

APPENDIX E-303 P
DISCREPANCY REPORT NOTICE

1. PURPOSE

This appendix is applicable to chapters 3, 5, and 40 and provides instructions for manual processing and disposition of Discrepancy Report Notice, appendix F-160, which is computer-generated when Materiel Receipt Transactions (appendices B-20 and B-21) indicating receipt of incorrect or unissuable items are posted to the NIR and/or the Due-In File, or Adjustments, (appendix B-22) indicating reclassification to an unissuable condition are posted to the NIR.

2. APPENDICES USED IN THIS PROCESS

- a. Appendix A-13, Management Codes.
- b. Appendix A-16, Condition Codes.
- c. Appendix A-42, Action Codes.
- d. Appendix A-107, Type of Due-In Codes.
- e. Appendix B-20, Materiel Receipt Transaction (Contract Instrument Source).
- f. Appendix B-21, Materiel Receipt Transaction (Other than Contract Instrument Source).
- g. Appendix B-22, Materiel Adjustment Document Single or Dual Adjustment.
- h. Appendix B-42, Due-In Transaction Document (Other than Procurement Source).
- i. Appendix B-63, Customer Returns Inquiry Transaction.
- j. Appendix B-104, Transaction History File Inquiry Transaction.
- k. Appendix B-117, Due-In File Inquiry Transaction.
- l. Appendix B-155, Requisition Status and Requisition History File Inquiry Transaction.
- m. Appendix E-042 P, Processing Due-In Transaction Document (Other than Contract Instrument Source).
- n. Appendix E-398 P, Processing Reports of Item Discrepancy.
- o. Appendix F-37, Customer Returns Control File Printout by Document Number.
- p. Appendix F-110, Transaction History File Printout.

q. Appendix F-114, Requisition Control Status File.

r. Appendix F-160, Discrepancy Report Notice.

s. Appendix F-184, Due-In File Printout.

3. RESPONSIBLE ORGANIZATIONAL ELEMENTS

a. Programs Branch, Quality Assurance Division, Directorate of Technical Operations.

b. Item Managers, Inventory Management Division, and Inventory Accounting Division, Directorate of Supply Operations.

4. PROCEDURES/INSTRUCTIONS

a. An appendix F-160, Discrepancy Report Notice, cites the transaction (DIC) which causes its preparation and furnishes the format of the notice. The transactions will have been posted to the Due-In/Receipt File and/or the National Inventory Record (NIR) on the same cycle in which the notice is prepared.

b. Program Branch will:

(1) Receive the Discrepancy Report Notice in two copies under the conditions cited in appendix F-160.

(2) Separate the Discrepancy Report Notices by input DIC, Condition Code (appendix A-16) and/or Management Code (appendix A-13).

(3) Select the Discrepancy Report Notices containing the following:

<u>INPUT DIC</u>	<u>CONDITION CODES</u>	<u>MANAGEMENT CODE</u>
DAC	to F, G, or L	
DAC		Z
D4	A, B, C, or E	R
D4	L	R
D6	F, G, J, or K	R
D6	A, B, or C	R
D6		Z

(4) Process the selected Discrepancy Report Notices as follows:

(a) Make an initial scan of the discrepancy listing to identify the documents that were assigned a mechanical management code. (Listing will contain an in-the-clear message to identify the documents received without a code.) Upon identification of the documents, contact the

submitting activity by telephone to ascertain if a SF 364 is in the process. Annotate the listing with the submitting activity's reply. Manually compute a followup date by adding seven days to the date given as the submission date.

(b) Process the remainder of the discrepancies as follows:

1. Annotate and/or stamp the followup date on the selected Discrepancy Report Notices for control purposes, in the spaces provided.

2. The followup date will be computed by adding seven days to the date in the DATE REC field (date the Materiel Receipt Transaction indicates that materiel was received) or DATE field (date the Adjustment Transaction was prepared) and will be used to initiate followup action to the submitting distribution activity, when the related SF 364 or DD Form 1225 is not received within the established time period; for D4 transactions, determine administering activity, and annotate in Remarks portion.

(c) File one copy of the Discrepancy Report Notice in the Active Discrepancy Control File.

(d) Forward one copy of the Discrepancy Report Notice to the appropriate Item Manager(s) for information purposes.

(e) On receipt of the supporting documentation, either as a result of normal submission action by the distribution activity or as a result of DSC initiated followup (see subparagraphs (h) through (k) below), locate the related Discrepancy Report Notice, in the Active Discrepancy Control File, and annotate the date of the SF 364 or DD Form 1225 and the date the form was received, in the appropriate spaces in the notice, to prevent further followup to the distribution activity.

(f) Also, at the time of receipt of the supporting documentation, determine the processing suspense date and enter this date in the spaces provided for Remarks on each Discrepancy Report Notice. Processing suspense dates are determined in accordance with the following:

1. Ten days from date of SF 364 involving materiel received in Condition Code K.

2. Fifteen days from date of SF 364 involving materiel received/adjusted into Condition Code F or G or unidentified materiel.

3. Thirty days from the date the DSC receives a DD Form 1225 involving adjustments reflecting transfers to Condition Code F, G, or L.

4. Thirty days from the date the DSC receives a SF 364 involving D4_ transactions reflecting receipt in Condition Code L.

(g) Process the Report of Item Discrepancy, SF 364 in accordance with appendix E-398 P and the Storage Quality Control Report, DD Form 1225 in accordance with appendix E-399 P, locating and annotating the corresponding Discrepancy Report Notice each time the form leaves or returns to the Directorate of Technical Operations.

(h) On completion of processing the form, locate the Discrepancy Report Notice, in the Active Discrepancy Control Files, annotate the date action was completed in the spaces provided, and indicate the final action taken in the spaces provided for Remarks. File the completed Discrepancy Report Notice in the completed Discrepancy Report Notice File.

(i) Screen the Active Discrepancy Control File daily; remove each Discrepancy Report Notice which indicates current date for followup action and for which the appropriate DD Form has not been received; check with Center monitor for Discrepancy Report (SF 364 and/or DD Form 1225) to assure that report has not arrived at the Center.

(j) Notify the involved distribution activity (by telephone or teletype) that required supporting documentation has not been received, furnishing all details from the Discrepancy Report Notice, and request that four copies of the Report of Item Discrepancy, and one copy of the DoD Single Line Item Release/Receipt Document, DD Form 1348-1 and five copies of Storage Quality Control Report, DD Form 1225 be forwarded to the DSC.

(k) Annotate the followup action and date the followup was made in the spaces provided for Remarks on the Discrepancy Report Notice and return the notice to the Active Discrepancy Control File.

(l) Continue followup action every seven days until required supporting documentation has been received.

(m) Screen the Active Discrepancy Control File daily; remove each Discrepancy Report Notice which indicates that the supporting documentation has been received and that the DSC processing suspense date will be reached within three days. (DSCs processing suspense date was established on receipt of the DD Forms as indicated in subparagraph (e) above.)

(n) Sort these Discrepancy Report Notices by processing personnel's Output Routing Code, Directorate of Supply Operations, Directorate of Technical Operations and the Directorate of Procurement and Production, or DCAS.

(o) Notify processing personnel (central suspense locations) by telephone, that the DSCs processing suspense date for individual documents will soon be passed and request current status and/or a new target completion date.

(p) On determination of new target completion dates on individual documents, post this date to the Discrepancy Report Notice, in the spaces provided for Remarks, to replace the previously established DSC's processing suspense dates.

(q) Notify the submitting distribution activity (by telephone, teletype, or letter) of the new estimated completion date of DSCs action and post this notification and date to the Discrepancy Report Notice in the spaces provided for Remarks.

(r) Continue internal followup action three days prior to expiration of the DSC's processing suspense date, as revised, until final action has been taken and posted to the Discrepancy Report Notice.

(s) When action is not completed, or notification is not furnished:

1. Receive the distribution activity originated followup (by telephone, teletype, or letter) on an SF 364 or DD Form 1225.

2. Obtain the matching Discrepancy Report Notice from the Active or Completed Discrepancy Control File and determine whether:

a. The involved SF 364 or DD Form 1225 has been received by the DSC; and when affirmative:

b. The reported situation requires a reply (see appendix E-260 P or E-255 P); and when affirmative:

c. The DSC's processing suspense period has been exceeded; and when affirmative:

d. The distribution activity has been notified of a new target completion date.

(t) When the absence of a Discrepancy Report Notice in the files indicates that the SF 364 or DD Form 1225 has not been received, notify the distribution activity (by telephone, teletype, or letter) and request resubmission of the applicable Receipt or Adjustment Transaction and the related DD Form if review indicates that the processing DSC is the cognizant inventory manager.

(u) When review of the Discrepancy Report Notice indicates that a reply is not required, notify the distribution activity (by telephone, teletype, or letter).

(v) When review of the Discrepancy Report Notice indicates that the DSCs allotted processing time has not been exceeded (i.e., within three days of established suspense date), notify the distribution activity (by telephone, teletype, or letter) that a reply will be furnished on or before the DSCs established processing suspense date. (The DSCs processing suspense date was established on receipt of the DD Form in accordance with subparagraph (e) above.)

(w) When review of the Discrepancy Report Notice indicates that the DSCs allotted processing time has been revised (based on processing indicated in subparagraphs (l) through (o) above) and the distribution activity has been notified of the intended completion date, notify the distribution activity (by telephone, teletype, or letter) of the revised completion date and reference the previous notification.

(x) When review of the Discrepancy Report Notice indicates the DSCs allotted processing time has been revised (based on processing indicated in subparagraphs (l) through (n) above) but the distribution activity has not yet been notified of the intended completion date, expedite processing in accordance with subparagraphs (m) and (n) above.

(y) When review of the Discrepancy Report Notice indicates the DSCs allotted processing time is within three days of expiration, effect action as outlined in subparagraphs (l) through (o) above.

(z) When review of the Discrepancy Report Notice indicates that final action/decision on the distribution activity originated SF 364 or DD Form 1225 has previously been forwarded, obtain a copy of the previous reply from the IM (by reference to the Item Jacket File of the NSN involved) and notify the distribution activity accordingly.

(aa) Annotate the Discrepancy Report Notice as to the date and contents of the distribution activity originated followup and as to the date and contents of the DSCs reply, in the spaces provided under Remarks and return the Discrepancy Report Notice to the appropriate file.

(ab) Screen the Completed Discrepancy Report Notice File monthly; remove and destroy each Discrepancy Report Notice which has been completed for at least 90 days.

(5) Discrepancy Report Notices identified by DIC D6 with Management Code N, P, or Q will be forwarded to DSO for processing.

c. Inventory Accounting Branch, DSO, will process as follows:

(1) Documents with Management Code N, reflecting receipt of materiel which represents the return of undelivered (frustrated) cargo with accompanying shipper documentation.

(a) Obtain and review a Due-In File Printout, appendix F-184, under the NSN involved, to determine the type of shipment being reported by the distribution activity based on Type of Due-In Codes (appendix A-107). Appendix F-184 may be obtained by preparation and submission of File Inquiry Form, appendix B-117, citing DIC ZCJ, with Action Code KI or KK (appendix A-42).

(b) When it is determined that the shipment in question was originally destined for delivery from distribution activity to a customer as a result of the normal requisitioning process (may be identified by omission from the Due-In File Printout) and was frustrated into the reporting distribution activity, the following action will be taken:

1. Obtain and review a Requisition History File Printout, appendix F-114, to determine whether or not the materiel in question has been filled. Appendix F-114 may be obtained by preparation and processing of File Inquiry Form, appendix B-155, citing DIC ZCX.

2. Annotate findings onto the Discrepancy Report Notice, (both copies), in the spaces provided for Remarks.

3. Forward one copy of the Discrepancy Report Notice to the Office of the Comptroller, under a cover IOM, outlining the situation and requesting that billing reversal action be initiated. The cover IOM should indicate that if initial billing has not been accomplished, billing reversal action should be withheld pending initial bill action, in order not to disrupt the audit trails present in the Requisition History File.

4. It may be necessary, because of mechanical processing and customer billing schedules, to withhold reversal of customer billing and process the transaction as a Sales Return in accordance with chapter 4, DLAM 7000.2 and chapter 40, this volume.

5. Forward the remaining copy of the annotated Discrepancy Report Notice to the IM for placing in the Item Jacket File for the NSN involved, to enable subsequent research if required in accordance with chapter 40. This document may be destroyed six months after materiel has been picked up in the NIR.

(c) When it is determined that the shipment in question was originally destined for delivery from one distribution activity to another distribution activity as a result of normal redistribution process, (may be identified by Type Due-In Code (TDIC) SFK reflected in the Due-In File Printout) and was frustrated into the reporting distribution activity, the following actions will be taken:

1. Prepare a handscribed Due-In Reversal Transaction Document, DIC DFK, in the format of appendix B-42, in accordance with appendix E-042 P, with an X overpunch in pos. 25 to delete the previously unmatched Due-In record applicable to original consignee depot.

2. Annotate the Discrepancy Report Notice as to findings and corrective action taken.

3. Forward the Due-In reversal transaction, DIC DFK, to the ODS through data entry services or using the remote entry device, when available.

4. Destroy the handscribed input action after entry into the remote entry device, when used.

5. Forward the annotated Discrepancy Report Notice to the IM for placing in the Item Jacket File for the NSN involved, to enable subsequent research, if required. This document may be destroyed six months after materiel has been picked up in the NIR and the Due-In record has been adjusted.

(2) Documents with Management Code P, reflecting receipt of materiel without related documentation.

(a) Obtain and review a Due-In File Printout, appendix F-184, and/or a Customer Excess Control File Records by NSN, Document Number, or both, appendix F-37, to ascertain whether or not there are any dues-in for the NSN involved in the exact quantity and condition code reflected on the Materiel Receipt Transaction. When such possible due-in actions are discovered, annotate the Discrepancy Report Notice (both copies) with the possible document numbers in the spaces provided for Remarks. The Due-In File Printout and the F-37 may be obtained by preparation and processing of a Due-In File Inquiry Transaction, appendix B-117, citing DIC ZCJ and Action Code KI, and appendix B-63, citing DIC ZDT with Action Code NK respectively. (See appendix A-42 for definitions of action codes.)

(b) In the event review of the Due-In File Printout and/or F-37 does not disclose possible applicable document numbers, annotate this intelligence on the Discrepancy Report Notice (both copies).

(c) Forward one copy of the annotated Discrepancy Report Notice to the Office of the Comptroller, under a cover IOM, for processing in accordance with chapter 3, DLAM 7000.2, emphasizing that any document number annotated thereon is only a possibility, and that further research will be initiated if requested.

(d) Retain one copy of the annotated Discrepancy Report Notice with a copy of the cover IOM to Office of the Comptroller, in a central file, within the DSO to enable subsequent research, (if) applicable.

(e) In the event the Office of the Comptroller requests additional research on the receipt action, take the following actions:

1. Obtain and review a Transaction History File Printout, appendix F-110, to determine whether any of the previously identified possible documents have been received and reported correctly. The Transaction History File Printout may be obtained by preparation and processing of Transaction History File Inquiry Transaction, appendix B-104, citing DIC ZCB and Action Code HH.

2. In those instances where a possible document number is not ruled out, contact the shipper (consignor), by teletype or letter, to determine whether materiel has been shipped and whether any possibility of a discrepancy in shipment is known.

3. Contact the reporting distribution activity, by teletype or letter, for all pertinent facts related to the receipt without accompanying documentation.

4. When it can be proven, after receipt and analysis of replies to queries, without a reasonable doubt, that the receipt without accompanying documentation is represented by a valid document number, prepare a Materiel Receipt Reversal Transaction, DIC D6Z, in the format of appendix B-21, under the distribution activity assigned document number and a new Materiel Receipt Transaction, DIC D6_, in the format of appendix B-21, under the valid document number.

5. Forward the handscribed Materiel Receipt Transaction and Materiel Receipt Reversal Transaction to the ODS, through keypunch services or using the remote entry device, when available.

6. Destroy the handscribed input documents after entry into the remote entry device, when used.

7. Advise the Office of the Comptroller, by IOM, of findings and corrective action taken.

8. When it cannot be proven, without a reasonable doubt, that the receipt without accompanying documentation is identified by a valid document number, advise the Office of the Comptroller by IOM and take no further action.

9. Retain the annotated Discrepancy Report Notice with copy of all related correspondence and information, in a central file, within the DSO, to enable subsequent research, if required. These documents and supporting correspondence, information and analysis may be destroyed one year from date of last correspondence or action.

(3) Documents with Management Code Q, reflect receipt of materiel returned by a requisitioner because it is not the materiel ordered. A record of the original supply decision to return the erroneous materiel will have been retained in the Item Jacket File for the NSN involved. Due-In records for such materiel directed to be returned will have been established in the Due-In File under DIC DFZ as a mechanical byproduct of the Billing Adjustment Action, DIC FAR. Forward both copies of the Discrepancy Report Notice to the appropriate IM.

d. IM will:

(1) Upon request, furnish data as contained in Item Jacket Files.

(2) Furnish revised estimated completion dates relative to DD Form 1225 and SF 364 upon request.

(3) Receive copies of Discrepancy Report Notices, appendix F-160, containing annotations of completed actions related to DIC D6 transactions with Management Code N, receipts of frustrated cargo.

(4) Place copies of Discrepancy Report Notices received from subparagraph (3) above, in pertinent Item Jacket File.

(5) Receive Discrepancy Report Notices reflecting receipt of returned incorrect materiel shipped to a requisitioner DIC D6_ citing Management Code Q, and process as follows:

(a) Obtain and review the Item Jacket File for the NSN involved, to determine whether materiel received was ordered in based on previous notification from the customer.

(b) Annotate findings of this review under the Remarks heading on the Discrepancy Report Notice.

(c) Forward one copy of the Discrepancy Report Notice to the Office of the Comptroller with a statement to indicate the materiel received applies to the Comptroller's previous inquiry, based on customer's request for credit; or a statement to indicate that the DSO has no knowledge of a previous discrepancy in shipment, and that no further action is being taken.

(d) Retain the remaining copy of the Discrepancy Report Notice in the Item Jacket File of the NSN involved to support subsequent research, if required. These documents may be destroyed six months from date materiel was posted to on-hand balances of the NIR.

(6) Advise the DTO of action taken relative to each Discrepancy Report Notice.

5. FLOWCHART

Flowchart not required.