



LOGISTICS AND
MATERIEL READINESS

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
3500 DEFENSE PENTAGON
WASHINGTON, DC 20301-3500

September 6, 2017

MEMORANDUM FOR SUPPLY CHAIN EXECUTIVE STEERING COMMITTEE

SUBJECT: Approved Addendum to Approved Defense Logistics Management Standards (DLMS) Change (ADC) 1198A, Establishing and Maintaining Accountability for Service Owned Capital Equipment Stored at DLA Distribution Centers – (Missing Serial Numbers, and Remove 867I Issue Transaction)

The attached change to the DLM 4000.25, Defense Logistics Management Standards, is approved for implementation. The updated DLMS Implementation Conventions (IC) will be posted to the Defense Logistics Management Standards Office Website at, http://www.dla.mil/HQ/InformationOperations/DLMS/elibrary/Transformats/140_997/, within 10 days from the above date.

The Item Unique Identification Working Group, in conjunction with Office of the Deputy Assistant Secretary of Defense (Supply Chain Integration) developed the requirements set forth in this Addendum to ADC 1198A.

Please direct questions to Ms. Jan Mulligan, jan.b.mulligan.civ@mail.mil.

Dee Reardon
Deputy Assistant Secretary of Defense
for Supply Chain Integration

Attachment

As stated

cc:

OUSD (AT&L) ARA P&EP

DLA (J62KC–Enterprise Business Standards Office)

DoD IUID Working Group

Attachment to ADC 1198A

Establishing and Maintaining Accountability for Service Owned Capital Equipment Stored at DLA Distribution Centers – (Missing Serial Numbers, and Remove 867I Issue Transaction)

1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION:

a. **Technical POC:** Enterprise Business Standards Office, Mr. Rafael Gonzalez, Mr. Ben Breen, Ms. Ellen Hilert, and Ms. Mary Jane Johnson, email: DLMS.IUID@dla.mil

b. **Functional POC:** DLA J345, Mr. James Weiner, email: james.c.weiner@dla.mil

2. FUNCTIONAL AREA:

a. **Primary/Secondary Functional Area:** Supply

b. **Primary/Secondary Functional Process:** Physical Inventory Control and Adjustments

3. REFERENCES:

a. [Approved DLMS Change \(ADC\) 1198](#), Establishing and Maintaining Accountability for Service Owned Capital Equipment Stored at DLA Distribution Centers, October 16, 2016

b. [Defense Logistics Manual \(DLM\) 4000.25](#), Volume 2, Supply Standards and Procedures

4. APPROVED CHANGE(S): Substantive updates subsequent to staffing are **highlighted in green**.

a. **Brief Overview of Change:** ADC 1198 (Reference 3.a.) established the necessary DLM 4000.25, DLMS, Volume 2, (Reference 3.b.) procedures to include serialization data in all DLMS balance-affecting transactions for capital equipment candidate assets stored at Defense Logistics Agency (DLA) Distribution Centers. To manage serialization data for capital equipment candidates, the serial number is required in the DLMS transaction, and the unique item identifier (UII), must be included when available. During planning for implementation, the DLA Distribution Standard System (DSS) representatives identified a number of issues relating to the serial number and UII which require updates to the ADC 1198 DLMS procedures for capital equipment candidates. This addendum to ADC 1198 addresses those updates.

This addendum addresses the following areas:

(1) **No Serial Number During Receipt.** Document DLA Distribution Center procedures for processing the receipt transaction when they receive a transaction with no serial number and the item does not contain a serial number. DLA cannot process the receipt for capital equipment based on the existing procedures in ADC 1198, which require a serial number ALL the time.

(2) **Missing Serial Number for an Item in Stock.** Under ADC 1198, DLA and the Services will develop memorandums of agreement to conduct the initial inventory (i.e., recording, creation and application of any required serial numbers and UIIs to bare item or packaging) of capital equipment candidate items stored at DLA Distribution Centers. This change addresses the scenario

after that initial inventory, where no serial number is found on items in storage that policy requires be serialized.

(3) Reintroduction of IUID Items into the DOD Supply Chain. This change removes the ADC 1198 requirement for DLA/DSS to update the IUID Registry when an IUID item is reintroduced to DOD, as this is the materiel owner responsibility.

(4) DLA 867I Issue Transaction with Serial Number/UII. ADC 1198 includes wording directing, “The storage activity will include the serial numbers and UIIs when available on the DLMS 945A Materiel Release Confirmation and/or DLMS 867I Issue.” Due to timing of the 867I, this change removes the requirement to include the serial number/UII on the 867I Issue transaction for capital equipment items.

Staffing Note: Services may continue optional use the 867I with serialized data for intra-Service use. For example, the Air Force noted an intra-Air Force requirement to use the 867I in a bearer walk through capability

(5) Clarification of Complete Inventory Requirement. This change clarifies the language in ADC 1198 regarding the need for a full physical inventory because of a UII/serial number mismatch. The conflict noted an inconsistency with the words “may necessitate a complete inventory” and “will necessitate a complete inventory” in subsequent paragraphs regarding whether a complete inventory is required to resolve serial number/UII issues.

(6) Serial Number/UII Mismatch Dual Inventory Adjustment Functionality. This change identifies scenarios and clarifies language in ADC 1198 and the Proposed Addendum 1198A regarding the guidance to identify the original “from” value and the corrected “to” value when performing a dual inventory adjustment for mismatched serial number/UII. The mismatched serial number/UII could be an issue identified during receipt or when an item is in storage. The revised guidance also notes the need for a dual inventory adjustment transaction to update the SCC for the suspended item.

b. Background:

(1) No Serial Number during Receipt. DLA Distribution may encounter a situation where a serial number is not available for an item at the time of receipt. ADC 1198 indicates that the distribution center must submit a supply discrepancy report (SDR) in this situation. However, DSS integrates receiving and SDR creation, with preparation of an SDR following recording of the receipt. Without the successful recording of the receipt, the process to create the SDR is not accessible to the receiver. DLA Distribution needs to be able to record the receipt for the item with a missing serial number and a way to obtain a serial number for proper tracking.

(2) Missing Serial Numbers for an Item in Stock. DLA Distribution needs procedures to follow when distribution center personnel locate an item that is subject to serial number reporting but no serial number is available (after the initial inventory of ALL capital equipment candidates stored at DLA Distribution Centers). ADC 1198 did not clarify the intent to use the storage quality control report (SQCR) process to report the missing serial number (e.g., the label fell off) to the owner and obtain the serial number for continued tracking of the item.

(3) Reintroduction of IUID Items into the DOD Supply Chain. A requirement in ADC 1198 addresses reintroduction of an IUID item previously shipped outside the control of the Department of Defense. ADC 1198 requires the receiving activity to update the IUID registry for

items meeting this condition however; DLA Distribution Centers do not perform IUID registry updates. The owner must accomplish the IUID registry updates, as the receiving activity may not always know when an item is re-introduced to the DOD.

(4) DLA 867I Issue Transaction with Serial Number/UII. ADC 1198 has wording directing “The storage activity will include the serial numbers and UIIs when available on the DLMS 945A Materiel Release Confirmation and/or DLMS 867I Issue.” Subsequent to publication of ADC 1198, the DLMS Program Office learned more about the timing of the 867I Issue transaction. The DLA Distribution Center sends the 867I Issue transaction immediately upon allocation. The issue reflects a record update for available inventory balance at the distribution center, but distribution center personnel have not yet physically selected the item from the storage location. Subsequently, the item unique identification cannot be in the Issue transaction. DLA Distribution Centers will include serial numbers and UIIs when available on the DLMS 945A Materiel Release Confirmation provided to the owner at the time of shipment. DLMS program Office confirmed that all Components are processing the DLMS 945A. Thus, the serial number/UII is neither available nor required on the 867I Issue transaction.

(5) Clarification of Complete Inventory Requirement. While reviewing requirements to implement ADC 1198, one of the Services questioned the wording regarding a physical inventory requirement relating to serial number/UII discrepancies involving materiel release confirmation from a storage activity and discovery that IUID data content (e.g. serial number/UII) for the owner is not consistent with IUID data content at the storage activity.

(a) Paragraph 4.d.(3).(l).1.a., contained conflicting background with subsequent sentences indicating “may necessitate a complete inventory” and “will necessitate a complete inventory” regarding serial number/UII when addressing whether a complete inventory (initiated by the owner/manager) be taken at all storage locations for all owners and supply condition codes.

(b) For materiel managed at the UII/serial number level, there may be instances where the storage activity may need to conduct a full physical inventory resulting from a UII/serial number mismatch across all warehouses and/or sites in order to resolve the discrepancy. That level of effort is not required for every mismatch. The storage activity will initiate their research on-site and expand as necessary until the discrepancy is resolved.

(6) Serial Number/UII Mismatch Dual Inventory Adjustment Functionality. Subsequent to the Component staffing of the Proposed Addendum to ADC 1198A, DLA Distribution requested clarification to process inventory adjustments when events such as care of supplies in storage (COSIS) or other actions identify issues with mismatched serial number and/or UII. An example of an in storage mismatch would be when the storage activity’s physical count matches the owner’s inventory record, but there is not a match with the serial number/UII. For a mismatch found in storage, the first dual inventory adjustment identifies the original “from” value and the corrected “to” value. The example of a mismatch during receipt would be where the shipping documentation or electronic shipment notice contains a serial number/UII that does not match the serial number/UII identified during visual inspection and receipt process. Under the receipt scenario, no inventory adjustment will take place unless the owner responds to the SDR indicating of an error resulted in the distribution center posting the wrong information to the inventory record.

(a) For missing serial number/UII, the first transaction for dual inventory adjustment identifies only the “to” value(s), listing missing serial number(s)/UII(s). A second transaction for dual inventory adjustment will update the SCC for the suspended item(s) under existing

procedures. The separate inventory adjustment transaction is required because only one adjustment reason code can be identified per transaction.

(b) EBSO recognized that the original Proposed Addendum ADC 1198A did not fully document the data mapping in the DLMS 947I Implementation Convention (IC) necessary to accomplish a dual inventory adjustment. This change updates the DLMS 947 IC to clarify formatting requirements.

c. **Requested Change in Detail:** This change clarifies or augments select ADC 1198 procedures. The DOD Components must implement these changes within AIS' to provide visibility for items identified as capital equipment candidates. Revisions to the detailed procedures identified in ADC 1198 changed by this addendum to ADC 1198, are provided throughout DLM 4000.25, DLMS, Volume 2 in the affected chapters (Enclosure 2).

(1) **No Serial Number during Receipt.** In ADC 1198, paragraph 4.d.(3).(h) addressed several scenarios regarding receipt discrepancies and SDR procedures. This change amplifies the existing procedures for use when the distribution center cannot locate a serial number on the capital equipment item at the time of receipt.

(a) For redistribution/return of an item identified as a capital equipment candidate received with no serial number (or the serial number is damaged or otherwise unreadable), DLA Distribution Centers will process the receipt transaction for the item without a serial number, suspend the asset in Supply Condition Code (SCC) K, and submit an SDR to the owner. The SDR will cite one or more discrepancy codes indicating a missing serial number (Discrepancy Code U01-U03). The SDR will identify the shipping activity to receive an information copy.

(b) For redistribution/return of an item identified as a capital equipment candidate received with corresponding shipment notice (DLMS 856, 856R, or 856S) containing the serial number, but without required serial number identification on the item, label, or documentation, DLA Distribution Centers will process the receipt, suspend the asset in SCC K, and submit the SDR as above. In addition, the SDR remarks will clarify the discrepancy further by stating: "Unable to validate serial number(s) contained in shipment notice due to missing serial number(s) on item/label/documentation."

(c) For receipt of a capital equipment candidate from a procurement source, the procedures are the same as above except the DLA Distribution Center will suspend the asset in SCC L. If a contractually required UUID is missing, the SDR will also include Discrepancy Code U05 (Non-conformance to unique identification requirements under terms of contract).

(d) The distribution center will select the most pertinent discrepancy codes applicable to the missing serial number scenario. The following discrepancy codes apply to a missing serial number and/or UII.

- U01 Unique identification (UII/serial number) on label missing, damaged, or unreadable
- U02 Unique identification (UII/serial number) on item missing, damaged, or unreadable
- U03 Unique identification (UII/serial number) on supply documentation missing, damaged, or unreadable
- U04 Unique identification (UII/serial number) not provided on shipping notice

(e) The owner is responsible to research and provide disposition instructions via SDR Reply. Upon determination of the appropriate serial number/UII, the owner's SDR reply will include a request for an inventory adjustment to add the serial number (and the associated UII, if applicable) to the inventory record and appropriate remarking requirements. To accomplish this, the owner will use **new SDR Reply Code 611**, which is updated to explicitly expand its applicability to IUID. In addition, the owner's SDR reply will identify Reply Code 603 (Remark and return to stock).

603 Remark and return to stock

611 Reidentify unique identification (UII/serial number) and return to stock

(f) Owners and distribution centers will follow existing time standards in MILSTRAP/DLMS for SDR resolution and re-identification of suspended materiel.¹

(g) Upon positive resolution of the preceding scenarios, the distribution center will prepare a DLMS 947I dual inventory adjustment transactions to add the serial number(s) and when available, the UII(s), and an additional 947I dual inventory adjustment transaction to update the SCC.

1. Establish new Quantity or Status Adjustment Reason Code AM for use when serial number and/or UII is missing, clarify procedures with updated wording in the DLMS 947I and in DLMS Volume 2, Chapter 6, Inventory, paragraphs C6.13, and C17.3.8.4. This requirement was identified during the PDC comment period.

2. The DLA Distribution Center will prepare a DLMS 947I with Quantity or Status Adjustment Reason Code AM (2/W1901/0200) and Inventory Transaction Type Code DU (2/W1916/0200). The transaction will contain one LX loop for each applicable item to identify its IUID data content thereby allowing missing values for multiple items to be added using a single dual inventory adjustment transaction.

3. A dual inventory adjustment transaction will also be required to cite the impacted serial numbers/UIIs to update the suspended item(s) from the suspended SCC to the appropriate SCC (using existing Quantity or Status Adjustment Reason Code AC).

(2) Missing Serial Numbers for Item in Stock. In the scenario where a serial number is not available at a future time for an item in storage (for example, label fall off or otherwise went missing), procedures similar to those for SDRs will apply. If the distribution center is able to perform research to identify the applicable serial number/UII, the distribution center will prepare an SQCR with the applicable discrepancy code(s). This will be an informational SQCR used to record associated labor and material costs. If the distribution center is unable to identify the applicable serial number/UII with certainty, the distribution center will prepare an SQCR with the applicable discrepancy code(s), suspend the asset in SCC J, and request the owner provide assistance in identifying the asset. Upon identification of the correct serial number/UII, the distribution center will follow the procedures previously identified in paragraph 4.c.(1).(g). Clarify with updated wording in the DLMS 947I and DLMS Volume 2, Chapter 6, Inventory, paragraphs C6.13

¹ The DLMS/MILSTRAP guidance in Vol 2, Chapter 7 is "C7.2.4.2.1. Reclassification Timeframe for SCC K Suspended (Returns). With the exception of ammunition, complete the reclassification of materiel reported in SCC K within 80 calendar days after reporting the discrepant receipt via SDR. Owner/managers will provide timely disposition instructions for materiel in a suspended condition to promote rapid reclassification of materiel (with a maximum of 50 days for provision of owner/manager disposition instructions and 30 days for storage activity reclassification)."

(3) Reintroduction of IUID Items into the DOD Supply Chain. Revise procedures to reflect owner responsibility for IUID registry updates. Update Chapter 13 narrative as shown in Enclosure 2. Changes to the narrative originally published in ADC 1198 paragraph 4.d.(3).(i) are shown below:

“(i). Reintroduction of an IUID item previously shipped outside the control of the Department of Defense. In support of FIAR compliance, capital equipment candidates require serialization data visibility when such items previously shipped outside DOD control are reintroduced to DOD control. In this case the receiving activity will report the receipt including serial number(s) and UII(s) (when available) to the owner. The receiving activity will submit the receipt using DLMS 527R Receipt transaction including the serial numbers and UII(s) (when available) **to the owner**. ~~The receiving activity~~ **owner** will update the IUID registry using existing IUID registry procedures.”

(4) DLA Distribution Issue Transaction and Serial Number/UII in 867I. This change removes the ADC 1198 requirement to include the serial number/UII on 867I Issue transactions. The existing requirement to include the serial number/UII on the 945A MRC satisfies the requirement to update the owner record. Changes from the text originally published in ADC 1198, (paragraph 4.d.(3).(f.)) are shown below:

“(f) Storage Activity Materiel Release Advice/Confirmation and Issue. In support of FIAR and, DODI 5000.64, Accountability and Management of DOD Equipment and Other Accountable Property, May 19, 2011, compliance, capital equipment candidates require serialization data visibility. ~~Issue~~ Materiel Release Advice/Materiel Release Confirmation transactions will require the serial number and include the UII (when available).

1. Issues. The shipping activity will confirm materiel release to the owner and report shipped serial numbers and UIIs for capital equipment candidate items. The storage activity will transmit a DLMS ~~867I Issue and/or a~~ Materiel Release Confirmation (DLMS 945A) using only the 4030 version) in accordance with the DLM 4000.25, Volume 2, Chapter 4 procedures with the inclusion of the serial numbers and UIIs shipped.

2. The shipping activity will report serial numbers and UIIs (when available) to the owner, for shipment of items to demilitarization and/or disposal of capital equipment candidate items. The storage activity will include the serial numbers and UIIs (when available) on the DLMS 945A Materiel Release Confirmation ~~and/or DLMS 867I Issue.~~”

(5) Clarification of Complete Inventory Requirement. Revise the ADC 1198 change for DLMS, Volume 2, Chapter 6, paragraph C6.13.2.2 updating “will” to “may”. The remaining Chapter 6 changes in ADC 1198 appropriately reflect, “may necessitate a complete inventory” for this scenario. To clarify the requirement, the ADC wording from ADC 1198, paragraph 4.d.(3).(i).1.a. is updated as shown below. See Enclosure 2 for updated Chapter 6 text.

“**1. Physical Inventory Processes.** In support of FIAR compliance, capital equipment candidates require serialization data visibility. The procedures for processing and reporting transactions to maintain Physical Inventory Control in DLM 4000.25, Volume 2, Chapter 6 apply with the following additions:

a. Owner/manager processing of a materiel release confirmation (DLMS 945A) from a storage activity where the owner does not have a record of that serial number

and UII (when available) or the owner/manager records have that serial number and UII located at other than the storage activity reporting the release/issue of the item. In support of FIAR compliance, capital equipment candidates, requiring serialization data visibility, either of these conditions ~~will~~ **may** necessitate a complete inventory (initiated by the owner/manager) be taken at all storage locations for all owners and supply condition codes. For serial number/UII mismatch, the storage activity and the owner will need to collaborate to ensure appropriate steps are taken to resolve the discrepancy. In support of FIAR compliance, capital equipment candidates, requiring serialization data visibility, it may be necessary to conduct a complete inventory (initiated by the owner/manager) at all storage locations for all owners and supply condition codes. DOD Components and storage activities will need to develop internal procedures to initiate the appropriate physical inventory at one or more storage activities for the affected NSN.”

(6) Serial Number/UII Mismatch Dual Inventory Adjustment Functionality. For an inventory adjustment resulting solely from a serial number and/or UII mismatch, a dual inventory adjustment transaction is required for each item to identify, the (original) “from” and (corrected) “to” serial number/UII.

(a) Use a DLMS 947I with Quantity or Status Adjustment Reason Code AQ (2/W1901/0200) and Inventory Transaction Type Code DU (2/W1916/0200) associated with a single item. The transaction will contain only two LX loops per transaction to identify the IUID data content. The first LX loop citing numeric 1 will contain the "from" (original) IUID and the second LX loop citing numeric 2 will contain the “to” (corrected) IUID. When an original item identification includes both serial number and UII, both values must be included in the dual inventory adjustment.

(b) A dual inventory adjustment transaction is required to update the suspended item to the appropriate SCC.

(c) Clarify with updated wording in DLMS Volume 2, Chapter 6, Inventory, paragraphs C6.13.5.2 and Chapter 21, Stock Readiness, paragraphs C21.4.8.1

d. Revisions to DLM 4000.25 Manuals:

(1) Revise DLM 4000.25, DLMS, Volume 2, Supply Standards and Procedures, to add additional text to the DLMS chapters as shown in Enclosure 2.

(2) Revise DLMS Volume 2, Supply Standards and Procedures, Chapter 7, Inventory Adjustments to update Table C7.T1. Quantity or Status Adjustment Reason Code with a new code:

Table C7.T1. DLSS DIC/DLMS Quantity or Status Adjustment Reason Code Correlation

W1901 Quantity or Status Adjustment Reason Code	Explanation	Corresponding MILSTRAP legacy DIC
AM	<i>Inventory Adjustment (UII and/or serial number missing). Gain, loss or dual adjustment resulting solely from UII and/or serial number missing</i>	<i>Not Applicable. No corresponding legacy DIC.</i>

(3) Revise DLMS Volume 2, Appendix 7.28, Supply Discrepancy Report Relevant Data Elements, and Appendix 7.29, Stock Readiness Relevant Data Elements, to add a new Reply Code as shown above.

e. Proposed Transaction Flow: No changes are required to existing transaction flows. This change addresses inclusion of serial numbers, and UIIs (when available), into the existing logistics transactions noted herein for the capital equipment requirements identified.

f. Alternatives: None. Without the changes, gaps will persist in DLA procedures that affect the accountability records for capital equipment items.

5. REASON FOR CHANGE: While planning for the system changes associated with ADC 1198, DLA identified a number of procedural issues that needed to be resolved. This change addresses viable solutions that minimize the impact on Service logistics information systems.

6. ADVANTAGES AND DISADVANTAGES:

a. Advantages:

(1) Provides Services with the unique capital equipment candidate visibility required to meet FIAR requirements (i.e. auditable).

(2) This change leverages existing procedures for reporting discrepancies and re-identifying materiel to resolve the procedural gap identified for missing serial numbers at time of receipt or later while the item is in storage.

b. Disadvantages: None

7. ESTIMATED TIME LINE/IMPLEMENTATION TARGET: Process changes will be effective upon approval of this change.

a. DLA should provide an estimated date for system changes necessary for implementation.

b. Services should provide an estimated implementation date for corresponding system changes necessary for processing transactions as authorized with DLA Distribution under this change

8. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE: This change will enable DLMS compliant Services to meet 2017 FIAR requirements. Implementation of this change is not intended as an attempt to save or avoid costs and no known saving/cost avoidance were identified.

9. IMPACT:

a. New DLMS Data Elements: None identified

b. Changes to DLMS Data Elements:

(1) **Quantity or Status Adjustment Reason Code**, ASC X12 Data Element ID 181, Quantity of Status Adjustment Reason Code:

(a) EBSO established new local code value in LOGDRMS for Data Element ID 181: AM - Inventory Adjustment (UII and/or serial number missing). Gain, loss or dual adjustment resulting solely from UII and/or serial number missing.

(b) EBSO will submit a code maintenance request to establish a new value for ASC X12 Data Element ID 181 Quantity or Status Adjustment Reason Code: AM – Inventory Adjustment (UII and/or serial number missing)

(2) Add new Reply Code 611 and definition as described above.

c. **Automated Information Systems (AIS):** DLA Distribution and Service AISs receiving the DLMS transactions cited in this change with serialization data to include the serial number and UII (when available) for Service owned capital equipment and capital equipment candidates stored at DLA Distribution Centers must recognize and use the updated procedures

d. **Defense Automatic Addressing System (DAAS):**

(1) WebSDR must update reply code tables; no other changes identified.

(2) Update DAAS maps for DLMS 947I Inventory Adjustment.

e. **Non-DLM 4000.25 Series Publications:** Components should review Component level publications and update as necessary.

10. PDC 1198A Supply Process Review Committee Comments :

	Originator	Comment	Disposition
1.	Air Force	Concur without comment.	Noted.
2.	Marine Corps	Concur without comment.	Noted.
3.	DLA	<p>DLA identified several items to address in ADC 1198A.</p> <p>1. Paragraph 4.c.1.(d) contained a staffing note for DLA to allow up to three discrepancy codes per SDR prepared by the distribution centers. DLA action was completed prior to PDC staffing..</p> <p>2. DLA requested that ADC 1198A be updated to include specific procedures to document the serial number and when available the UII when doing inventory adjustments for:</p> <ul style="list-style-type: none">a. Missing serial number upon receiptb. Mismatch serial number/UII found during an inventory or other eventc. Missing serial number/UII identified during an inventory or other event.	<p>Removed Staffing Note</p> <p>Procedures and DLMS 947 I were updated to address the issues identified by DLA</p>

Enclosure 1 to ADC 1198A

DLMS Implementation Convention (IC) Change Tables

Changes identified by bold italics or double strike-through to remove text added by ADC 1198.

A. 867I Issue

#	Location	DLMS 867I Issue Revision	Reason
1.	DLMS Introductory Notes	<p><u>Remove ADC 1198 from DLMS Introductory Notes:</u></p> <p><i>ADC 1198, Establishing Visibility of Capital Equipment for Service Owned Assets Stored at DLA Distribution Centers</i></p> <p><u>Add ADC 1198A:</u></p> <p><i><u>ADC 1198A, Establishing and Maintaining Accountability for Service Owned Capital Equipment Stored at DLA Distribution Centers – (Missing Serial Numbers, and Remove 867I Issue Transaction)</u></i></p>	Removes ADC 1198 Text from the Segment note. Adds Proposed Addendum to ADC 1198A.
2.	2/REF/290	<p>Revise and remove the DLMS notes as shown, and renumber the remaining notes.</p> <p>DLMS Note:</p> <p><i>1. The 2/REF/290 loop is authorized for intra-Component use in Issue transactions when the item identified is subject to UIT requirements. Also authorized in support of Financial Improvement and Audit Readiness (FIAR) compliance for accountability and management of capital equipment. Refer to ADC 1198.</i></p> <p><i>2. This transaction will support item identification based upon the UII or and the serial number. This transaction also provides for use of a batch/lot number, when applicable.</i></p> <p><i>3. In support of FIAR compliance, capital equipment candidates require serialization data visibility. Prepare issue transactions for capital equipment using the serial number. Include the UII when available.</i></p> <p><i>4. Use multiple iterations of 2/REF/290 segment within the 2/LX/280 loop, to provide identifying information for an item as needed.</i></p>	Removes ADC 1198 Text from the Segment note.

A. 947I Inventory Adjustment

#	Location	DLMS 947I Inventory Adjustment Revision	Reason
1.	DLMS Introductory Notes on IC cover page.	Add ADC 1198A to DLMS Introductory Note 4: <i>ADC 1198A, Establishing and Maintaining Accountability for Service Owned Capital Equipment Stored at DLA Distribution Centers – (Missing Serial Numbers, and Remove 867I Issue Transaction)</i>	Adds Approved Addendum to ADC 1198A.
2	2/W1901/0200	<u>Delete Federal Note:</u> Federal Note: Use any code. <u>Add new Code AM with DLMS note:</u> AM Missing Unique Item Identifier (UII)/Serial Number DLMS Note: <i>1. Inventory Adjustment (UII and/or serial number missing). Gain, loss or dual adjustment resulting solely from UII and/or serial number missing.</i> <i>2. At this time, a local code AM is established for use in the 947I, version 4030. A data maintenance action has been submitted for establishment of AM - Missing Unique Item Identifier (UII)/Serial Number Mismatch in a future version. Refer to ADC 1198A.</i>	Administrative update. Needed to support the capture of additive costs and adjustments due to management by UII and/or serial number
	2/W1902/0200	<u>Change Federal Note to DLMS Note 1 and revise; renumber existing DLMS Notes.</u> Credit/Debit Quantity <i>1. This is the quantity applicable to the inventory adjustment. Express as a whole number with no decimals.</i>	Clarification.
2.	2/W1916/0200	<u>Modify DLMS Note for existing Code DU:</u> DU Inventory Adjustment – Dual DLMS Note: <i>Use with W1901 Codes AC, AD, and AG, AM and AQ to indicate a dual inventory adjustment transaction, (e.g., both an inventory decrease and increase). Use requires that W1902 quantity be expressed as a positive number.</i> W1901 Codes AC, AD, and AG correspond respectively to the following MILSTRAP legacy DIC functionality: DAC, DAD, DAS functionality). There is no corresponding legacy DIC functionality for codes AM and AQ.	Clarification.
3.	2/LX/1500	<u>Modify LX Segment Level Notes:</u> 1. Use the LX segment as a counter to identify the number of 2/LX/1500 loop iterations in the transaction set. 2. At this time, The 2/LX/1500 loop (Loop ID 0330) is not authorized for use to provide item unique identification (IUID) data or Unique Item Tracking (UIT) information, except as noted in these segment level notes. Use is only authorized for the UIT program items for Positive Inventory Control (PIC) Nuclear Weapon Related Material (NWRM) (UIT Designator AAJ), as documented in ADC 347. A PDC must be submitted	Updated for new procedures.

#	Location	DLMS 947I Inventory Adjustment Revision	Reason
		<p>documenting requirement and procedures before using this transaction for IUID or UIT for any other UIT purpose.</p> <p>3. With the exception of dual inventory adjustments for UII and/or serial number mismatch (2/W1901/0200 Code AQ), the 2/LX/1500 loop is repeated for each item to be uniquely identified and provides flexibility to accommodate tracking by UII or and serial number.</p> <p>4. For dual inventory adjustments with a UII and/or serial number mismatch (2/W1901/0200 Code AQ), the 2/LX/1500 loop is repeated for “from” (original) and “to” (corrected) IUID information for the a single item.</p> <p>5. May use the 2/LX/1500 loop to provide batch/lot number information.</p> <p>6. Authorized for use under DoD IUID policy for accountability and management of capital equipment. Refer to ADC 1198.</p> <p>7. Except as noted, the entire 2/LX/1500 loop is a DLMS enhancement. See introductory DLMS note 4a.</p>	
4.	2/LX01/1500	<p><u>Revise and number the existing Data Element note, and add new notes 2 - 5:</u></p> <p>Federal <u>DLMS Note:</u></p> <p>1. In the first 2/LX/150 loop iteration, cite numeric 1. In each subsequent loop iteration, increase incrementally by 1.</p> <p>2. For a dual adjustment resulting solely from UII, and/or serial number mismatch (Quantity or Status Adjustment Reason Code AQ (2/W1901/0200) with Inventory Transaction Type Code DU (2/W1916/0200) associated with a single item (adjustment quantity (2/W1902/0200) must equal 1), use only two LX loops per transaction to identify the IUID data content. Use LX01 citing numeric 1 for the "from" (original) IUID and use LX01 citing numeric 2 for the "to" (corrected) IUID. Refer to ADC 1198A</p> <p>3. For a dual adjustment resulting solely from a Batch/Lot number mismatch, use the procedures in the preceding note.</p> <p>4. For a dual adjustment resulting from missing UII, and/or serial number (Quantity or Status Adjustment Reason Code AM (2/W1901/0200) with Inventory Transaction Type Code DU (2/W1916/0200) associated with one or more items, use multiple LX loops as needed. Continue using a new LX loop with sequential numbering for each additional item adjusted for missing IUID . Refer to ADC 1198A</p> <p>5. For a dual adjustment resulting solely from a missing Batch/Lot number, use the procedures in the preceding note.</p>	Provides capability to identify the “from” and “to” IUID data to correct a mismatch using a dual adjustment

#	Location	DLMS 947I Inventory Adjustment Revision	Reason
5.	2/N9/1600	<p>Delete Federal Note:</p> <p>1. Use to provide Item Unique Identification (IUID) information for the purpose of Unique Item Tracking (UIT).</p> <p>Revise DLMS Notes:</p> <p>1. The 2/N9/1600 segment is authorized for use in Inventory Adjustment transactions <i>to provide Item Unique Identification (IUID) data as noted here.</i> when the item identified is subject to UIT and other approved IUID Program requirements. Also authorized in support of Financial Improvement and Audit Readiness (FIAR) compliance for accountability and management of capital equipment.</p> <p>2. This segment supports item identification based upon the UII and or the serial number. This segment also provides for use of a batch/lot number, when applicable. <i>If UII and serial number, and/or batch/lot number, are required for the item, enter the UII in N901, and enter the serial number and/or batch/lot number in N907. If UII is not used, enter the serial number in N901 and enter the batch/lot number in N907. If only batch/lot number is required, enter the batch/lot number in N901.</i></p> <p>3. Use multiple iterations of 2/N9/1600 segment within the 2/LX/1500 loop, to provide identifying information for an item as needed.</p> <p><i>-- When used for a dual adjustment resulting from UII, serial number or batch/lot number mismatch, the first iteration of the 2/LX/1500 loop will contain the "from" (original) IUID or Batch/Lot and the second iteration will contain the "to" (corrected) IUID or Batch/Lot for the same item.</i></p> <p><i>-- When used for a dual adjustment resulting from missing UII, serial number, or batch/lot number, use multiple iterations of the 2/LX/1500 loop to identify the missing IUID or Batch/Lot for each item.</i></p> <p>4. Capital equipment candidates require serialization data visibility. Prepare inventory adjustment transactions for capital equipment using the serial number and when available, include the UII. Refer to ADC 1198.</p> <p>5. Use in CAV inventory adjustment (Condition Code) transactions to identify part numbers required to complete the repair/overhaul action and to provide an estimated receipt date for each item.</p> <p>6. <i>Except as noted, this is a DLMS enhancement. See introductory DLMS note 4a.</i></p>	

#	Location	DLMS 947I Inventory Adjustment Revision	Reason
	2/N901/1600	<p>Modify the notes for the following qualifiers</p> <p>BT Batch Number</p> <p>1. Use to identify the manufacturer’s batch/lot, or other number identifying the production run <i>when UII and or serial number are not required. If UII and/or serial number are required in addition to the batch/lot number, enter the batch/lot number, enter the batch/lot number in N907.</i> The batch/lot number may not exceed 20 characters in accordance with IUID policy.</p> <p>2. DLMS enhancement. See introductory DLMS note 4a.</p> <p>SE Serial Number</p> <p>DLMS Note:</p> <p>1. Use to identify the serial number <i>when UII is not required. If UII is required in addition to the serial number, enter the serial number in N907.</i> The serial number may not exceed 30 characters in accordance with IUID policy</p> <p>2. <i>Except as noted, this is a</i> DLMS enhancement. See introductory DLMS note 4a.</p> <p>3. Authorized for use by CAV.</p> <p>U3 Unique Supplier Identification Number (USIN)</p> <p>DLMS Note:</p> <p>1. Use to identify the UII. The UII may not exceed 50 characters in accordance with IUID Policy. An ANSI data maintenance was approved in version 5020. The approved code/name is “UII-Department of Defense Unique Item Identifier”.</p> <p>2. <i>Except as noted, this is an</i> Authorized DLMS migration enhancement. See DLMS introductory note 4a4e.</p>	<p>Identifies specific mapping placement for the batch number and serial number when a UII is provided.</p> <p>Clarification.</p> <p>Administrative updates to DLMS enhancement notes.</p> <p>Administrative update to remove repetitive DLMS note 3. CAV use is identified at segment level note.</p> <p>No change for U3 Notes, provided for context</p>
	N907-01	<p>Add SE, BT and DLMS Notes</p> <p>BT Batch Number</p> <p>DLMS Note</p> <p><i>Use to identify the manufacturer’s batch/lot, or other number identifying the production run when UII or serial number is entered in N901 and batch/lot is the only other identifying number in 2/N901/1600. The batch/lot number may not exceed 20 characters in accordance with IUID policy.</i></p> <p>SE Serial Number</p> <p>DLMS Note</p> <p><i>Use to identify the serial number when UII is entered in N901. The serial number may not exceed 30 characters in accordance with IUID policy.</i></p>	<p>Adds capability to link the batch number and serial number when a UII is provided</p>

Enclosure 2 to ADC 1198A

DLMS Volume 2 Changes

Addendum to ADC 1198A changes are shown in **red bold italics**. The relevant ADC 1198 changes are included in **bold italics** to help to clarify the new changes.

C6. CHAPTER 6. PHYSICAL INVENTORY CONTROL

(Intervening text not shown)

C6.13.2.2. Owner/manager processing receipts, issues, or inventory adjustments from storage activities where there is a mismatch on serial number (and Ull if available) between the owner records and storage activity transactions reporting which serial number (and Ull if available) ~~will~~ may at a minimum necessitate an inventory and research to resolve the discrepancy.

(Intervening text not shown)

C6.13.5. Capital Equipment Candidates Inventory Adjustments. The inventory adjustment function encompasses increases, decreases, or dual adjustments. The C6.4 procedures for processing and reporting of Inventory Adjustments (Physical Inventory) also apply to apply to Inventory Adjustments (Ull and/or Serial Number Mismatch) with the following additions:

C6.13.5.1. Capital equipment candidate items inventory adjustment gain, loss, or dual adjustment transactions will include the serial number (and Ull if available). Adjustments due solely to the need to correct serial number and/or Ulls will always be for a quantity of 1.

C6.13.5.2. Capital equipment candidate items where a discrepancy exists solely on mismatched serial number and/or Ull will include Quantity or Status Adjustment Reason Code AQ (Inventory Adjustment (Ull and/or serial number mismatch)) in the inventory adjustment transaction, Chapter 7, Table C7.T1 contains the quantity or status adjustment reason codes. **Two inventory adjustment transactions are required to correct the mandatory serial number and, when available, the associated Ull, and to update the SCC.**

C6.13.5.2.1. The storage activity will prepare a separate dual inventory adjustment transaction for each item to identify the original “from” and corrected “to” IUID values. Only one item will be identified in each dual inventory adjustment.

C6.5.2.2.2 A dual inventory adjustment transaction will be required to cite the impacted serial number(s)/Ull(s) to update the suspended item(s) from the suspended SCC to the appropriate SCC.

C6.13.5.3. Capital equipment candidate items where a discrepancy exists solely on missing serial number and/or Ull will include Quantity or Status Adjustment Reason Code AM (Inventory Adjustment (Ull and/or serial number missing)) in the inventory adjustment transaction, Chapter 7, Table C7.T1 contains the quantity or status adjustment reason codes. Two inventory adjustment transactions are required to identify the mandatory serial number and, when available, the associated Ull, and to update the SCC.

C6.13.5.2.1. The storage activity will prepare a dual inventory adjustment transaction to identify missing IUID values for each applicable item. Multiple items may be identified in each dual inventory adjustment transaction.

C6.5.2.2.2 A dual inventory adjustment transaction will be required to cite the impacted serial number(s)/Ull(s) to update the suspended item(s) from the suspended SCC to the appropriate SCC.

C6.13.6. Research of Potential or Actual Inventory Adjustments (Ull and/or serial number mismatch) (DLMS 947I with Quantity or Status Adjustment Reason Code AQ)

C6.13.6.1. DoD Components will ensure that potential or actual inventory adjustments for capital equipment candidate items that result in an inventory adjustment are reported with Quantity or Status Adjustment Reason Code AQ and are researched in accordance with the procedures paragraph C6.4.

C6.13.6.2. Due to the value of capital equipment candidate items, discrepancies will always require the most demanding research requirements set forth in Table C6.T3.

C13. CHAPTER 13. MATERIEL RECEIPT

Preceding text not shown)

C13.1.4. Use of DLMS 527R for Receipt. DLMS 527R will be used by receiving activities to report both receipts and historical receipt information to owners and other management control activities.

C13.1.5. Capital Equipment Candidate Receipts. In support of Financial Improvement and Audit Readiness (FIAR) compliance for accountability and management of capital equipment, capital equipment candidates require serialization data visibility. Submitters must prepare receipts for capital equipment candidate items to include the serial numbers (and Ulls if available). The DSS storage activity will send the receipt transaction to the owner and include the serialized data for the owner records. The owner will update the IUID registry using existing IUID registry procedures.

(Intervening text not shown)

C13.2.8.2.1. Discrepancy Determination. Upon receipt of all incoming materiel shipments, from procurement instrument and non-procurement instrument sources, receiving activities will research all available documentation and item markings (i.e., transaction or

contract number, national stock number (NSN), or other, item identification number, ARI file, quantity, condition, inspection/acceptance requirements, etc.) to determine the receipt data. Using this data, receiving activities will determine if a discrepancy/deficiency (hereafter referred to as discrepancy or discrepant) exists and will identify its nature. **For capital equipment candidate items, missing serial number(s) and mismatches on serial number (and UII) will be considered discrepancies.**

C14. CHAPTER 14. ISSUE, LOAN, DEMAND, AND SINGLE MANAGER FOR CONVENTIONAL AMMUNITION FREEZE/UNFREEZE ACTION

(Preceding text not shown)

~~**C14.2.1.1.4. Capital Equipment Candidate Issues. In support of Financial Improvement and Audit Readiness (FIAR) compliance for accountability and management of capital equipment, capital equipment candidates require serialization data visibility. Submitters must prepare issue transactions for capital equipment candidate items to include the serial number(s) (and UII(s) if available).**~~

C17. CHAPTER 17. SUPPLY DISCREPANCY REPORTING

(Preceding text not shown)

C17.3.8. Discrepancies in Item Unique Identification (IUID) Data.²

C17.3.8.1. Report supply-related discrepancies involving IUID under DoD IUID Supply policy, including but not limited to Unique Item Tracking (UIT) programs, **capital equipment candidates**, or as contractually required. SDRs identifying discrepancies in unique identification will be prepared citing both UII and/or corresponding serial number, when both are available. Applicability under DoD IUID Supply Policy is identified by NSNs with IUID Indicator Yes (Y). For missing or mismatched unique item identification of items that are DoD serially-managed/tracked, use the applicable U-series discrepancy code (see Table C17.T1.). Report missing or mismatched materiel identification unrelated to IUID (e.g. missing or mismatched part number or NSN) using the applicable packaging (labeling/markings), documentation, technical data, or wrong item discrepancy code(s). Report quality-related deficiencies involving IUID, (e.g., improperly constructed unique item identifier within the 2D data matrix), using Product Quality Deficiency Report (PQDR) procedures under DLA Regulation 4155.24, et al.

Staffing Note: ADC 1198 revision moved down to new paragraph C17.3.8.4.

C17.3.8.2. In order to facilitate reporting of discrepancies, particularly those involving discrepancies where inclusion of the IUID information is required/desirable, the SDR submission process should be integrated with the receiving process, allowing receipt data to be captured once and reused. IUID discrepancies may be related to the packaging label, including automated information technology (AIT) readable content; the item marking, including AIT readable marks; supply documentation; the due-in record; and/or a mismatch between the item and any of these. When reporting an IUID mismatch (including shortage, overage, and incorrect item) the IUID content may be specifically identified as applicable to

² Refer to ADC 1030.

items received or not received using the IUID Received/Not Received Indicator. **If the SDR does not include the** ~~If no indicator is provided,~~ the UII and/or serial number will be interpreted as applicable to the materiel received. Pending integrated capability to support IUID reporting in SDRs, **the submitter should include** remarks text ~~may also be used to~~ clarify the specific mismatched data. Additionally, attachment files may be uploaded/transmitted to DoD WebSDR to identify UIIs and/or serial numbers.

C17.3.8.3. Discrepancies involving missing or mismatched unique identification identified during receipt of new procurement materiel (including direct vendor delivery (DVD)) must be reported prior to acceptance. **Receipt new procurement materiel** requiring IUID or serial number tracking ~~may be placed in a suspended condition pending resolution.~~ ~~Discrepancies that result in incorrect information within the IUID registry at DLA Logistics Information Service must be reported by the receiving activity for corrective action. Pending development of procedures for direct routing of SDRs to DLA Logistics Information Service, send an email to the DLA Logistics Information Service IUID Help Desk (iuid.helpdesk@bpn.gov).~~ Missing IUID content in DLMS transactions will not be reported for stock shipments pending full transition to DoD IUID Supply Policy procedures except as applicable to UIT programs **and capital equipment candidates. The materiel owner is responsible for IUID Registry updates associated with discrepancies for mismatched IUID information.**

C17.3.8.4. In support of Financial Improvement and Audit Readiness (FIAR) compliance for accountability and management of capital equipment, capital equipment candidates require serialization data visibility.³ Thus, capital equipment candidates received without a serial number will not only require an SDR, but will stop the equipment in the supply chain until a serial number is identified and the materiel is marked. Submitters must prepare discrepancy reports citing the applicable serial number(s) and include the UII when available. For redistribution/returns, DLA Distribution Centers will receipt capital equipment candidates without a serial number in SCC K and submit the SDR. Cite the applicable discrepancy code and provide clarifying remarks with descriptive information for the item received. If the distribution center cannot validate the serial number contained in the associated shipment notice using the IUID marking on the item or packaging, the distribution center will include remarks clarifying this situation. The materiel owner is responsible for determining the appropriate serial number and providing disposition for marking the item. SDR Reply Codes 603 (remark and return to stock) and 611 (Reidentify unique identification (Uii/serial number) and return to stock) apply. Upon positive resolution of the missing or mismatched serial number/Uii scenario, separate dual inventory adjustment transactions are required to update the serial number/Uii and update the SCC of the suspended item to the appropriate SCC.

(Intervening text not shown)

C17.3.8.8. Table C17.T1 provides a decision matrix for **the principal scenarios** when an SDR is required based on missing or mismatched IUID data during receipt processing. **Current guidance requires UIT and capital equipment candidate discrepancy reporting based upon missing or mismatched serial numbers (rather than**

³ Refer to ADC 1198/**PDC 1198A**

UII) pending full implementation of IUID requirements, UII will be included when available.

Table C17.T1. SDR Decision Matrix: Discrepant IUID Data (IUID Indicator Y)

Procurement Source (IUID contractually required)	Approved UIT	Capital Equipment Candidate (DLA Distribution Receipt)⁴	Wrong Item Received w/IUID Indicator Y	Missing UII IUID on (item or packaging)	Mismatch UII IUID with shortage/overage	Mismatch UII IUID no shortage/overage	Create SDR	SDR Action Code
Y	Y/N	Y/N	N	N	Y	N	Y	1A or 2A
Y	Y/N	Y/N	N	N	N	Y	Y	1A
Y	Y/N	Y/N	N	Y	N	N	Y	1A
Y	Y/N	Y/N	N	N	N	Y	Y	1A
Y	Y/N	Y/N	N	Y	N	N	Y	1A
Y/N	Y/N	Y/N	Y	Y/N	Y/N	Y/N	Y	1A or 2A
N	N	N	N	N	N	Y	Y	3B
N	N	N	N	N	Y	N	Y	1A or 2A
N	N	N	N	Y	N	N	N	No SDR
N	Y	N	N	N	N	Y	Y	1A
N	Y	N	N	N	Y	N	Y	1A or 2A
N	Y	N	N	Y	N	N	Y	1A or 3B
N	N	Y	N	N	N	Y	Y	1A
N	N	Y	N	N	Y	N	Y	1A
N	N	Y	N	Y	N	N	Y	1A

⁴ Refer to PDC 1198A.

CHAPTER 21, STOCK READINESS

(Preceding text not shown)

C21.4.7. The storage activity will provide materiel identification by NSN manufacturer's CAGE/part number, or other form of materiel identification authorized by the DLMS format. It will also support identification by description if needed. Data content is comparable to the DD Form 1225. When applicable, the report will include the stock screening request reference number as a cross-reference between the screening request and the resulting SQCR. The SQCR will use up to two discrepancy codes to identify the non-conformance situation. It provides the estimated/actual cost for repair or repackaging. Item unique identification (IUID) data requirements will be populated on the SQCR in accordance with DoD Supply Policy when NSNs have an IUID Indicator Y.

C21.4.8. Missing Serial Number

C21.4.8.1. *In support of Financial Improvement and Audit Readiness (FIAR) compliance for accountability and management of capital equipment, capital equipment candidates require serialization data visibility. Thus, capital equipment candidates located in storage without a serial number will not only require an SQCR, but will stop the equipment in the supply chain until a serial number is identified and the materiel is marked. Distribution centers must suspend the item in SCC J and prepare an SQCR. Cite the applicable discrepancy code and provide clarifying remarks with descriptive information for the item. If the storage activity is unable to determine the missing serial number from inventory records, the materiel owner is responsible for determining the appropriate serial number and providing disposition for marking the item (Reply Code 611).⁴*

⁴ Refer to PDC 1198A