**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 shall prescribe use of Supply Condition CodeSCC (SCC) Q in the disposition instructions to the returning activity. ICPs shall 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 shall 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 shall 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 shall be established when due-in quantities are deleted or reversed and all due-in deletions and reversals shall 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 shall be initiated to correct receiving storage activity PMR records under C4.3.

 C4.2.6. Components shall 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 shall 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 shall 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.

 C4.3.2. Storage activities receiving PMRs shall 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 shall 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 shall 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 shall be based on agreements between participating DoD Components. Replenishment of the IMM-owned retail shall be accomplished under a push scenario. Redistribution from depot inventory shall be accomplished using the MILSTRIP DIC A2\_ Redistribution Order transaction. When assets are available to push, DIC DWK PMR shall 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[[1]](#footnote-1). In this instance, the DIC DWK shall 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 shall be generated; one for the quantity pushed and one for quantity delayed. These two DWKs shall have different documents numbers and the delayed one shall have the “BD” notification. Subsequently, if only a partial amount of the quantity previously delayed becomes available to push, two DWKs shall be generated. The one for the quantity pushed shall maintain the document number of the original delayed notification with the “BD” indicator eliminated. The DWK for the quantity still delayed shall 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 shall have the same document number throughout the process. The IMM shall update/replace the DWK delayed notification any time either the replenishment quantity or the estimated shipping date changes. New delayed notification shall maintain the same document number unless a partial push occurs. Replacement delayed notification under the same or new document number shall not require the reversal of the previous DWK. Reversal logic for DWKs indicating that a push shipment has been initiated shall 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 shall be responsible for submission of a PMR to the storage site identifying the Military Service activity to which the receipt shall be reported for these returns of DLA-managed items. Because the Military Service sites shall no longer retain retail stock balances under these programs, DLA shall assume ownership of all materials regardless of asset position. Upon notification of receipt by the storage activity by a Defense Logistics Management System (DLMS) 527R (D6A), the Military Service activity shall determine if there is a need for the material by another maintenance user (backorder). If so, an issue document shall be forwarded to the storage activity for action. If not, a materiel release order shall 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 of the returned materiel from the Military Service ownership to DLA shall be accomplished with a receipt (DIC D6B).

C4.4. MATERIEL RECEIPTS (PROCUREMENT INSTRUMENT SOURCE)

 C4.4.1. Storage activities shall 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 shall 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](http://www.dla.mil/j-6/dlmso/elibrary/manuals/regulations.asp#414027m), Shelf-Life Management Manual, May 5, 2003. Mark materiel, as appropriate, for shelf-life code and SCC upon receipt. Package markings shall be in accordance with [MIL-STD-129.](http://www.dla.mil/j-6/dlmso/elibrary/manuals/milstds.asp)

 C4.4.3.2. Based on inspection, storage activities shall 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 shall 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 MILSTRAP system is to process receipts and reflect them on both the accountable and owner records with minimal delay. Wholesale activity receipt processing performance shall, therefore, be measured in two segments:

 C4.6.1.1. Date materiel is turned over by the carrier to the designated receiving activity to date when storage location/proof of storage is posted in storage activity records. Materiel is considered to be in storage when it reaches the first location (either temporary or permanent) where actual storage control exists through locator data and the materiel can be issued in response to materiel release documentation.

 C4.6.1.2. Date materiel is turned over by the carrier to the designated receiving activity to date of posting to the total item property record.

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

 C4.6.2.1. Receipts from new procurement and redistribution[[2]](#footnote-2) shall be processed through segments one and two within 7 calendar days.

 C4.6.2.2. All other receipts shall be processed through segments one and two within 10 calendar days.

 C4.6.3. Recording asset receipts and making asset records visible from the point of inspection and/or acceptance normally shall be accomplished within 24 hours (holidays and weekends excepted). The accounting and finance office shall be notified of the item receipt within the 24-hour period.

 C4.6.4. Address wholesale activity receipt processing effectiveness as prescribed by Chapter 7, (C7.11.2.2.1.). The acceptable DoD performance goals for receipt processing are: percent posted within the time standard, 90 percent; percent stored within the time standard, 90 percent. 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 shall 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 shall accomplish the following actions:

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

 C7.7.2.2. 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 onhand balance of the stock record (physically stored), a check shall 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 shall 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 shall 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 shall 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](http://www.dla.mil/j-6/dlmso/elibrary/manuals/dlm/v2.asp).

 C4.8.1.2. Transportation Discrepancy Report (TDR) per [DTR 4500.9-R](http://www.dla.mil/j-6/dlmso/elibrary/manuals/regulations.asp#45009r), “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).](http://www.dla.mil/j-6/dlmso/elibrary/manuals/joint.asp#dlar415524)

 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.](http://www.dla.mil/j-6/dlmso/elibrary/manuals/joint.asp#dlar41553)

 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 shall 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 shall determine if a discrepancy/deficiency (hereafter referred to as discrepancy or discrepant) exists and shall identify its nature.

 C4.9.1.1.1. Not all discrepant receipts require submission of discrepancy reports. Storage activities shall 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 shall 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. 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 shall 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](https://dla-test.hq.dla.mil/j-6/dlmso/elibrary/manuals/forms.asp#dd13481a) or [1149](https://dla-test.hq.dla.mil/j-6/dlmso/elibrary/manuals/forms.asp#dd1149).

 C4.9.1.2.4. Transportation and fiscal records.

 C4.9.1.2.5. Container markings.

 C4.9.1.2.6. Advice provided by the ICP upon request of the storage activity if receipt documentation cannot otherwise be developed.

 C4.9.1.2.7. Advice provided by the shipper upon request of the storage activity if receipt documentation cannot otherwise be developed.

 C4.9.1.2.8. 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 shall 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 shall 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 shall 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 shall 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 shall 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 shall 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 shall record the receipt so assets are issued from that site first. ICPs shall effect disposition of such materiel as quickly as possible. If the materiel is not issuable, the ICP shall 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 shall 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 shall 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 shall 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 shall 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 shall 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. shall be used to identify the item.

 C4.9.2.4. Unless otherwise allowed by these procedures, storage activities shall 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 shall 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. Supply Documentation. Absence of the supply documentation should not preclude receipt processing and reporting or subsequent issue of the materiel. Storage activities shall 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 shall 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 shall 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 shall 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 shall 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 shall 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 shall 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) shall determine whether litigation is required. If litigation is not required the ICP shall request that the suspended assets be transferred to the appropriate condition.

 C4.9.2.5.6. Shortages/Nonreceipt of Materiel. Storage activities shall 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 shall 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 shall 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 SF 364 for ICP evaluation. If the ICP determines the assets can be issued, the ICP shall initiate action to transfer the suspended assets to the appropriate condition.

 C4.9.2.5.8. Wrong Item. Storage activities shall 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[[3]](#footnote-3). The ICP or CAO/PO shall determine if litigation or informal action with the procurement instrument source should be initiated. The ICP shall 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 shall 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/due is recorded). 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. Other Discrepancies. Receipt reporting shall 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 shall 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 shall not report the receipt to an ICP. Ship the materiel directly to reutilization and marketing using a local document number. Retain an accessible record of the transaction and its backup for two years.

 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 shall 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 shall 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 shall provide disposition instructions to the reporting activity. These instructions shall 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 shall maintain an accessible record of the transaction and its backup for 2 years.

 C4.9.3.2. Unless otherwise allowed by these procedures, storage activities shall 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 shall automatically ship discrepant materiel valued at less than $100 per item direct to the property disposal activity 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.

 C4.9.3.3.1.2. 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. Supply Documentation. Absence of the supply documentation should not preclude receipt processing and reporting or subsequent issue of the materiel. Storage activities shall 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 shall report misdirected shipments as receipts to the cognizant ICP. ICPs shall 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 shall report the total quantity received as a single transaction in the applicable condition. The storage activity shall schedule the discrepant quantity for preservation/packaging in accordance with Service/Agency criteria.

 C4.9.3.3.6. Shortages/Nonreceipt of Materiel. For shortages, storage activities shall report the total quantity received in the applicable condition. The ICP shall 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 shall 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 [SF 364](https://dla-test.hq.dla.mil/j-6/dlmso/elibrary/manuals/forms.asp#sf364) for ICP evaluation. If the ICP determines the asset can be issued, the ICP shall initiate action to transfer the asset to the appropriate condition.

 C4.9.3.3.8. Wrong Item. Storage activities shall 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 shall indicate that the receipt is related to a reported product quality deficiency. Storage activities shall 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 shall 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 shall 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/due-in recorded).

 C4.9.3.3.11.1. GSA Managed Items. GSA does not normally authorize return of assets to DoD storage activities. Receipts not due-in are, therefore, considered DoD-owned assets which have not been reported to GSA under the MILSTRIP/DLMS materiel returns program (MRP). The DoD Components are responsible for providing DLA with an organization to which the DLA storage activity can record these assets. The DoD Components shall establish internal procedures for processing the receipts from the depot for these assets for subsequent issue, excess reporting under MILSTRIP MRP, or release for DLA Disposition Services. 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 shall receipt the assets to the local Base Operating Supply System for use by the depot. If the material cannot be used locally it is sent to disposal. This procedure assures the assets are recorded on a DoD record.[[4]](#footnote-4)

 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 shipping Service 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 reparables, for which they are not the IMM, shall 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.

 C4.9.3.3.12. Other Discrepancies. Receipt reporting shall 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 shall 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 shall process the transactions and effect the research required to resolve the discrepancy. When materiel received from procurement shall be retained in the wholesale inventory, coordinate with the CAO/PO for a contract modification which shall 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 shall develop management evaluation data for contract overages and vendor caused misdirected shipments 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 shall 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 shall 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 shall 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-UPS

 C4.11.1. When materiel has been received, storage activities shall 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 shall 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. When responsibility for maintaining the property accountability record for DoD-owned property has been assigned to an activity(s) other than the owner, the responsible activity shall execute the owner's actions set forth in this section.

 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, storage activities shall maintain visibility and the property accountability record for these assets pending issue to maintenance and upon their return from maintenance.

 C4.12.2. Requirements

 C4.12.2.1. Owners (Principals for maintenance by Depot Maintenance Inter-Service Support Agreement (DMISA)) shall 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.)

 C4.12.2.2. When owners direct relocation of materiel from a remote storage activity to the storage activity collocated with the maintenance activity (as required under C3.3.), they shall 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. .

 C4.12.2.3. Storage activities shall 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.

 C4.12.2.4. When materiel is scheduled for organic maintenance by DMISA or other inter-Service/ Agency agreement, the agreement shall specify the materiel control requirements. The agreement shall also specify whether the storage activity shall report returns from maintenance to the owner (Principal) as receipts under this section or as transfers from SCC M under C5.6.

 C4.12.2.5. Each DoD Component shall ensure that:

 C4.12.2.5.1. 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](http://www.dla.mil/j-6/dlmso/elibrary/manuals/nondod.asp#far). This includes returns from field activities for repair and reissue as wholesale inventory. DoD Components shall prescribe use of any required internal codes to meet this requirement. (Responsibility of the owner (Principal for maintenance by DMISA).)

 C4.12.2.5.2. 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 shall support the [DoD 7000.14-R](http://www.dla.mil/j-6/dlmso/elibrary/manuals/regulations.asp#700014r) accounting and reconciliation requirements. (Responsibility of the owner (Principal for maintenance by DMISA).)

 C4.12.2.5.3. 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.)

 C4.12.2.5.4. Any needed interface between the procurement and supply operations/functions exists to assure that reported data is 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.

 C4.12.2.5.5. Reported data affecting inventory balances is recorded in the total item property record. (Responsibility of the owner (Principal for maintenance by DMISA).)

 C4.12.2.6. Owners shall establish dues-in for expected returns from commercial and Government maintenance activities using the appropriate Appendix AP2.1 MILSTRAP [DICs](http://www.dla.mil/j-6/dlmso/elibrary/manuals/dlm/milstrap_AP2_Index.asp) 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 shall report receipts under C4.4 or C4.5 and C4.9., using the corresponding DICs in the D4\_ or D6\_ series.

 C4.12.2.7. When materiel is issued to a customer directly from a commercial activity, assure that appropriate supply transactions are processed to establish the property accountability and financial accounting audit trails. Depending on the Component system business rules, this may necessitate either a receipt and issue, or a condition code change and issue.

 C4.12.2.8. When materiel is condemned by maintenance activities, assure that the condemnation action is recorded (inventory adjustment-decrease) to adjust the DoD inventory and financial accounts.

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 shall 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 shall 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 shall 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 shall 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 shall 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 shall 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 shall 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 shall 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 shall 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 shall be used to identify the transaction as Exchange Price related. All the legacy systems shall continue processing the MILS transactions, LMP shall process DLMS transactions that are converted by DLA Transaction Services.

 C.4.15.4. All related supply transactions prepared by the Army shall carry and perpetuate the Exchange Price Indicator. As a result of the Exchange Price implementation the following transactions shall be impacted, requisition, requisition modifier, requisition follow-up, material release order and supply status. The returns process shall also process Exchange Price related transactions. The material receipt transaction shall be generated by the Standard Army Retail Supply System for all returns of Exchange Price NIINs, and shall 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 shall 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) shall 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 shall 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.

1. See ADC 135. [↑](#footnote-ref-1)
2. A deviation granted to DLA allows DLA to process redistribution receipts through segments one and two within 10 calendar days. [↑](#footnote-ref-2)
3. SCC Q not implemented by Navy. Navy implementation deferred to their Enterprise Resource Planning system modernization initiative. [↑](#footnote-ref-3)
4. To date, no DoD Component has identified an organization to which DLA storage activities should report receipts not due-in for GSA assets. [↑](#footnote-ref-4)