter the date the survey officer is appointed.

(24) Name, Grade of the surveying officer. Enter the name and grade of the individual appointed survey officer.

(25) You are Appointed Survey Officer by Order of. Enter the name and grade of the individual who appoints the survey officer.

(26) Findings and Recommendation. The survey officer's findings and recommendations are recorded here. When financial liability is recommended, persons recommended are identified by name, grade, and social security number. Show the amount of their monthly base pay at the time of the loss and the amount of financial liability being recommended. When space in block 26 is not sufficient, prepare a continuation sheet using plain bond paper.

(27a) Actual loss. Enter the actual cost of the loss. See appendix B for computing the amount of the loss.

(27b) Amount charged. Enter the amount of financial liability being recommended. If financial liability is not recommended, enter "none" or "0".

(27c) Loss to the Government. Enter the difference between actual loss and the amount of financial liability being recommended, i.e., 27a - 27b = 27c.

(28) Date. Enter the date the survey officer signs block 29b.

(29a and 29b) Typed name, grade of survey officer and signature. Enter the name and grade of the survey officer in block "a". The survey officer signs block "b".

(30 through 32b) Person(s) subject to financial charge will complete this section. If financial liability is not recommended, leave blank. If two or more persons are being recommended for charges, type or write the statement on plain bond paper as shown in figure 13-8, and have each person complete and sign the statement.

(31) Date. Enter the date the individual being recommended for charges of financial liability signs block 32b.

(32a and 32b) Type name, grade of person being charged and signature. Enter the name and grade of the person recommended for charges of financial liability. The person will sign in block 32b. If two or more persons are being charged, enter the words "See attached exhibits" in block 30. Have the persons sign their names below the statement extracted from block 30.

Note: Blocks 33 through 36 are to be completed by the Appointing Authority. If an Appointing Authority has not been designated, leave blocks 33 through 36 blank.

(33) Recommendation by the appointing authority. The appointing authority indicates his or her concurrence or nonconcurrence with the survey officer's findings and recommendations.

(34) Comments. Enter comments, if any, by the appointing authority, per paragraph 13-35.

(35) Date. Enter the date the appointing authority signs block 36b.

(36a) Typed name, grade and title of appointing authority. Type the appointing authority's name, grade and title.

(36b) Signature. The appointing authority signs.

(37) Approving authority. The approving authority will enter the date the report of survey was

Figure 13-6B. Completion Instructions (by item or column) for DA Form 4697, Department of the Army report of survey (Blocks 21-40)—Continued

received by him or her for decision in the upper right hand corner of Block 37. The approving authority will check blocks "a", "b", and/or "c" as appropriate.

(37a) Rejected. When the appointing authority checks block 17a, indicating there is no negligence and no need for further investigation, the approving authority may reject the report by checking block 37a.

(37b) Rejected. Used by the approving authority to indicate the investigation is incomplete, and further investigation is required.

(37c) Approved by authority of the Secretary of the Army. The approving authority may approve the report of survey to relieve all concerned, or to assess financial liability. If financial liability is approved, enter the person's name, grade, social security number and monthly base pay at the time of the loss to the Government. The approving authority will state the disposition of the property, e.g., accountability and responsibility for the property is discontinued, or accountability is to continue. If two or more persons are being charged with financial liability, see the example of the continuation sheet for block 37 at figure 13-18.

(38a) Actual loss. Enter the actual cost of the loss. See block 27a. If not already computed, see appendix B for computing the amount of the loss.

(38b) Amount charged. Enter the amount of financial liability charged. If financial liability is not charged, enter "none" or "0".

(38c) Loss to the Government. Enter the difference between actual loss and the amount of financial liability charged, i.e., 38a - 38b = 38c.

(39) Date. Enter the date the approving authority signs block 40b.

(40a) Typed name, grade and title of approving authority. Type the name, grade and title of the approving authority.

(40b) Signature. The approving authority signs block 40b.

Figure 13-6B. Completion Instructions (by item or column) for DA Form 4697, Department of the Army report of survey (Blocks 21-40)

21. APPOINTING AUTHORITY	22. STATION	23. DATE
3/54th In Bn	Ft Mile, HI 12345	23 Jan 96

24. NAME, GRADE OF SURVEYING OFFICER

MAJ Stanley R. Griffith

25. YOU ARE APPOINTED ~~SURVEYING~~ AR 15-6 Investigating OFFICER BY ORDER OF: LTC Robert K. Vaughn

(Typed name, grade of Appointing Authority)

26. FINDINGS AND RECOMMENDATION

I have examined all available evidence as shown in exhibits _____ to _____ and as indicated below have personally investigated the same and it is my belief that the article(s) listed hereon and/or attached to sheets, total cost $_____

27. RECOMMEND PECUNIARY CHARGE	a. ACTUAL LOSS	b. AMOUNT CHARGED	c. LOSS TO GOVERNMENT

28. DATE	29a. TYPED NAME, GRADE OF SURVEYING OFFICER	b. SIGNATURE

30. I have examined the findings and recommendations of the Surveying Officer on this report of survey and the exhibits _____ to _____ and ☐ desire to make a statement which is attached hereto; ☐ do not desire to make a statement. I am aware of my right to legal advice in preparing the statement and, if a pecuniary charge is finally approved, to make appeal and *(If an enlisted man)* my right to request remission of indebtedness. I am/am not the accountable officer for the lost or damaged property. The property was/was not my personal arms or equipment.

31. DATE	32a. TYPED NAME, GRADE OF INDIVIDUAL BEING CHARGED	b. SIGNATURE

33. RECOMMENDATION BY THE APPOINTING AUTHORITY	34. COMMENTS
☐ CONCUR ☐ NONCONCUR	

35. DATE	36a. TYPED NAME, GRADE & TITLE OF APPOINTING AUTH	b. SIGNATURE

37. APPROVING AUTHORITY

a. ☐ REJECTED. Investigation is required. Appoint a survey officer. Date _____ Initials _____

b. ☐ REJECTED. Investigation incomplete. Additional information required. Date _____ Initials _____

c. ☐ APPROVED BY AUTHORITY OF THE SECRETARY OF THE ARMY.

38. PECUNIARY CHARGE

a. ACTUAL LOSS

b. AMOUNT CHARGED

c. LOSS TO GOVERNMENT

39. DATE	40a. TYPED NAME, GRADE & TITLE OF APPROVING AUTH	b. SIGNATURE

1092 0-564-036/527

Figure 13-7A. Sample of appointing an AR 15-6 investigating officer on DA Form 4697

(21) and (22) Appointing Authority and Station. Enter the organization and station of the individual who appoints the AR 15-6 investigating officer.

(23) Date. Enter the date the AR 15-6 investigating officer is appointed.

(24) Name, Grade of Surveying Officer. Enter the name and grade of the AR 15-6 investigating officer.

(25) You are Appointed Survey Officer by Order of. Enter the name and grade of the individual who appoints the AR 15-6 investigating officer. Line through the words "survey officer" and insert "AR 15-6 investigating officer."

Figure 13-7B. Completion Instructions (by item or column) for DA Form 4697, appointing an AR 15-6 investigating officer

Completion instructions (by item or column), for continuation sheet, blocks 30-32, DA Form 4697Blocks 30-32b continued, Report of Survey, 20 Jan 91, $362. 15, Co Z, 906th Signal Battalion.

Block 30-32b continued, Report of Survey, 20 Jan 91, $362.15, Co Z, 906th Signal Battalion.

(Block 30) I have examined the findings and recommendations of the survey officer on this report of survey and the exhibits (alpha charter) to (alpha charter) and (do/do not) desire to make a statement which is attached hereto; I am aware of my right to legal advice in preparing the statement, if a financial charge is finally approved, to make an appeal, and (if enlisted) my right to request remission of indebtedness. I am/am not the accountable officer for the lost or damaged property. The property was/was not my personal arms or equipment.

(Block 31). Enter the date block 32b is signed by the respondent. (Block 32a). Enter the name and grade of the respondent.

(Block 32b). Is signed by the respondent.

Figure 13-8. Sample continuation sheet, blocks 30-32, DA Form 4697

Completion instructions (by item or column), for continuation sheet, blocks 37-40, DA Form 4697Blocks 37-40b continued, Report of Survey number 12-96, 24 April 1996, $673.29, Co Z, 906th Signal Battalion.

Block 37-40b continued Report of survey number 12-96, 24 April 1996, $673.29, Co Z, 906th Signal Battalion.

(Block 37.) Approved by Authority of the Secretary of the Army to hold SSG Johnnie S. Evans, 000-00-0000, collectively and individually financially liable in the amount of ($ amount). Accountability has been discontinued. SSG Evans's monthly basic pay at the time of the loss was ($ amount).

(Block 39). Enter the date the approving authority signs block 40b.

(Block 40a). Enter the name, grade, and title of the approving authority.

(Block 40b). Is signed by the approving authority.

Figure 13-9. Sample continuation sheet, blocks 37-40, DA Form 4697

REPORT OF SURVEY REGISTER
For use of this form, see AR 735-11; the proponent agency to ODCSLOG

NAME OF ACTIVITY: 1/34th Inf Bn

LOCATION: Ft Mile, HI 12345

PAGE NO. 1

SURVEY NUMBER	DOCUMENT NUMBER	ORIGINATOR *(Accountable officer, (or primary hand receipt holder)*	DATE SURVEY PREPARED	DATE APPROVED	TOTAL PROCESSING TIME	PECUNIARY CHARGE[1]			Collection or Appeal Status
						ACTUAL LOSS	AMOUNT CHARGED	LOSS TO GOVERNMENT	
1-96	6004-0024	Michael D. Owen CPT	3 Jan 96	17 Mar 96	74 days	$289.23	0	$289.23	
2-96	6004-0003	Charles C. Patterson CW3	4 Jan 96	9 Mar 96	65 days	$1349.74	$919.10	$430.64	Submit to FAO 9 Apr 96 for collection
3-96	6017-0001	Robert J. Bates 1LT	12 Jan 96	4 Apr 96	83 days	$546.48	$546.48	0	Denied RFR, forwarded to Appeal Auth 7 May 96
4-96	6025-0046	William P. Albright CPT	24 Jan 96	23 Mar 96	59 days	$253.86	$253.86	0	Submit to FAO 23 Mar 96 for collection
5-96	6030-0007	Michael D. Owen CPT	30 Jan 96						Cancelled, property found 7 Feb 96

[1] *Enter the amount in blocks 38a, b, c, DA Form 4697.*

DA FORM AUG 81 **1659**

EDITION OF FEB 71 IS OBSOLETE.

Figure 13-10A. Sample DA Form 1659, Report of Survey Register

1. The approving authority will number reports of survey serially. Start with number 1 at the beginning of each fiscal year.

a. Enter the number in column titled "survey number" on DA Form 1659 and in block number 2 of DA Form 4697. These numbers will be cited in all correspondence relative to the report of survey.

b. Maintain the DA Form 1659, Report of Survey Register, or its automated equivalent at the headquarters of the approving authority. Retain on file a copy of all reports of survey assigned a survey number by the approving authority.

c. File copies will be available at all times for use by auditors, inspectors general, and other administrative authorities.

d. Assign the survey number upon initial receipt of the report of survey by the approving authority.

2. The report of survey register may be expanded by using the blank columns on the reverse side of DA Form 1659. At the option of the approving authority, column headings may be entered to include additional information required. Some examples of the data that may be entered are--

a. First line item on the report of survey.

b. The unit or activity initiating the report of survey.

c. Unit's DODAAC or UIC.

d. Related reports of survey.

e. Name of the survey officer and date the survey officer was appointed.

f. Name of person held financially liable.

g. Date the request for reconsideration was submitted.

h. Date the request for reconsideration was forwarded to the appeal authority.

3. The following additional instructions apply to the ARNG--

a. The approving authority will record each report of survey when received from the initiator.

b. The approving authority may designate unique numbering systems to allow identification of surveys from different commands by their assigned numbers. (e.g. alphabetic prefixes to the sequential numbers. Thus C-1-90 is 100th Cav, M-1-90 is 200th Med, I-1-90 is 300th Inf, etc.)

c. The following data will be entered on the reverse side of the DA Form 1659.

(1) The date of discovery of the loss from block 11, DA Form 4697.

(2) Initiating time in days. This is the differences in days between the dates in blocks 11 and 14, DA Form 4697.

(3) Cost to replace. This is the sum of the AMDF prices or the repair estimates at the time of the loss from block 10, DA Form 4697.

(4) OCIE losses. This is the replacement costs taken from block 10, DA Form 4697, when OCIE is lost.

(5) AWOL surveys. This tracks whether a report of survey was the result of an individual going AWOL.

Figure 13-10B. Completion Instructions (by item or column), for DA Form 1659, Report of Survey Register

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

OFFICE SYMBOL (MARKS Number)

MEMORANDUM THRU (Respondent's commander or supervisor)

FOR (Respondent's name, grade and address)

SUBJECT: Financial Liability, Report of Survey (number), ($ amount)

1. You are hereby notified that you are being recommended for charges of financial liability to the United States Government, in the amount of ($ amount) for the loss of Government property investigated under subject report of survey (Encl).

2. Your attention is invited to AR 735-5, paragraph 13-32, which lists your rights relative to this matter as of this time. You have the right to:

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

b. Legal advice.

c. Submit a statement and other evidence to the approving authority in rebuttal of my recommendation.

3. Time constraints for submission of a rebuttal are contained in AR 735-5, paragraph 13-33b.

4. You are requested to complete blocks 30 through 32b of the enclosed DA Form 4697, and to sign the endorsement below. Request these be returned to me no later than (enter date the DA Form 4697 with blocks 30 through 32b completed, and the 1st endorsement signed by the respondent are to be returned using the guidance in AR 735-5, paragraph 13-33b). In the event I am not in receipt of these documents on (enter date), I will forward to the report of survey to the approving authority as is.

Encl

Survey Officer's
Signature's Block
and Signature

OFFICE SYMBOL (MARKS Number) 1st End

(Date)

THROUGH (Respondent's commander/supervisor)

FOR (Survey Officer's name, grade and address)

I hereby acknowledge receipt of notice recommendation for financial liability contained in the basic correspondence. am aware of my rights as listed in the basic correspondence above. A copy of DA Form 4697 with blocks 30 - 32 completed is returned as requested.

Encl

Respondent's
Signature Block
and Signature

Figure 13-11. Sample investigating officer notification to the respondent when financial liability is being recommended

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

OFFICE SYMBOL(MARKS Number) (Date)

MEMORANDUM THRU (Respondent's commander or supervisor)

FOR (Respondent's name, grade and address)

SUBJECT: Financial Liability, Report of Survey Number (number), ($ amount)

1. You are hereby notified that financial liability has been assessed against you by the United States Government, in the amount of ($ amount) for the loss of Government property investigated under subject report of survey.

2. Your attention is invited to AR 735-5, paragraph 13-40, which lists your rights relative to this matter. You have the right to:

a. Inspect and copy Army records relating to this debt.

b. Obtain legal advice relating to the assessment of financial liability.

c. Request reconsideration of the assessment of financial liability. A request for reconsideration can be submitted only on the basis of legal error.

d. Request a hearing concerning the amount of the debt, or the terms of any proposed repayment schedule (applies to civilian employees only). A request for hearing will not be considered until a request for reconsideration concerning the existence of the debt has been adversely acted on by the appellate authority. A respondent who wishes to challenge the existence of the debt must do so by submitting a request for reconsideration to the approving authority.

e. Request remission or cancellation of the indebtedness under the provisions of AR 600-4 (applies to enlisted personnel only). A request for remission or cancellation of the indebtedness will not be considered until respondent has submitted a request for reconsideration and it has been denied by the approval authority and the appellate authority.

f. Request extension of the collection period.

g. Submit an application to the Army Board for Correction of Military Records under the provisions of AR 15-185. Submitting such an application is not proper until other avenues of redress have been exhausted.

h. Enter into a written agreement with FAO/USPFO to repay the debt by installment.

3. Submission of a request for reconsideration, a hearing, or remission or cancellation of indebtedness, stops all collection action, pending a decision on the request by the appropriate official. These rights are listed in the order in which they should be exercised.

a. You have thirty calendar days from the date of this memorandum to submit a request for reconsideration to: (insert organization title and address).

b. Should your request for reconsideration be denied, you (applies to civilian employees only) have an additional 30 calendar days from the date of the reconsideration denial to submit a request for hearing to: (insert the organization title and address of the servicing FAO).

Figure 13-12A. Sample approving authority notification to the respondent when financial liability has been assessed

OFFICE SYMBOL
SUBJECT: Financial Liability, Report of Survey Number (number), ($ amount)

c. You (applies to enlisted personnel only) have thirty calendar days from the date of the notification of adverse action resulting from a request for reconsideration to submit a request for remission or cancellation of the indebtedness to: (insert organization title and address).

d. When the rights in paragraph a through c above have been exercised and you have been notified you are still financially liable and must make reimbursement to the Government, you should immediately contact your servicing FAO/USPFO to determine how to avoid possible interest and/or penalty charges if payment is not immediately made.

e. Should all of these rights be denied, or you fail to exercise one of the rights within the appropriate time frame, your last avenue of redress is to make application to the Army Board for Correction of Military Records (ABCMR). Application to the ABCMR does not stop collection actions.

4. Should you have any questions concerning the above rights, you may contact my designated representative (insert name, grade, organization title and address) or the servicing Staff Judge Advocate office.

Encl
Subject report of survey

Approving Authority's
Signature Block
and Signature

OFFICE SYMBOL(MARKS Number) 1st End (Date)

THROUGH (Respondent's commander or supervisor)

FOR (Approving Authority's name, grade and address)

I hereby acknowledge receipt of notice of assessment of financial liability contained in the basic correspondence. I am aware of my rights as listed the in basic correspondence.

Respondent's
Signature Block
and Signature

Figure 13-12B. Sample approving authority notification to the respondent when financial liability has been assessed

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

OFFICE SYMBOL (MARKS Number) (Date)

MEMORANDUM THRU (Respondent's commander or supervisor)

FOR (Approving authority, title and address)

SUBJECT: Request for Reconsideration, Report of Survey Number (number), ($ amount)

I hereby request reconsideration of the assessment of financial liability against me for the loss of Government property investigated under subject report of survey.

(Note: When you request reconsideration of the assessment of financial liability, you must enclose the following with your request.)

1. A statement of the reason(s) why you believe the approving authority's assessment of financial liability is erroneous, including a complete description of the facts, evidence, and a summary of the testimony of any witnesses you believe support your position.

2. Copies of any pertinent records you wish to have considered if they differ from those records previously provided to you by the approving authority.

Respondent's
Signature Block
and Signature

Figure 13-13. Sample request for reconsideration

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

OFFICE SYMBOL (MARKS Number) (Date)

MEMORANDUM THRU (Respondent's commander or supervisor)

FOR (Servicing FAO's or USPFO's title and address)

SUBJECT: Request for Hearing, Report of Survey Number (number), ($ amount)

I request a hearing for the following reason(s): (Enter one or more of the following reason(s) for requesting a hearing).

To contest the validity of the debt for salary offset purposes.

To contest the amount of the debt.

To contest the terms of the offset schedule proposed by the Creditor Component.

(Note: If you are requesting a hearing to contest the validity or the amount of the debt, 1 and/or 2 above, you must enclose the following with this request:)

a. A statement of the reason(s) why you believe the creditor's determination of the validity and/or the amount of the debt is erroneous. Include a complete description of the facts, evidence, and a summary of the testimony of any witnesses you believe support your position.

b. Copies of any pertinent records you wish to have considered at the hearing, if they differ from those records previously provided to you by the Creditor Component.

(Note: If you are requesting a hearing to contest the terms of the offset schedule proposed by the Creditor Component, (3) above, you must enclose the following with your request:)

a. Your proposed alternative offset schedule, i.e., how much you can repay each month.

b. An affidavit of financial status (obtained from the servicing FAO).

c. Copies of any records you wish to be considered at the hearing, if they differ from the records previously provided by the Creditor Component:

Encl(s)

Respondent's
Signature Block
and Signature

Figure 13-14. Sample request for a hearing by civilian employee

DEPARTMENT OF THE ARMY
ORGANIZATION NAME/TILE
CITY, STATE, AND ZIP CODE

OFFICE SYMBOL (MARKS Number) (Date)

MEMORANDUM THRU (Respondent's commander or supervisor)

(Approving Authority's title and address)

FOR (Servicing FAO's or USPFO's title and address)

SUBJECT: Request for Extension of the Collection Period, Report of Survey (number), ($ amount)

I hereby request an extension of the collection period to (number) months due to financial hardship.

(Note: When requesting extension of the collection period, you may be required to submit an affidavit of financial support to your servicing FAO or USPFO).

Respondent's
Signature Block
and Signature

Figure 13-15. Sample request for extension of the collection period

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

OFFICE SYMBOL(MARKS Number) (Date)

MEMORANDUM THRU (Respondent's commander or supervisor)

FOR (Respondent's name, grade and address)

SUBJECT: Notice of Relief of Financial Liability, Report of Survey

You are hereby notified that you are relieved from responsibility for the loss, damage, or destruction of the Government property listed on Report of Survey (number).

Approving Authority's
Signature Block
and Signature
or
their designated
representative's

Figure 13-16. Sample approving authority notification of relief of financial liability

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

OFFICE SYMBOL (MARKS Number) (Date)

MEMORANDUM FOR (Approving Authority, title and address)

SUBJECT: Request for Reconsideration, Report of Survey Number (number), (amount)

1. Subject request for reconsideration of assessment of financial liability against (enter name and grade of respondent) has been reviewed and request for relief of financial liability is (denied) or (granted) by the appellate authority.

2. This decision is final and no further request for reconsideration is allowed.

3. You are directed to inform the respondent of this decision, and to take the following actions as appropriate:

(Note: If the request for reconsideration is denied by the appellate authority, advise the respondent of the following rights--

a. If respondent is a civilian employee, he or she has thirty days from the date of notification to submit a request for hearing.

b. If respondent is an enlisted soldier, he or she has the right to request remission or cancellation of indebtedness under the provisions of AR 600-4.

c. Respondent has the right to make application to the Army Board for Correction of Military Records, should all other avenues of redress fail.

(Note: If the request for reconsideration is granted by the appellate authority, the approving authority will advise the FAO/USPFO to refund any monies previously collected against this debt as a collection erroneously received.

Encl

Appellate Authority's
Signature Block
and Signature

Figure 13-17. Sample appeal authority notification of results of review of the report of survey

Review Process

Initiator

Block 1. Is the date entered (figure 13-3)?

Block 2. The survey number is entered by the approving authority. See paragraph 13-19a(5).

Block 3. Is the word "organizational", or "real property", or "stock record account", or "installation" entered (figure 13-3)?

Block 4. Has the address of the accountable officer and the UIC for property book accounts or the DODAAC for stock record accounts been entered. For expendable/durable property not carried on accountable records, has the address of the activity maintaining the expendable or durable document register been entered (figure 13-3)?

Block 5. Is the name, grade and designation of the accountable officer, commander, or primary hand receipt holder entered (figure 13-3)?

Block 6. Has the correct stock number and line item number (LIN), or nonstandard item (NSI) number for nonstandard items been entered (figure 13-3)?

Block 7. Have the correct nomenclature, RICC, "No residue" (if applicable), and serial number of serial numbered items been entered (figure 13-3)? If space is insufficient, is plain paper used as a continuation sheet (Table 13-1)?

Block 8. Have the correct quantity and unit of issue been entered (figure 13-3)?

Block 9. Is the correct unit price of the item, entered (figure 13-3)?

Block 10. Is the total cost computed correctly (column 8 multiplied by column 9)? For damaged property, is the estimated cost of damage entered (figure 13-3)?

Block 11. Is an accurate and concise statement of facts given, including the date and place of the incident causing the loss? Are all persons identified by name, grade and designation? Is a notation made in block 11 as to the exhibits attached (figure 13-3)? Is there a copy of each exhibit attached to each copy of the report of survey (Paragraph 13-9a(3)(c))? Are the exhibits properly identified (paragraph 13-29g(2))?

Block 12. Is this block completed according to figure 13-3?

Block 13. Leave blank.

Accountable Officer

Block 14. Has the accountable officer entered the date of his or her signature in block 15?

Block 15. When adjustment to an accountable record is required, has the accountable officer's name, grade and designation been entered (typed and signed) (figure 13-3)?

Block 16. When adjustment to an accountable record is required, has a document number or voucher number been assigned?

Appointing Authority. (Applies only if an Appointing Authority was designated)

Blocks 17-25. Has the report of survey and supporting evidence been reviewed to determine what action is required? (When it can be determined from the facts presented that a person should, or should not be held financially liable without an investigation, the appointing authority will check box 17a. If an investigation is required, the appointing authority will check box 17b or 17c). Are blocks 18

Figure 13-18. Checklist for reports of survey—Continued

through 20 completed (figure 13-3)? If a survey officer is appointed, are blocks 21 through 25 completed (figure 13-6)?

Approving Authority. (Applies only if an Appointing Authority has not been designated)

Blocks 17-25. Has the report of survey and supporting evidence been reviewed to determine what action is required? When it can be determined from the facts presented that a person should or should not be held liable without an investigation, the approving authority will follow the procedures outlined in paragraph 13-21. If an investigation is required, the approving authority will complete blocks 21-25.

Survey Officer

Blocks 26-32. Have the items been completed as shown in figure 13-6? Did the survey officer accomplish the following during his or her investigation?

a. Rigidly scrutinize all available evidence, especially in instances of alleged theft (paragraph 13-29)?

b. Interview witnesses, or review their written depositions, if the survey officer believes their testimony will be of value in establishing the cause of the loss or damage, and responsibility thereof (paragraph 13-29)?

c. Obtain certificates, if they are not already attached to the report of survey, from the responsible person or others, setting forth all the known circumstances of the case and the precautions taken by them and by those under their supervisory control (paragraph 13-29)?

d. Compile the evidence that substantiates or refutes the statement in block 11, and the statements of other interested persons (paragraph 13-29)?

e. Physically examine the listed property, if present, before it is repaired, destroyed, or otherwise disposed of, and release it for proper action when examination is completed (paragraph 13-29)?

f. Consult with the approving authority on any matters the survey officer is in doubt of?

g. Conduct a thorough and impartial investigation (paragraph 13-29)?

h. Develop the facts and circumstances, not necessarily as reported, but as they actually exist (paragraph 13-30)?

Findings and recommendations

a. Is the recommendation based on the findings of the survey officer (paragraph 13-30b)?

b. Are the findings supported by the exhibits, and are the exhibits properly referenced? If the facts were established orally, is the person giving the testimony named, identified, and directly quoted (paragraph 13-30a)?

c. Has the survey officer described the facts in his or her own words (paragraph 13-30a)?

d. If the damaged property has been disposed of, has disposition of the damaged property been recorded in the findings, and has a copy of the turn-in document been included as an exhibit (paragraph 13-30)?

e. Are statements or certificates and other exhibits lettered alphabetically showing the date of the report of survey, the dollar amount of the loss, and the organization sustaining the loss (paragraph 13-29g)?

f. Have contradictory statements been resolved by the survey officer (paragraph 13-29f)?

g. Are recommendations consistent with the findings? Do they cover responsibility, accountability, financial liability, and the disposition of the property, if applicable (paragraph 13-30)?

h. Has the survey officer's name and grade been entered in block 29a, and has the survey officer signed all copies of the report of survey in block 29b (paragraph 13-30d)?

i. Has the survey officer entered the date in block 28 that he or she signed block 29b (figure 13-6)?

j. When claim action has been or is being taken under AR 27-20, has a statement to this effect been made by the survey officer (paragraph 13-30c(8))?

(For Vehicle Accidents Only)

a. Are statements from the driver and passenger(s) of the vehicle being surveyed, driver(s) of other vehicles involved, and any witness(es) included as exhibits?

b. Has an accident report, DA Form 3946 (Military Police Traffic Accident Report) been included as an exhibit to the report of survey? DA Form 285 (US Army Accident Investigation Report) will not be used as an exhibit to support the report of survey.

Figure 13-18. Checklist for reports of survey—Continued

c. Have the operator's qualifications, DA Form 348 (Equipment Operator's Qualification Record (Except Aircraft)) been included as an exhibit to the report of survey?

d. Has damage been explained or have pictures been used to show damage?

e. If a financial charge is being recommended, has the actual cost of the damage been obtained? If not, has the estimated cost of damage been included as an exhibit to the report of survey?

(For Loss or Theft of Property Only)

a. Are statements by responsible persons concerning the security measures in force included as exhibits to the report of survey?

b. Are extracts of pertinent documents showing security measures in force, e.g., guard orders, officer of the day log, standard operating instructions, etc., included as exhibits to the report survey?

c. Has a copy of the report of investigation or provost marshal's investigation been included or, if not completed, has reference to the investigation been made?

(When a Financial Charge is Recommended)

a. When a financial charge is recommended by the survey officer, is computation of the charges included in the findings (paragraph 13-30c(6)(d)?

b. Has computation of the charges been made in accordance with paragraph 13-30, table 12-3 or 12-4, and appendix B?

c. Has a rebuild allowance instead of depreciation been used on such items as rifles, binoculars, pistols, etc. (paragraph B-2c)?

d. Has the full name, grade, social security number, and amount of the charge been included in the recommendations for persons recommended for financial liability? Have the charges been computed properly when more than one person is recommended for the assessment of financial liability (para 13-30)?

e. Has the person(s) against whom a charge of financial liability is recommended, been given an opportunity to review the survey officer's findings and recommendations, and the supporting exhibits; make a rebuttal statement if desired; and sign block 32b (appendix C)?

f. When new or additional evidence is submitted by the person recommended for a charge of financial liability, has it been considered by the survey officer, and appropriate comments made in block 26, DA Form 4697? Has the evidence been properly identified and attached as an exhibit to the report of survey (paragraph 13-32).

g. When the person against whom a charge of financial liability is recommended, is not present to complete blocks 30, 31 and 32b, DA Form 4697, has a complete copy of the report of survey with all exhibits been forwarded to him or her under a memorandum explaining his or her rights? Was the memorandum forwarded by certified mail, return receipt requested? Has a copy of the memorandum been included as an exhibit to the report of survey (paragraph 13-32)?

h. If the damaged equipment is not repairable, and a charge of financial liability is being recommended, is the financial charge based upon the net loss to the Government as prepared by the supporting maintenance activity (appendix B)?

Other items to be checked

a. Has the report of survey been prepared in the appropriate number of copies (paragraph 13-8)

b. Has a thorough check of the report of survey been made to ensure that all erasures and other alterations have been made neatly and have been initialed by the person originating the entry (paragraph 13-9a(4))?

c. Does the report of survey establish a person had responsibility as defined in paragraph 2-8? If so, was their negligence the proximate cause for the loss or damage?

Appointing Authority.(Applies only if an Appointing Authority was designated)

Blocks 26-35.

a. Has the survey officer completed all required actions?

b. Does the completed report of survey contain enough pertinent data to enable a review later without having to obtain addition data.

c. Has block 33 been completed by the appointing authority to indicate his or her recommendations? The appointing authority may concur or nonconcur with the recommendations made by the survey officer, or make recommendations of their own. When the appointing authority does not agree with the survey officer's findings and recommendations, their rationale must be documented in block 34. If the space in block 34 is not sufficient, "see attached statement" or "continued" should be typed in block 34, and a statement or continuations sheet attached to each copy of the report of survey.

Figure 13-18. Checklist for reports of survey—Continued

d. Have all time frames been met? If not, has a memorandum explaining the delay and signed by the person responsible for the delay, been included as an exhibit to the report of survey (paragraph 13-5)?

Approving Authority

Blocks 37-40.

a. Have items been completed as shown in figure 13 6?

b. Have the initiator, the appointing authority, and the survey officer completed all required actions?

c. Does the completed report of survey contain enough pertinent data to enable a review later without having to obtain addition data.

Figure 13-18. Checklist for reports of survey

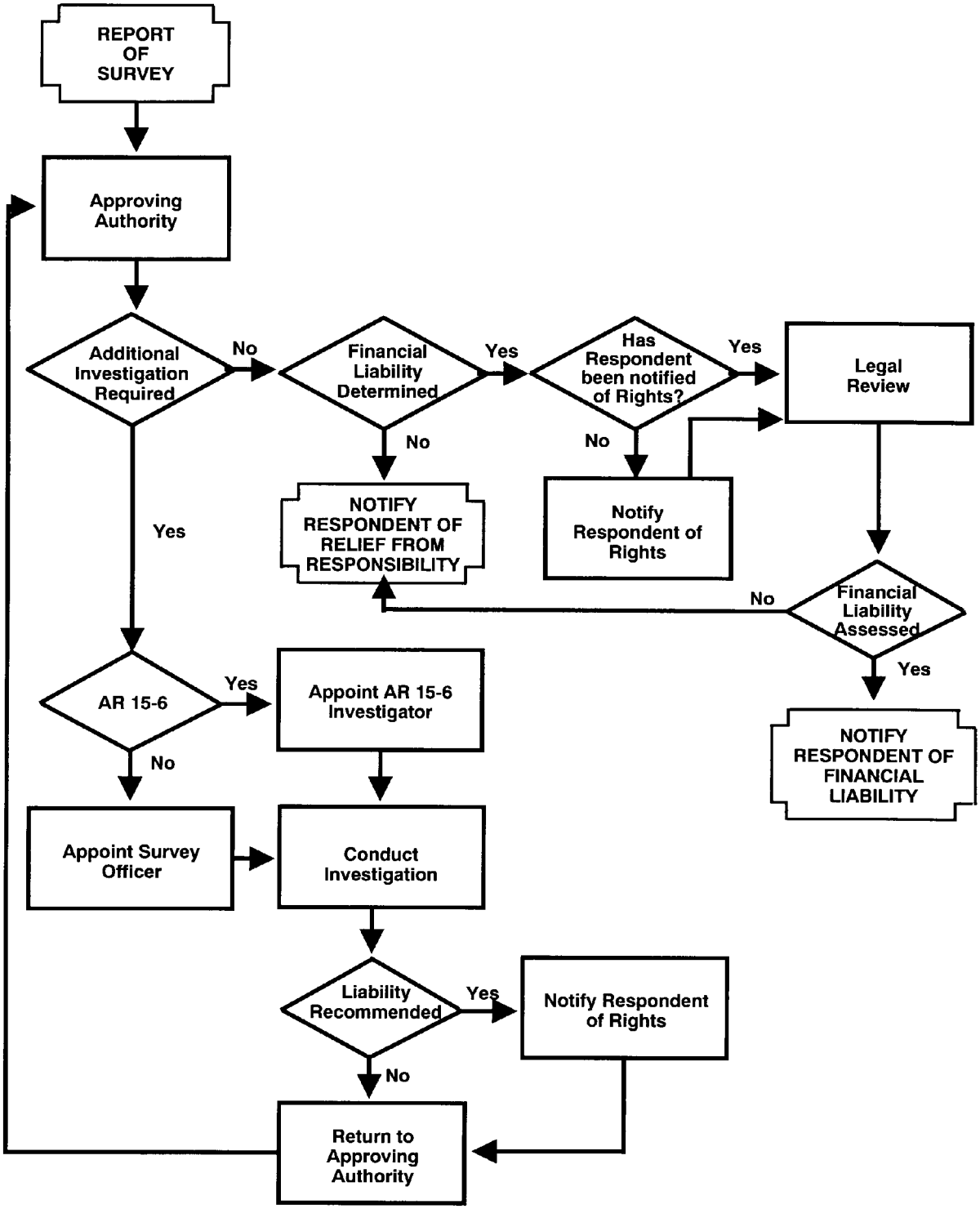


Figure 13-19. Report of Survey processing steps without an appointing authority

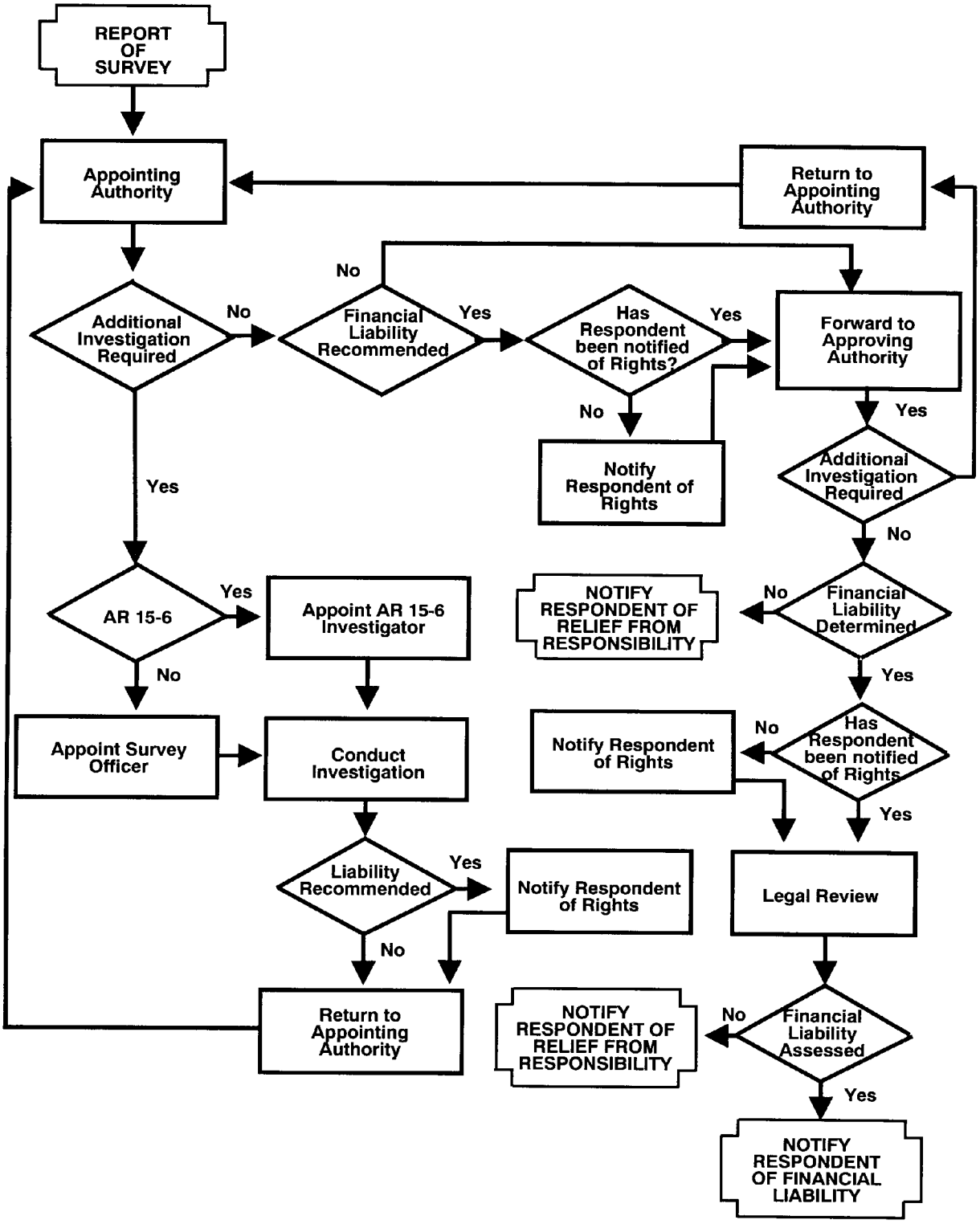


Figure 13-20. Report of Survey processing steps with an appointing authority

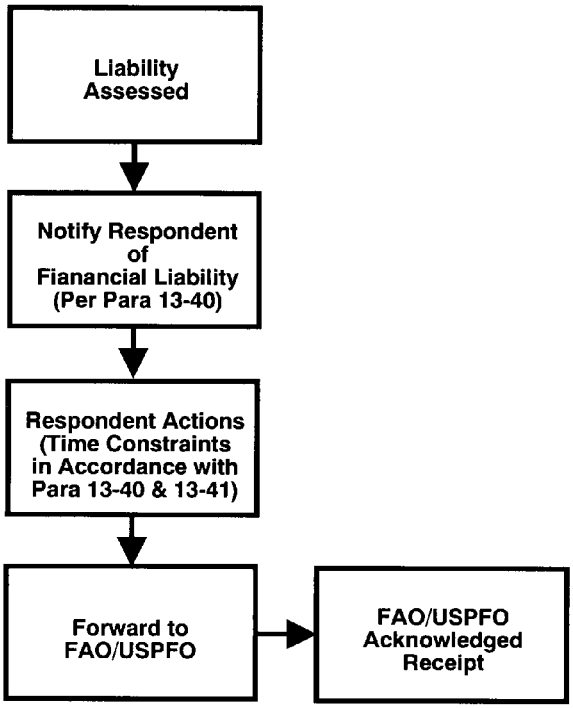


Figure 13-21. Report of Survey Processing steps from assessment of financial liability to receipt at FAO/USPFO

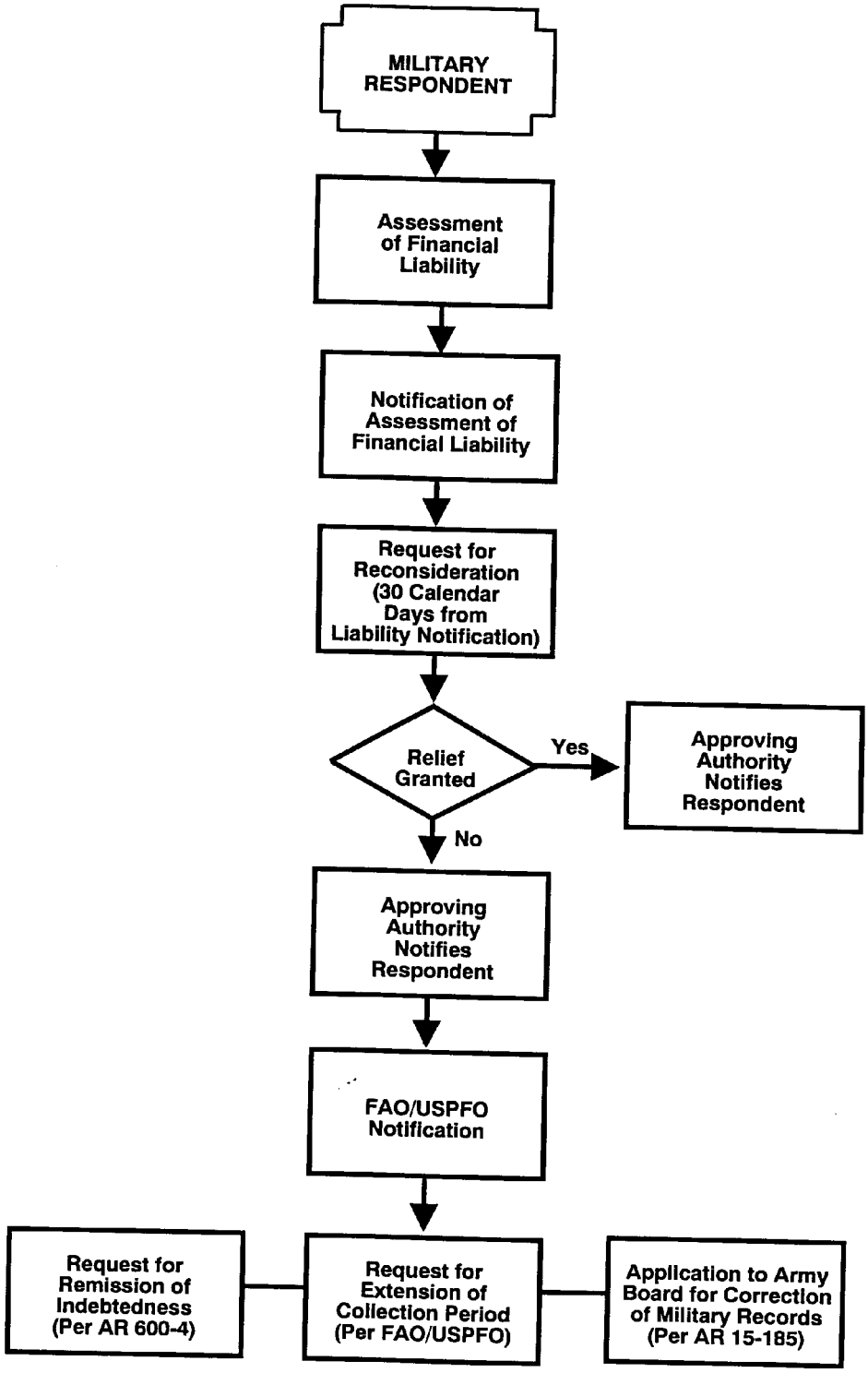


Figure 13-22. Time constraints for a military respondent

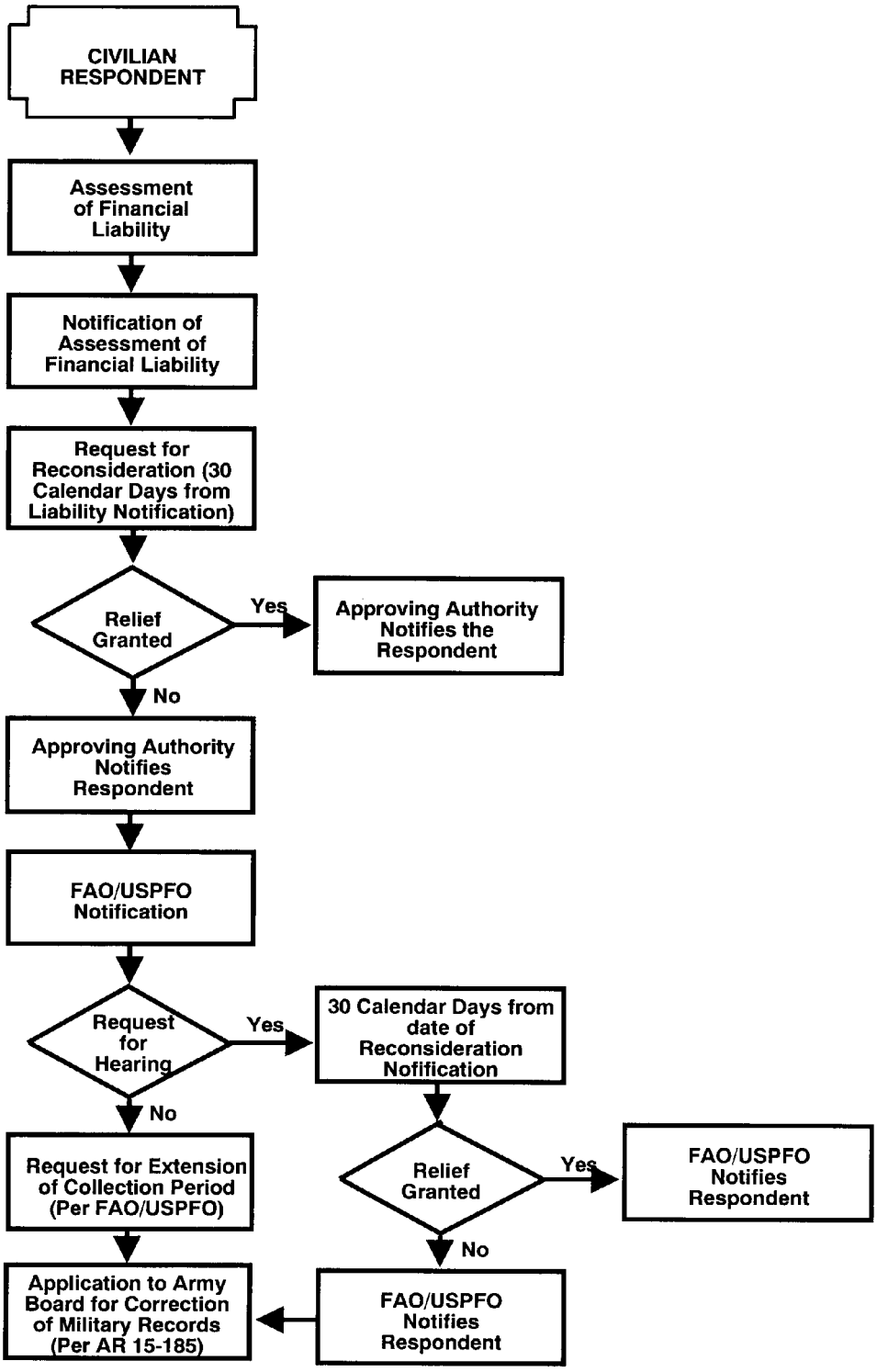


Figure 13-23. Time constraints for a civilian respondent

Chapter 14
Special Procedures

14–1. Reports of survey listing property carried on accountable records of an installation other than where located

This chapter provides procedures that must be followed to account for property under special circumstances.

a. When a report of survey is initiated for property located at a satellite installation or maintenance activity that is accounted for by a parent installation or maintenance customer, the initiator will forward the original and four copies of the report of survey to the approving authority at the satellite installation or maintenance activity. The initiator will retain copy five, and forward the sixth copy to the accountable officer as an advance information copy. Upon receipt of the sixth copy, the accountable officer will assign a document or voucher number, post the property records, and ensure the document or voucher number is provided to the initiator and approving authority.

b. Paragraph a above, also applies to the loss, damage or destruction of historical properties carried on the stock record account of the Center of Military History (CMH) and physically in the custody of a borrower not under the command jurisdiction of the CMH. The approving authority will provide completed copies of reports of survey on request.

c. When ARNG reports of survey list property located at a satellite installation and held on a property book or stock record account of a parent installation, the initiator will retain one copy and forward the original and five copies to the accountable officer of the parent unit. The accountable officer will assign a document or voucher number, post the property records, and forward the original and four copies of the report of survey to the approving authority.

14–2. Reports of survey pertaining to inactivated installations, activities, or organizations

Process reports of survey immediately upon the discovery of the loss, damage, or destruction of Government property. If possible, complete the report of survey investigations before the inactivation of the activity takes place. There are instances where reports of survey are necessary, but are not initiated or completed before the inactivation is completed. In these cases, the headquarters exercising command jurisdiction over the inactivated installation, activity, or organization will prepare and process the reports of survey.

14–3. Discrepancies involving persons carried on the rolls, but not present

a. Death, desertion or insanity requiring property settlement. When death, desertion or insanity requires a property settlement (other than personal clothing), prepare a report of survey for the missing or damaged property.

b. Assessment of financial liability. When an assessment of financial liability against a deceased military member or DoD civilian employee is appropriate, the approving authority will write or type the word "DECEASED" in block 37 of DA Form 4697. The approved report of survey will not be forwarded to the FAO, USPFO or PERSCOM, nor to the surviving relatives of the deceased. A copy of the approved report of survey assessing financial liability against a deceased individual will be forwarded under a transmittal memorandum to the installation claims office for adjudication under the provisions of AR 27-20. When acknowledgment of receipt is not received by the approving authority within 20 calendar days, the approving authority will initiate a follow-up to the claims office. Follow-ups will continue to be sent every 10th day until receipt by the installation claims office is acknowledged.

c. Active Army. When financial liability is assessed against a military member or DoD civilian employee who is alive, but is no longer in the military service or employed by the Federal Government as a civilian employee, a copy of the report of survey, with all exhibits, will be forwarded, under a memorandum, to the servicing FAO or USPFO for inclusion in the respondent's permanent finance record. The memorandum will request the report of survey be forwarded to the respondent's unit or place of employment in case he or she should return to Government control.

d. USAR. When financial liability is assessed against a military member, a copy of the report of survey will be mailed to U.S. Army Reserve Personnel Center, 9700 Page Boulevard, St Louis, MO 63132-5200 for inclusion in the respondent's permanent records.

e. Distribution. Place copies of completed DA Form 4697 in the member's permanent records.

f. Property authorized under CTA 50-900. Property authorized under CTA 50-900, tables 1, 2 and 3 will not be listed on reports of survey for active Army personnel (see DA Pamphlet 600-8). Reserve components will use DA Form 4697 to account for losses of property authorized under CTA 50-900. Tables 1, 2 and 3.

14–4. Accounting for lost, damaged or destroyed personal clothing and organizational clothing and individual equipment (OCIE)

a. The commanders of active Army, USAR and ARNG members, and ROTC cadets are responsible for initiating reports of survey when property issued from a Central Issue Facility (CIF) becomes lost, damaged, or destroyed, and none of the methods cited in chapter 12 can be used to obtain relief from responsibility. Additionally, the commanders of USAR and ARNG members, and ROTC cadets are responsible for initiating reports of survey when property issued from a clothing initial issue point (CIIP) becomes lost, damaged, or destroyed.

b. The following applies to the loss of personal clothing and OCIE when a USAR member, ARNG member, or ROTC cadet stops participating in training sessions (unsatisfactory participant whose whereabouts is unknown), and has not returned his or her personal clothing and/or OCIE. Also applies to active duty personnel in an absent without leave (AWOL) status whose OCIE is not available for turn-in.

(1) Report of survey will be initiated. The initiator will complete blocks 1, and 3 through 12 of DA Form 4697. Block 13 will be left blank. The report of survey will be forwarded to the accountable officer for assignment of a document number. The accountable officer will assign a document number as shown in chapter 13, section II, and forward the report of survey to the approving authority.

(2) The approving authority will assign a report of survey number upon receipt of the report of survey. Blocks 17 through 36b will be left blank. The approving authority will check block 37c, and insert the following statement: "Member, or cadet (insert name, grade if applicable and SSN) is held financially liable for the amount indicated in block 38b." Complete blocks 38a through 40b.

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

(4) If the FAO or USPFO cannot make collections because no pay is due, the report of survey will be forwarded to the servicing claims office for collection. For USAR soldiers for whom no pay is due, the report of survey will be returned to the approving authority who will take the following actions:

(a) If the charge is $100 or less, a copy of the report of survey will be filed as an uncollectible debt in the report of survey files. A copy will be mailed to the U.S. Army Reserve Personnel Center, 9700 Page Boulevard, St. Louis, MO 63132-5200 for inclusion in the respondent's permanent record.

(b) If the charge is more than $100, a copy of the report of survey will be forwarded to the Defense Finance and Accounting Service, Indianapolis Center, Department 80, Indianapolis, IN 46249-0001, for collection.

14–5. Government provided property

The officer or property administrator designated to maintain or-supervise property records of DA property held by a contractor, will initiate reports of survey, as appropriate.

14–6. Leased property

An AR 15-6 investigation may be used instead of a report of survey investigation for losses of leased property when negligence or willful misconduct is suspected. However, when the investigation finds negligence or willful misconduct exists, the AR 15-6 investigation will be attached to a report of survey as discussed in paragraph 13-24.

14–7. Marine casualties

Property carried on a property account listed in a Marine Casualty Investigating Officer's report as provided in AR 385-40, chapter 7 does not require a survey officer to be appointed. However, the report of survey will include a copy of the Marine Casualty Investigating Officer's Report, or an extract of the report, as an exhibit. (Follow the procedures established for using an AR 15-6 investigation with a report of survey as shown in paragraph 13-24.)

14–8. Unserviceable supplies in depot storage

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

14–9. ARNG loaned property

ARNG equipment that is lost, damaged, or destroyed while on loan to another state will be processed according to appendix D.

14–10. Liability of nonappropriated fund activities

AR 215-1, chapter 12 authorizes the loan of specified items of appropriated fund property to nonappropriated fund activities of the Army. In such cases the activity rather than the person who signs for the property assumes nonpersonal responsibility. The activity is not regarded as being an insurer of the property, but is financially liable for a loss under paragraph 13-39. An action to hold a nonappropriated fund activity financially liable for the loss of appropriated fund property does not negate the right of the activity to hold, in turn, its officers or employees financially liable.

14–11. Property unlawfully detained by civilians

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

(1) Unlawfully removed from his or her jurisdiction.

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

b. Installation or other immediate commanders will seize Government property, as authorized by Federal or State laws, if such seizure can be achieved without committing a breach of the peace or a trespass on private premises. (In the National Guard, only the USPFO or a Federal National Guard Technician acting for the USPFO may take this action.)

(1) The person from whom property is seized will be presented a receipt or certificate showing such property as belonging to the U.S. Government.

(2) The officer seizing the property will hold the property as provided by applicable Federal and/or State law, subject to any legal proceedings.

c. Before authorizing a recovery or seizure of Government property, the commander should consult with the servicing Staff Judge Advocate office to determine the legality of such seizure per state law.

14–12. Accounting for Government quarters and furnishings

a. When Government quarters or the Government furnishings and equipment contained therein become lost, damaged or destroyed, the installation housing manager will initiate a report of survey. The report of survey will be processed through the chain of command of the individual who is signed for the quarters at the time of the incident per paragraph 13-4. Military and civilian sponsors may be charged with financial liability when the loss, damage or destruction is the result of negligence or willful misconduct on the part of the sponsor, whether or not the sponsor has receipted for the quarters, furnishings or equipment. This also includes cases where the loss, damage, or destruction results from an act of a household member or guest, or a pet of either the household member or guest. However, it does not include losses resulting from fair wear and tear, or an act of God.

b. When liability against a sponsor cannot be shown, the financial liability can be assessed against the individual who actually caused the loss, damage, or destruction. In this instance, upon assessing financial liability, the report of survey will be forwarded to the servicing claims office for collection.

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

14–13. Aircraft accidents

For property lost, damaged or destroyed in an aircraft accident, a copy of the collateral investigation (also known as a line-of-duty, AR 15-6, or legal investigation) will be attached to the report of survey per paragraph 13-24. Collateral investigations may be conducted at the discretion of the commander whose personnel, equipment, or operations were involved in the accident per AR 380-40, paragraph 1-8. Collateral investigations will not be used as a property adjustment document or to assess financial liability. Process a report of survey to accomplish either of these actions.

14–14. Contracting officer actions on reports of survey

a. When losses of property on Army accountable records involve possible contractor liability under a service contract, the individual with direct responsibility will initiate and forward the report of survey to the approving authority. The approving authority will forward the report of survey to the contracting officer that is monitoring the service contract.

b. The contracting officer, assisted by the property administrator, will investigate the loss and make an independent finding as to the liability of the contractor involved in a report of survey. The contracting officer will make a determination as to the contractor's liability, and formally furnish a copy of his or her determination to the contractor. Should the contracting officer determine compensation is due to the U.S. Government, he or she will promptly issue a written request (demand) for payment to the contractor. The contracting officer will record the findings and state the adjustment on the report of survey. The decision of the contracting officer is final and conclusive unless the contractor makes an appeal under the disputes clause of the contract.

c. Contracting officers will forward their decisions on the report of survey to the approving authority. This processing of the report of survey is not to be considered under the time constraints in paragraph 13-5 of this regulation. However, there will be 30 day follow-ups by the approving authority until the completed report of survey is returned.

14–15. Approval authority for property issued to a unit during major training exercises

During training exercises, reports of survey will be initiated immediately upon the discovery of Government property being lost, damaged or destroyed. The survey officer must begin the investigation by examining the damaged property, and releasing it for turn-in, or repair and disposition back to the owning unit. Every effort will be made to complete the investigation while the facts are fresh, and responsible and knowledgeable persons are still present.

a. Regardless of who initiates the report of survey, it will be processed through the chain of command of the individual who had

personal and/or direct responsibility for the property at the time of the incident.

b. The exception to a above, is when a support agreement allows a host installation or host MACOM to approve reports of survey through the property administrative channels.

14–16. Accounting for recovered property previously listed on a report of survey

Often property is found after a report of survey has been initiated to account for its loss. When this occurs, follow the procedures listed below:

a. When the property is recovered before a document or voucher number is assigned to the report of survey, the initiator will—

(1) If some, but not all the property is recovered, line through the recovered property identified in blocks 6 through 10, and initial the entries on all copies. Adjust the grand total under column 10, total cost.

(2) If all the property is recovered, destroy the document.

b. When property is recovered after a document or voucher number has been assigned to the report of survey, the initiator, the survey officer, or the approving authority, as appropriate, will direct the accountable officer in writing to reestablish accountability for the recovered property.

(1) In the active Army and USAR, the accountable officer will reverse the transaction using the same document or voucher number assigned to the report of survey.

(2) In the ARNG, the accountable officer will prepare a DA Form 3161, and annotate the form as found on installation. A new document or voucher number will be assigned and cross referenced to the report of survey. After posting the accountable records, copies of the DA Form 3161 will be distributed as follows:

(a) File the original in the accountable officer's document or voucher supporting file.

(b) Provide a copy to the USPFO to support adjustment to the Equipment Status Report (ESR).

(c) Attach one copy to the report of survey as an exhibit.

(3) The accountable officer will respond back by endorsement to the initiator, survey officer, or approving authority as appropriate when accountability has been reestablished. The accountable officers's response will be attached to the report of survey as an exhibit.

c. When property is recovered after a survey number has been assigned by the approving authority, the approving authority will forward a memorandum to the accountable officer instructing the accountable officer to reestablish accountability for the property recovered. The instructions in paragraph b above, will apply to the accountable officer when reestablishing accountability.

(1) When some items are recovered, but not all, a copy of the memorandum with accountable officer's endorsement will be attached to the report of survey as an exhibit, and the report of survey investigation will continue until report of survey is completed.

(2) When all property is recovered, the memorandum with accountable officer's endorsement will be attached to the report of survey as an exhibit, and the report of survey will be cancelled. Survey officer will be notified to discontinue the investigation and the original of report of survey will be marked "CANCELLED" and filed by the approving authority to support the cancellation.

d. When property is recovered after the approving authority has made a final decision on financial liability, the approving authority will reopen the report of survey.

(1) The approving authority will forward a memorandum to the accountable officer instructing the accountable officer to reestablish accountability for the recovered property. The instructions in paragraph b above will apply to the accountable officer when reestablishing accountability. The accountable officer's response will be attached to the report of survey as an exhibit.

(2) When an individual(s) has been assessed with financial liability for those items recovered, determine whether the individual was assessed the total amount of the loss or 1 month's base pay as prescribed in paragraph 13-39b. If the individual was assessed the total amount of the loss, the approving authority will forward a memorandum to the finance and accounting office requesting the respondent be refunded the amount collected for the recovered property. When the individual was assessed one month's base pay, refunds of the amount collected for recovered property will not be made unless the items recovered, reduce the total loss to less than one month's base pay. The amount refunded would be the difference between the amount collected and the amount of the adjusted loss (total loss, less the value of the recovered property.)

(3) In the event a unit or activity has been inactivated, the approval authority in the chain of command immediately above the inactivated unit or activity, and still active, will take the action specified in (2) above. The recovered property will be turned in as found on installation in accordance with AR 710-2, paragraph 2-13d(1)l.

14–17. Subsistence accounting variances

a. TISA.

(1) Adjust unidentifiable operational accounting variances in the TISA account (ration breakdown for ARNG) that do not exceed the authorized tolerances according to AR 30-18, paragraph 5-9. The approving authority for DA Form 4170-R will approve the gain and loss variances.

(2) Prepare a report of survey according to chapter 13 when the unidentifiable accounting losses exceed the tolerance authorized by AR 30-18, paragraph 5-10, or if the approving authority for DA Form 4170-R does not approve the gains or losses.

b. Overdrawn or underdrawn meal status, ARNG. Bring overdrawn or underdrawn meal status in excess of the authorized tolerance factors for annual training or inactive duty training into tolerance per AR 30-1, paragraph 8-4.

14–18. Losses of cashmeal payment sheets, DD Form 1544 (Cash Meal Payment Book) and money collected as payment for meals in a dinning facility

Losses of cashmeal payment sheets and/or money collected as payment for meals in a dinning facility require an investigation under AR 15-6 per AR 30-1, paragraph 11-2. A report of survey will be initiated to account for the lost form(s) and/or money, and to assess financial liability if negligence is found.

14–19. Destruction of contaminated clothing and equipment

a. Individual clothing. Replace contaminated individual clothing directed to be destroyed by medical authority using gratuitous issue procedures DA Form 3078, (Personal Clothing Request). (See AR 700-84, paragraph 5-4b, for detailed instructions.)

b. Organizational clothing. Contaminated organizational clothing and individual equipment destroyed by direction of medical authority, will be adjusted from property records. List this property on a memorandum, bearing a signed statement naming the medical officer who directed the destruction of the articles, and the signature of the unit commander. When received by the person maintaining the accountable record, a document number will be assigned to the memorandum, and memorandum posted as a loss to the accountable record(s).

14–20. Disassembled or cannibalized major items, kits, or assemblies

When a major item (except aircraft), kit, or assembly is disassembled or cannibalized according to instructions of the appropriate wholesale item manager, an adjustment to the stock record account is required. Adjustments are made using inventory adjustment report (IAR) procedures as prescribed in paragraph 14-28, or turn-in documents as prescribed in AR 710-2. A report of survey is not normally required for this type of adjustment to the property record. However, report of survey procedures may be used to investigate the circumstances causing the property to be damaged.

14–21. Losses incident to taking part in joint exercises and operations

Property belonging to Army or ARNG units taking part in joint exercises or operations will not lose its Army or ARNG identity. It remains the property of the Army or ARNG unit or organization involved. Account for losses of, or damage to, such property according to this regulation.

14–22. Property determined to be unsafe for further use or storage because of age

Supplies such as drugs, biologicals, ammunition, chemicals, parachutes, or other supplies of a similar nature, determined to be unsafe or unsuitable for further use or storage beyond a specified date by the wholesale item manage, or The Surgeon General (TSG) will receive disposition instruction as follows:

a. On hand quantities of these items may be disposed of at any locality, as specified in instructions published in Army supply bulletins and other approved media.

b. List quantities for disposal on the proper turn-in forms according to AR 710-2, or AR 40-61 for medical commodities. These forms may be used as vouchers to drop the property from the accountable records if the following data is furnished and confirmed by the accountable officer.

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

(2) Reference to records or data is cited by which—

(a) The supplies may be positively identified as pertaining to a designated lot.

(b) The supplies have been procured or issued before a date specified in the supply bulletin, or applicable regulations may not be available.

c. If such records or data are not available, a report of survey will be initiated.

14–23. Property ordered to be abandoned

In the course of combat, contingency operations, large-scale field maneuvers involving simulated combat conditions, military advisory activities, or to meet other military requirements, situations may develop requiring the abandonment of property.

a. When abandonment of property is necessary, written authorization to abandon the property will specify the circumstance leading to the abandonment decision. The authorization document may not be prepared until after abandonment has occurred. This will not matter providing the installation or division commander (State Adjutant General ARNG) approves the authorization document.

b. If the authorization document is not approved, a report of survey or AR 15-6 investigation will be initiated.

c. The approved authorization document will be used as the voucher to adjust the accountable records.

14–24. Losses in laundries

a. Military personal clothing. Replace military personal clothing that is lost or damaged while in the custody of a laundry and dry cleaning facility under the provisions of AR 210-130, paragraph 2-14 and AR 700-84, paragraph 5-4c. The facility manager will attempt to repair or replace damaged or lost military personal clothing items from surplus stocks. Failing that, the facility manager will authorize a gratuitous replacement by preparing and approving DA Form 3078.

b. Non-military personal clothing and equipment. When this type of property cannot be satisfactorily replaced from surplus at the laundry and dry-cleaning facility, the facility manager will list the lost or damaged property on a memorandum. The facility manager will sign and give the completed memorandum to the complainant and direct him or her to the nearest claims office.

c. Organizational clothing and equipment. Account for organizational clothing and equipment lost or damaged while in the custody of a laundry and dry cleaning facility by repairing or replacing the property under the provisions of AR 210-130, paragraph 2-13b. When the facility manager cannot repair or replace the property from surplus stocks to the satisfaction of the customer, the facility manager will describe the items lost or damaged, and the extent of the damage, on a memorandum. The facility manager will sign and give the completed memorandum to the complainant. The commander of the complainant will initiate a report of survey to account for the lost or damaged property. When the loss occurs in a contractor operated facility, adhere to the provisions of paragraph 14-14.

d. Articles and equipment not returned by contract laundries and dry cleaners. When ARNG clothing articles and other military equipment are not returned by contract laundries and dry cleaners, or are returned in a damaged condition, follow one of the procedures listed below:

(1) Obtain cash payment from the vendor for the monetary value (from the AMDF) of the lost or damaged property. The USPFO will provide assistance in the collection process.

(2) Process a DD Form 362 prescribed in chapter 12. Attach a brief statement of circumstances in addition to the normal entries on the form. Substitute the name of the vendor for the individual's name.

14–25. Accounting for losses of durable hand tools at the using unit level for which negligence or willful misconduct is not suspected

a. MTOE organization. Using unit commanders are authorized to adjust losses of durable hand tools up to $100 per incident when the losses did not occur from negligence or misconduct.

(1) Prepare a memorandum in the following format:

(a) Subject block: Memorandum for Record; Adjustment Document.

(b) Prepare a narrative of the incident.

(c) List the items requiring adjustment by NSN, nomenclature, unit of issue, number of items to be adjusted, unit price, extended price, and total price.

(2) Immediately after the last item adjusted, enter the following statement over the signature of the commander: "I have reviewed the circumstances surrounding the loss of the above items and find no evidence of negligence or willful misconduct."

(3) Prepare the memorandum in original, plus one copy for each hand receipt involved. This memorandum requires no approval above the unit level. File the original in a consolidated file, in hand receipt holder sequence, for review by the report of survey approving authority per c below. Retain the file for 2 years. The duplicate copy(s) is filed in the appropriate hand receipt file to support the adjustment action. The duplicate copy should be destroyed upon receipt of the replacement for the lost hand tool.

b. TDA organization. In TDA organizations, individuals occupying positions equivalent to that of a unit commander in a MTOE environment are authorized to adjust losses of durable hand tools using the same provisions cited in a above. In TDA organizations, those individuals will normally occupy a directorate or division level TDA position. Use the major TDA paragraphs as a guide. Individuals not filling those major TDA positions do not have the authority to adjust losses of durable hand tools under the provisions of a above.

c. Review criteria. Memorandums used as adjustment documents for losses of durable hand tools, as prescribed in a and b above, will be summarized quarterly (adjustment documents will be attached to the summary) and forwarded to the report of survey approving authority for review. The attached adjustment documents will be returned to the unit commander following the review.

(1) The approving authority's review will validate the absence of abuse to this adjustment method.

(2) When abuse is suspected, the approving authority will cause an AR 15-6 investigation or a report of survey to be initiated. Any suspicion of abuse by the approving authority will result in the automatic suspension of this authorization until the unit commander is cleared of suspicion.

(3) The approving authority will annotate concurrence or nonconcurrence on the quarterly summary. A copy of the quarterly summary will be retained on file by the approving authority for 2 years.

14–26. Damaged property

Qualified technical inspectors, property classification officers, and other designated persons may classify property physically on hand as unserviceable. From it's general condition and appearance, the property may be classified as either unserviceable through fair wear and tear, or unserviceable through other than fair wear and tear. For the ARNG, a commissioned officer of the regular Army, or an Active Guard/Reserve (AGR) commissioned officer of the Army National Guard of the United States (ARNGUS) may make the final fair wear and tear determination on all unserviceable property prior to disposition, per Section 710(f), Title 32, United States Code (32 USC 710(f)). When property is determined to be unserviceable through other than fair wear and tear, the commander or TDA activity chief having responsibility for the property must investigate the circumstances. On completion of the commander's or the TDA activity chief's investigation, one of the following actions will be taken.

a. Damaged property (excluding OCIE).. If negligence or willful misconduct was not involved, a statement signed by the unit commander or the TDA activity chief will be attached to the maintenance request or the turn-in document stating the cause of the damage. The unit commander or the TDA activity chief will state "I have reviewed the circumstances surrounding the damage to the above item(s) and find no evidence of negligence or willful misconduct."

(1) The report of survey approving authority, or their designated representative, must review all damage statements unless approval authority is delegated to subordinate unit commanders and/or TDA activity chiefs per (2) below. When the report of survey approving authority, or his or her designated representative concurs with the damage statement, they will enter "CONCUR" on the statement, and date and sign their concurrence. Nonconcurrence will be shown by entering "NONCONCUR—INITIATE A REPORT OF SURVEY" on the statement, and date and sign their nonconcurrence.

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

(3) When authority to approve damage statements is delegated to subordinate unit commanders, and/or TDA activity chiefs, they will forward copies of the approved damage statements to the report of survey approving authority on a quarterly basis for review. The report of survey approving authority, or their designated representative per ((4) below), will use the review to determine whether subordinate commanders and/or TDA activity chiefs are abusing the authority delegated to them.

(4) The report of survey approving authority may designate a member of his or her staff in the grade of major or above, or a DA civilian employee in the position of division chief or above to review approved damage statements. This same individual may also be designated to approve/disapproved damage statements when the cost to repair the damaged item exceeds the dollar threshold established per (2) above.

(5) Commanders above the report of survey approving authority level will initiate and conduct oversight management of damage statements initiated and approved by subordinate commanders and/or TDA activity chiefs. A random sample of no less than 10 percent of all damage statements approved by subordinate commanders and activity chiefs will be reviewed quarterly. The review will be made to determine if the report of survey approving authorities, and unit commanders and TDA activity chiefs delegated with approval authority of damage statements are properly carrying out their responsibilities as approving authorities, i.e., are the decisions to approve damage statements—

(a) Supported by the commander's or the TDA activity chief's preliminary investigation documented on the damage statement.

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

b. Damaged class 9 components. When the owning unit commander suspects that damage to a class 9 component has been caused by gross negligence or willful misconduct, the component should be work ordered to the supporting maintenance activity for determination of the estimated cost of damages (ECOD). After completion of the ECOD, the component will be turned in, or work ordered for repair as quickly as possible, consistent with evidentiary requirements of chapter 13. When negligence or willful misconduct are not involved, paragraph a above applies.

c. Damaged OCIE. Unit commanders or their designated representative are authorized to approve damage statements for damaged OCIE when preliminary investigation by the unit commander or the soldier's chain of command (e.g., squad leader, platoon sergeant/leader, or first sergeant) reveals the damage occurred during a field training exercise and neither negligence nor willful misconduct was involved. The commander will state in a memorandum to the central issue facility (CIF), "I or a member of my command have reviewed the circumstances surrounding the damage to the below listed item(s), and find no evidence of negligence or willful misconduct." The damaged OCIE will be identified by nomenclature and quantity. The commander, or his or her designated representative will sign the statement. Each statement must have an original signature. Individuals for whom the unit commander has approved a damage statement for OCIE will take the statement and the damaged articles of OCIE to the servicing CIF or OCIE issue point within 30 calendar days of the commander's approval for exchange. If the commander believes negligence or misconduct were involved, a report of survey should be initiated.

d. When liability is admitted and the amount of the damage does not exceed the person's monthly basic pay, prepare a DD Form 362, per paragraph 12-2c.

e. When liability is admitted and the amount of damage exceeds the person's monthly basic pay, initiate a report of survey, paragraph 13-2a(3).

f. When negligence or willful misconduct is suspected, and liability is not admitted, initiate a report of survey per paragraph 13-2a(1).

g. Separate reports of survey will not be prepared for the same incident unless the damaged property is recorded on separate property accounts.

h. When a report of survey has been initiated on damaged property the initiator of the report survey will request the actual cost of repair from the maintenance support activity, and forward that data to the report of survey approving authority. When the estimated cost of damage (ECOD) (used to initiate a report of survey) is greater than the actual cost of damage (ACOD), the approving authority will amend the amount charged the respondent, and request FAO/USPFO to make repayment as appropriate.

i. When requested by the approval authority, the commander of the maintenance support activity will consolidate the cost data for each supported unit and forward the data to the approving authority.

j. When the report of survey is approved or when the property is released by the survey officer, attach a copy of the report of survey to the maintenance request. If the property is not economically repairable, attach a copy of the approved report of survey or the survey officer's release statement to the turn-in document. If there is a maintenance request showing the condition code, attach it to the turn-in document also. Damaged property for which negligence or willful misconduct is suspected will not be repaired or disposed of, or continued in use until the survey officer prepares a release statement per paragraph 13-29c.

14–27. Accounting for lost keys

a. When a person loses a key due to negligence or willful misconduct, he or she will be assessed financial liability for the lost key.

b. When the loss of a key through negligence or willful misconduct is the proximate cause of replacing a locking device or door by rendering the locking device or door unsuitable for its intended

purpose, the respondent will be held financially liable for the replacement cost of the locking device and/or the door. Replacement cost includes both the cost of the parts and the cost of the labor to install.

14–28. Inventory discrepancies at a central issue facility (CIF)

a. Inventory discrepancies on organizational clothing and individual equipment (OCIE) in CIF property book balances discovered during a semiannual or cyclic inventory will be adjusted and reported using an inventory adjustment report (IAR) except when negligence or willful misconduct is known or suspected; use one of the adjustment methods cited in paragraph 12-1c (1) (a) through (c) of this regulation

(1) Causative research will be conducted and documented on IARs for inventory discrepancies—

(a) Exceeding 1/2 of 1 percent of the combined total of the dollar value of issues and turn-ins (to and from supported personnel) of a single line since the last inventory.

(b) Exceeding $500 in extended line item value.

(2) IARs will be prepared and forwarded to the approving authority within 30 calendar days after completion of the inventory. The approving authority will take final action on the IAR within 5 working days of receipt, or will return the IAR to the PBO for addition research. When an IAR is returned for further research, 15 days will be allowed for the PBO to do further research. The approving authority may grant extensions of up to a total of 30 additional days. For those entries disapproved by the approving authority, report of survey action or AR 15-6 investigation will be initiated for the shortages, and the overages will be turned in to the supply support activity (SSA).

(3) As long as the total adjustments (both gains and losses) for all IARs do not exceed 2-1/2 percent of the dollar value of the stockage allowance during the fiscal year, the approval authority for individual IARs will be as follows:

(a) $2,500 or less. Approval authority is the commander who appointed the accountable officer. In a TDA environment, the commander may delegate approving authority to a division head within the Directorate of Logistics (DOL).

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

(c) $10,000 and over. Approval authority is the commander who appointed the accountable officer if the appointing authority is in the grade of colonel or above, or is assigned to a position authorized a colonel or above. In a TDA environment, the commander may delegate approving authority to the DOL. Otherwise, the approving authority will be the first commander in the grade of colonel or above in the appointing authority's chain of command. General officers may delegate, in writing, a colonel to act as the approving authority.

(4) Once the total adjustments (both gains and losses) for the fiscal year exceed 2-1/2 percent of the total dollar value of the stockage allowance, the approval authority for all subsequent IARs is the commander who appointed the accountable officer, if the appointing authority is in the grade of colonel or above. In a TDA environment, the commander may delegate approving authority to the DOL. Otherwise, the approving authority will be the first commander in the grade of colonel or above in the appointing authority's chain of command. General officers may delegate, in writing, a colonel to act as the approving authority.

(5) The dollar value of the stockage allowance will be as of the last day of the first month of the fiscal year. This stockage allowance value will be used for all IARs during the fiscal year.

(6) Administrative adjustment reports (AARs) will not be included in the totals used to determine the 2-1/2 percent cut-off. These include AARs for discrepancies in makes, models, and sizes.

(7) In the ARNG, the State AG is the approving authority for USPFO IARs. The State AG may delegate approval authority to a Federally recognized ARNG general officer.

b. MACOM commanders will initiate and conduct oversight management of the inventory adjustment report process within their commands.

(1) A random sample of no less than 25 percent of those inventory adjustments reports that show physical losses and/or gains of property processed and approved by subordinate commands will be reviewed quarterly.

(2) The review will be made to determine if the IAR approving authorities are properly carrying out their responsibilities as approving authority, i.e., are the decisions made—

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

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

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

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

14–29. Inventory discrepancies at a stock record account (SRA)

All discrepancies in stock record balances found during an inventory will be adjusted and reported on an IAR except that—

a. When negligence or willful misconduct is known or suspected, use one of the other adjustment methods cited in paragraph 12-1c.

b. For other than small arms ammunition, verified losses of sensitive items will be adjusted using a report of survey per paragraph 13-2a(6).

c. Discrepancies between ammunition stock record balances and inventory counts that show substantial overages or shortages of ammunition and explosives will be reported under AR 190-11. Substantial overages or shortages are those which meet the AR 15-6 investigation requirements indicated by AR 190-11, appendix E.

d. Discrepancies that have an extended line item value of $50 or less will not be reported for inventory adjustment except—

(1) Sensitive items.

(2) When negligence or willful misconduct is known or suspected.

e. For IAR adjustments not acceptable to the approving authority, one of the other adjustment methods cited in paragraph 12-1c must be used.

f. All discrepancies (not covered above) in stock record balances found during an inventory will be adjusted and reported on an IAR. DA Pamphlet 710-2-2, chapter 9, provides IAR preparation instructions.

g. Causative research, which is part of the inventory process, will be conducted and documented on the IAR when discrepancies result in adjustments over $500 in extended line item value.

h. IARs will be prepared and forwarded to the approval authority within 30 calendar days after completion of the inventory. The approval authority will take final action on the IAR within 5 working days of receipt, or will return the IAR to the SRO for additional research. When an IAR is returned for further research, 15 days will be allowed for the SRO to do further research. The approval authority may grant extensions of up to a total of 30 additional days.

i. As long as total adjustments (both gains and losses) for all IARs do not exceed 2-1/2 percent of the dollar value of the requisitioning objective (RO) during the fiscal year, approval authority for individual IARs will be as follows:

(1) *For $2,500 or less.* Approval authority is the commander who appointed the accountable officer.

(a) If the approval authority is the Division Support Command (DISCOM) commander, approval authority may be delegated, in writing, to the material management officer.

(b) If the approval authority is the Corps Support Command (COSCOM) commander, approval authority may be delegated, in writing, to the Assistant Chief of Staff (ACofS), Materiel.

(c) In a TDA environment, a position equivalent to the unit commander will normally be the head of a directorate or division.

(2) *Over $2,500, but less than $10,000.* Approval authority is the commander who appointed the accountable officer if the appointing authority is in the grade of lieutenant colonel or above, or is assigned to a position authorized a lieutenant colonel or above.

(a) If the approval authority is the DISCOM commander, approval authority may be delegated, in writing, to the materiel management officer or the deputy commander.

(b) If the approval authority is the COSCOM commander, approval authority may be delegated, in writing, to the ACofS Materiel or the deputy commander.

(c) In a TDA environment, the approval authority will normally be the DOL.

(d) Otherwise, the approval authority will be the first commander in the grade of lieutenant colonel or above in the appointing authority's chain of command.

(3) *$10,000 and over.* Approval authority is the commander who appointed the accountable officer if the appointing authority is in the grade of colonel or above, or is assigned to a position authorized a colonel or above.

(a) If the approval authority is the DISCOM commander, approval authority may be delegated, in writing, to the deputy commander if this officer is a colonel.

(b) If the approving authority is the COSCOM commander, approval authority may be delegated, in writing, to the ACofS Materiel or the deputy commander if either of those officers are in the grade of colonel.

(c) In a TDA environment, the approving authority will normally be the DOL.

(d) Otherwise, the approval authority will be the firstcommander in the grade of colonel or above in the appointing authority's chain of command.

(e) General officers may delegate, in writing, a colonel to act as the approval authority.

j. Once the total adjustments (both gains and losses) for the fiscal year exceed 2-1/2 percent of the total dollar value of the RO, the approval authority for all IARs will be the commander who appointed the accountable officer if the appointing authority is in the grade of colonel or above, or is assigned to a position authorized a colonel or above.

(1) If the approval authority is the DISCOM commander, approval authority may be delegated, in writing, to the deputy commander if this officer is a colonel.

(2) If the approval authority is the COSCOM commander, approval authority may be delegated, in writing, to the ACofS Materiel or the deputy commander if either of those officers are in the grade of colonel.

(3) In a TDA environment, the approval authority will normally be the DOL.

(4) Otherwise, the approval authority will be the first commander in the grade of colonel or above in the appointing authority's chain of command.

(5) General officers may delegate, in writing, a colonel to act as the approval authority.

k. In the ARNG, the State AG is the approval authority for the USPFO IARs. The State AG may delegate approval authority to a Federally recognized ARNG general officer.

l. The dollar value of the RO will be as of the last day of the first month of the fiscal year. This RO will be used for all IARs during the fiscal year. For corps or theater Army area command (TAACOM), general support supply base (GSSB), the most recent four quarters, "Quarterly Stratification Report,"will be used to determine the average RO dollar value for all IARs during the fiscal year.

m. Administrative IARs will not be included in the totals used to determine the 2-1/2 percent cut-off. Administrative IARs include—

(1) Assembly.

(2) Disassembly.

(3) Stock numbers or unit of issue changes.

(4) Transaction reversals.

n. A copy of the IAR or other adjustment documents on which reportable items are listed, will be provided to the CBS-X central collection activity.

o. MACOM commanders will initiate and conduct oversight management of the inventory adjustment report process within their commands.

(1) A random sample of no less than 25 percent of those inventory adjustment reports that show physical losses or gains of property (other than administrative IARs in m above) processed and approved by subordinate commands will be reviewed quarterly.

(2) The review will be made to determine if the IAR approving authorities are properly carrying out their responsibilities as approving authority, i.e., are the decisions made—

(a) Supported by evidence documented in the causative research on the IAR.

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

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

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

14–30. Vehicular accidents

a. Accidents involving civilian vehicles. Accidents often occur involving military and civilian employees of the Government, and civilians who are not employed by the Government. When Government property is damaged (other than a GSA vehicle), and negligence or willful misconduct by civilians who are not Government employees is suspected, but not admitted, or is admitted with a refusal to make restitution, a report of survey must be initiated. When assessment of financial liability is made against a civilian not employed by the Government, it is not necessary for the survey officer or the approving authority to notify the individual of recommended assessment of financial liability. The approval authority will forward a copy of the approved report of survey with all exhibits to the servicing claims office. The claims office will initiate action under AR 27-20.

b. Accident involving General Services Administration (GSA) vehicles. Units and activities assigned GSA vehicles must comply with the policy contained in the Federal Property Management Regulation, sub-part 101-39.4 — Accidents and Claims, when an assigned GSA vehicle is involved in an accident. When a GSA vehicle is involved in an accident, the GSA fleet management center that issued the vehicle will advise the unit or activity of its financial responsibility to GSA based on their review of the accident reports and other evidence they are in receipt of.

(1) Reports of survey or other administrative adjustments in accordance with paragraph 12-1c above, must be initiated when a GSA vehicle is involved in an accident, or has sustained damages through vandalism, theft, or parking lot damage.

(2) The approved report of survey should be forwarded to the installation claims office per AR 27-20, when—

(a) The report of survey investigation reveals the damage to the GSA vehicle was not the result of negligence or willful misconduct on the part of the driver of the GSA vehicle or the unit or activity assigned the GSA vehicle, but was the result of negligence on the part of other person(s), and

(b) The GSA fleet management center is charging the unit or activity for the damages, or

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

c. Accidents involving Government owned and leased vehicles. Upon completion of a report of survey that finds a military member or Government employee, through simple negligence, caused an accident involving a Government owned or leased vehicle (see Joint Publication 1-02), the approving authority may waive financial liability for a member or employee. The waiver will be based on the

approving authority's review of all the pertinent information concerning the accident. The approving authority may base the waiver entirely on a vehicle accident report by a Military Provost Marshal or a duly appointed civilian law official, if available. A report of survey based soley on a vehicle accident report will be annotated in block 11, DA Form 4697, (see exhibit A, vehicle accident report), and state in block 37, "I have reviewed the information contained in the attached exhibits. No further investigation is necessary." Include the following additional information on the DA Form 4697 for all waivers.—

1. Place an "X"in block 37c.

2. Place the following statement in block 37, "I relieve all concerned form finanacial liability from the damage to the property listed in block 6."

3. Place an "0"in block 38b and the dollar value of the loss to the Government in block 38c.

14–31. Accounting for lost or destroyed public funds and other negotiable instruments

A person who receives or handles public funds or other negotiable instruments has personal responsibility for safeguarding of public funds or instruments while under his or her control. That person is financially liable for the full value of the loss to the Government caused by their negligence or willful misconduct. A report of survey will be processed to account for the loss.

14–32. Accounting for property at jointly operated military installations, military advisory groups, and similar facilities

This paragraph prescribes actions to be taken when Government property is lost, damaged, or destroyed at jointly operated military installations and activities. These installations and activities include those involving DLA, military assistance advisory groups (MAAGs), and like installations and activities.

a. Preparation of reports of survey. Responsibility at joint installations for preparation of reports of survey listing property in the custody of personnel follows:

(1) Accountable or responsible Army personnel will prepare reports of survey for Army property in custody of Army personnel or in the custody of other than Army personnel as prescribed in chapter 13.

(2) Accountable or responsible Army personnel will prepare Financial Liability Investigation of Property Loss, using DD Form 200, for losses of DLA property (including inventories stored at Army installations) in the custody of Army personnel according to the DoD Financial Management Regulation, volume 12, chapter 7. The DoD Financial Management Regulation is available on the Internet using www.dtic.mil/comptroller/fmr.

(3) Personnel of the issuing United States agency, department, or foreign government will prepare reports of survey or other administrative property accounting actions for all other non-Army property in the custody of Army personnel according to the procedures of that agency or foreign government.

(4) When Army property is loaned to other DoD services, a loan agreement between the loaning and the borrowing activity will be established prior to the loan taking place in accordance with AR 700-131, paragraph 2-6. The loan agreement will state the borrowing service's responsibility for the return of the borrowed item(s), and in the event of loss or damage, the borrowing service's responsibility for the payment of replacement or repair costs.

b. Designation of approval authority.

(1) Army property in the custody of Army personnel or other personnel.

(a) Approval authority will be as prescribed in chapter 13.

(b) Special circumstances necessitate Army property being on hand and on property records at a MAAG for which Navy or Air Force is the administrative (executive) agency. When these circumstances occur, the Army overseas command in which the MAAG is located, will designate the approval authority to take action. Under existing statute, Section 4835, title 10, United States Code (10 USC 4835), the authority of the Secretary of the Army to make such designations is limited to designating only Army officers and DA civilian employees. See paragraph 13-16.

(2) DLA property (including stored at Army installations) in custody of Army personnel.

(a) Submit Financial Liability Investigation of Property Losses covering losses of DLA property in the custody of Army personnel to the Army approval authority specified in chapter 13. The Financial Liability Investigation of Property Losses is prepared on DD Form 200 using the instructions contained in the DoD Financial Management Regulation, volume 12, chapter 7. The DoD Financial Management Regulation Is available on the Internet using www.dtic.mil/comptroller/fmr.

(b) Forward the original and duplicate of the Financial Liability Investigation of Property Loss to the DLA reviewing authority specified in DLA instructions, after action by the approval authority.

(c) Return a duplicate of the Financial Liability Investigation of Property Loss with the confirmed action of the reviewing authority to the approval authority who took initial action on the Financial Liability Investigation of Property Loss.

(3) Navy and other U.S. Government agency and department property in custody of Army personnel. Accept as final recommendations for placing financial liability on Army personnel by Navy reports of survey or comparable documents of other U.S. Government agencies and departments—

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

(b) Provided the recommendations are based on findings meeting the criteria stated in chapter 13.

(4) Host foreign government property in custody of Army personnel. Property of a host foreign government may be lost, damaged, or destroyed while in the custody of Army personnel. The host foreign government may submit documents with a request for collection to the commander of the Army element of which the Army personnel are assigned. If so, the Army claims judge advocate will evaluate the request to determine the amount of financial liability to be assessed against the person concerned.

c. Collection of financial charges.

(1) Persons authorized to take final action on reports of survey or financial liability investigation for property losses involving financial liability will initiate and follow-up on the collection actions. The final action on such reports of survey and financial liability investigations for property losses establishes the indebtedness of persons by administrative procedure.

(a) The administrative decision on financial liability does not automatically establish the right to attach or stop the pay of the person concerned unless such right is specifically provided by law. Collection procedures will conform to these general principles and to the following specific requirements applying to the categories of property and personnel.

(b) At jointly operated installations, MAAGs and like facilities, a major part of the losses suffered results from situations in which statutory authority for stoppage of pay does not exist. Therefore, it is particularly important to exert every reasonable effort before resorting to involuntary collection methods.

(c) The extent of liability of the Army for non-Army property is discussed in d below.

(2) Collection of financial charges imposed on Army personnel by reports of survey covering Army property is prescribed in chapter 13 of this regulation. Civilian employees against whom the charges are imposed may be indigenous personnel in overseas commands. Agreements may exist with the foreign governments concerned. If so, overseas commanders will consider these agreements when collection action is required. The decision will be based on the advice of the claims attorney or the staff judge advocate.

(3) On approval of findings that a loss of Army property was due to fault or negligence of non-Army personnel and approval of a recommendation that the person be held financially liable, the Army installation claims judge advocate will request voluntary payment of the approved charge from the respondent. When voluntary payment

is not made, the report of survey will be forwarded to the Accounting and Debt Management, ATTN: DFAS-IN-Y, Indianapolis, IN 46249-5301, for collection by methods available to that headquarters.

(4) On receipt of a copy of a financial liability investigation for property losses authenticated to approve a finance charge from the DLA reviewing authority, the approval authority will refer the case to the Army installation claims judge advocate for collection action.

(5) When a commander of an Army activity receives a request for collection against Army personnel charged with loss, damage, or destruction of property of another U.S. Government department, agency, or foreign government, the commander will refer the case to the Army installation claims judge advocate.

d. Liability of the Army for non-Army property. The Army assumes some degree of responsibility in taking control over and entering in its records, as "Army property," property loaned by other agencies or departments of the U.S. Government or of host foreign governments. This is true unless a covering loan agreement or contract provides to the contrary. This responsibility may take the form of reimbursement to the lending agency, repair of damaged items at Army expense, or replacement in-kind of lost or irreparably damaged items.

e. Requesting reconsideration. Action "by Authority of the Secretary of the Army" to hold a respondent financially liable for the loss, damage, or destruction of property is subject to procedures for requesting reconsideration as set forth in paragraph 13-40 and 13-41.

f. Report of survey reciprocal agreement between the Army and Air Force.

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

(2) When a report of survey results in a finding that a member, whose parent service is other than the property's owning service, should be held financially liable for the loss, damage, or destruction of the property involved, forward the report of survey to the parent service's report of survey approval authority with jurisdiction to act on reports of survey concerning the member involved.

(a) The owning service's report of survey will contain all the evidence gathered as a result of the report of survey, the findings and recommendations of the survey officer, and the recommendations of the owning service's appropriate report of survey approving authority.

(b) The parent service approval authority will take action on the findings and recommendations according to the parent service's report of survey regulations. Collection action will be pursued under the parent service's regulation.

(c) The parent service approval authority will take action to notify the owning service approval authority of the action taken on a report of survey or to reconcile any differences in the anticipated action and recommendations of the owning service.

14–33. Accounting for nonexpendable property consumed in use

Nonexpendable property consumed in use may be posted as a loss on property book records using a memorandum for record, provided—

a. The memorandum states the circumstances under which the property was consumed in use, and the date of the occurrence.

b. The property is identified by stock number, nomenclature, and quantity. If the property is a serial numbered item, the serial number(s) is entered.

c. The memorandum for record is signed by the commander for whom the property book records are being maintained.

d. The memorandum for record is reviewed and approved by the report of survey approving authority within the chain of command of the property book officer appointing authority.

14–34. Accounting for losses during military operations other than war

The actions prescribed by this paragraph apply only to units and activities participating in military operations other than war at the direction of HQDA. When Government property is lost, or destroyed in military operations other than war, the commander of the operation will cause a DA Form 4697 to be initiated. If the loss involves damage to Government property, a damage statement prepared by the commander in accordance with paragraph 14-26 will be used when the preliminary investigation by the commander reveals no negligence or willful misconduct on the part of U.S. soldiers or DA civilian employees. If negligence or willful misconduct on the part a U.S. soldier(s) or DA civilian employee(s) is known or suspected, a DA Form 4697 will be prepared. When it is deemed necessary to abandoned Government property, the procedures in paragraph 14-23 will apply. When small quantities of small arms ammunition become lost or are expended, follow the procedures in sub-paragraph h, below.

a. The DA Form 4697 should be initiated as soon as possible, but no later than 5 days after the discovery of the loss. The individual having the most knowledge of the circumstances and facts concerning the loss should be the person tasked to prepare the statement for block 11, and to sign block 12. The DA Form 4697 should be prepared in 3 copies using the example in figure 14-1 as a guide. The date and circumstances must state—

(1) What happened.

(2) When it happened.

(3) Where it happened. Location must be specific, providing the country, state, city, and the street address, if available. If in a field environment, include the eight digit map grid coordinates of the area it occurred in.

(4) Identity of all persons involved by name, grade and organization, and a description of their involvement and actions.

b. Available documentation such as statements from persons involved, or witnessing the actions of others involved; accident reports; copies of hand receipts; orders; etc are attached to the DA Form 4697 as exhibits. See paragraph 13-9a(3)(e) for marking the exhibits.

c. The DA Form 4697 with exhibits attached is reviewed by the unit commander having command responsibility for the property lost, damaged or destroyed. The commander will conduct a preliminary investigation to determine if there was negligence or willful misconduct on the part of any U.S. soldier or DA civilian employee. Based on the commander's investigation, the commander will complete block 17 as follows:

(1) When the commander believes negligence or willful misconduct on the part of any U.S. soldier or DA civilian employee was not involved, the commander should check box "a".

(2) If the commander suspects negligence or willful misconduct on the part of a U.S. soldier(s) or DA civilian employee(s), the commander should check box "b". The commander's rationale for determining further investigation is warranted will be documented in writing and attached to the DA Form 4697 as an exhibit.

d. On completion of the commander's review and preliminary investigation the commander will date and sign the DA Form 4697 in blocks 18 and 20 respectively. The commander's name, grade, and unit/activity commanded will be entered in block 19. The commander should complete the preliminary investigation and other necessary actions within 15 days of receipt of the DA Form 4697. The commander will retain 1 copy of DA Form 4697 with 1 copy of each of the exhibits, and forward the original and 1 copy with all exhibits to the accountable officer.

e. The accountable officer will assign a document number or voucher number to all DA Forms 4697 initiated for lost, and destroyed Government property. If the loss involves damage to Government property, assignment of a document number or voucher number is not required. The accountable officer's name and grade is entered in block 15, and the document or voucher number is entered

in block 16. The accountable officer, or his or her designated representative, signs block 15. The accountable officer retains 1 copy of all DA Forms 4697, with exhibits, and posts the property records accordingly. The original DA Form 4697 with exhibits is forwarded to the report of survey approving authority in the initiating unit's chain of command at home station.

f. The report of survey approving authority will review the DA Forms 4697 initiated during military operations other than war and take appropriate action as follows—

(1) Where the commander has recommended further investigation, the report of survey approving authority will process the DA Form 4697 as a report of survey in accordance with chapter 13, of this regulation.

(2) Where the commander has determined no further investigation was necessary, the DA Form 4697 will be reviewed by the report of survey approving authority to ensure the authority to approve these documents was not abused.

(a) When the report of survey approving authority's review reveals the commander abused, or may have abused his or her authority in approving the DA Form 4697, the approving authority will process the DA Form 4697 in accordance with chapter 13, of this regulation.

(b) Otherwise, copies will be retained on file in accordance with AR 25-400-2.

g. When small quantities, not more than 30 rounds, of small arms ammunition becomes lost or are expended by a service member without authorization, the unit commander will cause a preliminary investigation to be conducted to determine the cause. The investigation should normally be conducted in the service member's chain of command. It can be hand written on plain or lined paper, If negligence or willful misconduct on the part of a service member is suspected or known, the commander should initiate appropriate adverse administrative or disciplinary action as described in paragraph 12-1a (2). The commander will prepare a memorandum for record showing the type of ammunition, the lost number and the quantity of ammunition lost or expended. The commander will state what administrative or disciplinary action was taken, if any. The investigation will be attached to the memorandum for record, which will be used to post the property accounting records for small arms ammunition as a loss. Copies of the memorandum for record with the attached investigation will be provided to the report of survey approving authority for review. In the event the report of survey approving authority determines abuse on the part of a commander, the approving authority may take this authority away from the commander.

h. Commanders above the report of survey approving authority will initiate and conduct oversight management of these property adjustments as prescribed in paragraph 3-19b.

DEPARTMENT OF THE ARMY
REPORT OF SURVEY
For use of this form, see AR 735-11; the proponent agency is DCSLOG

1. DATE PREPARED: 5 Jan 95

2. SURVEY NUMBER: MOOTW

3. TYPE OF PROPERTY: Organizational

4. ADDRESS OF ACCOUNTABLE OFFICER: DMMC, 15th Inf Div, Ft Way Out, IL, UIC: WAYOUT

5. ORIGINATOR *(Accountable officer, or primary hand receipt holder)*: Joseph P. Armstrong, SFC, 1st Plt, A co, 4/56 Inf Bn

6. NATIONAL STOCK NUMBER	7. ITEM DESCRIPTION	8. QTY	9. UNIT PRICE	10. TOTAL COST
V48510				
8340-00-782-3232	Tent, Frame TY w/walls			
Components lost				
8340-00-782-3425	Tent body	1 ea	$1,599.75	$1,599.75
8340-00-566-7398	Tent section end	2 ea	226.25	452.50
			GRAND TOTAL	$2,052.25

11. DATE AND CIRCUMSTANCES

While participating in Operation Uphold Democracy in Haiti, the destroyed tent was set up and used to house the 4/56th Infantry Battalion S2/3 operations. The tent was located in the outskirts of Port-au-Prince at map grid coordinates AA00000000. The tend was destroyed by fire on 3 January 1995. The fire resulted from hostilities by local nationals demonstrating and throwing lighted instruments into the encampment area, exhibit A and B. Attempts to stop the fire before the fire destroyed the tent were unsuccessful.
Exhibits A and B attached.

12. AFFIDAVIT

I do solemnly swear *(or affirm)* that *(to the best of my knowledge and belief)* the articles of public property shown above and/or on attached sheets were lost, destroyed, damaged, or worn out in the manner stated, while in the public service.

SIGNATURE AND DATE: Paul M. Grimes

TYPED NAME, GRADE, AND SSN: PAUL M. GRIMES, SFC, Plt Sgt, 1st Plt

13. Subscribed and sworn to *(or affirmed)* before me at this day of

NAME AND GRADE *(type and sign)*

14. DATE: 7 January 1995

15. NAME, GRADE, AND SIGNATURE OF ACCOUNTABLE OFFICER: Patrick D. Baugher
PATRICK D. BAUGHER, MAJ, DPBO

16. DOCUMENT NUMBER: WXYZZZ-5007-0023

17. APPOINTING AUTHORITY

I have received the evidence pertaining to the lost, damaged, or destroyed property, and have determined that the following action is required.

a. [X] No further investigation is required. There is no positive evidence of negligence. I do not suspect willful misconduct or deliberate unauthorized use. I hereby forward this document to the approving authority for final action. *(Proceed to block 37.)*

b. [ ] The circumstances surrounding the lost, damaged or destruction warrants further investigation. *(Proceed to block 21.)*

c. [ ] Conduct an investigation according to AR 15-6. Attach this document, as an exhibit, to the investigation and forward it to the approving authority.

18. DATE: 11 January 1995

19. TYPED NAME, GRADE, AND TITLE OF APPOINTING AUTHORITY: JERRY L. HAMPTON, CPT, Inf, Commander B Co, 4/56th Inf Bn

20. SIGNATURE: Jerry L. Hampton

DA FORM SEP 81 4697

DA FORM 4696(TEST), 1 JUL 78 and DA FORM 4697(TEST), 1 JUL 78 ARE OBSOLETE.

Figure 14-1A. Sample DA Form 4697, when used to account for lost, damaged or destroyed Government property during military operations other than war, (Blocks 1-20).

(1) Date prepared. Enter the date the DA Form 4697 is prepared.

(2) Survey number. Enter MOOTW.

(3) Type of property. If the property is carried on a stock record account, enter "Stock Record Account." If the property is carried on the organizational clothing and equipment records, enter "Organizational."

(4) Address of accountable officer. Enter the address of the accountable officer. Also enter the Unit Identification Code (UIC) for property book accounts and Department of Defense Activity Address Code (DODAAC) for stock record accounts. If the items listed on the DA Form 4697 are not recorded on a property book or stock record account, enter the address of the activity maintaining the expendable or durable document register.

(5) Originator (Accountable officer, or primary hand receipt holder). The commander will task the individual having the most knowledge of the circumstances and facts concerning the loss to prepare the statement for block 11, and to sign block 12. Enter the name, grade and organization of the person tasked by the commander to prepare the document. Include the UIC of the organization.

(6) National stock number. Enter the stock numbers and line item numbers of the articles lost, damaged, or destroyed. If an item is nonstandard, enter "nonstandard" or "NSI."

(7) Item description. Enter the correct description of the articles lost, damaged, or destroyed. If the articles are nonstandard, give a description accurate enough for their identification. When the articles involved have been assigned serial numbers, include such numbers for more identification. Describe damaged major units as such and not as damaged component parts. If the space on the face of the form is insufficient, use blank paper, properly identified. Do not trim the basic form and use it as a continuation sheet. (See table 13-1.) Also enter the reportable item control code (RICC) for RICC 2, A and Z items. When RICC 2, A or Z items are listed on the DA Form 4697 and are totally lost (no residue to turn-in), enter the words "No residue."

(8) Qty. Enter the number of units of the articles listed, together with the unit of issue, such as "1 ea," "2 pr," 2 dz," etc.

(9) Unit price. Enter the AMDF price in effect at the time of the loss. When the AMDF price is not available, use the current market price of a similar item; otherwise, estimate the unit price and attach the basis for estimate to the DA Form 4697 as an exhibit. Do not enter the repair cost in this column.

(10) Total cost. Enter the total cost of all units of each article listed that has been lost or destroyed. Total cost is computed by multiplying the unit price (column 9) of each item listed, by the quantity (column 8). For damaged property, enter the ECOD. After the last entry, draw a line and enter the sum of the entries in the column and enter " Grand Total" in the unit price column. If continuation sheets are used, show the " subtotal" on each sheet. Show the grand total on the last sheet. The grand total will be the total cost of all items listed on all sheets.

(11) Date and circumstances. The date and circumstances must state--

a. what happened.

b. When it happened.

c. Where it happened (location must be specific, providing the country, state, city, and the street address, if available. If in a field environment, include the eight digit map grid coordinates of the area it occurred in.

d. Identify all persons involved by name, grade, and organization and a description of their involvement and actions.

e. Refer to exhibits by the capital letter designation assigned according to paragraph 13-9. Show exhibits initially attached; for example, "Exhibits A to D attached."

f. If space on the form is insufficient, continuation sheets may be used. (See figure 13-4.) Do not trim the basic form for use as a continuation sheet.

Figure 14-1B. Completion Instructions (by item or column) for DA Form 4697, when used to account for lost, damaged or destroyed Government property during military operations other than war, (Block 1-20)—Continued

(12) Affidavit. The person providing the statement in block 11 will sign in the block titled: " Signature and Date". Type the person's name, grade and title in the block titled: " typed name, grade, and SSN"

(13) Subscribed and sworn to (or affirmed). Leave blank.

(14) Date. Enter the date the signature is entered in block 15.

(15) Name, grade, and signature of accountable officer. Enter the name, grade and signature of the accountable officer, or the individual who maintains the expendable/durable document register.

(16) Document number. Enter the document number or the voucher number (DODAAC, julian date and serial number).

(17) Appointing Authority. Based on the commander's preliminary investigation of the loss, the commander will check the appropriate block. (See paragraph 14-34c).

(18) Date. Enter the date the commander's signature is entered in block 20.

(19) Typed Name, Grade, and Title of Appointing Authority. Enter the name, grade and unit/activity commanded of the unit commander having command responsibility for the property lost per paragraph 13-34c and d.

(20) Signature. The commander identified in block 19 will sign after conducting preliminary investigation of the loss and deciding whether further investigation is necessary, or not.

Figure 14-1B. Completion Instructions (by item or column) for DA Form 4697, when used to account for lost, damaged or destroyed Government property during military operations other than war, (Block 1-20)

Chapter 15
Accounting for Losses of Wholesale Stock (AMC Installations Only)

15–1. General information

This chapter prescribes procedures for accounting for losses at accountable supply distribution activities (ASDAs) and depots. The procedures are used in processing the DA Form 444 and DA Form 4697 for inventory losses of wholesale stocks. Losses are those for which causative research has resulted in no conclusive findings. Adjustments not subject to ASDA causative research will be completed according to AR 725-50. Address all questions concerning this chapter to Commander, USAMC, ATTN: AMCLG-SM, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

15–2. Policy

Except as indicated below, the following policy applies to ASDAs and to Industrial Operations Command plants, arsenals, supply depots, maintenance depots, and other storage activities (such as prepositioned afloat ships). The depot will prepare an IAR for all losses not resolved by causative research at the ASDA. Table 15-1 gives the criteria for causative research.

Table 15–1
Criteria for Causative Research

Adjustment	Causative Research Required
Of $5,000, or less.	No, unless required below.
Greater than $5,000, but less than or equal to $16,000, and a unit variance of 25 percent, or less.	Sample, see AR 740-26, appendix E.
Greater than $5,000, and a unit variance greater than 25 percent (losses only).	Yes.
Of items with a controlled inventory item code (CIIC) of other than U or J.	Yes.

Table 15–1
Criteria for Causative Research—Continued

Adjustment	Causative Research Required
Of $2,500 or less for items coded pilferable (i.e., a CIIC of I, J, M, N, P, V, W, X, Y, or Z).	Sample, see AR 740-26, appendix E.
Greater than $16,000.	Yes.
Where fraud, waste, or abuse is known or suspected. (A report of survey is mandatory).	Yes.
Results of an annual statistical sample physical inventory variance are greater than $100.	Yes.

a. Exceptions to this criteria are—

(1) Losses of sensitive items that require an AR 15-6 investigation.

(a) For weapons and ammunition see AR 190-11.

(b) For COMSEC materiel, see AR 380-40.

(2) Losses for which negligence or willful misconduct is known or suspected. A report of survey is required in these cases.

(3) Losses for which the accountable property officer (ACTPO) believes the IAR prepared by the depot does not adequately explain the loss. In these cases the ACTPO may require a report of survey instead of an IAR.

(a) IARs must be prepared by depots for all losses identified by error cause codes 8Y and 8Z, when causative research at the ASDAs result in no conclusive findings.

(b) When losses are equal to, or less than the dollar values specified in table 15-1, the ACTPO may request an IAR from the depot as an exception, if enough justification exists. The ACTPO always has the option of requesting a report of survey if the IAR does not explain the loss adequately.

b. The ASDA will prepare an IAR for all other adjustments that—

(1) Do not require causative research.

(2) Result in a conclusive finding from causative research.

(3) Result in no conclusive finding from causative research, but are below the dollar value thresholds in table 15-1.

c. The approving authority will appoint investigating officers for reports of survey. Within the AMC wholesale supply system the approving authority may require the respective depot commander to appoint a survey officer from depot personnel resources. The depot commander will leave blocks 17 through 20 blank. The depot commander may delegate administrative requirements; however, the depot commander must sign the proper blocks reserved for the appointing authority. The appointing authority actions in blocks 21 through 36b of DA Form 4697 will be taken at the depot.

d. The commander of the ASDA may designate the Director of Materiel Management, or equivalent as the report of survey approving authority, provided the individual filling the position is an Army officer in the grade of lieutenant colonel or above, or a DA civilian employee in a supervisory position, in the grade of GS-14 or above. If the Director of Materiel Management does not meet the criteria discussed above, the first individual in the chain of command who qualifies will be the approving authority. The same individual in the Aviation and Troop Command will be the report of survey approving authority for losses of assets managed by the General Materiel Branch and the Clothing and Textile Branch.

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

f. To ensure the proper working of the report of survey system, the depot commander will take action including, but not limited to the following:

(1) Appoint one of the persons cited in paragraph 13-26 as the survey officer.

(2) The ASDA and depot commanders will ensure complete and accurate entries in the following blocks of DA Form 4697:

(a) Block 11. (Date and Circumstances).

(b) Block 26. (Findings and Recommendation).

g. Depot commanders will assign a responsible officer for wholesale assets stored at their depot.

h. The Director or Deputy Director of Materiel Management at ASDAs will be designated as the IAR approving authority.

i. In all instances when the loss of COMSEC and/or CCI materiel is discovered, the reporting requirements in AR 380-40, DA Pamphlet 25-380-2 and TB 380-41 (as applicable) will not be subjected to delays pending the outcome of internal investigations or causative research as prescribed by this regulation. Such incident or insecurity reporting will be accomplished immediately upon discovery of the loss.

j. Accountability and the accountable property officer (ACTPO) for assets held at wholesale storage activities will reside at the storage activity; the former custodial record at the storage activity will be the accountable record. This accountable record will be maintained solely by the storage activity. Within AMC, the term "storage activity" refers to Industrial Operations Command (IOC) storage activities, both CONUS and OCONUS, to include both Government owned-Government operated and Government owned-contractor operated plants and arsenals. It also refers to prepositioned (PREPO) afloat ships, each of which is a separate storage activity, to the CECOM Communications Security Logistics Activity storage activity at Tobyhanna Army Depot, and to wholesale maintenance activities which are performing maintenance functions on ASDA-owned or customer-owned assets.

k. Defense Logistics Agency (DLA), other service, and Army storage activities will conduct causative research based on the criteria in table 15-1 and investigate all adjustments for which causative research results in no conclusive findings. DLA, other Service storage activities, and Army activities storing DLA stocks will use DD Form 200, Financial Liability Investigation of Property Loss, to document the results of the causative research and the financial liability investigation. The DLA and other Service storage activities will provide copies of completed DD Forms 200 to each of the ASDAs that were affected by the loss or gain. Preparation of DD Form 200 is explained in the DoD Financial Management Regulation, Volume 12, chapter 7. The DoD financial Management Regulation is available on the Internet under www.dtic.mil/comptroller/fmr.

l. Accountability and the ACTPO for wholesale assets not held at a wholesale storage activity will reside with the ASDA. Assets at a contractor for repair, assets on loan, and assets in transit between storage activities (other than on post) are examples of this category of assets. The asset record maintain by the ASDA will remain the accountable record for these assets. This accountable record will be maintained solely by the ASDA. For these assets, the ASDA will conduct causative research as outlined above using DA Form 444 and DA Form 4697. Each ASDA will complete and maintain an internal control checklist to document the steps taken during each causative research action. An example of this checklist is in AR 740-26, appendix L.

15–3. Procedures

a. ASDAs.

(1) ASDAs will submit, in writing, within 5 working days after causative research is completed, requests for depots to initiate IARs, reports of survey, or AR 15-6 investigations. The ASDA will submit, with the request, an ASDA transaction history for 2 years along with an ASDA/depot transaction history reconciliation listing or a non-resolved discrepancy research list, whichever is applicable. The ACTPO will also include the following data with the request:

(a) National stock number (NSN).

(b) Description of NSN.

(c) Unit price.

(d) Total cost.

(e) Inventory category code.

(f) Controlled inventory item code.

(g) Condition code of loss quantity.

(h) Adjustment document number.

(i) Name and grade of the ACTPO.

(j) ASDA stock record account number.

(k) Loss quantity.

(l) Ownership code (ammunition only).

(2) ASDAs will request depots to reply within 90 days with either a DA Form 444 or a report of survey.

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

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

(5) If the depot does not reply to the first follow-up, the ASDA will send a second follow-up 20 days after the first follow-up to IOC. Send copies to the depot commander and to the USAMC, ATTN: AMSDS-SM-SA for ammo, and Defense Logistics Agency, ATTN: DLA-OW for general supplies.

(6) A depot submits an IAR or report of survey to an ASDA. The original 90 days suspense period for that action ends on its submission of the IAR or report of survey to the ASDA. In all cases when other actions are requested by ASDAs, a new suspense period of 60 days for reports of survey and 30 days for IARs will apply; for example, when returning an IAR or report of survey to the submitter for more action.

(7) ASDAs will receive IARs in an original and 2 copies from depots and review them for completeness and accuracy. (See figure 15-1.) An ASDA has 30 days to approve an IAR, or return it to the depot for more action. If the IAR is satisfactorily completed, the ACTPO will forward it through the Chief of Distribution and Transportation to the Director of Materiel Management for approval. Retain the original of the approved IAR in the approving authority file. Return two copies of the approved IAR to the ACTPO. Forward one copy to the depot. Place the other copy in the ASDA completed files. If the ASDA takes exception to any part of the

IAR, return the IAR to the depot by cover memorandum for corrective action. Set a suspense of 30 days from the date of memorandum. If the IAR remains unacceptable after the second submission, the ASDA may request a report of survey.

(8) ASDAs will receive reports of survey from depots in an original and three copies. ASDAs review the reports of survey for completeness and accuracy. (See figure 15-2.) An ASDA has 60 days to approve a report of survey or return it to the depot for more action. If acceptable, forward the report of survey to the ASDA approving authority for approval. Retain the original of the approved report of survey in the approving authority file. Return three approved copies to the ACTPO. Forward two copies to the depots for their files. Place one copy in the ASDA's completed files. If exception is taken to any part of the report of survey, return it to the depot by cover memorandum for corrective action with a suspense date of 60 days from the date of the memorandum.

(9) When the IAR or report of survey indicates one of the following, the ASDA will inquire the accountable records to determine if the accountable records have been updated correctly.

(a) The loss quantity is accounted for. (Erroneous receipt is posted; receipt reversal was not posted at ASDA; erroneous denial materiel was shipped; the lost materiel was located in storage, etc.)

(b) The partial loss quantity has been recovered or accounted for that would reduce dollar value below mandatory requirement to initiate an IAR. When records are updated correctly, close case and file it in the completed file.

(10) When an IAR is prepared by a depot or when a report of survey results in no conclusive finding because of inadequate accountable records at the ASDA, the commander of the ASDA will certify this in writing. This certification may be delegated to the Director of Materiel Management. Records are considered inadequate when it can be shown during research that transactions for the item under investigation are missing or unreadable, thereby precluding a conclusive investigation. File the certification with the research investigation documents to which it applies, (i.e., IARs and report of survey).

(11) The ASDA approving authority will review all approved DD Forms 200 received from the DLA or other Service storage activity approving authority. The ASDA approving authority should ensure that the level and depth of the investigation were commensurate with the nature and size of the adjustment. If the ASDA approving authority, as owner of the materiel in question, does not agree with the level of investigation or draws a different conclusion, he or she will return the DD Form 200 to the storage activity with a memorandum outlining his or her concern(s). Further action should be handled on a case-by-case basis between the approving authorities. If the ASDA approving authority believes a reinvestigation is necessary, the storage activity approving authority may request that the ASDA pay for the reinvestigation. Patterns of seeming superficiality in a storage activity's investigation should be addressed through command channels.

(12) For assets held at DLA and other Service storage activities, the ASDA should monitor adjustment documents received from these activities to determine when the criteria outlined in table 15-1 are exceeded and causative research resulted in no conclusive findings. For these instances, a DD Form 200 should be forwarded to the ASDA within 45 days of posting of the adjustment. The ASDA should follow up with the storage activity on any DD Forms 200 not received.

b. Depots.

(1) The inventory activity will, upon receipt of a request for an IAR or report of survey, establish controls to assure the interim and final replies are forwarded to ASDAs by suspense dates. If the depot cannot meet the suspense date, the depot will request an extension by telephone from the ASDA, 5 days before the suspense date. (See a(2), (6), (7), and (8) above for suspense dates.)

(2) Forward the original and two copies of the IAR, or report of survey to the ASDA.

(3) To complete research relating to the IAR or report of survey, the depot will obtain transaction history to include all current and deleted locations; review the history to decide whether there are erroneous, duplicate, missing transactions, or depot local adjustments; and review relevant hard copy documents. This will be done as follows:

(a) Depot local adjustments (Z9L)—check inventory files to assure that the correct quantity and condition code were posted.

(b) Denials—check materiel release order history files to assure material was not shipped.

(c) Locations—check all current and deleted locations.

(d) Receipts—review hard-copy receipt documents for duplicates; quantity and condition code as posted are correct; and weight and cube agree with the weight and cube entries recorded in the depot master data record.

(e) Adjustments—review hard-copy and document control register on condition code reclassification (DACs) and reidentifications (D8J and D9J) to verify correct postings.

(f) Shipments—review materiel release order (MRO) history file to verify correct posting of MROs; for those items shipped on a Government bill of lading (GBL) or other traceable means, verify correctness of weight and cube for shipment; review the GBL to assure shipment of the materiel.

(g) Other owners—assets may be on record for other owners. If so, verify that these recorded assets are correct with no adjustments that would have a bearing on the loss.

(h) Outstanding RODs—review SFs 364 to decide whether an outstanding ROD has a bearing on the loss.

(i) Depot maintenance—check the depot maintenance activity to assure missing materiel is not located there, and any transaction to or from the maintenance activity is correctly reflected on the depot's transaction history.

(j) Disposal activity—check the disposal activity for missing materiel.

(4) An IAR prepared by a depot may result in no conclusive finding because of inadequate custodial records at the depot. If so, the commander of the depot or his or her deputy will certify this in writing. Records are considered inadequate when research shows that transactions for the item under investigation are missing or unreadable, thereby preventing a conclusive investigation. File the certification with the research or investigative documents to which it applies, (i.e., IARs or reports of survey).

(5) Investigation may recover missing materiel or may account for it. If so, make corrections to the depot custodial records as required. Forward a reply by 1st endorsement to the ASDA to include a copy of the depot transaction history showing the corrections have been made. Include an explanation for the discovery. This history will include recovery or accounting for partial quantities that would reduce the dollar value below the mandatory requirement for an IAR as stated in table 15-1. In those cases where recovery or accounting for quantities (partial or total) reduce the dollar value below the mandatory requirements for an IAR, depot replies by 1st endorsement will constitute closing of the IAR unless otherwise notified by the ASDA. A partial quantity may be recovered or accounted for and may not reduce the dollar value below the mandatory requirement. If so, continue processing the IAR for the actual loss quantity.

(6) Investigation may fail to account for the loss. If so, take the following actions:

(a) Prepare an IAR, report of survey, or AR 15-6 investigation on request from the ASDA. If the ASDA requests an IAR, not knowing that negligence or willful misconduct is suspected, the depot commander will initiate a report of survey instead of an IAR.

(b) The depot commander will sign both IARs and reports of survey in the proper blocks before submission to ASDAs. Note that when blocks 33 through 36b are completed, the words "appointing authority" will be lined out and replaced with the words "depot commander".

(c) When initiating a report of survey, forward copy number five to the proper ASDA showing that a report of survey has been initiated. Forward the original and three copies of the report of survey to the depot commander for assigning a report of survey

number from the survey register, and appointing a survey officer (when required by the approving authority).

(7) Appointed survey officers will conduct an investigation and document losses as stated in chapter 13. They will compile the evidence that substantiates or refutes the statements in block 11 of DA Form 4697. Survey officers will record only facts about the loss. Statements attached as exhibits will be in the form of certificates for military and civilian personnel. The survey officer will—

(a) Obtain statements in the form of certificates or direct quotes of persons mentioned in block 11 of DA Form 4697, if not already attached as exhibits, and any other persons interviewed during the investigation.

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

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

(d) Assure that all shipment postings have been verified against the MRO history file; the bills of lading (BL) are verified to assure the correct quantity was shipped; and the weight and cube agree with the quantity shipped.

(e) Verify that NSNs with a CIIC of 0, 2, 3, and 8 were properly reported to security. (Those sensitive items that require an AR 15-6 investigation are exceptions.) When a weapon is lost, include the serial number in the report of survey or AR 15-6 investigation. Verify that a copy of the security investigation is attached to the report of survey as an exhibit.

(f) Investigate the receiving, storage, inventory, and shipping practices; obtain statements in the form of certificates or direct quotes that verify practices met regulatory requirements; cite the regulations. Include whether or not the security measures are, or were in effect to prevent theft. Note: When citing local regulations, attach applicable parts as exhibits.

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

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

(i) Decide whether or not the missing item has any commercial application.

(j) Decide whether or not a person is to be held financially liable.

(k) Determine who is responsible; normally this is the depot appointed responsible officer.

(l) From the above, decide whether negligence or willful misconduct is evident.

(m) State how the loss occurred. If this cannot be determined, state why.

(n) If the missing materiel is found or accounted for, discontinue the investigation. Report the findings through the depot commander to the inventory office. The inventory officer will have the depot custodial records corrected as required. The office will also advise the applicable ASDA of these findings. Include a copy of the depot transaction history showing that corrective action has been taken.

(o) Make a recommendation based on recorded facts stated in the findings. The recommendation will cover accountability, responsibility, and financial liability, as applicable. Do not recommend adjusting records as the records have already been adjusted.

(p) Obtain the signature of the depot commander. Forward the completed reports of survey to the applicable ASDA.

(8) Conduct AR 15-6 investigations on sensitive items according to AR 15-6. (See AR 190-11.) An AR 15-6 investigation may be used instead of a report of survey. In these cases the depot will complete DA Form 4697, enclose a copy of the AR 15-6 investigation to it, and submit it to the ACTPO at the applicable ASDA. The DA Form 4697 will be completed according to figure 15-2 except that—

(a) Blocks 11 and 26 should not include details on the circumstances and findings. Instead, include a statement in these blocks referring to the attached AR 15-6 investigation.

(b) If no one is recommended financially liable, include a statement in block 26. The statement will recommend that the accountable officer be relieved of accountability and not held financially liable.

(c) The name of the presiding member of the AR 15-6 board of investigation will be entered in block 24.

INVENTORY ADJUSTMENT REPORT (IAR)

FOR THE USE OF THIS FORM, SEE DA PAM 710-2-2; THE PROPONENT AGENCY IS THE OFFICE OF THE DEPUTY CHIEF OF STAFF FOR LOGISTICS.

SSA: Sierra Army Depot, Herlong, CA 96113-5230

MATCAT:

VOUCHER NUMBER: DODAAC W311PPJ; DATE 6016; SERIAL 0012

TOTAL NUMBER OF ITEMS:

IAR REASON:

STATION: U.S. Army Missile command, Redstone Arsenal, AL 35809

COUNT CARD LOCATION:

ITEM	STOCK NUMBER	ITEM NOUN	COND	SEC	RICC	RECORDED BALANCE	QUANTITY INVENTORIED	POST GAIN	POST LOSS	UI	UNIT PRICE	EXTENDED PRICE GAIN	EXTENDED PRICE LOSS
1.	4935-00-001-0001	Amplifier	A	U					5	ea	$800.00		$4000.00

EXPLANATION OF LOSS/DESCRIPTION OF RESEARCH: The following research has been accomplished in an attempt to determine reasons for the above shortage reported on 16 January 1996 as a result of a physical inventory.

a. All transactions for all owners have been examined for the past 2 years.

b. A physical search of recorded locations, both active and inactive was made.

FINDINGS: There is a loss, as described above, which cannot be accounted for. There is no evidence of theft or negligence.

DEPOT AUTHENTICATION:

I have reviewed this voucher and recommend approval.

Frank C. Garcia
FRANK C. GARCIA
Colonel, QM
Depot Commander

ASDA AUTHENTICATION:

I have reviewed this voucher and approve all actions being taken.

Richard J. Hale
RICHARD J. HALE
Deputy Director
Materiel Management Directorate

STOCK RECORD OFFICER

THESE ADJUSTMENTS WERE MADE FOR THE REASON SHOWN. IF THE REASON IS "INVENTORY" THEY HAVE BEEN MADE PENDING THE SSA COMMANDER'S APPROVAL.

DATE: 7 Feb 96 SIGNATURE: James V. Boone JAMES V. BOOONE

SSA COMMANDER

I APPROVE THE ADJUSTMENT OF ALL ITEMS NOT CIRCLED. THE CIRCLED ITEMS WILL BE SUPPORTED BY ACTION UNDER: (CIRCLE ONE) AR 15-6 AR 735-11

DATE: 9 Feb 96 SIGNATURE: Franklin P. Kincade FRANKLIN P. KINCADE

ASSET REPORT COPY SENT: DATE / INITIALS

IAR REVIEWED: DATE / INITIALS

GAIN / TOTAL DOLLARS / LOSS

GAIN / NET DOLLARS / LOSS

DA FORM JAN 82 444 EDITION OF JUN 78 IS OBSOLETE. ☆ U. S. GOVERNMENT PRINTING OFFICE: 1982 — 355-946

Figure 15-1A. Sample DA Form 444, IAR for AMC wholesale supply system

SSA. Enter name of depot preparing the IAR.

MATCAT. Leave blank.

Voucher number. Enter the ASDA document number as it appears on the ASDA memorandum requesting the IAR or as shown on Part III(4B) IAR.

Total number of items. Leave blank.

IAR reason. Leave blank.

Station. Enter ASDA where the accountable record is maintained.

Count card location. Optional for single manager for conventional ammunition to identify the owner of the lost materiel. Otherwise, leave blank.

Item. Leave blank.

Stock number. Self-explanatory.

Item noun. Self-explanatory.

Condition. Enter the condition code as stated in the ASDA memorandum requesting the IAR or as shown on Part III(4B) IAR.

SEC. Enter the controlled inventory item code (CIIC) as stated on the ASDA memorandum requesting the IAR or as shown on Part III(4B) IAR.

RICC. Leave blank.

Recorded balance. Leave blank.

Quantity inventoried. Leave blank.

Gain. Leave blank.

Loss. Enter the quantity as stated in ASDA memorandum requesting the IAR or as shown on Part III(4B) IAR.

UI. Enter unit of issue (UI).

Unit price. Enter the unit price as stated in ASDA memorandum requesting the IAR or as shown on Para III(4B) IAR.

Extended price-gain. Leave blank.

Extended price-loss. Enter the dollar value of loss.

Explanation of loss/description of research. Describe across the face of the IAR the research action taken by the depot to explain the loss. Attach copies of the depot transaction history and any other documents used to support the explanation of the loss. Statements such as "previous erroneous count," "previous offsetting adjustment," and the like, are not acceptable explanations unless fully supported by documentation. In such cases where previous offsetting adjustments and erroneous counts are cited, they must equal the quantitative loss under investigation. In all cases, research will cover all areas stated in paragraph 15-3b.

Findings. Enter across the face of the IAR conclusions made based on the research conducted. If reasons for the loss are not known or cannot be determined, it will be so stated.

Figure 15-1B. Completion instructions (by item or column) for DA Form 444, IAR for AMC wholesale supply system—Continued

Depot authentication. Above the Stock Record Officer block, type the statement recommending approval and the depot commander's or deputy commander's signature block as shown in figure 15-1. The depot commander or deputy will sign and date here before the IAR is forwarded to the accountable property officer.

Stock record officer. The ASDA ACTPO will sign and date this block when the IAR is received from the depot and accepted by the ACTPO.

SSA commander. The ASDA will strike out "SSA Commander" and enter "C, DISTRIBUTION AND TRANSPORTATION DIVISION." The division chief will sign and date this block.

ASDA authentication. The ASDA will type the statement of approval and the Director's/Deputy Director's, Materiel Management Directorate signature block as shown in figure 15-1. The Director/ Deputy Director will sign and date this block.

Asset report copy sent. Leave blank.

IAR reviewed. Leave blank.

Total dollars-gain. Leave blank.

Net dollars. Leave blank.

Figure 15-1B. Completion instructions (by item or column) for DA Form 444, IAR for AMC wholesale supply system

DEPARTMENT OF THE ARMY
REPORT OF SURVEY
For use of this form, see AR 735-11; the proponent agency is DCSLOG

1. DATE PREPARED: 7 Feb 96

2. SURVEY NUMBER: 96-0016

3. TYPE OF PROPERTY: U.S. Army Mission Stock

4. ADDRESS OF ACCOUNTABLE OFFICER: U.S. Army AMCCOM Rock Island, IL 61299-6000

5. ORIGINATOR *(Accountable officer, or primary hand receipt holder)*
Kerry D. Chun, GS-12, Accountable Property Office, USAMCCOM, Rock Island, IL

6. NATIONAL STOCK NUMBER	7. ITEM DESCRIPTION	8. QTY	9. UNIT PRICE	10. TOTAL COST
4933-01-244-9778	Logic Control Unit	1	$9,288.	$9,288.
			Grand Total	$9,288.

11. DATE AND CIRCUMSTANCES

Investigation reveals that on the 96023 day, 23 January 1996, a warehouse denial for 1 each logic control unit, and a computer generated denial for 1 each, caused by the warehouse denial being posted to the transaction history with DIC's of Z9 and Z9L. See the transaction history at exhibit A. These losses resulted in a report for investigation by the U.S. Army AMCCOM. Research of all the records pertinent to the depot stocks, in addition to the physical counts conducted in all active and deleted locations have been performed. One each of the logic control unit was found and shipped. See the report for investigation at exhibit B. A shortage of 1 each logic control unit can not be accounted for. Enclosed are copies of all the receipt documentation at exhibit C, and the shipping documentation at exhibit D, pertinent to the loss. The postings have been verified as correct. This included verifying the weight and cube, versus the quantity posted. Standard research procedures were utilized and there was no evidence of theft or negligence found.

Exhibits A though D are attached.

12. AFFIDAVIT

I do solemnly swear *(or affirm)* that *(to the best of my knowledge and belief)* the articles of public property shown above and/or on attached sheets were lost, destroyed, damaged, or worn out in the manner stated, while in the public service.

SIGNATURE AND DATE: Theresa A. Dally 2-7-96

TYPED NAME, GRADE, AND SSN: Theresa A. Dally GS-09

13. Subscribed and sworn to *(or affirmed)* before me at this day of

NAME AND GRADE *(type and sign)*

14. DATE

15. NAME, GRADE, AND SIGNATURE OF ACCOUNTABLE OFFICER: Brian J. Wilson, GS-13 Brian J. Wilson

16. DOCUMENT NUMBER: W32PCD 6040-0131

17. APPOINTING AUTHORITY

I have received the evidence pertaining to the lost, damaged, or destroyed property, and have determined that the following action is required.

a. [X] No further investigation is required. There is no positive evidence of negligence. I do not suspect willful misconduct or deliberate unauthorized use. I hereby forward this document to the approving authority for final action. *(Proceed to block 37.)*

b. [ ] The circumstances surrounding the lost, damaged or destruction warrants further investigation. *(Proceed to block 21.)*

c. [ ] Conduct an investigation according to AR 15-6. Attach this document, as an exhibit, to the investigation and forward it to the approving authority.

18. DATE

19. TYPED NAME, GRADE, AND TITLE OF APPOINTING AUTHORITY: Thomas C. Davis, Col, QM, Commanding

20. SIGNATURE: Thomas C. Davis

DA FORM SEP 81 4697 DA FORM 4696(TEST), 1 JUL 78 and DA FORM 4697(TEST), 1 JUL 78 ARE OBSOLETE.

Figure 15-2A. Sample of DA Form 4697, Department of the Army Report of Survey for AMC wholesale supply system loss

The depot will complete blocks unless otherwise indicated

Date prepared. Enter date prepared.

Survey number. Enter the survey number assigned by the depot commander.

Type of property. Enter Army mission stock.

Address of accountable officer. Enter the name and address of the major subordinate command (MSC) where accountable records are located.

Originator (accountable officer or primary hand receipt holder). Enter the name, grade and address of the accountable officer. Strike out "primary hand-receipt holder."

National stock number. Enter the national stock number from the request of the ASDA.

Item description. Enter the item description from request of the ASDA.

Quantity. Enter the quantity from the request of the ASDA.

Unit price. Enter the unit price from the request of the ASDA.

Total cost. Enter the total cost from request of the ASDA.

Date and circumstances. Enter a concise and accurate statement of the facts in the case. Include the date and how the loss was discovered, and the condition code(s) of the loss quantity. Obtain the name and grade of persons contacted. If statements are obtained, these will be in the form of certificates. (See Chapter 13 to prepare certificates.) Exhibits attached, to include certificates, will be referred to by capital letter designation per para 13-9.

Affidavit. The person providing the statement in block 11 will sign in the signature block. Type the person's name and grade in the block below the signature block. Modify the affidavit block as proper.

Subscribed and sworn to (or affirmed). Leave blank.

Date. Enter the date the accountable officer signs block 15. To be completed by the proper ASDA.

Name, grade or rank, and signature of accountable officer. Enter the name, grade and signature of the accountable officer. To be completed by the proper ASDA.

Document number. Enter the document number of potential loss adjustment. To be completed by the proper ASDA when the action of the depot commander is completed.

Appointing authority. The depot commander will check the proper block.

Date. Enter the date block 20 is signed by the depot commander.

Typed name, grade, and title of appointing authority. Enter the name, grade, and title of the depot commander.

Signature. The depot commander will sign.

Figure 15-2B. Completion instructions (by item or column) for DA Form 4697, Department of the Army Report of Survey for AMC wholesale supply system loss

21. APPOINTING AUTHORITY	22. STATION	23. DATE

24. NAME, GRADE OF SURVEYING OFFICER

25. YOU ARE APPOINTED SURVEYING OFFICER BY ORDER OF: _____
(Typed name, grade of Appointing Authority)

26. FINDINGS AND RECOMMENDATION

I have examined all available evidence as shown in exhibits _____ to _____ and as indicated below have personally investigated the same and it is my belief that the article(s) listed hereon and/or attached to sheets, total cost $_____

27. RECOMMEND PECUNIARY CHARGE	a. ACTUAL LOSS	b. AMOUNT CHARGED	c. LOSS TO GOVERNMENT
	$9,288.00	$0	$9,288.00

28. DATE	29a. TYPED NAME, GRADE OF SURVEYING OFFICER	b. SIGNATURE

30. I have examined the findings and recommendations of the Surveying Officer on this report of survey and the exhibits _____ to _____ and ☐ desire to make a statement which is attached hereto; ☐ do not desire to make a statement. I am aware of my right to legal advice in preparing the statement and, if a pecuniary charge is finally approved, to make appeal and *(if an enlisted man)* my right to request remission of indebtedness. I am/am not the accountable officer for the lost or damaged property. The property was/was not my personal arms or equipment.

31. DATE	32a. TYPED NAME, GRADE OF INDIVIDUAL BEING CHARGED	b. SIGNATURE

33. RECOMMENDATION BY THE APPOINTING AUTHORITY	34. COMMENTS
☐ CONCUR ☐ NONCONCUR	

35. DATE	36a. TYPED NAME, GRADE & TITLE OF APPOINTING AUTH	b. SIGNATURE

37. APPROVING AUTHORITY

a. ☐ REJECTED. Investigation is required. Appoint a survey officer. Date_____ Initials_____

b. ☐ REJECTED. Investigation incomplete. Additional information required. Date _____ Initials_____

c. ☒ APPROVED BY AUTHORITY OF THE SECRETARY OF THE ARMY.

To relieve the accountable officer of accountability and responsibility for the loss.

38. PECUNIARY CHARGE

a. ACTUAL LOSS $9,288.00

b. AMOUNT CHARGED $0

c. LOSS TO GOVERNMENT $9,288.00

39. DATE	40a. TYPED NAME, GRADE & TITLE OF APPROVING AUTH	b. SIGNATURE
	Gregory C. Scott, GS-15 Director, Materiel Management	Gregory C. Scott

1982-0-564-036/527

Figure 15-2C. Sample of DA Form 4697, Department of the Army Report of Survey for AMC wholesale supply system loss

(21) Appointing authority. Enter the name and grade of the depot commander.

(22) Station. Enter name of the depot. (Example: Texarkana, TX.)

(23) Date. Enter the date the survey officer is appointed. Note: If more than 60 days have past from date in block 1, a statement explaining the reason of delay is required. The statement will be attached to the report of survey as an exhibit.

(24) Name, grade of surveying officer. Enter the name and grade of the survey officer.
Note: Commissioned officers will be appointed when available.

(25) You are appointed surveying officer by order of. Enter name and grade of the depot commander. The administrative portion may be delegated, but the commander must sign.

(26) Findings and recommendation. Enter findings and recommendations.

Note: The following is a sample only

I have examined all the available evidence as shown in exhibits A through H. As indicated below, I have personally investigated the evidence. I believe the articles listed on this report and attached sheets totaling $100,000 were not lost because of negligence on the part of the responsible officer (name). Investigation confirmed the loss did occur on (date) and was discovered during a physical inventory for condition code A.

Note: The following are samples of exhibit statements.

1. Exhibit A is the depot transaction history containing all issue, receipt, and adjustment transactions for the past 2 years. These transactions have been reviewed, and no errors were found. Related hard-copy documents that are available for receipts, exhibit B, adjustments, exhibit C, and issues, exhibit D, have been verified; postings are correct.

2. Exhibit A also contains all current and deleted locations. With the assistance of (name, grade and job title), these locations and surrounding locations were checked; there was no evidence that the missing item was found.

3. Exhibit E is a certificate of (name, grade and title). It confirms that procedures for the receipt of materiel, as prescribed in AMC-R 740-20 and AMC-R 740-21 are being followed.

4. Exhibit F is a certificate of (name, grade and title). It confirms that inventory adjustment procedures are in accordance with AMC-R 740-17.

5. Exhibit G is a certificate of (name, grade and title). It confirms that shipment procedures are accordance with AMC-R 740-22 and AMC-R 740-23.

6. Exhibit H is a copy of a security investigation conducted on 23 January 1996, attesting that theft is not evident and enough security measures are in effect to prevent theft. It has been determined the missing item has no commercial application. The depot maintenance, disposal, and quality assurance activities have been checked. The missing materiel is not located in any of these activities.

7. Based on the above findings and the attached exhibits, a loss of property in the amount ($ amount) for condition code A assets occurred as recorded on page 1 of exhibit A. The loss cannot be accounted for; theft or negligence was not proven.

8. How the loss occurred cannot be determined. RECOMMENDATION: ACTPO (name, grade, and title, from block 5) be relieved of accountability; responsible officer (name, grade and title) be relieved of responsibility; no one be held financially liable. (Note: If financial liability is recommended, enter the person's name, grade, social security number, and basic monthly pay at the time of the loss.)

Figure 15-2D. Completion instructions by item or column for DA Form 4697, Department of the Army Report of Survey for AMC wholesale supply system loss—Continued

(27a, b, and c) Recommended financial charge. (See chapter 13 and appendix B.)

(28) Date. Enter the date the survey officer signs block 29b.

(29a) Typed name, grade of surveying officer. Enter the name and grade of the surveying officer.

(29b) Signature. The survey officer signs here when the report of survey investigation is completed.

(30-32b) Completed only if financial liability is recommended. Is completed by the respondent.

(33) Recommendation by appointing authority. Enter action by the depot commander. Depot commander will complete item 33.

(34) Comments. The depot commander enters comments, if any.

(35) Date. Enter the date the depot commander signs block 36b.

(36a) Typed name, grade, and title of appointing authority. Enter the name, grade, and title of the depot commander.

(36b) Signature. Depot commander signs here.

(37-40b) For use by the ASDA's approving authority. (See figure 13-6.)

Figure 15-2D. Completion instructions by item or column for DA Form 4697, Department of the Army Report of Survey for AMC wholesale supply system loss

Chapter 16
Discrepancies Incident to Shipment of Property by Common or Contractor Carrier

Section I
Introduction

16–1. General

a. This chapter specifies actions to be taken by TOs, property officers, and other officials. Take actions when supply and transportation type discrepancies in shipments of Army property are disclosed. The property may include foreign military sales (FMS) and Grant Aid. These actions include reporting and adjusting discrepancies revealed. They also provide the basis for asserting claims against common carriers and vendors.

b. The chapter prescribes the use of—

(1) *The SF 361, (Transportation Discrepancy Report (TDR)).* This form will be referred to throughout this chapter as TDR.

(2) *The SF 364, (Report of Discrepancy (ROD)).*

c. Address all questions on RODs through channels to Executive Director, USAMC, Logistics Support Activity (LOGSA), Red Stone Arsenal, AL 35898-7466; all questions on TDRs will be addressed to Commander, AMC, ATTN: AMCLG-SD, Alexandria, VA (for Army policy) and/or the Military Traffic Management Command (TDR proponent), ATTN: MT-ITD, WASH DC 20315-5050.

d. For additional guidance on reporting and investigating discrepancies incident to the transportation and shipment of COMSEC and CCI materiel, refer to AR 380-40, DA Pamphlet 25-380-2, and TB 380-41, as applicable.

16–2. Authority

This chapter is based on Department of Defense Instructions (DODIs) and joint regulations, as follows:

a. DODI 7420.12 covering DoD billing, collection, and accounting procedures. This chapter specifies documents to submit in support of requests for adjusting of reimbursement billings.

b. AR 55-38. The Army property accountability aspects of transportation discrepancies in shipment.

c. AR 735-11-1. The distribution of documents to DFAS for freight loss and damage claims.

d. AR 735-11-2. The Army property accountability aspects of item and packaging discrepancies.

16–3. Scope

a. Types of transportation services. Shipments moving on—

(1) GBL.

(2) Commercial bill of lading (CBL) when converted to a GBL at destination.

(3) CBL, free on board (F.O.B.) origin terms, when freight charges are paid by the vendor as a convenience to the Government (paragraph 16-4).

(4) An Army-administered contract for transportation services.

(5) Military MTOE transportation units providing transportation support services.

b. Types of consignees. This section covers shipments received at all types of Army installations and activities as defined in AR 310-25. Specialized procedures are required at storage depots for which property accountability is maintained at a central point. Separate depot procedures are identified below. (See AR 725-50, chapter 5.)

c. Types of property. The term "property"as defined in the consolidated glossary includes but is not limited to that which—

(1) Is part of the body of, or represents a purchase by, an element of the Army from the Army Stock Fund (ASF).

(2) Represents a purchase by an element of the Army from the DLA stock fund or from supply sources controlled by General Services Administration (GSA).

(3) Includes FMS and Grant Aid.

d. Types of discrepancies. These instructions concern the reporting and adjusting of property accounting records resulting from shipping discrepancies, and decisions as to the assessment of financial liability for the loss or damage. Also, they include references to Army or other regulations specifying use of standard DoD discrepancy forms used in traffic management or quality control of depot operations.

16–4. Property accountability for discrepancies

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

(1) *"Short" reverts to the consignor when reported by the consignee on TDR or ROD.* Property responsibility for such items terminates because the consignee posts only the quantity actually received to the consignee stock record account.

(2) *"Over" (including items apparently shipped in error) reverts to the consignor as in (1) above.* Property responsibility remains as a suspense item with the consignee until taking final action for disposing of such items to comply with the instructions of the consignor.

(3) "Damaged"reverts to the consignor, as in (1) above, along with property responsibility for the items in the condition shown on the shipping document. The consignee assumes and retains property responsibility for damaged items described in the condition of actual receipt until taking final disposition action to comply with the instructions of the consignor. Thus, the consignor on F.O.B. origin shipments must resume accountability for, and take proper actions to adjust shortages and overages and damages attributed to him or her by report of survey action as in (1) above. Army consignors must also properly adjust their consignor stock record accounts and stock fund records to provide for shipments made to replace items reported short or damaged.

b. Local purchase. On F.O.B. destination shipments from vendors of "local purchases"(AR 310-25) by the consignee, accept property accountability and make payment only for those quantities received in a serviceable condition. Disposition of unacceptable items is the responsibility of the vendor.

16–5. Actions to be taken upon discovery of discrepancies in shipment

a. Actions to be taken will be decided on discovery of a discrepancy upon receipt of shipment. The actions to be taken depend on the type of consignee involved. Listed below are the successive steps for reporting and adjusting discrepancies. These steps are discussed in separate paragraphs of this chapter. For those steps in which requirements for action differ with the type of consignor or consignee, the procedure that applies to each type or combination of types is identified as follows:

(1) *Step 1.* Discovery of the discrepancy by—

(a) The TO or other tally clerk during "checking-in" operation, or;

(b) The receiving property officer during "storage"operation.

(2) *Step 2.* Classification of discrepancy (see consolidated glossary to determine the proper form (TDR, ROD, or other forms)) required.

(3) *Step 3.* Initiation of forms in (2) above.

(4) *Step 4.* Investigation and documentation of loss with concurrent actions to complete the forms in (2) above.

(5) *Step 5.* Approval of the forms in (2) above for consignee installation commanders.

(6) *Step 6.* Distribution of the forms in (2) above.

(7) *Step 7.* Action by the consignor (shipping officer) or other addressee upon receipt of the completed forms in (2) above.

b. Section II of this chapter specifies the actions required in steps 3 through 7 for the use of the TDR form. Section III of this chapter specifies those actions required for the use of SF 364 and other applicable forms.

16–6. Step 1—Discovery of discrepancies

a. Persons working in the receiving transportation office or the property office normally discover the discrepancies. Discovery of discrepancies occurs—

(1) During the "checking-in"operation.

(2) After receiving the shipment from the receiving TO.

(3) During inspection.

(4) During breaking down the pallets and emptying the containers.

(5) When moving the property into storage for later issue.

b. Undue delay of notice will dictate which discrepancy form will be used (not applicable to TDR).

16–7. Step 2—Classification of discrepancies

The receiving TO or receiving property officer, or both, will categorize discrepancies as to their physical characteristics and capability. Categorization, once decided, will not change except upon agreement between the receiving TO and receiving property officer. If the officers fail to agree, the approving authority will categorize the discrepancies.

a. Inconsequential discrepancies. Discrepancies that are categorized as inconsequential do not require report of survey action. Adjust these discrepancies by entering the following note on a copy of the shipping document or other instrument used as a debit voucher: "Inconsequential."

b. Transportation discrepancies. The strict adherence to the definition of transportation discrepancies will assist in protecting the Government's interest. Categorize all discrepancies where carrier liability cannot be ruled out as transportation discrepancies. Further decision will be made according to the consolidated glossary as to whether the transportation discrepancy should be an overage, shortage, or damage, thereby requiring initiation of a TDR in enough copies for report of survey purposes.

(1) For other transportation discrepancies, do not use a report of survey. In cases of damages discovered by the receiving property officer when opening packages at storage locations (concealed damage), he or she will consult the receiving TO for the category of the discrepancy.

(2) AR 55-355 and AR 55-38 contain instructions for advice by the receiving TO to the local agent of the delivering carrier concerning transportation discrepancies.

(3) Section II of this chapter contains specifications for initiating and processing TDRs.

c. Supply discrepancies. After a deficiency is categorized as a supply discrepancy, further review will be made to see if it meets the report preparation time limits (AR 735-11-2) and qualifies under the minimum dollar value criteria (see definition for "discrepancy"in the consolidated glossary). Refer supply discrepancies discovered by the receiving TO to the receiving property officer for action. Section III contains detailed specifications for initiating and processing the SF 364.

16–8. Discrepancy tolerance in receiving shipments of coal, petroleum products, etc.

a. So that Army procedures for receiving and checking in shipments of special types of property will conform with those used in the commercial field, DA will, from time to time, authorize certain shipment discrepancy tolerances to be applied at Army installations. Shipments of solid fuels and petroleum products, and other items subject to shrinkage, evaporation, etc., are shipments to which such tolerances may apply.

b. When tolerances have been authorized under a above, initiation of a TDR or ROD is not required except when—

(1) The discrepancy exceeds the authorized tolerance.

(2) Prescribed by the directive setting the tolerance.

c. For shipments of bulk petroleum, see DoD 4140.25-M, chapter 5 for SF 361 requirements.

Section II
Reporting and Adjusting Transportation Discrepancies

16–9. Step 3—Initiating SF 361 (TDR) shipments on prepaid CBLs

a. "Acceptance at destination" shipments. The Army accepts and pays for only those articles received in a serviceable condition; therefore, transportation discrepancies in "F.O.B. destination" shipments made on prepaid CBLs from vendors do not require TDRs to be prepared for report of survey purposes. Furnish a TDR to the shipper who will settle the transportation discrepancies with the carrier since title does not pass to the Government until acceptance at destination.

b. "Acceptance at origin" shipments. Procurement contracts or purchase orders are carried out according to the FAR, on an "acceptance at origin" basis for shipment "F.O.B. destination" to an Army installation on prepaid CBLs. When this occurs, the Army accepts title to the property at the shipping contractor's establishment. Freight charges are paid by the contractor only as a convenience to the U.S. Government. When reporting transportation discrepancies of this type, prepare a TDR under the same procedures applicable to shipments moving on F.O.B. origin on GBL or related transportation document.

16–10. Step 3—Initiating TDR—F.O.B origin shipments from vendors on GBL

a. Initiate a TDR when discovering a transportation-type discrepancy in an F.O.B. origin shipment on GBL from a—

(1) Vendor.

(2) Fixed-price contractor.

(3) Commercial warehouser.

b. The TDR determines the placing of responsibility despite whether—

(1) The vendor or contractor receives payment for all or part of the article.

(2) Acceptance by the Army took place.

c. As a result of survey action, a decision may be made that the shipper is entitled to payment for articles listed on the report and payment has not been authorized previously. If so, the contracting officer will start such actions needed to make payment. Do not use reports of survey as documents to support payment vouchers.

d. Property accountability for materiel in excess of serviceable articles actually received. When it is determined that loss or damage articles are obviously the shipper's responsibility, procedures in paragraph 16-4, will be used.

16–11. Step 3—Initiating TDR—F.O.B. origin for conversion to GBL

Treat a transportation-type discrepancy in shipment on CBL converted to a DA BL at destination as a DA BL.

16–12. Step 3—Initiating TDR—shipments from ASF

a. When property involved in a transportation discrepancy is part of the body of, or represents a purchase from the ASF by an element of the Army, TDR action will be started. This is true even though the money value of the discrepancy is less than $100 per line item and request for adjustment in reimbursement billing is not required according to AR 37-1.

b. Accounting principles governing the ASF provide that title to shipments will pass to the consignee upon acceptance by the common carrier. (See constructive delivery or receipt, para 16-4.)

c. Adjusting overages, shortages, and damage must be based accordingly on the premise that the funds of the consignee are charged by the stock fund upon release of the shipment to the carrier at origin. Special requirements for ASF in processing TDR at steps 4, 6, and 7 are identified below.

16–13. Step 3—Initiating TDR—shipments from DLA

Requirements for initiation of TDR to report and adjust transportation discrepancies in shipments from DLA Fund are the same as for shipments from ASF (AR 37-1). However, requirements for steps 4 and 6 differ.

16–14. Step 3—Initiating TDR—shipments from GSA

Requirements for initiation of TDR to report and adjust transportation discrepancies in shipments from GSA-controlled sources (not Federal supply schedule) are the same as for DLA and ASF. However, requirements for steps 4 and 6 differ.

16–15. Step 3—Initiating TDR—responsibility at Army depots

At Army depots (storage activities), the receiving or intended receiving TO will initiate TDR when prescribed below. The receiving property officer will furnish the TO all essential data. Include prices and results of inspection and "checking-in" at the storage location in the data. AR 725-50 and chapter 6 of this regulation prescribe processing of DD Form 1348 series of documents, or other prescribed forms, as receipts at the storage activity (responsible officer) and the accountable supply distribution activity.

16–16. Step 3—Initiating TDR—responsibility at installations, depots, and terminals

At installations other than depots and terminals, the receiving TO will initiate and distribute the TDR. At installations where an officer does not regularly serve as a TO, the commander will assign a qualified officer or civilian to take all actions prescribed in this regulation. In case of elements of field forces without an assigned TO, the officer in charge will assign an officer or other qualified subordinate to do the TDR.

16–17. Step 3—Initiating TDR—responsibility at ocean terminals for overseas shipments

AR 55-38 governs the reporting of discrepancies in shipment attributed to movement in transit by ocean carrier.

16–18. Step 3—Initiating TDR—responsibility at aerial ports or air freight terminals

The receiving officer will prepare a TDR for reporting and report of survey purposes. Procedures in AR 55-38 apply.

16–19. Step 3—Initiating TDR—responsibility for shipments to commercial warehouses

Commercial warehouses are employed either to store certain property enroute to water terminals or awaiting other overseas shipment, or to provide more storage capacity for depots. In the former case, when a report of survey is needed for a transportation discrepancy in a shipment received by a commercial warehouse, the terminal agency that maintains the files on shipping documents covering property stored at a certain warehouse is responsible for its preparation. In the latter case, the officer accountable for the property (the depot accountable officer of the accountable supply distribution activity) will prepare such a report of survey covering the transportation discrepancies in shipments received at a warehouse. The officer or activity depends on the warehouser for pertinent data required for its preparation.

16–20. Step 3—Initiating TDR—shipments between Army and other Government agencies

On discovery of a transportation discrepancy (except inconsequential) in a shipment received from another Government agency, the TO initiates a TDR for report of survey purposes. The initiation of the TDR at the Army installation receiving the shipment occurs regardless of whether or not the shipment moved on a DA BL or on one from another Government agency. Distribution prescribed in AR 55-38 applies. Other Government agencies receiving shipments from the Army will report transportation-type discrepancies according to the Federal Property Management Regulation 101-16.8. This requirement serves the following purposes:

a. To determine the carrier's liability and collect payment for proven liability involving DA BLs.

b. Despite whose BL is involved, to determine whether the Army

installation is at fault and to make competent and valid adjustments in reimbursement transactions between the agencies.

16–21. Step 3—Initiating TDR—shipments to non-military activities

a. CONUS destinations. When making shipments of Army property to activities listed below, the shipping accountable officer will adjust the discrepancies. Processing needed reports of survey in TDR is included. In shipments from a contractor, the officer responsible for preparing the shipping document will prepare the TDR. The shipping TO will instruct the consignee on proper reporting of discrepancies in the quantities received. The following types of consignees fall within the scope of this paragraph:

(1) U.S. Government departments or agencies other than DoD and GSA.

(2) Persons, corporations, or non-Government activities not under Army contract.

(3) Foreign governments or instrumentalities of such governments.

(4) NAF activities of the Army.

b. Shipments to DA contractors. For shipments of Government property made to a DA contractor, the designated receiving accountable property officer or property administrator will initiate and follow to conclusion necessary action on discrepancies in shipment. This includes preparation of reports of survey.

c. Overseas destinations. In the cases of transportation-type discrepancies in shipments made on Army BLs to military activities (water or aerial port) for overseas shipments to agencies or activities outside Army, the receiving TO will initiate the TDR for report of survey purposes. (Grant Aid and FMS shipments are included.) The receiving TO will forward the completed claim file to Defense Finance and Accounting Service, ATTN: FINCH-BA, Indianapolis, IN 46249-5301.

16–22. Step 3—Initiating TDR—shipments to American Red Cross

a. Discrepancies in shipments consigned on DA BLs to officers of the American Red Cross in CONUS fall in the same category as those mentioned in paragraph 16-21a.

b. Discrepancies in shipments consigned on DA BLs to the American Red Cross at U.S. ports of exports for export to foreign governments or other destinations fall in the same category as those mentioned in paragraph 16-21c.

16–23. Step 3—Initiating TDR—Army property damaged or destroyed before reaching intended destination in CONUS

When unable to deliver Army supplies and equipment at an intended destination because of the severity of damage suffered while in the possession of the common carrier, take the actions shown below. See AR 55-355, chapter 27 when drive-away service is involved. See AR 55-38, when fire or wreck is involved and authorized personnel of a nearby CONUS military activity assisted carriers to inspect and dispose of damaged materiel or equipment.

a. Action by shipping officer.

(1) Upon receipt of data from a carrier that severity of damage prevents delivery of a shipment, the shipment officer will—

(a) Make arrangements with the carrier, vendor, or originating Army installation for the repair or replacement.

(b) Notify the Army installation designated to receive the property of the circumstances involved, action taken, and the new anticipated arrival date; and furnish a copy of covering BL with such data annotated on the BL.

(2) When the shipping officer decides to turn over damaged supplies and equipment to a Government repair activity for repair or other disposition before delivery, he or she will—

(a) Ascertain the suitable Army installation; promptly furnish disposition instructions to the carrier by the most expeditious means of communication.

(b) Notify the Army installation designated to receive the damaged items for repair; forward a copy of the GBL issued for such items for use for TDR report of survey action.

b. Action by activity designated to receive the damaged items for repair.

(1) Furnish the intended designated receiving officer detailed data as to the cost of repair and other data needed to initiate a report of survey. Use a copy of the GBL provided by the shipping officer.

(2) Pick up on the stock records according to chapter 6. Report as excess the economically repairable materiel to the proper inventory manager. When accepting a damaged vehicle delivered to an installation having a vehicle storage mission, submit a major item status report according to instructions to the Commander, AMC.

(c) *Responsibility of the intended receiving officer when the ultimate consignee is in CONUS.* The intended receiving officer will complete and distribute TDRs prepared by a military activity under the provisions of AR 55-38.

16–24. Step 3—Initiating TDR—for inactivated installations

Normally, reports of survey involving discrepancies in shipments process before inactivation of an installation and its records are retired to a records holding area. However, sometimes notices arrives after the inactivation. This happens most often for shipments to agencies outside the Army (paragraphs 16-10, 16-21, and 16-22). In such instances, the headquarters that exercised command jurisdiction over the installation before its inactivation will prepare and process the necessary reports of survey from data obtained from the proper records holding area.

16–25. Step 3—Initiating TDR—time limitation

The receiving TO will prepare TDR for traffic management and report of survey purposes promptly upon discovery and classification as a transportation discrepancy. They should be compatible within the time limitation set forth in AR 55-38. Articles listed on one BL that are determined short, over, damaged or otherwise making up a discrepancy, will be included on a single TDR.

16–26. Step 3—Initiating TDR—number of copies required

For distribution of TDRs, see AR 55-38. When preparing a TDR for report of survey purposes, identify the TDR file by checking the "yes"block on the TDR. The basis for a firm decision may not be evident to the receiving TO under this chapter. If so, consult with the receiving property officer. If a decision is not reached with the receiving property officers, the TO will consult the appointing and approving authority (paragraph 16-33).

16–27. Step 4—Investigation of discrepancy—transmittal of TDR for report of survey purposes by receiving transportation officer (TO)

When processing a TDR for report of survey purposes, and all actions specified above satisfy the receiving TO, the TO will sign the original and four copies and other copies required by AR 55-38. The signed original and four copies will be forwarded to the appointing and approving authority for action prescribed below.

16–28. Step 4—Investigation of discrepancy—shipments from ASF

TDRs initiated for shipments from the ASF according to paragraph 16-12 (covering step 3) will be processed in step 4 in the same way as the other Army TDR except change the accounting classification shown for deposit of proceeds to that of the ASF consignor prescribed in AR 37-1. This requirement applies to all ASF transportation discrepancies including those amounting to less than $100 per line.

16–29. Step 4—Investigation of discrepancy—shipments from DLA

TDRs initiated for shipments from DLA stock fund according to paragraph 16-13 (step 3) will be processed in step 4 in the same way as the other Army TDR except for accounting classification

shown on the TDR. Change the citation shown in TDR to that of the Defense stock fund (according to AR 37-1) 97X4961.5XX, replacing the XX with the proper activity code of the Defense Logistics Center that initiated the shipment. This requirement applies to all DLA transportation discrepancies including those amounting to less than $100 per line item.

16–30. Step 4—Investigation of discrepancy—shipments from GSA

Initiate a TDR for GSA shipments according to paragraph 16-14 (step 3) and process step 4 in the same way as other Army TDRs. For accounting classification, show the words "General Services Administration."

16–31. Step 4—Investigation of discrepancy—designation of appointing and approving authority

At each Army installation or major activity, the installation commander will designate an officer to supervise and approve actions on TDRs used for report of survey purposes. To properly adjust property accounts, the officer designated will at least serve at the command level above both the receiving TO and receiving property officer; for example; normally the G-4, S-4, Director of Supply or Logistics, or equal level. This named designee will act as the appointing and approving authority for any TDR used for report of survey purposes and will enter final approval for the installation commander.

16–32. Step 4—Investigation of discrepancy—general instructions

The instructions contained in chapter 13 for review of reports of survey by appointing and approving authority and investigation by surveying officers do not fully apply to processing the TDR for report of survey purposes. This is true because, based on the TDR, the functions of both the appointing authority and installation commander are discharged by the appointing and approving authority. Also, investigations are made as an adjunct of the appointing and approving authority action rather than by formally designating a surveying officer.

16–33. Step 4—Investigation of discrepancy—examination by appointing and approving authority

a. Upon receipt of report of survey on TDR, the appointing andapproving authority will review the report to assure accuracy andcompleteness of the entries on the TDR and in the supporting evidence. The approving authority will also decide whether the entries provide an adequate basis for a decision on financial liability or relief from financial liability. If complete and accurate, the appointing and approving authority will show approval as provided in chapter 13. Distribution of the form will follow the requirements of chapter 13.

b. In the review, should the appointing and approving authority conclude more data is necessary to base a final decision on financial liability, he or she will refer the file to one or more investigating officers and enter the note, "Referred to purchasing and contracting officer for addition of findings and recommendations as exhibit."

16–34. Step 4—Investigation of discrepancy—action by investigating officer

a. The investigating officer will develop data essential to present the complete facts on the discrepancy and to comply with the specific instructions of the appointing and approving authority. Officers regularly designated to investigate discrepancies covered by TDR should acquaint themselves thoroughly with the receiving and shipping procedures. In this way, they may more easily determine the pertinent facts of the case. No hard and fast rules apply in performing an investigation. The judgement of the investigator, the situation, and the importance of the case should determine his or her actions. Officers should consider carefully the extent of their investigations; they should refrain from compiling lengthy reports, affidavits, and certificates that do not have a direct bearing on placing responsibility for the loss or damage.

b. The action of the investigating officer includes entering his or her findings on TDR or on added blank sheets properly identified. Include references to added exhibits and the total amount of the loss. Opposite a caption "Recommendations,"which follows the findings without loss of space, enter proper recommendations. Make the summation of the investigation brief and clear. It should leave no doubt in the minds of the appointing and approving authority and other reviewing and approving authorities as to the facts set forth and the intent of the recommendations.

16–35. Step 4—Investigation of discrepancy—disposition of damaged property

a. The damaged property may consist of articles falling within the classes below. If so, dispose of it as shown for each class. When proper, furnish data as to the salvage or scrap value of the articles received in damaged condition with the original report of survey for credit to the common carrier.

(1) Special or technical articles for which specific disposition instructions have been published by DA or by the commodity command concerned will be disposed of according to such instructions immediately upon a decision that the physical presence of the damaged article is no longer required as evidence. This class of property includes motor vehicles.

(2) Do not dispose of classified articles referred to in AR 380-5 in a way that may disclose classified information to unauthorized parties. They will be disposed of under (1) above when applicable. Otherwise, specific instructions will be obtained from an authorized representative of the commodity command concerned.

(3) Do not release articles not covered by (1) and (2) above, containing valuable parts or subassemblies to the carrier for salvage. Turn this type item over to a repair shop.

b. When a common carrier, through its authorized claims representative, accepts full responsibility for the actual value, permit the carrier to retain the damaged property. This applies except for damaged property in the above categories. Obtain a receipt to include a description of the damaged property from the local agent of the carrier. Enter a statement such as the one shown at figure 16-1 on the receipt. Get the statement signed by an agent of the carrier. Make sure each item disposed of in this way clearly reflects the SF 361. A depreciation factor may apply to property accepted by the carrier. Use this factor when determining the actual full value. When holding a common carrier responsible for the full value of the property damaged beyond economical repair or serviceability, and the property has salvage value, the carrier will receive credit for the salvage value.

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The existence of the shipment discrepancy as described above is acknowledged. The above damaged property has been returned to the common carrier for mitigation of damages. It will be accounted for in the amount the carrier receives from its sale. The carrier will hold the proceeds in escrow until the final responsibility and financial liability are determined.

Agent
For Freight Claim Agent

Figure 16-1. Acknowledgment and receipt of return of a discrepancy in shipment

16–36. Step 5—Review and approval—by appointing and approving authority

a. An investigating officer will complete the action and return the report to the appointing and approving authority. The approving authority will review the findings and recommendations of the investigating officer and carefully consider the type and quantity of the evidence required to set forth the facts and to effect a settlement in the case. If the case involves a vendor or contractor, the appointing and approving authority must determine if enough data is included to enable the contracting officer to decide on any vendor or contractor liability.

b. The appointing and approving authority will approve or disapprove the recommendations of the investigating officer (paragraph 16-34b) or add a new recommendation. If so, add the new recommendation in any available space on the form and enter signature and designation immediately below the entry. Record the action taken on all copies of the form.

16–37. Step 5—Review and approval—review for installation commander

a. The appointing and approving authority has direct responsibility for initiating, processing, and approving TDRs to report and adjust discrepancies in shipment. However, the installation commander must ensure reviews of selected cases to assure adequate protection of the interests of the Government. The review will be made in the office of the installation comptroller. Checks of selected individual case files will include a review for completeness and accuracy and the decision as to whether a question of liability exists for the carrier, the shipping and receiving officer, the vendor (or contractor), freight handler, or commercial warehouser. The check will also ensure that financial liability is properly handled.

b. The installation commander will ensure reports of survey (discrepancies incident to shipment) are entered on the DA Form 1659 (report of survey register). Enter the number assigned to the report in the upper right corner on the face of the form.

16–38. Step 6—Distribution of TDR—general

a. After approval, the appointing and approving authority will distribute the original and copies of the TDR report of survey. The distribution specified in b and c below applies to all shipments other than from the ASF, DLA, GSA, and other than to and from overseas.

b. An examination of the TDR may show that a question exists concerning the liability of a vendor, contractor, freight handler, or commercial warehouser under contract to the Army, and that liability of the carrier has not been ruled out. If so, distribute the report of survey as follows:

(1) The original, with exhibits attached, is forwarded to the officer who administers the contract involved for shipments made to fill MILSTRIP requisitions (AR 725-50). Route to the contracting officer through the supply sources to which requisitions was originally submitted.

(2) The second copy is forwarded to the receiving accountable property officer.

(3) The third copy is forwarded to the installation FAO. The FAO may use it as a supporting document in setting up an accounts receivable (Account 1100), when required.

(4) The fourth copy is forwarded to the officer who administers the contract. The original of the report of survey, b(1) above, will be included. No letter of transmittal is required with the distribution of any copy.

(5) Provide a copy to the cognizant Military Traffic Management Command (MTMC) area commands. Additional distribution may be required by AR 55-38, appendix G.

c. If there is no question as to the liability of a vendor, fixed-priced contractor, freight handler, or commercial warehouser under contract to the Army, distribute the report of survey as follows:

(1) The original, with exhibits, forward directly to the Defense Finance and Accounting Service-Indianapolis Center, ATTN: DFAS-IN-FTF, Indianapolis, IN 46249-5301. (CONUS carrier liability only).

(2) Second copy is forwarded to the cognizant MTMC area command. Make additional distribution required per AR 55-38, appendix G.

(3) The third copy is forwarded to the receiving accountable officer.

(4) The fourth copy is forwarded to the installation FAO. The FAO may use it as a supporting document in setting up an accounts receivable (Account 1100), when required.

(5) The fifth copy is forwarded to DFAS level with the original of the report.

(6) The sixth copy may be returned to the officer who prepared the report. No letter of transmittal is required for the distribution of any copy.

d. After DFAS takes the final action, DFAS will specially arrange return of the fourth copy to the originating installation and for file in the headquarters file.

e. At transshipping activities, when the transportation of the military services or military agencies (including Federal agencies) property is handled as a reciprocal service for the other, the initiating and processing of TDRs for reporting purposes and reports of survey will be regarded as a part of such services. Transshipping activities include water terminals, aerial ports, break bulk activities, and container consolidation points. When completing action at the installation level, distribute the report according to AR 55-38.

16–39. Step 6—Distribution of TDR—ASF

a. General. As provided in paragraphs 16-12 and 16-30 for steps 3 and 4, shipments from the ASF involve reimbursement billing. With stated exceptions, these shipments require billing adjustments

according to AR 37-1 to cover the discrepancies. To accommodate these requirements, use distribution of TDR for report of survey purposes specified in this paragraph. In cases of discrepancies amounting to less than $100 per line item not requiring request for billing adjustment under AR 37-1, use only the distribution in c below.

b. Vendor liability indicated. Examination of the TDR may show that there is a question as to the liability of a vendor, contractor, freight handler, or commercial warehouser under contract to the Army and financial liability against the carrier has not been ruled out. If so, distribute the report of survey as follows:

(1) The original with exhibits is forwarded to the officer who administers the contract involved. Route through the supply source to which the original MILSTRIP requisition and the request for billing adjustments will be submitted. (See AR 37-1).

(2) Remaining copies as specified in paragraph 16-38b(2) through (5).

c. Vendor liability not shown. Distribute the original, second, third, fourth and fifth copies as specified in paragraph 16-38c(1) through (5). Forward the sixth copy to support request for billing adjustment according to AR 37-1 (see b(1) above). This copy must be legible; otherwise substitute a copy of the original. Request for billing adjustment may not be required because the discrepancy amounts to less than $100 per line item. If so, return the fifth copy for filing to the officer who originated the report.

16–40. Step 6—Distribution of TDR—shipments from DLA

a. General. As provided in paragraphs 16-13 and 16-29 for steps 3 and 4, shipments from DLA involve reimbursement billing. With stated exceptions, these shipments require billings adjustment according to AR 37-1 to cover discrepancies. To accommodate these requirements, use distribution of TDR for report of survey specified in this paragraph for discrepancies of less than $100 per line item. These shipments do not require request for billing adjustment according to AR 37-1. Use only the distribution in c below.

b. Vendor liability indicated. Examination of the TDR may show that question exists as to liability of a vendor, contractor, freight handler, or commercial warehouser under contract to DLA and financial liability of the carrier has not been ruled out. If so, distribute the reports of survey as follows:

(1) The original with exhibits attached, forward to the Defense Supply Center having jurisdiction over the items involved as provided in AR 37-1. It will be handled by the contracting officer and with the office responsible for paying the GBL.

(2) Second, third, fourth, and fifth copy according to paragraph 16-38b (2) through (5).

c. Vendor liability not indicated. Distribute the original, with exhibits attached, and the fourth copy to the officer responsible for paying the GBL. Distribute the second and third copies per paragraph 16-38c(2) and (3). Forward the fifth copy to support request for billing adjustment according to AR 37-1 (paragraph l6-39b(1) and (c)). Request for billing adjustment may not be required because the discrepancy amounts to less than $100 per line item. If so, return the fifth copy to the officer who prepared the report.

16–41. Step 6—Distribution of TDR—shipments from GSA

As provided in paragraphs 16-4 and 16-30 for steps 3 and 4, shipments from GSA require billing adjustment to cover discrepancies. To accommodate these requirements distribute an original TDR, with exhibits, and fifth copy to the GSA regional Discrepancy Report Center (6FR7), 1500 E. Banister Road, Kansas City, MO 64131 for distribution of SF 361 unless shipments apply to shortages, damage, theft or pilferage of commercial vehicles. In this case, the address is GSA, Automotive Commodity Center (FAP), Washington, DC 20406. Distribute the remaining copies as specified in paragraph 16-38c(2), (3), (4), and (6).

16–42. Step 7—Action of shipping officer upon receipt of TDR

As shown in paragraph 16-33a, the receiving TO, receiving property officer, appointing and approving authority may decide to withhold approval on the TDR pending action to obtain needed data from the consignor (shipping officer). Upon receipt of request for information, the shipping officer will make such investigation and furnish prompt reply per AR 55-38. Do not confuse these actions with those required of the shipping officer and contracting officer on transportation discrepancies with indication of contractor liability covered in paragraphs 16-38, and l6-39.

16–43. Discrepancies involving contract freight handlers

Loss or damage to Government property in transit and in freight-handling operations by contractors for longshoremen, stevedoring services, etc., at MTMC water terminals, outports, transportation terminal unit (TTUs), and Army container consolidation points requires classification as transportation-type discrepancy and reporting according to the procedures in AR 55-38. Use the TDR for report of survey; however, follow the instructions in this section with any necessary modification to meet the requirements for deciding liability for this certain type of discrepancy. Loss or damage may stem from contractor or shipper responsibility (see AR 55-38). The contracting officer at the terminal will take proper action to determine liability for the discrepancy.

16–44. Discrepancies in shipments by parcel post and Government delivery vehicles

a. When supplies are moved by parcel post or a Government delivery vehicle furnished by the shipping or the receiving activity, inter/intra installation TDRs do not apply.

b. When a Government delivery vehicle is involved, the shipping or the receiving officer will prepare the report; in other words, whomever is responsible for the vehicle while the supplies are enroute.

16–45. Shipments by ocean commercial carriers

The Military Sealift Commander (MSC) has responsibility for transoceanic and intercostal water transportation. AR 55-38 gives instructions for preparing and adjusting the discrepancies for shipments moving by MSC.

a. On charter shipments, the use of a GBL does not apply. Except for losses of bulk liquids, use reports of survey to adjust property accounts for the shipment only. Adjust discrepancies in shipments of bulk liquids by means of TDR report of survey processed as prescribed below and according to DoD 4140.25-M.

b. On berth-term shipments on GBL on transportation, adjust discrepancies by TDR report of survey prepared and processed according to this section.

16–46. Discrepancies in shipments received by overseas ports of debarkation (PODs)

a. When shipments that move by commercial transportation on GBLs are received at water terminals, they will be checked carefully with the BL. Make a record of missing or damaged packages by shipment digit marking or other identifying marks. Packages received in damaged condition will be opened and contents verified if reason exists to believe that part of the contents is missing or damaged. Overages, shortages and damage will be reconciled to the greatest extent possible through the action of the Cargo Outturn Reconciliation Message (CORM) and its reply (CORMR). Document discrepancies not reconciled on the CORM and CORMR on the TDR in accordance with AR 55-38.

b. When acting as the transshipment point, the POD authority will report on the TDR the description and weight of missing or damaged cargo along with any incidental cooperate costs, i.e., direct, indirect, overhead, TDY, etc., to the ultimate consignee (see AR 55-38). The ultimate consignee will add any additional information required for completion of the TDR and report any additional discrepancies found on inspection of the shipment. The consignee will send the TDR to the POD for processing to the Cargo Outturn Reporting System (CORS). The POD will consolidate all TDRs received on a single voyage into a CORS package and forward it to the port of embarkation (POE) for ultimate submission to the MSC

for adjudication. The POD will keep a file of TDR actions for use in responding to the MSC if subsequent questions arise or additional information is required.

c. When the financial charge is raised or approved by the final action of the commander of an MTMC area command on a report of survey, the officer will send the case to the MSC for collection. However, the officer has limited responsibility to—

(1) Request collection from the proper local officer of the MSC, and;

(2) Collect in full or, when more facts support such action, amend the report of survey accordingly, and make available reports of survey and supporting files (or extracts thereof) to assist the proper MSC officer to process the claims. When necessary, the commander of the MTMC area command may return the original of the report of survey to a terminal commander for use by an MSC office. Retain the fifth copy in the file. The file at the command will be so annotated. Only the authority who took action "By authority of the Secretary of the Army"may take action to amend an approved report of survey.

16–47. Discrepancies in tanker shipments of petroleum and other bulk liquids received at overseas discharge points

a. AR 710-2 specifies the transportation loss allowance for petroleum products. When a discrepancy in tanker shipments of petroleum exceeds this allowance or a discrepancy in other bulk liquids is disclosed on DD Form 250-1 (Tanker/Barge Materiel Inspection Receiving Report), initiate TDR, SF 361 according to paragraph 16-17 and process according to paragraph 16-46. Exception: Upon completion of action of the terminal commander as installation commander, make the following distribution of copies:

(1) Original with exhibits attached forward to the Director, Defense Fuels Supply Center, Fort Belvoir, VA 22060.

(2) Second copy forward to the cognizant MTMC area command.

(3) Third copy forward to the FAO servicing the receiving property officer for support in settling a claim receivable (Account—100).

(4) Fourth copy forward to the receiving property officer.

(5) Fifth copy with the original.

(6) Sixth copy forward to the TO at the terminal.

b. The Commander, Defense Fuel Supply Center, will take action on the report of survey by "authority of the Secretary of the Army."When requiring more loading data or technical data about the shipment at origin, make a request through the Commander, Defense Fuel Supply Center, and dispatch the case to the Commander, MSC for collection. Responsibility is the same as that prescribed for commanders of transportation terminal commanders in paragraph 16-46.

16–48. Discrepancies in domestic intercostal shipments

Domestic intercostal shipments ordinarily move from point of origin to final destination through two or more intermediate transfer points. Transfer points for military cargo exist at MTMC terminals or offices at coastal cities under the jurisdiction of the cognizant MTMC terminal or outport. Separate BLs issued at point of origin and at each transfer point cover each element of a given routing. Military Sealift Command (MSC) routes the ocean part of the movement.

a. Upon receipt of shipment at a transfer point, make a package check with the BL. Make a record of missing or damaged packages by serial numbers or other identifying marks. Open packages received in damaged condition and verify the contents if reason exists to believe that a part of the contents is missing or damaged.

(1) Immediate consignees will report description and weight of missing or damaged packages and cost data for any repackaging by TDR to the final destination consignee. (See AR 55-38.) TDR will reference the serial numbers of both inbound and outbound BL numbers.

(2) In each case, the intermediate consignee will cross-reference BL numbers on the inbound and outbound BL. Further, show discrepancies noted on the inbound movement on the face of the outbound BL.

b. On the basis of a final check of the inbound shipment and the information furnished according to a above, the consignee receiving TO at the final destination will complete a TDR that covers all consequential and unadjusted transportation discrepancies that have been reported for which carrier liability cannot be ruled out (paragraph 16-7).

(1) The receiving TO or the appointing and approving authority will not need to decide which carrier of a number of connecting carriers to hold financially liable for a discrepancy noted on a BL covering a segment of the complete movement. Determine carrier liability on a basis of each separate BL.

(2) Include concealed damage impossible to allocate to the movement covered by any one of the several BLs in reports of survey; however, regard such damage as an item jointly chargeable to the several BLs subject to such allocation as decided upon by the officer taking action on the report of survey.

c. Discrepancies due to movement in the ocean part of a domestic intercostal shipment results in the preparation of a claim file by the MSC. The ultimate consignee will send within 15 days after receipt of shipment, but not later than 60 days after cargo discharge a TDR to the military ocean terminal having jurisdiction over military cargo at the POD for processing and submission to MSC for adjudication.

16–49. Shipment of authorized baggage and household goods

The loss of or damage to authorized personal baggage or household effects shipped at Government expense involve adjustment between the owner and the carrier or a contractor. The claims officer will supervise the adjustment under the carrier's claims procedures or according to the applicable packing or storage contract. When containers, such as boxes and crates, receive damage and must be repaired at Government expense prior to reforwarding to the owner or for storage by the Government, initiate a report of survey on the TDR. The report of survey will cover the cost of labor and materiel used to make the repairs to containers. Instructions for step 3 govern the responsibility for preparing such reports of survey. Follow detailed procedures for household goods or other personal property in AR 27-20.

16–50. Receipt of property previously reported lost or short

Property may be delivered after being reported lost or short while in the hands of the common carrier and a TDR may have been issued for report of survey purposes. If so, prepare and distribute cancelled TDR according to AR 55-38, paragraph 1-9b.

16–51. Discrepancies in container shipments

The ultimate consignee of container shipments (SEAVANs, MILVANs, RO/RO trailers, or CONEXs) will report discrepancies in shipments according to AR 55-38.

Section III
Reporting and Adjusting Supply Discrepancies

16–52. Step 3—Initiating SF 364, (Report of Discrepancy (ROD))

a. General. As stated in paragraph 16-2d, this section addresses property accountability aspects of the joint regulation AR 735-11-2. It gives procedures for use by Army receiving installations and activities to report and adjust item (supply) discrepancies as defined in paragraph l6-7c. This section also outlines the relationship between ROD and report of survey actions.

(1) When submitted, a ROD serves to suspense received overages, shortages and damaged Government property until disposed of or taking authorized adjustment action. The RODs clearly identify discrepancies and deficiencies involving the shipper of materiel (depot, or contractor) or initiator of the shipments. Even though RODs

do not always result in reports of survey, ROD investigations can lead to that requirement as shown below and at figure l6-2.

(2) Discovery of a discrepancy involving the shipper usually occurs when matching the supply documents or making an item count after opening shipping cartons in the activity's receiving area.

(3) Because AR 735-11-2 is a joint service regulation, this section also identifies/clarifies ROD policies and procedures unique to the Army and differ from that contained in AR 735-11-2. HQ, AMC, ATTN: AMCLG-MT, has Army responsibility within the DoD ROD Program and will prescribe basic policies and procedures for processing, controlling, and providing credits for RODs.

(a) Situation. Shipment received.

(b) Type of shipment. Parcel post, commercial carrier and military transportation.

(c) Discrepancy. Comparison of document and tally shows not all items received from shipping activity (i.e., depot, contractors, manufacturers and vendors). Nonreceipt of parcel post shipments, shipments from vendors, packaging and item discrepancies.

(d) Action by receiving personnel. The receiving personnel will—

1. Check criteria for preparation of ROD in AR 735-11-2.

2. Prepare ROD and forward to proper officer (i.e.,inventory control point (ICP) or inventory manager (IM)) listed in AR 735-11-2. Note: IPC or IM must decide if ROD can be resolved immediately without further investigation or if causative research is needed. Generally, if the value of the shipment shortage warrants causative research, that shows an unexplained loss or negligence. The shipper will initiate a DA Form 4697. The ROD will be attached as an exhibit.

(4) AMC has delegated responsibility to AMC Packaging, Storage and Containerization Center (AMCPSCC) as the final arbitrator for unresolved and contested RODs appealed by requisitions under provisions of AR 735-11-2.

(a) Lateral redistributions of major items for intra-major Army command (MACOM) lateral redistributions of major items, policies on discrepancy reporting and issue of credit will be established by the applicable MACOM.

(b) For inter-major command lateral redistributions of major items, the losing activity has the responsibility for ensuring the items meet TM -10/-20 standards prior to shipment, per AR 750-1. Gaining activities will report discrepancies to the losing activity per AR 735-11-2, citing estimated or actual repair costs and request reimbursement.

(5) Army ROD policy for lateral transfers of equipment/major items between major Army commands. The losing activities must meet TM -10/-20 standards on all equipment transfers between MACOMs as stated in AR 750-1. Discrepancies are to be reported by the gaining activity directly to the losing activity for resolution using AR 735-11-2, ROD procedures. An information copy of the ROD will be provided to the wholesale level ICP.

(a) Charges and reimbursement. AR 750-1 lists parts, labor which includes both civilian and military, material, and direct and indirect costs, to include TDY costs for technical inspections. These charges are also appropriate for reimbursement on RODs against equipment transfers between MACOMs when the equipment does not meet TM -10/-20 standards. Reimbursements on such RODs, as with packaging RODs, should be made for actual costs incurred. When OMA funds are involved, assure that reimbursements are made the same fiscal year the work is performed.

(b) Parts and labor. To minimize the costs on RODs, repair should be done on site whenever possible, using the lowest level maintenance activity that has capability and authority to perform the work. Components should be repaired when cost effective.

(c) Exceptions. Exceptions to this policy may be made by agreement between the gaining MACOM, and the losing MACOM.

b. Scope. Report shipping-type (item) discrepancies, packaging discrepancies and discrepancies in parcel post shipments per AR 735-11-2. Discrepancies excluded from this section also appear in AR 735-11-2.

c. Reporting discrepancies. If the reporting criteria shown below apply, report a shipping-type item discrepancy by submitting a SF 364. (See figure l6-3 for preparation instructions.)

(1) *Shipping-type (item) discrepancies.* This involves supply discrepancies in shipments from DoD activities (including materiel returns from DoD and FMS customers), GSA supply distribution facilities, and from contractors, manufacturers, or vendors. Reporting criteria in AR 735-11-2 applies to the types of discrepancies and dollar values to report. (Report discrepancies in shipments from contractors, manufacturers, or vendors regardless of dollar value.)

(2) *Discrepant shipments to DRMO.* The following exception to AR 735-11-2 applies to Defense Reutilization and Marketing Office (DRMO) shipments. When DIC AFX/AFZ is received, the shipper retains responsibility for—

(a) Investigating the discrepancy.

(b) Notifying the local provost marshal/security officer for investigation under the provisions of AR 190-30 (regardless of ownership).

(c) Prepare and submit a ROD for Army-owned materiel according to the procedures described in AR 735-11-2 for receiving activities. This exception provides the use of the ROD as the basis for any inventory adjustments, and if necessary, a report of survey.

(3) *Packaging discrepancies.* Types of packaging discrepancies and dollar value reporting criteria appear in AR 735-11-2. The following clarifies damage: Report concealed damage as a shipping-type ROD and indicate in block 12 of the SF 364 concealed damage; for visible, carrier-caused damage, submit a TDR, SF 361. When carrier liability does not apply on the TDR, submit a shipping-type ROD with the TDR attached as evidence. Questionable situations may require simultaneous submission of both a TDR and a packaging ROD. Check top block on SF 364 to identify packaging discrepancies.

(4) *Time standards for submitting SF 364.* Submit RODs within the time frames contained in AR 735-11-2.

(a) Nonreceipt of parcel post shipment. As added clarification, report non-receipt of parcel post shipments from contractors, manufacturers or vendors on a shipping type (item) ROD within time frames specified in AR 735-11-2. For shipments from contractors, manufacturers or vendors where shipment status has not been received, report non-receipt on shipping-type (item) ROD within time frame specified in AR 735-11-2.

(b) Shipments to DRMO. Submit RODs on shipments of Army-owned materiel to DRMOs (see c(2) above), within the time frame specified in AR 735-11-1.

16–53. Step 4—Conducting investigations and preparing SF 364

Since SF 364 does not constitute a report of survey, conduct investigations according to chapter 13. Follow the instructions for preparing the SF 364 in AR 735-11-2. Exceptions or additions to these instructions are contained in figure l6-3.

16–54. Step 5—Approval of SF 364 of consignee installation commanders

The receiving property officer or his or her designated representative will approve by signing in block 14b of the SF 364.

16–55. Step 6—Distribution of forms

a. Follow distribution of forms for both shipping-type/item (supply) and packaging RODs in AR 735-11-2.

b. Exceptions to these distributions follow:

(1) *RODs related to fielding of force modernization equipment (FME).* In addition to AR 735-11-2 distributions, mail a copy of all RODs related to FME fielding to the AMC Packaging, Storage, and Containerization Center (PSCC), ATTN: SDSTO-TO (CERROD), Tobyhanna, PA 18466-5097 for entry into the central repository for RODs data (CERROD). Provide the I series FME project code to the AMC PSCC for entry into the CERROD.

(2) *Defense European and Pacific Redistribution Activity directed shipments.*

(a) Original and two copies to the ICP/IM indicated in cc 67-69

of the DD Form 1348-1 (DoD Single Line Item Release/Receipt Document).

(b) Two copies to the receiving/reporting activity's accountable officer.

(c) Two copies to the shipping activity indicated in cc 4-6 of the DD Form 1348-1.

(3) *Enclosures.* Except in instances of missing documentation, the ROD must contain a copy of the applicable DD Form 1348-1/ DD Form 250/DD Form 1155. Also, submit copies showing the resolution of any related and previously submitted TDRs and QDRs.

16–56. Step 7—Replies and follow-ups to SF 364s

Follow instructions contained in AR 735-11-2 to make replies and follow-ups to SF 364s.

16–57. Action activity requests for QDRs and TDRs

Accountable officers at the inventory control points (ICPs) are responsible for ensuring the U.S. Government obtains restitution from contractors, manufacturers, vendors, and carriers when they are responsible for discrepancies. In carrying out this responsibility, accountable officers at ICPs may in questionable situations, request the submission of a TDR or Quality Deficiency Report (QDR) in the response to the ROD. On receipt of such requests, the reporting activity will submit the requested TDR/QDR and include a copy of the ROD with the request. If the response to the TDR/QDR absolves the contractor, manufacturer, vendor, or carrier of responsibility for the discrepancy, the reporting activity will resubmit the ROD and include a copy of all previous reports submitted and responses received.

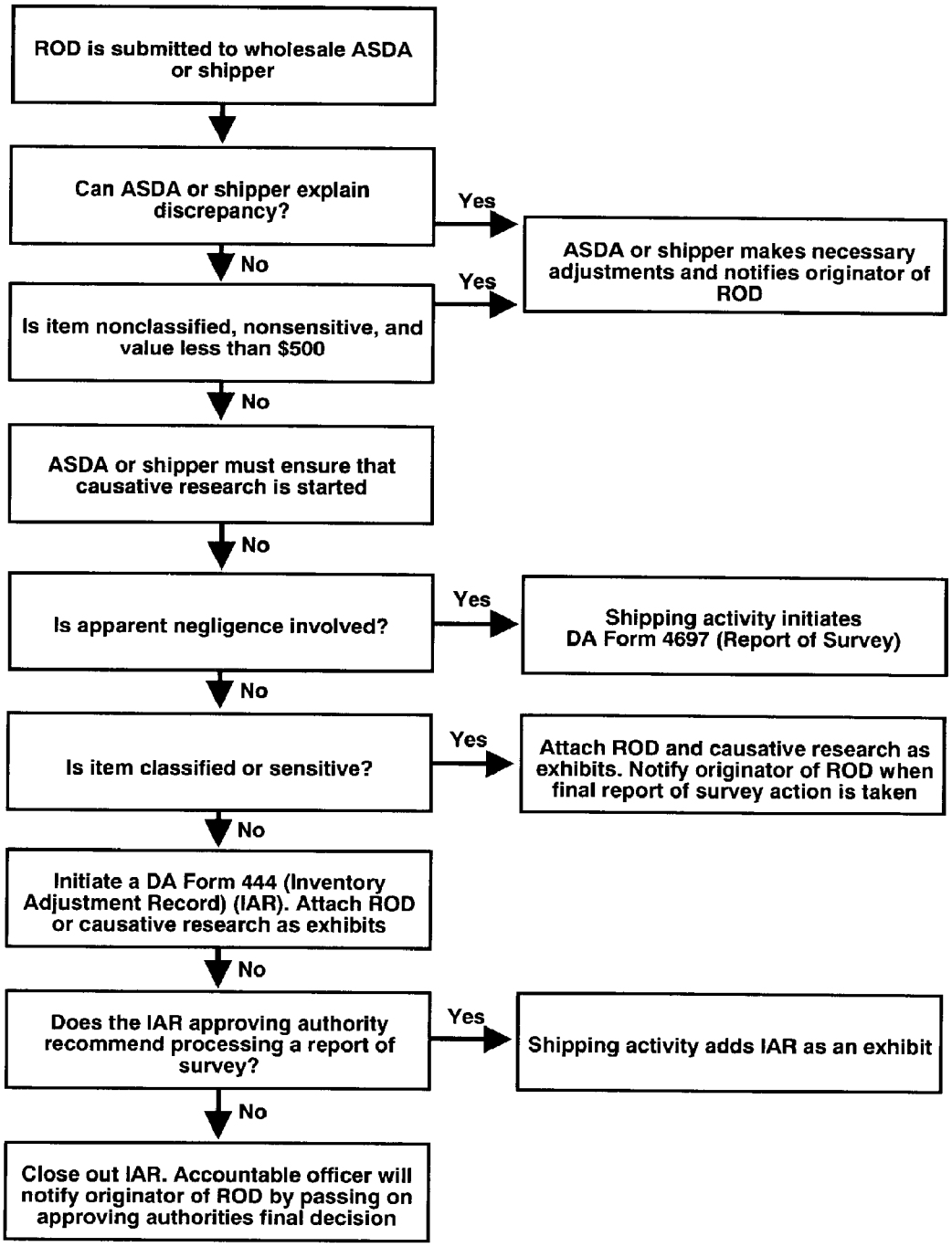

Figure 16-2. Report of discrepancy (ROD) and related actions

REPORT OF DISCREPANCY (ROD)

☐ SHIPPING ☒ PACKAGING

1. DATE OF PREPARATION: 1995 October 27

2. REPORT NUMBER: 183FW5041

3. TO *(Name and address, include ZIP Code)*
Commander, AKZ ATTN: AMSTA-IM-FII
U.S. Army Tank Automative Command
Warren, MI 48090-6326

4. FROM *(Name and address, include ZIP Code)*
183FW/LOGSDI
Capital Airport, Bldg P-15
Springfield, ILL 62707-5003

5a. SHIPPER'S NAME
Transportation Officer
SW3224 ATTN: DDJC
Stockton, CA 95296-0113

5b. NUMBER AND DATE OF INVOICE: 95287

6. TRANSPORTATION DOCUMENT NUMBER *(GBL, Waybill, TCN, etc.)*: FB6123 5144 0322

7a. SHIPPER'S NUMBER *(Purchase Order/Shipment, Contract, etc.)*

7b. OFFICE ADMINISTERING CONTRACT

8. REQUISITIONER'S NUMBER *(Requisition, Purchase Request, etc.)*: FB6123 5144 0322

9. SHIPMENT, BILLING, AND RECEIPT DATA				10. DISCREPANCY DATA				11.
NSN/PART NUMBER AND NOMENCLATURE (a)	UNIT OF ISSUE (b)	QUANTITY SHIPPED/ BILLED (c)	QUANTITY RECEIVED (d)	QUANTITY (a)	UNIT PRICE (b)	TOTAL COST (c)	CODE[1] (d)	ACTION CODE[2]
1. 2610-00-050-9840 Tire, Pneumatic	EA	5	0	5	$33.51	$167.55	S1	1G
2. 2610-00-050-9880 Tire, Pneumatic	EA	0	5	5	$51.56	$257.80	W1	1A

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

Need disposition instructions for wrong item shipped. This activity has no requirement for the item shipped.

[1] DISCREPANCY CODES

CONDITION OF MATERIAL
- C1 — In condition other than that indicated on release/receipt document
- C2 — Expired shelf life
- C3 — Damaged parcel post shipment

SUPPLY DOCUMENTATION
- D1 — Not received
- D2 — Illegible or mutilated
- D3 — Incomplete improper or without authority *(Only when receipt cannot be properly processed)*

MISDIRECTED MATERIAL
- M1 — Addressed to wrong activity

OVERAGE/DUPLICATE SHIPMENTS
- O1 — Quantity in excess of that on receipt document
- O2 — Quantity in excess of that requested *(Other than unit of issue pack)*
- O3 — Quantity duplicates shipment

PACKING DISCREPANCY
- P1 — Improper preservation
- P2 — Improper packing
- P3 — Improper marking
- P4 — Improper unitization

PRODUCT QUALITY DEFICIENCIES
- Q1 — Deficient material *(Applicable to Grant Aid and FMS shipments only)*

SHORTAGE OF MATERIAL
- S1 — Quantity less than that on receipt document
- S2 — Quantity less that that requested *(Other than unit of issue pack)*
- S3 — Non-receipt of parcel post shipments

ITEM TECHNICAL DATA MARKINGS *(i.e., Name Plates, Log Books, Operating Handbooks, Special Instructions, etc.)*
- 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

WRONG ITEM *(Identify requested item as a separate copy in Item 9 above)*
- W1 — Incorrect item received
- W2 — Unacceptable substitute

OTHER DISCREPANCIES
- Z1 — See remarks

[2] ACTION CODES
- 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, TITLE, AND PHONE NUMBER OF PREPARING OFFICIAL
BRUCE C. McCOY, MSG, ILL ARNG, DSN 892-8319
Com (217) 788-2319, FAX DSN 892-892-8307

14b. SIGNATURE: Bruce C McCoy

15. DISTRIBUTION ADDRESSEES FOR COPIES

364-103 7540-00-159-4442 *(Previous edition is obsolete.)* **STANDARD FORM 364 (REV. 2-80)** Prescribed by GSA FPMR 101-26.8

Figure 16-3A. Sample SF 364, Report of Discrepancy

(1) Date of preparation. Report is prepared in sequence of year, month, and day. use this sequence in all date entries; i.e., items 24c. For example, 23 March 1996 is written 96 March 23, and 1 June 1996 is written 96 June 01.

(2) Report number. The country and record control number must be shown for Grant Aid as a part of the report number.

(3) To. Name, address, zip code, activity address code or routing identifier code, and attention symbol or code of action activity. When both shipping-type (item) discrepancies and packaging deficiencies are reported for the same item, enter "see item 15"enter address and/or codes of both action activities in item 15.

(4) From. Name, address, zip code of the reporting activity (consignee). Enter the "in-the-clear"address.

(5a) Shipper's name. Enter name and address of shipper (consignor) when different from item 3.

(5b) Number and date of invoice. Enter number and date of vendor's invoice or shipper's bill number. Attach copy of the invoice to the SF 364.

(6) Transportation document (not applicable to packaging discrepancies). Enter the type of transportation document, Government bill of lading (GBL), commercial bill of lading (CBL), manifest, waybill, insured or certified parcel post number, or transportation control number (TCN) and the identifying number assigned to such document. This is a mandatory entry when shipment received was made by traceable means; e.g., GBL, CBL, etc. Further, for shipment-type (item) discrepancies, include following statement in item 12 "shortage has been verified as not being transportation related."(For Grant Aid, include a copy of the CBL or GBL, if available.)

(7a) Shipper's number. Enter shipment number (when more than one shipment is made under a contract or requisition) and contract or document number (e.g., contract, purchase order, etc.)

(7b) Officer administering contract. Name, address and zip code of contract administration officer. (Contract Administration Service (CAS) activity that directed or arranged shipment.)

(8) Requisitioner's number. Enter the requisitioning activity's number; e.g., requisition, purchase request, etc. For MAP/Grant Aid, enter the applicable requisition document number in all instances even though a contract or purchase order is involved. Enter a requisition or document number for all customers requesting credit.

(9a) NSN/part number and nomenclature. If item received is different than item shown on shipping document, or different from item ordered, show each item on a separate line.

(9b) Unit of issue. Enter unit of issued as billed or shown on shipping document for each item listed in item 9a. (Not applicable to packaging discrepancies.)

(9c) Quantity shipped or billed. Enter the quantity of item shipped or billed. When code C1 applies, enter the quantity and the materiel condition code. (See DoD 4140.17-M Military Standard Requisitioning and Issue Procedures (MILSTRIP)) of the item when shipped; e.g., 980A as shown on shipping document. Not applicable to packaging discrepancies.)

(9d) Quantity received. Enter quantity of item received.

(10a) Discrepancy/deficiency quantity. Enter the discrepant quantity. If code C1 applies, enter the quantity and the materiel condition code (see MILSTRIP) of the item received. If total quantity received is classified under more than one condition code, enter separately each partial quantity so classified followed by the applicable condition code; e.g., 960A, 20F.

Note: Quantity deficiencies in Grant Aid shipments may be involved or overage materiel (expired shelf-life) may be received, and code Q1 or C2 is applicable. If so enter the data below under item 12k, remarks:

a. Manufacturer's name.

Figure 16-3B. Completion instructions by block or column for SF 364, Report of Discrepancy—Continued

b. Contract/purchase order number if not shown in item 7a.
c. Date of manufacture, pack, or expiration.
d. Log/batch number.
e. Location of materiel.
f. Name, address, and telephone number of contract.
g. Nature of complaint, stating in detail why materiel is unsatisfactory.

(l0b) Discrepancy/deficiency unit price. Enter the unit price as billed or shown on shipping document (does not apply to packaging discrepancies).

(10c) Discrepancy/deficiency total cost. For shipping-type (items discrepancies, enter the total value of materiel (10a x 10b). For packaging discrepancies, enter the cost of corrective action.

(10d) Discrepancy/deficiency code. Nature of the discrepancy using the discrepancy or deficiency codes listed on the face of the form. If a condition exists that is not listed, use code Z1 and describe discrepancy or deficiency in item 12, remarks.

(11) Action code. Enter requested action codes listed on the face of the form. If action is other than that covered by listed actions codes, use code 1Z. Explain action requested in item 12, remarks. Do not use action codes 1D or 1F on reports prepared to cover shipments of DoD stock funded items and from GSA. Materiel still required must be requisitioned. Action code 1E applies only to local purchase items.

(12) Remarks. Use supplemental data when the combination of discrepancy or deficiency codes and action codes need clarifying shipping-type (item) discrepancies and packaging deficiencies need explanation, and a breakout of cost to reports in terms of time and materiel is required. Specific data include such items as appearance, lot or batch number, manufacture or packaging date, inspector number and inspection date, probable cause of improper packaging, and suggested corrective action. Include telephone number (DSN and commercial) of the person to be contacted for more data if different than that entered in item 14a. If medical materiel requiring refrigeration or frozen storage is involved, provide the date requested on the special instruction sheet that is included with shipments of such materiel. Provide photos when it would assist the shipping activity in deciding the cause of the discrepancy or deficiency. For RODs related to the fielding of Force Modernization Equipment (FME), show the I ... series FME project code.

(13) Funding and accounting data. For packaging deficiencies, enter the accounting of appropriation data needed by the action activity to credit the account of the reporting activity for costs involved in correcting the reported deficiency. This item does not apply to shipping-type (item) discrepancies.

(14a) Typed or printed name, title, and phone number of preparing official. Self-explanatory. When non-DoD action activities are involved, include both commercial and DSN numbers.

(14b) Signature. Self-explanatory.

(15) Distribution addresses for copies. Enter other addresses receiving copies of the report.

Figure 16-3B. Completion instructions by block or column for SF 364, Report of Discrepancy

16. FROM:	17. DISTRIBUTION ADDRESSEES FOR COPIES
Department of the Army U.S. Army Tank-Automotive and Armaments Command ATTN: AMSTA-IM-FIIA Warren, MI 48397-6000	Department of the Army U.S. TACOM ATTN: DFAS-SEGE Warren, MI 48397-5000

18. TO:	
183FW/LGSDI Capital Airport, Bldg P-15 Springfield, IL 62707-5003	Use window envelope to mail this document. Insert name and address, including ZIP Code, starting one typing space below the left dot. Each address line must NOT extend beyond right dot. Address must not exceed four single space typing lines.

19. IN ACCORDANCE WITH NOTICE OF DISCREPANCY ON FACE OF THIS FORM:

Fold here

a. MATERIAL ☐ HAS BEEN ☐ WILL BE SHIPPED — DOCUMENT NUMBER

b. ☐ NO RECORD OF SHIPMENT. RESUBMIT REPORT TO PROPER OFFICE UNDER APPROPRIATE REGULATION.

c. ☐ AN ADJUSTMENT IN BILLING HAS BEEN/WILL BE PROCESSED AS A: ☐ CREDIT ☐ DEBIT

d. ☐ INVOICE/BILL ATTACHED

e. ☐ PROOF OF DELIVERY (Parcel Post Shipments) OR EVIDENCE OF SHIPMENT ENCLOSED.

f. ☐ AN ADJUSTMENT IN BILLING FOR THE REPORTED DISCREPANCY WILL NOT BE PROCESSED FOR THE FOLLOWING REASON WHICH IS CITED IN THE INDICATED REGULATION.

(1) REASON FOR NOT PROCESSING	(2) PRESCRIBING REGULATION
(a) DISCREPANCY WAS NOT REPORTED WITHIN THE TIME FRAMES ALLOWED AND/OR	(a) CHAPTER 5 OF THE GSA HANDBOOK. DISCREPANCIES OR DEFICIENCIES IN GSA OR DOD SHIPMENTS, MATERIAL, OR BILLINGS (FPMR 101-26.8)
(b) DOLLAR VALUE DOES NOT MEET THE CRITERIA PRESCRIBED IN THE REGULATION OR AGREEMENT INDICATED IN 19f(2)	(b) CHAP. 2 AND/OR 7 OF DOD 4000.25-7-M, MILITARY STANDARD BILLING SYSTEM (MILSBILLS) AND/OR DD 1513, U.S. DOD OFFER AND ACCEPTANCE, AS APPLICABLE.

20. THE FOLLOWING DISPOSITION IS TO BE MADE OF THE REFERENCED MATERIAL:

a. ☐ PROCESS FOR DISPOSAL IN ACCORDANCE WITH SERVICE/AGENCY DIRECTIVES.

b. ☐ REPRESENTATIVE WILL CALL FOR DISCUSSION CONCERNING DISPOSITION IN: DAYS

c. ☐ RETAIN MATERIAL AT NO CHARGE.

d. ☐ MATERIAL WILL BE PICKED UP IN: DAYS

e. ☐ SHIP MATERIAL *(Specify location)*:

Fold here

(1) ☐ GBL APPROPRIATION CHARGEABLE:

(2) ☐ CHARGES COLLECT-VIA: ☐ FREIGHT ☐ EXPRESS ☐ PARCEL POST *($ _____ postage advanced herewith. NOTE: Please enclose postage. Material cannot be returned Parcel Post collect.)*

(3) ☐ PARCEL POST LABEL ATTACHED (4) ☐ FREIGHT PREPAID

f. ☐ OTHER *(Specify)*

21. ☐ IF MATERIAL IS STILL REQUIRED, SUBMIT NEW REQUISITION

22. ☐ REPLACEMENT WITH SATISFACTORY MATERIAL WILL BE MADE ON OR BEFORE: DATE

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

Recommend credit 5 each NSN 2610-00-050-9840

24a. TYPED OR PRINTED NAME AND PHONE NUMBER OF PREPARING OFFICIAL	24b. SIGNATURE	24c. DATE
JUDY GROVES, DSN 786-6127	Judy Groves	11-6-95

STANDARD FORM 364 BACK (REV. 2-80)

☆ U.S. G.P.O. 1980-341-

Figure 16-3C. Example of SF 364, Report of discrepancy

(16) From. Enter the address of the activity preparing the reply.

(17) Distribution addressees for copies. Enter addresses receiving copies of the reply in addition to addressee listed in item 18.

(18) To. Enter address of the activity shown in item 4 on the face of the form.

(l9) In accordance with notice of discrepancy on face of this form. Enter advice of action taken by responsible action officer by placing an X in proper box(es).

(20) The following disposition is to be made of the referenced material. Enter disposition instructions by placing an X in the proper box(es).

(21) Enter an X to show the reporting activity that a new requisition is required if the materiel is still needed.

(22) Enter an X to show a replacement shipment will be made and the approximate date of the shipment.

(23) Remarks. Enter any Clarification or data necessary for a complete reply. Enter corrective action taken to prevent future packaging deficiencies. When reporting MAP/Grant Aid quality or package deficiency, cite the specific violation of specification regulation, packaging instruction, or contract.

(24a) Type or printed name and phone number of preparing official. Self-explanatory. When item 18 is a non-DoD activity, include both commercial and DSN numbers.

(24b) Signature. Self-explanatory.

(24c) Date. Self-explanatory.

Figure 16-3D. Completion instructions by block or column for SF 364

Appendix A
References

Section I
Required Publications

AFARS
Army Federal Acquisition Regulation Supplement (AFARS). (Cited in paras 2-5, 2-12, 2-15, 4-1, 4-5, 4-11, and 6-3.)

AMDF
Army Master Data File (AMDF). (Cited in paras 13-9, 14-24 and B-8.)

AR 11–1
Command Logistics Review Program (CLRP). (Cited in paras 11-1 and 11-7.)

AR 15–6
Procedures for Investigating Officers and Boards of Officers. (Cited in paras 8-7, 12-1, 13-2, 13-23, 3-24, 14-6, 14-7, 14-13, 14-18, 14-23, 14-25, 14-28 and 15-3.)

AR 15–185
Army Board for Correction of Military Records. (Cited in paras 13-40, 13-41 and 13-48.)

AR 25–1
The Army Information Resources Management Program. (Cited in paras 7-6 and 10-1.)

AR 25–400–2
The Modern Army Recordkeeping System (MARKS). (Cited in paras 5-4 and 13-19.)

AR 27–1
Judge Advocate Legal Service. (Cited in para 2-15.)

AR 27–3
The Army Legal Assistance Program. (Cited in para 13-32, 13-33 and 13-40.)

AR 27–20
Claims. (Cited in Fig 13-18, and paras 14-3, 14-30, 16-49, B-2 and C-2.)

AR 30–1
The Army Food Service Program. (Cited in paras 7-5, 14-17 and 14-18.)

AR 30–18
Army Troop Issue Subsistence Activity Operating Policies. (Cited in paras 2-10, 6-3, 10-1, 12-1 and 14-17.)

AR 37–1
Army Accounting and Fund Control. (Cited in paras 2-1, 2-4, 2-5, 2-12, 2-14, 4-1, 4-5, 4-8, 4-10, 4-11, 6-3, 9-5, 10-1, 10-5, 13-43, 16-12, 16-13, 16-28, 16-29, 16-39 and 16-40.)

AR 37–60
Pricing for Materiel and Services. (Cited in para 4-7.)

AR 37–103
Disbursing Operations for Finance and Accounting Offices. (Cited in paras 2-16 and 13-39.)

AR 40–2
Army Medical Treatment Facilities: General Administration. (Cited in para 2-15.)

AR 40–61
Medical Logistics Policies and Procedures. (Cited in paras 5-4, 7-5, 7-6, 7-7 and 14-22.)

AR 55–38
Reporting of Transportation Discrepancies in Shipments. (Cited in paras 6-2, 6-5, 12-1, 13-11, 13-48, 16-2, 16-7, 16-17, 16-18, 16-20, 16-23, 16-25, 16-26, 16-27, 16-38, 16-42, 16-43, 16-45, 16-46, 16-48 and 16-51.)

AR 55–355
Defense Traffic Management Regulation, Transportation Facility Guide Army. (Cited in para 16-7 and 16-23.)

AR 190–11
Physical Security of Arms, Ammunition and Explosives. (Cited in paras 12-1, 13-2, 14-29, 15-2 and 15-3.)

AR 190–47
The U.S. Army Corrections System. (Cited in para 5-7.)

AR 195–5
Evidence Procedures. (Cited in para 5-9.)

AR 210–50
Housing Management. (Cited in para B-2.)

AR 210–130
Laundry and Dry Cleaning Operations. (Cited in para 14-24.)

AR 215–1
Nonappropriated Fund Instrumentalities and Morale, Welfare, and Recreation Activities. (Cited in para 14-10.)

AR 335–15
Management Information Control System. (Cited in paras 10-3 and 10-4.)

AR 380–40
Policy for Safeguarding and Controlling Communications Security (COMSEC) Material. (Cited in paras 14-13, 15-2 and 16-1.)

AR 381–143
Logistics Policies and Procedures. (Cited in para 12-1.)

AR 385–40
Accident Reporting and Records. (Cited in paras 12-1 and 14-7.)

AR 405–45
Inventory of Army Military Real Property. (Cited in paras 4-1, 4-5 and 4-6.)

AR 420–17
Real Property and Resource Management. (Cited in paras 2-1, 2-6, 4-1, 4-4, 5-4 and 7-5.)

AR 600–4
Remission or Cancellation of Indebtedness for Enlisted Members. (Cited in paras 13-40, 13-41, 13-44 and 13-49.)

AR 700–43
Management of Defense Owned Industrial Plant Equipment. (Cited in paras 2-4 and 4-9.)

AR 700–84
Issue and Sale of Personal Clothing. (Cited in para 5-6, 5-7, 5-8, 14-19 and 14-24.)

AR 700–131
Loan of Army Materiel. (Cited in paras 2-1, 10-1, 10-2 and 14-32.)

AR 710–2
Supply Policy Below the Wholesale Level. (Cited in paras 2-1, 2-5, 2-6, 2-10, 2-13, 2-14, 4-6, 4-8, 4-9, 5-1, 5-4, 7-3, 7-5, 7-7, 10-4, 10-6, 11-1, 11-4, 11-6, 13-2, 13-11, 14-16, 14-20, 14-22, 16-47 and C-9.)

AR 710–3
Asset Transaction Reporting System. (Cited in para 2-5.)

AR 725–1
Special Authorization and Procedures for Issues, Sales, and Loans. (Cited in paras 10-1 and 10-2.)

AR 725–50
Requisitioning, Receipt, and Issue System. (Cited in paras 2-15, 6-2, 7-3, 15-1, 16-3, 16-15 and 16-38.)

AR 735–11–1
Uniform Settlement of Military Freight Loss and Damage Claims. (Cited in para 16-2.)

AR 735–11–2
Reporting of Item and Packing Discrepancies. (Cited in paras 6-2, 6-5, 12-1, 13-48, 16-2, 16-7, 16-52, 16-53 and 16-55.)

AR 735–17
Accounting for Library Materials. (Cited in para 2-15.)

AR 740–26
Physical Inventory Control. (Cited in paras 2-6 and 4-8, and fig 15-1.)

AR 870–20
Museums and Historical Artifacts. (Cited para 4-12.)

DA Pam 25–380–2
Security Procedures for Controlled Cryptographic Items. (Cited in paras 6-5, 15-2 and 16-1.)

DA Pam 708–2
Cataloging and Supply Management Data Procedures for the Army Central Logistics Data Bank. (Cited in para 7-1.)

DFARS
Defense Federal Acquisition Regulation Supplement (DFARS). (Cited in para 2-5.)

DoD 7200.10–M
Department of Defense Accounting and Reporting for Government Property Lost, Damaged or Destroyed. (Cited in paras 1-4 and 14-32.)

FAR
Federal Acquisition Regulation (FAR). (Cited in paras 2-5, 2-12, 4-1, 4-5, 4-11, 6-3 and 10-7.)

FPMR 101–39
Federal Property Management Regulation (FPMR). (Cited in para 14-30.)

TB 380–41
Procedures For Safeguarding, Accounting and Supply Control of COMSEC Material. (Cited in paras 6-5, 15-2 and 16-1.)

Section II
Related Publications

A related publication if merely a source of additional information. The user does not have to read it to understand this publication.

AR 1–75
Administrative and logistical Support of Overseas Security Assistance Organizations (SAO).

AR 25–30
The Army Integrated Publishing and Printing Program.

AR 58–1
Management, Acquisition and use of Administrative Use Motor Vehicles.

AR 71–13
The Department of the Army Equipment Authorization and Usage Program.

AR 145–1
Senior Reserve Officer's Training Corps Program: Organization, Administration, and Training.

AR 145–2
Junior Reserve Officer Training Program

AR 190–30
Military Police Investigations

AR 190–47
The Army Corrections System.

AR 190–51
Security of Unclassified Army Property (Sensitive and Nonsensitive)

AR 215–1
Administration of Army Morale, Welfare, and Recreation Activities and Nonappropriated Fund Instrumentalities.

AR 310–2
Dictionary of United States Army Terms.

AR 380–5
Department of the Army Information Security Program.

AR 385–55
Prevention of Motor Vehicle Accidents.

AR 415–28
Department of the Army Facility Classes and Construction Categories..

AR 708–1
Cataloging and Supply Management Data.

AR 750–1
Army Materiel Maintenance Policy and Retail Maintenance Operations.

AR 920–15
National Board of the Promotion of Rifle Practice and Office of Director of Civilian Marksmanship.

CTA 50–900
Clothing and Individual Equipment.

CTA 50–970
Expendable/Durable Items.

DA Pam 600–8
Management and Administrative Procedures.

DA Pam 710–2–1
Using Unit Supply Procedures (Manual Procedures).

DA Pam 710–2–2
Supply Support Activity Supply System: Manual Procedures.

FPMR 101–16.8
Federal Property Management Regulation (FPMR).

TM 743–200–1
Storage and Materials Handling.

UCMJ
Uniform Code of Military Justice (UCMJ).

Section III
Prescribed Forms

DD Form 362
Statement of Charges/Cash Collection Voucher (Accounting for Lost, Damaged or Destroyed Property). (Cited in paras 12-1, 12-2 and 14-24.)

DA Form 1622–R
Bond for Safekeeping of Government Property Issued to Educational Institutions. (Cited in para 10-3.)

DA Form 1622–1R
Affidavits of Individual Sureties. (Cited in para 10-3.)

DA Form 4697
Department of the Army Report of Survey. (Cited in chapter 13 and paras 12-1,14-3, 14-34, 15-1, 15-2, 15-3 and 16-52.)

Section IV
Referenced Forms

DA Form 285
U.S. Army Accident Report.

DA Form 348
Equipment Operator's Qualification Record (Except Aircraft).

DA Form 444
Inventory Adjustment Report (IAR).

DA Form 2823
Sworn Statement.

DA Form 2877
Real Property Record.

DA Form 3078
Personal Clothing Request.

DA Form 3126
Application and Contract for Establishment of a Junior Reserve Officer's Training Corps Unit.

DA Form 3161
Request for Issue or Turn-in.

DA Form 3946
Military Police Traffic Accident Report.

DA Form 4137
Evidence/Property Custody Document.

DA Form 4170–R
Statement of Gains and Losses.

DD Form 200
Financial Liability Investigation of Property Loss.

DD Form 250
Materiel Inspection and Receiving Report.

DD Form 250–1
Tanker/Barge Material Inspection and Receiving Report.

DD Form 1149
Requisition and Invoice/Shipping Document.

DD Form 1150
Request for Issue or Turn-in.

DD Form 1155
Order for Supplies and Services.

DD Form 1348–1A
Issue Release/Receipt Document

DD Form 1544
Cash Meal Payment Book.

SF 44
Purchase Order Invoice Voucher.

SF 361
Transportation Discrepancy Report.

SF 364
Report of Discrepancy (ROD).

Appendix B
Computing the Actual Loss to the Government when property is Lost, Damaged, or Destroyed

B–1. Value of repairable property

The value of repairable property loss will be the repair cost required to return the damaged property to the condition it was in at the time of the damage, or the value of the item at the time of the damage, whichever is less. The value of repairable property is the lesser of the following computations:

a. Repair cost. The cost of repairs consists of the sum of the costs of materiel, labor, overhead, and transportation, minus any salvage or scrap value of replaced component parts. If repair makes the item more valuable than it was at the time of the loss, reduce the cost of repairs by the amount of the increase in value. Technical personnel will compute the actual repair cost per DA Pamphlet 738-750. When actual repair cost cannot be determined, they will prepare an itemized list of the estimated cost of damage (ECOD). An ECOD will be used to compute the value of a loss only when actual costs cannot be obtained within a reasonable time. When an ECOD is used to compute the value of the damaged property, the report of survey must state why, and state the basis on which the estimate was made.

b. Adjustment document. When an ECOD is used, in the interest of expediency, to process an adjustment document, the repair of damaged property will be followed through the repair process to determine the actual cost of repairs. When the ACOD is less than the ECOD, the initiator of the adjustment document will cause it to be reopened and the appropriate FAO/USPFO will be requested, on a memorandum, to reimburse the difference to the charged individual.

c. Value at the time of the loss or damage. (See paragraph B-2.)

B-2 Value of lost, destroyed, or irreparably damaged property

The value of lost, destroyed, or irreparably damaged property will be the actual value of the property at the time of the loss, minus any salvage or scrap value. Actual value at the time of the loss or damage may be computed in one of three ways.

a. Fair Market Value. The preferred method of fixing the value of property at the time of loss or damage is by a qualified technician's two-step appraisal of its fair market value. First, a technician

determines the condition of the item at the time of the loss or damage through personal knowledge, review of maintenance records, conversations with using personnel, and any other means available. Second, the commercial market will be reviewed to determine the price that similar items in similar condition have sold for in commercial transactions within the last 6 months. Appraisal guides accepted in the commercial market, such as the NADA Official Used Car Guide or the NACD Computer Blue Book may be used for this purpose.

b. Depreciated value. When determination of fair market value is not possible or equitable, the value at the time of the loss or destruction may be computed by subtracting depreciation from the current AMDF or other standard price of a new item. Depreciation is not deducted on loss or damage to new property. Compute depreciated value for all property not listed below at 5 percent per year of service, up to 75 percent. If the time in service cannot be determined, depreciate a standard 25 percent.

(1) OCIE items and non-power hand tools: Depreciate by 10 percent for each such item, or by 10 percent of the grand total, if all items are OCIE or non-power hand tools.

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

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

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

(5) Family quarters furnishings will be depreciated per AR 210-50, paragraph 10-12k.

(6) The rates of depreciation above are based on normal use, and may be increased or decreased based on facts showing more or less than average use. AR 27-20 may be used as a guide to determine a fair rate of depreciation.

(7) Small arms are not depreciated.

c. Standard Rebuild Cost. When determination of fair the market or depreciated value is not possible or equitable, the value of the loss or damage may be computed by subtracting the standard rebuild cost plus any salvage value from the current AMDF price for the item. This method may only be used when—

(1) A standard rebuild cost has been published.

(2) The item was not new or recently overhauled.

(3) The item was in service long enough to warrant overhaul.

B–3. Salvage credit

The value of salvage credit for items that must be scrapped will be computed by adding the value of the scrap recovered, plus the depreciated value of serviceable repair parts, components, assemblies, or end items salvaged or cannibalized. See AR 310-25 and AR 750-1. A technician will compute the salvage credit, if any.

B–4. Fair wear and tear

The value of loss to Government quarters or related furnishings or equipment due to fair wear and tear is exempt from financial charge. Fair wear and tear will be determined by a qualified technical inspector.

B–5. Determine the actual loss or damage to the Government

The basic premise on which financial charges are computed is that the charge should represent the actual loss to the Government. The actual loss to the Government is the difference between the value of the property immediately before its loss, damage, or destruction and its value immediately after. This regulation establishes four means of arriving at the actual costs of loss or damage to the Government, and the amount to be charged. They must be considered in sequence.

a. If the item is repairable, the charge should be based on the actual cost of repairs.

b. If the item cannot be repaired because it is too badly damaged, have a technical inspector determine the market value of the item after the damage. Include salvage credit when it is appropriate.

c. If the item is not repairable and the technical inspection is impossible (when an item is lost or completely destroyed as in a fire), apply the appropriate depreciation formula to determine the property value.

d. Deduct the standard rebuild cost from the cost of the item.

B–6. Actual cost of repairs

How to compute the actual cost of repairs. If an item can be repaired, the charges must be based on the cost of repairs minus certain allowances. Although this regulation requires the use of the actual cost of repairs to compute the charges of financial liability, processing a report of survey document will not be delayed pending the completion of repairs. When the actual cost of repairs cannot be obtained in time to complete processing a report of survey within the time limits established in chapter 13 of this regulation, technical personnel will make an itemized list of the estimated cost of repair. The report of survey will then be completed with the understanding that if the ACOD is less than the ECOD, the report of survey will be reopened, the charge amended, and the difference reimbursed to the respondent.

a. When computing the actual cost of repairs, charge for the following expenses:

(1) Direct materials. For instance, if a fender was damaged and is not repairable, charge for the cost of the new fender.

(2) Direct labor. Charge for the actual rate paid for civilian labor. If soldier labor is used, charge for that cost by using the installation procedures set up according to AR 37-110.

(3) Overhead costs. Use the amount as computed by using the authorized local cost accounting systems at a Government repair activity. Don't include statistical costs unless the installation is financed by the Army Industrial Fund. (Then follow directions in AR 37-110).

(4) Transportation costs. Charge for the cost of shipping an item to the repair installation and returning it.

b. When computing the actual costs, allow for things that affect the actual loss to the Government.

(1) Allowance for increase in value. If extensive repairs enhance the value so that the item is worth more than it was before the repair, make an allowance for the increase in value.

(2) Credit for scrap value. Give credit for the scrap value of the parts that cannot be reused. Do not allow the full list price of the part. Allow salvage credit for the usable or salable value of metal as waste or scrap.

c. Credit for repairs made, but not needed to return the damaged property to the condition it was in immediately before the incident causing the damage.

(1) Sometimes it is determined to be more economical to refurbish the damaged item rather than repair just the damaged portion. As an example—

(a) Resurface the entire floor in a room, rather than repair the portion that was damaged, or

(b) Paint the entire vehicle, rather than paint just the damaged portion.

(2) In determining the amount of financial liability, the respondent should be assessed, only that amount needed to return the damage property to the condition it was in immediately before the incident causing the damage, not the cost to refurbish the entire item.

B–7. Technical inspection

When and how to use a technical inspection. When computing the charges of financial liability on an item that cannot be repaired, start the computations on the basis of the value just before the item was damaged. Technical inspection will be documented prior to the repair or turn-in of the damaged equipment.

a. Definition of technical inspection. A technical inspection determines the extent of damage and establishes whether the item is

repairable. It also involves an appraisal to determine the value of the item just before it was damaged or destroyed.

b. Need for a technical expert. A technical inspector must have a thorough knowledge of the item and its uses, mechanisms, and functions and must have broad experience in dealing with the type of item. In most cases this person will be a representative of the maintenance support for the installation or activity. The technical inspector will have to determine the prices of the same or similar items sold in the commercial markets at or about the time of the loss.

c. Decision on fair value of item. If the fair market value appears to be unfair to the Government or the respondent, that value should not be used. For instance, if the cost of a pair of binoculars was $97, and they are now being sold on the open market for $175, the respondent cannot be charged $175. In some cases, a determination of fair market value is impossible. For example, there is no commercial market for missiles whatsoever.

d. Explanation by technical inspector. If the fair market value is to be used, the technical inspector must furnish an explanation. For example, the inspector must state there is no existing market for missiles or that binoculars are being sold in the local market at prices higher than the acquisition cost of the item by the Army.

B–8. Computing value based on depreciation

How to use depreciation for computing charges for an item. Depreciation is the least preferable method of computing the value of lost or destroyed Government property, and will be used only when using the fair market value or standard rebuild value is not appropriate, and when the item is in less than new condition. Apply a depreciation formula to get the value of the lost or destroyed item on the basis of life expectancy. For instance, a lost piece of office furniture that had been in use for 2 years would be depreciated 5 percent per year for a total of 10 percent. If the value of the office furniture listed on the AMDF in effect at the time of the loss was $500, the amount charged the individual would be $450 ($500 minus 10 percent is $450).

B–9. Scrap value

How to determine scrap value. If an item was damaged to the point that it must be scrapped, a determination of how much credit to allow must be made. The individual to decide whether the item can be repaired is the technical inspector at the maintenance activity.

a. Repairable items. When items are repaired, allow for the scrap value of the repair parts, components, or assemblies recovered from the item. However, these reclaimable parts must be depreciated by the same factor that is used to depreciate the whole item. For example, a vehicle cost $2000, and a 50 percent credit (or $1000) was allowed for depreciation. If a mechanic removed $500 worth of reclaimable parts from the vehicle, only a 50 percent credit (or $250) would be allowed for depreciation on the reclaimable parts for the vehicle.

b. Items beyond repair. If an item has been damaged to the point it has to be scrapped, allow credit for the salvage or scrap value of the item or parts. When the entire item is turned in, obtain the information on the credit from the Defense Reutilization and Marketing Office which determines the amount of credit.

Appendix C
Specific Considerations for the Survey Officer

C–1. Role of survey officer

What is the role of a survey officer? Your investigative work is a critical phase of the report of survey system. Your main job is to seek out all the facts that surround the loss of, or damage to Government property. Often you are the only person who brings out these facts. In some cases, the person administratively responsible for the property may give you just enough evidence to absolve herself or himself from financial liability.

a. As a survey officer, you cannot limit your effort to verifying the statements of interested parties. You must make as thorough an investigation as needed to fully protect the interests of the Government. Your diligence and thoroughness may establish the fact that some other person is at fault. Remember, you are trying to place responsibility where it belongs.

b. You start your investigative work on the basis of the statements in block 11 of DA Form 4697, and the exhibits attached initially. You should document any evidence you uncover in your work.

c. In addition to doing detailed investigative work, you evaluate the facts in the case, much as a judge or a jury does in a civil court case. You must weight the evidence and decide whether a person should be held financially liable. It is a unique role in the Army that you are called upon to play. Your ethics must be of the highest caliber. You must make a careful and often time consuming analysis of all the evidence before you give your opinion.

d. Why isn't this important and responsible task (which seems to parallel legal procedures in civil life) accomplished by Army attorneys? The Army has determined that the person charged should be judged by a normal, ordinary person like yourself who can recognize right from wrong. You have common sense and are capable of weighing the facts and arriving at sound, logical findings and recommendations.

C–2. Starting your investigation

Start your work at once. You have a limited number of calendar days in which to complete your task. Delay may result in the loss of important information. Persons involved may move away, and memories can fail. Inform the appointing/approving authority at once of any delay.

a. Conduct a thorough investigation.

b. Rigidly scrutinize all the available information, especially in the cases of alleged theft or embezzlement. If a board of officers has already investigated the incident, they must give you their report for your consideration. File the report or an extract of it as an exhibit to the report of survey.

c. Question witnesses and get a statement/certificate from any person concerned if you feel their testimony will be of value in establishing the cause of, and responsibility for the loss or damage.

d. Compile all the evidence that supports or refutes the statements in block 11 of DA Form 4697. Attach to the report of survey all exhibits, statements, photographs, diagrams, and other evidence that will be of help in determining who is responsible for the loss or damage. Make sure that all the facts and circumstances you discover are supported adequately by exhibits to the report of survey.

e. Physically examine the item if it is available before it is repaired, destroyed, or otherwise disposed of. If necessary, have pictures of the damaged property taken for exhibits to the report of survey. (Make a statement releasing the item for repair or turn-in after you see it. Send the statement to the property book officer).

f. Coordinate your action with that of the claims attorney if the report of survey covers a loss that is covered under AR 27-20 as long as the coordination does not unduly delay the report. You should have no conflict over jurisdiction. Confine your activities to matters that involve property accountability, responsibility, and financial liability covered in this regulation. Leave areas of claims by or against the Government to the claims attorney.

g. Consult the appointing/approving authority on any matter on which you are in doubt.

h. Figure the actual value of a lost item at the time of the loss.

i. Determine the value of the damage to a damaged item. This amount is usually the cost of repairs or an estimate of cost of repairs you must obtain from technical personnel. If it is not economical to repair the item, or if it is lost, determine the value of the property before it was damaged or lost.

j. If the property is recovered during your investigation, make sure action is taken according to the directives in paragraph 14-16.

k. Make sure the total cost is computed properly. Note any discrepancies in block 26, DA Form 4697 and enter the correct figure in block 27a, b and c.

l. Review all the evidence and state your findings in block 26.

(1) Don't include mere unsubstantiated opinions.

(2) Don't use stereotyped phrases like "lost or damaged in manner stated."

(3) State in your own words just how the loss occurred on the basis of evidence you found in your investigation.

(4) Show that the evidence supports your findings by referring to the exhibits as you go along.

(5) Make your findings complete enough so that reviewers can see the responsibility in the case without sending the report back to you for more information.

(6) If you recommend financial charges, show how you computed them in block 27.

(7) State in your findings how item(s) was disposed of, and attach a copy of the turn-in document as an exhibit.

m. Insert your recommendations on financial liability and responsibility in block 26 right after the findings.

(1) State the full name, grade, social security number, and the monthly base pay of the person or persons against whom you recommend a charge of financial liability, and the amount of the charge.

(2) Indicate how unserviceable property should be disposed of.

(3) Be sure your recommendations are just and follow logically from the facts in the evidence and findings.

(4) If you find two or more persons liable, and if their liability is collective and individual, compute the charges in proportion to the basic pay of the individuals.

(5) It is possible to hold a person liable and yet charge him "zero"in some cases. Several reports may be required for property lost in one incident, like a fire. The person can be charged only 1 month's base pay per incident, and thus you can charge that amount on one report of survey and zero on the others.

C–3. Rights of respondents

How does the U.S. Government protect the basic constitutional rights of persons charged with financial liability for property losses? Each respondent in a case is entitled to certain rights under the Fifth Amendment of the Constitution and under Article 31 of the Uniform Code of Military Justice. The U.S. Government protects these basic rights carefully.

a. Article 31 provides that no person will be compelled to incriminate him or herself or to answer any question which may tend to incriminate him or herself. It further requires that the person be advised that he or she does not have to make a statement regarding the offense of which he or she is accused, and that any statement which he or she does make may be used against them. The Fifth Amendment provides that no person in a criminal case shall be compelled to be a witness against him or herself.

b. If you, the survey officer, recommend that a person be held financially liable, after you record the findings and recommendations in block 26, DA Form 4697, you must give that person (the respondent) a chance to look at the entire report of survey and all the evidence and exhibits. You must also give the respondent the opportunity to submit additional evidence or to make a statement. The respondent must signify that he or she has had the opportunity by completing blocks 30, 31, 32a and b.

c. Some respondents when given their right to see the entire file, have refused to sign block 32b because they felt that if they signed, they were admitting liability. It is your duty to explain to the respondent that the signing is not an admission of liability. You must also advise the respondent that the signing of block 32b does not waive any of his or her rights. If the respondent still refuses to sign block 32b, you can arrange to have him or her see legal counsel with the staff judge advocate. The legal counsel will advise the respondent of his or her rights and the fact that he or she does not admit liability by signing. If the respondent still refuses to sign, you can attach a statement to the report of survey explaining the circumstances of the refusal and send the report of survey to the approving authority.

d. Block 30 of DA Form 4697 states the respondent has seen all the evidence, that he or she has seen the findings and recommendations you have made, and that he or she does or does not desire to make an additional statement. In addition, it includes some rights in written form. DA Form 4697 does not list all of the rights the respondent may be entitled to. Paragraph 13-32b lists all of the respondent's rights. You must inform the respondent of all their rights, therefore you must become knowledgeable of all the rights listed in paragraph 13-32b.

e. The right to the advice of the staff judge advocate means that when you recommend that a person be held financially liable, he or she may go to the staff judge advocate for advice on what course of action he or she may take. The judge advocate may counsel the person to request reconsideration, request remission of indebtedness, or to exercise one of his or her other rights.

f. Remember that although the rights are spelled out in paragraph 13-32b, you must still explain them so that the person fully understands not only what his or her rights are but what they involve. This same responsibility is placed on the approving authority. If new evidence is added to the report of survey file at any time, the respondent must again be given the opportunity to examine the entire file and to submit additional evidence in his or her own behalf.

g. If you recommend that all concerned be relieved of financial liability, and if a higher authority disapproves that recommendation and recommends that a person be held financially liable, then the person must be given the opportunity to review the entire file and submit additional evidence. In addition, the person must see the nature and basis of the charge. The same right must be given to a person when the amount of financial charge is increased.

C–4. Consideration

What to consider when you survey an incident. As a survey officer, you are trying to decide whether a person's actions were the proximate cause of the loss or damage to Government property. As a survey officer, you are trying to decide whether a person's actions were the proximate cause of the loss of, damage to, or destruction of Government property. Consider the following before you make your recommendation.

a. The degree of care and resourcefulness that can be reasonably expected. Weigh the actions of the person involved against those of a reasonable and prudent person. (A prudent person is one who is cautious, circumspect, and discreet). However, to be fair, you should keep in mind the person's age, experience, and special qualifications to do a job. The following cases help illustrates these points:

(1) PVT Henry, a non-driver, was being given driver training. His instructor told him to back up a truck. With the confusion of a learner, PVT Henry shifted into third gear. The truck leaped forward and struck a tree. In this case you consider his lack of experience.

(2) Eighteen-year-old PVT Doe was a member of the aggressor forces in a practical military exercise. While he was trying to avoid being captured by the enemy, he found a jeep that was not being used. He jumped in the jeep and started to drive off. LT Hunter, to whom the jeep was issued, shouted at him to come back with his jeep. PVT Doe, continuing to flee the enemy in the exercise, drove off at great speed. He came to a halt only when the jeep became entangled in barbed wire and was damaged. His commanding officer and platoon leader both testified that he was caught up in his aggressor role and that he was totally intent on accomplishing his mission. In this case, you should consider PVT Does's age, lack of experience, and limited intellectual capability. You could relieve him of responsibility if you felt these elements warranted it.

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

(1) The nature of the property.

(2) The nature, extent, and complexity of the organization or activity that was supervised. How feasible was it to keep close supervision over the property? You should check the factors that contributed to the loss or damage. In one case, a company commander and his slated successor took a joint inventory just before the company commander left. At the last moment, orders were changed and the slated successor went to another unit. A new commanding officer (CO) took command. There was no opportunity to take a joint inventory at that time. After 2 months, he took inventory and discovered shortages. The former CO and the officer who took the first inventory both claimed that no shortages had been evident. When the survey officer made his decision, he held that the lapse of time and the mandatory physical departure of the old commanding officer were mitigating circumstances and recommended relieving the new CO from responsibility. In this case, an approving authority would probably not follow the recommendation of the survey officer. The new CO should have taken inventory immediately, even though he couldn't take it with the old CO. The approving authority would probably decide to hold him responsible for the shortages.

(3) The adequacy of the measures set up for supervision of subordinates to ensure protection of the property.

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

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

C–5. Sensitive items

What evidence do you consider for sensitive items? Sensitive items must be stored in special storage facilities. Only authorized personnel should have keys. A lock combination must be known only to a minimum number of people. In dealing with cases on these items, you may have to ask the following questions:

a. What security measures were taken?

b. Were key control procedures adequate?

c. What action was taken to recover the items?

d. Were appropriate notices placed in the daily bulletin.

e. Was the loss properly reported to the Criminal Investigation Division (CID)?

C–6. Vehicles

What evidence do you look at in vehicle cases? You should examine several categories of evidence when the report of survey involves a vehicle accident. Consider the following:

a. Type of road. You should, if possible, examine the site of the accident. You should look at the type of road on which the accident took place. Is it macadam, asphalt, cobblestones, or dirt?

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

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

d. Statements. Do you have statements from the driver of the vehicle being surveyed, of the driver of the other vehicle involved, and of witnesses? These are important. You will probably have to interview people yourself to get all the facts.

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

f. Driver's qualifications. Has DA Form 348 Equipment Operator's Qualification Records (except aircraft) been included in the file?

g. Pictures. Have pictures been used to show damage? If so, has the damage been explained? You may have to take the pictures yourself or have them taken. Have you looked at the vehicle yourself? You must do that before you release it for repair or turn-in. Remember, you must send a release for the vehicle to the property book office as soon as possible.

h. Cost of damages. Has the actual cost of damage been included? If not, have you requested it or an estimate of the damage?

C–7. Special considerations for a convoy incident

What points may be important in a report of survey involving a convoy. If you investigate damage to a vehicle that was part of a convoy, you must consider certain points of information. What interval did the convoy commander prescribe before the departure? What was the interval kept by the driver just before or at the time of the accident? Did the convoy commander furnish special instructions before crossing the initial point?

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

b. The convoy commander stopped his lead vehicle to check whether the larger trucks would be able to pass under the archway. At the halt, a 2-1/2 ton truck just ahead of the respondents truck in the convoy stopped 20 yards on the other side of the archway. Should you, the survey officer, recommend holding the driver of the van truck liable for the damage to the roof of his truck? Yes. When the 2-1/2 ton truck stopped, the driver of the van truck should not have attempted to pass through the archway. He should have stopped about 80 yards back of the archway because the prescribed convoy interval was 100 yards, even at halts. The driver of the van truck was negligent in that he or she did not follow the instructions of the convoy commander to maintain a 100 yard interval at all times, including halts. The driver was also negligent in that he or she failed to ensure the vehicle could safely clear the archway before proceeding through.

C–8. Loss of communication wire

What evidence do you look at in a report of survey for a loss of communication wire? In a report of survey involving the loss of communication wire, you should look at the modified table of organization and equipment (MTOE) allowance for communication wire and the length of the wire laid. The second piece of information is important because you must consider the relative percentage of the loss. If 100 miles of wire were laid and just 300 feet were lost, no negligence may be involved. However, if 20 miles were extended and 18 miles were lost, then it seems obvious that negligence or even theft was involved unless further evidence shows fully why the loss occurred. You should also check to find out whether precautionary measures were set up to safeguard the wire.

C–9. Inventory losses

What points do you check for losses that show up on an inventory? You must consider the circumstances and facts that are special in each case you investigate. When you investigate the loss of items that have shown up on an inventory, you should look at some questions that involve accounting procedures and also the procedures used in the inventory.

a. Were the property accounts maintained according to the procedures in AR 710-2?

b. Were proper hand receipt procedures used? Were individuals required to properly receipt for the issued items?

c. Did the user have a secured storage area?

d. Was adequate supervision maintained over the unit supply room?

e. If proper procedures were not followed, did the supply officer take measures to correct the situation? What steps did he or she take?

C–10. Financial liability

What standards do you use to rule that negligence or misconduct is involved? To recommend financial liability, you have to feel that most of the evidence supports your decision. You can recommend charges of financial liability against the person for the loss of, or damage to, Government property if you believe the respondents negligence or willful misconduct was the proximate cause of the loss or damage. To make such a determination you must understand specifically what is meant by the terms "negligence"and "willful misconduct".

a. Negligence. Negligence is an act or an omission that a reasonable and prudent person would not commit under similar circumstances. A reasonable man is not perfect and may well not do what you would do. If the person being investigated happens to have an IQ of 140, the question is not what a reasonable man with an IQ of 140 would have done but rather what the reasonable man with a normal IQ would have done. You should judge the respondent as having normal intelligence, perception, and memory. This is a minimum standard of the conduct test. If the person involved possesses specific knowledge or skills, e.g., if the person is a tank driver, then the test would compare the respondent to a reasonable tank driver with a normal IQ under similar circumstances. In each of the following cases, a reasonable and prudent person with a normal IQ could foresee that a problem could result from his or her action. When the person did not exercise the care required by the circumstances, he or she was negligent.

(1) A soldier drove a vehicle at a speed excessive for road and weather conditions.

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

(3) A driver was carrying a large air compressor in his truck. He failed to check the lashings before leaving. As he rounded a curve, the item slid off the truck and was damaged.

(4) Another driver backed up a vehicle but failed to use a "ground guide"to clear his or her vehicle.

b. Willful misconduct. Willful misconduct is an intentionally wrongful or unlawful act. It is either a willful act contrary to, or a willful failure to do something required by law, regulation, or prudence. Misappropriation and theft both fall under this category. The misappropriation with which you are concerned is the use of a Government vehicle or other Government property for unauthorized personal use. Theft is self-explanatory.

c. Difference between offenses. What is the difference between negligence and willful misconduct? To find negligence you do not have to find evidence of intent, but for willful misconduct, you do have to find evidence of intent. That is, it must be a deliberate act.

C–11. Proximate cause

What is proximate cause? How does proximate cause affect individual liability? A determination that a person is negligent or has committed an act of willful misconduct is not sufficient cause to hold him or her financially liable; the evidence must indicate that the misconduct or negligence was the proximate cause of the loss, damage, or destruction. What is "proximate"cause? It is defined as the cause that, in a natural and continuous sequence, unbroken by a new cause, produces the loss or damage, and without which the loss or damage would not have occurred. Stated more simply, proximate cause means the immediate or direct cause.

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

(1) A truck driver drove a truck at an excessive speed beyond the posted speed limit. He hit the rear of a vehicle in front of him. In this case the proximate cause of the accident was clearly the drivers excessive speed. The accident would not have happened if he had not been driving too fast. Suppose the other vehicle was coming the wrong way on a one way street. You could hold both drivers financially liable, if you believe they both contributed to the accident. You could reason there was concurrent negligence. That arises when the accident is caused by concurrent wrongful acts of two or more persons acting independently.

(2) In another case, driver A drove at the posted speed limit. Driver B came out of side street that did not give him the right of way and hit driver A's vehicle. In this case the proximate cause was the negligence of driver B.

b. Judgement as a factor. Common sense and good judgement should always be used in determining proximate cause. Although the speed limit in a particular place may be 30 miles an hour, a person cannot always drive at that speed in that place without fear of negligence. The street at a particular time may be so crowded or so icy that even 20 miles an hour is a reckless and excessive rate of speed.

c. Recognition of proximate cause. Sometimes you have to look long and hard at the facts. At times what appears to be the proximate cause may not be.

(1) SGT Jones was on permanent duty as Sergeant of the Guard. Because of a shortage of experienced drivers, the guard vehicle was assigned directly to him, and he was told to drive the vehicle himself. However, SGT Jones allowed the privates of the Guard to act as their own drivers when going to and from their guard posts. One of the privates was involved in an accident. Investigation showed that the driver was operating the vehicle in a safe and careful manner at the time of the accident. However, icy road conditions and snow-filled ruts caused the vehicle to turn over. The survey officer recommended the Sergeant of the Guard liable for the reason that only he was authorized to drive the guard vehicle, although he stated in his findings that no negligence existed on the part of the driver and since he was an experienced, licensed driver, it must be assumed that, under the same given set of circumstances, the accident would have occurred no matter who was driving. Therefore, the proximate cause of the accident was not SGT Jones' negligence in permitting an unauthorized driver to use the vehicle, but the existing road conditions. SGT Jones' negligence in permitting the privates of the guard to take their vehicle to their guard post might have left him open to administrative reprimand. The report of survey, however, would not be the proper instrument to use in this case. His commander could give him an oral reprimand, a formal letter of reprimand, or a notation on his enlisted evaluation report (EER). He could also discipline him through an Article 15 or a court-martial.

(2) In another case, driver X operated a vehicle at a speed higher than the posted speed limit. He hit a vehicle driven by driver Y in front of him and damaged the front end of his own vehicle. The driver of a third vehicle (Z) was called to tow driver X's vehicle. Driver Z improperly hooked up the towing equipment and caused damage to the rear bumper of the vehicle. In this case, driver X was held liable for the damage to the front end of the vehicle. He was not held liable for the damage to the rear bumper because his negligence (speeding) was not the proximate cause of the damage to the rear. Driver Z's acts amounted to an "intervening cause."An intervening cause is a new and independent force that breaks the causal connection between the original wrong-doing and the injury. It becomes the direct and immediate cause itself. Driver Z's act of negligently hooking up broke into the ordinary course of events. Driver Z's negligence was sufficient itself to cause damage to the rear. The original speeding had nothing directly to do with that damage. As a general rule, if the result of the negligence was not one which might have been reasonably foreseen, then the negligence was not the proximate cause of the result. In the above example, it was reasonably foreseeable that speeding could cause an accident. It was not reasonably foreseeable that a tow truck would further damage the vehicle if an accident did occur. In this case, you should recommend holding driver X liable for the damage to the front of the vehicle and driver Z liable for the damage to the rear bumper.

Each of the drivers could reasonably have foreseen the possible damage to the vehicle as the result of his action.

C–12. Recommendation for assessment of financial liability

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

a. You can find a respondent financially liable if he or she has personal or non-personal (command, supervisory, or direct) responsibility for the loss, damage, or destruction of Government property which was caused by their negligence or willful misconduct.

b. You can recommend charges of financial liability against someone for the loss of property even though the property was not in his or her personal possession or under their supervisory control.

Appendix D
Loaned ARNG Property

D–1. General

This appendix prescribes the property adjustment procedures for ARNG's equipment loaned to other military organizations while training at mobilization and training equipment sites (MATES), Unit Training Equipment Sites (UTES), or ARNG training sites and equipment borrowed from other military organizations.

D–2. Policy

Military property on authorized loan, remains on the property records of the unit or activity concerned. It must be properly hand-receipted to the user.

D–3. Adjustment procedures

a. In the case of loss, damage, or destruction of military property through other than fair wear and tear, the hand-receipt holder will initiate and process one of the following adjustment documents:

(1) *DA Form 4697.* The commander or supervisor of the training site account or owning organization will ensure the report is correct and complete, then execute item 5 and expeditiously forward the report to the owning organization property book officer (PBO) for property book adjustment.

(2) *Other authorized adjustment documents.* Other authorized adjustment documents may be prepared when agreed upon by the commander or supervisor of the training site or the owning organization.

b. The owning organization PBO will retain one copy of the applicable property adjustment document and return the remaining copies to the hand-receipt holder for processing and approval.

c. The hand-receipt holder will process the applicable property adjustment document through normal channels for final action by the officer designated to approve adjustment documents initiated by the hand-receipt holder.

d. When the hand-receipt holder is a member of a service other than the U.S. Army, USAR, or ARNG, the property adjustment document will be processed through the normal channels of the owning organization.

D–4. Approving authority

a. The approving authority for applicable property adjustment documents initiated according to paragraph D-3c, will be the proper approving authority of the borrowing organization.

b. The approving authority of applicable property adjustment documents initiated according to paragraph D-3d, will be the proper approving authority of the owning organization.

c. The approving authority will forward the proper copy of the applicable property adjustment document to the owning organization PBO when final action has been completed.

D–5. Financial responsibility

The hand-receipt holder that initiates procedures will ensure that monetary restitution for lost, damaged, or destroyed property is made to the USPFO of the owning State or the loaning military organization by either—

a. Transfer of funds.

b. Replacement in kind.

c. Lateral transfer of property for which property adjustment is being made.

D–6. Borrower/hand-receipt holder responsibilities

When equipment is lost, damaged, or destroyed by the borrower or hand-receipt holder, the borrower or hand-receipt holder will replace the property according to paragraph D-5. Replacement of property by the borrower is a separate action for property adjustment and is not involved in deciding financial liability.

Glossary

Section I
Abbreviations

AAR
administrative adjustment report

ABCMR
Army Board for Correction of Military Records

ACOD
actual cost of damage

ACofS
Acting Chief of Staff

ACTPO
Accountable property officer

AFARS
Army Federal Acquisition Regulation Supplement

AG
Adjutant General

AGR
Active Guard/Reserve

AIF
Army industrial fund

AMC
U.S. Army Materiel Command

AMDF
Army Master Data File

AR
Army regulation

ARC
accounting requirements code

ARNG
Army National Guard

ARNGUS
Army National Guard of the United States

ASDA
accountable supply distribution activity

ASF
Army stock fund

AWOL
absent without leave

AWR-3
Army war reserve - 3

BL
bill of lading

CBL
commercial bill of lading

CBS-X
continuing balance system-expanded

CCI
controlled cryptographic item

CECOM
U.S. Army Communications-Electronics Command

CERROD
central repository for RODs data

CIF
central issue facility

CIIC
controlled inventory item code

CIIP
clothing initial issue point

CMH
Center of Military History

CNGB
Chief, National Guard Bureau

COMSEC
communications security

CONUS
Continental United States

CORM
cargo outturn reconciliation message

CORMR
cargo outturn reconciliation message reply

CORS
cargo outturn reporting system

COSCOM
corps support command

CP
cannibalization point

CSC
civilian support center

CSDP
command supply discipline program

D
Durable

DA
Department of the Army

DAR
Defense Acquisition Regulation

DARNG
Director, Army National Guard

DCMC
Defense Contract Management Command

DCSLOG
Deputy Chief of Staff for Logistics

DFARS
Defense Federal Acquisition Regulation Supplement

DFAS
Defense Finance and Accounting Service

DISCOM
division support command

DLA
Defense Logistics Agency

DoD
Department of Defense

DODAAC
Department of Defense activity address code

DOL
director of logistics

DRMO
Defense Reutilization and Marketing Office

ECOD
estimated cost of damage

ESR
equipment status report

ETS
expiration term of service

FAO
finance and accounting office

FAR
Federal Acquisition Regulation

FMS
foreign military sales

FOB
free on board

FSC
Federal supply classification

GBL
Government bill of lading

GFP
Government furnished property

GS
general schedule

GSA
General Services Administration

HQDA
Headquarters, Department of the Army

IAR
inventory adjustment report

ICP
inventory control point

IG
inspector general

IM
inventory manager

IMPAC
international merchant purchase authorization card

IOC
Industrial Operations Command

IPE
industrial plant equipment

JROTC
Junior Reserve Officer Training Corps

LOGSA
U.S. Army Logistics Support Activity

MAAG
military assistance advisory group

MACOM
major Army command

MATES
mobilization and training equipment sites

MEDDAC
Medical department activity

MMBP
military medical benefits property

MRO
materiel release order

MSC
major subordinate command, and Military Sealift Command

MTMC
Military Traffic Management Command

MTOE
modification table of organization and equipment

MUSARC
major U.S. Army reserve command

N
nonexpendable

NAF
nonappropriated fund(s)

NDCC
National Defense Cadet Corps

NSN
national stock number

OCIE
organizational clothing and individual equipment

OCONUS
outside continental United States

ODCSLOG
Office, Deputy Chief of Staff for Logistics

ODCSPER
Office, Deputy Chief of Staff for Personnel

PA&E
personal arms and equipment

PBO
property book officer

PCS
permanent change of station

PERSCOM
U.S. Total Army Personnel Command

POD
port of debarkation

POE
port of embarkation

POI
program of instruction

QDR
quality deficiency report

RO
requisitioning objective

ROD
report of discrepancy

ROTC
Reserve Officers' Training Corps

R&D
research and development

PREPO
Prepositioned

SRA
stock record account

SRO
stock record officer

SSA
supply support activity

SSSC
self-service supply center

TAACOM
theater Army area command

TDA
table of distribution and allowances

TDR
transportation discrepancy report

TDY
temporary duty

TISA
troop issue subsistence activity

TO
transportation officer

TSG
The Surgeon General

TTU
transportation terminal unit

UCMJ
Uniform Code of Military Justice

UI
unit of issue

UIC
unit identification code

UPH
unaccompanied personnel housing

USACASCOM
U.S. Army Combined Arms Support Command

USALIA
U.S. Army Logistics Integration Agency

USAMC
U.S. Army Materiel Command

USAR
U.S. Army Reserve

USMEPCOM
U.S. Military Entrance Processing Command

USPFO
United States property and fiscal office

UTES
unit training equipment site

X
expendable

WG
wage grade

WL
wage leader

Section II
Terms

Acceptance at destination
Assumption of title to property by DA at the specified delivery point. This term corresponds, generally, to the commercial term "FOB destination".

Acceptance at origin
Assumption of title to property by DA at the point of shipment. This term corresponds, generally, to the commercial term "FOB origin." It does no imply that payment was made at the time title passed to the Army nor does it necessarily mean that the Government, by assumption of title, forfeited the

right to reject any article not conforming to contract specifications.

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

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

a. Transportation officer, accountable for property entrusted to him or her for shipment.

b. Stock record officer, accountable for supplies being held for issue from time of receipt until issued, shipped or dropped from accountability.

c. Property book officer, accountable for property upon receipt and until subsequently turned in, used (consumed) for authorized purposes, or dropped from accountability. (Hand receipt holders are not considered accountable officers.)

Appeal authority
An Army officer designated to take final action on requests for reconsideration when the report of survey approving authority denies relief of financial responsibility to a respondent, and to act on requests for remission of cancellation of indebtedness. Appeal authority action is by authority of the Secretary of the Army. Normally, the appeal authority will be the next higher commander above the approving authority, in the chain of command.

Appointing authority
An officer or civilian employee designated in writing by the approving authority with responsibility for appointing report of survey investigating officers; reviewing the survey officer's findings and recommendations; and providing his or her concurrence/nonconcurrence to the approving authority of the survey officer's findings and recommendations. The appointing authority is normally under the command of, or on the staff of the approving authority. An appointing authority must be in the grade of lieutenant colonel or above, or be a GS-13 or above. (For exceptions, see AR 735-5, paragraph 13-16c(1) through (3)).

Approving authority
An Army officer or Department of the Army civilian employee authorized to appoint survey officers and to approve reports of survey "by authority of the Secretary of the Army." An approving authority must be in the grade of lieutenant colonel or above, or be a GS-14 or above, in a supervisory position. The approving authority is normally senior to the appointing authority.

Army property
All property under DA control, except property accounted for as owned by an NAF activity. "Government property"and "Army property"are used synonymously with "property."

Audit trail
Documentation supporting debit and credit entries on accounting records from the time property is brought into the Army inventory with a source document, until the property is dropped from accountability.

Bill of lading
Includes Government bills of lading issued by the Army (as defined in AR 55-355) and commercial bills of lading for transportation services administered by the Army. (For exceptionof "FOB origin shipments", see AR 735-5, paragraph 16-9.)

Capital equipment
Personal property of a capital nature classified nonexpendable in an Army supply manual, or that would be so classified if included in an Army supply manual or catalog.

Capital nature
Property that has all or most of the following characteristics:

a. Does not lose its identity when used for its intended purpose.

b. Has an acquisition of cost of $15,000 or more.

c. Has a useful life of more than 2 years when used for its intended purpose.

d. Normally is an investment-type item capitalized in the accounting records.

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

Checking-in (tally-in) operation
An operation performed by a receiving clerk, normally under the supervision of the transportation officer or the receiving property officer. Includes removing items from a carrier's vehicle and conducting a visual inspection to decide the condition of the packages and loose pieces in a shipment. Checking-in may be performed under other supervision, or at a later time, because of emergency conditions; however, it will not be confused with the "storage" operation. Storage operation involves the opening of undamaged packages after delivery to a customer, user, or warehouse.

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

Command responsibility
The obligation of a commander to ensure all Government property within his or her command is properly used and cared for, and that proper custody and safekeeping of Government property are provided. Command responsibility is inherent in command and cannot be delegated. It is evidenced by assignment to a command position at any level and includes--

a. Ensuring the security of all property of the command, whether in used or in storage.

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

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

e. When necessary, taking administrative or disciplinary measures.

Concealed shortage or damage.
Shortage in, or damage to the contents of an original container or package detected after delivery. This damage or shortage is contrasted with visible damages or shortages in the number of packages involved, readily noticeable at the time of delivery.

Consumable supplies
Supplies consumed in use, such as ammunition, fuel, cleaning and preserving materials, surgical dressings, and drugs, or supplies that lose their separate identity in use, such as repair parts and building materials.

Contracting officer
A person who is currently a contracting officer with authority to enter into and administer contracts. The person may be a contracting officer either by virtue of position or by appointment under procedures prescribed by the Defense Acquisition Regulation (DAR). This person may make determinations and findings for contracts or for any part of such authority. In the ARNG, a contracting officer is the USPFO, or an ARNG technician who has been appointed as contracting officer by the CNGB with authority to enter into and administer contracts.

Controlled inventory items
Those items designated as having characteristics which require they be identified, accounted for, secured, segregated, or handled

in a special manner to ensure their safekeeping and integrity. Controlled inventory items in descending order of the degree of control normally exercised are:

a. Classified item. Materiel requiring protection in the interest of national security.

b. Sensitive item. Materiel requiring a high degree of protection and control because of statutory requirements or regulations; high-value, highly technical, or hazardous items; and small arms, ammunition, explosives, and demolition materiel. (See controlled inventory item codes (CIIC) 1-6, 8, 9 $, N, p, Q, R, and Y for night vision devices in the AMDF as explained by AR 708-1.

c. Pilferable item. Materiel having ready resale value or civilian application to personal possession and, therefore, especially subject to theft. Examples are binoculars, projectors, cigarettes, pagers, hand held two-way radios, cameras, tapes, or recorders. (See CIIC codes in the AMDF as explained by AR 708-1.)

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

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

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

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

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

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

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

Defense Industrial Plant Equipment Center
A primary level field activity of DLA responsible for providing services to DoD components (as set forth in DLAM 4215.1 (AR 700-43)).

Deliberate unauthorized use
Willful or intentional use without right, permit, or authority.

Destruction
Action or omission that renders property completely useless. Damage to the point of complete loss of identity or beyond the prospect of future restoration is considered to be "destruction." Animals killed for various reasons are said to be "destroyed."

Detail accounting
Method of accounting that requires each transaction to be separately recorded and uniquely identified by a voucher or document number in the records, including adjustment of balances each time. Opposite of summary accounting, whereby several transactions may be shown as one without any unique identification.

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

Discrepancies
Disagreement between quantities or condition of property on hand and that required to be on hand, as shown by the accountability record of the property. It is usually a disagreement between quantities or condition of property actually received in a shipment and that recorded on the shipping document. This type of discrepancy generally is referred to as a "discrepancy incident to shipment." Another form of discrepancy occurs when a disagreement exists between a stock record balance and the result of a physical count or inventory.

a. Shipping-type (item) discrepancy. A variation in quantity or condition of goods received from that shown on the authorized (supply) shipping document; for example, GSA or DD Form 1348-1 (DoD/GSA Single Line Item Release/Receipt Document). A shipping-type (item) shortage or overage is not evident on delivery; it is discovered when the article of freight as described on the transportation document is opened and the contents do not agree with the supply shipping documents.

b. Inconsequential transportation discrepancies. Loss and damage claims of $50 or less. Formal documents are not required, nor are claims filed against carriers in amounts of $50 or less. Exceptions are narcotics, drugs, and sensitive and classified materiel.

c. Report of survey discrepancies in shipment. Procedure and proper forms required to adjust property accountability and determine liability for discrepancies in shipment as defined above.

(1) SF 361 (Transportation Discrepancy Report (TDR)). A multiple-use form to report, investigate, and process discrepancies in shipments involving loss or damage, and to report other transportation-type discrepancies. SF 361 is authorized for use as a report of survey to support claims against carriers and contractors or vendors, including adjustment of inventory and financial accounting records, as proper, when dollar value involved is $50 or more.

(2) SF 364 (Report of Discrepancy (ROD)). When negligence is suspected, the ROD is used as an exhibit to a report of survey to report and adjust supply discrepancies. (See AR 735-5, figure 16-2, for an example of how an ROD condition could develop into a report of survey condition.)

d. Transportation-type discrepancy in shipment. A carrier (common or contract) may fail to deliver to a consignee, in the condition originally billed, all of the packages or loose pieces of property listed on the Government Bill of Lading (GBL) or other transportation documents (for example, commercial bill of lading, manifest, load list, freight warrant). The shortage, overage, or damage is termed a transportation-type discrepancy. Transportation-type discrepancies reportable on SF 361 (TDR) may be the fault of the carrier, shipper, vendor or contractor, container consolidation point, or transshipping activities. Overages and shortages within commercial or Government-owned (or leased) shipping containers (SEAVANs), military-owned demountable containers (MILVANs), MSCVANs, roll-on/roll-off (RO/RO) trailers, or container expresses (CONEXs) with seals intact, missing, or broken are included in this term.

Durable item
An item of Army property coded with an ARC of "D"in the AMDF. Durable items do not require property book accountability after issue from the stock record account, but do require hand receipt control for hand tools. Other items coded durable will be monitored by the commander or the head of the activity.

Equipment
Articles needed to outfit an individual or organization. Clothing, tools, utensils, vehicles, weapons, and similar items are articles of

equipment. It is synonymous with "supplies" and "materiel."

Expendable items
An item of Army property coded with an ARC of "X" in the AMDF. Expendable items require no formal accountability after issue from a stock record account. Commercial and fabricated items similar to items coded "X" in the AMDF are considered expendable items.

Fair wear and tear
Loss or impairment of appearance, effectiveness, worth, or utility of an item that has occurred solely because of normal and customary use of the item for its intended purpose.

Final action
Action taken "by authority of the Secretary of the Army" at the approval/appeal authority level. For an appeal in the ARNG, final action is that taken "by the authority of the Secretary of Army," delegated to the CNGB for State, and the Adjutant General or delegated deputy for ARNG members.

Financial accounting
Maintaining accounting records in terms of dollars, without regard for the quantity of items.

Financial inventory accounting
Act of establishing and maintaining accounts in both monetary and quantitative terms for material, supplies, and equipment held as stock on records of property accountability in the Army supply system worldwide.

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

Formal accountability
Obligation to maintain property book or stock record property accounts, commissary accounts, or troop issue subsistence activity (TISA) sales accounts. All property is subject to formal accountability unless specifically exempted by regulation or specific instructions of Headquarters, Department of the Army.

Government-furnished property
Government-owned property furnished to a contractor for the performance of a contract. It is defined as (1) industrial facilities, (2) materiel, (3) special tooling, (4) special test equipment, (5) military property. Also known as GFM (Government furnished material) and GFE (Government furnished equipment).

Grade (applicable to ARNG only)
Grade referred to in this regulation is the grade that has been granted Federal recognition. As an exception, is the grade of the Adjutant General in each state. The grade of the State Adjutant General may be greater than his or her Federally recognized grade.

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

Hand receipt
A signed document acknowledging acceptance of and responsibility for the items of property listed thereon that are issued for use and are to be returned.

Hand tools
Any hand-held devices that are either manually operated or power driven that are portable, light weight and small enough to be used by a craftsman in accomplishing his or her trade. They include such items are wrenches, screwdrivers, hammers, chisels, pliers, saws, impact wrenches and other small devices that are normally held in a tool box.

Individual equipment
Personal clothing and equipment issued for exclusive personal use of an individual.

Industrial plant equipment
Plant equipment that cost $3,000 or more; used to cut, abrade, grind, shape, form, join, test, measure, heat, treat, or otherwise alter physical, electrical, or chemical properties of materials, components, or end items. Also used in manufacturing, maintenance, supply, processing, assembly, or research and development operations. Excludes minor plant equipment.

Installation commander
The term "installation commander," when used in general terms, does not apply to the ARNG. However, when specific reference is made to accountability for, processing of, or collection of debts for Government property that is lost, damaged, or destroyed, or otherwise rendered unserviceable from stock record accounts, the term "installation commander" means the U.S. Property and Fiscal Officer.

Installation property
Nondeployable property issued to a unit under authority of a CTA or other HQDA-approved or NGB authorization documents, except expendable items and personal clothing.

Installation property book
Record of property issued under an authorization document other an MTOE, deployable TDA, and deployable CTA items.

Installed building equipment
Items of equipment that are affixed and built into the facility as an integral part of the facility. Equipment that is an integral part of the facility is equipment that is necessary to make the facility complete, and if removed would destroy or reduce the usefulness of the facility. Use of the equipment determines if it is an integral part of the facility.

Inventory accounting
Establishment and maintenance of accounts for materiel in storage, in manufacturing process, on hand, in transit, or on consignment in terms of cost or quantity. The accounting process includes maintenance of supporting records and rendition of reports when required. Specific types of inventory accounting are detail, summary, financial, and item accounting.

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

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

Item accounting
Method of accounting that expresses credit and debit (loss or gain) entries in terms of quantity of items transacted without regard for dollar value of the materiel. May be performed in either a detailed or summary manner.

Latent defects
Weaknesses or flaws normally not detected by examination or routine tests, but present at time of manufacture and may be aggravated or discovered by use.

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

Loss
Loss of, damage to, or destruction of property of the U.S. Government under control of the Army. Includes loss from Government accountability. Property is considered lost when it cannot be accounted for by the person responsible for it.

Major Army command
A command directly subordinate to, established by authority of, and specifically designated by Headquarters, Department of the Army. Army component commands of unified and specified commands are major Army commands.

Materiel
Property necessary to equip, maintain, operate, and support military activities. May be used either for administrative or combat purposes.

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

Nonconsumable supplies
Supplies not consumed in use and retaining their original identity during the period of use, such as weapons, machines, tools, furniture, and fixtures.

Nonexpendable items
An item of Army property coded with an ARC of "N" in the AMDF. Nonexpendable items require property book accountability after issue from the stock record account. Commercial and fabricated items, similar to items coded "N" in the AMDF are considered nonexpendable items.

Nonplant equipment
Capital equipment that does not meet the criteria for plant equipment.

Organizational property
Property authorized to a unit or organization under an MTOE or deployable TDA authorization document and all CTA property which deploys with the unit.

Organizational property book
Record of property issued under an MTOE or deployable TDA authorization document. CTA items of equipment that are mission-related to all TOE units Army-wide are considered organizational property. Examples of this type of equipment can be found in AR 71-13.

Original package
A sealed or otherwise securely closed container packed by vendor, supply depot, or arsenal. Container conforms to the following:

a. Contains only one kind of article. This distinguishes the container from one in which miscellaneous articles are packed for convenience in shipment. Component articles comprising a standard assembled unit of equipment, when shipped as a complete unit, may be considered as one article.

b. Contents are standard as to quantity, or the outside of the package shows by stenciling or other permanently affixed markings a list of quantities and description of the contents.

c. Designation of vendor, depot, or arsenal that packaged the contents is shown on the outside of the package.

d. Package was received by consignee with unbroken seals or protective fastening applied by vendor, depot, or arsenal, and with no evidence of tampering or visible damage to contents.

Other nonconsumable supplies
Nonconsumable supplies other than capital equipment.

Other plant equipment
Plant equipment used in, or with, manufacture of components or end items relative to maintenance, supply, processing, assembly, or R&D operations. (Items categorized as IPE are excluded.)

Oversight management
Reviews of administrative property adjustments by senior commanders, brigade level and above to ensure inventory adjustments are proper and in the best interest of the Army. Administrative property adjustments include--

a. Inventory adjustment reports.

b. Reports of survey.

c. Damage statements approved by subordinate commanders.

d. DA Forms 4697 initiated to account for losses during military operations other than war.

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

Personal clothing
Military-type clothing and personal clothing such as headgear, underwear, footwear, service uniforms, and component items prescribed by the Secretary of the Army and provided to enlisted members.

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

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

Personnel
The terms: personnel, military personnel, service member, and civilian employee mean DA members, ARNG members or technicians, or DA civilian employees, unless otherwise stated.

Plant equipment
That portion of capital equipment, such as machinery, equipment, furniture, vehicles, machine tools, and other production equipment with a unit cost over $1,000, used, or capable of use, in the manufacture of supplies, or in the performance of services, or for any administrative or general plant purpose.

Primary hand receipt
Hand receipt between an accountable officer and the person receiving the property and assuming direct responsibility for it.

Primary hand receipt holder
A person who is hand receipted property directly from an accountable officer.

Probable cause
Reasonable grounds for belief.

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

Property administrator
An individual duly designated by appropriate authority to administer contract requirements and obligations relative to Government property furnished to or acquired by a contractor; an authorized representative of the contracting officer.

Property book
A formally designated set of property records maintained under AR 710-2 to account for organizational and installation property in a using unit.

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

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

Record
All forms of information (e.g., narrative,

graphic data, and computer memory) registered in either temporary or permanent form so that it can be retrieved, reproduced, or preserved.

Real property
Land and interests in lands. This includes buildings, piers, docks, warehouses, rights-of way and basements, utility systems, and all other improvements permanently attached and ordinarily regarded as real estate. This does not include machinery, equipment, or fixed signal communication systems that may be removed without harming the usefulness of the structure.

Receiving officer
An officer charged with custody or storage of property received by means of shipment. The office is distinguished from the consignee on the bill of lading because that consignee usually is the transportation officer. Usually, the receiving officer is an accountable officer at the station of destination.

Report of survey
An instrument for recording circumstances concerning loss, damaged, or destruction of Army property. It serves as, or supports, a voucher for dropping articles from property records on which they are listed. It also serves to determine any question of responsibility (financial or otherwise) for absence or condition of the articles.

Respondent
Any individual, state or entity against whom financial liability is recommended or assessed.

Responsibility
The obligation of an individual to ensure Government property and funds entrusted to his or her possession, command, or supervision are properly used and cared for and that proper custody and safekeeping are provided. There are five types of responsibility--

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

Sales account
Formal records of accountability maintained in monetary terms by TISAs, commissaries, and other sales activities. Line item stock record balances are not normally maintained by sales accounts.

Scrap
Materiel that has no value except for its basic content.

Shipping officer
An officer who ships property for which he or she is responsible or accountable, as distinguished from the officer who prepares the bill of lading. Normally, a shipping officer is an accountable property officer who ships property to an officer who has requisitioned the articles (receiving officer).

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

Standard rebuild cost
Average cost to repair an article to return it to its regular operating condition. The cost may be set forth in publications such as supply bulletins and manuals, or may be obtained from the installation maintenance activity.

State
Includes the 50 States, Commonwealth of Puerto Rico, territory of the U.S. Virgin Islands, territory of Guam, and the District of Columbia.

Stock record
A perpetual inventory form of record which shows by nomenclature, the quantities received, issued, and the balance on hand. The stock record shall show by item the receipt, issue, and transfer of accountability of property; the balances on hand; and such other identifying or stock control data as required.

Stock record account
Formal basic record showing, by item, receipt and disposal of property being held for issue, balance on hand, and other identifying or stock control data. The account is prepared on prescribed forms. It is maintained by, or under supervision of, an accountable officer. It may be maintained manually, by accounting machine methods, or by ADPE.

Sub-hand receipt
A hand receipt for property from a primary hand receipt holder or a sub-hand receipt holder to a person subsequently given the property for care, use, safekeeping or further issue. It does not transfer direct responsibility for the property to the sub-hand receipt holder, but does transfer personal responsibility.

Summary accounting
Grouping transactions together for a specific time or activity, and then posting only net results or summary of transactions to the accounting records.

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

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

Supplies
Items needed to equip, maintain, operate, and support military activities. Supplies may be used for administrative, combat, or general plant purposes. Supplies include food, clothing, equipment, arms, ammunition, fuel materials, and machinery of all kinds. For planning and administrative purposes, supplies are divided into 10 classes. Supplies are synonymous with "equipment" and "materiel. "

Survey
Act of investigating the circumstances involving the loss, damage, destruction, or unserviceability of property listed on a report of survey.

Training equipment
Items developed, authorized, issued, or procured primarily for training and learning.

Transportation officer
The officer responsible for the shipment of property. This officer initiates and accomplishes BLs. When no person is specifically provided to perform these functions, the officer who accomplishes BLs is responsible for duties assigned to the transportation officer.

U.S. property and fiscal officer
A commissioned officer of the Army or National Guard of the United States on extended Federal active duty and who is accountable and responsible for the proper obligation and expenditure of all Federal funds and for the receipt and accounting of all Federal property in the possession of the National Guard of the State; maintains an SRA comparable to the level of a CONUS installation; and must ensure that accountability for Federal property is maintained after property is issued to the property book level.

Unserviceability
More inclusive term than damage or destruction. It indicates, in military usage, that the article to which the term is applied is no longer useful for its intended purpose. Damage or destruction may not be involved. The term also indicates property that has deteriorated through use; however, it may include property no longer usable for its original purpose, despite the reason for its condition.

Voucher
Document attesting to, or serving as evidence of a specific property transaction. Credit vouchers, such as signed receipts, support a reduction of on-hand balance shown on the

property record. Debit vouchers, such as receiving reports, support an increase in the recorded on-hand balance.

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

Section III
Special Abbreviations and Terms
This section contains no entries.

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BOND FOR SAFEKEEPING OF GOVERNMENT PROPERTY ISSUED TO EDUCATIONAL INSTITUTIONS

For use of this form, see AR 735-5, the proponent agency is DCSLOG

DATE

PRINCIPAL

SURETY

AMOUNT OF BOND *(in words and figures)*

APPROXIMATE VALUE OF GOVERNMENT PROPERTY AUTHORIZED FOR INITIAL ISSUE *(in words and figures)*

DOLLAR LOSSES OF BONDABLE PROPERTY AT THE INSTITUTION FOR THE LAST THREE YEARS *(in words and figures)*

KNOW ALL MEN BY THESE PRESENTS, that we, the PRINCIPAL and SURETY named above, are bound to the United States of America in the penal sum stated above, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally, unless or until a written release is obtained from the Government and a new bond is adjudged legally sufficient.

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the _____

_____

is an established educational institution, either (1) at which one or more units of the Reserve Officers' Training Corps are maintained, or (2) having a course of military training prescribed by the Secretary of the Army and having not less than 100 physically fit students above the age of 14 years, and pursuant to Section 47 or Section 55c of the National Defense Act, as amended, the Secretary of the Army is authorized to issue to such institution such property as he may deem necessary for proper military training.

NOW THEREFORE, the institution shall take good care of, safely keep and account for all property of the United States (*except uniforms, expendable articles, and supplies used in operation, maintenance and instruction*) issued or to be issued to such institution under authority of law. When required by the Army, the institution shall return all property issued and covered by this bond in good order and condition, reasonable wear excepted, within thirty days; only then will this obligation become inoperative and void.

IN WITNESS WHEREOF, the above bound parties have executed this bond under their seals on the date indicated above, the name and corporate seal of each corporate party has been placed on the document, and this document is duly signed by its undersigned representative pursuant to authority of its governing body. Evidence of signature authority shall be on file with the Department of the Army in the case of the principal and evidence of such authority attached to this bond in the case of the surety.

IN THE PRESENCE OF

CORPORATE PRINCIPAL (1)

BUSINESS ADDRESS

_____

By _____

Title _____

AFFIX CORPORATE SEAL

WITNESS

_____

_____

INDIVIDUAL PRINCIPAL

1 _____

_____

2 _____

_____

WITNESS

_____

_____

CORPORATE SURETY (2)

BUSINESS ADDRESS

_____

_____

BY

_____

EXPIRATION DATE *(if applicable)*

_____

DATE PREMIUM PAID

_____

AFFIX CORPORATE SEAL

WITNESS

_____

_____

INDIVIDUAL SURETY

1 _____

_____

2 _____

_____

WITNESS

_____

_____

CERTIFICATE OF CORPORATE PRINCIPAL (3)

I, _____, certify that I am the secretary/assistant secretary of the corporation named as principal; that _____

who signed that bond on behalf of the principal was the _____ of the corporation; that I know his/her signature, and his/her signature is genuine, and that this bond was duly signed, sealed, and attested to in behalf of the corporation by authority of its governing body

_____ CORPORATE SEAL

INSTRUCTIONS

(1) PRINCIPAL: Those who have primary responsibility for the obligation, e.g. school/college/university, school board, supervisor of school district, etc.

a. If the principals are partners, insert their individual names in the space provided. If the principal partners compose a firm, name the firm and all members of the firm shall execute the bond as individuals.

b. Insert the full name and business or residence address of each individual party to the bond in the space provided. Each party shall sign the bond with his/her usual signature. Where applicable, a seal or adhesive shall be affixed opposite the signature.

c. If the principal is a corporation, insert the name of the State of incorporation in the space provided. This bond shall be executed and attested under the corporate seal as indicated in the form. If the corporation has no corporate seal, a scroll or adhesive seal shall appear following the corporate name. If the principal is an educational institution, no seal, scroll, or adhesive seal is required.

(2) SURETY: Those who secure against loss, damage or default. e.g. an insurance or bonding company.

a. The surety on this bond may be either a corporation authorized by the Secretary of the Treasury to act as surety, or two responsible individual sureties. Where individual sureties are used, this bond must be accompanied by a complete Affidavit of Individual Surety for each individual surety *(DA Form 1622-1-R)*.

b. If the surety is a corporation, insert the name of the State of incorporation in the space provided. This bond shall be executed and attested under the corporate seal as indicated in the form. If the corporation has no corporate seal, a scroll or adhesive seal shall appear following the corporate name.

(3) CERTIFICATION OF CORPORATE PRINCIPAL

If the principal is a corporation, the official character and authority of the person or persons executing the bond for the principal shall be certified by the secretary or assistant secretary on this form. In lieu of such certificate, attach to the bond copies of the corporation records which show the official character and authority of the officer signing. These shall be true copies, certified by the secretary or assistant secretary under the corporate seal.

AFFIDAVITS OF INDIVIDUAL SURETIES

For use of this form, see AR 735-5; the proponent agency is DCSLOG

(This oath is to be taken before a United States commissioner, a clerk of a United States court, a notary public, or some other officer having general authority to administer oaths. If the officer has an official seal, it must be affixed otherwise the proper certificate as to his/her official character must be furnished)

STATE _____

SS:

COUNTY _____

I, _____, one of the sureties named in this bond, do swear that I am pecuniarily worth

the sum of _____ _____ dollars over and above all my debts and liabilities

Subscribed and sworn to before me this _____ day of _____, 19 _____, at _____

_____

_____
NOTARY PUBLIC

STATE _____

SS:

COUNTY _____

I, _____, one of the sureties named in this bond, do swear that I am pecuniarily worth

the sum of _____ dollars over and above all my debts and liabilities.

Subscribed and sworn to before me this _____ day of _____, 19 _____, at _____

_____

_____
NOTARY PUBLIC

(This certification below is to be made by an officer of a bank or trust company, judge or clerk of a court of record, a United States district attorney or commissioner, a postmaster, a collector or deputy collector of internal revenue, or any other officer of the United States. If the official can make the certification for both sureties, the form below may be modified so that it is not necessary to fill out the individual certificates.)

STATE _____

SS:

COUNTY _____

I, _____, do hereby certify that _____ and

_____ the sureties named above are personally known to me, and that, to the best of my knowledge and belief, he/she or each is worth, over and above his/her debts and liabilities, the sum stated in the accompanying affidavit subscribed by his/her.

Subscribed and sworn to before me this _____ day of _____, 19 _____, at _____

_____

_____
NOTARY PUBLIC

(INDIVIDUAL CERTIFICATES ON REVERSE)

I, _____, do hereby certify that _____ the surety named above is personally known to me, and that, to the best of my knowledge and belief, he/she is worth, over and above his/her debts and liabilities, the sum stated in the accompanying affidavit subscribed by him/her.

_____

_____

I, _____, do hereby certify that _____ the surety named above is personally known to me, and that, to the best of my knowledge and belief, he/she is worth, over and above his/her debts and liabilities, the sum stated in the accompanying affidavit subscribed by him/her.

_____

_____

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