April 22, 2015

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) AND
JOINT PHYSICAL INVENTORY WORKING GROUP (JPIWG) MEMBERS

SUBJECT: Approved Defense Logistics Management Standards (DLMS) Change (ADC) 1085,
Revise Procedures for End of Day Processing to Include and Clarify Programmed
Research of Imbalances using Transaction History Data and Authorize Up to Seven
Work Days to Complete Programmatic Research

The attached change to DLM 4000.25, Defense Logistics Management Standards and
DLM 4000.25-2, Military Standard Transaction Reporting and Accountability Procedures
(MILSTRAP) is approved for implementation. As of the date of this issuance this is an Intra-
DLA requirement that has been implemented. Other Components may implement at any time.

Addressees may direct questions to Mr. Lou Madrigal, 703-767-2011 or DSN: 427-2011
or email to: luis.madrigal@dla.mil. Others may direct questions to their Component designated
Supply PRC representative.

DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment
As stated

cc: ODASD (SCI)
cc: Supply PRC

ATTACHMENT TO ADC 1085

Revise Procedures for End of Day Processing to Include and Clarify Programmed Research of Imbalances using Transaction History Data and Authorize Up to Seven Work Days to Complete Programmatic Research.

1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION:

    a. <u>**Technical POC:**</u> DLA HQ, J62

    b. <u>**Functional POC :**</u> DLA HQ Inventory Management, J332, DSN 427-3605

2. FUNCTIONAL AREA:

    a. <u>**Primary/Secondary Functional Area:**</u>   Supply/Logistics

    b. <u>**Primary/Secondary Functional Process:**</u>   Physical Inventory Control

3. REFERENCES:

    a.   DLM 4000.25-2, Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP), Chapter 7

    b.   DLM 4000.25, Defense Logistics Management Standards (DLMS), Volume 2, Chapter 6

4. APPROVED CHANGE(S):

    a. <u>**Brief Overview of Change:**</u> The purpose of this change is to extend the time standard to a maximum of seven work days for the completion of the programmatic research portion of the end of day reconciliation process. This change does not affect the transactional flow or data elements required to complete end of day processing. It restates procedures to include: closing balance comparisons at end of day; and, for imbalances, the programmatic research elements to be considered to include in-float, suspended, and duplicate transactions prior to adjusting the Total Item Property Record (TIPR).

    b. <u>**Background:**</u>

        (1) References 3.a. and 3.b. require an end of day reconciliation between owners/managers and storage activities for all active records to compare on-hand balances daily. Historically, DLA runs an end of day reconciliation with 50+ sites in different time zones with an average of 53,000 active line items. A typical week's worth of daily matches results in identification of 5,000 – 6,000 line items with unmatched balances.

        (2) For records with imbalances, owners/managers will send a Transaction History Request transaction (DLMS 846P with Report Type Code TF (MILSTRAP legacy DIC DZJ)) to the storage activity. The storage activity responds using the appropriate DLMS historical submission transactions to provide transaction history details. Under DLMS, the storage activity will send transaction history data by submitting the affected transactions that are

identified by beginning segment Action Code W1, as an historical submission. DLMS transactions subject to historical submission are: Receipt, Issue, Materiel Release Order, Materiel Release Advice, and Inventory Adjustment (DLMS 527R, 867I, 940R, 945A, and 947I, respectively). A Response to Transaction History Request (No History Available) (DLMS 846P with Report Type Code AD) is used when no history is available for the selected timeframe. Storage activities still operating under MILSTRAP legacy transactions send legacy DIC DZK Transaction History Transmittal for transactions affecting the balance for the requested timeframe.

(3) The historical transaction submission data is critical to DLA's Inventory Records Management processes because it was designed to programmatically use the storage activity's transaction history detail to ensure consideration of in-float, suspended, failed and missing transactions. This allows DLA to systematically resolve imbalances and programmatically accept the unresolved mismatched quantities. However, DLA has found that the total cycle time (inclusive of DLA, as well as the storage activities system processing between submission of a Location Reconciliation Request transaction (DLMS 846R with Report Type Code LC (legacy DIC DZH)) and handling of historical transaction submission data) is not feasible within the same day/24 hour timeframe. For this reason DLA runs a weekly cycle rather than end of day, using the most recent Location Reconciliation Request transaction (DLMS 846R/legacy DZH), to give the storage activities a chance to respond to the Transaction History Requests (DLMS 846P/legacy DIC DZJ). Weekly management reports and resources are then focused on the actual adjustments and causative research conducted in accordance with the value of the adjustment and type of item.

c. **Approved Change in Detail:** There is no change to the requirement to transmit to owners the end of day balance for all items having balance affecting transaction during the previous 24 hours. This change only extends the time standard to a maximum of seven work days for the completion of the programmatic research portion of the end of day reconciliation process as described in paragraph 4.d., below.

d. **Revisions to DLM 4000.25 Manuals:**

(1) Revision to DLM 4000.25-2, Defense Logistics Management System (DLMS), Chapter 7, as follows: (Note administrative change of "shall" to "will", consistent with a style change for DoD issuances, will be made throughout Chapter 7 when this change is published in the manual)

C7.2.6.3. Owner ~~*shall*~~*will* match the storage activity location reconciliation request transactions to affected records~~.~~ Imbalances ~~*shall*~~*will* be programmatically researched to ~~assure~~*ensure* consideration of in-float documents, delayed*/suspended* transactions, and duplicate transactions. *For owners who compare storage activity transaction history detail to owner transaction data when performing programmed research the owner will send a DIC DZJ request (see C7.2.6.5 below) for all imbalances. The storage activity will send transaction history data (see C7.4.4.2 for requested timeframe). Programmed research will be completed within 7 work days from receipt of the initial DIC DZH.* For unresolved mismatched quantities, the owner~~/manager~~ ~~*shall*~~*will* update the affected record on-hand balance with the storage

activity's closing on-hand balance. The mismatched quantity (gains and losses) ~~shall~~*will* be adjusted with a DIC D8B/D9B, Inventory Adjustment Increase/Decrease (Accounting Error) transaction.

(**2**) Revision to DLM 4000.25, Volume 2, Chapter 6 as follows: (Note administrative change of "shall" to "will" ", consistent with a style change for DoD issuances, will be made throughout Chapter 6 when this change is published in the manual)

C6.2.6.3. Owner ~~shall~~*will* match the storage activity location reconciliation request transactions *(DLMS 846R BIA06 Action Code Z; MILSTRAP legacy DIC DZH with Type Code 1 in record position 7)* to affected records. Imbalances must be programmatically researched to *ensure*~~assure~~ consideration of in-float documents, delayed*/suspended* transactions, and duplicate transactions**. *For owners who compare storage activity transaction history detail to owner transaction data when performing programmed research the owner will send a* Transaction History Request transaction *(see C6.2.6.5 below) for all imbalances. The storage activity will send transaction history data (see C6.4.4.2) for requested timeframe. Programmed research will be completed within 7 work days from receipt of the initial* Location Reconciliation Request transaction. For unresolved mismatched quantities, the owner*/manager* ~~shall~~*will* update the affected record on-hand balance with the storage activity's closing on-hand balance. The mismatched quantity (gains and losses) ~~shall~~*will* be adjusted with Inventory Adjustment Increase/Decrease (Accounting Error) (DLMS 947I with Quantity or Status Adjustment Reason Code AB; MILSTRAP legacy DIC D8B/D9B).

e. Approved Transaction Flow: No change required in transaction flow.

f. Alternatives: No alternatives, except to discontinue programmed research. However, if manual research was required to determine in-float, missing, and duplicate transactions, this would have a significant impact on resources.

5. REASON FOR CHANGE: This change recognizes the total cycle time in End of Day Processing, to include: Comparison of storage activity closing balance; determining potential imbalances; and, requesting, obtaining, and using detail Transactional History data to programmatic research imbalances to ensure consideration of in-float, delayed, suspended, and duplicate transactions. It further recognizes that storage activity systems, such as the Distribution Standard System (DSS), with high daily volumes of balance affecting transactions require more than a day to complete programmatic research.

6. ADVANTAGES AND DISADVANTAGES:

a. Advantages: The implementation of this change will allow reasonable completion time for automated research as a result of discrepancies found via the End-of-the-Day process.

b.   Disadvantages: None available at this time.

7. ADDITIONAL COMMENTS TO CONSIDER: This change authorizes the current programmatic research practice programmed within EBS for the reasons described in the background, paragraph 4.b.

8. ESTIMATED TIME LINE/IMPLEMENTATION TARGET: Implemented.

9. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE: N/A --- Implements total cycle time processing requirements to ensure End of Day imbalances are programmatically researched to consider in-float documents, delayed transactions, and duplicate transactions prior to adjusting the Total Item Property Record (TIPR).

10. IMPACT:

     a. New DLMS Data Elements: There are no new DLMS data elements or changes to existing ones introduced by this DLMS change.

     b. Automated Information Systems (AIS): Previously implemented, of this change requires no additional system changes.

     c. DLA Transaction Services: This change does not impact any transaction flows through DAAS.

     d. Non-DLA Logistics Management Standards Publications: Any Component level procedures documenting the applicable programmatic research requirements contained herein should be updated as necessary.

11. Proposed DLMS Change (PDC) 1085 Staffing Response/Comment Table:

	Originator	Response/Comment
1.	DLA	Concur without comment.
2.	Air Force	Concur without comment.
3.	Army	Concur without comment.
4.	Navy	Concur without comment.
5.	Marine Corps	Concur without comment.
6.	DLA EBS & DSS	Concur without comment.
7.	USTRANSCOM	Abstain.