



**DEFENSE LOGISTICS AGENCY  
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June 15, 2018

**MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) MEMBERS**

**SUBJECT: Approved Addendum to ADC 1227 to include the Moving Average Cost and Latest Acquisition Cost (Supply/Finance) (ADC 1227A)**

The attached change to DLM 4000.25, Defense Logistics Management Standards (DLMS), is approved for implementation. The Enterprise Business Standards Office will post the updated DLMS Implementation Convention (IC) to the Web at [http://www.dla.mil/HQ/InformationOperations/DLMS/elibrary/Transformats/140\\_997/](http://www.dla.mil/HQ/InformationOperations/DLMS/elibrary/Transformats/140_997/), within **10** days from the above date

Addressees may direct questions to Mr. Eric Flanagan, DOD MILSTRIP Administrator, email: [Eric.Flanagan@dlm.mil](mailto:Eric.Flanagan@dlm.mil), Mr. Rafael Gonzalez, DOD MILSTRAP Administrator, email: [Rafael.Gonzalez@dlm.mil](mailto:Rafael.Gonzalez@dlm.mil), or [DLMS Supply, DLMS\\_Supply@dlm.mil](mailto:DLMS_Supply@dlm.mil). Others must contact their designated Supply PRC representative available at <http://www.dla.mil/HQ/InformationOperations/DLMS/allpoc/>.

HEIDI M. DAVEREDE  
Director  
Enterprise Business Standards Office

Attachment  
As stated

cc:  
ODASD (SCI)  
OUSD DPAP (PDI)  
Air Force Finance PRC Representative

**ADC 1227A**  
**Approved Addendum to ADC 1227 to Include Moving Average Cost and Latest Acquisition Cost in the DLMS 832N**

**1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION:**

a. **Technical POC:** Mr. John “Jack” Dillon, HAF/A4PT; 937-904-0815; DSN: 674-0815; or email: [john.dillon.2.ctr@us.af.mil](mailto:john.dillon.2.ctr@us.af.mil)

b. **Functional POC:** Mr. Colquitt “Quitty” Lawrence, HAF/A4LR; 703-692-2348; DSN: 222-2348; or email: [colquitt.lawrence.civ@mail.mil](mailto:colquitt.lawrence.civ@mail.mil)

**2. FUNCTIONAL AREA LOGISTICS AND TRANSACTION CHANGES:**

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

b. **Primary/Secondary Functional Process:** Government Furnished Property (GFP) Accountability

c. **Logistics and Transaction Changes (Check All That Apply):**

<input checked="" type="checkbox"/>	Category	<input checked="" type="checkbox"/>	Category	<input checked="" type="checkbox"/>	Category
X	Billing	X	Physical Inventory		Contract Admin
	Discrepancies / Deficiencies		MILSTRAP		DoDAAD
	Serialization		MILSTRIP		MAPAD
	Small Arms/Light Weapons		MRA		LMARS
	pRFID		Disposition		DLM Publications
X	GFP		DOD BRAC		

**3. REFERENCES:**

a. Approved DLMS Change (ADC) 1227, Update DLMS 832N Catalog Data Support Transaction to Add Catalog Data Elements for Air Force Contractor Inventory Control Point (CICP) Use under Government-Furnished Property-Accountability, June 2, 2017

b. ADC 1224A, Addendum to Approved Defense Logistics Management Standards (DLMS) Change (ADC) 1224, Requirements for Air Force Government Furnished Property (GFP) Accountability including Identification of the Contractor Inventory Control Point (CICP), the Physical Location of Property, the Authorizing Procurement Instrument Identifier (PIID), Disposal Information in the Issue Transaction, and Enhanced Data Content in Inventory-Related Transactions (Supply/Contract Administration), March 5, 2018

c. ADC 1225, Revise DLMS 527R Receipt Transaction for Intra-Air Force Government Furnished Property (GFP) Accountability to Include Identification of the Contractor Inventory Control Point (CICP), Addition of Moving Average Cost (MAC), and Authorization to Use Latest Acquisition Cost (LAC) and Acceptance Date (Supply), March 7, 2017

#### **4. APPROVED CHANGE(S):**

##### **a. Brief Overview of Change:**

(1) ADC 1227 (Reference 3.a.) added new data elements to the DLMS 832N Catalog Data Support Transaction to allow Air Force CICPs to transmit catalog data pertaining to non-cataloged property (equipment and materiel) identified by local stock number (LSN). The Air Force CICPs transmit the DLMS 832N to the Government Furnished Property – Accountability (GFP-A) Accountable Property System of Record (APSR) (Defense Property Accountability System (DPAS)).

(2) This approved addendum adds a new segment and two data elements to the DLMS 832N that will enable the CICP to convey the Moving Average Cost (MAC) and Latest Acquisition Cost (LAC).

(3) This change also revises the DLMS 832N to allow the Air Force CICP to identify the APSR by routing identifier code (RIC) if the Air Force lacks sufficient RICs to assign to each program manager.

##### **b. Background:**

(1) ADC 1227 authorized Air Force CICPs to include intra-Air Force data elements when transmitting the DLMS 832N to the Air Force GFM-A APSR for local stock numbers. ADC 1227 did not include the MAC or LAC because the Air Force assumed that the CICPs would transmit this information in the DLMS 527R when reporting the receipt of a newly acquired asset.

(2) While assisting the CICPs with DLMS implementation, the Air Force discovered that some CICPs could not compute the MAC of a newly acquired item during the receipt process. The MAC calculation requires data that may not reside in a CICP's inventory management system at the time it transmits the DLMS 527R to the APSR. As a result, the Air Force revised the receipt process to require CICPs to compute the MAC as soon as possible after the new acquisition. CICPs must convey the MAC for local stock numbers in a DLMS 832N.

(3) Air Force CICPs will use their own inventory management systems to transmit a DLMS 832N to the Air Force APSR in accordance with Reference 3.a. The CICP must forward this transaction to the APSR in order to update the MAC and LAC after a new acquisition. The Air Force APSR will mirror the CICP's inventory management system.

(4) The Air Force also noticed that the DLMS 832N does not support identification of the APSR by routing identifier code (RIC). Air Force CICPs identify the Air Force program manager's APSR account by DoDAAC. However, not all Air Force program manager DoDAACs contain a RIC. To address this situation, this ADC implements the changes

to the N1 – Name segment that EBSO authorized for other transaction sets in Reference 3.b. This change will allow the CICPs to identify an Air Force program manager account by a generic APSR RIC. A second N1 segment iteration will contain the Air Force program manager DoDAAC.

**c. Approved Change in Detail:** Substantive updates subsequent to staffing are highlighted in green.

(1) Air Force CICPs that can compute the MAC at the time of receipt will continue to transmit the MAC and LAC on the DLMS 527R in accordance with Reference 3.c.

(2) Air Force CICPs that cannot compute the LAC at the time of receipt will record the LAC and compute the MAC of the newly acquired asset as soon as possible. The Air Force CICIP will transmit a DLMS 832N to the APSR after calculating the MAC. The DLMS 832N will contain the LAC and the MAC. The APSR will use the LAC and MAC to compute inventory valuation for Air Force financial statements.

(3) This change adds Code OW – Owner of Property or Unit and Identification Code Qualifier M4 – Department of Defense Routing Identifier Code (RIC) to the N1 Name Segment in the DLMS 832N. The Air Force CICPs will use Code OW to identify the APSR by its generic RIC if the Air Force has insufficient RICs available to identify the specific program manager by RIC. This procedure will allow the APSR to post the record to the appropriate program manager account.

(4) The enclosure contains the approved changes to the DLMS 832N implementation convention.

**d. Revisions to DLM 4000.25 Manuals:** Revise DLMS 832N Catalog Data Support Transaction, as shown in the enclosure.

**e. Approved Transaction Flow:** This change does not modify existing transaction flows for the CICIP interface with the Air Force APSR.

**f. Alternatives:** None identified.

**5. REASON FOR CHANGE:** This change supports the Air Force GFP-A Capability Initiative by addressing a material weakness on the Air Force Financial Statements and supports Financial Improvement and Audit Readiness (FIAR) compliance. This change allows Air Force CICPs to communicate LSN catalog data changes to the Air Force APSR. Adding GFP-A LSN catalog data elements will ensure Air Force APSR asset accountability records reflect current item details as recorded in the Air Force CICIP Inventory Management System.

## **6. ADVANTAGES AND DISADVANTAGES:**

**a. Advantages:** Providing detailed information for inventory accounting transactions and records allows the Air Force to automatically update asset valuation and maintain key supporting documents used by FIAR auditors for contractor-managed and possessed, Air Force owned GFP in the Air Force APSR.

**b. Disadvantages:** The Air Force CICPs may need to modify their systems in order to accommodate the MAC and LAC data.

**7. ASSUMPTIONS USED IN THE CHANGE OR NEW DEVELOPMENT:** The Air Force will provide Air Force CICPs with guidance on computing MAC.

**8. ADDITIONAL COMMENTS TO CONSIDER:**

**a.** The Air Force GFP-A Capability Initiative relies on DLMS transactions from the Air Force CICPs to accurately record asset quantities and valuation. The Air Force must use a manual workaround if the Air Force APSR cannot receive MAC and LAC through DLMS transactions. The use of manual workarounds increases the risk that the contractor will misreport the Air Force contractor managed and possessed Air Force-owned GFP assets on its financial statements.

**b.** Air Force CICPs are the sole source for the LSN catalog data for the assets they manage.

**9. ESTIMATED TIME LINE/IMPLEMENTATION TARGET:** This change authorizes implementation of the enclosed procedures immediately upon release.

**10. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE:** The Air Force is unable to provide a savings/cost estimate at this time. The Air Force does not have adequate data to calculate the cost of a manual workaround. This change will enable the DLMS compliant services to meet FIAR requirements.

**11. IMPACT:**

**a. New DLMS Data Elements:**

(1) New DLMS data elements added under this change are below. See the enclosure, **Revisions to the DLMS 832N Catalog Data Support Transaction**, for data element definitions and characteristics.

(a) Price Identifier Code (DE 236) LCP – Latest Acquisition Cost

(b) Price Identifier Code (DE 236) MAC – Moving Average Cost

(2) EBSO refers to these codes as “migration codes” since they are obtained from a higher ASC X12 version/releases (e.g., 5030). The codes do not exist in X12, version 4030, but the semantic meaning and syntax will be consistent with the higher version/release.

(3) All trading partners must agree to use these two migration codes with their current X12 version/release. Manual intervention may be required for some X12 parsers to accept the higher version/release code.

**b. Changes to DLMS Data Elements:** None identified.

c. **Automated Information Systems (AIS)**: The Air Force APSR and Air Force CICPs must modify interfaces accordingly.

d. **Defense Automatic Addressing System (DAAS)**: DAAS must implement DLMS 832N mapping changes.

e. **Non-DLM 4000.25 Series Publications**: The Air Force should update procedures documenting requirements contained herein as necessary.

**12. PROPOSED DLMS CHANGE (PDC) 1227A RESPONSE/COMMENT RESOLUTION:**

	<b>Component</b>	<b>Response/Comment</b>	<b>Disposition</b>
1.	DLA	Concur with Comment	Noted.
2.	Navy	Concur without Comment	Noted.
3.	Air Force	Concur without Comment	Noted.
4.	US Army	No response.	
5.	USMC	Concur without Comment	Noted.
6.	DAAS	Concur without Comment	Noted.
7.	USTRANSCOM	Abstain	Noted.

**Enclosure, Revisions to the DLMS 832N Catalog Data Support Transaction**

#	Location	DLMS 832N Catalog Data Support	Reason
1.	DLMS Introductory Notes	<u>Add ADC 1227A to the DLMS Introductory Note:</u>  <b>- ADC 1227A, Addendum to ADC 1227 to Include Moving Average Cost and Latest Acquisition Cost in the DLMS 832N</b>	To identify changes made to the IC.
2.	1/N101/1500	<u>Add Entity Identification Code and DLMS Note:</u>  <b>OW Owner of Property or Unit</b> <b>DLMS Note:</b> <i>For Air Force GFP accountability, use to identify the Air Force program manager in the accountable property system of record (APSR). Must identify the program manager by RIC. If the program manager DoDAAC does not have an assigned RIC, use the generic Air Force GFP APSR RIC with 1/N106=TO and use an additional iteration of this N1 loop (repeating Code OW without 1/N1061=TO) to provide the program manager DoDAAC. Refer to ADC 1227A.</i>	This change allows the Air Force CICP to identify the Air Force Program Manager by the APSR's RIC, if necessary. If using the APSR's RIC, the CICP will identify the AF Program Manager by DoDAAC in a second N1 iteration.
3.	1/N103/1500	<u>Add Identification Code Qualifier and DLMS Note:</u>  <b>M4 Department of Defense Routing Identifier Code (RIC)</b>	The Air Force CICP must identify the APSR RIC if the Air Force Program Manager does not have a RIC.
4.	1/N106/1500	<u>Rename Federal Note as a DLMS Note</u>  <b>FR Message From</b> <b>DLMS Note: <del>Federal Note</del></b> Must use with the appropriate 1/N101/1500 code to indicate that the organization cited in N104 is originating the transaction set.  <b>TO Message TO</b> <b>DLMS Note: <del>Federal Note</del></b> Must use with the appropriate 1/N101/1500 code to indicate the organization cited in N104 is receiving the transaction.	To identify the APSR RIC.
5.	2/CTP02/1700	<u>Add qualifier and DLMS Note:</u>  <b>LCP Last Cost Price</b> <b>DLMS Note:</b> <i>1. Used by Air Force CICPs to transmit the latest acquisition cost of new acquisitions to the APSR. Refer to ADC 1227A.</i> <i>2. Qualifier LCP is a migration code approved for use in X12 version 4050.</i>	This qualifier allows the Air Force CICP to provide the LAC

#	Location	DLMS 832N Catalog Data Support	Reason
		<i>3. DLMS enhancement. See introductory note 10.</i>	
6.	2/CTP02/1700	<u>Add qualifier and DLMS Note:</u>  <b>MAC Moving Average Cost</b> <b>DLMS Note:</b> <i>1. Used by Air Force CICIP to transmit the moving average cost of new acquisitions to the APSR. Refer to ADC 1227A.</i> <i>2. Qualifier MAC is a migration code approved for use in X12 version 6030.</i> <i>3. DLMS enhancement. See introductory note 10.</i>	This qualifier allows the Air Force CICIP to provide the MAC.