SUBJECT: In-Transit Accountability and Management of DLA-Owned Materiel and Customer Returns to DLA

References: Refer to Enclosure 1.

1. PURPOSE. In accordance with the guidance and the authority in References (a) and (b), this instruction:

   a. Establishes policy, assigns responsibilities, and provides procedures for DLA-owned materiel in an in-transit status from procurement and between storage locations.

   b. Reinforces asset visibility requirements regarding shipments of customer returns due-in to DLA wholesale (depot stock).

2. APPLICABILITY. This instruction applies to DLA Headquarters, DLA Aviation, DLA Land and Maritime, and DLA Troop Support (hereafter referred to collectively as DLA Supply Centers [DSC]), DLA Distribution and DLA Energy.

3. DEFINITIONS. See Glossary.

4. POLICY. It is DLA policy that:

   a. DLA shall maintain in-transit records and accountability for DLA-owned materiel in accordance with DoD 4140.1-R and DLM 4000.25, Volume 2 (References (a) and (b)).

   b. The Total Item Property Record (TIPR) in Enterprise Business System (EBS) shall include, at a minimum, DLA-owned materiel that is due in, in-transit, in an organic repair
facility, in a contractor’s custody, on loan, and on-hand in DoD wholesale and reported on-hand at retail storage activities, in accordance with Reference (a).

c. Accountability, control, and visibility of materiel shall be maintained throughout the supply chain with the required level of physical protection and identification of materiel without degrading the velocity with which materiel must move through the logistics pipeline.

d. Over aged due-ins and potential disruptions within the supply chain shall be identified, monitored, and assessed to minimize risk and loss of in-transit materiel.

e. DLA in-transit inventory shall be identified and valued monthly and those values used to update the General Ledger (GL) account to represent inventory in-transit in order to comply with DoD 7000.14-R (Reference (c)) and SFFAS 3 (Reference (d)).

5. RESPONSIBILITIES. See Enclosure 2.

6. PROCEDURES. See Enclosure 3.

7. INFORMATION REQUIREMENTS. None

8. INTERNAL CONTROLS. The DLA Inventory Management (J332) will conduct annual Compliance and Process Area Reviews to ensure compliance with this instruction and identify areas for process improvements.

9. RELEASABILITY. UNLIMITED. This instruction is approved for public release and is available on the Internet from the DLA Issuances Internet Website.

10. EFFECTIVE DATE. This instruction:


   b. Must be reissued, cancelled, or certified current within 5 years of its publication in accordance with DLAI 5025.01, DLA Issuance Program. If not, it will expire effective January 16, 2024 and be removed from the DLA Issuances Website.
Enclosures
   Enclosure 1 – References
   Enclosure 2 – Responsibilities
   Enclosure 3 – Procedures
Glossary
REFERENCES

(c) DoD 7000.14-R, DoD Financial Management Regulations, Volume 4, April, 2013
(d) SFFAS 3, Statement of Federal Financial Accounting Standards 3: Accounting for Inventory and Related Property, October 27, 1993
(e) Defense Federal Acquisition Regulation Supplement (DFARS), current edition
(f) DoD 4500.9-R, DoD Transportation Regulation (DTR), Part II, "Cargo Movement", February 2011
(g) DoD 4140.25-M, DoD Management of Bulk Petroleum Products, Natural Gas and Coal, current edition
(h) DLAEI 4140.01, "Petroleum Products Accountability and Management", January 10, 2013
(i) DLM 4000.25-2, “Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP)", Chapter 4, "Receipt and Due-In", June 13, 2012
(m) Joint Regulation, DLAR 4155.24/AR 702-7/SECNAVINST 4855.5B/AFR 74-6, "Reporting of Product Quality Deficiency Report Program", May 1997
ENCLOSURE 2

RESPONSIBILITIES

1. THE DIRECTOR, LOGISTICS OPERATIONS (J3):
   
   a. Is responsible for administering logistics management for the Agency; and
   
   b. Provides overall guidance for logistics management in DLA.

2. THE DIRECTOR, MATERIEL POLICY, PROCESS AND ASSESSMENT (J33) shall:
   
   a. Establish, maintain, and publish in-transit policy and procedures to achieve and sustain effective accountability, management oversight and resolution of DLA-owned inventory that is placed in an in-transit status.
   
   b. Conduct functional reviews to ensure timely follow-ups, discrepant receipt reporting, and adequacy of research and corrective actions taken to resolve in-transit inventories.
   
   c. Coordinate with J7, DLA Distribution, and DLA Supply Centers to examine effectiveness of passive Radio Frequency Identification (pRFID) implementation at DLA suppliers/vendors to ensure compliance with Defense Federal Acquisition Regulation Supplement (DFARS), (Reference (d)).

3. THE DIRECTOR, DLA FINANCE (J8) shall:
   
   a. Provide guidance and assistance to ensure accrued monthly in-transit values are posted to the appropriate General Ledger (GL) accounts.
   
   b. Coordinate with the DLA Supply Centers, J-332 and, as required, DLA Information Operations (J6) to develop, validate, and maintain business rules and correct EBS systemic problems as they relate to General Ledger Accounts (GLAC) for in-transit, to include: 15210300 - Inventory In-Transit from Procurement and 15210310 - Inventory In-Transit between Storage Locations (i.e., Stock Transfer Order [STO] /Redistribution Orders [RDO]).

4. THE COMMANDERS OF DLA SUPPLY CENTERS shall:
   
   a. Provide management oversight of in-transit inventories and actions necessary to resolve open due-ins related to new procurements (open purchase orders), customer returns, and redistributions between storage locations, as prescribed in this instruction.
b. Identify areas where increased visibility of materiel in-transit and changes to electronic data transactions could streamline research and financial reporting of in-transit inventories.

c. Use Enclosure (3) to guide development of Standard Operating Procedures (SOP) for resolving and closing open DLA due-ins, and, as required, the reporting of in-transit inventory values.

d. Define contractual requirements for new procurements that are intended to be delivered/consigned to DLA storage activities and the Military Services to ensure compliance with DFARS clause 252.211-7006, "Passive Radio Frequency Identification (SEP 2011)" (Reference (e)). (e.g., use of Wide Area Work Flow (WAWF) to electronically submit advance shipment notices with the pRFID tag(s)).

5. THE COMMANDER, DLA DISTRIBUTION shall:

   a. Monitor storage activity performance to ensure timely and accurate receipt processing to minimize in-transit inventories.

   b. Ensure discrepant receipts are processed in accordance with Reference (b).

   c. Assist DLA Supply Centers in researching over aged, delinquent, and frustrated receipts to resolve due-ins from new procurements, customer returns, and stock redistributions.

   d. Ensure storage activities adhere to Proof of Shipment (POS) as prescribed by Reference (b) and DoD 4500.9-R, Chapter 202, "Cargo Routing and Movement", (Reference (f)).

6. THE COMMANDER, DLA ENERGY shall:

   a. Provide management oversight of petroleum products reported in EBS in-transit inventory accounts, and those classified as unmatched movements, as prescribed by Reference (c), DoD 4140.25-M (Reference (g)) and DLAEI 4140.01 (Reference (h)).

   b. Monitor and coordinate actions necessary to resolve open due-ins related to vendor deliveries (procurements) and the STO of DLA-owned inventory movements between Defense Fuel Support Points (DFSP).

   c. Ensure Energy Region Offices monitor petroleum deliveries and initiate investigations to resolve overdue petroleum deliveries or shipments as prescribed by Reference (h).
ENCLOSURE 3

PROCEDURES

1. GENERAL PROVISIONS: DLA Primary Level Field Activities (PLFA) shall implement the policies and procedures in this instruction to enhance and sustain effective accountability, control and management of EBS data for materiel due-in, as well as, the transactional level data used to calculate accrued values posted to the In-Transit GLACs at the end of each month. DLA PLFAs shall:

   a. Comply with References (b), DLM 4000.25-2, Chapter 4 (Reference (i)), and DLM 4000.25-1, Chapter 9 (Reference (j)) business rules and standard procedures for transmitting information about incoming materiel between DLA Supply Centers (DSC) and storage activities, and, for the interchange of information between the owning activity and the DSCs on the reporting of customer assets, replies and disposition of materiel returns.

   b. Require, in solicitations and contracts, that commercial suppliers: Use WAWF for electronic submission of payment request; electronically submit advance shipment notice(s) and, for items meeting Reference (e) Subpart 211.275-2 criteria apply pRFID tags to list the contents of shipment. Advance Shipment Notice/Manifest Transaction Set 856 transaction shall be used for all shipments in accordance with References (e) and (f).

   c. Under Free On Board (FOB) Origin terms, the government is responsible for arranging the transportation of acquired items. Therefore, solicitations and awards for FOB (origin) type procurement contracts shall identify the appropriate point of contact for transportation instructions consistent with DLAD Sub-part 52.247-9034, "Point of Contact for Transportation Instructions (JUN 2013)", (Reference (k)).

   d. When contracting with transportation carriers for materiel movement within the Defense Transportation Systems (DTS), apply DoD In-transit Visibility (ITV) requirements, as prescribed by Reference (f) and (l) to obtain status of shipments and capture transportation related proof of shipment and proof of delivery to assist in tracing and tracking in-transit inventory.

      (1) If the shipment is not delivered by the Required Delivery Date (RDD) or within Time-Definite Delivery (TDD) standards, the shipper or consignee shall initiate tracer action. When tracing service is required, the Transportation Officer (TO) may place a request at the shipping activity or directly with the carrier involved.

      (2) Advance shipment data for inbound shipments shall be checked routinely for the status of undelivered shipments. Tracer action shall be initiated, if needed.

      (3) Routine cargo movement tracking and tracing may be accomplished using Integrated Data Environment & Global Transportation Network Convergence (IGC). IGC provides ITV information that integrates automated information support to the DoD and may be accessed through the IGC web page.
e. Energy Region Offices shall provide oversight for petroleum deliveries and monitor In-Transit Variances/Movements Under Investigation (MUI) to ensure appropriate actions are initiated to investigate and resolve root causes for excessive in-transit variances.

2. IN-TRANSIT FROM PROCUREMENT: All materiel identified as origin-acceptance on the purchase order lines for which acceptance (i.e., title transferred to the Government) has been recorded, but materiel has not yet been received.

   a. Destination acceptance purchase orders (PO) will neither be included as in-transit inventory, nor affect the ZSF IIT Report accrued values and DETAIL Reports mentioned in paragraph 4 below. However, PLFA actions shall include:

      (1) If materiel fails destination inspection the destination point (e.g., DLA storage activities) shall submit a Supply Discrepancy Report (SDR) or Product Quality Deficiency Report (PQDR) as prescribed by References (b) and (m), and, process discrepant/deficient materiel to Condition Code L to ensure asset visibility while receipt acceptance is suspended.

      (2) DSCs shall locate the corresponding Quality Notification (QN) and determine if it has been closed and adequate disposition instruction provided. If the receiving activity was directed to take corrective action, ensure materiel is upgraded in a timely manner so that the PO will close. If, the QN is still open ensure that the appropriate QN coordinator is contacted (e.g., Product Specialist, Contract Administrator, etc) and monitor corrective actions to be taken. Every QN may be a unique situation. Therefore, in conducting research, the DSCs shall establish the desired workflow to involve, as required, the Product Specialist, Resolution Specialist, Contract Administrator, and DLA Distribution.

   b. Origin-acceptance POs are included as in-transit inventory once the vendor has indicated via WAWF and/or a DLMS 856S that materiel was shipped and the receipt is not posted, or the receipt is partially posted. These POs also affect the ZSF IIT accrued values and DETAIL Reports mentioned in paragraph 4 below. Therefore, in the course of daily work (e.g., Inventory Records Management (IRM), QN, back order situations, etc.) research shall be conducted to determine delivery status. Additionally, if the PO appears on the ZSF IIT DETAIL Report, (see paragraph 4 below) and the invoice date or date shipped is past 30 days, the DSCs shall initiate research to resolve the open PO. Research shall include a check of EBS Stock Overview for materiel movement at the due-in plant, to determine if the following circumstances may have occurred:

      (1) Total Non-Receipt. When research of the Stock Overview finds no indication of receipt, the DSCs shall work with DLA Distribution to determine if the receipt posted in Distribution Standard System (DSS). If the receipt posted in DSS, the DSC shall check for a failed OF-49 Intermediate Document (IDOC), determine why it failed and coordinate corrective actions, as required, with DLA Distribution. This will resolve the open PO. However, if DSS has no record of receipt posting and there are no inventory gains that could equal the receipt quantity, the DSC shall request proof of shipment/delivery (i.e., valid tracking number) from the WAWF Team and provide the Proof of Delivery (POD) to the receiving activity and request the receipt be posted.
(2) **Partial Receipts.** The DSCs shall conduct research consistent with paragraphs 2.a.(2) to determine if an Supply Discrepancy Report (SDR) or Product Quality Deficiency Report (PQDR) was initiated with an open QN. If there is no QN, request proof of delivery (POD) from WAWF Team and provide POD to the receiving activity to research and validate quantity received. If the receiving activity finds that the receipt was processed incorrectly the original receipt will be reversed and re-processed for the correct quantity. If the receiving activity finds that the original receipt, for the same contract number and call/order number was posted correctly and matches receipt documentation, the DSC shall coordinate with post award and, as required, the contract administrator to resolve the issue of the remaining quantity.

(3) **Misdirected Shipments.** At times, vendors will ship materiel to the wrong location. When research of the EBS Stock Overview finds a 501 (i.e., receipt with no due-in) for an open PO, the DSCs shall post the receipt at the due in location with a 101 transaction, then immediately process a 301 (transfer post) to the location that actually received the materiel and reverse the 501 transaction. This will close the open PO.

(4) **Materiel Posted to the Wrong Call/Order/Contract Line Item (CLIN).** If multiple lines are due in to different storage sites, the receiving activity could post the receipt to the wrong line. When research of the EBS Stock Overview finds a ZK1 (receipt posted in blocked - not GR blocked) and a 501 equal to the amount due in on an open line, the DSC shall contact the receiving activity to verify receipt documentation. If the receiving activity finds that the receipt was processed incorrectly the original receipt will be reversed and re-processed. If the receiving activity finds that the original receipt, for the same contract number and call/order number was posted correctly and matches receipt documentation, the DSC shall coordinate with post award and, as required, the contract administrator to resolve the issue.

3. **IN-TRANSIT BETWEEN STORAGE ACTIVITIES:** All materiel cited on a DLA-directed re-distribution stock transport order (RDO/STO) for which the shipping location reports a shipment, but the receiving location has not reported receipt.

   a. When a maximum of 45 calendar days have elapsed since the shipping date shown in the DLMS 856S shipment notification, and receipt of the total quantity has not been reported, EBS shall transmit a DLMS 527R (MILSTRAP DIC DXB) Receipt Inquiry Transaction for information on the in-transit quantities to the storage activity designated to receive the materiel. The storage activity response to receipt inquiry shall include the appropriate Advice Code as prescribed in Reference (b), Volume 2, "Supply Standards and Procedures", Chapter 13, "Materiel Receipt", Section C13.4.

   b. When the storage activity response indicates that the materiel has not been received, the DSC shall coordinate with DLA Distribution to initiate shipment tracer and/or discrepancy reports, as required. If the receiving activity finds that the receipt was processed incorrectly the original receipt will be reversed and re-processed for the correct quantity and document number.
4. IN-TRANSIT INVENTORY REPORTS:

   a. As prescribed by Reference (b), a due-in record is maintained at the individual line item level in EBS. A sub-account of Inventory Purchased for Resale (Account 1521), as allowed in Reference (c), may be used to record inventory in-transit. In EBS, inventory in-transit is valued based on the moving average cost, and is recorded in accounts 15210300 - Inventory In-Transit from Procurement and 15210310 - Inventory In-Transit between Storage Locations.

   b. To support audit readiness a business requirement exists to not only calculate and post accrued summary values, but, to also provide the details that make up the summary level data on the financial statement that can be reconciled back to the general ledger accounts 15210300 and 15210310. Therefore, EBS should have the capability to produce the following report in order for J85 (Agency Accounting Operations) to run:

      (1) The ZSF_IIT Report at the end of each month to post the In-Transit data via Journal Voucher to the general ledger accounts.

      (2) The ZSF_IIT_DETAIL Report provides the transactional level detail that backs up the Journal Voucher postings for each GLAC (i.e., 15210300 and 15210310). The detail transactions support and can be reconciled to the general ledger summary postings. To execute the "Use Custom Table" option, select the Fiscal Year and Fiscal Period to view detail transactions.

   c. The DSCs shall use the ZSF_IIT_DETAIL Report, and, as required, locally developed reports to monitor in-transit inventories and initiate research to resolve open due-ins when the shipment date meets or exceeds a specified number of business days, as follows:

      (1) New Procurements - >30 days.

      (2) Stock Relocation between Storage Activities - > 45 days.

   d. The DSCs shall determine how best to allocate workload (e.g., Profit Center, Materiel Group Code, PO number, etc). However, prioritization of workload shall be based on age (i.e., oldest items first) and the highest dollar value amount of in-transit orders.

   e. DLA Energy shall investigate and resolve in-transit gains/losses when the shipment date or EDD meets or exceeds a specified number of business days, as follows:

      (1) From Procurement - initiate investigation within 24 hours and resolve by end of month.

      (2) Unmatched Movement from STO - resolve within 30 days, if not received by the EDD.

      (3) TDR (i.e., SF 361) for Customer Direct Deliveries - resolve within 30 days.
5. **DUE-IN FROM CUSTOMER RETURNS:** All materiel in which DLA has received shipment notification from the customer of returned materiel, but the materiel has not been received by DLA. DSCs shall maintain asset visibility of due-ins, initiate follow-ups and conduct research, as required. However, due-ins related to customer returns are not considered DLA in-transit inventory nor reported in DLA's financial statement. DLA item accountability and ownership shall occur at time of receipt.

   a. The Materiel Returns Program (MRP) process in EBS shall automatically send follow-ups on aged returns and if no response is received the return is cancelled. The time allowed for shipment and return of materiel is 120 (CONUS) and 180 (OCONUS) days, and the count starts with EBS posting the DLMS 856R (MILSTRIP DIC FTR).

      (1) If the customer responds to the follow-up with shipment status, EBS shall recalculate the due-in estimated delivery date (EDD) in accordance with References (a) and (i).

      (2) If materiel is not received by the EDD, or 30 days has elapsed since the transmission of DLMS 870M follow-up, without receiving a response, the DSC shall take action to cancel the due-in and delete the Prepositioned Materiel Receipt (PMRD), (DLMS 527D (MILSTRAP DIC DW-)) transaction.

      (3) However, action taken to cancel the due-in does not preclude requirements prescribed in Reference (b) to initiate tracer action and file Transportation Discrepancy Report (TDR) or an SDR on shipments not received, but for which shipment status has been received.

   b. The type of MRP will determine creditable and returnable levels with the appropriate pricing conditions for customer return, as follows:

      (1) **Base Realignment and Closure (BRAC), Supply, Storage and Distribution (SS&D) and National Inventory Management Strategy (NIMS) Customer Returns:** Standard MRP transactions (DLMS 180M (MILSTRIP Document Identifier Code (DIC) FTE)), DLMS 870M (MILSTRIP DOC FTR) and Materiel Receipt Status (DIC FTZ), do not apply. Under the NIMS/BRAC returns program, DLA shall only accept returned DLA-managed Supply Condition Code 'A' materiel back into DLA ownership regardless of current stock asset position. It is the returning customer's responsibility to provide a PMRD, (DLMS 527D (MILSTRAP DIC DW-)) transaction to the applicable DSS supported DLA storage activity. The receipt of returned materiel from the Military Service ownership to DLA shall be accomplished via a DLMS 527R Receipt (MILSTRAP DIC D6B), and materiel shipped-in-place.

      (a) Upon notification of receipt, EBS shall determine whether a corresponding sale to the Service maintenance site has occurred for the same materiel and condition code within the last 60-day time frame. If there is a matching sale, the customer shall receive credit equal to the original sale via a DLMS 810L (MILSBILLS DIC FA2).

      (b) If no sale has occurred or the condition code differs from that on the original sale, EBS shall provide credit based upon stock position, in accordance with Reference (b), and notification of credit provided via a DLMS 810L (MILSBILLS DIC FA2).
(2) **Total Asset Visibility (TAV) Lateral Redistributions and Procurement Offsets:** As a result of TAV initiatives, DLA may fill requests for materiel or requisitions through lateral redistribution of retail assets. To request asset status reporting, EBS shall transmit a DLMS 846I (MILSTRAP DIC DZE) to central points designated by the Military Services. In response to the EBS initiated 846I/DZE, the customer shall submit a Customer Asset Report DLMS 180M (MILSTRIP DIC FTE). As required, EBS shall generate follow-ups, credits, or cancellations and/or advise customers of materiel returns receipt via DLMS 870M Supply Status (MILSTRIP DIC FTZ).

(a) If materiel is not received by the due-in EDD, or 30 days has elapsed since the transmission of DLMS 870M follow-up without receiving a response, the DSC shall take action to cancel the due-in and delete the PMRD, DLMS 527D transaction.

(b) However, action taken to cancel the due-in does not preclude requirements prescribed in Reference (b) to initiate tracer action and file TDR or SDR discrepancy reports on shipments not received, but for which shipment status has been received.

(3) **Customer (Excess) Materiel Returns.** Customer initiated offers of excess are submitted via a DLMS 180M (MILSTRIP DIC FTE) and, if EBS determined that the materiel is required, EBS shall respond with a DLMS 870M (MILSTRIP DIC FTR), using the appropriate status code. EBS shall establish a due-in for the quantity of materiel to be returned and generate a DLMS 527D, PMR (MILSTRAP DIC DW-) to the receiving activity. The customer will report shipment status via the DLMS 856R (MILSTRIP DIC FTM) and EBS shall use that shipment notification to update the due-in EDD. Upon receipt of the DLMS 527R receipt (MILSTRAP DIC D6-) from the storage activity, EBS shall provide a DLMS 870M (MILSTRIP FTZ) transaction to the reporting customer with notification of materiel receipt and by use of the appropriate status code indicate the type credit allowed.

(a) If materiel is not received by the due-in EDD, or 30 days has elapsed since the transmission of DLMS 870M follow-up, without receiving a response, the DSC shall take action to cancel the due-in and delete the DLMS 527D transaction.

(b) However, action taken to cancel the due-in does not preclude requirements prescribed in Reference (b) to initiate tracer action and file TDR or SDR discrepancy reports on shipments not received, but for which shipment status has been received.
## PART I. ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>DFARS</td>
<td>Defense Federal Acquisition Regulation Supplement</td>
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<td>DLAD</td>
<td>Defense Logistics Acquisition Directive</td>
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<tr>
<td>DLMS</td>
<td>Defense Logistics Management System</td>
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<td>DSC</td>
<td>Defense Logistics Agency (DLA) Supply Center</td>
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<td>DSS</td>
<td>Distribution Standard System</td>
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<td>EBS</td>
<td>Enterprise Business System</td>
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<td>EDD</td>
<td>Estimated Delivery Date</td>
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<td>FAR</td>
<td>Federal Acquisition Regulation</td>
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<td>FDT</td>
<td>First Destination Transportation</td>
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<td>FOB</td>
<td>Free On Board</td>
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<td>GL</td>
<td>General Ledger</td>
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<td>GLAC</td>
<td>General Ledger Account</td>
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<td>IGC</td>
<td>Integrated Data Environment &amp; Global Transportation Network</td>
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<td>ITV</td>
<td>In-Transit Visibility</td>
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<tr>
<td>MFTURP</td>
<td>Military Freight Traffic Unified Rules Publication</td>
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<td>MILSTRAP</td>
<td>Military Standard Transaction Reporting and Accounting Procedures</td>
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<td>MRP</td>
<td>Materiel Returns Program</td>
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<td>MSDDC</td>
<td>Military Surface Deployment and Distribution Command</td>
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<td>MUI</td>
<td>Movements Under Investigation</td>
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<td>OF</td>
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<td>PLFA</td>
<td>Primary Level Field Activities</td>
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<td>PMRD</td>
<td>Preposition Materiel Receipt Data</td>
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<td>PO</td>
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<td>POD</td>
<td>Proof of Delivery</td>
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<td>POS</td>
<td>Proof of Shipment</td>
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<td>PQDR</td>
<td>Product Quality Deficiency Report</td>
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<td>pRFID</td>
<td>Passive Radio Frequency Identification</td>
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<td>QN</td>
<td>Quality Notification</td>
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<td>RDD</td>
<td>Required Delivery Date</td>
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<td>RDO</td>
<td>Redistribution Order</td>
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<td>SDR</td>
<td>Supply Discrepancy Report</td>
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<td>STO</td>
<td>Stock Transfer Order</td>
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These terms and their definitions are for the purpose of this instruction.

**Accountability.** The obligation imposed by law, lawful order, or regulations accepted by an organization or person for keeping accurate records, to ensure control of property, documents or funds, with or without physical possession. The obligation, in this context, refers to the fiduciary duties, responsibilities, and obligations necessary for protecting the public interest; however, it does not necessarily impose personal liability upon an organization or person.

**Direct Delivery.** The name of the purchase program used primarily to procure commercial product for direct delivery to the consuming location or equipment. Direct delivery includes Posts, Camps and Stations (PC&S), Into-plane, and Bunker programs. As used in the Bulk Fuels Purchase Program, direct delivery identifies an awarded item that is sent from the product supplier to the end user without going through an intermediate terminal.

**First Destination Transportation (FDT).** FDT is used to deliver materiel from a procurement source outside the Department of Defense logistics system to the first point of use or storage. FDT charges include transportation costs (except demurrage or detention) incurred incident to the shipment of first destination transportation materiel. The responsible party for those charges is detailed in the terms of procurement known as "Free On Board" (FOB). The FOB terms determine whether the government or the contractor is responsible for the transportation costs. Under FOB Origin terms, the government is responsible for arranging the transportation of the acquired items. The contract will identify who administers the contract and applicable contract clauses that instruct the vendor as to how to contact the government. For example, for DLA administered orders the vendor may contact DLA Distribution Transportation Office with a shipping request based on a contract award.

**In-transit.** Materiel in-transit from commercial and government suppliers; materiel whose title has passed but the materiel has not been received and accepted at the final designated destination; materiel between storage locations; or materiel temporarily in use or on loan with contractors or schools. This includes materiel shipped from vendors after acceptance by the U.S. Government (F.O.B. Origin contract arrangement [i.e., bill of sale/delivery term code]), but not yet received by the inventory manager. In-transit assets are not included in the records of wholesale inventory used in the stratification process.
Packaging Discrepancy. A packaging discrepancy is any unsatisfactory condition due to improper or inadequate packaging (including preservation, packing, marking, or utilization) that causes the item, shipment, or package to become vulnerable to loss, delay, damage, or unnecessary expense to the U.S. Government, such as excessive packing. Discrepancies involving pRFID are reportable under packaging discrepancy criteria.

Product Quality Deficiency. A product quality deficiency is a defective or non-conforming condition that limits or prohibits the item from fulfilling its intended purpose. These include deficiencies in design, specification, materiel, manufacturing, and workmanship. These are reportable on an SDR only by a Security Assistance customer. All others follow PQDR policy found in DLAR 4155.24/AR 702-7/SECNAVINST 4855.5B, AFR 74-6, "Product Quality Deficiency Report Program".

Proof of Delivery. A paper or electronic record maintained by the carrier that establishes when a specific shipment was offered for delivery at the destination and when it was accepted for delivery as authenticated by the signature of the consignee TO or representative. (Note: A transportation shipment unit relates to the piece count by type of pack [i.e., number of pallets, cartons, boxes] delivered on a specific Bill of Lading/Transportation document).

Proof of Shipment. A paper or electronic carrier record provided by the carrier at the time of shipment and signed by the origin TO or representative. The signed copy of the proof of shipment provides the shipper with evidence that the specific shipment was tendered to a carrier for transportation. (Note: A transportation shipment unit relates to the piece count by type of pack [i.e., number of pallets, cartons, boxes] moving on a specific Bill of Lading/Transportation document.)

Supply Discrepancy Report (SDR). The SDR is a tool used to report shipping or packaging discrepancies attributable to the responsibility of the shipper, (including U.S. Government sources and contractors/manufacturers/vendors) and to provide appropriate responses and resolution, including financial action when appropriate. (Note: For customer requisitions an SDR is also required for total non-receipt of shipped quantity.)

Shipping (Item) Discrepancy. A shipping discrepancy is any variation in quantity or condition of goods received from what is shown on the authorized shipping documents, to include incorrect or misdirected materiel, receipts of cancelled requirements, and/or improper or inadequate technical or supply/shipping documentation, that is not the result of a transportation error or product quality deficiency. Discrepancies involving Item Unique Identification (IUID) are reportable under shipping discrepancy criteria.

Transportation Discrepancy. A transportation discrepancy is any variation in quantity or condition of materiel received from that shown in the piece count by type of pack on the bill of lading or governing transportation document and other deficiencies in transportation when discrepant materiel is not involved. These discrepancies involve motor, air, water, rail, and small package commercial carriers (excludes USPS shipments that are lost or damaged).