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December 08, 2015

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) MEMBERS

SUBJECT: Approved Defense Logistics Management Standards (DLMS) Change (ADC) 1152, Authorization to Use a Suffix Code in a Redistribution Order (RDO) in Support of DLA Industrial Product-Support Vendor (IPV) Program

The attached change to DLM 4000.25, Defense Logistics Management Standards, and DLM 4000.25-1, Military Standard Requisitioning and Issue Procedures (MILSTRIP) is approved for intra-DLA implementation. The updated DLMS Implementation Conventions (IC) will be posted to the Defense Logistics Management Standards Office Web at www2.dla.mil/j-6/dlmsso/elibrary/TransFormats/140_997.asp within 10 days from the above date.

Supply PRC addressees may direct questions to Ms. Ellen Hilert, (703) 767-0676; DSN 427-0676, email: Ellen.Hilert@dla.mil; or Ms. Heidi Daverede, (703) 767-5111, DSN 427-5111, email: Heidi.Daverede@dla.mil. Others must contact their Component designated Supply PRC representative available at <https://www2.dla.mil/j-6/dlmsso/CertAccess/SvcPointsPOC/allpoc.asp>.

DONALD C. PIPP
Director
Defense Logistics Management
Standards Office



Attachment
As stated

cc:
ODASD (SCI)

Attachment to ADC 1152
Authorization to Use a Suffix Code in a Redistribution Order (RDO) in
Support of DLA Industrial Product-Support Vendor (IPV) Program

1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION: Defense Logistics Agency (DLA), Elaine Applegate, HQ Order Management, J-33, DSN 427-1249, Commercial (703) 767-1249

2. FUNCTIONAL AREA:

- a. **Primary/Secondary Functional Area:** Order Fulfillment/Audit Readiness
- b. **Primary/Secondary Functional Process:** Redistribution Orders (RDO)/Issues

3. REFERENCES:

- a. [DLM 4000.25-1, MILSTRIP](#), Chapter 3 Requisition Processing and Related Actions, Paragraph C3.23 Processing Redistribution Orders; Appendix 2.8 Demand and Suffix Codes, and Appendix 3.25 Redistribution Order.
- b. [DLM 4000.25](#), Defense Logistics Management Standards, Volume 2 Supply Standards and Procedures, Chapter 4 Requisitioning, Paragraph C4.7.22. Processing Redistribution Orders (RDO), Appendix 7.8 Demand and Suffix Codes, Appendix 8.25 Redistribution Order, and DLMS Implementation Convention 940R.
- c. [PDC 1168](#), New Source of Supply (SoS) Delivery Acknowledgement (SDA) Transaction for the Industrial Product-Support Vendor (IPV) Program, September 18, 2015
- d. [Approved DLMS Change \(ADC\) 1014](#), Revised Procedures for Inclusion of Contract Data in Transactions Associated with Government Furnished Property (GFP) and Management Control Activity (MCA) Validation of Contractor Furnished Materiel (CFM) Requisitions, August 17, 2012.
- e. [ADC 1014A](#), Revised Procedures for Inclusion of Government-Furnished Property(GFP)/Contractor-Acquired Property (CAP) Contract Data – Updated Mapping for Concurrent Identification of the Manufacturing Directive Number (MDN) and the Contract Line Item Number (CLIN), November 5, 2013.
- f. [ADC 390](#), Revise DLMS 527R Materiel Receipt Acknowledgement (MRA) and Receipt Functions to Require the DOD Contract Number for Transactions Associated with Government Furnished Materiel (GFM), and for MRA Associated with Contractor Furnished Materiel (CFM) (Supply and Contract Administration), January 28, 2011.

4. REQUESTED CHANGE(S):

a. **Brief Overview of Change:** The approved change will revise the DLMS 940R, Release Order, to allow the suffix code to be populated for redistribution order transactions to support DLA's IPV program. **This revision is for restricted use intra-DLA.**

b. **Background:**

(1) The IPV program is a managed partnership among DLA, the IPV contractor, and Military Service maintenance activities under which the contractor is responsible for obtaining and delivering the materiel to the bins at the production lines. Support is provided for common, easy to procure, high demand industrial hardware. In general, the scope of the IPV program supports bench stock materiel stored in bins, such as bolts, nuts, and washers. Under the IPV program, IPV contractors perform functions of supply chain management, acquisition, and delivery of materiel. Acquisition encompasses requisitioning from DLA, requisitioning from other Component sources of supply, and procuring the materiel on the open market.

(2) Memorandums of Agreement (MOA) among DLA and the Services will be established to formalize and designate the roles and responsibilities of each party in performing required tasks to successfully conduct the IPV program in a manner that fosters both operational efficiency and financial auditability. Under these agreements, DLA will provide oversight for actions completed by the IPV contractor unless expressly agreed to as a Service responsibility.

(3) The IPV contractor will push materiel to the customer based on monitoring the consumption of bench stock materiel stored in artisan bins. When the on hand quantity falls below a recorded threshold, the contractor supporting the IPV process will initiate the replenishment process. Based on guidance/rules defined in the contract, the IPV contractor will push materiel to the customer either by requisitioning the materiel from DLA as government-furnished material (GFM) or by purchasing the materiel commercially to be provided as direct vendor delivery (DVD). No customer requisition is initiated or customer due-in established under this process. After management control activity (MCA) validation of the IPV vendor requisition, the DLA inventory control point (ICP) will automatically trigger the creation of a redistribution order (RDO) to the DLA Distribution Center to redistribute from available stock. DLA will set up the contractor facility receiving the materiel as a storage activity in DLA's ICP system, using a contractor U-series DOD activity address code (DoDAAC). This will enable transfer of materiel from the DLA Distribution Center to the contractor's facility. After the contractor posts a receipt for the materiel back to the DLA ICP, the contractor will subsequently issue the materiel to the customer bins. DLA will not receipt the DVD materiel into its inventory records, but instead will issue it directly to the customer's bench stock after DLA acceptance.

(4) In lieu of the customer submitting funded requisitions, DLA and the Service customer, based upon entering into an MOA, will control/monitor the process by the customer providing periodic Service funding confirmations, establishing authorized bin quantities, and approving any changes recommended by DLA or IPV vendor.

(5) The purpose of the funding confirmation is to document the existence of Service funds availability for valid requirements. DLA will monitor actual sales against the

Service funding confirmation and request additional funding if sales approach the confirmed amount. To minimize risk, DLA will notify the Service of the need for additional funding well before the dollar value of previously ordered materiel approaches the Service funding confirmation amount. It should be noted that since the Services do not initiate the requisitions in this process, they currently do not record detail level obligations in their accounting systems to support line item Interfund detail bills. DLA is evaluating potential solutions for this issue, such as the detail level ordering data being provided to the Service when DLA receives the issue transaction from the IPV contractor.

(6) In lieu of the customer submitting materiel receipt acknowledgement (MRA) transactions to the wholesale supply source as a byproduct of posting a receipt to stock records, DLA will generate new Source of Supply (SOS) Delivery Acknowledgement (SDA) transactions acknowledging delivery of materiel to maintenance activities. The results of the random sampling of deliveries against shipment manifests will be the basis for generating SDA transactions to the DLA ICP. A statistically significant sample size guaranteeing 95 percent confidence level with no more than a five percent margin of error will be employed. Since this materiel delivery acknowledgement process will be executed by DLA personnel via FEDMALL, in lieu of the reporting activities' supply system, the DLMS 527R SDA transaction will be used to interface with the ICP. The DLA ICP posts the SDA transaction in their records against eligible IPV sales and purchase orders. (NOTE: The new 527R SDA transaction is currently being staffed via PDC 1168 (Reference 3.c)).

c. Approved Change in Detail:

(1) The IPV contractor facility will be set up as a storage activity in the DLA Enterprise Business System (EBS) (referred to as an EBS plant), using a contractor (U-series) DoDAAC.

(2) After Management Control Activity (MCA) validation, GFM requisitions for DLA materiel from an IPV contractor will be automatically turned into Redistribution Orders resulting in transmission of DLMS 940R RDO transactions to the DLA Distribution Center to redistribute from available stock. This will enable transfer of materiel from the DLA Distribution Center to the IPV contractor's facility, from which it will be subsequently issued to the customer.

(3) The DLMS change needed is the ability to send a suffix code value in the DLMS 940R RDO transaction. The suffix code will facilitate sourcing an RDO from multiple DLA Distribution Centers using split shipments and/or creating backorders for partial unfilled quantities. The DLA Distribution Center will perpetuate the suffix code value provided in the DLMS 940R RDO to the DLMS 945A Materiel Release.

d. Revisions to DLM 4000.25 Manuals:

(1) Revise the DLMS 940R Implementation Convention (IC) as shown in Enclosure 1.

(2) Revise DLM 4000.25-1, MILSTRIP:

(a) Revise Chapter 3, Requisition Processing and Related Actions, as shown below.

“C3.23. PROCESSING REDISTRIBUTION ORDERS

C3.23.1. RDOs are originated by an **ICP/IMM** to direct release of materiel from one supply distribution activity to another within the same distribution system.

C3.23.2. For intra-Service use, an RDO may be used to direct release and shipment of materiel from a post, camp, station, or base to another similar activity to satisfy a specific demand.

C3.23.3. For intra-DLA use, an RDO may be used to redistribute DLA stock from a DLA Distribution Center to the contractor location in support of the DLA’s Industrial Product-Support Vendor (IPV) program (refer to DLM 4000.25, Volume 2, Chapter 28).

C3.23.4. RDOs will be prepared in the Appendix AP3.25 format.”

(b) Revise Appendix 3.25, Redistribution Order, as shown in Enclosure 2.

(3) Revise DLM 4000.25, DLMS, Volume 2:

(a) Revise Chapter 4, Requisitioning, as shown below:

“C4.7.22. Processing Redistribution Orders (RDO)

C4.7.22.1. RDOs are originated by an ICP/IMM to direct release of materiel from a supply distribution activity to another within the same distribution system.

C4.7.22.2. For intra-Service use, an RDO may be used to direct release and shipment of materiel from a post, camp, station, or base to another similar activity within the Service’s distribution system to satisfy a specific Service demand.

C4.7.22.3. For intra-DLA use, an RDO may be used to redistribute DLA stock from a DLA Distribution Center to the contractor location in support of the DLA’s Industrial Product-Support Vendor (IPV) program (refer to Chapter 28).

C4.7.22.4. Prepare RDOs using the DLMS Implementation Convention 940R.”

(b) Revise Chapter 28, Component Unique Business Processes (new chapter) as shown in PDC 1168 (Reference 3.c). Following is an excerpt from PDC 1168 containing the applicable guidance:

“C28.2.7.2.2. For materiel/quantities that can be sourced ***from a DLA Distribution Center***, the DLA ICP will provide both an RDO (DLMS 940R/MILSTRIP legacy DIC A2A) to the DLA Distribution Center and a Prepositioned Materiel Receipt (PMR) (DLMS 527D with Transaction Type Code DE and LIN01 Code N, or MILSTRAP legacy DIC DWK) to the IPV contractor.

DLA IPV RDOs are authorized to be suffixed if a split action is required such as a partial issue and a partial backorder of the ordered quantity.”

e. **Transaction Flow:** New DLM 4000.25, Volume 2, Chapter 28, added in PDC 1168, contains the end-to-end transaction flows for both DLA sourced and commercially sourced materiel provided to maintenance customers under the IPV process. The following is an excerpt relative to this PDC request to use a suffix code on the RDO transaction for DLA sourced materiel:

(1) The contractor will submit GFM requisitions (DLMS 511R/legacy MILSTRIP Document Identifier Code (DIC) A0_) to DLA. DLA will perform MCA validation. If the requisition fails validation, DLA will either reject the order immediately or create a workflow for research and corrective action. If the requisition passes validation, a sales document will be created.

(2) For materiel and/or quantities that cannot be sourced, DLA ICP will either backorder or kill the unfilled quantity. DLA will send Supply Status (DLMS 870S/legacy MILSTRIP DIC AE8) to Transaction Services for distribution to the IPV contractor indicating action taken.

(3) For materiel/quantities that can be sourced, DLA ICP will provide both a RDO (DLMS 940R/MILSTRIP legacy DIC A2A) to the DLA Distribution Center and a Prepositioned Materiel Receipt (PMR) (DLMS 527D with Transaction Type Code DE and LIN01 Code N or MILSTRAP legacy DIC DWK) to the IPV contractor.

(4) The DLA Distribution Center(s) will issue the materiel, send a Materiel Release Confirmation (DLMS 945A/ MILSTRIP legacy DIC AR0) to the DLA ICP, and send Shipment Status (DLMS 856S/MILSTRIP legacy DIC AS8) to Transaction Services for distribution to the IPV contractor.

f. **Alternatives:** None identified.

5. REASON FOR CHANGE: This change is to enable optimal access to DLA-sourced materiel by DLA IPV contractors in support of Military Service customer maintenance lines, by facilitating the ability to obtain these materiel from multiple DLA Distribution Centers and to backorder any partial unfilled quantities until materiel becomes available.

6. ADVANTAGES AND DISADVANTAGES:

a. **Advantages:** This change facilitates access to DLA-sourced materiel by IPV contractors. This change may be adopted by other DLA programs.

b. **Disadvantages:** None.

7. ADDITIONAL FUNCTIONAL REQUIREMENTS: As IPV contracts are renewed, or to the extent feasible as existing contracts are modified, applicable DLMS transactions used in the IPV process will identify GFM contract data as required under ADCs 390/1014/1014A (References 3.d., 3.e., and 3.f.). This includes the contractor’s requisition, the DLA

redistribution order, the distribution center shipment status (to the contractor), the contractor receipt, the contractor issue (to the Service customer), and the contractor shipment status (to the customer).

8. ESTIMATED TIME LINE/IMPLEMENTATION TARGET: Implementation is scheduled for First Quarter Calendar Year 2016.

9. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE: N/A

10. IMPACT:

a. **New DLMS Data Elements:** There are no new data elements.

b. **Changes to DLMS Data Elements:** There are no revised data elements.

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

(1) There is no impact on Service systems.

(2) DLA needs to determine impact of this change, if any, on the Distribution Standard System (DSS) and EBS.

d. **Transaction Services:** Requires updates to the RDO format. This impacts Defense Automatic Addressing System (DAAS) maps and may impact internal processing.

e. **Non-DLM 4000.25 Series Publications:** DLA should update internal procedures to comply with the requirements outlined in this DLMS change.

11. PROPOSED DLMS CHANGE 1152 STAFFING RESPONSE/COMMENT RESOLUTION:

	Originator	Response/Comment	Disposition
1.	Army	Concur	Noted.
2.	Marine Corps	No response	
3.	DLA	Concur	Noted.
4.	Navy	Concur	Noted.
5.	Defense Security Cooperation Agency	I would think that FMS is an exception to this process since we mainly deal with pull, funded requisitions that have been vetted through FMS edits WRT DLA.	The authorization for suffixing in the RDO would only be applicable to DLA in support of their IPV program. This is a very limited

	Originator	Response/Comment	Disposition
		<p>I guess we would also need to know if this suffixing of the RDO could impact downstream transactions (AS_ shipping, Interfund).</p> <p>In addition, the PDC states the following in red:</p> <p>a. C3.23.3. For intra-DLA use, an RDO may be used to redistribute DLA stock from a DLA Distribution Center to the contractor location in support of the DLA's Industrial Product-Support Vendor (IPV) program (refer to DLM 4000.25, Volume 2, Chapter 28)."</p> <p>b. C4.7.22.2. For intra-Service use, an RDO may be used to direct release and shipment of materiel from a post, camp, station, or base to another similar activity within the Service's distribution system to satisfy a specific Service demand.</p> <p>c. C4.7.22.3. For intra-DLA use, an RDO may be used to redistribute DLA stock from a DLA Distribution Center to the contractor location in support of the DLA's Industrial Product-Support Vendor (IPV) program (refer to Chapter 28)."</p> <p>3. Does DLA Transaction Services History showing these Intra-Service RDO scenarios occurring in support of any FMS Case?</p> <p>4. Is DAAS today routing a copy of any of the RDO related transactions to the legacy FMS case execution systems (MISIL, CISIL, and SAMIS)?</p> <p>5. Please note that if the answer to 3 and/or 4 is yes, there may be an impact on SCES.</p> <p>6. My own impression is the PDC describes a largely intra-service process which would not be visible to the international customer.</p>	<p>scope and it will not impact FMS support. The type of shipment involved is between DLA Distribution Centers and the vendor under contract for this process. RDO suffixing will not be used for shipments to customers.</p>

Enclosure 1, DLMS Implementation Convention

Revise DLMS 940R as shown:

#	Location	940R (4030) Warehouse Shipping Order	Reason
1	DLMS Introductory Notes	Add ADC 1152 to DLMS Introductory note 7: <i>- ADC 1152, Authorization to use a Suffix Code on a Redistribution Order (RDO) in support of DLA Industrial Product-Support Vendor (IPV)</i>	Identifies DLMS changes included in the DLMS IC.
2	2/N907-01/0400	Revise DLMS note 1 associated with existing Qualifier W8: W8 Suffix DLMS Note: 1. Use with N901 code TN for all transactions other than redistribution orders, to identify the document number suffix. Exceptions are authorized for use in intra-AF RDOs <i>and for intra-DLA RDOs in support of DLA Industrial Product-Support Vendor (IPV) program. For AF RDO use, refer to ADC 405. For DLA RDO use, refer to ADC 1152.</i>	Supports DLA requirement.

Enclosure 2, MILSTRIP Redistribution Order (RDO)

Revise RDO legacy format as shown:

AP3.25. APPENDIX 3.25

REDISTRIBUTION ORDER

FIELD LEGEND	RECORD POSITION(S)	ENTRY AND INSTRUCTIONS
Document Identifier Code	1-3	Enter DIC A2_.
Routing Identifier Code To	4-6	Enter RIC of the source to which the document is directed.
Media and Status	7	Enter the M&S code.
Stock or Part Number	8-22	Enter the NSN or part number.
Unit of Issue	23-24	Enter the U/I.
Quantity	25-29	a. Enter the quantity. b. For ammunition and ammunition related items only (items in Federal supply group (FSG) 13 and for Federal supply classification (FSC) 1410, 1420, 1427, 1440, 5330, 5865, 6810 or 8140), enter an M in rp 29 to express in thousands any quantity exceeding 99,999. Example: Express a quantity of 1,950,000 as 1950M (1950 in rp 25-28 and an M in rp 29).
Document Number	30-43	Enter document number assigned by the preparing activity.
Demand/ <i>Suffix</i> ¹	44	<i>For intra-DLA, enter suffix code, if appropriate; all others leave blank.</i>
Supplementary Address	45-50	Enter the SUPADD of the consignee.
Signal	51	Enter the signal code, as appropriate.
Fund	52-53	Enter the fund code, if appropriate.
Distribution	54-56	This field <i>will</i> be blank unless entries are prescribed by the preparing activity.
Distribution	54-56	This field <i>will</i> be blank unless entries are prescribed by the preparing activity.

¹ *Suffix Code authorized for intra-DLA use in support of Industrial Product-Support Vendor (IPV) program. Refer to ADC 1152.*

Project	57-59	Enter the project code, when applicable.
Priority	60-61	Enter the priority designator.
Required Delivery Date/Required Delivery Period ²	62-64	Normally left blank. Enter three-position ordinal day when conditions meet prescribed requirements.
Advice	65-66	Use an advice code to convey instructions to the supply source. When code is not required leave blank.
Date of Receipt of Order	67-69	Leave blank on submission. Processing points <i>will</i> enter date of receipt.
Ownership	70	Enter ownership code, as appropriate.
Supply Condition	71	Enter supply condition code, as appropriate.
System Management	72-73	Enter system management codes applicable to this transaction.
Routing Identifier Code From	74-76	Enter the RIC of initiating activity.
Inventory Control Data	77-80	Enter inventory control codes as prescribed.

² Use of Required Delivery Period (RDP) for conventional ammunition last reported as not implemented by USAF. Refer to AMCL 148.