

Defense Logistics Agency Instruction



DLAI 1211
Effective February 25, 2011
J7/J74

Industrial Capabilities Program (ICP) - Administer Enabling Statutory/Regulatory Programs

References: Refer to [Enclosure 1](#).

1. PURPOSE

a. DLA administers the enabling statutory and regulatory programs for industrial capability to both be in compliance with the statutory and DoD regulatory requirements and to leverage the statutes and regulations within its operations. When properly administered these statutes and regulations help DLA provide enhanced support to its customers and help ensure a responsive and healthy defense industrial capability.

b. The output of this process are the supportable acquisition and industrial base decisions that take into account Title I of the Defense Production Act (DPA) of 1950, Defense Priorities and Allocations System (DPAS); Title III of the DPA (Capacity Expansion); Title VII of the DPA Committee for Foreign Investment in the United States (CFIUS); Diminishing Manufacturing Sources and Material Shortages (DMSMS); and acquisition and management of Government property.

c. The focus of these processes is to ensure that the customer receives goods and services from the supplier at the RIGHT TIME and at the RIGHT PRICE, with special consideration during contingency operations.

(1) This process is related to the Agency's Customer Wait Time metric, and is also indirectly related to the metric for percent of items covered by surge and sustainment provisions.

(2) The Agency's goal for this process is to effectively implement and utilize the various statutory, regulatory, and industrial base programs and processes that help ensure support to the warfighter.

d. See [Enclosure 2](#) for historical information.

2. APPLICABILITY. This Instruction applies to Headquarters (HQ) Defense Logistics Agency (DLA) and the following Primary Level Field Activities (PLFA): DLA Energy, DLA Troop Support, DLA Land and Maritime, and DLA Aviation.

3. POLICY

a. DLA shall comply with statutory and regulatory requirements governing the Industrial Base to include the Defense Production Act of 1950 (DPAS, CFIUS, and Title III) and Government Property.

b. Generally, this policy ensures that relevant industrial capability and contractual instruments are available and utilized to enable DLA to meet the warfighter's requirements in a timely manner.

(1) The details of the DLA policy for surge and sustainment are contained in Subpart 17.93 of the Defense Logistics Acquisition Directive, <http://www.dla.mil/j-3/j-3311/dlad/rev5.htm>. Additional policy for items not covered in the Defense Logistics Acquisition Directive follow.

(2) For the DMSMS Program, DLA Logistics Operations & Readiness, Technical & Quality Policy Division, J334, shall act as the coordinating focal point for DLA DMSMS issues, and assist the DLA Enterprise supply chains to take timely action to mitigate the impact DMSMS situations will have on DLA's acquisition and logistics support. DoD 4140.1-R, DoD Supply Chain Materiel Management Regulation, Chapter 3, Section C3.6, creates the program and provides general guidance. The SD-22 DMSMS Guidebook and DLA Technical – Quality Policy and Procedures Deskbook provide more detailed guidance.

c. DLA policy for CFIUS shall follow Section 721 of the Defense Production Act of 1950 (Title 50 U.S.C. App., section 2170), which provides authority to the President to suspend or prohibit any foreign acquisition, merger, or takeover of a U.S. corporation that is determined to threaten the national security of the United States.

4. RESPONSIBILITIES. See [Enclosure 3](#) for Roles and Responsibilities.

5. PROCEDURES. See [Enclosure 4](#) for Procedures.

6. EFFECTIVE DATE. February 25, 2011

Director, Strategic Plans and Policy

4 Enclosures

Enclosure 1 - References

Enclosure 2 - Historical Information

Enclosure 3 - Roles and Responsibilities

Enclosure 4 - Procedures

Enclosure 1
References

1. Section 721 of the Defense Production Act (Title 50 U.S.C. App., section 2170).
2. Executive Order 13456 of January 23, 2008 - Further Amendment of Executive Order 11858, Concerning Foreign Investment in the United States, <http://www.fas.org/irp/offdocs/eo/eo-13456.html>.
3. Defense Planning Guidance.
4. Title 10 USC, Chapter 148, National Defense Technology and Industrial Base, Defense Reinvestment, and Defense Conversion, Jan. 5, 2009, <http://www4.law.cornell.edu/uscode/10/stApIVch148.html>.
5. DoD Directive 4400.1, Defense Production Act Programs, October 12, 2001, Certified Current as of September 14, 2007, <http://www.dtic.mil/whs/directives/corres/pdf/440001p.pdf>.
6. Defense Priorities and Allocations System, 15 CFR 700, http://www.access.gpo.gov/nara/cfr/waisidx_07/15cfr700_07.html.
7. DoD 4400.1-M, Department of Defense Priorities and Allocations Manual, dated 21 Feb 2002, <http://www.dtic.mil/whs/directives/corres/pdf/440001m.pdf>.
8. DoD Instruction 3110.6, War Reserve Materiel (WRM) Policy, dated June 23, 2008 <http://www.dtic.mil/whs/directives/corres/pdf/311006p.pdf>.
9. DoD Directive 5000.60, Defense Industrial Capabilities Assessments, dated October 15, 2009, <http://www.dtic.mil/whs/directives/corres/pdf/500060p.pdf>.
10. DoD 5000.60-H, DoD Handbook: Assessing Defense Industrial Capabilities, dated April 26, 1996, <http://www.dtic.mil/whs/directives/corres/pdf/500060h.pdf>.
11. DoD Directive 4140.1, Supply Chain Materiel Management Policy, dated April 22, 2004, <http://www.dtic.mil/whs/directives/corres/pdf/414001p.pdf>.
12. DoD 4140.1-R, DoD Supply Chain Materiel Management Regulation, dated May 23, 2003, <http://www.dtic.mil/whs/directives/corres/pdf/414001r.pdf>.
13. DoD Directive 4275.5, Acquisition and Management of Industrial Resources, dated March 15, 2005, <http://www.dtic.mil/whs/directives/corres/pdf/427505p.pdf>.
14. Executive Order 12919, dated June 3, 1994, National Defense Industrial Resources Preparedness, <http://www.disastercenter.com/laworder/12919.htm>.
15. Defense Logistics Acquisition Directive, subpart 45.1 <http://www.dla.mil/j-3/j-3311/dlad/rev5.htm>, subpart 45.1 Government Property; Federal

Acquisition Regulation, <https://www.acquisition.gov/far/html/FARTOCP45.html>, Part 45-
Government Property; and Defense Federal Acquisition Regulation Supplement,
<http://farsite.hill.af.mil/VFDFARA.htm>, Part 245

16. DMSMS Policy Documents:

a. SD-22 – DoD DMSMS Guidebook,
http://assistdocs.com/search/document_details.cfm?ident_number=275490

b. DLA Technical – Quality Policy and Procedures Desk Book,
<https://headquarters.dla.mil/j%2D3/j%2D334/Deskbook/TQDeskbook%20BSM%20version%20Jul%2031%202007.pdf>.

17. Official DMSMS Web sites:

a DoD: www.dmsms.org

b. DLA/DLA LAND AND MARITIME: www.dsc.dla.mil/programs/dmsms/

18. Executive Order 12742, National Security Industrial Responsiveness, dated January 8, 1991,
<http://www.presidency.ucsb.edu/ws/index.php?pid=23581>

19. Air Force Policy Directive 63-6, Industrial Base Planning, dated April 22, 1993,
<http://www.e-publishing.af.mil/shared/media/epubs/AFP63-6.pdf>

Enclosure 2
Historical Information

1. The ICP is a holistic approach to leveraging the industrial base during wartime, and encompasses the legacy Industrial Preparedness Program (IPP), which was established in the 1970s, as the means to ensure there was a method to provide critical items required by combat forces when they were mobilized. The program concept called for the identification of, and agreements with “planned producers,” to meet the anticipated surge in requirements for go-to-war items. The agreements stated that the planned producer would increase production to the levels specified within the agreement when triggered by DoD. Under the IPP concept the provisions of FAR 6.302-3 were implemented to allow DoD activities to limit acquisitions for these items to the planned producers, in order to maintain critical capability to produce the needed items. Funding was provided under the Industrial Preparedness (IP) Funding budget line.

2. In Fiscal Year (FY) 1996, DoD published DoD 5000.60, Defense Industrial Capabilities Assessments, and cancelled all the DoD IPP regulations. However, the IP budget line that was originally established was not changed, and it continues to support program elements directly related to maintaining industrial capability to support wartime requirements. Planning under the ICP goes beyond the intent of the original IPP concept. DoD activities perform assessments of critical items to determine if adequate production capability exists, identify any shortfalls, and take action to improve industrial capability to avoid costs associated with buying and storing large inventories of War Reserve Material. Within DLA, this approach led to the development of the surge and sustainment (S&S) program. Under this concept, S&S clauses are inserted in long-term contracts that include items with wartime/contingency requirements. S&S clauses require analysis of production capability and the identification of cost effective alternatives to offset Industrial Capabilities (IC) shortages.

Enclosure 3
Roles and Responsibilities

1. DPAS Roles and Responsibilities. Both the Acquisition Programs and Industrial Capabilities Division (J74) and the designated field DPAS officers are responsible for the effective operation of the DPAS process within DLA. Specific responsibilities are subdivided in the following sections.

a. HQ DLA J74 Responsibilities. J74 through the HQ DPAS officer will:

(1) Provide overall program management of the DPAS process.

(2) In coordination with the field DPAS officers, ensure that the SAP system logic functions in accordance with the DPAS regulations. The HQ DPAS officer will submit and track any remedy tickets, system change requests (SCR) or system updates that are required to ensure compliance.

(3) Maintain the SAP DX list. A list of WSDCs that are linked to the DX programs, approved by OSD, is housed in an SAP table (ZWST_WSDC_DPAS). The HQ DPAS officer is responsible for coordinating with Weapon System Support Managers (WSSM) to ensure that any WSDC that is eligible for a DX rating is contained in that table. The field DPAS officer will access this table to verify DX program applicability but will not make any changes or updates – only the HQ DPAS officer has authority to make updates or changes. When high volume loads of NSN data are required to update the EBS table, the HQ DPAS officer should contact J71 personnel responsible for automation systems and request the DPAS ratings change through data upload procedures.

(4) Maintain an updated roster of Agency DPAS officers and establish and certify any specific training requirements for these individuals.

(5) Serve as the main point of contact for DPAS officers at OSD and in the Services. Any requests for Special Priorities Assistance (SPA) that cannot be resolved at the field level will be elevated to the DLA HQ DPAS officer who will work with the Service DPAS officer for resolution. SPA requests that cannot be resolved at the HQ level will be elevated to OSD.

b. Field Responsibilities. DLA field DPAS officers have the following responsibilities:

(1) Reviewing and releasing DPAS workflows in a timely manner.

(2) When asked, informing contractors of their responsibilities under the DPAS.

(3) Monitoring timely delivery of DX-rated contracts. This function may be performed in coordination with Post-Award Administrators.

(4) If production delays are incurred or the contractor is not complying with DPAS procedures, an attempt must first be made to resolve the issues at the lowest level possible. If the field DPAS officer is unable to resolve an issue at the field level, he/she may prepare an SPA

request, utilizing Department of Commerce Form BIS-999, and elevate it to the HQ DPAS officer.

2. The Deputy Director, Acquisition (J7), has the following oversight responsibilities for the administration of J7's Government-owned Property (GP) program:

a. Oversight of procedures for the management, acquisition, and retention of GP by the Primary Level Field Activity(s) (PLFA).

b. Specifying the minimum content of informal GP spreadsheets/database records.

3. DLA PLFAs' Supply Chain responsibilities for administering GP are as follows:

a. Establish programs to comply with the procedures contained in this Instruction.

b. Assign a GP focal point, usually an Industrial Specialist (IS), who will coordinate the use, acquisition, and disposal recommendations for GP.

c. The PLFA Chief of the Contracting Office (CCO) will ensure the accountability and financial accuracy of GP status as appropriate, which is reflected in formal EBS records and/or informal spreadsheet database records.

(1) Ensure formal (Asset Master) accountable inventory records are maintained for all GP.

(2) Conduct comprehensive reviews before processing requests for funding of new GP.

(3) Coordinate all requests for new GP needed to establish, maintain, or improve industrial capability through the Warstopper Program Manager to determine if Warstopper funding is appropriate. If Warstopper criteria are met, the IS will ensure the Program Description and Approval Document (PDAD) is processed and submitted to the Warstopper Program Manager for final approval. For GP items that do not meet Warstopper criteria, the IS will ensure supply chain procedures for this type of investment are followed and HQ DLA J74 is notified of actions taken and any resulting changes to the GP inventory.

(4) Certify continued retention of GP in the Asset Master at the end of each fiscal year and submit inventory listing to HQ DLA J74. If Asset Master is not fully functional, an electronic spreadsheet may be used to provide the results of the inventory.

(5) Authorize the use of Government property for the production of DLA-managed items in accordance with FAR Part 45 and DFARS Part 245.

Enclosure 4
Procedures

1. Comply with Title I, DPA of 1950, DPA. Title I of the Defense Production Act of 1950 authorizes the President to require the priority performance of contracts and orders necessary or appropriate to promote the national defense over other contracts or orders. DPAS is the operating system whereby applicable purchase orders and contracts are assigned a priority rating, indicating to a contractor that the contract is subject to DPAS and the contractor must give rated orders or contracts preferential treatment, as required by the regulation. Rated orders are identified by a priority rating consisting of the rating – either DX or DO – and a program identification symbol. Rated orders take precedence over all unrated orders, as necessary, to meet required delivery dates. Among rated orders, DX-rated orders take precedence over DO-rated orders and unrated orders. Orders may only be assigned a DX rating if they are in support of a program that has been approved by OSD (a list of these approved programs can be found through a link at the DPAS Web site: <http://www.bis.doc.gov/dpas/default.htm>). DO ratings are the next level of priority and take precedence over unrated orders. All DLA orders for items that fall under an approved program are eligible for a DO rating, unless otherwise indicated by the DPAS statute or DoD DPAS Directive. The second part of the DPAS rating is the program identification symbol. Program identification symbols indicate which approved program is involved with the rated order. For example, A1 identifies defense aircraft programs and A4 signifies defense tank and/or automotive programs. The program identification symbols, in themselves, do not connote any priority. A listing of approved programs and their program identification symbols can be found in Schedule 1 of the DPAS regulation (15 CFR 700).

a. A DX rating generally cannot be applied to an order for stock, but if a letter from the system's Program Office, signed by the Program Manager, is provided, along with a BIS 999, the request will be considered.

b. The priorities and allocations for certain items have been delegated under Executive Orders 12919 and 23853, other executive orders, or Interagency Memoranda of Understanding to agencies other than the Department of Commerce, which administers the DPAS. The DPAS regulation, and therefore DPAS priority ratings, is not applicable to certain items which DLA procures. Specifically, DPAS ratings cannot be used on orders for items that fall under the priorities and allocations authorities of other designated agencies, as follows:

(1) Authority for the priorities and allocations of health resources has been delegated to the Department of Health and Human Services (HHS). Orders for items procured by the Medical Supply Chain shall not contain a DPAS rating except by agreement with HHS. HHS is currently in the process of developing its own operating system for the prioritization and allocation of health resources. In the interim, if there are examples of medical items which cannot be obtained by the required delivery date because a supplier must satisfy commercial customers or there are conflicts with orders from other Government agencies, the medical DPAS officer should contact the HQ DPAS officer who will coordinate with HHS for possible resolution.

(2) Authority for the priorities and allocations of food resources and food resource facilities has been delegated to the Department of Agriculture (DA). Orders for items procured by the Subsistence Supply Chain, which meet the definition of "food resources" or "food

resource facilities,” as defined in Executive Order 12919, shall not contain a DPAS rating except by specific agreement with DA. An exception exists for combat rations. Orders for combat rations should contain a rating of DO-C1.

(3) Authority for the priorities and allocations of energy has been delegated to the Department of Energy (DE). Orders for energy placed by the DLA Energy shall not contain a DPAS rating except by specific agreement with DE. DLA Energy is authorized to place rated orders for missile fuel because that product, dinitrogen tetroxide, is not a petroleum based product.

c. DoD 4400.1-M, contains further limitations for the placement of rated orders. Ratings will not be used for commercial end items, unless they are unavailable in a timely manner. End items exclude repair parts, spares, and components which do not stand alone in their intended use but are incorporated into end items. Therefore, commercially available spares and components of end items can be rated.

d. For items in the hardware and troop support supply chains, DPAS ratings are contained in the EBS Material Master on the purchasing tab. The rating contained in the DPAS field should be consistent with the authorizations and limitations of the DPAS regulations (discussed above). Within DLA, the application of DPAS ratings to a purchase order or contract is systematically governed by logic built into the SAP system. When a new Purchase Request (PR) is generated it will go through the system logic prior to being sent to the acquisition specialist to work. If the DPAS rating already contained in the Material Master (or lack thereof in the case of ineligible items) does not meet any of the exceptions in the logic, the PR will be released to the buyer and no action is required by the field DPAS officer. If an exception is encountered within the system logic, the PR will block and a SAP workflow will be generated. The workflow must be reviewed and released by the designated DPAS officer before an award can be made. There are three scenarios which will trigger a DPAS workflow.

(1) If a PR is rated DO, is customer direct (CD) and non-FMS, but is assigned a weapon system designator codes (WSDC) that is on the DX program list, the PR will block and the DPAS Officer will receive a workflow. The DPAS officer will verify that the PR and item is being procured in support of a DX rated program. If it is, the DPAS officer will change the DPAS rating in the Material Master to DX and release the PR. The DPAS officer will receive a system generated e-mail indicating that a DX-rated order has been issued. The DPAS officer will maintain a log of DX-rated orders to track contractor compliance. An automated report will be developed to track all open DX-rated contracts but until that report is completed, DPAS officers will have to track DX-rated orders off-line.

(2) If a PR is rated DX, the PR will block and the DPAS officer will receive a workflow. The DPAS officer will verify that the PR and item is being procured in support of a DX-rated program. If it is, no update to the Material master is required and the DPAS officer will release the PR. If it is not, the DPAS officer will change the DPAS rating in the Material Master to DO (or make it blank if the item is ineligible for a DPAS rating based on the limitations described above) and release the PR.

(3) Items that are ineligible for a DPAS rating based on the jurisdictional limitations stated in the 15 CFR 700.18(b)(1) (see section 1.b above) will have a blank DPAS rating in the

Material Master and be excluded from the SAP blocking logic. For items that are not specifically excluded from the blocking logic, a PR with a blank DPAS rating in the Material Master will generate a workflow. The DPAS officer will review the workflow and if the item is eligible, he/she will apply the appropriate rating and program identification symbol and release the PR.

2. Compliance with Title III, Defense Production Act (DPA) of 1950, Capacity Expansion or Creation. Title III authorizes DoD to address industrial base shortfalls that impact national security needs. The purpose of the Title III program is to create, maintain, modernize, or expand the productive capacities of domestic sources for critical components, technology items, and industrial resources essential for national security and for which either no domestic capacity exists, it is insufficient to meet defense needs, or it is in jeopardy of being lost. Title III initiatives focus on technology issues that support defense-wide applications. On occasion, OSD issues a call for DLA to submit Title III projects. Projects should be submitted through the appropriate chain of command to HQ DLA J74, in support of a data call or independently.

a. As a result of industrial base analyses, the PLFAs should prepare a business case which documents the following criteria: (a) The industrial resource or critical technology item is essential to the national defense; (b) Private industry cannot reasonably be expected to provide the needed industrial resources or critical technology item in a timely manner without the incentives provided under Title III of the DPA; (c) Title III actions are the most cost-effective, expedient, and practical alternative for meeting the need; and (d) The combination of U.S. national defense (military) demand and foreseeable non-defense (commercial) demand is greater than the total domestic industrial capacity.

b. Based upon HQ DLA critical review for feasibility, HQ DLA J74 will submit the project to the DoD Title III Program Office. The Title III Program Office will review for compliance with the Title III criteria.

c. With approval of the project by the DoD Title III Program Office, HQ DLA J74 will coordinate with DLA Finance (J-8) to include the project in the appropriate budget submission and/or congressional notifications, as required. Congress must be notified of any proposed Title III project. Title III action may not be initiated until 60 days after congressional notification.

d. The PLFA will be apprised if the project is approved and when funding is made available.

e. The PLFA will work with the DoD Title III Program Office to complete the project.

3. Comply with Title VII, DPA of 1950, CFIUS. The CFIUS is chaired by the Department of Treasury, with representatives from DoD, State, Commerce, Homeland Security, and Justice, as well as several other Executive agencies. The committee is responsible for ensuring that acquisitions of domestic companies by foreign entities do not have an adverse impact on our national security. Threats to national security include, but are not limited to, unauthorized disclosure of classified information, unauthorized transfer of export controlled technology, and the loss of reliable suppliers for defense-related Federal departments and agencies.

a. Defense Technology Security Administration (DTSA) furnishes CFIUS case notifications to DLA, the Services, and various other Defense activities for review and determination of

potential security impacts. HQ DLA J74 has responsibility for reviewing cases and providing the official DLA response back to DTSA.

b. Reviews must be completed 30 days after the Department of the Treasury receives notice from the companies. DTSA typically requests responses from component Agencies by day 21, giving approximately 3 weeks for HQ DLA J74 to conduct a review.

(1) Upon receipt of a CFIUS case, the HQ DLA J74 Action Officer (AO) will forward the case and attachments to analysts at the Defense Logistics Agency Office of Operations Research and Resource Analysis (DORRA). DORRA will search available contract databases, using the CAGE codes and names of the companies in question to determine if DLA has current/recent business with either of the firms involved in the acquisition. In addition to the DORRA analyses, the HQ DLA J74 AO will search the Federal Procurement Data System-Next Generation (FPDS-NG) and review the filing documents to determine if DLA has open contracts or equities in the subject case.

(a) If it is determined that DLA has business/equities with either of the firms, the case will be staffed out to DLA General Counsel (DG), industrial specialists, contracting officers, or analysts at the affected Supply Chain/business area to obtain more information. DG will comment on any concerns related to pending litigation or other legal concerns and the field point of contact (POC) will be asked to comment on the nature of supplies/services being provided, affected weapons systems, and end-users. CFIUS cases involving metals/minerals (regardless of whether or not there are direct DLA contracts) will be sent to DLA Strategic Materials for comment. All field POCs will be asked to provide responses to the following questions posed by DTSA:

1. Whether the U.S. firm produces a critical and/or highly vulnerable defense technology, critical and/or highly vulnerable infrastructure asset, critical law enforcement asset, or unique defense or infrastructure capability;

2. Whether the U.S. firm produces technology that is unique and would provide a technological advantage to the United States, and should therefore not be acquired by a foreign entity;

3. Whether the U.S. firm is a sole source supplier for DoD contracts, classified or unclassified, and/or has technology that has military applications;

4. Whether the company to be acquired is part of the DoD's critical infrastructure that is essential to protect, support, and sustain military forces, and whether this acquisition negatively impacts the DoD's Defense Critical Infrastructure Program (DCIP);

5. Whether any identified national security concerns posed by the transaction may be eliminated or reduced to tolerable levels by the application of risk mitigation measures under existing DoD regulations or through Mitigation Agreements concluded through negotiation with the parties.

6. Upon receipt of responses, the HQ DLA J74 AO will format and prepare a recommended response that incorporates the input from DG and the field with any other relevant

information obtained by HQ regarding the companies and supplies/services in question. Based on the findings from the review, the response will either indicate that DLA did not uncover any information significant enough to warrant further investigation or that further investigation is recommended based on a credible threat to national security. Recommendations for further investigation must be based upon a risk-based analysis that considers the criticality and/or vulnerability of the U.S. assets being acquired and the threat to those assets posed by the acquiring company and/or country, and the consequences to national security if the threat is realized. Factors that must be addressed in a risk-based analysis and request for investigation are described in detail in the DoD CFIUS Directive. A DLA-provided risk-based assessment and request for further investigation would need to be supported at the DLA Director's level.

7. The recommended response is then provided to the HQ DLA J74 Chief for concurrence.

8. Upon concurrence from the HQ DLA J74 Chief, a formal response is sent to DTSA.

(b) If, subsequent to the DORRA and HQ DLA J74 analyses, it is determined that there are no open/recent contracts or equities with any of the firms involved in the case and that there are no other DLA concerns, the HQ DLA J74 AO will prepare a recommended response that addresses the questions posed by DTSA and which states, "DLA does not anticipate an adverse impact on DLA support as a result of the proposed acquisition significant enough as to warrant a CFIUS investigation."

1. The recommended response is then provided to the HQ DLA J74 Chief for concurrence.

2. Upon concurrence from the HQ DLA J74 Chief, a formal response is sent to DTSA.

(2) In all of the above scenarios, the HQ DLA J74 Chief is the final decision authority for CFIUS cases, unless special action is requested or deemed necessary by the DLA Acquisition (J7) Director, DLA Director, or DLA Vice Director.

(3) All of the CFIUS responses provided to DTSA will be maintained in the Industrial Capability Program folder on the Q-drive.

(4) DLA's primary responsibility in the CFIUS process is to comment on the potential impacts the proposed acquisition could have on DLA operations. If DLA believes there is relevant information that should be taken into consideration by other reviewing organizations or DoD as a whole, the AO can include that information in the response as a recommendation.

4. Satisfy DMSMS process requirements. The loss or impending loss of manufacturers of items or suppliers of items or materials may cause supply shortages that could endanger a weapon system's or equipment's development, production, or post-production support capability. The DMSMS Program is designed to provide continued support to our customers when the established producer indicates that it will no longer make the item. J3314 is the HQ DLA focal point for interacting with the Services, other Agencies, and Industry to resolve DMSMS

problems. The process details can be found in the DLA Technical – Quality Policy and Procedures Deskbook. The senior J334 logistician shall be the DMSMS lead for this effort, with the DLA Land and Maritime DMSMS program manager as the secondary lead. Both positions will represent DLA on the DoD DMSMS Working Group. (The DLA DMSMS Integrated Supplier Team (IST) is the centralized office that interacts with the Services, other Agencies, and industry on DMSMS problems.)

5. Administer Government-owned Property. The Industrial Capabilities Program includes oversight of the DLA Acquisition (J7) pool of Government-owned Property (GP) used for industrial production. This property consists mainly of special tooling which is needed to produce the repair parts or consumable items DLA buys. In these cases, it is not economical for the contractor to provide the tooling or equipment. Each PLFA may be storing GP for the contractor's use in the performance of applicable DLA contracts while for other contracts, service-owned tooling is provided to DLA for DLA's contractors. Inventory records and documentation of the movement of GP is normally maintained by each PLFA in an electronic spreadsheet or database. A paper record of transactions of GP may be used to back up spreadsheets or databases but an electronic record is preferred. All records must be accurate and available for audit at any time. Paper records of backup data may be needed for emails or other important documentation to show a complete accountability trail.

a. Requests for GP normally originate during the acquisition cycle and can be identified to the acquisition specialist and IS through review of the Material Master, by a product or equipment/technical specialist, or in some cases, GP requests will come directly from the contractor.

b. The PLFA GP Industrial Specialist (IS) determines if the required GP is DLA owned or if it is Service owned.

c. If GP is DLA owned, the IS will locate the GP, determine if the GP is available, advise the acquisition/contract specialist of its disposition, setup delivery to the contractor, and track its receipt.

d. If GP is Service-owned, the IS will formally request use of the GP from the owning Service and upon approval make arrangements for shipment to the contractor.

e. The GP monitor, in consultation with the acquisition specialist and procurement analyst (Policy), provides guidance to the contracting officer (per Supply Chain direction) as to the appropriate FAR/DFARS/DLAD clauses that should be incorporated into the contract.

f. When the contract is completed, the IS will assure that the GP is returned to the DLA storage site or to the site location designated by the owning Service, as appropriate. While the movement of the GP is controlled by the contract and it is expected to be returned, the IS shall incorporate some type of tracking routine within their spreadsheet/database, to monitor the return of the GP. If GP is to be left at the contractor's site or transferred to another contractor's facility under the terms of a contract, the records in the spreadsheet/database must reflect this action. If the GP has not been returned after one month from its scheduled return date, the IS shall take action to locate the GP, determine its status and if appropriate, request its return to a government storage facility. If GP is consumed in the manufacturing process, e.g., a mold, the IS will

indicate in the spreadsheet/database the item's present status, e.g., consumed in the manufacturing process and disposed of and or replaced.

g. Funding to cover shipment of the GP to and from the contractor's location should be available through PLFA funds, an appropriate Transportation Account Code (TAC), or arrangements made through Inter Service Support Agreements.

h. The DLA HQ GP monitor will review current inventory listings via the EBS Accountability Report annually. At the request of the DLA HQ GP monitor, the PLFA GP monitors will review their GP inventory to dispose of unneeded equipment and submit a current inventory listing certifying the continued need for remaining GP. The evaluation of whether a piece of GP is needed should not be considered an annual only function but performed throughout the year as needed. The IS shall also be capable of submitting a report, at the DLA HQ GP monitor's request, on status of all GP that was disposed of, lost, stolen, damaged, destroyed, etc. All reports shall be signed by a supply chain contracting head or other management person to certify all actions have been properly documented and are auditable.

(1) Unneeded DLA GP takes up resources to keep it in storage and should be disposed of when it is determined that it is no longer of value to the government. The following provides specific criteria to be considered in the disposing of unneeded GP from DLA possession.

(a) The first step in the disposal process is for IS to review potential disposal candidates. If such a review determines that an item of GP is no longer required, the following factors must be considered prior to disposal action.

1. Q1. Is the item made by this equipment on a weapon system that is still required by the Services?

2. Q2. Is the item made by this equipment still used in some type of application, e.g., an FMS application that is no longer used by our Military Services?

3. Q3. Are there any contingency requirements for the item made by this equipment?

4. Q4. Is the item made by this equipment an insurance item? (Insurance item is defined as a non-demand-based, stocked, essential item for which no failure is predicted through normal usage. However, if a failure was to be experienced, or a loss should occur through accident, abnormal equipment or system failure, or other unexpected occurrence, lack of replacement item would seriously hamper the operational capability of a weapon system.)

5. Q5. Did the item made by this equipment enter the system in the last four years?

6. Q6. Has a buy for the item made using this tooling/equipment occurred in the last three years?

7. Q7. Has there been a demand in the last year for the item made by this tooling/equipment?

(b) The above questions serve as a guide as to what should be asked before disposal action is taken. Q1 thru Q4: A “YES” to any of these questions would indicate that disposal is not warranted.

(c) Q1 thru Q4: A “NO” reply to all of these questions would indicate that this item is a candidate for disposal and then “Q5 thru Q7” should be asked. If they are answered with a “NO”, the item is a disposal candidate; if any are answered with a “YES” disposal action should be delayed.

1. The IS may be directed by a higher authority to dispose of a piece of GP from inventory or to rid the inventory of all equipment that is used in production/support of a particular weapon system. For example, the Navy directed specific tooling items used in making repair parts for the F-14 Tomcat be demilitarized/destroyed to prevent the unauthorized availability and potential use of new spare parts. Once this direction has been validated, then the item can be removed and disposed of as directed. The documentation to dispose of this equipment should be kept, as part of the auditable documentation trail to support updating of asset master formal property records.

2. If a piece of GP is located that has no identification, no known purpose and after a reasonable amount of research, no purpose can be identified, the item should be disposed of. Documentation of the research and other actions to determine the item's status should be available to support updating the formal property records.

3. GP that is visibly not serviceable but could otherwise be used to produce currently used parts should not be disposed of, but kept to be repaired or as a possible sample item to be used to fabricate a replacement. The information that this equipment is unserviceable should be entered in the GP monitor's records and made known to any activity that requests its use.

4. After researching the equipment and determining that it may no longer be needed, a final step should be taken to verify that the proposed disposal action is warranted. To accomplish this, coordination should be made with supply planners, product specialists and the affected DLA customer(s). They can do their own reviews and coordinate with the customer POCs to confirm that, e.g., the weapon system(s) are no longer in service and that the parts the GP helps to produce are not needed.

5. After authorized disposal, update formal records and file documentation of disposal actions. Backup documentation needs to include an audit trail supporting each disposal.

(2) The GP inventory listing (spreadsheet/database) should contain at a minimum the following fields: PLFA that controls the item, NSN that is produced with the GP and its nomenclature, tool number/serial number of GP if available, tool nomenclature if available, acquisition cost, date tooling was purchased, item's current location and quantity. In addition, if this GP is located at a contractor's facility the contract number and its end date or the date that the GP is scheduled to be returned to the government should also be recorded. It is understood that some of the above information, e.g. tool/serial number, acquisition cost, or date of

procurement may not be available because it was never captured in a timely manner. This does not eliminate the responsibility to make a reasonable effort to acquire this data to strive for the accuracy and completeness of DLA property records. Additional data elements that the IS deems necessary are completely acceptable for inclusion in informal spreadsheet/database records. However, the Asset Master record in EBS should be limited to the data elements for which it was designed.

6. Utilize WarStopper Program. See DLA Instruction 1212, Industrial Capabilities Program – Manage the WarStopper Program.