

APPENDIX E-022 P

MATERIEL ADJUSTMENT DOCUMENT

1. PURPOSE/CRITERIA FOR PREPARATION

This appendix provides instruction for preparation of Materiel Adjustment Document, appendix B-22, DICs D8_, D9_, D8F, and D9F (reversals), DIC DA_, and appendix B-658, DIC CAD. The Materiel Adjustment Documents are prepared for the purpose of effecting adjustment actions to the National Inventory Record (NIR) as outlined in chapter 5. Criteria for preparation of the documents is as follows:

a. Storage Location Activities:

Prepared under the provisions set forth in DLAM 4140.2, Volume III, and submitted to the DSC when:

(1) Materiel in storage is unsuitable for issue due to packaging deficiencies, inadequate tags, labels, or other identifying media and immediate corrective action beyond their capabilities.

(2) Materiel is transferred to Condition Code A, B, C, D, E, F, G, H, J, or L.

(3) Inspection of materiel in storage indicates a change of condition to unserviceable, uneconomically repairable and there is no evidence of fault or neglect.

(4) Materiel is reclassified from one condition to another not specified above.

(5) A depot operating under the Defense Distribution System (DDS) has completed a physical inventory.

(6) A depot operating under the DDS has a requirement to transmit an adjustment (or reversal thereof) to the DSC.

b. Manually by the DSC:

(1) Offsetting adjustments which do not effect the distribution activity or require remarking action. Includes transfer of materiel from General Issue Materiel (Purpose Code A) to applicable purpose code reserved for use in repair, alteration or modification programs (Purpose Code F), reserved for GFM, MAP, Loan, and so on. (See subparagraph 2c(4).)

(2) Offsetting adjustments within condition segments as a result of DSC processing of DD Form 1225, Storage Quality Control Report.

(3) Single adjustments within specific purpose, condition as the result of DD Form 1225 processing procedures, miscellaneous increase/decrease and to correct accounting errors detected through research, and correction to invalid inventory adjustments resulting from catalog changes. Manually prepared single adjustments are not permitted for DDS depots, unless the overall effect is no change in the asset balance, i.e., an equal, offsetting single adjustment is processed simultaneously.

(4) Inventory losses which are identified (by normal research) to recorded balances previously transferred in place from a Service to a DSC will be reversed by gaining DSC and reprocessed as a reversal of the applicable LR gains, provided the inventory loss is recorded within one year from the LR gain transaction date. (Losses amounting to less than \$100 are excepted.) Inventory Accounting Branch will forward a letter to the LIM informing that activity of LR document number NSN, quantity, and location reversed and providing the reason therefore.

c. Mechanically or manually by the DSC:

(1) When a distribution activity submits a MRC, DIC D4S, indicating that the total quantity was received in Condition Code A, but the DSC MRC process recognizes an overage quantity after contract variance quantity, and a dollar value of \$250.00 or less has been considered, the overage quantity is mechanically placed in Condition Code L on DSC records. (See note.) Simultaneously, a Materiel Adjustment Document, DIC DAC, is mechanically prepared and transmitted to the distribution activity effecting the transfer of the overage quantity from Condition Code A to L at the distribution activity. (Note: \$250 criteria applies to contracts awarded 1 Oct 88 or later. Those awarded prior to that date will utilize the following dollar value criteria for consideration of overages: 1 Nov 81 through 30 Sep 88; \$100.00, 17 Sep 79 through 31 Oct 81; \$50.00, and prior to 17 Sep 79; \$25.00.

(2) When materiel is placed in Condition Code L by the process outlined in subparagraph c(1) above, a Notification of Condition Discrepancy, appendix F-73, printout is produced for processing in accordance with appendix E-309 P. When the vendor authorizes the Government to retain the materiel on a no charge basis a DIC DAC transaction will be manually prepared for transmittal to the distribution activity citing Management Code B in pos. 72. The DSC originated DIC DAC transaction will notify the distribution activity to transfer the materiel to Condition A, and after the transfer has been accomplished, to submit a DIC DAC transaction also citing Management Code B in pos. 72. Upon receipt of the distribution activity originated DIC DAC transaction citing Management Code B, the DSC processes will bypass the Due-In File and contract variance quantity checks, and transfer the materiel from Condition Code L to A.

(3) When materiel has been logistically transferred to another DSC/ICP and the depot records do not contain the same quantity as the losing DSC records. When the dollar value of the difference is less than \$200.01, the inventory gains/losses will be automatically generated; over \$200.00, will require research before processing the gains/losses. The actions taken/required are shown on appendix F-276 and are processed in accordance with appendix E-027 P.

(4) When transferring issuable assets from General Issue Materiel (Purpose Code A) to an applicable purpose code to reserve stock for specific plans or projects (Purpose Code E), Government Furnished Materiel (Purpose Code H), Production and Maintenance (repair, alteration, modification, conversion, or assembly programs, Purpose Code F), etc., the following policy applies:

Assets will not be reserved at a Navy Specialized Support Point if there are sufficient assets located elsewhere in the distribution system to satisfy the reservation. If, due to a lack of sufficient assets at other sites, it becomes necessary to reserve stock at a Navy SSP, the DSCs will input a DIC ZJK (appendix B-190) with Freeze Code X (appendix A-73) to preclude decentralized issues against the applicable balance. When the reservation is no longer required or subsequent to issuing the materiel the Item Manager, GFM Monitor or Inventory Accounting Branch will process a ZJK, Freeze Code W, as required, in order to lift the freeze.

(5) When the need arises to reserve, unreserve, or replenish Service assets available for set assemblies.

d. Submission by the Services:

When the need arises to reserve, unreserve, or replenish Service assets available for set assemblies.

3. RESPONSIBLE ORGANIZATIONAL ELEMENT

a. The Inventory Management Division, DSO, is responsible for preparing Materiel Adjustment Documents (DIC DAD) for purpose code transfers.

b. The Inventory Accounting Branch, DSO, is responsible for preparing all other Materiel Adjustment Documents required for offsetting or single adjustment documents.

c. The services are responsible for preparing DIC CAD documents when they want to reserve, unreserve, or replenish Service-owned assets.

4. INSTRUCTIONS FOR PREPARATION OF MATERIEL ADJUSTMENT DOCUMENT

a. SOURCE OF INFORMATION

The document is prepared from information available on management directives, DD Form 1225, Transaction History Printout (appendix F-110) Document Identifier Code (appendix A-1), Ownership/Purpose Codes (appendices A-14 and A-15), Condition Codes (appendix A-16) and Type Asset Codes (appendix A-4).

b. PREPARATION OF DOCUMENT

Manual preparation of the Materiel Adjustment Document by the DSCs is divided into three basic categories, comprised of the following formats:

(1) Offsetting Adjustments. The Materiel Adjustment Document is designed to effect adjustment actions within ownership/purpose and/or condition segments, but will not accommodate the simultaneous adjustment of both segments. Preparation of two separate adjustment documents are required when this condition exists. For the Set Assembly Process, DSCP-Medical only, DIC DAC (Condition Code transfer) and DIC CAD (Type Asset Code transfer, appendix B-658) transactions will utilize Type Asset Code (appendix A-4), if the transaction contains Ownership Code 1, in order to update the asset balance section of the NIR.

<u>FIELD POSITIONS</u>	<u>INSTRUCTIONS</u>
1-3	Enter DIC DAC for Condition Code transfers. Enter DIC DAD for Purpose Code transfers.
4-6	Enter the DSCs RIC.
7	Leave blank.
8-20	Enter the NSN to be adjusted.
21	Leave blank.
22	Enter Type Asset Code when applicable (appendix A-4).
23-24	Enter the UI.
25-29	Enter the quantity to be adjusted preceding significant digits with zeros.
30-43	Enter locally assigned document number constructed in accordance with appendix C-2 and/or enter document number from source document (i.e., DD Form 1225).
44	Enter appropriate Suffix Code (when quantity involved exceeds 99,999).
45-50	As appropriate, enter CLIN from source document (Incremental Del. CLIN A, in pos. 50).

<u>FIELD POSITIONS</u>	<u>INSTRUCTIONS</u>
51	Leave blank.
52-53	Enter appropriate Fund Code for intraservice/agency use. For interservice/agency use, leave blank.
54-56	Enter appropriate MILSTRIP Distribution Code if stocks are segregated and maintained by codes reflected in the distribution field; otherwise, leave blank.
57-59	Enter Project Code, if applicable; otherwise, leave blank.
60-64	Leave blank.
65	Enter the O/P Code To when adjustment is applicable to a Purpose Code transfer. When adjustment is applicable to a Condition Code transfer, assure that Purpose Code entries in pos. 65 and pos. 70 are equal. For the Set Assembly Process, Ownership Code To (pos. 65) and From (pos. 70) must be equal to 1.
66	Enter (To) Condition Code when applicable to a Condition Code transfer. When adjustment is applicable to a Purpose Code transfer, assure that Condition Code entries in pos. 66 and pos. 71 are equal.
67-69	Enter RIC of the distribution activity where materiel being adjusted is located. For purpose code transfers at Navy Specialized Support Points see subparagraph 2c(4).
70	Enter the (From) O/P Code. For the Set Assembly Process, Ownership Code From (pos. 70) and To (pos. 65) must be equal to 1.
71	Enter the (From) Condition Code.
72	Enter Management Code, when applicable; otherwise, leave blank.
73-75	Enter the ordinal day of the calendar year that the adjustment is processed by the initiating activity.
76	Leave blank.
77-80	Enter the Call/Order Number from the source document when applicable to a previously suspended receipt; otherwise, leave blank.

(2) Single Adjustments. Preparation of the document will be in the format outlined in subparagraph b(1) above with the following specified data field entries applying:

<u>FIELD</u> <u>POSITIONS</u>	<u>INSTRUCTIONS</u>
1-3	Enter the appropriate DIC D8_/D9_ (appendix A-1).
60-62	Enter Inventory date.
65	Leave O/P Code (To) field blank.
66	Leave Condition Code (To) field blank.
70	Enter O/P Code of the inventory balance being affected.
71	Enter Condition Code of the inventory balance being affected.

NOTE 1: As a cross-reference aid, when processing a DIC D8J/D9J adjustment action resulting from reidentification of one NSN to another, enter the reidentified to NSN in pos. 54-66 of the DIC D9J input and enter the reidentified from NSN in pos. 54-66 of the DIC D8J transaction.

NOTE 2: DICs D8K, D9K and D8K(X) reversal, and DIC D9K(X) reversal, will be used, as required, when correcting invalid inventory adjustments resulting from catalog changes.

NOTE 3: When DIC D8_/D9_ is submitted by a DDS depot as result of an inventory, the ordinal day in which the inventory was conducted will be entered in pos. 60-62 of the transaction.

(3) Notification by DSC to submit offsetting adjustment. The data to be entered will be extracted from the source document data recorded in the Notification of Condition Discrepancy Printout, appendix F-73. The source document is the MRC, DIC D4S, which placed materiel in Condition Code L. After preparation, the input document is to be forwarded to ODS clearly labeled for transmittal only. Furthermore, this notification is to be prepared only when materiel is being transferred due to retention by the DSC on a NO CHARGE basis.

<u>FIELD</u> <u>POSITIONS</u>	<u>INSTRUCTIONS</u>
1-3	Enter DIC DAC.
4-6	Enter distribution activity RIC (pos. 67-69 of D4S).
7	Leave blank.
8-59	Enter same data as DIC D4S.
60-65	Leave blank.
66	Condition Code From (pos. 71 of DIC D4S).
67-69	Enter DSC RIC (pos. 4-6 of DIC D4S).
70	Leave blank.

FIELD
POSITIONS INSTRUCTIONS

71 Enter A.

72 Enter B.

73-80 Enter same data as DIC D4S.

5. PROCEDURES/INSTRUCTIONS FOR PROCESSING RESPONSE OR RETURNED FORM

Not applicable.

6. DISPOSITION OF FORM AFTER FINAL ACTION

a. DD Form 1487 will be returned to the Inventory Accounting Branch after data entry.

b. The DD Form 1487 will be attached to and retained with source documents when applicable (i.e., DD Form 1225). A 3-day suspense will be maintained of all DD Forms 1487 for use in subsequent research of output violations, when appropriate. The DD Form 1487 will be purged from the suspense file and destroyed after the 3-day retention period.