SUBJECT: Over/Under Shipment Policy

References: (a) DLA HQ Policy Memorandum, subject: Over/Under Shipment Policy and Procedures, dated July 5, 2007, hereby superseded
(b) DLM 4000.25-1, Military Standard Requisitioning and Issue Procedures, (MILSTRIP), Chapter 3, Requisition Processing and Related Actions
(c) DLM 4000.25, Defense Logistics Management System, Volume 2, Chapter 4, Requisitioning
(d) DLA Distribution Operations Training Manual for Warehousing Policy and Procedures

1. PURPOSE. This Issuance supersedes Reference (a). It implements policy, assigns responsibilities, and provides procedures associated with the shipment over or under the quantity reflected on a customer's original requisition in accordance with the guidance in References (b) and (c). The purpose of this instruction is to:

   a. Establish criteria when over and under processing is authorized.

   b. Establish criteria when over and under processing is prohibited.

   c. Document procedures for over or under processing.

2. APPLICABILITY. This Instruction:

   a. Applies to DLA Headquarters; DLA Aviation, DLA Land and Maritime, DLA Troop Support (hereafter referred to collectively as DLA Supply Centers) and their Support Activities; DLA Distribution and DLA Distribution Centers.
b. Does not apply to DLA Disposition Services and DLA Energy.

3. DEFINITIONS. See Glossary.

4. POLICY. It is the Agency’s policy to fill customer orders in the exact quantity requisitioned to the maximum extent possible. The over/under shipment shall be determined based on the Quantity Unit Pack (QUP) of the National Item Identification Number (NIIN), the requisition's advice code, and consideration of the Inventory Control Point (ICP) Maximum Release Quantity (MRQ). Enclosure 2 provides business rules and procedures describing when over/under shipments are and are not authorized.

5. RESPONSIBILITIES. See Enclosure 1.

6. PROCEDURES. See Enclosure 2.

7. INFORMATION REQUIREMENTS. See Enclosure 3.

8. INTERNAL CONTROLS. Information Systems edits in the Enterprise Business System (EBS) and Distribution Standard System (DSS) ensure the correct handling of over/under processing. DLA Distribution will also monitor incoming Supply Discrepancy Reports for discrepancies which indicate the customer's requisition specified no unit of issue/unit of pack variance acceptable.

9. RELEASEABILITY. UNLIMITED. This instruction is approved for public release and is available on the Internet from the DLA Issuances Internet Website at http://www.dla.mil/Issuances/.

10. EFFECTIVE DATE. This Instruction:


   b. Must be reissued, cancelled, or certified current within 5 years of its publication in accordance with DLA Instruction 5025.01, DLA Issuance Program. If not, it will expire effective July 25, 2023 and will be removed from the DLA Issuances Website.
Enclosures
   Enclosure 1 - Responsibilities
   Enclosure 2 - Procedures
   Enclosure 3 - Information Requirements
Glossary
RESPONSIBILITIES

1. THE DIRECTOR, LOGISTICS OPERATIONS (J3):
   a. Is responsible for administering logistics management for the Agency; and
   b. Provides overall guidance for logistics management in DLA.

2. THE DIRECTOR, MATERIEL POLICY, PROCESS AND ASSESSMENT (J33) shall:
   a. Develop, maintain and publish Over/Under Shipment Policy.
   b. Work with the DLA Distribution and ICP to develop coordinated business rules for both ICP and storage site processing.
   c. Review/approve data reflected in the DSS Global Over/Under Shipment Control Table, annually by March 30.

3. THE COMMANDERS OF DLA AVIATION, DLA LAND AND MARITIME, AND DLA TROOP SUPPORT shall:
   a. Implement ICP procedures documented in this instruction.
   b. Submit recommended business rules or process changes to DLA HQ J332 for review/approval.

4. THE COMMANDER, DLA DISTRIBUTION shall:
   a. Implement storage site procedures documented in this instruction.
   b. Work with storage sites and material managers for approvals to add NIIN exceptions to the DSS Global Over/Under Shipment Control Table.
   c. Document all requests for changes to the Global Over/Under Shipment Control Table and retain documentation until the exception is removed from the table.
   d. Load and maintain all data in the DSS Global Over/Under Shipment Control Table.
e. Provide an electronic file DSS Global Over/Under Shipment Control Table to HQ DLA for review/approval annually, by December 1, and update the table in accordance with the results of the review.

f. Update the DLA Distribution Operations Training Manual for Warehousing Policy and Procedures (reference (d)) in accordance with this Instruction and provide training to include the policies and procedures herein.

g. Validate approved NIIN at least once every 3 years and annually provide an electronic file of NIIN to DLA HQ.
ENCLOSURE 2

PROCEDURES

1. The over/under shipment process is governed by various factors which take into account the customer's requirement, the ICP asset position, and materiel handling efficiencies of the storage activity. Within the parameters of references (b) and (c), DLA business rules establish the underlining foundation for this section. Both EBS and DSS include table driven logic to edit incoming Materiel Release Orders (MRO) to determine eligibility for an over/under shipment to ensure consistent implementation.

2. Consistent with references (b) and (c), and customer driven requirements an over/under shipment shall NOT be authorized by the ICP or storage activity, when:

   a. The Ship To Department of Defense Activity Address Code of the customer’s requisition is a Navy ship.

   b. The unit price and the extended value QUP is greater than $50.00.

   c. The MRO contains advice codes: 2D, 2N, 27, 28, 29 or 34.

   d. The managing ICP has established a special program, such as a kitting arrangement, which excludes component stock numbers from this process.

   e. Classes of Supply are V (Ammunition), VII (Major End Item), or VIII (Medical).

   f. Stock associated with the MRO is coded with an Item Unique Identification or serial number.

3. ICP Processing. The Order Fulfillment process in EBS shall subject customer requisitions to data validation in accordance with the following business rules to determine over/under shipment eligibility. ICP processing shall apply the following procedures to an incoming requisition from a customer:

   a. EBS shall perform edits of incoming requisition to determine if the quantity ordered requires adjustment to a standard QUP multiple. EBS shall first determine if the amount of the adjustment is greater than 10 percent of the requested quantity. If yes, a further check shall be made to determine if the standard unit price (SUP) is greater than $8.00, or if the total dollar value of the adjustment is greater than $50.00. If yes to either check, no adjustment will be made.

   b. If the unit price is $8.00 or less and the total value of the adjustment is $50 or less, the ICP will adjust quantity ordered as follows:
(1) If the quantity difference equals 50 percent or less of the standard QUP, EBS shall decrease the quantity requested to the nearest unit pack multiple, send status to the customer (DIC AE_ (or DLMS equivalent) with requisition status code BJ: Quantity changed to conform to unit pack or because of allowable direct delivery contract variance; adjust the due-in records accordingly. If ICP records reflect stock on hand, a MRO will be generated to the Storage Site for the adjusted quantity.

(2) If the quantity difference is greater than 50 percent of the standard QUP, EBS will increase the requested quantity to the nearest QUP multiple, unless this increased quantity would exceed the MRQ.

   (a) If the adjusted quantity would exceed the MRQ for the item, no adjustment will be made by the ICP and a MRO for the original quantity will be generated to the Storage Site.

   (b) If the adjustment does not exceed the MRQ, EBS shall increase the quantity requested to the nearest unit pack multiple, send status to the customer (DIC AE_ (or DLMS equivalent) with requisition status code BJ as defined in 3.b.(1) above) and continue normal processing. If ICP records reflect stock on hand, a MRO will be generated to the Storage Site for the adjusted quantity.

(3) If the quantity difference equals 10 percent or less of the total requested quantity, the adjustment will be made as follows:

   (a) If the quantity difference equals 50 percent or less of the QUP, EBS shall decrease the requested quantity to the nearest standard QUP multiple, send status to the customer (DIC AE_ (or DLMS equivalent) with requisition status code BJ as defined in 3.b.(1) above) and continue normal processing. If ICP records reflect stock on hand, a MRO will be generated to the Storage Site for the adjusted quantity.

   (b) If the quantity difference is greater than 50 percent of the standard QUP, EBS shall increase the requested quantity to the nearest QUP multiple, unless this increased quantity would exceed the MRQ.

1. If the adjusted quantity would exceed the MRQ for the item, no adjustment will be made by the ICP and a MRO for the original quantity will be generated to the Storage Site.

2. If the adjustment does not exceed the MRQ, EBS shall increase the quantity requested to the nearest unit pack multiple, send status to the customer (DIC AE_ (or DLMS equivalent) with requisition status code BJ as defined in 3.b. (1) above) and continue normal processing. If ICP records reflect stock on hand, a MRO will be generated to the Storage Site for the adjusted quantity.

(4) No quantity adjustment will be made by EBS on any requisitions citing Advice Codes 2N, 2P, 28 (2N + 2L), 34 (2B + 2N) or 39 (2B + 2P).
(5) The ICP may make quantity adjustments on requisitions citing Advice Codes 2D, 27 (2D + 2L) or 29 (2D + 2G) when the quantity requested does not equal the QUP and the higher quantity increase changes the extended price by $5.00 or less.

(a) If the extended price increase is $5.00 or less, EBS shall ignore the Advice Code, increase the quantity to the next QUP, send status to the customer (DIC AE (or DLMS equivalent) with requisition status code BJ as defined in 3.b.(1) above) and continue normal processing. If ICP records reflect stock on hand, a MRO will be generated to the Storage Site for the adjusted quantity.

(b) If the extended price increase is greater than $5.00, the ICP will honor the Advice Code and the requisition will be filled for the exact quantity requested.

(6) Any unit pack adjustment resulting in a quantity greater than 99,999 will be adjusted downward to insure no MRO is sent to the Storage Site with a quantity which exceeds 99,999.

4. Storage Site Processing. An Incoming MRO from the ICP shall be edited and validated by the DSS using over/under shipment eligibility logic. This logic is embedded in the “Pick” logic of DSS and applies to mission picks only. It shall not be applied to redistribution orders or disposal release orders (DRO). Rounding parameters are table driven and are set in the Global Over/Under Shipment Control Table. This validation will set a preliminary over/under eligibility indicator as, an over/under pick authorized based upon cost (dollar), or an over/under pick authorized based upon NIIN (stock number).

a. Storage sites are authorized over/under shipments when the MRO from the ICP contains any Advice Code except: 2D, 2N, 27, 28, 29, or 34 and:

(1) The QUP is different from the order quantity and, the extended value of the rounding change is $50.00 or less and meets weight and cube considerations in the table, unless 4.c. below applies.

(2) The rounding results in a single Transportation Control Number (TCN), regardless of internal processes which allow split picks or the ability to partial at the point of packing.

(3) The stock number has been pre-authorized by the ICP and recorded on the Over/Under Shipment Control Table within DSS. This table is maintained by the DLA Distribution. Net rounding for both quantity adjustment and dollar value adjustment will be in accordance with the parameters within this table.

b. In addition to paragraph 2 criteria above, Storage sites are NOT authorize over/under shipments, when:

(1) The pick is partialed across multiple locations or between multiple worksites.
(2) Completion of the pick will draw the location down to zero, based upon global and/or detail data available in DSS or breaches quantities already allocated, e.g. through MRO, Redistribution Order (RDO), DRO or rewarehousing actions.

(3) The pick is an internal movement of material, such as a rewarehousing action.

(4) The pick is a DRO or RDO.

(5) The TCN is partialled.

(6) The QUP is greater than one and the quantity on the MRO is a multiple of the QUP shown on the Quantity By Location file within DSS.

c. The Global DSS Over/Under Shipment Control Table shall specify a default maximum dollar value of $50.00 for over/under shipments. However, the table may specify a different dollar value, by Service, which would only apply to the same Service MRO. If no dollar value is present under the Service headings on the table, the $50.00 dollar value shall be used.

(1) The table can also list NIIN which are approved for over/under shipment, which are exceptions to the $50.00 over/under shipment maximum. These NIIN may be added to the DSS Global Over/Under Shipment Control Table along with their individual dollar value maximum, as an exception, without regard to unit price. Any request to add NIIN to this table must be made through DLA Distribution. DLA Distribution shall review the request to determine if valid reasons exist to pursue approval from the materiel manager. If the NIIN is managed by DLA, i.e. SMS, DLA Distribution will coordinate approval with the appropriate Supply Planner for approval. If the NIIN is Military Service managed, (i.e. N32, FHZ, B16) DLA Distribution will coordinate with the MIL/Svc ICP or equivalent Supply Planner for approval.

(2) All requests to add a NIIN to the DSS Global Over/Under Shipment Control Table shall submit an Over/Under Pick Exception Request for “NIIN Approval”, using DLA Form 1933, (see Enclosure 3) that supports adding the NIIN to the table. The DLA Form 1933 can be downloaded from the DLA forms web site at http://www.dla.mil/dss/forms.

(3) The “NIIN Approval Form” will include the following data elements: Requestor Site, Originator Name and User ID, NIIN, Manager, Routing Identifier Code, Unit Price, Unit of Issue (U/I), QUP, Nomenclature, justification for requesting over/under shipment of this item. The “NIIN Approval Form” will also include Approver Signature (Supply Planner, Acquisition Specialist, Product Specialist), Date, and Justification if Disapproved.

(4) A copy of the “NIIN Approval Form” must be retained by DLA Distribution and an additional copy shall be provided to the DLA HQ J332 upon request.

(5) The DSS Global Over/Under Shipment Control Table has the capability to set a maximum weight and cube exception. Current default maximum weight is set at 99,999 pounds. Current default maximum cube is set at 9,999 cubic feet.
d. At the time of pick completion, the over/under quantity will be validated to insure any adjusted quantity is within the parameters of the DSS Over/Under Shipment Control Table. If the quantity is within the parameters of the table, the storage site will send a shipment confirmation to the ICP for the adjusted quantity (DIC ARA/ARB or DLMS equivalent) and continue normal processing. If the quantity exceeds the parameters of the table, no adjustment will be made. The storage site will pick exact quantity, send shipment confirmation to the ICP and continue normal processing.

e. An electronic file of the DSS Global Over/Under Shipment Control Table will be provided to HQ DLA J3 for review and approval annually, by December 1, or as requested. HQ DLA shall review the file and results of this review shall reflect those exceptions which may remain on the Table and those which must be removed by the DLA Distribution.

f. DLA Distribution will validate NIIN approvals that appear on the DSS ALAG table with the Managing ICP at minimum once every 3 years.

g. The DSS Global Over/Under Shipment Control Table shall be controlled and maintained by DLA Distribution. Ability to add, delete or change data on this table is only allowed at DLA Distribution and may not be delegated to the storage site.

h. Except for exclusions by NIIN based upon dollar value, the Over/Under pick logic shall be based upon QUP and dollar value constraints.
ENCLOSURE 3

INFORMATION REQUIREMENTS

NIIN APPROVAL FORM

| OVER / UNDER PICK EXCEPTION REQUEST FOR NIIN APPROVAL | Preprinted by: DLA 4000-01
| Sponsored by: J7 |

SECTION I - TO BE COMPLETED BY REQUESTER

| 1. SITE | 2. ORIGINATOR (Name / UserID) |
| 3. NIIN | 4. MGR RIC |
| 5. UNIT PRICE | 6. UII | 7. QUP |
| 8. NOMENCLATURE |

9. JUSTIFICATION FOR REQUESTING OVER/UNDERSHIP OF THIS ITEM

![SAMPLE]

SECTION II - TO BE COMPLETED BY APPROVER

| 10. COORDINATION HAS BEEN COMPLETED WITH THE FOLLOWING |
| Item Manager | Supply Planner | Acquisition Specialist | Product Specialist |

11. APPROVAL

- [ ] Approved
- [ ] Disapproved

11 A. JUSTIFICATION FOR DISAPPROVAL

12. REVALIDATION DATE

13. SIGNATURE OF APPROVER AND DATE SIGNED

SECTION III - TO BE COMPLETED BY REVALIDATION APPROVER

14. REVALIDATION DETAILS

15. SIGNATURE OF REVALIDATION APPROVER AND DATE SIGNED

DLA FORM 1933, FEB 2013
GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

These abbreviations and acronyms are for the purposes of this Instruction.

DLMS  Defense Logistics Management System
DRO   Disposal Release Order
DSS   Distribution Standard System
EBS   Enterprise Business System
ICP   Inventory Control Point
MRO   Materiel Release Order
MRQ   Maximum Release Quantity
NIIN  National Item identification Number
QUP   Quantity Unit Pack
RDO   Redistribution Order

PART II. DEFINITIONS

These definitions are for the purpose of this Instruction and apply to Requisition Transaction Advice Codes explanations in accordance with Reference (b), Appendix 2.15.

2B -- Requested item only shall suffice. Do not substitute/interchange. Also applies to "obsolete" / "inactivated" items previously rejected with Status CJ. When used in response to Status Code CJ, the submission of a new requisition shall be on DD Form 1348-6 with all appropriate technical data; for example, end item usage, component, make, model, series, serial number, drawing piece and/or part number, manual reference, or applicable publication.

2D  - Furnish exact quantity requested (i.e., do not adjust to QUP unless adjustment is upward and the dollar value increase is not more than $5 over the requisition's extended money value).

2G  - Multiple use: (1) Ship new stocks or stocks having new appearance; (2) Strategic mission requires latest model and configuration (for electronic tubes); (3) Strategic mission requires newest stock only (for photographic film or for aerial requirement for ammunition devices or cartridges); (4) Anticipated usage requires latest expiration dates only (for biological).

2L  - Quantity reflected in quantity field exceeds normal demands; however, this is a confirmed valid requirement.
2N - Item required in one continuous length as expressed in record position 25-29 and unit of issue in record position 23-24. No other configuration is acceptable and/or multiples of the unit pack is not acceptable.

2P - Item required in one continuous length as expressed in record position 25-29 and the unit of issue in record position 23-24. If requirements exceeds the unit of pack length, multiples of the unit pack is acceptable.

27 - Combination of Advice Codes 2D and 2L.

28 - Combination of Advice Codes 2N and 2L.

29 - Combination of Advice Codes 2D and 2G.

34 - Requested item only shall suffice. Do not substitute/interchange. Item required in one continuous length as expressed in record position 25-29 and the unit of issue in record position 23-24. No other configuration is acceptable and/or multiples of the unit pack is not acceptable. (Combination of Advice Codes 2B and 2N.)

39 - Requested item only shall suffice. Do not substitute/interchange. Item required in one continuous length as expressed in record position 25-29 and the unit of issue in record position 23-24. If requirement exceeds the unit pack length, multiples of unit pack is acceptable. (Combination of Advice Codes 2B and 2P.)