

**INTERNET VERSION – MASTER IS ON THE DEFENCE INTRANET**

**JSP 886  
THE DEFENCE LOGISTICS SUPPORT CHAIN MANUAL**

**VOLUME 3  
SUPPLY CHAIN MANAGEMENT**

**PART 104  
RETURNS PROCEDURES FOR NAVAL BASES**



MINISTRY OF DEFENCE

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## RETURNS PROCEDURES FOR NAVAL BASES

### PURPOSE

1. This instruction details the procedures for returning materiel to a Naval Base and the essential supporting CRISP work to be undertaken by Inventory Managers. The aim is to ensure that unserviceable assets are identified and enter the repair loop promptly and that surplus serviceable materiel is available for reallocation and materiel surplus to Defence is disposed via the Disposal Services Authority (DSA) as detailed in JSP 886 Volume 9. These procedures were originally published at JSP 886 Volume 11 Part 5 Chapter 10.

### SUMMARY

2. This chapter sets out the policy on the acceptance for returns of stores from the Services or other customers, the materiel accounting requirement of returns processes, and the responsibilities of the officers involved.

### POINTS OF CONTACT

3. The Policy and Process described in the Defence Logistics Support Chain Manual (JSP 886) is owned by Director Joint Support Chain (D JSC).

- a. The document sponsor is, who should be approached in case of technical enquiries about the content:

Customer Liaison and Materiel Accounts  
DES NBCP-COB CLMA, HMNB Portsmouth, PO1 3LR  
Tel: Mil: 9380 22435, Civ: 023927 22435

- b. Enquiries concerning the accessibility of this instruction should be addressed to:

DES JSC SCM P&C-JSP 886 Team  
Cedar 2B #3246, MOD Abbey Wood, BRISTOL BS  
Tel: Mil: 9679 80953, Civ: 030679 80953  
Email: DES SCM-PolComp-JSP886 or DESSCM-PolComp-JSP886@ mod.uk

### GLOSSARY

4. A glossary of JSC terms is available at JSP 886 Volume 1 Part 1A: Glossary.

### RELATED PUBLICATIONS

5. The following Publications are linked to this instruction:

- a. JSP 440: The Defence Manual of Security.
- b. JSP 800: The Defence Movements and Transportation Regulations.
- c. JSP 886 Volume 3 Part 2: Contractor Logistic Support.
- d. JSP 886 Volume 3 Part 5: Packaging for the Handling, Storage and Transportation of Materiel.
- e. JSP 886 Volume 3 Part 8: The Reverse Supply Chain.

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- f. JSP 886 Volume 3 Part 13: The Return of Materiel and Equipment.
- g. JSP 886 Volume 4: Materiel Accounting.
- h. JSP 886 Volume 4 Part 100: Receipt of Materiel.
- i. JSP 886 Volume 9: The Disposal of Materiel.

## DEFINITIONS

6. The chapter concentrates on the materiel accounting aspects of returns. Returns are stores, which have been issued to a Service or other customer, and are being passed back to a Naval Base Depot, either because the requirement for the item no longer exists, it is in need of repair, or it is non-conforming in some way.

7. Returns may be categorised into:

- a. **Casual Returns.** These are unplanned routine returns from users arising in the normal course of business.
- b. **De-Storings and Unstows.** These are pre-planned returns of large quantities of materiel from ships prior to refit or disposal.
- c. **Ships Onboard Allowance Re-assessments.** These are planned returns of quantities of materiel from ships during refit or extended maintenance periods.

## POLICY

8. It is DE&S policy to obtain the maximum possible benefit from returns of materiel by:

- a. Accepting serviceable items back for re-issue where a future need can be foreseen, and it is economically advantageous to do so.
- b. Restoring to serviceable condition materiel where a future use can be foreseen and it is economically repairable.
- c. Obtaining financial recoveries from other materiel by disposing of it through the Residual Assets Manager and Regional Marketing Agreements.

## RESPONSIBILITIES

9. Inventory Managers are responsible for deciding and promulgating returns policy through CRISP parameters for individual stores or ranges of stores, and for reviewing and amending them in the light of changing circumstances.

10. Naval Base Depots are responsible for implementing accounting policy and procedures for the physical handling and storage of returns.

## Retention of Accounting Documentation and Records

11. The accounting documents and records used in the returns system form a major part of the audit trail, and are to be retained for the periods laid down in JSP 886 Volume 4 Part 1 Section 3 Annex C.

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## Returns Invoicing Record (RIR)

12. The RIR is the temporary record set up on CRISP by input of the Return Voucher showing details of the return.
13. The function of the RIR is to:
  - a. Monitor returns, and ensure they are brought to account promptly.
  - b. Provide an audit trail.
14. The RIR remains on the CRISP account until it is cleared.

## Returns Routing Document (RRD)

15. The RRD is produced at the same time as the establishment of the RIR as a result of the input of the return voucher (CRISP only). The RRD contains information about the returned materiel, including the returns reference, stock number, line / gross value, and instructions for the treatment of both serviceable and repairable items via the Returns Acceptance Code (RAC).

## RETURNS ACCEPTANCE CODE (RAC) – DYNAMIC AND FIXED

### Returns Acceptance Code (RAC)

16. This coding identifies the acceptance criteria for returned materiel. The RAC is set at item introduction by the IPT Inventory Manager or, thereafter, by a TAL input in accordance with CRISP JIS 0610 (To Amend IDR by General Purpose Amendment Inputs). Details of RAC values (Dynamic and Fixed) are shown at para 25, together with information on how the values are shown on output from CRISP.
17. The parameters that dictate acceptance or rejection of returns for items subject to Dynamic RAC are set at either IMC or IPT Range level - IMC values take preference. These parameter settings are detailed in CRISP JIS 2309 (Dynamic Returns Acceptance Parameters) and are input to CRISP by DDE inputs PWF (IPT level) and PWG (IMC level).
18. Particular attention must be paid to the appropriate setting of the RAC (either Fixed or Dynamic) in order that the proper method of assessing returns is chosen for a given item, since failure to do so may result in the disposal of items which are required.

### Dynamic RAC

19. The Dynamic RAC is designed to eliminate the need for Inventory Managers to review and update codes in the Item Data Record (IDR), and this is to be used, unless there are good reasons for selecting an alternative, management set, Fixed RAC.
20. The Dynamic RAC takes into account stock, dues in, dues out and other relevant factors, so that the decision to accept or reject returned items is determined on the basis of the current assets situation. The Dynamic RAC is designed to take account of various aspects of an item's status, and the process ensures that:
  - a. Returns of items which are 'life of type buys' will be accepted.

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- b. Returns of serviceable stock will not be allowed to build up over the retention level.
- c. Returns of obsolete items will be rejected.
- d. Returns of items with shelf life considerations and / or suspect stock levels are taken into account.

21. The Dynamic RAC is calculated at the time of production of a RRD.

22. As with any computer procedure, the correct operation of the system depends on the quality of the database. The effectiveness of the Dynamic RAC process is dependent upon the accuracy of the following records:

- a. Dues in.
- b. Monthly Demand Rate.
- c. Date of introduction.
- d. Item Status Code.
- e. Repairable Item Code.
- f. Life of Type Buys (delegated management Item Code 3 or 4).
- g. Shelf Life.
- h. Unit Prices.

23. The RAC categories. These are as follows:

- a. A1 – Accept all returns, including Beyond Economical Repair (BER).
- b. B2 – Accept all returns, except BER.
- c. C3 – Accept serviceable returns only.
- d. D4 – Accept no returns.
- e. X5 – Refer to office.

## Fixed RAC

24. In contrast to the Dynamic RAC the Fixed RAC provides one of a range of Standard instructions for return action, regardless of assets position. The selection should be exceptional but there are some circumstances where a Fixed RAC is deemed to be a more suitable option. These include:

- a. Repairable Items costing under £500. The Dynamic RAC process will reject repairable returns for these items so a Fixed Value must be used.
- b. Items identified as solely Repairable. As repair is supposedly the only Source of Supply then a Fixed RAC should be used to ensure Repairable returns are accepted.

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- c. Items with small monthly demand rates especially if they are expensive and potentially critical.
- d. Items without a monthly demand rate.
- e. IMCs specifically excluded from the Dynamic RAC process.

25. To assist Returns stores staff who have reason to believe that an item is being disposed of incorrectly (eg. high value item), an asterisk (\*) is printed immediately above the RAC on the RRD to indicate that the RAC has been produced via the Dynamic RAC process.

26. When the RAC value is either X (Fixed) or 5 (Dynamic), the No 4 copy of the RRD is forwarded with a covering proforma through the office Returns Section at the landing base to the DE&S Inventory Manager, alternatively this information may be sent by e-mail. The Inventory Manager will decide whether the returns should be accepted or rejected. Replies must be actioned immediately to avoid congestion in the Return Store.

## Checking Dynamic RAC Values

27. The Dynamic RAC is calculated at the time of production of a RRD. However, the CRISP 'REZ' enquiry enables Inventory Managers to interrogate the returns system at other times to see what the Dynamic RAC value would be if a return was being made at the time of the enquiry. This information can only be accessed via this enquiry as the IDR setting will retain and show only a value of 'R' for any item subject to the dynamic RAC. It should be noted that a different REZ message could be displayed for a higher or lower quantity entered on screen.

## KEY MATERIEL ACCOUNTING FEATURES

28. The following paragraphs detail the key materiel accounting requirement for returns systems.

- a. There must be an audit trail of linked cross-references, which will enable a return to be positively traced through each stage of the returns system from initial receipt until brought to account.
- b. Returns store staffs are to have the means to quickly ascertain the correct returns policy for all items and commodities in the inventory, which may be expected to be returned to the Naval Base / Establishment.
- c. Returns are to be processed within the constraints of the following performance indicator: All Returns – to be brought on charge within 30 working days.
- d. All returns are to be checked to confirm that their identity, quantity and condition match the accompanying return voucher. Where required by the returns policy laid down for a particular item or commodity, or where return store staffs carrying out the check consider it necessary, item(s) are to be referred for technical survey and testing. Item(s) returned in original, unopened manufacturer's packaging may be regarded as serviceable unless QA Docs, Hazard Data Sheets etc are required.
- e. Items and commodities referred for technical survey are to be examined to confirm identity and condition etc, as required by returns policy, or as requested by returns store staff, and sentenced accordingly. The result of the survey is to be

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recorded. Any abused / misused / excessive condemnations should be taken up with the returning Service.

- f. Hazardous materiel returned for repair, maintenance or disposal must be accompanied by documentary evidence on a Form S3206: Contaminated Stores Return Certificate, detailing any known or suspected contaminant (ie. greases, oils, sewage etc).
- g. Where packaging or labelling of returns is below an adequate standard, the item or commodity is to be re-packaged or re-labelled to the appropriate standard before being absorbed into stock. Items for onward transmission to another stockholder, or to a repair facility, are to be suitably packaged to ensure that no further deterioration takes place.
- h. Beyond Economical Repair (BER), and other stores identified for disposal may be sent directly for sale or scrap.
- i. Stores staffs are permitted to bring returns on charge; however, they are not to amend the Main Stock Account. Office personnel must ensure that suitable governance checks are carried out to verify the veracity of the account.
- j. There must be documented procedures for the investigation and resolution of discrepancies.
- k. Immediate receipts are to be given by hand to the returning Services for all Permanent, Limited, ACTO, radioactive, management nominated, Attractive, and security classified (CONFIDENTIAL and above) stores received.
- l. Returns systems are to include procedures for routinely controlling and checking the effective and efficient functioning of the system; for monitoring that it is operating within the parameters laid down by management; and for bringing to attention areas of possible weakness. Amendments and deletions to the RIR are to be subject to regular management checks using the deletions print available from CRISP.

## RETURN DISCREPANCIES

29. This section deals with those aspects of the discrepancy process that are specific to Returns. It amplifies the general policy, principles, procedures and disciplines of discrepancy reporting, the levels of investigation required, to defined acceptable time scales in which actions must be carried out for discrepancies described in JSP 886 Volume 4 Part 110 - Discrepancy Reporting Procedures. Discrepancy Registers for these items for both incoming and outgoing (transhipment) returns, are to be maintained.

30. In general it is DE&S policy to deal with return discrepancies by adjustment of the returns voucher with discrepancy action being undertaken by the consignor. Only significant differences will be formally investigated with the returning Service, except Attractive, Security Classified (CONFIDENTIAL and above) and ACTO items, which are always to be the subject of a full investigation. JSP 886 Volume 3 Part 13 Chapter 6 Annex B.

31. In the case of returns from RN sources where a discrepancy is discovered on a RN return before a receipted copy of the Form S331, Return Voucher, has been sent back to the returning service, the receipt and accounting copies of the S331 and the Form D2663,

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RDD (for CRISP accounts only) are to be amended to show what has actually been received.

32. Original entries on the Returns Voucher are to be cleanly crossed through, in ink, and revised quantity / identity / materiel condition entered and initialled. Under no circumstances are original entries to be obliterated. The actual identity, quantity or condition on the item received is to be brought on charge.

33. For non-trivial return discrepancies, if the discrepancy is discovered after a receipted copy of the Form S331 has been sent back to the returning Service, a Form S331X is to be raised within 6 months of the OASIS print date / S331 date, and used to notify the returning service of the discrepancy. The actual quantity, identity or condition of the item received is to be brought to charge.

34. Where a discrepancy is discovered on a return, it is normally the responsibility of the consignor to arrange write-off action unless proof of delivery can be produced. However, where an Establishment has failed to provide a receipted copy of the S331 to a returning service within 6 months of the OASIS print date and if an S331X has not been raised within 6 months the return is considered to have been received. Any subsequent write-off action then becomes the responsibility of the receiving establishment.

## **Casual Returns from Non-RN sources**

35. Discrepancies on returns of items from Non RN sources the receipt and Accounting Copies of the Returns Vouchers D83, D3004, MOD 650, and Form D2663, RDD (for CRISP accounts only) are to be amended to show what has actually been returned. The actual items received are to be brought to account.

## **Returns from Planned De-Storings**

36. Where a quantity discrepancy is discovered on consumable items returned from a planned de-storing, the Form S331 Return Voucher or Form D2663, RDD (for CRISP accounts only) is to be adjusted to reflect the actual quantity received. Stock Number discrepancies are to be actioned by input of Form CRF 106 or by Direct Data Entry (DDE) where available. On completion of the de-storing and with the agreement of the Inspecting Officer, all uncleared entries for consumable stores on the RIR are to be deleted without investigation.

37. For Limited Accountable, Permanent, Attractive, ACTO and Security Classified (CONFIDENTIAL and above) stores, on completion of a de-storing a print of the RIR for the de-storing is to be called for. All uncleared entries are to be investigated with the Return Store and De-Storing Ship / Inspecting Office. The list of uncleared entries is to be periodically monitored and action is to continue until all discrepancies are resolved.

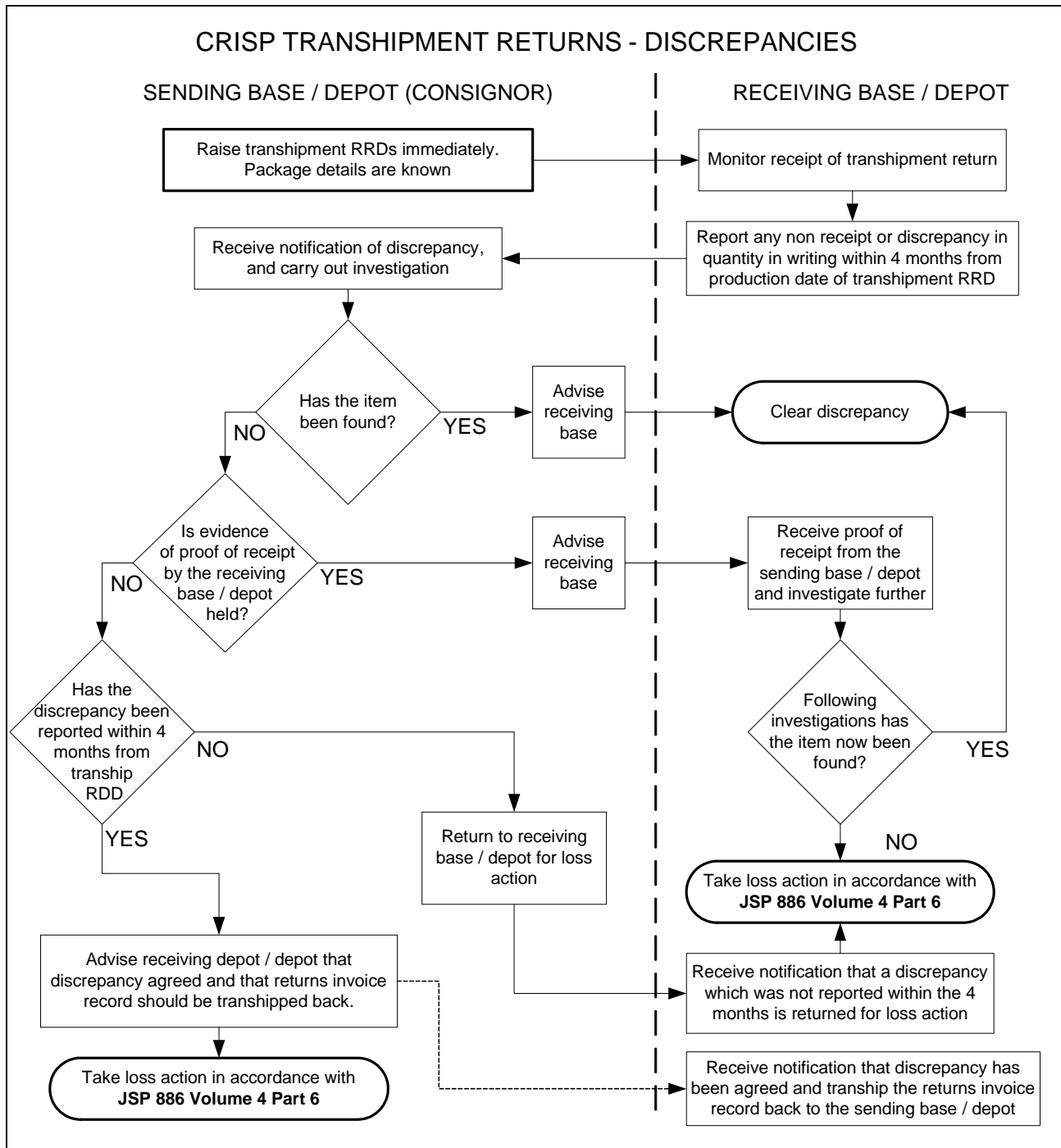
## **CRISP Transhipment Discrepancies**

38. When a return is transferred on to an ultimate holding Depot a RRD is output to the consignee quoting the package details of the despatch (for CRISP accounts only). A receipt is to be obtained from the receiving base for items that are Attractive, ACTO or Security Classified (CONFIDENTIAL or above). Loss action should be reported immediately. The Flowchart below details the actions to be followed when a discrepancy is discovered on transhipment.

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- a. Under no circumstances is the Returning Base / Depot to arrange transfer of the RIR back to the sending Base / Depot without their agreement in writing.
- b. Any amendments / deletions to the RIR must be supported by paperwork showing the reason for the alteration and be retained as part of the auditable record.
- c. Where an intermediate consignee last signed for packages that are considered lost, the RIR is to be returned to the consignor (for CRISP accounts only) and the consignor is to take loss action. The loss case should contain all details of the discrepancy documentation.

**Figure 1: CRISP Transshipment Discrepancies Flowchart**



## FOUND IN YARD

39. The "Found in Yard" procedure allows Bases / Depots to bring materiel to charge using Form D83 where no records exist and is a convenient method when it is not obvious where the materiel originated from.

40. Items "Found in Yard" are for those found in areas outside normal Naval Base working / storage areas for example, as a result of yard clearance teams. Items that are identified as "Found in Store" ie. recognised working / storage facilities, which are the responsibility of DE&S, must be properly investigated via an investigative stock-take in accordance with. JSP 886 Volume 4 Part 2.

41. Items "Found in Yard" valued at less than £2000 should attract a minimum amount of investigation. Items which are above £2000 or considered to fall into the category of Attractive, classified (CONFIDENTIAL and above), hazardous or ACTO, are to be fully investigated in order to ensure that they have not previously been accounted for. If the investigation proves to be unsuccessful "found in yard" actions are to be adopted. The following signing limits are to be employed in order to approve the use of the "found in yard" procedure.

Up to £10,000	Band D
Over £10,000 to £50,000	Band C2
Over £50,000 to £100,000	Band C1
Over £100,000 +	Band B2

42. An independent register detailing all "Found in Yard" transactions is to be maintained detailing date, pattern number, description, quantity, value and Form D83 Registered Number. First line managers are to check the register on every 3 months and second line managers every 6 months.

## END OF YEAR CLOSURE OF THE RETURNS ACCOUNT

43. To ensure effective control of the returns account, it is essential that all returns raised during the course of the financial year, 1 April to 31 March, are brought to account in order to close the transactions of the year in question.

44. The complications associated with the returns system, ie. de-store documentation being produced in one financial year, and the associated materiel being landed during the course of the following year, prevents the closure from being completed by 31 March. To take account of this feature of the system, the closure of account is not required for presentation for a further nine months, ie. on 31 December.

45. On 31 December, returns accounts for the previous financial year are to be formally closed, and any un-cleared transactions reported to Deputy Head Supply Chain Management Policy and Compliance (Dep Hd SCM-P&C).

46. It is appreciated that some circumstances may prevent the account from being closed. Dep Hd SCM-P&C is to be informed of any problems that have prevented materiel from being accounted for, and anticipated dates when clearance is expected.

Based on the above reports Dep Hd SCM-P&C will consider whether a dispensation should be granted, or whether write off action is necessary.