

APPENDIX E-530 P

REPAIR OF ITEMS BY COMMERCIAL FACILITIES

1. PURPOSE

To prescribe the policies and procedures for preparing and processing Purchase Requests (PRs) for repair of items by a commercial facility and the subsequent processing of due-in and receipt transactions.

2. APPENDICES USED IN THIS PROCESS

- a. Appendix A-11, Project Codes.
- b. Appendix A-12, Advice and Status Codes.
- c. Appendix A-15, Purpose Codes.
- d. Appendix A-16, Supply Condition Codes.
- e. Appendix A-60, Fund Classification Codes.
- f. Appendix A-114, Inhibit Codes.
- g. Appendix A-121, Project Action Codes.
- h. Appendix A-147, Method of Computation Codes.
- i. Appendix A-154, Peculiar Management Codes.
- j. Appendix B-17, Cancellation Transaction (Customer Cancellations).
- k. Appendix B-22, Materiel Adjustment Transaction (Single or Dual Adjust-ment).
- l. Appendix B-41, Due-In Transaction (Procurement Instrument Source).
- m. Appendix B-42, Due-In Transaction Other than Procurement Instrument Source.
- n. Appendix E-041 P, Due-In Transaction Procurement Instrument Source.
- o. Appendix E-042 P, Due-In Transaction Other than Procurement Instrument Source.
- p. Appendix E-139 P, Recommended Buy/Batch Repair Transactions.
- q. Appendix E-382 P, Materiel Release Denial/Cancellation Transaction Listing.
- r. Appendix E-506 P, Amendment Transactions and Status Requests for Stock and/or Direct Delivery Buys.

s. Appendix E-515 P, Exception Data Requisition Type Documents and Exception Data.

t. Appendix F-113, Materiel Release Denial/Cancellation Transaction Listing.

u. Appendix F-117, Uncontrolled Violation Listing.

v. Appendix F-122, Controlled Violation Listing.

w. Appendix F-160, Discrepancy Report Notice.

x. Appendix F-167, Standard Supply Control Study.

### 3. REFERENCES

a. DLAM 4715.1, SAMMS Contracting Subsystem Operating Procedures.

b. DLAM 7000.2, SAMMS Financial Subsystem Operating Procedures.

c. DLAM 4151.1, Maintenance Management Manual.

d. DLAR 4151.10, Policy Governing Contracting for Equipment Maintenance Support.

### 4. SCOPE

These procedures are applicable to Directorate of Supply Operations (DSO), Directorate of Contracting and Production (DP&P), Directorate of Technical Operations (DTO), and Office of Comptroller (Compt).

a. The DSO is responsible for determining when repair of an item by a commercial facility is required, preparing and processing Purchase Requests requesting contractual services, and preparing and/or processing the related issue and receipt documents.

b. The DP&P is responsible for initiating invitations for bid, awarding contracts, and furnishing copies of the contract to the applicable Item Managers (IMS) and the Materiel Support Office when the award has been made. A Manufacturing Directive Number will be assigned to each specific Purchase Request by DSO. This three position number will be noted on the contract. The first position will always be a numeric 7 or 8 and the next two positions will be any numeric/alpha configuration.

c. The DTO is responsible for furnishing complete technical data necessary to effect repairs to the item.

d. The Comptroller is responsible for certifying that Object Class 25 funds are available to cover the repairs, IAW DLAM 7000.2, appendices E-25 and E-27.

### 5. POLICY

To ensure maximum utilization of reparable assets consistent with established stockage objective and/or costs and availability of funds, regardless of source from which these assets were generated. (Processing personnel will coordinate with MSO, prior to initiating repair of items, as required.)

## 6. GENERAL

a. To the maximum extent practicable, stock replenishment will be effected through utilization of reparable assets.

b. The DSO is responsible for determining those items which will require repair. If the item is shipped to a commercial contractor, it will be dropped from the National Inventory Record (NIR). Purchase Requests will be issued to cover the repair of items shipped to commercial contractors. All shipments and receipts, including repair parts issued on a nonreimbursable basis, will be identified in the transaction records to permit posting to appropriate financial records.

c. Commercial maintenance contracts for repair, modification, and so forth, will be awarded and administered on the basis of the lowest total cost to DLA. These costs will include all Government Furnished Materials (GFM) and suitable charges for Government furnished tooling, equipment, facilities, and so forth.

d. Occasionally, component repair parts will be used which are not from the same commodity category as the end item being repaired. There will also be occasions when the component repair part will be shipped from the purchase source to the contractor or facility performing the repair service.

e. The issuance of repair parts to commercial contractors which will be consumed in the repair of end items will normally be accomplished by means of a reimbursable transaction. In these instances, the accounting entries to be followed will be the same as for any reimbursable issue transaction. When repair parts are issued without reimbursement, DSO will process such repair parts using the applicable Document Identifier Code (DIC). (Detailed instructions for document processing are contained herein.)

f. A 14-digit document number will be assigned to the Materiel Release Order (MRO), pos. 30-43 and will be perpetuated with the applicable document number from the Discrepancy Report/F-160 Report on the Prepositioned Materiel Receipt Transaction and other related documentation. The three-digit Manufacturing Directive Number will be cited in pos. 54-56 with applicable Project Code reflected in pos. 57-59 and will be perpetuated on all related documentation.

g. Necessary controls will be maintained by the Materiel Support Branch, MSO, of all purchase requests initiated for commercial repair. This section will verify that the GFM is available for shipment to the contractor, in coordination with Stock Control Division, and monitor the established priorities.

h. Object Class 25 funds will be cited when stocks are issued for repair or modification.

## 7. RESPONSIBILITIES

a. Inventory Management Divisions will:

(1) Item Managers are responsible for determining the need to repair unserviceable items and/or providing disposition instructions. Items reflected on DD Form 1225 or SF 364 as the result of an adjustment action or materiel received by distribution depots and are held in Condition Code D, F, or G, will be output to IMs on Discrepancy Report Notice, appendix F-160, for review. This report affords the IMs an early opportunity to review and schedule repair of unserviceable stocks, if needed, to fill requirements through the retention limits, and preclude concurrent purchase. IMs will:

(a) Review the current stock position and management/demand history for the item.

(b) Review the Discrepancy Reports, DD Form 1225 or SF 364, or other related documents, to determine items and quantities to be repaired/modified and returned to stock for support of system requirements.

(c) Coordinate with MSO, and DTO, if necessary, when information on the Discrepancy Reports is insufficient, i.e., technical data, cost estimates, and so forth, to prepare the purchase request for commercial repair.

(d) If no action is taken to schedule the item for repair or otherwise dispose of the item before the NSN reaches the reorder point level, a Recommended Repair Transaction (DIC ZGS) will be output simultaneously with the Standard Supply Control Study (SSCS) and applicable Recommended Buy/Batch Control Transactions. These Recommended Buy/Repair/Batch Control Transactions will be processed in accordance with appendix E-139 P. The purpose of the Recommended Repair Transaction is to recommend unscheduled unserviceable Condition Code D, F, or G items for repair. All repair recommendations will be coordinated with MSO to ascertain the economic feasibility of repairing the recommended quantity. (When a Discrepancy Report has not been received.) Only when a firm commitment to repair is anticipated will the recommendation be approved.

NOTE: If the repair recommendation is approved, processing of the repair transaction with the appropriate action code will transfer the stock to Purpose Code F mechanically.

(e) When items are scheduled for repair prior to mechanical recommendation, manual adjustment of the NIR will be accomplished by the IM, in coordination with Materiel Support Branch, MSO, by using information furnished on the Discrepancy Reports and the format outlined in appendix B-22 for processing applicable adjustment (DIC DAD).

(f) Prepare an Off-Line (Manual) Purchase Request (SF 36) when it has been determined that repair/modification will be accomplished by a commercial facility. This PR will be handled manually, not through the computer program.

1. The purchase request number will be manually constructed as outlined below and entered on the PR:

a. First Position - A to denote a manual Walk-Thru Purchase Request.

b. Second Position - R for stock repair.

c. Third Position - DSC Code, i.e., C-DCSC, E-DESC, G-DGSC, I-DISC, or M-DPSC (Medical), T-DPSC (Clothing), or S-DPSC (Subsistence).

d. Fourth and Fifth Positions - Last two digits of calendar year.

e. Sixth through Eighth Positions - Julian day that the SF 36 is typed.

f. Ninth through Fourteenth Positions - Applicable serial number assigned to the individual PR. Serial numbers will start with 000,001 each day and/or the first number in the series assigned to the applicable Branch or Division where register for recording Walk-Thru PR Numbers are maintained.

2. Annotate on the PR the NSN, noun nomenclature, quantity, location, delivery date, estimated repair cost obtained from the Discrepancy Report, if available, standard unit price, and any additional information required, i.e., The purpose of this PR is to request repair services by a commercial facility.

NOTE: Annotate the Discrepancy Report in remarks column, HOLD PENDING SHIPPING INSTRUCTIONS FOR COMMERCIAL REPAIR.

3. Forward/hand-carry PR and five copies of the Discrepancy Report, if applicable to MSO for further processing and distribution. Retain one copy each of PR and applicable Discrepancy Report in Item History Folder.

b. Materiel Support Branch, MSO, has the prime responsibility for assigning Project Codes, finalizing and controlling purchase requests received from IMs, authorizing the expenditure of funds to perform commercial repair actions, and effecting coordination with DP&P and, when necessary, the storage locations. The Project Officer, MSO, will:

(1) Receive PRs and five copies of the Discrepancy Reports, if applicable, from the Inventory Management Divisions, Item Managers, and review for accuracy and completeness.

(2) Assign Project Code 3G1 and obtain certification of Object Class 25 funds for the repair actions from the Comptroller.

(3) Forward/hand-carry to DTO when additional technical data is required to effect commercial repair. This includes, but is not limited to, item description, preservation and packaging data, and quality control clauses.

(4) Establish and maintain a Purchase Request Register cross-referenced to the applicable Discrepancy Report.

(5) Forward/hand-carry PR to DP&P for initiation of award.

(6) Upon notification of award, receive four copies of the contract from DP&P for subsequent initiation of shipping instructions to the applicable storage depot.

(7) Maintain a master listing of all current commercial contracts properly identified by Manufacturing Directive Number (this three digit number will always begin with a numeric 7 or 8) and cross-referenced with Project Code/Discrepancy Report to facilitate timely coordination action. (In addition to posting the contract number, the purchase request number will also be recorded in order to provide a cross-reference between the PR and contract number.)

(8) Forward two copies of the contract, Discrepancy Report, and a cover IOM/form letter with complete shipping instructions to Stock Control Division, for preparation of a Materiel Release Order (MRO) to initiate shipping action and establish dues-in. (The IOM/form letter will include type of repair, exact quantity, location, unit price, repairing facility, mode of shipment, and other pertinent information deemed necessary.) One copy of the contract will be forwarded to the Item Manager and one copy will be retained for MSO file.

(9) Coordinate with the Property Administrator, DP&P, Production Division, as necessary. Followup actions with contractors are the responsibility of the Property Administrator when GFM is involved. (These actions will be coordinated with the IM, Project Officer, MSO, and Inventory Accounting Branch, Stock Control Division, as required.)

(10) Commercial workload forecasts will be developed and included with all maintenance work requirements submitted for purchase action. These forecasts will be based on past actual costs for accomplishment of like or similar work.

(11) Maintenance workload accomplished by commercial contract sources will be given the same emphasis and level of management attention as workloads performed by DLA maintenance activities. Production and accrued cost information will be used to measure the progress of contractor performance.

(12) A maintenance workload program will be developed IAW provisions of DLAM 4151.8 and DLAR 4151.10.

(13) Review and conduct research on denials, rejects, or shortages reported on appendices F-113 and F-132.

c. Stock Control Division, Inventory Accounting Branch, will:

(1) Receive two copies of the commercial repair contract, Discrepancy Report, if applicable, and a cover IOM/form letter citing the complete shipping instructions from MSO. One copy of the contract will be forwarded to the distribution depot and one copy retained for SCD file.

(2) Ensure that materiel is available in appropriate Purpose/Condition Codes. Prepare the applicable due-in/NIR inquiry. Additionally, contact the appropriate storage location to verify/confirm availability of materiel.

(3) Upon determination that materiel is available, prepare a manual exception MRO, DLA Form 934, as outlined in appendix E-515 P. Assign a 14-digit document number to the MRO, pos. 30-43, and submit to ODS.

Perpetuate the 14-digit document number on all related correspondence. (The mechanical processing of the DLA Form 934 will drop the Unserviceable Materiel from the NIR and generate a DIC A5E document.)

(4) Furnish the Requisition Processing Branch, SCD, a copy of the DLA Form 934 with instructions to return the DIC A5E document to the Inventory Accounting Branch upon receipt from ODS.

(5) Receive the DIC A5E document from the Requisition Processing Branch and annotate with the applicable exception data/special instructions. Ensure the exception data includes the remark - DO NOT OVERSHIP.

(6) Forward the MSO form letter and the DIC A5E document to the applicable storage depot to effect shipment of unserviceable materiel to the contractor.

(7) Prepare a manual Due-In Transaction, DIC DDM, IAW the format of appendix B-41 and input for computer processing. Input of this transaction will create a PMRC, DIC DUM, to be forwarded to the distribution depot to receive the repaired/modified materiel from the contractor.

NOTE: When required, Due-In reversal transactions, DIC DDM, with an X overpunch in pos. 25 will be manually prepared.

(8) Establish and maintain a contract file with all related documents for coordinated followup or other required actions. (All followup actions and any contact with the contractor will be coordinated with the Property Administrator, DP&P.)

(9) Contact the distribution activity to remark stocks and update records when an NSN, Unit of Issue Change, and so forth has occurred between the time that the original document was initiated and forwarded to the distribution activity and the materiel was received and reported to the DSC.

(10) Coordinate with MSO/IM for resupply action caused by denials, rejects, or shortages of GFM not within the contract variation.

(11) Processing Cancellations and Denials (DICs AC\_ and A6\_):

(a) In the event it is determined that a Supply Directive should be canceled and confirmation of shipment has not been received, submit to ODS a cancellation request document (DIC AC\_) in the format of appendix B-17.

(b) Violations resulting from input of Supply Directives which produce appendices F-117 and F-122 transactions/listings will be processed in accordance with applicable E appendices based on input document identifier codes.

(c) Materiel Release Denials/Adjustments received from distribution activities will be mechanically processed by ODS. Quantities previously established as due-in from commercial contractors will be mechanically/manually adjusted when appropriate. Denials involving issue of items to commercial contractors will not be reinstated by ODS.

The ODS will produce and forward a listing (appendix F-113) reflecting Materiel Release Denials/Adjustments submitted by distribution activities. This listing will be processed in accordance with appendix E-382 P.

(12) Establish controls for processing requisitions, receipts, and/or shipping directives to ensure that transactions are properly coded to provide data for financial accounting.

(13) Retain copies of the contract and all related documents until repair/modification of the item has been completed and all actions have been properly recorded.