

APPENDIX E-398 P

DISCREPANCY REPORTS FROM DISTRIBUTION ACTIVITIES

SECTION I - GENERAL

1. PURPOSE

a. The procedures prescribed in this appendix are applicable to all DSCs; however, DCSCs application should consider the authorized organization deviation contained in DLAM 4130.3, Volume 2, Chapter 6, and DLAM 4155.2.

b. This appendix is applicable to chapters 3, 5, 11, 12, 17, and 40 prescribes the procedures for processing discrepancy reports (DISREPS) originated by distribution activities and submitted through the DSC Central Control Point.

2. APPENDICES USED IN THIS PROCESS

- a. Appendix A-1, Document Identifier Codes*.
- b. Appendix A-13, Management Codes*.
- c. Appendix A-15, Purpose Codes.
- d. Appendix A-16, Supply Condition Codes.
- e. Appendix A-42, Action Codes.
- f. Appendix B-2, Issue Transaction.
- g. Appendix B-7, Materiel Release Order, Exception Data.
- h. Appendix B-21, Materiel Receipt Transaction Other than Procurement Instrument Source.
- i. Appendix B-22, Materiel Adjustment Document (Single or Dual Adjustment).
- j. Appendix B-26, Physical Inventory Request Transaction.
- k. Appendix B-31, Recommended Disposal Transaction.
- l. Appendix B-32, Disposal Release Order (DRO) Transaction.
- m. Appendix B-42, Due-In Transaction Other than Procurement Instrument Source.
- n. Appendix B-63, Customer Returns Inquiry Transaction.
- o. Appendix B-104, Transaction History File Inquiry Transaction.

- p. Appendix B-117, Due-In File Inquiry Transaction.
- q. Appendix B-120, Peacetime Requirements Forecast Inquiry by Service.
- r. Appendix B-143, National Inventory Record (NIR) Inquiry Transaction.
- s. Appendix B-167, Issue Transaction for Transshipment of Suspended Receipts.
- t. Appendix C-11, Single Line Release/Receipt Document, (DD Form 1348-1) with Attached Label.
- u. Appendix C-35, Environmental Reporting Logistics System (ERLS) Data Pull.
- v. Appendix E-021 V, Procedures for Processing Materiel Receipt Transaction Violations (Receipts from Other than Procurement Sources) and Materiel Receipt Transactions Followup Reply Violations.
- w. Appendix E-022 P, Materiel Adjustment Transaction.
- x. Appendix E-031 P, Recommended Disposal Transaction/Forms.
- y. Appendix E-031 V, Recommended Disposal Transaction Violations.
- z. Appendix E-042 P, Due-In Transaction (Other than Procurement Instrument Source).
- aa. Appendix E-042 V, Due-In Transaction Procurement Instrument and Other than Procurement Instrument Source Violations.
- ab. Appendix E-060 P, Second Materiel Receipt Followup Transactions.
- ac. Appendix E-104 P, Transaction History File Inquiry Transaction.
- ad. Appendix E-117 P, Due-In File Inquiry Transaction.
- ae. Appendix E-120 P, Peacetime Requirements Forecast Inquiries by Service.
- af. Appendix E-139 P, Recommended Buy/Batch/Repair Transactions.
- ag. Appendix E-143 P, National Inventory Record (NIR) Inquiry Transaction.
- ah. Appendix E-167 P, Issue Transaction (Transshipment of Suspended Receipts) Violations.
- ai. Appendix E-266 P, Walk-Thru (Manual) Purchase Request, (Standard Form 36).

aj. Appendix E-271 P, Procedures for Preparation of NIR Inquiry by CRT Remote.

ak. Appendix E-272 P, Procedures for Preparation of DIF Inquiry by CRT Remote.

al. Appendix E-302 P, Inventory Adjustment Vouchers.

am. Appendix E-303 P, Discrepancy Report Notice.

an. Appendix E-309 P, Notification of Condition Discrepancy.

ao. Appendix E-339 P, Assets and Delinquent Resupply Dues-In, Report of Condition Code L.

ap. Appendix E-357 P, Receipt Quantity Discrepancy Notification.

aq. Appendix E-505 P, Issue Documents for Repair.

ar. Appendix E-506 P, Amendment Transactions and Status Requests for Stock and/or Direct Delivery Buys.

as. Appendix F-15, Sales to Single Customer by Family Group.

at. Appendix F-37, Customer Returns Control File Printout, by Document Number.

au. Appendix F-73, Notification of Condition Discrepancy.

av. Appendix F-89, Size Tariff Listing.

aw. Appendix F-109, National Inventory Record (NIR) Printout.

ax. Appendix F-110, Transaction History File Printout.

ay. Appendix F-122, Controlled Violation Listing.

az. Appendix F-153, Receipt Quantity Discrepancy Notification.

ba. Appendix F-160, Discrepancy Report Notice.

bb. Appendix F-167, Standard Supply Control Study.

bc. Appendix F-245, FSC/G or PGC Exception Table 037.

3. FORMS, EXPLANATION, AND BACKGROUND

a. DD Form 1225: This DISREP is submitted by distribution activities as prescribed in DLAM 4145.1, when changes in the condition of stocks are discovered during stock surveillance inspections, or during distribution processes requiring stock inspection as follows:

(1) Changes to an unserviceable condition when it is determined that there may be contractor liability for unserviceability under the terms of warranty clauses or unserviceability is due to a latent defect. Materiel in this condition will be transferred to Condition Code L (suspended litigation) pending negotiation with contractor(s) or receipt of disposition instructions.

(2) All transfers to Condition Codes D (serviceable - test/modification), E (unserviceable - limited restoration), F (unserviceable - repairable), G (unserviceable - incomplete), J (suspended in stock), and L (suspended - litigation).

(3) Changes in condition of dated, limited shelf-life materiel, medical, or subsistence items.

(4) The actual contents of a container differ from the quantitative data marked on the outside of the container.

(5) The item in stock is unidentified (not on locator records) but subsequent research by the distribution activity identifies the item to a valid NSN.

(6) The item in stock is misidentified but subsequent research by the distribution activity identifies the item to a correct NSN.

(7) An unidentified item is found in stock but the distribution activity cannot identify the item to an NSN and the estimated total dollar value of the unidentified items is in excess of \$100.

b. SF 364 (ROID):

(1) This form totally replaces DD Form 1599, Report of Item Discrepancy, and DD Form 6, Report of Packaging and Handling Deficiencies. It partially replaces SF 361, Discrepancy in Shipment Report, previously used to report item discrepancies attributable to shippers of shipments between DoD activities and GSA. (SF 361 will continue to be used to report transportation type discrepancies explained in subparagraph 3c below.)

(2) The SF 364 is used to report discrepant conditions and to provide disposition instructions to the customer for those items requiring disposition instructions.

(3) The SF 364 will be submitted by distribution activities when one or more of the following situations is detected upon receipt of materiel:

(a) Receipts from DoD activities and other than procurement instrument sources which are:

1. Suspended for condition classification and placed in stock under Condition Code J (resulting from redistribution orders) or Condition Code K, indicating that technical inspection or classification cannot be accomplished by the recipient without further technical information and/or technical assistance.

2. Placed in stock as unserviceable (repairable or incomplete) under Condition Code E, F, or G, and disposition instructions are requested.

3. Not identified to an NSN and which cannot be reported to the DSC because of lack of proper identification (NSN).

(b) Receipts from contractual sources which are:

1. Overages or shortages. The quantity received is larger or smaller than shown on the contract, considering authorized variations. Overages are placed in Condition Code L and submitted to the DSC for disposition instructions. The shortage is reported to the DSC for followup action with the vendor.

2. Misdirected shipments. Materiel regardless of value is invoiced/shipped to the wrong activity.

3. Unacceptable and placed in Condition Code L pending disposition instructions from the DSC. Materiel may not be the right size or type (substitute item not acceptable); wrong item (e.g., valve was ordered but a spring was received); or materiel was damaged at/by the manufacturer to the extent that usefulness was impaired.

(c) Receipts in which packaging or marking deficiencies are detected involving:

1. Any deficiency in packaging which results in mission degradation.

2. Marking deficiencies:

a. Incorrect address information resulting from errors in applying destination marking.

b. Inadequate marking of shipping container(s) or item(s) which requires opening the container(s) or results in improper handling or stowing.

c. Improper identification, marking or certification of items, packages, containers of unitized loads of ammunition, explosives and/or other dangerous materials that is not in accordance with (IAW) Interstate Commerce Commission, U.S. Coast Guard, Federal Aviation Agency, Military, Federal or other regulatory directives.

3. Any deficiencies in packaging that occur involving ammunition, explosives and other dangerous materials regardless of whether damage or other unsatisfactory condition has resulted.

4. Deficiencies that are repeated by the same shipping activity.

5. Excess preservation, packaging or packing.

6. Packaging deficiencies that result in damaged material which may endanger life, impair combat or deployment operations, or affect other material.

7. Deficiencies or unsatisfactory conditions when noted in intransit shipments will be reported.

(d) When both packaging discrepancies and item discrepancies are noted on the same shipment, both blocks at the top of the SF 364 must be checked and both types of discrepancies reported.

c. SF 361 (DISREP) and SF 363 (DISCON).

The Discrepancy in Shipment Report (SF 361) or Discrepancy in Shipment Confirmation (SF 363), as appropriate, is submitted by distribution activities for reporting discrepancies in shipments of materiel attributable to carriers. Listed below are some, but not all, of the conditions wherein a discrepancy exists:

(1) Over, short, loss of, or damage to military freight.

(2) Improper loading, blocking, bracing, or handling.

(3) Misconsigned shipments.

(4) Value of discrepant shipment is unknown, exceeds \$15, but is less than \$25 (SF 363), or is unknown, or exceeds \$25 (SF 363 and/or SF 361).

(5) Value of discrepant shipment is \$25.00, or less. In this case, block 10 of the SF 363 will be annotated to the effect that the discrepant condition is carrier related, and that the value of the materiel is below the minimum dollar value for formal reporting.

d. DSCs mechanized program, if available, or a manually maintained record if a mechanized program is not available is used to provide information related to nonconforming materiel (e.g., quality complaints and requests for waivers). The information provided offers the means of evaluating the quality of service DLA offers its customers and is essential to effect DLA customer support. The program will be initiated within the Quality Assurance Division, DTO, and the data elements will be completed by the Center Control Point Clerks or Quality Assurance Specialists.

4. ABBREVIATIONS

Most of the following abbreviations used in this procedure are not contained in appendix G-1 of this manual.

a. CFB - Capital Funds Branch, Accounting and Finance Division, Office of Comptroller.

b. CCP - Center Control Point for initial receipt processing, and final disposition of all DISREPs. Normally, this is located in the Programs Branch, Quality Assurance Division, DTO.

c. IAB - Inventory Accounting Branch, Stock Control Division, DSO.

d. MSB - Materiel Support Branch, Management Support Office, DSO.

e. DISREP - Will apply to all of the subparagraph 3 above FORMS.

f. Control Form - The DLA Form 258 or other form appropriate for routing control purposes.

g. ARCSF Remote - Active Requisition Control and Status File (ARCSF) record printout for a specific document number obtained by CRT. Refer to appendix E-270 P.

h. NIR Remote - Abbreviated National Inventory Record (NIR) data for a specific NSN obtained by CRT. Refer to appendix E-271 P.

i. DIF Remote - Abbreviated Due-In File printout for a specific location and NSN obtained by CRT. Refer to appendix E-272 P.

5. RESPONSIBLE ORGANIZATIONAL ELEMENT

a. The Quality Assurance Division (QA), DTO, is responsible for:

(1) Receiving, controlling, and supplying sufficient copies of DISREPs to action offices IAW DLAM 4155.2.

(2) Establishing suspense dates on DISREPs in accordance with DLAM 4155.2.

(3) Assuring that timely followups are prepared, responsible for the completeness and accuracy of the replies, and assures that replies are forwarded to the originator of the discrepancy.

(4) Notifying the MSO of the applicable directorate/office and IAB, DSO on a monthly basis by IOM or computer printout record of all outstanding DISREPs over 30 calendar days old from date of distribution by the CCP.

b. Inventory Management Branches, DSO, are responsible for:

(1) Analyzing stockage positions and requirements to determine acceptability of overage with/without payments.

(2) Making positive supply decisions in processing DISREPs and providing disposition instructions to the Supply Clerk (IAB) within two work days of the initial contact by the Supply Clerk.

(3) Requesting from Inventory Accounting Branch (IAB) and/or retaining copies of DISREPs in Item Jacket Files for reference/followup purposes.

c. Inventory Accounting Branch, DSO, is responsible for:

(1) Processing DISREPs expeditiously, as prescribed in this procedure, and accomplishing adjustments to Due-In File records within five workdays from date of receipt of the DISREP from CCP.

(2) Providing the reply to CCP within the due date on Control Form.

(3) Obtaining MRO/DRO and assuring data are complete and correct in accordance with disposition instructions provided by the IM.

(4) Editing all exception type MROs (DIC A5E) and DROs (DIC A5J) to assure all data thereon conform to appendices B-7 and B-32 respectively, and entering exception data when required.

(5) Forwarding all MROs and DROs on suspended items to the Quality Control Office at the depot.

(6) Initiating PRs, upon request, for accepted overages and contractual services to repair when required.

d. The Materiel Support Branch, DSO, is responsible for:

(1) Making a positive supply decision and furnishing disposition within 10 calendar days from date of receipt of all annotated SF 364s received from IAB.

(2) Preparing project orders or requesting contractual services to restore discrepant materiel to serviceable condition as prescribed by chapter 17.

(3) Obtaining MROs to ship materiel to DoD maintenance facilities or contractual sources for restoration to a serviceable condition.

(4) Establishing and maintaining a file for discrepant receipts requiring project orders.

(5) Advising the IM, IAB, and the CCP when assembly/disassembly/repair of materiel is either delayed, canceled, or only a partial quantity of the reported quantity will be restored to a serviceable condition.

(6) Providing replies to the CCP within seven calendar days to followup on outstanding or unanswered DISREPs as well as DISREPs which are returned for further information/action.

e. The Production Division, DP&P, is responsible for:

(1) Preparing and processing DLA Forms 1128/1129 for PR contract modifications or adjustments to the Active Contract File.

(2) Controlling and preparing contract modifications and submitting them expeditiously to ODS to adjust the Contract File so the Due-In File will be updated prior to receipt of the materiel.

(3) Resolving valid PPP&M contract violations and providing resolution information to QA, DTO, IAB, or IM, DSO, Comptroller, or other Action Office, as required.

(4) Providing copies of contracts to the distribution activities upon request to provide necessary information relative to resolving a DISREP.

(5) Processing Misdirected and Overage Receipt Notifications, appendix F-453, received from the DSO for the purpose of recommending file adjustments and disposition action related to misdirected shipments and contract overage receipts.

f. The Defense Reutilization and Marketing Office, DSC, is responsible for honoring exception data annotated on DROs, DIC A5J, and ensuring materiel is disposed of IAW the exception data instructions.

g. The Transportation and Traffic Management Office, DS/T, at distribution activities is responsible for processing partially completed DISREP covering losses, damages, or destruction of DLA property which are attributable to the carrier regardless of acquisition source.

h. The ODS is responsible for receiving the various input forms pertaining to this procedure and processing them in the appropriate mechanical routines.

i. The Office of Comptroller is responsible for:

(1) Receiving completed DISREPs and adjusting records/transactions pursuant to procedures set forth in DLAM 7000.1 and 7000.2.

(2) Entering or revising the ship data in the Active Contract File upon receipt of the contractor's invoice.

(3) Initiate appropriate ACF adjustments requested by other operating elements that are required to complete/continue processing DISREPs.

j. The appropriate Contract Administration Office (DCAS) or Service Plant Cognizance Representative is responsible for:

(1) Assisting in resolving discrepancies with contractor/vendor concerning overages, shortages, or unserviceable materials.

(2) Furnishing disposition instructions when requested by the DSC.

k. The MSO of the applicable Directorate/Office (except the DSO where IAB has this responsibility) is responsible for:

(1) Reviewing the IOM from the CCP listing DISREPs over 30 calendar days old (monthly).

(2) Monitoring and assisting in expediting supply disposition and/or corrective action within seven calendar days from date of receipt of the IOM.

l. Operating Elements are responsible for:

(1) Processing DISREPs within the established timeframes.

(2) Forwarding completed DISREPs to the CCP.

(3) Returning reports, which in the course of processing are received direct from other operating elements, to the CCP without action for proper CCP control and routing.

(4) Preparing a new Control Form when all routing blocks on the existing Control Form are filled.

(5) Furnishing disposition instructions to the CCP in final form to expedite return of the reply to the submitting activity.

6. PROCEDURES/INSTRUCTIONS

a. The Control Clerks, CCP, DTO, will:

(1) Receive, log in, and establish a suspense date for responding to the submitting activity as prescribed in subparagraph 5a(2) above.

(2) Prepare Control Form for control and routing of all controlled DISREPs.

(3) Determine action office, log out, and forward DISREP package to appropriate action office.

(4) Followup to the last known source for delinquent reports. Followups will not be referred to the Director of the action office when sufficient justification for aging of the report has been furnished to the CCP.

(5) Return inadequate replies (incomplete or technically inaccurate) and request a corrected reply be furnished within seven calendar days.

(6) Ensure replies are furnished to the submitting activity and ensure that interim replies as required are provided when final action replies are delayed.

b. Processing Personnel, Action Offices, DSO, will:

(1) Process DISREPs within the due date established on Control Form. Provide the CCP with an interim reply when processing cannot be completed prior to the deadline date.

(2) Complete Routing block of Control Form, retain only one copy and:

(a) Forward DISREP package to the next action office, or

(b) Return completely processed DISREPs to the CCP for final review for completeness and technical accuracy prior to replying to the submitting activity.

(3) Ensure inadequate or incomplete replies returned by the CCP are processed and the corrected replies are forwarded to the CCP within seven calendar days from date of receipt of the returned replies.

c. Supply Clerks, IAB, DSO, will:

(1) Receive DISREP package consisting of the DISREP, Control Form, and in some instances an NIR and DIF remote reply. Control Form will be annotated as to action required from IAB. The DISREP will be annotated with positive instructions/information necessary for further processing.

(2) Check for Discrepancy Report Notice (F-160) and add to the DISREP package.

(3) Ensure instructions and documentation are complete/accurate to accomplish required action.

(4) Complete routing and action blocks of Control Form:

(5) Remove and retain one copy of each form, DISREP, and Control Form and any additional form(s) or listing(s) in a completed file in NSN sequence for future reference.

(6) Forward originals and remaining copies of the annotated forms/listing to CCP for updating of control records and furnishing disposition instructions to the submitting activity.

(7) Review DISREPs listed on IOM received from CCP and assist in expediting processing/disposition action.

(8) Obtain from Section Chiefs, Action Offices, the date the DISREP was processed or explanation as to why the delinquent DISREP has not been processed.

(9) Prepare reply to CCP within seven calendar days from the date of receipt of IOM and provide supply and/or disposition action data on all outstanding DISREPs.

d. IMs, Inventory Management Division, DSO, will:

(1) Receive requests from DP&P Production Division, or Supply Clerks (IAB) to accept/reject overages from a vendor with or without additional charges for the overages.

(2) Review and analyze the current stockage position and requirements of the NSN involved.

(3) Advise Supply Clerks, IAB, within two workdays by telephone of supply action determined for the overage or disposition of materiel.

e. Operating Elements will:

(1) Process each type of DISREP according to the procedures prescribed in the applicable succeeding section.

(2) Process and complete DISREPs received from the CCP or other Operating Elements within the established timeframes.

SECTION II - PROCESSING AN MRO/DRO TRANSACTION FOR CONDITION CODE L MATERIEL

1. IAB INITIAL RECEIPT OF REQUEST

a. Supply Clerk, IAB, will receive the DISREP package (DISREP, Control Form, and any printout(s) attached thereto). The DISREP may be annotated with instructions for returning the materiel to the contractor (MRO), the Estimated Delivery Date (year and month), the type of Management Code (D, E, or F) identifying method of inspection and acceptance at destination (when establishment of a due-in is required), or with instructions to forward materiel to the DRMO.

b. Research for Discrepancy Report Notice (F-160) and add to the DISREP package.

c. Obtain and review NIR and DIF Remote to determine if materiel and quantity are recorded in Condition Code L at the storage location and posted in the Due-In File.

d. Determine whether or not materiel is being held in litigation due to latent defects. Latent defects can be determined by one of the following means:

(1) DISREP identification.

(2) DIC DAC from Condition Code A to L recorded in the Transaction History File printout, appendix F-110.

(3) Type Due-In Code (TDIC) L recorded on DIF Remote or Due-In File Printout, appendix F-184.

e. Take action as outlined in succeeding paragraphs.

2. COMPATIBLE RECORDS

When NIR and DIF Remotes indicate records are compatible and the F-160 is available:

a. Obtain an MRO, DIC A5E, by preparing an Issue Transaction, DD Form 1348m, or equivalent, DIC ZLD (appendix B-167). Enter the original DIC of the receipt document in pos. 54-56 and D7P in pos. 57-59. Refer to positive instructions on the DISREP to either retain or delete the due-in record. Enter the appropriate Management Code (D, E, or F) in pos. 72 and the Due-In Indicator Code D in pos. 76 of the Issue Transaction if the due-in is to be retained; otherwise, leave blank.

b. Obtain a DRO, DIC A5J, by preparing DD Form 1348m or equivalent, DIC ZLD. Enter original DIC of the receipt document in pos. 54-56 and D7J in pos. 57-59. As additional exception data, when it has been determined that Condition Code L materiel is to be disposed of due to failure to meet specifications the exception DRO will be annotated, Condemned - Not to be used for purpose described under this NSN/PN. Otherwise, the exception DRO will be annotated, True condition of materiel must be determined prior to transfer to DRMO.

c. Hold DISREP in suspense pending receipt of MRO/DRO. Upon receipt of MRO/DRO, enter shipping designation and pertinent exception data. If DISREP indicates materiel is to be demolished, have a D entered in pos. 73 of the A5J Transaction prior to forwarding the transaction with the report to the CCP.

d. Complete processing of DISREP package as outlined in subparagraphs 6c(4) through (6), section I above.

e. If request for MRO/DRO violates, review VRC and available documentation. Process violation as prescribed in appendix E-167 V.

f. Continue processing DISREP package per subparagraphs 6c(4) through (6), section I above.

3. INCOMPATIBLE RECORDS

When the NIR and DIF Remotes reveal records are not compatible, or an F-160 is not found, or a DAC violation is found, or the item appears on the Controlled Violation Listing (F-122), process as follows:

a. If a DAC violation is found, correct violation as prescribed in appendix E-022 V, if possible; otherwise, obtain a Transaction History File Printout (F-110), DIC ZQA (appendix B-104), to review past transactions and determine corrective action.

b. If the materiel is not recorded in Condition Code L on the DIF Remote but is on the NIR Remote, obtain a Due-In File Printout (F-184), DIC ZCJ, to check for a TDIC L Due-In record to obtain the proper CLIN recorded in the Due-In File.

c. If the D4S violation exists, correct violation IAW appendix E-020 V. After receipt is posted, continue processing DISREP package per paragraph 2 above, and subparagraph 6c(4) through (6), section I above.

4. LATENT DEFECTS - MRO DENIAL

If the DISREP concerns materiel having latent defects and the materiel was issued from Condition Code A and denied and:

a. The records indicate the materiel is available at the storage location in question, freeze stock at this location by preparing DD Form 1348, DIC ZJK, appendix B-190. Enter F in pos. 66, Storage Location in pos. 67-69, Purpose Code in pos. 70, and Condition Code in pos. 71.

b. The records indicate the materiel is not available at the storage location in question, effect a system freeze by preparing DD Form 1348, DIC ZJK, and enter F in pos. 23. Notify the IM of the system freeze action.

c. Reverse denial by preparing DD Form 1348, DIC D9A, and enter X in pos. 25. Allow a minimum of one day for computer processing and then obtain a K Remote to ensure D9A action has posted.

d. After reversal has posted, prepare DD Form 1487, DIC DAC (appendix B-22), to place materiel in Condition Code L from Condition Code A.

e. Obtain MRO/DRO as outlined in subparagraphs 2a and b above.

f. When an NIR Remote reveals that the MRO/DRO has posted, remove the location/system freeze. Continue processing discrepancy report as outlined in subparagraphs 6c(4) through (6), section I above.

5. LATENT DEFECTS - INVENTORY LOSS

If the materiel was dropped from record as an inventory loss:

a. Freeze stock at this location. Refer to subparagraph 4a above.

b. Review the THF Printout (F-110) to determine whether or not an inventory loss is recorded that can be reversed, and if so, reverse the loss. Refer to subparagraph 4c above. Continue processing as prescribed in subparagraphs 4d through f.

c. If the THF does not reflect a reversable loss, place materiel on record by preparing DD Form 1348, DIC D8A, using for the document number the DLA number on the DISREP and entering Condition Code J in pos. 71.

NOTE: When Condition Code J as above is posted, a freeze action is not required.

d. Place materiel in Condition Code L from Condition Code J by preparing DD Form 1487, DIC DAC (appendix B-22).

e. Continue processing as outlined in paragraph 2 above.

SECTION III - INITIAL RECEIPT OF DISREP

1. RESEARCH MATERIAL

Supply Clerks, IAB, will receive the DISREP with any supporting documentation from the CCP. Obtain/review/attach the following printouts as required to determine/verify the error condition(s):

- a. Notification of Condition Discrepancy, appendix F-160, (mechanically generated).
- b. Contract Interrogation, appendix F-71-2, appendix B-145 (appendix F-231 to DLAM 4140.2, Volume II).
- c. Due-In File Printout, appendix F-184, appendix B-117.
- d. NIR Printout, appendix F-109, appendix B-143.
- e. THF Printout, appendix F-110, appendix B-104.
- f. Hard copy of Contract/Purchase Order.
- g. Materiel Receipt Transaction, DIC D4_, violation, appendix E-020*V.
- h. Materiel Adjustment Transaction, DIC DAC, violation, appendix E-022 V.
- i. ARCSF Inquiry by CRT Remote, appendix E-270 P.
- j. NIR Inquiry by CRT Remote, appendix E-271 P.
- k. DIF Inquiry by CRT Remote, appendix E-272 P.

2. ERROR CONDITION DETERMINATION

Review the applicable printout(s) to verify the error condition stated in the DISREP and/or identify the actual error condition. Once accomplished, continue processing IAW the instructions contained in the applicable section(s).

SECTION IV - MISIDENTIFIED/WRONG/DAMAGED MATERIEL RECEIVED FROM PROCUREMENT SOURCES

1. DISCREPANCIES ATTRIBUTED TO CONTRACTORS

Supply Clerks, IAB, will receive DISREP requesting either an MRO to return materiel to the contractor or a DRO to forward materiel to the RMO. Process MRO/DRO as prescribed in section II.

2. MATERIEL DAMAGE ATTRIBUTED TO DEPOT PROCESSING PERSONNEL

a. IAB will receive DISREP package with DISREP annotated that materiel is either repairable or irreparable. After actions required, as outlined in succeeding paragraphs, continue processing DISREP per subparagraphs 6c(4) through (6), section I, above. Each DISREP identifying an error condition stated in this paragraph will be brought to the attention of the Accountable Property Officer who will determine whether or not a Report of Survey, DD Form 200, is required as prescribed in DLAR 7500.1.

b. Repairable materiel. Materiel must be transferred to Condition Code F for repair at DSC expense due to damage incurred during unloading or placement in warehouse processes.

(1) Obtain a DIF Remote for the location to verify that the repairable quantity is posted in Condition Code L for the CLIN involved.

(a) When materiel is in Condition L, follow the section X, subparagraph 4c, instructions to transfer materiel to Condition F. Note however, that neither the vendor or carrier is liable.

(b) Annotate DISREP TRANSFER MATERIEL TO CONDITION CODE A, THEN TO F. DO NOT SUBMIT DAC DOCUMENT. REPAIR PROJECT ORDER WILL FOLLOW.

(c) Forward DISREP to MSB, MSO, via the CCP.

(2) When materiel is not in Condition L, obtain a THF Printout, appendix F-110, to analyze receipt and adjustment actions performed against the Contract/CLIN.

(a) If MRC, DIC D4S, was processed for full quantity citing Condition Code A, and a DIC DAC subsequently processed placing materiel in Condition Code F, adjustment action is not required.

1. Annotate DISREP, RETAIN MATERIEL IN CONDITION CODE F. REPAIR PROJECT ORDER WILL FOLLOW.

2. Forward DISREP to MSB via CCP.

(b) If MRC, DIC D4S, was processed for full quantity citing Condition Code A, and a DIC DAC was not processed, adjustment action is required.

1. Prepare a DIC DAC to transfer materiel to Condition F.

2. Annotate DISREP, TRANSFER MATERIEL TO CONDITION F. DO NOT SUBMIT DIC DAC. REPAIR PROJECT ORDER WILL FOLLOW.

3. Forward DISREP to MSB via the CCP.

c. Irreparable materiel. Materiel is to be shipped to DRMO.

(1) Obtain a DIF Remote for the location to verify that the CLIN has been deleted/decreased by DP&P after taking the following actions:

(a) Prepare a DRO as prescribed in section II to ship materiel to DRMO.

(b) Annotate DRO, TRUE CONDITION OF MATERIEL MUST BE DETERMINED PRIOR TO TRANSFER TO DRMO.

(c) Advise IM of loss of stock to allow IM to either increase an existing stock replenishment action or to consider taking resupply action.

(2) When materiel is not in Condition L, obtain a THF Printout to analyze receipt and adjustment action performed against the Contract/CLIN.

(a) If MRC, DIC D4S, was processed for full quantity citing Condition A, and a DIC DAC subsequently processed transferring materiel to Condition H with resulting DIC D7J transaction, further action is not required. Annotate DISREP, Materiel has been previously transferred to DRMO on Document Number (cite DIC DAC Doc No).

(b) When subparagraph (2) (a) above receipt processing has placed materiel in Condition F, or materiel remains in Condition A because a DIC DAC was not submitted.

1. Prepare a DIC ZLC, appendix B-31, disposal action citing Management Code Z in pos. 72 to obtain an exception type DRO. Refer to section II for applicable exception data relative to condition of materiel.

2. Attach DRO to DISREP, and annotate DISREP, Transfer materiel to DRMO per attached DRO, Document No. _____.

3. MISIDENTIFIED/WRONG MATERIEL ATTRIBUTED TO DSC PROCESSING PERSONNEL

a. IAB will receive DISREP package with DISREP annotated with the applicable determination made by DTO. After completion of actions required, as outlined in succeeding paragraphs, continue processing DISREP per subparagraphs 6c(4) through (6), section I above.

b. When DISREP is annotated, Reidentify the (quantity) (unit of issue), NSN _____ to (quantity) (unit of issue), NSN _____. Do not forward DAC document. Request copy of (Form No.) be returned to this DSC, ATTN: ____, when reidentification has been completed for adjustment of inventory records.

(1) Obtain an NIR Remote for the reidentified to, or new NSN to verify that the NSN is managed by the processing DSC.

(a) A DLA Form 1129 should have been processed to delete the CLIN for the NSN ordered and to establish a new CLIN for the reidentified NSN using the same contract number.

(b) Obtain a DIF Remote for the NSN ordered and receiving location.

If the discrepant quantity is recorded as due-in in Condition L for the NSN and CLIN to be deleted, prepare an MRC, DIC D4S, reversal transaction to remove materiel from Condition L. If not, locate DIC D4S with VRC BT and delete by applying Reentry Code D_. It is possible that neither situation is applicable if the depot submitted an MRC for the new NSN.

(c) Obtain a DIF Remote for reidentified NSN and verify that a new CLIN has been established.

1. Search for a DIC D4S with VRC BT and delete by applying Reentry Code D ____.

2. Annotate DISREP, Transfer (quantity) (unit of issue) NSN (new NSN) to Condition Code A. Submit new MRC, DIC D4S, citing (contract number), and new CLIN ____.

(2) When an NIR Remote reveals that the NIR does not have a record for the new NSN, and subsequent catalog research determines that the NSN is managed by another DSC/ICP.

(a) The DLA Form 1129, DIC YPF, input to establish a new CLIN for the new NSN will not process. Obtain a DIF Remote for the ordered NSN to verify that the CLIN has been deleted.

(b) Annotate DISREP, Reidentified NSN _____ is managed by DSC/ICP _____. Submit receipt documentation to DSC/ICP _____.

(c) Locate the DIC D4S with VRC AY citing the new NSN, and delete by applying Reentry Code D__.

(3) When an NIR Remote reveals that the NIR does have a record for the new NSN and that NSN is a deleted item, i.e., NIR Key Code D_:

(a) Obtain a DIF Remote for the ordered NSN to verify that the CLIN has been deleted/decreased by DP&P. If not, forward DISREP package to DP&P after following actions have been taken.

(b) Prepare a DRO as prescribed in section II to ship materiel to DRMO. When the exception DRO is received, annotate the DRO with following exception data.

1. Materiel reidentified as NSN (deleted NSN).

2. True condition of materiel must be determined prior to transfer to DRMO.

c. When DISREP is annotated recommending disposal action because the materiel cannot be identified to an NSN, process as follows:

(1) If a part number identity has not been provided by DTO, verify that a part number cannot be determined. If a part number can be determined, take the actions prescribed in subparagraphs b(3)(a) and b(3)(b) above, except that the exception data annotation on the DRO will be as follows:

(a) Materiel reidentified as part number _____, CAGE _____.

(b) True condition of materiel must be determined prior to transfer to DPDO.

(2) If neither an NSN nor part number identity can be determined, process DISREP as prescribed in subparagraphs b(3)(a) and b(3)(b) above, except that the exception data annotation will be, NSN/PN IDENTITY UNDETERMINED. CONDEMNED - NOT TO BE USED. If applicable, have a Code D keypunched in the A5J transaction prior to forwarding DISREP package to the CCP.

SECTION V - OVERAGES (QUANTITIES IN EXCESS OF DUE-IN PLUS CONTRACT VARIATION) RECEIVED FROM PROCUREMENT SOURCES

1. OVERAGES REPORTED WITH MANAGEMENT CODE U

The paragraphs in this section refer to DP&P processing of DISREPS reporting overages in materiel receipts from procurement instrument sources. Depots will report identified contract overage receipts in Condition Code L with Management Code U if the materiel meets the acceptance criteria specified in the contract. SAMMS processing will result in the output of a Misdirected and Overage Receipt Notification, F-453 to the DSO. The IAB, DSO, will use the receipt notification to research the reported overages and determine required file adjustments and disposition instructions. The Master Amendment Document section will be completed and forwarded to the DP&P when the system generated amendment transactions are required. Research as prescribed in the following paragraphs, this section, with these exceptions/additional requirements:

a. No action will be taken to dispose or return the materiel without the approval of the DP&P.

b. If the materiel is a true overage which the IM recommends be accepted, the F-453 YPE(H) transaction may be completed in accordance with appendix E-506P to increase the CLIN contract quantity. When the increase is processed, any materiel recorded in Condition Code L with Management U will be mechanically upgraded to Condition Code A in the Active Contract File, Due-In File and NIR. A DIC DAC transaction will be forwarded to the depot to notify them of the upgrade action.

c. If it is determined that the reported overage represents a shortage at another consignee depot, the materiel will be processed as a misdirected shipment in accordance with section VI.

d. If the overage materiel was previously receipted for as lost in transit, or the IM does not recommend acceptance, or the reported overage is to be processed as a misdirected shipment, or any other condition exists for which a single YPE(H) transaction is not

appropriate, the Master Amendment Document section of the F-453 will not be completed. Instead, the IAB, DSO will coordinate with the DP&P, as required, to record, upgrade, dispose of, or return the materiel and furnish disposition instructions to the depot.

e. One copy of each completed Master Amendment Document section for Misdirected and Overage Receipts, F-453, forwarded to DP&P will be retained by the IAB, DSO, to serve as a suspense control and for subsequent research purposes, as required.

2. OVERAGES ABANDONED TO THE GOVERNMENT ON A NO CHARGE BASIS

a. Supply Clerks, IAB, will receive DISREP package with DISREP annotated by Production Division, DP&P, overage abandoned to the Government at no charge. Upgrade materiel from Condition Code L to A.

(1) Determine whether the overage materiel was previously receipted for as Lost in Transit, or represents a true overage. When a DIC D4S with Management Code K in pos. 72 is processed to record a Lost in Transit receipt, the ACF shows only that a receipt has posted. Therefore, it is improbable that DP&P personnel will be able to identify an overage as having been previously receipted for as Lost in Transit. To ensure proper Financial accounting, it is important that this determination is accurate.

(a) If a THF Printout for the NSN/Location has been obtained, look for a DIC D4S entry with Management Code K in pos. 72 for the Contract/CLIN involved. If so, continue processing according to the instructions in paragraph 4, this section.

(b) If a THF Printout is not available, prepare an interrogation to the THF for the NSN/Location involved, and make the subparagraph (1) (a) above determination.

(c) When it has been determined that the overage materiel is a true overage rather than a delayed receipt, continue processing according to the instructions in succeeding paragraphs.

(2) Contact the IM for a determination to dispose of or to retain the materiel. The IM may have made this decision previously, but additional requirement may have been received in the interim.

(3) Obtain a DIF Remote for the location involved to confirm that a due-in record exists. If not, check for a DIC DAC or D4S violation and process IAW appendix E-022 V or E-020 V. Confirm the recordation of the DIC DAC or D4S by obtaining another L Remote printout.

(4) Obtain an NIR Remote for the NSN involved to confirm that a balance in Condition Code L is on hand at the location involved. If not, check for a DIC DAC or D4S violation, and process IAW appendix E-022 V or E-020 V. Confirm recordation of the DIC DAC or D4S by obtaining another NIR Remote inquiry.

b. When the IM decision is to dispose of the overage, process a DRO as prescribed in section II.

c. When the IM decision is to retain the overage:

(1) Obtain a DIF Remote to determine the type of due-in record that is recorded for the CLIN with the overage quantity.

(a) If the DIF Remote does not reveal a due-in record for the Contract/CLIN involved, a DIC D4S violation should exist. Refer to subparagraph a(2) above. In this instance, the ACF record for the Contract/CLIN has been closed, and the DIC D4S document which violated should be in the DISREP package. Annotate the DISREP with these instructions to the depot:

1. Transfer materiel from Condition Code L to A, and submit DIC DAC.

2. This DAC submitted by the depot should reject with VRC LT. Upon receipt of DAC violation indicating that the depot has placed materiel in an issuable condition, prepare a Miscellaneous Inventory Gain, DIC D8A, appendix B-22. The following are mandatory entries:

a. Document Number, pos. 30-44: Enter contract number from DIC DAC document.

b. Contract Line Item Number, pos. 45-50: Enter CLIN from DAC.

c. Field position 51-52: Enter NC (No Charge DISREP), or LT (Lost in Transit DISREP). The NC entry in pos. 51-52 is to be used when the receipt is a true overage, and the LT entry is to be used when the materiel has been previously receipted for as LOST IN TRANSIT (see paragraph 3, this section). The Financial Subsystem will use the NC, or LT entry to properly account (GLAC) for the gain (D8A) to the NIR as either a true contract overage, or as a contracted receipt that has been previously accounted for.

d. Field position 77-80: Enter Call/Order Serial Number, if applicable, from DAC.

(b) If the DIF Remote inquiry indicates that a DIF record does not exist, and that the ACF record remains unclosed, i.e., ACF record for the Contract/CLIN may be adjusted:

1. Annotate DISREP with these instructions for the depot:

a. Transfer materiel from Condition Code L to A, and place for issue.

b. Submit DIC DAC transaction citing Management Code B.

1. The use of Management Code B by the depot will override ACF variance checks, post materiel to the NIR and ACF. Follow-on monthend processes within the ACF/Financial system will recognize the no charge overage and close the ACF record, if otherwise eligible.

(2) Advise CFB that the overage quantity received is at no cost to the Government and the contractor is not to be paid.

d. When an NIR or DIF Remote reveals that the overage quantity has been transferred to Condition Code A, continue processing the DISREP as outlined in subparagraphs 6c(4) through (6), section I above.

3. OVERAGES WHICH REQUIRE ADDITIONAL CHARGES

a. Supply Clerks, IAB, will receive DISREP package with DISREP annotated by Production Division, DP&P, OVERAGE ACCEPTED. ADDITIONAL CHARGES REQUIRED. The DISREP will be further annotated to specify what action has been taken to adjust the ACF in order to accept the materiel.

(1) Depending upon the ACF adjustment taken, or required, continue processing as prescribed within succeeding paragraphs. First, refer to paragraph 1a above instructions to ensure that the Due-In File and NIR have been properly updated.

(2) Upon completion of a required action, and verification that the materiel has been transferred from Condition Code L to A, complete processing the DISREP as outlined in subparagraphs 6c(4) through (6), section I above.

b. Increase in CLIN quantity. A DLA Form 1128, DIC YPE, has been, or should be, input to increase the CLIN due-in quantity equal to the overage quantity.

(1) Verify the recordation of the input by obtaining a DIF Remote. (Note: In order to expedite the transfer of materiel from Condition L to A, the IAB may elect to advise the depot involved through the CCP, prior to verification of an ACF update. It must be realized that a DIC DAC or D4S violation will occur if the depot input precedes the ACF update input. Therefore, sufficient data must be retained by the IAB in order to correct such a violated document. DISREP must be annotated to indicate that a DIC DAC or D4S has been requested previously.)

(2) Annotate the DISREP, OVERAGE ACCEPTABLE. SUBMIT DIC DAC TO TRANSFER FROM CONDITION L TO A.

c. Increase in contract variance percentage for CLIN involved. A DLA Form 1128, DIC YPE, has been, or should be, input.

(1) Verify that the contract variance percentage has been increased by obtaining an appendix F-184 IAW appendix B-117. Refer to note in subparagraph 3b(1) above.

(2) Annotate the DISREP, Overage acceptable. Submit DIC DAC to transfer from Condition L to A.

d. Add new CLIN for contract involved. A DLA Form 1129, DIC YPF, Amendment Code J has been, or should be, input.

(1) If the MRC, DIC D4S, previously violated, and is being held in suspense, delete the violation with Reentry Code D_, or

(2) Obtain a DIF Remote, and a NIR Remote, and verify that the overage quantity is due-in or on hand at the location involved in Condition L.

(3) Prepare a DIC D4S reversal to delete the Condition L quantity for the CLIN involved. This action, or the subparagraph 3d(1) above action, will reduce the Condition L quantity in the NIR and Due-In File to zero.

(4) Verify that the DIC D4S reversal action recorded by obtaining another DIF and NIR Remote. Refer to note in subparagraph 3b(1) above.

(5) Annotate DISREP, Overage acceptable. Transfer materiel from Condition Code L to A. Submit a new MRC, DIC D4S, using (contract_number), and new CLIN _____.

e. New PR required. For various reasons such as CLIN closure, or contract status in the ACF, acceptable overages cannot be accepted via an ACF adjustment action. Production Division, DPP, will request that a new PR be furnished. If IAB is requested to do so:

(1) Follow the procedures outlined in subparagraphs 3d(1) through (4) above to ensure that the Due-In File and the NIR do not have a balance in Condition Code L for the Contract/CLIN involved.

(2) Initiate a walk-thru PR as prescribed in appendices E-139 P, E-266 P, and DSC local instructions. Annotate the resultant, appendix F-189, For payment purposes only. Shipment documentation will not follow.

(3) Coordinate all actions relative to the walk-thru PR to obtain the new contract number, and new CLIN.

(4) Annotate DISREP, Overage acceptable. Transfer materiel from Condition Code L to A. Submit new MRC, DIC D4S, citing new contract number _____ and new CLIN _____.

f. Open PR used to accept overage. Rather than use a walk-thru PR, an unawarded open PR will have been used to accept the overage quantity.

(1) Supply Clerks, IAB, will receive DISREP package with DISREP annotated by Production Division, DP&P, Overage accepted. New contract number _____, and CLIN _____ applies.

(2) Process IAW the subparagraphs 3e(1) and (4) instructions above.

4. OVERAGES PREVIOUSLY RECEIPTED FOR AS LOST IN TRANSIT

a. Supply Clerks, IAB, will receive DISREP package with DISREP annotated by Production Division, DPP, to the effect that the materiel does not represent a contract overage, or that the materiel had been previously receipted for, or the determination has been made by the Supply Clerk that the materiel has been previously receipted for.

b. If necessary, confirm previous receipting as "LOST IN TRANSIT" according to the instructions in subparagraph 2a(1), this section.

c. Continue processing as prescribed in paragraph 2c, this section, with two exceptions:

(1) Materiel will not be disposed of.

(2) The pos. 51-52 entry in the DIC D8A input will be LT.

SECTION VI - SHORTAGES/MISDIRECTED SHIPMENTS FROM PROCUREMENT SOURCES

1. MISDIRECTED SHIPMENTS REPORTED WITH MANAGEMENT CODE S

The paragraphs in this section refer to DP&P processing of DISREPS reporting shortages/misdirected shipments in materiel receipts from procurement instrument sources. If it can be determined that the materiel otherwise conforms to contract requirements, depots will report identified misdirected shipments in Condition Code A with Management Code S. SAMMS processing will result in the output of a Misdirected and Overage Receipt Notification, F-453, to the DSO. Additionally, the receipt will be output as a controlled violation, VRC MY. The IAB, DSO, will use the receipt notification to research the reported misdirected shipments and determine required file adjustments and disposition instructions. The Master Amendment Document section of the Misdirected and Overage Receipt Notification, F-453, will be completed and forwarded to the DP&P when the system generated amendment transactions are required. Research as prescribed in the following paragraphs, this section, with these exceptions/additional requirements:

a. No action will be taken to dispose, return, or reship the materiel without the approval of the DP&P.

b. If the reported misdirected shipment is verified and is for the total CLIN quantity and is a stock replenishment shipment and the original consignee did not receive any materiel, the F-453 YPE(S) transaction may be completed in accordance with appendix E-506P to process a RIC OVERLAY to accept the materiel. After the location is changed in the ACF and Due-In File, the D4_, VRC MY, Violation will be reentered.

c. If the materiel is not a misdirected shipment, or is a partial misdirected shipment, or is determined to be a misdirected Direct Vendor delivery, or is not acceptable, or any other condition exists for which a YPE(S) transaction is not appropriate, the Master Amendment Document section of the Misdirected and Overage Receipt Notification, F-453, will not be completed. Instead, the IAB, DSO, will coordinate with the DP&P, as required, to record, upgrade, return or reship the materiel and furnish disposition instructions to the depot.

d. The IAB, DSO, will retain one copy of each completed Master Amendment Document section for Misdirected and Overage Receipts, F-453, forwarded to the DP&P and supporting documentation for subsequent research, if required.

2. SHORTAGES

DISREPs identifying shortages in new materiel receipts from contractors will be forwarded to the DP&P by the CCP. Initially, an information copy will be furnished to DSO, IAB. IAB will subsequently receive either the DISREP package, or an information copy with the DISREP, annotated with the Production Division, DP&P determination, and will take action as outlined in succeeding paragraphs.

a. DISREPs identifying an overage quantity by a distribution activity which is subsequently determined to represent a shortage for the distribution activity originally designated as the consignee will be processed as misdirected shipments IAW paragraph 3, or for a customer via Direct Vendor Delivery IAW paragraph 4 this section.

b. When the carrier is responsible for a shortage, the DISREP will be processed IAW section X.

c. When the contractor is responsible (carrier not liable) for the shortage.

(1) When the contractor agrees to replace the shortage quantity, the IAB will be furnished an information copy of the DISREP. Advise the Supply Clerk responsible for processing Second Materiel Receipt Followup Transaction, DIC ZDX, that further action is not required.

(2) When the contractor declines to replace the shortage quantity, the IAB will be furnished an information copy of the DISREP.

(a) The CLIN quantity should have been decreased, or the contract variation percentage set at a minus figure by Production Division, DP&P, which will allow the CLIN ACF record to close, if eligible.

(b) Obtain a DIF Remote to verify that the CLIN has been decreased or obtain a Due-In File printout, appendix F-184, to verify the contract variation adjustment.

d. When the contractor disclaims liability and has certified that the materiel was shipped via parcel post, the IAB will receive the DISREP package with the DISREP annotated accordingly.

(1) Prepare a MRC, DIC D4S, appendix B-20, for the contract/CLIN shortage quantity.

(a) Enter DISREP in pos. 60-65. This entry is for cross-reference purposes only.

(b) Enter Condition Code A in pos. 71.

(c) Enter Management Code K in pos. 72. This action will pick up materiel in Condition Code A which will delete the due-in record, record as a receipt in the ACF, and allow the CLIN to close, if eligible. Simultaneously, a Materiel Adjustment Transaction, DIC D9A, will be mechanically prepared to drop the materiel from the NIR.

(2) Ensure that the CFB is, or has been, advised to post a loss due to proof of shipment having been accepted from the contractor.

(3) Continue processing DISREP package per subparagraphs 6c(4) through (6), section I, above.

3. MISDIRECTED SHIPMENTS - STOCK REPLENISHMENT

DISREPs identifying misdirected shipments for new materiel receipts from contractors will be forwarded to DP&P by the CCP, and an information copy will be furnished to DSO, IAB. Production Division, DP&P, will research, determine the error condition, take the appropriate action to adjust the ACF, annotate the DISREP accordingly, and forward to the CCP. CCP will advise the depot(s) involved to submit/resubmit documentation, i.e., DIC DAC or D4S. IAB will receive the DISREP

package only when the IAB is being requested to perform a specific action, or file adjustment. Otherwise, a copy will be provided which the IAB will use to verify that the appropriate action has recorded, or to process violated DIC DAC or D4S documents which may result from distribution activity inputs. Those shipments identified as misdirected Direct Vendor Delivery shipments will be processed IAW paragraph 4, this section.

a. Misdirected partial CLIN quantity.

(1) A depot originally designated as a consignee will not receive the entire CLIN quantity.

(a) The CLIN quantity due-in should have been decreased by the shortage quantity, or

(b) The contract variation percentage should have been set a minus figure which would allow the CLIN ACF record to close, if eligible.

(2) If the actual receiving depot was originally designated as a consignee, the CLIN quantity for that depot should have been increased equal to the overage quantity, or the contract variation percentage should have been increased to a figure which will allow the overage to record in the ACF.

(3) If the actual receiving depot was not originally designated as a consignee, a new CLIN should have been established for the contract involved. (Refer to paragraph 1a, this section.)

(a) The depot will submit a new MRC, DIC D4S, citing the same contract number and the new CLIN.

(b) The IAB will delete the originally submitted DIC D4S which violated with VRC BT, and is being held in suspense by applying Reentry Code D_.

(4) Verification of CLIN, or contract variance inputs to the ACF will not normally be required unless a DIC DAC violation should occur.

(a) Verify CLIN adjustments by obtaining a DIF Remote.

(b) Verify contract variation adjustments by obtaining a Due-In File Printout, appendix F-184.

b. Misdirected total CLIN quantity.

(1) The depot originally designated as a consignee will not receive any materiel. The depot receiving the overage may, or may not have been designated as a consignee.

(2) A DIC YPE, with Management Code S, should have been input to the ACF to effect an RIC overlay which will replace the RIC of the original consignee depot with the RIC of the receiving depot for the CLIN involved.

(3) The receiving depot will be requested to submit a new MRC, DIC D4S, citing the new CLIN.

(4) IAB should have received the original DIC D4S submitted by the receiving depot with VRC BT applicable and suspended corrective action pending resolution of the DISREP. Delete the suspended DIC D4S with VRC BT by applying Reentry Code D_.

(5) Verification of CLIN adjustments will not normally be required when a DIC DAC or D4S depot input should violate. If so, obtain a DIF Remote, ensure that the appropriate CLIN adjustment has recorded, and reenter the violated document.

c. Misdirected shipment not accepted. Should materiel not be acceptable, the DISREP package will be forwarded to IAB requesting an MRO be obtained to return materiel to the contractor for reshipment to the correct consignee. In this case, a due-in should not be established for the shipping depot. The DISREP will be processed IAW section II instructions.

d. Misdirected shipment accepted for redistribution.

(1) Acceptance of misdirected shipments at the receiving depot for redistribution to the correct depot is contingent upon the IMs decision that the materiel is required at the original consignee depot to preclude excessive cross-hauling transportation expenditure, or for various other reasons. Also, the decision will have been made that the materiel will be shipped from the receiving depot to the original consignee depot rather than returned to the contractor for reshipment.

(2) The contractor will be liable for transportation charges incurred against the Redistribution Order.

(3) Materiel will have been placed in Condition A by either the paragraph 2a or b above method. DISREP will state that materiel is to be redistributed to location _____.

(4) The CFB will be provided a copy of the MRO, DIC A5E, resulting from the input of a Redistribution Order, DIC A2E, prepared IAW appendix B-5, and with supporting documentation to support a reimbursement action against the contractor.

(5) Complete processing DISREP package per subparagraphs 6c(4) through (6), section I above.

4. MISDIRECTED SHIPMENTS - DIRECT VENDOR DELIVERY (DVD)

a. DISREPs for misdirected DVD shipments occur when:

(1) A receiving depot accepts materiel clearly marked as DVD rather than refuse the shipment for delivery to the correct consignee by the carrier.

(2) A diversion from a stock replenishment contract to DVD action was processed by the DSC, and by the vendor, but the vendor included the DVD shipment in a shipment to a depot. In this case, the DVD shipment will be properly marked as a DVD, and the DISREP should be annotated accordingly.

(3) A diversion from a stock replenishment contract to DVD action was processed by the DSC, but not shipped by the vendor. In the case, none of the materiel will be marked as DVD.

b. Misdirected DVD shipment - diversion not attempted by DSC.

(1) The MRC, DIC D4S, citing Condition Code L submitted by the depot, will reject with VRC BT. IAW appendix E-020 V, the rejected MRC is to be held in suspense by IAB pending receipt of an information copy of DISREP from CCP stating DP&P disposition of materiel.

(2) The DP&P disposition will be to have the depot either return the materiel to the vendor for replenishment to the correct consignee, or have the depot ship the materiel to the correct consignee. In either case, delete the suspended MRC by applying Reentry Code D_ after receipt of a copy of the completed DISREP.

(3) Initiate a followup to the CCP to obtain final disposition when a copy of the completed DISREP has not been received within 30 days of receipt of the rejected MRC.

c. Misdirected DVD - Marked as DVD.

(1) The MRC, DIC D4S, citing Condition Code L will reject with VRC BT if the MRC, DIC D4S, cites the correct CLIN for the DVD. Reject MRCs citing Condition L will be held in suspense by IAB IAW appendix E-020 V pending receipt of a copy of the DISREP.

(2) If the MRC cites the CLIN for the stock replenishment, the MRC will not reject. Materiel will be held in litigation suspense in the NIR.

(3) Upon receipt of an information copy of the DISREP, check for a suspended MRC with VRC BT. If not found, obtain a DIF Remote to verify that materiel is in Condition L.

(4) When the DISREP is received stating that the DP&P decision is to return materiel to the vendor, take one of two actions:

(a) If the MRC is being held in suspense as a VRC BT, delete by applying Reentry Code D_.

(b) If materiel is being held in Condition L, the DISREP package should be received by IAB for action. Prepare an MRO for return to vendor as prescribed in section II.

(5) When the DISREP states that the DP&P decision is to have the depot ship materiel to the original consignee, take one of two actions:

(a) If the MRC is being held in suspense as a VRC BT, delete by applying Reentry Code D_.

(b) If the materiel is being held in Condition L, the DISREP should be received by IAB for action. If not, prepare an MRC, DIC D4S, reversal transaction for the DVD quantity. If so, annotate the DISREP advising the depot to submit an MRC, DIC D4S, reversal. Allow a

reasonable time for the depot to submit a reversal, and obtain either an L Remote, or THF printout to verify the reversal action recorded. If, after 30 days, the depot has not submitted a reversal, prepare the reversal action, and input to computer, and verify recordation.

d. Misdirected DVD - Not Marked as DVD.

(1) This condition is that described in subparagraph 4a(3) above. Detection and determination of this error condition results from DP&P research. Three means are available for this determination, but only one will result in a DISREP submitted by a depot.

(a) The inclusion of a DVD quantity with the stock replenishment quantity may cause the depot to recognize an overage above the CLIN quantity plus contract variance. If so, the depot will submit an MRC, DIC D4S, citing Condition L for the overage quantity and a DISREP.

(b) The depot may not recognize an overage, and submit an MRC, DIC D4S, citing Condition A for the total quantity. DSC processing of the MRC may recognize an overage, place the overage quantity in Condition L and output an appendix F-73 for processing IAW appendix E-309 P.

(c) When neither the depot nor DSC processing recognizes an overage, the consignee should ultimately submit a DISREP for nonreceipt which will be processed IAW appendix E-399 P.

(2) When the subparagraphs (1)(a) and (b) conditions exist, take the following actions:

(a) Obtain a DIF and NIR Remote to verify that materiel has been placed in Condition A as a result of the procedures prescribed in section V, this appendix.

(b) Analyze the ACF Printout, or coordinate with DP&P, to determine if the contract status for the DVD CLIN is such that a cancellation action can be processed.

1. If the quantity received for the depot delivery CLIN is greater than the quantity expended, the contract record will remain in the ACF for an indefinite period. If so, CLIN adjustment can be accomplished.

2. If the DVD CLIN has been expended, ensure that the Comptroller has taken an expenditure reversal action prior to taking the action prescribed in subparagraph (c) below.

(c) If the DVD can be canceled, coordinate, with the IM, the preparation of a DIC YPE, Amendment Code H, input with Cancellation Reason Code ZB. This action will cancel the DVD in the ACF, and generate an MNIC 7 output to the IM which can be used to effect supply action.

(d) If DVD cannot be canceled in the ACF, take following action:

1. Coordinate a credit billing action for the requisitioner with the Comptroller as prescribed in appendix E-399 P relative to shortage in shipment, or nonreceipt of materiel.

2. Coordinate reinstatement of the requisition with IM or Requisition Processing Branch.

3. If reinstatement cannot be accomplished, advise the requisitioner of action taken, and request that a new requisition be submitted if a requirement for materiel still exists.

SECTION VII - UNSERVICEABLE MATERIEL RECEIVED FROM OTHER THAN PROCUREMENT SOURCES

1. UNSERVICEABLE MATERIEL - REPARABLE

Materiel has been received in Condition Code E, F, or G. IAB will receive DISREP package with DISREP annotated stating the actual condition of the materiel, and with any other pertinent data as determined by DTO, and take the following action(s) depending on the circumstances.

a. Determine catalog status of NSN.

(1) Obtain an NIR Remote for the NSN involved.

(2) If the NIR Key Code is D_, the NSN has been deleted. Process per paragraph 1b below.

(3) If the NIR Key Code is C_ or P_, the NSN is "active". Process per paragraph 1c below.

b. Deleted NSN. A DRO, DIC A5J, or a Recommended Disposal Transaction, DIC ZLC, is prepared mechanically when a receipt records for a deleted NSN.

(1) Obtain a THF Printout, appendix F-110, for the NSN and locate the DIC A5J transaction.

(2) Annotate the DISREP, Materiel directed to DRMO on (date of transaction), Document No. _____.

(3) If the F-110 does not have a record of the DIC A5J transaction, contact the IM to determine when the DIC ZLC will be released. When released, continue processing per subparagraphs b(1) and (2) above.

(4) Continue processing per subparagraphs 6c(4) through (6), section I above.

c. Active NSN.

(1) Obtain an NIR Remote to verify that the materiel is on-hand in the appropriate Condition Code. If not, obtain an appendix F-110 and review for a DRO, DIC A5J.

(a) When a DIC A5J is located process per subparagraph 1b(2) above.

(b) When a receipt transaction cannot be located, search for a violated document and when found expedite correction and reentry.

(c) If a violated document cannot be found, request, through the CCP, that the depot submit the appropriate receipt transaction.

(2) Request that the IM perform a review and analysis of the stock position of the NSN to determine whether the unserviceable materiel is to be:

- (a) Restored. Condition E.
- (b) Repaired. Condition F.
- (c) Assembled. Condition G.
- (d) Disposed.
- (e) Disassembled.
- (f) Held in stock for a future supply decision.
- (g) Held for additional technical evaluation.

(3) When the materiel is to be restored, repaired, assembled, or disassembled, annotate the DISREP specifying the required action, and forward to the MSB, MSO, for processing as prescribed in subparagraph 2 below. Advise the CCP of the new action office.

(4) When the materiel is to be disposed of:

(a) Prepare a Recommended Disposal Transaction, DIC ZLC, IAW appendix B-31.

(b) Cite Management Code Z for all DIC ZLC transactions.

(c) Attach the Exception Type DRO, DIC A5J, to the DISREP.

(d) Annotate the DISREP, Transfer materiel to DRMO per attached DRO, Document No. _____.

(e) Continue processing DISREP per subparagraphs 6c(4) through (6), section I above.

d. When the materiel is to be held for a future supply decision, or for technical evaluation:

(1) Future decision. Annotate DISREP, Retain materiel in current condition until _____ QTR, FY _____.

(2) Technical evaluation. Annotate DISREP to indicate the nature of the technical evaluation required.

(3) Continue processing DISREP per subparagraphs 6c(4) through (6), section I above.

e. When the source of the receipt is a customer return of excess materiel under the Customer Returns Program, i.e., DIC D6A, B, C, D, or E, which cited Condition Code A in pos. 71, and which was subsequently transferred to an serviceable condition, additional research is required.

(1) Prepare a Customer Excess Returns Inquiry Transaction, DIC ZDT, appendix B-63, using the document cited in the DIC D6_ transaction to obtain a CRCF Printout, appendix F-37.

(2) If a dollar value less than 10,000 is recorded after the CUM DOLLAR VALUE FTZ data element, further action is not required.

(3) If the dollar value is 10,000 or more, prepare an IOM advising the CFB that credit has been granted for unserviceable materiel that was reported in a serviceable condition. Attach a copy of the appendices F-37 and F-110 and DISREP.

(4) CFB will then determine whether or not to negotiate a reversal of credit with the reporting/shipping activity.

2. MATERIEL SUPPORT BRANCH, MSO, PROCESSING

a. Upon receipt of the DISREP package requesting that action be taken to transfer materiel from a specific unserviceable condition to a serviceable condition, the MSO will:

(1) Make a positive decision and reply to CCP within the established suspense date on the Control Form.

(2) Review NSN and determine, as prescribed in chapter 17, whether a project order will be initiated; or the PR for contractual services is adequate; or the distribution activity is to obtain contractual services; or return of materiel to serviceable condition would be uneconomical.

(3) Coordinate with the IM when it is determined that the item will not be restored/repared/assembled/disassembled, either total or partial quantity, prior to effecting cancellation.

b. When determined quantity is to be made serviceable:

(1) Initiate and process project order IAW appendix E-258 P.

(2) Initiate a requisition, DIC A0_ (appendix B-4), as prescribed in appendix E-505 P to distribution activity for issue of end items.

(3) Annotate DISREP, Repair Project Number is _____. For return to serviceable condition of a partial quantity of the original quantity, annotate DISREP, Repair Project Number is _____ for (enter quantity). Remaining quantity to be disposed.

(4) Forward DISREP to the IAB for initiation of disposal action for partial quantity. Forward an information copy to the IM. Advise CCP of new action office.

(5) Retain one copy of DISREP, and all pertinent documents in the NSN Project Order File.

c. When it is determined that return of materiel to a serviceable condition would be uneconomical or in some instances is not required (as coordinated with IM), and the reported materiel will be disposed to the RMO:

(1) Annotate DISREP Requested action is canceled. Materiel to be disposed. Enter date and signature under the annotation.

(2) Forward DISREP to IAB for initiation of disposal action. Advise CCP of new action office.

d. When it is determined that repair of the reported materiel has to be delayed until a later FY quarter (coordinated with IM) because of maintenance workload or shortage of funds:

(1) Annotate DISREP with the appropriate explanation.

(2) Review item suspended for future repair in the FY quarter designated. Initiate appropriate action, as prescribed in preceding paragraphs, to either return materiel to serviceable condition, or to dispose if the requirement has changed.

(3) Continue processing DISREP per subparagraphs 6c(4) through (6), section I above.

SECTION VIII - UNIDENTIFIED/REIDENTIFIED MATERIEL RECEIVED FROM OTHER THAN PROCUREMENT SOURCES

1. IDENTIFIED AS SAME NSN BY DSC

a. IAB will receive information copy of DISREP indicating that materiel held in suspense has been determined to be the same NSN as that reported via a DIC D6 Materiel Receipt Transaction (MRC). Normally, the materiel will be held in Condition Code J, but there will be instances when Condition Code K is used. The DISREP will indicate the actual condition code of the materiel.

b. Obtain an NIR Remote to verify that the materiel is recorded in the NIR as either Condition J or K.

(1) If not, attempt to locate the MRC, if output as a violation, and expedite the recordation of the MRC to preclude the depot originated DIC DAC document from also violating.

(2) If a violated MRC cannot be found, obtain a THF Printout, appendix F-110, and review to determine whether the MRC document was received by the DSC.

(3) If proof of MRC posting, or violation cannot be found, the personnel responsible for processing DIC DAC violations is to be notified to forward the DAC violation when received, to the DISREP . When received, prepare an MRC, DIC D6_, to post the materiel to the NIR in the same condition as indicated by the DAC. After the MRC has posted, reenter the DAC document to effect the condition code transfer.

c. Allow sufficient time for the storage activity to submit a DIC DAC or for the reentered DIC DAC to cause a condition code change, and verify the change by reviewing the NIRF. If, after a reasonable period of time, about 10 days, the materiel condition has not changed, initiate a followup to the depot via the CCP.

d. Retain copy of DISREP for time period prescribed by DSC regulation.

2. IDENTIFIED AS DIFFERENT NSN BY DSC

a. Inventory Accounting Branch (IAB) will receive either an:

(1) Information copy of the DISREP indicating that DTO has reidentified materiel held in Condition J or K to a different NSN. The new NSN will be cited. The MRC should have cited the NSN that matched the DIF NSN. Verify that a DIF Record does not exist for the NSN/document number reported by the depot. If a due-in does exist and the TDIC is SFK (redistribution), process in accordance with paragraph 3 instructions below. If the TDIC is other than SFK, take appropriate action to clear the Due-In File (DIF) Record depending upon the type of due-in indicated by the third position of the Document Identifier Code (DIC).

(2) An information/action copy of the DISREP indicating that the received NSN was other than that recorded as due-in or as indicated by the DD Form 1348-1 that accompanied the shipment. This type of DISREP is usually associated with Redistribution Order (RDO) receipt discrepancies. Process IAW paragraph 3 instructions below.

b. Allow sufficient time for the nonaccountable storage activity to reidentify the materiel and take the following actions:

(1) Review the NIR for the reported NSN. If there is a balance on-hand, prepare a Materiel Adjustment Document, DIC D9J, appendix B-22, citing the reported NSN, quantity and reporting location RIC. Use the same document number and suffix code cited on the DISREP.

(2) Prepare a Materiel Adjustment Document, DIC D8J, appendix B-22, citing the new or REIDENTIFIED TO NSN, quantity and reporting location. Use the same document number and suffix code cited on the DISREP and Condition Code A.

(3) Verify the recordation of the DICs D9J and D8J inputs, by reviewing the NIR Remote for both NSNs.

(4) Annotate copy of DISREP, NIR ADJUSTED. DICs D9J and D8J PROCESSED and retain for the time period prescribed by DSC regulation.

c. Accountable Storage Activities will process the necessary adjustment (DIC D8J/D9J) transactions for reidentification of assets and transmit same to the DSC. No manual adjustment of balances will therefore be required by DSC Personnel for those activities.

3. IDENTIFIED AS DIFFERENT NSN BY DEPOT

Refer to the RDO MRC violation processing procedures contained in appendix E-021 V under VRC BT. Process the DISREP based on the action taken to process the violated MRC and resulting notification of action taken or required which was furnished to DISREP personnel.

SECTION IX - PRESERVATION, PACKING, PACKAGING, PALLETIZATION AND MARKING (PPPP&M) DISREPS

1. IAB FUNCTIONS

a. IAB will receive DISREP package with a request to process a MRO for return of materiel to the contractor or to process a DRO for transfer of materiel to DRMO. Process MRO/DRO as prescribed by section II.

b. Continue processing DISREP per subparagraphs 6c(4) through (6), section I.

2. ITEM MANAGER (IM) FUNCTIONS

a. IM will receive a notification from DTO when the condition of the stock will be affected by a request for inspection of stock involving PPPP&M violations. When received, determine whether or not a location or system FREEZE, in accordance with appendix E-190 P, should be established.

b. IM will receive a copy of the completed DISREP advising final action taken. If necessary, release location or system FREEZE and retain for the time period prescribed by DSC regulation.

SECTION X - DISCREPANCY IN SHIPMENT REPORT - CARRIER RESPONSIBILITY

1. INITIAL IAB FUNCTIONS

IAB will receive an information copy of the DISREP indicating that the value of the materiel is below the minimum dollar value criteria for formal reporting, and/or that the materiel has been rejected to the carrier.

a. When the DISREP is not a formal report, and the materiel will not be replaced by the carrier, take the necessary action to receipt for the materiel, DIC D4_, using Management Code K in pos. 72. Refer to appendix A-13.

b. When the DISREP is a formal report, IAB action is not required at this time, but the DISREP copy is to be retained until final disposition has been made with regard to the carrier either replacing damaged materiel or reimbursing the Government.

c. The Supply Clerk, IAB, responsible for processing Second Materiel Receipt Followup Documents, DIC ZDX, for the Contract/NSN involved, is to be advised to preclude unnecessary research.

d. When the provisions of DAR 1-307.3 are employed, damaged materiel will not be rejected to the carrier. Such materiel will be accepted with an exception noted and the DISREP copy will be annotated that carrier is liable, but materiel has been accepted. This type of DISREP will be processed in accordance with paragraph 4 below.

2. CARRIER WILL REPLACE DAMAGED MATERIEL

a. IAB will receive DISREP copy stating that carrier will replace materiel. A projected delivery date should also be indicated.

b. Notify the Supply Clerk, IAB, responsible for the DIC ZDX research to disregard the DIC ZDX, if being held in suspense or when received.

3. CARRIER WILL NOT REPLACE DAMAGED MATERIEL

a. IAB will receive DISREP copy stating that the carrier will reimburse the Government rather than replace damaged materiel.

b. Obtain a DIF Remote, and determine whether or not a balance due-in exists at the location for the Contract/CLIN involved.

(1) If a due-in does not exist, further action is not required.

(2) If a due-in balance exists, contact DP&P to determine when the Comptroller expenditure reversal action, i.e., dollars expended reduced to equal the received quantity times the contract unit price, and subsequent CLIN decrease action (DLA Form 1128) will be recorded. Verify at that time by obtaining a DIF Remote.

4. MATERIEL RECEIVED FROM PROCUREMENT SOURCES DAMAGED, ACCEPTED, CARRIER RESPONSIBILITY

a. IAB will receive a copy of the DISREP indicating that the carrier is liable for damage, but the materiel was accepted at the distribution activity. An MRC, DIC D4S, citing Condition Code L will be submitted by the distribution activity.

b. Obtain and review the following printouts:

(1) National Inventory Record (NIR) Remote to confirm that materiel is on-hand in Condition Code L.

(2) If materiel is not on-hand in Condition L, obtain a THF Printout, appendix F-110, and review for posting of MRC, DIC D4S, for the CLIN and quantity cited on the DISREP copy.

(a) If materiel was reported in Condition Code A and a DIC DAC has not been processed transferring to Condition L:

1. Check for a DIC DAC violation. If located, correct and reenter.

2. If a DIC DAC violation is not located, contact the distribution activity, through the CCP, and request that a DIC DAC be processed, or an explanation as to why the DISREP was submitted.

(b) If materiel was reported in Condition L and a DIC DAC transferring to Condition A was processed, further action is not required provided the entire CLIN quantity received was transferred.

(c) If materiel was reported in Condition L and either none or only a portion of the CLIN quantity has been transferred to Condition A, wait for final disposition to be made and continue processing as prescribed in the appropriate paragraph below.

(d) If materiel has not been reported in Condition L or A:

1. Check for an MRC, DIC D4S, violation. If located, correct and reenter.

2. If a DIC D4S violation cannot be located, contact the distribution activity, through the CCP, and request that a DIC D4S be submitted or an explanation as to why the DISREP was submitted.

(3) As a result of the subparagraphs 4b(1) and 4b(2) above receipts research, the NIR balance for materiel held in Condition Code L should be accurate.

c. Transfer of materiel to reparable condition.

(1) Prepare a DD Form 1348, DIC ZJK, appendix B-190, to freeze stock at the storage location. Enter F in pos. 66, Storage Location in pos. 67-69, Purpose Code in pos. 70, and Condition Code A in pos. 71. Verify the freeze action by obtaining a K Remote.

(2) After location freeze has been established, prepare a DIC DAC, appendix B-22, to transfer materiel from Condition Code L to A. Verify by obtaining a K Remote.

(3) After materiel has transferred to Condition Code A, prepare a DIC DAC to transfer materiel to Condition Code F. Do not use the contract number for the document number - Construct in accordance with appendix B-22. Verify by obtaining a K Remote.

(4) Prepare a DIC ZJK to remove the location freeze (refer to subparagraph c(1) above).

(5) Notify the MSB, MSO, that materiel has been transferred to Condition F, and cite the document number for the A to F transfer.

d. MSB, MSO, processing.

(1) Obtain the original DISREP by requesting that the CCP obtain and forward the DISREP to MSO, or by requesting that DP&P forward the DISREP to MSO and advise the CCP that MSO is the new action office.

(2) If the DISREP is forwarded to MSO prior to notification by IAB that Materiel has been transferred to Condition F, request that IAB effect the transfer in accordance with subparagraph c above.

(3) Advise the storage location to transfer materiel from Condition Code L to A to F, but do not submit a DIC DAC to the DSC. Further advise the storage location to ensure that the materiel is completely segregated from any other condition F materiel for the same NSN.

(4) Comply with the section VII, paragraph 2 instructions to repair materiel with following exceptions:

(a) The resulting project order must be cross-referenced to the DISREP control number and contract number in order to retain the carrier liability identify.

(b) A copy of the project order is to be forwarded to the Commercial Traffic Branch, DS&T, to assist in recoupment action against the carrier after repair is completed. (Refer to appendix E-258 P.)

(c) The project order must stipulate disposition of irreparable materiel based on carrier decision.

1. If carrier has yielded title of materiel to the Government, disposition is not normally required since the repair facility will ship such materiel to the DRMO and submit a DIC D6M in accordance with DLAM 4140.2, Volume II, Part 3, Appendix B-45.

2. If carrier requires the return of materiel or a decision has not been made, the project order will stipulate that disposal is not to be performed, and that the DSC is to be contacted for disposition instructions.

e. Disposition of Irreparable Materiel.

After a repair project order has been completed by a repair facility, a balance of materiel, even though unserviceable, must either be turned over to the carrier who is liable for expenses incurred or a quantity that is totally consumed during the repair operation must be accounted for.

(1) If materiel remains that must be turned over to the carrier, the MSO will request that the IAB take the following actions:

(a) Process an MRC, DIC D6__, citing Condition Code A for the appropriate quantity using the document number of the project order, i.e., the DSC document number recorded in Due-In File.

(b) Process a DSC originated exception requisition, appendix B-4, to ship materiel to the carrier. Cite following exception data:

1. Contract No., DISREP Control No., Bill of Lading No. (if known), and Project Order No., and statement MATERIEL BEING HELD AS CONDITION F.

2. Advise repair facility that a denial, DIC A6__, must not be submitted. Further advise that if materiel should not be available for transfer to a carrier, i.e., balance totally consumed during repair operation, the project order is to be annotated accordingly.

(2) After the Project Order due-in quantity has been reduced to zero, and irreparable materiel either transferred to the carrier, or accounted for:

(a) Forward a finalized copy of the DISREP and Project Order to the Commercial Traffic Branch, DS&T.

(b) Continue processing DISREP per subparagraphs 6c(4) through 6c(6), section I above.