



DEPARTMENT OF THE NAVY  
COMMANDING OFFICER  
NAVAL STATION  
PEARL HARBOR, HAWAII 96860-6000

NAVSTAPEARLINST 7200.1C  
40:ERA  
07 JUL 1997

NAVSTA PEARL INSTRUCTION 7200.1C

Subj: PROCEDURES FOR ACCOUNTING AND REPORTING OF GOVERNMENT  
PROPERTY THAT IS LOST, GAINED, DAMAGED, OR DESTROYED

Ref: (a) NAVSUP Manual P-485, para 5125-5134  
(b) SECNAVINST 5500.4

Encl: (1) Survey Process Flowchart  
(2) Financial Liability Investigation of Property Loss Form (DD Form 200)  
(3) DD Form 200 Preparation Guide  
(4) Definitions

(A)  
(D)  
(R)  
(R)  
(R)

1. Purpose. To provide policy and guidance on the procedures for reporting and accounting for lost, gained, damaged, or destroyed government property.

2. Applicability and Scope. The provisions of this instruction are applicable to military members and civilian employees of the Naval Station. This instruction includes basic criteria for:

- a. Initiating Financial Liability Investigation of Property Loss Report (DD Form 200)
- b. Accounting for losses
- c. Determining liability
- d. Providing relief from accountability where no personal responsibility is evident and negligence can be proven.

(R)

3. Cancellation. This instruction has been revised in its entirety and cancels NAVSTAPEARLINST 7200.1B

4. General. Reference (a) establishes policy, principles, and procedures for accounting and reporting for lost, gained, damaged, or destroyed government property. Reference (a) also addresses the use of Financial Liability Investigation of Property Loss Report (DD Form 200). The DD Form 200 will be used whether or not personal responsibility is evident, and regardless of the dollar value. A decision chart is specified in enclosure (1).

(R)

07 JUL 1997

a. Despite the physical security and quality control safeguards established by Naval Station, discrepancies may occur between stock or property book balances and the physical status of material in storage or in use. These discrepancies are subject to review and Financial Liability Investigation of Property Loss reporting procedures with the following exceptions:

(1) When an individual accepts responsibility for the loss and voluntarily reimburses the government, a copy of the collection voucher will be used to support adjustments to financial and property records.

(2) Incoming shipment discrepancies which can be attributed to shipper or carrier liability and the item discrepancy is reported per applicable regulations.

b. If through research, the discrepancy is attributed to bookkeeping errors (e.g. unposted receipts, duplicate entry etc.), the proper accounting transaction will be made to the stock/property records to bring those records into balance. These types of discrepancies are referred to as resolved discrepancies and do not require a DD Form 200 Report.

c. For unresolved discrepancies, the stock/property record will be adjusted with a physical gain or loss contingent upon the dollar value of the adjustment and the type of item involved. Research will be conducted to determine the cause of the physical inventory discrepancy. A DD Form 200 will be initiated for the following if the cause of the discrepancy is unresolved:

(1) Criteria for Supply Systems Stocks:

(a) Sensitive items (e.g. drugs, precious metals, and alcohol), when any discrepancy exists, regardless of dollar value.

(b) Classified items, regardless of dollar value.

(c) Arms, ammunition, and explosives, regardless of dollar value.

R) (d) Pilferable, valuable, and attractive items which are easily convertible to personal use (e.g., hand tools, individual clothing, office machines, photographic equipment, etc.) when the extended dollar value of the item is \$750 or more.

(e) Any discrepancy or repetitive loss when there is an indication or suspicion of fraud, theft, negligence, or abuse.

(f) Bulk petroleum when loss exceeds stated loss allowance.

(g) Non-controlled items, when the extended dollar value of a line item physical inventory is equal to or greater than the causative research threshold in 4c (1) (d) above.

07 JUL 1997

(2) Criteria for Property Book Material. This category consists of all accountable government property other than Supply System Stocks. It includes military real property, military personal property or minor property, inventories held in industrial funds, weapons, and other military equipment in use, and plant equipment. When property book material is lost, the Commanding Officer determines if a DD Form 200 Report is required to assign responsibility to adjust records of lost property, and to provide relief from accountability. As a rule, all items are subject to DD Form 200 Report procedures with the following exceptions:

(a) Motor vehicle accident investigation reports may be used instead of DD Form 200 when the investigation clearly indicates that there is no negligence, no personal injury, and there is no claim against the government.

(b) Property lost during combat operations. These losses are accounted for in other regulations.

(c) Discrepancies in quantities transferred to Defense Reutilization and Marketing Office (DRMO), provided that the value of the loss is less than \$300.00 per line item and does not involve sensitive items. A pattern of shortages may trigger an investigation to identify theft or intentional losses to avoid preparing turn-in documents. (R)

(d) Special tooling and special test equipment reporting procedures will be provided by the cognizant laboratory or hardware system command.

(e) Items of nominal value and extended dollar value not exceeding \$750 per incident and not on custody lists unless there is suspicion of fraud, waste, or abuse. (R)

(3) In addition to the above procedures, reference (b) should be consulted for the policy regarding Missing, Lost, Stolen, and Recovered property (MLSR) reports. A DD Form 200 Report and MLSR are required for adjustments of sensitive or classified items and for arms, ammunitions, and explosives. (R)

## 5. Procedures (R)

### a. Unresolved discrepancies which indicates no personal responsibility:

(1) DD Form 200, enclosure (2), will be used to substantiate the physical inventory adjustment of the accountable record with the physical inventory on hand. Specific guidance for preparation of DD Form 200 is contained in enclosures (3) and (4). (R)

(2) After completion of DD Form 200 through block 12, it will be forwarded to the Supply Officer ( Code 40). The Supply Officer will review the report for the following: (R)

07 JUL 1987

- (a) Existing property protection procedures.
- (b) Procedural compliance with prescribed regulation(s).
- (c) Evidence of negligence.
- (d) Cause or probable cause of discrepancy.
- (e) Recommendation of necessary action to prevent future occurrences. The

Supply Officer may agree or disagree with the findings and recommendations as presented. If he agrees and there is no personal liability noted or recommended, the Supply Officer will forward the DD Form 200 report to the Commanding Officer for approval. If he does not agree or believes personal liability is suspected, he will make separate recommendations to the Commanding Officer prior to forwarding.

R) b. Unresolved discrepancies which indicate evidence of personal responsibility:

(1) Criminal investigations must be initiated when research reveals evidence of theft. When research indicates evidence of negligence or abuse and the alleged individual does not admit responsibility, a financial liability officer(s) will be appointed by the Commanding Officer and will work with the accountable and responsible officers to obtain and document the facts and circumstances of the gain or loss. The financial liability officer(s) will document all facts in a report to the Commanding Officer as to whether or not an individual should be held responsible for the loss. Be aware of the following:

- (a) Legal counsel and the Commanding Officer must be consulted before statements are taken from anyone, whether subject or witness.
- (b) If the individual involved is a military member, guidance should be obtained from the Naval Station Staff Judge Advocate.
- (c) If the individual involved is a civilian, the Human Resources Office will provide guidance to determine the appropriate disciplinary action.

(2) When the loss is due to a theft, the approved DD Form 200 is used to update stock records and account for the loss.

(3) Upon completion of the DD Form 200 up to the approval/disapproval block, the form will be forwarded back to Supply Officer for assignment of a document number and distribution of copies.

c. Approval levels. Completed and approved DD Form 200 report are valid supply documents and will support entries made to accountable records for adjusting discrepancies which were disclosed during causative research. The Commanding Officer or his designee may approve or disapprove reports of survey, subject to the following:

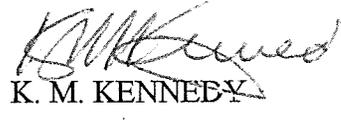
07 JUL 1997

(1) Personal Involvement. The approving official may not be directly accountable or responsible for the property being surveyed.

(2) Drug Abuse Items. For losses of controlled substances, a separate report will be made to the Drug Enforcement Administration in accordance with NAVSUPINST 4440.146.

(3) Approval Authority. When evidence of personal responsibility is present or the adjustment involves classified, sensitive, or arms, ammunitions and explosive items, the approval authority cannot be delegated and must remain with the Commanding Officer. (R)

6. Action. In addition to the above instructions, Department Heads, Special and Staff Assistants will report missing, lost, stolen, or recovered government property using DD Form 200 to the Naval Station Security Department in accordance with reference (b). (R)

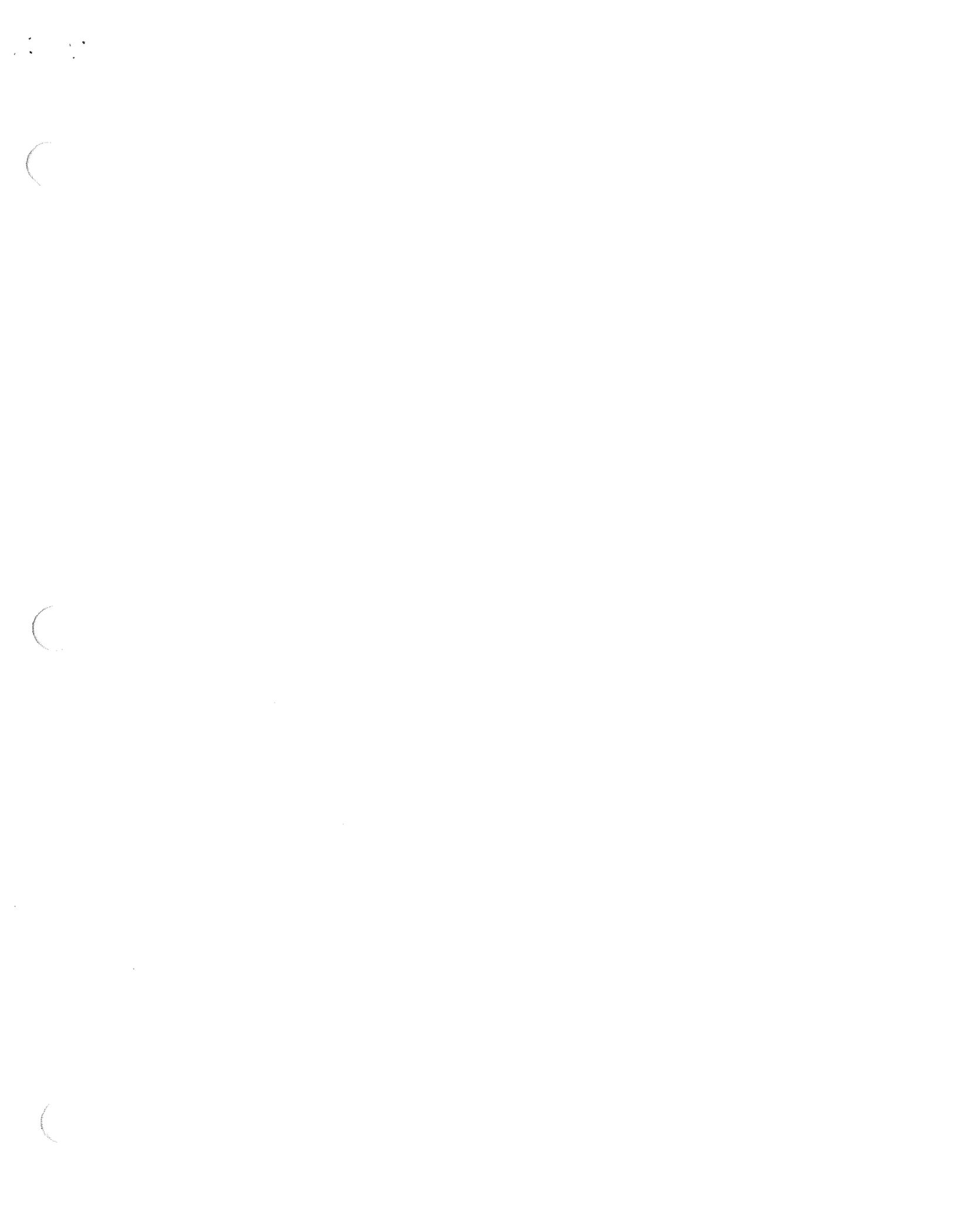
  
K. M. KENNEY

Distribution:

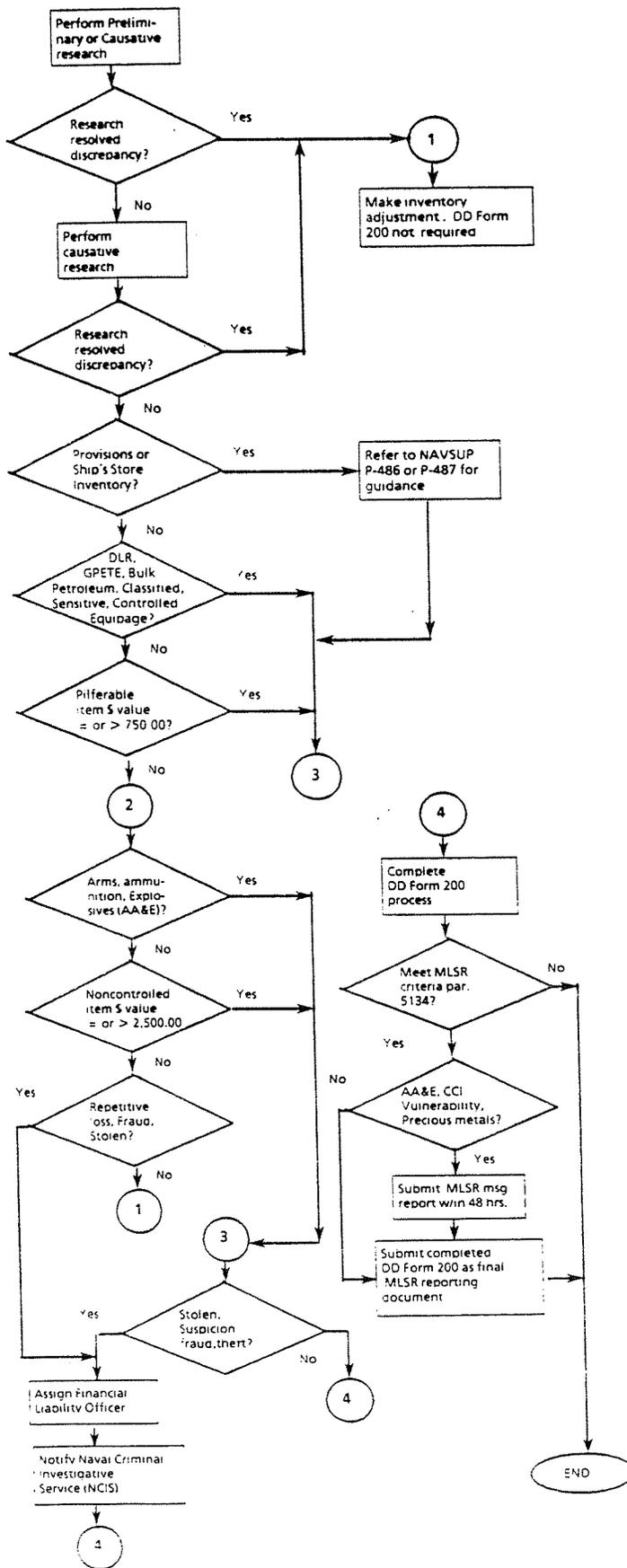
NAVSTAPEARLINST 5605.2E

List I, Case 1 (NAVSTA PEARL depts/offices) (Less Code 40)

(Code 40-20 copies)



07 JUL 1987





07 JUL 1997

Financial Liability Investigation of Property Loss (DD Form 200) Preparation Guide

The DD Form 200 is used to document and certify the reporting process when government property is or lost, gained or destroyed. This form is the official document to support establishment of debts, relief from accountability, and adjustment to accountable records for Supply System Stock and Property Book Material. Preparation of the form may vary slightly depending on the nature of the asset (Property Book Material or Supply System Stock). Specific preparation instructions for DD Form 200 are provided below.

<u>Block</u>	<u>Entry Instructions</u>
1	Date initiated.
2	Not applicable
3	<u>Date</u> - year, month, and day the gain or loss was <u>discovered</u> .
4	<u>NSN</u> - National Stock Number(s) or manufacture's part numbers. Departments may list multiple items lost under the <u>same circumstances</u> on one survey
5	<u>Item Description</u> - Nomenclature of the lost property including serial numbers, security codes, and model numbers. If the material is non-standard, provide appropriate identification/descriptions. If additional space is required, use a continuation sheet.
6	<u>Quantity</u> - Number of items and unit of issue. Examples: 1EA, 2DZ, 5PR.
7	<u>Unit Cost</u> - Cost per unit for Supply System Stock= STD price in the ML-N; for property Book Material =STD price in the ML-N or if not available, the acquisition price.
8	<u>Total Cost</u> - Multiple block 6 by block 7 and enter amount in this block.
9	<u>Circumstances</u> - Check appropriate block. Provide complete statement of facts which should include but not limited to the date, place of the incident, name, grade, and SSN of all persons concerned. The statement must answer the five basic questions of who, what, when, where, and how. The signature and typed name and rank/rate of the individual performing the research (identifying the <u>unresolved</u> discrepancy will be included in the lower right hand space of this block).
10	<u>Actions taken to correct circumstances reported in block 9 etc.</u> - Provide corrective actions and describe measures to prevent future occurrences.
11	<u>Individual Completing Blocks 1 through 10</u> - Causative research validator - Supervisor of the individual (s) performing the research documented in blocks 9 and 10 signs this block.
12	<u>Responsible Officer (Property Record Items)</u> - Signature of the individual appointed by proper authority to exercise proper care and custody of government property.
13	<u>Appointing Officer</u> - Signature and recommendation of the Executive Officer.
14	<u>Approving Authority</u> - Signature and recommendation of the Commanding Officer.
15	<u>Financial Liability Officer</u> - This block will <u>only</u> be completed when personal responsibility is evident.
16	<u>Individual Charged</u> - This block will <u>only</u> be completed when personal responsibility is evident.

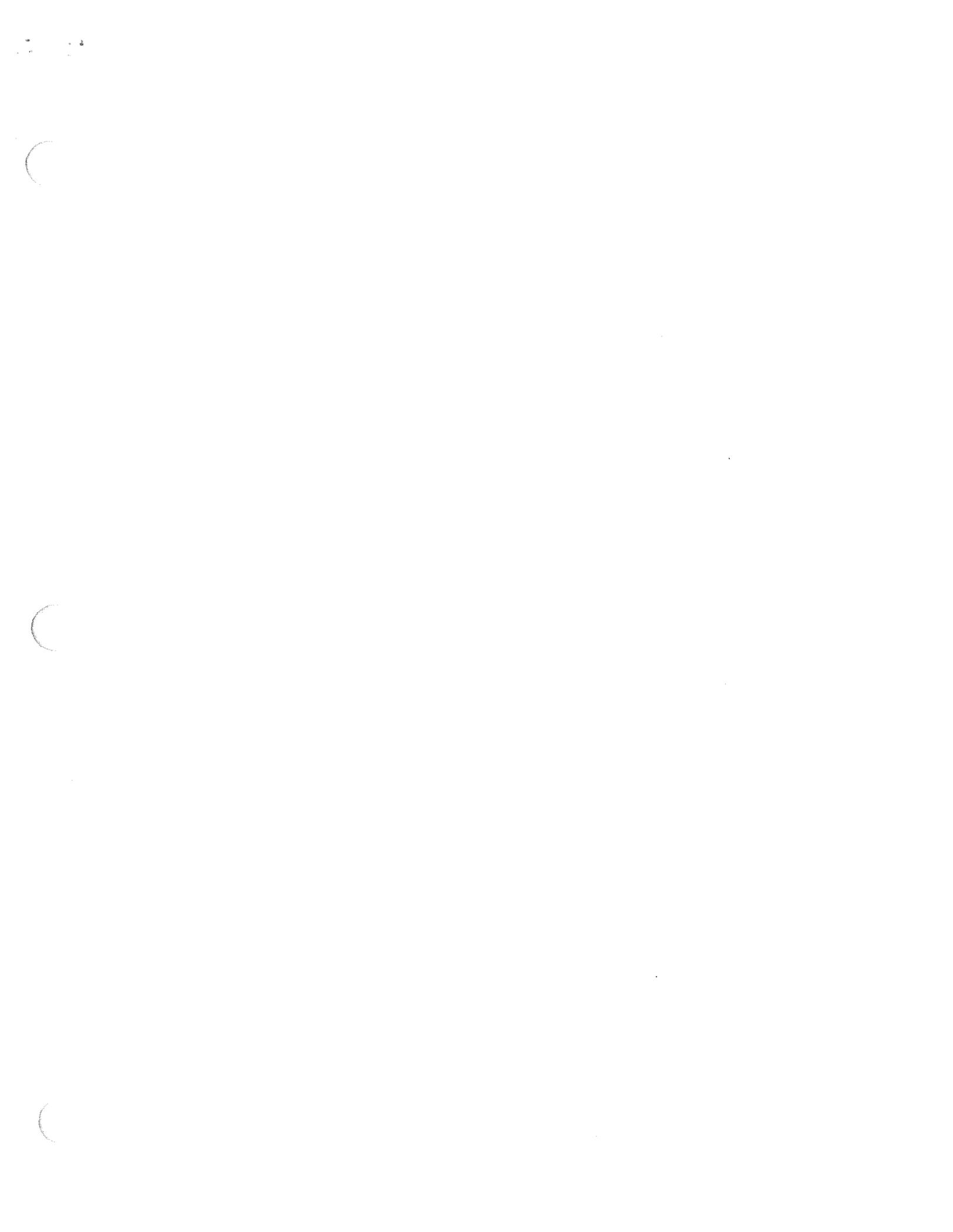
Enclosure (3)

17. ACCOUNTABLE OFFICER	
a. DOCUMENT NUMBER(S) USED TO ADJUST PROPERTY RECORD	
b. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)	
c. TYPED NAME (Last, First, Middle Initial)	
d. AUTOVON/DSN NUM.	
e. SIGNATURE	
f. DATE SIGNED	

16. INDIVIDUAL CHARGED	
a. I HAVE EXAMINED THE FINDINGS AND RECOMMENDATIONS OF THE FINANCIAL LIABILITY OFFICER AND (X one)	
(1) Submit the attached statement of objection.	
(2) Do not intend to make such a statement.	
b. I HAVE BEEN INFORMED OF MY RIGHT TO LEGAL ADVICE. MY SIGNATURE IS NOT AN ADMISSION OF LIABILITY.	
c. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)	
d. TYPED NAME (Last, First, Middle Initial)	
e. SOCIAL SECURITY NUMBER	
f. AUTOVON/DSN NUMBER	
g. SIGNATURE	
h. DATE SIGNED	

15. FINANCIAL LIABILITY OFFICER	
a. DOLLAR AMOUNT OF LOSS	
b. MONTHLY BASIC PAY	
c. RECOMMENDED FINANCIAL LIABILITY	
e. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)	
f. TYPED NAME (Last, First, Middle Initial)	
g. AUTOVON/DSN NUMBER	
h. DATE REPORT SUBMITTED TO APPOINTING AUTHORITY (YYMMDD)	
i. DATE APPOINTED (YYMMDD)	
j. SIGNATURE	
k. DATE SIGNED	

15. FINANCIAL LIABILITY OFFICER	
a. FINDINGS AND RECOMMENDATIONS (Attach additional pages as necessary)	



07 JUL 1997

DEFINITIONS

ACCOUNTABLE OFFICER . An individual appointed by proper authority who maintains and item and/or financial records in connection with Government property, irrespective of whether the property is in his own possession for use or storage, or is in the possession of others to whom it has been officially entrusted for use or care and safekeeping, and may entail "Financial Liability" for failure to exercise his obligation.

APPOINTING AUTHORITY . An individual designated in writing by the Approving Authority. The approving authority may act as the appointing authority. The appointing authority appoints financial liability officers, if required; approves or disapproves the recommendations of the responsible officer, reviewing authority, or financial liability officers; and recommends actions to the approving authority. The Appointing Official is normally senior to the Responsible Officer, Accountable Officer, and Financial Liability Officer.

APPROVING OFFICIAL. The Approving Authority makes determination 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. The approving authority will be the Commanding Officer.

CAUSATIVE RESEARCH- An in-depth investigation of specific physical inventory discrepancies to determine why they occurred so that corrective action can be taken. This consists of a complete review of all transactions (to include receipts, issues, catalog change actions; i.e., quantity per unit pack, location updates, unposted or rejected documentation) back to the last physical inventory or within one year, whichever occurs first. This review begins with the analysis of validation of source or supporting documentation processing. Causative research ends when the cause of the discrepancy has been discovered or when, after review of paperwork and bookkeeping entries, and unresolved discrepancy exists.

PRELIMINARY RESEARCH - An investigation of potential discrepancies or pre-adjustment research which involves the consideration of recent transactions, unposted or rejected documentation, search of adjacent or temporary location areas, and certification of catalog data. The purpose of preliminary research is to determine the correct balance. Preliminary research ends when the physical balance has been verified and the physical inventory adjustment quantity is determined.

PROPERTY BOOK MATERIAL. All Government Property other than Supply System Stock, such as:

1. MILITARY REAL PROPERTY. This category covers land, buildings, structures, utility systems, improvements, and appurtenances thereto. Included are equipment attached to and made part of the buildings and structures (such as heating systems) but not movable equipment (such as plant equipment). Additionally, installed equipment such as fixed overhead crane runways, elevators, lavatories, plumbing, and electrical systems are included.

2. MILITARY PERSONAL PROPERTY. Minor Property - property items costing less than \$100,000 per item, including but not limited to:

- Office Equipment
- Power/Hand Tools
- Computers
- Binoculars
- Clothing (flight jackets, coveralls, safety goggles)
- Controlled equipage items

Enclosure (4)

07 JUL 1987

3. INVENTORIES HELD IN INDUSTRIAL FUNDS. Property of the Department of Defense consisting of raw materials, supplies, or work in process held in all Industrial Funds for the production or services furnished to customer activities.

4. WEAPONS AND OTHER MILITARY EQUIPMENT IN USE. Items of material assigned to using units and includes all major weapons and supporting equipment (e.g., aircraft, missiles, tanks, combat vessels, communications, and electronics systems, heavy support equipment, ships, service craft, boats, floating derricks, harbor tugs, and ammunition).

5. PLANT PROPERTY. Property with a unit cost of \$100,000 or more (consisting of machinery, equipment, furniture, vehicle, machines tools, necessary and auxiliary items, but excluding special tooling used or used capable or use in the manufacture of supplies, or in the performance of services, or for any administrative or general plant purposes). Plant property may have a unit cost lower than \$100,000 depending on the dollar threshold for plant property at the time of purchase.

RESOLVED DISCREPANCY. If through preliminary or causative research, it is determined that a discrepancy is due to paperwork or bookkeeping failure the proper accounting adjustment will be made to correct the stock or custody records. No DD Form 200 support documentation is required.

RESPONSIBLE OFFICER. An individual appointed by proper authority to exercise custody, care, and safekeeping of property entrusted to his possession or under his supervision. This may include financial liability for losses occurring because of failure to exercise this obligation. For property book material, the Responsible Officer will be a second level supervisor or higher in the chain of command.

Reviewing Officer. An individual designated in writing by the approving authority to review and analyze the results of supply system stock research.

SUPPLY SYSTEM STOCK. Those inventories where a stock record is required to be maintained, showing by item the receipt, issue, and disposal of property, the balances on hand, and such other identifying or stock control data as may be required. This includes in-stores wholesale and retail inventories financed by stock funds, as well as inventories financed by other appropriations (including end-use funded).

FINANCIAL LIABILITY OFFICER. An individual who is appointed in writing by the Approving Official to conduct a survey when personal responsibility is suspected for government property lost. Individuals so appointed will not be accountable nor responsible or in any way directly interested in the property being surveyed. The individual must be a commissioned officer, warrant officer, or enlisted member in grades E-7, E-8, or E-9, or civilian employee GS-09 or above. The Appointing Official may act as the Financial Liability Officer. The Commanding Officer will appoint the Security Officer or his designated representative as Financial Liability Officer, on all adjustments of sensitive items or classified items, or arms, ammunition or explosives as well as in ALL cases where personal responsibility is evident.

UNRESOLVED DISCREPANCY. After preliminary and causative research, and no evidence of paperwork or bookkeeping failure is found, a discrepancy exists between the Stock or Property Book Material Record and the physical status of material in storage or in base operating supplies.