

CHAPTER 1

FINANCIAL MANAGEMENT

Section 1A—GENERAL VIEW OF SUPPLY MANAGEMENT ACTIVITY GROUP (SMAG).

1.1. Chapter Summary. This chapter covers the policies and procedures of the SMAG.

1.2. General Overview . The SBSS is a concurrent processing system in which Logistics Readiness Squadron (LRS)/supply activity and Finance records are interfaced. This means that when a supply transaction is processed, finance records are immediately updated inline. For this reason, LRS/supply activity and DFAS field site personnel must coordinate their efforts closely. The LRS Commander/ supply activity and the DFAS field site personnel share the responsibility for maintaining the records.

1.3. General Information. **Section 1A** and **Section 1B** cover basic guidelines and procedures which apply to all divisions of the SMAG, such as SMAG structure, types of funds, and responsibilities for managers. **Section 1A** also covers detailed procedures relating to the operation and management of the SMAG at command and base level, such as due-outs and credits.

1.4. Specific Information. **Section 1C** through **Section 1I** cover concepts and procedures uniquely applicable to individual divisions of the SMAG, such as the General Support Division (GSD) and the Material Support Division (MSD). Some of these procedures are initial spares, special requisitioning, and investment funds management.

1.5. Overview.

1.5.1. Section Summary. In this section, procedures used to operate the SMAG are described. The OOB and related procedures are emphasized, as are the budgeting function and responsibilities of the FWG and other personnel. Some problems are discussed, such as delayed loading of project fund management records (PFMR) and nonreimbursable issues, along with ways of handling these problem areas. This section also contains information on financial statements and accounting procedures. The basic concepts, guidelines, and procedures described in this section apply to all SMAG divisions. This chapter explains and supplements Air Force policy outlined in volume 1, [part 3](#).

1.5.2. Definition of a Supply Management Activity Group (SMAG). A SMAG is a revolving or working capital fund. It is used to finance inventories and required military materiel and generates income from the sale of such materiel. Any time a customer obtains materiel from the SMAG, this transaction is regarded as a sale or issue (in AF usage, the two terms mean the same thing). The fund is established through an act of Congress (10 U.S.C. 2208) and gives the Secretary of Defense authority to finance inventories through working capital funds in the DOD. The five SMAGs within the DOD are the Army, Navy, Marine Corps, Air Force, and Defense SMAGs. These SMAGs hold the cost of purchases in suspense. This means that when money is spent for purchase of supplies, that money is not available until the items purchased are sold. At the local level, customer funds are normally used to reimburse the SMAG upon acceptance of an order by the SMAG, and customer funds will not be used for initial procurement, unless authorized to do so by HQ USAF and SAF/FM. (See AFI 65-601, volume 1, chapter 18; and volume 1, [part 3, chapter 6](#), this manual.)

1.5.3. Definition of ICC (Inventory and Capital Control). ICC is a principal SMAG management technique. Inventory objectives for materiel on hand, on order, and in transit are preset, but funds

managers have some flexibility in working with the guidelines. They can adjust inventory levels upward or downward to adjust to changing customer requirements. As long as activities work within the general objectives, the GSD SMAG Operating Program does not have to be revised. At times when the GSOP end-of-year objectives cannot be met, revision of the GSOP program may be in order.

1.5.4. Organizing Principles. The SMAG is designed to operate on a no profit/no loss basis. This organizing principle encourages attention to the financial as well as the logistical and other technical aspects of operations. A key point made in this section is that financial responsibility is not limited only to upper-level command. It is a responsibility that touches all ranks.

1.6. SMAG Structure.

1.6.1. Capitalization. With the creation of a SMAG division, all materiel designated to become part of the division is capitalized. Capitalization means that both materiel and cash allocations from the U.S. Treasury are established and accounted for in proper record format. A capitalized item shall be recorded as an increase item. Bills for supplies on order at the time of capitalization shall be paid by the appropriation or fund ordering the item. This is appropriate since the appropriation or fund ordering the item has been funded through the budget process to procure the item.

1.6.2. Five AF Divisions of Funding. For management purposes, the SMAG is divided into five categories.

1.6.2.1. Material Support (97 x 4930.FC04). Budget Code 8. Division Manager. DCS/Financial Management (FMR), HQ AFMC, Wright-Patterson AFB OH 45433.

1.6.2.2. Air Force Academy Cadet Store (97 x 4930.FC03). Division Manager. Superintendent, USAF Academy, Colorado Springs CO 80840.

1.6.2.3. Medical-Dental (97 x 4930.FC0B). Division Manager. Surgeon General, HQ USAF, Washington, D.C. 20330.

1.6.2.4. Troop Support (97 x 4930.FC0T).. Division Manager. HQ AFSVA/SVF, San Antonio TX 78216.

1.6.2.5. General Support (97 x 4930.FC0C). Budget Code 9. Division Manager. DCS/Financial operations (FMR), HQ AFMC, Wright-Patterson AFB OH 45433.

1.7. Types of SMAG.

1.7.1. Horizontal. A horizontal SMAG is a fund that operates at a single level, either at retail (base) or wholesale (depot) level. For example, the GSD has inventories only at base level. The stock funds manager uses GSD funds for inventory purchases. The items purchased may be transferred between bases, but the GSD retains title to them. The accounting records reflect only an intra-SMAG fund transfer (that is, a transaction in which no cash disbursement takes place). Supply records, however, record a cost to SMAG obligations in the MACR. Because these transactions take place only at base level, the GSD operation is considered horizontal.

1.7.2. Vertical. A vertical SMAG operates at both wholesale (depot) and retail (base) levels. The MSD is an example. In the MSD, AF IM determines all Material Support items which the Air Force will need. They fund and pay for these items and store them with the appropriate wholesale activity under AFMC control. A base, for example, will requisition the items from an AFMC source, which ships the item to the base. Shipments of items from the wholesale to the retail activity are treated as

intra-SMAG fund transfers. Because the MSD operate at both the wholesale and retail levels, it is a vertical operation.

1.8. Financial Inventory Accounting (FIA).

1.8.1. Purpose. The FIA is a SMAG financial management tool that makes vital financial information available at all times. In the SMAS system, USSGL codes are used to provide summaries of financial data in the form of assets and liabilities. The FIA code is a three-position numeric code assigned under program control to each transaction that affects physical inventory balances (see DFAS-DE 7077.10-M). The code is used to update the general ledger accumulators and inventory management records.

1.8.2. USSGL Codes. The USSGLs are assigned four-digit codes. The last three digits of the codes do not have to be zeros, and the numbers are in blocks (for example, 1000-1999 for asset accounts, 2000-2999 for liability accounts, etc.). The following are the major classes and their series.

Table 1.1. Major Classes and Code Series.

CLASS	CODE SERIES
Asset Accounts	1000-1999 Series
Liability Accounts	2000-2999 Series
Net Position Accounts	3000-3999 Series
Budgetary Accounts	4000-4999 Series
Revenue Accounts	5000-5999 Series
Expense Accounts	6000-6999 Series
Gain/Loss/Miscellaneous Accounts	7000-7999 Series
Memorandum Accounts	8000-8999 Series
Agency Specific Statistical and/or Memorandum Data	9000-9999 Series

1.8.3. Subsidiary Accounts. Subsidiary accounts are identified with an additional two-digit code. Subsidiary account codes under accounts payable are listed as an example.

Table 1.2. Subsidiary Account Codes.

CODE	TITLE
1310	Accounts Receivable
1310 12	A/R - Entity - Intragovernmental - Billed - Not Delinquent
1310 13	A/R - Entity - Intragovernmental - Billed - Delinquent 1-30 Days
1310 14	A/R - Entity - Intragovernmental - Billed - Delinquent 31-60 Days
1310 15	A/R - Entity - Intragovernmental - Billed - Delinquent 61-90 Days
1310 16	A/R - Entity - Intragovernmental - Billed - Delinquent 91-180 Days
1310 17	A/R - Entity - Intragovernmental - Billed - Delinquent 181-360 Days
1310 18	A/R - Entity - Intragovernmental - Billed - Delinquent over 360 Days
1310 21	A/R - Entity - Public - Unbilled

1.8.4. SMAG Financial Statements. Sometimes there is a delay in payments to the SMAG. The amounts (claims receivable) that are owed to the fund are considered as assets of the fund, along with cash and inventory. In the same way, a lag can occur in SMAG payments to suppliers for materiel delivered. A statement of the financial condition of a fund will have these accounts payable listed among the liabilities of the SMAG account. This accounting policy is used to provide an updated and realistic assessment of the financial status of an account. These statements are prepared at base level and consolidated at DFAS-DE.

NOTE: For details of accounting procedures, see DFAS-DE 7077.10-M (Automated Materiel Accounting System Integrated within Standard Base Supply System Users Manual).

1.9. References To Other Documents.

1.9.1. The subject of AF SMAG management is covered in many publications. The following is a list of seven documents of particular importance to all funds managers:

1.9.1.1. Volume 1, [Part 3](#). This document provides detailed policies and procedures for operation and management of the SMAG.

1.9.1.2. Volume 2, [Part 2](#). This document contains USAF SBSS procedures that relate to base-level SMAG management.

1.9.1.3. AFPD 23-4. This document lists basic policies and specific areas of responsibility for managing the stock fund.

1.9.1.4. AFI 65-601, Volume 2, Chapters 10 through 12. This document covers budget management for operations.

1.9.1.5. DFAS SMAG Standard Operating Instruction. This document sets up accounting and budget policies and prescribes related detail, and sets forth, reporting requirements for the AF SMAG, including application of the DoD chart of accounts. ([Table 1A1.1](#)).

1.9.1.6. AFI 65-601. This document covers USAF Budget Policies and Procedures.

1.9.1.7. DFAS-DE 7077.10-M. This document describes the standard financial accounting system and its interface with the SBSS.

1.9.1.8. DFAS-DE 7077.4-M. This manual identifies reports and queries available to the funds manager produced from the BJ database.

1.9.1.9. Treasury Financial Manual USSGL Supplement. This document provides a list of the current USSGL accounts. ([Table 1A1.1](#).)

1.10. Financial Working Group (FWG).

1.10.1. Definition and Purpose of FWG. Financial working groups are established on every Air Force base. They include responsibility center/cost center and comptroller representatives. The LRS Commander/accountable officer and funds manager act as both members and advisers for their areas of responsibility. The group reviews current financial data and makes recommendations on what materiel and how much materiel the LRS Commander/accountable officer will buy to satisfy customer needs.

1.10.2. OOB Focus. A point of particular interest in FWG meetings is the OOB. Funds managers must keep up to date on the status of the OOB because of its impact on the SMAG. For this reason,

each meeting should include a briefing on the status of the SMAG, the effects of customer purchases, and projections of OOB availability.

1.10.3. Projected Shortages. A second matter of particular concern in FWG meetings is possible shortages of materiel. Whenever the LRS Commander/accountable officer anticipates restrictions on stock replenishment or due-out requisitioning, the FWG will be briefed on how serious the situation may be and on how long it may last. Customers can then plan for reductions in off-the-shelf fill to organizational issue requests and reduced support of some due-out requirements.

1.11. Financial Management Board (FMB). The LRS Commander/accountable officer and funds manager serve as advisors to the FMB.

1.12. Pricing And Surcharges.

1.12.1. Each item in the SMAG has a standard price. This price is used for both sales and financial data on inventory transactions and balances. The standard prices include the following elements. **NOTE:** See **Section 1D** for Material Support Division pricing guidance.

1.12.1.1. Unit Product Cost. The unit product cost covers 1) the contract costs of the item which includes the cost of GFP on a total or amortized basis, and 2) the initial preservation and packaging costs if they were not provided for in the Base Contracting or assembly contract. The unit product cost does not include price discounts for prompt payments. When vendors offer special discount prices, they should use the discounted price as the line item price.

1.12.1.2. Taxes. Local, state, or federal taxes on purchased items are added to the product cost. Taxes are not treated separately.

1.12.1.3. Surcharges. GSD surcharges contained in the base constants record are added to the total transaction cost plus taxes when applicable, for local purchase items, and to the standard price for items procured from DLA, GSA, or other services. The surcharges are used to cover transportation costs and estimated costs of losses due to such factors as pilferage, damage, obsolescence, deterioration, inventory shortages, etc. and ensure an equitable distribution of GSD costs across the GSD customer base. The surcharge is added at the retail level to all General Support Division items and may be positive or negative. **NOTE:** Surcharge rates are reviewed annually and adjusted when the previous year's rates prove to be unrealistic.

1.13. Responsibilities For Management.

1.13.1. See AFPD 23-4 for policies and specific areas of responsibility for SMAG management.

1.13.2. Division Funds Manager. Each SMAG division has a division manager who is responsible for establishing procedures to carry out AF policies established for the division. The division manager's primary responsibilities include exercising sound control of inventories and controlling TFA. Other responsibilities include, but are not limited to, the following:

1.13.2.1. Publishing SMAG policies in volume 1, **part 3**.

1.13.2.2. Providing supplemental instructions to commands for development of SMAG operating programs.

1.13.2.3. Reviewing, approving, and disseminating command SMAG operating programs.

1.13.2.4. Developing the capability of analyzing, from division's standpoint, the data submitted by commands.

1.13.2.5. Recommending to commands specific action that commands can take to resolve problems.

1.13.2.6. Providing selected management data to HQ USAF and SAF/FM for review.

1.13.2.7. Preparing the BES and defending its contents.

1.13.3. MAJCOM Funds Manager. This manager has the same basic responsibilities at the MAJCOM level as those outlined for the division funds manager.

1.13.4. Primary Funds Manager. LRS Commander/accountable officer manage the GSD and MSD SMAG inventories at base level for those accounts not under a Global Logistic Support Center (GLSC). They must be certain that objectives approved by the command manager are not exceeded, or when the objectives are exceeded, LRS Commander/accountable officer must explain the causes of differences to the command managers.

1.13.5. GLSC SMAG Manager. The Global Logistic Support Center (GLSC) SMAG manager manages the General Support and monitors the Material Support Division of the SMAG for the LRS and supported nonautonomous satellite activities that operate under the GLSC concept. They are assigned to the Management and Systems Division, and perform administrative as well as any other management related duties necessary for management of the GSD and MSD SMAG. (See part 2, [chapter 2](#), for additional duties and responsibilities.)

1.13.6. Accounting and Finance (Materiel Accounting). At base level, A&F accumulates, records, and reports all financial transactions to DFAS-DE that affect each division of the SMAG. Documents of financial transactions are forwarded or automatically submitted to the Accounting and Finance Office for accounting record updates; inputs are processed through an automated system to interface with the accounting system. The office maintains the general ledger, which is the primary record of SMAG financial transactions.

1.14. SMAG/Customer Relationships.

1.14.1. Explanation of Concept. Like many business organizations, each SMAG division makes purchases and must sell (cash or charge) what it buys to its customers. The divisions depend on the sales for capital to replenish the inventory. The SMAG is managed efficiently if it meets that basic provision. AFI 65-601, volume 2, chapter 10 contains a listing of the responsibilities of resource and cost center managers.

1.14.2. Customer Management Products. [Section 1B](#) contains a description of some of the computer management products that customers use as management tools. These reports are mainly for the customers' use, but the funds managers will review them briefly to monitor sales trends and OOB purchase capability. The funds managers also use these reports to maintain coordination with the base budget office, which is responsible for the OOB. Funds managers cannot and should not manage customers' funds except for the LRS Commander/ cost center. They can, however, be helpful as advisors until cost center managers learn how to use computer management products. The funds manager, when requested, will assist the budget officer by familiarizing RC/CC managers and resource advisers with formats, data display, and management applications.

1.15. Customer Responsibility.

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1.15.1. The procedures described in this paragraph do not apply to TEX code 8 equipment due-outs, TEX code H due-outs, or TEX code D due-outs.

1.15.2. General Concept of Financial Management. Each RC/CC, in effect, has a cash account used to reimburse the different divisions of the stock fund. It has targets that RC/CC managers use as guidelines in controlling day-to-day expenses. The management technique is nearly the same as the technique anyone will use in managing income, except that the RC/CC manager is provided the balance and a transaction statement each day. The issue requests go to the local LRS/supply activity, which will request the needed materiel from the appropriate SMAG division. These issues will usually result in an immediate expense for the off-the-shelf issues or recording of a due-out with obligation of funds.

1.15.3. Local SMAG. The local SMAG will act as the procuring agent for SMAG items needed to satisfy inventory levels or due-outs to customer organizations. Customer funds will not be cited unless authorized by the LRS Commander/Chief of Supply through MAJCOM who in turn will contact HQ USAF on procurement documents issued to commercial vendors, DLA, GSA, or OSSF. (See AFI 65-601 and volume 1, part 3, [chapter 6](#), this manual.)

1.15.4. Immediate Processing. Customer funds are obligated for SMAG materiel at the time issue requests are made. The obligation is recorded against the current appropriation on that date.

1.15.5. Due-Out Obligation Procedures. According to Air Force policy, customer funds will be obligated any time a due-out is created (see Exceptions To Due-Out Processing, below). Two basic methods are used to obligate due-outs:

1.15.5.1. Due-out obligation flag. One method of obligating due-outs is with the use of the due-out obligation flag in the base constants record. When this flag is turned on, all customer due-outs will obligate on input, except TEX code 8, H, or D. Also FRC or SPR inputs to firm unfunded due-outs will obligate if funds are available, and the requisition is to routing identifiers other than HR1, D(xx), JBR, or J(nn).

1.15.5.2. Due-out obligation/deobligation TRIC 1DO. Due-out obligation/deobligation TRIC 1DO, is the second method of obligating due-outs or changing the fiscal year of obligation in specific due-out records.

1.15.5.2.1. Restrictions. Use this method only when errors in reverse-post or budget changes occur.

1.15.5.2.2. Approval. Because this method does not check for funds availability and could lead to over-obligation of funds, its use must be approved by the Financial Services Office. If the previous year's funds are to be obligated, the budget officer must also approve the use of this process.

1.15.5.2.3. Procedures. Once approval is granted, the following steps should be followed for the cases described:

1.15.5.2.3.1. Fiscal year of obligation blank. The customer due-out was firm and obligated before 30 September of the previous fiscal year, but--because of an error--the date of obligation is now blank. In this case, use the previous M36 reports to obtain the fiscal year to be used with the TRIC 1DO.

1.15.5.2.3.2. Due-out incorrectly canceled. The customer due-out was firm and obligated before 30 September of the previous fiscal year, but LRS/supply activity personnel incor-

rectly canceled the customer due-out. In this case, reestablish the due-out with the same document number and the same fiscal year of obligation, as reflected on previous M36 reports.

1.15.5.2.3.3. Due-out unobligated. A firm customer due-out was established before 30 September of the previous fiscal year but left unobligated in the SBSS and Accounting systems. In this case, the base budget office must prepare a MORD before the obligation of the due-out. After approval, the fiscal year used for obligation will be the fiscal year of approval of the due-out document number.

1.15.5.2.3.4. Rejected FIC inputs. Under normal conditions, a change in ERRC will be processed with an FIC input. If an FIC input rejects, it may be necessary to deobligate the due-out with TRIC 1DO, cancel the due-out, reestablish the due-out using the same document number, and obligate with the original fiscal year of obligation using TRIC 1DO.

1.15.5.2.3.5. Other situations. Any other circumstances not previously identified that cannot be resolved by the local budget office, warranting obligation of a due-out using prior fiscal year O&M funding, requires MAJCOM Budget approval with MAJCOM funds manager coordination prior to processing.

1.15.6. Test for Funds. When an issue request is made for a SMAG item, a test for funds in the project fund management record (PFMR) is conducted (see Exceptions To Due-Out Processing).

1.15.6.1. If the fund balance is exceeded, the issue request will be rejected. A due-out record will not be established unless a MICAP condition exists. MICAP due-outs will bypass the funds edit and obligate. An A911 management notice will be produced.

1.15.6.2. If funds are available or if a MICAP condition exists, the due-out will be obligated. The fiscal year will be stored in the due-out detail record fiscal year of the obligation field, and the applicable PFMR will be updated inline.

1.16. Exceptions To Due-Out Processing.

1.16.1. The due-out processing procedures previously described do not apply to DRMO withdrawals or to TEX code 8, D, or H due-outs. These due-outs are treated as unfunded and no requisitioning action is taken. They do not stratify as requirements in the Stock Fund Stratification Program (M20), and no funds availability test is made on input.

1.16.2. TEX Code H. TEX code H is limited to DRMO withdrawals and chemical warfare gear requirements. When an FRC or SPR is processed to requisition chemical warfare gear, the computer automatically performs a funds availability check. If funds are insufficient, the input will reject. If funds are available, the TEX code H is removed, the item is requisitioned, and the due-out is obligated. The same applies to TEX code 8 due-outs, if the routing identifier is not HR1, D(xx), JBR, or J(nn). If either of these routing identifiers is involved, the due-out will maintain the appropriate TEX code.

1.16.3. TEX Code D. Due-outs with TEX code D are restricted to laundry and dry cleaning equipment and initial SPRAM (ERRC XD) funded by the Systems Program Office (SPO). They will never be obligated (see part 2, chapter 12, [section 12A](#), and [chapter 22](#)).

1.16.4. TEX Code 8 for Planning. RC/CC managers can establish TEX code 8 due-out details as a tool for long-range planning. When a manager establishes a TEX code 8 due-out detail for an equipment requirement, the due-out is treated as a nonfunded transaction. It does not stratify as a require-

ment in the Stock Fund Stratification Report (M20). The O&M Equipment Requirement (R27) List, Organization Cost Center List (M03), and Due-Out Validation Listing (M30) stratify TEX code 8 items as unfunded requirements. No requisitioning action is taken and no funds availability test is processed. If, at a later date, a manager enters a fund requirement input or special requisition to requisition the item, then a funds availability test is made. If adequate funding is available, the TEX code 8 is removed and the due-out is obligated. **NOTE:** The existence of the TEX code 8 on file can serve as a reminder to a manager of a probable future requirement.

1.17. Cancellation of Customer Due-Outs.

1.17.1. The following is a list of circumstances when due-out cancellations can be made or requested. As a general rule, customers of the local SMAG may request cancellation of due-outs or may refuse delivery of SMAG items if there is a change in requirements. However, if the cancellation or refusal places the SMAG in an excess condition for that item, the customer will not receive credit. **NOTE:** For MSD ERRC XD items, all due-out cancellations receive credit at either exchange or standard price in effect at the time of cancellation.

1.17.1.1. Unobligated Due-Outs. The customer can cancel any due-outs that have not been obligated at any time and without charge.

1.17.1.2. Obligated Memo Due-Outs (Due-Out Flag 1). The customer may completely or partially cancel obligated memo due-outs at any time. Full value for the quantity canceled will be given only for due-outs obligated in the current fiscal year. If the due-out was obligated in a prior fiscal year, the customer is not granted credit; however, prior year base appropriations will be credited.

1.17.1.3. Obligated Firm Due-Outs (Due-Out Flag 0). The customer may cancel all or parts of obligated firm due-outs at any time. Credit for the quantity being canceled may be granted under the circumstances described below. **CAUTION:** Credit is never granted on prior fiscal year due-outs.

1.17.1.3.1. 100 percent credit. The following will be granted 100 percent credit:

1.17.1.3.1.1. ERRC XF items.

1.17.1.3.1.2. AWP bit and piece requirement (UJCs AR and BR).

1.17.1.3.2. Exceptions to 100 percent credit. If the item being canceled does not fall in the three categories above, the asset position is checked by the computer program. In these cases, if the item is part of an ISG, all master and interchangeable items are checked and considered as one item.

1.17.1.3.2.1. If due-ins do not exist, credit is granted for the quantity being canceled.

1.17.1.3.2.2. If total due-ins are equal to or less than the total of firm due-outs other than the one being requested for cancellation, credit is granted for the quantity being canceled.

1.17.1.4. Obligated Due-Outs with prior year date of obligation. When canceling due-outs which meet the conditions identified below for reverse-posting a direct charge, having a prior year date of obligation, ensure the due-outs are deobligated prior to cancellation. If due-outs are not deobligated, 1PUs can be triggered which are impossible to reverse-post (restore prior year funds), for example, type ORG code D due-outs.

1.18. Reverse-Post of a Direct Charge and Forced No Credit Turn-In (1PU).

1.18.1. Authority for Granting Reverse-Posting. In all direct charge reverse-post actions, the funds manager acts as the authorized representative of the SMAG. The manager has the responsibility of determining whether allowing a reversal is in the best interest of the SMAG and the Air Force as a whole.

1.18.2. Conditions for Reverse-Posting. When customers cancel obligated due-outs, they may incur expenses. These expenses are referred to as direct charges. Sometimes these direct charges can be reverse-posted if certain conditions are met. The funds manager must request in writing that Document Control initiate the reverse-post procedure. This written request, to be filed with the reverse-post document in Document Control, will contain an explanation of why the reversal action is requested, citing the circumstances that created the problem. (See part 2, chapter 16, [attachment 16B-8](#), for instructions on processing the reverse-post.) Some valid circumstances for requesting a reverse-post are:

1.18.2.1. Incorrect input of a cancellation by LRS/supply activity personnel.

1.18.2.2. Incorrect quantity/unit of issue input by LRS/supply activity resulting in cancellation and direct charge.

1.18.2.3. Incorrect cancellation by the customer, when the due-out can be re-established or an issue can be accomplished without penalty to the SMAG.

1.18.2.4. Incorrect charges resulting from LRS/supply activity errors.

1.19. Industrial-Funded Activities: Obligated Due-Outs. An industrial funds organization is an organization that provides a service or product to another military service or government agency. Customers pay for these services and products. Air Force activities that are industrially funded include Transportation Working Capital Fund (sales code 49), Depot Maintenance (DMAG) (sales code 63 series), and other AF industrial funds (sales codes 48, 62, 69). Because the funding for these services or products is not linked to a specific year of appropriation, due-outs for industrial funds items are always obligated with current year funds.

1.20. Nonreimbursable Issues and Nonreimbursable Shipments.

1.20.1. Authorization for Nonreimbursable Issues. For a complete explanation of nonreimbursable issue authorizations and reporting requirements, see volume 1, part 3, [chapter 6](#), for GSD, and [chapter 7](#) for Material Support Division policy on return credit policy procedures. Exceptions to the procedure must have HQ AFMC/FMR for GSD and HQ AFMC/A4YF for MSD approval through MAJCOM. The MAJCOM funds manager will ensure all exception requests are valid prior to forwarding to HQ AFMC/FMR or HQ AFMC/A4YF. HQ AFMC will validate each request prior to forwarding to HQ USAF for final approval. Upon receipt of approved request the base funds manager will notify the requesting organization of approval/disapproval and maintain a copy of approval notification for 2 years. At the option of the MAJCOM, requests may be submitted to the MAJCOM funds manager prior to forwarding to HQ AFMC.

1.20.2. Forced Nonreimbursable Issues. Forced nonreimbursable issues must be approved before they are processed. If RC/CC managers have a requirement for a nonreimbursable item, they must inform the LRS/supply activity before submitting the requirement. (Authority for nonreimbursable issues is contained in volume 1, [part 3](#).) TEX code D or R (budget code 8) is used on the issue

requests. The request is output on the input terminal. The phrase FREE ISSUE will appear on the face of the DD Form 1348-1A. The issue documents must be forwarded to Funds Management for approval before the property can be issued.

1.20.2.1. Approval. The funds managers or their assistants will indicate approval by initialing the face of the DD Form 1348-1A and returning the document to the appropriate section.

1.20.2.2. Disapproval. The funds managers or assistants will indicate disapproval and initial the face of the DD Form 1348-1A. The funds manager will send the document to Document Control for reverse-post action.

1.20.3. Part One of D20. In addition to appearing on DD Form 1348-1A, nonreimbursable transactions will also appear on part one of the Base Supply Surveillance Report (D20). The funds manager receives part one (also known as the Free Issue and Credit Y Turn-Ins Listing) each time the D20 is processed. The following are required actions:

1.20.3.1. Approved transaction. If approval was obtained at the time the item was issued, no action is necessary.

1.20.3.2. Unapproved transaction. If approval was not obtained at the time the item was issued, the funds manager must indicate either approval or disapproval on the listing.

1.20.3.2.1. Issue approved. If the funds manager approves of the issue, no other action is needed.

1.20.3.2.2. Issue disapproved; property not wanted. If the funds manager disapproves of the issue and the organization does not want to retain the property, the funds manager will request that Document Control reverse-post the issue. The organization must then return the property to the LRS/supply activity.

1.20.3.2.3. Issue disapproved; property wanted. If the funds manager disapproves and the organization wants to retain the property, the funds manager will request that Document Control reverse-post the original TEX code D or R issue transaction. When this processing is completed, a post-post issue will be processed. The property will then be reissued to the organization on a reimbursable basis.

1.20.4. Shipments with Advice Code 2E (Nonreimbursable). Shipments with advice code 2E will not be processed without prior approval of Funds Management. When a request is made for a nonreimbursable shipment, the funds managers or their assistants will approve or disapprove the request. If they do approve it, they will place a file copy in suspense pending review of part one of the D20.

1.20.5. TEX Codes A and J. The funds manager will check D20 listings for TEX codes A and J nonreimbursable due-out releases produced under program control. The check is made to determine who authorized the nonreimbursable release and/or the reasoning behind it. The funds manager uses this information when preparing the Schedule of Nonreimbursable Issues (GLA 570) when required by the MAJCOM SMAG. Normally, TEX codes A and J due-out releases are based upon input routing identifier codes HR1, D(xx), J(nn), or JBR.

1.21. Loading Fund Targets for PFMR and OCCR.

1.21.1. PFMR Loading. Procedures governing the loading of PFMR and OCCR are described in DFAS-DE 7077.10-M. These records provide control of expenses and status report data for funds availability and expenses. To assure continued support within the constraints of funds availability, the

budget office and RC/CC manager must ensure that available funds are in the PFMR. FWG participants must be fully aware of the delay caused by the lack of funds in issuing property or establishing backorders other than MICAP.

1.21.2. OCCR Loading. As with PFMR, targets should also be loaded to OCCR. Not only RC managers and FWG members, but cost center managers as well, must be conscientious in controlling OOB expenditures. If all appropriate personnel are aware of the implications of checkbook management, the likelihood of efficient OOB management is greatly increased. Funds managers can help considerably by reminding the FWG of the benefits of financial management awareness and control throughout the system for everyone.

1.21.3. A911/907 Management Notices. Funds Management will be furnished one copy of all A911/907 notices according to the provisions of DFAS-DE 7077.10-M. The funds manager will use these as information copies to assist the customer and A&F when requested.

1.22. Return Credit Policy.

1.22.1. Refund Decisions. The decision to give a customer a refund is usually made under program control. Volume 1, part 3, [chapter 6](#) and [chapter 7](#), contain information about credit policies on which decisions are based. See [Section 1D](#) and part 2, [chapter 13](#), for Material Support Division return credit policy. The following are some of the more important standard credit policies:

1.22.1.1. GSD items with ERRCD code XB, NF, or XF items not on DIFM details. When supply action taken code U is used in position 62 of TIN format, credit will be allowed to all customers for serviceable items, based upon the computations in part 2, chapter 13, [section 13A](#). The graduated credit policy provides a customer full credit (100 percent) for any amount up to the base requisitioning objective, plus firm due-outs, minus the sum of due-ins, plus on-hand, and the potential for a graduated percent for the remainder over the above computation.

1.22.1.2. Unserviceable or condemned GSD items. No credit is allowed to any customer.

1.22.1.3. Deficiency Report Turn-ins. Program control assigns credit indicator code Y to all GSD and MSD Deficiency Report exhibits to include latent defect turn-ins when maintenance action taken code C is used.

1.22.2. Expense Spare Parts. The processing of expense spare parts (SMAG) included in life of system stock (LSS) initial packages is as follows: Such materiel, when delivered to a using organization without processing through the LRS/supply activity account, will be turned over to the LRS/supply activity and processed as a receipt without charge (USSGL 1529, subsidiary account 1N, shred out 08). For a receipt without charge, process a receipt not due-in (RNDI) with routing identifier code JBZ in positions 4-6 and a locally assigned document number containing an FDxxxx SRAN.

1.23. Credit Codes.

1.23.1. The use of credit codes in position 52 makes it possible to override internal edits when applying for credit on returned property. The codes can be used regardless of asset position, type of item, or type of customer. The codes cannot be used for property that has been condemned by Maintenance or the LRS/supply activity inspector. There are two codes:

1.23.1.1. Credit Code N. This code is assigned when no credit is to be allowed regardless of the stock position of the item. Credit code N will be assigned for all SMAG items which become excess and are turned in to the SMAG as a result of base or unit closures and phase downs.

1.23.1.2. Credit Code Y. Assign this code when full credit is to be allowed regardless of the stock position of the item. Use code Y to force credit only when authorized as described in volume 1, [part 3](#). The funds manager must approve use of this code on copy 1 of AF Form 2005 (except for retail outlet line item accounting turn-ins and Deficiency Report turn-ins). Turn-ins processed with a credit code Y will appear on Part One--Free Issue and Credit Code Y Turn-ins Listing (D20). Only type organization code S activities can use this code for non-SMAG items.

1.24. Direct Military Family Housing (MFH) Funding.

1.24.1. MFH fund processing entails the following procedures:

1.24.1.1. Separate Organization Code. The Base Civil Engineer will be assigned a separate organization code (934 through 939) as described in part 2, [chapter 3](#). (Use the 100-499 or 600-899 series if additional codes are needed.) Load the organization record with RC/CC code XX4499 and type organization code B.

1.24.1.2. Separate PFMR. Use fund code 83 to establish a separate PFMR for the new organization record. Cite fund code 89 in the PFMR if the AF is the designated construction agent and appliances are bought for the new housing units.

1.25. Condemnations of Equipment In-Use and XF3 DIFM. The computer will not update any SMAG USSGL unless the DRMO flag is set in the base constants record when the following condition exists: 1) a turn-in is processed, 2) the property is shipped to DRMO, and 3) the property is equipment in use or consists of XF3 supplies condemned in maintenance. Updating the general ledger account codes would inflate dollar data in USSGL 1529 1F (Materiel returns without credit given) and 7210 00 (Losses on disposition of assets).

Section 1B—SMAG MANAGEMENT RECORDS, REPORTS, AND ANALYSIS.

1.26. Overview.

1.26.1. Financial management is a vital concern in the LRS/supply activity operation. Funds managers have wide areas of responsibility and numerous management products.

1.26.1.1. Section Summary. This section identifies data sources, explains SMAG management tools, and provides basic analysis formats which may be used by primary and command funds managers in their day-to-day management of the SMAG. This section also describes financial reports which the funds manager must know in order to effectively function under the ICC concept. In addition, SBSS management products are included, such as the Daily Document Register (D04), Base Supply Surveillance Report (D20), etc. Of particular concern is the use of the MACR technique to control ordering under certain circumstances.

1.26.1.2. Purpose. The purpose of this section is to identify what information is available, to outline reports or listings which contain needed information, and to provide a basis for using the available data. Various reports are presented to give the funds manager an overall view of reports and available information. **NOTE:** See part 2, [chapter 5](#) and [chapter 6](#), and DFAS-DE 7077.10-M for additional information on the reports presented in this chapter.

1.26.1.3. Inventory and Capital Control System. The purpose of the inventory and capital control system is to develop an operating program at the lowest management and operating level. Initial development is done at base level and is reviewed and consolidated at command and division

level. Data appropriate to specific inventory and capital control objectives are selected from these financial reports. Then funds managers compare these data with the approved objectives of the operating program in order to determine the status of the SMAG.

1.27. Internal Records.

1.27.1. Usage of Records. The records listed below are used to analyze information on aggregate inventory, obligations, sales, and gains and losses. They contain accumulated financial transaction data updated on a day-to-day basis:

1.27.1.1. MACR.

1.27.1.2. OCCR.

1.27.1.3. PFMR.

1.27.1.4. SFIMR.

NOTE: For record formats and usage, see part 4, [chapter 5](#), and DFAS-DE 7077.10-M.

1.27.2. Records Adjustment. The funds manager and A&F Materiel Accounting must coordinate with each other before financial records are adjusted.

1.28. MACR Controls.

1.28.1. Materiel Acquisition Control Record. Unlike the OCCR, PFMR, and SFIMR, which are for data collecting and reporting, the MACR serves the purpose of control. The MACR is used to adjust or prevent the automatic requisitioning of materiel. Also, the MACR is used to change or prevent requisitions undergoing normal computer processing. The funds manager has responsibility for applying MACR control and should never adjust the MACR controls without the knowledge of Stock Control and LRS/accountable officer if not under the GLSC concept or the GLSC SMAG manager. See [Attachment 1B-6](#) for the results of a study conducted by the AFLMA on MACR controls.

1.28.2. Four Control Parameters. Four control parameters are available in the MACR record:

1.28.2.1. Urgency of need funding flag.

1.28.2.2. Maximum automatic obligation for due-outs.

1.28.2.3. Maximum automatic obligation for stock replenishment.

1.28.2.4. MACR factors.

1.29. MACR Factors.

1.29.1. Rationale. The MACR controls are important for planning. The factors allow you to take into account where you are, where you will want to be, and how you will get there. MACR factors provide a short term, orderly means to stabilize programs. [Section 1J](#) contains the requirements development format and related development functions.

1.29.2. Definition. The economic order quantity (EOQ) factor, commonly referred to as the MACR factor, is the requisitioning objective minus the reorder point (NSO + OL). The MACR factor provides a means for automatic adjustment of the EOQ by allowing a separate factor to be loaded for each subgroup within a SPC. The MACR factor does not have any effect on requisitioning objectives or on the requirements stratification in the stock fund stratification report. The factor smoothes the

requisitioning process by allowing for a greater number of requisitions for smaller quantities instead of infrequent requisitions for larger quantities.

1.29.3. Selective Use of MACR Factors. The use of MACR factors is preferable during mission changes and other events (such as MAJCOM changes in stockage levels or changes in supply levels dictated by local authority) that make demand patterns hard to predict. But keep in mind that with use of the MACR factors, there is an increased workload, both for depots and for the Receiving Section. Using the MACR factor also increases the chance of out-of-stock conditions and more customer due-outs. For these reasons, use the MACR factors only when necessary.

1.29.4. Need for MACR Factors. As a rule, MACR factors are necessary any time that a deficit can be anticipated. Deficits can occur when the value of anticipated requisitions is greater than the value of TFA. Command and local changes in requirements can make adjustments necessary.

1.29.5. Stockage Requirements Adjustments. Stock requirements are based on stock fund stratification data. No adjustments in this data are made except in operating levels and numerical stockage objective requirements. Operating level requirements are adjusted to compensate for the lag between demands and obligations dictated by the reorder point. At times, adjustments in the form of increases or decreases in stockage levels can also be directed by division managers or others at a local level. These changes, if approved, are reflected in the operating program. They will be taken into account when TFA and requirements are compared.

1.30. Adjustments of Requisition Quantities.

1.30.1. Formula. The sum of the due-out and the factored EOQ plus the order and shipping time (O&ST) plus the safety level quantities (SLQ) minus the sum of assets on hand (AOH) and due-in (DI) equals the adjusted requisition quantity (ARQ). **EXAMPLE:** $(DO + FEOQ) + OST + SLQ - (AOH + DI) = ARQ$. **NOTE:** The factored EOQ equals the EOQ times the factor percentage plus .999.

1.30.1.1. Table of MACR factors. In the following table of MACR factors, the percent of the EOQ quantity to be requisitioned is given. The factors also provide a way of indicating when funds requisition inputs (FRCs) should be produced.

Table 1.3. MACR Factors.

REQUISITION PERCENT OF EOQ QUANTITY	FRCs NO	PRODUCED YES
100	Blank	+ (12 zone)
90	9	I
80	8	H
70	7	G
60	6	F
50	5	E
40	4	D
30	3	C
20	2	B
10	1	A
0	0	?

NOTE: A 7 means 70 percent of requirement is placed on order either by requisition or FRC image. The other 30 percent is ignored as a requirement by the computer and will be included in the next requirements computation.

1.30.1.2. MACR factor by SPC subgroup. To accommodate a MACR factor by SPC subgroup within SPC, a 16-character matrix (4 SPC sub-groups across times 4 SPC codes down) must be provided in the MACR. Each of the 16 positions in the matrix controls an individual subgroup as follows:

Table 1.4. SPC Subgroups.

SUBGROUP				
SPC CODE	A	B	C	D
1	1A	1B	1C	1D
2	2A	2B	2C	2D
3	3A	3B	3C	3D
4	4A	4B	4C	4D

NOTE: SPC subgroup A is bench stock, B is individual equipment, C is Base Service Store and tool issue items, and D is all items not falling in subgroups A, B, or C.

1.30.1.3. Example of MACR matrix table. Table 1.5. is an example of how the matrix in a MACR could be loaded.

Table 1.5. Example of MACR Matrix Table.

SUBGROUP				
SPC CODE	A	B	C	D
1				
2		+		+
3		H		E
4	9	E	7	

NOTES:

The 1LM input for the above MACR factor is shown below. (See DFAS-DE 7077.10-M for additional information.)

Table 1.6. 1LM Input.

POSITION NO	FIELD DESCRIPTION
1-3	1LM
4-8	BLANK
9-12	CJ DATE
13-16	9999
17	BLANK
18-19	8E
20-29	BLANK

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POSITION NO	FIELD DESCRIPTION
30-31	SYS DESIG
32	BLANK
33	9
35-36	BLANK
37-38	6C
39-45	BLANK
46	+
47	BLANK
48	+
49	BLANK
50	H
51	BLANK
52	E
53	9
54	E
55	7
56	?
57-80	BLANK

1.30.1.3.1. Table 1.5. shows how the matrix, when loaded as above, establishes the EOQ and FRC directives as follows. Either a number, letter, or blank will appear in the subgroup matrix. If a number appears, it indicates the percentage (9 = 90 percent) of EOQ that should be ordered.

1.30.1.3.1.1. A number indicates the percentage and that no FRC images should be produced.

1.30.1.3.1.2. A letter indicates the percentage of EOQ to order (A = 10 percent; H = 80 percent) and that FRC inputs should be produced.

1.30.1.3.1.3. A blank indicates 100 percent of the EOQ should be ordered and no FRC inputs should be produced.

1.30.1.3.1.4. A plus indicates 100 percent of the EOQ should be ordered and FRC inputs should be produced.

1.30.1.4. Illustrative examples. The following list demonstrates how the example matrix is to be interpreted. Refer first to the example matrix (Table 1.5.) and then to the MACR (Table 1.3.) to understand the interpretations:

1.30.1.4.1. For SPC 1, all subgroups, compute and requisition 100 percent of the EOQ and do not produce FRC inputs.

1.30.1.4.2. For SPC 2, subgroups A and C, compute and requisition 100 percent of the EOQ and do not produce FRC inputs.

1.30.1.4.3. For SPC 2, subgroups B and D, compute 100 percent of the EOQ and produce FRC inputs.

1.30.1.4.4. For SPC 3, subgroups A and C, compute and requisition 100 percent of the EOQ and do not produce FRC inputs.

1.30.1.4.5. For SPC 3, subgroup B, compute 80 percent of the EOQ and produce FRC inputs.

1.30.1.4.6. For SPC 3, subgroup D, compute 50 percent of the EOQ and produce FRC inputs.

1.30.1.4.7. For SPC 4, subgroup A, compute and requisition 90 percent of the EOQ and do not produce FRC inputs.

1.30.1.4.8. For SPC 4, subgroup B, compute 50 percent of the EOQ and produce FRC inputs.

1.30.1.4.9. For SPC 4, subgroup C, compute and requisition 70 percent of the EOQ and do not produce FRC inputs.

1.30.1.4.10. For SPC 4, subgroup D, requisition 0 percent of the EOQ and produce FRC inputs.

1.30.2. Effects of FRCs. After the MACR factor has been used to adjust the requisition quantity, an FRC input is produced if necessary. **NOTE:** See below for a word of precaution on the use of FRCs in MACR factors.

1.30.2.1. If no FRC is necessary and the extended dollar value of the requisition is equal to or less than the maximum obligation for stock replenishment, a requisition is prepared. However, if the extended dollar value is greater than the maximum obligation, an FRC is produced even though not requested in MACR factors due to the maximum obligation flag. This system is useful as a way of seeing that managers do not overstock and exceed the stockage objectives. It also serves as a caution to managers to reconsider requisitions in this circumstance.

1.30.3. UND. A UND is a part of the MACR control system. The urgency of need operates in conjunction with other MACR controls discussed above. The MACR has an urgency of need funding flag, either A (highest priority), B, C, or E (lowest priority). When a request is processed, there is an urgency of need automatically factored into the request. For instance, if the MACR flag is B and the issue request is B or A, and the extended dollar value of the requisition is equal to or less than the value loaded to the MACR for due-out requisition, the computer will requisition the item. If the request is C, or the extended dollar value is greater than the value loaded to the MACR for due-out requisitions, the computer will not requisition but will produce an FRC.

1.30.4. Deficit Exists. Once it is found that a deficit exists (value of anticipated acquisitions exceeds authorized TFA), the stock fund manager and Stock Control personnel must make two decisions:

1.30.4.1. Decrease of requisitions. In deciding which items to decrease, questions about the comparatively essential nature of the SPC of different items must be considered. This decision must in turn be influenced by questions of sales potential and the limits of the budget.

1.30.4.2. Disadvantage of FRCs. Before deciding whether or not to produce FRCs to help in planning requisitions, managers should realize the disadvantages of using FRCs. The MACR factor system itself provides an automated and highly selective way of slowing down orders. FRCs will delay orders further and increase the potential for backorders. Remember that the time lag between FRC production and actual requisitioning (administrative lead-time) is not considered when O&ST is computed. Consequently, for every day an FRC is held, a day of stock and pipeline time is lost, thus delaying issue and/or computation of projected requirements. Therefore, while FRCs can be helpful, as a rule, they should be used only when there are changes in requisi-

tion objectives made at a command level or when circumstances make future forecasting of needs extremely uncertain.

1.31. Analytical Tools for Development of MACR Factors.

1.31.1. R45 Report. The MACR Factor Analysis Report (R45/NGV862) is the primary tool to use in developing MACR factors. It provides for asset stratification by SPC and SPC subgroup. The Stock Fund Stratification Program (M20/NGV827) is also useful in determining the adjustment amount.

1.31.2. Three Matrices. In addition to the stratification, three matrices are provided:

1.31.2.1. Matrix 1--Table 1.7. (Actual RO). In this matrix, the values of the EOQ segment of the computed requisitioning objective are listed. As in the previous matrix, 16 elements of data (4 SPC codes and 4 subgroups) are provided. All values appear in whole dollars. The following is an example:

Table 1.7. Actual Requisition Objective.

(RO) (MATRIX 1)				
	A	B	C	D
1	10,000	0	0	20,000
2	10,000	5,000	15,000	30,000
3	20,000	10,000	40,000	50,000
4	50,000	20,000	30,000	15,000

1.31.2.2. Matrix 2--Table 1.8. (MACR RO-BUY). This matrix lists the values of matrix 1 (Table 10.4.) after suppression (a percent of the total value). For example, in SPC 1A, the original amount in matrix 1 was 10,000. Ninety percent of that amount is the value after a suppression of 10 percent. Hence, SPC 1A appears as 9,000(90). In matrix 2 (Table 1.8.), the suppression values are 10 percent for SPC 1, 20 percent for SPC 2, 30 percent for SPC 3, and 50 percent for SPC 4.

Table 1.8. MACR Requisition Objective--Buy.

(MATRIX 2)				
	A	B	C	D
1	9,000(90)	0	0	18,000(90)
2	8,000(80)	4,000(80)	12,000(80)	24,000(80)
3	14,000(70)	7,000(70)	28,000(70)	35,000(70)
4	25,000(50)	10,000(50)	15,000(50)	7,500(50)

1.31.2.3. Matrix 3--Table 1.9. (MACR RO-NO BUY). Matrix 3 (Table 1.9.) is a kind of model that you can use in working out an approach to requisitioning problems through use of the MACR factors. The symbol (b) means blank and implies no change (that is, you continue to order 100 percent of the stock objective). A (b) followed by a number "percent factor" designates an area that should not be changed if possible, but that can be subject to lowering of requisitioned quantities. A number standing alone designates an area of relatively low priority where initial cuts in requisition quantities can be made.

Table 1.9. MACR Requisition Objective-No Buy.

(MATRIX 3)				
	A	B	C	D
1	(b)	(b)	(b)	(b)
2	(b)	(b)	(b) 50	(b) 50
3	(b)	50	(b) 50	10
4	(b)	40	(b) 50	1

1.32. Example of MACR Factor Development.

1.32.1. Example of MACR Procedure. To determine factors to use in the MACR, you must first compute the value of requisitions you anticipate making for the remainder of the fiscal year. Then compare this value to the value of TFA that has not been processed as requisitions. If the value of anticipated requisitions is greater than the value of TFA, a deficit exists and MACR factors are in order. The above matrices in paragraph above will be used in the following example of the MACR development process. These hypothetical figures will be used as a basis:

Total projected requirement	2,000 million
Total Financial Authority (TFA)	1,875 million
Deficit	125 thousand

NOTE: Remember that the figure for total projected requirement and TFA represents projections for the remainder of the fiscal year. See [Attachment 1J-1](#).

1.32.2. Items Normally Not Suppressed. No suppression of ordering should be applied to items that are highly essential for missions or that have high sales potential.

1.32.2.1. Mission essential items. SPC 1 identifies MICAP items; SPC code 2 identifies urgency of need code A items. SPC 1 and 2 items in all subgroups will therefore normally be requisitioned at 100 percent. To signify 100 percent requisitioning of these items, enter a blank (b) (as above) in matrix positions A1, A2, B1, B2, C1, C2, D1, and D2.

1.32.2.2. Sales potential items. Normally items having high sales potential will also be requisitioned at 100 percent. These items are usually bench stock and Base Service Store items. (Recall that A is bench stock, B is individual equipment, C represents Base Service Store and tool issue items, and D is other items.) To eliminate high sales potential items from consideration temporarily, enter blanks in matrix positions A3, A4, C3, and C4.

1.32.3. Subgroup B Item Chosen to Reduce Deficit. To continue the example situation, suppose an AF policy decision is made to reduce some individual equipment requirements (subgroup B). Funds managers entered blanks in B1 and B2 to withhold suppression of critical materiel, but B3 and B4 were not affected by those designations. Note in Matrix 1 ([Table 1.7](#)) that the total projected expenditures in B3 were 10,000, and in B4, 20,000. Assuming a 10-percent reduction in those two areas, we can formulate Table 1.10. (Notice that the figure of a 10-percent reduction is adjusted upward when the percent factor is factored in. See note below.)

Table 1.10. Example: MACR Requisition Objective--Buy.

MATRIX POS	PERCENT FACTOR	VALUE OF 10-PERCENT REDUCTION	NET VALUE
B3	50	1000(x5)	5,000
B4	40	2000(x6)	12,000

NOTE: When computing the actual MACR factor, subtract the first number of the percent factor from 10 (the reduction of 10 percent). The first number in 10 is 1. For example, if the percent-reduction factor number is 10, subtract (10-1 = 9) and 9 becomes the number used in computing the net values of reductions. If the percent factor number is 40 (as in B4 above), subtract 4 from 10 to get 6, and use 6 to compute net reduction value. Enter percent factors of 50 (B3) and 40 (B4) in **Table 1.10.** The net value of these two reductions is only \$17,000, leaving a \$108,000 deficit (from the original \$125,000 deficit) to contend with.

1.32.4. SPC Subgroup D Items Chosen to Reduce Deficit Further. The least essential of the category of items is SPC subgroup D. A significant reduction may be possible in this area. Enter 50 in position D2, 10 in position D3, and 10 in position D4 of **Table 1.11.**

Table 1.11. Second Example: MACR Requisition Objective--Buy.

MATRIX POSITION	PERCENT FACTOR	VALUE OF 10-PERCENT NET REDUCTION VALUE
D2	50	3,000(x5) 15,000
D3	10	5,000(x9) 45,000
D4	10	1,500(x9) 13,500

1.32.4.1. A net decrease of \$90,500 (\$17,000 from **Table 1.10.** plus \$73,500 from **Table 1.11.**) has now been realized, and to this point, no significant impact on mission capability or customer support has been made. But with \$34,500 (of the original \$125,000 deficit) yet to be reduced, the only alternative is to apply cuts in some of the high-dollar areas.

1.32.5. High-Demand Items Chosen To Reduce Deficit Further. Before using high-demand items to reduce the deficit, here are a few points to keep in mind. The use of the factor does not eliminate the requirement. It only delays the requisition process. Even if a zero factor is used, the program will always compute a minimum requisition quantity of the OS&T and safety level quantity plus one. Thus the MACR technique, if applied carefully and without FRC inputs, will make backorders less likely to occur. Remember that backorders that occur on items that have a specified level of stockage will cause the quantity you are required to maintain to go up. Another point to remember is that when MACR adjustments are being made, the computer is responding to two sets of instructions, making it possible to stock excess materiel. To spread the remaining deficit evenly throughout the high-demand area, use the following factors and enter 50 in C3 and C4 of **Table 1.12.** At this point, the full \$125,000 deficit (\$17,000 from **Table 1.10.**, \$73,500 from **Table 1.11.**, and \$35,000 from **Table 1.12.**) has been eliminated.

Table 1.12. Example: MACR Requisition Objective--No Buy.

MATRIX POSITION	PERCENT FACTOR	VALUE OF 10-PERCENT NET REDUCTION VALUE
C3	50	4000(x5) 20,000

MATRIX POSITION	PERCENT FACTOR	VALUE OF 10-PERCENT NET REDUCTION VALUE
C4	50	3000(x5) 15,000

1.32.6. Results. A net decrease in requirements of \$125,000 has been made, resolving the deficit problem. At this point, an FRC input decision must be made and the actual factors computed. Recall that a policy change brought about the reduction in subgroup B, individual equipment. Presumably, then, FRCs will be desired for B3 and B4 (but not B1 and B2, which are priority items). Now go back to the table of MACR factors [Table 1.3](#). The new matrix will be as follows, with the letters in place in B3 and B4 indicating FRC processing and the appropriate percent factors.

Table 1.13. Example: Table of MACR Factors.

	A	B	C	D
1	Blank	Blank	Blank	Blank
2	Blank	Blank	Blank	5
3	Blank	E	5	1
4	Blank	D	5	1

1.32.7. At this point, load the MACR factors on the MACR record using a MACR load, change, or delete input (TRIC 1LM). (See [Attachment 1B-1](#).)

1.32.8. Delayed Effect of Adjustments. Do not look for immediate results when these factors are applied. The MACR factor adjusts the requisitioning quantity at the same time that a requirement to requisition is generated. Usually it will be 90 days minimum (one file status quarter) before any impact will be noticed. For this reason, once the factors are loaded, they should not be changed for one full quarter unless a change is essential. Of course, this time lag factor has no bearing on the decision of whether or not to use FRCs.

1.33. Loading and Adjusting MACR Controls. Maximum automatic obligation values, MACR factors, and UND Codes are used as control data for requisitioning. You can load modifications of these values at any time, but use **CAUTION**: remember that the maximum automatic obligation for replenishment and due-outs cannot be loaded for less than \$50. Due-out requisitioning is not normally suppressed since these have sales potential. Due-outs are requisitioned under normal inline processes; you may need to use the stock fund stratification program (M20 or R-45 MACR Factor Analysis Report) to control stock replenishment requisitions to be sure that on-hand levels are adequate; you can also use the MACR to control stocks (see [Attachment 1B-1](#) and [Attachment 1B-3](#) for format for MACR load, change, and delete inputs and related dollar data).

1.34. Management Reports/Queries.

1.34.1. Many reports are used in managing the SMAG on a day-to-day basis. They are used for preparation of operating programs, surveillance of performance, and analysis of operations. Following are some of the more common reports and a statement of their purpose.

1.34.1.1. Consolidated Transaction History (CTH). The CTH Queries are used to do the following:

1.34.1.1.1. To provide a tool for Document Control and a research document for Inventory in determining corrective action for adjustment of balances.

1.34.1.1.2. To provide the required audit trail to determine accuracy and completeness of the transaction processed. This CTH system gives the managers within the LRS/supply activity an auditable record of the transactions processed.

1.34.1.1.3. To provide the prime source of data required to prepare reverse-post documentation. To determine the proper method of processing a funded receipt 356 reject notice.

1.34.1.2. D07, End-of-Day IMR and GLAC Update.

1.34.1.2.1. The D07 provides daily and month-to-date summarization of financial transactions reflecting SMAG and general funds inventory actions and SMAG payments. During end-of-day the program updates the SFIMR, stock fund general ledger accumulator records (ZGL/ZBL), and general funds general ledger accumulator record (MGL). It also prints listings and writes output images for program D12/NGV982 to process (see DFAS-DE 7077.10-M for information on the D12).

1.34.1.3. D08, MACR. The D08 provides the funds manager with a report of the SMAG MACR, showing the status of actual obligations versus the approved obligation authority. The report lists monetary values accumulated during processing of daily transactions for each MACR (by S/D within each budget code). (See DFAS-DE 7077.10-M for additional information of the D08.)

1.34.1.3.1. Part 1, of the D08 reflects the 313, budget code 1 MACR, and values in all the fields on this part should have zeros. Since the implementation of MSD there should no longer be any budget code 1 item records loaded within the SBSS.

1.34.1.3.2. If there are values other than zero the funds manager must have a query processed to see what budget code 1 item records are loaded and work with Records Maintenance to determine the correct budget code and ensure changes are made to the item record. If no item records are loaded with budget code 1, query for any details that have a fund code 6H. The funds manager should research to determine why the 6H was assigned and make necessary corrections or contact the Field Assistance Branch at HQ 754th ELSG if they can not correct.

1.34.1.4. D11, Daily PFMR/OCCR Update and Reconciliation (see part 2, chapter 5, [attachment 5B-11](#); and DFAS-DE 7077.10-M). The D11 produces a reconciliation list of PFMR and related OCCR records comparing targets, net sales, and due-out dollar fields. Differences are computed and printed. An audit list of transactions is printed when a difference is noted. The program also builds detail billing images in the DBRA which are used by program D12/NGV982.

1.34.1.5. D20, Base Supply Surveillance Report (see [Attachment 1B-9](#), and part 2, chapter 5, [attachment 5B-20](#)). The D20 sets up a surveillance system designed to identify and monitor system abuses and to ensure adherence to prescribed policy and procedures by all Air Force supported activities.

1.34.1.6. D32, Stock Fund FIA Code Listing (see part 2, chapter 5, [attachment 5B-32](#), and DFAS-DE 7077.10-M). The D32 provides the funds manager and DFAS field site personnel with a tool for researching suspected transaction errors and a management product to monitor GSD and MSD Division SMAG transactions. The funds managers will use the D32 to review for any Non-PFMR bills for budget codes 8 or 9, and ensure action is taken to reverse post and reprocess correctly. The Non-PFMR bills will have an FIA code of 310 through 319 assigned.

1.34.1.7. M01, Stock Fund On-Order, In-Transit, and Payable List (see [Attachment 1B-10](#), and part 2, chapter 5, [attachment 5C-1](#)). The M01 gives the current position of the SMAG on-order and in-transit inventories and liabilities at any given time. During end-of-month, this program

analyzes the SMAG detail records and updates the appropriate on-order, in-transit, and payable general ledger (ZTR) accumulators by Trial Balance reporting SRAN for all divisions of the SMAG. A&F program M12/NGV982 creates ZTR images from these accumulators, showing the net changes for the current month for input into the computer system (BQ system) for base stock fund general ledger reporting (see DFAS-DE 7077.10-M).

1.34.1.8. M03, Organization Cost Center Report (see part 2, chapter 5, [attachment 5C-3](#), and DFAS-DE 7077.10-M). The M03 provides each cost center manager with an output product showing cumulative current FY net issues (reimbursable issues less creditable turn-ins), current FY net issues this period, cumulative current FY obligated due-outs, cumulative prior FY net issues, prior FY net issues this period, and cumulative prior FY obligated due-outs for the period of the report. Product is by SMAG division and element of expense/investment code (EEIC). Note the total due-out targets and expenses should equal information from the RC/CC and input into the General Accounting System. Also, fiscal-year-to-date totals of SMAG unobligated and unfunded due-outs, nonreimbursable net issues, forced issues, and nonstock fund (investment net issues) are provided for information only.

1.34.1.9. M07, Major Appropriation Funded Investment MACR Status Report and Reconciliation List (see part 2, chapter 5, [attachment 5C-7](#), and DFAS-DE 7077.10-M). The M07 provides the major appropriation funded investment (BC Z) status report and a reconciliation list of MACR cumulative monetary values with dollar values of corresponding detail records.

1.34.1.10. M20, Stock Fund Stratification Report (see [Attachment 1B-12](#), and part 2, chapter 5, [attachment 5C-20](#)). The M20 produces a list that categorizes by their purpose all SMAG items that are held in stock or due-out. This information is needed to do the following:

1.34.1.10.1. To budget and manage items that are held in stock.

1.34.1.10.2. To budget and manage activity levels, which are determined by the retention of local excess.

1.34.1.10.3. To provide a gross measurement of a base's logistics requirements at a point in time by measuring asset availability against known requirements.

1.34.1.10.4. To provide a capability for compatible reporting of SMAG assets and transactions as a basis for preparation of realistic SMAG operating programs. **NOTE:** The data provided by the M20 report may be used by managers at all levels to monitor the current fiscal position of the SMAG.

1.34.1.11. M35, Project Fund Management Report (see part 2, chapter 5, [attachment 5C-35](#), and DFAS-DE 7077.10-M). The M35 does the following:

1.34.1.11.1. Provides each responsibility center manager with a product disclosing fiscal-year-to-date reimbursable issues/sales, creditable returns, obligated due-outs, funded balance, and unobligated due-outs by current or prior fiscal year for both supplies and equipment.

1.34.1.11.2. Provides SMAG and resource managers with a product disclosing fiscal-year-to-date net issues, obligated due-outs, fund balance, and unobligated due-outs by major force program within the OBAN/budget activity and S/D.

1.34.1.12. M36, A&F Stock Fund Due-Out Reports (see part 2, chapter 5, [attachment 5C-36](#), and DFAS-DE 7077.10-M). The M36 provides each cost center manager with an output product showing individual obligated due-outs with monetary totals summarized by age and type of due-

outs; that is, supplies or equipment and current or prior fiscal year. The program prints listings and adjusts due-out fields in organization cost center records to agree with the actual due-out detail records (obligated, unobligated, and unfunded) in the SBSS data base.

1.34.1.13. M37, LP and MILSTRIP Research and Follow-up List (see part 2, chapter 9, [section 9I](#); part 2, chapter 5, [attachment 5C-37](#); and DFAS-DE 7077.10-M). The M37 does the following:

1.34.1.13.1. Identifies and validates RNB, CP, CR, and SNC details for which billing action has not been received within prescribed time limits (use this program monthly and as required).

1.34.1.13.2. Lists CR and CP detail records for which an answer to a ROD/SDR has not been received within prescribed time limits.

1.34.1.13.3. Lists LP outstanding BNR, RNB, and status detail records for reconciliation with the corresponding document files.

NOTE: Beware that deleting any of these details may affect obligations.

1.34.1.14. Q07, Readiness Spares Package Requirements Report (see part 2, chapter 5, [attachment 5D-7](#)). The Q07 is used to accumulate the dollar value of WRM (including use code D authorized/in-use details) shortages for items in the GSD (budget code 9) and MSD (budget code 8) of the SMAG. It provides MAJCOMs with the data needed to determine WRM requirements for GSD SMAG items.

1.34.1.15. R04, FRC Analysis (see [Attachment 1B-13](#)). This utility program provides Stock Control with a current file of fund requirement inputs and a listing of dollar requirements by budget code and S/D. This program also allows for selective purchasing to ensure maximum use of available dollars. In addition, the program updates the requirements computation flag on the item record for budget codes 1 and/or 9 (see part 2, chapter 6, [attachment 6B-4](#), for additional information).

1.34.1.16. R45, MACR Factor Analysis. The R45 does the following:

1.34.1.16.1. Provides a uniform stratification of SMAG items for the identification of assets. Uniform stratification is required to budget and manage activity levels by retaining and identifying local excess.

1.34.1.16.2. Provides a gross measurement of a base's logistics requirements at a specific time by comparing asset availability to known requirements.

1.34.1.16.3. Provides the Materiel Management Branch and the funds manager with a listing of dollar requirements by budget code, S/D, and stockage priority code. This listing will allow for selective purchasing and the use of MACR factors to ensure the maximum use of available dollars.

1.34.1.16.4. Provides the necessary tool to aid in suppressing orders and reducing the need for funds requirement inputs and the Funds Requirement Update/Analysis, program R04/NGV857, to make buying decisions. (See part 2, chapter 6, [attachment 6B-45](#), for additional information on the R45.)

1.35. General Support Division Materiel Acquisition Control Record (GSD MACR II).

1.35.1. The GSD MACR II applies only to the GSD. It provides the capability to track on a real-time basis, the actual commitments and obligations for operating, WRM, and IA against TFA.

1.35.2. Capabilities of GSD MACR II. This record provides base-level funds managers with up-to-date financial management information, increases the visibility and overall control of utilization of funds provided for operating, and WRM, and increases the visibility over the approved net demands to the operating obligations ratio. The GSD MACR II ensures that no differences exist between the management information being produced in the SBSS and the information in the official reports being produced by Base Accounting and Finance. The GSD MACR II includes the following capabilities:

1.35.2.1. Tracks the actual commitments and obligations against the funding authority provided for operating, initial spares, and WRM.

1.35.2.2. Provides actual net demands for use in computing and comparing the actual net demand to obligation ratio to the target ratio. Net demands are updated when option five of D08 is processed. DOLU for net demands will appear on the D08.

1.35.2.3. Maintains the target ratio and the computed actual obligation demand ratio.

1.35.2.4. Identifies the amount of the operating funding authority to cover the cost of local purchases and then tracks local purchase commitments and obligations against this total.

1.35.2.5. Stores management defined conditions. Produces management notices as required and when ordering has been stopped.

1.35.2.6. Records online updates to the record for acquisition transactions, commitments, and obligations.

1.35.3. Other GSD MACR II Considerations in the SBSS.

1.35.3.1. Provides standard inquiry routines to access information from the 332 MACR record (see [Attachment 1B-14](#)).

1.35.3.2. Provides a terminal ID (446) for funds managers. This allows the bases to connect a terminal or a personal computer (PC) to the system which provides the funds manager the capability to process inquiries, receive stock fund management notices, and process GSD MACR II loads/ adjustments.

1.35.3.3. Provides online controls over the requisitioning process. Requisitions will not exceed the targets loaded (except for MICAP and post-post).

1.35.3.4. Collects and reports the dollar amount of requisitions (commitments and obligations) for initial spares and WRM.

1.35.3.5. Provides internal controls so that financial adjustments can only be loaded and updated from a Finance terminal, the funds manager terminal, or the RPS.

1.35.4. GSD MACR II Updates. The GSD MACR II record is updated online for obligations and commitments. Demands are updated at end-of-day by the D08 when the update option (five) is processed. For further information, see [Attachment 1B-8](#) and DFAS-DE 7077.10-M for update logic.

1.35.5. Set Parameters. The funds manager may change parameters which determine when management notices will be produced. A management notice is produced when:

1.35.5.1. Actual operating commitments plus actual operating obligations reach the predetermined percent of the planned Operating Total Financial Authority.

1.35.5.2. Actual operating commitments plus actual operating obligations reach the predetermined percent of planned operating obligations.

1.35.5.3. Actual operating obligations reach the predetermined percent of the planned operating obligations.

1.35.5.4. Actual WRM commitments plus actual WRM obligations reach the predetermined percent of the planned WRM Total Financial Authority.

1.35.5.5. Actual WRM obligations reach the predetermined percent of the planned WRM obligations.

1.35.5.6. Actual IA commitments plus actual IA obligations reach the predetermined percent of the planned IA Total Financial Authority.

1.35.5.7. Actual IA obligations reach the predetermined percent of the planned IA obligations. Variable percentage rates can be loaded at base level for all targets. The computer will stop requisitioning when: actual commitments plus actual obligations reach the default percent of the TFA or obligations reach the default percent of the obligations' target. The funds manager may load a percentage rate lower than 100 percent to stop automatic requisitions at a lower level. When requisitioning is stopped, a management notice is produced and FRC images are created. (See DFAS-DE 7077.10-M for record layout and [Attachment 1B-4](#) for percentage rate inputs.)

1.35.6. Stop Requisitioning Management Notice. The Stop Requisitioning Management Notice will be produced when TFA and/or obligations reach 100 percent of established targets. These targets along with each operating program will be provided by the MAJCOM funds manager. Should the default percent target be reached, the funds manager will request additional authority from the MAJCOM or request a cancellation of outstanding requisitions in an effort to restore authority. (See [Attachment 1B-4](#) for default percentages.)

1.35.7. Funds Manager Responsibilities. The funds manager receives obligation authority from the MAJCOM and divides it by S/D. The host base and satellites divide their portion of the obligation authority between local purchase and other funded sources.

Section 1C—GENERAL SUPPORT DIVISION (GSD).

1.36. Overview.

1.36.1. Section Summary. In this section, GSD management reports are discussed, and GSD policies regarding nonreimbursable issues, local manufacture items, return credit, overseas activities, and repair and loan policies are described. Standard prices are defined and apportionment control is described.

1.36.2. Definition. The SMAG is subdivided into divisions that manage certain commodities, such as Material Support, which is described in [Section 1D](#). The GSD is established to fulfill general requirements needed for day-to-day Air Force operations. The procedures described in this section are unique to the GSD SMAG. Detailed GSD policies are described in volume 1, part 3, [chapter 6](#). Materiel under the supervision of the GSD includes all base-funded expense items (budget code 9), including DLA, GSA, other services stock funds, commercial vendor items, local purchases other than commercial vendor items, and local manufacture items not included in another division of the SMAG. Some items such as commissary supplies, library supplies, and category 69 sales from clothing stores are usually processed off-line outside the SMAG.

1.37. GSD Management Reports.

1.37.1. GSD Operating Programs. The MAJCOMs forward to HQ AFMC/FMR annual projections for obligations, credit returns, gross sales and unit cost ratio.

1.37.2. Execution Reporting. (See volume 1, part 3, [chapter 6](#).)

1.37.2.1. MAJCOM or Global Logistic Readiness Squadron (GLSC) funds managers will prepare an execution report as of the end of each month and furnish it to the division manager. The source of information is the Cash Flow Income Statement (CFIS) methodology, GSD TOP, or whatever method you have available to track the information. Monthly execution reports are due to HQ AFMC/FMR NLT the 15th calendar day of each month following the reporting period.

1.37.2.2. When required by the MAJCOM funds manager, base funds managers will prepare a similar Execution report. The source of information for the base's assessment is the final Trial balance. MAJCOM funds managers will determine the due dates and formats for the information they require.

1.37.2.3. The Execution Report will include the following sections: Performance Targets, Cost of War, and Net Sales and Net Purchases.

1.37.2.3.1. The Performance Targets Section presents a comprehensive assessment when you have a variance of plus or minus 5 percent from the approved targets versus the actual accomplishment for obligations, credit returns, gross sales, and unit cost ratio. Include impacts, USSGL deviations, and any changes to your end of year target. Also, include your plan of action or get-well dates.

1.37.2.3.2. The Cost of War Section provides sales-based and non-sales-based requirements. Explain in detail all non-sales-based requirements to include impacts of not receiving reimbursement, and include any issues for sales-based or non-sales-based requirements. Also provide the methodology used to determine values.

1.37.2.3.3. The Net Sales and Net Purchases Section is a comparison of Net Sales and Net Purchases. Explain any negative variances. A negative variance indicates you are buying more than you are selling. Include in the explanation any known USSGL deviations, program changes, or other issues.

1.37.3. Trial Balances. Each month the DFAS field site prepares and submits a trial balance report to the DFAS-DE. The trial balance is the official accounting record used in the management of the SMAG. It contains summary dollar data as of the reporting date for all USSGLs. Each month, the funds manager will verify balances on the trial balance with the M01. Verification of these reports is essential in order to maintain financial integrity within the SMAG and research any variances to determine reason why.

1.37.4. Consolidated Status and Transaction Statement (GSD TABLE III). Base, command, and division level may use the Table III or M20 report to analyze the SMAG operation. The M20, Stock Fund Stratification Report will be submitted on a quarterly basis (as of 31 December, 31 March, 30 June, and 30 September) to Keystone. The MAJCOM/GLSC funds managers will ensure their applicable bases/account managers process the appropriate quarterly option of the M20 to create RMS images. Keystone will consolidate for MAJCOMs and create the Air Force TABLE III report. The GSD Division funds manager uses the total GSD Table III for preparing a semiannual inventory status and transaction statement for submission to HQ USAF. General policy guidance on the stratifi-

cation process is contained in volume 1, part 3, [chapter 6](#). (See part 2, chapter 5, [attachment 5C-20 \(M20\)](#) for detailed instructions for preparing the report.)

1.38. Nonreimbursable Issues.

1.38.1. Concept. The Supply Management Activity Group concept is based on a buy and sell relationship. But there are times where nonreimbursable issues of excess items are authorized. **CAUTION:** Nonreimbursable issues are not included in the OOB expense reporting system. There will be an impact on customer funding when nonreimbursable issues are allowed.

1.38.2. Procedure. Funds managers will review nonreimbursable GSD and MSD issues daily using Part One: Free Issue and Credit Code Y Turn-Ins (D20) (see [Attachment 1B-9](#)). Funds managers will ensure the appropriate section reverses unauthorized nonreimbursable issues and processes transactions correctly.

1.38.3. Reference. A narrative explanation of the nonreimbursable issue authorizations and detailed reporting requirements are contained in volume 1, part 3, [chapter 6 and chapter 7](#). Additional procedures for local purchase excess are contained in the note to part 2, [chapter 19](#). **CAUTION:** Exceptions to this procedure must have HQ AFMC/FMR approval through MAJCOM.

1.39. Return Credit Policy.

1.39.1. Policy. Normally, the decision to give a customer a refund for turn-in of property is done under program control in the SBSS. The credit decision is based on policies outlined in volume 1, part 3, [chapter 6](#). (See [Section 1A](#) of this chapter for the program logic used in the credit decision and for guidance on processing exceptions to the policies outlined in volume 1, part 3, [chapter 6](#).)

1.39.2. Exception. The capability exists to override the SBSS credit determination by using a credit code in position 52 of the turn-in. (See [Section 1A](#) for procedures relative to the use of credit codes.)

1.40. Local Purchase Support For Overseas Activities.

1.40.1. LP Support. When activities not participating in the STAR System and overseas activities cannot procure commercial, part numbered, and NSL items locally, the appropriate AFMC IM will provide support. The support is limited to items within Air Force federal supply classes. (See volume 1, part 1, [chapter 8](#), for a list of items.)

1.40.2. Request Procedure. To request LP or NSL item support through an AFMC IM, the activity will process a MILSTRIP requisition with fund code 6C in positions 52-53. The AFMC IM will operate as a capitalized activity (FD depot account). It will establish the request on the FD account master records and procure the item with SMAG appropriations. Shipment of the item to the capitalized activity is regarded as an intra-SMAG transfer. The capitalized requesting base will not be billed. Instead, the base-level user is billed to reimburse the SMAG. **NOTE:** The IM actually brings these LP requests into the depot IM Stock Control System and establishes them on the FD accountable records. The records are adjusted accordingly and accountable inventory is increased and decreased. All transactions concerning these items are processed to the Financial Inventory Accounting and Billing System (FIABS/D035J).

1.41. Repair of GSD SMAG Items.

1.41.1. BaseLRS/supply activity Stock Items. If an item in Logistics Readiness Squadron/supply activity stock needs repair, the Base Maintenance activity that repairs it pays for the spare parts from its normal O&M funds. Base Maintenance activities budget for such expenses. The activity will not be reimbursed for any LRS/supply activity items it repairs. If base maintenance activities cannot repair in stock assets but a local vendor has the capability, prepare an AF Form 9 with the GSD fund cite for the repair.

1.41.2. Customer-Owned Items Other Than Incomplete or Functional Check. Customers will be charged for repair costs of any items owned by the customer, except for incomplete or functional check items. The Base Maintenance activity will cover repair costs of these items.

1.41.3. Cleaning and Repair Costs of Clothing Issued by Individual Equipment. The customer will be charged for cleaning and repair costs of these items, which consist of flying clothing, parkas, special uniforms, etc. These items will be cleaned/repared prior to being turned in to the LRS/supply activity.

1.41.4. Costs of Supply Functions. The LRS/supply activity will bear the cost of any in-storage maintenance, preservation, repacking, or other supply functions performed.

1.41.5. Gas Cylinder Repair. The cost of servicing and reconditioning government-owned cylinders returned to the contractor for refill is paid by the SMAG (see volume 1, part 3, [chapter 6](#) and part 2, chapter 21, [section 21N](#)).

1.42. Temporary Loan of SMAG Equipment.

1.42.1. General Requirements for Loans; Responsibility of Sponsors. Usually reimbursements are in order for all GSD assets issued from SMAG outlets, but in exceptional cases bases can lend items to temporary activities or activities that have short-term needs (activities on maneuvers and undergoing training exercises, reserve forces field activities, scouting jamborees and the like). The loan period will not exceed six months. If borrowers are not authorized SMAG customers, they must be sponsored by a SMAG customer, and the transactions must cite the organization code of the sponsor. The sponsor is then responsible for any operating expenses incurred.

1.42.2. Specific Requirements.

1.42.2.1. Supplements. Items will not be loaned to supplement normal authorizations and avoid operating expenses.

1.42.2.2. Loan Period. Normally the loan period should not exceed 90 days, but the LRS Commander/accountable officer may extend the loan for an additional 90 days.

1.42.2.3. Allowance source code 987. Use allowance source code 987 to issue items for loan.

1.42.2.4. Purchasing for loans. No SMAG equipment will be purchased for the purpose of making a loan.

1.42.2.5. Option to purchase. If an item is on loan and LRS/supply activity receives a request for the item, LRS/supply activity will offer to let the borrower purchase it. If the borrower elects to buy the item, LRS/supply activity processes the request and requisitions the item. If the borrower chooses not to buy the item, LRS/supply activity will terminate the loan, get the item back, and issue it to the customer. **NOTE:** LRS/supply activity will never requisition an item for a customer when the same item is on loan.

1.42.2.6. Repair costs. The borrowing activity will bear the cost of any repairs needed for items returned in a condition other than originally issued. If the items are not reparable, the borrowing activity will reimburse the SMAG for the costs of replacement.

1.43. GSD Standard Prices.

1.43.1. Prices. Standard prices for items purchased locally are established at base level. This is done through the LPS and LPA input process. In many cases, equipment items listed in TA are not the items actually ordered because the customer may prefer a substitute item instead of the master item. When this happens, the price of the master item is not updated because no LPS or LPA was processed for that stock number. It was processed on the substitute item which was actually ordered. This chain of events occurs frequently with equipment items. It should not be viewed as a problem if the price of a rarely ordered local purchase equipment item listed in a TA is rarely updated. Standard prices of DLA and GSA stocked or stored and issued items and other services SMAG items are listed in federal supply catalogs.

1.43.2. Price Breakdown. The costs included in the standard price from commercial and nongovernmental sources are unit product cost, taxes when applicable, and positive or negative surcharge. DLA, GSA, and other service-managed items will have an additional positive or negative Air Force surcharge.

1.43.2.1. All nonlocal purchase GSD items will be assessed the additional surcharge at time of issue or backorder. Currently local purchase items are assessed the surcharge when the LPS or LPA is processed.

1.43.2.2. Credit for turn-ins of GSD items will be at the item record unit price regardless of the Air Force surcharge.

NOTE: Details for computation of GSD standard prices are found in volume 1, part 3, chapter 6, [section C](#).

1.43.3. Price Updates on LPS or LPA Processing. Standard prices for local purchase items with routing identifier JBB or JBH are updated when a LPS or LPA is processed. This update will include the surcharge. LPS and LPA inputs are only provided when the item is requisitioned from commercial sources.

1.43.4. Receipt of Local Purchase Items from Noncommercial Sources. Standard prices on items with a routing identifier code of JBB or JBH are updated when a receipt from an AFMC depot, DLA, GSA, or OSSF source is processed (REX 2 items). The standard price will include the receipt unit price plus the surcharge if the receipt is from GSA.

1.43.5. Rejects. The computer program will reject receipts of items with an item record routing identifier code of JBB and a due-in from a funded source of supply (signal code A, fund code 6c) other than JBB (DLA/GSA/OSSF) when the unit price is not stated in positions 74-80 of the receipt input (see part 2, chapter 10, [attachment 10B-2](#), for receipt). **NOTE:** The item record price is not updated when these receipts are processed. **EXCEPTION:** The computer program will not update the item record standard price when items with AFMC depots, DLA, GSA, or OSSF item record routing identifiers are received through local purchase and there will be no update to item record standard price when items with JBB item record routing identifiers are received from other sources other than JBB. Processing an LPS in this case will not update the item record standard price either. The customer

will be charged the item record standard price (which may be more or less than the purchase price) and not the local purchase price.

1.44. Receipt of Local Manufacture Items. Procedures described in part 2, [chapter 10](#), will apply to the processing of local manufacture items received into the SMAG outlet. If the activity is not a type organization code D (depot maintenance) organization, credit will be applied to the applicable cost center in positions 46-50 of the receipt input. If the fabricating activity is a depot maintenance activity, the input will process as a receipt from a funded source and a RNB detail record will be built. The A&F end-of-day program (D12) will produce a BK1 billing for processing as explained in DFAS-DE 7077.10-M.

1.45. GSD Apportionment Control.

1.45.1. The GSD of the SMAG is a designated apportioned SMAG division.

1.45.2. Accounting Control of Appropriations. Base funds managers must exercise strict control of approved TFA to ensure that accounting control of appropriations is properly executed. Absolute control of TFA is essential since the execution of commitments and obligations occur at base level.

1.45.3. Approved Operating Program (AOP). The GSD division funds managers will forward to MAJCOM an AOP. MAJCOM will distribute the AOPs to the base funds managers. The AOP provides approved, credit returns, gross sales, obligations, TFA and an approved ratio of gross sales to operating obligations plus credit returns (unit cost ratio).

1.45.3.1. TFA. TFA consists of obligation and commitment targets for operating and WRM. The approved sum total of obligations and commitments for operating, WRM, and will be loaded to the MACR, to support requisitions that can be placed with supply sources (see Table A6, DFAS-DE 7077.10-M, for MACR update logic). Targets for obligations are limitations that cannot be exceeded. Obligations and commitments for WRM will equal orders placed for WRM. Commitments for initial WRM requirements can be taken from the current M01 report, Local Purchase Due-Ins without LP Status, By S/D.

1.45.3.2. Ratio of Gross Sales to Operating Obligations. The approved annual ratio of gross sales to operating obligations plus credit returns (unit cost ratio) must be achieved in order to generate cash from sales to support stock replenishment requirements. Achievement of the approved ratio also aids in the control of SMAG outlays. (See [Attachment 1C-2](#) for items that impact the ratio.)

1.45.3.3. MACR factors. During periods of constrained funding, MACR factors must be applied in order to operate within financial limits imposed. The funds managers must continually monitor their financial targets and actual ratio in order to avoid an Anti-Deficiency Act violation. Operating obligations will be computed using the worksheet provided at [Attachment 1C-3](#), and the GSD Trends and Operating Program. (See part 2, chapter 9, [attachment 9A-2](#), and [Section 1B](#), this chapter, for MACR update logic.)

1.46. INVENTORY VALUATION.

1.46.1. The Statement of Federal Financial Accounting Standards (SFFAS) Number 3, *Accounting for Inventory and Related Property*, defines the requirements for valuing inventory. The two primary methods used to value inventory are 1) historical cost or 2) latest acquisition. The Air Force Policy is to use Moving Average Cost (MAC) under the historical cost method. The MAC is the cost that is computed by taking the total dollar value of inventory and divide by the total quantity on hand. This ensures the SBSS is Chief Financial Officer (CFO) Act compliant.

1.46.2. Basic Rules.

1.46.2.1. The MAC will change based on the receipt of property into LRS/supply activity inventory. A Cost Record (022) is established and the MAC will be stored in the 022-FILLER-2 position.

1.46.2.2. A 373 Reject notice will be produced if the corresponding 022 Record is not loaded. A 284 reject notice will be produced if the transaction would result in a negative balance on the 022-FILLER-1. For budget code 9, the total on-hand balance will be stored on the 022-FILLER-1 field.

1.46.2.3. Transaction histories. The 901-FILLER-5 field (901-ACTION-QTY*022-FILLER-2) will be populated for any transactions that impact the serviceable and unserviceable balance to include supply points, RSP and WCDO's.

1.46.2.4. Reverse post. When an erroneous transaction is found impacting the MAC, all transactions will be RVP'd between the time the erroneous transaction occurred and the time it was discovered.

1.46.2.5. Lateral shipment. The moving average cost (for one unit) from the shipping base will be included on the shipping document in the Unit Price field. The user inputs this cost in the MAC Field on the receipt screen. (Receipt Program will multiply input unit MAC x Qty to arrive at the extended cost).

1.46.2.6. TIN - The inventory update for turn-ins will be the current moving average cost value.

1.46.2.7. Unit of Issue Changes. When the unit of issue changes for a stock number, then the moving average cost for the stock number must be restated. The total cost of inventory does not change. The restated MAC equals the old MAC times old quantity (prior to SNUD change) divided by new total quantity (after SNUD change).

1.46.3. MAC Updates. The following table displays an example of some transactions and how they affect the Moving Average Cost.

Table 1.14. Examples Of Transactions And How They Affect The Moving Average Cost.

Transaction	Transaction Qty	Transaction Extended Cost for Inventory	Inventory Balance	Total Inventory Cost	Moving Average Cost	SNUD Standard Price
Beginning Balance			20	\$200.00	\$10.00	\$10.00
Customer Issue	2	\$20.00	18	\$180.00	\$10.00	\$10.00
Oct 1 Annual Price change	N/A	N/A	18	\$180.00	\$10.00	\$15.00
"Normal Receipt"	6	\$90.00	24	\$270.00	\$11.25	\$15.00
Inventory Adjustment (loss)	-2	\$22.50	22	\$247.50	\$11.25	\$15.00
Turn-In, 100% Credit	1	\$11.25	23	\$258.75	\$11.25	\$15.00
Lateral Shipment (outgoing)	4	\$45.00	19	\$213.75	\$11.25	\$15.00
Overage Receipt, Due-in for 20, Received 30	30	\$450.00	49	\$663.75	\$13.55	\$15.00
Customer Issue	15	\$203.25	34	\$460.50	\$13.55	\$15.00
Short Receipt, Due-In for 30, Received 19	19	\$285.00	53	\$745.50	\$14.07	\$15.00
Non Credit Turn-In	5	\$70.35	58	\$815.85	\$14.07	\$15.00

Section 1D—MATERIAL SUPPORT DIVISION (MSD).

1.47. Overview. This section describes the procedures unique to MSD operations. (See volume 1, part 3, [chapter 7](#) for details on MSD policies.) Included are summaries of pricing, MSD policies with regard to nonreimbursable issues, credit policy, and management reports.

1.48. Items Under the Supervision of MSD. The establishment of the MSD merges the Repairable Support Division, System Support Division, Cost of Operations Division, into a single wholesale division of the Air Force Supply Management Activity Group. MSD includes Air Force centrally-procured expense and investment items with a budget code 8 and ERRC designator XB3, XF3, and XD2. The following are excluded from MSD: munitions, cryptologic items, classified programs, and tanks, racks, adapters, and pylons (TRAP).

1.49. MSD Prices.

1.49.1. Pricing. MSD assets have up to eleven prices/costs and all are updated annually via SNUD by HQ AFMC except for Moving Average Cost (MAC). MSD prices/costs are latest acquisition cost (LAC), standard price, latest repair cost (LRC), material cost recovery (MCR), exchange price, carcass cost, unserviceable asset price (UAP), markup price (MUP), and two operational cost recovery values and business overhead cost (BOCR) at LAC and LRC), and MAC. ERRC XB3/XF3 assets have four prices/costs (LAC, standard price, and BOCR at LAC, and MAC), while XD2 items have all eleven values. All MSD prices/costs are stored on the 022 Price Record.

1.49.2. Price Definitions.

1.49.2.1. Latest Acquisition Cost (LAC). The price paid for an item the last time it was procured from a supplier. The cost is generally the latest representative contract price obtained from the Acquisition and Due-In System (J041) and does not include any cost recovery or inflation.

1.49.2.2. Standard Price. This price is equal to LAC, plus Business Overhead Cost Recovery (BOCR) at LAC. It remains constant throughout the fiscal year, except for the correction of significant errors.

1.49.2.3. Latest Repair Cost (LRC). This cost is a representative average of the latest repair costs from Depot Maintenance and Contractor Repair facilities.

1.49.2.4. Material Cost Recovery (MCR). This value represents the portion of each exchange price sale that will pay for the delivery of new items purchased to support the customer and it equals the material cost recovery rate times LRC.

1.49.2.5. Exchange Price. This price is the LRC, plus Business Overhead Cost Recovery at LRC, plus Material Cost Recovery. It is the price charged customers exchanging a repairable item for a serviceable one.

1.49.2.6. Carcass Cost. The value of an asset when the Latest Repair Cost and Business Overhead Cost Recovery at LAC are removed from the standard price, or it is LAC minus LRC.

1.49.2.7. Unserviceable Asset Price (UAP). This price is the standard price minus the LRC. The Inventory Control Points (ICPs) use this price to charge for issues of unserviceable assets.

1.49.2.8. Markup Price (MUP). MUP is the difference between standard and exchange price. It is also the value charged customers when a DIFM asset is not returned within 60 days.

1.49.2.9. Direct Allocable Cost Recovery at LAC (DACR at LAC). AFMC no longer computes a DACR at LAC. D043, FEDLOG and the MSD image received through SNUD will reflect zeros in the DACR at LAC fields. The 022-LAC-DAC-OCR will also reflect zeros.

1.49.2.10. Direct Allocable Cost Recovery at LRC (DACR at LRC). AFMC no longer computes a DACR at LRC. D043, FEDLOG and the MSD image received through SNUD will reflect zeros in the DACR at LRC fields. The 022-LRC-DAC-OCR will also reflect zeros.

1.49.2.11. Business Overhead Cost Recovery at LAC (BOCR at LAC). This portion of the cost recovery cannot be influenced by the ALCs and is downward directed aggregate expenses that will be prorated by ICP for standard sales. The expenses include those to support Defense Information Services Agency (DISA), Defense Finance Accounting Service (DFAS), DLA Transaction Service Center, Defense Reutilization Marketing Services (DRMS), Defense Logistics Information Service (DLIS), Accumulated Operating Results (AOR), material inflation, Supply Operations Costs, DLA distribution issue/receipt costs, and transportation costs and loss and obsolescence.

1.49.2.12. Business Overhead Cost Recovery at LRC (BOCR at LRC). This portion of the cost recovery cannot be influenced by the ALCs and is downward directed aggregate expenses that will be prorated by ICP for exchange sales. The expenses include those to support Defense Information Services Agency (DISA), Defense Finance Accounting Service (DFAS), DLA Transaction Service Center, Defense Reutilization Marketing Services (DRMS), Defense Logistics Information Service (DLIS), Accumulated Operating Results (AOR), material inflation, Supply Operations Costs, DLA distribution issue/receipt costs, and transportation costs.

1.49.2.13. Moving Average Cost (MAC). This is the value serviceable and unserviceable budget code 8 assets are valued.

1.50. Other Polices.

1.50.1. Nonreimbursable Issues. Assets from base level Defense Reutilization Marketing Office (DRMO) and those for bench mock up will be free issue using the same procedures that are in place today. Any additional requests for free issue of budget code 8 assets will be submitted to HQ AFMC/A4YF through the parent major command. A list of bench mock up issues will be provided to HQ AFMC/A4YF as they occur.

1.50.2. Credit and Charging Policy. See part 2, [chapter 13](#), for additional information on the credit policy.

1.50.2.1. XB3 assets. All issues for XB3 assets will be at standard price, while the customer will be credited at LAC for serviceable turn-ins when the credit indicator is A or the forced credit override Y is authorized. If the credit indicator is D, no credit is granted for serviceable turn-ins, and unserviceable turn-ins receive no credit. Deficiency Report turn-ins receive credit at standard price.

1.50.2.2. XF3 assets. All XF3 issues are at standard price. Customers will receive credit at standard price for those serviceable turn-ins for which there was a due-in from maintenance (DIFM) detail assigned, regardless of credit indicator. Serviceable turn-in of XF3 items without a DIFM detail will receive at LAC if the credit indicator is A or the forced credit override Y is authorized. If the credit indicator is D, then no credit is granted for serviceable XF3 turn-ins with no DIFM detail. An unserviceable XF3 turn-in receives no credit, unless it is an Deficiency Report asset.

1.50.2.3. XD2 assets. Charges and credits for XD2 items are dependent upon whether a DIFM detail is assigned and the condition of the item being turned in. The customer is charged exchange if a DIFM detail is created and standard when a DIFM detail is not created. The credit policy for XD is similar to the current policy, however more detailed information is included in part 2, [chapter 13](#).

1.50.2.4. Credit indicators. Credit indicators are assigned by HQ AFMC and pushed through SNUD. Credit indicator A indicates credit is allowed, while a D indicates credit is denied.

1.50.2.5. Approval for credit override. Requests to override and provide credit of buget code 8 assets will be submitted to HQ AFMC/A4YF through the parent major command.

1.50.3. Inventory Valuation. All budget code 8 serviceable and unserviceable assets will be valued based upon an AFMC computed moving average cost. It is computed in a module of D035J based upon new procurements by the ALCs. MAC is pushed to the bases through SNUD via an MVC image, and is stored in the 022-FILLER-2 field. The SBSS reports daily to D035J total Air Force inventory for budget code 8 items for the MAC computation. All transaction histories that affect inventory will contain an extended moving average cost and are sent to SMAS for general ledger assignment. The inventory reconciliation will also value inventory at MAC. NOTE: A similar process will be used to value inventory for alpha budget code spares (ERRCD Xxx), and implemented at a later date. In the interim they are valued at 101-UNIT-PRICE.

1.51. MSD Management Reports. The MSD Trial Balance Report is prepared monthly at base level by the DFAS Field Site using the Standard Materiel Accounting System (SMAS). Preparation, submission, and due dates are set through DFAS channels.

Section 1E—INITIAL SPARES AND WAR RESERVE MATERIEL (WRM).

1.52. Overview. This section defines the three types of initial spares and the categories included and not included along with the procedures for setting up initial spares programs. The processing of ISSL and MSSL loads as well as NASSL and mission change data is included. The steps for using C-factor changes and adjusted stock levels are also explained, as well as stockage policy changes, and support of GSD WRM. Next, the loading requirements of WRM, the requesting of funds for WRM, and the requisitioning of WRM assets are defined. Finally, the reporting procedures for initial spares and WRM are listed.

1.53. Definition and Description of Initial Spares.

1.53.1. Initial Spares refers to a GSD procedure. It is a process in which money is set aside to support increases in inventory held by the SMAG at the GSD level. The increased inventory levels are used to support peacetime requirements.

1.53.1.1. There are Three Types of Initial Spares: Force modernization, modifications, and readiness and sustainability.

1.53.1.2. Type I, force modernization, refers to the initial provisioning requirement and the establishment of initial levels of stockage at all levels of inventory, including initial stockage levels of a new end item or additional units of an end item.

1.53.1.3. Type II, modifications, refers to the increases in inventory required for programmed modification of end items.

1.53.1.4. Type III, readiness and sustainability, refers to increases in current levels of inventory held by the SMAG. These increases are made to improve approved, identifiable, and quantifiable readiness indicators.

1.53.2. Categories Included in Initial Spares Requirements. The categories included in inventory augmentation requirements are:

1.53.2.1. Air Force approved retail stockage policy changes.

1.53.2.2. Air Force approved safety level increases (C-factor greater than 1).

1.53.2.3. Air Force, HQ AFMC, and MAJCOM approved predetermined adjusted stock levels.

1.53.2.4. New Activation Spares Support List (NASSL) and mission change data (GAIN) without corresponding mission change data (LOSS).

1.53.2.5. ISSL and MSSL.

1.53.3. Categories Not Included in Initial Spares. The categories not included in initial spares requirements are:

1.53.3.1. Actual or anticipated price change.

1.53.3.2. Approved purchases of quantities above the requisitioning objectives to take advantage of price or quantity discounts.

1.53.3.3. Any movement of assets between capitalized accounts.

1.53.3.4. Actual increase of demand requirements generated by increased use of spares to support end items.

1.53.3.5. Stock fund requisitions to support future sales that do not result in increased SMAG levels, that is, bulk delivery items.

1.54. Responsibilities.

1.54.1. MAJCOM. To establish initial spares programs, MAJCOM personnel will do the following (see part 2, [chapter 19](#)):

1.54.1.1. Identify initial spares requirements to HQ AFMC in their GSOP.

1.54.1.2. Provide bases with additional obligation authority as required.

1.54.2. LRS Commander/accountable officer. The LRS Commander/accountable officer is responsible for overseeing the following actions:

1.54.2.1. LRS Commander/Chief of Supply funds manager:

1.54.2.1.1. Directs requisitioning action of Stock Control.

1.54.2.1.2. Starts new leveling technique by Computer Operations.

1.54.2.1.3. Forecasts initial spares requirements in the operating program.

1.54.2.2. Stock Control personnel:

1.54.2.2.1. Proceed with load of initial spares requirements when directed by Funds Management.

1.54.2.2.2. Provide inputs when necessary (1F3, 1SD, ISL).

1.54.2.2.3. Inform the funds manager of the dollar value impact of loading Air Force, HQ AFMC, or MAJCOM approved predetermined adjusted stock levels identified as initial spares requirements.

1.54.2.2.4. Provide the funds manager with a copy of the R11/NGV886 on processing of MSSL and ISSL loads identified as funded by initial spares.

1.54.3. Autonomous Satellite Accounts. Satellite accounts follow the same procedures as the host base in identifying and requisitioning initial spares requirements. Satellite accounts must maintain close coordination with the host base both before and after the load of requirements.

1.54.4. Nonautonomous Satellite Accounts. Nonautonomous satellite accounts provide the host base funds manager with the same data required of Stock Control.

1.55. Processing of ISSL and MSSL Loads.

1.55.1. Items identified by MAJCOMs as initial spares requirements being loaded by ISSL and MSSL data will be processed as follows:

1.55.1.1. Program R11/NGV886. Stock Control will process an R11 and provide a copy to the funds manager.

1.55.1.2. Funds Availability Check. The funds manager determines if available operating obligation authority funds exist to cover the GSD requirements of the ISSL or MSSL.

1.55.1.3. Input Loading. The funds manager directs Stock Control personnel to load appropriate inputs.

1.56. Processing NASSL and Mission Change Data.

1.56.1. Before loading data into the computer, mission change managers must determine if the MCD or NASSL is related to a weapon system relocation, an increase to a present system, or an introduction of inventory to a weapon system. A weapon relocation or increase to present system is not an initial spares requirement and may be loaded as usual. If the MCD or NASSL is an introduction of inventory to a weapon system, it is an initial spares requirement; these items identified as initial spares requirements are loaded after the funds manager determines if obligation authority has been forecasted or is available before load action. The appropriate sections will use the following procedures:

1.56.1.1. Mission Change Load. Process program to load constant data to the organization record. The program select input must contain an R in position 28 and a Y in position 78 (see part 2, [chapter 19](#)).

1.56.1.2. Stop Inputs. Stop all remote, pseudo, and RPS reader inputs. Stop followup and file status.

1.56.1.3. Process Releveling Cycle. Run a complete releveling cycle before processing.

1.56.1.3.1. If releveling was not started on the day of the initial spares procedures or if releveling for that day is completed, start releveling and allow it to complete.

1.56.1.3.2. If releveling is in progress, let it finish, then restart releveling from the beginning and let it complete.

1.56.1.4. End-of-Day Reports. Process end-of-day reports including an M20/NGV827.

1.56.1.5. Initialization. Initialize on new processing data with all remote, pseudo, and RPS readers off. Stop releveling, followup, and file status upon initialization.

1.56.1.6. 1SD Inputs. Process TRIC 1SD inputs to load requirements.

1.56.1.7. Releveling. Start and process releveling to completion.

1.56.1.8. End-of-Day Reports. Process end-of-day reports including an M20/NGV827.

1.56.1.9. Normal Processing. Resume normal processing.

1.56.1.10. GSD Impact. The funds manager uses the two M20s and [Attachment 1E-1](#), to determine and report the dollar value impact of the NASSL or MCD loads. This value is required first to determine the impact on the GSOP and second to adjust position C on schedule 2 in preparation of the next GSOP. Next, the funds manager uses [Attachment 1E-1](#) to compute the dollar value impact on the SMAG.

1.57. Air Force Approved Safety Level Increases (C-Factor Changes).

1.57.1. When a C-factor is being increased, Computer Operations personnel apply the following steps:

1.57.1.1. Stop Inputs. Stop all remote, pseudo, and RPS inputs. Stop followup and file status.

1.57.1.2. Releveling Cycle. Run a complete releveling cycle before processing.

1.57.1.2.1. If releveling was not started on the day of the initial spares procedures or if releveling was completed, start releveling and allow it to complete.

1.57.1.2.2. If releveling is in progress, allow it to complete. Then, restart releveling from the beginning and allow it to complete.

1.57.1.3. End-of-Day Reports. Process end-of-day reports, including M20/NGV827 and Q01/NGV873 to change C-factor and flag item records for releveling.

1.57.1.4. Initialization. Initialize on a new processing date with all remote, pseudo, and RPS readers off. Stop releveling, followup, and file status upon initialization.

1.57.1.5. Releveling. Start releveling and process to completion.

1.57.1.6. End-of-Day Processing. Process end-of-day reports including an M20.

1.57.1.7. Resume normal processing.

1.57.1.8. GSD Impact Report. The funds manager will use the two M20s to report the GSD impact of the C-factor changes. This impact will be computed by using the worksheet (in [Attachment 1E-1](#)). Use this information in the next GSOP.

1.58. Air Force, HQ AFMC, and MAJCOM Approved Predetermined Adjusted Stock Levels.

1.58.1. Items identified as initial spares requirements being loaded with adjusted stock levels will be processed as follows:

1.58.1.1. Impact Analysis. Before adjusted stock levels are loaded, Stock Control will calculate the impact on the SMAG with this formula: Take the adjusted stock level, subtract the demand level, and multiply that number by the unit price. This will provide the SMAG impact for a given item. By adding the impact for each item, the total impact will be calculated. This computation can be done with a local program.

1.58.1.2. Report. Stock Control will inform the funds manager of the results of the impact calculations.

1.58.1.3. Loading. The funds manager will direct Stock Control to load the adjusted stock levels.

1.59. Stockage Policy Changes. Changes in stockage policy will be handled in a manner similar to the procedure covered, but computer program changes will be required. The HQ 754th ELSG and MAJCOMs will give instructions on the processing and reporting steps.

1.60. GSD War Reserve Materiel Support. The ordering authority for new or increased WRM authorizations and replacements of out-dated shelf life items are separate from normal procedures. These are secured through congressional appropriations and the money is fenced, meaning that it can be used only for WRM purchases. (See part 2, [chapter 26](#), for the procedures for negotiating and loading WRM at the base level.) The funds manager becomes involved in the procedure because of the GSD items.

1.61. Loading WRM Requirements. SMAG money cannot be used for WRM requirements unless it is authorized. Using the money for this purpose can constitute a violation of the Anti-Deficiency Act, 31

U.S.C. 1341a, formerly RS 3679. To prevent its use, all WRM initial and increased authorizations are loaded with the financial restraint supportability code of F. If a detail is loaded without that code, it must be deleted and Stock Control must make a request to cancel the corresponding due-in.

1.62. Requesting WRM Funding. The Q07 identifies an unsupportable requirement. When a Q07/NGV848 is received, Funds Management personnel, with the help of War Readiness personnel for the host and satellite activities, will validate the unsupportable requirement. War Readiness must change any budget code 8 requirement that appears on the Q07 from unsupportable to supportable. The Q07 outputs for such items will be removed from the Q07 file before the file is submitted to MAJCOM. War Readiness and funds manager will review all budget code 9 requirements to ensure that the quantity and un-supportability codes are correct. They will correct erroneous details and remove the output or change it before submitting the file. Remove all outputs containing valid details for items that should not be funded immediately because of lack of storage space (for example, deicing fluid, engine oil, etc.) or local availability (liquid oxygen, demineralized water, etc.) After completing this review, the funds manager submits the validated requirements to the host MAJCOM.

1.63. Requisitioning WRM Assets.

1.63.1. Step One. When WRM funding is provided and loaded, Funds Management personnel will notify the host or satellite WRM monitors. **NOTE:** Funding is provided by priority and dollar value for the assets identified on the last Q07/NGV848 processed.

1.63.2. Step Two. The next step is to requisition the assets. War Readiness personnel remove the un-supportability flag from the WRM detail and input all issue requests with a blank TEX code. The blank TEX code allows excess assets on hand to be issued and a transaction history with a period (.) to be built. WRM requirements satisfied by issue of excess on-hand assets will not be reported as WRM obligation authority used.

1.63.3. Step Three. The funds manager computes the dollar value of due-outs from the D04 of orders generated and reports both the used and unused amounts to the MAJCOM. **NOTE:** The funds manager must be certain that unused WRM authority is not left in the MACR. This is fenced money (usable only for WRM requirements).

Section 1F—FLYING HOUR REIMBURSEMENT.

1.64. Overview. This section briefly describes the flying hour reimbursement concept and the affect on the supply and accounting programs.

1.64.1. The Centralized Asset Management (CAM) program is an enterprise approach to managing the resources required to sustain the Air Force's fleets, both from a customer (O&M) and a provider (AFMC personnel/equipment/funding) perspective. Prior to CAM, each MAJCOM distributes Cost Per Flying Hour (CPFH) funds to its bases/units based upon projected flying hours and the funded Air Force Cost Analysis Improvement Group (AFCAIG) CPFH factors. Funds are loaded as targets in both the SBSS and GAFS at each location to ensure available funds are not exceeded during maintenance operations. With the implementation of flying hour reimbursement the customer funds to buy consumable and reparable spares to support flying hours will be centralized.

1.64.2. The Flying Hour Reimbursement concept allows MSD and GSD to sell flying hour related parts and management services to the Air Force based upon hours supported with those parts and services.

1.64.2.1. An obligation will be established at the beginning of each month using projected hours flown by each weapon system multiplied by the current, approved AFCAIG CPFH rates. At the end of the month, the WCF will bill each weapon system for actual hours flown multiplied by the approved AFCAIG CPFH rate.

1.64.2.2. Non-flying hour related reparables and consumables would continue to be sold individually by MSD and GSD to all customers as they do today.

1.64.3. To identify the flying hour customers under centralized flying hour reimbursement a type organization code "3" will be assigned to the organization cost center record (OCCR). Also a 3 (expense) indicator will also be assigned to applicable project funds management records (PFMR). New PFMRs for each weapon system will be assigned as flying hour program only. No funds targets will be loaded nor will funds checks be performed for these OCCR/PFMR(s). Element of expense investment code (EEIC) 605 will be assigned to identify flying hour expenses for GSD and will be based upon the numeric type organization code. EEIC 609 identifies non-fly GSD expenses while 644 still identifies MSD flying expenses and 645 non-fly expenses. Due-outs for OCCRs with a type organization code "3" will still reflect a date of obligation even though there will be no funds check.

1.64.4. Billing for the flying PFMRs will be by the actual flying hours flown and not by individual stock numbers. The revenue will be recorded into one billing SRAN for MSD and GSD.

Section 1G—FUNDING FOR EQUIPMENT ITEMS.

1.65. Overview.

1.65.1. Section Summary. In this section, the budgeting and funding responsibilities of hosts and tenants under different circumstances are discussed. Expensing is defined and illustrated, and SMAG policy and equipment due-outs under GSD are covered.

1.65.2. Host/Tenant Responsibilities. As a rule (special circumstances are discussed below), all organizations, whether host or tenant, will budget and fund for their own SMAG expense equipment and supplies that are managed by the LRS/supply activity. However, base-procured investment items (ERRCD NFx, unit price \$250,000 or more) obtained from DLA, GSA, commercial, or OSSF sources and financed with 3080 funds will normally be budgeted and funded by the host base or MAJCOM.

1.65.3. Budget Planning. For information on how to prepare financial plans and budget estimates and to show their justification, consult AFI 65-601 and the annual budget call.

1.66. Special Circumstances.

1.66.1. Tenant Unit. At times, tenant units of other commands are present on a host base with the primary mission of supporting the host base. In such cases, the host base will budget and fund the tenant's equipment and supplies that are under LRS/supply activity management. These include, but are not limited to the following:

1.66.1.1. Air Weather Service detachments.

1.66.1.2. Auditor General (resident, branch, and liaison offices).

1.66.1.3. Communications units which directly support the base.

1.66.1.4. AF Special Security Office requirements.

1.66.1.5. Mobile training detachments/field training detachments.

1.66.1.6. Office of Special Investigation detachments, district offices.

1.66.1.7. USAF Orientation Group detachments.

1.66.1.8. Postal and Courier Service units.

1.66.1.9. Air Reserve Service units.

1.66.2. RDT&E. Any unit engaged in RDT&E programs will budget and fund both investment and base-funded expense items needed for support of its RDT&E activities.

1.66.3. Reimbursement. Tenants carrying out RDT&E activities will reimburse the host base for any base-funded investment equipment that the host base provides.

1.66.4. Materiel Handling Equipment. Headquarters AFMC will budget and fund for mechanized materiel handling systems equipment as specified in volume 7, [part 1](#).

1.66.5. Dormitory Requirements. The host base will budget and fund for dormitory furniture and furnishings including tenant units located geographically on the host base. Geographically separated tenant units that maintain their own dormitories will budget and fund their own dormitory requirements through their MAJCOMs.

1.67. Funding Responsibility for RPIE Generators. Funding responsibility for RPIE generators, initial and replacement, is described in AFI 65-601. When these are submitted to the AFMC FM item managers for action, funded requisitions are required. Item records for these items will be assigned a REX code.

1.68. Expensing.

1.68.1. Definition of Expensing. Expensing is the process of determining which organization must pay the costs of all LRS/supply activity managed items, including all IEE and TIC expendable items. The paragraphs above specify the basis for deciding which organizations to credit or charge. Once these decisions are made, the SBSS ADS will automatically allocate the charges and credits based on the way the organization cost center and PFMR and codes are loaded.

1.68.2. Examples of Expensing.

1.68.2.1. If an organization has budgeted for its requirements and funding is approved, a PFMR with these funds will be loaded for the organization. Use of this organization code on such inputs as ISU, TIN, BSS, etc., will cause the expense and charge or credit to be allocated to or from the organization.

1.68.2.2. If an organization is not required to budget for its requirements, the host organization must make funds available in one of two possible ways. Either way the expense will be allocated to the supported organization with the host being charged or credited.

1.68.2.2.1. The host funds can be loaded on the supported organization's PFMR.

1.68.2.2.2. A host PFMR code can be loaded on the cost center record of the supported organization.

1.69. GSD, SMAG Policy.

1.69.1. Equipment Transfers. By using TRIC FME/FET procedures, Equipment Management may redistribute items from one custodian to another without credit or reimbursement action.

1.69.2. All in stock NF items (budget code 9) may be free issued to the customer if the retention criteria is met or the SMAG has been reimbursed for the item. When the SMAG has not been reimbursed, every attempt should be made to sell items at a reduced price, prior to granting free issue. **NOTE:** The funds manager may elect to retain property, if they feel there is a potential future sale.

1.69.2.1. In order to determine if the SMAG was reimbursed, research the transaction histories for in stock equipment items (ERRC NF*) created in the last 365 days for receipts not due-in and firm due-out cancellations without 1PU charges. If neither of these transactions is found, the funds manager may free issue with TEX code D.

1.69.2.2. If the equipment item is in stock without reimbursement, it may be free issued after being in stock for 365 days (DOLD>365). Any issues prior to the 365 days will require SMAG reimbursement.

1.70. Equipment Due-Outs, GSD.

1.70.1. EAID Authorizations. When EAID authorizations are first established or when they are increased, due-outs must be established. Issue requests for type stock record account code E and budget code 9 (SMAG) will establish a due-out with TEX code 8, if funds availability letter does not accompany the request. TEX code 8 is assigned under program control if the input TEX code is blank. FRCs may be produced for TEX code 8 due-outs if the items are budget code 9 equipment. The production of FRCs depend upon the content of the Host Constant Data (see part 4, [chapter 6](#)). If the Fund Requirement position contains a Y, FRC images are created. If the Fund Requirement position contains an N, FRC images are not created. If a funds availability statement/letter accompanies the request, TEX M may be used.

1.70.2. Effects of Due-Outs with TEX Code 8. Due-outs with TEX code 8 will suppress issue and requisitioning processes. If an SPR or FRC is input, the due-out TEX code 8 will be blanked and due-in detail records will be established. The due-out TEX code 8 will not be blanked if an SPR is input to establish due-in detail records from a free source of supply (for example, when the routing identifier code is Dxx, JBR, WRU, or F87). TEX code 8 may be added to equipment due-outs by DIT input.

1.70.3. Due-Out Release Program. The due-out release program will not release TEX code 8 due-outs when materiel is received. (See part 2, [chapter 12](#), for due-out release procedures.)

1.70.4. Excess Program. The excess program will consider TEX code 8 memo due-outs as requirements when processing TRIC inputs TRM or FEX when these transactions will result in transfer to DRMO. At this time, excess equipment will be due-out released using TEX code A.

1.70.5. Shipment Program. The shipment program will also check for TEX code 8 memo due-outs when a DRMO disposition notice is received. If TEX code 8 memo due-outs exist, they will be due-out released using TEX code A. If a reply to a reported excess indicates the asset is to be shipped, the shipment will be processed even though TEX code 8 memo due-outs exist.

1.70.6. SMAG Stratification. TEX code 8 memo due-outs are established to provide visibility for O&M budgeting and funding. For this reason, they are not stratified as requirements in M20/NGV827, Stock Fund Stratification Program.

Section 1H—INVESTMENT FUNDS MANAGEMENT BUDGET CODE Z.

1.71. Overview.

1.71.1. Section Summary. This section reviews budget code Z item records, issue/turn-ins, requisitioning, due-in cancellations, local purchase adjustments, receipts, shipments, and price adjustments to defray GSA accessorial charges for overseas bases only. (See part 2, [chapter 9](#), for specific procedures.)

1.71.2. Policy. Air Force policy is to establish special requisitioning and processing techniques for items requiring large investments of capital. Budget code Z satisfies this policy. Budget code Z is initially assigned to locally funded equipment items with a unit cost of \$250,000 or more. These items are funded through one of three appropriations: major procurement appropriation for other procurement (57*3080); other RDT&E procurement (57*3600); or Defense Mapping Agency (DMA) procurement (97*0300.4802). Two materiel acquisition control records are maintained for each S/D. One will always be for procurement appropriation 57*3080. The second may be for other appropriation authorized by HQ USAF.

1.72. Review of Budget Code Z Item Records.

1.72.1. Budget Code Z Item Record Changes.

1.72.1.1. If the item record balance is zero and no detail records exist (other than authorized/in-use detail records or memo due-out detail records), the budget code may be changed to a Z or from a Z at any time during the fiscal year.

1.72.1.2. If the item record balance is greater than zero or detail records (other than authorized in-use detail records or memo due-out detail records) exist, the budget code will not be changed to or from a Z until the end of the fiscal year. This restriction on changes is needed to limit migration between investment accounts (major appropriation 57*3600, 57*3080, and 97*0300.4802) and SMAG accounts (57X4921). The LRS/supply activity funds manager should review applicable records before submitting O&M budgets to the base budget office to allow for tentative budget code changes that will affect budget submissions for 57*3600 and/or 57*3080 appropriations and the GSD SMAG Operating Program.

1.72.2. Cost Price Basis. The cost price determines whether changes in item records to or from budget code Z should be made. The cost price does not include surcharges. Therefore, when Records Maintenance personnel conduct the annual review of budget code 9 and Z item records, any applicable surcharges should be subtracted from the item record price before deciding whether or not to change budget codes.

1.72.2.1. Determining cost price. For nonlocal purchase items, the item record standard price is the cost price. To determine the cost price of LP items, divide the item record standard price by 1 plus the LP surcharge. (See volume 1, part 3, chapter 6, [section C](#), for surcharges.) **EXAMPLE:** If LP surcharge is 9.2 percent, divide the item record standard price by 1.092 to get the cost price.

1.72.2.2. Changing the item record budget code. For both nonlocal and local purchase items, if the cost price is \$250,000 or more, change the item record budget code to Z. The item record standard price is the cost price. Change the item record budget code to a 9 if the cost price is less than \$250,000. **NOTE:** In calculating the cost price of budget code Z items for overseas activities, do not subtract the accessorial surcharge. It is not a part of the item record standard price according to volume 1, part 3, [chapter 6](#).

1.73. Financial Updates for Issue/Turn-Ins . Procedures for turn-in and issue of equipment that are described in other chapters also apply to budget code Z items. Financial entries are not made, either organizational or undistributed, to expense accounts except when transfers are made to DRMO. Accounting and Finance contra entries on changes in accountable balances are made to the General Ledger Account 31179 (Other Non-operating Gains and Losses). Transactions processed with activity code E will also update GLA 16101. SMAG transactions affecting authorized/in-use details update GLA 16201. Activity code P is used for non-EAID transactions. It does not update authorized/in-use detail EAID records. These transactions only update accountable balance and investment issue accounts.

1.74. Requisitioning.

1.74.1. Requisition Program NGV685. All requisitions for budget code Z items are prepared offline. Process the requisitions with a special requisition input, program NGV685. Use fund code 17 unless one of the following conditions applies: use code 29 for Air Force Systems Command; code 68 for Air Mobility Command Industrial Fund; code 8C for Defense Mapping Agency; and code XP for ANG. When the SPR is input, the applicable MACR is tested for availability of funds. If funds are available, a due-in detail record is generated. (See part 2, [chapter 9](#), for special requisition procedures.)

1.74.2. Reject Notices. When a budget code Z item due-out is established, the due-out program tests for a budget code Z on the item record. If the code appears, a 350 reject notice is generated. When this occurs, Stock Control must process an SPR to establish a due-in detail record and to update the applicable MACR field LP requisitions unobligated (for local purchase items) or undelivered orders outstanding (for ICP-managed items). The SPR will reject if funds are not available in the MACR. (No funds check is made for SPR when AMC industrial fund, fund code 68, advice code 2E, is input.) (Part 2, [chapter 9](#), contains a list of the funds managers' responsibilities and requirements.)

1.74.3. Local Purchase. To purchase budget code Z items locally, a local purchase status must be generated. Input of the status will cause program NGV922 to decrease LP requisitions unobligated and increase undelivered orders outstanding in the MACR. When the receipt is processed, the undelivered orders outstanding field is decreased and the accrued expenditures unpaid field is increased. Accounting programs will update the MACR by standard procedures used for base procured investment items. As a general rule, with budget code Z items, management procedures focus on allotments. However, with SMAG items the major focus is on inventory control.

1.74.4. Overseas Requisitions. When overseas bases requisition budget code Z items from any supply source except local procurement and DLA (some items), they must be careful not to exceed 57*3600, 57*3080, or 97*0300.4802 appropriations. To avoid overrunning appropriations, they must manually prepare a requisition (DD Form 1348M), assign a document identifier code of A05/A0E, and enter the statement MAXIMUM FUNDS AUTHORIZED \$XXXXXX.00 in the lower right-hand corner. The NICP will cancel the requisition if the funds do not cover the cost of requisitioned property. If the requisition is canceled, an updated standard price (including accessorial charges, if applicable) will be computed and a price change (TRIC FCU) processed. (See part 2, [chapter 9](#), for requisitioning procedures.)

1.74.5. Restrictions on Funds Limitations Statements. CONUS bases requisitioning budget code Z items will not use funds limitation statements on DLA requisitions. Overseas bases will use funds limitations statements only on DLA requisitions for non-NSN and acquisition advice code F or L items.

1.75. Due-In Cancellation. When budget code Z items ordered from DLA/GSA/OSSF are canceled through MILSTRIP procedures, program NGV950 will subtract the appropriate amount from the undelivered orders outstanding field of the MACR. When local purchase requisitions are canceled, the program will subtract/decrease the undelivered orders outstanding (UOO) field, unless the local purchase status was not loaded. In this case, the program will decrease the LP requisitions unobligated field in the MACR. **NOTE:** If an input involves a requisition that goes back two fiscal years or more, Accounting programs will output a management notice. The notice will alert Accounting personnel to research the question of whether the input data should be corrected or the transaction should be processed offline.

1.76. Local Purchase Adjustments: Program NGV922.

1.76.1. Program Uses. Program NGV922 is used to adjust local purchase requisitions before procurement or after a contract has been initiated. The program processes both quantity and price changes.

1.76.2. Funds Availability Test. NGV922 tests for funds availability and determines whether the first prior FY or the current FY is applicable. When appropriate, program NGV922 updates the obligation field of the MACR.

1.76.2.1. Funds not available. If funds are not available, the following occurs:

1.76.2.1.1. The local purchase adjustment input produces management notice A881.

1.76.2.1.2. Stock Control receives a copy and must obtain additional funds and advise the BCO to reprocess. If funds are not available, Stock Control will request that the BCO process a local purchase cancellation.

1.76.2.2. LPA Input. When an LPA is input, due-in, local purchase status, and/or RNB detail records are updated. The item record unit price is updated to reflect the final purchase price.

1.77. Receipts: Program NGV954. Program NGV954 records receipt transactions on the MACR and assigns nonstock fund FIA codes to transaction history records. The FIA codes are used to update appropriate general ledgers during end-of-day processing. The NGV954 program also writes transaction histories and assigns FIA codes to record inventory adjustments for receipt shortages or overages.

1.78. Shipments: Program NGV922. Program NGV922 records shipment transactions of budget code Z items on the MACR, when applicable. When an accounts receivable transaction is generated (return shipment for credit), the program sets a flag. The flag causes the supply program to print "reimbursable" on the shipping document and creates a SNC detail record. The program also updates the accrued expenditures unpaid (AEU) field of the MACR when a TRIC FTZ is processed for a creditable return. (See part 2, [chapter 13](#), for shipment of Deficiency Report exhibit items.)

1.79. Price Adjustments To Defray GSA Accessorial Charges (Overseas Bases Only). To defray GSA accessorial charges on overseas shipments, the standard price for budget code Z items procured from the GSA must be increased by 8 percent. **NOTE:** GSA accessorial charges do not apply to Hawaii, Puerto Rico, the Virgin Islands, or the following areas of Alaska that are accessible year-round by commercial surface transportation: Southwest Peninsula, Central Alaska, and the Kodiak Islands.

Section II—DIRECT STOCK FUND REPORTING SYSTEM.

1.80. Overview.

1.80.1. Selection Summary. This section provides procedures in support of the Standard Materiel Accounting System (System Code BJ).

1.80.2. Rationale. In order to solve special problems, the SMAS was established. The system consolidates at base level the general ledger balance and approved operating data for each division of the SMAG. The base-level consolidation report is transmitted to the Defense Finance Accounting Service for MAJCOM and division consolidation and reporting. See DFAS-DE 7077.4-M for procedures.

1.81. Reserved For Future Use.

1.82. Management Products.

1.82.1. Trial Balances. Each month the DFAS field site prepares and submits a trial balance report to the DFAS.

1.82.1.1. SMAG Trial Balance. This request is produced monthly. Each month the funds manager will verify the trial balance reports for the GSD and MSD of the SMAG. The M01 will be used to verify the trial balance. This verification is essential in order to maintain financial integrity within the revolving funds. If erroneous trial balance data were contained in these reports, verification precludes an over-obligation of these funds. (See DFAS-DE 7077.4-M.)

1.82.1.2. Stock Fund IMR/GLA Reconciliation List, PCN SH118-SJO. The trial balance will be verified using the Stock Fund IMR/GLA Reconciliation List.

1.82.1.2.1. DFAS field site personnel will provide the funds manager a copy of the reconciliation list produced by the first run of the trial balance reports.

1.82.1.2.2. DFAS field site personnel will research and resolve noted differences between the M01 and the reconciliation list by USSGL/GLSA before processing the final trial balance reports. DFAS field site personnel will also request assistance from the funds manager on any differences they cannot resolve. Noted differences between the M01 and trial balance data can sometimes be attributed to erroneous reverse-post transactions or SMR adjustments. These differences may be caused by using an erroneous FIA code in the reverse-post or TRIC SMR input.

1.82.1.2.3. Errors reflected in the USSGLs on the trial balance of over \$10,000 that cannot be resolved locally will be reported immediately to the MAJCOM funds manager. The command funds manager, with the assistance of command A&F personnel, will attempt to resolve these differences before the trial balance reports' due dates to DFAS. If a resolution cannot be determined before the due dates, trial balance reports will be changed to agree with the LRS/supply activity reports. LRS/supply activity and DFAS field site personnel will continue research to determine the cause of differences between the reports. Corrections will be processed by LRS/supply activity or the DFAS field site in the following reporting month.

1.82.1.2.4. In addition to verifying the reconciliation list, the funds manager will verify the following USSGLs on the trial balance to ensure they agree with those of the M01 report: 1410 10, 1410 20, 1521 1P, 1521 2P, 9310 **, 4801 **, 4700 **. If there are differences between the trial balance and the M01, you will notify DFAS field site personnel to determine what actions they are taking to resolve the differences.

1.82.1.3. Consolidated GSD Trial Balance Report. Quarterly, each MAJCOM funds manager will verify the command Consolidated GSD Trial Balance Report. Noted differences by SRAN will be investigated if not previously identified by the applicable base. Corrections should be made in the next reporting month. Any dollar variance will be identified to the appropriate division manager with an explanation for the variance and the reporting month the correction will be made.

1.82.2. Reimbursable Issue/Sales and Creditable Returns Analysis (PCN SH118-SDO). This document is provided as needed, except that the funds managers will coordinate with the DFAS field site to be sure that the report is produced during the monthly report processing cycle. This report provides the funds manager the data necessary to review the planned sales program. The funds managers can compare actual customer expenditures with planned expenditures and revise program submissions accordingly. (See DFAS-DE 7077.4-M for report format.)

1.82.3. Stock Fund Transaction Stratification (PCN SH118-SEO). This document is provided as needed, except the funds manager will coordinate with the DFAS field site to be sure the report is produced during the monthly report processing cycle. The product is generated from the GLA balance data base. It lists actual dollar amounts, both in dollars and cents and rounded to the nearest thousands, for each stratification. Products are prepared for each SMAG division by OAC, SRAN, FY, and fiscal month. (See DFAS-DE 7077.4-M for report format.)

Section 1J—TREND ANALYSIS.

1.83. Overview.

1.83.1. Section Summary. Funds managers must use procedures that will prevent situations where they become overstocked or understocked with required items. They also need tools that will allow them to make ordering adjustments to accommodate policy or mission changes that will affect their requirements. The analysis described in this section will help managers to compare past and present performances, accommodate policy changes, and make future projections with a reasonable degree of accuracy.

1.83.2. GSD Trends & Operating Program (GSD TOP). Trend analysis will be maintained by all bases by using GSD TOP. GSD TOP is an effective way for funds managers to identify and to keep track of trends using a format that makes information readily accessible and any other spreadsheets they deem necessary to manage their account. When managers can identify increases and decreases in the SMAG operation, they will have a stronger basis for intelligent management decisions and future planning.

1.84. Trends.

1.84.1. The following are included in the GSD TOP for trends:

- 1.84.1.1. 1307 Obligation Analysis.
- 1.84.1.2. Approved vs Actual Operating Program.
- 1.84.1.3. Obligations Using Budgetary USSGLs.
- 1.84.1.4. Actual gains/losses.
- 1.84.1.5. Sales by customer.

1.84.1.6. Cash Management Funds Analysis to include Cash Management Monthly Collections and Cash Management Disbursements Analyses.

1.84.1.7. Analysis of supply assets (M20).

1.84.1.8. Monthly Inventory Analysis.

1.84.1.9. USSGL Trend Analysis.

1.85. Computing Projected Requirements.

1.85.1. The following are provided for computing the projected requirements for the position entries (as shown in [Attachment 1J-1](#)).

1.85.2. Requirement. Use line 4, position 1, of the Stock Fund Stratification Report (M20).

1.85.3. Requirement Adjustments.

1.85.3.1. WRM protectable. For a planned increase in quantity of WRM assets, take the amount on line 3 of the M20. Add the value of WRM assets planned to be increased in quantity for the remainder of the fiscal year. For a planned decrease in the quantity of WRM assets, subtract the value of WRM assets slated to be decreased in quantity during the remainder of the fiscal year. Adjust accordingly for assets planned to be decreased that are on-hand or due-in (applicable assets).

1.85.3.2. Stock due-out. Use USSGL 4221 ** from the trial balance. No adjustment to this line is necessary unless you are aware that it includes due-outs that you will not backorder. **NOTE:** TEX code 8 equipment, TEX code H activity code S (supply point), W (WCDO), U (MRSP), and M (MSK) due-outs are not reflected as requirements in the M20.

1.85.3.3. Safety level. Use line 4A2 of the M20. Normally, this line will not be adjusted.

1.85.3.4. Numerical stockage objective. Use line 4A3 of the M20. The requirement will be adjusted by the value of the deficit in position C6 of the M20. If FRCs for special levels are being held, managers should use the value of these FRCs to offset a part of the deficit, that is, adjustment = deficit FRC value. Further adjustments may be made for known special level changes.

1.85.3.5. Repair cycle. Use line 4A4 of the M20. Usually, this line will not be adjusted.

1.85.3.6. Order and shipping time. Use line 4A5 of the M20. Usually, this line is not adjusted.

1.85.3.7. Operating level. Use line 4A6 of the M20. Adjust the requirements in this line by 25 percent. This is to accommodate the lag between sales and orders determined by the reorder point and the effects of stockage priority code 5 or E item records (do not requisition for stock).

1.85.3.8. Apportionment year requirement. Use line 4B1 of the M20. Adjust the requirements in this field to make them compatible with anticipated gross sales for the remainder of the fiscal year.

1.85.3.9. Total projected deficit (anticipated requisitions). This is the sum of the annual requirements, plus or minus adjustments, minus applicable assets. The funds manager will compare this sum with the value of obligation authority remaining for the balance of the fiscal year. If the value of the total projected deficit exceeds the value of obligation authority remaining, a net deficit exists and MACR factors should be applied.

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1.85.4. Applicable Assets. The data in this position are the sum of positions C2 (serviceable), C3 (unserviceable), and C4 (due-in) of the Stock Fund Stratification Report (M20).

1.85.5. Deficit Requirements. This field contains the sum of the requirement, plus or minus adjustments, minus applicable assets.

ATTACHMENT 1A-1

DEFINITION OF TERMS AND INTERNET LINKS

1A1.1. Purpose . To provide a list of terms used.

1A1.2. Definitions.

Aggregate—The sum of values of inventory on hand, in transit, and due-in.

Anti-Deficiency Act violation—The incurring of obligations or the making of expenditures (outlays) in excess of the amount available in appropriations or funds.

Apportionment—The process whereby a limit is imposed upon the amount of obligations that may be incurred within a fiscal year.

Business Overhead Cost Recovery at LAC (BOCR at LAC)—This portion of the cost recovery cannot be influenced by the Air Logistics Centers (ALCs) and is downward directed aggregate expenses that will be prorated by ICP for standard sales. The expenses include those to support Defense Information Services Agency (DISA), Defense Finance Accounting Service (DFAS), DLA Transaction Service Office, Defense Reutilization Marketing Services (DRMS), Defense Logistics Information Service (DLIS), Joint Logistics Services Center (JLSC), Approved Operating Results (AOR), and loss and obsolescence.

Business Overhead Cost Recovery at LRC (BOCR at LRC)—This portion of the cost recovery cannot be influenced by the ALCs and is downward directed aggregate expenses that will be prorated by ICP for exchange sales. The expenses include those to support Defense Information Services Agency (DISA), Defense Finance Accounting Service (DFAS), DLA Transaction Service Office, Defense Reutilization Marketing Services (DRMS), Defense Logistics Information Service (DLIS), Joint Logistics Services Center (JLSC), Approved Operating Results (AOR), and loss and obsolescence.

Capitalization—Establishing and accounting for, in the proper record format, not only the materiel in inventory, but an allocation of cash from the U.S. Treasury. When a SMAG division is established, all materiel designated to become a part of that division is capitalized. The combination of the physical inventory (both on hand and in transit) and cash becomes the capital of the respective SMAG division. Capitalization may also occur after a division is initially established. The concept includes the transfer of responsibility and control of inventory of LRS/supply activity accounts to the SMAG. It takes into account the need for complete transaction accounting and periodic status reporting to the appropriate SMAG division manager. When an item record budget code changes to budget code 9, on-hand inventory is capitalized and due-ins which were on order with the previous budget code will capitalize upon receipt processing.

Capitalized Activities—Activities that have inventory stock that is accounted for in the SMAG.

Carcass Price—The value of an asset when the Latest Repair Cost, Direct Allocable Cost Recovery at LAC, and Business Overhead Cost Recovery at LAC are removed from the standard price, or it is LAC minus LRC. This cost is used to value unserviceable XD inventory.

Commitment—A reservation of funds in anticipation of future obligations. A commitment is recorded at the time of the local purchase requisition. Commitments are recorded against commitment authority in the GSD MACR II, and commitments reduce the availability of TFA.

Commitment Authority—An administrative reservation of authority which, when approved, authorizes the SMAG to incur additional obligations on a dollar-for-dollar basis of customer orders (demands) increased.

Date of Obligation—A four-position blank or numeric field containing the Julian date of the last update to the fiscal year of obligation. May be the date of an add, change, or delete of the fiscal year of obligation.

Direct Allocable Cost Recovery at LAC (DACR at LAC)—This is a portion of the cost recovery element that is influenced by the Air Logistics Centers (ALCs). DACR at LAC are those expenses developed by the wholesale division with inputs from the Inventory Control Point (ICP) for standard sales and includes ICP operations, Defense Logistics Agency (DLA) receipt costs, second destination transportation, and depreciation (capital investment) costs.

Direct Allocable Cost Recovery at LRC (DACR at LRC)—This is a portion of the cost recovery element that is influenced by the ALCs. DACR at LRC are those expenses developed by the wholesale division with inputs from the ICP for exchange sales and includes ICP operations, DLA receipt costs, second destination transportation, and depreciation (capital investment) costs.

Exchange Price—This price is the LRC, plus Direct Allocable Cost Recovery at LRC, plus Business Overhead Cost Recovery at LRC, plus Material Cost Recovery. It is the price charged customers exchanging a repairable item for a serviceable one.

Expense Items—SMAG items financed from SMAG appropriations. Expensing is a transaction in which a customer pays for materiel received. The customer reimburses the SMAG at time of issue (ISU/MSI/DOR). The customer does not necessarily consume the supplies immediately following the expensing process since the organization is authorized to maintain levels of certain items such as bench stocks. For accounting purposes in both the SBSS and the financial cost systems, consumption and expensing are regarded as events that both occur at the time of issue. (See volume 1, [part 3](#), for specific types of items in each division.)

Financial Working Group—An FWG consists of various responsibility center (RC), cost center (CC) members, and comptroller representatives. The LRS Commander/accountable officer and funds managers are members of and advisers to the FWG. They 1) represent the LRS/supply activity as an operating element of the OOB and 2) act as advisers regarding management of the supplies and expense equipment portions of the OOB. The funds managers participate, as required, in support of the planning and management of the OOB and the FWG functions. In addition, the funds managers use this relationship with the FWG to continuously correlate the projected sales of the various SMAG Operating Programs with the planned funding availability of the OOB.

Fiscal Year of Obligation—A two-position field containing the fiscal year of obligation on the due-out detail. When this field is blank, the due-out is either unobligated or unfunded.

General Support Division Materiel Acquisition Control Record (GSD MACR II.)—A record which applies to the GSD only. Provides the capability to track on a real-time basis actual commitments and obligations for operating, WRM, and IA against TFA.

Intra-SMAG Transfers—Transfers of SMAG items between capitalized activities of the same SMAG division (between AFMC depots, AFMC depots to AF bases, or between AF bases). Reimbursement is not required for such transactions.

Inventory and Capital Control (ICC)—A technique of managing the SMAG by using an approved operating program which contains monthly objectives of inventory on-hand, on-order, commitment, and

intransit. This system is used instead of apportionment and obligation authority limitations. Procurement is done only as required to meet anticipated sales and to maintain the planned inventory objectives. The SMAG Operating Program is the basic management tool used.

Inventory Augmentation—Peacetime requirements for the initial purchase of SMAG materiel needed to support inventory increases for force modernization, force modifications, or readiness and sustainability initiatives.

Investment Items—Air Force-managed items (ERRCD ND, XD, NF) financed from central procurement appropriations. These appropriations are distinctly separate from the SMAG division appropriations. Because they are normally available for use for more than one fiscal year, investment items are acquired from multiple year funds. An exception is the base procured investment equipment items (budget code Z) (ERRCD NFx, with unit price over \$250,000). These funds are available for obligation for at least two years and expense for two additional years, and their uses are determined by separate procedures issued by the MAJCOMs. Investment items are not dropped from SBSS records unless they are installed in major end items such as aircraft, missiles, or aerospace ground equipment (AGE), or unless they become RPIE. Accountability for investment items issued is normally maintained on DIFM or authorized/in-use detail records. Investment items do not require expensing at base level.

Latest Acquisition Cost (LAC)—The price paid for an item the last time it was procured from a supplier. The cost can be based on an earlier buy if the latest procurement is considered nonrepresentative. The cost does not include any cost recovery or inflation. This cost is used to value serviceable/unserviceable XB3/XF3 inventory and serviceable XD2 inventory.

Latest Repair Cost (LRC)—This cost is the latest depot repair cost.

Markup Price (MUP)—MUP is the difference between standard and exchange price. It is also the value charged customers when a DIFM asset is not returned within 60 days.

Material Cost Recovery (MCR)—This value is the projected buy-year material cost at forecast unit price, and it equals the material cost recovery rate times LRC.

Materiel returns—Items no longer required by the using organization that are to be returned to the appropriate LRS/supply activity. Credit return policies are found in the applicable chapters of volume 1, [part 3](#).

Net demands—Net demands are defined as gross sales (USSGL 6500) minus credit returns (turn-ins for credit) (USSGL 1529) plus or minus net change to obligated due-outs (USSGL 4221 end of period minus USSGL 4221 beginning of period).

Net demands to operating obligations ratio—Net demands to operating obligations ratio is operating obligations divided by net demands. The ratio is used to provide targets for overall management of the SMAG program. DOD provides the Air Force an overall target ratio, which the SMAG Division manager then provides to MAJCOMs, which is then provided to bases. An operating ratio of 1.00 to 1.00 means that the SMAG is replenishing and selling materiel at a break-even financial position with the surcharge covering the expenses of the SMAG. (If net demands = \$100,000, then operating obligations should not exceed \$100,000.)

Nonreimbursable issues—Issues that do not require reimbursement to the SMAG. As a rule, all issues from SMAG outlets to customers will be reimbursable to the SMAG. The criteria for nonreimbursable issues are reflected in volume 1, [part 3](#). Exceptions to these criteria must be specifically authorized by HQ AFMC/FMR through MAJCOM. Nonreimbursable issues are a direct loss to the SMAG.

Obligated Due-Out—A due-out detail record containing a fiscal year of obligation.

Obligated Due-Out Direct Charge/Direct Credit (1PU)—A charge to a customer's operation and maintenance (O&M) funds (expense) incurred as a result of an obligated due-out. The TRIC is 1PU. This transaction results in an update to USSGL: 590010 (Other Revenue), 1529 1F (Materiel returns without credit given) and 6500 (Cost of goods sold).

Obligation—An amount the government is legally bound to pay as a result of a requisition to DLA, GSA, OSSF, or when Base Contracting awards a contract with a commercial vendor. Obligations may be adjusted at various accounting stages based on authorized changes to contracts, prompt payment discounts, voluntary price reductions, etc. Outstanding obligations are eventually liquidated through payment by the DFAS field site. However, payments remain in the accounting records as "liquidated obligations" until the end of the fiscal year. The combination of amounts representing SMAG orders to DLA, GSA, OSSF, and local purchase requisitions with LPS, RNB amounts, and disbursements (payments) are gross obligations recorded against the obligation authority in the GSD MACR II and reduces the availability of TFA.

Operations Operating Budget (OOB)—An approved plan which is the basis of authorization and financial control of expenses within the Air Force for the 3400 operation and maintenance (O&M) appropriation funds. OOBs are, in reality, organization budgets. The OOB provides the financial resources for customer organizations. Using organizations manage the OOB through responsibility centers (RC) and cost centers (CC). The OOB, like the SMAG, is a system for implementing the Resource Management System (RMS) objectives within the Air Force. The same management principles are generally practiced in the other consuming appropriations as are practiced in the O&M area. Therefore, organizational commanders and supervisors are responsible for the development and administration of their operating budgets.

Outlays—Outlays are defined as the difference between SMAG disbursements (SMAG monies expensed to the source of supply) and SMAG collections (SMAG cash received from customers).

Primary Funds Manager—The individual LRS Commander/Chief of Supply, commissary officer, etc., in charge of each capitalized activity operating under a SMAG program. This person is responsible for managing local SMAG inventories with guidance from the command funds manager. He or she assures that approved variances in the inventory objective furnished by the command manager are not exceeded. When those variances are exceeded, the command manager is provided the causes for the variances, remedial action, and the get-well date. The funds manager in the Management and Systems Flight is responsible for day-to-day management and analysis of the SMAG operating program within the SBSS.

Requisitioning Objective (RO)—The value of the demand level as modified by adjusted stock levels.

Resource Management System (RMS)—A DOD system concept for internal budgeting and accounting. The RMS includes both management of SMAG funds and customer operation and maintenance (O&M) funds. The SMAG Operating Program is used to manage the GSD SMAG. The principal management tool used to manage the O&M funds is the OOB.

Standard Price (MSD)—This price is equal to LAC, plus Direct Allocable Cost Recovery (DACR) at LAC, plus Business Overhead Cost Recovery (BOCR) at LAC. It remains constant throughout the fiscal year, except for the correction of significant errors.

Standard Price (GSD)—The price at which a SMAG item is sold. This standard is used for both sales and financial data on inventory transactions and inventory balances necessary for managing the fund. Standard prices will be developed for items obtained from commercial and nongovernmental sources to

recover product cost, transportation charges, net inventory losses, and expenses authorized for payment by the SMAG. Elements of cost included in the standard price consist of unit product cost (which includes local, state, or federal taxes) and surcharge. Fabricating organizations will use standard prices for locally manufactured expense-type items. A surcharge is added to GSD locally manufactured items. Standard prices for items obtained from Defense Logistics Agency/General Services Administration (DLA/GSA) stocks and the SMAGs of other services will be published in federal supply catalogs (USAF Management Data Lists). Standard prices for GSA federal supply schedule items will consist of product costs and surcharge. They will be treated as local purchase items.

Supply Management Activity Group (SMAG)—A revolving fund or a working capital fund which finances inventories and creates income through sales of materiel to activities or to customers.

SMAG Operating Program—An authorized program which contains projected sales, inventory requirements, gains, losses, and obligation authority placed with the various sources of supply. These elements are time-phased on a monthly schedule. When the division manager issues an official call, bases prepare and submit the operating program to their MAJCOM headquarters. Headquarters reviews the program, consolidates it into the command operating program, and submits the command operating program to the division manager. The division manager reviews and adjusts command programs as necessary and consolidates the programs into a BES for submission in August to AF/A4PY and SAF/FMB. In the May-June time period, HQ USAF sends each SMAG division manager the Office of Secretary of Defense/Office of Management and Budget (OSD/OMB) approved SMAG Operating Program for the upcoming fiscal year commencing 1 October. Division managers then prepare approved SMAG Operating Programs for each MAJCOM. They release the SMAG Operating Programs sufficiently in advance of each quarter and annual planning targets to give MAJCOMs time to send the programs to primary funds managers before the beginning of the new fiscal year.

Stratification—A display of the computed base-level value for requirements, on hand, on order, in transit, and the committed assets applied to those requirements. Within the SMAG, the term stratification refers to the display of requirements and assets in the Stock Fund Stratification Report (M20) at base level or the Table III Consolidated Status and Transaction Statement at command and division level.

Surcharge—A charge added to the product cost to compensate the SMAG for transportation cost, estimated foreseeable net stock losses (such as pilferage, damage, deterioration, and physical inventory shortages), other losses, and other authorized expenses. The rate of surcharge varies from division to division.

Total financial authority (TFA)—The sum of obligation authority and commitment authority.

Total Obligations—Total obligations are current end period minus 30 Sep for the following USSGLs 141011 (Advances to Others-Entity-Intragovernmental), 141021 (Advances to Others-Entity-Public), 211010 (Accounts Payable-Intragovernmental), 211020 (Accounts Payable-Public), 2130 (Contract Holdbacks), 219012 (Other Accrued Liabilities-to Air Force Appropriations), 480121 (Unexpended Obligations-Unpaid-Reimbursable Program-Intragovernmental), 480122 (Unexpended Obligations-Unpaid-Reimbursable Program-Public) plus current period 576040 (Disbursements Transferred Out Without Reimbursement). Operating obligations are total obligations minus obligations for inventory augmentation and war reserve materiel.

Transaction Exception Code A—A TEX code assigned under program control by the due-out release (DOR) program. It indicates that the transaction was a free issue of an unfunded or unobligated due-out, resulting from receipt of assets from a command excess redistribution system or from a DRMO.

Transaction Exception Code D—A TEX code assigned to issue documents (TRIC ISU) to free issue SMAG inventory in stock. The use of this TEX code will cause the issue to process as an issue without charge to the customer (USSGL 7290 10). This TEX code is also assigned to laundry and dry cleaning equipment due-outs, which are funded by the Air Force Service Office (AFSO).

Transaction Exception Code H—A manually inserted TEX code H means do not issue; do not requisition; establish due-out. This use of TEX code H is restricted to DRMO withdrawals, chemical warfare gear, and unfunded mobility supplies and equipment. The due-out will be unobligated until requisitioned from other than a free source of supply.

Transaction Exception Code J—A TEX code assigned under program control by the due-out release (DOR) program. It indicates that the transaction was a free issue of an obligated due-out resulting from receipt of assets from a Command Excess Redistribution System or from a DRMO.

Transaction Exception Code Z—TEX code Z is used to establish an obligated memo due-out. All on-hand quantity edits will be bypassed. The due-out will not be released until the specified due-in that is linked to the due-out is received.

Transaction Exception Code 7—A manually inserted TEX code 7 means do not requisition, issue assets and/or establish obligated memo due-out. Authorized quantity edit will be bypassed when input contains activity code U or W.

Transaction Exception Code 8—A TEX code assigned to memo equipment due-outs under program control. If the input contains another TEX code, that TEX code will prevail. The TEX code is deleted upon processing of a fund requirement input (FRC) or special requisition (SPR). TEX code 8 due-out detail records are not reflected as requirements in the Stock Fund Stratification Program (M20) but do appear in the O&M Equipment Requirement (R27) List.

Treasury Financial Manual (TFM) USSGL Supplement—A annually released reference list for USSGL accounts composed of five major sections: Chart of Accounts, Account Descriptions, Accounting Transactions, USSGL Attributes, and Report Crosswalks.

Trial Balance—A summary of general ledger transactions which represent the official accounting records. The trial balance will include all general ledger transactions recorded during the current month, the previous balances, and the ending balances for all general ledger accounts. The general ledger affected is determined by the applicable fund code assigned to each SMAG division. The trial balance must be reconciled to the stock fund inventory management records.

Unfunded Due-Out—A due-out detail record containing a blank fiscal year of obligation and a TEX equal to 8, D, or H. TEX code 8 applies to memo equipment requirements. TEX code D applies to due-outs for laundry and dry cleaning equipment funded by the Air Force Service Office. TEX code H applies to due-outs for DRMO withdrawals, chemical warfare gear, and unfunded mobility supplies and equipment.

Unit Product Cost—Current market or production cost of the item at the time the standard price is established or revised. This includes the cost of GFP or a total of amortized basis, plus initial preservation and packaging if not provided in the basic procurement or assembly contract. The latest unit price for local purchase items will be based on unit price on the LPS input furnished by procurement.

Unobligated Due-Out—A due-out detail record containing a blank fiscal year of obligation and a transaction exception code unequal to 8, D, or H.

United States Government Standard General Ledger (USSGL)—A four-digit account code used to identify major account series. (See [Table 1A1.1](#) - TFM USSGL Supplement for explanations of USSGLs).

Unserviceable Asset Price (UAP)—This price is the carcass cost, plus Direct Allocable Cost Recovery at LAC, plus the Business Overhead Cost Recovery at LAC. The Inventory Control Points (ICPs) use this price to charge for issues of unserviceable assets.

Working Capital Fund Concept—SMAG assets of cash, items on order or in transit, and inventory on hand. The working capital can be thought of as the funds tied up at all times in inventory, on order/in transit, and working cash balances on hand. In this way, SMAG assets represent the total financial resources needed to bring goods to the customer. As customers buy goods, these customers provide funds for continuing the process.

1A1.3. Links to References on the Internet.

1A1.3.1. Purpose. Funds managers Internet reference list.

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Table 1A1.1. Reference list.

WEB PAGE	INFORMATION AVAILABLE	URL
DFAS SMAG Standard Operating Instruction	Governs the establishment and operation of the Air Force SMAG	https://dfas4dod.dfas.mil/library/opr/acct-smag/acct-smag-matrix.htm
Financial Management Service/Department of the Treasury	TFM USSGL Supplement – Chart of accounts, Account Descriptions, Accounting Transactions, and Crosswalks	http://www.fms.treas.gov/ussgl/

ATTACHMENT 1A-2

DUE-OUT OBLIGATION/DEOBLIGATION INPUT (IDO)

1A2.1. Purpose. To obligate/deobligate the organization O&M funds on selected due-outs.

1A2.2. Input Restrictions. May be input at any terminal based upon the user's ID/Password.

1A2.3. Output. None.

1A2.4. Input Format and Entry Requirements.

Table 1A2.1. Screen 1DO/462.

POS	NO POS	FIELD DESIGNATION	REMARKS/NOTES
1-3	3	Transaction Identification Code	IDO
4-7	4	Blank	
8-22	15	Stock Number	Note 3
23-29	7	Blank	
30-43	14	Document Number	Note 2
44-52	9	Blank	
53-54	2	Fiscal Year of Obligation	Note 1
55-56	2	System Designator	Note 4
57-80	24	Blank	

NOTES:

1. Enter the fiscal year required in the 205-FY-OBLIGATION. For example, enter 89 for 1989. To deobligate, leave blank.
2. Source is 205-DOCUMENT-NBR.
3. Source is 101-STOCK-NUMBER.
4. Source is 101-SYSTEM-DESIGNATOR.
5. This transaction will change the 205-FY-OBLIGATION on the DUE-OUT-DETAIL with the requested 205-DOCUMENT-NUMBER. The 205-FY-OBLIGATION cannot be changed if the 205-TEX is D or H.

ATTACHMENT 1B-1

RESERVED

1B1.1. Reserved For Future Use.

ATTACHMENT 1B-2

MATERIEL ACQUISITION CONTROL RECORD (MACR) LOAD, CHANGE, OR DELETE INPUT (ILM)

1B2.1. Purpose. To load and delete the General Support Division (GSD) II (332), and budget code Z MACRs, and to change indicative data on GSD MACR II. This input is prepared by the funds manager to accomplish load/change/delete actions for the SMAG GSD MACR II.

1B2.2. Input Format and Entry Requirements.

Table 1B2.1. Input Format and Entry Requirements.

FIELD DESIGNATION	NO POS	TYPE/ CLASS	REMARKS/NOTES
Transaction Identification Code	1-3	3AN	ILM
Blank	4-8	5	
Julian Date	9-12	4N	
A&F Control Number	13-16	4N	Note 1
Blank	17	1	
TTPC	18-19	2AN	Note 2
Blank	20-29	10	
System Designator	30-31	2AN	
Blank	32	1	
Budget Code	33	1AN	Note 3
Urgency Need Fund Flag	34	1AN	Note 4
Fiscal Year	35-38	4AN	Note 5
Blank	39	1	
Fund Code	40-41	2AN	Note 6
Blank	42-43	2	
Stockage Factor/FRC	44-59	16AN	Note 7
Blank	60-80	24AN	

NOTES:

1. Funds manager-prepared ILM is assigned control number 9999.
2. The following information applies:

Phrase Code	Description
8C	Load MACR
8E	Change To Indicative Data (Overlays data in record)
8D	Delete MACR

3. Must be 9 or Z.
4. Does not apply to MACR-BC-Z (314) records. Must be A, B, C, E, or blank. Blank if TTPC is 8D. For TTPC 8E, data is overlaid in record.

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5. Fiscal year applies to BC Z MACR.
6. BC 9 = FC 6C; BC Z = FC 17, 29, or 8C.
7. Does not apply to MACR-BC-Z (314) records. Must be blank, + (12 PUNCH), 0 through 9, A through I, or (12 and 0 PUNCH) when TTPC is 8C or 8E; blank if TTPC is 8D. For TTPC 8E, data are overlaid in record.

ATTACHMENT 1B-3

MATERIEL ACQUISITION CONTROL RECORD ADJUSTMENT - INPUT (MAC)

1B3.1. Purpose. To be prepared by the funds manager to make monetary adjustments to the SMAG MACRs. See [chapter 3](#) and DFAS-DE 7077.10-M for MUC.

1B3.2. Input Restrictions. RPS/main system/remote terminal.

1B3.3. Output. RPS/main system.

1B3.4. Input Format and Entry Requirements.

Table 1B3.1. Input Format and Entry Requirements.

POS	NO POS	FIELD DESIGNATION	REMARKS/NOTES
1-3	3	Transaction Identification Code	MAC
4-8	5	Blank	
9-12	4	Current Julian Date	
13-16	4	Control Number	Constant 9999
17-20	4	Blank	
21-28	8	Dollar Amount	Note 1
29	1	Blank	
30-31	2	System Designator	
32	1	Blank	
33	1	Budget Code	
34-39	6	Blank	
40	1	MACR Update Code	Note 2
41-80	40	Blank	

NOTES:

1. Precede the dollar amount with zeros to fill the field. For MUC, T, U, V, and W the cents position (positions 27-28) must be zeros. Minimum dollar value loaded must be \$50.00.
2. Place the MUC in position 40. (See DFAS-DE 7077.10-M for MUC.)

ATTACHMENT 1B-4

GSD MACR II ADJUSTMENT TRANSACTION

1B4.1. Purpose. To be prepared only by the funds manager or FSO personnel to make monetary adjustments to the SMAG MACR.

1B4.2. Input Format and Entry Requirements.

Table 1B4.1. Input Format and Entry Requirements.

FIELD DESIGNATION	NO POS	TYPE/ CLASS	REMARKS/NOTES
Transaction Identification Code	1-6	6AN	MAC332
Blank	7-8	2	
Julian Date	9-12	4N	
Control Number	13-16	4N	9999
Blank	17-20	4	
System Designator	21-22	2AN	
Blank	23-24	2	
MACR Update Code	25-26	2N	Note 1
Blank	27-28	2	
Adjustment Code	29	1A	Note 2
Blank	30	1	
Variable Percentage Rate	31-33	3N	Notes 3, 7
Blank	34-35	2	
Amount	36-43	8N	Notes 4, 5, 6
Blank	44-80	37	

Table 1B4.2. MUC Field Identifiers.

MUC	FIELD TO BE UPDATED	DEFAULT VALUE
10	Reserved	
11	Approved Net Demands	0
12	Net Demands Actual	0
13	Approved Operating Obligations (Non-LP)	0
14	Approved Operating Obligations (LP)	0
15	OPER OBS Other Actual	0
16	OPER OBS LP Actual	0
17	INV AUG OBS Plan	0
	OPR OBS Plan	0
	TFA OPER Plan	0
18	INV AUG OBS Actual	0
	OPR OBS Other Actual	0

MUC	FIELD TO BE UPDATED	DEFAULT VALUE
19	INV AUG COMM Actual	0
	Operating COMM Actual	0
20	Approved WRM Obligations	0
21	WRM OBS Actual	0
22	WRM COMM Actual	0
23	Approved Operating Commitments	0
24	Operating COMM Actual	0
25	BOP 91001 Obligated DUO Memo	
26	BOP 91002 Obligated DUO Comm	
27	BOP 91003 Obligated DUO	0
28	EOP 91001 Obligated DUO Memo	
29	EOP 91001 Obligated DUO Comm	
30	EOP 91003 OBLIG DUO	
31-53	Reserved	
54	BOP 910 DUO	0
55	BOP 910 DUO	0
56	OPER OBS NON LP PCT	0
57	OPER COMM PCT	0
58	OPER OBS LP PCT	0
59	Threshold For Printing Detail Transactions Updating Commitments On D08	0
60	Threshold For Printing Detail Transactions Updating Obligations On D08	0
61	Maximum Automatic Obligation - Due-Outs	0
62	Maximum Automatic Obligation - Stock Replen	0
63	Percentage To Provide Management Notice For TFA	80
64	Percentage To Provide Management Notice For Operating Obligations	80
65	Percentage To Stop Requisitions For Operating Obligations	90
66	Percentage To Stop Requisitions For Operating TFA	100
67	Percentage To Provide Management Notice For WRM Obligations	100
68	Percentage To Stop Requisitions For WRM Obligations	100
69	Percentage To Stop Requisitions For WRM TFA	100
70	Percentage To Stop Requisitions For IA TFA	100
71	Percentage To Provide Management Notice For IA Obligations	100
72	Percentage To Stop Requisitions For IA Obligations	100
73	Percentage Of Operating Obligation Authority Reached By Operating Obligations + Operating Commitments To Provide A Management Notice	80
74	Percentage Of Operating Obligation Authority Reached By Operating Obligations + Operating Commitments To Stop Requisitioning	90

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NOTES:

1. Table 1B4.2. above shows the MACR Update Codes (MUC) for positions 25 and 26 of the Input Format.
2. The following information applies:

I = Increase
D = Decrease
3. If MUC equals 56-58 or 63-74, enter the new variable percentage rate in positions 31 through 33. Leave the adjustment code, position 29, blank. The new percentage rate will be overlaid into the GSD MACR II (332).
4. If MUC equals 59-62, enter new amount in positions 36 through 43 and leave the adjustment code blank. The entered amount will replace the amount on the GSD MACR II (332).
5. If MUC equals 11-55 or 59-60, enter dollars and cents. The amount in the GSD MACR II (332) will be increased or decreased (depending on position 29) by the amount in positions 36-43.
6. If MUC equals 11-55 or 59-60, enter dollars and cents. (For example, 0000055 is read as \$5.55). If MUC equals 61-62, enter dollars only. (For example, 00000555 equals \$555.00.) If MUC equals 63-74 leave blank.
7. Percentages are entered in whole numbers from 000 to 100.

ATTACHMENT 1B-5

RESERVED

1B5.1. Reserved For Future Use.

ATTACHMENT 1B-6

EFFECTS OF MACR CONTROLS

1B6.1. Purpose. To assist you in your decision-making process when placing MACR controls on an account. The following information is from a study (Stock Fund Analysis, LS890212) conducted by the AFLMA in June 1989.

1B6.1.1. There is no right or wrong MACR factor. Each funds manager has to apply MACR factors based on the health of their Operating Program and the mission of their base.

1B6.1.2. MACR factors will reduce the total dollar value of requisitions for an SBSS account and will consequently reduce on-hand inventory. The amount of the reduction is proportional to the severity of the MACR alternatives.

1B6.1.3. MACR factors will only work to resolve short-term (6 to 8 months) SMAG problems and cannot be used from one fiscal year to the next, unless net customer demands decline. If customer demands are on a decreasing trend line, MACR factoring is an excellent tool to proactively control the outlay of SMAG dollars and the subsequent reduction in inventory.

1B6.1.4. Application of the MACR factor will reduce customer support (backorders increase) and generate additional workload for both retail (receipt processing) and wholesale (requisition processing and shipping) systems.

1B6.1.5. Holding FRC at base level for a secondary review will reduce customer support and increase workload without any real savings.

1B6.1.6. MACR factoring options should be used to control the SMAG when customer demands are on the decline or to correct short-term deviations in the SMAG operating program. However, MACR factoring is not recommended as a long-term solution to correct year-to-year SMAG demands to operating obligations ratio imbalances.

ATTACHMENT 1B-7

RECURRING DEMAND REQUIREMENT VARIABLES

1B7.1. Purpose. To present the variables so users may compute the demand requirements for the M20.

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Table 1B7.1. List of Variables.

MONTH	CURRENT YEAR (LINE 4B1)	APPORTIONMENT YEAR (LINE 4B2)	BUDGET YEAR (LINE 4B3)	BUDGET AFAO (LINE 4B4)	ERQ (LINE 7)
SEP	0	360	360	360	360
OCT	0	330	360	390	360
NOV	0	300	360	420	360
DEC	0	270	360	450	360
JAN	0	240	360	480	360
FEB	0	210	360	510	360
MAR	0	180	360	540	360
APR	0	150	360	570	360
MAY	0	120	360	600	360
JUN	90	360	360	270	360
JUL	60	360	360	300	360
AUG	30	360	360	330	360

ATTACHMENT 1B-8

STOCK FUND MATERIAL ACQUISITION STATUS REPORT (D08)

1B8.1. Purpose . To enable day-by-day review of the status of actual obligations/commitments versus TFA for operating, WRM (initial issue), and initial spares. Cumulative obligations/commitment fields of the MACR-GSD-PART2 record are updated inline, and the cumulative amounts are printed on the D08 report.

1B8.2. Review. A review of actual obligations/commitments listed on the D08 may indicate the following:

1B8.2.1. That requisitioning should be restricted in order to remain within the limits of TFA.

1B8.2.2. That a revision in the approved TFA be requested to meet increased or decreased mission requirements.

1B8.3. Operation and Maintenance Funds. One very important factor to consider when analyzing obligations/commitments to TFA is the availability of O&M funds. Since O&M allotments are provided on a quarterly basis, an awareness of the status of O&M funds is important especially during the last part of any given fiscal quarter. (The method for applying MACR controls is contained in [Section 1B](#).) These controls can be used effectively in conjunction with the FRC Analysis Program (R04/NGV857) to reduce ordering while maintaining maximum mission support.

1B8.4. Loading Data. The control data in the MACR can be modified or loaded at any time. Changes are made to the MACR (MACR-GSD-PART2) through use of the materiel acquisition record load or adjustment input (MAC332). (See DFAS-DE 7077.10-M for additional information.) A management notice is printed to advise FSO of each adjustment processed.

1B8.5. Procedures. Controls for the GSD TFA are explained in [Section 1C](#).

1B8.5.1. Loading Targets: On receipt of the funding document for the SMAG GSD, action should be taken to update the MACR-GSD-PART2 record data fields for approved obligation/commitment targets for the operating program and obligation targets for WRM initial issue if applicable. Obligation targets for the operating program should be divided into two categories: local purchase and nonlocal purchase. Local purchase targets are required to provide fund control and visibility for award of contracts by Base Contracting under SPS. Obligation targets for nonlocal purchase will contain the remainder of the operating program target. The following MACR fields should be updated for target loads:

Table 1B8.1. MACR Fields.

TYPE UPDATE	MACR-GSD-PART2 FIELD
OPERATING OBLIGATIONS NONLOCAL PURCHASE	332-OPER-OBS-OTHER-PLAN
OPERATING OBLIGATIONS LOCAL PURCHASE	332-OPER-OBS-LP-PLAN
OPERATING PROGRAM COMMITMENTS	332-OPERATING-COMM-PLAN
WRM OBLIGATIONS (INITIAL	332-WRM-OBS-PLAN
INVENTORY AUGMENTATION	332-INV-AUG-OBS-PLAN

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TYPE UPDATE	MACR-GSD-PART2 FIELD
DEMAND TARGETS	332-NET-DEMANDS-PLAN

1B8.5.2. Update of MACR-GSD-PART2. MACR-GSD-PART2 fields are updated inline for fund authorization target loads and update of obligation/commitments data resulting from requisitions, receipts, shipments, payments, and other inputs affecting the eventual payment of funds using GSD funds.

1B8.6. The D08 . The D08 provides the funds manager the following capabilities:

1B8.6.1. Capability to track on a real-time basis actual commitments and obligations against the approved operating program, WRM plan, and IA plan.

1B8.6.2. Capability to set parameters to determine when management notices are produced. The MACR-GSD-PART2 record contains default percentages which inline programs use to determine when management notices are output. The funds manager can change these percentages by processing MAC332 inputs to change the percentage factors. The various conditions which will produce management notices, the percentage factor fields including default percentages, and the method of computation are shown below. Management notices are produced when:

1B8.6.2.1. Actual commitments plus actual obligations reach a predetermined percent of the planned operating obligations.

Type Program	Percentage Field Name	Default
Operating	332-OPER-OBS-COM-LP-OTH-PCT	80%

COMPUTATION: $\text{If } 332\text{-OPER-OBS-OTHER-ACTUAL} + 332\text{-OPER-OBS-LP-ACTUAL} + 332\text{-OPERATING-COMM-ACTUAL} = > 332\text{-OPER-OBS-COMM-LP-OTH-PCT} \times (332\text{-OPER-OBS-OTHER-PLAN} + 332\text{-OPER-OBS-LP-PLAN})$

1B8.6.2.2. Actual commitments plus actual obligations reach the predetermined percent of operating TFA.

Type Program	Percentage Field Name	Default
Operating Program	332-OPER-OBS-COM-TFA-PCT	80%

COMPUTATION: $\text{If } 332\text{-OPER-OBS-OTHER-ACTUAL} + 332\text{-OPER-OBS-LP-ACTUAL} + 332\text{-OPERATING-COMM-ACTUAL} = > 332\text{-OPER-OBS-COMM-TFA-PCT} \times (332\text{-OPER-OBS-OTHER-PLAN} + 332\text{-OPER-OBS-LP-PLAN} + 332\text{-OPERATING-COMM-PLAN})$

1B8.6.2.3. Actual obligations reach the predetermined percent of the planned obligations. See notes below.

Type Program	Percentage Field Name	Default
Operating-Program	332-OPER-OBS-LP-OTHER-PCT	80%

COMPUTATION: $\text{If } 332\text{-OPER-OBS-OTHER-ACTUAL} + 332\text{-OPER-OBS-LP-ACTUAL} = \text{OR } > 332\text{-OPER-OBS-LP-OTHER-PCT} \times (332\text{-332-OPER-OBS-PLAN} + 332\text{-OPER-OBS-LP-PLAN})$.

Type Program	Percentage Field Name	Default
WRM	332-WRM-OBS-PCT	100%

COMPUTATION: If $332\text{-WRM-OBS-ACTUAL} = \text{OR} > 332\text{-WRM-OBS-PCT} \times 332\text{-WRM-OBS-PLAN}$

Type Program	Percentage Field Name	Default
INVENTORY AUGMENTATION	332-IA-OBS-PCT	100%

COMPUTATION: If $332\text{-INV-AUG-OBS-OBS-ACTUAL} = \text{OR} > 332\text{-IA-OBS-PCT} \times 332\text{-INV-AUG-OBS-PLAN}$

1B8.6.3. Capability to set commitment plus obligation levels below 100 percent of targets for operating, WRM, and inventory augmentation programs when ordering should stop. Preset default percentages and record field are shown below. The stock fund manager can change these percentages by processing MAC332 inputs to update the appropriate field. The conditions which will produce management notices and stop requisitioning, the percentage factor fields including default percentages, and the method of computation are shown below.

1B8.6.3.1. Actual commitments plus actual obligations reach a predetermined percent of the operating obligations plan. A management notice is output and an FRC image is produced.

Type Program	Percentage Field Name	Default
Operating	332-OPER-OBS-COMM-OBS-PCT	90%

COMPUTATION: If $332\text{-OPERATING-COMM-ACTUAL} + 332\text{-OPER-OBS-OTHER-ACTUAL} + 332\text{-OPER-OBS-LP-ACTUAL} = \text{OR} > 332\text{-OPER-OBS-COMM-OBS-PCT} \times (332\text{-OPER-OBS-OTHER-PLAN} + 332\text{-OPER-OBS-LP-PLAN})$

1B8.6.3.2. Actual commitments plus actual obligations reach the predetermined percent of TFA. A management notice is output and an FRC image is produced.

Type Program	Percentage Field Name	Default
Operating	332-OPER-FRC-TFA-PCT	100%

COMPUTATION: If $332\text{-OPER-OBS-OTHER-ACTUAL} + 332\text{-OPER-OBS-LP-ACTUAL} + 332\text{-OPERATING-COMM-ACTUAL} = \text{OR} > 332\text{-OPER-FRC-TFA-PCT} \times 332\text{-OPER-OBS-COMM-PLAN} + 332\text{-OPER-OBS-OTHER-PLAN} + 332\text{-OPER-OBS-LP-PLAN}$

Type Program	Percentage Field Name	Default
WRM	332-WRM-OBS-COMM-TFA-PCT	100%

COMPUTATION: If $332\text{-WRM-COMM-ACTUAL} + 332\text{-WRM-OBS-ACTUAL} = \text{OR} > 332\text{-WRM-OBS-COMM-TFA-PCT} \times 332\text{-WRM-OBS-PLAN}$

Type Program	Percentage Field Name	Default
IA	332-IA-OBS-COMM-TFA-PCT	100%

COMPUTATION: If $332\text{-INV-AUG-COMM-ACTUAL} + 332\text{-INV-AUG-AUG-OBS-ACTUAL} = > 332\text{-IA-OBS-COMM-TFA-PCT} \times 332\text{-INV-AUG-OBS-PLAN}$

1B8.6.3.3. Actual obligations reach the predetermined percent of the obligations plan. A management notice is output and an FRC image is produced.

Type Program	Percentage Field Name	Default
Operating	332-OPER-OBS-TAR-PCT	90%

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COMPUTATION: $\text{If } 332\text{-OPER-OBS-OTHER-ACTUAL} + 332\text{-OPER-OBS-LP-ACTUAL} = > 332\text{-OPER-OBS-TAR-PCT} \times (332\text{-OPER-OBS-OTHER-PLAN} + 332\text{-OPER-OBS-LP-PLAN})$

Type Program	Percentage Field Name	Default
Operating	332-EXPANSION-12 (332-OPER-OBS-NON-LP-PCT)	100%

COMPUTATION: $\text{If } 332\text{-OPER-OBS-OTHER-ACTUAL} = \text{OR} > 332\text{-EXPANSION-12} \times 332\text{-OPER-OBS-OTHER-PLAN}$

Type Program	Percentage Field Name	Default
Operating	332-EXPANSION-14 (332-OPER-OBS-LP-PCT)	100%

COMPUTATION: $\text{If } 332\text{-OPER-OBS-LP-ACTUAL} = \text{OR} > 332\text{-EXPANSION-14} \times 332\text{-OPER-OBS-LP-PLAN}$

Type Program	Percentage Field Name	Default
WRM	332-WRM-OBS-TAR-PCT	100%

COMPUTATION: $\text{If } 332\text{-WRM-OBS-ACTUAL} = \text{OR} > 332\text{-WRM-OBS-TAR-PCT} \times 332\text{-WRM-OBS-PLAN}$

Type Program	Percentage Field Name	Default
IA	332-IA-OBS-TAR-PCT	100%

COMPUTATION: $\text{If } 332\text{-INV-AUG-OBS-ACTUAL} = \text{OR} > 332\text{-IA-OBS-TAR-PCT} \times 332\text{-INV-AUG-OBS-PLAN}$

1B8.6.3.4. Actual Commitments reach the predetermined percent of the obligations plan. A management notice is output and an FRC image is produced.

Type Program	Percentage Field Name	Default
Operating	332-EXPANSION-13(332-OPER-COMM-PCT)	100%

COMPUTATION: $\text{If } 332\text{-OPER-COMM-ACTUAL} = \text{OR} > 332\text{-EXPANSION-13} \times 332\text{-OPERATING-COM-ACTUAL}$

1B8.6.4. The D08 provides accurate demand data and computes obligation/demand ratios. Demand data is updated when option 5 of the D08 report is selected. This option is mandatory at end-of month, but may be run as required to obtain the necessary update.

1B8.6.5. The D08 also includes the capability to obtain a listing of the transactions which update the MACR. This capability is included in option 3 of the report. Thresholds can be loaded in the MACR which allows the funds manager to select only those transactions updating the MACR which exceed the threshold for obligations and commitments.

1B8.6.6. The D08 also includes a Part 4, MACR SUMMARY NET CHANGE that lists the net change in obligations and commitments from the previous day. It computes the difference between the actual obligation and commitment transactions reflected in D08, Part 3.

1B8.6.6.1. The net change on Part 4 is compared to the total dollar value of corresponding MUC updates on Part 3b of the listing. Differences are computed for each category MUC which actually updated the MACR (332) record. These differences are printed under position heading Differences PART 3. A value in this position indicates that the MACR (332) was not updated by the same amount as the transaction(s) reflected in PART 3 for that MUC.

1B8.6.6.2. FSO/Funds managers should review this listing daily for differences and take the following actions to determine the cause of the differences.

1B8.6.6.2.1. FSO/ Funds managers should research MACR update transactions and the D32, Stock Fund FIA Code Listing for that day to determine whether a MACR update transaction (Part 3) did not update the MACR or another transaction found on the D32 did not include MACR update information. If the transaction(s) is found determine if the MACR update was made and adjusted accordingly. For example: 1) If a MACR update transaction contained on the D08, Part 3 did not update the MACR(332), process a MAC332 transaction to update the MACR (332) for that amount using the same MUC and MACR ACTION CODE (I/D), 2) If a transaction not listed on the D08, Part 3 is found, determine if a MACR update is proper and adjust accordingly.

1B8.6.6.2.2. Differences found on Part 4 represent a DIREP condition and should be reported to HQ 754 ELSG when transactions causing the differences are determined.

ATTACHMENT 1B-9

BASE SUPPLY SURVEILLANCE REPORT (D20)

1B9.1. Purpose. To explain the uses of specific parts of the D20 report. There are thirteen parts to the Base Supply Surveillance Report (D20). This attachment explains those parts received by Funds Management: one, four, five, and seven. (See part 2, chapter 5, [attachment 5B-20](#), and DFAS-DE 7077.10-M for further information.)

1B9.2. Part One--Free Issue and Credit Code Y Turn-Ins.

1B9.2.1. This listing provides detailed transaction data for all GSD and MSD nonreimbursable issues, due-outs, due-out releases (TEX codes A, D, and J), shipments (advice code 2E), and all turn-ins on which credit was forced (credit code Y).

1B9.2.2. Responsibilities. The funds manager is responsible for review of TEX D issues and due-outs (see part 2, chapter 11, [section 11A](#)) and advice code 2E shipments (see part 2, chapter 15, [section 15C](#)). TEX codes A and J, nonreimbursable due-out releases, are produced under program control. As the funds manager reviews and approves each nonreimbursable issue, he or she will hold one copy of the DD Form 1348-1A in suspense for verification against the day's listing. When the approved transactions appear in the report, the suspense copy may be destroyed and the remaining transactions researched and corrected or approved. The funds manager must also review and validate shipments of investment materiel input with advice code 2E, which will also appear on the Free Issue Surveillance Listing.

1B9.2.3. Reviews. The funds manager will also review and approve the use of credit codes on turn-ins as described in part 2, chapter 13, [section 13A](#). The use of credit code Y on turn-ins of SMAG materiel is authorized only as prescribed in volume 1, [part 3](#). The funds manager will review the listing daily to ensure that all transactions are approved as required. Those which are not preapproved must be reviewed for validity and approved or reverse-posted and corrected as applicable.

1B9.3. Part Four--Serviceable Noncredit Turn-Ins.

1B9.3.1. Definition. This listing provides detailed transaction data for noncredit turn-in transactions.

1B9.3.2. Review. A review of these data will help the funds manager determine the impact of non-credit turn-ins on the GSD and MSD SMAG divisions. Forced no credit (credit code N) transactions will be provided on this portion of the listing.

1B9.4. Part Five--Materiel Loss/Gain Stratification. Part five provides management visibility of in-transit property losses/gains by category: Defense Transportation System losses, Parcel Post losses, and losses between Transportation and supply activities within the Logistics Readiness Squadron.

1B9.5. Part Seven--Unit Price Variance. This listing alerts the funds manager to extreme price variances. These variances must be validated by Funds Management personnel. The computation for NET PRICE INCREASE position can be found in part 4, [chapter 5](#), under the transaction history format for UNIT OF ISSUE/UNIT PRICE CHANGE, TTPC 4A.

ATTACHMENT 1B-10

STOCK FUND ON-ORDER, IN-TRANSIT, AND PAYABLE LIST (M01)

1B10-Section A—STOCK FUND ON-ORDER, IN-TRANSIT, AND PAYABLE LIST (M01).

1B10.1. Purpose. To provide a listing of all detail records affecting on-order, in-transit, and payable accounts with totals by type detail for each SMAG division. This listing is produced for each trial balance reporting SRAN.

1B10.2. Uses. A detailed list of all due-ins is grouped by status (RNB, BNR, paid, etc.). The funds manager will review high-dollar value due-ins on this listing and recommend that due-ins that appear incorrect or inflationary be canceled or adjusted. This action may prevent the receipt of excess due-ins which will ultimately become excess inventory. The review may also uncover items that are being requisitioned in violation of local management policy on processing FRC. The program summarizes stock fund detail records and updates on-order, in-transit, and payable general ledger accumulators for subsequent update for the trial balance.

1B10.3. M01 Selection Criteria. The M01 program goes through every item record detail set (regardless of budget code) and selects or updates USSGL accumulators based on the detail fund code (6C = 9, 64 = 8). USSGL updates from the M01 are listed in part 2, chapter 5, [table 5C1.4](#).

1B10.4. Lists of M01. This program produces the following listings:

1B10.4.1. On-Order, In-Transit, Payable Detail Lists for trial balance reporting each SRAN within SMAG division (budget code).

1B10.4.2. Memo General Ledger Entries List for each S/D with trial balance SRAN.

1B10.4.3. Summarized General Ledger Entries List of all entries within a trial balance reporting SRAN.

1B10.5. Detailed Lists. Detailed listings are provided on the following:

1B10.5.1. In-Transit Paid (BNR). This listing consists primarily of DLA/GSA bills received and processed on fast payment transactions. Local purchase invoices will occasionally be processed as fast payment, prior to receipt of goods specified in the contract.

1B10.5.2. In-Transit Unpaid. This consists of all unpaid due-ins with shipped status.

1B10.5.3. SNC. This listing consists of the SNC detail records. If a status input (FTZ) has been processed indicating credit will be allowed, a 1 is in the fund flag position.

1B10.5.4. RNB. This listing consists of the received but not billed records.

1B10.5.5. Local Purchase Due-Ins Without Local Purchase Status. This listing consists of local purchase due-in detail records without local purchase status.

1B10.5.6. On-Order From Procurement (REIMB). This listing consists of due-in detail records from DLA, GSA, OSSF, and local purchase. Due-in detail records are broken down into two categories: 1) the extended price at actual cost and 2) the extended price at standard cost. Normally, local purchase due-ins are the only due-ins that reflect a difference between the actual and standard extended price.

The actual extended price equals the status detail price. The standard extended price equals the due-in detail record quantity times the item record price. The difference may result from a surcharge or from the loading of multiple local purchase status against a single item record.

1B10.5.7. On-Order Intrastock Fund. This listing consists of outstanding due-in detail records from other SMAG accounts (normally JLS).

1B10.5.8. On-Order From Procurement Nonreimbursable. This listing consists of due-in detail records with a routing identifier code of JBZ. Other sources will be shown if a special requisition was input with advice code 2E. The key element of update is a due-in detail record with a signal code D or M.

1B10.5.9. On-Order--Interservice Excess Nonreimbursable. This listing consists of due-in detail records for assets being redistributed.

1B10.5.10. Claims Receivable/Claims Payable. This listing consists of detail records which denote the type of billing credit due the Air Force (claims receivable) or detail records which represent the overage in shipment transactions for funded receipts from GSA, DLA, and OSSF (claims payable). (See DFAS-DE 7077.10-M if additional information is required.)

1B10.6. Summary. Specific areas of due-in data on the detail listings should be reviewed carefully. The funds manager needs the document numbers of those detail records that contribute to the total on-order and in-transit positions. In-transit values may appear abnormal, or the listing may reflect extremely old document numbers. In these cases, the funds manager should process the LP and MILSTRIP Research and Followup List (M37/NGV997). If review of the overage document numbers shows that outstanding due-ins are on order, Stock Control should be contacted to find out why. Ensure all overage details on the M01 are included on the M37. The funds manager should also contact Computer Operations to determine if a complete followup cycle has been run. The manager needs to be certain that supplying agencies are responding to the requisitions within the proper time frame.

1B10.7. Options. The following report options are available when processing the M01:

1B10.7.1. Option 1 provides tape output-detail list, summary list by S/D, and total summary list by Trial Balance reporting SRAN.

1B10.7.2. Option 2 provides tape and summary pages without detail list. Program GV982/M12 is processed to produce ZTR transactions which update the trial balance.

1B10.7.3. Option 3 provides complete listing with no tape. It does not produce ZTR transactions which update the trial balance.

1B10.7.4. Option 4 provides summary pages only. It does not produce ZTR transactions which update the trial balance.

1B10-Section B—M01 CHECKLIST.

1B10.8. Purpose. The M01 provides the current position of the SMAG on order, intransit, and payable inventories. The validation of these details is a vital key in managing the SMAG. This checklist is provided to assist in reviewing and validating overage, high cost, and suspected erroneous details. Each area outlined should be reviewed to ensure the detail is valid, corrected, and deleted as deemed appropriate.

Notes 1, 2, and 3 apply to all portions of the M01 with due-in details. **NOTE:** Corrective action on item record prices will be done by records maintenance and due-in/status updated by Stock Control.

1B10.9. General Support Division (GSD).

1B10.9.1. Intransit-Paid (BNR).

1B10.9.1.1. If DOLT of the BNR detail is greater than 90 days from the date of the listing, the base SMAG manager should process document number inquiry (INQDN) to ensure valid status and forward to stock control for corrective action when necessary.

1B10.9.1.2. The SMAG manager should check large dollar value differences between the actual extended price and the standard extended price.

1B10.9.2. Shipped-Credit Not Received (SNC). M37 program logic should delete details with a DOLT greater than 360 days. If any overaged details appear, the SMAG manager should coordinate with the DFAS field site for deletion.

1B10.9.3. Intransit-Unpaid-Shipped Status. The SMAG manager should check status details with a DOLT over 90 days from the date of the listing and ensure valid status. Forward to stock control for follow-up and corrective action when necessary.

1B10.9.4. Received-Unpaid (RNB).

1B10.9.4.1. M37 program logic should delete details and with a DOLT greater than 365 with RID unequal to JBx. If any overage details appear, the SMAG manager should research cause, and coordinate with the DFAS field site for deletion.

1B10.9.4.2. Details with document serial numbers 9900-9999 should be reviewed to ensure another requisition does not appear which should have been used. If suspect due-in appears, perform transaction history. Check the document control copy of the receipt document. If RID is JLS/Dxx, RNB is invalid. The SMAG manager should request the transaction be reverse posted and processed correctly.

1B10.9.5. LP Due-In No LP Status. If DOLT of the status (AE1-BD) is greater than 90 days from the date of the listing, the SMAG manager should ensure valid status or validate with Stock Control.

1B10.9.6. On Order From Procurement (Reimbursable).

1B10.9.6.1. Valid detail has RID other than Fxx.

1B10.9.6.2. The SMAG manager should check large dollar value differences between the actual extended price and the standard extended price.

1B10.9.6.3. For details with RID JBx, the standard extended price (item record price), should differ from the actual extended price (BNR/LPS price) by the amount of the surcharge. When multi-contracts exist on the same stock number, some variance can be expected whenever the contracts have different prices.

1B10.9.6.4. If the DOLT of the status detail is greater than 90 days from the date of the listing, ensure valid status, if not valid coordinate with stock control for update or cancellation

1B10.9.7. On Order From Procurement (Nonreimbursable) (Signal code D or M due-in with advice code 2E).

1B10.9.7.1. Details are valid only if BN status has been received.

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1B10.9.7.2. The SMAG manager should request stock control research, cancel if invalid, and reload due-in with correct signal and advice codes.

1B10.9.8. On Order, Intra Stock Fund Division-Due-In.

1B10.9.8.1. Validate RID JLS/Dxx due-in greater than 30 days. Stock Control or MICAP should contact the lateral base to ensure shipment was made. If delivery is past due, the base funds manager should check document control for a receipt which may not have processed.

1B10.9.8.2. Details with RID Fxx, the SMAG manager should ensure REX code 2 is assigned to the item record and advice code 2A on the due-in; otherwise, forward to Stock Control for correction.

1B10.9.9. Claims Payable. No action required by LRS/supply activity. However, the SMAG manager should work these details on the M37 IAW part 2, chapter 9, [attachment 9F-7](#).

1B10.9.10. Claims Receivable. No action inquired by LRS/supply activity. However, the SMAG manager should work these details on the M37 IAW part 2, chapter 9, [attachment 9F-7](#).

1B10.9.11. Excess Transportation Payable. No action required.

NOTES:

1. Due-ins greater than 365 days old-ensure valid status exists. If any status is 45 days past due, forward to Stock Control for corrective action.
2. JBB/ JBH due-ins. If the extended cost is greater than \$10,000, validate the requirement (assets versus requirements). If the due-in is excess and cancellation has not been requested, forward to Stock Control to process a cancellation request. If status is 45 days past due, forward to Stock Control for followup request.
3. Other than RID JBx due-ins-validate suspected prices and correct if erroneous.

1B10.10. Material Support Division (MSD).

1B10.10.1. Received – Unpaid – RNB Details

1B10.10.1.1. Validate all details listed on this portion. Valid details must reflect RID JBB IAW part 2, chapter 9.

1B10.10.1.2. Invalid details with a Z in the CID column (indicating RNDI) will be forwarded to the Receiving Section for correction. These details were created by REC transactions that were processed with a receipt not due-in flag “J” and an erroneous RID. These details will be RVP’ed and processed with the correct RID IAW part 2, chapter 10.

1B10.10.2. Remaining Parts of M01. Any details in the Intransit-Paid (BNR), Shipped Credit Not Received (SNC), On Order From Procurement-Reimbursable, Claims Payable, and Claims Receivable sections are erroneous. Research cause and have the transaction reverse posted.

ATTACHMENT 1B-11

RESERVED

1B11.1. Reserved For Future Use.

ATTACHMENT 1B-12

STOCK FUND STRATIFICATION PROGRAM (M20)

1B12.1. Purpose.

1B12.1.1. To provide a report of the inventory as of the day of the report. This report is essentially the basis for the development of the SMAG Operating Program.

1B12.1.2. To provide a uniform stratification of SMAG items so that assets can be classified according to the purpose for which they are held. This is required for budget support and management in terms of retention and identification of local excess.

1B12.1.3. To provide a gross measurement of a base's capability to satisfy logistics requirements at a specific point in time by measuring asset availability against computed requirement.

1B12.2. Use of M20. The M20 is designed for use throughout the DOD at all levels for monitoring SMAG assets and budget preparation.

1B12.3. Format of M20. The information is grouped into six different positions reflecting computed requirements (col C1), serviceable assets (col C2), unserviceable assets (col C3), due-ins (col C4), DIFM (col C5), and the deficit (col C6), which is the difference between requirements and available assets to satisfy these requirements [$C6 = (C1 - (C2 + C3 + C4))$]. A separate listing is produced for each S/D, budget code, and source or category code.

1B12.4. Other Program (DOD 4140.1-R). DOD 4140.1-R, DoD Materiel Management Regulation, describes the policies for secondary item stratification. DOD 4140.1-M, Secondary Item Stratification Manual provides standard specifications for the secondary item stratification to ensure comparable results among all DoD components.

1B12.5. Data Elements. Following is a brief description of the various data elements contained in the report.

1B12.5.1. Line 1--Assets, Stratification Date (XXXX). This line contains the total asset status, in terms of serviceable on-hand, unserviceable on-hand (including DIFM), and due-ins.

1B12.5.1.1. Position C1--Requirement. This field is always blank.

1B12.5.1.2. Position C2--Serviceable. This field contains the total (summary) dollar value of all of the following asset balances:

1B12.5.1.2.1. The item record serviceable balances.

1B12.5.1.2.2. Supply point detail quantities on-hand.

1B12.5.1.2.3. Authorized/in-use (201) use code D, MSK (232), special spares (233), high priority mission support kit (HPMSK) (234), project (235), non-airborne MRSP (237), airborne MRSP (239), IRSP (240), and WCDO (241) detail on-hand quantities.

1B12.5.1.2.4. Authorized/in-use detail quantities on-hand for allowance source code (ASC) 987 (on loan) excluding those details with an equipment code of R (rental).

1B12.5.1.3. Position C3--Unserviceable. This field contains the total (summary) dollar value of both of the following asset balances:

1B12.5.1.3.1. The DIFM unserviceable detail quantity.

1B12.5.1.3.2. All firm and memo DIFM detail quantities (including C activity code DIFM).

1B12.5.1.4. Position C4--Due-In. This field contains the summary dollar value of all due-in detail quantities. This value includes committed local purchase due-ins. The program does not check for a local purchase status detail.

1B12.5.1.5. Position C5--DIFM. This field contains the summary dollar value of all DIFM detail quantities excluding activity code C (Contract Maintenance). **NOTE:** This is a memo data field since the dollar value is also included in line 1, position C3.

1B12.5.1.6. Position C6--Deficit. This field is always blank.

1B12.5.2. Line 2--Assets, Anticipated Nonrecoverable. This line contains the summary value of unserviceable and DIFM quantities not anticipated to be recoverable and, therefore, excluded from stratification against requirements in lines 3 through 7.

1B12.5.2.1. Position C1--Requirements. This field is always blank.

1B12.5.2.2. Position C2--Serviceable. This field is always blank.

1B12.5.2.3. Position C3--Unserviceable. This field contains the value of anticipated nonrecoverable DIFM and anticipated nonrecoverable unserviceable quantities. The value in this field does not stratify against requirements in lines 3 through 7. Nonrecoverable DIFM values are derived from line 2, position C5. Nonrecoverable unserviceable values consist of the following:

1B12.5.2.3.1. The value of unserviceable details with a status code other than H.

1B12.5.2.3.2. The value of unserviceable details with a status code of H times the percentage of Base Repair).

1B12.5.2.4. Position C4--Due-In. This field is always blank.

1B12.5.2.5. Position C5--DIFM. This field contains the summary dollar of anticipated nonrecoverable DIFM detail quantities. The percentage of base repair (PBR) in the repair cycle record is used in computing this value. The dollar data in this field are the basis for the dollar data in line 2, position C3.

1B12.5.2.6. Position C6--Deficit. This field is always blank.

1B12.5.3. Line 3--Prepositioned WRM Reserve. Line 3 assets are stratified separately from lines 4 through 8, except for unserviceable and DIFM (positions 3 and 5) assets that are not expected to be repaired. WRM nonrecoverable assets will be accumulated into line 2, using the percent of base repair.

1B12.5.3.1. Position C1--Requirements. This field contains the dollar value of authorized quantity on 201 use code D only, 233, 234, 235, 236, 237, 238, 239, 240, and 241 details.

1B12.5.3.2. Position C2--Serviceable. This field contains the on-hand dollar value of 201 use code D only, 233, 234, 235, 236, 237, 238, 239, 240, and 241 details.

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1B12.5.3.3. Position C3--Unserviceable. This field contains the dollar value of DIFM details (type D) with an activity code C, R, S, or X, and type organization code W. In addition, these assets must be considered reparable based on the percent of base repair.

1B12.5.3.4. Position C4--Due-In. This field contains the dollar value of due-in details (type I) with a project code of 121, 122, or 123.

1B12.5.3.5. Position C5--DIFM. This field contains the dollar value of DIFM details (type D) with an activity code R, S, or X and type organization code W. In addition, these assets must be considered reparable based on the percent of base repair.

1B12.5.3.6. Position C6--Deficit. This field contains the dollar value difference between the requirements (position 1) and serviceable, unserviceable, and due-in (positions 2, 3, and 4) assets. If a negative figure is shown, this indicates an excess (computed requirements are less than dollar value on hand and on order).

1B12.5.4. Line 4--Requirements. Positions C1 through C6 of this line contain the summary dollar value of lines 4A and 4B.

1B12.5.4.1. Line 4A--Requisitioning Objective. Positions C1 through C6 of this line contain the summary dollar value of substratification lines 4A1 through 4A6. Line 4 and its subsidiary, lines 4A1 through 4A6, concern position C1 requirements. Assets (positions C2 and C3), due-ins (position C4), and DIFM (memo) (position C5) are applied against the requirement in the same manner as explained for line 3 above. Position C6 (the deficit) remains the result of a mathematical computation. It is worth noting that in the M20 program, available assets, due-ins, and DIFM (line 1, minus line 2) are always applied sequentially beginning with line 3. In other words, an asset balance need not be physically located on a WCDO detail to be applied against a WCDO requirement. For example, if the following were the status of an item:

REQUIREMENTS	ON-HAND	DUE-IN
WCDO 5	2 (on detail)	3
	2 (on Item Record)	

Safety level 1

O&ST 1

Operating level 3

The assets would stratify as follows:

REQUIREMENTS	ON-HAND	DUE-IN	DEFICIT
WCDO 5	4	1	0
SL 1	0	1	0
O&ST 1	0	1	0
OL 3	0	0	3
TOTAL 10	4	3	3

1B12.5.4.1.1. Line 4A1--Stock Due-out. The requirement field contains the summary dollar value of due-out detail quantities with the following exceptions:

1B12.5.4.1.1.1. Memo due-outs with TEX code 8 or H.

1B12.5.4.1.1.2. Due-outs with activity code U (MRSP) or W (WCDO). These requirements are reflected in line 3. Prepositioned WRM reserve, based on the authorized quantity in this MRSP/WCDO detail.

1B12.5.4.1.1.3. Due-outs with an activity code S (supply point) or M (MSK). These requirements are an integral part of either the operating level or the numerical stockage requirements.

1B12.5.4.1.1.4. For the FB 3101 account only, the dollar value of the authorized project detail quantity will be added to line 4A1.

1B12.5.4.1.1.5. Due-outs with a D in the first position of 205-FILLER-1 will be excluded.

1B12.5.4.1.2. Line 4A2--Safety Level. The requirement field contains the summary dollar value of the computed safety level requirement. (See part 2, [chapter 19](#) for the formula used.)

1B12.5.4.1.3. Line 4A3--Numerical Stockage Objective. For XB/XF, the requirement field contains the summary dollar value of any additive adjusted stock levels (adjusted stock level detail quantities over and above the computed demand level). Adjusted stock level, minus demand level, equals the numerical stockage requirement. For equipment, this field contains the summary dollar value of any additive adjusted stock levels, plus the summary dollar value of in-use detail authorized quantities for ASC code 987 (on loan), except those with an equipment code R (rental).

1B12.5.4.1.4. Line 4A4--Repair Cycle. The requirement field contains the summary dollar value of the item record (ISG) demand level, minus the values computed for line 4A2 (safety level) and line 4A5 (O&ST).

1B12.5.4.1.5. Line 4A5--Order and Shipping Time. The requirement field contains the summary dollar value of the computed order and shipping time (O&ST) requirement. See part 2, [chapter 19](#) for the formula used. If any item in an ISG is assigned a REX code 2 or 9, the base standard O&ST days will be obtained from the JB2 or JB10 routing identifier record. If the record is blank, the routing identifier record for the routing identifier code reflected on the item record will be used. If the O&ST override on the item record is used, the override days will be used.

1B12.5.4.1.6. Line 4A6--Operating Level. The requirement field contains the summary dollar value of the item record (ISG) demand level, minus the value computed for line 4A2 (safety level) and 4A5 (order and shipping time). (See paragraphs below for additional information on demand level requirements computations and related stratification.)

1B12.5.4.2. Line 4B--Recurring Demand Requirements. The requirement field contains the summary dollar value of substratification lines 4B1, Remaining FY; 4B2, First Subsequent FY; 4B3, Second Subsequent FY; and 4B4, Third Subsequent FY. The summary of line 4B makes up the retention policy of 3 years (1,080 days). As was done for line 4A, the explanation of line 4B is limited to the requirements position. Assets, due-ins, and DIFM are always applied to the requirement sequentially.

1B12.5.4.2.1. Line 4B1--Remaining FY. The requirement field contains the summary value of the requirements for the remaining fiscal year. The requirements computation involves

multiplying the appropriate days (330, 300, 270, 240, 210, 180, 150, 120, 90, 60, or 30) times the daily demand rate, times the unit price. Bachelor or master item record requirements and related assets are always computed for this line if at least two demands have been recorded even though the bachelor or master item record may not have a demand level or does not qualify for stratification in line 4A.

1B12.5.4.2.2. Line 4B2--First Subsequent FY. The requirement field contains the summary dollar value of the requirement for the remainder of the current fiscal year. All remaining months, October through September, will decrease 30 days beginning in October with 330 to a low of 30 in August. The requirements computation involves multiplying the appropriate days, times the daily demand rate, times the unit price. Bachelor or master item record requirements and related assets are always computed for this line if at least two demands have been recorded even though the bachelor or master item record may not have a demand level or does not qualify for stratification in line 4A.

1B12.5.4.2.3. Line 4B3--Second Subsequent FY. The requirement field contains the summary dollar value of the requirements computed for the next fiscal year. The computation involves a constant of 360 days, times the daily demand rate, times the unit price. Bachelor or master item record requirements and related assets are always computed for this line if at least two demands have been recorded even though the bachelor or master item record may not have a demand level or does not qualify for stratification in line 4A.

1B12.5.4.2.4. Line 4B4--Third Subsequent FY. The requirement field contains the summary dollar value of the balance approved force acquisition objective as provided for in DOD 4140.1-R. The day criteria used for this computation will range from 30 (October) to 360 (September) and is determined by increasing 30 days each month. The dollar value is equal to the appropriate number of days, times the daily demand rate, times the unit price. Bachelor or master item record requirements are always computed if at least two demands have been recorded, even though the bachelor or master item record may not have a demand level or does not qualify for stratification in line 4A.

1B12.5.5. Line 5--Life Cycle Retention. Positions C2 through C5 contain the summary dollar value of assets in the ISG when any item within the group has a memo adjusted stock level detail, with a LJC of 0 (life cycle retention). It only incorporates those assets not stratified against lines 3 through 4, computed requirements. Positions C1 and C6 will normally be blank.

1B12.5.6. Line 6--Policy Retention. Positions C2 through C5 of this line contain the summary dollar value of lines 6A through 6D. When the program substratifies requirements or assets in lines 6A through 6D, the category of retention falling in the highest position in the stratification process has preference. Positions C1 and C6 are normally blank.

1B12.5.6.1. Line 6A--USAF Directed Retention. Positions C2 through C5 contain the summary dollar value of assets in the ISG when any item within the group has an EEX 7 assigned.

1B12.5.6.2. Line 6B--USAF Policy Retention.

1B12.5.6.2.1. Position C2--Serviceable. This field contains the summary of those items (ISGs) with a total excess asset value of less than \$50.00.

1B12.5.6.2.2. Position C3--Unserviceable. This field contains the summary value of recoverable DIFM assets with a total excess value of less than \$50.00.

1B12.5.6.2.3. Position C4--Due-In. This field is always blank.

1B12.5.6.2.4. Position C5--DIFM. This field is the same as position C3.

1B12.5.6.3. Line 6C--MAJCOM Directed Retention.

1B12.5.6.3.1. Position C2--Serviceable. This field contains the value of serviceable assets remaining when an item within the ISG (M or I) has an excess exception codes 2 or 3 assigned.

1B12.5.6.3.2. Position C3--Unserviceable. This field is the same as position C2 and applies to value of recoverable DIFM assets.

1B12.5.6.3.3. Position C4--Due-In.

1B12.5.6.3.4. Position C5--DIFM. This field is the same as position C3.

1B12.5.6.4. Line 6D--Local Directed Retention/Special Requirement Due-In. This is a dual-purpose line. The title LOCAL DIR RET applies to assets, positions C2, C3, and C5, and the title SPEC RQMT DUE-IN applies to due-ins, position C4.

1B12.5.6.4.1. Position C2--Serviceable. This field contains the value of serviceable assets remaining when an item within the ISG (M or I) contains an excess exception code other than 2, 3, or 7.

1B12.5.6.4.2. Position C3--Unserviceable. This field contains the value of unserviceable assets remaining when an item within the ISG (M or I) contains an excess exception code other than 2, 3, or 7.

1B12.5.6.4.3. Position C4--Due-In. This field contains the value of excess due-ins containing special requirements flag R.

1B12.5.6.4.4. Position C5--DIFM. This field is the same as position C3.

1B12.5.7. Line 7--Economic Retention. This line represents the summary dollar value of items considered to be in a retention posture. An item is considered in a retention posture when the SARSD, the 101-DATE-SPC-5-ASG field of the item record, is not equal to a zero and is equal to or less than 730 days. This date is assigned to an XF3 item when there has been no demands placed against the item for 180 days or when the stockage priority code 5 is assigned for EOQ (XB3) items.

1B12.5.7.1. If an item is identified as SARSD, the economic retention requirement (line 7, position C1) is computed to equal the total serviceable assets remaining after stratifying assets to the requisition objective recurring demand requirements (lines 4 through 4B4), life cycle retention (line 5), and policy retention (lines 6 through 6d).

1B12.5.7.2. If the item has exceeded the authorized retention period (730 days), all assets remaining will be stratified as potential excess (lines 8 through 8C).

1B12.5.8. Line 8--Potential Excess. In this line and in substratification lines 8A through 8C, position C1, requirements, and position C6, deficit, are always blank. Position C5, DIFM, is only a memo entry, as it is for all lines. The total value of DIFM assets is inclusive as an integral part of line 1, assets, position C3, unserviceable. The value of that portion of DIFM assets considered to be nonrecoverable is inclusive as an integral part of line 2, assets, nonrecoverable; position C3, unserviceable. The program stratifies the recoverable DIFM values as a separate entity in C5, lines 3 through 8. This memo stratification is used to identify the portion of position C3, unserviceable, that indicates DIFM assets.

1B12.5.8.1. Position C2--Serviceable. This field contains the value of serviceable assets that remain after applying all possible values to the requirements computed for lines 1 through 7.

1B12.5.8.2. Position C3--Unserviceable. This field contains the value of nonrecoverable DIFM and nonrecoverable unserviceable assets (from line 2, position C3) plus the value of recoverable unserviceable assets and recoverable position DIFM assets that remain after application of all possible values to the requirements computed for lines 3 through 7.

1B12.5.8.3. Position C4--Due-In. This field contains the value of due-ins that remain after application of all possible values to the requirements computed for lines 3 through 7.

1B12.5.8.4. Position C5--DIFM (Memo). This field contains the value of nonrecoverable DIFM assets (from line 2, position C5) plus the value of all recoverable DIFM assets that remain after applying all possible values to the requirements computed for lines 3 through 7. The value of nonrecoverable DIFM assets is not substratified in lines 8A through 8C for either position C3 or C5.

1B12.5.8.5. Line 8A--Pending DSP/Cancellation Requested. This is a dual purpose line. The title PENDING DSP applies to positions C2 and C3 while the title CANC REQUESTED applies to position C4.

1B12.5.8.5.1. Position C2--Serviceable. This field contains the value of serviceable excess which is pending disposal action and which has no ICP (LM and LP) for reporting purposes.

1B12.5.8.5.2. Position C3--Unserviceable. This field contains the value of unserviceable excess which is pending disposal action and which has no ICP (LM and LP) for reporting purposes.

1B12.5.8.5.3. Position C4--Due-In. This field contains the value of due-ins with cancellation requested (ZC and ZD) status to the source of supply.

1B12.5.8.5.4. Position C5--DIFM. This field is always blank.

1B12.5.8.6. Line 8B--Reported Awaiting ICP Reply.

1B12.5.8.6.1. Position C2--Serviceable. This field contains the value of serviceable excess that can be applied to an excess detail quantity. A report of excess is awaiting a reply.

1B12.5.8.6.2. Position C3--Unserviceable. This field contains the value of unserviceable excess that can be applied to an excess detail quantity. A report of excess is awaiting a reply.

1B12.5.8.6.3. Position C4--Due-In. This field is always blank.

1B12.5.8.6.4. Position C5--DIFM. This field is always blank.

1B12.5.8.7. Line 8C--Pending Report/Cancellation to ICP.

1B12.5.8.7.1. Position C2--Serviceable. This field contains the value of excess serviceable assets remaining that will be reported for disposition during the next file status run (within 90 days).

1B12.5.8.7.2. Position C3--Unserviceable. This field contains the value of excess unserviceable assets remaining that will be reported for disposition during the next file status run (within 90 days).

1B12.5.8.7.3. Position C4--Due-In. This field contains the value of excess due-in quantities remaining on which a cancellation will be requested the next time the item is releveled, plus

the value of those due-ins for which a cancellation cannot be requested. (See part 2, [chapter 19](#), for a listing of conditions under which a due-in cancellation cannot be generated.)

1B12.5.8.7.4. Position C5--DIFM. This field is always blank.

1B12.6. Analysis.

1B12.6.1. Rationale. Bases and MAJCOMs must continually review the values in line 6C, MAJCOM Directed Retention (EEX 2 and 3). The funds manager must know what the items are and exactly which MAJCOM directive generated the retention requirement. Bases must continually review item records containing an EEX 2 to ensure that retention is completely justified. EEX 3 (report excess to MAJCOM) is normally used only on items specifically controlled by the using command; that is, command unique systems. Again, complete awareness and adequate justification are the rule. Fluctuations in value for line 8B indicate that EEX changes are being made; both master and interchangeable items in the ISG must be considered when reviewing EEX 2 and 3.

1B12.6.2. Lines 6D, Positions C2 and C3. The values stratified in line 6D, positions C2 and C3, identify inventory being retained by local decision. In specific cases, it may be advantageous for the primary funds manager to hold excess inventory. The EEX, when present on the item record, prevents excess reporting and visibility of assets to inventory managers. However, forced excess (TRIC FEX) outputs are produced by the computer. These do provide a means of periodically reviewing the basis and necessity for the EEX. Part 2, [chapter 19](#), does not include a specific time frame for review of EEX. Essentially, this is because the FEX outputs produced serve the review purpose, provided they are adequately examined. If you do not consider this technique of review to be adequate, initiate a local review criterion using a local retrieval program. One thing to remember when dealing with FEX outputs is that the quantity to be reported is based on the current excess reporting policy, not the current retention policy. Therefore, at no time can the value of the FEX outputs be directly correlated to the value in line 8 of the M20.

1B12.6.3. Line 6D, Position C4, Due-Ins with a Special Requirements Flag R. These data are of special interest. Normally, the special requirements flag will be used only as indicated in part 2, [chapter 9](#), since its use implies intentional requisitioning of assets in excess of computed requirements. Special requirements flag R is authorized for use when requisitioning items that have a -1 supplemental adjunct record. As a general rule, bases should have little need to use the R. A significant value in this field may indicate that personnel are abusing the principles of good Supply discipline by generating excess. These due-ins are required to be reviewed monthly (in accordance with the provision of part 2, chapter 9, [attachment 9A-6](#)).

1B12.7. Interchangeable and Substitute Group (ISG) Relationship in the M20. All M20 computations that involve ISG interchangeable codes M or I item records use both the source and category code and the unit price of the master item. Items with ISG relationship codes S (substitutes), K (repair kits), C (component), and H (higher assembly) are computed and stratified individually as bachelor items. In addition to the item records, all M20 computations which involve ISG relationship codes M and I, use all details related to the respective item records. In other words, details which are related to an interchangeable (I) record will stratify as an integral part of the ISG using the source and category code and unit price of the master (M) item record.

1B12.8. Daily Demand Frequency Rate (DDFR).

1B12.8.1. Except for items having a -1 or -9 adjunct record, the M20 program does not compute a DDFR. This is accomplished by the releveling program. The M20 computes requirements as follows:

1B12.8.1.1. If the master or bachelor item record has a demand level, a safety level and an O&ST requirement will be computed. The value of the operating level (ERRCD XB/line 4A6) or repair cycle (ERRCD XF/line 4A4) segment of the requirement will be equal to the value of the demand level minus the computed O&ST and safety level.

1B12.8.1.2. If the master or bachelor item record does not have a demand level, no segments of a demand level will be computed. However, a normal recurring demand requirement (line 4B) and economic retention requirement (line 7) will be computed.

1B12.8.1.3. When an item (ISG) has a -1 or -9 adjunct record, the program computes the safety level (line 4A2), O&ST (line 4A5), and a 360-day EOQ operating level (line 4A6).

1B12.9. Stratification of Recoverable/Nonrecoverable Unserviceable and DIFM. The narrative on line 1, position C3 (assets unserviceable), states that the summary dollar data include the value of DIFM detail quantities. The narrative on line 2, position C3 (assets anticipated nonrecoverable unserviceable), states that the dollar data in this field include the value of line 2, position C5 (assets anticipated unrecoverable DIFM). In the stratification process, the dollar value of line 2, position 3 (assets anticipated nonrecoverable unserviceable), which includes line 2, position C5 (assets anticipated nonrecoverable DIFM), is totally reflected in line 8 (potential excess). The difference in line 1, position C3, minus line 2, position C3, is stratified sequentially from line 3 through line 8. The difference equates to the summary dollar value of recoverable reparable detail quantities plus anticipated recoverable and activity code C DIFM.

1B12.10. Stratification of Dash Stock Numbers.

1B12.10.1. Purpose. Adjunct record stock numbers were designed to accommodate exceptionally large quantities.

1B12.10.2. Dash Nine (-9) Item Record. The dash nine (-9) item record is called an overflow adjunct record. This means that quantitative data flowing in and out of this record are converted under program control by using the unit of issue of MX (1000). The M20 converts the units on the -9 records to the basic record equivalent and stratifies the assets as if they had been on the basic record.

1B12.10.3. Dash Two (-2) Stock Number. Dash two (-2) stock numbers are used to identify recapped tires. The -2 item record is called a supplemental adjunct record and, as such, is accessed independently of the basic record. The unit of issue on a -2 item record is always the same as the basic record. The M20 basically consolidates the data on the -2 item record with the data on the basic record, treating them as a single item. Indicative data changes received from SNUD update both the basic record and the -9 or -2 record. Price changes (FCU) only update the input stock number for -2 NSNs, while FCUs on -9 NSNs update the basic NSN as well as the -9 NSN.

1B12.10.4. Dash One (-1) Stock Number. The dash one (-1) stock number is used when an item is stocked and stored at one unit of issue but issued as a different unit of issue, for example, skid versus sheet. A -1 item record is also a supplemental adjunct record and, as such, is accessed as an independent item. When the unit of issue on the -1 item record is smaller than that on the basic record, the M20 consolidates all data on a -1 item record and related detail with the basic record. The unit of issue conversion record is used to develop a conversion ratio factor. If the units of issue are not directly convertible (for example, coil to feet), the program will compute a conversion ratio factor by

dividing the basic item record unit price by the -1 item record unit price. In the conversion process, a rounding factor of .5 is used. When the unit of issue on the -1 item record is greater than that on the basic record, the -1 record and related detail records are treated as bachelors.

1B12.11. Stratification of Adjusted Stock Level Requirements.

1B12.11.1. Maximum Levels.

1B12.11.1.1. If the maximum level is equal to or greater than the bachelor or master item record demand level, it is ignored.

1B12.11.1.2. If the maximum level is less than the bachelor or master item record demand level, it will depress the demand level and will result in adjustments to 1) the operating level (line 4A6) or repair cycle (line 4A4), and 2) the O&ST (line 4A5) and/or safety level (line 4A2) requirements, in that sequence.

1B12.11.2. Minimum Levels. If the minimum level is greater than the bachelor or master item record demand level, the difference between the two values is stratified as numerical stockage objective (line 4A3) requirements.

1B12.11.3. Fixed Adjusted Stock Levels. These are treated as individual minimum and maximum levels.

1B12.11.4. Additive Adjusted Stock Levels. These are always stratified as numerical stockage objective (line 4A3) requirements.

1B12.11.5. Memo Adjusted Stock Level Detail Record Requirements. With the exception of level justification code O (life cycle retention), these requirements are not reflected in the M20.

1B12.12. Application of MACR and Program Factors.

1B12.12.1. MACR Factors. MACR factors do not affect M20 requirements and related assets stratification.

1B12.12.2. Program Factors. Types G and H program factor detail records which increase or decrease recurring demands are considered by the M20 when computing requirements for line 4A (requisitioning objective), 4B (recurring demand requirements), and 7 (economic retention).

1B12.13. Stratification of Equipment Requirements.

1B12.13.1. All budget code 9 items (including equipment) are stratified together based upon S/D, budget code, and source category code. Separate equipment summary pages and RMS images are produced for each autonomous satellite and consolidated listing.

1B12.13.2. Line 4A3. Only numerical stockage objective (line 4A3) requirements are computed and reflected as a segment of the requisitioning objective (line 4).

1B12.13.3. Line 4B. Normal recurring demand issue (line 4B) and economic retention (line 7) requirements are computed for equipment.

1B12.14. Changes to WRM Authorizations. Funds manager will coordinate with War Readiness on any changes to line 3 (preposition war reserve). These notices can be used to monitor and explain changes to line 3's dollar figures. The above notices are only an aid to the funds manager, as dollar figures could change based on indicative data changes to item record data elements.

ATTACHMENT 1B-13

FRC UPDATE/ANALYSIS (R04)

1B13.1. Purpose. To provide a current file of FRC outputs and a listing of dollar requirements by budget code and S/D. The system makes it possible to use FRCs to make purchases by budget code, SPC, and application code, or any combination. It further allows managers to set the releveing flag selectively on item records.

1B13.2. MACR Output. FRCs are output as a result of the MACR parameters. FRCs permit selective requisition by stockage priority code, urgency of need, or maximum requisition value. The fact that the R04 stratifies requirements by mission makes it easier for managers to decide about quantity and sequence of requisitioning actions. The R04 is a summarized requirement listing, stratifying those stockage requirements and due-outs that are at the requisitioning point. During normal operations, requisitions should automatically process for stockage priority codes 1 and 2 and for due-outs.

1B13.3. Definition. The R04 stratifies stock replenishment requirements by SPC within SPC subgroups in increments of 30, 45, 60, 90, and 180 days, plus the normal economic order quantity. Due-out dollar summary data are provided within urgency of need to enable selective requisitioning when maximum funds control is necessary. Obligated due-outs which can reasonably be expected to result in receipt and due-out release in the current fiscal year should be requisitioned promptly. This will help ensure maximum mission support and solid inventory and capital management of the SMAG.

AFMAN 23-110 Volume 2

Part 10, Chapter 1

IA-OBS-TAR-PCT

XXX.XX%

OPER-OBS0COM-LP-OTH-PCT

XXX.XX%

OPER-OBS-COMM-OBS-PCT

XXX.XX%

ATTACHMENT 1C-1

RESERVED

1C1.1. Reserved For Future Use.

ATTACHMENT 1C-2

UNIT COST RATIO (UCR) IMPACTS

1C2.1. Purpose. To present factors which affect the gross sales to operating obligations plus credit returns (UCR) ratio. The primary objective is to achieve the approved ratio by the close of the fiscal year. At most activities the ratio tends to be high at the beginning of each fiscal year and gradually decreases as the year progresses. Historically, this is because commitments carried over from the prior fiscal year become obligations early on causing a "bow wave" in the ratio which gradually diminishes. It should be noted that all elements in the computation of the ratio are cumulative and therefore variations in the ratio become less pronounced as the cumulative values increase during the course of the year.

1C2.2. Increase Sales and Lower Ratio. Issues/sales to customers (ISU/MSI) increase sales and lower the ratio.

1C2.3. Decrease Obligations and Lower Ratio. The following transactions decrease obligations and lower the ratio:

1C2.3.1. Discounts earned on purchases resulting from prompt payment of invoices .

1C2.3.2. RNB detail deletions (1DR) with blank TEX code.

1C2.3.3. Trade in allowance on purchases of materiel toward similar materiel.

1C2.4. Increase Total Obligations and Increase Ratio. The following transactions increase total obligations and increase the ratio:

1C2.4.1. Stock replenishment requisitions to normal sources of supply.

1C2.4.2. Requisitions for initial spares (for example, ISSLs, MCD changes, Readiness Spares Packages (RSP) for new modified weapon systems) stockage policy changes and increases in WRM requirements. **NOTE:** These obligations are subtracted from total obligations to arrive at operating obligations, and have no effect on net demands to operating ratio, the ratio by which we are limited, but have their own individual limitations.

1C2.4.3. Forced bill payment on a receipt when no RNB exists.

1C2.4.4. Repair expenses of SMAG assets (for example, Air Force-owned containers).

1C2.4.5. Expenses incurred from termination of a contract.

1C2.4.6. Transportation expenses paid to a local purchase vendor.

1C2.4.7. Postponement of requisitions that support obligated due-outs (TEX 7, Z) to the next fiscal year. This increases the ratio at the beginning of the following year when the requisitions are submitted (creates an obligation in the following year without a demand).

1C2.4.8. Increases to stockage levels eventually impact the ratio whenever stock requisitions are produced. The following are examples of increases to stockage levels:

1C2.4.8.1. Base initiated adjusted levels (for example, levels in support of bench stock authorizations - directed by code D).

1C2.4.8.2. Forced demand data input (FCL) to increase demands.

1C2.4.8.3. Issues processed as recurring instead of nonrecurring.

1C2.4.8.4. Due-out cancellations with TEX 9 (recurring demands are not decreased).

1C2.4.8.5. Invalid use of priorities on issue requests (for example, UJC AZ results in stockage priority code 2 and will cause a demand level faster than UJC CZ).

1C2.5. Decrease Sales and Increase Ratio. Credit turn-ins (TIN) will decrease gross sales.

1C2.6. Individual Transactions That Impact Ratio. The following transactions taken individually impact the ratio as depicted below:

1C2.6.1. Local purchase requisitions, status and adjustments:

1C2.6.1.1. A requisition has no impact until a LPS is processed.

1C2.6.1.2. Processing an LPS increases obligations and increases the ratio.

1C2.6.1.3. Processing an LPA to increase/decrease the dollar value of the due-in will likewise affect the ratio.

1C2.6.2. Due in cancellations:

1C2.6.2.1. AE1/AE9 on depot and TRIC LCC on local purchase requisitions (with firm status) decrease obligations and the ratio.

1C2.6.2.2. AE1 on local purchase due-ins without LPS on file has no impact.

1C2.6.3. Shipments of excess transportation expenses for excess materiel returned to depots increase obligations and the ratio.

1C2.6.4. Receipts (REC):

1C2.6.4.1. Receipt not due-in transactions increase the ratio by increasing obligations.

1C2.6.4.2. Items received free (MILSTRIP status BN) decrease obligations and the ratio.

1C2.6.4.3. Receipts of requisitions with Signal code D (for example, budget code change from BC 1, fund code 6H to budget code 9), capitalized into GSD SMAG have no impact.

1C2.6.5. Orders placed for lateral support:

1C2.6.5.1. If the requisition supports the customer due-out, the ratio decreases because there is a sale with no obligation.

1C2.6.5.2. If the requisition is for stock (for example, mission change details, ISSLs), there is no impact because there will be no billing.

1C2.7. Transactions That Have No Impact on Ratio. The following transactions have no impact on the ratio:

1C2.7.1. Nonreimbursable (free) issues.

1C2.7.2. Ordering customer due-outs from DRMO.

1C2.7.3. Equipment unfunded due-outs (TEX 8, H, or D).

1C2.7.4. RSP transfers (1KT).

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1C2.7.5. Noncredit turn-ins (TIN).

ATTACHMENT 1C-3

**TRIAL BALANCE WORKSHEET COMPUTATION OF GROSS SALES TO OBLIGATIONS
PLUS CREDIT RETURNS (UNIT COST RATIO)**

1C3.1. Purpose. To provide a worksheet for computing operating obligations using the same logic as the AR(M)1307 Report (Working Capital Funds Accounting Report).

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Table 1C3.1. Worksheet.

LINE		USSGL	ACCOUNT TITLE
1.	+ USSGL	141011	Advances to Others – Entity - Intragovernmental (EOP)
2.	- USSGL	141011	Advances to Others – Entity - Intragovernmental (BOP 30 Sep)
3.	Net Change	141011	Advances to Others – Entity - Intragovernmental
4.	+ USSGL	141021	Advances to Others – Entity – Public (EOP)
5.	- USSGL	141021	Advances to Others – Entity – Public (BOP 30 Sep)
6.	Net Change	141021	Advances to Others – Entity – Public
7.	+ USSGL	211010	Accounts Payable – Intragovernmental (EOP)
8.	- USSGL	211010	Accounts Payable – Intragovernmental (BOP 30 Sep)
9.	Net Change	211010	Accounts Payable – Intragovernmental
10.	+ USSGL	211020	Accounts Payable – Public (EOP)
11.	- USSGL	211020	Accounts Payable – Public (BOP 30 Sep)
12.	Net Change	211020	Accounts Payable – Public
13.	+ USSGL	213001	Contract Holdbacks (EOP)
14.	- USSGL	213001	Contract Holdbacks (BOP 30 Sep)
15.	Net Change	213001	Contract Holdbacks
16.	+ USSGL	219012	Other Accrued Liabilities - to Air Force Appropriations (EOP)
17.	- USSGL	219012	Other Accrued Liabilities - to Air Force Appropriations (BOP 30 Sep)
18.	Net Change	219012	Other Accrued Liabilities - to Air Force Appropriations
19.	+ USSGL	480121	Unexpended Obligations - Unpaid - Reimbursable Program – Intragovernmental (EOP)
20.	- USSGL	480121	Unexpended Obligations - Unpaid - Reimbursable Program – Intragovernmental (BOP 30 Sep)
21.	Net Change	480121	Unexpended Obligations - Unpaid - Reimbursable Program – Intragovernmental
22.	+ USSGL	480122	Unexpended Obligations - Unpaid - Reimbursable Program – Public (EOP)
23.	- USSGL	480122	Unexpended Obligations - Unpaid - Reimbursable Program – Public (BOP 30 Sep)
24.	Net Change	480122	Unexpended Obligations - Unpaid - Reimbursable Program – Public
25.	+ USSGL	576040	Disbursements Transferred Out Without Reimbursement
26.	Obligations		= (Line 3 + Line 6 + Line 9 + Line 12 + Line 15 + Line 18 + Line 21 + Line 24 + Line 25)
27.	+ USSGL	15291E	Material Returns - Credit Given
28.	Credit Returns		= (Line 27)

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LINE		USSGL	ACCOUNT TITLE
29.	+ USSGL	510001	Revenue From Goods Sold at Standard Price
30.	+ USSGL	510004	Revenue From Goods Sold at Discounted Price
31.	+ USSGL	590010	Other Revenues – Exchange
32.	Sales		= (Line 29 + Line 30 + Line 31)
33.	UCR		= (Line 26 + Line 28)/Line 33

NOTE: Local purchase requisitions cost must not use surcharge amount when updating.

ATTACHMENT 1D-1

RESERVED

1D1.1. Reserved For Future Use.

ATTACHMENT 1E-1

INITIAL SPARES WORKSHEET

1E1.1. Purpose. To compute the actual impact of initial spares requirements for the processing of MCD and NASSL. The M20 reports that were processed before and after the load of MCD or NASSL are used. The dollar value derived from Computation 5 equals the actual initial spares impact and is reported to your command manager.

Table 1E1.1. Table of Computations, 1 - 5.

Computation 1	
After M20 Line 4A, Position 1	X,XXX,XXX
Minus Before M20 Line 4A, Position 1	X,XXX,XXX
Equals Total Increase to the Requisition Objective	X,XXX,XXX
Computation 2	
Before M20 Line 4B, Positions 2+3+4-5=	X,XXX,XXX
Before M20 Line 7, Positions 2+3+4-5=	X,XXX,XXX
Before M20 Line 8, Positions 2+3+4-5=	X,XXX,XXX
Equals Before Sum Total of Other Stocks	X,XXX,XXX
Computation 3	
After M20 Line 4B, Positions 2+3+4-5=	X,XXX,XXX
After M20 Line 7, Positions 2+3+4-5=	X,XXX,XXX
After M20 Line 8, Positions 2+3+4-5=	X,XXX,XXX
Equals After Sum Total of Other Stocks	X,XXX,XXX
Computation 4	
Sum Total of Before M20 (Comp 2.)	X,XXX,XXX
Minus Sum Total of After M20 (Comp 3.)	X,XXX,XXX
Equals Total Assets Restratified	X,XXX,XXX
Computation 5	
Total Increase to RO (Comp 1.)	X,XXX,XXX
Minus Total Assets Restratified (Comp 4.)	X,XXX,XXX
Equals Actual Initial Spares Impact	X,XXX,XXX

ATTACHMENT 1F-1

RESERVED

1F1.1. Reserved For Future Use.

ATTACHMENT 1G-1

RESERVED

1G1.1. Reserved For Future Use.

ATTACHMENT 1H-1

RESERVED

1H1.1. Reserved For Future Use.

ATTACHMENT 1I-1

RESERVED

1I1.1. Reserved For Future Use.

ATTACHMENT 1J-1

THE PROJECTED REQUIREMENT

1J1.1. Purpose. To provide a table of the projected requirements.

Table 1J1.1. Projected Requirements.

TITLE	RQMT	ADJUSTMENTS	APPL ASSETS	DEFICIT
WRM, Protectable (M20)				
Stock Due-Out (M20)		xxxxxx		
Safety Level (M20)		xxxxxx		
Numerical Stockage Objective (M20)				
Repair Cycle (M20)		xxxxxx		
Order and Ship Time (M20)		xxxxxx		
Operating Level (M20)				
Apportionment Yr Rqmt (M20)				
Total Projected Deficit (Anticipated Acquisitions)	xxxxxx	xxxxxx	xxxxxx	

