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Ministry
of Defence

JSP 886
DEFENCE LOGISTICS SUPPORT CHAIN MANUAL

VOLUME 4
MATERIEL ACCOUNTING

PART 2
DEFENCE STOCKTAKING POLICY, PROCESSES AND PROCEDURES

VERSION RECORD		
Version Number	Version Date	Details of Amendment
1.4	24 Jan 12	POC changes, Stocktaking Report periods and timescales, Annex J format, Annex J,K and L titles.
1.5	06 Mar 12	Reformat of Document and Changes to POC.
2.0	17 Jan 13	Revised Master Policy.
2.1	07 Feb 13	Addition of Annex K: Handover Certificate.
2.2	21 Feb 13	Post Endorsement Revision.
2.3	22 Jul 13	Minor Content Changes.
2.4	02 Oct 13	Re-establish Hyperlinks.
2.5	16 Feb 15	Chapter 4, Paragraph 12 – Additional Information for AMANDA Users
2.6	12 Mar 15	POC and Organisational Updates throughout (Initial References sidelined).

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CHAPTER 1: INTRODUCTION TO DEFENCE STOCKTAKING

PURPOSE

1. The purpose of this instruction is to:
 - a. Describe and identify the responsibilities of the custodian organisations.
 - b. Define the process for providing assurance to inventory owners, Chief of Defence Materiel (CDM) and the National Audit Office (NAO) on the integrity of the inventory account.
 - c. Describe the policy to be applied within the MoD.
 - d. Define the processes required to meet the policy.
 - e. Identify the detailed procedures that are designed to implement the stocktaking processes.

APPLICABILITY

2. Until implementation of next generation Logistics Information Systems (Log IS) has been fully achieved it is accepted that the Defence inventory will continue to be managed on a variety of stock accounting systems. A fully converged Log IS will provide an automated process for capturing and managing stocktaking data, however, during the interim period, there will inevitably be a mixed economy of data management and reporting. Overarching Defence stocktaking policy applies to all inventory custodians irrespective of the Log IS currently employed. This instruction provides additional details on process and procedure applicable to the following.

- a. Front Line Commands (FLC) accounting units managing inventory on MJDI.
- b. FLC accounting units managing non MJDI inventory
- c. Logistics Commodities and Services (LCS)
- d. Naval Base Commanders (NBC)
- e. Weapons Operating Centre (WOC).
- f. Defence Munitions (DM)

INTRODUCTION

3. This instruction provides Defence policy, process and procedures for validating the physical presence of Capital Spares (CS) and stock categorised as Permanent (P), Limited (L) and Consumable (C) through a robust programme of stocktaking and it is to be applied to all inventory owned by the Department and held on a Main Stock Account.

4. This document does not cover:
 - a. Stocktaking activities associated with Government Furnished Equipment (GFE) and Assets in Industry (AiI). These are covered by JSP 886, Volume 4, Part 4: Government Furnished Equipment and DEFSTAN 05-99.

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- b. The annual muster of inventory held on Articles in Use (AinU) accounts. This is covered by JSP 886: Volume 4, Part 8: Articles in Use.
- c. Contractors using MJDI under CLS arrangements who should conduct stocktaking in accordance with JSP 886: Volume 3 Part 2: Contractor Logistic Support.
- d. Physical verification of Tangible Non Current Assets (NCA) excluding CS. Policy covering this can be found in the following publications:
 - (1) JSP 472 Chapter 5 Section 5.3.
 - (2) Fixed Asset Management – Procedures Guidance.
- e. Additional checks required for security purposes. This is covered by JSP 440: Defence Manual of Security.

AUTHORITY

5. The authority to perform stocktaking on MOD inventory is promulgated from JSP 472 and Managing Public Money. Head Defence Equipment & Support, Inventory Management Operating Centre, Support Chain Process (DES IMOC SCP-Hd) acts with the authority of CDM to ensure that all inventory custodians comply with the policy, process and procedure detailed in this document to maintain the integrity of the Department's account. DES IMOC SCP-Hd, who in consultation with Deputy Head Financial Systems (Dep Hd Fin Sys) is responsible for:

- a. Setting the Defence policy, process and procedures for undertaking stocktaking¹
- b. Setting performance targets and monitoring performance standards:
 - (1) Interim and Annual stocktaking performance.
 - (2) Line Item (NATO Stock Number (NSN)²/Ammunition Description Asset Code (ADAC) by Batch Key Indicator (BKI) and Gross Value Discrepancy Error Rates (DERs).
 - (3) Management Snap Checks.
 - (4) Re-Performance Checks.
- c. Producing interim and annual stocktaking reports to allow MoD generally, and DE&S specifically, to monitor performance of inventory custodians leading to the identification of best practice and/or remedial action as appropriate. These reports will also be made available for scrutiny by the NAO and will be used to inform the outcome of their annual audit of the Defence accounts
- d. Developing an action plan with stakeholders for the implementation of performance improvements.

¹ Migration to MJDI of Land 1st Line Units will remove the need to convene a Board of Officers (BoO) and Biennial Managerial Examination of Accounts.

² The NSN is comprised of a NATO Supply Class (NSC) and a NATO Item Identification Number (NIIN).

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- e. Arranging, in agreement with Defence Analytical Services and Advice (DASA) for the analysis of stocktaking results for items subjected to stocktaking only once during the 4 year stocktaking cycle.
- f. Considering all innovative proposals for improving stocktaking policy, performance and process, normally through the Defence Materiel Accounting Working Group (DMAWG).

OWNERSHIP AND POINTS OF CONTACT

- 6. DES IMOC SCP-MatAcctg1 is responsible for formulating policy on stocktaking, which is subject to ratification by the Defence Logistics Working Group (DLWG).
- 7. Enquiries concerning the content of this instruction are to be addressed to:
 - a. Regarding the content to the policy Sponsor:
[DES IMOC SCP MatAcctg1a1](#)
Tel: Mil: 9679 81441. Civ: 030 679 81441
 - b. Regarding the accessibility of the document:
[ACDS LOGOPS-Def Log Pol-JSP886](#)
Tel: Mil 9679 80953. Civ 030 679 80953

GLOSSARY OF JOINT SUPPORT CHAIN TERMS

- 8. A Glossary of Joint Support Chain terms is available at JSP 886 Volume 1 Part 1A.

LINKED PUBLICATIONS

- 9. The following publications are linked to this instruction:
 - a. [JSP 440: Defence Manual of Security.](#)
 - b. [JSP 472: Financial Accounting and Reporting Manual.](#)
 - c. [JSP 886: Volume 3 Part 2: Contractor Logistic Support.](#)
 - d. [JSP 886: Volume 4 Part 1: The Fundamentals of Materiel Accounting.](#)
 - e. [JSP 886: Volume 4 Part 4: Government Furnished Equipment.](#)
 - f. [JSP 886: Volume 4 Part 6: Losses.](#)
 - g. [JSP 886: Volume 4 Part 8: Articles in Use.](#)
 - h. [JSP 886: Volume 6 Part 2: Fuels, Lubricants and Gases.](#)
 - i. DEFSTAN 05-99: Managing Government Furnished Assets in Industry.
 - j. Fixed Asset Management: Procedures Guidance.
 - k. Managing Public Money (MPM).

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- I. BS 6001-1:1999: Sampling procedures for inspection by attributes.

SUPERSEDED PUBLICATIONS

10. The following publications are superseded and cancelled by this instruction:
 - a. JSP 886: Volume 4, Part 2, Version 2.3 dated 22 Jul 13.

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CHAPTER 2: STOCKTAKING POLICY

PURPOSE

1. The results of stocktaking progress and performance are reported annually and are used by the National Audit Office (NAO) to support stock values contained in departmental Balance Sheets. Any shortfall in progress or performance, or identified weaknesses in materiel accounting and stock control, is liable to attract censure by the Public Accounts Committee (PAC) and may result in the Materiel Account Owner being called upon to appear personally to explain and account for any shortcomings. Therefore, it is essential that stocktaking be properly undertaken in accordance with current policy, processes and procedures. Failure to do so, if proved to be due to negligence, could result in disciplinary action being taken against the individual(s) responsible.
2. The results of stocktaking also provide a valuable source of local management information and should be scrutinised to detect potential problems or weaknesses in specific store areas, certain ranges of stock items, or accounting procedures. When looked at in conjunction with other performance indicators such as inability to issue and discrepancy report levels etc, stocktaking can provide useful information on, and promote improvements in, storekeeping effectiveness. This will also support the delivery of CDM's Materiel Strategy.

AIM

3. The aim of stocktaking in the MoD is to:
 - a. Contribute to providing assurance of reliable logistic support to meet military tasks, by verifying the quantity, quality and availability of inventory.
 - b. To verify the validity, completeness and accuracy of accounting records to demonstrate and provide adequate financial assurance regarding the physical existence of the inventory balances in the Annual Resource Accounts (ARAc).
 - c. To provide a process that allows trends in discrepancies to be monitored to improve inventory custodians' management, to deter misappropriation and to indicate instances of possible theft and fraud.
 - d. To assure the inventory owner that their holdings are being properly safeguarded and accounted for by the stockholding custodians.
4. In addition, stocktaking provides an effective management control which:
 - a. Verifies the accuracy of the inventory and store location records.
 - b. Provides a measure of storekeeping effectiveness and accounting standards.
 - c. Identifies possible weaknesses in the system for the custody and control of materiel.
 - d. Contributes to providing assurances that materiel is available for issue when needed.
 - e. Demonstrates public accountability.

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- f. Identifies the physical presence of inventory not correctly recorded on Log IS or manual account records.

POLICY

5. The MoD operates a robust 4-year cyclic stocktaking programme (quadrennial) that ensures that as an absolute minimum the target of 70% by value of the inventory held is counted each year³. At the discretion of the FLC/Organisation HQ a more stringent (1,2 or 3 year) programmed stocktaking cycle can be implemented⁴. To meet this requirement all stockholding units are to ensure that:

- a. Stock allocated to stocktaking categories 1 – 5 (see Figure 1) is counted at least once a year⁵. This is a mandatory requirement and no dispensations from this will be approved.
- b. At least 25% of stock allocated to stocktaking category 6 (see Figure 1) is counted annually to ensure that all line items (NSN/ADAC) in this category are counted at least once over the 4-year cycle.
- c. Where the combined value of stock counted in categories 1 – 6 is less than 70% of the total value of stock held, then more stock from category 6 will be included in the count in order to reach the target.
- d. The maximum acceptable value discrepancy level is 2% of the gross (total value of surpluses + total value of deficiencies) of the programmed stock counted.
- e. The maximum acceptable line item (NSN/ADAC) discrepancy level is 10% (with a stretch target of 7%). For LCS the maximum acceptable line item (NSN/ADAC) discrepancy level is 7% (with a stretch target of 5%) of the programmed stock counted.

6. The following must also be observed:

- a. Stock in transit, ie physically issued, in course of supply and recorded as dues-in but not yet received, is not subject to stocktaking.
- b. All discrepancies with a line item (NSN/ADAC) value over £100k are to be investigated immediately.
- c. Monthly Management Snap Checks are to be performed with a minimum of 10 line items (NSN/ADAC) selected at random. For MJDI users the requirement is a minimum of 10 line items (NSN/ADAC) per MJDI account.
- d. A minimum of 2% of the original line items (NSN/ADAC) or locations checked/counted are subject to Re-performance Stocktakes.
- e. All discrepancy reconciliation activity must be completed within 10 working days of the physical count being carried out for FLCs and within 30 working days for LCS, NBC and WOC/DM. No unresolved discrepancies are to be carried over into the next financial year.

³ Until the migration to MJDI of Land 1st Line Units, Board of Officers (BoO) procedures as detailed in JSP 886: Volume 4 Part 203 are still to be applied.

⁴ 100% of items held on AMANDA are to be counted annually in line with DM MA directive.

⁵ No duplicate counts are to be included in any stocktaking report.

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- f. Wherever possible, stocktaking is to be undertaken by personnel independent of the storekeeping and inventory accounting functions. A minimum requirement is that the physical check/count and the reconciliation processes are to be undertaken by separate individuals clearly from separate areas of representation, if not from outside of the storekeeping function.
- g. Results of stocktaking activities are to be reported to DES IMOC SCP MatAcctg1 via the relevant FLC or Organisational HQ in accordance with the detailed process and procedures included in this document.
- h. The forms provided as Annexes to this document are not to be locally produced. Electronic copies are available on request from DES IMOC SCP MatAcctg1.

Figure 1: Stocktaking Categories

Category	Description	Definition	Minimum Frequency of Count
1	Attractive to Criminal and Terrorist Organisations (ACTO)	ACTO stores are those line items (NSN/ADAC) considered to be of immediate value to a terrorist or criminal (See JSP440 Part 7, Chapter 1 Paragraph 6c for a more detailed explanation) eg controlled drugs, poisons, explosives, firearms, ammunition	Annual
2	Attractive	Line items (NSN/ADAC) particularly liable to pilferage or misuse because of their intrinsic value and/or the fact that they are portable and have a ready commercial or domestic use, eg precious metals, fuel and some clothing.	Annual
3	Security Classified – confidential and above	Line items (NSN/ADAC) that have been afforded a security classification in accordance with Departmental security regulations.	Annual
4	High Value	Individual NATO Stock Numbers (NSN/ADAC) with a Basic Materiel Price (BMP) equal to or greater than £15,000	Annual
5	Nominated by Management	Line items (NSN/ADAC) specifically selected by management for special stocktaking attention, eg Radioactive, percentage most active, supply critical, high loss or discrepancy. In addition Category 6 items that require a higher level of local control ie batteries and combat clothing in an Operational Theatre are also to be included at local discretion.	Annual
6	Cyclical	All remaining items not covered by Cat 1 – 5.	At least once during the 4 year cycle

ESTIMATING

7. Estimating is normally only appropriate for high volume-low value inventory and should not be used as an expedient, eg where stock locations are not readily accessible. Where the estimated quantity differs from the stock balance by more than 20% or the estimated value is in excess of £500 a full count is to be initiated.

PRE-PACKAGED EQUIPMENT

8. Pre-packaged equipment is not to be opened for stocktaking unless the packages are damaged, or there is reason to suspect tampering. The quantities on the packages are to be accepted as correct. Broached packages are to be checked.

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RANDOM STATISTICAL SAMPLING (RSS)

9. In exceptional circumstances, stocktaking the full inventory/stockholding may not be cost effective or efficient. Random Statistical Sampling (RSS) is a possible alternative. However, dispensation for RSS can only be granted on application to DES IMOC SCP MatAcctg1. Such applications are to be supported by a statistically validated submission and procedure including a sampling plan derived from tables contained in British Standard 6001.

ROLES AND RESPONSIBILITIES

10. The overarching definitions and roles and responsibilities for the following areas are contained within JSP 886: Volume 4, Part 1: The Fundamentals of Materiel Accounting. Instructions relating to their specific stocktaking responsibilities are covered below.

DES IMOC SCP

- a. DES IMOC SCP MatAcctg1 is responsible for:
 - (1) Setting the policy for stocktaking procedures, performance standards and quality monitoring across Defence.
 - (2) Ensuring that materiel accounting is compliant with the relevant statutory requirements.
 - (3) Producing an interim and annual report detailing the results of stocktaking performance based on accurate and timely information provided by inventory custodians via FLCs/Organisational HQs.
 - (4) Identifying trends/weaknesses and liaising with FLCs/Organisational HQs to facilitate remedial action.
 - (5) Ensuring Log IS fully delivers all materiel accounting requirements as defined in JSP 886.
 - (6) Arranging an agreement with DASA for the analysis of stocktaking results for items subjected to stocktaking only once during the cycle.
 - (7) Reviewing FLC/Organisational HQ endorsed requests for dispensation/relaxation of policy.

Inventory Owner

- b. It is the responsibility of each Inventory Owner to ensure that the stocktaking requirements contained in this instruction are included in any Joint Business Agreement (JBA) or similar agreement between the Inventory Owner and the Materiel Account Owner.

Materiel Account Owner

- c. It is the responsibility of the Materiel Account Owner to ensure that all inventory held, either for the accounting unit's own use or on behalf of the Inventory Owner, is subject to the appropriate levels of stocktaking in accordance with the policy detailed in this instruction. In particular the Materiel Account Owner is to:

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- (1) Ensure that a suitable stocktaking programme exists which fully complies with policy and where JBAs or similar agreements with the Inventory Owner are in place that the programme has been agreed accordingly.
- (2) Ensure that the stocktaking programme is delivered to time and quality and all results are recorded.
- (3) Ensure that stocktaking performance targets are observed and any significant variations are reported as appropriate.
- (4) Ensure where possible that proper separation of duties for the individual stocktaking responsibilities exists.
- (5) Ensure performance data for the interim and annual stocktaking reports is provided on time and in the correct format.
- (6) Ensure that the interim and annual reporting requirements as detailed in the published timetable are observed and provide meaningful narrative to explain any shortfalls in performance are submitted to the FLC/Organisational HQ.
- (7) Ensure the procedures for discrepancy reconciliation and resolution are adhered to.
- (8) Immediately investigate and report on a quarterly basis any high value discrepancies (line item (NSN/ADAC) over £100k) to the relevant FLC or Organisational HQ.
- (9) Highlight to the relevant FLC or Organisational HQ any issues which may affect delivery of the annual stocktaking programme or that may adversely affect interim and annual performance results.
- (10) Respond to FLC or Organisational HQ directives to address any weakness in stocktaking procedures and any anomalies or issues with stocktaking data.
- (11) Submit written requests for dispensation or a relaxation of stocktaking policy to the relevant FLC or Organisational HQ.

Material Account Holder

d. It is the responsibility of the Materiel Account Holder to undertake the day-to-day management of all stock and equipments held. In particular the Materiel Account Holder is to:

- (1) Conduct the stocktaking programme to time and quality and ensure that all results are recorded.
- (2) Maintain an adequate stocktaking audit trail.
- (3) Complete all relevant submissions to support the interim and annual stocktaking reports in accordance with the published timetable.
- (4) Inform the Materiel Account Owner immediately of any high value discrepancies (line item (NSN/ADAC) over £100k).

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- (5) Inform the Materiel Account Owner of any issues which may affect delivery of the annual stocktaking programme or that may adversely affect interim and annual performance results.

FLCs and Organisational HQs

e. It is the responsibility of the FLC or Organisational HQ to ensure that the Materiel Account Owner meets all of the stocktaking requirements as detailed in this instruction. In particular the FLC or Organisational HQ is to:

- (1) Monitor individual Materiel Account Owners' stocktaking performance to ensure progress towards meeting the annual targets.
- (2) Investigate and resolve any potential shortfalls in performance with Materiel Account Owners.
- (3) Ensure Materiel Account Owners meet the published reporting timetables.
- (4) Validate the interim and annual performance reports for accuracy and completeness.
- (5) Ensure that narrative reports are robust and adequately explain any anomalies in performance.
- (6) Submit a consolidated interim and annual report to DES IMOC SCP MatAcctg1 in accordance with the published timetable.
- (7) Ensure that DES IMOC SCP MatAcctg1 receives timely notification of any deletions or additions of Materiel Account Owning UINs.
- (8) Highlight to DES IMOC SCP MatAcctg1 any issues which may affect delivery of the annual stocktaking programme or that may adversely affect interim and annual performance results.
- (9) Monitor the volume of high value discrepancies (over £100k) reported by Materiel Account Owners' and address as necessary, ensuring that the results of investigations are included in the interim and annual reports as appropriate.
- (10) Respond to DES IMOC SCP MatAcctg1 directives to address any weakness in stocktaking procedures and any anomalies or issues with stocktaking data.
- (11) Review Materiel Account Owners requests for dispensation or a relaxation of stocktaking policy and submit endorsed requests to DES IMOC SCP MatAcctg1 for approval.
- (12) Provide sampling information to DASA as requested.

IMPLEMENTATION OF POLICY

11. Policy, and any change, is to be implemented through Customer Supplier Agreements, Business Agreements, Service Level Agreements, Tasking Statements, Contracts or other formal agreements between the inventory owner(s) and the inventory custodian authorities and is to include changes to LogIS as required.

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DISPENSATION

12. Where full compliance with the policy is not possible or not considered practicable a request for dispensation or relaxation of policy must be submitted in advance to DES IMOC SCP MatAcctg1 for consideration. This dispensation request is to be a formal application submitted via, and endorsed by, the appropriate FLC or Organisational HQ and must be supported by a detailed report including the proposed procedure to be adopted.

13. Dispensation will not be approved for ACTO, Attractive and Security Classified items and therefore are not to be included in any dispensation request.

14. Dispensations, if approved, will be granted for a specific period and a further application will need to be submitted for an extension.

CHAPTER 3: STOCKTAKING PROCESS

STOCKTAKING PROGRAMME

1. A stocktaking programme is to be generated on 1 April each year listing all line item (NSN/ADAC by BKI)/locations targeted for count⁶ during the year and showing the total value of the inventory held. The programme is to ensure that all mandatory stocktaking categories 1 – 5 will be counted annually during the quadrennial cycle plus a percentage of the remaining inventory from stocktaking category 6 to ensure that the total inventory holdings are counted at least once during the 4-year stocktaking cycle. For MJDI accounting units the stocktaking programme is an automated process⁷. All other accounting units are to complete the manual Stocktaking Programme [Annex A] and submit to relevant FLC or Organisational HQ.
2. Progress against the stocktaking programme will be monitored through unit or Organisational Authority inspections and/or access to MJDI MIS Core Workbook reports.

STOCKTAKING RETURNS

3. Stocktaking returns covering the period 01 April to 31 March that detail the results of programmed and non-programmed stocktaking activity are to be submitted in accordance with the timetable at Figure 3. Only the results of completed stocktakes are to be included in the returns. A stocktake is not considered complete until all count, discrepancy investigation and adjustments/cancellations have been completed and there are no further actions required.
4. To meet Defence reporting timescale the stocktaking data will be required in two parts:
 - a. **Part One (Interim).** The interim return (Accounting Period (AP) 09) to be submitted at the nine month point providing details of performance during the period 1 April to 31 December.
 - b. **Part Two (Annual).** The annual return (AP12) to be submitted at the end of the reporting year as final confirmation of overall performance and achievement during the period 1 April to 31 March.

MJDI Accounting Units

5. Stocktaking data for both the interim and final reports will be system generated in the form of a Stocktaking Finalisation Report [MJDI form U357] and will be reviewed via MJDI MIS Core Workbook reports at each of the appropriate levels of the reporting chain. Accounting units reporting levels of stocktaking performance that are outside the parameters details in Chapter 3 Paragraph 10 are required to submit to the appropriate FLC a completed Stocktaking Exception Report [Annex B] signed by the Materiel Account Owner.

⁶ A full count is the process of carrying out a physical count and a check of any 'transactions in process' (ie those activities that involve the processing of a transaction or the picking/putting away of stock that would affect either the stock balance or the quantity physically held).

⁷ Units using an earlier version of MJDI than release 4 are to use the processes detailed for non MJDI accounting units.

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6. The FLC is to ensure that a completed Stocktaking Exception Report [Annex B] has been received from all units and is to send a consolidated return to DES IMOC SCP MatAcctg1 in accordance with the published timetable.

7. The Materiel Account Owner is to ensure that the completed Annex B contains sufficient and comprehensive explanation to enable meaningful review and analysis to be conducted by the FLC/Organisational HQ.

Non MJDI Accounting Units and LCS, NBCs and WOC/DM Units

8. The Non MJDI Stocktaking Finalisation Report [Annex C] is to be completed in electronic format appropriately annotated to reflect whether it is an interim or final return. Each return is to be accompanied by a completed Stocktaking Performance Certificate [Annex D] signed by the Materiel Account Owner and submitted to the relevant FLC or Organisational HQ.

9. FLCs and Organisational HQs are to ensure that a completed Annex C and D are received from all units before sending a consolidated return to DES IMOC SCP MatAcctg1 in accordance with the published timetable

SIGNIFICANT VARIANCES TO PERFORMANCE TARGETS REQUIRING DETAILED EXPLANATION

Annual 70% by Value Target

10. Movements of inventory during the reporting year can significantly affect an accounting units' ability to meet the stocktaking performance targets. In recognition of this, detailed narratives providing meaningful explanation for shortfalls or over achievements against the 70% by value stock counted target only need to be reported, using Annex B or Annex D as appropriate, when performance falls out with the tolerances detailed at Figure 2. Local management, FLCs and Organisational HQs may impose other tolerances, but the minimum/maximum acceptable levels are as follows.

Figure 2: Acceptable Variances to 70% by Value Performance Target

Report Type	Minimum Acceptable Performance Target	Maximum Acceptable Performance Target
Interim (AP09)	40% Achieved	80% Achieved
Annual (AP12)	70% Achieved	110% Achieved

Item and Value DER

11. All variances against the performance targets as detailed in Chapter 2 Paragraph 5 are to be reported on Annex B or Annex D as appropriate.

STOCKTAKING TIMETABLE

12. It is the responsibility of each FLC or Organisational HQ to ensure that individual accounting units are actively progressing with their stocktaking programmes. Missing or incomplete stocktakes will not be accepted without prior approval by DES IMOC SCP MatAcctg1; units failing to observe the reporting requirements will be highlighted in the interim and annual stocktaking report.

13. The timetable for reviewing stocktaking activities and for submitting stocktaking data is detailed in Figure 3.

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Figure 3: Timetable for Submission of Stocktaking Returns

Part One – Interim (AP09) Returns: Period 1 April to 31 December	
MJDI Units:- Submit Stocktaking Exception Report [Annex B] as appropriate to FLC or Organisational HQ.	05 Feb
Non MJDI Units, LCS, NBCs and WOC/DM Units:- Submit Stocktaking Finalisation Report [Annex C] and Stocktaking Performance Certificate [Annex D] to FLC or Organisational HQ.	
Command or Organisational HQ: MJDI Units:- Submit narrative report consolidating data provided by individual unit Annex B to DES IMOC SCP MatAcctg1.	19 Feb
For Non MJDI Units, LCS, NBCs and WOC/DM Units include a consolidated Annex C	
DES IMOC SCP MatAcctg1 Produces AP09 interim stocktaking report.	31 Mar
Part Two – Annual (AP12) Returns: Period 1 April to 31 March	
MJDI Units:- Submit Stocktaking Exception Report [Annex B] as appropriate to FLC or Organisational HQ.	24 Apr
Non MJDI Units, LCS, NBCs and WOC/DM Units:- Submit Stocktaking Finalisation Report [Annex C] and Stocktaking Performance Certificate [Annex D] to FLC or Organisational HQ.	
Command or Organisational HQ: MJDI Units:- Submit narrative report consolidating data provided by individual unit Annex B to DES IMOC SCP MatAcctg1.	15 May
For Non MJDI Units, LCS, NBCs and WOC/DM Units include a consolidated Annex C and Annex D.	
DES IMOC SCP MatAcctg1 Produces AP12 annual stocktaking report.	31 May

CHAPTER 4: PROCEDURES

STOCKTAKING METHODS FOR NON MJDI UNITS

1. For units not using MJDI there are two acceptable methods of stocktaking and custodians are to determine which is the more suitable to meet both the business and Government Accounting requirements. These methods are:
 - a. **Stocktaking by Location.** The count is confined to a specific stock location and includes all stock numbers with stock recorded in that location. These results are compared with the 'Stock Location Record' and, following reconciliation, discrepancies between the quantity found and the quantities recorded on that record and/or the main stock account are to be investigated and/or adjusted as necessary.
 - b. **Stocktaking by NATO Stock Number (NSN)/Ammunition Description Asset Code (ADAC).** For each NSN/ADAC, the custodian is to arrange for all dispersed locations to be counted at the same time to arrive at a total figure that can be compared with the main stock account quantity to determine whether any discrepancies need investigation and/or adjustment. For this method it is necessary for a Stock Location Check to be performed, see Chapter 4 Paragraph 15.

STOCKTAKING METHOD FOR MJDI UNITS

2. MJDI generates the programmed count initially by location and then picks up all other locations within the MJDI account with the same line item (NSN/ADAC). If a location is to be counted and holds line items have already been checked as part of a previous count, a stock location check is indicated on the stock count list rather than a full count. The results of the count are compared with the management copy of the stock count list and discrepancies between the quantity found and the quantities recorded are to be investigated and/or adjusted as necessary.

STOCKTAKING ROLES

3. To maintain separation of duties/levels of independence, the following roles have been identified to assist in the allocation of tasks:
 - a. **Stocktaking Control Officer (SCO).** Each accounting unit is to have an SCO independent from the day-to-day storekeeping activities tasked with responsibility for overseeing stocktaking. The SCO is responsible for implementing and monitoring progress against the stocktaking programme, maintaining registers and the submission of stocktaking certificates and supporting narratives to the appropriate authorities. The SCO is also responsible for overseeing the Management Snap Checks and is to compile a local programme identifying the individual who has to perform the check/count. The minimum grade mandated to run the SCO is military OF2 or MoD civilian Band D.
 - b. **Stocktaker/Stock Counter.** The Stocktaker/Stock Counter would ideally be a member of an independent stocktaking team responsible for the physical check/count and the recording of results on the system through the SCO. Where this is not possible a member of the storekeeping staff may be given the appropriate authorisation providing separate individuals perform the Reconciler and Adjustment Authoriser roles.

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- c. **Reconciler.** The Reconciler has to be independent of the original stocktaker/stock counter and is responsible for investigation of discrepancies between stock found and the stock recorded. Ideally the reconciler would report directly to the SCO.
- d. **Adjustment Authoriser.** The Adjustment Authoriser must be independent of the storekeeping and stock accounting functions and have the authority to approve adjustment of stocktaking discrepancies on both the account and the warehouse system. See Figure 5 for recommended Account Adjustment Authorisation levels. He/she must be independent of the day-to-day storekeeping activities and must be the SCO or a nominated member of his/her team.

PROGRAMMED STOCKTAKES

MJDI Accounting Units

4. All MJDI stocktaking programmes will be automatically system generated to ensure the check/count is confined to a specific stock location and includes all line items (NSN/ADAC) with stock recorded in that location. These results are to be compared with the 'Stock Location Record' and any discrepancies between the quantity found and the quantities recorded on that record and/or the main stock account are to be investigated and adjustment action taken if required.

Non MJDI Accounting Units, LCS, NBCs and WOC/DM Units

5. On 01 April each year the SCO responsible is to agree with individual stockholding areas a listing of items/locations targeted for count during the year. These listings are to identify categories of items/locations and the value of stock held for those items/locations and, ideally, should be system generated. In compiling the programme particular emphasis is to be paid to the mandatory annual categories identified in Figure 1 and the local programmes are to demonstrate that all mandatory annual count items will be addressed during the year.

NON PROGRAMMED STOCKTAKES

6. There are other reasons for performing stocktakes/checks outside of the annual programmed stocktaking cycle, these include:
 - a. Investigative Stocktakes.
 - b. Management Snap Checks
 - c. Audit Sample Stocktakes.
 - d. Handover Stocktakes.
 - e. Re-performance Stocktakes.
7. Results of non-programmed stocktaking activity are to be included in stocktaking registers, but will be reported separately in the annual Stocktaking Reports and will not be used to contribute towards the annual stocktaking targets.

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8. Where areas of weakness or discrepancies are identified, local management is to institute remedial action and report details in the Stocktaking Exceptions Report for MJDI units [Annex B] or the Stocktaking Performance Certificate for non MJDI units [Annex D].

Investigative Stocktakes

9. Investigative Stocktakes are to be instigated when storekeeping effectiveness, as measured by the results of stocktaking and other indicators, is deteriorating or when there are inaccuracies in, or improper conduct of, previous stocktakes.

10. Investigative stocktakes can also be initiated as part of the wider investigation process associated with resolving other stock accounting errors, this can include:

- a. When a loss has occurred, or is suspected, as a result of criminal activity, negligence, fire, flooding, leakage etc. All suspect materiel is to be counted, and any discrepancies investigated. Any confirmed deficiencies are to be treated as losses and subjected to formal write-off action in accordance with JSP 886: Volume 4 Part 6: Losses. Surpluses are to be adjusted through stocktaking or account adjustment but full audit trails linking surpluses to losses are to be maintained.
- b. When there is an inability to issue or an incorrect balance has been identified.
- c. When one stocktake reveals a potential discrepancy on another line item (NSN/ADAC) or location.
- d. When an area is identified as prone to error.
- e. In response to receipt of a discrepancy report from a consignee.
- f. When there is a possibility that stock has been incorrectly identified.
- g. When stock has been incorrectly located.
- h. At management request. This includes programmes of inspections or other managerial controls that incorporate a physical check/count and a comparison of the results with the account balance.

Management Snap Checks

11. Management Snap Checks are a mandatory monthly requirement in order to assess the effectiveness and efficiency of cycle stocktaking. Local management is to institute a programme of management snap checks identifying the responsible officer and the month during which the check is to be performed.

12. Each Inventory Custodian is to ensure that a minimum of 10 line items (NSN/ADAC) selected at random are checked. For AMANDA users the requirement is for management snap checks to be completed for 10 randomly selected BKIs/Serial numbers each month. For MJDI users the requirement is a minimum of 10 line items (NSN/ADAC) per MJDI account. For BODMS users when the NSN is stored across multiple locations only one location is required to be checked. Results of the management snap check are to be vetted by local management to identify:

- a. Areas of weakness in storekeeping or stores accounting.

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- b. Inaccuracies in or improper conduct of previous stocktakes.
- c. Areas prone to error.

Audit Sample Stocktakes

13. Audit Sample Stocktakes may be randomly requested by officers of the FLC/Organisational HQ, DE&S and NAO. These officers are also empowered to undertake investigative stocktakes themselves, in the presence of the custodian, to test the adequacy of Departmental and/or local procedures. Where areas of weakness or discrepancies are identified, local management is to initiate remedial action and report the findings through the appropriate Chain of Command. Requests for audit sample stocktakes are to be made through relevant Chain of Command.

Handover Stocktakes

14. Handover Stocktakes are to be carried out when there is a change of Materiel Account Holder. The Stocktake is a mandatory check to be conducted by the outgoing and incoming Materiel Account Holder. It is to include a 100% check of Stocktaking Categories 1, 2 and 3 (See Figure 1). At the discretion of the incoming Materiel Account Holder a selection of the remaining inventory can also be stocktaking. A Handover/Takeover Certificate [Annex K] is to be completed, supported by a system generated non-programmed stocktaking count list. Handover Stocktakes can also be undertaken on the change of the Materiel Account Owner and Commanding Officer as deemed necessary.

STOCK LOCATION CHECKS (SLC)

15. This is an essential requirement for all custodians performing stocktaking by NSN/ADAC (see Chapter 4 Paragraph 1b). The SLC is not a count of the quantity of stock held, but is a check to confirm that all line items (NSN/ADAC) recorded as being in a particular location are physically there and to identify potential discrepancies for items held in a location but not reported on the account that may otherwise be overlooked.

16. The SCO is to compile a programme of SLC to demonstrate that all locations will be checked during the 4 yearly cycle and where the Log IS cannot hold these details for management scrutiny a copy is to be forwarded to the relevant FLC or Organisational Authority.

17. The SCO is to generate the listing of NSNs/ADACs held in a location or range of locations and this is to be passed to the stocktaker to check that stock of those NSNs/ADACs are physically held in the recorded location. If any discrepancies are identified ie additional NSNs/ADACs found or no stock of the recorded NSNs/ADACs then the listing is to be annotated accordingly.

18. On completion of the check the listing is to be returned to the SCO to maintain an auditable record of SLC progress and performance. If any discrepancies are recorded on the listing the SCO is to initiate an investigative stocktake in accordance with Chapter 4 Paragraphs 8 and 9.

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WAREHOUSE MANAGEMENT SYSTEM (WMS) & ACCOUNT RECONCILIATION

19. Where Stocktaking is performed utilising a Warehouse Management System (WMS) rather than the main account there is to be a quarterly reconciliation of the records held on WMS and the main account to identify.

- a. Items on the WMS but not on the main account.
- b. Items on the main account but not on the WMS.
- c. Items on both the WMS and the main account but with different stock balances.

20. The format and content of the listings are to be agreed locally, but as a guide, the following data is considered essential

- a. NSN/ADAC,
- b. Item Price,
- c. Quantity held on the WMS,
- d. Quantity held on the main account,
- e. Location(s),
- f. Discrepancy Quantity (Quantity on the main account minus the quantity on the WMS),
- g. Discrepancy Value (Line Item BMP x Discrepancy Quantity).

21. All of the discrepancies identified in the listing are to be investigated and, where appropriate, adjustments made to the WMS or the main account in accordance with Chapter 4 Paragraphs 38 to 53.

22. Summary details of the number of line entries and the values of surpluses and deficiencies, segregated into stock owners, are to be forwarded to DES IMOC SCP MatAcctg1 via the Command/Organisational HQ and copied to the stock owner(s) for each quarterly reconciliation that is produced.

23. DES IMOC SCP MatAcctg1 will monitor these results in conjunction with Interim and Annual reports and initiate investigation should the result indicate possible problems.

STOCKTAKING REGISTERS

24. Stocktaking registers will record the progress against stocktaking programmes from date of production to completion of check/count and details of any discrepancy reconciliation and account adjustments as appropriate. For MJDI users this will be a system generated MJDI Form U061 for all other users the SCO is to arrange for electronic or manual registers to be maintained in the format detailed at Annex E.

STOCKTAKING COUNT

25. Programmed stocktaking count lists are to be produced and held by the SCO as required, System generated count lists should be used where possible and should be produced in duplicate. The management copy will include the quantity of stock expected

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and should be retained by the SCO. The count, however, is to be undertaken against the second copy and is not to include the quantity of stock expected (blind list) and should be passed to the stocktaker. For MJDI users a Stocktaking Count List [MJDI Form U068] will be automatically generated in two copies. There should be minimal delay between date of production of lists and date of the check/count to avoid the possibility of changes to account balances or to avoid lengthy periods of system restrictions on the items listed. All stock count lists are to be completed within 30 calendar days of being printed.

26. In order that all stocktaking activity is recorded and reported, stocktaking count lists are also to be produced in two copies for the non-programmed stocktakes identified in Chapter 4 Paragraph 5. These are to be co-ordinated through the SCO who is to ensure they are recorded in the same way as programmed stocktakes.

27. The blind stocktaking count lists are to be passed to the stocktaker/stock counter who is to perform the check/count. The check/count is complete when a physical check/count of the quantities of stock held and a check of outstanding transactions has been completed (ie Those activities that involve the processing of a transaction or the picking/putting away of stock that would affect either the stock balance or the quantity physically held).

28. The stocktaker is to record the result of the count plus detail of any transactions that affect the stock balance, together with the date it took place. This could be on electronic media or on hard copy documentation.

29. The result of the check/count, taking into consideration any quantities received but not on charge, is to be compared with the system balance. Any discrepancy between the two is to be recorded on the system as appropriate. If a potential stocktaking discrepancy is found the SCO is to instigate a recount. For MJDI users the system will automatically prompt this action and a stocktaking count list – discrepancy recount [MJDI Form U681] will be produced in duplicate.

30. On completion of the count or discrepancy recount, the stocktaking count list [MJDI Form U068] or discrepancy recount [MJDI Form U681] is to be annotated accordingly and signed by the Stocktaker/Stock Counter and countersigned by the SCO or an Officer or SCNO from within the Materiel Accounting Staff. For Non MJDI users the Count Complete Report [Annex F] is to be completed.

31. In addition to verifying the accuracy of the stock records, the stocktake provides an opportunity to check other elements of storekeeping and, if warranted, report findings to senior store and office management. Any observations are to be recorded and reported to the SCO on Annex G and should include weaknesses in such things as:

- a. Accessibility.
- b. Quality of packaging.
- c. Identification and labelling.
- d. Environment.
- e. Backlog of transaction processing.

32. For bulk fuel, monthly dips are to be recorded [Annex H]. At the end of the year the results of the final dip are to be used to form the end of year stocktaking result. Any discrepancy is to be recorded, investigated, and the account adjusted in accordance with

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JSP 886: Volume 6 Part 2: Fuels, Lubricants and Gases. One sheet is to be maintained for each installation/tank and/or each type of fuel.

RE-PERFORMANCE STOCKTAKES

33. Re-performance Stocktakes are a mandatory requirement in order to ensure standards of stocktaking are accurate and a system of Re-performance Stocktakes is to be implemented for all programmed stocktaking. A minimum of 2% of the number of original line items (NSN/ADAC) counted on each stock count list during the annual programme is to be subject to re-performance Stocktakes, and a record of the checks maintained. Re-performance Stocktakes are to be carried out by the SCO or individuals independent of the original stocktaker/stock counter as soon as possible but within 5 working days of the stocktake finalisation.

34. The Re-performance Stocktakes will be recorded in the stocktaking register (see Chapter 4 Paragraph 24) to enable custodians to provide the assurance that the 2% target has been achieved. Stockholding Custodians are responsible for corrective action where problems are identified.

35. Any differences between the original line item (NSN/ADAC) count and the Re-Performance Stocktakes are to be investigated to determine whether there is a discrepancy or whether one of the counts was incorrectly recorded/reported. For MJDI users this will be the MJDI Form U068. All other accounting units are to use a manual or electronic register in the format at Annex E. Any observations regarding the standard of the counting need to be reported to the SCO using the Report of Stocktakers Observations [Annex G].

36. Discrepancies arising from Re-Performance Stocktakes are to be reconciled by staff other than those performing the original count.

37. The results of these Re-performance Stocktakes cannot be used to count towards the stocktaking programme, as they will already have been reported under the programmed stocktaking results.

STOCKTAKING DISCREPANCIES

38. A stocktaking discrepancy is the difference between the physical stock count and the system record, including materiel condition, which is not attributable to fraud, theft or criminal activity. Details of all stocktaking discrepancies are to be recorded on the MJDI Form U462 for MJDI users or the non MJDI equivalent shown at Annex J.

39. If the discrepant item(s) are found after investigation and providing no account adjustment has taken place, the discrepancy is to be annotated with the relevant Correct on Recount code selected from the List of Values, (see Figure 4).

Figure 4: Correct on Recount Codes

A	Transaction in Progress
B	Wrong Physical Count
C	Mixed Stock
D	Stock Mis-Located

E	Wrong Unit of Issue (UoI)
F	Item Incorrectly Identified
X	Other

40. Where investigation has revealed that the discrepancy is due to theft, fraud or criminal activity then the loss procedures are to be followed in accordance with JSP886: Volume 4 Part 6: Losses. If the stocktaking adjustment has not yet been processed then a

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'Correct on Recount' code of 'X' is to be selected and Stocktaking and Loss registers are to be annotated with the relevant details to enable the two transactions to be linked for audit purposes.

41. If the stocktaking adjustment has already been processed then there is no requirement to attempt to reverse this transaction and stocktaking and loss registers should be annotated as detailed above

42. Stocktaking discrepancies are split into three categories as detailed below and the appropriate levels of investigation are detailed at Chapter 4 Paragraphs 44 to 48.

Major

a. Any discrepancy with a total value equal to or greater than £1000 for all FLC accounting units or £1500 for LCS, NBC or WOC/DM accounting units (quantity discrepant multiplied by line item (NSN/ADAC) basic materiel price).

Or

b. Any discrepancy, irrespective of value, on an item that is identified as:

- (1) ACTO.
- (2) Attractive.
- (3) Security Classified (Confidential and above).
- (4) Nominated by Management (inclusive of Radioactive).

Minor

c. Any discrepancy with a total value greater than £250 and less than £1000 for all FLC accounting units and greater than £500 and less than £1500 for LCS, NBC and WOC/DM accounting units (quantity discrepant multiplied by line item (NSN/ADAC) basic materiel price), providing the discrepancy does not fall under any category identified at Chapter 4 Paragraph 42b.

Trivial

d. Any discrepancy with a total value of less than £250 for FLC accounting units and below £500 for LCS, NBC and WOC/DM accounting units (quantity discrepant multiplied by line item (NSN/ADAC) basic materiel price), providing the discrepancy does not fall under any category identified at Chapter 4 Paragraph 42b.

HIGH VALUE STOCKTAKING DISCREPANCIES EXCEEDING £100K

43. Where the value of the stocktaking discrepancy exceeds £100k, the discrepancy is to be investigated immediately and copies of the documentation are to be forwarded to the appropriate FLC or Organisation HQ on quarterly basis. FLCs or Organisation HQs are to monitor the volume and value of these high discrepancies and investigate with the Materiel Account Owner as necessary. A listing of high value discrepancies including the result of any investigations is to be included in the interim and annual stocktaking returns submitted to DES IMOC SCP MatAcctg1.

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INVESTIGATION OF STOCKTAKING DISCREPANCIES

44. Trivial discrepancies do not require investigation unless theft or fraud is suspected. Investigation checks at Chapter 4 Paragraph 48 should be applied if monitoring procedures indicate that the number of reported discrepancies has reached a level that requires investigation.

45. The Reconciler is to initiate the investigation of major and minor stocktaking discrepancies ensuring that the appropriate level of investigation identified at Chapter 4 Paragraph 48 is applied. This action, including a full line item count of the discrepant NSN/ADAC must always precede an account adjustment.

46. The detail and outcome of these investigations is to be recorded to demonstrate that the appropriate checks have been carried out. The Investigation Form [Annex I] is to be used for recording all major and minor stocktaking discrepancy investigations and results.

47. Deficiencies on materiel identified as ACTO, security classified Confidential and above, all weapons, ammunition and explosives that are not directly attributed to accounting errors are to be reported without delay to the authorities identified in JSP 440: Part 7 Section 7 Chapter 1 Paragraph 41.

INVESTIGATION LEVELS

48. The level of investigation is dependent on the value and stocktaking category of the line item (NSN/ADAC) and details of the investigations required are shown at Annex I. The following is to apply:

- a. A maximum level of investigation (Checks 1 to 13 listed on Annex I) is mandated for all Major stocktaking discrepancies.
- b. A minimum level of investigation (Checks 1 to 5 listed on Annex I) is mandated for all Minor stocktaking discrepancies.

49. Following discrepancy reconciliation and investigation any discrepancy resulting in an adjustment to the account balance is to be recorded. Discrepancies resulting from the programmed count are to be used to calculate final Line Item (NSN/ADAC) and Gross Value Discrepancy Error Rates (DERs).

STOCKTAKING ACCOUNT ADJUSTMENTS

50. For all confirmed stocktaking discrepancies (ie all cases where a transaction increasing or decreasing the account balance is required) an application for an account adjustment is to be submitted via the SCO to the appropriate adjustment authorising officer. Although no formal financial delegations are required to adjust the account, the Materiel Account Holder may include details of account adjustment approval levels in local Letters of Delegation. Although the structure in Figure 5 is not intended to be read as equivalent ranks/grades it provides guidance on the minimum levels that should be applied for the authorisation of account adjustments.

51. Authorising Officers are to assess the record of investigations for completeness and suitability. Where further investigation is required Annex I (Part 2) is to be completed and returned to the Reconciler.

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52. Where the discrepancy is confirmed and the Authorising Officer is satisfied that no further investigation is appropriate, Annex I (Part 2) is to be completed. The account is to be adjusted and the transaction/voucher number recorded in the box provided.

53. For completely reconciled discrepancies (ie where a transaction increasing or decreasing the account balance is not required) the SCO is to be notified that the discrepancy has been resolved and cancelled by selecting the appropriate Correct on Recount code (Figure 4) which is to be annotated on the Annex I and on the Stocktaking Discrepancy Register (Log IS [MJDI Form U462] or manual [Annex JJ]).

Figure 5: Account Adjustment Authorisation Levels

TOTAL DISCREPANCY VALUE	NATO GRADES	ROYAL NAVY	ROYAL MARINES	ARMY	ROYAL AIR FORCE	MoD CIVILIAN
Up to £10,000	OF2	Lieutenant	Captain	Captain	Flight Lieutenant	Band D
Over £10,000 up to £50,000	OF3	Lieutenant Commander	Major	Major	Squadron Leader	Band C2
Over £50,000 up to £100,000	OF4	Commander	Lieutenant Colonel	Lieutenant Colonel	Wing Commander	Band C1
Over £100,000	OF5	Captain	Colonel	Colonel	Group Captain	Band B2

CALCULATING STOCKTAKING DISCREPANCY ERROR RATE (DER)

54. Stocktaking DERs are to be based on numbers of line items (NSN/ADAC) counted and the numbers and values of stocktaking discrepancy adjustments made. The following paragraphs identify the formulae for calculating error rates for each method of stocktaking.

55. Only discrepancy adjustments made from the Programmed stocktake are to be used in the DER calculations.

Gross Value DER

56. The value of all stocktaking completed during Programmed stocktaking undertaken during the period is used to calculate the Gross Value DER as follows:

$$\frac{\text{Total Value of Surplus adjustments} + \text{Total Value of Deficiency adjustments}}{\text{Total value of the programmed inventory actually counted}} \times 100 = \%$$

Line Item (NSN/ADAC) DER

57. The total number of line items (NSN/ADAC) for which the stocktakes have been completed during Programmed stocktaking undertaken during the reporting period is used to calculate the Line Item DER as follows:

$$\frac{\text{Total Number of Surplus adjustments} + \text{Total Number of Deficiency adjustments}}{\text{Total number of programmed line items (NSN/ADAC) actually counted}} \times 100 = \%$$

INTERIM AND ANNUAL STOCKTAKING REPORT

58. Each year, and in accordance with the timetable detailed in Figure 3 each FLC and Organisational HQ is to scrutinise the stocktaking performance of every accounting unit

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using either the MJDI MIS core workbook or the completed Annex C. Where shortfalls in performance against annual stocktaking targets are recorded, the individual units are required to submit a Stocktaking Finalisation Report [MJDI form U357] and Stocktaking Performance Certificate [Annex D] through their respective FLC and Organisational HQ. In particular the following areas must be addressed:

- a. The volume and value of stocktaking achieved and a detailed explanation provided for any significant under or over achievement against the target detailed in Figure 2.
- b. The number of line items (NSN/ADAC) discrepant with a detailed explanation provided for any under or significant over achievement against the permitted tolerance of 10%. (The permitted tolerance for LCS is 7%).
- c. The gross value of line items (NSN/ADAC) discrepant and detailed explanation provided for any under or significant over achievement against the permitted tolerance of 2%.
- d. Details provided of all stocktaking discrepancies over £100k incurred during the reporting period.
- e. An assurance that all Management Snap Checks and Re-Performance Stocktakes have been undertaken in the reporting period.

59. Only the results of completed stocktakes are to be included in the interim and annual stocktaking returns. A stocktake is not considered complete until all count, discrepancy investigation and adjustments/cancellations have been completed and there are no further actions required.

AUDITABLE REQUIREMENTS

60. All auditable records and documentation produced for stocktaking are to be retained in accordance with JSP 886: Volume 4 Part 1: The Fundamentals of Materiel Accounting, together with the details of corrective and remedial action taken. Documentation is to be retained to ensure that current cycle records and those of the previously completed cycle are available for investigation purposes. Where dispensations have been authorised full details are to be retained locally for scrutiny as necessary. Where Log IS allows, the records will be maintained within the system to provide a clear trail from the original stocktaking programme, through proof of count and discrepancy reconciliation to final report

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ANNEX A: ANNUAL STOCKTAKING PROGRAMME NON MJDI UNITS

From: [Accounting Unit Name]
To: [FLC or Organisational HQ]

Reference:
Date:

Copy to: DES IMOC SCP MatAcctg1

ANNUAL STOCKTAKING PROGRAMME – FOR FY 20 /20

Log IS	No. of Line Items (NSN/ADAC) in Stock as at 1 April	Value of Stock Held as at 1 April	No. of Line Items (NSN/ADAC) Programmed for Count	Value of Stock Programmed for Count
CRISP/WITS				
SCCS/WTMS				
SS3/BODMS				
BODMS STANDALONE				
AMANDA/ASTRID				
OASIS				
ORAC				
MJDI [Note 1]				
OTHER* (MILLE, BFIS etc.)				
TOTAL				

I certify that all items requiring a mandatory annual count have been incorporated into the annual stocktaking programme.

Signed: Name (Block Capitals):

Rank/Grade: Appointment: Materiel Account Owner

Date:

Note 1. For units pre MJDI release 4.

*Insert details.

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ANNEX B: STOCKTAKING EXCEPTIONS REPORT FOR MJDI UNITS

From: Accounting Unit/ FLC *: _____ Accounting Unit UIN: _____

To: FLC*
 DES IMOC SCP MatAcctg1*

SYSTEM: [Note 1] _____

Interim/Annual* Stocktaking Report for Financial Year 01 Apr to 31 Mar _____

1. Stocktaking performance to date has failed to meet the required targets as detailed in JSP 886, Volume 4, Part 2, Chapter 2, Paragraph 5 as follows (tick appropriate box(es)):

a. A stocktaking by value under performance of less than 40% (interim) / 70% (annual)* has been recorded. The reason for this is given below [Note 2].

b. A stocktaking by value over achievement of more than 80% (interim) and 110% (annual)* has been recorded. The reason for this is given below [Note 2].

c. A line item DER exceeding the maximum acceptable (10%) tolerance level has been recorded. The reason for this is given below [Note 2].

d. A value DER exceeding the maximum acceptable (2% gross) tolerance has been recorded. The reason for this is given below [Note 2].

2. Additional comments are provided below: Include details of any dispensations held.

Signed..... Name (Block Capitals).....
(Materiel Account Owner/FLC Organisational HQ Representative*)

Designation/Grade/Rank..... Date.....

*Delete as appropriate

Notes:

1. Complete one return for each system inventory is held on.
2. Consolidated stocktaking returns that are submitted to DES IMOC SCP MatAcctg1 by FLCs and Organisational HQs are to show each UIN that has failed to meet the target(s).

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ANNEX C: STOCKTAKING FINALISATION REPORT FOR NON MJDI UNITS

Unit _____
 UIN _____
 Reporting year _____ Interim/Annual
 Stocktaking Cycle year _____
 Date _____
 Log IS _____ (Complete a separate form for each Supply System managed.)

IN YEAR PROGRAMMED STOCKTAKING ACCOUNT						
INVENTORY AT START OF REPORTING YEAR		IN YEAR COUNT ACHIEVED			DISCREPANCY ERROR RATE (DER)	
LINE ITEM COUNT (NSN)	INVENTORY VALUE (£)	LINE ITEM COUNT (NSN)	INVENTORY VALUE (£)	% ACHIEVED BY VALUE	LINE ITEM (NSN)	GROSS VAUE (£)

IN YEAR PROGRAMMED STOCKTAKING ADJUSTMENTS (INCLUDED IN DER CALCULATIONS)			
NUMBER OF ADJUSTMENTS			
MINOR	MAJOR	TOTAL	TOTAL (GROSS)

IN YEAR NON PROGRAMMED STOCKTAKING ADJUSTMENTS (NOT INCLUDED IN DER CALCULATIONS)			
NUMBER OF ADJUSTMENTS			
MINOR	MAJOR	TOTAL	TOTAL (GROSS)

Percentage of Programmed Stocktaking Categories 1 – 5 items counted this Stocktaking Reporting year %

Percentage of Programmed Stocktaking Categories 6 items counted this Stocktaking Reporting year %

Percentage of Programmed Stocktaking Categories 6 items counted this 4 year Stocktaking Cycle %

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ANNEX D: STOCKTAKING PERFORMANCE CERTIFICATE FOR NON MJDI UNITS

From: _____

Organisational Authority/Command / Unit: _____

UIN: _____

Address: _____

Interim/Annual* Progress for Financial Year 01 Apr.... to 31 Mar....

1. I certify that the figures contained in the attached Stocktaking Finalisation Report for the period 01 Apr - 31 Dec/01 Apr - 31 Mar* are correct, and that in accordance with JSP 886 Volume 4 Part 2 (tick appropriate boxes):

- a. Accounting and storekeeping performance as revealed by stocktaking is satisfactory and line item (NSN/ADAC) Discrepancy Error Rate (DER) and Gross Value DER are within the maximum acceptable tolerance levels IAW JSP 886: Volume 4 Part 2 Chapter 2 Paragraph 5d and 5e.

- b. All Major discrepancies have been registered, investigated in full and details recorded IAW JSP 886: Volume 4 Part 2 Chapter 4 Paragraphs 44 to 49

- c. All discrepancy reconciliation activity has been carried out within ten working days (thirty working days for LCS) of the physical count.

- d. Discrepancies not reconciled within ten working days (thirty working days for LCS) and the reasons why are summarised below:

- e. Any discrepancies found to be due to criminal activity, culpable negligence, loss etc have been actioned in accordance with JSP 886 Volume 4 Part 6: Losses, and have not been included in the stocktaking results.

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f. All discrepancies exceeding £100K have been actioned IAW JSP 886: Volume 4 Part 2 Chapter 4 Paragraph 43.

g. A minimum of 2% Re-Performance Stocktakes has/has not* been achieved within 10 working days of the original count IAW JSP 886: Volume 4 Part 2 Chapter 2 Paragraph 6d and Chapter 4 Paragraphs 33 to 37. Where this has not been achieved the reasons and preventative and corrective measures that have been taken are summarised below:

h. A programme of Monthly Management Snap Checks (minimum of 10 line items (NSN/ADAC) selected a random) has/has not* been carried IAW JSP 886: Volume 4 Part 2 Chapter 2 Paragraph 6c. Where this has **not** been carried out the reason(s) for this is/are summarised below:

i. A stocktaking by value under performance of less than 40% (interim)/70% (annual)*has been recorded.
Note: for consolidated stocktaking returns that are submitted to DES IMOC SCP MatAcctg1 by Front Line Commands, Joint Helicopter Command and Logistic Services (including Defence Munitions, subordinate Units/Ships are to be listed by UIN and %. The reason(s) for this is/are summarised below:

j. A stocktaking by value over achievement of more than 80% (interim)/110% (annual)* has been recorded. The reason(s) for this is/are summarised below:

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- k. A line item DER exceeding the maximum acceptable tolerance level (10% (7% for LCS)) has been recorded. The reason(s) for this is/are summarised below

- l. A value DER exceeding the maximum acceptable (2% gross) tolerance has been recorded. The reason(s) for this is/are summarised below:

- m. Additional Comments to support the Interim/Annual Stocktaking Progress & Performance are provided below:

Signed..... Name (Block Capitals).....
(Head of Establishment/Unit)

Designation/Grade/Rank..... Date.....

* Delete as appropriate

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ANNEX E: STOCKTAKING REGISTER FOR NON MJDI UNITS

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R		
Serial Number	Date of Stock Count List (SCL)	Account/Location	Type of Stocktake	Date of Stocktake	Number of items or locations	Total Value of Stock Counted	Stocktaking Adjustments										Total Items	Gross Value	Date Stocktake completed
							Minor				Major								
							Surplus		Deficient		Surplus		Deficient		Total Items	Gross Value			
							Items	Value	Items	Value	Items	Value	Items	Value					
Note 1			Note 2													H+J plus L+N	I + K plus M + O		
<p>Notes:</p> <ol style="list-style-type: none"> Enter the local Register number (to be sequential commencing at 1 on 01 Apr each year). Select as appropriate: <ol style="list-style-type: none"> Programmed. Investigative Management Snap Checks Re-Performance Handover Audit Recount 																			

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ANNEX F: COUNT COMPLETE REPORT FOR NON MJDI UNITS

<p>From..... (Stocktaker)</p> <p>To: Stocktaking Control Officer</p> <p>I certify that I have completed the count of (Number) of items/locations on stocktaking list serial number</p> <p>Having checked for pipeline transactions, the number of discrepancies requiring reconciliation is (Number of items/locations discrepant).</p> <p>List, with results of stocktake, is attached.</p> <p>Signed:..... Name (Block Capitals):</p> <p>Designation/Grade/Rank: Date:</p>
<p>By Stocktaking Control Officer (or Officer/SNCO from the Materiel Accounting Staff)</p> <p>I am satisfied that the above stocktaking has been carried out in accordance with JSP 886: Volume 4 Part 2: Defence Stocktaking.</p> <p>Signed: Name (Block Capitals):</p> <p>Designation/Grade/Rank: Date:</p>
<p>Note:</p> <p>This form need only be completed when there is no other record of stocktaker and date of stocktake.</p>

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ANNEX G: REPORT OF STOCKTAKER'S OBSERVATIONS FOR NON MJDI UNITS

From:..... (Stocktaker)

To:.....
Stocktaking Control Office(r)

During the undertaking of a recent stocktake/Re-Performance Stocktake in Store,
the following observations were made:

Signed.....

Date.....

From:.....

To:.....

Copy to: Stocktaking Control Office(r)

I have noted the observation(s) and my comments are:

Signed.....

Date.....

(Any further follow up actions are to be recorded overleaf or on a continuation page)

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ANNEX H: BULK FUEL MONTHLY STOCK CHECK REGISTER

Date of Check	Quantity Found Note 1	Account Balance	Quantity Surplus Note 2	Quantity Deficient Note 3	Monthly Turnover Note 4	Discrepancy Percentage Note 5	Temperature at Time of Check	CIV/CRV Reference	Loss Case Reference Note 6	Comments
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
MAR										
APR										
MAY										
JUN										
JUL										
AUG										
SEP										
OCT										
NOV										
DEC										
JAN										
FEB										

Commodity/NSN.....
Tank/Installation No.....

Notes:

1. Allowing for temperature variations.
2. The difference between b and c, where a surplus is found.
3. The difference between b and c, where a deficiency is found.
4. Quantity issued + quantity received.
5. Refer to JSP 886 Volume 6 Part 2 Section 6
6. Refer to JSP 886 Volume 4 Part 6

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ANNEX I: RECORD OF MAJOR AND MINOR STOCKTAKING DISCREPANCY INVESTIGATIONS

Line Item Discrepancy Details	
Stock Number (NSN/ADAC)	Register Serial Number.....
Description.....	Materiel Condition.....
Quantity	Surplus/Deficient
Discrepancy Value	Basic Materiel Price
Discrepancy Type: Major/Minor	
Level of Investigation Minimum/Maximum.	
Part 1 – Section A and/or B to be completed by Reconciler carrying out investigation	
Section A: Minimum Investigation Checks. (Minor Discrepancy)	
(Tick boxes as appropriate to indicate checks undertaken)	
1. Transactions processed but not physically completed.	<input type="checkbox"/>
2. Transaction physically completed but voucher not processed.	<input type="checkbox"/>
3. Uncleared discrepancies from previous stocktakes.	<input type="checkbox"/>
4. Other locations with the same stock number.	<input type="checkbox"/>
5. Re-count of physical stock.	<input type="checkbox"/>
Section B: Maximum Investigation Checks. (Major Discrepancy)	
All checks at Section A plus:	
6. Is error or correction action outstanding?	<input type="checkbox"/>
7. Duplication of Issue/Receipt vouchers.	<input type="checkbox"/>
8. Adjacent storage spaces.	<input type="checkbox"/>
9. Stock of other materiel condition(s).	<input type="checkbox"/>
10. Transaction history to check for anomalies that may account for discrepancy.	<input type="checkbox"/>
11. Issues and receipts with customers/suppliers.	<input type="checkbox"/>
12. Similar items or stock numbers. (NSN/ADAC).	<input type="checkbox"/>
13. Other checks (insert brief details).	<input type="checkbox"/>
Results and conclusions of Investigation:	
Correct on Recount Code	<input type="checkbox"/>
Signed.....	
Name (Block Capitals).....	
Designation/Grade/Rank.....	
Date.....	

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Part 2 – Section A or B to be completed by Adjustment Authorising Officer	
Section A.	
I am not satisfied with the investigations undertaken and require further action as instructed below:	
Signed.....	Name (Block Capitals).....
Designation/Grade/Rank.....	Date.....
Section B. (Either box 1 or boxes 2 to 5 must be completed).	
1. I have noted the details of the investigations recorded in Part 1 and I am satisfied that as this discrepancy has been resolved no further investigation is required and no account adjustment necessary.	
2. I am satisfied that there is no culpability regarding this discrepancy.	
3. Where the investigation identifies suspect storekeeping or accounting procedures remedial action to prevent repetition has been taken.	
4. The Inventory Owner via DES IMOC SCP MatAcctg1 is to be notified independently as this adjustment may have a major impact on provisioning.	
5. I have noted the details of the investigations recorded in Part 1. I am satisfied that no further action is required. Authorisation to adjust the account is hereby provided. On completion of account adjustment the Voucher/Transaction detail is to be recorded in the box provided below	
*Issue/Receipt Transaction Voucher Number	
Signed.....	Name (Block Capitals).....
Designation/Grade/Rank.....	Date.....

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ANNEX J: STOCKTAKING DISCREPANCY REGISTER FOR NON MJDI UNITS

Date: _____

STOCKTAKE DISCREPANCY REGISTER - Date:	Authorising Officer										
	Adjustment Details	Date Adjusted									
		Adjustment Txn No									
		Value (£)									
		Qty +/-									
	Discrepancy Details	Date									
		Correct on Recount Code									
		Value (£)									
		Qty +/-									
	Basic Materiel Price (£)										
	Date of Stocktake										
	Cat of Item										
	Stock Number (NSN/ADAC)										
	SCL No./ FY										

Correct on Recount Codes				
Correct on Recount Codes	Wrong Unit of Issue (Uoi)			
	E	F	X	
	Item Incorrectly Identified			
	Other			
A	Transaction in Progress			
B	Wrong Physical Count			
C	Mixed Stock			
D	Stock Mis-Located			

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ANNEX K: HANDOVER/TAKEOVER CERTIFICATE FOR CHANGE OF COMMAND OR MATERIEL ACCOUNT OWNER/HOLDER

To:
MATERIEL ACCOUNT HOLDER

MATERIEL ACCOUNT STAFF

1. I have taken charge of materiel accounts from with effect from (date of appointment).
2. I understand that I shall not be accountable for events occurring prior to the date of assuming charge, but that in respect of any discrepancy or malpractice originating before that date and which subsequently come to light, I shall be responsible for undertaking appropriate investigation and resolution or rectification.
3. I certify that, on assuming charge, a 100% check of Stocktaking Categories 1, 2 and 3 items has been made and found correct, except for the number of discrepancies stated below which have been investigated and referred to Materiel Account Holder/Staff [Note 1]. In addition a check has been made of a selection of the remaining inventory [Note 2].
4. From the results of the Handover Stocktake and my personal observations, I am satisfied with the general state of materiel accounts.

Category	Number of Line Items (NSN/ADAC)	Number of line Items (NSN/ADAC) Counted	Value (£) of line Items (NSN/ADAC) Counted	Number of Discrepancy Adjustments	Value (£) of Discrepancies Adjustments
1. ACTO					
2. Attractive					
3. Security Classified					
Others					

Signed: Date:

Name: Rank/Grade:

- Notes:
1. Delete as appropriate.
 2. The check of remaining items is optional, delete if not carried out.