



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

3500 DEFENSE PENTAGON
WASHINGTON, DC 20301-3500

SUSTAINMENT

MEMORANDUM FOR THE SUPPLY PROCESS REVIEW COMMITTEE MEMBERS

SUBJECT: Approved Standards Change (ASC) 1198B, Establishing and Maintaining
Accountability for Service Owned Capital Equipment Stored at DLA
Distribution Centers – Logic to Determine Capital Equipment

The attached change to Enterprise Business Standards, as outlined in the attachment is approved for implementation.

Addressees may direct questions to Mr. Rafael Gonzalez or Mr. Benjamin Breen, e-mail: EBSO.Supply@dla.mil. Others must contact their designated PRC representative available at <https://www.dla.mil/HQ/InformationOperations/DLMS/allpoc/>.

Leigh E. Method, SES
Deputy Assistant Secretary of Defense
for Logistics

Attachment
As stated

cc:
ODASD(L)
OUSD(C)
OUSD(A&S/DPC)
EBSO PRC MEMBERS

ASC 1198B
**Establishing and Maintaining Accountability for Service Owned
Capital Equipment Stored at DLA Distribution Centers – Logic to
Determine Capital Equipment**

1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION:

a. **Technical POC:** Enterprise Business Standards Office, Mr. Rafael Gonzalez, Mr. Ben Breen, email: EBSO.Supply@dla.mil

b. **Functional POC:** DLA J345, Mr. James Weiner, email: james.c.weiner@dla.mil

2. FUNCTIONAL AREA: Supply, Inventory Management

3. REFERENCES:

a. Approved Defense Logistics Management Standards (DLMS) Change (ADC) 1198, Establishing and Maintaining Accountability for Service Owned Capital Equipment Stored at DLA Distribution Centers, October 16, 2016

b. DODI 5000.64, Accountability and Management of DoD Equipment and Other Accountable Property, May 19, 2011

c. ASC 1317, Establishment of New Unique Item Tracking (UIT) Program for Serially Managed Items outside of the scope of Existing Programs but Requires Serial Number Tracking, January 2021.

4. APPROVED CHANGE(S):

a. **Brief Overview of Change:** During the review process, EBSO identified additional areas in the DLM 4000.25 to address the intent of this approved change. Changes subsequent to staffing of the proposed change are identified by green shaded text.

(1) This change approves a revision to the logic documented in ADC 1198 to identify capital equipment materiel and incorporate the use of unique item tracking (UIT) designator codes. This change also removes the term “Capital Equipment Candidates” to allow materiel identification at the national stock number (NSN) level. Capital equipment materiel follows the same business rules as a UIT Program for reporting of materiel discrepancies. Upon approval of this change, storage activities will only perform serial number tracking for those capital equipment items with an active UIT designator code. The storage activity will use the UIT designator code to identify the capital equipment items that require serial number tracking. Serial number tracking does not automatically apply to all capital equipment items.

(2) With this change, materiel owners will use the appropriate UIT designator code to identify what capital equipment items require serial number tracking throughout the

product life cycle. In this change, the term “materiel owner” is used in terms of materiel owner when acting as the primary inventory control activity (PICA).

b. Background:

(1) Capital equipment is defined as tangible personal property items that: (1) have an acquisition cost at or above the current capitalization threshold, with a useful service life of two or more years; (2) are functionally complete for their intended purpose, durable, and nonexpendable; (3) are not intended for sale in the ordinary course of business; (4) do not ordinarily lose their identity or become a component part of another article when put into use; and (5) are available for the use by the reporting entity for its intended purpose (DoDI 5000.64, (Reference 3.b.) and cited in ADC 1198 (Reference 3.a)).

(2) Based on ADC 1198 (Reference 3.a.), a capital equipment candidate must: (1) have a Federal Logistics Information System (FLIS) Item Unique Identification (IUID) Indicator (Y); (2) be within Classes of Supply II, VII, and VIII; and (3) have a current Unit Price recorded in the FLIS of at least \$100,000. Current business rules require serial number tracking on all capital equipment items that meet the above criteria.

(3) After implementing ADC 1198, DLA acknowledged several challenges when identifying capital equipment materiel. A serially managed item that requires owner visibility, such as capital equipment, requires storage activities to implement additional business rules and procedures to provide the level of visibility required. Some of the business rules and procedures translate to additional costs for storage. The current logic to determine capital equipment materiel relies on the specific attributes of the item, such as the acquisition unit price, which may fluctuate from one item to the other, potentially causing only one of two identical items to be capital equipment. The complexity of the current logic and the potential for misidentifying capital equipment items increases the chances for DoD Components to incur unintended storage costs.

(4) Another challenge presented includes storage activities responsible for identifying capital equipment materiel and not the materiel owners. Current business rules rely on the storage activity and not the materiel owner to determine what items are capital equipment. Given that Services pay a premium for the storage and handling of capital equipment materiel, the materiel owner should have control of what items require serial number tracking and not the storage activity.

(5) Consequently, DLA proposed a revision to the logic used to identify capital equipment materiel to incorporate the use of a UIT designator code. The materiel owner will evaluate each serially managed item and determine the appropriate UIT designator code to enable serial number tracking. The use of a UIT designator code has two advantages: (1) simplify the logic to identify capital equipment; (2) Provides full control for materiel owners to determine what capital equipment items require serial number tracking.

c. Approved Change in Detail:

(1) This change approves the use of a UIT designator code as part of the logic to identify capital equipment items. In addition, this approved change removes the term “Capital Equipment Candidates” to allow item identification at the NSN level. Last, the materiel owner will now be in control to determine which items are capital equipment and require serial number tracking throughout the product life cycle.

(2) The materiel owner will evaluate capital equipment items and assign the appropriate UIT designator code only when the item requires serial number tracking. For those items, where none of the currently active UIT Programs applies, A new UIT Designator Code, AAK – Other Serially Managed Items was created to account for serialized items that exist outside of the scope of the existing UIT Programs but require serialized tracking (Reference 3.c.).

(3) Capital equipment items stored at a DLA storage activity must go under a qualifying UIT designator code prior to the implementation of the DLA Warehouse Management System (WMS). This will ensure proper serial number tracking remains after WMS implementation. The Services must coordinate with DLA for a smooth transition of all capital equipment items. Details regarding the transition of capital equipment items stored at DLA warehouses are available under Paragraph 7.

d. Revisions to Defense Logistics Manuals:

(1) Revise DLM 4000.25, Volume 1, Appendix 2, Terms and Definitions for capital equipment and capital equipment candidates to update the logic for identifying the candidates as shown in Enclosure 1.

(2) Revise DLM 4000.25, Volume 2 Supply Standards and Procedures, Chapter 4, Requisitioning as shown in Enclosure 2.

(3) Revise DLM 4000.25, Volume 2, Chapter 5 Status Reporting as shown in Enclosure 2.

(4) Revise DLM 4000.25, Volume 2, Chapter 6, Physical Inventory Control as shown in Enclosure 2.

(5) Revise DLM 4000.25, Volume 2, Chapter 11, Materiel Returns, Redistribution of Assets, Directed Discrepant/Deficient Materiel Returns, and Retrograde Returns as shown in Enclosure 2.

(6) Revise DLM 4000.25, Volume 2, Chapter 17, Supply Discrepancy Report as shown in Enclosure 2.

(7) Revise DLM 4000.25, Volume 2, Chapter 21, Stock Readiness Program as shown in Enclosure 2.

5. REASON FOR CHANGE: DLA identified several issues pertaining to the logic used to identify capital equipment materiel. The current methodology puts the responsibility for materiel identification on DLA and not the corresponding owner.

6. ADVANTAGES AND DISADVANTAGES:

a. **Advantages:** This change leverages existing procedures and synchronizes how the Services will identify capital equipment items. This change also supports the Financial Improvement and Audit Readiness (FIAR) compliance for accountability and management of capital equipment.

b. **Disadvantages:** None

7. ESTIMATED TIMELINE/IMPLEMENTATION TARGET:

a. The change in procedure will take effect upon approval. The use of this logic, however, will begin once DLA migrates to the DLA WMS. The Services must work with DLA to transition existing capital equipment materiel in storage before the DLA WMS implementation. All capital equipment items stored at a DLA storage activity must go under a qualifying UIT program before the DLA WMS goes live. **DLA estimates that live migration to WMS will begin in November 2021.** DLA will use the following steps for implementation:

(1) The transition of Service-owned capital equipment items under a qualifying UIT designator code will enable DLA to continue serialized tracking of these items after the DLA WMS implementation. To achieve this, DLA will provide a list of all serially managed items currently stored at a DLA warehouse with a FLIS IUID Indicator Y to both FLIS and the Services for validation. The Services will then validate the items on the list **and identify the appropriate UIT designator code.** DLA will only continue serialized tracking of those capital equipment items under a valid UIT designator code. Once the transition is complete, DLA will cease serialization and tracking of items that fail validation.

(2) Upon validation, FLIS will make the appropriate updates to the cataloging data. DLA will receive the updates via the FLIS Portfolio Data Warehouse subscription service.

8. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE: Implementing this change does not directly translate into savings or cost avoidance.

9. IMPACT:

a. **New/Changes to Data Elements:** None

b. **Automated Information Systems (AIS):** Components will need to determine relevant AIS changes.

c. **Defense Automatic Addressing System (DAAS):** None

d. **Non-DLM Publications:**

(1) No DoD level publication changes identified.

(2) DoD Components should review their service level publications and make the necessary changes to reflect the changes in this document.

10. PROPOSED STANDARDS CHANGE (PSC) 1198B RESPONSE/COMMENT RESOLUTION:

	Component	Response/Comment	Disposition
1	U.S. Army	Concur without comment	As noted.
2	US Army (SDR Community)	Concur without comment.	As noted.
3	U.S. Navy	<p>Concur with comment:</p> <p>a. Para 4.a.(1): The following sentence infers that capital equipment will be tracked at the NSN level: “This change also removes the term “Capital Equipment Candidates” to allow materiel identification at the national stock number (NSN) level.”</p> <p>Recommendation: Change to read: “This change also removes the term “Capital Equipment Candidates” to allow for identification of relevant national stock numbers (NSN) that qualify for item level tracking.”</p> <p>b. Para 4.c.(1): Same proposed change, with verbiage as identified above.</p>	Noted. Original wording retained
4	U.S. Air Force	<p>Concur with comment:</p> <p>a. There is no set timeline or estimated timeline of when DLA will migrate to the DLA Warehouse Management System or no transition period stated.</p> <p>Recommended resolution: Define a timeline or estimated timeline to include workload with identified parts lists within the PSC.</p>	Noted. Text updated to add DLA timeline
5	U.S. Marine Corps	<p>Concur with comments:</p> <p>a. Allow PICA or SICA to assign the required IUID or UIT designators to national stock numbers per Service level serialization requirements.</p> <p>b. Maintain serialization of retired NSNs and/or during the logistics reassignment process where PICA ownership changes.</p>	<p>a. By policy, only the PICA can assign the UIT code. The SICA will need to coordinate with the PICA to assign a UIT to a given NSN.</p> <p>a.(1) includes “ In this change, the term “materiel owner” is use in terms of materiel owner when acting as the primary inventory control activity (PICA)”.</p> <p>b. All NSNs with the appropriate UIT code will be flagged as serially managed materiel and consequently, once serially managed, it will remain</p>

		<p>c. Once an item is assigned a UIT designator and/or IUID making it eligible for serialization, it must remain eligible throughout the total equipment life cycle to include divestment.</p> <p>d. Institute the recommended process as a requirement for all Services responsible for holding custodial inventory. MARCORLOGCOM has equipment stored at site other than DLA. Currently, audit finding have occurred as a result of other custodial systems not possessing the ability to manage nor transnationally receive and transmit serialized DLMS transactions.</p>	<p>as such through its life cycle. During a logistic reassignment, only the ownership will change. If the materiel going through LR has a valid UIT code and it was flagged as serially managed materiel before the transfer, it will remain as such after the transfer is complete.</p> <p>c. Agree; Noted.</p> <p>d. As written, only items under a UIT code can be serially managed by DLA. Any NSN with a UIT code must be serially managed by ALL storage activities and not just DLA. The difference is that storage activities other than DLA will still be able to serially managed other non UIT items Locally. DLA is looking to migrate all current items flagged as capital equipment into a qualifying UIT code before WMS Go Live.</p>
6	DLA	Concur without comment.	As noted.
7	DAAS	Concur without comment.	As noted.

Enclosure 1

DLM 4000.25, Volume 1, Concepts and Procedures

Make the following changes to Volume 1. Additions are shown in red bold italics text, deletions are shown with double strikethrough.

Appendix 2, Terms and Definitions

Preceding text not shown

CAPITAL EQUIPMENT. Capital equipment is defined as tangible personal property end items that: (1) have an acquisition cost at or above the current capitalization threshold, with a useful service life of two or more years; (2) are functionally complete for their intended purpose, durable, and nonexpendable; (3) are not intended for sale in the ordinary course of business; (4) do not ordinarily lose their identity or become a component part of another article when put into use; and (5) are available for the use by the reporting entity for its intended purpose (Reference DoDI 5000.64). Source of definition: Guidelines for Registering Government Serialization, Type Designation and Ownership of Major End Items, Assemblies and Subassemblies and Capital Equipment in the IUID Registry, Version 1.1 October 15, 2007. ***Serial number tracking does not automatically apply to capital equipment. The materiel owner will evaluate capital equipment items and assign the appropriate UIT designator code only when the item requires serial number tracking at the DoD level.***

~~**CAPITAL EQUIPMENT CANDIDATE.** Capital equipment candidate end items the following characteristics; (1) a FLIS IUID Indicator (Y); (2) are within Classes of Supply II, VII, and VIII; and (3) a current Unit Price recorded in the FLIS of at least \$100,000. Not all Capital Equipment candidate items will ultimately be reported on financial accountability statements due to the decision to implement uniform serialization across a NIIN and to not track actual acquisition cost of each equipment in supply chain AISs. However, all Capital Equipment candidate items will be subject to serialized data visibility procedures.~~

Enclosure 2

DLM 4000.25, Volume 2 Supply Standards and Procedures

Make the following changes to Volume 2. Additions are shown in *red bold italics*, and deletions by double strikethrough.

Chapter 4, Requisitioning

Preceding text not shown

C4.7.16.1.4. Capital Equipment ~~Candidates~~. In support of Financial Improvement and Audit Readiness (FIAR), ~~compliance for accountability and management of capital equipment, capital equipment candidates require~~s serialization data visibility. ***Serial number tracking does not automatically apply to capital equipment. The materiel owner will evaluate capital equipment items and assign the appropriate UIT designator code only when the item requires serial number tracking at the DoD level.*** Submitters must prepare materiel release confirmation citing the applicable serial number(s) and include the UII when available.¹

Chapter 5, Status Reporting

Preceding text not shown

C5.1.1.3. Item Unique Identification.

5.1.1.3.1. Shipment Status for NSNs containing an IUID Indicator Yes (Y), indicating that DoD Item Unique Identification (IUID) Supply Policy is required, must contain the Unique Item Identifier (UII) and/or serial number for each item when available. See Section C5.1.4.5 for specific shipment status requirements for IUID.

C5.1.1.3.2. Capital Equipment ~~Candidates~~. In support of Financial Improvement and Audit Readiness (FIAR), ~~compliance for accountability and management of capital equipment, capital equipment candidates~~ ***assigned under an established unique Item tracking (UIT) program*** require s serialization data visibility. Submitters must prepare materiel release confirmation citing the applicable serial number(s) and include the UII when available.²

Intervening text not shown

C5.1.4. Types of Shipment Status

C5.1.4.1. Preparation of Shipment Status. Shipment status will be provided by the shipping activity or the source of supply for direct vendor delivery (contractor

¹ Refer to ADC 1198

² Refer to ADC 1198

direct) or in response to a requisition follow-up. The consolidation and containerization point (CCP) and other locations performing consolidation subsequent to issuance of shipment status may also provide shipment status for the purpose of identifying passive RFID.³ Under DLMS, the shipment status will include enhanced data content and support item unique identification (IUID) and intransit visibility requirements as directed under DoD policy/procedures (DoDM 4140.01), when available and pending full DLMS implementation/modernization. In support of (FIAR), ~~compliance for~~ accountability and management of capital equipment, ~~capital equipment candidates~~ **assigned under an established UIT program** requires serialization data visibility.⁴ Submitters must prepare shipment status citing the applicable serial number(s) and include the UII when available.⁵ Shipment status will be provided by the DoD shipping activity, the CCP, or by the source of supply⁶ using the DLMS 856S. Maintenance activities (organic and commercial) will provide shipment notification to the receiving activity and other interested parties when materiel is shipped to the distribution depot, DLA Disposition Services Field Office, or other designated receiving activity per source of supply/inventory control point guidance. This may be accomplished using either the DLMS 856S Shipment Status, or the DLMS 856 Advance Shipment Notice (ASN), provided via Wide Area Work Flow ~~Receipt and Acceptance (WAWF-RA)~~.⁷ The DLMS Shipment Status will include asset visibility content, such as IUID, and intransit visibility requirements, such as passive RFID and the TCN as directed under DoD policy/procedures (DoDM 4140.01). DLMS enhancements include, but are not limited to the following:

C5.1.4.1.1. Passive RFID for the shipment unit/case/pallet associated at the requisition document number level. The shipment status transaction may identify a hierarchy to clarify the relationship of passive tags within different shipment levels.

C5.1.4.1.2. For ~~unique item tracking (UIT)~~ purposes, the UII (when available) and serial number will be added to the shipment status transaction. Serial number without the applicable UII may only be used during MILSTRIP/DLMS transition and pending implementation of IUID capability. Refer to Chapter ~~49~~**30** for UIT guidance.

C5.1.4.1.3. Under the DoD IUID Supply Policy, the UII and/or serial number (when available) must be added to the shipment status transaction. Serial number without the applicable UII may be used only during MILSTRIP/DLMS transition and pending implementation of IUID capability. Paragraph C5.1.4.5 contains specific procedures to identify the UII in shipment status transactions when the NSN(s) contains

³ Refer to ADC 257, DLMS Shipment Status Generated by Consolidation and Containerization Point

⁴ Refer to ADC 1198B

⁵ Refer to ADC 1198

⁶ Direct vendor delivery shipment status using the 856S includes shipment status prepared by the DLA-sponsored Defense Planning and Management System (DPMS) application.

⁷ Business rules for use of the 856 for GFM or Property Transfer, including internal DoD transfers, are evolving. Refer to the Defense **Pricing and Contacting** ~~Procurement and Acquisition~~ policy for UID. Specific applicability and interoperability issues to be resolved by the UID Program Office and **ODASD(Logistics)**~~DUSD(L&MP)SCI~~.

the IUID Indicator Y denoting that serialized item management is required. Capital equipment ~~candidates~~ **assigned under an established UIT program** requires serialization data visibility and therefore must cite the serial number and include the UII when available.

Intervening text not shown

C5.1.4.2.1. Preparation of the CCP/Consolidation Shipment Status

Intervening text not shown

C5.1.4.2.1.1.8. IUID Data. UII and/or serial numbers (when available) must be included for NSNs with an IUID Indicator Y. Capital equipment ~~candidates~~ **assigned under an established UIT program** requires serialization data visibility and therefore must cite the serial number and include the UII when available. Requirements for including the UII in the CCP/Consolidation Shipment Status are provided in C5.1.4.5.

Intervening text not shown

C5.1.4.3.3. For outbound non-MILSTRIP shipments documented on a DD Form 1149, a DLMS 856S will be created. Table C5.T1 lists the minimum data elements that must be included in the shipment status message; sources of the data are the DD Form 1149 and pRFID tag information. Shipment status applicable to shipment of GFP will perpetuate all GFP contract data from the shipping documentation, to include the contract number authorizing GFP, and the call/order and CLIN when provided. For NSNs containing the IUID Indicator Y, include the UIIs and/or serial number(s) for each item when available. Capital equipment ~~candidates~~ **assigned under an established UIT program** requires serialization data visibility and therefore must cite the serial number and include the UII when available.

Intervening text not shown

C5.1.4.5. Item Unique Identification Shipment Status

C5.1.4.5.1. UII and/or Serial Number on Shipment Transactions. For NSNs that contain the IUID Indicator Y, storage activities (or initial shipping activity) will provide the UII and/or serial number, on outbound shipment status using the DLMS 856S transaction. If the UII is not available provide the serial number if available. The long-term end state goal is to rely on the UII only. Table C5.T2 shows the decision matrix that applies to scenarios where the UII and/or serial number may not be available when the item is being shipped. The overriding vision is that, pending full transition to DoD IUID Supply Policy using the UII, processing of outgoing shipments does not stop due to lack of a viable UII and/or serial number when the NSN contains an IUID Indicator Y. Capital equipment ~~candidates~~ **assigned under an established UIT program** requires serialization data visibility and therefore must cite the serial number and include the UII when available.

Intervening text not shown

C5.1.4.5.5. Scenarios for Including the UII in the Shipment Status. Capital equipment ~~candidates~~ **assigned under an established UIT program** requires serialization data visibility and therefore must cite the serial number and include the UII when available.

Chapter 6, Physical Inventory Control.

Preceding text not shown

C6.13. CAPITAL EQUIPMENT CANDIDATES⁸

C6.13.1. General. This section addresses additional procedures applicable to capital equipment ~~candidates~~.

C6.13.1.1. Capital Equipment ~~Candidates~~. **Serial number tracking does not automatically apply to capital equipment. The materiel owner will evaluate capital equipment items and assign the appropriate UIT designator code only when the item requires serial number tracking at the DoD level.** In support of Financial Improvement and Audit Readiness (FIAR), ~~Compliance for~~ accountability and management of capital equipment, ~~items identified as capital equipment candidates~~ **assigned under an established UIT program** requires management and visibility by both the owner and storage activity by serial number (and unique item identifier (UII) if available). Owners will, within their AISs, have constant knowledge of the physical location (DoDAAC/RIC level) of each instance of an item uniquely identified by its serial number (and UII if available). The owner of the item will maintain records of which storage activity has a particular instance of an item identified by its serial number (and UII if available). This requires record keeping by the owner and storage activity and the constant exchange of all balance affecting transactions between them to ensure that the records of both reflect the correct NSN, storage location, owner, supply condition code and serial number (and UII if available). Storage activities will maintain locator records by NSN, owner, supply condition code and serial number (and UII if available). Owners will maintain records on their Accountable Property System of Record (APSR) by NSN, storage activity (DoDAAC/RIC level), SCC, and serial number (and UII if available).

C6.13.1.2. Capital equipment ~~candidate~~ items must ~~having the following characteristics~~; (1) have a FLIS IUID Indicator (Y); (2) are within Classes of Supply II, VII, and VIII; and (3) have a current Unit Price recorded in the FLIS of at least \$100,000. Not all capital equipment ~~candidate~~ items **will require serial number tracking.** ~~will ultimately be reported on financial accountability statements.~~ **Materiel Owners will enable serial number tracking by assigning an active UIT designator code to each selected capital equipment NSN.**

C6.13.1.3. Serial Number Tracking for Capital Equipment. Capital equipment items that meet the criteria in the previous paragraph and require

⁸ Refer to ADCs 1198, ~~and~~ 1198A **and ASC 1198B**

serial number tracking throughout the product's life cycle, must have an active UIT program assigned. The materiel owner will evaluate the item and select the most appropriate UIT program code. When none of the other UIT programs applies, and the item still requires serial number tracking, the materiel owner will use UIT Designator Code AAK – Other Serially Managed Items. This will ensure the storage activity will recognize the NSN as capital equipment requiring serial number tracking.

C6.13.2. Conduct of Physical Inventories. The transaction history request, response to transaction history request when no history is available, physical inventory request, response to physical inventory request and end of day transaction count will not contain serial numbers or UIIs. However, when the owner initiates a physical inventory request for a capital equipment ~~candidate~~ item (**assigned under an established UIT program**) to assist in resolving discrepancies where the only difference between the owner records and the storage activity records is the serial number (or UII if available), the physical inventory request will contain Type of Physical Inventory Code B. Owners will initiate a physical inventory when a mismatched condition on serial number (and UII when available) is identified between its records and transactions received. The owner will first request a physical inventory of all owners be conducted by the storage activity that sent the transaction generating the mismatched condition. If the initial physical inventory is unable to resolve the mismatched condition the owner may need to coordinate requests for physical inventories with DLA Distribution to conduct inventories of all owners at all other storage activities storing that NSN.

Intervening text not shown

C6.13.2.3. Owner/managers processing location reconciliation history transactions resulting from End-of Day processing or an owner initiated location reconciliation request where there is a mismatch on serial number (and UII if available) between the owner records and the storage activity transactions. The history transactions for capital equipment ~~candidate~~ items **assigned under an established UIT program** will perpetuate the serial numbers (and UIIs if available) that were included on the original transactions.

Intervening text not shown

C6.13.3.2. Due to the nature of capital equipment ~~candidate~~ items **assigned under an established UIT program**, these items are frequently in individual storage locations within the storage activity. The storage activity may, for items of this nature, include the serial number (and UII if available) verification as part of the location survey. When a discrepancy is identified during the location survey program (Type I or Type II error (see paragraphs C6.8.1.2.1. and C6.8.1.2.2.)), the storage activity will conduct prompt research and assess the need for a special inventory Physical Inventory Request Transaction with Type of Physical Inventory/Transaction History Code K).

C6.13.4. Reconciliation of Serially-Managed Items.

C6.13.4.1. Storage activities will prepare location reconciliation requests by line item. For capital equipment ~~candidate~~, **assigned under an established UIT program**, the line item = NSN + SCC + serial number + UII (when available).

Intervening text not shown

C6.13.5.3. Capital equipment ~~candidate~~ items **assigned under an established UIT program** where a discrepancy exists solely on missing serial number/UII requires a dual inventory adjustment transaction. The storage activity will transmit a DLMS 947I Inventory Adjustment, Inventory Transaction Type Code DU (Inventory Adjustment Dual), Quantity or Status Adjustment Reason Code AM (Missing Unique Item Identifier (UII)/Serial Number) to add the serial number/UII in question to the existing records. The storage activity may add multiple missing serial number/UII for the same item using a single transaction. The storage activity response will contain all related serial numbers/UIIs. Two inventory adjustment transactions are required to identify the mandatory serial number and, when available, the associated UII, and to update the SCC.

Intervening text not shown

C6.13.6. Research of Potential or Actual Inventory Adjustments (UII and/or serial number mismatch) (DLMS 947I with Quantity or Status Adjustment Reason Code AQ)

C6.13.6.1. DoD Components will ensure that potential or actual inventory adjustments for capital equipment ~~candidate~~ items **assigned under an established UIT program** that result in an inventory adjustment are reported with Quantity or Status Adjustment Reason Code AQ and are researched in accordance with the procedures paragraph C6.4.

C6.13.6.2. Due to the value of capital equipment ~~candidate~~ items, discrepancies will always require the most demanding research requirements set forth in Table C6.T3.

Chapter 11 Materiel Returns, Redistribution of Assets, Directed Discrepant/Deficient Materiel Returns, and Retrograde Returns

C11.7.1.2. Reporting activities returning materiel under MRP will prepare and submit a DLMS 856R, Shipment Status Materiel Returns, with Unique Item Identifier (UII) and/or corresponding serial number(s) for NSNs containing an item unique identifier (IUID) Indicator Yes (Y), indicating that DoD IUID Supply Policy compliance is required, after materiel directed for return is released to the carrier. The exception to the forgoing in support of Financial Improvement and Audit Readiness (FIAR), ~~compliance for accountability and management of capital equipment, capital equipment candidates~~ require **s** serialization data visibility. **Serial number tracking does not automatically apply to capital equipment. The materiel owner will evaluate capital equipment items and assign the appropriate UIT designator code only when the**

item requires serial number tracking at the DoD level. Submitters must prepare shipment status materiel returns citing the applicable serial number(s) and include the UII when available. Prepare a separate DLMS 856R for each shipment. Exercise care to ensure that appropriate data content, including suffix of the individual DLMS 870M, Reply to Customer Asset Report (MILSTRIP Legacy DIC FTR), is perpetuated in the DLMS 856R. The DLMS 856R will be sent to the ICP/IMM and the designated return-to activity. The ICP/IMM is not required to store UIIs⁹ except for capital equipment ~~candidates~~ that require serialization data visibility **when assigned under an established unique Item tracking (UIT) program.**¹⁰

Intervening text not shown

C11.8.3. ICP/IMM Follow-Ups on Directed Returns (DLMS 870M). Upon receipt of DLMS 870M, ICP/IMM Follow-Up, from the ICP/IMM, the reporting activity will review records to determine whether a DLMS 870M, Reply to Customer Excess Report, had been received. If there is no record of having received DLMS 870M reply to the customer excess report, the 870M ICP/IMM Follow-Up transaction will be converted to DLMS 870M, Reply to Customer Excess Report, and processed. If shipment has not occurred, DLMS 870M, Materiel Returns Program Supply Status, citing the ESD will be submitted. If records indicate that shipment has occurred, the transportation activity will be queried to ensure that the materiel has been shipped. If the materiel has been shipped, a new DLMS 856R, will be prepared and submitted identifying the quantity shipped to include UIIs and/or corresponding serial numbers for NSNs containing an IUID Indicator Y, indicating that DoD IUID Supply Policy compliance is required. The DLMS 856R will be sent to the ICP/IMM and the designated receiving activity. Capital equipment ~~candidates~~ **assigned under an established unique Item tracking (UIT) program** requires serialization data visibility and therefore must cite the serial number and include the UII when available. If materiel has not been shipped, determine when the shipment will be made and follow the above procedures. When less than the total quantity contained in the original DLMS 870M is to be shipped, the reporting activity will respond to the DLMS 870M, ICP/IMM Follow-Up, with DLMS 870M, Materiel Returns Supply Status, for the quantity to be shipped and DLMS 180M for the quantity that will not be shipped. If any of the shipment has already occurred, the reporting activity will respond to DLMS 870M (ICP/IMM Follow-up), with DLMS 856R for the quantity that has been shipped, to include UIIs and/or corresponding serial numbers for NSNs containing an IUID Indicator Y, indicating that DoD IUID Supply Policy compliance is required. The DLMS 856R indicating partial shipment will be sent to the ICP/IMM and the designated receiving activity. Capital equipment ~~candidates~~ **assigned under an established unique UIT program** requires serialization data visibility and therefore must cite the serial number and include the UII when available. A DLMS 870M supply status and/or DLMS 180M cancellation will be sent to the ICP/IMM for the remaining portions of the originally reported quantity, as appropriate.

⁹ ADC 1071, Implementation of DoD Item Unique Identification (IUID) Supply Policy in Version 4030
DLMS 856R Shipment Status Materiel Returns

¹⁰ Refer to ADC 1198 and ASC 1198B

Intervening text not shown

C11.9. AUTOMATIC RETURNS

C11.9.1. Items Designated by a Supply Source for Automatic Return. Reporting activities use DLMS 180M Automatic Return Notification (Action Code RF) is used for items designated by a source of supply for automatic return. Supply sources will notify reporting activities of the location to which items so designated are to be shipped. The returning activity will prepare and submit the DLMS 856R (MILSTRIP Legacy DIC FTM) with UII(s) and/or corresponding serial numbers for NSNs containing an IUID Indicator Y, indicating that DoD IUID Supply Policy compliance is required. Capital equipment candidates **assigned under an established UIT program** require **s** serialization data visibility and therefore must cite the serial number and include the UII when available. Conformance with standard line of accounting (SLOA)/accounting classification requires any initiation of a financial business event to include SLOA mandated standard financial information system (SFIS) elements.¹¹ The DLMS Automatic Return Notification supports inclusion of SLOA required elements. Pending full implementation of SLOA, Defense Automatic Addressing System (DAAS) will facilitate interoperability by updating selected SLOA data fields based upon the returning activity's Service/Agency and Fund Code. If discrete values for the SLOA data elements in the transaction do not match data elements from the SFIS Fund Code to Fund Account Conversion Table for the Fund Code in the transaction, reject with the DLMS 870M Materiel Returns Supply Status citing Status Code CF. If invalid/missing fund code for Signal Code A, B, C, J, K, or L, reject with the DLMS 870M/DIC FTQ Materiel Returns Supply Status citing Status Code CF.¹²

Intervening text not shown

C11.9.2. Nonconsumable Item Materiel Support Code (Items Designated for Automatic Return).

C11.9.2.1. All NIMSC 5 unserviceable (SCC E or F) items are designated for automatic return on an inter-DoD Component basis.

C11.9.2.2. PICAs will notify SICAs of the NSN and the storage organization to which such items are to be shipped. PICAs will also notify the receiving storage activity of the NSN of such items to be returned. The SICAs will perpetuate this information and the PICA RIC to the materiel holder/SICA activities using intra-DoD Component procedures. The materiel holder will prepare and submit the DLMS 856R with UII(s) and/or corresponding serial numbers for NSNs containing an IUID Indicator Y, indicating that DoD IUID Supply Policy compliance is required. Capital equipment candidates **assigned under an established unique Item tracking (UIT) program** require **s** serialization data visibility and therefore must cite the serial number and include the UII when available. The materiel holder will send the DLMS 856R to the SICA and the designated return-to activity, with a copy to the PICA when directed by the

¹¹ Refer to ADC 1043/ ADC 1043A.

¹² Refer to ADC 1043E.

SICA. The PICA will be identified as the Party to Receive Status in the DLMS 856R. The PICA and SICA are not required to store the UIIs and/or serial numbers.

C11.9.2.3. If there is no DoD Component SICA for the items identified for automatic return by a PICA (e.g., Coast Guard), the PICA will provide the information to the appropriate DoD Component designated activity. The materiel holder will prepare and submit the DLMS 856R with UII(s) and/or corresponding serial numbers for NSNs containing an IUID Indicator Y, indicating that DoD IUID Supply Policy compliance is required. Capital equipment ~~candidates~~ **assigned under an established UIT program** require **s** serialization data visibility and therefore must cite the serial number and include the UII when available. The materiel holder will send the DLMS 856R to the PICA and the designated return-to activity.

Intervening text not shown

C11.9.2.3. If there is no DoD Component SICA for the items identified for automatic return by a PICA (e.g., Coast Guard), the PICA will provide the information to the appropriate DoD Component designated activity. The materiel holder will prepare and submit the DLMS 856R with UII(s) and/or corresponding serial numbers for NSNs containing an IUID Indicator Y, indicating that DoD IUID Supply Policy compliance is required. Capital equipment ~~candidates~~ **assigned under an established UIT program** require **s** serialization data visibility and therefore must cite the serial number and include the UII when available. The materiel holder will send the DLMS 856R to the PICA and the designated return-to activity.

Intervening text not shown

C11.9.2.4. For SICA-approved returns, the SICA will provide disposition instructions to the materiel holder under normal intra-Service implementing instructions. The materiel holder will prepare and submit the DLMS 856R with UII(s) and/or corresponding serial numbers for NSNs containing an IUID Indicator Y, indicating that DoD IUID Supply Policy compliance is required. The materiel holder will send the DLMS 856R to the SICA and the designated return-to activity. The SICA is not required to store the UIIs and/or serial numbers¹³, with the exception of capital equipment ~~candidates~~ **assigned under an established UIT program** require **s** serialization data visibility.¹⁴

Intervening text not shown

C11.13. PREPARATION AND PROCESSING OF SHIPMENT STATUS

C11.13.1. Preparation of Shipment Status. Shipment status provides information and normally requires no subsequent documentation. For NSNs containing an IUID Indicator Y, UII(s) and/or corresponding serial numbers must be included in the DLMS

¹³ ADC 1071, Implementation of DoD Item Unique Identification (IUID) Supply Policy in Version 4030 DLMS 856R Shipment Status Materiel Returns.

¹⁴ Refer to ADC 1198

856R, indicating that DoD IUID Supply Policy compliance is required. The exception to the forgoing in support of FIAR, ~~compliance for accountability and management of capital equipment, capital equipment candidates~~ **assigned under an established UIT program** requires serialization data visibility. Submitters must prepare shipment status materiel return citing the applicable serial number(s) and include the UII when available. The DLMS 856R will be provided by the materiel holder and sent to both the ICP/IMM and the return-to activity.

C11.13.1.2~~1~~**1**. If the controlling document number for the return is the same as the customer's original requisition for the item, a unique transportation control number (TCN), not derived from the original document number, must be created.

C11.13.1.3~~2~~**2**. Shipments containing IUID data content (e.g., UIIs and/or serial numbers) and requiring more than one freight piece to execute the movement must have a unique TCN assigned to each freight piece by using a partial indicator in the 16th position of the TCN. Multiple freight piece shipments using the same TCN for all related freight pieces are not authorized when IUID content is required¹⁵ or when capital equipment ~~candidates that requires~~ **requires** serialization data visibility where the serial number is mandatory and UII is provided when available.¹⁶

C11.13.2. ICPs/IMMs will receive shipment status transactions and update appropriate ICP/IMM records. Shipment status with UII(s) and/or corresponding serial numbers under DoD IUID Supply Policy requirements, will be received by ICP/IMM, but they are not expected to store and track by UII, ~~with the exception of~~ **except for** management of capital equipment ~~candidates that requires~~ **requires** serialization data visibility. The shipment date indicated in DLMS 856R, Shipment Status Materiel Returns, is available to ICPs/IMMs to verify in-transit status and provide information on expected receipts. DLMS 856R received for items not under control of the ICP/IMM will be rejected to the reporting activity using DLMS 870M, Materiel Returns Supply Status (From ICP/IMM), with reject Status Code SC. DLMS 856Rs that do not pass data field validity checks will be rejected to the reporting activity using DLMS 870M, with the appropriated S_ series status code.

Intervening text not shown

C11.20.2.4. Capital Equipment ~~Candidates~~. In support of FIAR, ~~compliance for accountability and management of capital equipment, capital equipment candidates~~ **assigned under an established UIT program** requires serialization data visibility. Submitters must process directed returns for SDR, PQDR TDR and retrograde returns citing the applicable serial number(s) and include the UII when available.¹⁷

Intervening text not shown

¹⁵ ADC 1071, Implementation of DoD Item Unique Identification (IUID) Supply Policy in Version 4030 DLMS 856R Shipment Status Materiel Returns.

¹⁶ Refer to ADC 1198 and ASC 1198B

¹⁷ Refer to ADC 1198 and ASC 1198B

C11.20.3.1.4. The returning activity will prepare the DLMS 856R, materiel returns shipment status citing the Return Type Code, identifying the reason for return for which the materiel returns shipment status is provided. If the controlling document number for the directed return is the same as the customer's requisition, a unique transportation control number (TCN) (not derived from the original document number) will be identified. The shipment status will perpetuate the DoD WebSDR control number (required where electronic interface is available to facilitate inclusion of this data content). The materiel returns shipment status will include pRFID, and for NSNs containing an IUID Indicator Y, UII(s) and/or corresponding serial numbers must be included in the DLMS 856R, indicating that DoD IUID Supply Policy compliance is required. Shipment returns containing IUID data content (e.g., UIIs and/or serial numbers or for capital equipment ~~candidates~~ **(assigned under an established UIT program)** serial number and UII if available) and requiring more than one freight piece to execute the movement must have a unique TCN assigned to each freight piece by using a partial indicator in the 16th position of the TCN. Multiple freight piece shipments using the same TCN for all related freight pieces are not authorized when IUID content is required. The shipment status will be directed to the ICP/IMM (or other organization that directed the return). With the exception of capital equipment ~~candidates~~ that require serialization data visibility, the ICP/IMM (or other organization directing the return) is not required to store the UIIs and/or serial numbers. The shipment status will also be directed to the return-to activity when identified by DoDAAC. DAAS will transmit to DLMS capable activities as identified.

Intervening text not shown

C11.20.3.2.4. The returning activity will prepare DLMS 856R, materiel returns shipment status citing the Return Type Code indicating the reason for the shipment status as deficient materiel returns. If the controlling document number for the directed return is the same as the customer's requisition, a unique TCN (not derived from the original document number) will be identified. The materiel returns shipment status will perpetuate the PQDR RCN. The materiel returns shipment status will include pRFID, and for NSNs containing an IUID Indicator Y, UII(s) and/or corresponding serial numbers must be included in the DLMS 856R, indicating that DoD IUID Supply Policy compliance is required. Shipment returns containing IUID data content (e.g., UIIs and/or serial numbers or for capital equipment ~~candidates~~ requiring serial numbers and UIIs if available) and requiring more than one freight piece to execute the movement must have a unique TCN assigned to each freight piece by using a partial indicator in the 16th position of the TCN. Multiple freight piece shipments using the same TCN for all related freight pieces are not authorized when IUID content is required. The shipment status will be directed to the ICP/IMM (or other organization that directed the return). With the exception of capital equipment ~~candidates that~~ **(assigned under an established UIT program and** requires serialization data visibility, the ICP/IMM (or other organization directing the return) is not required to store the UIIs and/or serial numbers. The shipment status will also be directed to the return-to activity when identified by DoDAAC. DAAS will transmit to DLMS capable activities as identified.

Intervening text not shown

C11.20.3.3.4. The returning activity will prepare DLMS 856R materiel returns shipment status citing a Return Type Code indicating the reason for the shipment status is applicable to a TDR directed return. If the controlling document number for the directed return is the same as the original shipment, a unique TCN (not derived from the original document number) will be identified. The materiel returns shipment status will perpetuate the TDR control number. The materiel returns shipment status will include pRFID, and for NSNs containing an IUID Indicator Y, UII(s) and/or corresponding serial numbers must be included in the DLMS 856R, indicating that DoD IUID Supply Policy compliance is required. Shipment returns containing IUID data content (e.g., UIIs and/or serial numbers or capital equipment ~~candidates~~ requiring serial numbers and UIIs if available) and requiring more than one freight piece to execute the movement must have a unique TCN assigned to each freight piece by using a partial indicator in the 16th position of the TCN. Multiple freight piece shipments using the same TCN for all related freight pieces are not authorized when IUID content is required. The shipment status will be directed to the ICP/IMM (or other organization that directed the return). With the exception of capital equipment ~~candidates that~~ **assigned under an established UIT program and** require s serialization data visibility, the ICP/IMM (or other organization directing the return) is not required to store the UIIs and/or serial numbers. The shipment status will also be directed to the return-to activity. DAAS will transmit to DLMS capable activities as identified.

Intervening text not shown

C11.20.3.4.4. The returning activity will prepare DLMS 856R materiel returns shipment status citing a Return Type Code indicating the reason for the shipment status is applicable to return/retrograde movement. The materiel returns shipment status will perpetuate the associated document number. A unique TCN (not derived from the original document number) will be identified. A customer reference number may be included when applicable to identify the original requisition document number. The materiel returns shipment status will include pRFID, and for NSNs containing an IUID Indicator Y, UII(s) and/or corresponding serial numbers must be included in the DLMS 856R, indicating that DoD IUID Supply Policy compliance is required. Shipment returns containing IUID data content (e.g., UIIs and/or serial numbers or capital equipment ~~candidates~~ requiring serial numbers and UIIs if available) and requiring more than one freight piece to execute the movement must have a unique TCN assigned to each freight piece by using a partial indicator in the 16th position of the TCN. Multiple freight piece shipments using the same TCN for all related freight pieces are not authorized when IUID content is required. The shipment status will be directed to the ICP/IMM (or other organization that directed the return). With the exception of capital equipment ~~candidates that~~ **assigned under an established UIT program and** require s serialization data visibility, the ICP/IMM (or other organization directing the return) is not required to store the UIIs and/or serial numbers. The shipment status will also be directed to the return-to activity when identified by DoDAAC. DAAS will transmit to DLMS capable activities as identified.

Chapter 17 Supply Discrepancy Reporting

Preceding text not shown

C17.3.2.3. Condition of Materiel

C17.3.2.3.1. Condition Misrepresented. Report when the condition of an item valued in excess of \$100 per line-item is found to be other than shown on the shipping document, or, in the case of subsistence, on supporting inspection/test certificates or records. Use the hazardous materiel discrepancy code when applicable.

C17.3.2.3.1.1. For **serially managed items to include capital equipment and UIT programs** items, SDRs indicating a receipt in other than the original condition shipped will include UII and serial number (when available) for the discrepant quantity received. When all items are discrepant, no UII and/or serial number is required for IUID materiel as this information is already known to the relevant parties.¹⁸

C17.3.2.3.1.2. **Capital Equipment. Serial number tracking does not automatically apply to capital equipment. The materiel owner will evaluate capital equipment items and assign the appropriate UIT designator code only when the item requires serial number tracking at the DoD level.** ~~For Capital equipment candidate items assigned a valid UIT designator code, SDRs indicating a receipt in other than the original condition shipped will include UII and serial number (when available) for the discrepant quantity received. When all items are discrepant, no UII and/or serial number is required for IUID materiel as this information is already known to the relevant parties.~~ **For the remainder of this chapter, the term UIT program is inclusive of any capital equipment items assigned a valid UIT designator code.**

Intervening text not shown

C17.3.8. Discrepancies in Item Unique Identification (IUID) Data.¹⁹

C17.3.8.1. **Serial number is mandatory for all serially managed items to include capital equipment and UIT Programs.** Report supply-related discrepancies involving IUID under DoD IUID Supply policy ~~including but not limited to Unique Item Tracking (UIT) programs, capital equipment items candidate, or as contractually required.~~ Pending full transition to DoD IUID Supply policy using the UII, SDRs identifying discrepancies in unique identification will be prepared citing both UII and/or corresponding serial number, when both are available. Until UII is implemented as the primary identifier under full IUID implementation across the Department of Defense, the human readable serial number is mandatory in the SDR for discrepancy scenarios identified in this chapter, as is the UII when available. The intent is to capture

¹⁸ Refer to ADC 1198.

¹⁹ Refer to ADC 1030.

both serial number and UII, however not all items are marked and the UII cannot be considered a mandatory element at this time. That is the context in which the term “serial number/UII” is used in this chapter.²⁰ Applicability under DoD IUID Supply Policy is identified by NSNs with IUID Indicator Yes (Y). For missing or mismatched unique item identification of items that are DoD serially managed/tracked, use the applicable U-series discrepancy code (see Table C17.T1.). Report missing or mismatched materiel identification unrelated to IUID (e.g., missing or mismatched part number or NSN) using the applicable packaging (labeling/markings), documentation, technical data, or wrong item discrepancy code(s). Report quality-related deficiencies involving IUID, (e.g., improperly constructed unique item identifier within the 2D data matrix), using Product Quality Deficiency Report (PQDR) procedures under DLA Regulation 4155.24, et al.

Intervening text not shown

C17.3.8.4. Pending full transition to DoD IUID Supply Policy procedures, only report missing serial number/UII in DLMS shipment status transactions (Discrepancy Code U04) for shipments of **serially managed items** ~~UIT program items and capital equipment candidate originating at DLA Distribution Centers.~~

C17.3.8.5. The materiel owner is responsible for IUID Registry updates associated with discrepancies for mismatched IUID information.

C17.3.8.6. **To comply with Financial Improvement and Audit Readiness (FIAR) requirements regarding accountability and management of materiel, serially managed items under an active UIT Program requires serialization data and owner visibility.** ~~In support of Financial Improvement and Audit Readiness (FIAR) compliance for accountability and management of capital equipment capital equipment candidates require serialization data visibility.²¹ The materiel owner also requires serialization data visibility for UIT program items at DLA Distribution Centers.²² Thus, capital equipment candidates and UIT program items received at DLA Distribution Centers without a serial number will not only require an SDR, but will stop the equipment in the supply chain until a serial number is identified and the materiel is marked. If the storage activity distribution center cannot determine the serial number using the associated shipment notice and marks/labels on the item or packaging, the storage activity distribution center will report the receipt in a suspended condition) and submit the SDR to the owner citing the Discrepancy Code U13 and other applicable discrepancy code(s) with clarifying remarks. The materiel owner is responsible for determining the appropriate serial number and providing disposition for marking the item. Use SDR Disposition Reply Codes 603 (remark and return to stock) and 611 (Reidentify unique identification (UII/serial number) and return to stock) apply. Upon positive resolution of the missing or mismatched serial number/UII scenario, two separate dual inventory adjustment transactions are required~~

²⁰ Refer to ADC 1244

²¹ ~~Refer to ADC 1198/ADC 1198A~~

²² Refer to ADC 1244

to update the serial number/UII and update the SCC of the suspended item to the appropriate SCC.

C17.3.8.6.1. Reserved - See ADC 1244B

C17.3.8.6.2. Reserved - See ADC 1244B

C17.3.8.7. SDRs prepared for a mismatch with no discrepancy in quantity or stock number received will include the serial number/UII identifying the mismatch. That is, identify the serial number/UII for item(s) received that do not correspond to the shipment status, as well as the serial number/UII for the expected item(s) NOT received. ~~Serial number is mandatory for capital equipment candidates and UIT program items.~~ Cite the IUID discrepancy code.

C17.3.8.8. SDRs prepared for a shortage of items identified by IUID Indicator Y will include the serial number/UII for the item(s) NOT received based upon comparison with the shipment status (when available) or shipping documentation. ~~Serial number is mandatory for capital equipment candidates and UIT program items~~ Cite the applicable discrepancy code for the shortage and the IUID discrepancy code.

C17.3.8.9. SDRs prepared for an overage of items identified by IUID Indicator Y will include the serial number/UII for the extra item(s) received based upon comparison with the shipment status (when available) or shipping documentation. ~~Serial number is mandatory for capital equipment candidates and UIT program items.~~ Cite the applicable discrepancy code for the overage and the IUID discrepancy code.

C17.3.8.10. SDRs prepared for receipt of an incorrect item where the item received is identified by an NSN with a IUID Indicator Y will include the serial number/UII for the wrong item. ~~Serial number is mandatory for capital equipment candidates and UIT program items.~~ Cite the applicable discrepancy code for the incorrect item receipt and the IUID discrepancy code

C17.3.8.11. SDRs prepared for receipt of a condition discrepancy (i.e., the materiel condition is misrepresented or otherwise deviates from the original condition on the shipping document or the prepositioned materiel receipt) where the item received is a **serially managed item** ~~capital equipment candidate or UIT program item~~ will include the serial number/UII for the discrepant item. ~~Serial number is mandatory for capital equipment candidates and UIT program items.~~ Cite the applicable discrepancy code for the condition discrepancy and the IUID discrepancy code.

C17.3.8.12. SDRs reporting non-compliant serial number will be reported using Discrepancy Code U14 (Serial number convention invalid). This code is distinguished from other similar U-series discrepancy codes in that this code specifically informs the owner that a serially managed item was received with an invalid serial number convention – the serial number maximum field length may not exceed 30 characters and may only include alpha numeric (A-Z, 0-9), dashes and forward slashes. Spaces are not allowed. The receiving activity must annotate the non-compliant serial

number in the SDR comments field since the DLMS 842A/W SDR transaction will not allow for an invalid serial number convention to be transmitted in the transaction.

C17.3.8.13. Table C17.T1 provides a decision matrix for the principal scenarios when an SDR is required based on missing or mismatched IUID data during receipt processing

Table C17.T1. SDR Decision Matrix: Discrepant IUID Data

(For SDRs, serially managed capital equipment and UIT items follow the same guidance)

Procurement Source (IUID contractually required)	Approved UIT	Capital Equipment Candidate (DLA Distribution Receipt) ²³	Wrong Item Received w/IUID Indicator Y	Missing IUID (item or packaging)	Mismatch IUID with shortage/overage	Mismatch IUID no shortage/overage	Create SDR	SDR Action Code ²⁴
Y	Y/N	Y/N	N	N	Y	N	Y	1A or 2A
Y	Y/N	Y/N	N	N	N	Y	Y	1A
Y	Y/N	Y/N	N	Y	N	N	Y	1A
Y	Y/N	Y/N	N	N	N	Y	Y	1A
Y	Y/N	Y/N	N	Y	N	N	Y	1A
Y/N	Y/N	Y/N	Y	Y/N	Y/N	Y/N	Y	1A or 2A
N	N	N	N	N	N	Y	Y	3B
N	N	N	N	N	Y	N	Y	1A or 2A
N	N	N	N	Y	N	N	N	No SDR
N	Y	N	N	N	N	Y	Y	1A
N	Y	N	N	N	Y	N	Y	1A or 2A
N	Y	N	N	Y	N	N	Y	1A
N	N	Y	N	N	N	Y	Y	1A
N	N	Y	N	N	Y	N	Y	1A
N	N	Y	N	Y	N	N	Y	1A

Chapter 21, Stock Readiness Program

Preceding text not shown

C21.4.8. Missing Serial Number. In support of Financial Improvement and Audit Readiness (FIAR), compliance, for accountability and management of capital equipment, capital equipment candidates **assigned under an established unique Item tracking (UIT) program** requires serialization data visibility. Thus, capital equipment

²³ Refer to ADC 1108A

²⁴ SDR Action Codes are selected by the submitter based upon the desired response to the SDR. Codes identified in Table C17.T1 are:

- 1A Disposition instructions for discrepant materiel requested; financial action not applicable.
- 2A Disposition of materiel and financial adjustment (credit) requested.
- 3B Discrepancy reported for corrective action and trend analysis; no reply required.

~~candidates~~ **items with an approved UIT designator code located** in storage without a serial number will not only require an SQCR, but will stop the equipment in the supply chain until a serial number is identified and the materiel is marked. Distribution centers must suspend the item in SCC J and prepare an SQCR. Cite the applicable discrepancy code and provide clarifying remarks with descriptive information for the item. If the storage activity is unable to determine the missing serial number from inventory records, the materiel owner is responsible for determining the appropriate serial number and providing disposition for marking the item (Reply Code 611).²⁵

²⁵ Refer to ADC 1198A.