

THE DEFENCE LOGISTICS SUPPORT CHAIN MANUAL

Volume 2 INVENTORY MANAGEMENT

Part 104 DOCUMENTATION (Formerly Volume 11 Part 5 Chapter 25)

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SECTION 1 – GENERAL

SUMMARY

POLICY

SCOPE

RESPONSIBILITIES

AUDITABLE DOCUMENTS

RETENTION PERIODS

DISPOSAL

ELECTRONIC ARCHIVING OF DOCUMENTATION

BUSINESS CASE

SELECTION

SUPPLY CHAIN RECORD

CHECKS AND CONTROLS

LEGAL REQUIREMENTS

EXTERNALLY PRODUCED DOCUMENTS

SECTION 1 – GENERAL

SUMMARY

25.1 WSA stock management systems are extremely complex and require the correct actions to be taken by many different staff if the integrity of the materiel account is to be assured. It is therefore important that these systems are adequately documented so that all staffs are aware of how the systems operate and the proper procedures to be followed.

25.2 Materiel accounting documents are used to support “the main account”. Many documents are subject to audit and therefore have to be retained for minimum periods so that, when necessary, “accounts” can be verified by management.

25.3 This chapter concentrates on the general policy with regard to materiel accounting documentation.

25.4 Fuller details on the rules to be observed when producing WSA documentation are contained in:

- a. Government Accounting 2000
- b. JSP 886 - The Defence Support Chain Manual

25.5 Standard retention periods and disposal procedures for materiel accounting documentation used in the WSA are to be applied in accordance with the paragraphs below.

POLICY

25.6 All stock management systems which involve materiel accounting eg issues, receipts, returns, stock adjustments, stocktaking and losses, are to be fully documented. The current structure is as follows:

- a. Volume 11 Part 5 - Materiel Accounting.
- b. Volume 11 Part 9 - CRISP Job Instruction Sheets (JISs) and operating procedures/instructions covering key tasks.

25.7 These instructions are to be reviewed annually and will be the subject of scrutiny by Inventory Optimisation during Materiel Accounting Reviews of the documentation process.

SCOPE

25.8 Level 1 instructions; as contained within JSPs, Treasury Guidelines and this chapter will detail policy, the key materiel accounting features of the system and responsibilities.

25.9 Local instructions are to contain a general narrative outline of the system or procedure as it operates at the establishment. They define responsibilities down to section/desk level and detail any approved variations from the standard procedure.

25.10 Local instructions are to be supplemented by Job Instruction Sheets (JISs).

RESPONSIBILITIES

25.11 SCO Sea1a2a is responsible for developing WSA policy on materiel accounting documentation whilst SC 612 provides advice on materiel accounting aspects.

25.12 SCO Sea is to ensure that JISs are produced or are available for all systems and procedures that affect materiel accounting.

25.13 Naval Base Commanders/Heads of Establishments are to ensure JISs are available for all systems and procedures that affect materiel accounting.

25.14 General documentation that relates to materiel accounting is to be reviewed annually and confirmed unchanged or revisions issued. The date that the documentation was last reviewed is to be noted on it.

AUDITABLE DOCUMENTS

25.15 Prime accounting vouchers and any supporting documentation that amend an account are to be regarded as auditable documents.

RETENTION PERIODS

25.16 Retention of records is an important part of the control process and to ensure a viable Audit Trail is in place.

25.17 Where the form serves the dual purpose of source and input document, it is to be retained as a source document.

25.18 In order to provide traceability over a reasonable period, which is within the resources available to maintain it, retention periods are to be observed as indicated in Annex 25.1. In respect of certain elements of Operating Costs Expenditure, documents are to be retained for the periods as shown in Annex 25.2.

25.19 After verification that the computer processes have been completed accurately, input documents may be retained at the discretion of the originator; these documents do not form part of the audit trail. On the other hand, the associated source documents are required and must be retained for the periods as specified.

DISPOSAL

25.20 Before any materiel accounting documentation is disposed of, care is to be taken to ensure that:

- a. All accounting action has been satisfactorily concluded.
- b. There are no outstanding audit questions.
- c. There are no other outstanding matters (e.g a suspected fraud) which require the document to be retained

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25.21 At the end of the appropriate retention period and subject to the above being fulfilled suitable action may be taken to dispose of documents. Particular care is to be taken with any documentation that may be classified:

- a. computer printouts etc of a weekly/monthly/quarterly nature may be disposed of at Management discretion after the information contained therein has been transferred to a more permanent record eg magnetic tape/disc, historical record etc

ELECTRONIC ARCHIVING OF DOCUMENTATION

25.22 The introduction of this equipment gives users the ability to produce savings and reduce the amount of hard copy of auditable and non-auditable supply accounting records, which currently tie up resources in terms of storage, maintenance and people.

BUSINESS CASE

25.23 It is essential users establish that the equipment meets the acceptable MOD criteria for procurement and security requirements, and a business case has been made for its actual purchase and introduction.

25.24 The business case will determine which documents are to be stored on the electronic media. When users are in any doubt whether or not documents can be scanned they must seek guidance and advice prior to the storage of the documentation.

25.25 Naval Base Commanders/Heads of Establishment/Head Office Corporate Directors must sanction any departure from the original business case.

25.26 A distinction needs to be drawn between auditable and non-auditable records, although for business purposes both types will be required for retention.

SELECTION

25.27 As a general rule the following documents are suitable for archiving:

- a. MOD unclassified and classified Restricted only documents.
- b. internally produced outputs eg computer prints.
- c. selective externally produced documents, which are of a routine and general nature eg contract.

SUPPLY CHAIN RECORD

25.28 The incorporation of the principles and procedures laid down in the above paragraphs must be adopted prior to the use of the equipment. Therefore ADSAR/SAR102 is to be informed of the purchase of any such equipment in order that a central record is maintained of those areas storing records in an electronic format.

CHECKS AND CONTROLS

25.29 A number of fundamental safeguards are required regarding the use of such equipment that ensures that the correct level of checks and controls and audit requirements are employed.

25.30 In order to maintain strict controls over the documents which can be scanned by the electronic archiving equipment it will be necessary to maintain an up to date list of documents which are being stored on the equipment. The list must be signed by the Naval Base Commander/Head of Establishment/Head Office Corporate Director and updated accordingly as further documents are added. The system manager must retain this list and ensure that only those documents listed are electronically listed.

25.31 Records that are archived are still considered to be a vital part of the audit trail and must be protected and, accessible whenever necessary in the same way that hard copy records are and must be retained for the statutory periods laid down in this chapter. Similarly, the deletion of records must also comply with the conditions in this chapter.

25.32 To ensure the accuracy of electronically archived documents it is essential that the following practices are incorporated with the use of the equipment:

- a. A responsible person (or System Manager) is appointed to ensure that the operations of the system are carried out properly and correct operation of the system is maintained.
- b. Operating instructions are created to ensure that all those involved are conversant with the system and procedures.
- c. Access levels (and password controls) for users are determined in order to prevent misuse of the system, and only trained personnel are permitted to operate the equipment.
- d. Certification that the document(s) have been correctly scanned must be in place with the necessary register being used to record scanning operations. First and second Line Managers are to check the register on a monthly basis and insert an inspection signature and date. The register itself also becomes an auditable document.
- e. Destruction of electronically scanned documents beyond their retention periods must be carried out correctly and within the timescales laid down in the operating instructions.
- f. Users are to ensure that document images are correctly stored on optical disk and efficient backups are made, and retained in a secure location in a separate building (or geographical location).
- g. Correct indexing of records to allow access to the data.

LEGAL REQUIREMENTS

25.33 The increasing use of archived documents raises some interesting legal questions where the original document has been destroyed. Where there are potential cases of this nature, details are to be reported through usual line management channels.

EXTERNALLY PRODUCED DOCUMENTS

25.34 With the increasing use of Electronic Data Interchange (EDI) and similar technological advancements, it may seem unnecessary to place any restrictions on the archiving of internally and externally produced documentation. There may be instances where it is prudent to retain hard copy documents and care must therefore be exercised in the selection process of documents for electronic archiving.