



LOGISTICS AND  
MATERIEL READINESS

## OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

DLM 4000.25-2, May 4, 2018  
Change 10

### MILITARY STANDARD TRANSACTION REPORTING AND ACCOUNTABILITY PROCEDURES CHANGE 10

I. This change to DLM 4000.25-2, Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP), June 13, 2012, is published by direction of the Deputy Assistant Secretary of Defense for Supply Chain Integration under the authority of DoD Instruction (DoDI) 4140.01, DoD Supply Chain Materiel Management Policy,” December 14, 2011. Unless otherwise noted, revised text is identified by ***bold, italicized*** print. Exceptions are when an entire chapter or appendix is replaced, a new one added, or an administrative update is made. Administrative updates in Change 10 include the following: Abbreviations such as etc., e.g., and i.e. are incorporated inside the parentheses. Occurrences of “shall” are changed to “will” per a style change for DoD issuances. References to “(DLA) Transaction Services” are changed to “Defense Automatic Addressing System (DAAS)” and “DLA Logistics Information Services” to “Logistics Information Services”. In addition, minor typographical and similar editing errors in previous versions have been corrected, including an administrative update in Appendix 2.2 related to the withdrawal of ADC 33.

II. This change includes Approved Defense Logistics Management Standards (DLMS) Changes (ADC) published by Enterprise Business Standards Office memorandum:

A. ADC 1151 dated September 14, 2017. Removes references to specific record retention periods for documents/transactions, and advises the Components to retain data created resulting from DLMS business processes in accordance with the DODI 5015.02, DOD Records Management Program. Revises Chapter 4 and Chapter 13.

B. ADC 1175 dated July 24, 2017. Clarifies guidance for the turn-in of partial/incomplete weapons by the weapon NSN to DLA Disposition Services for reutilization or demilitarization. Stipulates the need for a missing parts list or equivalent missing parts certification to accompany the turn-in of the serialized receiver with missing or removed parts. The turn-in activity must provide a missing parts list or annotate equivalent certification on the Issue Release/Receipt Document (IRRD) (DD Form 1348-1A, or DD Form 1348-2), Defense Turn-in Document (DTID), or an attached continuation page. Revises Chapter 12.

C. ADC 1198 dated October 6, 2016. One of a series of DLMS changes to define procedures and establish a coordinated implementation to exchange serial number and unique item identifier (UII), when available, to support Financial Improvement and Audit Readiness (FIAR) compliance and accountability over service owned capital

equipment stored at DLA. This change is based upon the capital equipment candidate requirements in the DoD Integrated Requirements Set (IRS) for Item Unique Identification (IUID) in Supply Business Processes. Revises Appendix 2.2.

D. ADC 1242 dated August 2, 2017. Revises DICs, D8\_, D9\_ Inventory Adjustment - Increase or Decrease to add instructions to the appropriate Inventory Adjustment Error Classification Codes data element. Revises, Appendix 2.15, Appendix 2.16, and Appendix 3.4.

E. ADC 1247 dated September 28, 2017. Revises MILSTRAP procedures to allow the General Supplies Record Accuracy Goals Stratification Categories B and C to be optional. Revises Chapter 7.

F. ADC 1269 dated October 4, 2017. Revises procedures to clarify and document the Kind, Count, and Condition (KCC) inspection process at DLA Distribution Centers. Clarifies KCC of the bare item part number verification process for new procurement receipts in line with DLAI 4145.4 as conducted at DLA Distribution Centers. DLA Distribution Centers will conduct the part number verification for non-critical new procurement items by verifying the part number/NSN in the contract to the Military Standard (MIL-STD) 129 label. DLA Distribution Centers will perform all other aspects of the KCC process. Critical items and non-procurement items will be subject to part number verification to bare item markings. Revises Chapter 7.

G. Withdrawal of ADC 33 dated October 25, 2016. Removes MILSTRAP Type of Physical Inventory/Transaction History Code I, and corresponding business processes associated with previously approved DoD inventory prioritization methodology for use across supply chains. The Withdrawal of ADC 33 does not affect DLMS 846P IC. Revises Chapter 7 and Appendix 2.2.

III. The list below identifies the chapters, appendices or other files from the manual that are added or replaced by this change:

<u>Added or Replaced Files</u>	<u>Added or Replaced Files</u>
Change History Page	Appendix 2.15
Chapter 4	Appendix 2.16
Chapter 7	Appendix 2.2
Chapter 12	Appendix 3.4
Chapter 13	

IV. This change is incorporated into the on-line DLM 4000.25 series of manuals and the PDF files containing the entire set of change files on the publications page of the Defense Logistics Management Standards Website: [www.dla.mil/does/dlms-pubs](http://www.dla.mil/does/dlms-pubs)

A handwritten signature in blue ink, appearing to read "Jan Mulligan". The signature is written in a cursive style with a long horizontal stroke at the end.

for  
Jan Mulligan  
Performing the Duties of  
Deputy Assistant Secretary of Defense  
for Supply Chain Integration

**MILITARY STANDARD TRANSACTION**  
**REPORTING AND ACCOUNTABILITY**  
**PROCEDURES (MILSTRAP)**  
**PROCESS CHANGE HISTORY**

ADC Number	Date	Change Description	Change Number
Withdrawal of AMCL 3	7/2/2015	<b>Withdrawal of Approved MILSTRAP Change Letter (AMCL) 3, Supply Condition Code (SCC) W for Unserviceable Warranted Assets.</b> Replaces the existing footnote for Supply Condition Code W with "SCC W is reserved for Warranty until December 31, 2015, pending receipt of a PDC. If no PDC is received by that date, SCC W will be reserved for future DoD assignment." Revises Appendix 2.5 Federal Condition Codes.	6
191	3/14/2006	<b>Management Codes on Supply Status Transaction. This change establishes two new management codes for use on the Supply Status transaction.</b> Both new management codes are authorized for use in the DLMS. Revises Appendix (AP) 2.6., Management Codes, paragraph AP2.6.2. Issue Related Transactions.	0
197	6/5/2006	<b>Request for New Type of Physical Inventory/Transaction History Code and Add Code to Historical Transactions.</b> DLA identified a requirement to have a code to distinguish transaction history associated with annual reconciliation from other transaction history submittals. This change was approved for immediate DLA implementation. Implementation of this change by other DoD Components is optional, but they are encouraged to consider the requirement for their system modernization initiatives. Revises AP2.2. Type of Physical Inventory/Transaction History Codes, and Chapter 7, Physical Inventory Control.	0
198	6/6/2006	<b>Revise DLMS 846P to Provide Capability to Advise When No History is Available in Response to a Transaction History Request.</b> The capability to identify that no history is available in response to a request for transaction history exists in MILSTRAP, but was not incorporated in DLMS. Revises AP2.2. Type of Physical Inventory/Transaction History Codes.	0

ADC Number	Date	Change Description	Change Number
218	11/14/2006	<p><b>Revise MILSTRAP Receipt Transactions to Document Use of Distribution Standard System Operations Control Number (OCN) and Additional Z4/Z6 Requirements.</b> Provides for Distribution Standard System (DSS) entry of the OCN in receipt transactions regardless of materiel owner, to support current use of OCN by Army, Navy, and Mapping. Revises AP3.1. DIC D4_, and AP3.2, DIC D6_.</p>	0
220	12/8/2008	<p><b>ADC in Two Parts, Part I: Revise Definitions for Small Arms to Address Light Weapons, and Part II: Visibility and Traceability of Captured, Confiscated or Abandoned Enemy Small Arms and Light Weapons.</b> Revises Term and Definitions, Chapter 12, Small Arms and Light Weapons Serial Number Registration and Reporting, and revises the following appendices to reflect Small Arms and Light Weapons (SA/LW) in place of Small Arms: AP2.1. DIC, AP2.12, Small Arms Transaction Codes, AP2.13, Small Arms Error Transaction Reject Codes; format appendices AP3.31 through AP3.37 (DICs DSA, DSB, DSC, DSD, DSF, DSM, and DSR).</p>	0
232	3/23/2007	<p><b>Administrative Update to MILSTRAP and DLMS to Clarify Supply Condition Code (SCC) Q is authorized for Turn-in to Defense Reutilization Marketing (Supply).</b> This change revises guidance to support the turn-in of SCC Q materiel to DLA Disposition Services Field Office. This ADC revises AP2.5. Supply Condition Codes.</p>	0
234	4/9/2007	<p><b>Identification of Intra-Army Data Requirements for DLMS 527R and 527D, and Administrative Update to Batch/Lot and UII Length.</b> This change incorporates data elements in DLMS required to accurately process intra-Army data for nonprocurement source receipts, dues-in, and advance receipt information (ARI) (prepositioned materiel receipt (PMR) under MILSTRAP). Revises AP3.2, DIC D6_, Materiel Receipt-Other Than Procurement Instrument Source, AP3.12, DIC DF_, Due-In – Other Than Procurement Instrument Source, and AP3.39. DIC DW_, Pre-Positioned Materiel Receipt.</p>	0

ADC Number	Date	Change Description	Change Number
235	4/17/2007	<b>Revise DLMS 867I and MILSTRAP Issue Transactions to Support Navy Issue On Request Code.</b> Revises DLMS 867I and DIC D7_ Issue transaction to add the Navy issue on request code in support of an existing Navy requirement. Navy uses the issue on request code when interfacing with DLA DSS. Revises AP3.3. DIC D7_, Issue.	0
236	4/25/2007	<b>Revise the Property Accountability Accuracy Goal for Controlled Inventory Items Not Subject to Annual Complete Physical Inventory.</b> Revises the property accountability records accuracy level, from 85 percent to 95 percent, for controlled inventory items that are not subject to an annual complete physical inventory. Revises Chapter 7, Physical Inventory Control.	0
237	4/25/2007	<b>Rename Location Audit Program to Record Reconciliation Program.</b> This change renames the Location Audit Program to the Record Reconciliation Program. Revises Terms and Definitions and chapter 7, Physical Inventory Control.	0
240	6/13/2007	<b>Transactions for Stock Screening Request/Reply and Web-Enhanced Stock Screening Requests and Storage Quality Control Reports and Update to MILSTRAP Appendix.</b> This change defines a requirement for new DLMS transactions to be used by supply chain owners/managers to request storage sites to perform stock screening actions and allow storage sites to reply to the owners/managers electronically. Revises AP2.18. Type Inspection Codes.	0
244	5/10/2007	<b>Definition for Reconciliation, Small Arms and Light Weapons (SA/LW) and Clarification of Procedure.</b> This change clarifies the SA/LW reconciliation procedures and revises SA/LW Transaction Code E to acknowledge that when a Service performs the reconciliation with a DLA Distribution Depot, the reconciliation is inter-Component. This ADC revises Chapter 12, SA/LW Serial Number Registration and Reporting, and AP2.12. SA/LW Transaction Reject codes.	0
246	5/22/2007	<b>Revise DS 527R and MILSTRAP Receipt Transactions to Document Use of Navy MTIS Indicator.</b> When sending DIC D6_ receipt to the Navy, DAAS will send MTIS indicator in position 7 of the D6_. This change incorporates the MTIS indicator in DIC D6_.	0

ADC Number	Date	Change Description	Change Number
250	7/30/2007	<p><b>Revise DS 846I and MILSTRAP DZA Asset Status Transactions to Support Army Distribution Operations, and Revise DS 846I for Use of UTC and for Administrative Updates.</b> Incorporates changes to support Army requirements for Asset Status Report transaction (DLMS 846I and corresponding DIC DZA Asset Status), to accommodate recording the on hand quantity of assets being held in the DLA ownership at DLA Defense Depot, Kuwait. Revises Chapter 8, Asset Status Reporting, and AP3.52. DIC DZA, Asset Status.</p>	0
255	11/20/2007	<p><b>Storage Activity Accountability to Service Materiel Owners.</b> Revises the chapter 7 procedures to require that the storage activity send the Inventory Owners a quarterly summary of the causative research results for each individual NIIN, for all adjustments of extended dollar value greater than \$16K and any adjustment of an item with a controlled inventory item code that is Classified, Sensitive or Pilferable. This change documents a mechanism for the storage activity to provide the materiel owner with insight for physical inventory adjustments (loss, gain, reversal or no conclusive findings) and loss, damage or destruction of property. Revises Chapter 7, Physical Inventory Control.</p>	0
259	11/9/2007	<p><b>Revise DS 867I and MILSTRAP Issue Transactions to Support Navy Issue Reversal Code.</b> Revise DLMS 867I transaction to add a "Reason for Reversal Code" in support of an existing Navy legacy system requirement for an issue reversal code. Revises DLMS 867I Issue to add a "Reason for Reversal Code". Revises AP3.3, DIC D7_ Issue, to accommodate Navy's use of a Navy issue reversal code.</p>	0
267	1/30/2008	<p><b>Interim Change for DLMS 527R Receipt to Support Intra-Army Direct Support/Reparable Exchange Decapitalization Transaction.</b> Documents and incorporates for temporary use, the DLSS requirements for intra-Army data elements, to support the Direct Support/Reparable Exchange receipt and follow-on triggers at the National level. Revises AP3.2. DIC D6_, Materiel Receipt – Other Than Procurement Instrument Source.</p>	0

ADC Number	Date	Change Description	Change Number
272	3/4/2008	<b>Revise DLMS 527R and MILSTRAP Receipt Transactions to Add Discrepancy Indicator Codes for use with Intra-Army Discrepancy Receipt Process.</b> Incorporate changes to DLMS 527R to support the existing Intra-Army Single Stock Fund (SSF) Discrepancy Receipt Process. Revises AP2.17, Discrepancy Indicator Codes, and AP3.2. DIC D6_, Materiel Receipt – Other Than Procurement Instrument Source.	0
274	4/1/2008	<b>DLMS and DLSS Changes to Support Army Exchange Pricing.</b> Documents and incorporates DLSS and DLMS requirements for intra-Army data elements to support Army's implementation of Exchange Pricing in order to comply with OSD guidance. Revises Chapter 4, Receipt and Due-In.	0
287	6/24/2008	<b>Special Program Requirements (SPR) Status and Corresponding DLMS Manual Procedures Administrative Update.</b> This change revises SPR procedures in the DLMS manual to bring the DLMS procedures in line with corresponding MILSTRAP procedural requirements and the existing SPR process. Administrative updates identify DIC functionality associated with the DLMS SPR and War Material Requirement transactions, and updates terminology in the DLMS 830R for consistency with the procedural language. Revises the MILSTRAP DIC Correlation Table.	0
312	1/22/2009	<b>Denial Management Code in a Supply Status Transaction.</b> This change requires that the denial management code approved by ADC 191 for use on a supply status transaction on an intra-Army basis, be established for DOD use. This ADC revises AP2.6., Management Codes, paragraph AP2.6.2. Issue Related Transactions.	0
324	6/24/2009	<b>DLMS Procedures for Materiel Returns from National Inventory Management Strategy (NIMS) Sites and Industrial Sites under Base Realignment and Closure (BRAC).</b> This change documents procedures for materiel returns to the DLA under the NIMS and in support of the 2005 BRAC decision. The change addresses communication between customer, the distribution depot, and the DLA ICP, and establishes new procedures for authorizing and processing customer credit for the returned materiel. Revises Chapter 4, Receipt and Due-in.	0



ADC Number	Date	Change Description	Change Number
333	6/24/2009	<b>Revision to DLMS, Volume 2, Chapter for Logistics Asset Support Estimate (LASE); and Administrative Updates to DLMS 846L, 870L, LASE Request Codes and Reject Advice Codes.</b> This change made administrative updates to the DLMS LASE chapter to position it for movement to a combined DLMS/MILSTRAP DLM. ADC 333 is overcome by ADC 400 which eliminated the LASE process.	0
338A	8/24/2010	<b>New Advice Code for Surge Requirements of Mission Support Material under Navy BRAC Inventory Management and Stock Positioning (IMSP).</b> This change republishes ADC 338 to replace the assigned advice code with a new management code for use on DLMS transactions associated with requisitioning to identify surge requirements for Mission Support Material under DLA-Navy BRAC IMSP. Use of a management code (in lieu of an advice code) to identify surge requirements will allow for continued independent use of applicable advice codes on the requisition. Revises AP2.6 Management Codes, paragraph AP2.6.6. Requisition Transactions.	0
352	2/18/2010	<b>Management Code for Product Quality Deficiency Report (PQDR) Replacement Requisitions.</b> This change authorizes the assignment of a new management code for use on DLMS MILSTRIP requisitions. The new code will indicate the materiel is being re-requisitioned upon determination that the originally requisitioned materiel was deficient and subsequent to submission of a PQDR. Revises AP2.6. Management Codes, paragraph AP2.6.2., Issue Related Transactions, and paragraph AP2.6.6., Requisition Transactions.	0
355	2/5/2010	<b>Revise DLMS 846I, Asset Status Report to Address Intra-Navy Use of Transaction Preparation Date in Multiuse Field of MILSTRAP DZA Transaction.</b> Navy modernized system will be DLMS compliant. This change maps DIC DZA data reflected in intra-Component multiuse field to the DLMS 846I. Revises AP3.52, DIC DZA, Asset Status.	0

ADC Number	Date	Change Description	Change Number
359	2/23/2010	<b>Perpetuation of the Denial Management Code to the DLMS Requisition, and Modification of USAF BRAC IMSP SDR Procedures.</b> This change request authorizes the perpetuation of existing management codes on a DLMS requisitioning transaction to indicate a denial has occurred on a prior requested release of materiel purchased by the USAF from DLA under BRAC SS&D IMSP business rules. Revises AP2.6. Management Codes, paragraph AP2.6.6., Requisition Transactions.	0
364	5/18/2010	<b>Revise DoD Physical Inventory Requirements to Allow Annual Complete Inventories as Alternative to Statistical Sampling and Location Survey Requirement.</b> Revises Chapter 7, Physical Inventory Control.	0
366	4/16/2010	<b>New Special Program Requirement (SPR) Status Code to Reject US Air Force SPRs Submitted for Planning for DLA Managed Consumables (PDMC) Flight.</b> As a result of Air Force standing up the Air Force Global Logistics Support Center (AFGLSC) PDMC flight, SPR input will be superseded by Demand Data Exchange (DDE) for DLA managed assets. Any SPR input which DLA received would conflict with DDE forecasts, and thus need to be rejected back to origin with instruction to follow-up with the appropriate Air Force PDMC office. Revises AP2.11, SPR Status Codes.	0
370	5/18/2010	<b>Requisitioning for Off-Station Forward Site Support and New Non-Inventory Affecting Denial Management Code indicating Off-Station Materiel under Navy BRAC SS&amp;D IMSP.</b> This change provides procedures for storage and distribution of materiel associated with a forward (remote) maintenance site, while under DLA ownership. The materiel will be physically located at the forward site, but the accountability for the materiel will remain at the primary Distribution Depot, which is co-located with the responsible Navy industrial activity. This change assigns a new denial management code for use on the Materiel Release Denial indicating the denial is the result of materiel being physically located outside the physical confines of the storages site to which the MRO was directed. Revises AP2.6. Management Codes, paragraph AP2.6.2., Issue Related Transactions.	0

ADC Number	Date	Change Description	Change Number
372	5/21/2010	<p><b>Request for Discrepancy Indicator Code to Identify 527R MRA Generated Based on “Virtual Receipt” to Support Navy BRAC SS&amp;D/IMSP.</b> This change request is for the assignment of a new Discrepancy Indicator code for use on DLMS 527R standard transactions indicating the MRA is the result of a virtual receipt being posted in a Navy Maintenance system (Material Access Technology (MAT), or Material Resource Planning (MRP) II (MRPII)). This change allows 527R MRA transactions which are generated from the Navy ‘virtual’ receipt process to include an MRA Discrepancy Indicator code to facilitate recognition by external parties (e.g., logistics response time). Revises AP2.17, Discrepancy Indicator Codes.</p> <p>This change was inadvertently omitted when the Manual was republished and is being added as part of Formal Change 2.</p>	0/2
375	9/15/2010	<p><b>New Management Code for Navy Funded Non-Production Support Materiel Ordered under BRAC SS&amp;D/IMSP.</b> This change request is for the assignment of a new Management Code for use on applicable DLMS transactions associated with requisitioning of Navy-funded non-production support materiel ordered under DLA-Navy BRAC IMSP. Revises AP2.6. Management Codes, paragraph AP2.6.2., Issue Related Transactions and paragraph AP2.6.6., Requisition Transactions.</p>	0
391	8/10/2010	<p><b>New Denial Management Code to Support the New Protection Process at the Navy Shipyards when Protection Document Number/Job Order does not Match DSS Records under BRAC SS&amp;D/IMSP.</b> This change request authorizes the use of a new management code on the DLMS 945A, Material Release Denial, indicating a denial has occurred on a request for a Navy Shipyard maintenance customer. Revises AP2.6. Management Codes, paragraph AP2.6.2., Issue Related Transactions.</p>	0

ADC Number	Date	Change Description	Change Number
393	8/4/2010	<p><b>Revise DLMS 846P, Response to Transaction History Request When No History Available, to Add a Second Iteration of Type Physical Inventory/Transaction History Code.</b> This change recognizes the requirement to carry 2 Type Physical Inventory/Transaction History Codes in 846P when it is used as a “Response to Transaction History Request (No History Available)”. DLA requests an optional second iteration of the transaction history code to cite the code which appeared on the associated Transaction History Request, in addition to code value 8 or 9. Revises AP2.2., Type of Physical Inventory/Transaction History Codes.</p>	0
396	10/6/2010	<p><b>Revised Procedures and Data Content for DLMS Materiel Release Order (940R) and Material Release Advice (945A) and New Denial Management Code for Marine Corps BRAC SDI.</b> This change proposes new procedures and updates the DLMS Material Release Order and Material Release Advice between the Marine Corps Maintenance Center and DLA Depots operating under the DSS. Revises AP2.6. Management Codes, paragraph AP2.6.2., Issue Related Transactions.</p>	0
398	10/20/2010	<p><b>Revise DLMS 846A Asset Reclassification, 947I Inventory Adjustment, and Associated Procedures to Support Marine Corps BRAC Storage and Distribution Interface.</b> The DLMS 846A Asset Reclassification transaction will be used in support of Marine Corps and DLA re-identification of assets to support less than unit of issue functionality at the Marine Corps Maintenance Centers. Revises AP2.6 Management Codes.</p>	0

ADC Number	Date	Change Description	Change Number
400	4/11/2012	<p><b>Elimination of the DLMS-MILSTRAP Logistics Asset Support Estimate (LASE) Process no Longer Required by the DOD Components.</b> This change eliminates the DLMS-MILSTRAP LASE process as recommended by the DOD Components after staffing two separate PDCs from DLA and Army respectively. The PDCs documented that DLA and Army were not implementing LASE in their respective enterprise resource planning systems: DLA Enterprise Business System and Army Logistics Modernization Program. The remaining DOD Components agreed to DLA and Army's elimination of the LASE process. In response to the PDCs, Navy and Air Force stated they would not implement LASE in their modernized systems, and Marine Corps also concurred with the elimination of LASE.</p>	0
403	4/25/2011	<p><b>Administrative Update to Identify MILSTRAP Transactions Authorized for Reversal.</b> This administrative change updates MILSTRAP to identify in a single list, all MILSTRAP transactions that are authorized for reversal. This change clearly identifies all transactions authorized for reversal in one place for easy reference and information. This change also incorporates portions of AMCL 13 in the AP3 Introduction, regarding the MILSTRAP reversal indicator used in place of the former "11-zone overpunch". Revises AP3 Formats Introduction.</p>	0
404	12/9/2010	<p><b>Revision to Small Arms and Light Weapons Procedure to Address Reporting Foreign Weapon Serial Numbers and Definition Updates.</b> This change provides new procedures for assignment of serial numbers for foreign weapons with unrecognizable serial number character. This ADC revises Chapter 12, SALW Serial Number Registration and Reporting, to add new paragraph C12.2.11, and updates "Definitions and Terms."</p>	0

ADC Number	Date	Change Description	Change Number
414	3/28/2011	<p><b>Revisions to DLMS and MILSTRAP Procedures to Address Owner/Manager Research of Inventory Adjustments (Accounting Error).</b> This change addresses owner/manager research requirements for 'Inventory Adjustments (Accounting Error)' by adding a section on "Research of Potential or Actual Inventory Adjustments (Accounting Errors) – DIC D8B/D9B". In addition, a distinct code list is being added to clearly identify the inventory adjustment 'error classification codes' that apply to the DIC D8B/D9B inventory adjustments (accounting error). Revises Chapter 7, Physical Inventory Control, and adds new Appendix 2.16, Inventory Adjustments - Accounting Error Classification Codes.</p>	0
415	11/29/2011	<p><b>Revise the DOD Inventory Control Effectiveness (ICE) Report (General Supplies) and Revise Type Physical Inventory/Transaction History Code C and Add Code Z.</b> This change realigns the ICE Report information to enhance data analysis to provide meaningful performance data for the varied range of line items managed by the Components and the depth of inventories, including the Monetary Values related to Record Reconciliation and end of day processing. Revises Definitions, Chapter 7, Physical Inventory Control, as well as, AP2.2, Type of Physical Inventory/Transaction History Codes.</p>	0
423	9/29/2011	<p><b>Revise DLMS 527D to Allow Use of Supply Condition Code (SCC) with Due-In (Procurement Instrument Source) and Specifically with Logistics Reassignment Memorandum Due-In.</b> Allow Use of SCC with Due-In (Procurement Instrument Source) transactions and specifically with Logistics Reassignment (LR) Memorandum Due-In (MILSTRAP DDX functionally). DLA uses SCC in LR Memorandum Due-In transactions (Procurement Instrument Source). Revises AP3.10, DIC DD_, Due-In Procurement Instrument Source.</p>	0

ADC Number	Date	Change Description	Change Number
441	8/22/2011	<p><b>Exception Rules to Accommodate Communication of Ammunition/Ammunition Related Quantities in Excess of Five Digits.</b> This change proposes that DLA Transaction Services split large quantities for ammunition communicated via DLMS Transaction into two legacy 80-record position transactions without creating or changing the suffix code. The split into separate transactions is necessary because the legacy format restricts the allowable field length for quantities and does not accommodate residual quantities when using the “M” quantity multiplier described above. The Defense Automatic Addressing System conversion split from a single DLMS transaction into two separate 80-record position legacy transactions will result in the maximum allowable quantity on the first transaction and the residual quantity on the subsequent transaction produced with like document number/suffix. Revises AP3, Formats Introduction.</p>	0
444	12/1/2011	<p><b>Revise Asset Status Report Transactions, DLMS 846I and MILSTRAP DZA, to Document Ammunition Systems Use by Agreement of Nine Digit Quantity On-Hand.</b> At the end of each day, Army Logistics Modernization Program (LMP) will send a DLMS 846I Asset Status Report to the Air Force, Marine Corps, and Navy to report asset balances for their owned assets stored in an LMP storage location. Revises Chapter 9, Rejection Routing; AP3, Formats Introduction; and AP3.52, DIC DZA, Asset Status.</p>	0
446	11/15/2011	<p><b>New Supply Condition Code (SCC) T, Serviceable (Ammunition Suitable for Training Use Only).</b> This change established new SCC T for ‘Serviceable (Ammunition Suitable for Training Use Only)’, for use by agreement. SCC T is authorized for Intra-Service use and authorized for staggered implementation for inter-Service use by agreement of impacted trading partners. SCC T is scheduled for October 2012 implementation in the Ordnance Information System used by Navy, Marine Corps, and Coast Guard. For Army, further analysis is required to determine supportability of SCC T in Logistics Modernization Program. Air Force does not use SCC T. Revises AP2.5, Federal Condition Code.</p>	0

ADC Number	Date	Change Description	Change Number
449	11/21/2011	<b>Intra-DLA Revisions to the DLMS 945A, Materiel Release Advice, Cancellation Reason Code, Management codes, and Associated Procedures under RBI.</b> This change revises the DLA Disposition Services procedures in DLMS DLM, Volume 2, Chapter 16 (Changes reflected in DLM reissuance) and revises the definition for Management Code Q expanding applicability to DTID Number for DLA Disposition Services. (Change was missing in Version 0). Revises Appendix 2.6, Management Codes.	1
461	12/1/2011	<b>Revision for Commercial Asset Visibility-Organic Repairables Module (CAV-ORM) Estimated Completion Date on MILSTRAP DAC/DLMS 947I and Administrative Update to 527D, 527R, 856S, and 867I.</b> This change enables CAV-ORM to receive, store, and pass the initial estimated completion date to other systems. CAV-ORM can also accept updated estimated completion date. Revises AP3.8, DIC DAC/DAD, Inventory Adjustment - Dual (Condition/Purpose Transfer).	0
458	12/12/2011	<b>Documentation of Intra-Army Use of Army Data Elements for MILSTRAP DZA and DLMS 846I Asset Status Transactions.</b> This change updated the DIC DZA format multiuse fields to reflect Army's use of Stockage List Code and Project Code; and that DLA Transaction Services mapping between MILSTRAP legacy DZA and DLMS 846I be updated accordingly. Revises AP3.52, DIC DZA, Asset Status.	0
474	4/4/2012	<b>New Materiel Receipt Acknowledgment (MRA) Discrepancy Indicator Code.</b> This change creates a new MRA discrepancy code for use with Navy ships to indicate that an MRA is being submitted in response to a follow-up request, but that there has not yet been an opportunity to pick-up/stow the order due to deployment or extended transit times. Revises Chapter 6, MRA.	0
482	4/12/2012	<b>Revision Documenting Changes to the Materiel Receipt Acknowledgment (MRA) Report.</b> Revises the manual to document the changes to the on-line MRA Management Information Report structure which were agreed to by the Supply Process Review Committee. Updates the report descriptions and provide additional information regarding the capability to save the reports to a spreadsheet for additional analysis. Revises Chapter 6, MRA.	0



ADC Number	Date	Change Description	Change Number
485	3/15/2012	<p><b>DOD Physical Inventory Control Program (PICP), Chief Financial Officers Act (CFOA) of 1990, Statistical Sampling Requirements and Procedures.</b> In support of the CFOA of 1990 reporting requirements, DLA shall annually prepare and execute the DOD sampling plan using a mutually agreed upon stratified, hierarchical inventory sample for the purpose of accurately estimating the dollar value of the DOD inventory in DLA storage locations. DLA, as the common warehouse provider, stores the preponderance of the DOD on-hand inventories. The purpose of this sample is to estimate the dollar value of the non-fuel portion of the DOD on-hand inventory held in DLA storage. Revises Chapter 7, Physical Inventory Control, in support of the CFOA of 1990 reporting requirements.</p>	0
489	4/25/2012	<p><b>Administrative Change to Maintain Inventory Control Effectiveness (ICE) Report Ammunition Procedures.</b> This change updates procedures for ICE Report Ammunition to provide explicit procedures specific to the Ammunition report (rather than using references to the ICE Report General Supply procedures). Revises Chapter 7, Physical Inventory Control.</p>	0
1022	10/19/2012	<p><b>Procedures for Processing Depot Returns (including Receipt, Supply Discrepancy Report (SDR), and Revision to Time Standard for Reclassification of Supply Condition Code J and K Assets).</b> This change documents revises receipt, inventory and SDR procedures to support DLA Distribution Depot processing and automatic disposal of materiel categorized as Supply Condition Code H, Unserviceable (Condemned). This change also revises the dollar value associated with automatic disposal, and revises the time standard for providing disposition on materiel identified upon receipt in SCC J Suspended (In Stock) and K, Suspended (Returns). ADC 1022 also addresses administrative updates and revisions to MILSTRAP to clarify procedures for storage activity receipt of discrepant/unauthorized returns retrograde. Revises Chapter 4, Receipt and Due-In, and Chapter 5, Adjustments.</p>	2

ADC Number	Date	Change Description	Change Number
1022A	9/4/2014	<p><b>Procedures for Processing Depot Returns - Revised Exclusions from Automatic Disposal Procedures.</b> Amends procedures as originally approved under ADC 1022. This change revises MILSTRAP procedures to support DLA Distribution Center processing and automatic disposal of materiel categorized as Supply Condition Code (SCC) H, Unserviceable (Condemned), with specific exceptions identified including exclusion of materiel from an FMS customer or owned by the Air Force. Revises Chapter 4, Receipt and Due-In.</p>	5
1034	10/23/2012	<p><b>Intra-DLA Revision to Procedures to Support DLMS 945A, Materiel Release Advice, Cancellation Reason Code and Denial Management Code for Redistribution Orders Associated with DLA Disposition Services under Reutilization Business Integration (RBI).</b> This change establishes a new Cancellation Reason Code YJ for use on the DLMS 945A Reply to Cancellation Request (Document Identifier Code (DIC) AG6) and a new Denial Management Code N for use on the DLMS 945A Disposal Release Denial (DIC A6J) for proper financial processing of Redistribution Orders (RDO) cancellations and denials within DLA Disposition Services systems under RBI. Revises Appendix 2.6, Management Codes.</p>	2
1034B	7/5/2013	<p><b>Intra-DLA Revision to Procedures to Support DLMS 945A, Materiel Release Advice, Cancellation Reason Code and Denial Management Code for Redistribution Orders Associated with DLA Disposition Services under Reutilization Business Integration.</b> This change establishes a new Cancellation Reason Code YJ for use on DLMS Implementation Convention (formerly DLMS Supplement) 945A (DIC AG6) and a new Denial Management Code N for use on the DLMS 945A (DIC A6_) for proper financial processing of Redistribution Orders (RDO) cancellations and denials within DLA Disposition Services systems under RBI. Replaces ADC 1034. Revises Appendix 2.6, Management Codes.</p>	3

ADC Number	Date	Change Description	Change Number
1043	09/18/2013	<b>DLMS Revisions for Department of Defense (DOD) Standard Line of Accounting (SLOA)/Accounting Classification (Finance/Supply).</b> This change adds discrete SLOA/Accounting Classification data elements to logistics transactions with financial implications to implement SLOA within DLMS. Revises Chapter 3, Issue, Backorder, Demand, Loan and Single Manager Conventional Ammunition Freeze/Unfreeze Actions, and the Acronyms list.	4
1043A	8/20/2014	Revised Procedures for Department of Defense (DOD) Standard Line of Accounting (SLOA)/Accounting Classification to Support Transaction Rejection Requirements. Amends ADC 1043 guidance regarding rejection transactions returned when DLMS transactions include discrete SLOA data elements that do not correspond to the entries in the SFIS Fund Code to Fund Code Account Conversion Table for the Fund Code in the transaction. Revises Appendix 2.8, Reject Advice Codes.	5
1043E	10/5/2015	<b>Invalid Fund Code Edit and Remove Suspense Account F3885.</b> Extends Defense Automatic Addressing System (DAAS) edits for invalid or missing fund codes to include transactions with Signal Codes A, B, J, and K and one scenario pertaining to Signal Codes C and L that had previously been omitted. Revises Appendix 2.8, Reject Advice Codes.	7
1045	11/18/2015	<b>Revise the DLMS Stock Screening Request/Reply and Storage Quality Control Report (SQCR)/Reply to Support Transmission via new Web Stock Screening (WebSS) and WebSQCR Modules with Associated Data and Procedure Enhancements.</b> Expands the DLMS user community for these transactions beyond DLA supply chains and DLA Distribution Centers. Clarifies procedures associated with stock screening and SQCR, including future inclusion of item unique identification (IUID) in the SQCR; updates data elements; incorporates identification of a receipt restriction requirement; and adopts several administrative corrections to the DLMS transaction formats. Revises AP2.18. Type Inspection Codes.	7

ADC Number	Date	Change Description	Change Number
1054	4/23/2013	<p><b>Intra-DLA Revisions to Procedures and DLMS 945A Materiel Release Advice, Denial Management Code for Credit to Commercial Venture (CV) Contract Associated with DLA Disposition Services under Reutilization Business Integration (RBI).</b> A new Denial Management Code is added to DLMS 945A (MILSTRIP legacy DIC A6_, that represents a denial of an unauthorized Commercial Venture (CV) delivery order line item. Revises Appendix 2.6, Management Codes.</p>	3
1070	9/12/2014	<p><b>Revised MILSTRAP Procedures for Logistics Accountability during Maintenance - Disallows Logistics Use of Inventory Adjustment Transaction (DAC) for Physical Movement of Materiel from a Storage Activity to a Maintenance Activity, and Incorporate DODM 4140.01 Policy for In-Repair Accountability.</b> Eliminates use of an Inventory Adjustment – SCC Change (DLMS 947I/legacy DAC), as a mechanism to move assets into, or out of, maintenance, in favor of using standard DLMS transactions for movement of materiel. Standard transaction flowcharts were included in ADC. Revises Chapters 3, 4, and 5 and Appendices 2.5 and 2.6,</p>	5
1075	1/17/2014	<p><b>Implementation of Geopolitical Entities, Names, and Codes (GENC) Standard by DoD Components for the Identification of Countries and their Subdivisions.</b> Notifies the PRC members of DLMS implementation for the GENC Standard and updates related DLMS documentation and database tables at DLA Transaction Services for Country Codes. The country code tables in DoDAAD and MAPAD will also be updated as a result of this change.</p>	5
1080	10/17/2013	<p><b>Intra-Air Force Requirement for use of Priority Designator in DLMS 527D Prepositioned Materiel Receipt (PMR) (Supply/MILSTRAP).</b> This change authorizes intra-Air Force use of the Priority Designator in DLMS 527D PMR and legacy DIC DW_. Revises Appendix 3.39, DW_ Pre-Positioned Materiel Receipt - Other Than Procurement Instrument Source.</p>	4

ADC Number	Date	Change Description	Change Number
1085	4/22/2015	<p><b>Revise Procedures for End of Day Processing to Include and Clarify Programmed Research of Imbalances using Transaction History Data and Authorize Up to Seven Work Days to Complete Programmatic Research.</b>  Extends the time standard to a maximum of seven work days for the completion of the programmatic research portion of the end of day reconciliation process. This change does not affect the transactional flow or data elements required to complete end of day processing. Restates procedures to include: closing balance comparisons at end of day; and, for imbalances, the programmatic research elements to be considered to include in-float, suspended, and duplicate transactions prior to adjusting the total item property record (TIPR). Revises Chapter 7 Physical Inventory Control and the Abbreviations and Acronyms list.</p>	6
1086	6/18/2014	<p><b>Create New Materiel Receipt Acknowledgement (MRA) Source of Supply Report, Create Requisition/Initial Supply Transaction Download File and Eliminate the Shipment Discrepancy Report by Depot.</b> Eliminates the MRA 04, Shipment Discrepancy Report by Depot. Creates a new MRA Report by Source of Supply to enable wholesale inventory control points (ICP) to report metrics on how well the Services acknowledge receipt of materiel the wholesale ICP shipped out of wholesale assets, for a given Component. Creates a requisition data download file capability after accessing the MRA Report Detail page for all reports.</p>	5
1087	6/12/2012	<p><b>Revise Materiel Receipt Acknowledgement (MRA) Report Selection Criteria to Reflect the MRA Process Exclusion for Receipt Transaction Reporting.</b> Revises the MRA Report selection criteria to exclude intra-Component shipments of wholesale assets when those assets are reported by a Materiel Receipt (aka Receipt) transaction to the issuing wholesale Inventory Control Point (ICP), rather than by an MRA transaction.</p>	5

ADC Number	Date	Change Description	Change Number
1088	10/1/2014	<p><b>Joint Supply/Logistics Metrics Analysis Reporting System (LMARS) Changes to the Materiel Receipt Acknowledgement (MRA) Report Criteria and Documentation of MRA Report Business Rules.</b>  Identifies changes required to update the LMARS and corresponding MRA Report business rules; updates MRA Report selection criteria by MILSTRIP legacy document identifier code (DIC) (and corresponding DLMS transaction); and aligns the MRA exclusions identified in the DLM 4000.25-2, DLM 4000.25, and DLM 4000.25-4 Manuals. Revises Chapter 10, Materiel Receipt Acknowledgement.</p>	5
1094	11/13/2014	<p><b>Administrative Change to Update Small Arms and Light Weapons (SA/LW) Transaction Code Definitions/ Explanations.</b> Removes the current definitions for unused/obsolete SA/LW Transaction Codes T, Z and 2 and reserves those code values for future use. Also removes a parenthetical note for SA/LW Transaction Code U. Revises Appendix 2.12, Small Arms and Light Weapons Transaction Codes.</p>	6
1102	6/5/2014	<p><b>Enhanced SDR Guidance including SDR Routing for Army-Directed DLA Distribution Center Shipments and Procedures for Discrepant or Unauthorized Returns to the Distribution Centers.</b> Establishes specific guidance to report DLA Distribution Center receipts and SDRs for unauthorized consumable item returns to the returning Service using a pre-designated routing identifier code (RIC) (rather than the item manager). Revises DOD WebSDR routing rules to require distribution of an information copy to the DLA Distribution Center when the shipment was directed by the Army and the materiel was shipped from the Distribution Center; and updates the SDR transaction format and discrepancy code list for clarification and as a corrective action for identified gaps in data transmission.</p>	5

ADC Number	Date	Change Description	Change Number
1102A	4/13/2015	<p><b>Procedures for Unauthorized/Discrepant Air Force Returns to DLA Distribution Centers.</b> Amends the procedures approved under ADC 1102 to establish specific guidance to report DLA Distribution Center receipts and SDRs for unauthorized/unexpected consumable item returns to the returning Service (rather than the item manager) using a pre-designated routing identifier code (RIC) when the returning Service is an Air Force activity. Supplements ADC 1102; all procedures approved under the original document are unchanged. Revises Chapter 4 Receipt and Due-In.</p>	6
1103	8/20/2014	<p><b>Revise DLMS 824R, Reject Advice, to Include Rejections of Logistics Bills and Clarify use for Rejection of DLMS MILSTRIP Transactions.</b> Modifies the DLMS 824R to expand the scope to include rejection of logistics bills and make administrative adjustments to convert the supplement into an implementation convention (IC) and to reflect current element use by DLA Transaction Services.</p>	5
1111	8/27/2014	<p><b>Revise Procedures for Intransit Control of Materiel Turned In To DLA Disposition Services and Establish use of the DLMS 527R for a New Disposition Services Turn-In Receipt Acknowledgement (TRA) Transaction.</b> Revises the procedures for intransit control of materiel turned in to DLA Disposition Services and proposes use of the DLMS 527R for a new Disposition Services Turn-In Receipt Acknowledgement (TRA) transaction. A distinct DLMS 527R beginning segment transaction type code is being established.</p>	5

ADC Number	Date	Change Description	Change Number
1114	4/28/2016	<p><b>Change in Timing to Follow-up for Delinquent Materiel Receipt Acknowledgement (MRA), and for MRA Submission, Based on Time Definite Delivery (TDD) Standards.</b> Allows an automated follow-up for delinquent MRA transactions at a number of days beyond shipment more aligned with the TDD standards set forth in the DoDM 4140.01, Volume 8, DoDI 4160.61, and the DoD Time Standards for Order Process and Delivery. Provides for MRA submission timeframes associated to TDD. Modifies the timeframe to send an MRA Reply to Follow-Up transaction and modifies the timeframe for submission of MRA after receipt of materiel to align with DoDM 4140.01 timeframe for receiving activities to process receipts after materiel delivery. Adds new Discrepancy Indicator Code H (Materiel Still in Transit). Revises Chapter 6, Materiel Receipt Acknowledgement; Appendix 2.17, Discrepancy Indicator Codes; Appendix 4.1, Materiel Receipt Acknowledgement Time Limits; Appendix 5.1, Materiel Receipt Acknowledgement Report Business Rules.</p>	8
1124	4/7/2015	<p><b>Revise MILSTRAP and DLMS Time Standards for Receipt Processing to Support DODM 4140.01 Policy.</b> Revises MILSTRAP and DLMS, Volume 2 time standards for processing receipts to reflect the DODM 4140.01, Volume 5 policy that receiving activities will “record receipts no later than 5 business days from date materiel received”. Also clarifies the requirement to make associated assets visible from the point of inspection and acceptance within 24 hours in context of MILSTRAP/DLMS. Revises Chapter 4 Receipt and Due-in.</p>	6
1142A	10/21/2014	<p><b>Update to Remove General Services Administration (GSA) from MILSTRIP Materiel Returns Program (MRP).</b> Formally withdraws GSA from the MRP effective March 1, 2014. To support this change, GSA and DLA Transaction Services will reject all DLMS 180M Customer Asset Report (MILSTRIP legacy document identifier code (DIC) FTE/FTG) and Follow-Up for Inventory Control Point/Integrated Materiel Manager Reply to Customer Asset Report (MILSTRIP legacy DIC FTF) transactions directed to routing identifier code (RIC) GG0, with Status Code SN indicating that customer asset reports directed to GSA are not authorized.</p>	5



ADC Number	Date	Change Description	Change Number
1147	10/1/2014	<b>Defining Suppressors as Small Arms/Light Weapons (SALW).</b> Modifies the definition of SA/LW to include suppressors. Revises Definitions and Terms.	6
1147A	11/6/2014	<b>Administrative Correction to ADC 1147, Defining Suppressors as Small Arms/Light Weapons.</b> Updates ADC 1147 to replace the Navy specific policy with the broader DOD policy to better reflect applicability across the DOD. Confirms the revision to the definition of SA/LW to include suppressors that was made to Terms and Definitions via ADC 1147.	6
1149	7/6/2015	<b>Revise DLMS 947I Inventory Adjustment for use of Ownership Code with Ammunition Systems (Optional for non-Ammunition Systems); and Clarify MILSTRAP/DLMS use of Ownership, Purpose and Supply Condition Codes in Dual Inventory Adjustment.</b> Requires that Service ammunition systems include ownership code in DIC DAC Inventory Adjustment for dual supply condition code change (Also updates the DIC DAC/DAD format to correct information regarding the ownership/purpose code data elements and revises the corresponding DLMS 947I dual inventory adjustments for clarity on use of ownership, purpose and supply condition codes with dual inventory adjustments. Revises MILSTRAP Appendix 3.8, DAC, DAD Inventory Adjustment - Dual (Condition/Purpose Transfer).	6
1151	9/14/2017	<b>Update to Document Retention Periods in DLM 4000.25 Series of Manuals.</b> Removes references to specific record retention periods for documents/transactions, and advises the Components to retain data created resulting from DLMS business processes in accordance with the DODI 5015.02, DOD Records Management Program. Revises Chapter 4 Receipt and Due-In, and Chapter 13 Special Program Requirements	10
1159	11/25/2015	<b>New Supply Condition Code (SCC) X, Suspended (Repair Decision Delayed).</b> Assigns new SCC X and establishes procedures for use. Assignment of SCC X under the established business rules is optional at the discretion of the materiel owner. Revises Chapter, 7 Physical Inventory Control, Chapter 5 Adjustments, Chapter 11 Logistics Reassignment, and Appendix 2.5 Federal Condition Codes.	7

ADC Number	Date	Change Description	Change Number
1160	1/19/2016	<p><b>Procedures for Recommending and Authorizing Credit for Validated SDRs, Associated Reply Code Revisions, and Required use of the Reason for Reversal Code in Issue Reversals.</b> Clarifies procedures for preparation of SDR replies when used to request/report a financial adjustment for a validated discrepancy; updates available SDR reply codes; updates guidance for use of the issue reversal transaction and establishes a requirement to include an issue reversal reason code for all Components as a DLMS enhancement; expands the scope of available codes beyond those currently used; clarifies requirement for generation of the prepositioned materiel receipt (PMR) for directed discrepant materiel returns and tracking for the return shipment; updates Military Standard Billing System (MILSBILLS) procedures to formally document the option to provide credit to the billed activity for discrepant shipments prior to storage activity receipt of the returned discrepant materiel. Revises Chapter 3, Issue, Backorder, Demand, Loan and Single Manager Conventional Ammunition Freeze/Unfreeze Actions; Chapter 9, Rejection, Routing and Reversal of Transactions; and Appendix 3.3, D7_ Issue.</p>	8

ADC Number	Date	Change Description	Change Number
1161	8/1/2016	<p><b>Update Uniform Procurement Instrument Identifier (PIID) Numbering System in the Federal/DLMS Implementation Conventions and DLMS Manuals.</b> Updates DLMS procedures to accommodate the PIID numbering system as required by recent changes to the Federal Acquisition Regulation (FAR) and Defense Federal Acquisition Regulation Supplement (DFARS). All Components must comply with the PIID numbering requirements of DFARS subpart 204.16 for all new solicitations, contracts, delivery calls/orders, and agreements issued, and any amendments and modifications to those new actions. Additionally, this change provides guidance for legacy procurement instrument identification number (PIIN)/legacy call/order number during the initial transition. Revises Abbreviations and Acronyms; Definitions and Terms; Appendix 3.1, D4_ Materiel Receipt - Procurement Instrument Source; Appendix 3.8, DAC, DAD Inventory Adjustment - Dual (Condition/Purpose Transfer); Appendix 3.10, DD_ Due-In - Procurement Instrument Source; Appendix 3.18, DLC Logistics Reassignment Delinquent Due-In Follow-Up ; Appendix 3.19, DLD Logistics Reassignment Delinquent Due-In Response; Appendix 3.20, DLE Logistics Reassignment Due-In Reconciliation Request ; Appendix 3.21, DLF Logistics Reassignment Due-In Reconciliation Response; Appendix 3.26, DLW Logistics Reassignment Contract History Data; Appendix 3.38, DU_ Pre-Positioned Materiel Receipt - Procurement Instrument Source; Appendix 3.40, DXA Materiel Receipt Follow-Up - Procurement Instrument Source; Appendix 3.42, DXC Reply To Materiel Receipt Follow-Up - Procurement Instrument Source.</p>	8

ADC Number	Date	Change Description	Change Number
1161A	2/23/2017	<p><b>Update Uniform Procurement Instrument Identifier (PIID) Numbering System in the Federal/DLMS Implementation Conventions and DLMS Manuals.</b> Replaces ADC 1161 in its entirety and removes an incorrect business rule in position 10 of the PIID, updates the list of references to reflect approved (rather than draft) documents, and updates the implementation date to no later than March 31, 2017. There are no additional changes to the procedures or DLMS transactions identified in ADC 1161, which updated DLMS procedures to accommodate the PIID numbering system. This is a mandated change required by recent changes to the FAR and DFARS and all Components must comply with the PIID numbering requirements of DFARS subpart 204.16 for all new solicitations, contracts, delivery calls/orders, and agreements issued, and any amendments and modifications to those new actions. Additionally, this change provides guidance for legacy procurement instrument identification number (PIIN)/legacy call/order number during the initial transition.</p> <p>Revises MILSTRAP, Abbreviations and Acronyms, Definitions and Terms, Appendices 3.1 Materiel Receipt - Procurement Instrument Source, 3.8 Inventory Adjustment - Dual (Condition/Purpose Transfer), 3.10 Due-In - Procurement Instrument Source, 3.18 Logistics Reassignment Delinquent Due-In Follow-Up, 3.19 Logistics Reassignment Delinquent Due-In Response, 3.20 Logistics Reassignment Due-In Reconciliation Request, 3.21 Logistics Reassignment Due-In Reconciliation Response, 3.26 Logistics Reassignment Contract History Data, 3.38 Pre-Positioned Materiel Receipt Procurement Instrument Source, 3.40 Materiel Receipt Follow-Up Procurement Instrument Source, and 3.42 Reply to Material Receipt Follow-Up Procurement Instrument Source.</p>	9
1169	4/25/2016	<p><b>DLA Distribution Center Denial Scenarios Associated with Product Quality Deficiency Report (PQDR) Exhibits.</b> Approves denial scenarios when a materiel release order or disposal release order identifying a PQDR exhibit cannot be shipped by the DLA Distribution Center because the specified exhibit(s) cannot be located. Expands the definition of Management Code Q to explain why the denial occurred. Revises Appendix 2.6, Management Codes.</p>	8

ADC Number	Date	Change Description	Change Number
1175	7/25/2017	<p><b>Procedures for Turn-In of Partial Small Arms/Light Weapons (SA/LW) to DLA Disposition Services and Supply Discrepancy Report (SDR) Procedures for Associated Discrepancies.</b> Clarifies guidance for the turn-in of partial/incomplete weapons by the weapon NSN to DLA Disposition Services for reutilization or demilitarization. Stipulates the need for a missing parts list or equivalent missing parts certification to accompany the turn-in of the serialized receiver with missing or removed parts. The turn-in activity must provide a missing parts list or annotate equivalent certification on the Issue Release/Receipt Document (IRRD) (DD Form 1348-1A, or DD Form 1348-2), (Defense Turn-in Document (DTID)), or an attached continuation page. Revises Chapter 12, Small Arms and Light Weapons Serial Number Registration and Reporting</p>	10
1179	4/16/2017	<p><b>Automatic Disposal Procedures for Materiel Managed under Obsolete DLA Supply Center Routing Identifier Codes (RIC).</b> Revises receipt and disposal procedures to authorize automatic disposal at DLA Distribution Centers during receipt of returned materiel previously managed under now obsolete DLA RIC (S9_). Revises Chapter 4, Receipt and Due-In</p>	9
1182	11/25/2015	<p><b>Modification of Redistribution Receipt Processing Timeframe.</b> Increases the existing MILSTRAP/DLMS receipt processing performance standards, for receipting and storing materiel after materiel is turned over by the carrier, from 7 to 10 days on redistribution order (RDO) receipts. The timeframe for posting materiel receipt to the accountable and the owner record remains unchanged (i.e., no later than 5 business days from date materiel is received). Revises Chapter 4 Receipt and Due-In.</p>	7
1185	5/3/2016	<p><b>Intra-Air Force Use of the Ship-From DoDAAC in MILSTRAP legacy Document Identifier Code (DIC) D6_ Receipt and the DLMS 527R Receipt transactions.</b> Revises MILSTRAP legacy DIC D6_ Receipt transaction multi-use field provided for intra-Component data (record position (rp) 60-65), for transactions originating from Air Force ILS-S to document Air Force use of the Ship-From DoDAAC in Air Force retail receipts of shipments from Air Force retail activities. Revises Appendix 3.2, D6_ Materiel Receipt - Other Than Procurement Instrument Source.</p>	8

ADC Number	Date	Change Description	Change Number
1198	10/6/2016	<p><b>Establishing and Maintaining Accountability for Service Owned Capital Equipment Stored at DLA Distribution Centers.</b> One of a series of DLMS changes to define procedures and establish a coordinated implementation to exchange serial number and unique item identifier (UII), when available, to support Financial Improvement and Audit Readiness (FIAR) compliance and accountability over service owned capital equipment stored at DLA. This change is based upon the capital equipment candidate requirements in the DoD Integrated Requirements Set (IRS) for Item Unique Identification (IUID) in Supply Business Processes. Revises Appendix 2.2, Type of Physical Inventory/Transaction History Codes</p>	10
1205	8/26/2016	<p><b>Administrative Update to DLMS Physical Inventory Control Procedures to Support DODM 4140.01 Requirement for a Collaborative Single Item Inventory Record.</b> Revises the Physical Inventory Control procedures for single item-inventory record data sharing to support the DODM 4140.01 change requiring that inventory control points and storage activities “collaborate and ensure that the inventory data in their respective systems is the same, thus becoming, in effect, a single item inventory record.” Revises Chapter 7, Physical Inventory Control.</p>	9
1213	11/26/2016	<p><b>Clarification of Bill Numbers in DLMS.</b> Clarifies the processing of logistics Interfund bills to limit the length of bill numbers to five characters in DLMS variable length transactions in accordance with DLM 4000.25, Volume 4 and explains which bill numbers to include in adjustment requests and replies. Revises MILSTRAP, Appendix 2.8, Reject Advice Codes</p>	9
1214	5/30/2017	<p><b>New DLMS Implementation Convention (IC) 824W Disposal Turn-In Document (DTID) and Hazardous Material/Hazardous Waste Profile Sheet (HWPS) Validation and Associated Procedures.</b> Establishes the DLMS 824W DTID and HWPS Validation transaction, which will replace the GenComm Standard Version 5.0 Log File that the DLA Distribution Standard System (DSS) sends back to the hazardous waste generator. The DLMS 824W will identify the waste profile sheet (WPS) and DTID numbers that processed along with the reject advice code for data content that is rejected. Revises Appendix 2.8, Reject Advice Codes</p>	9

ADC Number	Date	Change Description	Change Number
1216	2/6/2017	<p><b>Evidence Retention Responsibilities under DOD's Physical Inventory Control Program.</b> Revises the instructions for retaining accountable documentation under the physical inventory control procedures to clarify that the existing responsibilities apply to both the materiel owners and storage activities, as applicable. Provides clarification regarding retention of research documentation applicable to accounting error inventory adjustments associated with the location reconciliation process. Revises Chapter 7, Physical Inventory Control.</p>	9
1221	7/29/2016	<p><b>Mandatory Supply Discrepancy Report (SDR) for DLA Distribution Center Receipts with No Prepositioned Materiel Receipt (PMR) (Supply/SDR).</b> Establishes a requirement for DLA Distribution Centers to send an SDR to the owner/manager when the distribution center processes a receipt without a PMR, for materiel owned by that organization and applicable to all types of procurement and non-procurement source receipts. DoD WebSDR will prepare and disseminate a monthly report delineating SDRs prepared by DLA Distribution Centers indicating lack of a PMR. Revises Chapter 4, Receipt and Due-In.</p>	8
1222	9/28/2016	<p><b>Revision of DOD Chief Financial Officer's (CFO) Annual Statistical Sample Inventory Plan Requirements under Inventory Prioritization.</b> Revises the current procedures under inventory prioritization to remove the requirement for the CFO Annual Statistical Sample Inventory Plan to be posted on the Joint Physical Inventory Working Group webpage. Updates procedures under inventory prioritization, to document that DLA distributes the DOD CFO Annual Statistical Sample Inventory Plan once a year to each applicable centralized Service point of contact. Documents DLA's responsibility to distribute the DOD CFO Annual Statistical Sample Inventory Plan results to all Services. Revises Chapter 7 Physical Inventory Control.</p>	9

ADC Number	Date	Change Description	Change Number
1226	5/10/2017	<b>Revise DLMS 824R Reject Advice Transaction in Support of Intra-Air Force Government Furnished Property-Accountability (GFP-A).</b> Implements intra-Air Force procedures for the rejection of DLMS transactions as a variation of the rejection procedures described in ADC 1103. It authorizes additional data content to identify the manufacturer part number, local stock number, and commercial and government entity (CAGE) code in the DLMS 824R Reject Advice transaction. In addition, the change adds several new reject advice codes. Revises Appendix 2.8, Reject Advice Codes.	9
1228	6/9/2017	<b>Revise DLMS 846P Physical Inventory Request and 846R Location Reconciliation Request to Enhance End of Day/Reconciliation Process.</b> Revises procedures and transaction content associated with inventory reconciliation supporting the Intra-Air Force Government Furnished Property-Accountability (GFP-A) Capability Initiative. Revises Terms and Definitions, Chapter 7 Physical Inventory Control, and Appendix 3.61, Transaction History Transmittal	9
1233	8/4/2016	<b>Administrative Update to the Defense Logistics Manual (DLM) 4000.25 Series of Manuals Front Matter Page Numbering and Definitions for DLMS Supplement and Implementation Convention.</b> Revises the page numbering of the "front matter" (Foreword, Process Change History, Table of Contents, Acronyms and Abbreviations, Definitions and Terms, References) in the DLM 4000.25 series of manuals to prepend an alphabetic indicator to the page numbers in each section of the front matter. Each page number will begin with an abbreviation of that section's name. Revises the front matter of the manual.	8
1242	8/2/2017	<b>Administrative Update to MILSTRAP Appendix 3.4, Inventory Adjustment - Increase or Decrease Format Use for DIC D8/D9 Inventory Adjustment, and Code Appendices 2.15 and 2.16.</b> Revises DICs, D8_, D9_ Inventory Adjustment - Increase or Decrease to add instructions to the appropriate Inventory Adjustment Error Classification Codes data element. Revises Appendix 2.15 Inventory Adjustment - Physical Inventory Error Classification Codes, Appendix 2.16 Inventory Adjustment - Accounting Error Classification Codes, and Appendix 3.4 Inventory Adjustment - Increase or Decrease.	10



ADC Number	Date	Change Description	Change Number
1247	9/28/2017	<b>Add Flexibility to the General Supply Accuracy Goals Requirements under Inventory Prioritization.</b> Revises MILSTRAP procedures to allow the General Supplies Record Accuracy Goals Stratification Categories B and C to be optional. Revises MILSTRAP Chapter 7, Physical Inventory Control	10
1269	10/4/2017	<b>Revision to Kind, Count, and Condition (KCC) Inspection Requirements at DLA Distribution Centers.</b> Revises procedures to clarify and document the KCC inspection process at DLA Distribution Centers. Clarifies KCC of the bare item part number verification process for new procurement receipts in line with DLAI 4145.4 as conducted at DLA Distribution Centers. DLA Distribution Centers will conduct the part number verification for non-critical new procurement items by verifying the part number/NSN in the contract to the Military Standard (MIL-STD) 129 label. DLA Distribution Centers will perform all other aspects of the KCC process. Critical items and non-procurement items will be subject to part number verification to bare item markings. Revises Chapter 7, Physical Inventory Control.	10
33 With- drawal	10/25/2016	<b>Withdrawal of Approved Defense Logistics Management Standards (DLMS) Change (ADC) 33, Revised Inventory Prioritization.</b> Removes MILSTRAP Type of Physical Inventory/Transaction History Code I, and corresponding business processes associated with previously approved DoD inventory prioritization methodology for use across supply chains. The Withdrawal of ADC 33 does not affect DLMS 846P IC. Revises Chapter 7, Physical Inventory Control, and Appendix 2.2 Type of Physical Inventory/Transaction History Codes.	10

## **C4. CHAPTER 4**

### **RECEIPT AND DUE-IN**

#### **C4.1. GENERAL**

C4.1.1. This chapter prescribes standard procedures for transmitting information about incoming materiel between inventory control points (ICP) and storage activities. It also provides for processing materiel receipt documentation from the storage activity where materiel is received to the owner. The procedures require timely establishment of procurement on-order records and expeditious reflection of assets in the owner's records and related financial account.

C4.1.2. Documentation covering consignment of materiel to storage activities is prescribed in other DoD and DoD Component regulations. These documents are used, together with information developed by inspection and classification procedures, as source data for documenting transactions in terms of this manual. The distribution of disbursement, procurement, and transportation documentation by storage activities is also governed by existing regulations and is, therefore, not a consideration here.

C4.1.3. When data reflected in consignment documentation are converted into MILSTRAP receipt transactions, recording of receipts within the DoD is standardized and complements the principles established in other chapters of this manual.

#### **C4.2. CONTROL OF MATERIEL DUE-IN.**

C4.2.1. Due-in transactions are used in establishing and canceling due-in records and when transmitting due-in establishment and cancellation actions. These transactions are identified by document identifier codes (DIC) in the DD series for materiel due-in from procurement instrument sources and in the DF series for materiel due-in from other than procurement instrument sources. Prepare due-in transactions in the Appendix AP3.10 or AP3.12 format.

C4.2.2. When ICPs direct materiel for return based on a reported product quality deficiency, they will prescribe use of Supply Condition Code (SCC) Q in the disposition instructions to the returning activity. ICPs will establish and monitor due-ins for all returns of potential/confirmed product quality deficiency related materiel, citing the document number included in the report. Provide pre-positioned materiel receipts (PMR) for the returns to receiving storage activities, under C4.3, citing the due-in document number and SCC.

C4.2.3. Due-in records will be established to maintain property accountability or visibility of materiel due-in to inventory, as required under Chapter 7, (C7.2.3. and C7.2.4).

C4.2.4. Due-in records will be maintained in a current status. Use revised delivery schedules, notification of shipment or delayed shipment, repair schedules and repair schedule changes, contracts and contract changes, customer and ICP cancellations, materiel receipts, and completion of shipment tracer/discrepancy reporting actions to establish, revise, or delete due-in records and maintain appropriate delivery dates.

C4.2.5. An audit trail will be established when due-in quantities are deleted or reversed and all due-in deletions and reversals will interface with the financial system. Due-in deletions are prohibited without advance coordination between the supply and financial functions, and with the procurement function for dues-in from procurement instrument sources, unless the supply, financial, and procurement systems are fully integrated. When due-in quantities are deleted or reversed, action will be initiated to correct receiving storage activity PMR records under C4.3.

C4.2.6. Components will establish the necessary interface between the supply and financial operations/functions to account for materiel intransit as required under DoD 7000.14-R, "DoD Financial Management Regulations".

C4.2.7. Owners will monitor due-in records and follow up to storage activities for intransit dues-in under the procedures in C4.10.

#### C4.3. PRE-POSITIONING DOCUMENTS FOR RECEIPTS

C4.3.1. Owners/Managers will transmit advance notification of scheduled materiel receipts to maintenance and storage activities. Use PMRs, prepared in the appendix AP3.38 or AP3.39 format and identified by DICs in the DU or DW series, for this purpose. If the owner/manager fails to generate a PMR for DLA Distribution Center receipts, the distribution center will submit a Supply Discrepancy Report to the owner/manager. The distribution center will identify the SDR as informational or otherwise indicate requested action.

C4.3.2. Storage activities receiving PMRs will maintain them in a suspense file pending receipt of the materiel or of PMR updates from the ICP.

C4.3.3. Upon arrival of the materiel, storage activities will use the PMR suspense records to report the receipt to the ICP. Change or add only those suspense record data elements which are required to prepare the materiel receipt transactions shown in Appendix AP3.1 or AP3.2. Assure that DICs in the materiel receipt transaction are changed to D4\_ for DU suspense records and to D6\_ for DW\_ suspense records. Absence of a PMR is not to delay prompt recording and reporting of materiel receipts. Deletion of pre-positioned suspense records is controlled by the ICP. To delete a suspense record, the ICP will transmit a reversal (reversal indicator in record position 25) of the original PMR to the storage activity. New PMRs and replacement PMRs for deleted documents do not contain the reversal indicator. Proper and accurate maintenance of the PMR suspense file by storage activities is extremely important. Timely updates by the owner/manager are essential to proper and accurate maintenance of the PMR suspense file by the storage activity.

C4.3.4. Under the National Inventory Management Strategy (NIMS) concept of operation, the integrated materiel manager (IMM) may own materiel for managed national stock numbers (NSN) down to the retail level. Such arrangements will be based on agreements between participating DoD Components. Replenishment of the IMM-owned retail will be accomplished under a push scenario. Redistribution from depot inventory will be accomplished using the MILSTRIP DIC A2\_ Redistribution Order transaction. When assets are available to push, DIC DWK PMR will be sent to the NIMS site using standard PMR procedures. Optionally, the DoD Component agreements may authorize the use of DIC DWK for the IMM to notify the NIMS site that materiel to support a NIMS site requirements is delayed<sup>1</sup>. In this instance, the DIC DWK will contain the quantity not available for push replenishment, the delay notification status code "BD" and estimated shipping date. If at the time push replenishment is required only a partial quantity is available, then two DWKs will be generated; one for the quantity pushed and one for quantity delayed. These two DWKs will have different documents numbers and the delayed one will have the "BD" notification. Subsequently, if only a partial amount of the quantity previously delayed becomes available to push, two DWKs will be generated. The one for the quantity pushed will maintain the document number of the original delayed notification with the "BD" indicator eliminated. The DWK for the quantity still delayed will be assigned a new document number and a "BD" delayed indicator. If the total quantity is initially delayed and subsequently the total quantity is shipped, the DWK will have the same document number throughout the process. The IMM will update/replace the DWK delayed notification any time either the replenishment quantity or the estimated shipping date changes. New delayed notification will maintain the same document number unless a partial push occurs. Replacement delayed notification under the same or new document number will not require the reversal of the previous DWK. Reversal logic for DWKs indicating that a push shipment has been initiated will follow the requirement in C.4.3.3 above.

C4.3.5. PMR for Materiel Returns under NIMS and Base Realignment and Closure (BRAC) Retail Supply, Storage and Distribution (SS&D)/Inventory Management and Stock Positioning (IMSP). The PMR is used in a variation of the materiel returns program for processing DLA-managed materiel returns to DLA from selected sites in support of the BRAC SS&D/IMSP and NIMS. The returning activity will be responsible for submission of a PMR to the storage site identifying the Military Service activity to which the receipt will be reported for these returns of DLA-managed items. Because the Military Service sites will no longer retain retail stock balances under these programs, DLA will assume ownership of all materials regardless of asset position. Upon notification of receipt by the storage activity by a Defense Logistics Management Standards (DLMS) 527R (D6A), the Military Service activity will determine if there is a need for the material by another maintenance user (backorder). If so, an issue document will be forwarded to the storage activity for action. If not, a materiel release order will be initiated, directing shipment-in-place (citing the ship-to/supplemental address of the storage activity), authorizing a change of ownership to DLA. The receipt

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<sup>1</sup> See ADC 135.

of the returned materiel from the Military Service ownership to DLA will be accomplished with a receipt (DIC D6B).

#### C4.4. MATERIEL RECEIPTS (PROCUREMENT INSTRUMENT SOURCE)

C4.4.1. Storage activities will report receipts of materiel from procurement instrument sources to ICPs using materiel receipt transactions citing a DIC in the D4 series (see Appendix AP3.1). (For logistically reassigned items, report receipts after the ETD in accordance with Chapter 11. However, also see the procedures in C4.8 for reporting receipts of discrepant/deficient shipments.) DICs for reporting procurement receipts for depot inventory are assigned and explained in Appendix AP2.1.

C4.4.2. Receipts from vendors can emanate from central procurement or local procurement actions. Authorized procurement delivery documents should accompany each shipment as prescribed in the Federal Acquisition Regulation (FAR).

C4.4.3. When shipments of materiel received from commercial sources require inspection and/or acceptance at destination, storage activities will accomplish the inspection and/or acceptance and the in-check operations concurrently.

C4.4.3.1. Inspect shelf-life materiel for appropriate condition and type of shelf-life code in accordance with applicable DoD Component prescribed procedures based on DoD 4140.27-M, Shelf-Life Management Manual, May 5, 2003. Mark materiel, as appropriate, for shelf-life code and SCC upon receipt. Package markings will be in accordance with MIL-STD-129.

C4.4.3.2. Based on inspection, storage activities will prepare separate materiel receipt transactions indicating the actual condition of the materiel received. Prepare materiel receipt transactions for discrepant shipments from commercial sources in accordance with the guidelines provided in C4.8.

C4.4.4. Complete the materiel receipt transaction by changing or adding to data in the PMR suspense record, or by extracting data from the consignment documentation.

#### C4.5. MATERIEL RECEIPTS (OTHER THAN PROCUREMENT INSTRUMENT SOURCE)

C4.5.1. Storage activities will report receipts of materiel from other than procurement instrument sources to ICPs using materiel receipt transactions citing a DIC in the D6 series (see Appendix AP3.2). (For logistically reassigned items, report receipts after the ETD in accordance with Chapter 11. However, also see the procedures in C4.8. for reporting receipts of discrepant/deficient shipments.) DICs to report nonprocurement receipts for depot inventory are assigned and explained in Appendix AP2.1.

C4.5.2. Complete the materiel receipt transaction by changing or adding to data in the PMR suspense record or by extracting data from the consignment documentation.

## C4.6. TIME STANDARDS FOR PROCESSING RECEIPTS

C4.6.1. One objective of the Department of Defense wholesale receipt processing performance is to process receipts and show them with minimal delay on both the accountable and owner records. Wholesale receipt processing performance is measured in two overlapping time segments:

C4.6.1.1. The first segment is the time period between the date materiel is turned over by the carrier to the designated receiving activity and the date of posting the receipt to the total item property record (both accountable and owner records).

C4.6.1.2. The second segment is the time period between the date materiel is turned over by the carrier to the designated receiving activity and the date stored. Materiel is considered to be stored when it reaches the first location (either temporary or permanent) where actual storage control exists through locator data and the materiel can be issued without delay in response to materiel release documentation.

C4.6.2. Performance standards for processing receipts through these time segments are as follows:

C4.6.2.1. Segment One. Materiel receipt must be posted to the accountable and the owner record no later than 5 business days from date materiel is received.

C4.6.2.2. Segment Two.

C4.6.2.2.1. Receipt from new procurement will be receipted and stored within 7 calendar days from the date materiel is turned over by the carrier.

C4.6.2.2.2. All other receipts, to include receipts from redistribution, will be receipted and stored within 10 calendar days from the date materiel is turned over by the carrier.

C4.6.3. Making asset records visible from the point of inspection and acceptance must be accomplished within 24 hours of recording receipts (holidays and weekends excepted). (This applies to receipts from a procurement source when required inspection and acceptance are not performed at origin.) The accounting and finance office will be notified of the item receipt within the 24-hour period.

C4.6.4. Address wholesale receipt processing effectiveness as prescribed by Chapter 7, (C7.11.2.2.1.). The acceptable DoD performance goals for receipt processing are: 90 percent posted within the time standard, 90 percent stored within the time standard. When computing the overall performance against the above time standards, include receipt transactions frustrated for a long period of time prior to posting/storing.

#### C4.7. CONTROL OF RECEIPTS

C4.7.1. Storage activities will establish these receipt control procedures for posting information relating to the status of materiel in the storing cycle. The cycle begins with the release of materiel and documents into custody and control of the receiving activity.

C4.7.2. After the materiel has been physically received but prior to or concurrent with movement to storage, storage activities will accomplish the following actions:

C4.7.2.1. Establish a transaction suspense record to record the materiel as an in-process receipt.

C4.7.2.2. Prepare and transmit the materiel receipt transaction to the ICP within the prescribed timeframe (see C4.6.).

C4.7.3. When the storage activity receives requisitions or materiel release orders and there is not sufficient materiel available on the on hand balance of the stock record (physically stored), a check will be made of the in-process receipt suspense file to determine if there is an in-process quantity to fully or partially satisfy the requisition document. When in-process receipts are recorded, fill priority 01-08 requirements from these receipts. Defer the filling of priority 09-15 requirements from in-process receipts until proof of storage is recorded.

C4.7.4. Storage activities will periodically refer to the suspense file of in-process receipts to expedite the storage of materiel delayed beyond authorized receipt processing timeframes. Expedite the storing of materiel for which issues have been deferred pending storage.

C4.7.5. After proof of storage is received, storage activities will clear the suspense record, update the storage locator record, and release the deferred issues.

C4.7.6. As an additional aid in control of receipts, ensure that appropriate storage activity records (e.g., stock locator) reflect the date of the last receipt of an item and storage information (e.g., date of storage or some other code indicating that storage has been reported).

#### C4.8. SUBMITTING REPORTS FOR DISCREPANT/DEFICIENT RECEIPTS

C4.8.1. In addition to processing and reporting materiel receipts, storage activities will submit reports for all discrepant/deficient receipts in accordance with the procedures and forms prescribed by the following:

C4.8.1.1. Supply Discrepancy Reporting (SDR) per DLM 4000.25, DLMS, Volume 2, Chapter 17.

C4.8.1.2. Transportation Discrepancy Report (TDR) per DTR 4500.9-R, "Defense Transportation Regulation", Part II, Chapter 210.

C4.8.1.3. Product Quality Deficiency Report (PQDR) per DLAR 4155.24/AR 702-7/SECNAVINST 4855.5A/AFR 74-6 and DLAI 4155.24 (including Enclosures 1 and 2).

C4.8.1.4. Inspection of Subsistence Supplies and Services per Joint Regulation DLAR 4155.3/AR 30-12/NAVSUPINST 4355.2D/AFR 74-5/MCO 10110.21E.

C4.8.1.5. Other DoD and joint or intra-DoD Component regulations governing discrepancies/deficiencies not covered by the above.

C4.8.2. Neither the dollar value nor the timeframes for submitting discrepancy/deficiency reports apply for reporting the materiel receipt to the cognizant ICP. The receipt reporting timeframes are prescribed by C4.6. The procedures for reporting receipt of discrepant/deficient shipments to the ICP are prescribed by C4.9.

## C4.9. PROCESSING DISCREPANT/DEFICIENT RECEIPTS

### C4.9.1. General

C4.9.1.1. Upon receipt of all incoming materiel shipments, from procurement and nonprocurement sources, storage activities will research all available documentation and item markings to determine the receipt data (i.e., document number, NSN, or other item identification number, PMR or due-in data, quantity, condition, inspection/ acceptance requirements, etc.). Using this data, storage activities will determine if a discrepancy/deficiency (hereafter referred to as discrepancy or discrepant) exists and will identify its nature.

C4.9.1.1.1. Not all discrepant receipts require submission of discrepancy reports. Storage activities will follow the procedures in C4.8 to determine whether a discrepancy report must be submitted.

C4.9.1.1.2. Management Codes R, S, and U have been assigned in Appendix AP2.6 for use in receipt transactions to identify discrepant receipts for which the procedures in C4.8 require submission of a discrepancy report. The purpose of the codes is to notify the ICP in advance that a receipt was discrepant and that a discrepancy report is being submitted which will provide additional information relating to the reported item. Management Codes S and U are entered only for DIC D4 series receipts and identify vendor caused misdirected shipments and contract over shipments. These discrepancies, which occur more frequently and are more easily resolved than others, are separately identified so ICPs can initiate immediate corrective action before the formal report of discrepancy is received.

C4.9.1.1.3. When part of a receipt is not affected by a discrepancy requiring submission of a discrepancy report, the following receipt reporting procedures may require storage activities to report the nondiscrepant quantity in a separate transaction without citing the discrepant receipt management code. Additionally, the discrepant receipt management code is not used when special circumstances require the use of another management code (e.g., M for automatic disposal by the storage



activity, P for storage activity created document number, or Z for explanatory remarks) even though submission of a discrepancy report is required. Prescribed omission or replacement of the discrepant receipt management code in the receipt transaction does not negate the requirements in C4.8 to submit a discrepancy report.

**C4.9.1.1.4. Perform a Kind, Count, Condition (KCC) inspection during receipt to determine materiel condition and completeness and identify any discrepancies that may exist. KCC inspection is applicable to materiel received for storage at the DLA Distribution Center. "Kind" includes an inspection of the bare item verifying the part number against the assigned NSN, or a verification that the documentation corresponds with the identification label in accordance with MIL-STD-129 marking requirements.**

**C4.9.1.1.4.1. DLA Distribution Centers do not perform bare item part number verification for new procurement except when the materiel is identified as nuclear weapons related materiel (NWRM) or controlled (classified, sensitive, pilferable, and radioactive) or if directed by a systemic alert notification to verify a bare item part number.**

**C4.9.1.1.4.2. For all other receipts, DLA Distribution Centers will perform bare item part number verification unless specified under MIL STD 130 that no bare item marking exists.**

C4.9.1.1.5. Never enter the discrepant receipt management code in transactions for discrepant receipts if the procedures in C4.8 do not require submission of a discrepancy report.

C4.9.1.2. When materiel is received without accompanying documentation, or with inadequate documentation to process the receipt, storage activities will use one of the following data sources to develop materiel receipt transactions:

C4.9.1.2.1. Pre-positioned materiel receipt documents.

C4.9.1.2.2. Authorized procurement delivery documents and vendor packing lists.

C4.9.1.2.3. Advance copies of DD Forms 1348-1A or 1149.

C4.9.1.2.4. Transportation and fiscal records.

C4.9.1.2.5. Container markings.

C4.9.1.2.6. Contract information available via the Electronic Document Access (EDA) Website reference archive.

C4.9.1.2.7. Federal Logistics Information System (FLIS) or WebFLIS data.

C4.9.1.2.8. The Item Unique Identification (IUID) Registry for serially managed assets.

C4.9.1.2.9. Advice provided by the ICP upon request of the storage activity if receipt documentation cannot otherwise be developed.

C4.9.1.2.10. Advice provided by the shipper upon request of the storage activity if receipt documentation cannot otherwise be developed.

C4.9.1.2.11. Advice provided by the U.S. Customs Inspector's Office upon request of the storage activity if the receipt documentation cannot otherwise be developed for receipts which passed through customs.

C4.9.1.3. Normally when a discrepant receipt is retained in U.S. Government custody, whether or not it is U.S. Government-owned, storage activities will store the materiel, submit a DIC D4\_/D6\_ receipt to the cognizant ICP, and hold the materiel pending receipt of disposition. For improbable situations, storage activities will use exception transactions (i.e., Code Z in the third position of the DIC and/or Management Code Z in record position 72). In these situations, storage activities will provide to the cognizant ICP a separate written explanation which includes the receipt transaction document number and the discrepancy report number when a discrepancy report was required. For nonprocurement receipts with no PMR, see C4.9.3.3.11.

C4.9.1.4. If unusual circumstances prevent normal receipt reporting of discrepant shipments, the storage activity will communicate with the ICP or the contract administrative office (CAO)/Purchasing Office (PO) to determine how the discrepancy report should be submitted and the receipt reported. When the ICP determines that receipt reporting will be delayed pending subsequent action, the storage activity must control the receipt by physically segregating and monitoring the status of the materiel until the receipt is reported or until the ICP directs other disposition (e.g., reshipment, return to shipper, etc.). This paragraph applies only when circumstances exist which prevent normal receipt reporting.

C4.9.1.5. Report discrepant receipts on items which have been logistically reassigned as follows:

C4.9.1.5.1. Report all receipts for which PMRs are established to the LIM or to the GIM under the procedures in Chapter 11, Logistic Reassignments.

C4.9.1.5.2. Research procurement receipts for which no PMR is recorded in coordination with the recorded item manager. The item manager will direct the appropriate reporting of the receipt under the procedures in Chapter 11, Logistic Reassignments, to assure accurate accountability and reporting of the assets is maintained.

C4.9.1.5.3. Report nonprocurement receipts for which no PMR is recorded following C4.9.3.3.11.

C4.9.1.6. When receipts are reported by a storage activity outside the normal distribution system for the NSN, the ICP will record the receipt so assets are issued from that site first. ICPs will effect disposition of such materiel as quickly as possible. If the materiel is not issuable, the ICP will direct repair induction, reclassification, relocation, or disposal using the appropriate transaction prescribed by this manual or MILSTRIP.

C4.9.1.7. Separate and/or secure storage may be required for procurement discrepancies, discrepancies imposing a health/safety hazard, classified risk, etc. When these situations exist, storage activities will take protective measures in accordance with established DoD or DoD Component procedures.

#### C4.9.2. Receipt Reporting for Discrepant Shipments from Procurement Instrument Sources

C4.9.2.1. When acceptance is accomplished at a point other than destination, storage activities may not reinspect supplies at destination for acceptance purposes. However, storage activities will examine such supplies at destination for identity, damage in transit, quantity, and condition (including proper packing/packaging and labeling). The U.S. Government's right to litigate a discrepant receipt is not affected by the point of acceptance. Consequently, storage activities will report discrepancies detected during the destination examination under the regulations cited in C4.8.

C4.9.2.2. Shipment of procurement receipts directly to disposal is not authorized unless unusual circumstances (e.g., health/safety hazard, etc.) exist and separate/ secure storage facilities, addressed in C.4.9.1.7., are not available. When unusual circumstances require that materiel be shipped directly to the property disposal activity (or that other disposal actions be taken as prescribed by the Services/Agencies), the storage activity will first report the receipt using a DIC D4 series, Materiel Receipt transaction, citing SCC L and Management Code R (discrepant receipt management code). The disposal action will then be reported using a DIC DAC, Dual Inventory Adjustment transaction citing SCC H and Management Code M (excludes shelf-life materiel) or Management Code T (expired shelf-life materiel).

C4.9.2.3. When the receipt cannot initially be identified to an NSN, the procurement instrument and the sources identified in C4.9.1.2. will be used to identify the item.

C4.9.2.4. Unless otherwise allowed by these procedures, storage activities will report discrepant shipments from a procurement instrument source to the ICP using a DIC D4 series Materiel Receipt transaction, the NSN of the item received, and the applicable ownership/purpose code (normally taken from the DIC DU series PMR). In receipt transactions for discrepant quantities, cite SCC L as noted in the next paragraph. Include Management Code R (discrepant receipt management code) when a discrepancy report was required, except as prescribed in C4.9.1.3. or the following subparagraph.

C4.9.2.5. Follow the subsequent procedures to report receipt of discrepant shipments from procurement instrument sources (these categories are not mutually exclusive; multiple discrepancy conditions may exist for a single receipt):

C4.9.2.5.1. Condition of Materiel. Storage activities will report the actual discrepant quantity as a SCC L receipt. Report the nondiscrepant quantity in the actual condition received and do not cite a discrepant receipt management code in the transaction.

C4.9.2.5.2. Documentation. Absence of the shipping documentation should not preclude receipt processing and reporting or subsequent issue of the materiel. Storage activities will research in accordance with C4.9.1.2. to report the receipt. The discrepancy reporting requirements in C4.8 still apply.

C4.9.2.5.3. Misdirected Shipments. (Improperly addressed by the procurement instrument source). Storage activities will contact the cognizant ICP to ensure that the procurement instrument requirements (i.e., inspection, acceptance, etc.) are complied with. Report the total quantity in the actual condition received (normally A) and enter Management Code S in record position 72 of the transaction. Upon receipt of the DIC D4\_ transaction and prior to posting the receipt as available for issue, owner/managers will initiate immediate action to resolve the discrepancy in accordance with the procedures in C4.9.3.4. If the ICP or CAO/PO directs reshipment/return of a reported receipt without issuing MILSTRIP materiel release documentation, the storage activity will submit a reversal (reversal indicator in record position 25) of the previously submitted materiel receipt transaction.

C4.9.2.5.4. Overage/Duplicate Shipment. Storage activities will research PMR, receipt, and contract documentation to determine the discrepant quantity. Report confirmed duplicate shipments as discrepant SCC L receipts. When overages are valued above the contract variance clause, or above the excess delivery clause (after considering any allowable variance), report the overage above the allowable variance as a Discrepant Condition L receipt and enter Management Code U in record position 72 of the transaction. ICPs will initiate immediate action to resolve the discrepancy upon receipt of the DIC D4 series transaction (see C4.9.3.4.). Overages within the allowable variance or within the excess delivery clause (after considering any allowable variance) are not considered discrepant. Report the total quantity as a single receipt in the applicable condition, and do not cite a discrepant receipt management code in the transaction.

C4.9.2.5.5. Packaging Discrepancy. Storage activities will report the total discrepant quantity as a SCC L receipt. Report any acceptable quantity in the applicable condition and do not cite the discrepant receipt management code in the transaction. The ICP and/or the contract administrative office (CAO)/purchasing office (PO) will determine whether litigation is required. If litigation is not required, the ICP will request that the suspended assets be transferred to the appropriate condition.

C4.9.2.5.6. Shortages/Nonreceipt of Materiel. Storage activities will research PMR, receipt, and contract documentation to determine the discrepant quantity. For shortages, report the total quantity in the condition received. Except for shortages attributed to transportation discrepancies, the receipt will be considered discrepant only if the shortage exceeds the allowable contract variance. When the receipt is discrepant, cite the discrepant receipt management code in the receipt transaction. Nonreceipts are addressed under C4.10.

C4.9.2.5.7. Item Technical Data Marking. (Includes nameplates, logbooks, operating handbooks, special instructions, etc.). Storage activities will report any nondiscrepant quantity as a receipt in the applicable condition without citing the discrepant receipt management code in the transaction. Report the discrepant quantity as a SCC L receipt, and identify and describe the specific technical data discrepancy in the SDR for ICP evaluation. If the ICP determines the assets can be issued, the ICP will initiate action to transfer the suspended assets to the appropriate condition.

C4.9.2.5.8. Wrong Item. Storage activities will report the total incorrect quantity of the item received in SCC L. Report any assets in the shipment which are the correct item in the applicable condition and do not cite the discrepant receipt management code in the transaction. If the majority of the assets are the incorrect item, the storage activity may report the total quantity in SCC L based on internal Service/Agency procedure.

C4.9.2.5.9. Product Quality Deficiency. It is normally preferable for the receiving activity to retain custody of the materiel, whether or not it has been accepted. Report the deficient quantity as a SCC Q receipt<sup>2</sup>. The ICP or CAO/PO will determine if litigation or informal action with the procurement instrument source should be initiated. The ICP will initiate action to transfer the assets under C5.2.2.

C4.9.2.5.10. Transportation Discrepancies. When materiel is accepted by the Transportation Officer, the receipt will be processed and reported in accordance with procedures cited above for the type of discrepancy which exists (e.g., C4.9.2.5.1, Condition of Materiel, for damage, etc.).

C4.9.2.5.11. Procurement Receipts Not Due-in (No PMR). When a PMR is not available, the receiving activity will report the receipt using documentation, packaging, and other information, as available. DLA Distribution Centers will prepare an SDR to report the lack of a PMR to the manager (as the only discrepancy or in combination with other identified discrepancies). The distribution center will identify the SDR as informational or otherwise indicate requested action. See C4.9.2.5.3. and C4.9.2.5.4. for processing receipts of misdirected shipments and overages/duplicate shipments, for which PMRs are not normally available.

C4.9.2.5.12. Discrepancies in IUID Data. Report discrepancies involving IUID under DoD IUID supply policy, including but not limited to DoD Unique

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<sup>2</sup> SCC Q not implemented by Navy. Navy implementation deferred to their Enterprise Resource Planning system modernization initiative.

Item Tracking (UIT) programs, or as contractually required. IUID discrepancies may be related to the packaging label, including automated information technology (AIT) readable content; the item marking, including AIT readable marks; supply documentation; the due-in record; and/or a mismatch between the item and any of these. Discrepancies identified during receipt of new procurement materiel must be reported prior to acceptance (if not accepted at origin). Discrepant materiel may be placed in a suspended condition pending resolution. Discrepancies that resulted in incorrect information within the IUID registry must be reported and corrective action taken.

C4.9.2.5.13. Other Discrepancies. Receipt reporting will depend upon the type of discrepancy involved. When unusual circumstances exist, the receipt and discrepancy reporting requirements provide sufficient time for the storage activity to obtain guidance from the appropriate authority before reporting the receipt or submitting discrepancy report. See the storage and accountability requirements in C4.9.1.4.

#### C4.9.3. Receipt Reporting for Discrepant Shipments from Non-Procurement Instrument Sources

C4.9.3.1. When the receipt cannot initially be identified to an NSN, the storage activity will attempt to identify the NSN or usage by following the procedures in C4.9.1.2. and report the receipt to the cognizant ICP.

C4.9.3.1.1. If the NSN cannot be identified and the estimated value of the item is under \$100, storage activities will not report the receipt to an ICP. Ship the materiel directly to DLA Disposition Services using a local document number. Retain an accessible record of the transaction and its backup ***in accordance with DoD 5015.02, DoD Records Management Program.***

C4.9.3.1.2. If the NSN cannot be identified and the estimated value of the item is \$100 or more, the storage activity will contact the ICP managing like items to determine disposition. [EXCEPTION: If GSA is the manager of like items, process as prescribed in C4.9.3.3.11.] If the ICP can identify the NSN, the ICP will direct the storage activity to submit the receipt and supply discrepancy report (SDR) to the cognizant ICP. If the ICP cannot identify the NSN, the ICP will provide disposition instructions to the reporting activity. These instructions will include an item identification number (part number, MCN, LCN, etc.) for reporting the receipt and submitting the SDR. If the ICP directs shipment to DLA Disposition Services, the ICP will maintain an accessible record of the transaction and its backup ***in accordance with DoD 5015.02, DoD Records Management Program.***

C4.9.3.2. Unless otherwise allowed by these procedures, storage activities will report discrepant shipments from a nonprocurement instrument source to the ICP using a DIC D6 series Materiel Receipt, the NSN of the item received, and the applicable ownership/purpose code (normally from the DIC DW series PMR). In receipt transactions for discrepant quantities, cite the SCC which most accurately describes the condition of the materiel. Classify and report the materiel in SCC K when the actual

condition cannot be determined. Include Management Code R (discrepant receipt management code) when a discrepancy report was required, except as prescribed in C4.9.1.3. above, or the following subparagraph.

C4.9.3.3. The following procedures apply for reporting receipt of discrepant/deficient shipments from nonprocurement sources (these categories are not exclusive; multiple discrepancy conditions may exist for a single receipt):

C4.9.3.3.1. Condition of Materiel

C4.9.3.3.1.1. When inspection of inter-Service/Agency receipts reveals materiel to be SCC H and no PMR is recorded, storage activities will automatically ship discrepant materiel valued at less than \$500 per item direct to the property disposal activity except as specified in these procedures or take other automatic disposal actions based on criteria promulgated by the Services/Agencies. This includes Type I shelf-life materiel which has passed the expiration date regardless of value. When automatic disposal action is taken, cite SCC H and Management Code M (excludes shelf-life materiel) or Management Code T (expired shelf-life materiel), in lieu of the discrepant receipt management code, in the receipt transaction for the discrepant quantity.

C4.9.3.3.1.1.1. GSA-Managed materiel and Non-Army Managed (NAMI) (Routing Identifier Code (RIC) AJ2) owned materiel will not be subject to the dollar value threshold for disposal eligibility, but will be subject to all other automatic disposal screening criteria.

C4.9.3.3.1.1.2. Materiel identified to an obsolete DLA manager (RIC S9C, S9E, S9G, S9I or S9T) in FLIS is subject to automatic disposal at DLA Distribution Centers. Disposal of materiel will be subject to the existing exemption criteria stated in C4.9.3.3.1. When automatic disposal action applies, the receipt will cite SCC H and Management Code M (excludes shelf-life materiel) or Management Code T (expired shelf-life materiel). DLA Distribution will suppress transmission of outbound transactions associated with receipt and disposal action with the exception of Shipment Status and SDR transactions. The SDR will be prepared in accordance with SDR procedures for unscheduled receipts (no PMR) in DLM 4000.25 Volume 2, Chapter 17.

C4.9.3.3.1.1.3. Automatic disposal does not apply to the following:

C4.9.3.3.1.1.3.1. Materiel that is identified as requiring DEMIL or containing radioactive, classified, or NWRM properties will not be subject to automatic disposal. This includes:

- DEMIL Codes: B, C, D, E, F, G, or P
- CIIC: A-H, K, L, O, Q, R, S, T, 5, 6, 8, 9

- Radioactive Water Type Cargo Codes: A and 4

C4.9.3.3.1.1.3.2. Materiel owned by U.S. Army Aviation and Missile Command (AMCOM) (RIC B17), will not be subject to automatic disposal.

C4.9.3.3.1.1.3.3. Unidentified materiel will not be subject to automatic disposal. Follow procedures in paragraph C4.9.3.1.

C4.9.3.3.1.1.3.4. FMS materiel will not be subject to automatic disposal. Follow procedures in paragraph C4.9.3.1.

C4.9.3.3.1.1.3.5. Materiel owned by USAF will not be subject to automatic disposal except for non-AF managed material located at a DLA distribution center not co-located with a USAF depot maintenance site.

C4.9.3.3.1.1.4. Upon receipt, or subsequent storage activity determination, that materiel is in SCC H, where the above criteria prohibit automatic disposal, an SDR is prepared clarifying why automatic disposal is not possible and requesting specific disposition instructions. Where applicable the SDR remarks will inform the action activity that the materiel cannot be shipped to the local DLA Disposition Services Field Office and must be sent to an approved DEMIL/destruction center via MILSTRIP DIC A5J generated by the owner/manager.

C4.9.3.3.1.2. Report discrepant quantities other than those mentioned above citing the applicable SCC, or Code K when the condition cannot be determined.

C4.9.3.3.1.3. Report receipt of nondiscrepant quantities in the normal manner and do not cite the discrepant management code in the transaction.

C4.9.3.3.2. Documentation. Absence of the shipping documentation should not preclude receipt processing and reporting or subsequent issue of the materiel. Storage activities will research in accordance with C4.9.1.2. to report the receipt. The discrepancy reporting requirements in C4.8 still apply. When the document number in the receipt transaction must be created by the storage activity, cite Management Code P in lieu of the discrepant receipt management code in the transaction.

C4.9.3.3.3. Misdirected Shipments (improperly addressed by the supply activity). Storage activities will report misdirected shipments as receipts to the cognizant ICP. ICPs will effect disposition using the appropriate MILSTRIP transaction.

C4.9.3.3.4. Overage. Report the total quantity received as a single receipt in the applicable condition.

C4.9.3.3.5. Packaging Discrepancy. Storage activities will report the total quantity received as a single transaction in the applicable condition. The storage



activity will schedule the discrepant quantity for preservation/packaging/markings/labeling in accordance with Service/Agency criteria.

C4.9.3.3.6. Shortages/Nonreceipt of Materiel. For shortages, storage activities will report the total quantity received in the applicable condition. The ICP will initiate any necessary financial adjustment action. Nonreceipts are addressed under C4.10.

C4.9.3.3.7. Item Technical Data Marking. (Includes nameplates, logbooks, operating handbooks, special instructions, etc.). Storage activities will report any nondiscrepant quantity in the applicable condition without citing discrepant receipt management code in the transaction. Report the discrepant quantity as a SCC D receipt. Identify and describe the specific technical data discrepancy in the SDR for ICP evaluation. If the ICP determines the asset can be issued, the ICP will initiate action to transfer the asset to the appropriate condition.

C4.9.3.3.8. Wrong Item. Storage activities will report the receipt in the applicable condition. If both correct and incorrect items are received in the same shipment, report each separately. Omit the discrepant receipt management code in the transaction for the correct item.

C4.9.3.3.9. Product Quality Deficiency. SCC Q entered in PMRs will indicate that the receipt is related to a reported product quality deficiency. Storage activities will report receipt of this materiel in SCC Q. Do not cite a discrepant management code in the transaction. Based on the results of the inspection or technical/engineering analysis, ICPs will direct the appropriate material disposition (see Chapter C5, C5.2.).

C4.9.3.3.10. Transportation Discrepancies. When materiel is turned over by the Transportation Officer, the receipt will be reported in accordance with the procedures cited above for the type of discrepancy which exists (e.g., condition of materiel for damage, etc.).

C4.9.3.3.11. Receipts Not Due-In (no PMR). When a PMR is not available, the receiving activity will report the receipt using documentation, packaging, and other information, as available. DLA Distribution Centers will prepare an SDR to report the lack of PMR to the owner (as the only discrepancy or in combination with other identified discrepancies). The distribution center will identify the SDR as informational or otherwise indicate requested action.

C4.9.3.3.11.1. GSA-Managed Items. GSA does not authorize return of assets to DoD storage activities. Receipts of GSA assets without a corresponding due-in are, therefore, DoD-owned assets. The DoD Components are responsible for providing DLA with an organization to which the DLA storage activity can record these assets. The DoD Components will establish internal procedures for processing the receipts from the depot for these assets for subsequent issue or release for DLA Disposition Services. The DoD Components will identify an owner RIC to be

used when the DLA storage activity processes a Receipt transaction for the DoD Components' unauthorized return of GSA-managed assets. In the absence of guidance from the DoD Components for reporting receipt of unauthorized return of GSA assets to their DoD Component, DLA storage activities will receipt the assets for local use by the depot. If the materiel cannot be used locally it is sent to disposal. This procedure ensures the assets are recorded on a DoD record.<sup>3</sup> The Navy, Marine Corps, and Air Force have directed implementation of this procedure as follows:

C4.9.3.3.11.1.1. Report Navy-returned GSA-managed items to Navy RIC NRP. An SDR will be provided to the Navy owner for information.

C4.9.3.3.11.1.2. Report Marine Corps-returned GSA-managed items to Marine Corps RIC MPB. An SDR will be provided Marine Corps owner for information.

C4.9.3.3.11.1.3. Report Air Force-returned GSA-managed items to Air Force RIC FHZ. An SDR will be provided to the Air Force owner for information.

C4.9.3.3.11.2. DoD Managed Items.

C4.9.3.3.11.2.1. Reparable Items. Report receipt to the managing ICP of the Service that is returning the item in the applicable condition using DIC D6A. Do not include a discrepant receipt management code in the transaction. For materiel shipped between wholesale storage activities, report the receipt using DIC D6K. ICPs receiving transactions reporting returns not-due-in of phase I reparable, for which they are not the IMM, will follow the MILSTRIP MRP procedures to report/ship the materiel as prescribed by the IMM.

C4.9.3.3.11.2.2. Consumable Items. Report receipt to the IMM in the applicable condition and do not include a discrepant receipt management code in the transaction. However, Services may prescribe reporting to their own item manager for returns from their own Service activities. The Navy and Marine Corps have directed implementation of this procedure as follows:<sup>4</sup>

C4.9.3.3.11.2.2.1. Navy-returned consumable items must be reported to the Navy using RIC NRP regardless of the item manager. An SDR will be provided to the Navy owner for information.

C4.9.3.3.11.2.2.2. Marine Corps-returned consumable items must be reported to RIC MPB regardless of the item manager. An SDR will be provided to the Marine Corps owner for information.

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<sup>3</sup> To date, Army has not identified an organization to which DLA storage activities should report receipts not due-in for GSA-managed assets.

<sup>4</sup> Refer to ADC 1102/1102A.

C4.9.3.3.11.2.2.3. Air Force-returned consumable items must be reported to RIC FHZ regardless of the item manager. An SDR will be provided to the Air Force owner for information.

C4.9.3.3.12. Discrepancies in IUID Data. Report discrepancies involving IUID under DoD IUID supply policy, including but not limited to DoD UIT programs, or as contractually required. IUID discrepancies may be related to the packaging label, including AIT readable content; the item marking, including AIT readable marks; supply documentation; the due-in record; and/or a mismatch between the item and any of these. Discrepancies identified during receipt of new procurement materiel must be reported prior to acceptance (if not accepted at origin). Discrepant materiel may be placed in a suspended condition pending resolution. Discrepancies that resulted in incorrect information within the IUID registry must be reported and corrective action taken.

C4.9.3.3.13. Other Discrepancies. Receipt reporting will depend upon the type of discrepancy involved. When unusual circumstances exist, the receipt and discrepancy reporting requirements provide sufficient time for the storage activity to obtain guidance from the ICP before reporting the receipt or submitting the discrepancy report. See the storage and accountability requirements in C4.9.1.4.

#### C4.9.3.4. Resolution Of Reported Receipt Discrepancies

C4.9.3.4.1. ICPs will maintain accurate records and audit trails for reported receipts with evidence of a supply discrepancy. Resolution of these discrepancies requires the establishment of interfaces among the materiel accountability, procurement, financial accounting, and discrepancy reporting systems.

C4.9.3.4.2. When discrepant receipts are reported, ICPs will process the transactions and effect the research required to resolve the discrepancy. When materiel received from procurement will be retained in the wholesale inventory, coordinate with the CAO/PO for a contract modification which will recoup any administrative costs and any additional second destination transportation costs or onward shipment (redistribution) costs incurred by the U.S. Government as a result of the discrepancy. For all receipt discrepancies, ensure that procurement/supply due-in records and related financial accounts (including intransit) are corrected to reflect any new receipt status and transmit required update PMR(s) to the storage activity(ies) involved. Care must be taken, however, to suppress PMR output if the corresponding receipt has already been reported (e.g., for overages or misdirected shipments being retained where delivered).

C4.9.3.4.3. Management Evaluation and Corrective Action. ICPs will develop management evaluation data for contract shortages/overages, wrong item, IUID mismatches, and vendor caused misdirected shipments, and other discrepancies impacting cost or customer satisfaction for use in identifying trends or indications of system problems and in initiating corrective action. When the same discrepancy is repeatedly reported on shipments from a given procurement source, the ICP through

the CAO/PO will advise the source of the error and request action be taken to correct its repeated occurrence. When a procurement source continues to commit the same error, initiate action to consider inclusion on the Awards Review List or other disciplinary action.

#### C4.10. FOLLOW-UP ON INTRANSIT DUE-INS

C4.10.1. When a maximum of 45 calendar days have elapsed since the shipping date indicated in shipment notification and receipt of the total quantity has not been reported, the owner will follow up, for the intransit quantity(s) to the storage activity(s) designated to receive the materiel. (Extension of the 45-day calendar timeframe is authorized when long intransit times are involved.)

C4.10.2. Prepare follow-ups on receipts due from procurement sources using DIC DXA. Prepare follow-ups on receipts due from nonprocurement sources using DIC DXB.

C4.10.3. When the storage activity reply indicates that the materiel has not been received (DIC DXC or DXD), any required shipment tracer and/or discrepancy reports are to be initiated under the procedures cited in C4.8. Coordinate with the CAO/PO for intransit contract receipts.

C4.10.4. Storage activities will submit shipment tracers and discrepancy reports for materiel not received as indicated in DoD Component implementing procedures or when directed to do so by the owner.

#### C4.11. REPLY TO MATERIEL RECEIPT FOLLOW-UP

C4.11.1. When materiel has been received, storage activities will respond with a materiel receipt transaction prepared in the Appendix AP3.1 or AP3.2 format citing the appropriate DIC in the D4 or D6 series.

C4.11.2. When materiel has not been received, the response will be as follows:

C4.11.2.1. Prepare replies to DIC DXA Materiel Receipt Follow-Ups (Procurement Instrument Source) in the Appendix AP3.42 format citing DIC DXC.

C4.11.2.2. Prepare replies to DIC DXB Materiel Receipt Follow-Ups (Other Than Procurement Instrument Source) in the Appendix AP3.43 format citing DIC DXD.

#### C4.12. MAINTAINING ACCOUNTABILITY DURING MAINTENANCE ACTIONS

##### C4.12.1. Applicability

C4.12.1.1. These procedures apply for returns to inventory including unused materiel, relocations of materiel for maintenance, and receipts from assembly, disassembly, reclamation, conversion, modification, repair and destructive or

nondestructive test/evaluation consigned by DoD, other Government (non-DoD) Agency, or commercial activities.

C4.12.1.2. These procedures exclude repair and return of materiel owned below the wholesale distribution system. However, DoDM 4140.01 policy and, for commercial maintenance, the provisions of the FAR, apply.

#### C4.12.2. Accountability

C4.12.2.1. For organic maintenance, responsibility for maintaining the asset balance portion of the property accountability record for DoD-owned property being repaired resides with the activity having physical custody. Organic maintenance facilities will assume accountability of materiel upon receipt at the maintenance facility and while in its custody during maintenance actions.

C4.12.2.2. For Contractor maintenance, the owning DoD Component will maintain accountability for materiel in a contractor's possession for repair. The contractor will have stewardship of the materiel in accordance with the requirements in Part 52.245-1 of the Federal Acquisition Regulation and associated clauses, terms, and conditions. The stewardship includes all government furnished property, including items furnished for repair, and remains until the repaired assets are returned to and received by the DoD Component.

C4.12.2.3. For both organic and contractor maintenance, the activity having physical custody will provide visibility and report changes to the on-hand balance to the materiel owner (the Principal for maintenance by DMISA)

#### C4.12.3. Requirements

C4.12.3.1. Owners (Principals for maintenance by DMISA) will establish a DIC DFA, DFB, or DFC due-in when materiel is being returned from field activities to wholesale storage activities or to commercial activities for maintenance. Also, provide a DIC DWA, DWB, or DWC PMR to receiving Government storage activities. Take these actions upon receipt of MILSTRIP MRP transactions, or equivalent intra-service documents, reporting return of the materiel. (Services/Agencies may delegate the PMR requirement to intermediate level or transshipment activities.)

C4.12.3.2. When owner's direct relocation of materiel from a remote storage activity to the storage activity co-located with the maintenance activity (as required under C3.3.), they will establish a DIC DFK due-in for the intransit materiel and provide a DIC DWK PMR to the receiving storage activity following the procedures in C4.2. and C4.3.

C4.12.3.3. Storage activities will report receipt of reparable materiel based on the information contained in the PMR. If a PMR is not available, report the receipt to the cognizant ICP in accordance with C4.9.3.3.11.2.1.

C4.12.3.4. When materiel is scheduled for organic maintenance by DMISA or other inter-Service/Agency agreement, the agreement will specify that the storage

activity will report returns from maintenance to the owner (Principal) as receipts under this section.

C4.12.3.5. Each DoD Component will ensure that:

C4.12.3.5.1. Owned inventory which is in the hands of DoD, other Government (non-DoD), and commercial activities is properly accounted for under the provisions of Chapters 3, 4, 5, and 7 (including C7.2.3. and C7.2.4.) of this manual and, for commercial maintenance, the provisions of the FAR. This includes returns from field activities for repair and reissue as wholesale inventory. DoD Components will prescribe use of any required internal codes to meet this requirement. (Responsibility of the owner (Principal for maintenance by DMISA).)

C4.12.3.5.2. Total item property records for materiel in the hands of maintenance activities are maintained and adjusted based on the quantity of materiel actually returned and will support the DoD 7000.14-R accounting and reconciliation requirements. (Responsibility of the owner (Principal for maintenance by DMISA).)

C4.12.3.5.3. Contracts for commercial maintenance require the commercial activity to report or acknowledge receipt and report shipment or condemnation of materiel to the contracting officer. (Responsibility of the Agent for maintenance by DMISA.)

C4.12.3.5.4. Any needed interface between the procurement and supply operations/functions exists to ensure that changes in the inventory segment data (stock number, quantity, supply condition code) are transmitted to the owner. (Responsibility of the Agent for maintenance by DMISA.) Arrangements may be made for commercial activities to report directly to the contracting officer and/or the owner using MILSTRAP transactions.

C4.12.3.5.5. Reported data affecting inventory balances is recorded in the total item property record. (Responsibility of the owner (Principal for maintenance by DMISA).)

C4.12.3.6. Owners will establish dues-in for expected returns from commercial and Government maintenance activities using the appropriate Appendix 2.1 MILSTRAP DICs in the DD or DF series. Provide PMRs to storage activities to receive the materiel under C4.3. using the corresponding DICs in the DU or DW series. Storage activities will report receipts under C4.4 or C4.5 and C4.9., using the corresponding DICs in the D4\_ or D6\_ series.

C4.12.3.7. When materiel is issued to a customer directly from a DoD or commercial maintenance activity, ensure that appropriate supply transactions are processed to establish the property accountability and financial accounting audit trails, as well as visibility within the supply system used by the materiel owner.

C4.12.3.8. When materiel is condemned by maintenance activities, ensure that the condemnation action is recorded (issue to disposal) to adjust the DoD inventory and financial accounts. This includes automatic disposals (Management Code M).

#### C4.13. RECLAIMED ITEMS

C4.13.1. When reclamation activities do not have adequate facilities to test and classify the serviceability condition of reclaimed assets, they will identify such assets as SCC R (Suspended Reclaimed Items Awaiting Condition Determination). When receiving storage activities determine that immediate classification of such SCC R assets is not possible, they will ensure that the assets are checked/tested and classified to actual condition within established parameters under C5.2.3.

C4.13.2. When reclamation activities cite an actual SCC (i.e., other than R) for returned materiel, storage activities will cite that SCC when recording and reporting the receipt. However, if inspection upon receipt reveals that the condition assigned by the reclamation activity is incorrect, the storage activity will record and report the receipt citing the actual condition to which the item is classified or SCC K if the actual condition cannot be determined. Materiel reported in SCC K must be classified to actual condition within established parameters under C5.2.3.

#### C4.14. LOAN TRANSACTIONS

C4.14.1. Use appropriate MILSTRAP adjustment and/or receipt transactions to reflect the onhand/due-in and subsequent receipts. Reflect materiel on loan on accountable activity records in the appropriate purpose code (as prescribed by DoD Component procedures—usually Purpose Code L to denote loan) or as a DIC DFN Due-In (Other Than Procurement Instrument Source) depending on the method/system applied. Format for these due-in transactions are contained in Appendix AP3.12.

C4.14.2. DIC DWN Pre-positioned Materiel Receipt (Other Than Procurement Instrument Source) may be used to provide advance notification to activities scheduled to receive returned loaned materiel. Alignment and format for PMRs are contained in Appendix AP3.39.

C4.14.3. Receiving activities will inspect loaned materiel upon receipt. Submit DIC D6N Materiel Receipts (Other Than Procurement Instrument Source) using the Appendix AP3.2 format to provide information about the condition and quantity of the returned loaned materiel.

C4.14.4. The ICP is responsible for final determination and resolution of Government property returned from loan. Establish controls to ensure the materiel is returned in an appropriate condition, (e.g., as good as or better than the condition of the original loan issue). Take appropriate action to resolve any discrepancies and ensure reimbursement to the loaning activity.

#### C4.15. ARMY EXCHANGE PRICING PROCESS

C4.15.1. The Army Exchange Price interim approach is a multi-system functionality implementation. Exchange Price employs a dual pricing system for repairable NSN items based upon Standard Price (latest acquisition cost plus cost recovery rate) and Exchange Price (latest repair cost plus cost recovery rate) and a “buy one – return one”

relationship with the customer. That is, a qualified exchange pricing customer buys at the Exchange Price and pays a penalty if a reparable is not turned-in within a specified period of time from the issue date. This process is applicable to the Army customers and Army-managed material only; other Services will continue to pay Standard Price and receive 65 percent credit exchange upon receipt of carcass by the Army PICA.

C4.15.2. Once an item of supply is identified for a national repair program and the national item identification number (NIIN) has an established Exchange Price, all requisitions for the item will be priced at the Exchange Price if the customer is an authorized EP customer.

C4.15.3. When a requisition submitted to the Supply Support Activity (SSA) is processed by the Standard Army Retail Supply System, The Standard Army Retail Supply System will determine if both the customer DODAAC is an Exchange Price customer, and the NIIN has an established Exchange Price. If the customer is an Exchange Price customer the requisition will be updated to include the Exchange Price Indicator. As this transaction is processed through the Army supply system, middleware, Funds Control Module (including Exchange Price Tracking) Defense Automatic Address System (DAAS), Commodity Control Supply System (CCSS), and Army Logistics Modernization Program (LMP), the Exchange Price Indicator will be used to identify the transaction as Exchange Price related. All the legacy systems will continue processing the MILS transactions, LMP will process DLMS transactions that are converted by the Defense Automatic Addressing System (DAAS).

C.4.15.4. All related supply transactions prepared by the Army will carry and perpetuate the Exchange Price Indicator. As a result of the Exchange Price implementation the following transactions will be impacted, requisition, requisition modifier, requisition follow-up, material release order and supply status. The returns process will also process Exchange Price related transactions. The material receipt transaction will be generated by the Standard Army Retail Supply System for all returns of Exchange Price NIINs, and will include an Exchange Price Type of Credit indicator for Unserviceable credit when applicable, as well as an Exchange Price Conversion Indicator to identify the need to provide credit according the pre-Exchange Price credit policy, which will last for 60 days following the implementation of Exchange Pricing.

C.4.15.5. If the return is in an un-repairable condition code or the item is not returned within the established timeframe (Delta Delay Days), the National Level systems (LMP, CCSS) will create an obligation adjustment based on the receipt from Middleware Funds Control Module of a material returns supply status (Delta Bill Trigger) transaction. As a result of processing the delta bill trigger the national systems will create the logistics/interfund bill transaction with an Exchange Price Indicator and Type Bill code to identify the specific type of Exchange Pricing bill to the Army financial systems.



## **C7. CHAPTER 7**

### **PHYSICAL INVENTORY CONTROL**

C7.1. GENERAL. This chapter provides procedures, performance objectives, and reporting requirements for maintaining accurate records of the physical inventory, conducting physical inventory counts, and reconciling record variance for materiel within the DoD supply system.

C7.1.1. Applicability. Basic elements of the physical inventory control program prescribed by this chapter apply to the Military Departments and the Defense Agencies, hereafter referred to as DoD Components, and establish:

C7.1.1.1. Uniform procedures, based on existing DoD policy for maintaining accurate records, conducting physical inventories and location surveys/reconciliations, researching inventory discrepancies and causes for adjustments, performance assessments, and for quality control of work processes prescribed by the DoD Physical Inventory Control Program (PICP).

C7.1.1.2. Management control of all DoD wholesale supply system materiel to include:

C7.1.1.2.1. principal items,

C7.1.1.2.2. packaged petroleum, oil, and lubricants,

C7.1.1.2.3. secondary items regardless of whether assets are purchased with stock fund or procurement appropriations,

C4.1.1.2.4. ammunition,

C7.1.1.2.5. forms and publications, and

C7.1.1.2.6. subsistence.

C7.1.1.3. Management data and performance standards necessary to measure the effectiveness of physical inventory control in the DoD supply system.

C7.1.2. Exclusions

C7.1.2.1. These procedures are not applicable to bulk petroleum; complete ships, aircraft, ballistic missiles, nuclear weapons, space vehicles; assets located at contractor-owned and/or contractor-operated facilities that are not maintained on the DoD wholesale property accountability records; Industrial Plant Equipment reportable to the Defense Industrial Plant Equipment Center; National Security Agency/Central Security Service assets; and National Defense Stock Pile assets. Loaned and in-transit materiel and materiel will be accounted for in accordance with chapter 4 of this manual and DoD Component procedures.

C7.1.2.2. Physical inventory control procedures for bulk petroleum are contained in DoD 4140.25-M, "DoD Management of Bulk Petroleum Products, Natural Gas, and Coal."

C7.1.2.3. Nuclear weapons for which the Department of Defense has custodial responsibility.

C7.2. POLICY. DoD policy is contained in DoDM 4140.01, "DoD Supply Chain Materiel Management Procedures".

C7.2.1. Purpose. The purpose of the DoD physical inventory control process is to:

C7.2.1.1. Ensure materiel accountability is properly executed within the Department of Defense;

C7.2.1.2. Ensure that accurate property accountability records for the physical inventory are maintained in support of customer requirements and readiness by performing physical inventories and location surveys/reconciliations;

C7.2.1.3. Identify and help resolve problems in supply system work processes affecting property accountability records by performing quality control of the work processes; and

C7.2.1.4. Identify repetitive processing errors and maintain accurate records for supply system transactions generated within the supply system by researching and reconciling property accountability record imbalances and potential discrepancies.

C7.2.2. Philosophy And Guiding Policy.

C7.2.2.1. Inventory systems will support perpetual inventories where current item record balances are maintained by posting all balance affecting events such as the recording receipts, shipments, inventory adjustments and changes to condition,

ownership, or location as they occur. If a system can't currently support perpetual balances, efforts will be made to bring the system into compliance.

C7.2.2.2. The dynamic nature of the physical inventory control function and the cost of counting and reconciling records require that the approach be more selective than the "100 percent wall-to-wall total item count" concept. Available inventory resources will be directed toward potential and actual discrepancies, controlled inventory items, and weapon system critical items for which maximum returns are derived from applied resources.

C7.2.2.3. A fundamental requirement of inventory integrity is to ensure that the inventory data on inventory control points (ICPs) and storage activities systems is the same, thus becoming, in effect, a single item inventory record.

C7.2.2.4. Storage activities will make use of any one or a combination of the following three inventory counting approaches, as appropriate to the physical inventory item policy requirements, storage facility physical constraints, physical inventory support system capabilities, types of items, and inventory accuracy conditions..

C7.2.2.4.1. Cycle counting, where a portion of the inventory is counted either daily, weekly, or monthly until the entire inventory has been counted within the time period specified. If a system can't support perpetual balances, the cycle counting approach will not be selected.

C7.2.2.4.2. Statistical sample counts that are statistically significant and representative of the total inventory item population are an efficient approach to quickly determine the accuracy of the inventory with minimal operational disruption. When statistical sample counts are allowed and the resultant count is within required tolerances, the inventory is considered complete. If the statistical count is outside the allowed accuracy tolerance, then the entire results of the statistical sampling must be voided. This requires scheduling another physical inventory via another sample count, cycle count, or wall-to-wall count as appropriate to the accuracy conditions determined by the first sample count. If another sample count is used, it will not be the same sample or a sub-set of the same sample selected earlier.

C7.2.2.4.3. Wall-to-wall inventories, where the entire count is made at a point in time and they are conducted only when:

C7.2.2.4.3.1 It is essential to strike a point in time balance for inventory;

C7.2.2.4.3.2 The storage and inventory density are small enough that there is no detrimental impact to supply support operations; or

C.7.2.2.4.3.3 When safety and security of assets and access to such assets (such as munitions and explosives) are generally more restrictive and controlled.

C7.2.2.5. All physical counts will be blind counts; that is, personnel conducting physical counts will have no prior knowledge or access to the on-hand quantity balance in the inventory records. In those rare instances where segregation of duty controls cannot guarantee blind counts, other local effective risk mitigation techniques will be applied such as increased supervision and two member count teams.

C.7.2.2.6. Personnel performing physical counts will be provided tools to perform the count including the part number, description, condition, location, number of requisite counts, etc., to ensure the correct item and location and count guidance is provided to inventory personnel conducting the inventories. The count the record will not be provided to the counters.

C.7.2.2.7. The implementing procedures for the DoD Components are to:

C.7.2.2.7.1. Provide management priority and resources for the execution of PICP functions. Managers will by direct or indirect supervision ensure that physical inventory teams are identified, properly staffed, trained, have the necessary instructions, tools, problem resolution assistance, and that duties are segregated to ensure accurate and timely physical counts, research, and records balance corrections.

C.7.2.2.7.2. Ensure that assets are protected against waste, loss, negligence, unauthorized use, misappropriation, and compromise in the case of controlled inventory item materiel.

C.7.2.2.7.3. Ensure that sufficient emphasis is placed on materiel accountability and inventory accuracy to promote improved performance of individuals directly responsible for the care, security, and management of DoD supply system materiel, as well as those responsible for making reports on the status of that inventory.

C.7.2.2.7.4. Ensure that duties such as receiving, posting transactions to records, and issuing are divided among the work force so that no single individual can adversely affect the accuracy and integrity of the inventory. Although multi-skilled personnel may conduct physical counts, the inventory organization must enter counts, apply in-float controls, and conduct pre-adjustment research. When adequate

segregation of duties is not practical or cost-effective, other local risk mitigating controls will be put in place to the maximum extent possible, such as increased supervision and two man count teams.

C.7.2.2.7.5. Conduct functional reviews of the PICP to ensure compliance with DoD and Component policy and procedures and establish physical inventory control as a mandatory element to be addressed in the annual internal management control assessments required by DoD Instruction 5010.40, "Managers' Internal Control Program (MICP) Procedures".

C.7.2.2.7.6. Ensure that training is provided to supply system personnel who perform functions affecting physical inventory control and that training courses are updated to teach current DoD policies, procedures, and performance goals. Training will ensure familiarity of physical inventory staff with the items to facilitate item recognition and unit of measure peculiarities, the required count processes, research methods/tools available, and the count recording and records correction processes.

C.7.2.2.7.7. Separate dedicated physical count teams will be established providing a knowledgeable and well trained work force to conduct physical inventory counts. An increased level of supervision is required for the less experience count team members. The exception to the forgoing is those isolated cases where the size of the storage activity is such that separate count personnel would be inefficient.

C.7.2.2.7.8. Performance goals will be established within Government or Contractor personnel performance standards and evaluations for those individuals performing and managing physical inventory program functions on Department of Defense materiel. Feedback mechanisms for all personnel involved in the physical inventory function will be established to compare and report actual results against standards and corrective plans of action will be put in place when the performance does not meet the standard.

C7.2.3. Security of Materiel. Security is the first line of defense for physical inventory control; therefore, DoD Components will pay special attention to the safeguarding of inventory items. This will include analysis of loss rates through inventories, financial liability investigation of property loss reports (DD Form 200), and criminal incident reports, to establish whether repetitive losses indicate criminal or negligent activity. Physical security procedures for supply system materiel are contained in DoD 5200.08-R, "Physical Security Program".

C7.2.4. Asset Management. Inventory control points (ICPs) and storage activities will collaborate to ensure that inventory data in their respective systems is the same,

thus becoming, in effect, a single item inventory record. At minimum, the total item property record will include materiel that is due in, in transit, in organic maintenance facilities, in a contractor's custody, on loan, on hand in distribution centers, reported on hand at retail activities, and for reported assets in the custody of users. The record or record set will identify the quantity, condition, and value of the item assets for each organizational entity having physical custody of these assets.

C7.2.5. Maintaining Property Accountability/Responsibility. The property accountability responsibility for total item property record segments may be delegated to, but not shared by, one or more organizational entities. However, asset balance information for a particular segment (such as the storage activity balance for an item) will be shared; duplicative records will not be maintained.

C7.2.5.1. The storage activity maintains the property accountability record for all materiel in storage and is responsible, at minimum, for materiel custody, care, receipt, storage, and issue. Storage Activities are also responsible for safeguarding, and re-warehousing materiel; physical inventory, and research; location survey/reconciliation; quality control checks; supply discrepancy report initiation, research and resolution. In the event of potential financial liability, the storage activity is responsible for investigating and assessing financial liability for loss, damage, and destruction of Government property; and appropriate actions necessary to ensure that the physical on-hand quantity and the total item property record quantity are in agreement. Storage activities will maintain the available-for-issue balance (also known as the Owner Balance). Available-for-issue balance refers to the materiel on-hand balance minus any materiel allocated to fulfill pending materiel release order(s).

C7.2.5.2. The owning DoD Component will assume or assign the accountability for materiel not in the physical custody of a storage activity (e.g., materiel inducted for organic repair, test assembly/disassembly, conversion, modification, or reclamation; materiel in a contractor's hands (in accordance with provisions of the Federal Acquisition Regulation); in-transit materiel; on-loan materiel).

C7.2.5.3. The Integrated Materiel Manager is responsible for initiating and directing the conduct of physical inventories; providing discrepancy research and reports; resolving discrepancies, investigating and assessing liability for loss, damage, and destruction of Government property; and taking appropriate actions necessary to ensure that the on-hand quantity and the total item property record quantity are in agreement for all DoD materiel that is not in the physical custody of DoD activities.

C7.2.6. End of the Day Processing. Use the following end of the day processing procedures. End of the day processing will be performed as follows:

C7.2.6.1. Owners/managers and storage activities will match all active record (e.g., stock numbers that had any transactions affecting record balances) on-hand balances daily. The storage activity will submit the daily closing on-hand balance to each affected owner/manager using Document Identifier Code (DIC) DZH, Location Reconciliation Request prepared in the Appendix AP3.59 format, citing Type of Location Reconciliation Request Code 1 in record position 7.

C7.2.6.2. Storage activities will prepare location reconciliation request transactions by line item (stock number + supply condition code (SCC) = line item), and type of pack, for each record experiencing transactions affecting the balance (including zero balance) and for no physical inventory adjustment required (DIC D8A with zero quantity) transactions. The storage activity will also submit DIC DZM, End of Day Accountable Transaction Count prepared in the Appendix AP3.62 format to advise the owner/manager of the number of balance affecting transactions that were forwarded during the daily course of business. This transaction is compared to the actual number of transactions received by the owner/manager to identify missing transactions and aid in unreconciled balance (URB) research.

C7.2.6.3. Owner will match the storage activity location reconciliation request transactions to affected records. Imbalances will be programmatically researched to ensure consideration of in-float documents, delayed/suspended transactions, and duplicate transactions. For owners who compare storage activity transaction history detail to owner transaction data when performing programmed research, the owner will send a DIC DZJ request (see C7.2.6.5 ) for all imbalances. The storage activity will send transaction history data (see C7.4.4.2 for requested timeframe). Programmed research will be completed within 7 work days from receipt of the initial DIC DZH. For unresolved mismatched quantities, the owner will update the affected record on-hand balance with the storage activity's closing on-hand balance. The mismatched quantity (gains and losses) will be adjusted with a DIC D8B/D9B, Inventory Adjustment Increase/Decrease (Accounting Error) transaction.

C7.2.6.4. Owner/managers will refer to section C7.6 for guidance on research of potential or actual Inventory Adjustments (Accounting Error) (D8B/D9B).

C7.2.6.5. Owners/managers will request assistance from the storage activity to isolate causes of record imbalances to maintain transaction level integrity. The storage activity assistance should focus on data transmission (e.g., lost transactions).

Owners/managers will input DIC DZJ, Transaction History Request to the storage activity for data transmission (e.g., lost transactions).

C7.2.7. Reconciling Total Item Property Records with Financial Records. Owing DoD Components will reconcile total item property records and financial records as prescribed by DoD 7000.14-R, "Department of Defense Financial Management Regulations (FMRS)" to ensure compatibility of the total inventory value reflected by these records and associated reports.

C7.2.8. Item Management/Control. DoD materiel is managed and controlled by stock number and SCC, and by type of pack; therefore, physical inventories will be conducted and the results reported to owners/managers by stock number and SCC, and by type of pack.

C7.2.9. Storage Activity Record Keeping. Storage activities will maintain quantitative balance records for all on-hand materiel regardless of ownership. Storage activities will maintain transaction histories to support the balance records. Maintenance of these records will provide the capability to detect theft or diversion of materiel and improve the ability to determine the cause of inventory variances for corrective action.

C7.2.10. Inventory Prioritization. DoD Components will select and prioritize items for inventory for which they are accountable as follows:

C7.2.10.1. Inventory Sampling

C7.2.10.1.1. Annual Record Accuracy Statistical Sample. A stratified, hierarchal inventory sample will be accomplished at least once annually for the purpose of validating the accuracy of the accountable records. The results of this sample report on the percent of records that match the physical count exactly or are within the allowed tolerance. The annual record accuracy statistical sample provides a barometer of performance and improvement opportunities for local storage activity managers. The results of the sample will be reported in accordance with the item categorizations stratification and tolerances cited in paragraph C7.2.12.5. When the physical count of an item is completed, the physical count and record quantity are compared; if the two are within the specified tolerance for Categories B and C the accuracy of that record is considered correct, if the tolerance is exceeded the record is counted as inaccurate. Items in Categories A and D have a zero tolerance; therefore, any difference between the physical count and the record quantity is counted as an inaccurate record.



C7.2.10.1.2. Annual Chief Financial Officer's (CFO) Statistical Sample Inventory. The Chief Financial Officer's Act (CFOA) of 1990 requires that the Department of Defense, the Military Services, and Defense Agencies submit financial statements to the Congress. One of the financial statement elements is the dollar value of on-hand supply inventory. The purpose of the Annual CFO Statistical Sample Inventory is enable the Components to estimate the dollar value of the non-fuel portion of the DoD on-hand inventory held in storage for annual financial statement reporting. The Components will conduct a stratified, hierarchal statistical sample inventory for the purpose of accurately estimating the true dollar value of their respective on-hand supply inventories. The initial implementation will be for materiel in Defense Logistics Agency (DLA) storage sites managed by the Distribution Standard System (DSS), regardless of the materiel's ownership. The requirement to conduct the CFO Annual Statistical Sample Physical Inventory may be expanded to include inventories beyond that maintained by DSS. The following are the guidelines to conduct and report the results of the annual CFO Inventory sample.

C7.2.10.1.2.1. Annual CFO Statistical Sample Inventory Schedule. The annual CFO statistical sample inventory will be scheduled as close to the end of the fiscal year as possible allowing sufficient lead time to conduct the sample inventory, perform analyses, and report results to support the end of fiscal year financial reports.

C7.2.10.1.2.2. DoD CFO Annual Statistical Sample Plan Inventory Guidelines.

C7.2.10.1.2.2.1. The items in storage will be stratified into dollar value categories to minimize the number of items requiring inventory while yielding results with the confidence level and precision required below. The dollar value stratifications used for sample will be included in the CFO Inventory Value Sample Plan for that year.

C7.2.10.1.2.2.2. Every item stored, regardless of owner/manager, within the extended dollar value strata identified in the DoD CFO Annual Statistical Sample Inventory Plan for that year will have an equal probability of being selected in the sample and inventoried.

C7.2.10.1.2.2.3. The sample results will have a 95 percent confidence level and a level of precision within + (plus) or – (minus) 2.5 percent.

C7.2.10.1.2.2.4. DoD CFO Annual Statistical Sample Inventory Plan. DLA will distribute the results of the DoD CFO Annual Statistical Sample Inventory Plan to each applicable centralized Service point of contact.

C7.2.10.1.2.2.5. DoD CFO Statistical Sample Inventory Results. The Components will use the results of the CFO Inventory Sample to value materiel under their respective ownership and report those values to the DoD Chief Financial Officer for use in the preparation of their respective financial statement reporting. Note that the results of the CFO Inventory Sample will include all adjustments and documentation that supports the physical completion of the inventory process.

C7.2.10.1.3. Annual Complete Physical Inventory. Annual complete (100 percent) physical inventories can be performed as an alternative to statistical sampling.

C7.2.10.2. Complete Inventories. Complete inventories will be performed as follows:

C7.2.10.2.1. Controlled Inventory Items. The following controlled inventory items (identified in DoD 4100.39-M, Federal Logistics Information System (FLIS) Procedures Manual”) require complete physical inventory and do not qualify for use of a random statistical sampling approach:

C7.2.10.2.1.1. Top secret.

C7.2.10.2.1.2. Narcotics, drug abuse items, and alcohol.

C7.2.10.2.1.3. Category I non-nuclear missiles and rockets (semiannually in accordance with DoDM 5100.76, “Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives.”)

C7.2.10.2.1.4. Precious metals.

C7.2.10.2.1.5. Small arms.

C7.2.10.2.1.6. Radioactive items.

C7.2.10.2.1.7. Inert nuclear ordnance materiel.

C7.2.10.2.1.8. Other items that may be designated by the Office of the Secretary of Defense (OSD) or the DoD Component.

C7.2.10.2.2. If ammunition or subsistence is subjected to complete inventory, physical inventory and location survey may be conducted concurrently.

C7.2.10.2.3. Controlled inventory items not subject to annual complete physical inventory must be subjected to annual random statistical sampling. Acceptable statistical sampling techniques are widely prescribed and may be used so long as every item included in the population has an equal probability of being selected in the sample. At minimum, the statistical sampling technique must provide reasonable assurance that the property accountability records are accurate with a 95 percent level of confidence, accuracy level of 95 percent, and a maximum margin of error of two percent. If the sample inventory results do not satisfy the above criteria, complete physical inventory of the population from which the sample was selected will be performed.

C7.2.10.3. Inventories for items not designated for complete inventory under subparagraph C7.2.10.2. will be performed as a result of:

C7.2.10.3.1. Total or partial materiel release denials (spot inventory-- see subparagraph C7.3.4.2. and Appendix AP2.2, Type of Physical Inventory/Transaction History Code E),

C7.2.10.3.2. Location reconciliation variances,

C7.2.10.3.3. Location survey errors,

C7.2.10.3.4. Owner/manager request (special inventory)

C7.2.11. Potential Discrepancies. Potential discrepancies between the actual physical count of materiel and the property accountability record on-hand balance will be researched and resolved in accordance with Table C7.T3. by:

C7.2.11.1. Correctly posting supply transactions (e.g., receipts, issues, adjustments) discovered during the research process that were previously incorrect or unposted resulting in the record imbalance; and/or

C7.2.11.2. Posting an inventory adjustment to correct the record imbalance.

C7.2.12. Accuracy and Performance Goals. The acceptable DoD accuracy and performance goals are as follows:

C7.2.12.1. Materiel Denial Goal: Not greater than one percent.

C7.2.12.2. Receipt Processing Performance Goal: 90 percent stored and posted within Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP), Chapter 4 time standards.

C7.2.12.3. Record Reconciliation Program Goal:

C7.2.12.3.1. Location Survey Accuracy:

C7.2.12.3.1.1. General Supplies: 97 percent.

C7.2.12.3.1.2. Ammunition: 98 percent.

C7.2.12.3.2. Location Reconciliation Accuracy:

C7.2.12.3.2.1. General Supplies: 97 percent.

C7.2.12.3.2.2. Ammunition: 98 percent.

C7.2.12.4. Ammunition Property Accountability Record Accuracy Goal: 95 percent.

**C7.2.12.5. General Supplies Record Accuracy Goals. DoD Components must send record accuracy goal information to ODASD (SCI) within 30 calendar days after the end of each fiscal year. For the purposes of this report, Categories B and C in Table C7.T1. are optional. The collection of data may occur throughout the year. See Table C7.T1.**

Table C7.T1. General Supplies Record Accuracy Goals Stratification Sub-Populations And Associated Goals And Tolerance Levels

CATEGORY	SUB-POPULATION	GOAL (PERCENT)	TOLERANCE (PERCENT)
A	UNIT PRICE > \$1,000	99	0

CATEGORY	SUB-POPULATION	GOAL (PERCENT)	TOLERANCE (PERCENT)
B*	UNITS OF ISSUE THAT MAY BE NONDEFINITIVE OR DIFFICULT TO MEASURE <sup>1</sup> OR ON-HAND BAL > 50 AND EXTENDED VALUE < \$50,000 OR NSN ACTIVITY (# transactions affecting balance in one year) > 50	95	10
C*	DATE OF LAST INVENTORY > 24 MONTHS AND ON-HAND BALANCE < 50	95	5
D	ALL OTHER MATERIEL NOT MEETING ABOVE CRITERIA	95	0
<p><b>*Categories B and C are optional</b> 95 percent Confidence Level +4 percent Bound applicable to each category</p>			

**C7.3. PHYSICAL INVENTORY PROCEDURES**

C7.3.1. Inventory Program Accomplishment. Storage activities will monitor program accomplishment throughout the fiscal year to ensure that the requirements of paragraph C7.2.10. are met.

C7.3.2. Pre-inventory Planning. The potential for count inaccuracies will be reduced by conducting pre-inventory planning to include:

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<sup>1</sup> Applicable Units of Issue: AT, AY, BF, BK, CD, CF, CZ, DZ, FY, FT, FV, GP, GR, HD, KT, LB, MR, OZ, OT, PG, PR, SE, SF, SO, SP, SY, TD, TE, TF, TN, TO, TS, MC, MX, YD

C7.3.2.1. Actions to ensure location integrity by correcting such situations as unbinned/loose materiel; questionable identity of materiel in location; and single locations containing multiple SCCs or stock numbers, inadequately labeled shelf-life items (date of manufacture/assembly/inspection/test, as appropriate); and/or materiel lots stored in a single location.

C7.3.2.2. Document cleanup to ensure to the extent possible that receipts, adjustments, transaction reversals, and other transactions are posted to the property accountability record and that in-process receipts are stored in location prior to the established physical inventory cutoff date.

### C7.3.3. Scheduled Inventories

C7.3.3.1. Storage activities will initiate all scheduled inventories based on item characteristics, specifically the controlled inventory item code and any other category codes designated by DoD Components that require physical inventory not less than once each fiscal year, with DIC DJA, Physical Inventory Requests, prepared in the Appendix AP3.15 format, using Type of Physical Inventory/Transaction History Code G.

C7.3.3.2. Storage activities will initiate all scheduled inventories based on selection and prioritization model criteria with DIC DJA requests, using Type of Physical Inventory/Transaction History Code I.

C7.3.3.3. Storage activities will initiate the scheduled random statistical sample inventory to meet the Departments' requirement to validate the accuracy of the supply records with DIC DJA requests using Type of Physical Inventory/Transaction History Code N.

C7.3.3.4. Owners may initiate a scheduled random statistical sample inventory of line items owned to determine the overall accuracy of their records with DIC DJA, using Type of Physical Inventory/Transaction History Code L. Storage activities may also initiate a scheduled random statistical sample inventory of line items in storage to determine the overall accuracy of their records with DIC DJA, using Type of Physical Inventory/Transaction History Code P.

C7.3.3.5. Storage activities will initiate the scheduled annual stratified random statistical sample inventory to meet the Department's requirements to conduct the Annual CFO Statistical Sample Inventory identified in paragraph C7.2.10.1.2. with a Physical Inventory Request Transaction using Type Physical Inventory/Transaction History Code L.

#### C7.3.4. Unscheduled Inventories

C7.3.4.1. Owners will initiate special inventories using DIC DJA transactions, prepared in the Appendix AP3.15 format. If an inventory has not been taken within the past 90 calendar days, cite Type of Physical Inventory/Transaction History Code, D or J in the transaction. If an inventory has been taken within the past 90 calendar days, an effort will be made to construct a transaction history and from it determine what the item balance should be or what discrepancy may have caused an imbalance. Only when these efforts fail to produce satisfactory results will special inventories be generated. In this case, cite Type of Physical Inventory/Transaction History Code H in the DIC DJA transaction. The procedure for restricting special inventories may be waived when the inventory manager has recorded backorders for the item.

C7.3.4.2. Storage activities will initiate spot inventories as a result of a total or partial materiel denial on classified and sensitive items regardless of value, pilferable items when the value of the variance is greater than \$100, and non-controlled items variances greater than \$5000. These requests will cite Type of Physical Inventory/Transaction History Code E.

C7.3.4.3. Storage activities will accommodate all requests for spot inventories.

C7.3.4.4. Storage activities systemically initiate special inventories for a specific SCC as a result of quantity mismatches between the quantity-by-location and owner balance records using Type Physical Inventory/Transaction History Code Z.<sup>2</sup>

C7.3.4.5. Storage activities may initiate unscheduled inventories as a result of on-hand balance mismatches between the locator and property accountability records with DIC DJA, using Type of Physical Inventory/Transaction History Code M.

C7.3.4.6. Storage activities will initiate special inventories (for all SCCs) in support of inventory accuracy improvement initiatives, using Type Physical Inventory/Transaction History C.<sup>3</sup>

#### C7.3.5. Canceling Inventories

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<sup>2</sup> Refer to ADC 415

<sup>3</sup> ibid

C7.3.5.1. When conditions exist which preclude accurate completion of an inventory that has been established, the inventory will be canceled by the storage activity or the owner/manager. Conditions that may require cancellation include, but are not limited to, catalog changes, rewarehousing of materiel under inventory, insufficient resources, insufficient time to meet established inventory timeframes to notify other affected owners/managers, and acts of God.

C7.3.5.2. When an owner/manager cancels an inventory, the owner/manager will notify all affected storage activities using a DIC DJA Physical Inventory Request citing Management Code N.

C7.3.5.3. When a storage activity cancels an inventory, or when an owner/manager requests cancellation of an inventory, the storage activity will notify the requesting owners using the DIC DJA Physical Inventory Request citing Management Code N. When a canceled inventory is required to meet annual inventory schedule requirements, it must be rescheduled by the storage activity within the current fiscal year. When a spot inventory (Type of Physical Inventory/Transaction History Code E) is canceled, it must be rescheduled within 15 calendar days.

#### C7.3.6. Conducting, Recording, and Reporting the Inventory

C7.3.6.1. Physical inventory procedures at storage activities will provide the required asset-to-record accuracy with positive control of materiel and documentation that are in float (e.g., including materiel release orders, receipts, condition transfers, catalog, and other data changes).

C7.3.6.2. The storage activity may reduce the volume of in-float accountable documents during the period required for an item count by suspending the issue of low priority materiel release transactions from items undergoing inventory. However, materiel will be released for items undergoing inventory when such release is necessary to meet the order/ship timeframes prescribed by DoDM 4140.01, to include the recognition of the required delivery date. The storage activity may also reduce the volume of in-float accountable documents by deferring routine SCC changes, providing that it complies with the Chapter 5 control requirements.

C7.3.6.3. Storage activities will complete physical inventories and transmit the appropriate DIC D8A/D9A Inventory Adjustments to the owner/manager within 30 calendar days subsequent to the Physical Inventory Cutoff Date (PICD) for scheduled inventories and within 15 calendar days subsequent to the PICD for unscheduled inventories.



C7.3.6.4. The storage activity will compare the adjusted count with the balance maintained by the storage activity to determine the potential variance and initiate post count validation and preadjustment research as required under section C7.4.

C7.3.6.5. Immediately upon completion of post-count validation and preadjustment research, the storage activity will record the count and date of last inventory on the storage activity quantitative balance record.

C7.3.6.6. When no adjustment is required, the storage activity will update the storage activity record with the date of last inventory and transmit a DIC D8A with zero quantity for each line item to the owner/manager to indicate completion of the inventory. The owner/manager will update the date of last inventory using the adjustment transaction date.

C7.3.6.7. When the storage activity record reflects more than one owner for commingled materiel, the storage activity will apply all gains and losses to the wholesale manager. The storage activity will prorate any losses that cannot be applied to the wholesale manager among all owners having balances. Storage activities will not consider foreign owner balances in the prorating process. Foreign owner and Special Defense Acquisition Fund balances will not be altered unless they are the only remaining balances for reporting a loss. Resolution of these losses will be in accordance with DoD Security Assistance Program policy.

C7.3.6.8. The storage activity will process DIC D8A/D9A adjustments by line item and type of pack for subsistence to update the storage activity quantitative balance record and each owner/manager record.

C7.3.7. Reconciling Manual Records for Controlled Items. When manual records are maintained for control of assets in secured storage, the storage activity will at minimum reconcile these records at the time of inventory with the corresponding storage activity records and physical materiel counts.

C7.3.8. Unscheduled Physical Inventory Follow-up

C7.3.8.1. When the owner/manager has requested an unscheduled inventory and no adjustment or completion transaction has been received within 40 calendar days of the date of the request, the owner/manager will follow up using a DIC DJA request, which cites Management Code X in record position 72 and duplicates the remaining data from the DIC DJA transaction that established the inventory.

C7.3.8.2. The storage activity will respond to the owner/manager follow-up within 5 calendar days by providing the appropriate adjustment, completion, or cancellation transaction. If an adjustment or completion transaction was previously submitted and a follow-up is received, the storage activity will reply by submitting a DIC DJA with Management Code Y to the owner/manager and Transaction History Transmittal (DIC DZK) reflecting the actual physical inventory adjustment.

C7.3.8.3. If the storage activity does not have a record of the original owner/manager DIC DJA request, the storage activity will process the DIC DJA with Management Code X as an original DIC DJA.

#### C7.4. RESEARCH OF POTENTIAL OR ACTUAL INVENTORY ADJUSTMENTS (PHYSICAL INVENTORY) – DOCUMENT IDENTIFIER CODE D8A/D9A

C7.4.1. Policy. DoD Components will ensure that potential or actual adjustments are researched in accordance with the value of the adjustment and type of item. The DoD criteria for this research are set forth in Table C7.T32. and will be used as the basis for selective research for supply system materiel. A reduction of the volume of erroneous adjustments can only be achieved by conducting specified degrees of research before posting the adjustment transaction. More stringent research requirements may be imposed by DoD Components based upon the limits of available resources and upon specific asset control problems. However, in no case will adjustments be processed against items without required preadjustment research having been performed (see Table C7.T3.).

C7.4.2. Objectives. Analysis of inventory adjustments is vital to:

C7.4.2.1. Identify failures in the control systems so improvements can be made.

C7.4.2.2. Reduce similar discrepancies in the future.

C7.4.2.3. Ensure that the proper adjustment was made.

C7.4.2.4. Evaluate indicators of trends or system problems for corrective action.

C7.4.2.5. Detect negligence, abuse, or theft of materiel. Known or suspected negligence, abuse, or theft will be researched in accordance with DoD 7000.14-R and Table C7.T3.

C7.4.3. Timeliness of Research. Timely completion of the research of potential adjustments is essential. Delay increases the complexities of adequate research and reduces the probability of conclusive findings.

C7.4.3.1. Storage activity preadjustment research must be completed and the physical inventory adjustment/completion action posted to the owner/manager record within 30 calendar days from the PICD for scheduled inventories and 15 calendar days from the PICD for unscheduled inventories.

C7.4.3.2. The storage activity must complete mandatory causative research within 45 calendar days from the date the adjustment transaction was posted. If sample causative research is used as allowed by Table C7.T3, Minimum Research Requirements, the sample causative research must be completed within 45 calendar days from the date the sample causative research listing is created.

C7.4.4. Transaction History Requests. For intra-Component (or inter-Component, based on agreement of the involved DoD Components) reconciliation, the owner/manager may request transaction history for analyzing inventory discrepancies.

C7.4.4.1. The owner/manager will request the history using a DIC DZJ Transaction History/Custodial Balance Request, prepared in the Appendix AP3.60 format, citing in record position 7 the appropriate type of physical inventory/transaction history code from Appendix AP2.2. Transaction history will consist of all transactions affecting the balance for the requested timeframe.

C7.4.4.2. The storage activity will provide the transaction history data using the DIC DZK, Transaction History Transmittal, prepared in the Appendix AP3.61 format. Transmit the history using the media specified by the type of media code (see Appendix AP2.14) entered in record position 60 of the DIC DZJ request.

C7.4.5. Error Classification Coding for Physical Inventory Adjustments. Causes of potential/actual inventory adjustments are determined by research. Causes will be classified, analyzed, and evaluated so that action may be taken to correct situations that are causing the errors. Inventory Adjustment (Physical Inventory) Error classification codes will be entered in positions 63-65 of DIC D8A/D9A Inventory Adjustment (Physical Inventory) Transactions.<sup>4</sup> For analysis and evaluation, physical inventory

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<sup>4</sup> The owner/manager may use AP2.16 Inventory Adjustment (Accounting Error) Error Classification Codes in record positions 63-65 in DICs D8B/D9B Inventory Adjustment Transactions (Accounting Errors) pending the establishment of single shared asset balances (see Paragraphs C7.2.2. and C7.2.4.).

adjustment error conditions will be associated with the operation in which they occurred (e.g., receiving, issue) and classified by type within each operation. For reporting purposes, each operation and each error type have been identified by an alphabetic or numeric code as shown in Appendix AP2.15. The error classification system is structured to provide the DoD Components the latitude to amplify the DoD defined error classifications; however, DoD Components will summarize internally defined error classifications to the appropriate DoD classification for all reports provided to higher authorities, auditors, etc.

#### C7.4.6. Error Cause Feedback and Correction

C7.4.6.1. Causative History Summary. Storage activities will send a quarterly summary of the causative research results for each individual National Item Identification Number (NIIN) to the Inventory Owners (or the service International Logistics Control activity in the case of Foreign Military Sales (FMS)-owned materiel). The summary information will be provided for all adjustments of extended dollar value greater than \$16K and any adjustment of an item with a Controlled Inventory Item Code (CIIC) that is Classified, Sensitive or Pilferable. At minimum, the provided summary will include, for each NIIN: SCC, DIC D8\_ or D9\_, quantity adjusted, Routing Identifier Code (RIC) of the storage activity making the adjustment, error classification code, controlled inventory item code, date created, date completed, and total adjusted dollar value.

#### C7.4.6.2. Error Correction

C7.4.6.2.1. Storage Activity Commanders. Commanders at the storage activities will use this information to identify and correct recurring errors in their operations (e.g., through established storage activity training programs, quality control checks, and other actions as required).

C7.4.6.2.2. Inventory Owners. Inventory Owners will use this information as a means to gain insight into the adjustments and subsequent actions taken to resolve the error and to evaluate whether changes in procurement practices, cataloging data or other actions may be taken to prevent potential distribution errors. A single point of contact will be designated at the owner level to request information from DLA.

C7.4.7. Controlled Inventory Item Adjustments. Unresolved physical inventory adjustments for all classified and sensitive items regardless of value, and for pilferable items when the adjustment is in excess of \$2,500, as prescribed by DoD 7000.14-R, will be referred to security officials of the storage activity at which the adjustment occurred

to determine whether there is culpability or when fraud, waste, or abuse is suspected (see Table C7.T3).

C7.4.8. Materiel Release Denials. DLM 4000.25-1 (Military Standard Requisitioning and Issue Procedures (MILSTRIP)) prescribes DoD standard document formats, data codes, and criteria for the preparation and processing of materiel release denials at storage activities and by owners/managers.

C7.4.8.1. Upon initiation of a materiel release denial citing Management Code 1, 2, 3 (applies to subsistence only), or 4 (applies to subsistence and ammunition only), storage activities will:

C7.4.8.1.1. Reverse the issue, adjust the storage activity record on-hand quantitative balance to zero, and transmit a DIC D9A for the adjusted quantity to the owner/manager attempting to issue the materiel, citing denial Management Code 1, 2, 3, or 4, and a DIC D9A to any other owners affected by the denial loss, citing denial Management Code Q.

C7.4.8.1.2. Initiate a spot inventory as required under subparagraph C7.3.4.2 of this chapter.

C7.4.8.2. If an inventory can be accomplished without delaying the processing of the Materiel Release Order beyond the prescribed Uniform Materiel Movement and Issue Priority (UMMIPS) timeframes (see DoDM 4140.01), it may be conducted prior to processing a denial transaction.

C7.5. REVERSAL OF INVENTORY ADJUSTMENTS (PHYSICAL INVENTORY)- DOCUMENT IDENTIFIER CODE D8A/D9A. Storage activity reversal of DIC D8A/D9A. Inventory Adjustments (Physical Inventory) transactions is a required capability, which must be implemented with proper controls and supported by proper documentation. (See Appendix AP3, Introduction, Paragraph AP3.3.2., for processing adjustment reversals.) At minimum, procedures for reversing adjustments will contain the following control features:

C7.5.1. Posted/Unposted Source Documents. Regardless of age, reversals required to correct inventory records when posting previously unposted or incorrectly posted supply transactions (e.g., receipts, issues) are limited to those transactions that can be properly documented to reference the specific transaction document number(s) that will be processed to offset the reversal.

C7.5.2. Inventory Adjustment Corrections. Reversals required to correct physical inventory adjustments that were made based on incorrect/incomplete information are limited to two years from the date of the original adjustment unless the requirements of Paragraph C7.5.1. are met. All reversals must be properly documented.

C7.5.3. Limitations. Reversals will not be processed solely on the basis of a previous offsetting physical inventory adjustment.

C7.5.4. Performance Assessment. Reversals after causative research allow for the proper posting of the correct supply transactions and audit trails. The number of inventory adjustments and related monetary values will be separated and identified as follows:<sup>5</sup>

C7.5.4.1. Absolute adjustment rates will include all gain and loss reversals from reporting and prior quarters' adjustment transactions.

C7.5.4.2. Initial adjustment rates will not include gain and loss reversals from reporting or prior quarters' adjustments.

#### C7.6. RESEARCH OF POTENTIAL OR ACTUAL INVENTORY ADJUSTMENTS (ACCOUNTING ERRORS) – DOCUMENT IDENTIFIER CODE D8B/D9B<sup>6</sup>

C7.6.1. Policy. DoD Components will ensure that potential or actual Inventory Adjustments (Accounting Errors) D8B/D9B are researched in accordance with the value of the adjustment and type of item. The DoD criteria for this research are set forth in Table C7.T3. and will be used as the basis for selective research for supply system materiel. More stringent research requirements may be imposed by DoD Components based upon the limits of available resources and upon specific asset control problems. Though physical inventory adjustments are based on physical counts, accounting adjustments are based on the reconciliation of inventory records as part of End-of-Day or Location Reconciliation business processes. When differences exist between the 'systems,' an accounting adjustment (gain/loss) (DIC D8B/D9B) will be created to adjust the owner/manager's total item property record inventory balance to agree with the storage activity's closing end of day balance. As such, the causes of accounting adjustments are driven by the handling of 'transaction data' versus the physical handling of materiel. Therefore, research requirements will focus on events/processes that

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<sup>5</sup> Refer to ADC 415

<sup>6</sup> Refer to ADC 414

cause the databases (between the storage activity and total item property record) to be out of sync. DoD Components will research transaction histories and violation files to locate 'missing' supply transactions, clear exceptions, process the appropriate 'supply' transaction, and reverse the accounting adjustment to resolve the original mismatch condition.

C7.6.1.1. When subsequent research finds that the accounting adjustment was caused by an unposted, duplicate, or otherwise improperly posted transaction, a reversal of the accounting adjustment and (as appropriate) the incorrectly posted 'supply' transaction is required. The owner/manager will ensure that proper audit trails are maintained to reflect the posting of the correct supply transaction.

C7.6.1.2. Owners/managers will request assistance from the storage activity to isolate supply transaction processing errors and focus on data transmission and validation of system logic to resolve causes of database mismatches.

C7.6.2. Objectives. Analysis of Inventory Adjustments (Accounting Errors) is vital to:

C7.6.2.1. Identify failures in the control systems so improvements can be made.

C7.6.2.2. Reduce similar discrepancies in the future.

C7.6.2.3. Ensure that the proper adjustment was made.

C7.6.2.4. Evaluate indicators of trends or system problems for corrective action.

C7.6.3. Timeliness of Research. Timely completion of the research of potential or actual Inventory Adjustments (Accounting Error) is essential. Delay increases the complexities of adequate research and reduces the probability of conclusive findings.

C7.6.3.1. Mandatory Causative Research. The owners/managers must complete mandatory causative research within 45 calendar days from the date the adjustment transaction was posted.

C7.6.3.2. Sample Causative Research. If sample causative research is used as allowed by Table C7.T3, Minimum Research Requirements, owners/managers must complete the sample causative research within 45 calendar days from the date the sample causative research listing is created.

C7.6.4. Inventory Adjustment (Accounting Error) Error Classification Coding.

Causes of potential/actual Inventory Adjustments (Accounting Error) are determined by research. Causes will be classified, analyzed, and evaluated so action may be taken to correct situations that are causing the errors<sup>7</sup>. For analysis and evaluation, error conditions will be identified and classified by type. For reporting purposes, each error type is identified by an alphabetic or numeric code as shown in Appendix AP2.16. The error classification system is structured to provide the DoD Components the latitude to amplify the DoD defined error classifications; however, DoD Components will summarize internally defined error classifications to the appropriate DoD classification for all reports provided to higher authorities, auditors, etc.

C7.6.5. Error Classification Feedback and Correction

C7.6.5.1. Causative History Summary. Owners/managers will prepare a quarterly summary of causative research results for inventory Adjustments (Accounting Error) (DIC D8B/D9B) and provide feedback to the appropriate owners/managers officials.

C7.6.5.2. Error Correction. Inventory Owners will use this information as a means to gain insight into the inventory accounting adjustments and subsequent actions taken to resolve the error and to evaluate whether changes in supply transaction 'edits', cataloging data or other actions may be taken to prevent potential inventory accounting errors. A single point of contact will be designated at the owner level to request information from DLA.

C7.6.6. Controlled Inventory Item Accounting Adjustments. Unresolved Inventory Adjustments (Accounting Error) for all classified and sensitive items regardless of value, and for pilferable items when the adjustment is in excess of \$2,500, as prescribed by DoD 7000.14-R, will be referred to security officials of the storage activity at which the adjustment occurred to determine whether there is culpability or when fraud, waste, or abuse is suspected (see Table C7.T3.).

C7.7. REVERSAL OF INVENTORY ADJUSTMENT (ACCOUNTING ERRORS) TRANSACTIONS. Reversal of DIC D8B/D9B inventory accounting adjustments is a required capability that must be implemented with proper controls and supported by

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<sup>7</sup> The owner/manager may use the AP2.16 Inventory Adjustment (Accounting Error) Error Classification Codes in record positions 63-65 in DI Codes D8B/D9B Inventory Adjustment (Accounting Error) Transactions pending the establishment of single shared asset balances (see paragraphs C7.2.2 and C7.2.4.).



proper documentation. (From Appendix AP3, Introduction, Paragraph AP3.3.2, "When reversal or cancellation of the original transaction is required, enter a reversal indicator in record position 25.") At minimum, procedures for reversing adjustments will contain the following control features:

C7.7.1. Posted/Unposted Source Documents. Regardless of age, reversals required to correct inventory accounting records when posting previously unposted or incorrectly posted supply transactions (e.g., receipts, issues) are limited to transactions that can be properly documented to reference the specific transaction document number(s) that will be processed to offset the reversal.

C7.7.2. Inventory Accounting Adjustment Corrections. Reversals required to correct inventory accounting adjustments that were made based on incorrect/incomplete information are limited to two years from the date of the original adjustment unless the requirements of Paragraph C7.5.1. are met. All reversals must be properly documented.

C7.7.3. Limitations. Reversals will not be processed solely on the basis of a previous offsetting inventory accounting adjustment.

C7.7.4. Performance Assessment. Reversals against transactions processed within the adjustment period will be separated and identified as follows:

C7.7.4.1. Gross inventory accounting adjustment during the current period,

C7.7.4.2. Reversal of prior quarters' inventory accounting adjustment transactions,

C7.7.4.3. Reversal of current quarters' inventory accounting adjustment transactions, and

C7.7.4.4. Total value of net inventory accounting adjustments during the current period (i.e., value of net gains added to value of net losses).

C7.8. RECORD RECONCILIATION PROGRAM. Each DoD Component will implement a location record reconciliation program that will consist of both a location survey and a location reconciliation.<sup>8</sup> The DoD acceptable accuracy goals are provided in paragraph C7.2.12.3. The DoD Components may impose more stringent standards internally. The record reconciliation program is subject to the quality control checks delineated in section C7.10., Quality Control. Errors will be subject to validation and research before they are counted as errors. DoD Components will collect and analyze all type III errors (see paragraphs C7.8.1.8.3. and C7.8.2.2.3.) by element.

C7.8.1. Location Survey

C7.8.1.1. Location survey requires a physical verification other than actual count between physical assets and recorded location data to ensure that all assets are properly recorded. When a discrepancy is identified during the location survey program (type I or type II error (see paragraphs C7.8.1.8.1. and C7.8.1.8.2.)), the storage activity will conduct prompt research and assess the need for a special inventory (DIC DJA request with Type of Physical Inventory/Transaction History Code K). In some instances, location survey and physical inventory will be conducted concurrently for ammunition and subsistence .

C7.8.1.2. Location survey will be accomplished at each storage activity not less than once each fiscal year, by (1) performing complete location survey of all locations; (2) using a statistical sampling methodology that ensures all locations are included in the population and have a probability of selection; or (3) a combination of complete and statistical sampling.

C7.8.1.3. A location survey will be conducted in both the gaining and losing storage areas following the completion of re-warehousing projects. A location survey conducted as a result of rewarehousing projects may be considered to have satisfied the annual survey requirement for the area surveyed.

C7.8.1.4. The proper sequence for operating a location survey requires the comparing of assets in storage locations with locator records. This sequence of operation is important to detect assets in unrecorded locations.

C7.8.1.5. As an objective, it is desirable to associate items with location survey lots or segments. Lots/segments will be of a manageable size (number of items)

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<sup>8</sup> The location reconciliation process will not be required with the establishment of single shared asset balances (see paragraphs C7.2.2. and C7.2.4.).

to permit location survey in a minimum time period, to ensure maximum uninterrupted service to customers, and to obtain the greatest degree of accuracy from the location survey.

C7.8.1.6. Items within a lot/segment that have been subject to a complete item inventory will be considered to have satisfied the annual survey requirement when the entire lot/segment is located in a clearly designated, coterminous warehouse space. These inventoried lots/segments may be excluded from the complete survey for the fiscal year in which they were counted. Sites that perform complete physical inventories including empty locations have satisfied the location survey requirement. These sites will not be required to collect location survey metrics.

C7.8.1.7. When permanent locations are reserved for items, recorded locations that are unoccupied will be identified and/or verified during the location survey.

C7.8.1.8. To measure the accuracy of the results of the location survey, discrepancies will be classified in one of the three categories listed below. Only one error per stock number per location is charged when locator delete, locator establish, or locator record correction is required for the same location. When the stock number and actual assets differ, the discrepancy will be classified as a locator establish action only.

C7.8.1.8.1. Locator Record Deleted. The removal or change of a locator record when there is a recorded location but there are no physical assets -- unless the location is being held open for new receipts. (Type I location survey error.).

C7.8.1.8.2. Locator Record Established. The recording of locations when assets are physically found in storage and no locator records exist, or when the recorded stock number disagrees with the materiel in the location. (Type II location survey error.).

C7.8.1.8.3. Locator Record Corrected. Changes to the locator record when physical materiel characteristics differ from any of the following data elements (Type III location survey error):

C7.8.1.8.3.1. Unit of issue.

C7.8.1.8.3.2. SCC.

C7.8.1.8.3.3. Controlled inventory item code (see DoD 4100.39-M, Volume 10, Table 61). Verification of the code will consist of ensuring that assets are stored in areas providing the degree of security commensurate with the assigned code.

C7.8.1.8.3.4. Type of pack code (for subsistence only). (See MILSTRIP).

C7.8.1.8.3.5. Lot number or serial number (for ammunition only).

C7.8.1.8.3.6. Completeness and accuracy of magazine data card (for ammunition only).

C7.8.1.8.3.7. To ensure accuracy of property accountability records, special inventories will be performed when assets are found in an erroneous or unrecorded location or when there are mismatches in the unit of issue that may result in a quantity variance.

#### C7.8.2. Location Reconciliation<sup>9</sup>

C7.8.2.1. Location reconciliation requires a match between storage activity records and owner/manager records to identify and to correct situations when there is: (1) an owner/manager record with no corresponding storage activity record, (2) a storage activity record with no corresponding owner/manager record, (3) common elements of data that do not match, and/or (4) quantity discrepancies. Mismatches will be researched and special inventories conducted when required to effect corrective action.

C7.8.2.2. To measure the accuracy of the results of the location reconciliation program, discrepancies will be classified in one of the four categories listed below (report only one error per location reconciliation request or unmatched accountable error):

C7.8.2.2.1. Owner/manager record reflects balance for storage activity; no location reconciliation transaction received. (Type I location reconciliation error.)

C7.8.2.2.2. Location reconciliation transaction received from storage activity; no corresponding owner/manager record. (Type II location reconciliation error.)

C7.8.2.2.3. Mismatch on any of the following data elements (Type III location reconciliation error):

C7.8.2.2.3.1. Unit of issue.

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<sup>9</sup>The location reconciliation process will not be required with the establishment of single shared asset balances (see Paragraphs C7.2.2. and C7.2.4.).

C7.8.2.2.3.2. Ownership/manager identifier.

C7.8.2.2.3.3. Controlled inventory item code (see DoD 4100.39-M, Volume 10, Table 61).

C7.8.2.2.3.4. Type of pack code (subsistence only).

C7.8.2.2.3.5. Shelf-life code.

C7.8.2.2.4. Quantity discrepancy. (Type IV location reconciliation error.).

C7.8.2.3. The DoD Components will perform location reconciliation in accordance with the following guidance:

C7.8.2.3.1. Annual Location Reconciliation. Owners/managers and storage activities will:

C7.8.2.3.1.1. Reconcile all records at least once every year but prior to the Chief Financial Officer inventories in September.

C7.8.2.3.1.2. Perform annual reconciliations as required by subparagraph C7.8.2.3.3.

C7.8.2.3.2. Storage activities will prepare location reconciliation request transactions by line item, and by type of pack, for each stock number regardless of the balance (including zero balances). Location reconciliation requests will be identified by DIC DZH, prepared in the Appendix AP3.59 format, using Type of Location Reconciliation Request Code 2 in record position 7 and transmitted to the owner/manager. Storage activities preparing DIC DZH requests will assure that consecutive transaction numbers by RIC are assigned to location reconciliation requests for control purposes.

C7.8.2.3.3. All owner/manager and storage activity records (active and inactive records, including zero balances) will be reconciled not less than once each fiscal year. Storage activities and Components may negotiate agreements for conducting annual location reconciliation any time during the fiscal year. When no such agreement exists, location reconciliation requests will be prepared on the second Tuesday of the month indicated in the schedule in Table C7.T2 below:

Table C7.T2. Location Reconciliation Preparation Schedule When No Other Schedule Agreement Exists

Service or Agency	Preparation Date Second Tuesday in:
Army	January
Navy	March
Marine Corps	May
Air Force	July
Defense Logistics Agency	July

C7.8.2.3.4. Storage activities and owners/managers will establish the following provisions for controlling location reconciliation:

C7.8.2.3.4.1. Storage activities will advise intended recipients (owners/managers) of the number of transactions being forwarded, transmission date, and the medium (e.g., DDN) using DIC DZN Location Reconciliation Notification transaction (Appendix AP3.63).

C7.8.2.3.4.2. Location Reconciliation Transaction History

C7.8.2.3.4.2.1. When transaction history (DIC DZK Transaction History Transmittal) is required to accompany DIC DZH, the storage activity will advise intended recipients (owners/managers) of the number of DIC DZK transactions being forwarded, the cutoff date, and the medium (e.g., DDN) using DIC DZP Location Reconciliation History Notification transaction (Appendix AP3.64).

C7.8.2.3.4.2.2. For transaction history associated with annual reconciliation, the owner/manager may cite Type of Physical Inventory/Transaction History Code Y in the DIC DZJ Request for History. DLA owner/managers will use code Y for automatic submissions of history requests for the Annual (Total) Reconciliation, and code W for automatic submissions of transaction history requests for their weekly process.

C7.8.2.3.4.3. Owners/managers will use the DIC DZN and DIC DZP transactions to determine receipt of all DIC DZH and DIC DZK transactions. Where the number of DIC DZH or DIC DZK transactions to be transmitted does not match what was actually received, the owner/manager may reject the DIC DZN or DIC DZP transaction using DIC DZG Transaction Reject with Reject Advice Code AY.

C7.8.2.3.5. In processing location reconciliation requests, owners/managers will match the requests to the owner/manager records. When a mismatch is programmatically unresolved, DIC D8B/D9B will be processed to adjust the owner/manager records. All Type I, II, and IV mismatches meeting the criteria for causative research (see Table C7.T3.) will be resolved as follows:

C7.8.2.3.5.1. Research of owner/manager active and historical records.

C7.8.2.3.5.2. Research of storage activity active/historical record (DIC DZJ, Transaction History Request, citing Type of Physical Inventory/Transaction History Code X).

C7.8.2.3.5.3. Request physical inventory (DIC DJA, using Type of Physical Inventory/Transaction History Code J).

C7.8.2.3.5.4. If the above actions fail to resolve the mismatch, the DIC D8B/D9B transaction will remain on the owner/manager records.

C7.8.2.3.6. A physical inventory is not required under the following conditions, except when the mismatch involves classified, sensitive, or pilferable items when the extended dollar value of the variance is greater than \$100.

C7.8.2.3.6.1. The owner/manager record may be adjusted without special inventory when the extended value of the variance is \$5,000 or less and 10 percent or less of the beginning value of the variant owner/manager record for Type IV errors (see Paragraph C7.6.2.2.4.).

C7.8.2.3.6.2. The owner/manager record may be adjusted without special inventory when the extended value of the variance is \$5,000 or less for Type I and Type II errors (see Paragraph C7.8.2.2.1. and C7.8.2.2.2.).

C7.8.2.3.7. When a discrepancy is identified during the location reconciliation program, transmit the following transactions, as appropriate, to the submitting activity:

C7.8.2.3.7.1. DIC DZG Transaction Reject, as prescribed in Chapter 9, prepared in the Appendix AP3.58 format.

C7.8.2.3.7.2. DIC DZB Storage Item Data Correction, as prescribed in Chapter 10, prepared in the Appendix AP3.53 format.

C7.9. RETENTION OF ACCOUNTABLE DOCUMENTATION. DOD requires that all Components meet audit requirements following the processing of documents and data and completion of research effort. Owners and storage activities will maintain records and supporting documentation in accordance with DoDI 5015.02 and DoD 7000.14-R, Financial Management Regulation, Volume 1 Chapter 9. The following business rules apply to storage activities and owners when retaining records for audit purposes:

C7.9.1. Source Documents. Retain original source documents or facsimiles in a readily accessible format. Source documents include only accountability change documents such as receipts, issues, shipments, transfers, SCC changes, and inventory and financial adjustments. Retain source documents providing evidence of shipment to FMS recipients, in accordance with DoDI 5015.02.

C7.9.2. Transaction Histories. Retain registers, records, files, tapes, and data in a format useful for audit trail purposes. Automated inventory control systems facilitate the output of transaction histories that indicate the date the last physical inventory was conducted for each item.

C7.9.3. Adjustment Research. Retain backup documentation that directly pertains to individual cases of inventory adjustment research efforts in a readily accessible format (to include physical inventory and accounting error adjustments).

C7.9.4. Annual Statistical Sample. Retain the annual statistical sample inventory line item detail data in a readily accessible format.

## C7.10. QUALITY CONTROL

C7.10.1. Goals and Objectives. DoD Components will establish a quality control program at each owner/manager and storage activity. Portions of the program can be accomplished during ongoing practices within inventory processes. Quality control results will assist management in identifying human, procedural, or system errors that adversely affect record accuracy and in achieving better control over physical materiel and warehousing practices. Within the scope of this quality control program, work processes directly related to the control of physical materiel will be monitored for attained quality levels, and performance evaluated on improvements, not numerical goals. Accordingly, all quality control programs will include reviews to assess the accuracy/quality of the following work processes:

C7.10.1.1. Warehousing practices -- to include checks of storage practices, stock rotation, shelf-life management, identification of materiel in store, mixed stock, location accuracy and rewarehousing projects.



C7.10.1.2. Receiving practices -- to include checks of documentation, materiel identity, quantity, and SCC; checks for processing timeliness; and verification of daily input data to the location system.

C7.10.1.3. Issuing practices -- to include checks of legibility of issue documents; accuracy of stock selection as to identity, quantity, unit of issue, shelf life, SCC, and type of pack (subsistence only); marking of outgoing shipments; and release to carriers.

C7.10.1.4. Validity of automated data -- to include checks of receipt, issue, and adjustment transaction data entries against input documentation.

C7.10.1.5. Inventory practices -- to include checks of inventory counts, location surveys, location reconciliation corrective actions, causative research, and adjustments at both the owner/manager and storage activities.

C7.10.1.6. Catalog practices -- to include checks of catalog change processing, accuracy, and timeliness, using the affected recorded locations as the universe.

C7.10.1.7. Locator file updates -- to include checking the accuracy of changes posted to the locator file (e.g., all additions, deletions, and changes of unit of issue, SCC, shelf life).

C7.10.1.8. Report of discrepancy processing -- to include checks for processing timeliness and checking the accuracy of Supply Discrepancy Report initiation, follow up and reply, investigative research including identification and correction of supply errors, adjustment of accountable and financial records, and preparation of financial liability investigation of property loss reports (DD Form 200).

C7.10.1.9. Logistics reassignment processing -- checks to determine whether the logistic reassignment actions were completed (e.g., Losing Item Manager (LIM)/Gaining Item Manager (GIM) records were changed to reflect decapitalization/transfer, LIM directed the storage activity to change the decapitalized/transferred assets to GIM ownership, the storage activity effected and advised the LIM of the change, and the LIM initiated action to resolve any quantity variances).

C7.10.1.10. Suspended asset processing -- to include checks of the timeliness in reclassifying suspended (SCCs J, K, L, Q, R, and X) materiel.

C7.10.2. Assignment of Responsibility. Whenever possible, quality control checks of these work processes will include identification of the individual performing the tasks. This will facilitate the placement of responsibility for appraising and improving quality with each manager within the chain of command.

C7.10.3. Command Emphasis. Continued command management emphasis and performance review of are essential for the success of the quality control program. Command managers must ensure effective organizational interrelationships among the functional elements concerned with the PICP such as: comptroller, data systems, transportation, warehousing, maintenance, quality control, and supply management. The quality control program will include provisions for initiation of corrective action when acceptable quality levels are not met.

#### C7.11. PHYSICAL INVENTORY CONTROL PROGRAM PERFORMANCE ASSESSMENT

C7.11.1. General. Each DoD Component will collect and maintain performance standards and management data prescribed in sections C7.11.2. and C7.11.3. for all materiel for which the Component maintains the property accountability record. This includes all DoD wholesale supply system assets of principal and secondary items, including package fuels, less all materiel exclusions listed in DoDM 4140.01. When required to report this information to higher authorities, Report Control Symbol DD-AT&L(AR) 935, Inventory Control Effectiveness (ICE) Report applies. DD Form 2338-1 (Inventory Control Effectiveness Report Ammunition) and DD Form 2338-2 (Inventory Control Effectiveness Report General Supplies) are provided at Appendices AP1.1 and AP1.2 respectively, for intra-Component use, when required by a Component.

#### C7.11.2. General Supplies Performance Standards and Data<sup>10</sup>

C7.11.2.1. General Supplies Inventory Adjustment Report Data -- Part I. Parentheses with each paragraph number refer to data shown on DD Form 2338-2, General Supplies.

C7.11.2.1.1. (Line 1.) Number of Physical Inventories and Variance Rate<sup>11</sup>

C7.11.2.1.1.1. (Line 1.A.) Number of Inventories Completed. The

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<sup>10</sup> Refer to ADC 415 available on the DLMS Website.

<sup>11</sup> Book-to-Book Adjustments are not included in Section 1 of DD Form 2338-2.

total number of line items inventoried (scheduled and unscheduled). Each SCC for a stock number at each storage activity is a line item.

C7.11.2.1.1.2. (Line 1.B.) Number of Inventories with Adjustments. The total number of line items inventoried (scheduled and unscheduled) that had an inventory variance.

C7.11.2.1.1.3. (Line 1.C.) Inventory Variance Rate. Reflects the percentage of the line items inventoried that had an inventory variance. Compute this figure by dividing the lines with an Inventory Variance by the total line items inventoried and multiplying by 100.  $((1B/1A) \times 100)$ .

C7.11.2.1.1.4. (Line 1.D.) Number of Inventory Adjustments Equal to or Greater Than ( $\geq$ ) Causative Research Criteria. The total number of line items inventoried (scheduled and unscheduled) that had an inventory variance (overage or shortage equal to or greater than Causative Research threshold) (dollar value of the variance is  $\geq$  \$16,000 for uncontrolled item, \$2500 for a pilferable item, and all adjustments of a sensitive/classified items).

C7.11.2.1.1.5. (Line 1.E.) Causative Research Variance Rate. The percentage of the total number of line items inventoried (scheduled and unscheduled) that had an inventory variance that met the Causative Research threshold. Compute this figure by dividing the lines that met Causative Research Criteria by the total line items inventoried and multiplying by 100.  $((1D/1A) \times 100)$ .

C7.11.2.1.2. (Line 2.) Number of Adjustments <sup>12</sup>

C7.11.2.1.2.1. (Line 2.A.) Number of Adjustment Gains (D8A). The total number of inventory gain adjustments.

C7.11.2.1.2.2. (Line 2.B.) Number of Adjustment Losses (D9A). The total number of inventory loss adjustments.

C7.11.2.1.2.3. (Line 2.C.) Number of Gain Reversals (D8A Reversal). The total number of gain reversals of inventory adjustments (from reporting and prior quarters).

C7.11.2.1.2.4. (Line 2.D.) Number of Loss Reversals (D9A Reversal). The total number of loss reversals of inventory adjustments (from reporting and prior quarters).

C7.11.2.1.2.5. (Line 2.E.) Total Number of Inventory Adjustments. The total number of inventory gain or loss adjustments including the number of gain and

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<sup>12</sup> Book-to-Book Adjustments are included in Section 2 of DD Form 2338-2.

loss reversals (from reporting and prior quarters) processed during the report period. (2A + 2B + 2C + 2D).

C7.11.2.1.2.6. (Line 2.F.) Number of Issues and Receipts (Transactions). The total number of Issues and Receipts posted during the report period.

C7.11.2.1.2.7. (Line 2.G.) Number of Adjustments, Gains, and Losses including Book-to- Book Adjustments. The total number of Adjustments, Gains, and Losses including Book-to- Book adjustments posted during the reported period.

C7.11.2.1.2.8. (Line 2.H.) Transaction Adjustment Rate. The total number of Adjustments, Gains, and Losses including Book-to- Book adjustments posted during the reported period compared to the total number of Issues and receipts posted during the report period. Compute this figure by dividing the total number of Adjustments, Gains, and Losses including Book-to- Book adjustments by the total number of Issues and receipts. (2G/2F).

C7.11.2.1.3. (Line 3) Monetary Value of Adjustments<sup>13</sup>

C7.11.2.1.3.1. (Line 3.A.) Value of Adjustment Gains (D8A). Monetary value of gain adjustments excluding the monetary value of gain reversals processed during the report period.

C7.11.2.1.3.2. (Line 3.B.) Value of Adjustment Losses (D9A). Monetary value of loss adjustments excluding the monetary value of loss reversals processed during the report period.

C7.11.2.1.3.3. (Line 3.C.) Value of Gain Reversals (D8A). The total monetary value of gain reversals processed during the reporting period.

C7.11.2.1.3.4. (Line 3.D.) Value of Loss Reversals (D9A). The total monetary value of loss reversals processed during the reporting period.

C7.11.2.1.3.5. (Line 3.E.) Total Value of Inventory Adjustments. Monetary value of gains and losses resulting from inventory adjustments including the monetary value of gain and loss reversals (from reporting and prior quarters) processed during the report period. (3A+3B+3C+3D).

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<sup>13</sup> Book-to-Book Adjustments are included in Section 3 of DD Form 2338-2.

C7.11.2.1.4. (Line 4) Adjustment Rates<sup>14</sup>

C7.11.2.1.4.1. (Line 4.A.) Average Value of Materiel in Storage.

The average value of on-hand assets as reflected on storage activity's owner/manager property accountability records for the 12 months prior to the report cutoff date (i.e., current quarter plus three quarters).

C7.11.2.1.4.2. (Line 4.B.) Record Value of Items Inventoried. The

extended value prior to inventory adjustments being posted during the reporting period.

C7.11.2.1.4.3. (Line 4.C.) Absolute Adjustment Rate for Materiel in Storage. Divide the value of the total number of inventory adjustments (including reversals) by the average value of materiel in storage.  $((3E/4A) \times 100)$ .

C7.11.2.1.4.4. (Line 4.D.) Absolute Adjustment Rate for Items Inventoried. Divide the value of the total number of inventory adjustments (including reversals) by the record value of items inventoried.  $((3E/4B) \times 100)$ .

C7.11.2.1.4.5. (Line 4.E.) Initial Adjustment Rate as Percentage of Inventory In Storage. Divide the value of the total number of inventory adjustments (without reversals) by the average value of materiel in storage.  $((3A + 3B) / 4A \times 100)$ .

C7.11.2.1.4.6. (Line 4.F.) Initial Adjustment Rate as Percentage of Items Inventoried. Divide the value of the total number of inventory adjustments (without reversals) by the record value of items inventoried.  $((3A + 3B) / 4B \times 100)$ .

C7.11.2.1.5. Denial Rates

C7.11.2.1.5.1. (Line 5.A.) Lines Directed for Shipment. The total number of line items directed for shipment (A5\_ Materiel Release Order (MRO), A4\_ referral order, and A2\_ redistribution order).

C7.11.2.1.5.2. (Line 5.B.) Total Materiel Release Order Denials. The total materiel denials (sum of total and partial denials, and warehouse refusals). Include denial transactions classified by denial Management Codes 1, 2, 3 (subsistence only), 4, and 5 (see Appendix AP2.6) in the total.

C7.11.2.1.5.3. (Line 5.C) Materiel Denial Rate. Compute this figure by dividing the total denials by the line items directed for shipment and multiplying by 100.  $((5B / 5A) \times 100)$ .

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<sup>14</sup> Book-to-Book Adjustments are included in section 4 of DD Form 2338-2.

C7.11.2.2 General Supplies - Accuracy and Performance Data -- Part II.

Each DoD Component will collect and maintain visibility of the following performance data for collective analysis of accuracy trends and corrective actions required.

C7.11.2.2.1. Receipt Processing. The accuracy rate is computed by dividing the total number of receipts (all types, e.g., new procurements, redistributions, returns from maintenance) posted and stored to the property accountability record on time by total number of receipts and multiplying by 100 during the reporting period. The Components may separately measure receipt processing timeframes by the type of receipt (e.g., D4\_, D6A, D6Ks) based upon business processes and negotiated agreements.

C7.11.2.2.2. Location Survey. The accuracy rate is computed by dividing the locations with discrepancies (Types 1, and 2) by the total locations surveyed (during the reporting period), multiplying by 100, and subtracting the result from 100 percent.

C7.11.2.2.3. Location Reconciliation. This performance figure represents the total number of reconciled location records (i.e. sum of line items on the Inventory Manager's record and line items that were not on the Inventory Manager's record but were on the storage activities' records) during a specified reporting period. The accuracy rate is computed by dividing the number of discrepancies (as defined in Paragraph C7.6.2.2.) by the number of reconciled records, multiplying by 100, and subtracting the result from 100 percent.

C7.11.2.2.4. Record Accuracy. This performance element represents the results of Type Physical Inventory/Transaction History Code N Sample Inventories. The sampling model incorporates a hierarchical approach where the total population of items is included and a single sample is randomly selected. Each selected line item (NSN/SCC) is placed in only one of the four categories by determining whether it meets a category's criteria, in sequential order. Table C7.T1 provides General Supplies Record Accuracy categories, goals, and tolerances.

C7.11.3. Ammunition Performance Standards and Data

C7.11.3.1. Performance - Part I

C7.11.3.1.1. Materiel Denials. Components will identify denials separately for low-risk and high-risk items.

C7.11.3.1.1.1. (Line 1.A.) Lines Directed for Shipment. The total number of line items directed for shipment (DIC A5\_ MRO, DIC A5J disposal release order (DRO), DIC A4\_ referral order, DIC A2\_ redistribution order).

C7.11.3.1.1.2. (Line 1.B.) Total Materiel Release Denials. The total materiel denials represented by the sum of total and partial denials, and warehouse refusals. Include denial transactions classified by denial Management Codes 1, 2, 5, 6, and 7 (see appendix AP2.6) in the total. Components will identify denials separately for low-risk and high-risk items.

C7.11.3.1.1.3. (Line 1.C.) Materiel Denial Rate. Compute this figure by dividing the total denials by the line items directed for shipment and multiplying by 100.  $((1B / 1A) \times 100)$  The DoD performance goal for the materiel release denial rate is not greater than 1 percent.

C7.11.3.1.2. Receipt Processing Performance

C7.11.3.1.2.1. (Line 2.A.) Receipts Posted and Stored. The total number of line-item receipts posted and stored to the total item property record.

C7.11.3.1.2.2. (Line 2.B.) Receipts Posted and Stored on Time. The total number of line item receipts that were effectively posted and stored within the MILSTRAP timeframes. Both storing and posting actions are considered complete when the item is in the storage location, or available for issue, and the quantity is posted to the total item property record.

C7.11.3.1.2.3. (Line 2.C.) On Time Receipt Rate. Compute this figure by dividing the total number of receipts posted and stored on time by the total number of receipts and multiplying by 100.  $((2B / 2A) \times 100)$  The DoD performance goal for posting and storing receipts on time is 90 percent.

C7.11.3.1.3. Record Reconciliation Program<sup>15</sup>

C7.11.3.1.3.1. (Line 3.A.) Locations Surveyed. The number of storage activity locations surveyed.

C7.11.3.1.3.2. (Line 3.B.) Survey Errors. The total number of location discrepancies as defined in paragraph C7.8.1.8 of this chapter (report only one error per stock number per location).

C7.11.3.1.3.3. (Line 3.C.) Survey Accuracy. Compute this figure by dividing the locations with discrepancies by the total locations surveyed multiplying

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<sup>15</sup> The location reconciliation process will not be required with the establishment of single shared asset balances (see paragraphs C7.2.2. and C7.2.4.).

by 100, and subtracting the result from 100 percent.  $(100 - ((3B / 3A) \times 100))$  The DoD goal for location survey accuracy is 98 percent.

C7.11.3.1.3.4. (Line 3.D.) Locations Reconciled.<sup>16</sup> The total number of location records reconciled (i.e., the sum of line items on the Inventory Manager's record and line items which were not on the Inventory Manager's record but were on the storage activities' records).

C7.11.3.1.3.5. (Line 3.E.) Reconciliation Errors. The total number of discrepant location records as defined in paragraph C7.8.2.2. (count one error per location reconciliation request (line item) or unmatched Inventory Manager's record).

C7.11.3.1.3.6. (Line 3.F.) Reconciliation Accuracy. Compute this figure by dividing the number of discrepancies by the number of records reconciled, multiplying by 100, and subtracting the result from 100 percent.  $(100 - ((3E / 3D) \times 100))$  The DoD goal for location reconciliation accuracy is 98 percent.

#### C7.11.3.2. Physical Inventory and Adjustments - Part II

##### C7.11.3.2.1. Physical Inventories

C7.11.3.2.1.1. (Line 1.A.) Number of Scheduled and Unscheduled Inventories Completed. The total number of line items inventoried (scheduled and unscheduled). Each SCC for a stock number at each storage activity is a line item.

C7.11.3.2.1.2. (Line 1.B.) Number of Inventories with Variances. The total number of line items inventoried (scheduled and unscheduled) that had an inventory variance.

C7.11.3.2.1.3. (Line 1.C.) Inventory Record Accuracy. Reflects the percent of lines inventoried without an inventory variance. Compute this figure by dividing the lines with an inventory variance by the total lines inventoried and multiplying by 100, and subtracting the result from 100 percent.  $(100 - ((1B / 1A) \times 100))$ . The DoD inventory record accuracy goal for ammunition is 95 percent.

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<sup>16</sup> Performance data maintained by Owner/Manager regardless where materiel is stored.



C7.11.3.2.2. Number of Inventory Adjustments from Other Than Physical Inventories<sup>17</sup>

C7.11.3.2.2.1. (Line 2.A.) Number of Location Reconciliation Adjustments. The number of location reconciliation adjustments (DI Code D8/9B).

C7.11.3.2.2.2. (Line 2.B.) Number of End of the Day Processing Adjustments. The number of end of the day processing adjustments (DI Code D8/9B).

C7.11.3.2.2.3. (Line 2.C.) Total. Absolute total of adjustments from other than physical inventories. (2A + 2B)

C7.11.3.2.3. (Line 3.) Total Inventory Adjustments. The sum of number of inventories with variances and the number of adjustments from other than physical inventories. (1B + 2C).

C7.11.3.2.4. Number of Reversals of Inventory Adjustments.

C7.11.3.2.4.1. (Line 4.A.) Number of Gain Reversals. The number of gain reversals of inventory adjustments.

C7.11.3.2.4.2. (Line 4.B.) Number of Loss Reversals. The number of loss reversals of inventory adjustments.

C7.11.3.2.4.3. (Line 4.C.) Total. Absolute total of inventory reversals (gains and losses).

C7.11.3.2.5. Monetary Value

C7.11.3.2.5.1. (Line 5.A.) Average Value of Inventory. The average value of on-hand assets as reflected on financial records for the 12 months prior to the report cutoff date (i.e., current quarter plus last three quarters).

C7.11.3.2.5.2. (Line 5.B.) Record Value of Items Inventoried. The extended value prior to actual inventory of line items inventoried (scheduled and unscheduled) during the reporting period.

C7.11.3.2.5.3. Value of Inventory Adjustments

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<sup>17</sup> The end of day process and location reconciliation process will not be required with the establishment of single shared asset balances (see paragraphs C7.2.2 and C7.2.4.).

C7.11.3.2.5.3.1. Physical Inventory Adjustments

C7.11.3.2.5.3.1.1. (Line 5.C.(1)(A)) Gains. Monetary value of gains resulting from inventory less the monetary value of gain reversals (from current and prior quarters) processed during the report period.

C7.11.3.2.5.3.1.2. (Line 5.C.(1)(B)) Losses. Monetary value of losses resulting from inventory less the monetary value of loss reversals (from current and prior quarters) processed during the report period.

C7.11.3.2.5.3.1.3. (Line 5.C.(1)(C)) Gross Adjustments.  
Computed as lines (5C(1)(A) + 5C(1)(B))

C7.11.3.2.5.3.2. Reversals -- Current Quarter

C7.11.3.2.5.3.2.1. (Line 5.C.(2)(A)) Gains. The total monetary value of decreases to the record balances as a result of reversing gain adjustments processed during the reporting period. Compute the Fiscal Year (FY) to Date value for reversal of current quarter gains by adding the quarter ending value for reversal of current quarter gains to the prior quarter FY to Date value of reversal of current quarter gains.

C7.11.3.2.5.3.2.2. (Line 5.C.(2)(B)) Losses. The total monetary value of increases to the record balances as a result of reversing loss adjustments processed during the reporting period. Compute the FY to Date value for reversal of current quarter losses by adding the quarter ending value for reversal of current quarter losses to the prior quarter FY to Date value for reversal of current quarter losses.

C7.11.3.2.5.3.2.3. (Line 5.C.(2)(C)) Total. Absolute total of reversals of current quarter gains and losses. Computed as lines (5C(2)(A) + 5C(2)(B))

C7.11.3.2.5.3.3. Reversals -- Prior Quarters

C7.11.3.2.5.3.3.1. (Line 5.C.(3)(A)) Gains. The total monetary value of decreases to record balances as a result of reversing gain adjustments reported in prior quarters. Compute the FY to Date value for reversal of prior quarters gains by adding the quarter ending value for reversal of current quarter gains to the prior quarter gains.

C7.11.3.2.5.3.3.2. (Line 5.C.(3)(B)) Losses. The total monetary value of increases to record balances as a result of reversing loss

adjustments reported in prior quarters. Compute the FY to Date value for reversal of prior quarters' losses to the prior quarter FY to Date value for reversal of prior quarters' losses.

C7.11.3.2.5.3.3. (Line 5.C.(3)(C)) Total. Absolute total of reversals of prior quarter gains and losses. Computed as  $(5C(3)(A) + 5C(3)(B))$

C7.11.3.2.5.3.4. (Line 5.C.(4)) Total Reversals. The total of reversals of current quarter and prior quarter gains and losses. Computed as  $(5C(2)(C) + 5C(3)(C))$

C7.11.3.2.5.3.5. (Line 5.C.(5)) Total Record Imbalances. The total of gross adjustments and total reversals. Computed as  $(5C(1)(C) + 5C(4))$

C7.11.3.2.6. Gross Adjustments As a Percent of:

C7.11.3.2.6.1. (Line 6.A.) Average Value of Inventory. Divide the total value of gross adjustments by the average value of inventory and multiply by 100.  $((5C(1)(C) / 5A) \times 100)$

C7.11.3.2.6.2. (Line 6.B.) Value of Items Inventoried. Divide the total value of gross adjustments by the record value of items inventoried and multiply by 100.  $((5C(1)(C) / 5B) \times 100)$

C7.11.3.2.7. Total Record Imbalances As a Percent of:

C7.11.3.2.7.1. (Line 7.A.) Average Value of Inventory. Divide the value of the total record imbalances by the average value of inventory.  $((5C(5) / 5A) \times 100)$

C7.11.3.2.7.2. (Line 7.B.) Value of Items Inventoried. Divide the value of the total record imbalances by the record value of items inventoried.  $((5C(5) / 5B) \times 100)$

C7.11.3.2.8. Monetary Value of Location Reconciliation<sup>18</sup>

C7.11.3.2.8.1. (Line 8.A.) Value of Line Items Reconciled. The extended value of line items reconciled during the reporting period.

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<sup>18</sup> The end of day process and location reconciliation process will not be required with the establishment of single shared asset balances (see subparagraphs C7.2.2. and C7.2.4.).

C7.11.3.2.8.2. (Line 8.B.) Gains. The monetary value of gains resulting from reconciliation during the period.

C7.11.3.2.8.3. (Line 8.C.) Losses. The monetary value of losses resulting from reconciliation during the period.

C7.11.3.2.8.4. (Line 8.D.) Total. Absolute total of location reconciliation gains and losses. (8B + 8C)

C7.11.3.2.9. Monetary Value of End of the Day Processing

C7.11.3.2.9.1. (Line 9.A.) Gains. The value of gains resulting from end of the day processing.

C7.11.3.2.9.2. (Line 9.B.) Losses. The value of losses resulting from end of the day processing.

C7.11.3.2.9.3. (Line 9.C.) Total. Absolute total of end of the day processing gains and losses. (9A + 9B)

Table C7.T3. Minimum Research Requirements For Potential Or Actual Physical Inventory Adjustments

Condition Of Discrepancy		Required Research		
		Post Count Validation	Preadjustment Research	Causative Research
1.	≤ \$1,000	NO	NO	NO
2.	> \$1,000 but ≤ \$5,000 and ≤ 10 percent unit variance	YES	NO	NO
3.	> \$1,000 but ≤ \$5,000 and > 10 percent unit variance	YES	YES	NO
4.	> \$5,000 but ≤ \$16,000 and ≤ 25 percent unit variance	YES	YES	SAMPLE
5.	> \$5,000 but ≤ \$16,000 and > 25 percent unit variance	YES	YES	YES
6.	> \$16,000	YES	YES	YES
7.	Controlled Inventory Item	YES	YES	YES <sup>19</sup>
8.	Suspected Fraud, Waste, or Abuse	YES	YES	YES

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<sup>19</sup> Sample causative research in lieu of complete causative research for pilferable and CIIC 7 item discrepancies with a value from \$.01 to \$2,500 may be performed to serve as a deterrent to fraud, waste, or abuse and to identify systemic inventory and security problems. Causative research will be conducted on all adjustments (gains and losses) of classified and sensitive items regardless of dollar value of item or extended dollar value of adjustment. Causative research will be conducted on all adjustments (gains and losses) of pilferable items and CIIC 7 items with an extended value greater than \$2,500, and all adjustments with an extended value of greater than \$16,000 or greater than 25 percent unit variance and greater than \$5,000.

## C12. CHAPTER 12

### SMALL ARMS AND LIGHT WEAPONS SERIAL NUMBER REGISTRATION AND REPORTING

C12.1. SCOPE. The provisions of this chapter apply to the DoD Components responsible for inventory management of small arms and light weapons (SA/LW).

C12.2. GENERAL

C12.2.1. This chapter provides procedures for reporting SA/LW serial number data between DoD Components and the DoD SA/LW Registry (hereafter referred to in this chapter as the DoD Registry). Small arms/light weapons, as defined in Definitions and Terms, including those mounted on aircraft, vehicles, and vessels, that are accounted for in unclassified property records, shall be reported (included will be foreign and commercial weapons, museum pieces with serial numbers, and captured, confiscated, or abandoned enemy SA/LW in the possession of the Department of Defense).

C12.2.2. **List of Unique Item Identifier (UII) and/or Serial Numbers in Shipments.** In addition to requirements contained in DLM 4000.25-1, Military Standard Requisitioning and Issue Procedures (MILSTRIP), the shipping activity **will** provide a listing of the **SA/LW UIIs and** serial numbers contained in each shipment with the shipment documentation accompanying SA/LW shipments between DoD Components. When shipments consist of multiple containers, the listing **will** identify which **UIIs and** serial numbers are within each container. **Additionally, the shipping activity will format the Issue Release/Receipt Document (IRRD) (DD Form 1348-1A or DD Form 1348-2) continuation page in accordance with MILSTRIP Appendix 1.36 to provide a machine-readable 2D bar code(s) containing each UII linked with the applicable serial number, and linear bar codes associated with the human readable serial numbers for each item.**

C12.2.3. When discovered, SA/LW without a national stock number (NSN) and/or SA/LW (except museum pieces) with missing, obliterated, mutilated, or illegible serial numbers shall be reported to the DoD Registry by the Component Registry for review and assignment of a management control number (MCN)/NSN and/or serial number. Assignment of a local control number (LCN) or MCN shall not replace or be used in lieu of procedures to request assignment of an NSN where applicable. The Component Registry shall report all SA/LW without an NSN and/or SA/LW serial number, by

message or letter, for assignment of serial number and/or NSN in the format in table C12.T1. below:

C12.T1. Format To Report Small Arms and Light Weapons Without a National Stock Number/Serial Number

NSN	Serial Number	Description
(NSN or none)	(Serial Number or none)	(Make, model, caliber, and other nomenclature data)

C12.2.4. LCNs/MCNs shall be used by the DoD Components for weapon identification until a valid NSN can be obtained from the DoD Registry in accordance with paragraph C12.2.3 or notification that the MCN/LCN will not be assigned an NSN.

C12.2.5. Lost, abandoned, or unclaimed privately-owned SA/LW that are processed through a Board of Officers for actions described in DoD 4160.21-M, "Defense Materiel Disposition Manual," Chapter 4 and subsequently turned in to a DLA Disposition Service Field Office shall be registered immediately when they come under Government control.

C12.2.6. Nonappropriated funded SA/LW turned in to a DLA Disposition Service Field Office and privately-owned weapons classified as claims property shall be registered immediately when they come under the control of the Department of Defense. SA/LW that are claimed (private property whose title has passed to the Department of Defense as a result of a claim against the Government due to its damage in connection with Government activities, usually movement of household goods) and confiscated (private property whose title has passed to the Department of Defense as a result of being confiscated by appropriate authority, usually as a result of being abandoned and/or unauthorized for personal possession) by DoD activities shall be reported immediately to the Component Registries.

C12.2.7. The DoD Components shall obtain a new or currently assigned NSN from the DoD Registry for modified weapons rendered inoperable that are used for ceremonial or training purposes. These weapons shall be retained on the Component Registries as weapons subject to the reporting criteria.

C12.2.8. The DoD Components shall establish procedures to ensure reporting of lost, stolen, unaccounted, and/or recovered SA/LW under the provisions of DoDM 5100.76, "Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives".

C12.2.9. In the event of mobilization or other emergency, the DoD Registry and the Component Registries shall continue to operate and be maintained. Transaction Code J, Suspension of Reporting Requirements may be utilized in emergency situations as authorized by the individual Services.

C12.2.10. Captured, confiscated, or abandoned enemy SA/LW in the possession of the Department of Defense as a result of military actions shall be registered. SA/LW may be of foreign or domestic manufacture and may include recaptured U.S. military SA/LW.

C12.2.11. Reporting Foreign Weapon Serial Numbers

C12.2.11.1. When reporting foreign weapons' serial numbers that contain unidentifiable characters (non-English alpha characters/non-Arabic numerals) that can be translated into an alpha/numeric equivalent, the translated serial number shall be permanently inscribed on the weapon. When the foreign-weapon serial number cannot be translated into alpha/numeric equivalents, the DoD Component shall contact the DoD Registry for assignment of a serial number. Upon assignment of a serial number, the DoD Component shall permanently inscribe the newly assigned serial number on the weapon.

C12.2.11.2. The translated or assigned serial number of the historical weapon must be reported to the Component and DoD Registries, in accordance with reporting requirements of this document.

C12.2.11.3. Foreign weapons designated by their Component Registry as having historical value are exempt from the requirement to have translated or assigned serial numbers permanently inscribed, since inscription would destroy the historical value of the weapon.

C12.3. OBJECTIVES

C12.3.1. Establish continuous visibility over all SA/LW by serial number from the contractor to depot; in storage; in transit to requisitioners; in post, camp, and station custody; in the hands of users; during turn-ins; in renovation; and during disposal/demilitarization.

C12.3.2. Interface the SA/LW serial number reporting between the DoD Components using standard procedures.

C12.3.3. Provide follow-up procedures for delinquent shipment/receipt transactions.



C12.3.4. Provide SA/LW records reconciliation procedures.

C12.3.5. Provide law enforcement agencies, within 72 hours, the identification of the last known accountable activity having a specific serial-numbered SA/LW.

#### C12.4. EXCLUSIONS

C12.4.1. SA/LW purchased with nonappropriated funds and privately-owned weapons are exempt from being reported to the DoD Registry since these weapons are controlled by civil authorities under the Gun Control Act of 1968. This does not include weapons turned in for disposal (see paragraphs C12.2.5 and C12.2.6 above).

C12.4.2. Classified activities that determine that specific SA/LW should not be registered under these procedures should request guidance through appropriate channels from the DoD Component.

C12.4.3. Deviations from MILSTRAP requirements by DoD activities with small static inventories require concurrence of the Joint Small Arms and Light Weapons Coordinating Group (JSA/LWCG) and approval of the JSA/LWCG Chair. Submit requests for deviations, to include appropriate justification, via electronic mail to the Defense Logistics Management Standards comment form, available on the DLMS Website, or by traditional mail to:

Defense Logistics Management Standards J67B  
Room 1650  
Defense Logistics Agency J6  
JSA/LWGC CHAIR  
8725 John J Kingman Road, STOP 6205  
Fort Belvoir, VA 22060-6217.

#### C12.5. DELINEATION OF RESPONSIBILITIES

C12.5.1. DoD Registry shall:

C12.5.1.1. Be operated and maintained by the Department of the Army.

C12.5.1.2. Provide a central repository of SA/LW serial numbers from the Component Registries, to include those on hand, in transit, lost, stolen, demilitarized, or shipped outside the control of the Department of Defense.

C12.5.1.3. Provide law enforcement agencies, within 72 hours, the identification of the last known accountable activity (to include telephone number)

having a specific serial-numbered weapon (see paragraph C12.7.6, below). Respond as expeditiously as possible to other inquiries, depending upon volume and existing workload.

C12.5.1.4. Enter all inquiries from law enforcement agencies and inquiries from appropriate military and civilian activities for weapons located in foreign countries on the DoD Registry file when no record exists on the active or inactive file. This shall be accomplished by using the Document Identifier Code (DIC) DSM transactions with SA/LW Transaction Code I (Interrogation/Inquiry Record) and entering the message/inquiry form number in the document number field for cross-reference purposes.

C12.5.1.4.1. For weapons identified as belonging to a DoD Component, these entries shall remain in the DoD active master file until the weapon is returned to DoD control and properly recorded on a Component Registry.

C12.5.1.4.2. Weapons identified as other than DoD in origin shall be placed in the inactive file of the DoD Registry.

C12.5.1.5. At minimum, identify duplicate serial numbers received from the Component Registries on a quarterly basis. The appropriate DoD Component shall be contacted to verify duplicates and the DoD Registry shall issue selected suffixes to modify affected serial number(s) for all but one of the duplicate numbers. To the extent possible, weapons with duplicate serial numbers located in the wholesale system shall be modified first to maintain an audit trail for all modification actions:

C12.5.1.5.1. Provide appropriate corrective instructions to the Component Registries reporting duplicate serial numbers.

C12.5.1.5.2. Establish a complete historical cross-reference record (mechanical or hard copy).

C12.5.2. DoD Component Registries shall:

C12.5.2.1. Maintain and control a mechanized active, inactive, and history file to control SA/LW serial numbers for which they do or did maintain accountability.

C12.5.2.2. Update files based on transaction reporting (e.g., receipts, issues, turn-ins, and inter-DoD Component transfers). Perpetuate suffix codes from all receipt/issue/adjustment transactions when updating files.

C12.5.2.3. Use standard data elements prescribed in Appendix AP2 and transactions prescribed in Appendix AP3 to interface between Component Registries for

reporting changes affecting the SA/LW status in the master file of the Component Registries.

C12.5.2.4. Provide for monthly electronic file overlay to the DoD Registry reflecting active and inactive files in serial number sequence.

C12.5.2.5. Identify duplicate serial numbers on file and request altering instructions from the DoD Registry for all but one of the duplicate numbers. Suspend movement of these weapons pending verification of the record and/or receipt of instructions for modification of the serial number on the weapon.

C12.5.2.6. Provide available data upon receipt of an inquiry from a law enforcement agency within 72 hours, and initiate action as deemed appropriate.

C12.5.2.7. Perform an annual records verification utilizing the registry files to obtain records compatibility with depot files and inventory control point (ICP) files by stock number and quantity.

C12.5.2.8. Report lost, damaged or destroyed weapons in accordance with DoD 7000.14-R, "Department of Defense Financial Management Regulations," Volume 12, Chapter 7. SA/LW Transaction Code Q (Notification of Suspected Loss) is applicable for reporting potential lost or stolen SA/LW pending full investigation and preparation of a Financial Liability Investigation of Property Loss Report (DD Form 200). SA/LW Transaction code U (Found or Recovered) is applicable for reporting if the missing weapon is found or recovered. Use the Weapon Serial Number (WSN) control transaction, DIC DSM, for updating the registries.

C12.5.2.9. After all investigative requirements have been initiated, including a Financial Liability Investigation of Property Loss Report, identify lost or stolen weapons on the Component Registry with Small Arm Transaction Code L (Inventory Adjustment – Loss). Use DIC DSM prepared in the Appendix AP3.36 format. (Note: In accordance with DoD 5100.76-M, the DoD Components are required to submit semiannual reports to the chairperson, Physical Security Review Board, for all weapons where theft, loss, and recovery occur.)

C12.5.2.10. Perform an annual SA/LW reconciliation with all activities recorded on the registry as having possession and/or accountability of reported SA/LW by serial number, stock number, and quantity. The reconciliation method shall depend upon the DoD Components' ability to utilize Defense Information Systems Network (DISN)/Nonsecure Internet Protocol Router Network (NIPRNET) transactions or listings. When listings are used to perform the annual reconciliation, identify them by the

appropriate transaction DIC either as header information or reflected with each line entry (see paragraph C12.7.8 below).

C12.5.2.11. Report all new weapons or devices that could be construed as SA/LW to the JSA/LWCG chairperson. The chairperson shall determine the reportability and notify the Services. Weapons or devices for which no determination can be made shall be discussed by the full JSA/LWCG.

C12.5.3. The JSA/LWCG responsibilities are as set forth in DoD 4140.1-R, "DoD Supply Chain Materiel Management Regulation".

#### C12.6. SAFEGUARDING AND PHYSICAL SECURITY OF AUTOMATIC DATA PROCESSING RECORDED DATA

C12.6.1. The SA/LW data contained in the Automatic Data Processing (ADP) records of the DoD Registry could produce classified data if the total number of serial numbers by weapon type were summarized. Consideration should be given to security of the SA/LW records due to their sensitive nature. Security of ADP records shall be in accordance with DoDM 5200.01, "DoD Information Security Program," February 24, 2012.

C12.6.2. A determination to classify shall be made when there is sound reason to believe that knowledge of the information would provide unfriendlies with an insight into the war potential, war defense plans, or posture of the United States and could reasonably be expected to cause a degree of harm to the national security.

C12.6.3. The operation of this program does not relieve units/activities from the requirements for physical security of weapons in accordance with DoD Component regulations.

#### C12.7. OPERATING PROCEDURES

C12.7.1. The Component Registries shall provide for electronic file transfer of their active and inactive files, in serial number sequence, to arrive at the DoD Registry not later than the 10th of each month. The format shall be in accordance with DIC DSM, Appendix AP3.36. The DoD Registry shall verify record counts as indicated on the files.

C12.7.2. The DoD Registry shall combine the DoD Components' electronic files into a single file, in serial number sequence, not later than the 15th day of each month. At minimum, the DoD Registry shall identify duplicate serial numbers quarterly in accordance with subparagraph C12.5.1.5 above.

C12.7.2.1. If the duplicate serial numbers appear during the next check, and are owned by a single DoD Component, the Component Registry shall be notified to validate the serial numbers. If duplicate serial numbers remain after this validation, the Component Registry shall take action to request altering instructions from the DoD Registry to modify affected serial number(s). The DoD Registry shall issue modified serial numbers (utilizing selected alpha suffix(es)) and maintain a complete historical cross-reference record.

C12.7.2.2. If the duplicate serial numbers appear during the next check, and are owned by more than one DoD Component, the DoD Registry shall notify each Component Registry to validate its serial numbers. If duplicates remain after this validation process, the DoD Registry shall issue modified serial numbers to one of the Component Registries (utilizing selected alpha suffix(es)) and maintain a complete historical cross-reference record.

C12.7.3. Weapons recovered by law enforcement agencies or foreign countries and returned to the custody of a DoD Component shall be registered on the Component Registry using SA/LW Transaction Code U (Found or Recovered) and DIC DSM.

C12.7.4. WSN control transactions, DIC DSM, are used to report inter-DoD Component transfers between the Component Registries. The data flow for reporting shipments shall be as follows:

C12.7.4.1. Shipments between DoD Components:

C12.7.4.1.1. When SA/LW are selected for shipment by the shipping activity, provide the WSN transaction data for the weapons to the shipping Component Registry using DIC DSM (see Appendix AP3.36). The shipping Component Registry enters the SA/LW data in the active file to indicate the in-transit shipment. The shipping Component Registry then forwards the WSN transaction to the destination Component Registry for all inter-DoD Component shipments.

C12.7.4.1.2. The receiving Component Registry enters the SA/LW data into the active file to open the record. This record is maintained until confirmation of weapon receipt is provided by the receiving activity.

C12.7.4.1.2.1. The receiving activity verifies the **Ulls and** serial number(s) and sends the WSN transaction, with SA/LW Transaction Code R (Receipt), to its Component Registry. The receiving Component Registry matches the SA/LW data against the in-transit record. A match constitutes a reconciliation and completes the record.

C12.7.4.1.2.2. ***The receiving activity will verify discrepant UII and/or serial number(s) by electronic mail or telephone, and take corrective action taken. Additionally, the receiving activity will submit an SDR to the appropriate shipping activity in accordance with Chapter 17 procedures for IUID-related discrepancies.***

C12.7.4.1.2.3. The receiving Component Registry provides the DSM transaction with Transaction Code R to the shipping Component Registry.

C12.7.4.1.3. Weapon shipments from one DoD Component to another for maintenance purposes shall also be reported to appropriate Component Registries. This requirement shall be included in any maintenance support agreement.

C12.7.4.1.4. If 30 calendar days from date of shipment for CONUS and 90 calendar days for overseas is exceeded, the shipping Component Registry shall initiate coordination to determine the status of the outstanding S transaction(s) (see paragraph C12.8.2.) (for receiving Component Registry procedures, see paragraph C12.8.3.). A monthly overage shipment listing shall also be sent to the receiving Component Registry.

C12.7.4.2. Shipments from Procurement. When weapons are shipped from a contractor to activities within the Department of Defense, the contractor is required to prepare three WSN control transactions. SA/LW Transaction Code P (Procurement Gains) shall be in the one transaction provided to the shipping Component Registry giving notification of shipment. The data are entered in the shipping Component Registry to open the record. This record shall be maintained in suspense until confirmation of weapon receipt is provided by the receiving activity. The receiving activity shall submit the DSM transaction to update its Component Registry. The two remaining WSN transactions shall have the Routing Identifier Code (RIC) of the shipping Component Registry to which the confirmation of receipt shall be provided. The WSN transactions shall accompany the shipment documentation. When shipments consist of multiple containers, a listing shall identify which serial numbers are within each container.

C12.7.4.3. When SA/LW are selected for shipment to Foreign Military Sales/Grant Aid and other Agencies outside DoD control, or when a DoD agency assumes title and accountability for U.S. weapons purchased or produced under a DoD contract, then shipped directly to Security Assistance or other customers outside the Department of Defense, the WSN transactions for the weapons shall be provided to the shipping Component Registry giving notification of shipment. The shipping Component Registry codes each weapon in the shipment using SA/LW Transaction Code N

(Shipment to Other Agencies) or F (Shipment to FMS/Grant Aid) depending upon type of shipment. The shipping Component Registry then enters the SA/LW shipment data into the inactive file. Weapons returned to the DoD supply system from previous shipments to FMS/Grant Aid and other agencies outside DoD control shall be registered by the receiving activity on its Component Registry.

**C12.7.5. *Shipment to DLA Disposition Services for Demilitarization. Shipping activities will follow procedures as prescribed in this chapter for inter-DoD Component transfers.***<sup>1</sup>

**C12.7.5.1. *Shipments of a partial weapon identified under the whole weapon NSN and serial number/Ull must include a list of the missing parts or signed statement certifying that the weapons have missing parts. Shipments of a partial weapon identified under the whole weapon NSN, but lacking the required list of missing parts or equivalent certification are discrepant. DLA Disposition Services will hold rejected serialized weapons/weapon parts in a segregated location pending resolution of the SDR. If the DLA Disposition Services does not receive a reply to the SDR with the updated documentation or is otherwise unable to resolve the discrepancy within 25 days, DLA Disposition Services will return the partial weapons to the turn-in activity. If DLA Disposition Services cannot locate the turn-in activity, DLA Disposition Services will contact DoD Registry for resolution/disposition instructions or referral to the owning Service.***

**C12.7.5.2. *DLA Disposition Services will NOT accept a turned in weapon subcomponent, such as the upper receiver, butt stock assembly, barrel assembly, etc., without its matching serialized receiver, under its end item NSN and serial number/Ull under any circumstances. When identifying the serialized receiver on a weapon, the term “serialized receiver” refers to the receiver that displays or holds the serial number of a particular weapon. DLA Disposition Services will receipt the subcomponent under the applicable materiel identification for the subcomponent(s) and submit an informational SDR to the generator. DLA Disposition Services will send a disposition services turn-in receipt acknowledgement transaction citing the turn-in materiel identification (for reconciliation by the turn-in activity), and the actual materiel identification used for the DLA Disposition Services receipt. The SDR will alert the turn-in activity to correct serialized item tracking registries as needed. DLA Disposition Services will mutilate and/or destroy non-serialized weapon parts consistent with the demilitarization code requirements, local policies, laws, and regulations.***

**C12.7.6.** When SA/LW are selected for destruction at the demilitarization activity, the demilitarization activity sends the SA/LW data (DIC DSM with SA/LW Transaction Code V (Demilitarization)) to the Component Registry once the demilitarization has been

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<sup>1</sup> Refer to ADC 1175.

completed. The Component Registry *will* code each of the demilitarized weapons using SA/LW Transaction Code V and enters the SA/LW demilitarization data into the inactive file.

C12.7.7. The DoD SA/LW Serialization Program is designed to provide investigative agencies, within 72 hours, the identification of the last accountable activity having a specific serial-numbered SA/LW. Investigative agencies will process all inquiries by electronic mail, message, letter, or telephone to the DoD Registry. The DoD Registry shall identify the accountable Component Registry from the data contained in its master record and query that registry as to the last activity accountable for the specific serial-numbered weapon. Once the Component Registry identifies the last accountable activity, response is provided to the investigative agency through the DoD Registry.

C12.7.8. The Component Registry shall reject Invalid or erroneous transactions except DIC DSA (see paragraph C12.7.10) to the originator of the transaction using DIC DSR (see appendix AP3.37). Reject codes and required corrective action are contained in Appendix AP2.13. Since the reject advice code identifies only one error condition in the transaction, activities shall review all other fields of the rejected transactions prior to resubmission to ensure that all data entries are correct.

C12.7.8.1. The Component Registry shall hold rejected transactions in a suspense file until corrective action has been received from the DoD Component. DIC DSC transactions prepared in the Appendix AP3.33 format shall be used to respond to rejected transactions.

C12.7.8.2. If no corrective action is received by the Component Registry within 14 calendar days, a DIC DSF follow-up (Appendix AP3.35), shall be forwarded to the DoD Component.

C12.7.9. The annual reconciliation of all SA/LW on the Component Registry shall be performed using DIC DSR (Appendix AP3.37) with SA/LW Transaction Code E (Intra-DoD Component Reconciliation of SA/LW serial numbers, and Inter-DoD Component Reconciliation with DLA Defense Distribution Depots). This is a bottoms up records reconciliation (i.e., matching records from the activity having physical custody and/or accountability of the weapon to the Component registry records. Matching records shall be considered reconciled. Duplicate SA/LW serial numbers detected during the reconciliation shall require modification instructions from the DoD Registry. Component Registries that perform the annual reconciliation using other than transaction reporting shall ensure that listings contain DIC DSR in the heading. SA/LW



Transaction Code E need not be identified on the listing or posted to the Component Registry.

C12.7.9.1. Records not matched, or for SA/LW for which no reconciliation was received by the Component Registry, shall result in a SA/LW Reconciliation/Reject transaction, DIC DSR, to the DoD Component. The appropriate SA/LW error transaction reject codes are contained in Appendix AP2.13.

C12.7.9.2. If corrective transactions and/or notification of a problem is not received from the DoD Component within 60 calendar days, the Component Registry shall follow up using DIC DSF (Appendix AP3.35).

C12.7.10. Perform mass stock number changes using DIC DSB (Appendix AP3.32).

C12.7.11. Reporting activities shall use the SA/LW Multi-Field Corrections Transaction, DIC DSA (Appendix AP3.31) to change erroneous information on the Component Registry active/inactive file. The Component Registry shall reject DIC DSA transactions that contain invalid data or do not match the file.

C12.7.11.1. Reporting activities shall prepare SA/LW Multi-Field Corrections Transaction (DIC DSA) when the Component Registry contains erroneous information. Changes can be made to the NSN/MCN/LCN/DoD activity address code (DoDAAC)/unit identification code (UIC) of the accountable activity and serial number. When using the DIC DSA transaction to correct erroneous entries recorded on the Component Registry, data previously reported in record positions 8 through 41 shall remain the same. Transaction code K shall be entered in record position 7.

C12.7.11.2. DIC DSA transactions received by the Component Registry that do not match the NSN/MCN/LCN, reporting activity DoDAAC/UIC, or serial number contained on the active/inactive file shall be rejected to the reporting activity. The rejected transaction shall contain the appropriate error transaction reject code as contained in appendix AP2.13 in record positions 76-77, and the date rejected in record positions 78-80. Rejected transactions shall be suspended in the Component Registry pending receipt of a corrected DIC DSA transaction. Since only one reject code can be reflected in the rejected transaction, the reporting activity must review all entries for additional invalid data before resubmitting the corrected transaction.

C12.7.11.3. DoD Component Registries shall not include the DIC DSA transaction on their electronic file transfer to the DoD Registry. The Component Registry shall convert the DIC DSA received from the reporting activity to DIC DSM with Transaction Code K in record position 7 and the old serial number in the document

number field (record positions 30-43) for all changes to the serial number field for the monthly electronic file transfer.

## C12.8. TIME STANDARDS FOR PROCESSING UPDATES AND FOLLOW-UPS FOR SHIPMENTS AND RECEIPTS

C12.8.1. One objective of the SA/LW serial number registration and reporting procedures is to provide visibility of actual location of all weapons by the timely update of the Component Registries during the shipment or receipt process. The timeframe for processing the WSN Control (DIC DSM) for SA/LW Transaction Codes R and S is 10 calendar days from date of action.

C12.8.1.1. Within 10 calendar days of selection for shipment, the shipping activity shall enter the WSN transaction data on the shipping Component Registry to indicate which serial numbers are included in the in-transit shipment. Activities that do not have mechanized capability shall provide the WSN transaction or hard copy information to the shipping Component Registry by the fastest available means, leaving the shipping activity within 10 calendar days of selection for shipment.

C12.8.1.2. Within 10 calendar days of receipt of the WSN data from the shipping activity, the shipping Component Registry shall use the WSN transaction with SA/LW Transaction Code S to update its files, establish the in-transit record, and forward the WSN transaction to the receiving Component Registry for all inter-DoD Component shipments.

C12.8.1.3. Within 10 calendar days of receipt of the SA/LW, the receiving activity shall use the WSN transaction data that accompanied the shipment to verify the received serial number(s) and provide the WSN data with SA/LW Transaction Code R to the receiving Component Registry. Activities that do not have mechanized capability shall provide the WSN transaction or hard copy information to the receiving Component Registry by the fastest available means.

C12.8.1.4. Within 10 calendar days of receipt of the WSN data from the receiving activity, the receiving Component Registry shall forward a WSN transaction using SA/LW Transaction Code R to the shipping Component Registry providing notification of weapon receipt. The 10 calendar day requirement for notification of shipments/receipts also applies to weapon shipments from one DoD Component to another for maintenance purposes. This requirement shall be included in any maintenance support agreements between the DoD Components.

C12.8.2. The shipping Component Registry shall take follow-up action for all in-transit weapons (30 calendar days for CONUS shipments and 90 calendar days for

overseas shipments) from date of shipment, for which no confirmation of receipt (DIC DSM with SA/LW Transaction Code R) has been received. DIC DSD SA/LW Receipt/Shipment Follow-Up (Appendix AP3.34) shall be transmitted to the receiving Component Registry. The transaction date (record positions 76-80) shall be the 2-digit year and 3-digit ordinal day of the calendar year that the weapon(s) was shipped. Allow 10 calendar days for response to the follow-up transaction.

C12.8.2.1. If the weapon has been received, the receiving Component Registry shall submit a DIC DSM with SA/LW Transaction Code R and date received (record positions 76-80).

C12.8.2.2. If the weapon has not been received, the receiving Component Registry shall submit a DIC DSM with SA/LW Transaction Code A and leave the date (record positions 76-80) blank.

C12.8.2.3. If no response is received, an electronic transmission (message) shall be sent to the receiving Component Registry with an information copy to the receiving activity and its higher headquarters.

C12.8.2.4. Negative response or no response to the message shall result in the shipping Component Registry reporting the weapon(s) as missing, lost, or stolen to their appropriate investigative agency and the DoD Registry (see paragraphs C12.5.2.8. and C12.5.2.9.).

C12.8.3. The receiving Component Registry shall initiate follow-up procedures for all received weapons for which no WSN with SA/LW Transaction Code S was provided by the shipping Component Registry. The follow-up procedure is necessary to confirm that the serial number(s) reported as received matches the serial number(s) selected and shipped. The receiving Component Registry shall take the follow-up action with the shipping Component Registry using DIC DSD SA/LW Receipt/Shipment Follow-Up transaction (Appendix AP3.34) within 10 calendar days after a weapon(s) has been confirmed as received. The transaction date (record positions 76-80) shall be the 2-digit year and 3-digit ordinal day of the calendar year that the weapon(s) was received. Lack of response within 10 calendar days shall result in an electronic transmission (message) being sent to the shipping Component Registry with an information copy to the shipping activity and its higher headquarters.

C12.8.4. The standard timeframes for inter-DoD Component submission of SA/LW Transaction Codes R and S as prescribed above also apply to intra-DoD Component shipments and receipts.

## **C13. CHAPTER 13**

### **SPECIAL PROGRAM REQUIREMENTS**

C13.1. GENERAL. This chapter provides requirement forecasting procedures for items required to support nonrepetitive special programs or projects that cannot be forecast by the inventory control point (ICP) based on demand data, and which have the greatest probability of materializing and resulting in the eventual submission of requisitions.

C13.1.1. Special program requirement (SPR) requests shall be submitted for any of the following purposes:

C13.1.1.1. One-time training exercises or maneuvers.

C13.1.1.2. Repair or rebuild programs that are either nonrecurring or that are seldom or irregularly programmed.

C13.1.1.3. New constructions (e.g., ships, buildings).

C13.1.1.4. One-time alterations, modifications, or conversion programs.

C13.1.1.5. Initial issue of existing items (e.g., outfitting, activation, and changes in authorized allowances).

C13.1.1.6. Initial requirements for special operational projects.

C13.1.1.7. Initial testing.

C13.1.1.8. Government-furnished property.

C13.1.1.9. Infrequently planned support operations such as Arctic and Antarctic resupply missions.

C13.1.1.10. Special nonrepetitive situations as required in support of authorized security assistance program requirements (e.g., initial pipeline stockage requirements in support of approved Cooperative Logistics Supply Support Arrangement (CLSSA)).

C13.1.2. The following types of requirements are excluded from identification as SPRs:

C13.1.2.1. Provisioning, recurring type.

C13.1.2.2. War materiel requirements.

C13.1.2.3. Requirements for which the DoD Component has a recurring demand.

C13.1.2.4. Subsistence, all categories.

### C13.2. SPECIAL PROGRAM REQUIREMENT SUBMISSION AND ROUTING

C13.2.1. Submission of SPRs shall be limited to materiel required not less than 90 calendar days in advance of or more than five years prior to the support date (the first day of the month for which it is anticipated that materiel will be requisitioned for the program), indicated in record positions 62-64 of the request. When procurement is necessary, delivery for an early support date may not be possible since the procurement lead time for most items will be greater than 90 calendar days. Therefore, forecasting activities should submit SPRs to ICPs as far in advance of the support date as practical.

C13.2.2. Forecasting activities shall prepare SPR requests citing Document Identifier Code (DIC) DYA, DYB, DYI, or DYM (Appendix AP3.44), as appropriate, to transmit SPR data to the ICP. When the requirement for an individual item is such that materiel will be required in phases (e.g., 100 each per month), the forecasting activity shall forward a separate request for each phase.

C13.2.3. Requirements for submitting SPR requests, cancellations, modifiers, substitute item acceptance/rejections, and follow-ups (DICs DYA, DYB, DYD, DYI, DYH, DYJ, and DYI) via DAAS are specified in Chapter 9 of this manual. DAAS shall edit, pass, route, or reject these transactions; and transmit appropriate DIC DZ9 Status Notification and/or DIC DZG Transaction Rejects to originators. These transactions and related processing requirements are also covered in Chapter 9 of this manual.

### C13.3. INVENTORY CONTROL POINT PROCESSING OF SPECIAL PROGRAM REQUIREMENT REQUESTS

C13.3.1. ICPs measure the size of the requirement being forecasted to determine its acceptability in terms of the risk of long supply being generated. This measurement requires consideration of the size of the forecasted quantity in relation to the normal demand estimated for the item being forecasted, the value (cost) of this quantity, the supply status of the item being forecasted, funding capability of the ICP, accuracy of past forecasts, and the degree of assurance that requisitions will follow.

C13.3.2. ICPs shall determine action to be taken on SPR requests, and within 15 calendar days after receipt of the request shall provide appropriate status. SPR status transactions shall include an SPR status code (Appendix AP2.11) to advise the forecasting activity of acceptance, rejection (other than for correction and resubmission), or other action required on the SPR. When an ICP receives an SPR request that cannot be processed due to erroneous or missing data, the ICP shall reject the request for correction and resubmission in accordance with Chapter 9.

C13.3.3. ICPs shall prepare SPR status transactions citing DIC DYK (Appendix AP3.50).

#### C13.4. FOLLOW-UP ON SPECIAL PROGRAM REQUIREMENT REQUESTS

C13.4.1. When the forecasting activity has not received a DIC DYK SPR Status transaction or a DIC DZG Transaction Reject within 21 calendar days from the SPR request submission date, the forecasting activity may submit an SPR follow-up to the ICP.

C13.4.2. Forecasting activities shall prepare SPR follow-ups citing DIC DYJ (Appendix AP3.49).

#### C13.5. INVENTORY CONTROL POINT ACTION ON SPECIAL PROGRAM REQUIREMENT FOLLOW-UP

C13.5.1. When there is no record of receipt of the original SPR request, the ICP shall process the SPR follow-up as an original SPR request.

C13.5.2. ICPs shall prepare replies to SPR follow-ups as specified in C13.3.

#### C13.6. MODIFICATION OF SPECIAL PROGRAM REQUIREMENT REQUESTS

C13.6.1. The forecasting activity may submit changes for a previously submitted SPR request to replace data in the original request. The SPR modifier document shall be used for such changes and shall be submitted only to change the quantity, the supplementary address, the project code, the coast designator, the support date, and/or the record positions 67-69 routing identifier (from).

C13.6.2. Forecasting activities shall prepare SPR modifiers citing DIC DYD (Appendix AP3.46).

C13.7. RESPONSE TO SPECIAL PROGRAM REQUIREMENT MODIFIER. ICPs shall prepare replies to SPR modifiers as specified in C13.3.

#### C13.8. CANCELLATION OF SPECIAL PROGRAM REQUIREMENT REQUESTS

C13.8.1. The forecasting activity may submit an SPR cancellation for a previously submitted SPR request. Cancellations must be for the total quantity applicable to the SPR.

C13.8.2. Forecasting activities shall prepare SPR cancellations citing DIC DYC (Appendix AP3.45).

C13.9. RESPONSE TO SPECIAL PROGRAM REQUIREMENT CANCELLATION. ICPs shall prepare replies to SPR cancellations as specified in C13.3.

C13.10. ACCEPTANCE/REJECTION OF SUBSTITUTE ITEM. Forecasting activities in receipt of SPR responses offering a substitute item shall take the appropriate following action:

C13.10.1. When the offered substitute is acceptable, transmit a DIC DYG SPR Substitute Item Acceptance (Appendix AP3.47) to the ICP.

C13.10.2. When the offered substitute is unacceptable, transmit a DIC DYH SPR Substitute Item Rejection (Appendix AP3.48) to the ICP.

C13.11. RESPONSE TO SUBSTITUTE ITEM REJECTION. The ICP shall initiate action to provide status to the forecasting activity on the item originally requested. ICPs shall prepare status responses as specified in C13.3.

C13.12. RETENTION OF SPECIAL PROGRAM REQUIREMENT REQUESTS. The ICP shall retain SPR requests until:

C13.12.1. The support date of those requirements for which SPR Status Code PA was furnished or until a requisition is received that can be identified to all or a portion of a particular SPR quantity.

C13.12.2. One unit of procurement lead time/assembly time away from the support date when procurement/assembly is required in support of those requirements for which SPR Status Code PB was furnished.

C13.12.3. Assembly time prior to support date when extra time is required for assembly in support of those requirements for which SPR Status Code PC was furnished.

**C13.12.4. After these business rules have been satisfied, maintain records in accordance with DODI 5015.02, DOD Records Management Program.**

C13.13. FOLLOW-ON STATUS. The ICP shall provide revised status when the situation changes (e.g., change in procurement lead time, procurement is required for materiel originally anticipated to be available from stock). Generally, these situation changes are unusual in nature, are not programmed for, and require offline processing. ICPs shall prepare the status documents as specified in C13.3.

C13.14. PREPARATION OF SPECIAL PROGRAM REQUIREMENT REQUISITIONS

C13.14.1. When SPR status citing SPR Status Code PA is received, requisitions citing Demand Code P should be submitted for the SPR-related requirements in time to allow for delivery within the appropriate Uniform Materiel Movement and Issue Priority System (UMMIPS) time standard. Demand Code P indicates to the ICP that the requisition is for materiel previously forecasted as an SPR. This enables the ICP to control and apply the appropriate logic for the demand generated by the requisition.

Requisition format and demand codes are identified in DLM 4000.25-1, Military Standard Requisitioning and Issue Procedures (MILSTRIP).

C13.14.2. When SPR status is received citing SPR Status Code PR, the SPR is being deleted and the item is a procurement lead time/assembly time away from the support date. If the requirement is still valid, the requiring activity must immediately submit a MILSTRIP requisition(s) citing Demand Code O in record position 44 and MILSTRIP Advice Code 2L in record positions 65-66. When requisitioners desire that specific materiel shipments not be released prior to 50 calendar days before the expiration of an extended RDD, they shall express the RDD using Code S in record position 62 as prescribed in MILSTRIP, Appendix AP2.14.

#### C13.15. LOGISTICS REASSIGNMENT

C13.15.1. When the logistics loss is to an integrated materiel manager (IMM) of another DoD Component, the losing inventory manager (LIM) shall transmit an SPR status to the forecasting activity. The DIC DYK SPR status transaction (Appendix AP3.50) shall contain SPR Status Code PV. This status indicates that the item has been involved in an LR and a new SPR must be submitted to the gaining inventory manager (GIM)

C13.15.2. When the logistics loss is to an IMM within the same DoD Component, the LIM shall forward the record of the SPR to the GIM. No status need be furnished the forecasting activity.



## AP2.2. APPENDIX 2.2

### TYPE OF PHYSICAL INVENTORY/ TRANSACTION HISTORY CODES

NUMBER OF CHARACTERS: One

TYPE OF CODE: Alpha/Numeric

EXPLANATION: Used in physical Inventory/transaction history documents to identify the type of Inventory being conducted/requested, or to identify requests for/transmission of custodial balances/transaction history.

RECORD POSITIONS: 7

DLMS SEGMENT/QUALIFIER: LQ Segment, LQ01 Data Element ID 1270 Qualifier  
"FC – Type of Physical Inventory or Transaction History Code"

<u>CODE</u>	<u>DEFINITION</u>
A	Reserved for future DoD assignment.
<b>B</b>	<b><i>Special inventory due solely to Ull and/or serial number mismatches between owner and storage activity records.</i></b>
C	Special Inventory, all supply condition codes (SCC). Initiated by the storage activity in support of inventory accuracy improvements initiative.
D	Special Inventory, all <b>SCCs</b> . Initiated by owner as a result of end of day processing imbalances.
E	Spot Inventory due to denial (all SCCs). Initiated by the storage activity or owner as a result of denials.
F	Reserved for future DoD assignment.
G	Scheduled Inventory. Inventory to be conducted within a specified period of time according to an established plan on controlled items and all other items or categories designated by the DoD Component.
H	Special Inventory, all SCCs. Initiated by owner when an Inventory is necessary and the date of last Inventory is less than 90 days.
I	Reserved for future DoD assignment
J	Special Inventory, all SCCs. Initiated by owner as a result of location reconciliation errors.

<u>CODE</u>	<u>DEFINITION</u>
K	Special Inventory, all SCCs. Initiated by storage activity as a result of location survey errors.
L	Scheduled Inventory, specified SCCs. Initiated by owner for a random statistical sample Inventory.
M	Special Inventory, SCCs. Initiated by storage activity as a result of onhand balance mismatches between the locator and property accountability records.
N	Scheduled Inventory, specified SCCs. Initiated by storage activity for the annual statistical sample Inventory.
O	Reserved for future DoD assignment.
P	Scheduled Inventory, specified SCCs. Initiated by storage activity for a random statistical sample Inventory.
Q	Reserved for future DoD assignment.
R	Special inventory, specified SCC. Initiated by storage activity in an effort to resolve a customer report of discrepancy.
S	Special inventory, specified SCC. Initiated by storage activity as part of receipt follow-up (intransit) resolution process.
T	Special inventory, specified SCC. Initiated by storage activity as a result of a disposal release order directing ownership transfer to the Recycling Control Point.
U	Special inventory, specified SCC. A location-level inventory initiated by storage activity for low asset visibility counts.
V	Special inventory, specified SCC. Initiated by storage activity as a result of a location-level inventory adjustment or exceeding predetermined thresholds.
W	Automatic submission of transaction history from storage activity to owner/ manager.
X	Storage activity transaction history requested by owner/manager or transaction history response from storage activity to owner.
Y	Annual (Total) Transaction History (optional for use to distinguish history associated with annual reconciliation from other transaction history)
Z	Special Inventory (specified SCC) systemically initiated by the storage activity for quantity mismatches within the storage activity's management system between the quantity-by-location and the owner balances (i.e. Book-to-Book adjustments).
0 through 7	Reserved for future DoD assignment.

- 8<sup>1</sup> Distribution depot/storage activity has no transaction for the stock or part number requested for the dates specified, but transactions are available since the date of last location reconciliation. For use with DLMS Supplement 846P when beginning segment Report Type Code (1/BIA02/20) is 'AD'. Used only with DLMS.
- 9<sup>2</sup> Distribution depot/storage activity has no transactions available for the dates specified or since the date of last reconciliation. For use with DLMS Supplement 846P when beginning segment Report Type Code (1/BIA02/20) is 'AD'. Used only with DLMS.

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<sup>1</sup> As an interim exception, DLA vendor storage activities do not use codes 8 or 9 under DLMS. DLA vendor storage activities 8-fill or 9-fill the document number field, until such time as they fully implement ADC 198.

<sup>2</sup> Ibid .

## **AP2.15, APPENDIX 2.15**

### **INVENTORY ADJUSTMENT - PHYSICAL INVENTORY ERROR CLASSIFICATION CODES**

NUMBER OF CHARACTERS:	Three
TYPE OF CODE:	Alpha/Numeric
EXPLANATION:	Provides processing activities a means of mechanically identifying the causes for errors which resulted in potential/actual inventory adjustments ( <b><i>physical inventory</i></b> ) transactions and the processing operations in which they occurred
<b>LEGACY RECORD POSITION (rp):</b>	rp 63-65 of Inventory Adjustment transactions (Document Identifier Code (DIC) D8A/D9A and D8B/D9B
<b>LEGACY MILSTRAP DOCUMENT IDENTIFIER CODE (DIC):</b>	<b>D8A, D9A</b>
<b>DLMS IMPLEMENTATION CONVENTION (IC):</b>	<b>947I with 2/W1901/0200 Quantity or Status Adjustment Reason Code AA – Physical Count</b>
DLMS SEGMENT/QUALIFIER:	DLMS 947I LQ segment, LQ01 qualifier EL – <b>Physical Inventory Error Classification Code</b>

#### AP2.15.1. PURPOSE

AP2.15.1.1. The physical inventory program error classification codes provide a standard means for Components to classify the causes of actual/potential adjustments (***physical inventory***) for subsequent analysis, evaluation, and corrective action.

AP2.15.1.2. The error classification code is a required entry on MILSTRAP/**DLMS** documentation for use in preparing reports and for providing evaluation data to higher authority in standard error classification categories.

#### AP2.15.2. CODE STRUCTURE

AP2.15.2.1. First Position. The first character is the operation code which shall be numeric or alphabetic and shall identify the operation during which the error occurred and not the operation in which the error was detected. Code assignment for the first character is controlled by DoD and may not be assigned by the Components. The following operation codes are assigned as the first character in the error classification code:

<u>CODE</u>	<u>OPERATION</u>	<u>CODE</u>	<u>OPERATION</u>
0	Not assigned; reserved for future assignment by DoD	6	Warehousing/ Rewarehousing
1	Receiving	7	Location Survey
2	Issue	8	Other
3	Physical Inventory	9	Not assigned; reserved for future assignment by DoD
4	Cataloging Changes	A-Z	Not assigned; reserved for future assignment by DoD
5	Logistics Reassignments		

AP2.15.2.2. Second Position. The second character is the type of error code which is alphabetic or numeric and identifies the type of error which occurred. Code assignment for the second character is controlled by DoD and may not be assigned by the Services/ Agencies. The following type of error codes are assigned as the second character in the error classification code:

<u>CODE</u>	<u>LEGEND</u>	<u>DEFINITION</u>
A	System/Program Error	Property accountability record was not correctly updated by a valid transaction because system failed or program contained a logic error
B	Document Not Posted	Physical processing was completed but transaction update of the property accountability record was not effected
C	Source Document Error	Error in the source document national stock number (NSN), quantity, unit of issue, condition, type of pack, lot number, ownership/ purpose, and/or location (routing identifier) caused erroneous update of property accountability record
D	Data Entry Error	Input transaction did not match source document NSN, quantity, unit of issue, condition, type of pack, lot number, ownership/purpose, and/or location (routing identifier) and caused erroneous update of the property accountability record
E	Rejected Document Not Posted	Transaction was rejected during processing and was not reinput to update the property accountability record
F	Duplicate Document Posted	Same transaction updated the property accountability record more than once

<u>CODE</u>	<u>LEGEND</u>	<u>DEFINITION</u>
G	Reversal Document Not Posted	Property accountability record was updated by a transaction processed to completion and required transaction reversal was not processed
H	Erroneous Reversal Posted	Prior action to reverse a transaction which updated the property accountability record was taken in error
I	Not Assigned	
J	Misidentified/Mixed Materiel	Assets in storage location were identified by incorrect/multiple stock number, unit of issue, supply condition, shelf-life, type of pack, lot number, or ownership/purpose
K	Duplicate Physical Processing	Transaction updated the property accountability record once but materiel physically processed more than once
L	Wrong Materiel Selected	Materiel selected did not match transaction which updated the property accountability record (i.e., wrong stock number, quantity, unit of issue, supply condition, type of pack, lot, ownership/purpose, and/or location was physically selected)
M	Materiel Selected From Wrong Location	Storage location from which materiel was selected did not match storage location cited in the transaction
N	Physical Processing Not Complete	Transaction updated the property accountability record but physical processing of materiel was not completed
O	Not Assigned	
P	Erroneous Denial	Denial processed in error. Materiel found after denial was submitted
Q	Materiel Not Stored/Stored Incorrectly	Materiel was not stored in finite location or placed in finite location when processing the storage transaction
R	Infloat Document Control Error	Erroneous data posted to the property accountability record because infloat documents were not considered or were not available
S	Erroneous Count	Materiel incorrectly counted
T	Erroneous Adjustment Posted	Prior action to adjust the property accountability record was taken in error
U	Catalog Change Not Posted	Transaction resulted in erroneous update of the property accountability record because the property accountability record was not updated by catalog change transaction

<u>CODE</u>	<u>LEGEND</u>	<u>DEFINITION</u>
V	Erroneous Catalog Change Posted	Erroneous data posted to property accountability record due to error in catalog change record due to error in catalog change transaction (e.g., wrong unit of issue to or from, etc.)
W	Bin Tag/Locator Label Error	Bin tag/locator label missing, incomplete, or reflected erroneous data for assets in storage location
X	Theft	Inventory adjustment attributed to probable theft
Y	No Conclusive Findings	Cause for the inventory discrepancy could not be determined
Z	Not Assigned	Reserved for future DoD assignment
0-9	Not Assigned	Reserved for future DoD assignment

AP2.15.2.3. Third Position. The third character may be assigned by each Component to internally amplify the error classification. Numeric and alphabetic code assignments in this position will be controlled by each individual Component for their internal use.

## **APPENDIX 2.16**

### **INVENTORY ADJUSTMENT - ACCOUNTING ERROR CLASSIFICATION CODES**

NUMBER OF CHARACTERS:	Three
TYPE OF CODE:	Alpha/Numeric
EXPLANATION:	Provides processing activities a means of mechanically identifying the causes for errors which resulted in potential/actual inventory adjustment (accounting error) transactions, <sup>1</sup> and the processing operations in which they occurred
<b>LEGACY RECORD POSITION (rp):</b>	rp 63-65 of Inventory Adjustment (Accounting Error) transaction (DI Code D8B/D9B)
<b>LEGACY MILSTRAP DOCUMENT IDENTIFIER CODE (DIC):</b>	<b>D8B/D9B</b>
<b>DLMS IMPLEMENTATION CONVENTION (IC):</b>	<b>947I with W19 segment, W1901 Quantity or Status Adjustment Reason Code AB – Accounting Error</b>
DLMS SEGMENT/QUALIFIER:	DLMS 947I LQ segment, LQ01 qualifier ACC – <b>Accounting Error Classification Code</b>

#### AP2.16.1 PURPOSE

AP2.16.1.1 The physical inventory program error classification codes for accounting error inventory adjustments provide a standard means for DoD Components to classify the causes of actual/potential accounting error inventory adjustments for subsequent analysis, evaluation, and corrective action.

AP2.16.1.2 The error classification code is a required entry on MILSTRAP/**DLMS** documentation for use in preparing reports and for providing evaluation data to higher authority in standard error classification categories.

#### AP2.16.2. CODE STRUCTURE

AP2.16.2.1 First Position. The first character shall be numeric or alphabetic and shall identify the type of transaction during which the error occurred. Code assignment for the first character is controlled by DoD and may not be assigned by the DoD

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<sup>1</sup> The owner/manager may use the Inventory Adjustment –Accounting Error Classification Codes in Inventory Adjustment Transactions (Accounting Errors) pending the establishment of single shared asset balances (see chapter 7).



Components. The following operation codes are assigned as the first character in the error classification code:

<u>CODE</u>	<u>OPERATION</u>	<u>CODE</u>	<u>OPERATION</u>
0	Not assigned; reserved for future assignment by DoD	6	Condition Code Transfer (DAC)
1	Receipt ( <b>527R Transaction Type Code D4/DIC D4_/D6_</b> )	7	Not Assigned
2	Issue ( <b>867I/DIC D7_</b> ), Materiel Release ( <b>940R/DIC A5_</b> )	8	Other
3	Physical Inventory ( <b>947I/DIC D8A/D9A</b> )	9	Not assigned; reserved for future assignment by DoD
4	Cataloging Changes	A-Z	Not assigned; reserved for future assignment by DoD
5	Logistics Reassignments		

AP2.16.2.2 Second Position. The second character is alphabetic or numeric and identifies the type of error which occurred. Code assignment for the second character is controlled by DoD and may not be assigned by the DoD Components. The following type of error codes are assigned as the second character in the error classification code:

<u>CODE</u>	<u>LEGEND</u>	<u>DEFINITION</u>
A	System/Program Error	Total item property record (TIPR) was not correctly updated by a valid transaction because system failed or program contained a logic error
B	Not Assigned	Not assigned for Inventory Adjustment (Accounting Error)
C	Source Transaction Error	Error in the source transaction national stock number (NSN), quantity, unit of issue, condition, type of pack, lot number, ownership/ purpose, and/or location (routing identifier) caused erroneous update of TIPR
D	Data Entry Error	Input transaction did not match source transaction NSN, quantity, unit of issue, condition, type of pack, lot number, ownership/purpose, and/or location (routing identifier) and caused erroneous update of the TIPR
E	Rejected Document Not Posted	Transaction was rejected during processing and was not reinput to update the TIPR
F	Duplicate Document Posted	Same transaction updated the TIPR more than once

<u>CODE</u>	<u>LEGEND</u>	<u>DEFINITION</u>
G	Reversal Document Not Posted	TIPR was not updated by a reversal transaction processed and transmitted by the storage activity.
H	Erroneous Reversal Posted	Prior action to reverse a transaction which updated the TIPR was taken in error
I	Not Assigned	
J	Not Assigned	Not assigned for Inventory Adjustment (Accounting Error)
K	Duplicate Physical Processing	Transaction updated the TIPR once but inventory accounting adjustment processed more than once
L	Not Assigned	Not assigned for Inventory Adjustment (Accounting Error)
M	Not Assigned	Not assigned for Inventory Adjustment (Accounting Error)
N	Not Assigned	Not assigned for Inventory Adjustment (Accounting Error)
O	Not Assigned	
P	Not Assigned	Not assigned for Inventory Adjustment (Accounting Error)
Q	Not Assigned	Not assigned for Inventory Adjustment (Accounting Error)
R	Infloat Transaction Control Error	Erroneous adjustment posted to the TIPR because infloat transactions were not considered or were not available
S	Not Assigned	Not assigned for Inventory Adjustment (Accounting Error)
T	Erroneous Inventory Adjustment (Accounting Error) Posted	Prior action to adjust the TIPR was taken in error
U	Catalog Change Not Posted	Transaction resulted in erroneous update of the TIPR because the inventory accounting record was not updated by catalog change transaction
V	Erroneous Catalog Change Posted	Erroneous data posted to TIPR due to error in catalog change record due to error in catalog change transaction (e.g., wrong unit of issue to or from, etc.)
W	Not Assigned	Not assigned for Inventory Adjustment (Accounting Error)
X	Not Assigned	Not assigned for Inventory Adjustment (Accounting Error)
Y	No Conclusive Findings	Cause for the inventory adjustment (accounting error) could not be determined
Z	Not Assigned	Reserved for future DoD assignment
0-9	Not Assigned	Reserved for future DoD assignment

AP2.16.2.3 Third Position. The third character may be assigned by each Component to internally amplify the error classification. Numeric and alphabetic code

assignments in this position shall be controlled by each individual Component for their internal use.

## **AP3.4. APPENDIX 3.4**

### **INVENTORY ADJUSTMENT – INCREASE OR DECREASE**

<u>FIELD LEGEND</u>	RECORD <u>POSITION(S)</u>	<u>ENTRY AND INSTRUCTIONS</u>
Document Identifier Code	1-3	Enter appropriate DIC from the D8 or D9 series except D8E, D8F, D8S, D9E, D9F, and D9S.
Routing Identifier Code (TO)	4-6	Enter RIC of the activity to which this transaction is being forwarded.
Type of Physical Inventory/Transaction History	7	Enter the appropriate type of physical inventory/transaction history code.
Stock or Part Number	8-22	Enter stock or part number of item being adjusted.
Unit of Issue	23-24	Enter UI of item.
Quantity	25-29	Enter the quantity being adjusted, preceding significant digits with zeros. <sup>1, 2</sup>
Document Number	30-43	For reclassification of previously suspended returns, enter document number under which materiel was received; otherwise, enter appropriate document number.
Suffix	44	Enter consecutive alpha codes A through Z when assignment of suffix codes is necessary. <sup>3</sup>
Multiuse	45-51	For intra-Component use, enter data prescribed by Component. For inter-Component use, leave blank.
Fund	52-53	Enter appropriate fund code for intra-Component use. For inter-Component use, leave blank.

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<sup>1</sup>See Appendix AP3 - Formats Introduction, AP3.3.1.

<sup>2</sup>See Appendix AP3 - Formats Introduction, AP3.3.2.

<sup>3</sup>See Appendix AP3 - Formats Introduction, AP3.3.3.

<u>FIELD LEGEND</u>	<u>RECORD POSITION(S)</u>	<u>ENTRY AND INSTRUCTIONS</u>
Distribution	54-56	Enter appropriate distribution code if stocks are segregated and maintained by codes reflected in the distribution field; otherwise, leave blank.
Project	57-59	Enter appropriate project code if stocks are segregated and maintained by code reflected in the project field; otherwise, leave blank.
Multiuse	60-62	For intra-Component use, enter data prescribed by Component. For inter-Component use, leave blank.
Dual Use	63-65	
Error Classification	(63-64)	For DIC D8A and D9A, enter appropriate DoD assigned <b>physical inventory</b> error classification code from Appendix 2.15, otherwise, leave blank.  <b>For DIC D8B and D9B enter appropriate DoD assigned accounting error classification code from Appendix 2.16, otherwise, leave blank.</b>
	(65)	For DIC D8A/D9A <b>and D8B/D9B</b> , enter Component assigned code amplifying the DoD error classification code; otherwise, leave blank.
or		
Multiuse	(63-65)	For intra-Component use with DIC other than D8A/D9A <b>or D8B/D9B</b> , enter data prescribed by Component. For inter-Component use except for DIC D8A/D9A <b>or D8B/D9B</b> , leave blank.
Multiuse	66	For intra-Component use, enter data prescribed by Component.  For inter-Component use, leave blank.
Routing Identifier Code (Storage Activity)	67-69	Enter RIC of the storage activity at which item is stored.
Ownership/Purpose	70	Enter appropriate ownership/purpose code, if applicable.

<u>FIELD LEGEND</u>	RECORD <u>POSITION(S)</u>	<u>ENTRY AND INSTRUCTIONS</u>
Supply Condition	71	Enter supply condition code of inventory balance being affected.
Management	72	Enter appropriate management code; otherwise, leave blank.
Day of Year	73-75	Enter the ordinal day of the calendar year on which the adjustment is processed by the initiating activity.
Multiuse	76-80	For intra-Component use, enter data prescribed by Component. For inter-Component use, leave blank.