

CHAPTER 6

LOAN OF DLA STOCK FUND MATERIEL

SECTION I - GENERAL

206101 - PURPOSE AND SCOPE

This chapter implements DLAR 4140.27, Loan of DLA Stock Fund Materiel, and prescribes responsibilities and procedures governing the processing of issues and receipts of DLA materiel which have been loaned to Military Service and non-Service activities.

206102 - POLICY

a. Request for approval of loans will be submitted by the Service to the appropriate DSC. Except for emergencies, Air Force requisitions will be covered by negotiated loan agreements between Air Force and DSCs.

b. Loans of DLA materiel normally will be limited to a period of 120 calendar days from date of receipt by borrower to date of shipment for return. DSCs are authorized to grant extension of period of loan not to exceed 30 calendar days. Loan extension requests for periods of more than 30 calendar days will be forwarded by DSCs to HQ DLA, ATTN: DLA-OS for approval.

c. Loan of Service-owned Prepositioned War Reserve Materiel Stocks (PWRMS) is prohibited without prior Service concurrence.

d. Materiel will not be purchased by DLA to satisfy the request for a loan. Approval of loans will be on the basis of materiel available in system stocks which are not required to meet programmed requirements of the Military Departments during the period of the loan.

e. Transportation charges will be paid by the borrower for shipment from and return to the DLA supply point.

f. Services will reimburse DSCs for:

(1) Materiel not returned and materiel classified upon return to DLA as unserviceable or uneconomically reparable computed at current standard stock fund prices.

(2) Cost of repair and reconditioning of returned materiel to an issuable condition.

(3) Transportation costs when materiel was shipped at DSCs expense.

g. Non-Service agencies, through and coordinated by the designated executive Services, will reimburse DSC for:

(1) Loans under provisions of paragraph 206103b, below, for charges covered by subparagraph f above, except where exempt by law.

(2) Loans under provisions of paragraph 206103c, below, for charges covered in subparagraph f above, except where exempt by law, plus accessorial cost to include packing, handling, and crating.

h. To ensure that there is no misunderstanding as to reimbursable charges on DLA property returned by non-Service borrowers, such returned property should be received by the supporting Service with condition shown as Subject to Final Classification by DLA. DSCs will ensure that distribution depots complete classification of property used by non-Service borrowers, determine applicable charges, and submit billing to the supporting Service within 60 days of return of the property.

206103 - RESPONSIBILITIES

DSCs may loan DLA stock fund nonexpendable equipment and supplies to:

a. Services for support of such missions as emergencies, large scale exercises, maneuvers on a one-time basis, and National Board for the Promotion of Rifle Practice for National Matches, provided the items are available in DLA stocks and their use will not jeopardize the programmed mission support.

b. Non-Service agencies for programs such as Scout Jamborees, Olympic Games, and others, authorized by Public Law or Executive Order to the extent that items are not available in resources of the Service designated as executive agent by the Secretary of Defense, and subject to the condition that such loans will not jeopardize the programmed mission support. The Service designated as executive agent will arrange appropriate bond when so stipulated by the Public Law or Executive Order, and establish controls to ensure return of DLA materiel.

c. DSCs response in time of significant natural disaster will be subject to field activity command decision. The primary consideration is immediate response to prevent human suffering or to mitigate great destruction or damage to public property of the United States. Overall responsibility rests with the Department of the Army which, through Continental Army Commanders, will utilize existing Army assets or will provide funded requisitions. However, the very nature of disaster situations may preclude this procedure. Loan of DLA materiel is authorized under these circumstances. When time permits, DSCs will advise the Chief, Storage and Distribution Division, Executive Directorate, Supply Operations, (DLA-OS) in advance of making such loans.

SECTION II - PROCEDURES

206201 - ISSUE OF LOAN

Preparation for the issue of loan materiel will be IAW appendix E-521 P. The following guidance will be used:

a. DSO will:

(1) Review request for loans to ensure that the following data is reflected:

(a) The purpose for which the requested items are required.

(b) The time period over which the loan will be made.

(c) A list of all items and quantities required.

(d) A statement that the resources of the Military Department are not available to meet loan requirements.

(e) A statement that the borrowing Service will assume all liabilities, responsibilities, and costs incurred in the loss, movement, and operation of the loaned item.

(f) Declaration of the monetary value of the property based on the published catalog price.

(g) Reimbursement will be made for charges rendered IAW DLAR 4140.27, paragraph III.I.

(h) For loans to non-Service activities, a statement specifying the current Executive Order or Public Law which authorizes the loan and that the appropriate bond has been arranged when required by the Executive Order or Public Law.

(i) Assignment of a 3-digit Project Code IAW the provisions of MILSTRIP to identify loan requisitions and returns. See also appendices A-11 and A-121.

(j) Fund citation, where applicable, chargeable for transportation costs.

(k) Fund citation, where applicable, chargeable for materiel cost should billing be necessary.

(2) Assign Project Code 2G6 to all loans of materiel to other than Services. See appendix A-11.

(3) Disapprove loan request if the above mentioned statements are not reflected, or if peacetime stocks are at or below the ROP or would reach the ROP during the period of the loan. In the application of these criteria, consider estimated time between date items would be transferred to Purpose Code L and the beginning of the loan period, and estimated time between end of loan period and date items would be returned to stock ready for issue. If the loan is disapproved, based on the stock position, forward a letter (refer to appendix C-75) with the stock availability data of requested item and any suitable substitute and all other pertinent information to HQ DLA, ATTN: DLA-OS for final decision. If the priority of the requisition is 01-08, the above information will be forwarded by message or telephone. Loans disapproved due to lack of sufficient information or prior approval will be returned to the borrower for resubmission IAW DLAR 4140.27. Copy of letter (appendix C-75) will be filed in Loan Jacket File.

(4) When loan is approved, action will be taken to update the Project Code Reference Table with the Project Code assigned to the loan. This will be accomplished by utilizing the Project Code Reference Table

Transaction (appendix B-126), with appropriate Basic Service Code (appendix A-161) and Project Action Code Y (refer to appendix A-121). See appendix E-126 P.

(5) Using the original requisition from the borrower annotate the necessary management data. The remarks portion of the document will be annotated with the following statement: OVERPUNCH AN 11 ZONEPUNCH IN CARD COLUMN 1.

(6) Receive from OTIS a Manager Review Reentry Document, DIC ZLL, appendix B-127, with MNIC X (refer to appendices A-90 and E-127 P). This represents a loan transaction being processed without a manager forced action code or a requisition received as direct input from the borrower. This condition will be processed IAW appendix E-521 P.

(7) Receive Violation Control Reentry Transaction (appendix B-65), Controlled Violation Listing (appendix F-122) or Uncontrolled Violation Listings (appendix F-117) from OTIS. Action will be taken to review the violation based on the VRC assigned (refer to appendices A-82 and E-004 V).

(8) Receive Exception Data MROs (DIC A55/A5E, appendix B-7) from OTIS, annotate exception information as described in appendix E-515 P and mail MRO to the distribution point cited in the RIC (To) field.

(9) Process MRO Denials IAW provisions of appendix E-521 P and chapter 4.

(10) Annotate materiel on loan register with applicable data.

(11) Set up suspense file for a date 21-days prior to end of loan period.

(12) Initiate mandatory secondary supply action upon receipt of a denial.

(13) File all correspondence in loan jacket file which has been set up for that specific loan project.

b. OTIS will:

(1) Process an Issue Transaction by posting DIC D7N to the THF and process a simultaneous adjustment by means of a Materiel Adjustment Document, appendix B-22, using DIC D8D to debit Purpose Code L with the quantity dropped from Purpose Code A. The assets in Purpose Code L (refer to appendix A-15) will be reflected against the location cited in the Requisition Transaction (A0_) or the Manager Review Reentry Transaction (DIC ZLL/ZLM).

(2) Reject any loan request received as a direct input by the borrower by means of DIC ZLL with MNIC X (appendix A-90). This document will be forwarded to the Inventory Accounting Branch, DSO.

(3) Ensure that automatic secondary supply action will not be taken on the manager directed input which results in a denial.

(4) Produce a MRO reflecting Purpose Code A and transmit to the distribution depot cited in the RIC (To) field. Forward Exception Data MROs to the Requisition Processing Branch, Stock Control Division, DSO.

(5) Forward Violation Control Reentry Transactions and Violation Listings for review to DSO based on the ORC.

206202 - PROCESSING RETURNS OF LOAN MATERIEL

Preparation for the return of loaned materiel will be IAW appendix E-158 P. The following guidance is offered:

a. DSO will:

(1) Screen suspense file to determine if any of the outstanding loans will reach the termination date within a 21-day period.

(2) Provide the borrower, three weeks prior to expiration of the loan period, instructions for returning loaned materiel (in the format of appendix C-74). The borrower will be requested to provide the DSC with advance copies of the shipping document (DD Form 1348-1, appendix C-11).

(3) Utilize the DD Form 1348-1 as a basis for preparing the Due-In Record (appendix B-42, DIC DFN). Ensure that the original project code is perpetuated and Purpose Code A is cited. Mechanical processing will automatically create a PMRC DIC DWN, and transceive same to the distribution depot indicated to receive the materiel.

(4) Provide the distribution depot(s) with a copy of the letter to the borrower (appendix C-74) plus instructions concerning acceptable conditions of materiel, reporting of damages, method and location of inspection, disposition of materiel other than serviceable, repairing activity if repairs are needed, or any other instructions necessary to cover return of loan materiel.

(5) Receive information copy of the MRC (DIC D6) which has been posted to the NIR. The MRC will be processed IAW chapter 40. The receipt document will cause a decrease to Purpose Code L and increase to Purpose Code A for that NSN and quantity. When the Due-In File reflects a balance after all returns have been made, a manual Due-In reversal will be made for that quantity outstanding.

(6) Process the Storage Quality Control Report (DD Form 1225), when received from the distribution depot, IAW chapter 3.

(7) Prepare necessary documentation for repair of loan materiel IAW chapter 17.

(8) Inform HQ DLA of any major problems encountered in clearing loan accounts.

(9) Treat each project code separately. Returns will be applied against loans only for the specific items and quantities originally loaned.

(10) Process a Loan Issue Transaction (Nonreturn), appendix B-158, for that quantity not returned at the end of the loan period or for that

materiel which was disposed of locally by the borrower. This input will cause the materiel to be dropped from the accountable records as Purpose Code L and create a billing action DIC FA1 without producing a MRO.

(11) Materiel classified upon receipt by the distribution depot as serviceable or unserviceable/economically repairable will be credited at 100 percent of current standard price less the cost of repairs or reconditioning of the unserviceable materiel. This applies to all commodities except Clothing and Textiles. The criteria for Clothing and Textiles are:

(a) Materiel issued as Condition A (new) and returned in Condition B (serviceable) will be billed at 50 percent of current standard price. Condition B will be applied to all returned serviceable materiel which has been used, regardless of period of usage.

(b) Materiel issued as Condition A and returned in an unserviceable/ economically repairable condition will be billed at 50 percent of current standard price plus the cost of repair or reconditioning. Total billing will not exceed 100 percent of current standard price. Materiel returned in Condition H will be billed at 100 percent of the current standard price.

(c) Materiel issued as Condition B and returned in an unserviceable/economically repairable condition will be billed for cost of repairs or reconditioning only. Materiel returned in Condition H will be billed at 50 percent of the current standard price.

(d) There will be no charge for materiel issued as Condition B and returned in serviceable condition.

(12) Prepare an IOM (DLA Form 111) IAW appendix E-514 P and forward to Office of Comptroller. The Financial Subsystem will process DIC YYM to effect the billing of the charges specified in the IOM.

b. ODS will:

(1) Process all MRCs, DIC D6N, and provide DSO an information copy of the transaction.

(2) Process the Nonreturn Loan Issue (DIC ZDM) by dropping the assets from the NIR, billing the borrower, and suppressing the MRO.

(3) Process Due-In reversals as required and create cancellations to the depots for the PMRCs.

(4) Process input from Office of Comptroller to create a bill to the borrower.

206203 - REPORTING DOLLAR VALUE OF OUTSTANDING LOANS

DSO will:

a. Prepare a financial report IAW appendix E-514 P on a quarterly basis. The report data will be manually extracted from the loan jacket file and will be sequenced by project code.

b. Forward report in duplicate to the Office of Comptroller. File one copy in loan jacket file of each project code appearing in the report.