DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD
FORT BELVOIR, VIRGINIA 22060-6221

IN REPLY REFER TO DLMSO

May 3, 2010

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) MEMBERS

SUBJECT: Proposed Defense Logistics Management System (DLMS) Change (PDC) 408, DLMS Enhancement: DLMS Supplement (DS) 846A Asset Reclassification Transaction and Associated Procedures, and Administrative Update to DS 947I Inventory Adjustment (Supply)

We are forwarding the attached proposed change to DOD 4000.25-M, Defense Logistics Management System (DLMS), for evaluation and submission of a single coordinated DOD Component position. It is the responsibility of the Supply PRC representative to assure full coordination of the proposal within your Component.

Request you review the attached proposed change and provide your comments/concurrence to DLMSO not later than **21** days from the date of this memorandum. If nonconcurrence is provided, please provide an alternate method to meet the requirement being addressed.

Addressees may direct questions to the DLMSO point of contact Ms. Mary Jane Johnson, email: Mary.Jane.Johnson@dla.mil. Others must contact their Component designated Supply PRC representative.

DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment

cc:
ADUSD(L&MR)SCI
Joint Physical Inventory Working Group

ATTACHMENT TO PDC 408

DLMS Enhancement: DLMS Supplement (DS) 846A Asset Reclassification Transaction and Associated Procedures, and Administrative Update to DS 947I Inventory Adjustment (Supply)

1. ORIGINATOR:

a. Service/Agency: Defense Logistics Management Standards Office (DLMSO)

b.Originator: Ms. Mary Jane Johnson, e-mail: Mary.Jane.Johnson@dla.mil, (703) 767-0677; DSN 427.

2. FUNCTIONAL AREA: Primary: Supply/ Logistics.

3. REFERENCES:

a. DLMS Supplement 846A, Asset Reclassification, available at: http://www.dla.mil/j-6/dlmso/elibrary/TransFormats/140_997.asp

b. DOD 4000.25-2-M, DLMS, Volume 2, available at: http://www.dla.mil/j-6/dlmso/elibrary/manuals/dlms/v2.asp

c. Modernization of Defense Logistics System (MODELS) (*now known as DLMS*) Enhancement 89-077, subject: Provide a Means for Owners/Managers to Direct Storage Activities to Reclassify Materiel (**see Enclosure 1**)

d. PDC 376A, Revise DLMS 846A Asset Reclassification and 947I Inventory Adjustment to Support Navy BRAC SS&D/IMSP, with DLMS Data Mapping (Supply) [PDC 376A is under development.]

e. DLMSO memorandum, December 24, 2008, subject: Request for Implementation Date for Approved DLMS Change (ADC) 313, Revisions to DS 527R to Add Code for MILSTRAP DRB Functionality and to Address Enhancement for Advice Codes Used with 527R Receipt and Response to Inquiry for Materiel Receipt (Supply), available at: http://www.dla.mil/j-6/dlmso/eLibrary/Changes/rfid.asp

4. REQUESTED CHANGE:

a. Description of Change:

1) This change formally highlights the capability of DLMS 846A Asset Reclassification transaction (reference 3a) and associated procedures which were published in DOD 4000.25-M, DLMS (reference 3b) years ago based upon a 1989 DLMS enhancement (reference 3c). Modifications to the existing DLMS transaction notes and the procedures are also being made.

2) The 846A provides capability for:

a) Asset Reclassification Request and Asset Reclassification Follow-up. Owners use to request assets be reclassified from one SCC to another; and owners use to follow up on a previously submitted request when no response was received.

b) Asset Reclassification Denial. Storage activities use to deny a request. (Positive response would the appropriate inventory adjustment transaction (947I for dual SCC change (MILSTRAP DAC functionality). **STAFFING NOTE:** Codes were to be developed in support of the DLMS enhancement to provide the reason an Asset Reclassification Request transaction was denied, however reasons were never identified to DLMSO, and so no codes are assigned at this time. Asset Reclassification Denial Codes specific to DLA and Navy Base Realignment and Closure (BRAC)

Retail Supply, Storage and Distribution (SS&D)/Inventory Management and Stock Positioning (IMSP) are being developed under PDC 376A (reference 3d), but they will not apply to the asset reclassification requests for SCC change covered by this PDC. See paragraph 4.c.3).

c) Asset Reclassification Extension Request. Storage activities use to request an extension on the timeframe for the reclassification request.

d) Asset Reclassification Extension Response. Owners use to approve or disapprove the asset reclassification extension request.

3) DLMS enhancement 89-077 description states: "Provide a means for ICPs to direct storage activities to reclassify materiel. In the present MILSTRAP the ICP is responsible for monitoring assets held in a suspended supply condition code and ensuring that the materiel is reclassified within prescribed timeframes. **There are several circumstances when the ICP needs to tell the storage activity to effect the reclassification action: when the storage activity is responsible for the action and the timeframe has expired; when the ICP wishes to expedite a reclassification action for which the storage activity is responsible**; **when the ICP has resolved the situation which required the assets to be held in a suspended condition (e.g., completion of litigation or technical inspection).** Under the present system constraints, we have been unable to develop a transaction which contains all the data elements required for the ICP to direct such actions; consequently, the communications must be effected via telephone or correspondence."

STAFFING NOTE: The enhancement was written in 1989 and "present system constraints" refers to the 80-record position MILSTRAP transactions.

STAFFING NOTE: The DLMS enhancement identified 3 specific circumstances under which the ICP would send an asset reclassification request (highlighted in yellow in paragraph above). By this PDC DLMSO has modified the 846A Asset Reclassification Request to call out the reason for the request through use of beginning segment action codes.

b. Background:

1) The asset reclassification function was identified for automation under the DLMS based on DLMS enhancement 89-077. While the DS 846A and DLMS procedures have been published for years, DLMSO does not believe this enhanced capability has been implemented. Accordingly this PDC is being staffed to highlight that this capability is available under DLMS**.** There are no MILSTRIP/MILSTRAP equivalent transactions.

2) DS 846A and associated procedures have been identified for expanded capability under Navy-DLA Base Realignment and Closure (BRAC) Retail Supply, Storage and Distribution (SS&D)/Inventory Management and Stock Positioning (IMSP). Changes to the DS 846A to accommodate the proposed expanded capability will be staffed under draft PDC 376A Reference 3b). The PDC 376A changes will not impact the 846A capability addressed by this PDC.

c. Detailed Procedure:

1) DOD 4000.25-M, DLMS, Volume 2, chapter 7, Inventory Adjustment:

a) Chapter 7, which includes the procedures Asset Reclassification, is provided at Enclosure 2. The sections specific to Asset Reclassification are highlighted in yellow.

b) Administrative updates to chapter 7. While this chapter is being revised, the MILSTRAP Administrator also made administrative updates as discussed at the 2008 and 2009 Supply PRC Meetings to support the ongoing DLMSO initiative to combine the DLMS and MILSTRAP manuals.

The current process of maintaining two sets of publications, which contain essentially the same information for the different formats, is resource intensive, duplicative in nature, and no longer practical. This change makes administrative updates to the chapter to capture the correlation between MILSTRAP DI Codes (for inventory adjustments) and the DLMS. These changes position the chapter for movement to a combined manual at a future date.

2) The response to an Asset Reclassification Request for SCC change will either be a 947I dual inventory adjustment for SCC change (DI Code DAC functionality), or an Asset Reclassification Denial Transaction. When the storage activity receives an Asset Reclassification Follow-up Transaction from the owner, for which an inventory adjustment transaction was already provided, the storage activity will provide a duplicate inventory adjustment transaction, coded to identify that it is a duplicate being sent in response to the asset reclassification follow-up.

STAFFING NOTE: DLMS/MILSTRIP Advice Codes were revised by the Request for Implementation Date for ADC 313 (reference 3e) to identify in the MILSTRIP (reference 3.f), Appendix AP2.15, Advice Codes, a separate category applicable to 'DLMS Receipt, Response to Receipt Inquiry, and Inventory Adjustment Transaction Advice Codes'. That code list change included the following code for 947I: Change from ADC 313 are identified by ***red, bold italics***:

Revise MILSTRIP Appendix AP2.15 Advice Codes (**as revised by Request for Implementation Date for ADC 313**):

DLMS RECEIPT, RESPONSE TO RECEIPT INQUIRY, AND INVENTORY ADJUSTMENT TRANSACTION ADVICE CODES [13]	
ADVICE CODE	**EXPLANATION**
3K	Storage activity response to inquiry for receipt status. Storage activity has the receipt in process.
3M	Storage activity response to inquiry for receipt status. Storage activity has no receipt in process but there is a Prepositioned Materiel Receipt (PMR)) file.
3N	Storage activity response to inquiry for receipt status. Storage activity has no receipt in process and no record of the due-in/PMR.
3P	Storage activity uses in response to inquiry for status on receipt or ***asset*** reclassification follow-up, to indicate that the transaction being submitted is a duplicate of the original receipt or inventory adjustment transaction provided by the storage activity. ***Caution must be used by recipient to assure the transaction is not processed twice.***

[13]DLMS enhancement. Not for use in related MILSTRAP transactions.

3) Asset Reclassification Denial Codes. Storage Activity reason(s) for denying an Asset Reclassification Request. **Codes were to be developed for use with the 846A Asset Reclassification Response transaction, for when the storage activity could not accomplish the requested reclassification. However to date, no reasons for an Asset Reclassification Denial have been identified to DLMSO for denying Asset Reclassification Requests for SCC change. Request reasons for the denial suitable for use in a code list, be provided in response to this PDC.** These codes, once identified and agreed upon, will be added to a new code list, Asset Reclassification Denial Code. DLMSO is submitting an ASC X12 data maintenance request for a new LQ data element ID

1270 qualifier for Asset Reclassification Denial Code. Since 846A is an enhancement in its entirety, there is no MILS equivalent transaction which it must map to, it lends itself to creation of a new code list specific to this function.

4) Update the DLMS Supplement 846A as follows:

Item #	Location	DS 846A Asset Reclassification	Reason
1.	DLMS Introductory Notes	Add **PDC 408** to DLMS Introductory note 6: *- PDC 408, DLMS Enhancement: DS 846A Asset Reclassification Transaction and Associated Procedures (Supply)*	Identifies DLMS Changes included in the DLMS Supplement
2.	1/BIA02/20	Make the following administrative updates to the Report Type Codes: **AR Asset Reclassification Extension Request** **DLMS Note:** Distribution depots/***storage activities*** use for ***A***sset ***R***eclassification ***E***xtension ***R***equest ***T***ransactions. **AX Asset Reclassification Extension Response** **DLMS Note:** Owners use for ***A***sset ***R***eclassification ***E***xtension ***R***esponse ***T***ransactions. ***When disapproving an extension request, must use in conjunction with BIA06 Action Code 21.*** **TD Asset Reclassification Response** **DLMS Note:** Distribution depots/***storage activities*** use for ***Asset R***eclassification ***D***enial ***T***ransactions. ***Must cite an asset reclassification denial code in 2/LQ01-02/376.*** **TE Asset Reclassification Request** **DLMS Note**: Owners use for ***Asset R***eclassification ***R***equest ***Transactions. Must use in conjunction with appropriate BIA06 action code identifying the reason for the*** request; ***or, for Asset Reclassification Request Follow-up Transactions, must use in conjunction with BIA06 Action Code T.***	Administrative updates.

Item #	Location	DS 846A Asset Reclassification	Reason
3.	1/BIA06/20	<u>Open BIA06 Action Codes and add qualifiers with DLMS notes as follows:</u> **21 DISAPPROVE** **DLMS Note:** Disapproval of extension request. Owners use with Asset Reclassification Extension Response Transaction only when disapproving an extension request; otherwise do not use. Used with BIA02 code AX only. **23 ESCALATION** **DLMS Note:** Request to Expedite SCC Reclassification. Owner/manager uses to request storage activity expedite an SCC reclassification action for which the storage activity is responsible. 'FROM' and 'TO' SCCs are not identified in 2/LQ/376, only the current SCC is identified. Used with BIA02 code TE only. **62 RESOLVE** **DLMS Note:** Resolution of SCC Suspension. Owner/manager uses to request storage activity reclassify assets from one SCC to another, when the owner/manager has resolved the situation which required the assets to be held in a suspended condition (e.g., completion of litigation or technical inspection). 'FROM' and 'TO' SCCs will be identified in 2/LQ/376. Used with BIA02 code TE only. **86 PENDED FOR FOLLOW UP** **DLMS Note:** SCC Reclassification Timeframe Expired. Owner/manager uses to request SCC reclassification when the storage activity is responsible for the SCC reclassification action and the timeframe has expired. 'FROM' and 'TO' SCCs are not identified in 2/LQ/376, only the current SCC**.** Used with BIA02 code TE only. **T STATUS QUERY** **DLMS Note:** Use to follow-up on previously submitted Asset Reclassification Request for supply condition code change. Use when no response (either an inventory adjustment transaction or an Asset Reclassification Denial transaction) was received. Used with BIA02 code TE only.	Use of Action Codes identifies the type of SCC asset reclassification being requested based on DLMS enhancement 89-077 which cited the following circumstances for requesting a SSC reclassification: --when the storage activity is responsible for the action and the timeframe has expired [see Action Code 86-Pended for Follow Up]; --when the ICP wishes to expedite a reclassification action for which the storage activity is responsible [see Action Code 23-Escalation]; --when the ICP has resolved the situation which required the assets to be held in a suspended condition (e.g., completion of litigation or technical inspection) [see Action Code 62-Resolve]. Use of Action Code '21' provides clearer identification when owner is disapproving an extension request. Identifies extension disapproval at the beginning segment action code, rather than an LIN01 code. Use of Action Code 'T' provides clearer differentiation between the Asset Reclassification Request and Follow-up. **STAFFING NOTE:** PDC 376A (under development) will identify additional action codes for types of asset reclassification requests to support BRAC IMSP SS&D.

Item #	Location	DS 846A Asset Reclassification	Reason
4.	2/LIN01/10	Mark LIN01'Not Used'. ~~**DLMS Note:** *Must use with asset reclassification request transactions (1/BIA/020/BIA02 code TE) to differentiate between a request and an inquiry; must use with asset reclassification extension (1/BIA/020/BIA02 code AR, AX, or TD) response transactions only when disapproving an extension request; otherwise do not use. Cite one of the following codes:*~~ ~~1 - Owner asset reclassification request~~. ~~2 - Owner asset reclassification Inquiry.~~ ~~3 Disapproval for asset reclassification extension request.~~	Eliminates use of LIN01 codes in favor of using beginning segment action codes (see row 3 above). Eliminate use of an LIN01 code '1' and '2' to differentiate between an asset reclassification request and follow-up, in favor of using BIA06 action code 'T'. Eliminate use of an LIN01 code '3' to identify disapproval of an asset reclassification extension request, in favor of using a BIA06 action code '21'.
5.	2/REF01/140	Administrative update to various DLMS notes as follows: **C7 Contract Line Item Number** **Revise first sentence of DLMS Note 1:** **DLMS Note:** 1. Use a second occurrence of code C7, as needed. ~~***, for the reclassification request only***~~. The first occurrence in 2/CS04/240 identifies the current categorization associated with the suspended or suspected material. The second occurrence identifies the categorization as needed to identify the Contract Line Item Number (CLIN), or the CLIN including the Subcontract Line Item Number (SUBCLIN) to which the suspended or suspected material should be reclassified. *2.* Use in asset reclassification request/follow-*up* ***transactions.*** **F8 Original Reference Number** **Revise the DLMS note:** Use in ***asset*** reclassification request transactions to identify the ~~**transaction**~~ ***document*** number previously assigned to the receipt for which reclassification is requested. For suspended receipts, cite the ~~**transaction**~~ ***document*** number of the material receipt. For suspended material previously transferred to a suspended condition as a result of an inventory adjustment, cite the ~~**transaction**~~ ***document*** number of the adjustment. **TN Transaction Reference Number** **Revise the DLMS note:** For suspected items in a non-suspended condition, cite the Inventory Control Point (ICP) assigned ~~**transaction**~~ ***document*** number controlling the reclassification action.	Administrative updates. Administrative update to code **C7** to remove conflict with DLMS note 2 which states C7 is used in asset reclassification request and follow-up transactions. Administrative updates to codes **F8 and TN** DLMS notes to reflect that the 'transaction reference number' is the 'document number'.
6.	2/REF04-01/ 140	Revise DLMS note for qualifier W8: **W8 Suffix** **DLMS Note:** *Use to identify the suffix code associated with REF01 code F8.*	Administrative update

Item #	Location	DS 846A Asset Reclassification	Reason
7.	2/LQ/376	Add segment level DLMS note: **DLMS Note:** *Use multiple iterations of the LQ segment to provide information as needed. Use to identify codes, as appropriate, consistent with management information requirements.*	DLMS note for use of the segment.
8.	2/LQ01/376	Delete DLMS note 2 ~~*2. Use two occurrences of codes 83* **and 87** *as needed for reclassification requests. The first occurrence identifies the current classification associated with suspended or suspected material. The second occurrence of each code identifies the classification to which the suspended or suspected material should be reclassified.*~~	Eliminates use of positioning to identify two distinct codes (e.g., first iteration of LQ = old SCC and second iteration of LQ = new SCC) **STAFFING NOTE:** Also eliminates subsistence type pack (qualifier 87) as a code that can be changed by the Asset Reclassification Request transaction. If there is a business case for using this transaction for the owner to request that the storage activity change materiel from one subsistence type of pack code to another, request interested Component(s) identify the business case/process in response to this PDC, and it can be included in the subsequent ADC.

Item #	Location	DS 846A Asset Reclassification	Reason
9.	2/LQ01/376	Revise DLMS notes for qualifier 83 and add new qualifier BG and Local Code 'ARD' with DLMS note: **83 Supply Condition Code** **DLMS Note:** 1. Use to identify the supply condition ***code (SCC)*** of the materiel. 2. For asset reclassification requests when the owner/manager has resolved the situation which required the assets to be held in a suspended condition **(**BIA02 code TE with BIA06 code 62) this is the 'TO' SCC. The 'FROM' SCC uses qualifier 'BG'. ***3.*** ~~Use in asset reclassification request and asset reclassification request follow-up ***transactions.***~~ **BG Condition** **DLMS Note:** For use with asset reclassification requests for supply condition code (SCC) change, when the owner/manager has resolved the situation which required the assets to be held in a suspended condition. This is the 'FROM' SCC. The 'TO' SCC uses qualifier '83'. BG is only for use with BIA02 code TE with BIA06 code 62. **Add a new Local Code 'ARD' with DLMS note:** **ARD Asset Reclassification Denial Code** **DLMS Note:** Storage activities must use with Asset Reclassification Denial Transactions (BIA02 code TD) to identify the reason for the denial. At this time a local code 'ARD' is established for use in 846A, version 4010. A data maintenance action will be submitted for establishment o f 'ARD-Asset Reclassification Denial Code' in a future version.	To distinctly identify the old supply condition code, so that old and new codes have distinct qualifiers, rather than use positioning to identify (e.g., first iteration of LQ = old code and second iteration of LQ = new code). This use of qualifiers is consistent with 947I Inventory adjustment TO and From supply condition code usage. Local Code 'ARD-is assigned. Upon approval of the ADC, DLMSO will submit an ANSI ASC X12 data maintenance request to establish ASC X12 1270 ID code 'ARD'. Once approved by ANSI for a future version, 'ARD' will become a migration code for use in 846A.

5) Administrative Updates to DS 947I, Inventory Adjustment (changes will be made in version 4030 and version 4010**).**

Item #	Location	Administrative Revisions to 947I Inventory Adjustment	Reason
1.	DLMS Introductory Note	Add PDC 408 to Introductory note 7 - *PDC 408, DLMS Enhancement: DS 846A Asset Reclassification Transaction and Associated Procedures, and Administrative Update to DS 947I Inventory Adjustment (Supply)*	To identify DLMS changes included in the DS

Item #	Location	Administrative Revisions to 947I Inventory Adjustment	Reason
2.	2/LQ01/ 1000	Revise DLMS Note for Qualifier 80: **80 Advice Code** **Current DLMS note:** ~~DLMS enhancement; see introductory DLMS note 4a.~~ **New DLMS Note:** *Use when submitting a duplicate inventory adjustment transaction in reply to an asset reclassification follow-up transaction (Advice Code 3P); otherwise do not use. Authorized DLMS enhancement. Refer to PDC 408.*	Administrative update to cite applicable advice code for inventory adjustment since only one advice code applies to this transaction.
3.	**Make the following administrative updates to the 2/W1901/0200 Quantity or Status Adjustment Reason Codes to align the DLMS notes more closely with the corresponding MILSTRAP DI Code explanation**		

2/W1901/0200 Code being updated	**Revise the DLMS Notes as follows:**
AA Physical Count	*Inventory Adjustment (Physical Inventory). Gain or loss disclosed as a result of physical count of stock, single adjustment. (DI Code D8A or D9A functionality)*
AB Accounting Error	*Inventory Adjustment (Accounting Error). Gain or loss resulting from clerical or automated information system errors which are not subject to correction by reversal of original transaction, single adjustment. DI Code D8B or D9B functionality)*
AC Condition Change	*Inventory Adjustment (Supply Condition). Gain, loss or dual adjustment resulting from supply condition code transfer. (DI Code D8C or D9C or DAC functionality)*
AD Purpose Change	*Inventory Adjustment (Purpose). Gain, loss or dual adjustment resulting from purpose transfer. (DI Code D8D or D9D or DAD functionality)*
AE Reidentification	*Inventory Adjustment (Reidentification). Gain resulting from inspection of an item in stock which has been misidentified, single adjustment. (DI Code D8J or D9J functionality)*
AF Stock Number Change	*Inventory Adjustment (Stock Number Change). Gain or loss resulting from stock number change. Excludes change of unit price only. (DI Code D8K or D9K functionality)*
AG Ownership Change	*Inventory Adjustment (Ownership). Gain, loss, or dual adjustment resulting from ownership transfer by the SMCA. Use is restricted to users of the conventional ammunition system. (DI Code D8S or D9S or DAS functionality)*
AH Other	*Inventory Adjustment (Other). Gain or loss for which a specific code is not otherwise provided. (Assignor of code will maintain detailed intelligence pertaining to its use and, as required, will furnish these data.) (DI Code D8Z or D9Z functionality)*
	Administrative Revisions to 947I Inventory Adjustment
2/W1901/0200 Code being updated	**Revise the DLMS Notes as follows:**
AI Disaster	*Inventory Adjustment Decrease (Disaster). Loss from major disasters, fire loss, enemy action, act of God, or similar circumstance, single adjustment. (DI Code D9H functionality)*

AJ Survey	*Inventory Adjustment Decrease (Survey Process). Loss from shrinkage, theft contamination, deterioration, and/or expired shelf life, single adjustment. (DI Code D9G functionality)*
AK Transfer	*Inventory Adjustment (Logistics Transfer). Gain or loss of item management responsibility as a result of logistics transfer. (DI Code D8E or D9E functionality)*
AL Capitalization	*Inventory Adjustment (Capitalization). Gain to, or loss from, a stock fund or stock fund division at time of activation or subsequent extension/ expansion, as result of capitalization. (DI Code D8F or D9F functionality)*
AN Unit of Issue Change	*Inventory Adjustment (Unit of Issue Changes). Gain or loss resulting from unit of issue changes. Excludes change of unit price only. (DI Code D8K or D9K functionality)*
AP Product/Formula Evaluation and Testing	*1. Inventory Adjustment (Destructive Test). Loss resulting from destructive test. Authorized for Navy and DLA use to support BRAC SS&D IMSP. Refer to PDC 405.* *2. Except as noted above, this is a DLMS enhancement; see introductory DLMS note 4a.*

5. REASON FOR CHANGE: Documents and highlights DLMS transaction/capability which provides means for ICPs to direct storage activities to reclassify material from one SCC to another SCC.

6. ADVANTAGES AND DISADVANTAGES:

a. Advantages: Allows automation of a manual process**.**

b. Disadvantages: None identified.

7. Planned Implementation Date: Request DLA (for EBS and DSS) and the Services identify a target implementation date.

8. IMPACT:

a. Publications:

(1) Requires update to DS 846I and 947I.

(2) Requires update to DOD 4000.25-M, DLMS, Volume 2, chapter 7, as shown at Enclosure 2.

b. Automated Information Systems (AIS): DOD Component logistics AIS.

c. DAASC maps. There is no mapping requirement between MILS TRAP and 846A, but DAASC documentation for 846A requires update as needed.

d. DLMS Data:

a. Identifies requirement for a new ASC X12 data element ID 1270 for Asset Reclassification Denial Code. [Code values not yet identified].

b. Adds existing ASC X12 BIA06 data element ID 306 Action code values to 846A, Asset Reclassification. These codes may or may not be used by other DS.

c. Closes 846A LIN01 which identified some “code” values which are now accommodated by BIA06 Action codes.

ENCLOSURE 1 TO PDC 408

MODELS Enhancement Recommendations

RECNO: 89-077 VERSION: 1
STATUS: C
DATE: 890614 RESPONSIBLE ACTIVITY: C
DLSS: MILSTRAP
S/A : DLSSD

SUMMARY: Provide means for ICPs to direct storage activities to reclassify Material.

DESCRIPTION:
Provide means for ICPs to direct storage activities to reclassify material. In the present MILSTRAP, the ICP is responsible for monitoring assets held in a suspended supply condition code and ensuring that the materiel is reclassified within prescribed timeframes. There are several circumstances when the ICP needs to tell the storage activity to effect the reclassification action: When the storage activity is responsible for the action and the timeframe has expired; when the ICP wishes to expedite a reclassification action for which the storage activity is responsible; when the ICP has resolved the situation which required the assets to be held in a suspended condition (e.g., completion of litigation or technical inspection). Under the present system constraints, we have been unable to develop transaction which contained all the data elements required for the ICP to direct such actions; consequently, the communications must be effected via telephone or correspondence.

AFFECTS:
Allow user to automate present manual practice.

BENEFITS:
Reduce manual workload. Establish mechanical audit trail.

POINT OF CONTACT:
DLSSB-BT, Margaret Kenna

ACTION DATE: Feb 90

Database : ENHANCE 04/19/90
Rpt. Fmt.: ENH9

ENCLOSURE 2 TO PDC 408

DLMS, Volume 2, Chapter 7

The sections of chapter 7 which are address Asset Reclassification are highlighted in yellow to facilitate your review. Changes from current DLMS chapter 7 Asset Reclassification procedures are in ***red, bold italics***. Changes which are ***red, bold, italics*** but are **not** highlighted in yellow are administrative updates,as discussed in the PDC, and are not specific to asset reclassification.

C7. CHAPTER 7

INVENTORY ADJUSTMENT ***AND ASSET RECLASSIFICATION*** ~~***TRANSACTIONS***~~

C7.1. GENERAL

C7.1.1. ***Purpose.***

C7.1.1.1. This chapter provides procedures relating to the following types of inventory adjustment and change actions:

C7.1.1.1.1. Adjustments caused by catalog change actions.

C7.1.1.1.2. Reidentification of improperly identified materiel.

C7.1.1.1.3. Offsetting adjustments to purpose and condition codes.

C7.1.1.1.4. Discrepancies disclosed by physical inventory.

C7.1.1.1.5. Ownership gains and losses applicable to Single Manger for Conventional Ammunition (SMCA).

C7.1.1.1.6. Accounting for materiel during maintenance.

C7.1.1.2. This chapter also provides procedures relating to the Asset Reclassification transaction.

C7.1.2. Transactions. This chapter addresses the procedures applicable to Inventory Adjustment function identified by DLMS Supplement (DS) to Federal IC 947I, and the Asset Reclassification function identified by DS to Federal IC 846A. DS 947I has corresponding MILSTRAP transactions. DS 846A is a DLMS enhancement with no corresponding MILSTRAP transactions.

C7.1.2.1. Inventory Adjustment. The inventory adjustment function is identified by DS 947I ASC X12 beginning segment (1/W1505) Transaction Type Code NU - Inventory Adjustment, and its DLSS (MILSTRAP) counterpart identified by document identifier (DI) codes. Both are covered in this chapter to allow for

processing in a mixed DLMS/DLSS environment as needed. Other formats, such as XML, are also available. See the DLMSO website for available DLMS and DLSS formats: http://www.dla.mil/j-6/dlmso/elibrary/TransFormats/140_997.asp.

C7.1.2.1.1. The inventory adjustment function encompasses increases, decreases, or dual adjustments. This relates to MILSTRAP DI Codes D8_ (increase), D9_ (decrease), or DAC/DAD/DAS (dual adjustment) respectively.

C7.1.2.1.2. Inventory adjustments are further broken down by the AXC X12 Warehouse Adjustment Item Detail segment Quantity or Status Adjustment Reason (QSAR) Codes (947I segment W1901). The QSAR Codes correlate to the 3rd position of MILSTRAP DI Codes D8_/D9_ or DAC/DAD/DAS as follows:

Table C7.T.1 DLSS DI Code/DLMS QSAR Code Correlation

W1901 Quantity or Status Adjustment Reason (QSAR) Code	Explanation	Corresponding MILSTRAP DI Code
AA	Inventory Adjustment (Physical Inventory). Gain or loss disclosed as a result of physical count of stock, single adjustment.	D8A or D9A
AB	Inventory Adjustment (Accounting Error). Gain or loss resulting from clerical or automated information system errors which are not subject to correction by reversal of original transaction, single adjustment.	D8B or D9B
AC	Inventory Adjustment (Condition). Gain, loss or dual adjustment resulting from condition transfer.	D8C or D9C or DAC
AD	Inventory Adjustment (Purpose). Gain, loss or dual adjustment resulting from purpose transfer.	D8D or D9D or DAD
AK	Inventory Adjustment (Logistics Transfer). Gain or loss of item management responsibility as a result of logistics transfer.	D8E or D9E
AL	Inventory Adjustment (Capitalization). Gain to, or loss from, a stock fund or stock fund division at time of activation or subsequent extension/ expansion, as result of capitalization,	D8F or D9F
AJ	Inventory Adjustment Decrease (Survey Process). Loss from shrinkage, theft contamination, deterioration, and/or expired shelf life, single adjustment.	D9G only
AI	Inventory Adjustment Decrease (Disaster). Loss from major disasters, fire loss, enemy action, act of God, etc., single adjustment.	D9H only

W1901 Quantity or Status Adjustment Reason (QSAR) Code	Explanation	Corresponding MILSTRAP DI Code
AE	Inventory Adjustment (Reidentification). Gain resulting from inspection of an item in stock which has been misidentified, single adjustment.	D8J or D9J
AF	Inventory Adjustment (Stock Number Changes). Gain or loss resulting from stock number change. Excludes change of unit price only.	D8K or D9K Inventory Adjustment (Catalog Changes). Gain or loss resulting from stock number and/or unit of issue changes, single adjustment. Excludes change of unit price only.
AN	Inventory Adjustment (Unit of Issue Changes). Gain or loss resulting from unit of issue changes. Excludes change of unit price only.	
AG	Inventory Adjustment (Ownership). Gain, loss, or dual adjustment resulting from ownership transfer by the SMCA. Use is restricted to users of the conventional ammunition system.	D8S or D9S or DAS
AH	Inventory Adjustment (Other). Gain or loss for which a specific code is not otherwise provided. (Assignor of code will maintain detailed intelligence pertaining to its use and, as required, will furnish these data.)	D8Z or D9Z
AP	Inventory Adjustment (Destructive Test). ~~Use to identify inventory adjustment decreases due to~~ Loss resulting from destructive test. Authorized for Navy and DLA use to support BRAC SS&D IMSP. Refer to PDC 405.	No corresponding MILSTRAP

C7.1.2.2. Asset Reclassification. The Asset Reclassification transaction is a DLMS enhancement and there are no corresponding MILSTRAP transactions. DS 846A Asset Reclassification is used for the following transaction functions identified by DS 846A ASC X12 beginning segment (1/BIA02) Report Type Codes:

C7.1.2.2.1. Asset Reclassification Request Transactions are identified by Report Type Code TE. Owners use this function for Asset Reclassification Request Transactions and Asset Reclassification Follow-up Transactions. The types of Asset Reclassification Requests, as well as the Asset Reclassification Request Follow-up Transaction, are further delineated by a variety of BIA06 action codes.

C7.1.2.2.2. Asset Reclassification Denial Transaction is identified by Report Type Code TD. Distribution depots/storage activities generate this transaction. Using Asset Reclassification Request Denial Codes identify the reason a request was denied. (No reasons for denial have been identified for asst reclassification requests associated with SCC reclassification.)

C7.1.2.2.3. Asset Reclassification Extension Request Transaction is identified by Report Type Code AR. Distribution depots/storage activities generate this transaction.

C7.1.2.2.4. Asset Reclassification Extension Response Transaction is identified by Report Type Code AX. Owners generate this transaction.

C7.1.***3.*** Adjustment Actions. Two methods are provided for effecting adjustments—single or dual actions.

C7.1.***3.***1. Single Adjustment. The single adjustment method accommodates processing techniques that use individual increase or decrease adjustment actions against the accountable and owner records.

C7.1.3.1.1. Increase. Identify single increase adjustments by using 947I W1916 Inventory Transaction Type Code AJ – 'Inventory Adjustment', or MILSTRAP DI Code D8_.

C7.1.3.1.2. Decrease. Identify single decrease adjustments by using 947I W1916 Inventory Transaction Type Code AD – 'Inventory Adjustment – Decrease', or MILSTRAP DI Code D9_.

C7.1.***3.***2. Dual Adjustment. The dual adjustment method provides for offsetting adjustments to condition or purpose code in a single adjustment transaction. ***Identify dual inventory adjustments by using 947I W1916 Inventory Transaction Type Code DU – 'Inventory Adjustment Dual', or MILSTRAP DI Code DAC, DAD, or DAS.***

C7.1.***3.***3. Single Transaction Prescribed. When the DoD Component practice prescribes the use of single ***adjustment*** transactions internally for condition or purpose transfer, make provisions for acceptance and processing of dual adjustments from other DoD Components ***(947I Transaction Type Code DU with QSAR Code AC or AD, or MILSTRAP DI Code DAC or DAD)***.

C7.1.***4.*** Ownership/Purpose Code Changes. Changes between ownership codes, from purpose code to ownership code, or from ownership code to purpose code, shall not be made by an adjustment action. Process appropriate issue and receipt transactions to make the necessary accounting actions. An exception to this rule is the use of ~~the ownership change and inventory adjustment, DS 947I, and corresponding single adjustments~~ ***dual or single Inventory Adjustment Transactions*** to accomplish ownership gain/loss under the SMCA concept (see section C7.3., below).

C7.1.5. See Table C7.T.1, on page C7-2, for reasons for processing inventory adjustment transactions.

C7.2. CHANGES IN SUPPLY CONDITION OF MATERIEL

C7.2.1. Supply Condition Reclassification of Assets in Storage

C7.2.1.1. Reporting Classification Variance to Owners. When inspection of stocks on hand reveals that a Supply Condition Code (SCC) reclassification is required, storage activities shall report the variance to the owner within 3 calendar days using a dual Inventory Adjustment Transaction for SCC change (***DS 947I with QSAR Code AC (Condition Change) or MILSTRAP DI Code DAC)*** for the affected condition codes.

C7.2.1.2. Changing Suspect Stock to SCC J ***(Suspended (In Stock))***. When immediate reclassification of suspect stocks is beyond current capabilities, transfer the materiel to SCC J using a dual inventory adjustment for SCC change (***DS 947I with QSAR Code AC (Condition Change) or MILSTRAP DI Code DAC)*** for the affected condition codes.

C7.2.1.2.1. ***Reclassification Timeframe for SCC J***. With the exception of ammunition, complete the materiel reclassification within 90 calendar days after reporting the change to the owner. Complete the reclassification of ammunition within 270 calendar days after reporting the original SCC change.

C7.2.1.2.2. Reporting ***Completion of Reclassification***. When the reclassification is complete, report the change to the owner using ***dual Inventory Adjustment Transaction for SCC change (DS 947I with QSAR Code AC (Condition Change) or MILSTRAP DI Code DAC)*** ~~change and adjustment transaction.~~ Use the same ***document number*** (***also known as the*** transaction reference number) used to report the materiel in SCC J.

C7.2.2. Reclassification of ***SCC*** Q (Suspended (Product Quality Deficiency)) Related Materiel

C7.2.2.1. Storage Activities shall report discrepant receipts in SCC Q as prescribed by Chapter 13 receipt processing procedures. When directed by the owner, storage activities shall also transfer stored, including suspended, materiel to SCC Q and report the action ***using a dual inventory adjustment transaction*** following subparagraph C7.2.1.1.

C7.2.2.2. When inspection or technical/engineering analysis of materiel confirms a product quality deficiency, possibilities for other use of the materiel within the Department of Defense, as well as public health/safety and national security interests, must be considered. Owners shall determine if further use of the item can be made within the Department of Defense.

C7.2.2.3. When inspection of technical/engineering analysis of materiel indicates that litigation action is required, the owner shall direct transfer of the materiel to SCC L.

C7.2.2.4. If the deficiency does not prohibit further DoD use (i.e., the defect is minor or the item meets specifications for another NSN), owners shall direct storage activities to reidentify and/or transfer the suspended SCC Q materiel to the appropriate condition. Storage activities shall, within 3 calendar days from receipt of the ICP direction, reclassify the

SCC Q materiel to the appropriate condition. Report completion of this action with an Inventory Adjustment Transaction using the same document number originally used to report the materiel in SCC Q (i.e., the document number of the original receipt or adjustment transaction). For reidentification, storage activities shall follow section C7.7. procedures.

C7.2.2.5. If the deficiency prohibits further DoD use, the materiel shall remain in SCC Q and owners shall direct transfer of the materiel to DRMOs following Chapter 16 procedures. Improperly documented, unauthorized source, defective, non-repairable, and time-expired Aviation CSI/FSCAP materiel that is not mutilated by the holding activity shall be directed to the DRMO in SCC Q with Management Code S. All such materiel shall be mutilated. When turning such Aviation CSI/FSCAP into a DRMO, the turn-in document must be clearly annotated that the part is defective, non-repairable, time-expired, or otherwise deficient and that mutilation is required.

C7.2.3. Reclassification of SCC L Receipts

C7.2.3.1. Storage Activity Reporting. Storage activities shal***l*** report discrepant receipts from procurement and materiel held pending resolution of a transportation discrepancy in SCC L as prescribed by Chapter 13. When directed by the owner (see paragraph C7.2.7., below), storage activates shall also transfer materiel to SCC L and report the action with an inventory adjustment transaction following paragraph C7.2.1. procedures.

C7.2.3.2. Materiel Owner Responsibilities. Owners are responsible for monitoring materiel suspended in SCC L and directing change of the materiel to its correct condition when litigation or other action to resolve the discrepancy is completed using an ***Asset Reclassification Request*** Transaction in accordance with paragraph C7.2.7. If inspection or technical/engineering analysis confirms that a product quality deficiency prohibits further use of the materiel within the Department of Defense, the owner shall direct transfer of the materiel to SCC Q.

C7.2.3.3. Reclassification Procedures. When directed by the owner, storage activities shall, within 3 calendar days from receipt of an Asset Reclassification Request Transaction, reclassify the suspended materiel to its correct SCC. Report completion of action with a dual Inventory Adjustment Transaction using the same ~~transaction reference~~ ***document*** number originally used to record the materiel in SCC L (i.e., the ~~transaction reference~~ ***document*** number of the original receipt or inventory adjustment transaction). See paragraph C7.2.7. for distribution depot reclassification denial procedures when requested reclassification action cannot be done.

C7.2.4. Reclassification of SCC K and R Receipts

C7.2.4.1. Suspension of Materiel. Under Chapter 13 processing procedures, storage activities may suspend materiel in SCC K upon receipt for SCC determination. Storage activities may also receive materiel identified as SCC R (suspended) from reclamation activities that lack the capability to determine the materiel condition.

C7.2.4.2. Storage Activity Actions. Storage activities shall reclassify these suspended receipts to their correct condition within the timeframes prescribed in the following subparagraphs. When materiel has been reclassified to its correct condition, send a ***dual Inventory Adjustment Transaction for SCC change (DS 947I with QSAR Code AC***

(Condition Change) or MILSTRAP DI Code DAC) to the owner using the same ~~transaction reference~~ ***document*** number cited in the original receipt transaction.

C7.2.4.2.1. ***Reclassification Timeframe for SCC K (Suspended (Returns))***. With the exception of ammunition, reclassify materiel reported in SCC K within 10 calendar days after reporting the receipt; reclassify ammunition within 45 calendar days after reporting the receipt.

C7.2.4.2.2. ***Reclassification Timeframe for SCC R (Suspended (Reclaimed Items, Awaiting Condition Determination)).*** When materiel identified as SCC R is received from reclamation activities, reclassify the materiel within 180 calendar days after reporting the receipt or prior to induction into maintenance facilities for repair/modification, whichever is sooner.

C7.2.4.2.2.1. No Asset Test Capability. When the capability to test/check SCC R assets for actual SCC does not exist, the materiel may be forwarded to a maintenance facility for condition determination.

C7.2.4.2.2.2. Property Accountability Records. The actual SCC of the assets must be recorded on the owner record before the assets may be included in a scheduled maintenance program.

C7.2.***5.*** Automatic Disposal of Reclassified Stock. When materiel is reclassified to SCC H, storage activities may also, based on criteria promulgated by the DoD Components, automatically turn condemned and expired shelf-life materiel into DRMS or take other authorized automatic disposal action. Tell the owner of such simultaneous reclassification and automatic disposal action by entering Management Code M (materiel condemned--excludes expired shelf-life materiel) or Management Code T (materiel condemned--expired shelf-life materiel) in the dual Inventory Adjustment Transaction.

C7.2.***6.*** Exceptions to Prescribed Timeframes for Condition Reclassification – Request for Reclassification Extension

C7.2.5.1. Requesting Extensions to Suspenses. When additional time is needed to reclassify materiel held in SCC J, K, or R, because of large quantities, lack of facilities, nonavailability of personnel and/or test equipment, or other circumstances considered justified by the storage activity commander, the storage activity shall forward a DS 846A ***Asset Reclassification*** Extension Request to the owner.

C7.2.5.1.1. Approval of Extension Requests. When appropriate, the owner shall ***use the Asset Reclassification Extension Response*** to approve the extension request, notify the storage activity, and establish a suspense to ensure that classification action is taken within the agreed upon timeframe.

C7.2.5.1.2. Disapproval of Extension Requests. If the owner does not approve the request for extension, ***they will send an Asset Reclassification Extension Response to the storage activity disapproving the request***. The storage activity shall make every effort to comply with the established timeframe.

C7.2.5.2. Reclassification. Owners may submit ***Asset Reclassification Request***

Transactions in accordance with paragraph C7.2.7. to request hastened reclassification of SCC J, K, and R assets whenever it is deemed necessary based on their stock position and overall management responsibility.

C7.2.6. Monitoring Assets Recorded in Suspended SCCs

C7.2.6.1. SCC J, K, and R. Owners shall review records for all materiel suspended in SCC J, K, and R at least monthly and ensure that storage activities do reclassification actions within prescribed timeframes.

C7.2.6.2. SCC L. Although there is no prescribed timeframe for transferring suspended materiel from SCC L, owners shall review all records for materiel suspended in SCC L at least quarterly and will take necessary action to ensure expeditious litigation/ negotiation with contractors or common carriers.

C7.2.6.3. SCC Q. Although there is no prescribed timeframe for transferring suspended materiel from SCC Q, supply sources shall review all records for materiel suspended in SCC Q at least monthly. Supply sources will take necessary action to ensure expeditious inspection or technical/engineering analysis of suspect assets and prompt transfer of assets, under paragraph C7.2.2., based on the inspection results.

C7.2.7. Asset Reclassification Request, Follow-up, and Response ***Associated with Request for SCC Reclassification***

C7.2.7.1. ***Asset Reclassification Request, Follow-up and Denial Transaction*** Procedures. This section prescribes standard procedures for use of DS 846A for Asset Reclassification Request, Follow-up and Denial transactions. Procedures for using for Asset Reclassification Extension Request and Asset Reclassification Extension Response transactions are addressed in paragraph C7.2.5.

C7.2.7.2. Owner Responsibilities. As discussed in paragraph C7.2.6, owners are responsible for monitoring assets in suspended SCCs. Owners use the Asset Reclassification Request Transaction to request that the storage activity/distribution depot effects reclassification of assets in suspended SCCs. ***Reasons for sending an 846A Asset Reclassification Request Transaction to the storage activity for SCC reclassification are:***

C7.2.7.2.1. Expedite SCC Reclassification. Owner/manager requirement for storage activity to expedite SCC reclassification action. Only the current SCC is identified in the transaction. (Identified by 1/BIA06/20 Action Code 23.)

C7.2.7.2.2. Resolution of SCC Suspension. Owner/manager resolution of a suspension (e.g., completion of litigation or technical inspection). Both the 'from' and 'to' SCCs are identified in the transaction. (Identified by 1/BIA06/20 Action Code 62).

C7.2.7.2.3. SCC Reclassification Timeframe Expired. Owner/manager uses when the storage activity is responsible for the SCC reclassification action, the timeframe has expired, and the owner/manager did not receive a corresponding adjustment, reclassification denial, or request for an extension transaction from the storage activity. Only the current SCC is identified in the transaction. (Identified by 1/BIA06/20 Action Code 86.)

C7.2.7.3. Distribution Depot/Storage Activity Actions. In response to an Asset Reclassification Request Transaction, the storage activity shall take action to reclassify the materiel in the timeframe specified and provide an Inventory Adjustment Transaction to the owner. If the distribution depot is not able to effect the reclassification action, the depot will submit an Asset Reclassification Denial Transaction citing the appropriate ~~**management**~~ ***Asset Reclassification Denial*** Code to explain the reason for the denial[1]**.** If the reclassification action cannot be accomplished in the timeframe specified, the depot will submit an Asset Reclassification Extension Request Transaction in accordance with paragraph C7.2.5.

C7.2.7.4. Owner Use Asset Reclassification ~~***Inquiry***~~ ***Follow-up***. Owners send the Asset Reclassification ***Follow-up*** Transaction to the depot to obtain status of a previously submitted Asset Reclassification Request when the owner did not receive a corresponding Inventory Adjustment Transaction or Asset Reclassification Denial Transaction. In response to a follow-up, when the corresponding inventory adjustment transaction was previously provided, the depot will resubmit the inventory adjustment transaction ***with Advice Code 3P indicating it is a duplicate of a previously submitted transaction sent in response to the follow-up. Caution must be used by recipient to assure the transaction is not processed twice.***

C7.3. OWNERSHIP GAINS AND LOSSES

C7.3.1. Change of Ownership. Based on unique requirements of the SMCA and the DoD Components, authorized by DoD Directive 5160.65, separate inventory adjustment transactions have been developed to permit:

C7.3.1.1. Keeping integrity of the document number from the requisitioner's original demand throughout total processing, when payback actions are necessary.

C7.3.1.2. On-line recording and reconciliation of materiel debit and credit balances of the SMCA and affected DoD Components.

C7.3.1.3. The DoD Components to have an audit trail when their accountable/financial records are affected.

C7.3.2. Payback of SMCA Items. The 947I Inventory Adjustment Transaction is used to accomplish paybacks of SMCA items from one owning DoD Component to another DoD Component, in accordance with DoD policy and inter-DoD Component agreements. The SMCA initiates Inventory Adjustment Transactions for processing internal adjustments to custodial/accountable records and for notification of SMCA storage activities. The use of the M modifier, to express thousands when the quantity exceeds 99,999, is an optional feature that can be applied intra-DoD Component and, by agreement, inter-DoD Component. M modifiers are only applicable to ammunition items in FSG 13.

C7.4. PURPOSE TRANSFERS. Based on authorized programs, materiel may be reserved for specific purposes and kept on inventory control records until requisitioned. To accomplish transfer of assets between purpose codes, the single Inventory Adjustment Transactions for

[1] **STAFFING NOTE:** Codes were to be developed for use with the 846A Asset Reclassification Response transaction when the storage activity could not accomplish the requested SCC reclassification action. However to date, no reasons for an Asset Reclassification Denial have been identified to DLMSO. **Request reasons for the denial of a request to reclassify SCC, suitable for use in a denial code list, be provided in response to this PDC.**

purpose code, or dual Inventory Adjustment Transactions for purpose code, shall be processed against the inventory control records. ***DS 947I with QSAR Code AD, or MILSTRAP D8D, D9D, DAD apply.***

C7.5. INVENTORY GAINS AND LOSSES. Procedures concerned with adjustments due to physical inventory losses or gains are contained in Chapter 6.

C7.***6.*** REIDENTIFICATION OF STOCK, STOCK NUMBER CHANGES, AND UNIT OF ISSUE CHANGES

C7.***6***.1. Reidentification of Stock

C7.7.1.1. When inspection shows an item in stock has been misidentified, storage activities shall send two or more Inventory Adjustment Transactions to the owner. The first transaction shall contain the misidentified stock number, the quantity misidentified. This will be a single inventory adjustment loss transaction (947I with QSAR Code AE (Reidentification)) or MILSTRAP DI Code D9J), with Suffix Code A.

C7.***6***.1.2. When one new stock number is picked up due to reidentification, the second Inventory Adjustment Transaction shall contain the same document number as the first transaction, the identified stock number, and the quantity of the identified stock number. This will be a single inventory adjustment gain transaction (947I with QSAR Code AE (Reidentification)) or MILSTRAP DI Code D8J), with Suffix Code B.

C7.***6***.1.3. When more than one new stock number is picked up due to reidentification, an additional single inventory adjustment gain transaction (947I with QSAR Code AE (Reidentification)) or MILSTRAP DI Code D8J) for each newly identified stock number shall be prepared and sent. The additional inventory adjustment transaction(s) shall be prepared in the same manner as the second transaction except that the suffix codes will progress to C, D, etc., as each transaction is prepared. The suffix codes in the second and ensuing transactions will serve to correlate the transactions to the misidentified stock number.

C7.***6.***1.4. The owner/manager and storage activity shall process the Inventory Adjustment Transactions against their inventory control records to cause the decrease under the incorrectly identified stock number and increase(s) against the correct stock number(s).

C7.***6.***2. Stock Number and/or Unit of Issue Changes

C7.***6.***2.1. Stock Number Change Only. When only a stock number change occurs, the owner/manager and storage activity prepares and processes the Inventory Adjustment Transaction containing the old and new stock numbers (Quantity or Status Adjustment Reason Code AF (Stock Number Change)) and the associated inventory adjustment increase and decrease

C7.***6***.2.2. Unit of Issue Change Only. When only a unit of issue change occurs, the owner/manager and storage activity prepares and processes the Inventory Adjustment Transaction containing the old and new units of issue (Quantity or Status Adjustment Reason Code AN (Unit of Issue Change)) and the associated inventory adjustment increase and decrease.

C7.***6***.2.3. Simultaneous Change. When a simultaneous stock number and unit of issue change occurs, the owner/manager prepares and processes the Inventory Adjustment Transaction containing the old and new stock numbers and units of issue (Quantity or Status Adjustment Reason Code AF and AN), and the associated inventory adjustment increase and decrease.

C7.***7.*** CONDITION CHANGES FOR ITEMS BEING REPORTED/TURNED IN TO DRMS

C7.***7.***1. Materiel Turn-In. When materiel is not identified by an NSN and is actually scrap, the DoD Components may prescribe that it be classified in SCC S for turn in to DRMOs. Otherwise, only materiel recorded on property accountability records in SCC A through H and SCC Q shall be reported or turned in to the DRMO.

C7.***7.***2. Excess Materiel. When excess, serviceable, or unserviceable materiel is classified in SCC J, K, L, M, N, P, or R, the DoD Components must initiate action to reclassify the materiel to an acceptable SCC (A through H, Q, or S) before preparing the turn-in documentation. Section C7.2 contains the Asset Reclassification procedures.

C7.***7.***3. Improper SCC. Activities not reporting or turning in materiel to DRMOs in an appropriate SCC shall risk having the materiel rejected/returned by the DRMO for proper classification.

C7.***7***.4. DRMO Actions. DRMOs shall use the disposal condition codes to accurately describe the physical condition of the materiel based on its inspection at time of receipt. DRMOs shall record both the SCC and the disposal condition codes, and will show both codes as management data for reutilization program screening and review. Within the DRMO process, Disposal Condition Code S is assigned for "property with no value except for its basic materiel content." Consequently, Disposal Condition Code S may be assigned by DRMOs to materiel with or without NSN identification.

C7.***8***. MAINTAINING ACCOUNTABILITY DURING MAINTENANCE (**STAFFING NOTE: This section is not included in this PDC as it is being revised by a separate PDC).**