DEPARTMENT OF THE ARMY
[COMPANY], [BATTALION]
[BRIGADE], [DIVISION]
[INSTALLATION, STATE ZIP]

[OFFICE SYMBOL] [Date signed]

MEMORANDUM FOR [RANK] [FIRST] [MI] [LAST], [DUTY POSITION], [COMPANY], [BATTALION]

SUBJECT: Sub-Hand Receipt Holder Counseling for [RANK] [FIRST] [MI] [LAST]

1. References.

a. AR 710-4, Property Accountability, 15 April 2026.

b. AR 735-5, Relief of Responsibility and Accountability, 30 April 2026.

c. AR 750-1, Army Materiel Maintenance Policy, 29 April 2026.

d. DA Pam 750-1, Army Materiel Maintenance Procedures, 29 April 2026, incorporating Change 1, 8 July 2026.

e. AR 190-51, Security of Unclassified Army Resources (Sensitive and Nonsensitive), 27 June 2019.

f. AR 190-11, Physical Security of Arms, Ammunition, and Explosives, 17 January 2019.

g. [UNIT] Command Supply Discipline Program Standard Operating Procedure, [date].

h. [UNIT] Cyclic Inventory Standard Operating Procedure, [date].

2. Purpose. This memorandum assigns you responsibility for Government property and documents my expectations for how you will exercise it. Army regulation requires that anyone entrusted with Government property be informed of those responsibilities in writing. This memorandum does that. It does not replace or limit the sub-hand receipt you sign; that document is the accountable record. Paragraph-level authority for everything below is at the enclosure.

3. Assignment of responsibility.

a. Types. There are five types of responsibility for Government property: command, supervisory, direct, custodial, and personal. Three apply to you. Direct, for

property on your sub-hand receipt. Supervisory, for property you sign down to Soldiers you supervise. Personal, for property issued for your own use.

b. How it attaches. Your signature on the sub-hand receipt establishes direct responsibility. Do not sign for property you have not laid out and inventoried, components included. After you sign, the burden of proving what was not there is yours.

c. Signing property down does not relieve you. Direct responsibility cannot be delegated. When you sign property to a squad leader you have added a responsible party, not replaced yourself.

d. Accountability is separate. Keeping the formal records is the accountable property officer's job. You are responsible for property. You are not accountable for the property book.

4. Use and train with your property. Equipment on a hand receipt exists to be used. Draw it, train on it, and make it part of how your section fights. I will not measure you on how clean your equipment looks. I will measure you on whether your Soldiers are proficient with it and whether you can account for it.

5. Sub-hand receipt property to the end user.

a. Issue to the user. Property goes to the person who actually uses it, through their supervisor. The chain should not normally exceed commander to direct supervisor to user. Do not add layers to distance yourself from the property.

b. Timing. The initial sign-down happens at change of command. After that, an end user signs equipment over before leaving the company or before any absence over one month. If they cannot, the squad leader becomes the end user by default and carries the property with you.

c. Extended absence. If a joint inventory cannot be done before a hand receipt holder departs, the commander appoints an interim holder in writing and the inventory is completed within 30 days. Tell me early. That appointment is mine to make and I cannot make it retroactively.

d. Changes. On any change of hand receipt holder, incoming and outgoing jointly inventory all property within 30 days, and any extension is requested in writing. Post change documents at least every six months and before any change of holder, change of accountable property officer, or scheduled inventory.

6. Components and shortages.

a. Component hand receipts. Property with components is always issued to the user on a component hand receipt. Shortages are ordered against the specific end item they belong to; bulk ordering across end items is not authorized. You are not liable for a shortage created by a new or increased component authorization, so know the difference between a shortage you inherited and one you created.

b. Valid documents. The only shortage listings I will accept are the ones the Property Book Office generates. A hand-annotated list is a personal note, not an accountable document.

c. Turn in what you do not use. Property your section does not use gets turned in and dropped from the property book, or sealed and stored. Do not carry equipment you will never use.

7. Inventories. Frequency is set by regulation, not by the training calendar.

a. Cyclic. Our cyclic inventories run quarterly during low tempo weeks and satisfy the annual property book requirement. They satisfy nothing below.

b. Sensitive items. Quarterly, with no more than one quarter between inventories.

c. Monthly. Firearms, ammunition and explosives, controlled medical items, and hazardous materiel. Weapons are inventoried monthly by serial number, not by the same person two months running, and never by the armorer.

d. Accuracy. 98 percent, and 100 percent for classified and sensitive property. Sampling is not authorized for either.

e. Post-field. The end user inventories against the component hand receipt and produces the list of missing items. You enforce it. Your presence is not always required, and that call is yours. If an end user turns in a long list, I may direct the inventory be done again under your supervision.

f. Use them. Cyclic inventories are scheduled in low tempo weeks so you can work. Correct your component hand receipts, seal or turn in what you do not need, and update your shortage listings. Run the layout the same way every time. Cutting corners produces confusion, and confusion is the leading cause of property inaccuracy.

8. Maintenance. Maintenance is a command responsibility at every level, and operator and crew preventive maintenance checks and services from the technical manual is the cornerstone of it. Faults go on DA Form 5988-E. Before-operations faults that render equipment not mission capable get fixed before the mission. Priority goes to what your section uses most. Follow the executive officer’s maintenance plan and keep

components, basic issue items, and additional authorization list items serviceable, with shortages on a valid requisition.

9. Safeguarding and key control.

a. Make every reasonable effort to prevent loss or theft. Using property matters more than storing it, but that is not a license to leave property unsecured when securing it costs you nothing.

b. A key control officer, custodian, and alternate are appointed in writing. Keys are accounted for on DA Form 5513 and signed out in person, not digitally. Key and lock inventories are semiannual, and padlocks and their keys are inventoried by serial number semiannually with a written record. Arms, ammunition, and explosives are governed separately and more strictly.

c. A functional key control plan means a named individual can be identified as holding each key at any moment. The end user, squad leader, and platoon leadership should be able to reach their own property. Everyone in the platoon having access to everyone's property is not access control. Key control is not a plastic bag full of keys.

d. Lost keys carry liability. A person who loses a key through negligence will be assessed financial liability for the key, and if that loss forces replacing the lock or the door, for parts and labor as well.

e. Other people steal. They steal during high demand periods such as rotational training center load-out and field preparation, or as a crime of opportunity. Never leave a crime of opportunity available, and plan additional security for high demand periods before they arrive.

10. Loss, damage, destruction, or theft. Report missing property to me immediately. Do not wait for the next inventory, and do not resolve it by quietly replacing the item.

a. Preliminary inquiry. Every loss starts with an inquiry into what happened. Give me the facts in writing as you know them. If there is no negligence, a small loss can be adjusted by memorandum without an investigation. Weapons, ammunition, organizational clothing and individual equipment, sensitive items, and damaged property are excluded regardless of value. Splitting one loss into several to stay under a dollar threshold is expressly identified as abuse of the process.

b. Voluntary reimbursement. A Soldier who chooses to admit liability and reimburse the Government does so on DA Form 7923, capped at one month's basic pay.

c. No coercion. A Soldier cannot be coerced or threatened with adverse action for declining to replace or reimburse. You will not pressure an end user to pay for or replace an item, and neither will I. Declining is a right, and the answer is an investigation, not pressure. Directing a Soldier to buy a replacement out of pocket is not an option available to us.

d. Investigations. An investigation is mandatory when negligence is suspected and the loss is not reimbursed, on a change of hand receipt holder inventory with an unreimbursed loss, when an admitted loss exceeds one month's basic pay, and for any fire, theft, or natural disaster. It starts not later than 15 days after discovery, and the clock runs from discovery, not from your report.

e. The liability standard. Being the last person responsible when a loss occurs is not enough to hold you liable, and neither is a finding of negligence by itself. The evidence has to show the negligence caused the loss. Where it does not, the recommendation is relief. Give me complete facts and I will not prejudge the outcome; an honest record is the best protection a Soldier has.

f. What negligence looks like here. The regulation's own example of gross negligence is a property custodian who failed to conduct a joint inventory, failed to sub-hand receipt property to end users, and failed to conduct directed inventories. Those three duties are the ones that protect you.

11. Prohibited acts.

a. Theft of Government property will not be tolerated. That includes taking company property home or off the installation without authorization from the Commander, executive officer, or first sergeant; taking property from another sub-hand receipt holder; and taking items from another company without an agreement with their end user or sub-hand receipt holder.

b. Theft and misappropriation of Government property are chargeable under the Uniform Code of Military Justice. Financial liability and discipline are separate tracks, and the outcome of one does not determine the other.

12. Philosophy on property. The following reflects the Commander's philosophy and my own. I expect you to operate by it.

a. It is better to use our equipment than to preserve it unused. Property is a tool first and a liability second.

b. It is better to order a replacement than to hide a loss. A shortage on a valid requisition is a manageable problem. A shortage nobody reported is a change of command finding.

c. A statement of charges is not something I can impose; the Soldier has to volunteer. Do not describe an investigation to a Soldier as punishment. It is the process that protects them.

d. I understand that frequently used tools get misplaced. That does not excuse laziness.

e. Property laziness is failing to safeguard equipment when doing so would not have put the mission at risk. "We did not have time" is sometimes true and often is not. There will be periods when the mission demands less emphasis on safeguarding property. That is what post-field inventories are for.

f. Report field losses the day they happen. A loss I hear about today is work. A loss I hear about at the change of command inventory is a problem.

g. Counsel your end users on these expectations, using this memorandum as the basis if you want. If your Soldiers do not know the standard, the failure is yours before it is theirs.

13. Discussion. Counseling is a two-way conversation. I want your input on the following.

a. Having reviewed your sub-hand receipt, how accurate is it, and where do you expect problems?

b. What property on your hand receipt is not being used?

c. What do you need from me to make your key control plan functional?

14. Follow-up counseling. I will conduct follow-up counseling after each cyclic inventory and as events require. The next scheduled session is [DD Month YYYY].

[OFFICE SYMBOL]
SUBJECT: Sub-Hand Receipt Holder Counseling for [RANK] [FIRST] [MI] [LAST]

15. The point of contact for this memorandum is the undersigned at [commercial/DSN telephone] or [first.mi.last].mil@army.mil.

Encl
Regulatory Reference Annex

[FIRST MI LAST]
[RANK], [BRANCH]
[DUTY POSITION]

ACKNOWLEDGMENT: I have read and understand the responsibilities and expectations set forth above. I understand that my signature on a sub-hand receipt establishes direct responsibility for the property listed on it, and that sub-hand receipting property to an end user does not relieve me of that responsibility. I have had all questions answered to my satisfaction.

_____	_____
[FIRST MI LAST] DATE	[FIRST MI LAST] DATE
[RANK], [BRANCH]	[RANK], [BRANCH]
Sub-Hand Receipt Holder	Primary Hand Receipt Holder

REGULATORY REFERENCE ANNEX

Paragraph-level authority for each requirement in the basic memorandum. Editions current as of 9 September 2026; verify at armypubs.army.mil before use.

Para	Requirement	Authority
2	Property-entrusted personnel informed in writing and trained to their level of responsibility	AR 710-4, paras 2-4m and 2-4n
3a	Five types of responsibility: command, supervisory, direct, custodial, personal	AR 710-4, para 4-7
3b	Signature establishes direct responsibility; inventory, including components, before signing	AR 710-4, paras 12-3a and D-1b
3c	Sub-hand receipting does not transfer direct responsibility or relieve the holder	AR 710-4, paras 4-8c(2) and 12-1f
3d	Accountability rests with the accountable property officer and may not be delegated	AR 710-4, paras 4-4 and 4-8
5a	Property issued to the user through the supervisor; levels of sub-hand receipt	AR 710-4, paras 12-2a and 12-3f
5c	Interim hand receipt holder appointed in writing; inventory within 30 days	AR 710-4, para 12-2e
5d	Change of hand receipt holder joint inventory; 30 days; extension in writing	AR 710-4, paras 12-3c and 16-15
5d	Change documents every six months and before changes or inventories; DA Form 3161	AR 710-4, paras 12-3g, 12-3h, E-37c(1)
6a	Component hand receipt required; shortages ordered against the specific end item	AR 710-4, paras 12-8 and 12-9
6a	No liability for shortages created by a new or increased component authorization	AR 710-4, para 12-9b(2)
6b	Shortage listing (GCSS-Army: PB01 work order, commonly called the shortage annex)	AR 710-4, paras 12-9 and E-41
7a	Annual 100 percent inventory; cyclic may distribute that workload across the year	AR 710-4, para 16-19
7b	Sensitive items and controlled cryptographic items: quarterly	AR 710-4, para 16-23
7c	Monthly: ammunition and explosives, firearms (CIIC P), controlled medical (CIIC Q and R), hazardous materiel	AR 710-4, para 16-23a
7c	Weapons serial number inventory monthly; not the same person consecutively; not the armorer	AR 710-4, para 16-24
7d	98 percent accuracy standard, 100 percent classified and sensitive; no sampling	AR 710-4, paras 16-2d and 16-2e
8	Maintenance is a command responsibility; operator and crew PMCS is the cornerstone	AR 750-1, paras 2-12a and 3-9b
8	DA Form 5988-E and DA Form 2404	DA Pam 750-1

Enclosure

Para	Requirement	Authority
9b	Key control officer, custodian, alternate appointed in writing; DA Form 5513; keys signed out in person; semiannual key, lock, and padlock inventories	AR 190-51, para 4-4 and app D (D-2, D-3, D-2a(3), D-5h)
9b	Arms, ammunition, and explosives physical security	AR 190-11 (CAC-restricted; verify paragraph before citing)
9d	Financial liability for a lost key, extending to lock or door parts and labor	AR 735-5, para 7-6
10a	DA Form 4949 authorized only where there is no actual gain or loss of property	AR 710-4, para 15-1e
10a	Loss Inquiry Adjustment: up to $2,500 at or above property custodian level, $5,000 at parent level	AR 735-5, paras 5-2 and 5-2d
10a	Categories excluded from a Loss Inquiry Adjustment regardless of value	AR 735-5, para 5-2c
10a	Splitting a loss to stay under a threshold is abuse of the process	AR 735-5, para 5-2g
10b	DA Form 7923; voluntary admission of liability; one month's basic pay cap	AR 735-5, paras 6-2, 6-3, 6-5
10c	No coercion or threat of adverse action for declining voluntary reimbursement	AR 735-5, para 6-1b(3)
10d	Mandatory financial liability investigation triggers	AR 735-5, para 7-3c
10d	eFLIPL mandatory; initiate NLT 15 days; 75 days total, Regular Army	AR 735-5, paras 7-1, 8-5, 8-6
10e	Proximate cause required; last responsible person is not sufficient	AR 735-5, paras 12-2b and 12-4a
10e	Relief from responsibility where no negligence is established	AR 735-5, para 13-4b
10f	Published example of gross negligence by a property custodian	AR 735-5, para 12-4d(5)
11b	Larceny and wrongful appropriation; military property; failure to obey	UCMJ arts. 121, 108, 92 (10 U.S.C. 921, 908, 892)
11b	Financial liability is a materiel accounting action, separate from discipline	AR 735-5, para 12-2b

SUPERSEDED REFERENCES. Do not cite these.

a. DA Pam 710-2-1, Using Unit Supply System (Manual Procedures). Inactive. Content is now AR 710-4, appendix E.

b. AR 710-2 for hand receipts, inventories, or the Command Supply Discipline Program checklist. Retitled Secondary Item Policy and Retail Level Management, 1 July 2024; it no longer covers unit property, and its appendix B checklist is replaced by DA Form 7768.

c. DD Form 362, Statement of Charges. Replaced by DA Form 7923.

d. DA Pam 750-8, TAMMS Users Manual. Superseded. DA Forms 2404 and 5988-E are prescribed by DA Pam 750-1.