**C8. CHAPTER 8**

**MATERIEL OBLIGATION VALIDATION**

C8.1. SUPPORT OF UNITED STATES FORCES

C8.1.1. General

C8.1.1.1. Purpose. This chapter prescribes policies and procedures for the validation by organizations of the continuing need for over age requisitioned requirements and for the reconciliation of source of supply materiel/obligation records with the due-in records of requisitioning activities. The materiel obligation validation (MOV) process is twofold: (1) validation of need; and (2) reconciliation of records.

C8.1.1.2. Materiel Obligation Definition. A materiel obligation is that unfilled portion of a requisition (for a stocked or nonstocked item) that is not immediately available for issue but is recorded as a commitment for future issue, either by ***direct vendor delivery (***DVD***)*** or backordered from stock. This includes both NSN and non-NSN items. MOV pertains to those requisitioned items assigned Status Code BB, BC, BD, BP[[1]](#footnote-1) BV, or BZ. DVD requisitions assigned Status Code BV or BZ are excluded from the automatic MOV cancellation process; however, organizations must submit requisition cancellations for materiel no longer required. See Chapter 4 for the requisition cancellation procedures.

C8.1.1.3. ***Transactions. The Defense Enterprise Data Standards Office (DEDSO) Website contains DLMS electronic data interchange (EDI) transaction formats on the DLMS implementation Convention (IC) page. The IC page includes the corresponding MILSTRIP legacy 80 record position transaction formats, identified by document identifier code (DIC). The MILSTRAP legacy transaction functionality is identified for information purposes in a mixed Defense Logistics Standard Systems (DLSS)/DLMS environment.***

C8.1.1.***4***. Use of the DLMS 517M. Sources of supply use the DLMS 517M, Materiel Obligation Validation, to generate MOV requests to organizations for a comparison and validation of the continued requirement of outstanding requisitions held as materiel obligations by the source of supply with those carried as due-in by the organization.

***C8.1.1.4.1. Materiel Obligation Validation Request is DLMS 517M with Transaction Type Code AN – Material Obligation Inquiry. The original request will not contain an action code. This transaction provides the functionality of MILSTRIP legacy DICs AN1, AN2, AN3, AN4, and AN5.***

***C8.1.1.4.2. Materiel Obligation Validation Request Control is DLMS 517M with Transaction Type Code AN – Material Obligation Inquiry with BR07=X7 – Batch Sequence Number (legacy batch control number), and BR10=XM – Issuer Number (number of individual detail transactions). This transaction provides the functionality of MILSTRIP legacy DIC AN9. Note: Modernized systems may not require exchange of batch control numbers.***

***C8.1.1.4.3. Materiel Obligation Validation Request Control Follow-Up is DLMS 517M with Transaction Type Code AN – Material Obligation Inquiry and Action Code T – Status Query. This transaction provides the functionality of MILSTRIP legacy DIC ANZ.***

***C8.1.1.4.4. Notification of Customer Non-Response to Materiel Obligation Validation (DVD) is DLMS 517M with Transaction Type Code AN – Material Obligation Inquiry and Action Code A3 – Not Certified. This transaction provides the functionality of MILSTRIP legacy DICs AV1, AV2, and AV3.***

C8.1.1.5. MOV Response. Organizations use the DLMS 517M, to generate MOV responses to advise the source of supply: (1) to hold a materiel obligation until supplied, or (2) to cancel all or a portion of a materiel obligation.

***C8.1.1.5.1. Materiel Obligation Validation Receipt Confirmation is DLMS 517M with Transaction Type Code AP – Material Obligation Advice and Action Code V – Respond. This transaction provides the functionality of MILSTRIP legacy DIC AP9.***

***C8.1.1.5.2. Notice of Nonreceipt of Total Batch of MOV Documents, MILSTRIP Legacy DIC APX does not have a DLMS equivalent.***

***C8.1.1.5.3. Materiel Obligation Validation Response is DLMS 517M with Transaction Type Code AP – Material Obligation Advice. This transaction provides the functionality of MILSTRIP legacy DICs AP1, AP2, AP3, AP4, AP5, and AP8***

***C8.1.1.5.5. Materiel Obligation Validation Reinstatement is DLMS 517M with Transaction Type Code AW – Material Obligation Reinstatement. This transaction provides the functionality of MILSTRIP DIC APR.***

C8.1.1.***6***. MOV Notification.

***C8.1.1.6.1.*** Sources of supply must provide an MOV notification of nonresponse to organizations for each nonresponse to an MOV cycle for requisitions assigned Status Code BZ. The organization must conduct an item-by-item review and respond with a requisition cancellation if the materiel is not required.

***C8.1.1.6.2. Materiel Obligation Validation Notification of Nonresponse is DLMS 517M with Transaction Type Code AN – Material Obligation Inquiry and Action Code RU – Return (backordered materiel in pre-award (BZ) status.***

C8.1.1.***7***. Source of Supply Definition. A source of supply is defined as the DoD Component organization that maintains materiel obligation records, and includes, but is not limited to, those organizations commonly referred to as inventory control points (ICP), integrated materiel mangers (IMM), requisition processing points, stock control activities (SCA), and stock points.

C8.1.1.***8***. Organization Definition. An organization is defined as a requisitioner, control office, and/or monitoring activity having the responsibility to validate and/or reconcile materiel obligation records between the requisitioning activity and the source of supply requesting the validation.

C8.1.2. Materiel Obligation Reinstatement Request. This is a request by an organization to reinstate requisition(s) previously canceled due to that organization's nonresponse to an MOV request. Use the DLMS 517M, to reinstate previously canceled requisition(s). 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.[[2]](#footnote-2) The DLMS requisition reinstatement transaction supports inclusion of SLOA required elements. Pending full implementation of SLOA, DAAS will facilitate interoperability by updating selected SLOA data fields based upon the requisitioner'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 870S 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 870S/DIC AE9 Supply Status citing Status Code CF.[[3]](#footnote-3)

C8.1.3. Exclusions

C8.1.3.1. FMS transactions are excluded from these procedures; however, the DoD Components should reconcile FMS materiel obligation records at the source of supply with those of the organizations required to maintain FMS case control. MOV procedures for Grant Aid (GA) transactions are in C8.2..

C8.1.3.2. Civilian Component activities are excluded unless covered by inter-Component agreements.

C8.1.4. Materiel Obligation Age Criteria

C8.1.4.1. Timeframe. Materiel obligations are over age and subject to these procedures when PD 01-08 requisitions have aged 30 calendar days past the requisition date or PD 09-l5 requisitions have aged 75 calendar days past the requisition date.

C8.1.4.2. Special Validations. Sources of supply may order special validations without regard to the age of the materiel obligations involved.

C8.1.4.3. Long Production Lead Time. These procedures also apply to long production lead time items since requirements for such items may also change as a result of unit/force movements, deactivation, and other population changes; however, only item managers may elect to establish longer intervals for the validation of long production lead time items.

C8.1.5. Schedule for Cyclic Validation of Materiel Obligations

C8.1.5.1. Annual Schedule. The annual schedule of cyclic validations in support of U.S. Forces and the prescribed MOV response times is shown in Table C8.T1.

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| Table C8.T1. Materiel Obligation Validation Cyclic Validations Schedule | | |
| CYCLE NUMBER | SOURCE OF SUPPLY CUTOFF TO PREPARE AND FORWARD VALIDATION REQUESTS | MAXIMUM ENDING DATE BY WHICH REQUISITIONER RESPONSES ARE DUE BACK TO SOURCE OF SUPPLY |
| 1 | 20 January | 5 March |
| 2 | 20 April | 5 June |
| 3 | 20 July | 5 September |
| 4 | 20 October | 5 December |

C8.1.5.2. Response Not Within Scheduled Timeframe. Deployed units, afloat units, and CONUS/OCONUS locations that are unable to acknowledge receipt, or respond by the prescribed date, may request DAAS to temporarily provide responses to MOV requests. Use a DLMS 517M, with Transaction Type Code AP and Action Code 9 to notify the DAAS of the organizations authorized for the MOV exemption. The theater/fleet commander or major command must approve the MOV exemption request by message to DAAS. The exemption request is only authorized for the current MOV cycle. DAAS will not generate MOV responses for any later MOV cycle unless a separate exemption request approval is received.

C8.1.5.3. Quarterly Reporting. Each DoD Component must provide a quarterly consolidated report to the Deputy Assistant Secretary of Defense for ***Logistics*** (DASD(***Logistics)***) using the Appendix 1 format. Submit this report within 30 calendar days after the close of each MOV cycle. This report is assigned Report Control Symbol (RCS) DD-A&S-1064. The source of supply will review the history file, prior to preparing the report, for those transactions in which the quantity response was different from the quantity requested. This review will determine if the quantity difference resulted from a shipment, a cancellation, or if the requisitioner actually requested cancellation of the obligation. Only cancellations actually requested by the requisitioner using the MOV response are included in the MOV report. Do not report a difference in quantity resulting from any other cause and/or process.

C8.1.5.4. Special IMM Requests. The IMM may initiate a special validation request. For example, the IMM may need to validate requirements for high dollar value, critical items, or for those NSNs that have the largest number of materiel obligations on record or account for certain percentages of the total materiel obligations. These special validations should be selective in approach and may be made regardless of whether the materiel obligations were previously validated. The IMM may determine and define critical items as those essential items that are in short supply or expected to be in short supply for an extended period.

C8.1.5.5. Determination of Recipient of Validation Requests. MOV requests will be transmitted to the activities determined under the following rules:

C8.1.5.5.1. The activity designated by the Media and Status (M&S) unless covered by the exceptions listed below.

C8.1.5.5.2. When the M&S is 0, transmit to the activity designated by an alphabetic character or numeric 6, 7, or 8 in the distribution code.

C8.1.5.5.3. When distribution code contains a numeric other than 5, 6, 7, or 8, or is blank, and M&S is 0, transmit requests to the requisitioner.

C8.1.5.5.4. When Distribution Code 5 is identified, transmit requests to DLA (DoDAAC SL4701) regardless of M&S.[[4]](#footnote-4)

C8.1.5.5.5. When the M&S is F, G, P, or Z, transmit requests to the requisitioner.

C8.1.6. Preparation of Special Validation Requests

C8.1.6.1. Purpose. Use the DLMS 517M, to request a special MOV at times other than the normal MOV cycles indicated in Table C8.T1. Organizations will validate the special MOV and use a DLMS 517M in response to the special MOV request.

C8.1.6.2. Document Number. The MOV request must identify the document number of the demand that is held as a materiel obligation, the unfilled quantity, and a response due date that is always 15 calendar days from the date of the MOV request.

C8.1.6.3. Urgent Requests. Due to the urgency of demands for critical items, IMMs may determine that supply of current demands should be accomplished from due-in stocks, against which there are materiel obligations of lesser or equal priorities. In these instances, the IMMs will initiate a special MOV request.

C8.1.7. Performance of the Validation and Reconciliation

C8.1.7.1. Mandatory Request. The recipient of validation requests (either scheduled or special) must conduct an item-by-item review with the user to determine the continued need for each item, the quantity involved, and the priority designator (PD) of the requirement. Routine responses that all materiel obligations are still required are to be avoided. Such cursory reviews do not improve supply support. Items that are identified in the requests, but are not contained on the records of the recipient of the request, will also be sent to the user for validation. Items that are contained on the records of recipients of the validation requests and meet the over age criteria, but are not covered by a request, will be validated with the user.

C8.1.7.2. Recipient Response. The recipient of validation requests will match the items recorded as materiel obligations at the source of supply with the records of unfilled demands to determine and take action to bring the two records into agreement.

C8.1.7.3. Status Request. Organizations may request status of any outstanding items, having met the age criteria, and not included with the scheduled validation requests. When such status is desired, the requisitioning activity will submit a DLMS 869A, Requisition Inquiry/Supply Assistance, or DLMS 869F, Requisition Follow-Up, to the source of supply. (See Chapter 4 for the requisition inquiry procedures.)

C8.1.8. Responses to Materiel Obligation Requests

C8.1.8.1. Purpose. Use a DLMS 517M, to respond to special MOV requests. MOV responses will contain the document number of the demand as contained in the MOV request, the quantity required for continuation as a materiel obligation, and the suffix, if applicable. The MOV responses will advise the source of supply whether materiel obligations should be canceled or the requirements still exist (and the item should be continued as a materiel obligation). Respond to the special MOV requests in time to meet the requested MOV response due date.

C8.1.8.2. Response to Requests for MOV. Upon completing the validation /reconciliation process, organizations must send an MOV response for each MOV request to the source of supply that submitted the MOV request. Submit the MOV response by the MOV response due date cited in the MOV request. Use the MOV response to advise the source of supply of the quantity still required for supply action. If total cancellation is desired, do not include the quantity segment in the MOV response.

C8.1.8.3. Revised Delivery Date. Whenever a requirement is to be retained as a materiel obligation and the PD/required delivery date (RDD)/required delivery period (RDP) changes due to reassessment of requirements, submit a DLMS 511M, Requisition Modification, to indicate the revised PD/RDD/RDP. (See Chapter 4 for the requisition modifier procedures.)

C8.1.8.4. DAAS Initiated Responses

C8.1.8.4.1. Exempted Activities. DAAS uses a DLMS 517M, to provide MOV responses for authorized activities exempted from participating in an MOV cycle.

C8.1.8.4.2. DAAS Response. DAAS provides appropriate MOV responses to the respective source of supply for each MOV exemption received. DAAS will send the MOV response no earlier than seven calendar days after receipt of the MOV exemption, but no later than the last day of the cycle.

C8.1.8.4.3. MOV History File. DAAS uses the MOV history file to generate appropriate MOV responses for the activity(ies) identified in the MOV exemption.

C8.1.8.5. Receipt of Confirmed Cancellations. Organizations in receipt of confirmed cancellations may request reinstatement of their canceled requisitions for a period not to exceed 60 calendar days after the BS cancellation transaction date. Use a DLMS 517M, to request the reinstatement of canceled requisitions and indicate the quantity required. The reinstated quantity may be equal to or less than, the canceled quantity canceled. The reinstated quantity will not exceed the canceled quantity.DAAS will revalidate fund codes for Signal Code A, B, C, J, K, or L, and provide rejections back to the sender with the DLMS 870S/DIC AE9 Supply Status citing Status Code CF.[[5]](#footnote-5)

C8.1.9. Source of Supply Cancellation of Materiel Obligations

C8.1.9.1. Procedures to Stop Cancellation Actions. Sources of supply must use Chapter 4 procedures to stop storage and transportation actions when accomplishing cancellations resulting from the MOV program.

C8.1.9.2. Cancellation Criteria. Sources of supply will cancel materiel obligations when an organization has not responded to the scheduled MOV request by the MOV response due date, except for requisitions in Status Code BV or BZ. Requisitions being filled by DVD (Status Codes BV and BZ) are excluded from automatic cancellation of the MOV process. When a response to an MOV request has not been received by the response cutoff date for a requisition in BZ status, the source of supply will send a DLMS 517M, Transaction Type Code AP, and Action Code 9 to the validating organization. The organization must validate the requirement or respond with a requisition cancellation if the materiel is not required. See Chapter 4 for the requisition cancellation procedures.

C8.1.9.3. Cancellation Upon Request. Sources of supply will cancel materiel obligations upon receipt of requisition cancellation requests. When there is no record of the item as a materiel obligation, match the MOV response with the requisition history file (RHF) to determine the item’s status. If the item is being processed, take action to stop the flow of the unneeded materiel. All sources of supply will try to meet the DoD objective of taking all possible action to prevent shipment from the storage activity, port of embarkation, or vendor (in the instance of purchase actions). Based on action taken, sources of supply will provide requisitioning organizations with appropriate supply or shipment status.

C8.1.9.4. Cancellation Status. Sources of supply will send a DLMS 870S, Supply Status, with Status Code BR or BS to the organizations for which MOV requests were submitted for each item canceled as a result of the validation actions.

C8.1.9.5. Verification from Requisitioner. Sources of supply may contact requisitioning organizations to determine desired actions applicable to erroneous response transactions, if time permits. Should time not permit the source of supply to contact the requisitioning activities, the items concerned with the erroneous transactions, will be retained as a materiel obligation until clarification is obtained.

C8.1.9.6. Response. The DoD Component of the organization initiating a cancellation request, or failing to respond to MOV requests, will be charged with   
(1) transportation costs for returning the materiel to the storage activity, and   
(2) procurement and termination costs when it is determined that termination is in the best interest of the Government. Specific instructions concerning materiel transportation charges andcredit allowances are in DoD 7000.14-R, “Department of Defense Financial Management Regulations (FMRS),” Volume 11B.

C8.1.10. Source of Supply Materiel Obligation Reinstatement

C8.1.10.1. Timeframe. Sources of supply will reinstate action on requisition(s) when organizations submit MOV reinstatement requests within 60 calendar days of requisition cancellation citing Status Code BS. Reinstate the requisition for the quantity equal to or less than the original canceled quantity. If the quantity is greater than the quantity canceled by the Status Code BS, only reinstate the quantity in the BS status. Reject the quantity exceeding the BS quantity. Use Status Code BS to prepare the MOV reinstatement request to ensure identification of the correct suffix.

C8.1.10.2. Source of Supply Codes. Sources of supply will use Status Code DK, DL, and DM to reject MOV reinstatement requests received over 60 calendar days after the BS status transaction date, or when there is no record of the BS status, or when the MOV reinstatement request is for a quantity greater than the canceled quantity.

C8.2. GRANT AID

C8.2.1. General. This section prescribes policies and procedures for the validation of ICP materiel obligation records with the records of the DoD Component ILCO maintaining Security Assistance Organization (SAO) program control and for the validation of the continuing need at the GA country level for over age demands. The purpose is twofold: (1) the reconciliation of records and (2) the validation of need.

C8.2.2. Annual Validation Schedule. The annual schedule of cyclic validation in support of GA materiel obligations is shown in Table C8.T2.

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| Table C8.T2. Cyclic Schedule for MOV in Support of Grant Aid | | |
| CYCLE NUMBER | SOURCE OF SUPPLY CUTOFF TO PREPARE AND FORWARD VALIDATION REQUESTS | MAXIMUM ENDING DATE BY WHICH REQUISITIONER RESPONSES ARE DUE BACK TO SOURCE OF SUPPLY |
| 1 | 31 January | 31 May |
| 2 | 31 July | 30 November |

C8.2.3. Aged Materiel Obligation Requests. Sources of supply will provide the ILCO with MOV requests applicable to aged materiel obligations for GA requirements. MOV requests will be sent to the ILCO by the sources of supply using schedules for validating aged GA materiel obligations established by the Assistant Secretary of Defense (Logistics & Materiel Readiness)(ASD(L&MR)].

C8.2.4. Materiel Obligation Definition. Materiel obligations are defined as that portion of the requisitioned quantity that is not immediately available for issue to the requisitioner and/or is recorded as a commitment for future issue of stocked items. This includes commitments for DVDs. The source of supply will produce MOV requests from their records of materiel obligations for which the requisition document number dates are aged to 180 calendar days or more at the time of the established validation cutoff. Materiel obligations selected for validation, meeting the 180-day age criterion, will be those assigned Status Code BB, BC, BD, or BV. The quantities identified in the MOV requests reflect the unfilled quantities only of items maintained as materiel obligations at the sources of supply. Use the DLMS 517M, to prepare MOV requests.

C8.2.5. Source of Supply Request Timeframe. Sources of supply will send scheduled MOV requests not later than 10 calendar days after the established cutoff date.

C8.2.6. Accomplishing MOV by the Army and Air Force ILCOs

C8.2.6.1. Item/Request Matching. The ILCO receiving MOV requests will match the items indicated as being on record at the source of supply with its records of unfilled demands and provide the MOV requests to SAOs that represent quantities/items as follows:

C8.2.6.1.1. In the MOV requests received from the source of supply, (the ILCO will not attempt to adjust quantity differences between the ILCO record and the source of supply record.)

C8.2.6.1.2. On the ILCO record, having reached the validation age criterion and not included with MOV requests furnished by the source of supply. The ILCO will adjust its records based upon the MOV responses received from SAOs.

C8.2.6.2. Program Originator Codes. The DoD Components may elect to have their ILCOs identify the program originator code in MOV requests transmitted to SAOs for validation. The identification of this code enables the SAO to determine the specific section to which to direct the MOV requests. In these instances, the codes shown in Table C8.T3 apply. (Do not include these codes in MOV responses that are sent to the source of supply.)

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| --- | --- |
| Table C8.T3. Program Originator Codes | |
| CODE | PROGRAM ORIGINATOR |
| B | SAO (Army) |
| P | SAO (Navy) |
| D | SAO (Air Force |
| K | SAO (Marine Corps) |

C8.2.6.3. Transmitting Requests. Transmit the MOV requests to the appropriate SAO not later than 45 calendar days after the scheduled cutoff date. The time between the cutoff date and the 45 calendar days for transmitting the MOV requests to SAOs allows:

C8.2.6.3.1. Transmission of the MOV requests from the source of supply to the ILCO.

C8.2.6.3.2. ILCO establishment of suspense records of the source of supply request quantities and preparation of MOV requests for transmission to the SAOs. SAOs will provide MOV response to the ILCO within 90 calendar days after the cutoff date for the validation cycle.

C8.2.7. Accomplishing MOV by the Navy ILCO

C8.2.7.1. Item/Record Matching. The Navy ILCO (NAVILCO) will match the items indicated as being on record at the source of supply with its records of unfilled demands and effect a file reconciliation. NAVILCO will send MOV responses for each MOV request received to the source of supply that submitted the validation request. The source of supply will use the MOV response to determine whether the items should be canceled or requirements still exist and the items should be continued as materiel obligations.

C8.2.7.2. Response Timeframe. Send MOV responses to validation requests to sources of supply by 15 March for the first cycle and 15 September for the second cycle. Indicate the quantity still required in the MOV response. If total cancellation is desired, do not include the quantity segment in the MOV response.

C8.2.7.3. Inquiries. Submit a requisition inquiry, DLMS 869A or DLMS 869F, as appropriate, for items outstanding on NAVILCO records for which no MOV reconciliation request was received from the source of supply. See Chapter 4 for the requisition inquiry procedures.

C8.2.8. NAVILCO Initiation of Reconciliation and/or Validation with SAOs

C8.2.8.1. Annual Request Submission. Annually, on 16 September, the NAVILCO will prepare MOV reconciliation requests that represent unfilled requisitions with dates of 31 July or earlier.

C8.2.8.2. Program Identification. NAVILCO will identify the program originator code in the MOV reconciliation requests sent to SAOs for validation. SAO will use this code to determine the specific section to which to direct the requests. In these instances, the codes in Table C8.T3. apply.

C8.2.8.3. MOV Transmission. NAVICP will send the MOV reconciliation requests to the appropriate SAO not later than 26 September and indicate 31 October as the response due date.

C8.2.9. Validation of Requirements by the SA Organizations

C8.2.9.1. Verifying Existing Requirements. SAOs receiving MOV requests will determine whether requirements for the items and quantities still exist. SAOs will also determine whether requirements exist for items/quantities, having reached the age criteria and not included with the MOV requests. Once validation is completed, SAOs will adjust their records to show the country’s needs for the items/quantities.

C8.2.9.2. Item Status Request. SAO will request status of any items that are outstanding, have met the age criteria, and are not included in the MOV requests. When such status is required, SAO will submit a requisition inquiry, DLMS 869A, to the appropriate ILCO. See Chapter 4 for the requisition inquiry procedures.

C8.2.9.3. Response for Each Reconciliation Request. SAO will provide an MOV response for each MOV reconciliation request, as appropriate, to indicate the remaining quantity of each item is still required. The SAO will send MOV responses to the appropriate ILCO. For the U.S. Army Security Assistance Command and the Air Force Security Assistance Center, send these responses to arrive no later than the date specified in the transmittal, which is 35 calendar days prior to the response due date contained in the requests. For NAVILCO, these responses must be received no later than 31 October.

C8.2.10. Response to MOV Requests by the Army and Air Force ILCOs

C8.2.10.1. Record Adjustment. Upon receipt of the responses from SAOs, the ILCO will adjust its records to agree with the country's requirements indicated by the MOV responses. The ILCO will then send MOV responses for each MOV request received from the source of supply that submitted the validation requests. The source of supply will use the MOV response to determine whether the items should be canceled or requirements still exist and the items should be continued as materiel obligations. Provide MOV responses to the source of supply by the response due date indicated in the MOV requests. Response due date is established as the 125th calendar day following the cutoff date for validation. MOV requests must indicate the cutoff date.

C8.2.10.2. Quantity Remaining Required. ILCO will indicate the quantity still required in the MOV response. If total cancellation is desired, do not include the quantity segment in the MOV response.

C8.2.10.3. Outstanding Items. ILCO will submit a requisition inquiry, DLMS 869A or DLMS 869F, as appropriate, for items outstanding on the ILCO records, indicated as required by SAO, and for which no MOV request was received from the source of supply. See Chapter 4 for the requisition inquiry procedures.

C8.2.11. NAVILCO Action on SAO Responses

C8.2.11.1. Record Adjustment. Upon receipt of the responses from SAOs, the NAVILCO will adjust its records to agree with country requirements as indicated by the MOV responses. NAVILCO will send requisition cancellations to the source of supply on those unshipped lines for which the SAO indicated a reduced quantity requirement. NAVILCO will initiate action to resolve the unreconciled lines for which the SAO indicated a requirement. NAVILCO will send the appropriate supply and shipment status to SAOs.

C8.2.11.2. Requisition Cancellation. By 30 November, NAVILCO will prepare and send a requisition cancellation to the last known source processing the corresponding requisition. See Chapter 4 for the requisition cancellation procedures.

C8.2.11.3. Record of Confirmed Cancellations. NAVILCO will keep a record of confirmed cancellations received in response to requisition cancellations submitted as a result of reduced quantity requirements indicated by SAOs.

C8.2.11.4. Quantity Reduction Reconciliation. NAVILCO will prepare a report of the number of lines reconciled with the SAO, the number and value of SAO requested quantity reductions, and the number and value of confirmations received as of 31 December. NAVILCO will send two copies of this report to the appropriate Service headquarters for review and submission to Office of the Assistant Secretary of Defense.

C8.2.12. ILCO Cancellation of Materiel Obligations

C8.2.12.1. Source of Supply Action. The source of supply will cancel materiel obligation items upon receipt of requisition cancellations or the indication of need for lesser quantities from the ILCO. (When there is no record of the item at time of receipt of the MOV responses, the MOV response will be matched with the RHF to determine the latest status of the item or action taken to accomplish cancellation action. The source of supply will send the ILCO supply or shipment status as appropriate.) In the event procurement, rebuild, or other expense has been incurred and must be billed to GA for an individual item being canceled, the supplying DoD Component will take action under DoD 5105.38-M, Part II, Chapter H.

C8.2.12.2. Validation of Cancellations. The source of supply will send the ILCO, for which validation requests were submitted, Status Code BR for each item and/or quantity canceled as a result of the validation actions. ILCO should not consider any quantity as canceled before receiving the confirming Status Code BR.

C8.2.12.3. When no Response has been Received. The source of supply will not automatically cancel items for which materiel obligations were established when no MOV response has been received relative to specific items submitted for validation.

1. Status Code BP may be deferred for inclusion under logistics system modernization. [↑](#footnote-ref-1)
2. Refer to ADC 1043/ADC1043A. [↑](#footnote-ref-2)
3. Refer to ADC 1043E. [↑](#footnote-ref-3)
4. Refer to ADC 369. Deferred implementation is authorized. [↑](#footnote-ref-4)
5. Refer to ADC 1043E [↑](#footnote-ref-5)