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IN REPLY  
REFER TO DLMSO

June 24, 2009

MEMORANDUM FOR SUPPLY AND FINANCE PROCESS REVIEW COMMITTEE (PRC)  
MEMBERS

SUBJECT: Approved Defense Logistics Management System (DLMS) Change (ADC) 324,  
DLMS Procedures for Materiel Returns from National Inventory Management  
Strategy (NIMS) Sites and Industrial Sites under Base Realignment and Closure  
(BRAC) (MILSTRAP, MILSTRIP, MILSBILLS, DLMS) (Staffed by PDC 312)

The attached change to DoD 4000.25-1-M, Military Standard Requisitioning and Issue  
Procedures (MILSTRIP), DoD 4000.25-2-M, Military Standard Transaction and Reporting  
Procedures (MILSTRAP), DOD 4000.25-7-M, Military Standard Billing System (MILSBILLS),  
and DoD 4000.25-M, Defense Logistics Management System (DLMS), is approved for  
implementation.

Addressees may direct questions to the DLMSO point of contact Ms. Ellen Hilert, Chair,  
Supply Process Review Committee, 703-767-0676; DSN: 427-0676; e-mail: [ellen.hilert@dla.mil](mailto:ellen.hilert@dla.mil);  
or Ms. Mary Jane Johnson, MILSTRAP Administrator, 703-767-0677; DSN: 427; e-mail:  
[mary.jane.johnson@dla.mil](mailto:mary.jane.johnson@dla.mil); or Mr. Robert Hammond, Chair, Finance PRC, 703-767-2117; DSN:  
427; e-mail: [robert.hammond@dla.mil](mailto:robert.hammond@dla.mil). Others must contact their Component designated Supply  
Process Review Committee representative.

DONALD C. PIPP  
Director  
Defense Logistics Management  
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Attachment

cc:  
ADUSD(L)SCI

**ADC 324**  
**Procedures for Materiel Returns from NIMS and Industrial Sites under BRAC**

**1. ORIGINATOR:**

- a. **Service/Agency:** Defense Logistics Agency
- b. **Originator:** DLA, DSCR-BAPS , 703-325-1258

**2. FUNCTIONAL AREA:**

- a. **Primary:** Supply/ Logistics. Receipt/Materiel Returns
- b. **Secondary:** Finance/Billing Adjustment

**3. REQUESTED CHANGE:**

a. **Description of Change:** This change documents procedures for materiel returns to the Defense Logistics Agency (DLA) as partially *implemented* under the National Inventory Management Strategy (NIMS) and currently *proposed* procedures in support of the 2005 Base Realignment and Closure (BRAC) decision. The change addresses communication between customer, the distribution depot, and the DLA ICP, and establishes new procedures for authorizing and processing customer credit for the returned materiel. **This change impacts MILSTRIP, MILSBILLS, MILSTRAP, and the DLMS equivalents.**

b. **Background and Detailed Procedures:**

(1) **NIMS.** The NIMS is a DLA strategy for extending DLA's consumable item supply chain management from the wholesale level to the point of consumption. While DLA was traditionally a wholesale distributor, NIMS extended DLA's supply chain management functions to the Service-managed retail inventory level. It replaced distinct wholesale and retail inventories with a nationally integrated inventory. It provided DLA with a much clearer view of immediate stock requirements by replacing redundant levels of management.

(2) **BRAC.** As a result of the 2005 BRAC decision, retail supply, storage and distribution (SS&D) functions and associated infrastructure supporting Service industrial/maintenance sites will transfer to DLA. Under BRAC the affected industrial sites (currently there are 13 sites) can no longer maintain retail stock balances. **Staffing Note:** The original proposed BRAC procedures included a variation of the rules for turn-ins from deployed maintenance units outside of the 60-day timeframe which has been removed by DLA request.

(3) **General Concept.**

(a) Materiel returns under BRAC Inventory Management and Stock Positioning (IMSP) and the NIMS differs from normal materiel returns processing. Once the customer has determined they have no use for the materiel purchased from DLA, it is returned to the Distribution

Depot/storage site where it is receipted into DLA ownership. DLA shall accept materiel back into DLA ownership regardless of the current stock asset position. Based upon business rules described below, DLA shall provide zero, partial, or full credit for the materiel to the customer. No credit for packaging, crating, handling, or transportation shall be provided.

(b) Materiel Returns Program (MRP) transactions, e.g., Customer Asset Reports (DI FTE), Reply to Customer Asset Report (DI FTR), and ICP/IMM Materiel Receipt Status (DI FTZ) do not apply; only those transactions specified in the detailed procedures are used under this concept.

(c) The Military Services shall be responsible for generating a Prepositioned Materiel Receipt transaction to the storage activity if it is a co-located DLA storage activity using Distribution Standard System (DSS) indicating that the returned materiel is to be receipted into Military Service ownership. The Military Service will then direct release resulting in transfer to DLA. **Staffing Note:** There are no currently implemented NIMS sites that have co-located DSS depots.

(4) **Detailed Procedures.** **Staffing Note:** The description below uses terminology unique to DLA processing under the DLA Enterprise Business System (EBS). This wording is preserved for documentation and better communication. However, the language of the MILS/DLMS publications (enclosures) is modified to use standard DoD terminology.

(a) **BRAC IMSP**

[1] At the industrial sites there are maintenance units which are authorized to turn-in unused DLA-managed materials to DLA. Maintenance activities will return material to DLA with all applicable paper work reflecting at a minimum national stock number, condition code, and document number. DLA-J8 has issued a policy to accept this type of retail returns regardless of the DLA asset position. The only consideration will be whether to give credit for the return. The materiel will be in hand before any credit processes are completed. The return will be to DLA at the forward point (the Shop Service Center (SSC)) or to DLA central receiving).

[2] The Air Force will make any determination of whether to keep or turn in materiel before the materiel is ever physically turned into DLA. The AF systems, Depot Maintenance Accounting and Production System (DMAPS)-Naval Air Systems Command Industrial Material Management System (NIMMS) will be the entry point for the return of the materiel. The transaction includes an internal Air Force Maintenance Document Number (beginning with "M") and is forwarded to D035K which produces a Prepositioned Materiel Receipt (PMR) transaction that is sent to the Distribution Depot indicating the Military Service activity to which the receipt will be reported. The Distribution Depot will report the receipt (DLMS 527R/D6A) to the Military Service activity as identified on the PMR. If D035K determines an internal Air Force need for the material (possible backorder), it will forward an issue document to the Distribution Depot for action. If there is no internal Air Force need for the material, and because the AF can no longer hold retail materiel in the retail account (not at the maintenance level, but in the defense depot), D035K will create a materiel release order (DLMS 940R/A5\_) using a 'FB' document number to the depot, directing release of the material to DLA (citing the Distribution Depot DoDAAC in the Supplemental Address/ship-to). The Distribution Depot will recognize this as a "wash" transaction, i.e., a transfer of ownership-in-place, and report the receipt (DLMS527R/D6B, Materiel Receipt - Other Than Procurement Instrument (DoD Activities) (returns from other DoD activity users into inventory, excludes receipt of end items from repair activity)) to the DLA Supply Chain owner. **Staffing Note:** This requires a DSS program change to correctly assign the Document Identifier Code (D6B vice current D6T) and the comparable

alphabetic code identifying the type of receipt in the DLMS 527R at LIN01.

[3] The DLA ICP will recognize the receipt (DLMS 527R/**D6B**) as being from the retail customer by the DoDAAC (Depot Retail Supply DoDAAC (“FB20\_\_”) Customer Group 3 = RET in the DLA Materiel Master) and from NIMS by the use of Project Code ‘NIM’ in the return document). The DLA EBS system will check the NIIN, quantity, date, and condition code of materiel on the receipt and search for previously completed sales orders from the retail customer with a delivery date within the last 60 days. If the turn-in quantity is less than or equal to the quantity on the sales order history, the system will process 100% credit equal to the original purchase price. Internal to DLA EBS, a “Credit Memo” with reference to the sales order selected is established. This triggers Finance to generate the applicable credit. Concurrently, EBS will post the return and increment the inventory. If more than one sales order must be used to provide credit for the total quantity on the return, a Credit Memo with Reference must be created for each sales order used. If one or more sales orders are found with credit memo(s) previously created, the system will continue to look for sales orders that have not been used. The system will be aware of any sales orders previously used in the return process to prevent reuse. If the turn-in quantity is greater than the quantity on the sales order history, the system will process 100% credit up to the sales order history quantity and pass the remaining quantity on to the simulated MRP process. The system will be aware of any sales orders previously used in the return process to prevent reuse. If no previous sales orders are found, if the return is not in the same condition code as issued, or if the return is outside of the 60-day window, the request for credit will flow through the simulated MRP process. Any credit granted will be provided through standard channels on a monthly basis through the summary billing report (FA2 transaction) issued by Finance. Since DLA can not push the credit down to the user level, it is the responsibility of the Air Force General Support Division (AF-GSD) to accomplish this.

[4] The simulated MRP process is basically the same as the FTE/FTR process except the receipt (DIC D6B) is the document used to begin the material return process in EBS. An internal offer/response (DIC FTE/FTR) action is simulated. This action will allow the internal comparison of assets on-hand/due-in to the Creditable and Retention Levels for a NIIN simply for the purpose of making a credit/no-credit decision. Planning will treat the D6B, recognizing it as being from a BRAC industrial customer, as an FTE to create Quote and Return Delivery. Credit will be determined, the receipt posted and credit triggered per the logic in the normal MRP process. Any credit granted will be provided through standard channels on a monthly basis through the summary billing report (FA2 transaction) issued by Finance. The Planning Process will be modified to suppress the exit of the FTZ/FTR since the material is already in hand. The AFMC has said that they do not need to receive status (FTZ) since they have already decided to turn in the materiel. This process is just for credit determination and to keep the financial records straight.

[b] **NIMS.** All processes above are the same except those noted below:

[1] The document number used for the return must be exactly the same as the document number used for the original sales order.

[2] The return document transaction must contain the project code “NIM”.

[3] No Prepositioned Materiel Receipt transaction is required for NIMS returns since the turn in location is a Naval storage activity that does not operate under DSS.

c. **DAASC Mapping:** No changes required.

d. **Alternatives:** Note identified at this time.

**4. REASON FOR CHANGE:** Per BRAC direction, DLA will accept all DLA managed materiel from industrial BRAC sites regardless of condition or current asset position of materiel for item(s) being returned. The agreement between DLA and Air Force to provide a full refund equal to the original sale price for material returned within 60 days of the sale is a new precedent. EBS requires systemic identification of Industrial and NIMS materiel returns to apply unique processing logic.

**5. ADVANTAGES AND DISADVANTAGES:**

a. **Advantages:** EBS and DSS will be able to comply with DLMS standards for the IMSP process.

b. **Disadvantages:** Unique procedures/system processing required.

**6. IMPLEMENTATION SCHEDULE:** The proposed AF site BRAC schedule is Aug 2009 through Jan 2010. NIMS sites are implemented.

**7. PUBLICATIONS:**

a. Update MILSTRIP, MILSTRAP, and MILSBILLS as indicated. A comparable change will be published to the DLMS Manual.

b. An update to the overarching policy/procedures under DoD 4140.1-R, DoD Supply Chain Materiel Management Regulation is required. A revision shall be submitted by DLA during the re-coordination of the proposed re-issuance.

## Enclosure 1

# DoD 4000.25.1-M, MILSTRIP

## C9. CHAPTER 9

### MATERIEL RETURNS PROGRAM (MRP) AND LATERAL REDISTRIBUTION OF RETAIL ASSETS

#### C9.1. GENERAL

C9.1.1. This chapter provides procedures for the interchange of information, between the owning organization and the item manager, on the reporting and disposition of assets. ~~In addition,~~ This chapter provides procedures for ICP/IMM directed lateral redistribution of retail assets identified by an Inter- or Intra-Service retail asset visibility system. *In addition, this chapter provides special procedures for returns to DLA from selected sites in support of Base Realignment and Closure (BRAC) Retail Supply, Storage And Distribution (SS&D)/Inventory Management and Stock Positioning (IMSP) and National Inventory Management Strategy (NIMS).* These procedures also establish the necessary controls to ensure timely processing of related transactions and provide for the automatic return of materiel under specified conditions.

C9.1.2. Policy regarding the reporting, transfer, lateral redistribution, and use of assets as an alternative to procurement (also known as the procurement offset portion of Total Asset Visibility (TAV)) is contained in DoD 4140.1-R, Supply Chain DoD Materiel Management Regulation.

C9.1.3. Customer Asset Reports (DI FTE) and follow-on documentation transmitted by electronic means will always be routed through DAAS.

C9.1.4. Credit for materiel returns is granted on the basis of receipt and classification by the consignee. Policy for granting credit is covered under DoD 4140.1-R<sup>1</sup>. Procedures for the timeframes and transactions for providing credit for materiel returns, lateral redistributions, and materiel provided for the procurement offset portion of TAV are contained in DoD 4000.25-7-M (MILSBILLS). MILSBILLS also cover credit procedures for packing, crating, and handling (PC&H) and transportation (T). In addition, MILSBILLS provides formats for Follow-up for MRP Credit (DI FTP) and Reply to Follow-up for Credit (DI FTB).

C9.1.5. U.S. Government activities returning materiel are cautioned that the returning activity may be held responsible for costs incurred by the receiving activity when discrepancies are reported and validated using SDR procedures (DLAI 4140.55 et al. and DLAI 4140.60 et al.). This includes returns made in violation of prescribed materiel returns procedures, returns exhibiting packaging discrepancies, and returns of reparable items unaccompanied by required technical data. Recoupment

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<sup>1</sup> DoD 4140.1-R revision pending. DLA is required to request approval of new procedures supporting BRAC/NIMS allowing full materiel credit for returns regardless of asset position with no credit for PCH&T.

action by the ICP against the initiator may include all cost reimbursable actions performed by the receiving activity such as repackaging, marking, and disposal.

## C9.2. APPLICABILITY AND SCOPE

C9.2.1. The provisions of this chapter are applicable to all activities offering or returning materiel to a Service ICP, DoD IMM, or the GSA. These procedures also apply to activities receiving and processing lateral redistribution orders of retail assets. ***These procedures apply to BRAC SS&D and NIMS site returns to DLA.*** Policy regarding utilization and redistribution of MAP materiel is contained in DoD 5105.38-M, chapter 11, section II. These procedures also apply to the processing of non-consumable items.

### C9.2.2. BRAC SS&D/IMSP and NIMS

***C9.2.2.1. Background. Under NIMS, DLA's consumable item supply chain management extends from the wholesale level to the point of consumption, replacing the Service-managed retail inventory level. Subsequent to the 2005 BRAC decision, retail SS&D functions and associated infrastructure supporting Military Service selected industrial sites transfers to DLA. As a result, selected industrial and NIMS sites can no longer maintain retail stock balances; once the customer has determined they have no use for the materiel, it is returned to DLA.***

***C9.2.2.1.2. A variation of the MRP Program is used for processing materiel returns to DLA from selected sites in support of the BRAC SS&D/IMSP and NIMS. Standard MRP transactions: e.g., Customer Asset Reports (DI FTE), Reply to Customer Asset Report (DI FTR), and ICP/IMM Materiel Receipt Status (DI FTZ) do not apply; only those logistics transactions specified in the detailed procedures under paragraph C9.20 are used. Under the NIMS/BRAC returns program, DLA accepts returned DLA-managed materiel back into DLA ownership regardless of the current stock asset position. Based upon specified business rules, DLA provides zero, partial, or full credit for the materiel to the customer. No credit for packaging, crating, handling, or transportation is provided.***

***C9.2.2.1.3. Unlike MRP, under the BRAC SS&D/NIMS return procedures it is the responsibility for the returning Military Service to provide a Prepositioned Materiel Receipt transaction to the applicable storage activity if that activity is a co-located DLA storage activity using Distribution Standard System (DSS). The only transaction exchange with DLA prior to financial processing, is the DLMS receipt transaction (527R /DI D6B) which is reported by the storage activity to the DLA ICP.***

------(Intervening text not shown) -----

## C9.20 RETURNS TO DLA FROM INDUSTRIAL SITES UNDER BRAC SS&D AND NIMS SITE CUSTOMERS

### C9.20.1. Industrial Sites Procedures

***C9.20.1.1 The return of DLA-managed material will be accomplished without processing the standard MRP program transactions. The individual maintenance customer will determine***

*when he has no immediate requirement for the material and will initiate the return process. The material shall be physically returned to the DLA storage activity with the applicable documentation. The returning activity shall provide a MILSTRAP Prepositioned Materiel Receipt (DW\_) transaction to the storage activity identifying the Military Service activity to which the receipt will be reported. Upon notification of receipt by the storage activity by a DLMS 527R (D6A), the Military Service activity shall determine if there is a need for the material by another maintenance user (backorder). If so, an issue document will be forwarded to the storage activity for action. If not, a Materiel Release Order will be initiated, directing shipment-in-place (citing the ship-to/supplemental address of the storage activity), authorizing a change of ownership to DLA. The receipt of the returned materiel from the Military Service ownership to DLA will be accomplished with a DLMS 527R (D6B).*

*C9.20.1.2. Upon notification of receipt, the DLA ICP shall determine if a corresponding sale to Service maintenance (identified by DoDAAC series/internal customer group) has occurred for the same materiel and condition code, within a 60 day time frame. If there is a matching sale, the customer will receive credit equal to the original sale. The Service's financial system will be notified of a credit via a DLMS/MILSBILLS Billing for Issue from Stock (810L/DI FA2).*

*C9.20.1.3. If no sale has occurred or the condition code differs from that on the original sale, DLA will provide credit based upon stock position. If the return quantity exceeds that of previous sales, credit will be provided equal to the original sale quantity and credit on the remaining quantity will be based upon stock position. DLA ICP business rules for determining whether to provide credit/credit amount are equivalent to the MRP program and policy contained in DoD 4140.1-R. The Service's financial system will be notified of a credit via a DLMS/MILSBILLS Billing for Issue from Stock (810L/DI FA2)*

*C920.2. NIMS Procedures. Materiel returns from a NIMS site customer will be processed as per C9.20.1.1 through C9.20.1.3, above, including use of the PMR, receipt to the Military Service, followed by the materiel release order directing shipment-in-place triggering receipt to the DLA ICP. The DLA ICP will process the receipt and determine if a sale has occurred for the same materiel, condition code, and customer within a 60 day time frame reflecting the exact same document number as the receipt (return) document. If there is an exact matching sale, the customer will receive credit equal to the original sale. Credit for any quantity returned over the original amount, in a different condition code than the original sale, or unmatched are subject to DLA ICP business rules equivalent to the MRP for determining whether to provide credit/credit amount.*



# **DoD 4000.25-7-M, MILSBILLS**

## **C2. CHAPTER 2.** **BILLING PROCEDURES**

### **C2.2. PREPARATION OF BILLS**

C2.2.1. General. Bills shall be prepared within 30 calendar days of the criteria provided in section C2.2 and must identify each shipment, delivery, service performed, or refund earned.

C2.2.2. Materiel Billing And Credit Amounts. In general, billings for materiel shall be at the standard price in effect at the time shipment and credit adjustment (refunds) shall be at the price originally billed. Exceptions are identified in the following subparagraphs. Billings and credits for services or allowances related to materiel shipments shall be processed as prescribed by section C2.5.

C2.2.2.1. Lateral Redistribution Credits. Reimbursements for materiel laterally redistributed shall be processed at the standard price in effect at the time of shipment. Credits may be fully or partially reversed by the IMM/ICP when a validated discrepancy report documents the materiel was not shipped in a condition or quantity warranting full credit.

C2.2.2.2. ISV Procurement Offset and MRP Credits. Credits shall be processed at the acquisition cost in effect at the time of receipt. Credits may be less, if in the opinion of the IMM/ICP the materiel received is not in a condition and or quantity to warrant full credit.

C2.2.2.3. Quality Deficiency Reports. When the original requisition number cannot be identified, the credits shall be at the current standard price.

***C2.2.2.4 Materiel Returns to DLA from Industrial Sites under Base Realignment and Closure (BRAC) Retail Supply, Storage And Distribution (SS&D)/Inventory Management and Stock Positioning (IMSP), and National Inventory Management Strategy (NIMS) Sites<sup>1</sup>. A variation of the MRP Program is used for processing materiel returns to DLA from selected sites in support of the BRAC SS&D/IMSP and NIMS. Standard MRP DLMS/MILSTRIP transactions do not apply. No credit for packaging, crating, handling, or transportation shall be provided.***

***C2.2.2.4.1 Industrial Sites. DLA-managed materiel returned by an industrial customer at BRAC industrial sites will be accepted into DLA inventory regardless of DLA wholesale asset stock position. Credit shall be processed based upon a receipt of the returned materiel corresponding to a sale to Service maintenance (identified by DoDAAC series/internal customer group) for the same materiel and condition which was completed within the 60 day period prior to the date on the return. Credit shall be processed at the full selling price of the item on the original order(s) used as reference, up to 100% credit for a return quantity less than or equal to the***

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<sup>1</sup> DoD 4140.1-R revision pending. DLA is required to request approval of new procedures supporting BRAC/NIMS allowing full materiel credit for returns regardless of asset position with no credit for PCH&T.

*quantity on the order(s) used as reference. DLMS/MILSBILLS Billing for Issue from Stock (810L/DI FA2) shall be used to provide credit under modified business rules. Credit for any quantity returned over the original amount, in a different condition code than the original sale, or unmatched is subject to DLA ICP stock position using business rules equivalent to the MRP for determining whether to provide credit/credit amount contained in DoD 4140.1-R. The Service's financial system will be notified of any resulting credit via a DLMS/MILSBILLS Materiel Returns Program Credit (810L/DI FD2).*

*C2.2.2.4.2 NIMS Sites. Credit for materiel returns from a NIMS site customer will be processed based upon the return receipt. The DLA ICP shall process the receipt and determine if a sale has occurred for the same materiel, condition code, and customer within a 60 day time frame reflecting the exact same document number as the receipt (return) document. If there is an exact matching sale, the customer shall receive credit equal to the original sale. Credit for any quantity returned over the original amount, in a different condition code than the original sale, or unmatched is subject to DLA ICP stock position using business rules equivalent to the MRP for determining whether to provide credit/credit amount. The Service's financial system will be notified of any resulting credit via a DLMS/MILSBILLS Materiel Returns Program Credit (810L/DI FD2)*

------(Intervening text not shown)-----

### **C2.6.1.3. Packing, Crating, Handling, and Transportation**

C2.6.1.3.1. Reimbursements for packing, crating, and handling costs for (a) IMM/ICP directed lateral redistributions, (b) IMM/ICP authorized MRP and sales returns, and (c) IMM/ICP directed procurement offset returns associated with ISV shall be a percent of the materiel credit price. The percentage rate shall be at 3.5 percent for consumable items and at 1 percent for repairable items. Billing offices shall use the Accessorial and Other Miscellaneous Billings (DI code FN\_) record format to support these billings and reimbursements.

C2.6.1.3.2. Reimbursements for transportation costs for (a) IMM/ICP directed lateral redistributions, (b) IMM/ICP authorized MRP and sales returns, and (c) IMM/ICP directed procurement offset returns associated with ISV shall be for an amount equal to the IMM/ICP's cost recovery rate for second destination transportation included in the selling price of the materiel and shall be supported by a Billing for Transportation (DI code FQ\_) record format.

C2.6.1.3.3. Billing offices shall use the Accessorial and Other Miscellaneous Billings (DI code FN\_) or other appropriate record to support billings and reimbursements for other authorized PCH&T, administrative, or accessorial charges.

***C2.6.1.3.4. Reimbursement for packing, crating, handling, and transportation shall not be provided for materiel returns to DLA from industrial sites under BRAC SS&D/IMSP, or NIMS Sites.<sup>2</sup> Refer to C2.2.2.4.***

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<sup>2</sup> DoD 4140.1-R revision pending. DLA is required to request approval of new procedures supporting BRAC/NIMS allowing full materiel credit for returns regardless of asset position with no credit for PCH&T.

## Enclosure 3

### DoD 4000.25-2-M

## MILITARY STANDARD TRANSACTION REPORTING AND ACCOUNTING PROCEDURES (MILSTRAP) MANUAL

### C4.3. PRE-POSITIONING DOCUMENTS FOR RECEIPTS

C4.3.1. Owners/Managers shall transmit advance notification of scheduled materiel receipts to maintenance and storage activities. Use PMRs, prepared in the appendix AP3.42 or AP3.43 format and identified by DI codes in the DU or DW series, for this purpose.

C4.3.2. Storage activities receiving PMRs will maintain them in a suspense file pending receipt of the materiel or of PMR updates from the ICP.

C4.3.3. Upon arrival of the materiel, storage activities will use the PMR suspense records to report the receipt to the ICP. Change or add only those suspense record data elements which are required to prepare the materiel receipt transactions shown in appendix AP3.1 or AP3.2. Assure that DI Codes in the materiel receipt transaction are changed to D4\_ for DU suspense records and to D6\_ for DW\_ suspense records. Absence of a PMR is not to delay prompt recording and reporting of materiel receipts. Deletion of pre-positioned suspense records is controlled by the ICP. To delete a suspense record, the ICP will transmit a reversal (reversal indicator in record position 25) of the original PMR to the storage activity. New PMRs and replacement PMRs for deleted documents do not contain the reversal indicator. Proper and accurate maintenance of the PMR suspense file by storage activities is extremely important. Timely updates by the owner/manager are essential to proper and accurate maintenance of the PMR suspense file by the storage activity.

C4.3.4. Under the National Inventory Management Strategy (NIMS) concept of operation, the Integrated Materiel Manager (IMM) may own materiel for managed NSNs down to the retail level. Such arrangements will be based on agreements between participating DoD Components. Replenishment of the IMM-owned retail will be accomplished under a push scenario. Redistribution from depot inventory will be accomplished using the MILSTRIP DI Code A2\_ Redistribution Order transaction. When assets are available to push, DI Code DWK PMR will be sent to the NIMS site using standard PMR procedures. Optionally, the DoD Component agreements may authorize the use of DI Code DWK for the IMM to notify the NIMS site that materiel to support a NIMS site requirements is delayed. In this instance, the DI Code DWK will contain the quantity not available for push replenishment, the delay notification status code "BD" and Estimated Shipping Date. If at the time push replenishment is required only a partial quantity is available, then two DWKs will be generated; one for the quantity pushed and one for quantity delayed. These two DWKs will have different documents numbers and the delayed one will have the "BD" notification. Subsequently, if only a partial amount of the quantity previously delayed becomes available to push, two DWKs will be generated. The one for the quantity pushed will maintain the document number of the original delayed notification with the

“BD” indicator eliminated. The DWK for the quantity still delayed will be assigned a new document number and a “BD” delayed indicator. If the total quantity is initially delayed and subsequently the total quantity is shipped, the DWK will have the same document number throughout the process. The IMM will update/replace the DWK delayed notification any time either the replenishment quantity or the estimated shipping date changes. New delayed notification will maintain the same document number unless a partial push occurs. Replacement delayed notification under the same or new document number will not require the reversal of the previous DWK. Reversal logic for DWKs indicating that a push shipment has been initiated will follow the requirement in paragraph C.4.3.3 above.

**C4.3.5. PMR for Materiel Returns under NIMS and Base Realignment and Closure (BRAC) Retail Supply, Storage and Distribution (SS&D)/Inventory Management and Stock Positioning (IMSP).** *The PMR is used in a variation of the Materiel Returns Program for processing DLA-managed materiel returns to DLA from selected sites in support of the BRAC SS&D/IMSP and NIMS. The returning activity shall be responsible for submission of a PMR to the storage site identifying the Military Service activity to which the receipt will be reported for these returns of DLA-managed items. Because the Military Service sites will no longer retain retail stock balances under these programs, DLA will assume ownership of all materials regardless of asset position. Upon notification of receipt by the storage activity by a DLMS 527R (D6A), the Military Service activity shall determine if there is a need for the material by another maintenance user (backorder). If so, an issue document will be forwarded to the storage activity for action. If not, a Materiel Release Order will be initiated, directing shipment-in-place (citing the ship-to/supplemental address of the storage activity), authorizing a change of ownership to DLA. The receipt of the returned materiel from the Military Service ownership to DLA will be accomplished with a receipt (DLMS 527R receipt with 2/LIN01/10 code ‘J’; MILSTRAP DI Code D6B).*

**Enclosure 4, Comment Resolution**

	Submitting Component	Comment	DLMSO or DLA Response
1.	Army	<p>1. The Army National level Community concur with this PDC only if a sub note is allowed to specifically spell out that a missing PMR will not result in credit not being generated.</p> <p>2. The detail concurrences/non-concurrences are:</p> <p style="padding-left: 20px;">a. SCE-BTL - Non-Concur. As written, Para 3.b.3.c requires the "services" shall be responsible for generating a Prepositioned Materiel" As I understand the systems, the material return generates a PMR, but not always. We believe this is a violation of MILSTRIP. While a PMR expedites the receipt, lacking a PMR cannot be justification for denying credit. That would be a violation of both MILSTRIP and MILSBILLS. If the PMR info is left in this action, a sub note should specifically spell out that a missing PMR will not result in credit not being generated. Also, there appears to be too many important details that still need to be worked out prior to this being accepted.</p> <p style="padding-left: 20px;">b. LOGSA - Concur (No Impact).</p> <p style="padding-left: 20px;">c. AMMO - Concur. The PDC is discussing changes to MILS/DLMS transactions for Materiel returns to DLA, and discusses a new credit procedure for the materiel, so it appears this has no ammo impact.</p>	<p>Text amended to read that PMRD is sent by service if storage activity is a DLA activity using DSS.</p> <p>This is a not the FTE/FTR process that is used today which does generate PMR. Since the determination of credit begins with the receipt of the material, it is necessary to have a PMR if the receiving activity is DLA and uses DSS.</p>
2	Navy	<p>With regard to the PDC 312. More issues have come up. The POC for the PDC was listed as DLA, DSCR-BAPS , 703-325-1258 but SUP 04 who has more questions is unable to contact them. Since you are in the DLA building would you please send me the name and phone number of someone who created the subject 312 and is available for further discussions. Although, earlier we might not have had any objections to this PDC it appears after a closer look Navy needs to discuss this further with the POC who developed this proposal. We will need an extension to the response date until Navy is better able to understand the impact. So at this moment Navy will not concur with this change until SUP 04 is able to clear up their questions.</p>	<p>POC provided to Navy.</p>
3	DLA	<p>Below is some late input I just received from DSCC regarding subject PDC:</p> <p>1. Under number 8 on page 4 the Demand Planner is mentioned. I am guessing this should reference the RIM, SP, or CAS.</p> <p>2. For DoD 4000.25.1-M, C9.1.1 mentions the item manager. Who is this referring to?</p> <p>3. For DoD 4000.25-7-M, C2.2.2.4.1 Only mentions the quantity must match and does not mention the condition code. For example if we issue it to the customer in condition code A and the customer tries to return it in Condition code F are we going to give them full credit.</p> <p>From DSCR:</p> <p>4. What happens if the material is NOT a DLA managed material number? Should there be some pointer and/or some place specified that we/DLA will be performing a check to see if the materiel number is a DLA managed part?</p> <p>Page 2: 3. Requested Change (3) General concept paragraph (a) Need to make sure DLA-Managed materiel is specified. Suggest change to sentence: "DLA shall accept DLA-managed materiel back into DLA ownership regardless of the current stock position."</p>	<p>1. OBE - Removed with exception process</p> <p>2. Item manager would be same as ICP/IMM in this context.</p> <p>3. Done</p> <p>4. Procedures for manual has been updated (MILSTRIP, MILSTRAP, MILSBILLS) to include "DLA-managed" clarification.</p> <p>5. OK</p>

		<p>5. Page 5: (b) NIMS [1] correct spelling. "unites" should probably read "units"</p> <p>6. Page 5: Item [9](b) says, "Staffing Note: DLMSO requests confirmation that the PMR and the materiel release order directing shipment-in-place will be prepared by the NIMS site..." Has Navy given their concurrence on this?</p> <p>7. Enclosure 1 DoD 4000.25-1-M (this says "Enclosure 2" at the top but I believe it should be "Enclosure 1")</p> <p>8. Page 2: C9.2.2.1.2 Suggest change to sentence: "DLA shall accept DLA-managed materiel back into DLA ownership regardless of the current stock position."</p> <p>9. Page 4: "C920.2" I believe the numbering of this paragraph should be "C9.20.2"</p> <p>10. Enclosure 2 DoD 4000.25-7-M Page 1: C2.2.2.4.1 change to Industrial Sites. "DLA-managed materiel returned by an industrial customer at BRAC industrial....."</p> <p>11. From J6: This will require an SCR in both the Planning and Order Fulfillment process areas.</p> <p>12. DDC M Concurs with PDC 312.</p>	<p>6. Since the NIMS receipt is into a Navy system and does not involve DSS, this is irrelevant. The receipt is tiered to EBS to increase balance.</p> <p>7. Done</p> <p>8. Done</p> <p>9. Done</p> <p>10. Done</p> <p>11. Noted</p>
4	DFAS	DFAS concurs and has no comments.	
5.	Air Force	<p>1. This entire process makes it seem as if DLA is dealing directly with the Maintenance customer and not through the legacy systems. Until ECSS, DLA is giving credit to GSD, who in turn will give credit to Depot Maintenance based on D035K logic. We have tried to align our logic with DLA's business rules. See paragraphs 9.b. and c. below.</p> <p>2. The changes cited in this document also need to be reflected in the MILSTRIP and MILSBILLS chapters.</p> <p>3. This process, as amended, will change when ECSS is implemented. At that time there should be no need for GSD to be used as a pass through. We have been told that ECSS will have the option to apply customer funds to orders.</p> <p>4. Process says that customer will receive 100% credit based on the previous sale. When DLA begins using their Local Recovery Rate will that also be returned to the customer? If not Maintenance will be forced to always lose some money every time they turn an asset back into the supply chain. The previous sale price includes the recovery rate.</p> <p>5. Somewhere the document should address that when an AF Depot Maintenance unit deployed for more than 60 days has received approval for credit and the turn-in transaction is initiated, the AF Depot Maintenance IT system (NIMMS) does not allow entry of a project code. After initiating the turn-in transaction, the appropriate Depot Supply person should be contacted to re-input the turn-in into the AF D035K IT system with advice</p>	<p>1. Current wording states that the process begins in legacy systems.</p> <p>2. Updated</p> <p>3. Noted</p> <p>4. According to DSCR finance, this Local Recovery Rate is an additive to cover the cost of ICPs now doing S&amp;D. It is assumed that the total sale price will reflect all charges and will be used for 100% credit.</p>

	<p>code “_T” and project code “REX”. This will generate transmission to DSS of a PMR update containing the project code. Why is this applicable to MILSTRAP/MILSTRIP updates? The how is not documented just the what is that not correct?</p> <p>6. From PDC 312 paragraph 3.b.(4)(a)[1]:  “All maintenance turn-ins from an individual site will use the same DoDAAC in the document number assigned to the original sale transaction.”  For AF sites, this is not true. The Maintenance turn-in transaction will contain a Depot Maintenance organization code in the document number positions 1-6 (starts with “M”). However, the receipt transmitted from DSS to EBS will contain a Depot Retail Supply DoDAAC (“FB20—”) perpetuated from the MRO transmitted from D035K to DSS to wash the asset balance from AF to DLA ownership. The receipt document number DoDAAC will be the same as the DoDAAC assigned to the original sale (DLA-to-AF) transaction.</p> <p>7. From PDC 312 paragraph 3.b.(4)(a)[1]:  “The return will be to DLA at the forward point (for Air Force, the Shop Service Center (SSC)).”  This is not necessarily true. The return to DLA could occur at Central Receiving.</p> <p>8. From PDC 312 paragraph 3.b.(4)(a)[2]:  “For these, the DLA depot employee will manually input the receipt (DLMS 527R/D6B) into DSS citing the DLA BRAC SS&amp;D project code based upon the documentation provided with the materiel indicating prior coordination has occurred.”  a. Not true. The receipt will be systemically generated (not manually input) in DSS from the wash MRO transmitted from D035K to DSS.  b. Also, the process designed and agreed to will cause DSS to generate a D6T (not D6B) to EBS.</p> <p>9. From PDC 312 paragraph 3.b.(4)(a)[4]:  “The DLA ICP will recognize the receipt (DLMS 527R/D6B) with the BRAC SS&amp;D project code as being from the retail customer by the DoDAAC (Customer Group 3 = RET in the DLA Materiel Master).”  a. Is this sentence implying that the BRAC SS&amp;D project code will be in all receipts that result from maintenance turn-ins, or only the turn-ins that from deployed units that are outside of 60 days from original issue? Our office knows of no plans to include a particular project code on routine returns.  b. Also, the process designed and agreed to will cause DSS to generate a D6T (not D6B) to EBS.</p> <p>10. PDC 312 paragraph 3.b.(4)(a)[5]:  a. Is this paragraph describing a scenario different from that described in paragraph 3.b.(4)(a)[2]? It’s hard to understand which parts of paragraph 3.b.(4)(a) are discussing the routine turn-in process, as opposed to that for deployed units outside of 60 days.  b. This paragraph needs to include that the AF working capital fund (General Support Division – GSD) manager within the SS&amp;D depot supply, must receive a copy of the credit approval prior to Maintenance turning in the item. This will allow a forced credit code to be used and honored. Since DLA credit determination is done systemically in all cases there is no way to provide the AF with credit approval in advance.  c. This paragraph says that Order fulfillment will recognize this by the RET in the Customer Group 3 field and the project code and will then check to see if there is an outstanding sales order and if not they will reject it. This review needs to be part of the original approval process. Once the approval is given, there should not be the ability or requirement to revoke that credit. If that cannot be done, then there needs to be a step added to advise the GSD manager that the expected credit was denied. They will, in turn, reverse the credit GSD gave to Maintenance.</p>	<p>5. Procedures for exception policy for returns after 60 days have been eliminated by DLA.</p> <p>6. Corrected</p> <p>7. Wording revised</p> <p>8. Revised - D6B will be used.</p> <p>9. Revised /exception for late returns removed.</p> <p>10. Exception for late returns removed.</p> <p>11. Revised /exception for late returns removed.</p> <p>12. Revised</p> <p>13. Revised</p>
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		The receipt will be systemically generated (not manually input) in DSS from the wash MRO transmitted from D035K to DSS.	
6	DLMSO	<p>In addition to administrative comments, DLMSO identified three substantive issues that needed to be addressed.</p> <ol style="list-style-type: none"> <li>1. DLMSO requested that DLA review selection of the type of receipt used for the receipt reported to DLA and ensure compliance with MILSTRAP/DLMS.</li> <li>2. DLMSO requested clarification of the requirement for the PMR for NIMS sites which seemed to apply to Navy NIMS sites.</li> <li>3. DLMSO requested clarification of references to credit provided to AF-GSD which appeared to be unique.</li> </ol>	<ol style="list-style-type: none"> <li>1. DLA has agreed to use the correct DOC ID (corrected to D6B, vice D6T).</li> <li>2. DLA clarified that the PMR requirement is for DSS sites. However, there are no NIMS sites which are co-located with DSS storage activities at this time. This will be a future requirement as the NIMS program is expanded -- wording was adjusted for the ADC.</li> <li>3. DLA clarified that standard MILSBILLS will be used - wording was adjusted for the ADC.</li> </ol>