



## Defense Finance and Accounting Service

### INSTRUCTION

**Number** 5335.1-I

January 14, 2013

EXPIRATION: January 14, 2018

---

Resource Management

SUBJECT: Property Management

References: See Enclosure 1

1. PURPOSE.

a. This Instruction outlines the policies used to manage Defense Finance and Accounting Service (DFAS) property. This Instruction has been revised extensively and users should read this Instruction in its entirety.

b. This Instruction supersedes DFAS 5335.1-I, Reference (a), and DFAS 5335.1 DV, Reference (b). It provides guidance for planning, implementing, and managing the Property Management Program consistent with the policies contained in Department of Defense Instruction (DoDI) 5000.64, Reference (c). This Instruction supersedes all local site policy for ensuring accountability of government property within DFAS.

2. APPLICABILITY. This Instruction is applicable to all DFAS personnel, including appropriated and non-appropriated fund civilian personnel and military personnel assigned to DFAS sites. It is also applicable to DFAS contractors, as directed per their contract agreement. The Property Management Program is administered by the DFAS Fiscal Services Office. DFAS sites may publish property accountability instructions only to describe unique local procedures for conforming to the requirements of this Instruction.

3. DEFINITIONS. See the Glossary for Abbreviations/Acronyms.

4. RESPONSIBILITIES. See Enclosure 2.

5. POLICY. See Enclosures 2 through 6. It is DFAS policy that all personnel entrusted with Government property will:

a. Properly use, exercise care for, and provide physical protection of all Government property. This responsibility includes:

- (1) Using property for authorized purposes only.
- (2) Reporting lost, damaged, destroyed, or stolen government property.
- (3) Reporting suspected misuse of Government property.
- (4) Contacting the appropriate authority in the event that accountable property is imminently threatened.

6. RELEASABILITY. Unlimited.

7. EFFECTIVE DATE. Effective upon signature. Forward recommended changes and requests for waiver to this Instruction to the Director, Fiscal Services Office, DFAS IN, 8899 East 56 Street, Indianapolis, IN 46249.

Teresa A. McKay  
Director

Enclosures

1. References
  2. Responsibilities
  3. Property Control
  4. Property Management
  5. Inventory Management
  6. Financial Liability for Government Property Lost, Damaged, or Destroyed
- Appendix  
Glossary

TABLE OF CONTENTS

	Page
ENCLOSURE 1 – REFERENCES	5
ENCLOSURE 2 – RESPONSIBILITIES	
SITE DIRECTORS	6
CHIEF FINANCIAL OFFICER, DFAS	6
CHIEF FINANCIAL OFFICER’S ADVISORY, FISCAL SERVICES OFFICE (FSO)	6
SITE PROPERTY MANAGER	7
ACCOUNTABLE PROPERTY OFFICER	8
PROPERTY CUSTODIAN (PC)	9
SUPERVISORS	10
FACILITIES, LOGISTICS AND ADMINISTRATION (FLA) OFFICES	11
ANY DFAS EMPLOYEE WHO HAS BEEN ISSUED ACCOUNTABLE PROPERTY	11
GOVERNMENT COMMERCIAL PURCHASE CARD HOLDERS	12
ENCLOSURE 3 – PROPERTY CONTROL	
ASSUMING PROPERTY LIABILITY	13
HAND RECEIPT AND PROPERTY RECEIVING PROCESS	13
HAND RECEIPTS DURING PC CHANGES OR ESTABLISHMENT OF NEW AREA	13
PROPERTY TRANSFERS BETWEEN PCs	14
PROPERTY TRANSFERS BETWEEN PROPERTY BOOKS	14
SHIPPING PROPERTY	14
DISPOSITION OF EQUIPMENT	15
ENCLOSURE 4 – PROPERTY MANAGEMENT	
ACCOUNTABLE PROPERTY – TEMPORARILY REMOVED FROM DFAS SITE	16
RECORDS RETENTION	16
ENCLOSURE 5 – INVENTORY MANAGEMENT	
AGENCY PROPERTY INVENTORY SCHEDULE	17
INVENTORY CERTIFICATION	17
INVENTORY PROCEDURES	17
ENCLOSURE 6 – FINANCIAL LIABILITY FOR GOVERNMENT PROPERTY	
LOST, DAMAGED, OR DESTROYED FINANCIAL LIABILITY FOR	
GOVERNMENT PROPERTY LOST, DAMAGED OR DESTROYED	19
INITIATION OF GENERAL INQUIRIES AND INVESTIGATIONS	19

APPENDIX	
APPENDIX – APPOINTMENT MEMORANDA	21
FIGURE 1 – SAMPLE: APPOINTMENT AS ACCOUNTABLE PROPERTY OFFICER	22
FIGURE 2 – SAMPLE: APPOINTMENT AS PROPERTY CUSTODIAN/ALTERNATE PROPERTY CUSTODIAN	23
GLOSSARY	
PART I – ABBREVIATIONS AND ACRONYMS	24
PART II – DEFINITIONS	25

ENCLOSURE 1

REFERENCES

- (a) DFAS 5335.1-I, Property Management, dated October 21, 2010 (hereby cancelled)
- (b) DFAS 5335.DV, Property Management Program, dated October 21, 2010  
[DFAS 5335.1-DV](#) (hereby cancelled)
- (c) DoD Instruction 5000.64, Accountability and Management of Department of Defense (DoD)-Owned Equipment and Other Accountable Property, dated May 19, 2011  
[DoDI 5000.64](#)
- (d) DFAS Regulation 4200.2-I, Government-Wide Commercial Purchase Cards and Convenience Checks, dated March 9, 2011 [DFAS 4200.2-I](#)
- (e) [DFAS 5015.2-M](#), Records Disposition Schedule, dated July 21, 2010  
[DFAS 5015.2-M](#)
- (f) DoD Financial Management Regulation 7000.14-R, (DoDFMR), varies per volume  
[DoDFMR](#)
- (g) DFAS 5010.38-R, Federal Manager's Financial Integrity Act Management Control Program, dated October 2007 [DFAS 5010.38-R](#)
- (h) DFAS 7040.1-R, Financial Management Defense Working Capital & General Funds, dated October 2005 [DFAS 7040.1-R](#)
- (i) Federal Acquisition Regulation (FAR), Part 45 of the FAR, Government Property, March 2005 [Federal Acquisition Regulation \(FAR\), Part 45](#)
- (j) DFAS Desktop Management Initiative (DMI) Standard Operating Procedures
- (k) DFAS 5200.1-I, DFAS Corporate Information Security Program Manager, dated June 3, 2011 [DFAS 5200.1-I](#)
- (l) DFAS 5200.8-I, DFAS Physical Security Program, dated March 2, 2012 [DFAS 5200.8-I](#)

ENCLOSURE 2

RESPONSIBILITIES

1. SITE DIRECTORS.

a. Support the DFAS Property Management Program in its entirety, and as such, comply with all applicable laws and regulations, including this Instruction.

b. Appoint a Site Property Manager (SPM).

c. Appoint an Accountable Property Officer (APO) and ensure that the SPM and the APO accomplish property accountability functions in compliance with Department of Defense (DoD) and DFAS regulations, including this Instruction.

(1) The SPM and APO are prohibited from serving as a Property Custodian (PC) due to conflict of interest.

d. Appoint Board of Survey as required, approve reports of survey, relieve personal liability, and remove accountability for Agency property contained in authorized property accounts that has been lost, damaged, stolen, destroyed, or otherwise rendered unserviceable, in accordance with applicable laws and regulations. This authority may not be delegated.

e. Ensure all appropriate personnel are designated in writing and a copy of the designation is provided to the Fiscal Services Office (FSO).

f. Ensure written certification of annual and three-year basis inventories is provided no later than October 30 to DFAS Chief Financial Officer (CFO) per instruction outlined in Enclosure 5.

2. CHIEF FINANCIAL OFFICER, DFAS.

a. Directs, provides oversight, and maintains overall management responsibility for financial information regarding the DFAS Property Management Program to ensure that the program satisfies audit requirements.

3. CHIEF FINANCIAL OFFICER'S ADVISORY, FISCAL SERVICES OFFICE.

a. Provides oversight of property accountability functions for the Agency. Due to conflict of interest, no person in the FSO may serve as an APO, SPM, or PC.

b. Evaluates and reports on the performance of the property accountability program.

c. Represents the Agency and responds to other DoD entities and Federal Agencies on property accountability issues.

d. Provides advice and expertise to Site Directors and APOs on property accountability and management. Authors and interprets directives and instructions, and oversees implementation of all phases of property management.

e. Provides Defense Property Accountability System (DPAS) reports to management, accounting, or auditors to satisfy reporting requirements.

f. Ensures required inventories are reported.

g. Serves as the DFAS Program Manager for the DPAS Configuration Control Board.

h. Reviews system change requests to DPAS.

i. Establishes, coordinates and manages all property management training requirements.

j. Ensures the data in DPAS is accurate and supports physical accountability process requirements. Conducts periodic reviews of APO files ensuring DPAS and supporting documentation is reconciled.

k. Ensures that all transactions are processed into DPAS in a timely and accurate manner and coordinates corrective action when input errors are discovered.

l. Authorizes independent accountability processes for special purpose equipment, such as Cryptographic Controlled Items.

m. Initiates a request through the Director, Chief Financial Officer's Advisory to the Chief Financial Officer for a special inventory if there is an indication of mismanagement, policy, or procedural change.

n. Supplies the auditors all requested documentation within the designated time frame, in accordance with the Audit Support Concept of Operations (CONOPS).

o. Retains financial documentation and property records relating to non-capital accountable property in accordance with the DFAS 5015.2-M, Reference (e). Documents and records pertaining to capital assets shall be maintained for 6 years, 3 months, after the life of the asset.

#### 4. SITE PROPERTY MANAGER.

a. Signs appointment letter from Site Director acknowledging their appointment as SPM. The SPM may not serve as an APO or PC due to conflict of interest.

b. Supervises assigned APO to ensure that he or she is in compliance with DoD and DFAS policy regarding property management.

- c. Ensures all property as defined by this directive is accounted for and properly recorded.
- d. Ensures risk assessments and internal control reviews for property accountability in the Manager's Internal Control Program are accomplished accurately and timely, in accordance with DFAS 5010.38-R, Reference (g).
- e. Establishes and maintains appropriate property accounts.
- f. Adheres to all policies and requirements in this Instruction.

5. ACCOUNTABLE PROPERTY OFFICER.

- a. Provides guidance and direction for management of property.
- b. Signs appointment letter from Site Director acknowledging their appointment as an APO.
- c. Completes training as required and defined by the FSO on the policies and procedures for property management.
- d. Records, accounts, reports, and disposes of accountable property accurately. This includes all accountable property.
- e. Ensures all DPAS data reflects accurate account balances.
- f. Approves additions or deletions in DPAS.
- g. Interacts and coordinates with FSO, Accounts Maintenance and Control (AM&C), Client Executive Support and Reports (CESR), and Program Managers (PM) to correct discrepancies between financial and accountable property information and provides written interpretation and/or guidance as required to e-Biz Transaction Processor (TP) to clarify requirements for recording and/or resolving financial rejects between financial systems.
- h. Ensures any computer equipment on their property book turned in is certified sanitized in accordance with DFAS Desktop Management Initiative (DMI) Standard Operating Procedures, Reference (j).
  - i. Ensures mandatory use of bar scanners for the inventories.
  - j. Oversees the issuance of bar code numbers by PCs.
  - k. Maintains overall responsibility to ensure that all accountable property on their property book has been given a bar code label by the PCs and that all required barcode data is input into DPAS.
- l. Complies with inventory schedule and procedures as outlined in Enclosure 5.



m. Ensures that DPAS reflects the current status, exact location, and condition of the asset until authorized disposition of the property occurs.

n. Ensures that all property records provide a complete trail of all transactions suitable for audit and will be the authoritative source for validating the existence and completeness of an asset. Ensures records that document the location, acquisition and disposal of assets are maintained according to the DFAS records management policy, DFAS 5015.2-M, Reference (e).

o. Maintains system access for DPAS (i.e., approving requests for user access and establishing security “roles” within site database).

p. Works with appropriate office to correct discrepancies between financial and accountable property information.

q. Ensures risk assessments and internal control reviews are accomplished for property accountability in the Manager’s Internal Control Program. Reference (g).

r. Conducts annual training to PCs regarding policies and procedures for accountable property management as defined by the FSO.

s. Adheres to all policies and requirements in this Instruction.

## 6. PROPERTY CUSTODIAN.

a. Signs the appointment letter from their supervisor acknowledging their appointment as a PC.

b. Advises their organization on property directives, inventory procedures, and other related property matters.

c. Completes the PC training within the first six months of appointment. The following must be completed as part of the training:

(1) “Foundations of Government Property” and “Conduct of Physical Inventories” courses, available through the Defense Acquisition University. The classes can be found through the following link: <https://learn.dau.mil>.

(2) Individual training with site APO, documented and signed/dated by both the site APO and the PC. This documentation must be maintained for the annual property site review at each site.

d. Maintains updates to the physical location of accountable equipment assigned to their accounts and maintain copies of documents in accordance with DFAS 5015.2-M, Reference (e).

e. Contacts the APO if accountable property is not properly labeled. Ensures all accountable equipment assigned to their assigned area is properly bar coded upon issue. Replaces worn or missing barcodes from assigned property as necessary.

f. Schedules with the APO temporary storage whenever equipment cannot be directly delivered to the work area.

g. Provides an approved security device for anyone issued a laptop computer.

h. Annotates approval on an Optional Form (OF-7), Property Pass, for removal of property from a building, after the supervisor signs the form for authorization.

i. Ensures and exercises custody, care, and safekeeping over property entrusted to his or her possession or under his or her supervision.

j. Submits a Moves and Changes (MAC) request in the event that property needs to be moved or disposed of.

k. Notifies supervisor as soon as possible, preferably one month prior, to a permanent change of station (PCS), leaving DFAS employment, retirement, or changing positions when they no longer have PC responsibilities. This timeframe allows appointment of a new PC and time to conduct 100% inventory prior to the new PC signing for the property. If the PC departs and a new PC has not been appointed, the PC responsibilities revert to the supervisor/manager.

l. Adheres to all policies and requirements in this Instruction.

## 7. SUPERVISORS.

a. Appoint appropriate number of PCs as to allow for alternates. Names of all PCs must be submitted in writing to the site APO. If the PC departs and a new PC has not been appointed, the PC responsibilities revert to the supervisor.

b. Notify the APO, in writing, whenever there is a change in PC.

c. Ensure the appropriate PC is notified in the event of suspected stolen equipment or in the case of any lost or damaged property. Also notify PC in the event of suspected equipment failure.

d. Ensure that job performance elements for property accountability responsibilities are incorporated into the Civilian Personnel Performance Plan for PCs. This should include the following:

(1) Critical Performance Element. That the employee is responsible for complying with all laws, regulations, directives, instructions, and policies relating to Accountable Property.

(2) Critical Performance Standards:

(a) Ensures mission equipment is safeguarded and hand-receipt records are properly maintained.

(b) Ensures all accountable equipment assigned has been properly bar coded.

(c) Ensures inventories are conducted annually for all accountable property determined to be pilferable and every three years for all accountable property, pilferable and non-pilferable.

e. Ensure PCs receive prescribed training within six months after appointment. If PCs fail to complete the training requirement within the first six months, the PC responsibilities revert to the supervisor.

f. Ensure employees are in compliance with all regulations, directives, instructions, and policies relating to property accountability.

g. Adhere to all policies and requirements in this Instruction.

#### 8. FACILITIES, LOGISTICS AND ADMINISTRATION (FLA) OFFICES.

a. Minimize conflicts of interest by keeping DPAS input separate from the APOs.

b. Maintain a DPAS or manual Document Number Register for any document numbers required. Document numbers are assigned at the discretion of the APO as it pertains to:

(1) request for additions

(2) request for turn-ins

(3) request for miscellaneous transactions

(4) number assigned to Financial Liability and Investigative Loss

c. Maintain and process all input data of new receipts of assets into DPAS. Each record contains, at a minimum, the serial number, asset tag number, make, model, physical location of the asset, cost, the responsible PCs account number and the posting reference; i.e., receiving report number, contract, purchase order or other identification number.

#### 8. ANY DFAS EMPLOYEE WHO HAS BEEN ISSUED ACCOUNTABLE PROPERTY.

a. Exercise reasonable and prudent care to properly use and safeguard all assigned property in their possession.

b. Secure laptop computers properly at all times to prevent easy removal. The laptop must be secured properly by a cable lock locking the laptop and its docking station to your desk or other permanent work station.

c. Notify supervisor and PC when theft of assigned property is suspected or in the case of any change in status to accountable property in their possession such as the property being missing, removed, damaged, destroyed, or in need of repair or replacement.

d. Ensure before removing any property from the building that the removal is authorized by the supervisor and recorded by the PC, using an OF-7.

e. Report to supervisor and PC any accountable property that comes into their possession without an approved DFAS bar code label affixed to the asset and in the case that the existing bar code label is damaged, worn, or otherwise unreadable.

f. Maintain physical security in accordance with DFAS 5200.8, Physical Security (PHYSEC) Program, Reference (I).

g. Report any missing Information Technology (IT) equipment that may have memory capability (such as laptops, desktops, printers, fax machines, scanners, etc.) to the Freedom of Information Act (FOIA) office immediately and follow any instructions given by that office.

h. Report any accountable property received to the APO within two business days if the property was issued by someone other than the APO or PC.

## 12. GOVERNMENT COMMERCIAL PURCHASE CARD HOLDERS.

a. Notify the appropriate PC when accountable property is purchased; the definition of accountable property can be found in Glossary, Part II, of this document.

b. An APO is not permitted to be a card holder due to conflict of interest; however, PCs may be card holders.

ENCLOSURE 3PROPERTY CONTROL1. ASSUMING PROPERTY LIABILITY.

Financial liability for property is determined by the hand receipt on file. Financial liability is the statutory obligation of an individual to reimburse the government for lost, damaged, or destroyed government property as a result of negligence. The hand receipt on file determines who has primary responsibility for the property in question and who may be required to reimburse the government for lost, damaged, or destroyed property if it is determined that the loss, damage, or destruction occurred as a result of negligence or abuse. Signing the hand receipt assumes financial liability.

2. HAND RECEIPT AND PROPERTY RECEIVING PROCESS.

a. The APO receives the shipping order for the property from the vendor.

b. The warehouse receives and inventories the shipment, creating and signing an inventory sheet of everything included in the shipment. The warehouse personnel must also ensure that all items are properly bar-coded. A copy of the inventory sheet must be provided to the APO. At this point, the property remains on the warehouse hand-receipt.

c. The APO reviews the inventory sheet created by the warehouse and ensures that it matches the shipping order provided by the vendor. If the documents do not match, the APO must verify the shipment inventory in the warehouse and contact the vendor to resolve prior to taking further action. If the inventory sheet from the warehouse matches the shipping order from the vendor, then the APO enters the property into DPAS. At this point, the inventory, though still housed in the warehouse, is on the APO hand receipt.

d. When the property is ready to be distributed or put into use, it is brought out of the warehouse and transported to the building location. The APO assigns the property to the appropriate PC and at that point the PC is the hand receipt holder for the property and it remains on the PC's hand receipt until it is distributed to the end user. The PC must also ensure at this time that all property is properly barcoded.

e. When the property has been distributed, the end user is required to sign for the property, thus assuming pecuniary liability. At this time, the APO is required to update the property location in DPAS to reflect the end user's location.

3. HAND RECEIPTS DURING PC CHANGES OR ESTABLISHMENT OF A NEW AREA.

a. When a new PC is appointed, a new hand receipt account is initiated by the APO, ensuring a PC file is established and maintained by the FLA.

b. A print screen from DPAS of the assigned area of responsibility is provided to the PC to validate inventory completion, (if there has been a previous PC). In the event the area is a new office, the new PC must build a new account inventory by providing an inventory listing of equipment to the APO.

c. The PC conducts property inventory, using the bar code scanner. When uploaded to DPAS and the Reconciliation Report is generated, the PC verifies the property is accounted for, signs the report and returns the original document to the APO within the allotted suspense timeframe.

(1) For a new hand receipt, the signed copy of the hand receipt is retained on file by the APO along with the Reconciliation Report and any manual inventory sheets. The DPAS query spreadsheet or report showing the inventory changes were made in DPAS is filed if the inventory requires manual input.

(2) For a change in PC of a current hand receipt, in addition, to the previous signed hand receipt, the Reconciliation Report and any manual inventory sheets, the new/updated signed hand receipt and a DPAS query spreadsheet or report showing the inventory manual changes made in DPAS, will be retained in the hand receipt folder by the APO.

#### 4. PROPERTY TRANSFERS BETWEEN PROPERTY CUSTODIANS.

a. Transfers of accountable property from one PC to another PC must be approved by the APO prior to input to DPAS. A transfer can be permanent or temporary.

b. Property transfers between PCs are documented on a DD Form 1150, "Request for Issue/Transfer/Turn-In". The form must be signed by both the gaining and losing PCs and forwarded to the respective APOs.

c. Copies of the DD Form 1150 are retained by both gaining and losing PC accounts for audit purposes. Once posted in DPAS, the original copies are filed in applicable PC folders maintained by the FLA and the form serves as proof of hand receipt.

#### 5. PROPERTY TRANSFERS BETWEEN PROPERTY BOOKS.

All accountable property leaving the control of any DFAS Property Book or the Agency must be recorded using DPAS and coordinated by the APO(s).

#### 6. SHIPPING PROPERTY.

A DD Form 1150 must be initiated to ship property. This form must include the gaining and losing sites and a list of all equipment to be shipped. The APO at the losing site initiates this form; the property remains on the losing APO's property book until the equipment is received at

the gaining site. At that point the gaining site's warehouse will follow the procedures outlined above for doing an inventory of the received shipment and providing the gaining site APO with a list of the inventory included. When the equipment arrives at the gaining site warehouse and is signed for, the liability for that property is assumed by the gaining site.

#### 7. DISPOSITION OF EQUIPMENT.

a. A MAC request is submitted by the PC for any equipment needing disposal. All data storage devices such as Central Processing Units, laptops, external hard drives, Personal Data Assistants, and any other equipment with memory storage capability must be sanitized prior to being sent for disposal. Sanitization is an IT responsibility (See Reference (j)). When the equipment is picked up by IT (if it requires sanitization) or the FLA, the signed MAC serves as a temporary hand receipt and proof of liability.

b. If no transfer potential exists within the Agency, the FLA reports the item as excess using the Defense Reutilization Marketing Service (DRMS) and Defense Automated Information System interface and notifies the APO of this action. The FLA transports the asset(s) to the designated storage/warehouse area and provides the APO with notification that the asset has been transferred. The property remains on the APO hand receipt during warehouse storage until it is disposed of or transferred out of DFAS.

c. Accountable assets turned into DRMS are retained on the Excess Holding account until confirmation of disposal is received. If no signed copies are furnished by the disposal activity, an electronic confirmation can be obtained via the DRMS Web page, <http://www.dispositionservices.dla.mil/>.

d. Items shall be removed from DPAS no later than 30 days after receiving confirmation of the transfer or disposal action.

ENCLOSURE 4

PROPERTY MANAGEMENT

1. ACCOUNTABLE PROPERTY – TEMPORARILY REMOVED FROM DFAS SITE.

a. The OF-7, Property Pass, must be prepared before accountable property can be removed from the work area to another location outside DFAS. The OF-7 allows use of property for a specified period not to exceed one year. This process shall be used when an employee hand carries a laptop computer from the DFAS site for mission, temporary work at home, extended telework or while at a temporary duty (TDY) location.

b. The end-user employee initiates the process and it continues as follows:

(1) The employee requests an OF-7 from their supervisor.

(2) The supervisor evaluates the need and if deemed permissible, requests OF-7 from their PC.

(3) The supervisor may request that the OF-7 be written for any period of time up to one year, depending on agency needs.

c. The PC completes the OF-7 to include the bar code number in the “Description of the Property Being Removed” as well as a description of the equipment. After the end-user’s supervisor signs the OF-7 as the person authorizing the property removal, the PC annotates approval on the OF-7. Copies of the OF-7 must be maintained by the responsible employee and his or her supervisor.

d. The responsible employee maintains their copy of the OF-7, on the person or with the equipment, and is not required to hand it to the guard. However, the form must be available and provided if it is requested.

e. The employee must clear the returned property with the appropriate PC upon expiration of the OF-7. When the PC has verified that the property is back in the proper work area, all copies of the OF-7 must be destroyed.

2. RECORDS RETENTION. Retention of property records relating to receipt, release, transfer, redistribution or sale of government property, excluding real property, must be in accordance with the DFAS 5015.2-M, Reference (e), Records Disposition Schedule 4160.



ENCLOSURE 5

INVENTORY MANAGEMENT

1. AGENCY PROPERTY INVENTORY SCHEDULE.

a. Annual. The APO ensures that all items recorded in DPAS as pilferable are inventoried annually. This inventory must be completed prior to October 30.

b. Three Year Basis. The APO ensures that every three years a 100% inventory and reconciliation must be completed on all accountable property recorded in DPAS, pilferable and otherwise. This inventory must be completed prior to October 30.

c. Random. At the direction of the APO, FSO, or DFAS Chief Financial Officer a random inventory may be directed.

d. Personnel Change. An inventory must be conducted prior to a PC changing positions or leaving the organization. This inventory is only conducted on property under the responsibility of the PC changing positions or leaving the organization.

2. INVENTORY CERTIFICATION. The DFAS Site Director provides written certification annually to the DFAS Chief Financial Officer that all items identified in this Instruction as pilferable have been inventoried and accounted for. Certification is required by October 30 of each year. Every three years, a 100% inventory of all accountable property, pilferable and non pilferable, must be complete and written certification provided, by October 30, stating all accountable property have been inventoried and accounted for.

3. INVENTORY PROCEDURES.

a. The APO establishes the property inventory timeframe including due dates and procedures sufficient to meet agency requirements as outlined above.

b. The APO temporarily issues a bar code scanner to the PC to conduct their inventory, along with an updated inventory listing from DPAS which reflects all gains and transfers of equipment as of the report date.

c. The PC creates a DPAS Reconciliation Report using the uploaded scanned data. The PC has up to 30 calendar days to validate the non-reconciled records:

(1) The PC (and APO if necessary) validates that there is a non-reconciled record.

(2) The PC (and APO if necessary) works with the office responsible for the accountable property in question to locate property.

(3) The PC updates the status/location of the property in question if it is found/recovered.

(4) The PC immediately notifies the APO if the property in question is determined to be missing.

(5) The PC signs the inventory when these actions have been completed for all non-reconciled records.

d. The FSO conducts an inventory analysis within five business days upon completion of inventory and certification by Site Director. The results of the analysis will report the following data:

(1) Total number of items scanned.

(2) Total number of items identified as shortages.

(3) Total number of DD Form 200, "Financial Liability Investigation of Property Loss", required to be submitted.

(4) Total number of items located that are not on the inventory listing/overages.

(5) A detailed list of all discrepancies identified during the inventory; a signed copy of the Inventory Reconciliation Report.

e. The APO will verify that the "Last Inv Dt/Tm" field in DPAS is either updated by the scanner reconciliation or manually as updates are made in DPAS. Shortage items that were not scanned must have the date in the "Last Inv Dt/Tm" updated manually. The field entitled "Last Inv Dt/Tm" recorded in DPAS will be used to validate the status of a Site's inventories.

ENCLOSURE 6FINANCIAL LIABILITY FOR GOVERNMENT PROPERTY LOST,  
DAMAGED, or DESTROYED

1. FINANCIAL LIABILITY FOR GOVERNMENT PROPERTY LOST, DAMAGED OR DESTROYED. The DoDFMR 7000.14-R, Volume 12, Chapter 7, Financial Liability for Government Property, Lost, Damage or Destroyed governs this process. Reference (f).

2. INITIATION OF GENERAL INQUIRIES AND INVESTIGATIONS.

a. Upon discovery of loss, damage, destruction or theft of accountable property, the supervisor shall immediately contact the PC. If it is possible that the property contains Personally Identifiable Information (PII) or has memory storage capability, the supervisor must also contact the Information Security Program Manager (ISPM) on the same day that it is reported by the employee. If it is reported to the ISPM, the report must contain the following:

- (1) The type of data loaded on the missing or unaccounted for equipment,
- (2) The level of risk associated with the missing or unaccounted for equipment, and,
- (3) Controls in place that may mitigate potential risk with the missing equipment.

b. The PC must notify APO and the APO will initiate a DD Form 200 if the property is not found or recovered within 24 hours. The DD Form 200 is submitted to the Site Support Office. The APO retains a copy, assigns a case number to the DD Form 200, and maintains an open file; this file can be reviewed at any time by the FSO, Internal Review, and/or independent auditors.

c. The APO shall maintain a detailed register of all DD Forms 200. The register shall include the following information from the DD Form 200: Start Date, End Date, Item Nomenclature, Item Acquisition Value and Loss Value. The DFAS location and APO name shall also be identified on the spreadsheet. The APO provides a log of all DD Form 200's to the FSO quarterly.

d. When an investigation is warranted, the designated personnel in site support will initiate the investigation immediately.

(1) In most cases, 30 calendar days will be sufficient to conduct the investigation and document the findings and recommendations. If the investigation cannot be completed within the allotted time frame of 30 days, the designated site support personnel will explain, in writing, the reason for delay to the APO. This explanation becomes part of the formal documentation.

(2) An investigation is conducted for all loss, damage, destruction or theft of government-owned property:

- (a) With an initial acquisition cost (value) of \$5000 or greater.
- (b) All classified property regardless of initial acquisition cost.
- (c) When circumstances warrant, for example when the loss, damage, destruction or theft of small amounts of property occur frequently enough to suggest a pattern of wrongdoing.
- e. DFAS Principal Deputy Director and Site Directors determine appropriate action based on the investigative findings and decisions of the property loss.
- f. Assets listed on the DD Form 200, along with all substantiating documentation is maintained for 6 years, 3 months after the asset is removed from the property book in accordance with DFAS 5015.2-M, Reference (e), Schedule 7700.

APPENDIX 1

APPOINTMENT MEMORANDA

Figure 1 - Sample: Appointment as Accountable Property Officer

Figure 2 - Sample: Appointment as Property Custodian/Alternate Property Custodian

**Note:** The Manager's Internal Control Program identified in these samples is described in DFAS 5010.38-R, Reference (g).

**Figure 1. Sample: Appointment as Accountable Property Officer**

DFAS-XX/XX

(Date)

MEMORANDUM FOR *(proposed Accountable Property Officer)*

SUBJECT: Appointment as Accountable Property Officer (APO) for Defense Finance and Accounting Service *(Site Name)*

Effective immediately, you are appointed APO for the subject property account.

Policy and procedures for performance of APO duties are contained in DoDFMR, DoD Instruction 5000.64, DFAS 5335.1-I, and in guidance issued by the DFAS Fiscal Services Office. You are to administer and maintain property control for your Center and its satellite activities.

---

*(Site Director's Signature and Signature Block)*

**Figure 2. Sample: Appointment as Property Custodian/Alternate Property Custodian**

DFAS-XX/XX

(Date)

MEMORANDUM FOR *(Site)Accountable Property Office*

SUBJECT: Appointment as Property Custodian (PC) or Alternate PC for Defense Finance and Accounting Service (Site name), Office Name (Office of Account)

Effective immediately (name of individual designated) is designated (PC/Alternate PC) for the subject property account.

Designated individual shall adhere to policy and procedures for performance of (PC/Alternate PC) duties as specified in DoDFMR, DoD Instruction 5000.64, DFAS 5335.1-I, and in guidance issued by the Site Accountable Property Officer (APO).

In addition the (PC/Alternate PC) will ensure annual inventory of all Pilferable-Sensitive and Pilferable-Non-Sensitive in their custody and all “other” accountable property inventoried at least every three years. At the discretion of the APO, Fiscal Services Office, or DFAS, Chief Financial Officer a special inventory the (PC/Alternate PC) may be required.

\_\_\_\_\_  
*(Designated PC’s Signature)*

\_\_\_\_\_  
*(Supervisor’s Signature)*

Concur:

\_\_\_\_\_  
*(Site APO Signature)*

GLOSSARYPART I. ABBREVIATIONS AND ACRONYMS

APO	Accountable Property Officer
AM&C	Accounts Maintenance & Control
APPM	Agency Property Program Manager
CESR	Client Executive Support and Reports
CFO	Chief Financial Officer
CONOPS	Concept of Operations
DBMS	Defense Business Management System
DFAS	Defense Finance and Accounting Service
DLA	Defense Logistics Agency
DMI	Desktop Management Initiative
DoD	Department of Defense
DoDFMR	Department of Defense Financial Management Regulation
DoDI	Department of Defense Instruction
DPAS	Defense Property Accountability System
DRMS	Defense Reutilization Marketing Service
FAR	Federal Acquisition Regulation
FLA	Facilities, Logistics, and Administration
FOIA	Freedom of Information Act
FSO	Fiscal Services Office
ISPM	Information Security Program Manager
IT	Information Technology
MAC	Moves and Changes
OF	Optional Form
PC	Property Custodian
PCS	Permanent Change of Station
PHYSEC	Physical Security
PII	Personally Identifiable Information
PM	Program Manager
SPM	Site Property Manager
TDY	Temporary Duty
TP	Transaction Processor



## PART II. DEFINITIONS

1. ACCOUNTABILITY. The obligation of any individual who, in the performance of the duties of his/her position, designation, or assignment, is required to assume custody or control over, and upon proper occasion, effect an accounting for government property committed to his/her charge by reason of this position, designation, or assignment. Accountability is established upon acceptance by an individual of a position, designation, or assignment involving jurisdiction over government property.
2. ACCOUNTABLE PROPERTY. A term that refers to assets that meet the threshold or criteria requiring the asset to be identified and recorded in an accountable property system of record. Property is considered accountable if it meets one of the following criteria:
  - a. Purchased at a unit cost of \$5,000 or more
  - b. A leased item of any value, a loaned item of any value, or a rented item of any value
  - c. Considered a Pilferable-Sensitive Item
3. ACCOUNTABLE PROPERTY OFFICER (APO). An individual appointed by proper authority who is responsible for the control, use, and disposition of accountable property. He or she uses their training, knowledge and experience in property management, accountability and controls to establish and maintain the organization's accountable property records irrespective of whether the property is in the individual's possession.
4. ACQUISITION COST. The amount, net of both trade and cash discounts, paid for the property plus transportation costs and other ancillary costs.
5. AGENCY PROPERTY PROGRAM MANAGER (APPM). The official designated by the Agency with management and oversight responsibilities for property accountability programs as established by the Agency. Duties may include other related functions as required.
6. DEFENSE PROPERTY ACCOUNTABILITY SYSTEM (DPAS). The DoD designated system for property accountability and financial reporting of real and personal property. DPAS serves as a financial module for assets generating financial transactions to the Defense Business Management System (DBMS)/e-Biz via an interface.
7. DEFENSE REUTILIZATION AND MARKETING SERVICE (DRMS). A primary level field activity of the Defense Logistics Agency (DLA) charged with the responsibility of managing all aspects of the process of receiving, storing, maintaining, marketing, redistributing, and disposing of materiel determined by elements of the DoD materiel management structure to be excess to the needs of the department.
8. DISCREPANCIES. A discrepancy is the loss, unreported gain, damage, or destruction of government property identified between a physical inventory and a hand receipt. Discrepancies must be resolved or a DD 200 prepared.

9. DPAS. DPAS is the DoD designated system for property accountability.
10. EXCESS. Material that has completed reutilization screening and is not required for the needs and the discharge of responsibilities of DFAS.
11. FINANCIAL LIABILITY. Financial liability for property is determined by the hand receipt on file. Financial liability is the statutory obligation of an individual to reimburse the government for lost, damaged, or destroyed government property as a result of negligence. The hand receipt on file determines who has primary responsibility for the property in question and who may be required to reimburse the government for lost, damaged, or destroyed property if it is determined that the loss, damage, or destruction occurred as a result of negligence or abuse. Signing the hand receipt assumes financial liability.
12. HAND RECEIPT. A report listing assets issued to an individual/Property Custodian and is signed to document acknowledging the acceptance of responsibility for items of property loaned or issued which are to be returned.
13. INVESTIGATION. A formal proceeding for determining facts and circumstances related to loss, damage, destruction, or theft 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, gain, damage, or destruction of government property.
14. LIABILITY. The state of being responsible or answerable for the loss, gain, damage or destruction of government property.
15. NEGLIGENCE. The failure to act as a reasonably prudent person would have acted under similar circumstances. An act or omission 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, or procedures may be considered as evidence of negligence.
16. OTHER EQUIPMENT. Other equipment is equipment that meets the \$5,000 accountability threshold but is not considered pilferable. These assets would be cumbersome, not easily moved and therefore less susceptible to theft. These type assets must be inventoried 100% over a 3-year period. Other equipment may consist of assets such as forklifts, ground equipment, large, specialty printers (system check printers, plotters or graphics), and mail sorting equipment.
17. PECUNIARY LIABILITY. The obligation to make good any lost, damaged, or destroyed property resulting from fault or neglect.
18. PILFERABLE ITEMS. Those items that have a ready resale value or application to personal possession, are deemed mission critical, and that are, therefore, especially subject to theft.

19. PILFERABLE-SENSITIVE. Assets that have memory storage capabilities and therefore could contain PII data. These assets may include electronic computer or telecommunications equipment or devices used by agency employees which contain fixed internal memory or portable memory capability and have the capability to access DFAS files or systems, or the internet, and which may consequently contain or access corporate processing or information databases (personnel, payroll, contracting, legal, etc.) that potentially contain Privacy Act or other proprietary data, the disclosure of which violates federal law, DoD regulations or instructions, or DFAS information assurance policies. These items consist of but are not limited to: desktop (tower), laptop and notebook computers, Personal Data Assistant devices (primarily Blackberry devices), cell phones, and printers/scanners/fax machines equipped with memory capability. These items are recorded in the DPAS regardless of value.

20. PILFERABLE-NON-SENSITIVE. These assets are considered non-sensitive because they have no memory capabilities and therefore would not contain PII data. This type property includes: electronic devices such as, printers (only those with no memory capability), scanners (only those with no memory capability), monitors, typewriters (only those with no memory capability), televisions, audio visual projection devices, cameras, FAX machines (only those with no memory capability), laminating devices, radios (2 way), telephones, pagers, telephone headsets, dictating machines, and telephone answering devices; other non-electronic pilferable items including: hand and power tools, maintenance equipment (floor buffers and waxers, vacuums, tractors, power mowers, snow plows, ladders), and material handling equipment. These items are not added to the DFAS DPAS database unless their acquisition value exceeds \$5,000.

21. PROPERTY ACCOUNTABILITY. The obligation imposed by law, lawful order, or regulation, accepted by an organization or person for keeping accurate records to ensure control of property, documents or funds with or without physical possession. The obligation refers to the fiduciary duties, responsibilities, and obligations necessary for protecting the public interest. The assignment of duties and responsibilities, to an individual or organization, that mandates; control, security, and answerability for government property.

22. PROPERTY CONTROL. Management and control function and processes related to the lifecycle of assets. Process of acquiring recording, tracking, and disposition of government property.

23. PROPERTY CUSTODIAN (PC). The individual appointed by the proper authority to exercise custody, care, and safekeeping over property entrusted to his or her possession or under his or her supervision. The PC oversees sub-hand receipt accounts to manage the property under their custody.

24. PROPERTY RECORD. Property record is generally defined as any record of property. It is inclusive not only of stock record accounts, but also of organization and installation property books, and equipment records, hand receipt records, or any system of files for property records. May be referred to as a “property account” or “account.”

25. RECEIVING. All actions taken by a receiving activity from the physical turnover of materiel by a carrier until the on-hand balance of the accountable stock record file or in-process receipt file is updated to reflect the received materiel as an asset in storage, or the materiel is issued directly from receiving to the customer.

26. RESPONSIBILITY. The obligation of each individual who is required to have personal possession of or general supervision over government property to ensure that the items are procured, maintained, utilized, safeguarded, or disposed of only as authorized. Individuals having government property in their custody or under their supervision assume a public trust that the property is utilized only for purposes authorized by law or regulations.

27. SITE PROPERTY MANAGER (SPM). An individual appointed by proper authority who is responsible for ensuring the assigned Accountable Property Officer is in compliance with existing property management policy. SPM is usually the APO supervisor.

28. SUPPORTING DOCUMENTATION. Supporting documentation is the documentation to support an accountable property record to support purchase cost, purchase date and any improvement costs. The documentation provides a complete audit trail of the record. Documentation may be original documents or hard or electronic copies. Copies shall be maintained in a readily available location during the retention period. Documentation must be retained in accordance with DFAS 5015.2-M, Records Disposition Schedule.