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| USACE logo | Enterprise Standard (ES)-29114Financial Liability Investigation of Property Loss (FLIPL) | LAC.png |

# ***SUMMARY of CHANGE***

(ES**)-**29114 FLIPL Process

This administrative revision, dated 18 MAY 2016

Note\* Changes will be indicated as the following Deletion (D), Addition (A), Correction (C), and Revision (R).

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| --- | --- | --- | --- |
| **DATE** | **Section** | **Change**  **Type** | **Change** |
| 18 May 16 | 1.0 | R | Updated purpose “To prescribe policy, procedures, responsibilities, and guidance on how to account for lost, damaged or destroyed property……” |
| 18 May 16 | 3.0 | R | Updated references |
| 18 May 16 | 5.1 | A | Added definition “damage” |
| 18 May 16 | 5.2 | A | Added definition “destroy” |
| 18 May 16 | 5.3 | A | Added definition “Fair wear and tear” |
| 18 May 16 | 5.4 | A | Added definition “Financial liability” |
| 18 May 16 | 5.5 | A | Added definition “Negligence” |
| 18 May 16 | 6.0-6.7 | R | Updated format/content |
| 18 May 16 | 7.0-7.2 | R | Change time to 70 days (USACE standard) |
| 18 May 16 | 8.0 | A | Added records and measurements |
| 18 May 16 | 9.1 | A | Added attachment 29114.1\_ Attachment-A - FLIPL checklist, DA Form 7531 |
| 18 May 16 | 9.2 | A | Added attachment 29114.2\_ Attachment-B - FLIPL Figures 10.1-10.7 |
| 18 May 16 | 10.0 | A | Added Flowchart |

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| **US Army Corps of Engineers Logistics Activity** | Enterprise Standard (ES)-29114Financial Liability Investigation of Property Loss (FLIPL) | **LAC.png** |

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1. **Purpose.** To prescribe policy, procedures, responsibilities, and guidance on how to account for lost, damaged or destroyed property; provide a voucher for adjusting property from accountable records, assesses financial liability against an individual, and provide relief from financial liability

1. **Applicability.** This business process applies to all levels of the US Army Corps of Engineers: HQUSACE, Divisions, Districts, and Field Operating Activities.
2. **References.**

* AR 735 – 5, Policies and Procedures for Property Accountability, 10 May 2013
* DA PAM 735-5, Financial Liability Officer's Guide, 23 March 2016

1. **Related Procedures.** The processes related to this business process is ES-QMS140 Records Management
2. **Definitions.**

**5.1 Damage**: A condition that impairs either the value or use of an item; 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.

**5.2 Destroy**: Equipment damaged to the point of complete loss of identity or beyond the

prospect of future restoration. Major weapon systems, systems with classified components and sensitive items will not be considered destroyed without a technical inspection of the residue.

**5.3 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

**5.4 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.

**5.5 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

**5.5.1** **Simple negligence**: 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 or damage of Government property.

**5.5.2 Gross negligence:** 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.

1. **Responsibilities.**

**6.1 The type of responsibility the person has for property determines the obligations incurred by the individual. (AR735-5, para 13-29)**

**6.1.1 Types:**

* **Command:** 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.
* **Supervisory:** 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. This responsibility is inherent to all supervisory positions and is not contingent upon signed hand receipts.
* **Direct:** The obligation of a person to ensure all Government property for which he or she is signed for is properly used and cared for, and that proper custody and safekeeping are provided.
* **Custodial:** 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, safekeeping and disposition.
* **Personal:** The obligation of an individual to properly care for, safeguard and dispose of all Government property in his or her physical possession. It applies to all property issued for, acquired for or converted to a person’s exclusive use (with or without receipt).

**6.1.2 Culpability.**

* Before a person can be held liable, the facts must clearly show that he or she, through negligence or willful misconduct, violated a particular duty involving the care and safe guard of equipment.

**6.1.3 Proximate cause.**

* Before holding a person financially liable for a loss, 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, and without which, the loss would not have occurred.)

**6.1.4 Loss.**

* Before holding a person financially liable, the facts must show that a loss to the Government occurred. Loss includes a loss from accountability. Property is considered lost when it cannot be accounted for by the last person in the audit trail either physically and through a supporting document the audit trail..

**6.1.5 Direct Responsibility. (AR735-5, para 2-9).**

* At the property book level, the appointment as a Property Book Officer (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.

1. **Procedures.**

**7.1 Financial Liability Investigation of Property Loss will be initiated following the Guidance in (AR735-5, para 13-3)**

**7.2 Time Constraints (AR735-5, para 13-6, 13-8)**

* Must be presented to appointing authority within 15 calendar days of the date of the discrepancy.
* Total processing time will not exceed **70 days (USACE standard)** from the discovery of the loss, damage, or destruction to the date of approval.
* Any delays will be explained in a letter of lateness written by the individual responsible for the delay.

**7.3 Investigation of Property Loss, Damaged or Destroyed (LDD)**

* **Step 1**. The hand receipt holder, supervisor, person with the most knowledge or accountable officer when circumstances warrant, will initiate a financial liability investigation. The initiator of the investigation will fill out blocks 1 through 10 and sign block 11 on DD200. The initiator of the investigation will prepare a DD200 in as many copies as local command prescribes. He or she will prepare an additional copy when any of the individuals mentioned in block 9 are within 6 months of termination of their service or employment. This copy will be provided to the installation Finance and Accounting Officer (FAO). (Figure 10.1) In addition, the initiator of the investigation will prepare a Checklist and Tracking Document for Financial Liability Investigations of Property Loss, DA7531 and complete elements in part A as events occur. The initiator will attach and turn in tracking document with FLIPL. See figure 13–3, AR 735-5 for a sample of DA Form 7531. (Figure 10.3). The Primary Hand Receipt Holder/Supervisor will fill out; sign and date block 12, and forward the FLIPL to their Supply Tech for review. (Figure 10.4)
* **Step 2.** The Primary Hand Receipt Holder/Supervisor will turn the FLIPL in to their Supply Tech. The Supply Tech will ensure all documentation is correct and statements are filled out and labeled in accordance with (IAW) AR735-5 13-9(b)(3). Once the FLIPL is correctly filled out, the Supply Tech will forward the FLIPL to the LDP.
* **Step 3.** The LDP will review the FLIPL to determine if fraud, waste or abuse is evidenced. The LDP will recommend if further investigation is necessary (long FLIPL) or if no investigation is warranted (short FLIPL) to the Appointing Authority. At that point the FLIPL is logged into the FLIPL register DA1659 and assigned a voucher number. A copy of the FLIPL is maintained for tracking purposes until the FLIPL is closed out. The LDP will forward the FLIPL to the PBO to acquire a document number.
* **TIME CONSTRAINTS: You have 15 days to complete Step 1 through 3. Any delays will be explained in a letter of lateness written by the person responsible for the delay.**
* **Step 4.** The PBO will sign block 17e of the DD Form 200 and complete the remainder of section 17. The PBO will assign a document number to the DD Form 200 in block 17a if the property book is affected. The PBO will then retain one copy of the DD Form 200, post it to the accountable records, forward all remaining copies to the Approving Authority and furnish the document number to the corresponding LDP Chief (Figure 10.2)
* **Step 5. Approving authority/appointing authority will:**
  + - Review the FLIPL
    - Decide on a course of action

Short Investigation

* + - * (1) relief from responsibility
      * (2) assessment of financial liability
      * (3) appoint an investigation officer using an informal memorandum (Figure 10.5)

Long Investigation

* + - * (4) appoint an AR 15-6 investigation if warranted
* **TIME CONSTRAINTS: You have 30 days to complete Step 5. Any delays will be explained in a letter of lateness written by the person responsible for the delay.**
* Step 6. If Investigation Officer is appointed upon completion of their investigation, the FLIPL will be returned to the Approving Authority for review. If financial liability is sought, JAG will review the approving/appointing authority’s decision.
* **TIME CONSTRAINTS: You have 20 days to complete Step 6 . Any delays will be explained in a letter of lateness written by the person responsible for the delay.**
* **Note: Time used to notify the respondent of the investigating officer’s recommendation to assess financial liability is not counted against the time constraints.**
* **Step 7.** If an individual(s) is being charged, then the IO will notify them in writing after the findings and recommendations have been recorded on DD Form 200. (AR735-5, Figure 13-14)
* **Step 8. Time Constraints (AR735-5, para. 13-35) 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 financial liability investigation of property loss for consideration by higher authority.
* An individual who receives a hand delivered financial liability investigation of property loss 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.
* 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.
* Those individuals who are unavailable, and in a country different than the financial liability 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.
* Notification to unavailable individuals will be made by certified mail, return receipt requested. Copies of the notification memorandum will be attached to the financial liability investigation of property loss as an exhibit together with the evidence of mailing and return receipt.
* When the financial liability officer receives a **rebuttal statement within the allotted time**, he or she will consider the financial liability investigation of property loss together with any new evidence or allegations of error presented by the respondent. After review, the financial liability officer attaches the rebuttal statement to the financial liability investigation of property loss, and makes a recommendation. The financial liability officer will forward the complete packet to the appointing authority or the approving authority as appropriate for action.
* When the financial liability officer does not receive a rebuttal statement within the allotted time**, he or she will forward the financial liability investigation of property loss showing the financial liability officer’s findings and recommendations to the appointing authority or the approving authority as appropriate.**
* **When the financial liability officer receives a rebuttal statement after the time allotted for a rebuttal has expired, he or she will consider any new evidence presented by the respondent. If appropriate, the financial liability officer will amend his or her recommendations and forward the amended recommendation by memorandum through the same channels the financial liability investigation of property loss was processed**.
* **Time Constraints Request for reconsideration 30 days from notification (AR735-5, para 13-43):** 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**. When the approving authority does not reverse his or her original decision to approve financial liability, the request for reconsideration becomes an **appeal**, which will be forwarded to the appeal authority by the approving authority. (Figure 10.7)
* **Step 9.** Provide to FAO/United States Property and Fiscal Officer (USPFO) for collection
* **Time Constraints: You have 1 day to complete Step 8. Any delays will be explained in a letter of lateness written by the person responsible for the delay.**

1. **Records and Measurements.**

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| **Type** | **Description** | **Responsible Office** | **Location** | **Record Media** | **Retention** | **Disposition** |
| R | DD200 | DPBO/Designated Rep | file cabinet | P | 6yrs | Destroy when no longer needed |

**Description of Terms**

Type: Record Media

R Record E Electronic

M Measurement P Paper

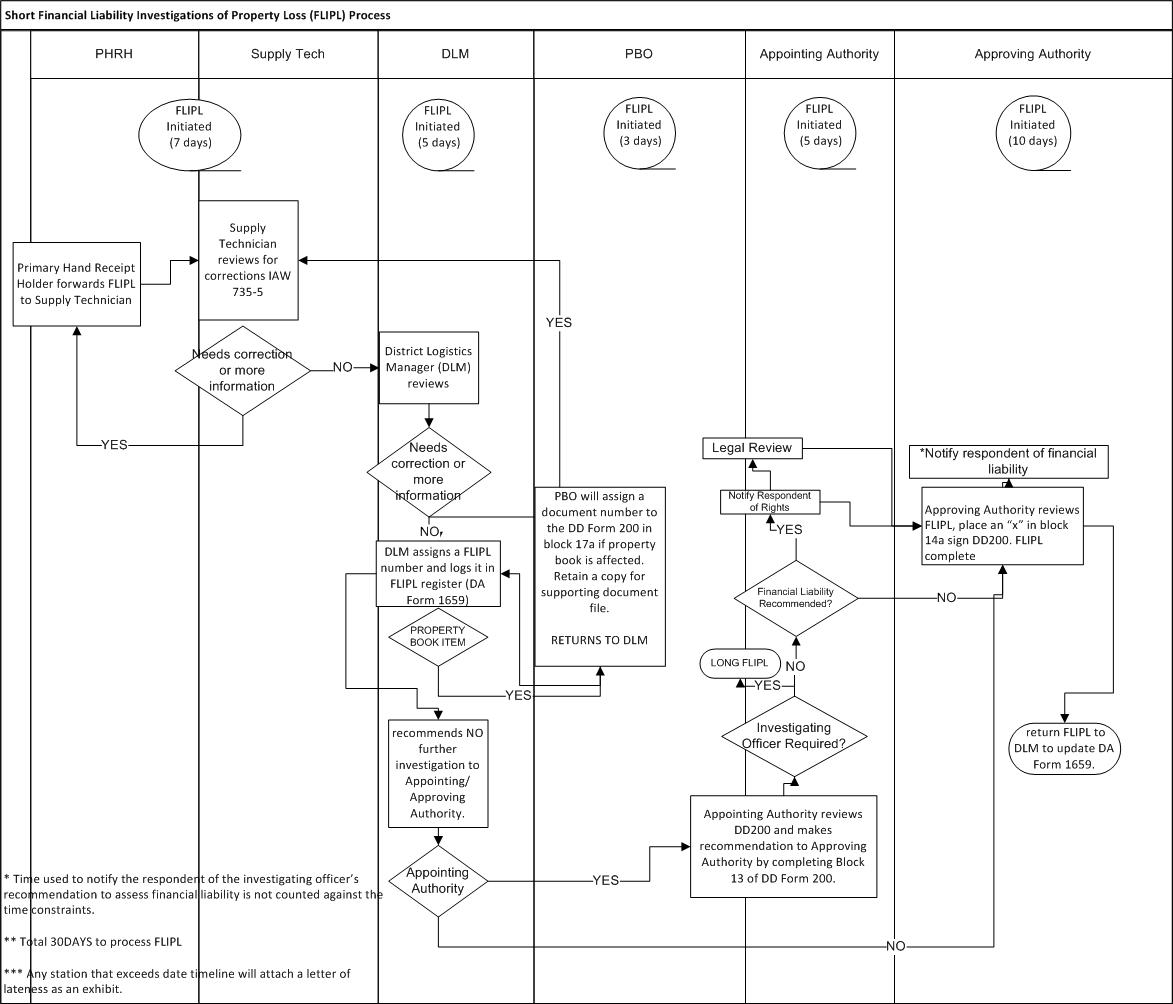
LR Local Requirement

**9.0 Attachments**

29114.1\_ Attachment-A - FLIPL checklist, DA Form 7531

29114.1\_ Attachment-B - FLIPL Figures 10.1-10.7

**10.0 Flow Chart**

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