



DEFENSE LOGISTICS AGENCY
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September 12, 2014

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) MEMBERS

SUBJECT: Approved Defense Logistics Management Standards (DLMS) Change (ADC) 1070, Revised MILSTRAP Procedures for Logistics Accountability during Maintenance - Disallows Logistics Use of Inventory Adjustment Transaction (DAC) for Physical Movement of Materiel from a Storage Activity to a Maintenance Activity, and Incorporate DODM 4140.01 Policy for In-Repair Accountability (Supply) (Staffed as PDC 449)

The attached change to DLM 4000.25, Defense Logistics Management System, and DLM 4000.25-2, Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP) is approved for immediate implementation.

Addressees may direct questions to Ms. Mary Jane Johnson, (703) 767-0677; DSN 427-0677 or email: Mary.Jane.Johnson@dla.mil. Others must contact their DOD Component designated Supply PRC representative.

A handwritten signature in black ink, appearing to read "Donald C. Pipp", is positioned above the printed name.

DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment
As stated

cc:
ODASD (SCI)
Joint Physical Inventory Working Group
Commercial Asset Visibility Program Manager

**ATTACHMENT TO ADC 1070,
Revised MILSTRAP Procedures for Logistics Accountability during Maintenance - Disallows
Logistics Use of Inventory Adjustment Transaction (DAC) for Physical Movement of Materiel
from a Storage Activity to a Maintenance Activity, and Incorporate DODM 4140.01 Policy for
In-Repair Accountability (Supply)**

1. ORIGINATOR:

a. Service/Agency: Defense Logistics Management Standards Office (DLMSO)

b. Originator: Ms. Mary Jane Johnson, DOD MILSTRAP Administrator, 703-767-0677, DSN 427-0677, email: Mary.Jane.Johnson@dla.mil

2. FUNCTIONAL AREA: Supply and interface with Maintenance.

3. REFERENCES:

a. DLMSO Memorandum, February 2, 2006, subject: Joint Approved MILS Change Letters (AMCLs) 12 (MILSTRAP) and 43 (MILSTRIP), Maintaining Accountability During Maintenance Actions (published in MILSTRIP and MILSTRAP in 2006)

b. DLMSO memorandum, August 9, 1996, Third Addendum to Approved MILSTRAP Change Letter (AMCL) 8A (published in MILSTRAP in 2000)

c. Joint Physical Inventory Working Group (JPIWG) Meetings: November 17, 2009, March 10, 2011, and September 22, 2011, www.dla.mil/j-6/dlms/Archives/archives_jpiwg.asp

d. Joint JPIWG and Supply Process Review Committee (PRC) Meeting 13-01, April 18, 2013, minutes available at www.dla.mil/j-6/dlms/Archives/archives_sprc.asp

e. DODM 4140.01, February 10, 2014, DOD Supply Chain Materiel Management Procedures, available at www.dla.mil/j-6/dlms/elibrary/manuals/regulations.asp

f. DLMSO Memorandum, February 21, 2007, subject: Approved DLMS Change (ADC) 224, Revised Procedures for Logistics Accountability During Maintenance (MILSTRIP), available at www.dla.mil/j-6/dlms/eLibrary/Changes/approved3.asp

g. Defense Logistics Manual (DLM) 4000.25-2, Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP), available at www.dla.mil/j-6/dlms/elibrary/Manuals/MILSTRAP/default.asp

h. DLM 4000.25, DLMS, Volume 2, Supply Standards and Procedures, available at www.dla.mil/j-6/dlms/elibrary/manuals/dlms/v2.asp

4. APPROVED CHANGE:

a. Brief Overview of Change: This change eliminates procedures for use of an Inventory Adjustment – Supply Condition Code Change (DLMS 947I/legacy DAC), as a mechanism to

move assets into, or out of, maintenance. The condition code change process remains a valid process to document the change of an asset's supply condition while in maintenance; however, the receipt and issue/materiel release processes must be used to document physical movement of the materiel to/from the maintenance activity.

b. Background:

(1) In 2006, Joint Approved MILS Change Letters (AMCL) 12 (MILSTRAP) and 43 (MILSTRIP) (reference 3.a.) were approved for immediate staggered implementation. These changes were developed for the purpose of providing more accurate DOD accountability for items undergoing maintenance, in response to DOD Inspector General (IG) and General Accountability Office (GAO) Audit reports identifying weaknesses in this area. The procedures supported items undergoing maintenance by Depot Maintenance Inter-Service Support Agreement (DMISA), commercial maintenance, and intra-Component maintenance. However, when the change was originally written, circa 1990, it included an option to document the transfer of materiel scheduled for maintenance in one of two ways:

(a) Owners may issue materiel from storage for maintenance action using MILSTRIP transactions. Issues will be posted to the record using either MILSTRAP Issue transactions or an image of the MILSTRIP transaction, or

(b) Transfer the materiel to the maintenance activity based upon the repair schedule and report the transfer using MILSTRAP DIC DAC Inventory Adjustment transaction to transfer the materiel to Supply Condition Code (SCC) M (Suspended (In Work)).

Note: Although the original wording for this process documented the MILSTRIP procedure as an owner-directed materiel release, the procedures are clarified in this ADC to indicate that the storage activity confirms the issue by providing an Issue transaction or a Materiel Release Confirmation (MRC) transaction. This more clearly states the MILSTRIP procedure.

(2) Upon implementation of AMCL 8A (reference 3.b.) placing accountability for materiel with the activity having custody, the Joint Physical Inventory Working Group (JPIWG) noted that the option to use a DIC DAC inventory adjustment transaction to “move” materiel from a storage activity to a maintenance activity was in conflict with, at the time, DOD 4140.1-R inventory policy which placed accountability for materiel with the activity having custody of the materiel.¹ When the DAC transaction was used to reflect that materiel had “moved” from the storage activity to the maintenance activity, the materiel remained on the storage activity's record even though the materiel was no longer in their custody. This conflict was discussed at several JPIWG meetings (reference 3.c.). The issue was most recently addressed at the Joint JPIWG and Supply PRC Meeting 13-01, April 18, 2013 (reference 3.d.). Inventory policy for accountability for materiel by the custodial activity is prescribed by DODM 4140.01 (reference 3.e.)

(3) ADC 224 (reference 3.f.) further revised MILSTRIP procedures for logistics accountability during maintenance. ADC 224 changes included, but were not limited to:

¹ DOD 4140.1-R was cancelled February 10, 2014, and replaced by DODM 4140.01.

(a) Use of existing requisitioning procedures for the induction of reparables into maintenance. These procedures include use of the Requisition transaction (DLMS 511R/legacy MILSTRIP DIC A0_) and describe how the document should be formatted in order to ensure materiel is inducted into maintenance at a co-located depot.

(b) Establish a requirement for creation of a shipment notification transaction when materiel is shipped from the maintenance depot (organic and commercial) to a distribution center or DLA Disposition Services. This change stated that the requirement could be satisfied via a DLMS 856S Shipment Status or an 856 Advance Shipment Notice, for Property Transfer (Government furnished property (GFP) or internal DOD transfer) (with the intent that an 856 shipment notification be transmitted to the receiving activity).

NOTE: The above requirement may not be satisfied when commercial maintenance activities transfer reparable assets to the Government using the Wide Area Workflow (WAWF) Reparable Receiving Report (RRR). The RRR and the Property Transfer support Defense Procurement and Acquisition Policy (DPAP) accountability requirements, but do not fulfill the logistics requirement. Logistics requires providing the ship-to location with an advance shipment notice as intended to facilitate receipt processing and support DOD initiatives for item unique identification (IUID) and radio frequency identification (RFID). Exception is where the ship-to is a DLA Distribution Center (under ADC 1042, Revise Wide Area Workflow (WAWF) Advance Shipment Notice (ASN) to Accommodate DLA Interface for Reparable GFP) or the owning Service has coordinated procedures and established the automated processing to accept WAWF transactions at the receiving location.

(4) At Joint JPIWG and Supply PRC Meeting 13-01, the three key change areas of PDC 449 (which became ADC 1070) were addressed individually as follows:

(a) Eliminating authorization to use an Inventory Adjustment (Dual – Condition Transfer) Transaction as a means to record physical movement of materiel from a storage activity into a maintenance facility (i.e., DAC to SCC M), and back again, in favor of using standard issue and receipt transactions for moving assets to and from maintenance. Consensus was reached at the April 18, 2013, Joint Supply PRC and JPIWG meeting to approve that portion of the PDC that eliminated use of the DLMS 947I/MILSTRAP legacy DAC Inventory Adjustment – Dual (Condition Transfer) transaction (hereafter referred to as “DAC”) as a means to “physically move” assets between a storage activity and a maintenance activity. DODM 4140.01, Volume 5, policy dictates that “Storage activities will be accountable for the accuracy of that portion of the total item property record showing the quantitative balance in their custody.” Use of the DIC DAC transaction, to “move” assets between the storage activity and the maintenance depot, violates DOD policy because it does not relieve the storage activity of accountability for assets that are not in their custody. Eliminating use of the DAC transaction as a mechanism to record physical movement of assets supports DOD policy and the integrity of the accountable record. The 947I/DAC remains a valid transaction for changing SCCs within an activity, such as while materiel is in the maintenance depot or while materiel is in the storage activity; this change only eliminates use of the 947I/DAC as the mechanism to record the physical movement of assets between activities. Additionally, the 947I/DAC cannot be used to change the condition to SCC M (Suspended (In Work)) while the materiel is in the storage activity prior to physical movement to the maintenance activity.

1 Responses to Joint Supply PRC/JPIWG Meeting 13-01 Tasking on current procedure: The Services either were to confirm they were not using the 947I/DAC to move materiel in and out of maintenance, or, if they are using the DAC for that purpose, they were to provide an implementation date to discontinue such use. The responses from the Services are as follows.

a Air Force and Navy confirmed that they do not use 947I/DAC for physical movement of materiel between activities.

b Army noted that DAC transactions are not generated by LMP to physically move assets into maintenance. However, Army noted that these processes are performed in DLA based on the submittal of 1549 paperwork, at Tobyhanna Army Depot (TYAD), for Navy and Marine Corps assets. In the Navy/Marine Corps scenario, DLA sends an asset to LMP in F condition on a 1348 (not in M condition as indicated in the meeting minutes); the appropriate issue/release transactions are not generated. The asset is manually received in LMP, however, confirmation of the asset receipt in LMP is not passed back to the Navy or DLA. Refer to 2 below regarding such deviation from standard procedures.

c Marine Corps does not use the DAC (947I/DAC) to move materiel into or out of maintenance. Note: The Marine Corps Logistics Center (MCLC) currently free issues items requiring repair to our Maintenance Depot and commercial repair facilities. The issue removes the stock from the official accountable records in the Stock Control System (SCS). A DFM (Due from maintenance) is posted as a place holder until the item is repaired and returned to active service. When the item is returned to SCS, a D6M receipt transaction is prepared picking the stock back up on the accountable records.

2 Joint JPIWG/Supply PRC Meeting 13-01 Tasking regarding Deviations from Standard Processes: The meeting documented that Services using variations of standard procedures (e.g., pseudo Routing Identifiers Codes (RICs), hard copy forms to issue materiel while in SCC M, and other deviations as noted in the meeting discussion of the flow diagrams at Enclosure 6, must transition to standard DLMS/MILSTRIP/MILSTRAP transactional exchange and their associated procedures, and provide DLMSO a timeline for doing so. DLMSO will track this action with the Services, independent of ADC 1070. Refer to Joint JPIWG/Supply PRC Meeting 13-01 Action Tracker available at www.dla.mil/j-6/dlms0/Archives/archives_sprc.asp.

(b) Management Code V (Materiel intended for immediate transfer to maintenance, by ICP directed release or maintenance induction, in accordance with agreed procedures). PDC 449 proposed deletion of Management Code V. However, subsequent to staffing it was suggested it may be beneficial to reserve Management Code V for an issue from the receiving process. Management Code V could be useful when materiel is received by the co-located storage activity from a non co-located storage activity and a “pass through” (issue from receiving) to the maintenance activity is desired, rather than receipt, stow, and then issuing to maintenance. This concept could also be expanded beyond the maintenance requirement, for use in filling backorders from receiving. A query of the Services and DLA noted that none have implemented Management Code V. The Supply PRC and JPIWG agreed that rather than delete Management Code V, the code will be retained for a time as a placeholder “RESERVED for Materiel intended for immediate

transfer to maintenance, by ICP directed release or maintenance induction, in accordance with agreed procedures”. The Joint JPIWG/Supply PRC meeting included a tasking to establish a team led by DLA Distribution to draft a PDC to develop a DLMS solution for an issue from receiving process, to include requirements for use of Management Code V, and a broader definition for Code V as deemed appropriate. If no PDC is submitted to DLMSO by December 31, 2014, Management Code V will be marked as “Reserved for future DOD assignment”.

(c) Procurement Instrument Source Transactions, MILSTRAP DICs D4G, D4H, D4L, and D4N. PDC 449 proposed deletion of MILSTRAP Procurement Instrument Source DICs D4G (Materiel Receipt – Procurement Instrument Source (Destructive Test/Evaluation)), D4H (Materiel Receipt – Procurement Instrument Source (Furnished Materiel for Consumption)), D4L (Materiel Receipt – Procurement Instrument Source (Assembly/Disassembly/Reclamation/Conversion/Modification)) and D4N (Materiel Receipt – Procurement Instrument Source (Loan)), in favor of using the corresponding ‘Other Than Procurement Instrument Source’ DICs D6G, D6H, D6L, and D6N, when Government Furnished Property (GFP)/Government Furnished Materiel (GFM) is involved. During the PDC 449 Staffing, DLA (Distribution Centers) and Army (LMP) reported that these DICs were not being used. After the PDC 449 staffing process was completed, DLMSO suggested these four DICs should be retained and used as the appropriate transactions when GFP/GFM is involved, recommending that all DICs employed for organic maintenance should have an equivalent DIC for commercial maintenance to ensure proper monitoring and accounting of GFM. Pending further research, it is believed that it might be more appropriate to receipt this materiel for these four DIC functions under a controlling contract number than to use the corresponding non-procurement source receipt transactions. A possible alternative under the DLMS would be to use same DIC function for organic and commercial maintenance returns, but to require the inclusion of the contract number as a secondary reference when GFM is applicable. The DLMS transactions can accommodate the contract number in addition to a document number. Further research of the documented policy is required to determine if any of these DICs are obsolete due to policy. Accordingly, DICs D4G, D4H, D4L, and D4N will be retained for now due to the GFP concerns. DLMSO will coordinate with ODASD Supply Chain Integration (SCI) and DPAP to document the process before validating the subject DICs can be removed. DLMSO has also included this item as an agenda topic for Supply PRC Meeting 14-01, scheduled for October 22-23, 2014.

(d) At the Joint Supply PRC and JPIWG Meeting, the DOD MILSTRAP Administrator noted that the definition for SCC M required revision for consistency with DOD policy and removal of the 947I/DAC as a means to move assets into and out of maintenance. The revision is addressed under the MILSTRAP revisions in this ADC (refer to paragraph 4.d(5)).

(5) DODM 4140.01 In-Repair Accountability. DODM 4140.01, Volume 5, Enclosure 3, paragraph 2.e. contains In-Repair Accountability policy which further supports this change. Excerpt below:

“e. In-Repair Accountability.

(1) Organic maintenance facilities will assume accountability of materiel upon receipt at the maintenance facility and while in its custody during maintenance actions using applicable standard logistics processes as prescribed in Defense Logistics Manual (DLM) 4000.25-2,

Volume 2 of DLM 4000.25, and DLM 4000.25-1 (References (p), (q), and (r)). Accountability extends through receipt, storage until repair, repair, modification, disposal, and shipment of repaired assets back to the receipt at the storage activity.

(2) The owning DoD Component will maintain accountability for materiel in a contractor's possession for repair. The contractor will have stewardship of the materiel in accordance with the requirements in Part 52.245-1 of the Federal Acquisition Regulation (Reference (s)) and associated clauses, terms, and conditions.

(a) When a contractor has stewardship, the owning DoD Component, with assistance from the organization providing contract administration support, must ensure that the appropriate systems are in place to manage (control, use, reserve, protect, repair, account for, and maintain) government property in the contractor's possession.

(b) The stewardship includes all government furnished property, including items furnished for repair, and remains until the repaired assets are returned to and received by the DoD Component.

(3) Disassembled items not subsequently reassembled in the same maintenance action at either organic or contractor repair will be added or updated to the accountable records within 2-3 business days of disassembly at the field and depot-level (contractor or organic). Accountable records for classified and NWRM items will be added or updated within 24 hours. Permanently disassembled accountable equipment must be reported to the cognizant accountable property office."

c. Approved Change in Detail:

(1) Eliminates procedure for use of an Inventory Adjustment – Supply Condition Code Change, to indicate assets have moved into, or out of, maintenance. The condition code change process remains a valid process to document the change of an asset's supply condition while in maintenance; however the receipt and issue/materiel release processes would be used to move the materiel to/from the maintenance activity.

(2) MILSTRAP Management Code V, for use with PMR and related transactions, is retained at this time as a placeholder "RESERVED for Materiel intended for immediate transfer to maintenance, by ICP directed release or maintenance induction, in accordance with agreed procedures". However, Management Code V will be marked reserved on December 31, 2014, if no PDC is submitted for an issue from receiving process.

(3) Administrative update to incorporate DODM 4140.01 In-Repair Accountability policy published February 2014. Note that this policy was published subsequent to PDC 449 and so was not incorporated in PDC 449.

d. Revise DLM 4000.25 series of manuals. Revise DLM 4000.25-2, MILSTRAP (reference 3.g.), as follows. Corresponding changes will be made to DLM 4000.25, Volume 2. (reference 3.h.)

(1) Revise MILSTRAP Chapter 3, Issue, as shown in Enclosure 1.

(2) Revise MILSTRAP Chapter 4, Receipt and Due-In, as shown in Enclosure 2.

(3) Revise MILSTRAP Chapter 5, Adjustments, as shown in Enclosure 3.

(4) Revise MILSTRAP, Appendix 2.6, Management Codes, and corresponding DLMS Data Dictionary, for Management Code V, as shown in Enclosure 4.

(5) Revise MILSTRAP, Appendix 2.5, Federal Condition Codes, Supply Condition Codes, SCC M, and corresponding DLMS Data Dictionary for SCC M. This change was not included in PDC 449, but was agreed to at Joint JPIWG/Supply PRC Meeting 13-01.

DLMS SEGMENT: LQ Segment, LQ01 Data Element ID 1270
QUALIFIER: Qualifier "83 – Supply Condition Code"

<u>CODE</u>	<u>TITLE</u>	<u>EXPLANATION</u>
M	SUSPENDED (IN WORK)	Material identified on inventory control record but which has been turned over to a undergoing maintenance at an organic or contractor maintenance facility. or contractor for processing.

e. **PDC 449 Staffing Responses:** Refer Enclosure 5.

f. **Standard Transaction Flows:** Refer to Enclosure 6 for the standard DLMS/MILSTRIP/MILSTRAP transaction flows for Maintaining Accountability During Maintenance.

5. REASON FOR CHANGE: Provides for more accurate DOD accountability for items scheduled for maintenance by DMISA and for items undergoing commercial and intra-Service or Agency maintenance actions. Resolve known deficiencies in supply accountability for items in maintenance.

6. ADVANTAGES AND DISADVANTAGES:

a. **Advantages:** Strengthen the procedures for maintaining logistics accountability during maintenance.

b. **Disadvantages:** None identified.

7. ADDITIONAL COMMENTS TO CONSIDER

a. **Variations/Deviations from Standard Procedures:** As discussed at Joint JPIWG/Supply PRC Meeting 13-01, the Services that are using variations from standard procedures (e.g., pseudo RICs, hard copy forms) and other deviations from the flow diagrams at Enclosure 6, must transition to standard DLMS/MILSTRIP/MILSTRAP transaction exchange and their associated procedures.

b. As noted in PDC 449, requires interface of maintenance, supply, contracting, and financial operations and systems to accurately record the status of assets in the accountability records and related financial accounts.

8. ESTIMATED TIME LINE/IMPLEMENTATION TARGET: This ADC is effective immediately.

9. IMPACT

a. **New DLMS Data Elements:** None.

b. **Changes to DLMS Data Elements:** LQ01 Data Element ID 1270, Qualifier 83, Supply Condition Code: revises definition for Supply Condition Code M.

c. **Automated Information Systems (AIS):**

(1) **DLA DSS** no longer uses 947I/DAC inventory adjustment transactions to change an item's SCC to M at the DLA Distribution Centers.

(2) **Air Force and Navy** confirmed that they do not use 947I/DAC, or paper form with similar intent, to record physical movement of assets between the storage activity and the maintenance activity.

(3) **Army and Marine Corps** confirmed they do not use 947I/DAC to record physical movement of assets between the storage activity and the maintenance activity.

d. **DLA Transaction Services:** No impact.

e. **Non-DLM 4000.25 Series Publications:** May require changes to Component level implementing procedures.

Enclosures

ENCLOSURE 1 TO ADC 1070

Revisions to DLM 4000.25-2, MILSTRAP, Chapter 3, Issue, Backorder, Demand, Loan, and SMCA Freeze/Unfreeze. Corresponding changes will be made to DLM 4000.25, DLMS, Volume 2, Chapter 14, Issue, Loan, Demand, And Ammunition Freeze/ Unfreeze Transactions. Change is identified by *red bold italics* or double strike-through. Changes from PDC 449 are highlighted. Highlighted changes clarify the MILSTRIP related procedures, and incorporates portions of the DODM 4140.01 in-repair accountability policy in paragraphs C3.3.2.1. and C3.3.2.2.

STAFFING NOTE: Paragraph below (from PDC 449) has moved to new paragraphs C3.3.2.1. and C3.3.2.3.

C3.3.1. ~~Applicability. When~~ Responsibility for maintaining the *asset balance portion of the property accountability record for DoD-owned property being repaired resides with the activity having physical custody. The activity having physical custody will provide visibility and report changes to the on-hand balance to the materiel owner (the Principal for maintenance by DMISA).* ~~has been assigned to an activity(s) other than the owner, the responsible activity shall execute the owner's actions set forth in this section.~~

[Preceding text not shown.]

C3.3. MAINTAINING ACCOUNTABILITY DURING MAINTENANCE ACTIONS

C3.3.1. ~~Applicability. When responsibility for maintaining the property accountability record for DoD-owned property has been assigned to an activity(s) other than the owner, the responsible activity will execute the owner's actions set forth in this section.~~

C3.3.1.1. These procedures apply to issues from inventory for assembly, disassembly, reclamation, conversion, modification, repair, and destructive or nondestructive test/evaluation by DoD, other Government (non-DoD), and commercial activities. ~~Transfers to Supply Condition Code (SCC) M are covered under Chapter 5, C5.6.~~

C3.3.1.2. These procedures exclude repair and return of materiel owned below the wholesale distribution system. However, *DoDM 4140.01 policy and, for commercial maintenance, the provisions of the FAR, apply.* ~~storage activities will maintain visibility and the property accountability record for these assets pending issue to maintenance and upon their return from maintenance.~~

C3.3.2. Accountability.

C3.3.2.1. For organic maintenance, responsibility for maintaining the *asset balance portion of the property accountability record for DoD-owned property being repaired resides with the activity having physical custody. Organic maintenance facilities will assume accountability of materiel upon receipt at the maintenance facility and while in its custody during maintenance actions.*

C3.3.2.2. For Contractor maintenance, the owning DoD Component will maintain accountability for materiel in a contractor's possession for repair. The contractor will have stewardship of the materiel in accordance with the requirements in Part 52.245-1 of the Federal Acquisition Regulation and associated clauses, terms, and conditions. The stewardship includes all government furnished property, including items furnished for repair, and remains until the repaired assets are returned to and received by the DoD Component.

C3.3.2.3. For both organic and contractor maintenance, the activity having physical custody will provide visibility and report changes to the on-hand balance to the materiel owner (the Principal for maintenance by DMISA).

C3.3.3. Requirements

C3.3.3.1. When the maintenance activity is co-located with a DoD storage activity, owners **will** direct materiel into maintenance only from the collocated storage activity. When necessary, owners **will** relocate materiel from remote storage activities to the storage activity collocated with the maintenance activity to accomplish this requirement using a MILSTRIP materiel release transaction. The action **will** be posted to the property accountability record using either a DIC D7K Issue Transaction or the MILSTRIP **Materiel Release Confirmation (DIC AR)** transaction. ~~coded to indicate a relocation between the storage activities without change in ownership. The due in and Pre-Positioned Materiel Receipt (PMR) for controlling such relocations, which are processed under the Chapter 4 procedures, may include Management Code V to identify materiel intended for immediate issue (under the Chapter 3 procedures) or transfer (under the Chapter 5 procedures) to maintenance. Services/Agencies may apply processing techniques triggered by Management Code V to preclude physical storage of the materiel pending its release to the maintenance activity.²~~

~~C3.3.3.2. When materiel is scheduled for organic maintenance by Depot Maintenance Inter-Service Support Agreement (DMISA) or other inter-DoD Component agreement, the agreement shall specify the property accountability and materiel control requirements. The agreement shall also indicate whether~~ **The owner (Principal) will direct the issue of materiel to the maintenance activity *from the co-located storage activity.* under this section or the storage activity will transfer the materiel to the maintenance activity** ~~Based on the repair schedule,~~ ***the maintenance activity (Agent for maintenance by DMISA) may initiate induction to maintenance by requisitioning the unserviceable asset from the owner (Principal for maintenance by DMISA) under the provisions of MILSTRIP, Chapter 2, paragraph C2.22.*** ~~and report the transfer to SCC M under Chapter 5, C5.2.~~

C3.3.3.3. Each DoD Component **will** ensure that:

C3.3.3.3.1 Owned inventory in the hands of DoD, other Government (non-DoD), and commercial activities is properly accounted for under the provisions of Chapters 3, 4, 5, and 7 (including C7.2.3. and C7.2.4.) of this manual and, for commercial maintenance, the provisions of the Federal Acquisition Regulation (FAR). This includes returns from field activities for repair and reissue as wholesale inventory. Components **will** prescribe use of any

² Proposed DLMS Change (PDC) 449 proposes deletion of Management Code V.

required internal codes to meet this requirement. (Responsibility of the owner (Principal for maintenance by DMISA).)

C3.3.3.3.2. Total item property records for materiel released to maintenance activities are maintained and adjusted based on the quantity of returned materiel and will support the [DoD 7000.14-R](#), “Department of Defense Financial Management Regulations” financial accounting and reconciliation requirements. (Responsibility of the owner (Principal for maintenance by DMISA).)

C3.3.3.3.3. Contracts for commercial maintenance require the commercial activity to report shipment or condemnation of materiel to the contracting officer. (Responsibility of the Agent for maintenance by DMISA.)

C3.3.3.3.4. Any needed interface between its procurement and supply operations/functions exists to *ensure* that ~~reported data~~ *changes in inventory segment data (stock number, quantity, supply condition code) are* ~~is~~ transmitted to the owner. (Responsibility of the Agent for maintenance by DMISA.) Arrangements may be made for commercial activities to report directly to the contracting officer and/or the owner using “Military Standard Transaction Reporting and Accounting *Accountability* Procedures” ([MILSTRAP](#)) transactions.

C3.3.3.3.5. Reported data affecting inventory balances is recorded in the owner’s total item property record. (Responsibility of the owner (Principal for maintenance by DMISA).)

C3.3.3.4. Owners (Principals for maintenance by DMISA) ~~shall issue~~ *will release* materiel from storage for maintenance action using MILSTRIP transactions. Issues *will* be posted to the property accountability record using either MILSTRAP transactions containing the appropriate DIC D7 series from appendix ~~AP2.1~~ or ~~an image of~~ the MILSTRIP *DIC AR materiel release confirmation* transaction. Include any internal coding needed for proper financial accounting in the transaction.

ENCLOSURE 2 TO ADC 1070

Revisions to DLM 4000.25-2, MILSTRAP, Chapter 4, Receipt and Due-In. Corresponding changes will be made to DLM 4000.25, DLMS, Volume 2, Chapter 13, Materiel Receipt. Change is identified by **red bold italics** or double ~~strike~~-through. Changes from PDC 449 to incorporate portions of DODM 4140.01 in-repair accountability policy are highlighted at paragraphs C14.12.2.1. and C14.12.2.2.

1. Revise MILSTRAP, Chapter 4, section C4.9.3.3.11.2.1:

C4.9.3.3.11.2.1. Reparable Items. Report receipt to the managing ICP of the ~~shipping~~ Service **that is returning the item** in the applicable condition using DIC D6A. Do not include a discrepant receipt management code in the transaction. For materiel shipped between wholesale storage activities, report the receipt using DIC D6K. ICPs receiving transactions reporting returns not-due-in of phase I reparable, for which they are not the IMM, will follow the MILSTRIP MRP procedures to report/ship the materiel as prescribed by the IMM.

2. Revise MILSTRAP, Chapter 4, section C4.12, Maintaining Accountability During Maintenance Actions:

STAFFING NOTE: Paragraph below (from PDC 449) has moved to new paragraphs **C14.12.2.1. and C14.12.2.3.**

~~C4.12.1. Applicability. When **R**esponsibility for maintaining the **asset balance portion of the property accountability record for DoD-owned property being repaired resides with the activity having physical custody. The activity having physical custody will provide visibility and report changes to the on-hand balance to the materiel owner (the Principal for maintenance by DMISA).** has been assigned to an activity(s) other than the owner, the responsible activity will execute the owner's actions set forth in this section.~~

C4.12. MAINTAINING ACCOUNTABILITY DURING MAINTENANCE ACTIONS

C4.12.1. Applicability ~~When responsibility for maintaining the property accountability record for DoD-owned property has been assigned to an activity(s) other than the owner, the responsible activity will execute the owner's actions set forth in this section.~~

C4.12.1.1. These procedures apply for returns to inventory including unused materiel, relocations of materiel for maintenance, and receipts from assembly, disassembly, reclamation, conversion, modification, repair and destructive or nondestructive test/evaluation consigned by DoD, other Government (non-DoD) Agency, or commercial activities.

C4.12.1.2. These procedures exclude repair and return of materiel owned below the wholesale distribution system. However, **DoDM 4140.01 policy and, for commercial maintenance, the provisions of the FAR, apply.** ~~storage activities will maintain visibility and~~

~~the property accountability record for these assets pending issue to maintenance and upon their return from maintenance.~~

C4.12.2. Accountability

C4.12.2.1. For organic maintenance, responsibility for maintaining the *asset balance portion of the* property accountability record for DoD-owned property *being repaired resides with the activity having physical custody. Organic maintenance facilities will assume accountability of materiel upon receipt at the maintenance facility and while in its custody during maintenance actions.*

C4.12.2.2. For Contractor maintenance, the owning DoD Component will maintain accountability for materiel in a contractor's possession for repair. The contractor will have stewardship of the materiel in accordance with the requirements in Part 52.245-1 of the Federal Acquisition Regulation and associated clauses, terms, and conditions. The stewardship includes all government furnished property, including items furnished for repair, and remains until the repaired assets are returned to and received by the DoD Component.

C4.12.2.3. For both organic and contractor maintenance, the activity having physical custody will provide visibility and report changes to the on-hand balance to the materiel owner (the Principal for maintenance by DMISA). ~~has been assigned to an activity(s) other than the owner, the responsible activity will execute the owner's actions set forth in this section.~~

C4.12.3. Requirements

C4.12.3.1. Owners (Principals for maintenance by ~~Depot Maintenance Inter-Service Support Agreement (DMISA)~~) will establish a DIC DFA, DFB, or DFC due-in when materiel is being returned from field activities to wholesale storage activities or to commercial activities for maintenance. Also, provide a DIC DWA, DWB, or DWC PMR to receiving Government storage activities. Take these actions upon receipt of MILSTRIP MRP transactions, or equivalent intra-service documents, reporting return of the materiel. (Services/Agencies may delegate the PMR requirement to intermediate level or transshipment activities.)

C4.12.3.2. When owners direct relocation of materiel from a remote storage activity to the storage activity co-located with the maintenance activity (as required under C3.3.), they will establish a DIC DFK due-in for the intransit materiel and provide a DIC DWK PMR to the receiving storage activity following the procedures in C4.2. and C4.3.

C4.12.3.3. Storage activities will report receipt of reparable materiel based on the information contained in the PMR. If a PMR is not available, report the receipt to the cognizant ICP in accordance with C4.9.3.3.11.2.1.

C4.12.3.4. When materiel is scheduled for organic maintenance by DMISA or other inter-Service/Agency agreement, the agreement will specify ~~the materiel control requirements.~~ **that** the storage activity will report returns from maintenance to the owner (Principal) as receipts under this section. ~~or as transfers from SCC M under C5.6.~~

C4.12.3.5. Each DoD Component will ensure that:

C4.12.3.5.1. Owned inventory which is in the hands of DoD, other Government (non-DoD), and commercial activities is properly accounted for under the provisions of Chapters 3, 4, 5, and 7 (including C7.2.3. and C7.2.4.) of this manual and, for commercial maintenance, the provisions of the [FAR](#). This includes returns from field activities for repair and reissue as wholesale inventory. DoD Components will prescribe use of any required internal codes to meet this requirement. (Responsibility of the owner (Principal for maintenance by DMISA).)

C4.12.3.5.2. Total item property records for materiel in the hands of maintenance activities are maintained and adjusted based on the quantity of materiel actually returned and will support the [DoD 7000.14-R](#) accounting and reconciliation requirements. (Responsibility of the owner (Principal for maintenance by DMISA).)

C4.12.3.5.3. Contracts for commercial maintenance require the commercial activity to report or acknowledge receipt and report shipment or condemnation of materiel to the contracting officer. (Responsibility of the Agent for maintenance by DMISA.)

C4.12.3.5.4. Any needed interface between the procurement and supply operations/functions exists to **ensure that *changes in the inventory segment data (stock number, quantity, supply condition code)* reported data is are** transmitted to the owner. (Responsibility of the Agent for maintenance by DMISA.) Arrangements may be made for commercial activities to report directly to the contracting officer and/or the owner using MILSTRAP transactions.

C4.12.3.5.5. Reported data affecting inventory balances is recorded in the total item property record. (Responsibility of the owner (Principal for maintenance by DMISA).)

C4.12.3.6. Owners will establish dues-in for expected returns from commercial and Government maintenance activities using the appropriate Appendix ~~AP~~2.1 MILSTRAP [DICs](#) in the DD or DF series. Provide PMRs to storage activities to receive the materiel under C4.3. using the corresponding DICs in the DU or DW series. Storage activities will report receipts under C4.4 or C4.5 and C4.9., using the corresponding DICs in the D4_ or D6_ series.

C4.12.3.7. When materiel is issued to a customer directly from a ***DoD or commercial maintenance*** activity, **ensure** that appropriate supply transactions are processed to establish the property accountability and financial accounting audit trails, ***as well as visibility within the supply system used by the materiel owner.*** ~~Depending on the Component system business rules, this may necessitate either a receipt and issue, or a condition code change and issue.~~

C4.12.3.8. When materiel is condemned by maintenance activities, **ensure** that the condemnation action is recorded (***issue to disposal*** ~~inventory adjustment decrease~~) to adjust the DoD inventory and financial accounts. ***This includes automatic disposals (Management Code M).***

ENCLOSURE 3 TO ADC 1070

Revisions to DLM 4000.25-2, MILSTRAP CHAPTER 5, ADJUSTMENTS. Corresponding changes will be made to DLM 4000.25, DLMS, Volume 2, Chapter 7, Inventory Adjustments. Changes are identified by *red, bold italics*.

Revise MILSTRAP, Chapter 5 Adjustments, to remove section C5.6, Maintaining Accountability During maintenance. Inventory Adjustment (Supply Condition Code Change) Transaction must not be used to “move” assets from the storage activity to the maintenance activity. Renumber remaining sections. (Text to be deleted is identified by strike-through):

~~C5.6. MAINTAINING ACCOUNTABILITY DURING MAINTENANCE~~

~~C5.6.1. Applicability. When responsibility for maintaining the property accountability record for DoD-owned property has been assigned to an activity(s) other than the owner, the responsible activity will execute the owner's actions set forth in this section.~~

~~C5.6.1.1. These procedures apply to transfers of inventory to SCC M for maintenance, assembly, disassembly, reclamation, conversion, modification, repair, and destructive or nondestructive test/evaluation and transfer to their correct condition classification upon return from maintenance.~~

~~C5.6.1.2. These procedures exclude repair and return of materiel owned below the wholesale distribution system. However, storage activities will maintain visibility and the property accountability records for these assets pending transfer to maintenance and upon their return from maintenance.~~

~~C5.6.2. Requirements~~

~~C5.6.2.1. When materiel is scheduled for organic maintenance by Depot Maintenance Interservice Support Agreement (DMISA) or other inter-DoD Component agreement, the agreement will specify the materiel control requirements to include whether the storage activity will report returns from maintenance to the owner (Principal) transfers from SCC M under this section or as receipts under Chapter 4, C4.12.~~

~~C5.6.2.2. Each DoD Component will ensure that:~~

~~C5.6.2.2.1. Owned inventory that is in the hands of DoD, other Government (non-DoD), and commercial activities is properly accounted for under the provisions of Chapters 3, 4, 5, and 7 (including C7.2.3. and C7.2.4.) of this manual and, for commercial maintenance, the provisions of the Federal Acquisition Regulation (FAR). This includes returns from field activities for repair and reissue as wholesale inventory. DoD Components will prescribe use of any required internal codes to meet this requirement. (Responsibility of the owner (Principal for maintenance by DMISA).)~~

~~€5.6.2.2.2. Total item property records for materiel in the hands of maintenance activities are maintained and adjusted based on the quantity of items actually returned and will support the [DoD 7000.14-R](#), “Department of Defense Financial Management Regulations,” financial accounting requirements. (Responsibility of the owner (Principal for maintenance by DMISA).)~~

~~€5.6.2.2.3. Contracts for commercial maintenance require the reporting of materiel loss or damage to the contracting officer. Contracts may also require the contractor to report the start and completion of maintenance action for each unit of materiel. (Responsibility of the Agent for maintenance by DMISA.)~~

~~€5.6.2.2.4. Any needed interface between the procurement and supply operations/functions exists to ensure that reported data is transmitted to the owner. (Responsibility of the agent for maintenance by DMISA.) Arrangements may be made for commercial activities to report directly to these activities using MILSTRAP transactions.~~

~~€5.6.2.2.5. Reported data affecting inventory balances is recorded on the total item property record. (Responsibility of the owner (Principal for maintenance by DMISA).)~~

~~€5.6.2.3. Storage activities will report the following actions, as indicated, to the owner of the materiel. In DoD Component systems that do not use dual adjustment transactions, use the corresponding DIC D8_ and D9_ single adjustment transactions. Follow the Appendix AP3.8 format for preparing DIC DAC transactions or the Appendix AP3.4 format for preparing DIC D8/D9_ transactions.~~

~~€5.6.2.3.1. When materiel is inducted for maintenance (repair/modification, assembly, etc.), process a DIC DAC dual adjustment to transfer the materiel from the SCC on the record to SCC M.~~

~~€5.6.2.3.2. When materiel is returned from maintenance (repair/modification, assembly, etc.), process a DIC DAC dual adjustment to transfer the materiel from SCC M to the SCC in which the materiel is received (for example; SCC A for completed materiel, SCC G for materiel awaiting repair parts, or SCC H for condemned materiel). In DoD Component systems that do not use the dual adjustment, process the equivalent loss and gain transactions to accomplish the transfer.~~

ENCLOSURE 4 TO ADC 1070

Revisions to DLM 4000.25-2, MILSTRAP, Appendix 2.6, Management Codes.

Corresponding changes will be made to the DLMS Data Dictionary, for Data Element ID 1270 Qualifier 84 – Management Code. Changes are identified by **red, bold italics** and double ~~strike-through~~. Changes from PDC 449 are highlighted, as addressed in ADC 1070 and agreed to at Joint JPIWG/Supply PRC Meeting 13-01.

Revise Management Code V under MILSTRAP Appendix 2.6, paragraph AP2.6.1 as shown:

AP2.6.1. RECEIPT RELATED TRANSACTIONS. The following management codes are assigned for use in MILSTRAP materiel receipt-related transactions, Document Identifier Codes (DIC) D4_ and D6_ Materiel Receipts, DD_ and DF_ Due-in Transactions, DU_ and DW_ PMRs, and DX_ Materiel Receipt Follow-ups~~},~~ and related receiving documentation (when applicable), as indicated below:

<u>CODE</u>	<u>APPLICABLE DIC</u>	<u>EXPLANATION</u>
V ⁺	All DICs	<i>Reserved for future use with:</i> Materiel intended for immediate transfer to maintenance, by ICP directed release or maintenance induction, in accordance with agreed procedures. <i>Management Code V is not implemented; implementation is on hold pending development of a standard DLMS solution for procedures for issue from receiving.¹</i>

~~⁺Management Code V is proposed for deletion by Proposed DLMS Change (PDC) 449.~~

¹If no PDC is submitted to DLMSO by December 31, 2014, for a DLMS issue from receiving process, Management Code V will be marked as “Reserved for future DoD assignment”. Refer to ADC 1070.

NOTE FOR DLMSO: ADC 1070 will be published in Formal Change 5 to MILSTRAP/DLMS. If change 5 is posted around December 31, 2014, or later, and if no PDC has been submitted to DLMSO, then Management Code V will be marked “Reserved for future DoD assignment” in change 5.

ENCLOSURE 5 to ADC 1070

PDC 449 COMMENTS DISPOSITION TABLE

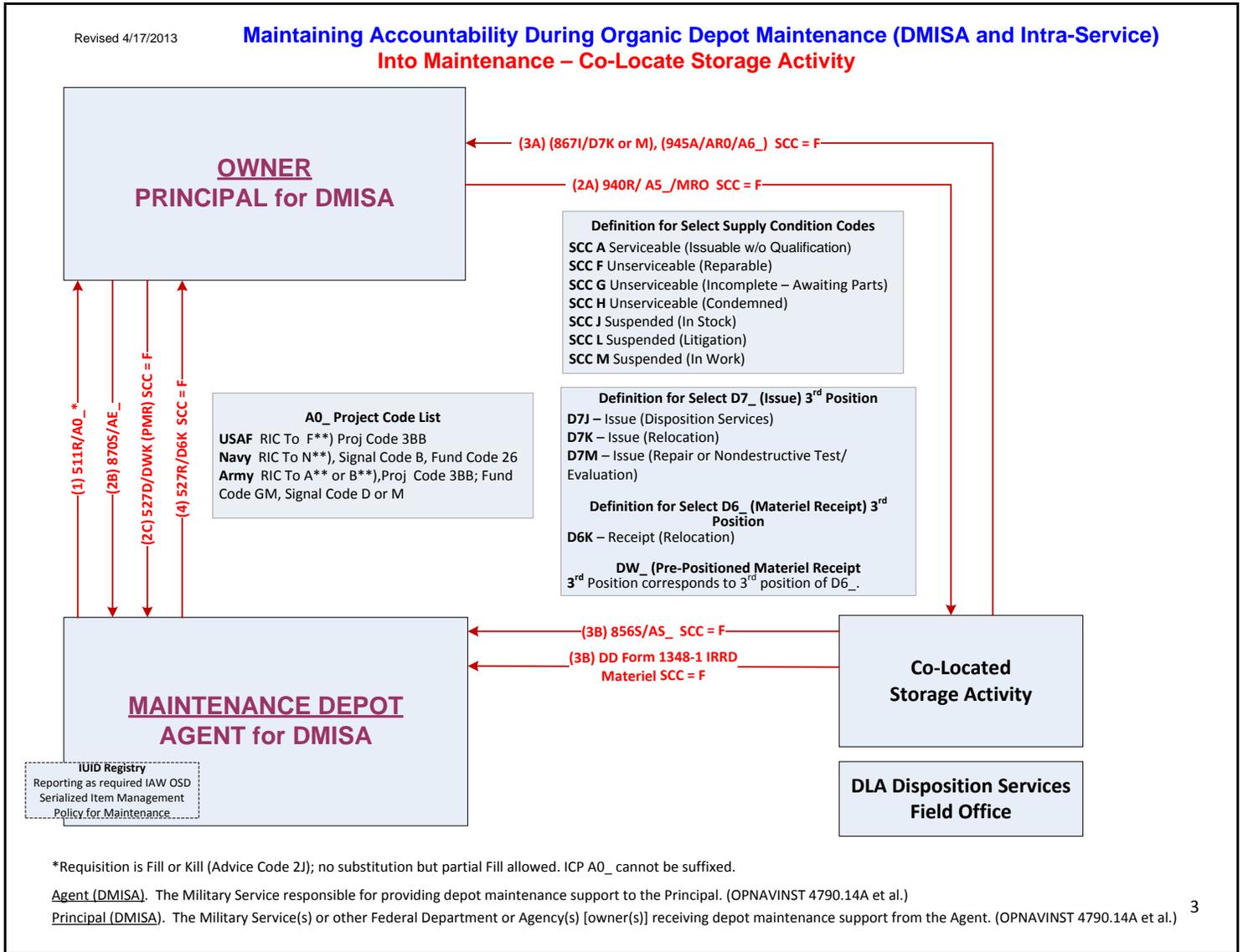
#	Organization	PDC 449 Comment	Disposition
	Defense Logistics Management Standards Office (DLMSO)	DLMO provided a draft of ADC 1070 to Supply PRC representatives by email (Mary Jane Johnson), June 20, 2014.	
1	DLMSO	<p>For MILSTRAP Chapter 4 procedures associated with receipt of the MILSTRIP MRP transactions associated with maintenance, or equivalent intra-service documents, reporting return of the materiel, the PDC proposed replacing specific due-in transactions DICs DFA, DFB, DFC and specific PMR transactions DICs DWA, DWB, DWC, with generic DW_ and DF_. However, upon further consideration, the DOD MILSTRAP Administrator retained the specific DICs as these are the only logical transactions that would be processed in response to the MILSTRIP MRP transactions associated with maintenance. These Due-in and PMR would be associated, by the third position of the DIC, with the following specific receipts:</p> <ul style="list-style-type: none"> D6A - Materiel Receipt - Other Than Procurement Instrument Source (Own Service/Agency); D6B - Materiel Receipt - Other Than Procurement Instrument Source (DoD Activities); D6C - Materiel Receipt - Other Than Procurement Instrument Source (Non-DoD Activities) 	Specific DICs retained.
2	DLMSO	As addressed in this ADC, Management Code V for use with PMR and receipts, which had been proposed for deletion by PDC 449, will be retained as unimplemented but reserved for a to-be-developed “issue from receiving” process. Will require submission of a PDC by December 31, 2014, as documented in this ADC. If no PDC is submitted by that time, DLMSO will mark Management Code V as reserved for future DOD assignment.	Discussed and agreed to at the Joint Supply PRC and JPIWG Meeting 13-01, April 18, 2013
3	DLMSO	As addressed in this ADC, procurement instrument source DICs D4G/D4H/D4L/ D4N, which had been proposed for deletion by PDC 449 in favor of using corresponding D6G/D6H/D6L/D6N, will be retained for now due to the GFP concerns. DLMSO action to coordinate with DPAP to determine if they should be retained.	Discussed and agreed to at the Joint Supply PRC and JPIWG Meeting 13-01, April 18, 2013

#	Organization	PDC 449 Comment	Disposition
4	DLMSO	<p>Although the original wording for this process documented the MILSTRIP procedure as an owner-directed materiel release, the procedures are clarified in this ADC to indicate that the storage activity confirms the issue by providing an Issue transaction or a Materiel Release Confirmation (MRC) transaction. This more clearly states the MILSTRIP procedure. See yellow highlight below:</p> <p><u>Enclosure 1 (MILSTRAP Chapter 3), paragraph C3.3.2.1.:</u> “C3.3.2.1. When the maintenance activity is co-located with a DoD storage activity, owners will direct materiel into maintenance only from the co-located storage activity. When necessary, owners will relocate materiel from remote storage activities to the storage activity co-located with the maintenance activity to accomplish this requirement using a MILSTRIP materiel release transaction. The action will be posted to the property accountability record using either a DIC D7K Issue Transaction or the MILSTRIP Materiel Release Confirmation (DIC AR_) transaction.”</p> <p><u>Enclosure 1 (MILSTRAP Chapter 3), paragraph C3.3.2.4.:</u> “C3.3.2.4. Owners (Principals for maintenance by DMISA) shall issue will release materiel from storage for maintenance action using MILSTRIP transactions. Issues will be posted to the property accountability record using either MILSTRAP transactions containing the appropriate DIC D7 series from appendix AP2.1 or an image of the MILSTRIP DIC AR_ materiel release confirmation transaction. Include any internal coding needed for proper financial accounting in the transaction.”</p>	Updated for MILSTRIP requirement.
5	DLMSO	Procedures captured portions of DODM 4140.01, Volume 5, In-Repair Accountability policy which OSD/SCI published February 10, 2014.	Supports DODM 4140.01 policy.
6	DLA J332 and DLA Distribution	Concurs w/o comment	Noted

#	Organization	PDC 449 Comment	Disposition
12	Air Force	<p>AIR FORCE DEPOT-RETAIL ONLY - QUESTIONS, RESPONSES, AND ANALYSIS</p> <p>1. Question: Is Management Code V used with Receipt and/or PMR transactions as described in the PDC?</p> <p>USAF Response: Management Code “V” is not used in D035K.</p> <p>3. Question: Are inventory adjustment transaction (DLMS 947I/legacy MILSTRAP DIC DAC) used by your Service to “move” assets from a distribution depot/storage activity to a maintenance activity rather than use MRO, issue, and receipt?</p> <p><i>DLMSO notes that the USAF response provided information on a system change programmed by D035K that was never implemented. That unimplemented change explanation is not included in this PDC response table.</i></p>	Noted.

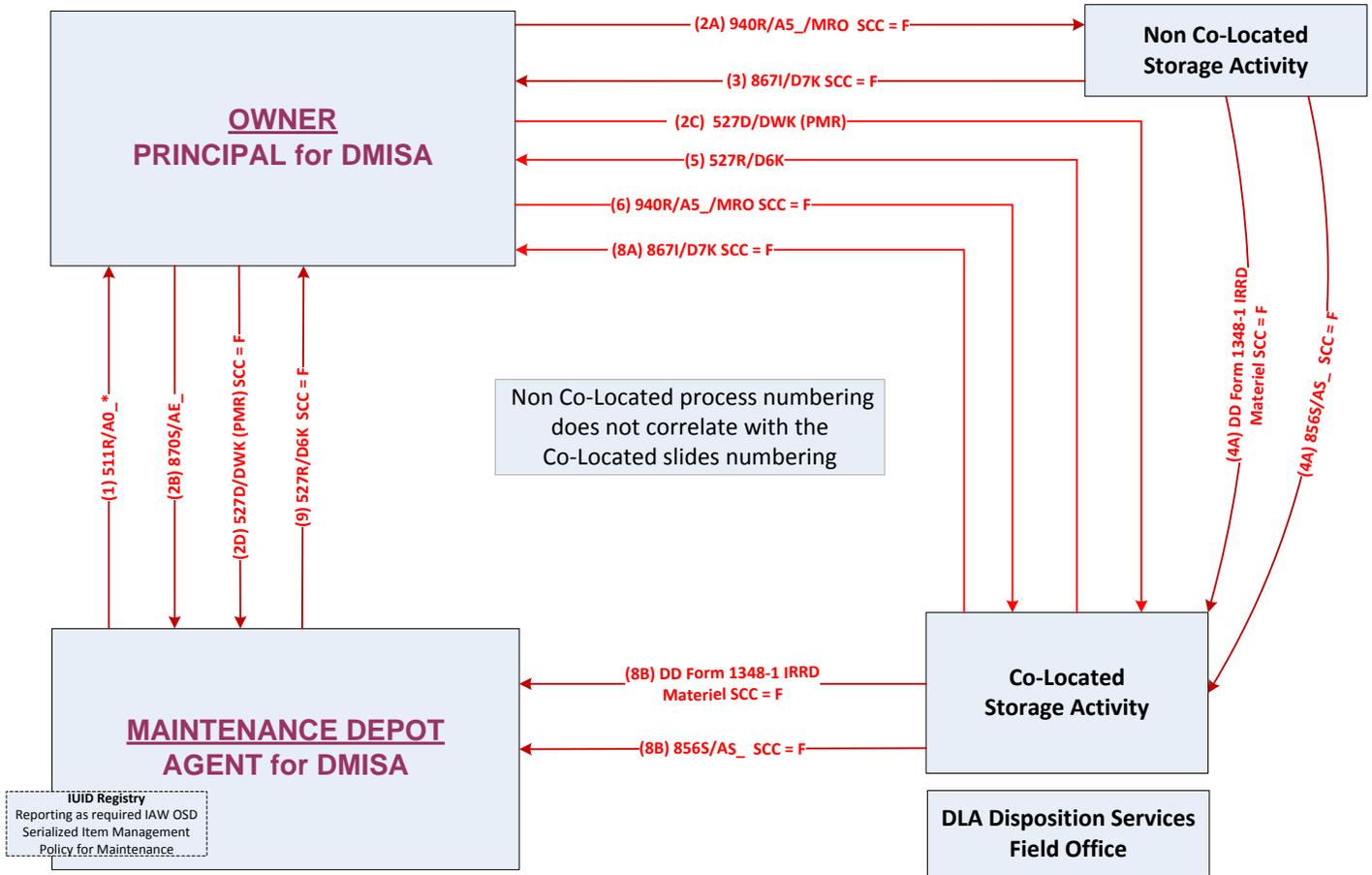
ENCLOSURE 6 to ADC 1070

FLOWCHARTS OF DLMS PROCESS FOR MAINTAINING SUPPLY ACCOUNTABILITY DURING ORGANIC MAINTENANCE (DMISA AND INTRA-SERVICE)



Maintain Accountability During Maintenance (DMISA and Intra-Service Organic) Into Maintenance – Non Co-Located Storage Activity

If materiel starts at a non co-located depot it will move through the co-located depot before going to the maintenance depot. MILSTRAP C3.3.2

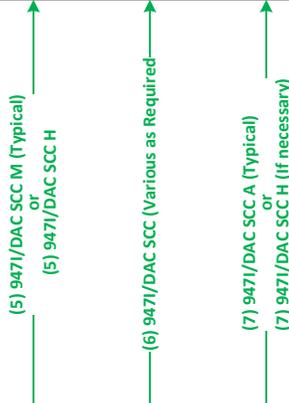


IUID Registry
Reporting as required IAW OSD
Serialized Item Management
Policy for Maintenance

*Note: Note: Requisition is Fill or Kill (Advice Code 2J); no substitution but partial Fill allowed. ICP A0_ cannot be suffixed.

Maintaining Accountability During Organic Depot Maintenance (DMISA and Intra-Service) Condition Code Changes while in Maintenance

**OWNER
PRINCIPAL for DMISA**



Definition for Select Supply Condition Codes

- SCC A Serviceable (Issuable w/o Qualification)
- SCC F Unserviceable (Reparable)
- SCC G Unserviceable (Incomplete – Awaiting Parts)
- SCC H Unserviceable (Condemned)
- SCC J Suspended (In Stock)
- SCC L Suspended (Litigation)
- SCC M Suspended (In Work)

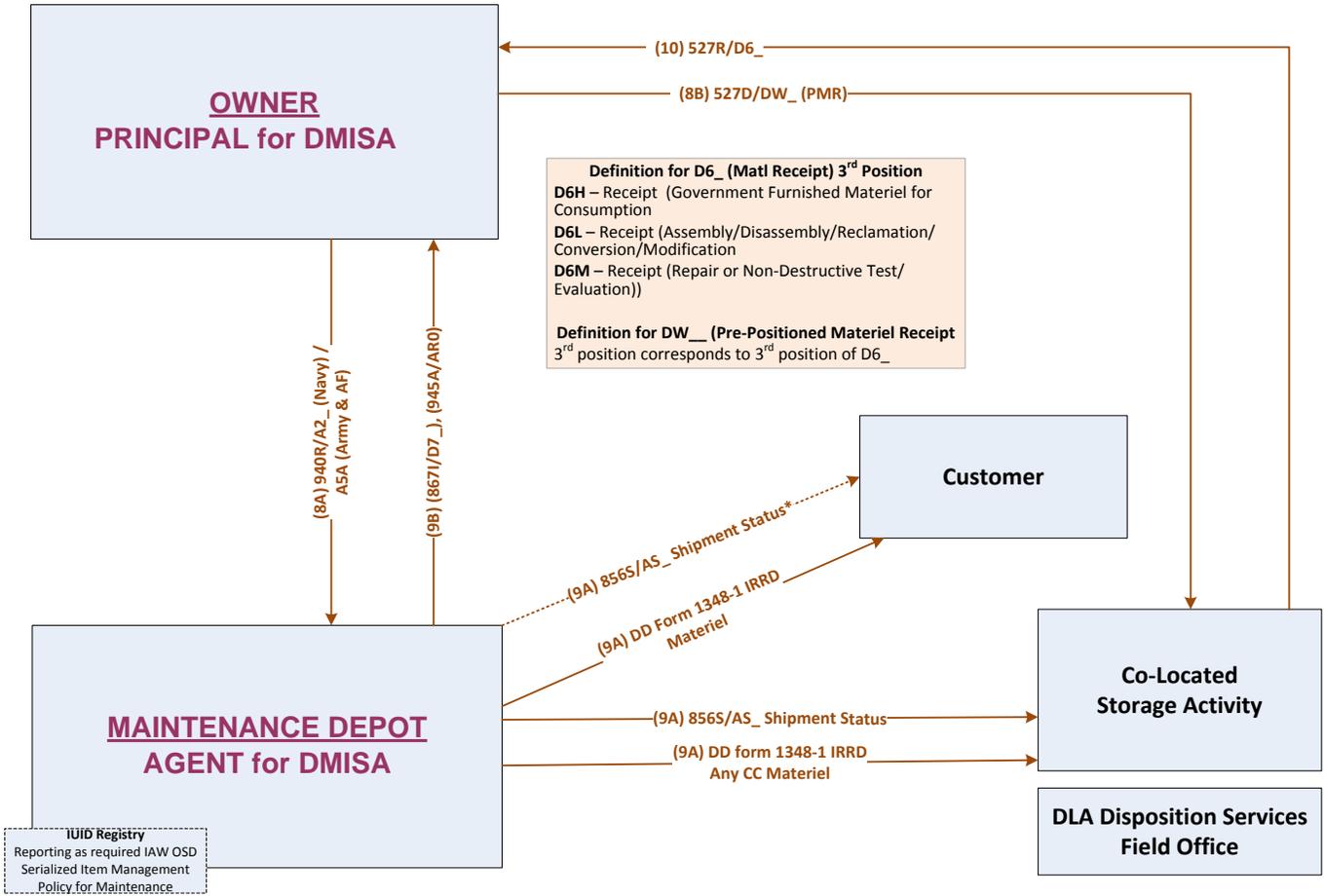
**MAINTENANCE DEPOT
AGENT for DMISA**

IUID Registry
Reporting as required IAW OSD
Serialized Item Management
Policy for Maintenance

**Co-Located
Storage Activity**

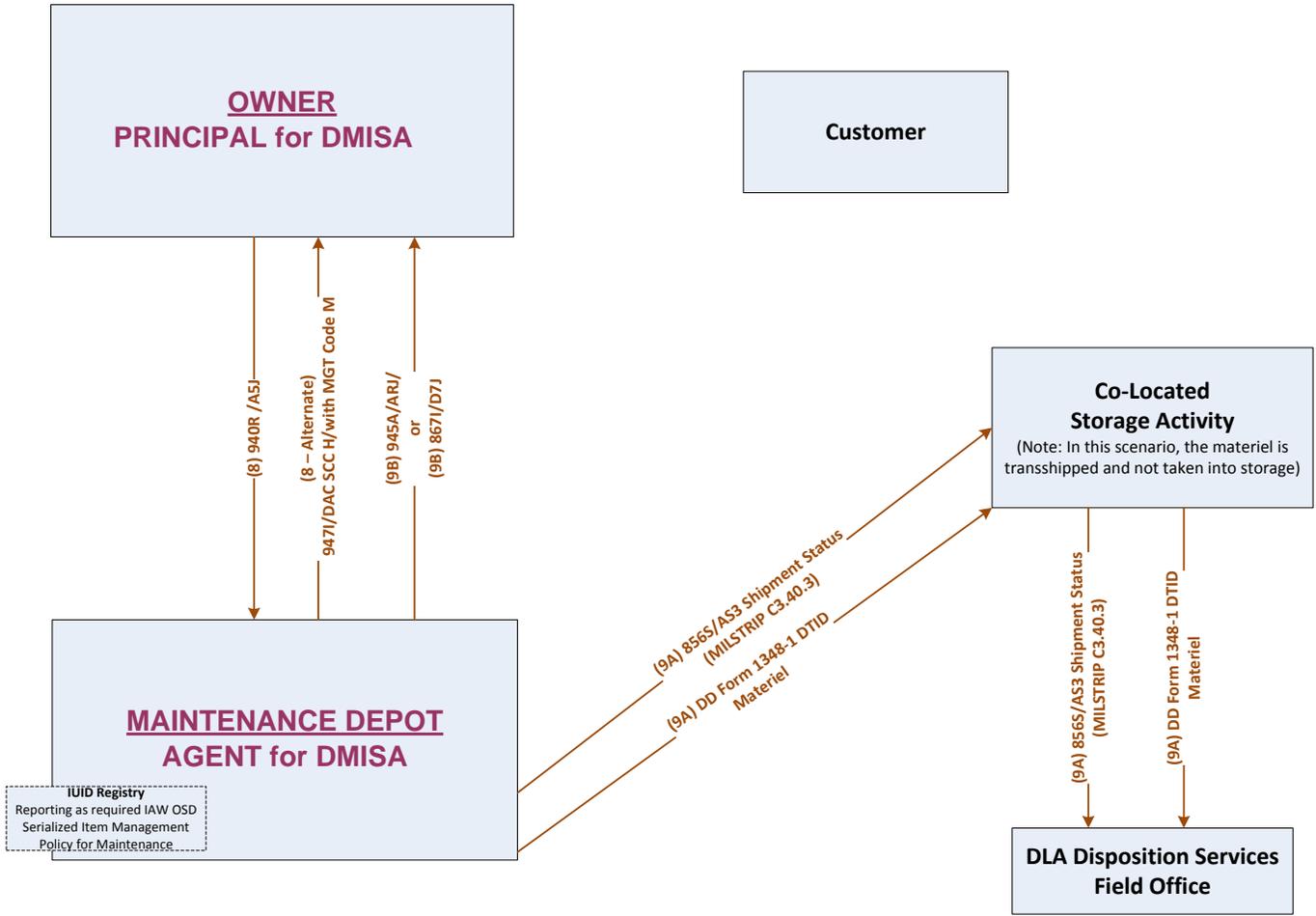
**DLA Disposition Services
Field Office**

Maintaining Accountability During Organic Depot Maintenance (DMISA and Intra-Service) (Out of Maintenance – Serviceable)

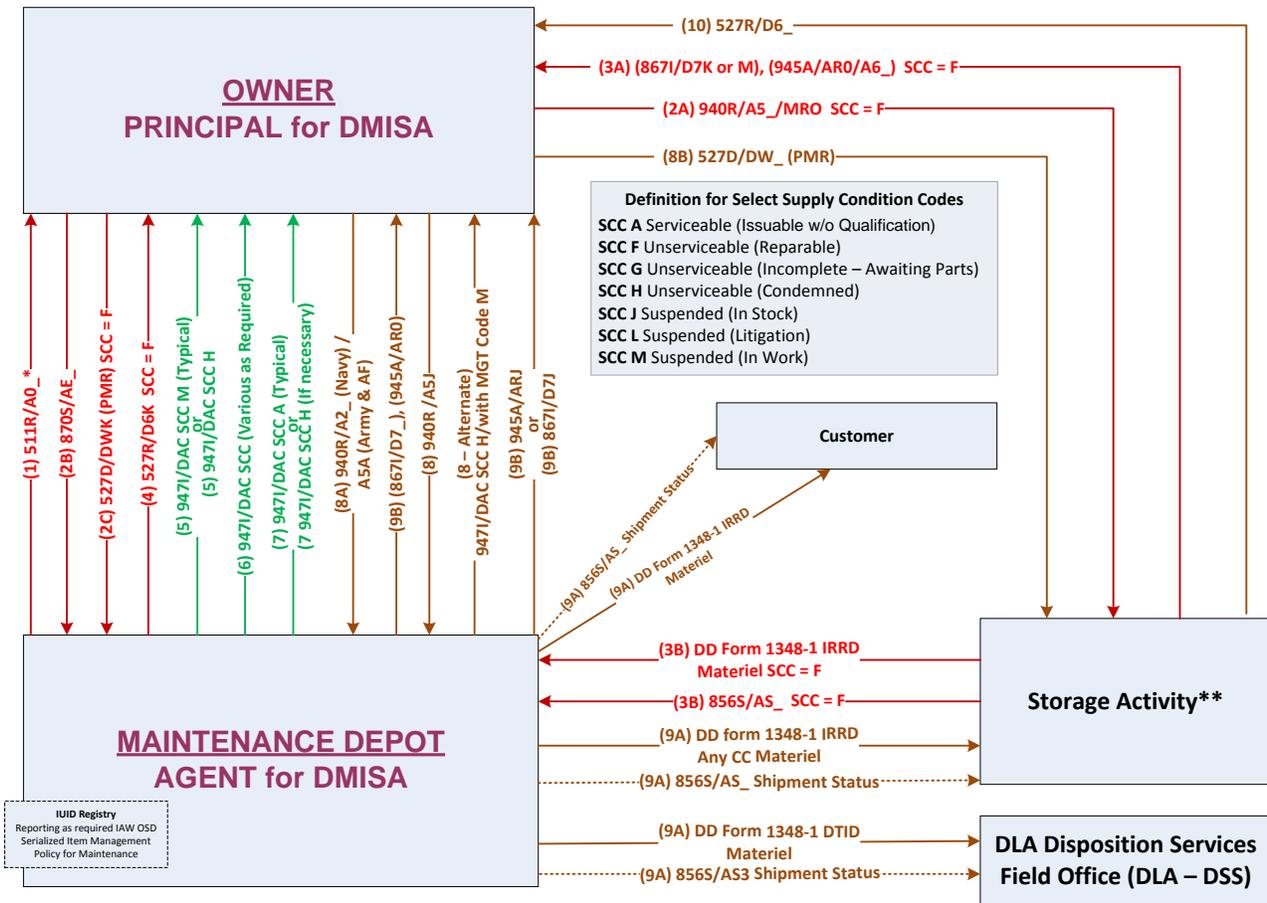


*Maintenance provide shipment status. May clarify the requirement through a DLMS Change

Maintaining Accountability During Organic Depot Maintenance (DMISA and Intra-Service) Out of Maintenance – Condemned



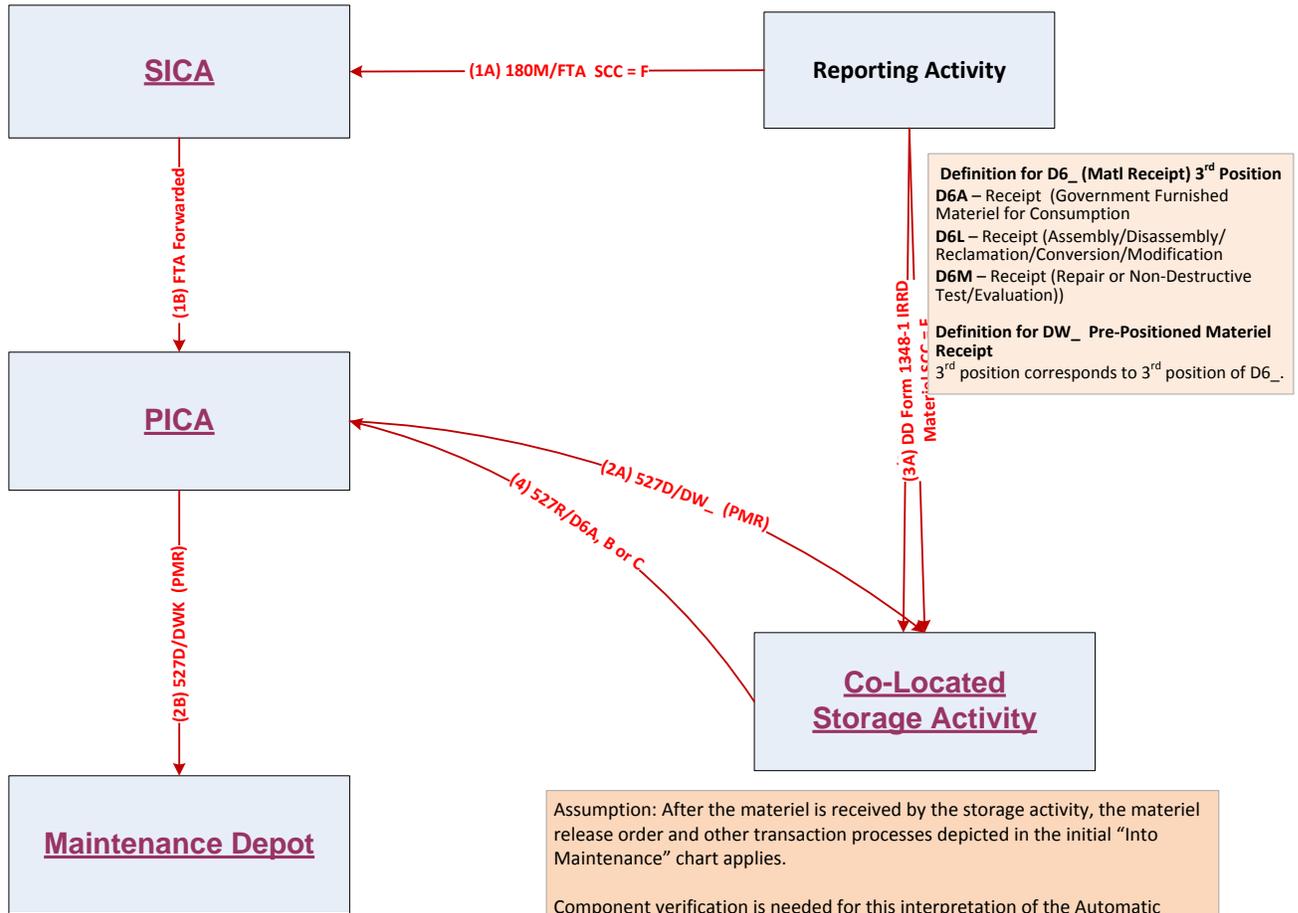
Maintaining Accountability During Organic Depot Maintenance (DMISA and Intra-Service Combined)



*Note: Note: Requisition is Fill or Kill (Advice Code 2J); no substitution but partial Fill allowed. ICP A0_ cannot be suffixed.

**Note: If materiel starts at a non co-located depot it will move through the co-located depot before going to the maintenance depot. See separate chart MILSTRAP C3.3.2

Maintaining Accountability During Organic Depot Maintenance Into Maintenance – Inter-Service Organic (Unserviceable) FTA Automatic Returns



Assumption: After the materiel is received by the storage activity, the materiel release order and other transaction processes depicted in the initial "Into Maintenance" chart applies.

Component verification is needed for this interpretation of the Automatic Returns (FTA) process for inter-service unserviceable items.