

DLA REGULATION
NO. 7500.1

DLAR 7500.1
FOX
26 Aug 93

ACCOUNTABILITY AND RESPONSIBILITY FOR GOVERNMENT PROPERTY
IN THE POSSESSION OF THE DEFENSE LOGISTICS AGENCY
(RCS DLA(A)1771(C)
(Supplementation is permitted by primary level field activities.)

I. PURPOSE AND SCOPE. This DLAR contains policy governing the accountability and responsibility for Government property in the possession of DLA and supplements DoD 7200.10-M, Accounting and Reporting for Government Property Lost, Damaged or Destroyed. This DLAR is applicable to HQ DLA and all DLA field activities.

II. POLICY

A. When correcting differences between physical inventories and accountable records, use the applicable procedures outlined below.

1. Property Disposal Stock. Inventory adjustments will be processed in accordance with DoD Personal Property Utilization and Disposal Program, and DoD 4160.21-M, Defense Reutilization and Marketing Manual.

a. A mechanized property accounting/management data system will be maintained to record, control, and provide visibility of all reported material as intransit from the generating activity to the Defense Reutilization and Marketing Office (DRMO) and from time of receipt until final disposition. This system will be used to the maximum extent to provide the following:

(1) Visibility of property reported as intransit by generating activities to the DRMO and property shipped from the DRMO to DoD activities.

(2) A record of all property transactions.

(3) Visibility of all property (usable/scrap) in the inventory including a stratification of property according to its status in the disposal process and delinquent property in each status.

(4) Economic processing procedures for low dollar value items.

(5) Complete visibility of items requiring special handling such as munitions list items, strategic list items, items containing precious metals, and hazardous materials.

(6) Visibility of sales and proceeds data.

b. Accountability for usable property (except low dollar value items) will be maintained by national stock number (NSN) or other identifying information in addition to the Federal Supply Class, the Disposal Turn-in Document (DTID) number, and the unit of issue, quantity, acquisition value and condition in which received. When individual item identity is not necessary, low dollar value items will be consolidated into homogeneous groups and accounted for as batch lots. Scrap property will be accounted for by classification of type and quantitative units of weight.

c. All property received by a DRMO or by the Precious Metals Recovery Facility (PMRF-XE) will be processed to the property record account in a timely manner. Accountable records will be in auditable condition at all times. Source documents used to support the account will be retained at the DRMO and PMRF-XE for 2 years. For complete small arms or receivers, the

source documents, including the demilitarization certificate, will be retained indefinitely.

d. An effective storage location system will be maintained for all usable and scrap property onhand.

e. An individual, other than the Property Disposal Officer (PDO), Responsible Property Officer (RPO), or the Chief, PMRF-XE, will be appointed, in writing, to serve as Accountable Property Officer (APO) for the activity. APOs will be U.S. citizens unless specific prior approval to appoint a foreign national is granted by HQ DRMS. A typed certificate, evidencing transfer of accountability, will be prepared whenever a property account is transferred from one APO to another.

f. Actions involving downgrading of usable property to scrap, abandonment or destruction and all inventory adjustments involving quantity changes will be reviewed and approved (signed) at command/management levels commensurate with the type of adjustment and dollar value involved. The APO, or anyone under his/her jurisdiction, or the RPO may not act as an approval authority. In the event there are insufficient qualified persons at a DRMO or at PMRF-XE to act as APO, RPO, and approval authority, the Commander, DRMS, may grant a waiver for a period not to exceed 30 days.

2. Supply Systems Stock. Inventory adjustments will be processed in accordance with DLAM 4140.2, Supply Operations Manual, volume I, chapter 5.

3. Property Book. Inventory adjustments will be processed in accordance with regulations of the proprietary Military Service or DLAM 5335.2, Base Operations Support System (BOSS) Users Manual, chapter 14, section 2, as applicable.

B. Adjustment to Military real property records will be processed in accordance with regulations of the proprietary Military Service.

C. The official who appoints the accountable officer will ensure that:

1. Proper stock records and supporting documentation are onhand.

2. Certificates which transfer accountability from one officer to another are appropriately prepared and filed.

3. DD Form 200, Financial Liability Investigation of Property Loss, has been properly prepared.

D. The commander of the Approving-Accountable Activity is designated to take final action on DD Form 200.

E. The Responsible/Reviewing Authority must ensure that the Accountable Officer receives the original DD Form 200 for final approval. The Accountable Officer must ensure that the Responsible/Reviewing Authority receives a copy of the approved DD Form 200.

F. A DD Form 200 is not required for the loss, damage, or destruction of General Services Administration vehicles unless a determination is made by local counsel that DLA is accountable.

G. When DLA property in the custody of a Military Service is lost, damaged, or destroyed, DLA will accept a DD Form 200 from the applicable Military Service, but reserves the right to inquire about any problematical areas such as findings, recommendations, and final approval. If an accountable officer has an unresolved problem with regard to a DD Form 200 from a Military Service, the matter will be referred to FOX for action.

H. Any official assignment for property responsibility, either written or oral, is adequate evidence that the assigned individual is accountable for the care and safekeeping of that property.

I. This regulation is not applicable to tortious acts such as the negligent operation of a privately-owned vehicle. Tortious acts should be brought to the attention of local counsel.

J. Accountability for Government property shall be an element to be addressed in the Internal Management Control Program, as prescribed and outlined in DLAR 5010.4, Internal Management Control Program. Specifically, managers are responsible for performing risk assessments (RAs) and internal management control reviews (IMCRs) to safeguard funds, property, and other assets against waste, loss, unauthorized use, or misappropriation.

III. DEFINITIONS

A. COMMANDER OR ACTIVITY COMMANDER. As used in DoD 7200.10-M and this DLAR, this means the Head of a primary level field activity or his/her deputy.

B. LOW DOLLAR VALUE ITEM. Usable property which does not require special processing or demilitarization and is nonreportable under DoD 4160.21-M screening criteria, and has no known or suspected local utilization potential. For purposes of this definition, items or property listed in DoD 4160.21-M, as requiring special processing through mutilation prior to sale, for example, distinctive clothing, decorations, medals, insignia, distress signaling devices, may qualify as low dollar value items provided they do not contain precious metals. The dollar values for this definition correspond to the FES screening criteria as published in DRMS-H 4160.3, Disposal Operating Procedures, volume II, chapter III, page III-3.

C. NEGLIGENCE. The failure to act as a reasonable prudent person would have acted under similar circumstances. An act or omission that a reasonable 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, or procedures may be considered as evidence of negligence.

D. PRECIOUS METALS ACCOUNT. The property record maintained to account for precious metals bearing property for recovery processing. The account is assigned DoD Activity Address Code (DoDAAC) SX1282.

E. PROPERTY DISPOSAL ACCOUNT. A DRMO property record established to account for excess, surplus, and foreign excess personal property (including scrap). The account is assigned a serial number for identification purposes corresponding to the activity address code contained in DoD 4000.25-6-M, Department of Defense Activity Address Directory (DoDAAD).

F. PROPERTY DISPOSAL OFFICER (PDO). The term Property Disposal Officer (Chief of the DRMO), as defined in DoD 4160.21-M, applies.

G. TORTIOUS ACT. A wrongful act or injury done willfully, negligently, or in circumstances involving strict liability, but not involving a breach of contract, and containing the following three elements: 1. existence of a legal duty from the defendant to the plaintiff, 2. a breach of that duty, and, 3. damages as a result of the breach of the duty.

IV. SIGNIFICANT UPDATES. This DLAR has been completely updated and should be read in its entirety. DLAR 7510.1, Accounting for Excess and Surplus Personal Property Including Scrap, has been incorporated in this update.

V. RESPONSIBILITIES

A. HQ DLA

1. The Chief Financial Officer, DLA (FO) will, as required, appoint a financial liability board, approve DD Forms 200, determine the existence of simple negligence and relieve accountable officers of accountability for lost, damaged, or destroyed property.

2. The Chief, Financial Systems and Control Division, Office of the Comptroller (FOX) will:

a. Review each DD Form 200 for which the Head of a primary level field activity is precluded from taking final action, assign a Headquarters control number to it, and maintain a control register and file.

b. Return copies of those DD Forms 200 which have been approved at Headquarters to the submitting activity.

3. The Chief, Management Information Systems, Comptroller (FOM) will:

a. Provide for the reporting of physical inventory adjustment data through the DLA Management Information System (MIS).

b. Periodically present physical inventory adjustment analyses to the Director, DLA, as part of the monthly management review.

4. The Executive Director (Distribution), Operations/Policy Group (MMDO) will, whenever appropriate, explain inventory adjustments and trends in wholesale system stocks to the Director, DLA.

5. The Executive Director (Supply Management), Policy Group (MMSL) will:

a. Provide guidance to DRMS on matters pertaining to this DLAR.

b. Review DRMS implementing instructions for compliance with this DLAR.

B. The Heads of DLA Primary Level Field Activities will:

1. Appoint an officer or board of officers to conduct the transfer of property from an accountable officer to a successor when the accountable officer has died unexpectedly; is unable or unwilling to perform his/her duties; and cannot or will not officially transfer accountability.

2. Develop and disseminate implementing instructions related to this DLAR.

3. Assure compliance with this DLAR and related implementing instructions.

4. Interpret the requirements of this DLAR and related implementing instructions in response to inquiries from subordinate activities.

5. Assure APOs and RPOs are appointed in writing.

6. Recommend revisions to this DLAR in response to operational requirements or policy changes.

VI. PROCEDURES

A. The discovery of a loss, damage, or destruction will be reported immediately to the responsible/reviewing authority who will appoint an individual to conduct an informal inquiry, completing blocks 1-11e of DD Form 200. If there is evidence of theft, negligence, or abuse; or the item is coded sensitive-classified; or the adjustment loss is greater than \$50,000 for any item; or the adjustment is more than \$2,500 on pilferable coded items, the Appointing Authority will appoint a financial liability officer and the DD Form 200 must be completed in its entirety (less 14), prior to being forwarded to the Approving Authority. If these criteria are not met, the reviewing authority will complete block 12 and forward to the Approving-Accountable Activity. Final approval of a DD Form 200 resides with the Approving Authority unless otherwise delegated in writing to the Appointing Authority. The Appointing Authority can then only approve DD

Form 200 when (1) there is no evidence of theft, negligence, or abuse and, (2) when the adjustment is less than \$100,000.

B. The appointment of a financial liability officer will be accomplished within 7 days. If an appointed officer does not submit, as applicable, the completed DD Form 200 within 45 days, he/she must report in writing the reasons for the delay to the approving official. Thereafter, written status reports are to be provided to the appointing official on a weekly basis unless the appointing official indicates otherwise. If everything is in order, final approval of DD Forms 200 should be granted by the commander of the accountable activity within 15 days of receipt. When final action by the activity commander is prohibited, DD Forms 200 will be forwarded to FOX within the 15 days normally provided for the commander and should be processed at HQ DLA within 15 days of receipt.

C. All DD Forms 200 must be reviewed by the local command security office and will be initialed in the lower right corner of block 10. The DD Form 200 will not be held by security during the investigation. The security office will conduct its own investigation.

D. A DLA Form 1151, Control Register for Reports of Financial Liability Investigation of Property Loss (DD Forms 200), will be kept by each primary level field activity and by HQ DLA. The organizational element responsible for keeping the DLA Form 1151 will be the Inventory Integrity Division.

E. Instructions for preparing DLA Form 1151 are as follows:

1. Name of Responsible/Reviewing Activity: Report the name of the primary level field activity to which the responsible/reviewing officer is assigned.
2. Control Number: Each DD Form 200 will be assigned a control number which includes two digits representing the fiscal year in which the form is prepared, an A for DD Form 200, and one or more numbers which represent the numerical sequence in which the form is prepared. For example, the control number for the first DD Form 200 for fiscal year 1992 will be 92A1.
3. Name of Responsible Officer: Report the name of the appointed custodian for the lost, damaged, or destroyed property.
4. Discovery Date of LDD (Loss, Damage, or Destruction): Report the date on which the loss, damage, or destruction was discovered.
5. Date Financial Liability Officer Appointed: Report the date on which the financial liability officer was appointed to conduct further research.
6. Date Appointing Officer Receives Report: Report the date on which the financial liability officer submits the DD Form 200 to the appointing officer.
7. Date of Final Approval: Report the date on which the report received final approval.
8. Name of Financial Liability Officer: Report the name of the individual appointed in writing to conduct the research which is required.
9. Property Description: Provide a brief but accurate description of the property which was lost, damaged, or destroyed. When applicable, also provide information such as the NSN or serial number.
10. Type of Property Involved: From among the following codes, assign the one which comes closest to describing the type of property involved:
 - A - Bulk petroleum (when stated allowances are exceeded).
 - B - Classified items which, for reasons of national security, are designated by the U.S. Government

to have limited or restricted access.

- C - Drug items which are controlled substances requiring at least limited-access security, but less than vault storage such as stimulant and depressant drugs, narcotics, paraphernalia, and tobacco.
- D - Firearms, ammunition, and explosives.
- E - Pilferable items, other than sensitive and drug items, having a ready resale value, a history of unexplained losses or known theft, or civilian application as to personal possession which results in their being subject to theft.
- F. Sensitive items which are controlled substances requiring vault storage such as opium, morphine, codeine, methadone, and methamphetamine; precious metals; alcohol; and alcoholic beverages.
- G. Other.

11. Reason for LDD: From among the following codes, assign the one which comes closest to describing the reason for the loss, damage, or destruction:

- A - An accident resulting from carelessness or ignorance.
- B - Condition change of property including deterioration, shrinkage, and contamination.
- C - Fire or smoke.
- D - Natural disaster.
- E - Theft by a U.S. Government employee.
- F - Theft by other than a U.S. Government employee.
- G - Vandalism (willful or malicious destruction of property).
- H - Negligence. An act or omission that a reasonably prudent person would not have committed or omitted.
- I - Other.
- J - Unknown.

12. Recorded Value of LDD: State the value at which the lost, damaged, or destroyed property was listed in the accountable officer's records.

13. Pecuniary Liability Assessed: If pecuniary liability was assessed, state the amount. If not, state "-0-."

14. Remarks: If the accountable officer is located at an activity other than the responsible activity, list the acronym for the accountable activity. For example, "DGSC" for the Defense General Supply Center. If the loss, damage, or destruction occurred at an activity which is subordinate to a primary level field activity, list also the acronym for the subordinate activity. For example, "DRMR Europe" for Defense Reutilization and Marketing Region, Europe.

F. When a person is held financially liable by the approving authority, a debt is established and the collection process is immediately initiated in accordance with DLAM 7000.1, Accounting and Finance Manual, chapter 12. After approving the Financial Liability Investigation of Property Loss, the approving authority will notify the person of the charge by a demand letter supported with a copy of the Financial Liability Investigation of Property

Loss. Any detailed documentation relied upon for the findings, recommendation and computation of financial liability will be provided to the individual, or their representatives upon request.

1. The demand letter will state the charge, request remittance, and state debtor entitlement rights in accordance with DLAM 7000.1, chapter 12 and Department of Defense Instruction (DoDI) 7045.18, Collection of Indebtedness Due the United States. The demand will request remittance to the appropriate Finance and Accounting Office (F&AO). The demand letter is forwarded by certified return receipt mail to the person who is liable. Inquiries concerning the charge may be sent to the approving authority.

2. The approving authority will forward a copy of the demand letter to the F&AO with a transmittal letter requesting written acknowledgment/return receipt. The F&AO will collect and pursue the debt in accordance with procedures in DLAM 7000.1, chapter 12 and DoDI 7045.18.

G. Individuals found liable under the provisions of this regulation shall be entitled to the appeal rights specified in DLAM 7000.1, chapter 12. The individual will be allowed 30 calendar days from the date of the demand letter to initiate an appeal of the Financial Liability Investigation of Property Loss.

H. The following procedures apply with respect to employee rights as a member of the DLA Council of AFGE Locals:

1. All terms, conditions, procedures and arrangements contained in the DLA-DLA Council of AFGE Locals Master Agreement (1990) will be applied and followed in applying the simple negligence standard to bargaining unit employees.

2. The employee shall have the right to request the presence and comments of DLA Council Local representative:

a. During the investigating interview and the review of the findings and recommendation by the financial liability officer.

b. During the discussion of a repayment schedule/agreement with the Finance and Accounting Office.

3. If an employee has received a demand letter for assessment of financial liability, the employee may request a copy of the Financial Liability Investigation of Property Loss and all supporting documentation be provided the DLA Council Local.

4. The employee may file an appeal over the finding of liability under DoDI 7045.18 or under Article 36 of the DLA-DLA Council of AFGE Locals Master Agreement (1990), but not both procedures. If the employee elects to file a grievance under Article 36 of the DLA-DLA Council of AFGE Locals Master Agreement (1990), said grievance will begin at the final (PLFA commander) step of the procedure and must be filed, in writing, within 10 workdays following receipt of the finding.

I. DD Forms 200 will also be used for the purpose of recording gains when one of the criteria for further research is met. When gains are involved, DD Form 200 and DLA Form 1151 will be modified accordingly. For instance, on a DD Form 200, item 3 should be lined out; item 9 should be revised to read "CIRCUMSTANCES OF GAIN"; and the first sentence in item 15 should be revised to read "I have reviewed the evidence pertaining to the gain." Item 15b should be checked with an added comment which reads "An inventory adjustment for the gain." A DLA Form 1151 should be completed as normal except that a "-" will be placed in the column "REASON FOR LDD" and the word "GAIN" will be typed in the "REMARKS" column.

J. Damaged property will be left in its damaged state until the financial liability officer determines that it is no longer needed for investigative purposes. When the officer determines that there is no further investigative need, articles which are worth the cost of repairs will be continued in service; nonreparable articles, and articles which are reparable but not worth the cost of repairs, will be turned in to a property disposal officer.

K. For commodities under the Standard Automated Materiel Management System (SAMMS), F-240 reports will provide dollar value summaries of inventory adjustments so that the causes of inventory gains and losses may be isolated and analyzed for determining the appropriate corrective action to be taken. The F-240 report is titled Dollar Value Summary of Inventory Adjustment by Depot by Type Transaction. For DLA commodities not under SAMMS, inventory adjustment data will be manually compiled by storage activity and by type transaction at the time the stock records are adjusted.

VII. FORMS AND REPORTS

By 15 October each year, a typewritten recap of all DD Forms 200 approved during the preceding fiscal year will be forwarded to FOX in the format provided in enclosure 2, with a courtesy copy to CAASP and MMDOI. A courtesy copy shall also be supplied to MMDI for those DD Forms 200 concerning Retail Supplies and Property Book Items only. Remarks in paragraph 2 of the recap will include for gains the same information as that required in paragraph 1 for the loss, damage, or destruction of Government property. The information on gains may be in narrative form. Report Control Symbol DLA(A)1771(C) has been assigned to this regulation.

BY ORDER OF THE DIRECTOR

2 Encl

1. Control Register for
Reports of Financial
Liability Investigation
of Property Loss
(DD Forms 200)
2. Recap of DD Form(s) 200
Approved During Fiscal
Year 19--

Brenda K. Koptka
for GARY C. TUCKER
Colonel, USA
DASC Commander

COORDINATION: GC, CAAS, CAH, MMDO,
MMS, MMDF, CAIL

This DLAR supersedes DLAR 7500.1, 31 Jan 79 and DLAR 7510.1, 3 Aug 90.
IMAGE

Encl 2
DLAR 7500.1

Recap of DD Form(s) 200 Approved During Fiscal Year 19--

SUBJECT: Recap of DD Forms 200 Approved During Fiscal Year 19--

TO: Defense Logistics Agency
ATTN: FOX
Cameron Station
Alexandria, VA 22314-6100

1. The following represents the subject recap:

DD Forms 200

Number of Reports Approved

Type of Property Involved:

Bulk Petroleum	\$
Classified Items	
Drug Items	
Firearms, Ammunition, and Explosives	
Pilferable Items	
Sensitive Items	
Other	_____
Total	\$ =====

Reasons for Loss, Damage, or Destruction:

Accident	\$
Condition Change	
Fire or Smoke	
Natural Disaster	
Theft by U.S. Government Employee	
Theft by Other Than U.S. Government Employee	
Vandalism	
Unknown	
Other	_____
Total	\$ _____

2. Remarks:

Encl (Signed by the Head of the DLA
PLFA or his/her Deputy)
(One copy of the Control Register(s)
showing all DD Forms 200 approved during

the fiscal year must be enclosed

cc: (One copy of the entire report must be submitted to the
local command security office.)