



Defense Logistics Agency **INSTRUCTION**

DLAI 4208
Effective February 6, 2013

DS

SUBJECT: Financial Liability for Property and Equipment (P&E) that is Lost, Damaged, Destroyed, or Stolen (LDDS)

References: Refer to Enclosure.

1. **PURPOSE.** This instruction:

a. Reissues Reference (a) to update DLA's policy and procedures for documenting the loss, damage, destruction, or theft of property and equipment. Describes the procedures to follow in conducting causative research to determine the disposition of the property loss being investigated. Provides guidance for the selection, assignment and responsibilities of the lost property investigative team.

b. Incorporates changes driven by the revision of DoD Instruction 5000.64, "Accountability and Management of DoD Equipment and Other Accountable Property" dated May 19, 2011.

c. Directs the immediate reporting of the loss, damage, destruction or theft of government property by the individual discovering the loss or the individual most knowledgeable of the circumstances surrounding the loss. Concurrently it describes the primary participants in the investigation of the loss and the implementation of all approved recommendations to prevent a reoccurrence of future losses.

d. Describes the roles and responsibilities of the Financial Liability Officer (FLO), Appointing Authority, Approving Authority and Appeal Authority in the conduct, presentation and review of the DD Form 200, "Financial Liability Investigation of Property Loss (FLIPL)" and any conclusions or recommendations to prevent a future recurrence.

e. Provides for a means of adjusting the accountable inventory and either releasing select individuals from accountability or establishing a debt to the government resulting from an assessment of financial liability.

f. Cancels DLAR 7500.1, "Accountability and Responsibility for Government Property", dated August 1996.

2. APPLICABILITY. These instructions apply to all DLA activities.

3. DEFINITIONS. See Glossary.

4. POLICY. It is DLA policy to:

a. Use the DD Form 200 to document the circumstances surrounding the loss of accountable property assigned to DLA. Blocks 1-9 of the DD Form 200 will be used during the initial inquiry into the loss. If the Appointing Authority determines an investigation is required, the remaining blocks on the DD Form 200 will be completed to document the investigation.

b. The established timeframes for processing the DD Form 200s are critical and will not be routinely extended by the Appointing Authority to allow for unrelated events such as leave, temporary duty or scheduled training for the FLO. The total DD Form 200 processing time by the FLO and Appointing Authority should not exceed 75 calendar days. If emergencies arise the Appointing Authority will provide a written explanation to the Approving Authority explaining the reason for the delay(s) and what corrective action is being taken. All extension requests shall be retained and included as an enclosure with the DD Form 200.

c. FLOs that identify theft as the primary cause for the loss of property must immediately report this determination to local security and/or law enforcement officials. Do not wait until the DD Form 200 is complete to alert local security and/or law enforcement officials. Provide this interim information as soon as possible.

d. Incidents involving the loss of a pilferable item or media that may contain Personally-Identifiable Information (PII) must also be reported immediately to the agency's or installation's Network Operations and/or Security Center (NOSC).

e. A computation of financial loss will be made when there is evidence to indicate that the primary cause of the loss is individual neglect or negligence on the part of the responsible personnel. At the appropriate time the subject of this determination will be given an opportunity to examine the findings and recommendations and present any mitigating circumstances.

5. RESPONSIBILITIES.

a. The Director, DLA Installation Support Directorate (DS-D), will:

(1) Develop and disseminate agency policy and procedural guidance for determining and assigning financial liability for the loss of DLA's capitalized and non-capitalized accountable general equipment.

(2) Designate in writing the DD Form 200 Approving Authorities for each of the DLA installations with assigned DLA accountable general equipment.

(3) Represent the Agency in responding to questions from other DoD entities, Federal Agencies, and members of Congress, on lost, damaged, destroyed or stolen general equipment.

b. The Appeal Authority will:

(1) Receive the DD Form 200 with the FLOs recommendation, the Approving Authority's recommendation, and the determination of legal sufficiency (Reconsideration Request) from the Approving Authority.

(2) If an SES or general officer (GO) is determined to be financially liable by the FLO, their appeal will be heard by the next higher GO or SES in their chain of command vs the currently appointed Appeal Authority.

c. The Approving Authority will:

(1) Approve all DD Form 200s for their installation or DLA activity. The Approving Authority should be in the military grade of O-6 or civilian GS-15. (Note: The Approving Authority's rank cannot be below the military grade of O-5 or civilian GS-14.) The Approving and Appointing Authority shall not be below the grade of the appointed investigating officer and/or the individual who could be potentially recommended for pecuniary liability.

(2) Provide the Director, DLA Installation Support Directorate (DS-D) a written explanation for any delay which causes the investigation to exceed 75 calendar days.

(3) Ensure, when financial liability is recommended, or when recommendations appear to be inconsistent with findings, that a judge advocate or civilian attorney has reviewed the findings and provide an opinion on the adequacy of evidence and its relationship to the findings and recommendations. This legal review shall be included as part of the record with the DD Form 200 and completed before final action is taken by the approving authority.

(4) Overrule the FLO's recommendation, if necessary. This decision may change who is being held financially liable. When this occurs, the new person being held financially liable is entitled to the same amount of time to review, rebut or appeal that recommendation as the original subject. The newly identified individual(s) must also be advised of their rights and afforded an opportunity to submit their own reconsideration request. This reconsideration request must be acted on before the investigation can continue.

d. The Appointing Authority will:

(1) Select FLO (ideally within 5 calendar days of discovering the property loss) based on their availability, training, experience, competence, and ability to conduct an independent and objective investigation.

(2) Direct and assist the FLO in conducting a thorough investigation to ensure that all of the facts are fully developed, the government's interests are fully served and the rights of the individual are fully protected.

(3) Initiate the DD Form 200 within 15 calendar days of discovering the loss with a goal of completing the investigation within a total of 75 calendar days. (Note: The date the property was lost is extracted from block #3 of the DD Form 200. It is subject of change based on emerging information from the FLO's investigation.)

(4) Determine if the loss is complex or large enough to warrant the selection of an investigative board versus a FLO to conduct the investigation.

e. The FLO will:

(1) Promptly initiate the investigation by initially interviewing the hand receipt holder of the lost property or whoever has the most knowledge about the lost property. Submits a DD Form 200 to the Appointing Authority within 5 calendar days of the loss being reported.

(2) Be a commissioned officer; warrant officer; enlisted member in the grades E-7, E-8, or E-9; or a civilian employee GS-07, or higher. The FLO should be senior to the individuals directly involved in the loss of government property.

6. INFORMATION REQUIREMENTS. The FLO's completed report should contain at a minimum these following supporting documents:

(a) The initial report of the circumstances surrounding the loss of accountable property accountability if not already included in the DD Form 200 that is also provided.

(b) A copy of the DD Form 200 with Blocks 1 – 11 and 15 completed

(c) FLO Appointment Order

(d) All approved requests to extend the DD Form 200 processing timeline beyond 75 calendar days and any justification for adjusting the date from when the property was lost (Block 3 of the DD Form 200).

(e) FLO's report with findings, recommendations, conclusions and supporting documentation and evidence. (Block 15 of the DD Form 200)

(f) Results of the appointing and approving authority's review. Legal opinion if there is a finding of pecuniary liability or a determination of legal insufficiency.

(g) Copy of any and all appeal requests and decisions.

(h) Copies of all sworn statements and interviews.

(i) Supply documentation to authorize the change in the accountable record as recommended by the FLO and approved by the Approval Authority. Note: The approved and finalized DD Form 200 is the authorization to prepare and submit the actual supply documentation to correct the reported loss (ie. Receipt, turn-in, reversal, etc.)

7. INTERNAL CONTROLS. Activities will report the status of their inventory and accountability programs, including all open DD Form 200s, at the monthly agency-wide general equipment In Process Review. All subordinate activities will report progress against designated performance targets identified by HQ DLA.

8. RELEASABILITY. UNLIMITED. This Instruction is approved for public release and is available on the DLA Issuances Internet Website.

9. EFFECTIVE DATE. This instruction:

a. Is effective on February 6, 2013.

b. Must be reissued, cancelled, or certified current within 5 years of its publication in accordance DLAI 5025.01, DLA Issuance Program. If not, it will expire effective February 6, 2023 and be removed from the DLA Issuances Website.

PHYLLISA GOLDENBERG
Director, DLA Strategic Plans and Policy

Enclosure – References
Glossary

ENCLOSURE

REFERENCES

- (a) DLAI 4208, Financial Liability for Property, Plant and Equipment (PP&E) Lost, Damaged, Destroyed, or Stolen (LDDS), dated September 14, 2009 (superseded).
- (b) DoD 7000.14-R, Volume 12, Chapter 7, Financial Liability for Government Property Lost, Damaged, Destroyed, or Stolen
- (c) Federal Acquisition Regulation Part 45, Government Property
- (d) DoD Instruction 5000.64, Accountability and Management of DoD Equipment and Other Accountable Property, dated May 19, 2011
- (e) DoD 7000.14-R, Volume 4, Chapter 6, Property, Plant and Equipment
- (f) DoD 7000.14-R, Volume 5, Chapter 28, Management and Collection of Individual Debt³
- (g) GAO/PCIE Financial Audit Manual, July 2001

GLOSSARY

DEFINITIONS

Abuse. Willful misconduct or deliberate, abusive or unauthorized use.

Accountability. The obligation imposed by law, lawful order, or regulation, accepted by an organization or person for keeping accurate accountability

Accountable Property Officer (APO). An individual who, based on his or her training, knowledge, and experience in property management, accountability, and control procedures, is appointed by proper authority to establish and maintain an organization's accountable property records.

Accountable Property. A term used to identify property recorded in the Accountable Property System of Record.

Accountable Property Record. The record contained within the accountable property system of record.

Acquisition Cost. The net amount of money considering both trade and cash discounts, paid for the property, including transportation and other ancillary costs.

Appointing Authority. An individual designated in writing by the approving authority. to select eligible personnel as FLOs. The approving authority may also act as the appointing authority. The appointing authority approves or disapproves the recommendations of the accountable property officer, reviewing authority, or financial liability officer; and recommends actions to the approving authority. The appointing authority is normally senior to the reviewing authority, accountable property officer, and financial liability officer.

Approving Authority. The approving authority makes determinations to either relieve involved individuals from responsibility and/or accountability or approve assessment of financial liability. The approving authority may act as the appointing authority or designate an appointing authority in writing. The approving authority is normally senior to the appointing authority.

Causative Research. This is a process by which an activity can research the physical and document trail of an item as it moves thru and within the requirements, supply and transportation systems in response to an order or directive. Receipts, turn-ins, disposals, posting errors, quality issues (DD Form 200), issues, etc. can all be traced by their document trail. The FLO and APO/APM use this trace and historical forms to build the history of a particular supply action to find the required item or determine where it was lost.

Collective Liability. Where more than one individual is held liable for a debt, both collectively or individually.

Controlled Inventory Items. Those items designated as having characteristics which require that 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:

Classified Items. Materiel which requires protection in the interest of national security.

Sensitive Items. Materiel which requires a high degree of protection and control due to statutory requirement or regulations, such as narcotics and drug abuse items; precious metals; items which are of a high value, highly technical, or a hazardous nature; and small arms, ammunition, explosives, and demolition materiel.

Pilferable Items. Materials having a ready resale value or immediate personal use or application.

Deliberate Unauthorized Use. Willful or intentional misuse without right, permit, or authority.

Financial Liability. The statutory obligation of an individual to reimburse the government for lost, damaged, or destroyed government property as a result of negligence or abuse.

Financial Liability Officer. An individual who is appointed in writing by the appointing authority to conduct an investigation to determine responsibility for loss, damage, or destruction of government property. Individuals so appointed will not be the accountable property officer, property custodian, or otherwise have any direct interest in the property being investigated. The individual should be a commissioned officer; warrant officer; enlisted member in grades E-7, E-8, or E-9; or a civilian employee GS-07 and is normally senior to the person(s) directly involved with the discrepancy.

Government Furnished Equipment. Any property in the possession of, or directly acquired by, the Government and subsequently furnished to the contractor for performance of a contract.

Gross Negligence. An extreme departure from the course of action to be expected of a reasonably prudent person. The act is characterized by a reckless, deliberate, or wanton disregard of foreseeable consequences.

Inquiry. An informal investigation designed to obtain data and/or information on the cause of the loss of government equipment.

Investigation. A formal proceeding for determining the facts and circumstances related to loss, damage, destruction, or theft of government property.

Liability. The state of being responsible or answerable for the loss, gain, damage, or destruction of government property.

Negligence. The failure to act as a reasonable prudent person would have acted under similar circumstances. Failure to comply with existing laws, regulations, or procedures may be considered as evidence of negligence.

Probable Cause. Reasonable grounds for belief.

Property Custodian. An individual appointed by the Accountable Property Officer, who accepts custodial responsibility for property, typically by signing a hand receipt. The property custodian is directly responsible for the physical custody of accountable property under their control.

Proximate Cause. The cause which, in a natural and continuous sequence of events unbroken by a new cause, produced the loss or damage. Without this cause the loss, gain, or damage would not have occurred.

Research. An investigation of potential or actual discrepancies between physical count and recorded balances. The purpose of the research is to determine the correct balance and determine the cause of discrepancies.

Value. The financial value of an item. Typically, the original acquisition cost or, in the case of capital equipment, the full cost or net book value.

Willful Misconduct. Intentional damage, destruction, or misappropriation leading to the loss of government equipment.