



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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IN REPLY
REFER TO

DLMSO

June 22, 2010

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE MEMBERS

SUBJECT: Approved Defense Logistics Management System (DLMS) Change (ADC) 369,
Material Obligation Validation (MOV) Request Distribution Exception Rule for DoD
Sources of Supply (SoSs) and Alternative Procedures for MOV under Navy BRAC
SS&D/IMSP (Staffed as PDC 386)

The attached change to DOD 4000.25-M, DLMS, is approved for implementation.

Addressees may direct questions to the DLMSO point of contact Ms. Ellen Hilert, email:
Ellen.Hilert@dla.mil. Others must contact their Component designated Supply Process Review
Committee representative.

A handwritten signature in black ink, appearing to read "Donald C. Pipp", written over the printed name.

DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment

cc:
ADUSD(L)SCI

ADC 369
MOV Request Distribution Exception Rule for DoD SoSs
and Alternative Procedures for MOV under Navy BRAC SS&D/IMSP

1. **ORIGINATOR:** Defense Logistics Agency (DLA), J-3311, DSN 221-2691

2. **FUNCTIONAL AREA:** Primary: Supply/ Logistics

3. **REFERENCES:**

a. Functional Requirements for DLA's implementation of Base Realignment and Closure (BRAC) Retail Supply, Storage And Distribution (SS&D)/Inventory Management and Stock Positioning (IMSP) Spiral 2.

b. AT&L Memorandum transmitted April 21, 2010, subject: Proposed Changes in support of Navy BRAC Inventory Management and Stock Positioning (IMSP) Spiral II. This memorandum documents ADUSD(L&RM)SCI direction provided to DLA and Navy authorizing immediate implementation of this DLMS change.

c. DOD 4000.25-M, DLMS, Volume 2, Supply Standards and Procedures, available at: <http://www.dla.mil/j-6/dlmso/elibrary/Manuals/DLMS/default.asp>

4. **REQUESTED CHANGE:** Yellow highlighting identifies revisions subsequent to staffing.

a. **Description of Change:** This change establishes alternative procedures for Materiel Obligation Validation (MOV) requirements to support Fleet Readiness Centers (FRC) and Navy Shipyards (NSY) under a DLA industrial activity (IA) support agreement. The change also establishes a new DoD Source of Supply (SoS) requirement applicable to the determination of the MOV recipient under MILSTRIP. Comment resolution/concurrence is provided at Enclosure 2.

b. **Background:** 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. In addition to the SS&D workload transfer, the Navy personnel performing the MOV functions also transferred to DLA and will perform these functions. These individuals will have access to the maintenance planning systems [NSY Material Access Technology (MAT) application and the FRC Material Resource Planning (MRP) II application] and DLA systems [Enterprise Business System (EBS) and Distribution Standard System (DSS)] and will use these systems to validate outstanding requisitions. DLA will not send MOV transactions to the Navy IA. Navy IAs will not have capability to receive MOV transactions sent by other Sources of Supply (SoSs). The alternative MOV process will be used to accomplish the DoD requirement for MOV.

c. **Policy:** On February 16, 2010, the Assistant Deputy Under Secretary of Defense, Logistics and Materiel Readiness, Supply Chain Integration, ADUSD(L&MR)SCI, authorized DLA and Navy to proceed with development of alternative MOV procedures.

ADUSD(L&MR)SCI specifically stated that the alternative procedures must be documented and include repeatable regular review in the spirit of the Congressional Inventory Management plan to reduce the risk of excess on-order assets.

d. Detailed Procedures Applicable to Navy IMSP Support: Refer to the alternative MOV transaction flow diagram at Enclosure 1.

(1) **General:** MAT and MRPII will not develop systemic capability to perform MILSTRIP MOV functions as a result of the 2005 BRAC decision. Currently these functions are done by Navy, U2 system and DLA has accepted responsibility for this function under IMSP. There are three NSY/FRC requisitioning scenarios to which alternative MOV procedures apply:

- Scenario 1: Unfilled orders associated with requisitions submitted to DLA for DLA-managed/procured materiel.
- Scenario 2: Unfilled orders associated with DLA-funded requisitions submitted on behalf of the NSY/FRC to another SoS.
- Scenario 3: Unfilled orders associated with Navy-funded requisitions submitted directly to a SoS other than DLA (applicable to Depot Level Repairables (DLR), Navy program-managed material and nuclear consumable support materiel.

(2) **Scenario 1: DLA Unfilled Requisitions:** DLA will not generate MOV transactions to the Navy IA for backorders in EBS. As an alternative to sending MOV transactions, the DLA forward personnel will monitor, research, and validate the Navy IA unfilled orders utilizing weekly DLA EBS Unfilled Orders Reports, Navy and DLA systems, and through direct interaction with FRC and NSY personnel as required. The EBS Unfilled Orders Report is updated on a weekly basis. The DLA forward personnel will monitor aged unfilled orders and coordinate on 30 day increments (e.g., 30 days, 60 days, 90 days) with Navy FRC/NSY engineers to validate the requisition requirements. Cancellation of unfilled orders will be initiated in MAT or MRPII by either the Navy engineer or by DLA forward personnel. This manual review and coordination will ensure that invalid requisition requirements will be identified and cancelled in a timely manner. Customer requisitions cancelled via this alternate MOV review will generate BQ supply status, "Cancelled. Results from cancellation request from requisitioner, consignee, manager, or other authorized activity" DLA will not generate MOV transactions for the following IAs:

- | | |
|----------------------------|---------------|
| • FRC EAST Cherry Point | N65923/S7N008 |
| • FRC SE, Jacksonville | N65886/S7N009 |
| • FRC SW San Diego | N65888/S7N010 |
| • PHNSY & IMF Pearl Harbor | N32253 |
| • PNSY Portsmouth NH | N39040 |
| • NNSY Norfolk | N42158 |
| • PSNS & IMF Puget Sound | N4523A |

(3) **Scenario 2: Other SoS Unfilled DLA-Funded Requisitions:**

(a) When DLA receives requisition alerts/funded requisitions from FRCs/NSYs for non-DLA managed NSNs, DLA will in-turn submit DLA-funded outbound requisitions to the SoS to obtain the required materials.^{1,2} Therefore, DLA will now receive MOV transactions (DLMS 517M/AN_) from other SoSs. Scenario 2 applies to requisitioner DoDAACs:

- N01DLA = FRC EAST Cherry Point
- N02DLA = FRC SOUTHEAST Jacksonville
- N03DLA = FRC SOUTHWEST San Diego
- N04DLA = NNSY Norfolk
- N05DLA = PSNS&IMF Puget Sound
- N06DLA = PHNSY&IMF Pearl Harbor
- N07DLA = PNSY Portsmouth NH

(b) **Transactions:** When the MOV transaction is received by EBS, it will be matched to the associated sales order and EBS will respond appropriately with an outbound MOV transaction (DLMS 517M/AP_) per business rules:

(1) The quantity field of the AP_ response will indicate the quantity still open on the requisition. If the EBS sales order record reflects no open unfilled quantity the quantity field will be zero on the outbound AP_.

(2) Inbound AN_ transactions with a quantified amount matching the associated sales order record amount. If the quantity matches, then EBS will systematically create the AP_ response with the appropriate quantity.

(3) Inbound AN_ transactions with a quantity greater than or less than the quantity specified on the associated orders. EBS will suspend the AN_ transaction for manual review, once reviewed the AN_ will be reprocessed with the correct quantity and generate an AP_ response.

(4) Associated requisition record cannot be found for an inbound AN_ transaction. EBS will suspend the AN_ transaction for manual review, once reviewed the AN_ will be reprocessed with the correct quantity and generate an AP_ response.

(5) Inbound AN_ transactions that do not have a matching suffix with the associated order in EBS, will not trigger an AP_ transaction to send back the appropriate response immediately. EBS will suspend the AN_ transaction for manual review, once reviewed the AN_ will be reprocessed with the correct quantity and generate an AP_ response.

(6) If DLA receives Supply Status (870S/AE_) with Supply Status Code BS indicating a requisition was cancelled due the requisitioning activity's failure to respond to an

¹ Refer to PDC 366A, DLMS Revisions Supporting the Requisition Alert Transaction and Materiel Identification associated with DLA Support to Navy NSYs and FRCs under BRAC SS&D/IMSP: The requisition alert transaction allows Navy IA sites to notify DLA of their requirements in advance of the funded requisition, thereby allowing DLA to procure and position materiel appropriately to support prompt order fulfillment.

² Refer to PDC 385, Procedures for use of Navy DODAACs assigned to DLA for use on DLA Requisitions to Military Service/GSA Sources of Supply in Support of Navy Industrial Customers under BRAC SS&D/IMSP.

MOV request, DLA personnel will determine the cause of the non-response to avoid future occurrences. Additionally, DLA personnel will take action on the BS status using the following business rules:

1. If a supply status transaction is received and matches, or does not match a DLA-funded requisition to other services, the status will be suspended and an exception report is generated for manual review. After manual review by the DLA forward personnel, an MOV Requisition Re-instatement Request (517M/APR) may be generated requesting re-instatement of the cancelled requisition. Manual review must be accomplished within a 60 day timeframe in order to request re-instatement.

2. If it is determined by the NSY/FRC contacts that this transaction represents a valid requirement and there is no match to a sales order in EBS, DLA forward personnel will manually create the appropriate DLA-funded requisition to the other SoS.

3. If it is determined that the DLA requisition does not need to be reinstated, action will be taken to release the flagged AE_ transaction if a requisition exists. If no record is found the status may be archived in EBS. No APR transaction will be created. Any open records associated with the requisition must be closed within DLA and the Navy.

(c) MOV Report: The alternate MOV process for validation of FRC/NSY requisitions submitted by DLA to another SoS will be accomplished through the use of an MOV Report. The report will list the AN_ transactions received from the non-DLA source of supply and the corresponding AP_ transactions showing the response EBS sent back to the source of supply, and any open requisition alert document number or funded requisition document number for the same material on the AN_. The DLA forward person will manually review this report to determine if any action needs to be done to cancel any quantity associated with open back orders. This process is a similar to the method of validation used at the FRCs/NSYs today.

(4) Scenario 3: Other SoS Unfilled Navy-funded Requisitions (DLR, Navy Program Managed Material and Nuclear Consumable Support Materiel):

(a) Alternative MOV procedures for Navy-funded requisitions apply only to the BRAC Navy Industrial Sites. DLA will be responsible for processing MOV transactions and following up with other Sources of Supply on behalf of the Navy. In order to do so, DLA must receive an image/copy of the requisition, subsequent supply status and materiel receipt acknowledgement transactions.³ These transactions will be used to create a “read only sales order record” in EBS. Actual validation of the Other Service Navy Funded requisitions remains a Navy FRC and NSY responsibility and will be facilitated by this process.

(b) DAAS will re-route all MOV transactions (DLMS 517M, MILSTRIP AN_) to EBS that are applicable to FRC/NSY requisitions. The re-routing of MOV transactions will be based on type of transaction (517M, AN_) and the requisitioning DoDAAC equal to NSY and FRC sites:

³ Refer to PDC 404, Transaction Copies Required for DLA Support of Navy BRAC SS&D/IMSP Depot Level Repairables (DLRs), Navy Program-Managed Materiel, and Nuclear Consumable Support Materiel

- FRC EAST Cherry Point N65923
- FRC SE, Jacksonville N65886
- FRC SW San Diego N65888
- PHNSY & IMF Pearl Harbor N32253
- PNSY Portsmouth NH N39040
- NNSY Norfolk N42158
- PSNS & IMF Puget Sound N4523A

(c) **Transactions:** When the MOV transaction is received by EBS, it will be matched to the associated “read only sales order” (based upon the image/copy of Navy-funded requisition and subsequent transactions) and EBS will respond appropriately on behalf of the NSY/FRC with an outbound MOV transaction (DLMS 517M/AP_) per business rules:

(1) Inbound AN_ transactions with a quantified amount matching the associated sales order’s amount. If the quantity matches, then EBS will systematically create the AP_ response with the appropriate quantity.

(2) Inbound AN_ transactions with a quantity greater than or less than the quantity specified on the associated orders. EBS will suspend the AN_ transaction for manual review, once reviewed the AN_ will be reprocessed with the correct quantity and generate an AP_ response.

(3) Associated requisition cannot be found for an inbound AN_ Transaction. EBS will suspend the AN_ transaction for manual review, once reviewed the AN_ will be reprocessed with the correct quantity and generate an AP_ response.

(4) Inbound AN_ transactions that do not have a matching suffix with the associated order in EBS, will not trigger an AP_ transaction to send back the appropriate response immediately. EBS will suspend the AN_ transaction for manual review, once reviewed the AN_ will be reprocessed with the correct quantity and generate an AP_ response.

(5) If DLA receives Supply Status (870S/AE_) with Supply Status Code BS indicating a Navy-funded requisition submitted directly to the other Component SoS was cancelled due the requisitioning activity’s failure to respond to an MOV request, DLA personnel will determine the cause of the non-response to avoid future occurrences. Additionally, DLA personnel will take action on the BS status using the following business rules:

1. If a status transaction with Supply Status Code BS, is received and matches, or does not match a “read only sales order” in EBS, the status will be suspended and an exception report is generated for manual review. Manual review must be accomplished within a 60 day timeframe to request re-instatement. After manual review by the DLA forward personnel, an APR transaction may be generated requesting re-instatement.

2. If it is determined by the NSY/FRC contacts that this is a valid requirement and there is no match to a sales order in EBS, DLA forward personnel manually create an ‘Other Service Navy Funded’ read-only sales order in EBS. All required information to include JO/KO for NSY requisitions must be populated in the created sales order.

3. If it is determined that the DLR requisition does not need to be reinstated, action will be taken to release the flagged AE_ transaction if a requisition exists. If no record is found the status may be archived in EBS. No APR transaction will be created. Any open records associated with the requisition must be closed within DLA and the Navy.

(d) MOV Report: The alternate MOV process for validation of FRC/NSY for DLR, program managed and nuclear consumable support material requisitions will be accomplished through the use of an MOV Report (as in scenario 2). The report will list the AN_ transactions received from the non-DLA source of supply and the corresponding AP_ transactions showing the response EBS sent back to the source of supply, and any open funded requisition document number for the same material on the AN_. The DLA forward person will manually review this report to determine if any action needs to be done to cancel any quantity associated with open back orders. This process is a similar to the method of validation used at the FRCs/NSYs today

e. Detailed Procedures Applicable to Source of Supply Determination of the Recipient of Validation Requests:

a. MILSTRIP currently requires MOV requests to be distributed to the activity designated by the Media and Status (M&S) Code in the requisition unless a deviation is covered by listed exceptions. Under this change, an additional exception is established for requisitions containing Distribution Code 5⁴ requiring these MOV requests to be directed to DLA regardless of the M&S.

b. Revise DoD 4000.25-1-M, MILSTRIP Chapter 7, Validation of Materiel Obligation, and the corresponding DLMS procedures as shown in Enclosure 2.

c. Deferred implementation is authorized. DoD Components are encouraged to adopt this exception rule under modernization.

f. Alternatives: None

5. REASON FOR CHANGE: In accordance with BRAC law, DLA will assume responsibility for the retail functions for the FRC/NSY IA. By agreement with the Navy, DLA will support all MOV processing involving FRC/NSY IA requirements.

6. ADVANTAGES AND DISADVANTAGES:

a. Advantages: Fulfills Navy requirements.

b. Disadvantages: Complex procedures involving multiple scenarios and additional support personnel.

7. IMPACT:

a. DAASC: Above procedures require DAAS programming to divert MOV

⁴ Refer to ADC 368, Procedures and Assignment of Navy DODAACs to DLA for Use on DLA Requisitions to Military Service/GSA Sources of Supply (SoSs) in Support of Navy IAs under BRAC SS&D/IMSP (Staffed as PDC 385) for establishment of DLA Distribution Code 5.

transactions directed to the NSY/FRC IA sites and forward them to DLA. The DAAS re-routing requirement has been coordinated with DAASC.

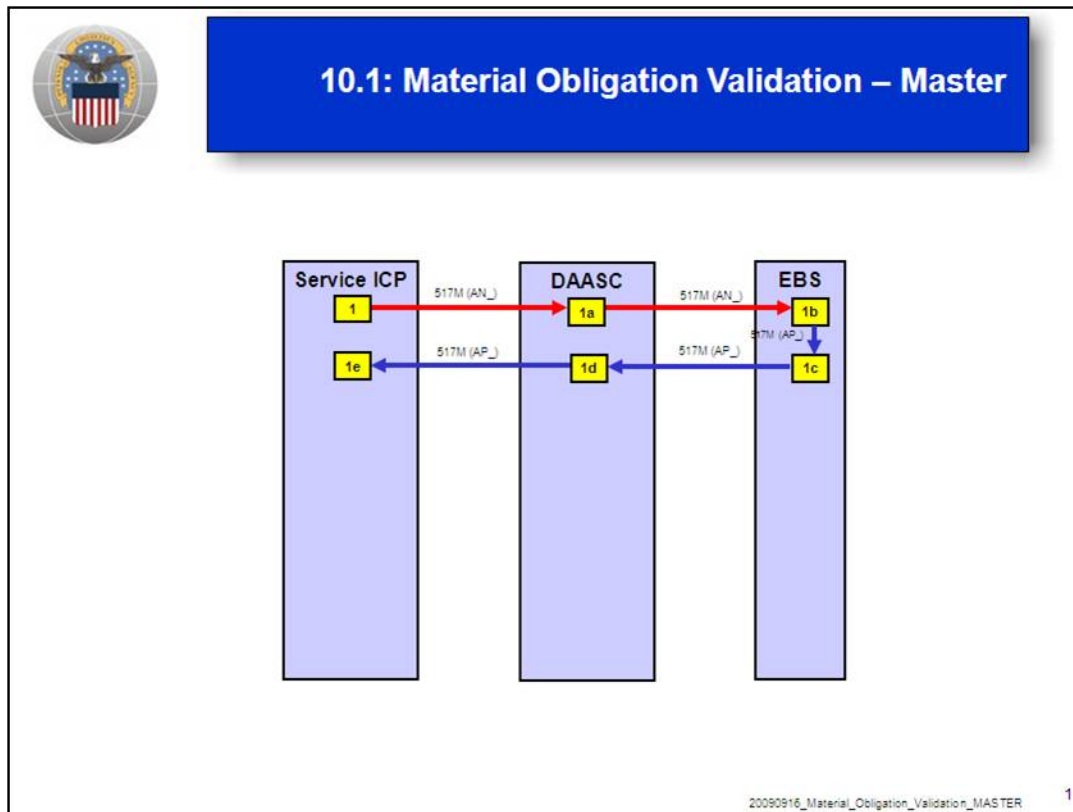
b. DoD Components: This change includes a new exception rule for distribution of MOV requests by the source of supply. This requirement should be adopted when feasible; deferred implementation is authorized. DAAS procedures include a work-around pending implementation. It is recognized that full implementation of the new distribution rule is a long term goal.

c. Publications: The DLMS manual procedures are to be published separately. The overarching supply chain material management regulations may be updated to recognize the use of alternative procedures.

d. DLMS Data: There are no new data requirements associated with this change.

e. Required Implementation Date: Navy BRAC requirements are to be implemented December 2010. Procedures related to SoS distribution of MOV requests based upon Distribution Code 5 may be deferred based upon most feasible timeline.

Enclosure 1, Alternative MOV Transaction Flow Diagram



1. Service passes 517M (AN_) transaction to EBS via DAASC requesting validation on open DLA-funded backorders. -> 1a
- 1a. DAASC passes 517M (AN_) transaction to EBS. -> 1b
- 1b. EBS processes and creates 517M (AP_). -> 1c
- 1c. EBS passes 517M (AP_) MOV response to DAASC. -> 1d
- 1d. DAASC passes 517M (AP_) transaction to Service ICP. -> 1e
- 1e. Service ICP processes the 517M (AP_). -> End

Same process repeated for open Navy-funded DLR, navy program-managed material and nuclear consumable support materiel unfilled orders, except 517M (AN_) transactions are diverted at DAASC to EBS.

Enclosure 2, MILSTRIP Revision

Revise text as follows:

C7.1.5. DETERMINATION OF RECIPIENT OF VALIDATION REQUESTS

C7.1.5.1. MOV requests will be transmitted to the activities determined under the following rules.

C7.1.5.1.1. The activity designated by the M&S unless covered by the exceptions listed below.

C7.1.5.1.2. When the M&S is 0, transmit to the activity designated by an alphabetic character or numeric 6, 7, or 8 in rp 54.

C7.1.5.1.3. When **distribution code** (rp 54) contains a numeric other than 5, 6, 7, or 8, or is blank, and M&S is 0, transmit requests to the requisitioner (rp 30-35).

C7.1.5.1.4. **When Distribution Code 5 is identified, transmit requests to the DLA (DoDAAC SL4701) regardless of M&S.¹**

C7.1.5.1.5. When the M&S is F, G, P, or Z, transmit requests to the requisitioner (rp 30-35).

¹ **Refer to ADC 369. Deferred implementation authorized.**

Enclosure 3, DLMS Change Concurrence/Comment Resolution

	Submitter	Response	Response
1.	DLA	Concur	
2.	Navy	Concur	
3.	Air Force	Concur	
4.	Marine Corps	Concur	
5.	DSCA	Navy FMS is exempt from MOV processing. Navy wants to make sure that subject PDC is not affecting their exemption.	No impact on FMS requisitions/MOV.
6.	DPAP	No impact on Item Unique Identification (IUID) or Government Furnished Property initiatives.	
7.	ADUSD(L&MR)SCI	See Reference 3B.	
8.	DLA J-62, Chief, Spiral II Integration Office (CSIO)		
9.	DLMSO	<p>The Navy has agreed to use the new Distribution Code 5 for the Navy DLRs, Navy Program-Managed Materiel, and Nuclear Consumable Support Materiel requisitions, thereby eliminating the need for DAAS COG-based copy DAAS rules. However, the new distribution code cannot support the MOV business rules under BRAC at this time.</p> <p>The distribution code will always get status, but will only get MOV if the M&S code is '0'. Since the Navy wants the status on these they will not be using M&S code '0' and therefore they will get the MOV unless we have an additional edit at DAAS for the MOV transactions to be routed to EBS.</p> <p>On requisition DLA sends to other Services for forward sites, the M&S code '0' and distribution code '5' work since the Navy does not get status directly on their requisition alert.</p> <p>The idea of the Navy using distribution code '5' on DLR orders so DLA gets status also works; then we only needing a special DAAS rule for MOV.</p>	New procedures included for deferred implementation so as not to negatively impact other DoD Components.

		<p>Longer term we should add distribution code '5' to the MOV recipient logic in Chapter 7 as one of the exceptions to using the M&S code to determine the recipient. The rule would be when distribution code "5", provide MOV to the distribution code regardless of the M&S code.</p>	
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