DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD
FORT BELVOIR, VIRGINIA 22060-6221

June 9, 2017

MEMORANDUM FOR JOINT PHYSICAL INVENTORY WORKING GROUP (JPIWG) MEMBERS

SUBJECT: Approved Defense Logistics Management Standards (DLMS) Change (ADC) 1228, Revise DLMS 846P Physical Inventory Request and 846R Location Reconciliation Request to Enhance End of Day/Reconciliation Process

        The attached changes to DLM 4000.25, Defense Logistics Management Standards, and DLM 4000.25-2, Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP) are approved for implementation in June 2017. The Enterprise Business Standards Office will post updated DLMS Implementation Conventions (ICs) to the DLMS Web at www.dlmso.dla.mil/elibrary/TransFormats/140_997.asp, within 10 days from the above date.

        Addressees may direct questions to Mr. Rafael Gonzalez, JPIWG Chair, email: Rafael.Gonzalez@dla.mil. Others may direct questions to their respective Service or Agency designated JPIWG representative. A list of current JPIWG representatives by Service is available at http://www.dlmso.dla.mil/eLibrary/ServicePoints/allpoc.asp.

HEIDI M. DAVEREDE
Program Manager
Enterprise Business Standards Office

Attachment
As stated

cc:
ODASD (SCI)
Supply Process Review Committee (Primary and Alternate representatives)

Attachment to ADC 1228
Revise DLMS 846P Physical Inventory Request and 846R Location Reconciliation Request to Enhance End of Day/Reconciliation Process

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

    b. Functional POC: Mr. Colquitt "Quitty" Lawrence, HAF/A4LR; 703-692-2348; DSN: 222-2348; or email: colquitt.lawrence.civ@mail.mil

2. FUNCTIONAL AREA:

    a. Primary/Secondary Functional Area: Inventory

    b. Primary/Secondary Functional Process: Inventory End-of-Day (EOD)/Reconciliation Process/Government Furnished Property Accountability (GFP-A)

3. REFERENCES:

    a. DLM 4000.25, Defense Logistics Management Standards (DLMS), Volume 2, Supply Standards and Procedures

    b. DLM 4000.25, Defense Logistics Management Standards (DLMS), Volume 1, Appendix 2 Terms and Definitions

    c. DODM 4140.01, Volume 5, DOD Supply Chain Materiel Management Procedures: Delivery of Materiel

    d. ADC 1224, Requirements for Air Force Government Furnished Materiel (GFM) Accountability including Identification of the Contractor Inventory Control Point (CICP), the Physical Location of Materiel, the Authorizing Procurement Instrument Identifier (PIID), Disposal Information in the Issue Transaction, and Enhanced Data Content in Inventory-Related Transactions, December 1, 2016

    e. ADC 1225, Revise DLMS 527R Receipt Transaction for Intra-Air Force Government Furnished Materiel (GFM) 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, December 12, 2016

    f. ADC 1238, Revise DLMS 527R Materiel Receipt Acknowledgement (MRA) and Disposition Services Turn-In Receipt Acknowledgement (TRA) Transactions to Allow Air Force Contractor Inventory Control Points (CICP) to Forward Transaction Images in Support of Air Force Government Furnished Materiel (GFM) Accountability, September 20, 2016

    g. DODI 5000.64 "Accountability and Management of DOD Equipment and Other Accountable Property, May 19, 2011

4. REQUESTED CHANGE(S):

a. **Brief Overview of Change:** This change impacts procedures and transaction content associated with inventory reconciliation. There are two parts to this change. Subparagraph (1) below applies to all DOD Components. Subparagraph (2) below only applies to the US Air Force (USAF) Government Furnished Property accountability (GFP-A) program.

(1) Revise the EOD/reconciliation process under Physical Inventory Control procedures to implement the transmission of all historical DLMS 940R and 945A as part of a response to the DLMS 846P Transaction History Request. Additionally, this change clarifies the definition and use of the term "Available for Issue Balance," as part of the EOD/reconciliation process. This balance refers to the total balance on-hand minus property allocated to fulfill release orders.

(2) For USAF GFP-A accountability only, revise the EOD/reconciliation process to:

(a) Add Materiel Release Advice Count (Materiel/Disposal Release Confirmation) to the transmission of the DLMS 846P EOD Transaction Count. The Materiel Release Advice Count represents the number of Materiel Release Confirmation (MRC) and Disposal Release Confirmation (DRC) transactions sent by the USAF CICP during the day or month being reconciled. The USAF CICP will transmit the sum total for combined MRC and DRC transactions as a single value.

(b) Add Materiel Acknowledgement Count to the transmission of the DLMS 846P EOD Transaction Count. The Materiel Acknowledgment Count represents the number of MRA and TRA transactions received by the USAF CICP during the day or month being reconciled. The USAF CICP will transmit the sum total for combined MRA and TRA transactions as a single value.

(c) Add USAF GFP Intransit Balance to the DLMS 846R Location Reconciliation Request. This document defines the term "Intransit Balance" as the total quantity of confirmed shipments without a matching receipt acknowledgment excluding property issued for local disposal, internal USAF CICP deliveries, and customer pick-up. For property issued under these exclusions, the USAF GFP-A accountable property system of record (APSR) will not retain an owner property record; therefore, intransit tracking is not required.

(d) Add a new process for the systemic reconciliation of all item record transactions and balances on a monthly basis. The reporting requirement includes all item records with or without any transactional activity during the course of the month. This process will follow the same procedural steps as the EOD/reconciliation process and may not always require physical inventory. The USAF CICP will still need to perform at least one annual reconciliation in accordance with DLM 4000.25, Volume 2, Chapter 6 Physical Inventory Controls.

b. **Background:**

(1) **Applicable to all DOD Components:** The EOD day/reconciliation process uses a number of DLMS transactions, including the DLMS 867I Issue transaction, to reconcile records between the storage activity and the owner. The storage activity generates an issue transaction after the system confirms that sufficient on-hand balance is available to fulfill the materiel release order

(MRO) or disposal release order (DRO). The system then updates the available for issue balance accordingly. Most Component owners use the MRC/DRC instead of the Issue transaction to decrement their inventory balance. The use of the MRC/DRC could result in a balance mismatch between the owner balance and the available for issue balance reported by the storage activity. Using different methods to decrement inventory balance could potentially translate into unnecessary inventory adjustments.

      (a) Current MILSTRAP/DLMS guidance (manual and DLMS 940R and 945A implementation conventions (ICs)) documents the requirement and procedures to transmit the release orders and advice as transaction history. The DLMS 940R and 945A ICs have a placeholder for this requirement pending implementation. Until now, only balance affecting transactions (Receipts DLMS 527R, Issues DLMS 867I, and Inventory Adjustments DLMS 947I) were included when the storage activity responded to a transaction history request. This change authorizes the transmission of historical Materiel/Disposal Release Orders and Materiel Release Advice transactions, listed under Requested Change in Detail, as part of the storage activity response to the transaction history request initiated by the owner. The transmission of historical transactions provides additional information to the owner that can be beneficial for the resolution of a balance mismatch, reducing the amount of unnecessary inventory adjustment actions.

      (b) This change also clarifies the definition and use of the term "Available for Issue Balance" as part of the EOD/reconciliation process. This balance refers to the total balance on-hand minus property allocated to fulfill release orders.

      (2) The term CICP represents a contractor assigned to the primary responsibility of materiel management for a group of items either for a particular Military Service or for the Department of Defense as a whole. In addition to integrated materiel management (IMM)/inventory control point (ICP) functions, a CICP may perform other logistics functions to support a particular Military Service or for a particular end item (e.g., centralized computation of retail requirements levels and engineering tasks associated with weapon system components).

      (a) For the purpose of DLMS logistics procedures, the term CICP also identifies Contractor Operated and Maintained Base Supply (COMBS) contractors whose support includes supply of aircraft; engine and support equipment components, materiel, and consumables; as well as off-aircraft repair, overhaul, and replenishment. COMBS contractors are responsible for having inventory on hand to perform off-aircraft maintenance and the repair of turned-in parts. COMBS contractors perform both wholesale and retail functions.

      (b) CICPs are required to maintain and report accountability for Air Force-owned contractor-managed and possessed property. However, Air Force accountability is incomplete for contractor-managed and possessed Air Force-owned property due to the Air Force inability to track end-to-end logistics and financial transactions, provide total asset visibility, and report property inventory values in an accurate and timely manner. DODM 4140.01 Volume 5 (Reference 3.c.), Enclosure 3, Subparagraph 2.b.(4)(e), requires Service owning materiel managers to:

> "Take applicable actions necessary to ensure that the physical on-hand quantity and the total item property record quantity are in agreement for all DoD materiel that is not in the physical custody of DoD storage activities. For example, owning materiel managers will ensure accuracy for property records whereas contractors are responsible for the physical custody of government-owned inventory located at contractor facilities or DoD storage activities."

(c) The USAF chartered the Government Furnished Property - Accountability (GFP-A) Capability Initiative to provide property accountability/control of contractor-managed and possessed Air Force-owned property through implementation of standard and integrated Air Force logistics and contractor processes to address a material weakness on the USAF financial statements. This capability will establish and maintain accountable inventory records for GFP-A which accurately reflect current quantity, status, location, condition and authorizing contract as well as establish an audit trail to update and track end-to-end logistics and financial transactions. This change is one of a series of DLMS changes supporting the USAF GFP-A Capability Initiative (refer to Reference 3.d., 3.e., 3.f.).

(d) Contractor-managed and possessed GFP-A refers to one type of government furnished property and is the sole focus of this initiative. The above problem statement does not apply to the other types of GFP-A as the Air Force has solutions in place to report logistics and financial data. The USAF GFP-A APSR) will only report Air Force-owned property as established under the GFP-A Capability Initiative. USAF CICPs often use commercially available inventory management systems to manage and record Air Force-owned property affecting accounting transactions. The USAF selected the DPAS as its APSR for contractor-managed and possessed Air Force-owned GFP-A.

(e) USAF CICPs, using an inventory management system, will provide their transactions received from their trading partners to DPAS via Defense Automated Addressing System (DAAS) using the required DLMS formats. This is over and above the transmission of the applicable DLMS transactions between the USAF CICP and the CICP's warehouse or subcontractor when using external communication (outside the inventory management systems) for the various logistics processes discussed in this ADC. DPAS will be a mirror image of the USAF CICP's inventory management systems. Various changes in DLMS transactions are required in order to maintain accuracy between systems.

(f) USAF CICPs, using their own inventory management systems, will transmit images of DLMS 527R MRA and DLMS 527R TRA transactions to update intransit balances on the USAF GFP-A APSR (Defense Property Accountability System (DPAS)) via DAAS. MRA/TRA transactions must be forwarded to DPAS to close out intransit balances (refer to Reference 3.f.).

(g) At the end of each day, all balance affecting transactions must undergo an end of day reconciliation process. This reconciliation will include the inventory balance in the warehouse, and the intransit balance to a customer. DODI 5000.64 (Reference 3.g.) requires contractors to maintain accountability of intransit property until the receiving activity provides receipt acknowledgement. Therefore, USAF GFP-A APSR and contractor inventory and intransit balances must match.

(h) At the end of each month, all GFP items must undergo an end of month reconciliation process. The reporting requirement will include all item records with or without any transactional activity during the course of the month. This reconciliation will include the inventory balance in the warehouse, and the intransit balance to a customer. DODI 5000.64 (Reference 3.g.) requires contractors to maintain accountability of intransit property until the receiving activity provides receipt acknowledgement. Therefore, USAF GFP-A APSR and contractor inventory and intransit balances must match.

(i) This change will add the Materiel Release Advice Count, and, the Receipt Acknowledgement Count to the DLMS 846P EOD Transaction Count. These new counts will provide

additional information to the owner for research purposes. Only the USAF GFP-A will reconcile MRC/DRC.

(3) Last, this change will add the intransit balance to the DLMS 846R Location Reconciliation Request transaction as part of the EOD/Reconciliation process initiated by the storage activity or USAF GFP-A CICP. The Release Advice Count and the Receipt Acknowledgement Count or any of the enhancements detailed under section c of this ADC will not be available in legacy transactions due to the impact to Legacy systems.

c. **Requested Change in Detail:**

(1) **Applicable to all DOD Components:** Revise EOD/reconciliation process under Physical Inventory Control as follows:

(a) Implement transmission of historical DLMS 940R with Reconcile Historical Records Indicator (1/W0507/0200=W1) and 945A with Reconcile Historical Records Indicator (1/W0612/0200=W1) transactions in response to the DLMS 846P Transaction History Request (MILSTRAP Legacy DIC DZJ). Historical transactions transmitted using the original DLMS transaction type and the Reconcile Historical Records Indicator is comparable to the legacy MILSTRAP DIC DZK. There is no DAAS conversion requirement for this DLMS enhancement. DAAS will only provide the DLMS 940R/945A historical transactions to DLMS transaction recipients. There is no impact to legacy systems receiving historical transactions.

(b) The following transaction type codes will be included as part of the transmission of historical DLMS 940R:

- Material Release Order (1/0200/W0506=NA)
- Disposal Release Order (1/0200/W0506=NE)

(c) The following transaction type codes will be included as part of the transmission of historical DLMS 945A:

- Material Release Confirmation (1/0200/W0611=NJ)
- Material Release Denial (1/0200/W0611=NK)
- Disposal Release Confirmation (1/0200/W0611=NM)
- Disposal Release Denial (1/0200/W0611=NP)
- Material Release Cancellation Advice (1/0200/W0611=NR)
- Disposal Release Cancellation Advice (1/0200/W0611=NT)
- Disposal Release Cancellation (1/0200/W0611=NG)
- Material Release Cancellation (1/0200/W0611=ND)

(d) Clarify the definition and use of the term *Available for Issue Balance* as part of the EOD/reconciliation process. Available for Issue Balance refers to the total balance on-hand minus materiel allocated to fulfill materiel release orders.

(e) Administrative change to clarify that multiple reconciliations can be performed within a year. The narrative in DLM 4000.25, Vol 2, Chapter 6 implies that storage activities and owners can only reconcile annually as opposed to no less than once a year.

(2) For Air Force GFP only:

(a) Revise the reconciliation process to incorporate additional values:

(b) Add Materiel Release Advice Count to the EOD Transaction Count transaction (DLMS 846P with BIA02 B1) provided to the USAF GFP-A APSR for reconciliation with the USAF CICP inventory balance records. The Materiel Release Advice Count represents the number of MRC and DRC transactions (DLMS 945A with 1/W0611 code NJ or NM) received by the USAF CICP during the day or month being reconciled. The USAF CICP will transmit the sum total for combined MRC and DRC transactions as a single value.

(c) Add Receipt Acknowledgment Count to the EOD Transaction Count transaction (DLMS 846P with BIA02=B1) provided to the USAF GFP-A APSR for reconciliation with the USAF CICP records. The Receipt Acknowledgment Count represents the number of MRA and TRA transactions (DLMS 527R with BR02 Code TH or CJ) received by the USAF CICP during the day or month being reconciled. The USAF CICP will transmit the sum total for combined MRA and TRA transactions as a single value.

(d) Add GFP Intransit Balance to the Location Reconciliation Request Transaction (DLMS 846R with BIA02 Code LC) provided to the USAF GFP-A APSR for reconciliation with the USAF CICP records. The term "Intransit Balance" represents the total quantity of confirmed shipments without a matching MRA or TRA excluding property issued for local disposal, internal USAF CICP deliveries, and customer pick-up. Confirmed shipment is based upon receipt/processing of the shipment confirmation (MRC/DRC). For property issued under these exclusions, the USAF GFP-A APSR will not retain an owner property record; therefore, tracking intransit is not required. The use of Mode of Shipment X in the MRC will identify the exclusions to the "Intransit Balance. The MRA/TRA received from the customer or DLA Disposition Services Field Office constitutes the receipt acknowledgment. The intransit balance is a cumulative calculation and is not restricted to activity occurring during the day or month being reconciled.

(e) Add new procedure to perform a systemic reconciliation of all item record transactions and balances on a monthly basis. The reporting requirement will include all item records with or without any transactional activity during the course of the month. This process will follow the same procedural steps as the EOD/reconciliation process and may not always require physical inventory. The USAF CICP will still need to perform at least one annual reconciliation in accordance with DLM 4000.25, Volume 2, Chapter 6 Physical Inventory Controls.

d. <u>Revisions to DLM 4000.25 Manuals</u>:

(1) Revise DLM 4000.25, DLMS:

(a) Volume 1, Appendix 2 Terms and Definitions (Enclosure 2).

(b) Volume 2, Chapter 6 Physical Inventory Control (Enclosure 3).

(2) Revise DLM 4000.25-2, MILSTRAP:

(a) MILSTRAP Terms and Definitions (Enclosure 2).

(b) MILSTRAP Chapter 7 Physical Inventory Control (Enclosure 4).

(c) Revise MILSTRAP Appendix 3.61, Transaction History Transmittal Footnote 2 to remove reference to the A5_ (Enclosure 4). Inclusion of the release order is not applicable to legacy processing:

"All references to the source document relate to the document on the storage activity transaction history file; e.g., ~~A5_,~~ D4_, D6_, D7_, D8_, and D9_ ~~, etc~~."

e. Transaction Flow: See Enclosure 5 for transaction flow diagram and narrative.

f. Alternatives: Manual processes to match intransit balances between the storage activity and the owner/USAF GFP APSR could result in unnecessary inventory adjustments and the potential for more transaction errors.

5. REASON FOR CHANGE:

a. To improve accuracy and accountability between the storage activity and the owner/USAF GFP-A APSR and subsequently improve the efficiency of the EOD/reconciliation.

b. To implement a DLMS enhancement for inclusion of additional historical transactions as previously requested by the Components.

6. ADVANTAGES AND DISADVANTAGES:

a. Advantages: Enhance the EOD/reconciliation process to provide more detail information to facilitate research of mismatches between the owner and the storage activity.

b. Disadvantages: None Identified.

7. ADDITIONAL COMMENTS TO CONSIDER: For USAF GFP-A only: USAF GFP-A
Capability Initiative relies on DLMS transactions from the USAF CICPs to accurately record asset quantities and valuation. Without the ability to reconcile daily transactions and balances through a DLMS transaction to DPAS, the USAF would need a manual workaround to complete reconciliation on intransit balances. This would increase the risk of misreporting the USAF contractor-managed and possessed Air Force-owned assets on its financial statements.

8. ESTIMATED TIME LINE/IMPLEMENTATION TARGET: For DOD Components this
change will be a staggered implementation, which allows each DOD Component to determine a specific implementation date that best fits. Components must advise the Enterprise Business Process Standards Office of their planned implementation date when known. For USAF GFP-A, the proposed implementation date is June 2017.

9. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE: Air Force is unable to estimate at this time; and does not have adequate data to calculate cost of manual workaround.

10. IMPACT:

    a. <u>**New/Changes to DLMS Data Elements**</u>**:** Add the following new data elements:

Intransit Quantity (Numeric, Min 1, Max 15). (Also referred in this document as Intransit Balance) Use to identify balance of property in "intransit" identified by confirmed issues (excluding local disposal, internal USAF CICP deliveries, or customer pick-up) that have not been acknowledged as received by the receiving activity.

    b. <u>**Automated Information Systems (AIS)**</u>**:** DOD Components to include USAF CICP systems and DPAS must ensure their systems are able to support the revised EOD/reconciliation process as applicable.

    c. <u>**Defense Automatic Addressing System (DAAS)**</u>**:** Requires DLMS mapping updates. No impact to legacy formats.

    d. <u>**Non-DLM 4000.25 Series Publications**</u>**:**

        (1) Once implemented, DOD Components should take action necessary to update procedures documenting the requirements contained herein as needed.

        (2) OUSD(AT&L)/ARA, Property & Equipment Policy, is in the process of coordinating a revision to DOD Instruction 5000.64, Accountability and Management of DOD Equipment and Other Accountable Property (Reference 3.g.), to address use of the DLMS for equipment, among other updates. The proposed wording will recognize use of the DLMS for electronic interfaces between DOD supply systems and the USAF APSR to facilitate accountable property management. By virtue of the contractual requirements levied by the USAF on the USAF CICP, the procedures discussed in this change for managing Government-owned equipment fall within the scope of the pending update to DODI 5000.64 establishing authoritative guidance for use of the DLMS.

Enclosure 1 to ADC 1228
A. Revise 846P Physical Inventory Request to Add DLMS 945A transaction count and transaction history

Item #	Location	Revision to DLMS 846P Physical Inventory Request/EOD Transaction Count	Comment
1.	IC cover page DLMS Introductory Notes	Add ADC to DLMS Introductory Notes: *- ADC 1228, Revise DLMS 846P Physical Inventory Request and 846R Location Reconciliation Request to Enhance End of Day/Reconciliation Process*	Identifies DLMS changes included in the IC. Note: Additional changes to the DLMS 846P supporting Air Force GFP-A are identified in ADC 1224 (currently under development). ADC 1224 addresses identification of the Air Force program manager in the accountable property system of record (APSR).
2.	IC cover page DLMS Introductory Notes	Revise DLMS introductory note 1: 1. Owners and managers use this transaction set to request, inquire about, and cancel a physical inventory by a distribution center or storage activity. Owners and managers also use this transaction set to request transaction history. Distribution depots/storage activities use this transaction set to cancel and/or reschedule a physical inventory request by an owner/manager. Distribution depots/storage activities also use this transaction set to respond to a request for transaction history when no history is available and an inquiry about a request for a physical inventory. Distribution depots/storage activities also use this transaction set to provide the owner/manager End of Day processing ~~accountable~~ transactions count information. This transaction encompasses the functionality of MILSTRAP Document Identifier Codes (DIC) DJA, DZJ, DZK when rp 30-43 is 8-filled or 9-filled, and DZM. This transaction also accommodates the functionality of non-DLSS Navy DIC BZA and BZC.	Identifies changes to DLMS Introductory Note 1.
3.	2/REF01/140	Revise DLMS Note for existing qualifier 8X: **8X Transaction Category or Type** DLMS Note: Used to identify the specific ~~accountable~~ transaction types for which transaction counts are being provided in 2/QTY/320	Allows for use of the Materiel Release Confirmation DLMS 945A as an authorized DLMS enhancement. See DLMS Introductory Note 4a in the IC cover page.

		(i.e., receipt, issue, inventory adjustment increase, inventory adjustment decrease, inventory adjustment dual and *release confirmations*).	
		For Receipts (DLMS IC 527R with 1/BR02 ~~e~~*C*ode D4); Issues (DLMS IC 867I); Inventory Adjustment-Increases (DLMS IC 947I with 2/W1916 code AJ); Inventory Adjustment-Decreases (DLMS IC 947I with 2/W1916 ~~e~~*C*ode AD); Inventory Adjustments-Dual (DLMS IC 947I with 2/W1916 ~~e~~*C*ode DU)	
		Cite the appropriate code in REF02 as follows:	
		For Receipts, cite 527R in REF02.	To incorporate the use of DLMS 945A to the EOD/reconciliation process.
		For Issues, cite 867I in REF02.	
		For Inventory Adjustment Increases, cite 947IAJ in REF02.	
		For Inventory Adjustment Decreases, cite 947IAD in REF02.	
		For Inventory Adjustments Dual, cite 947IDU in REF02.	To incorporate for Intra-Air Force CICP the use of non- accountable transaction count for DLMS 527R. See DLMS Introductory Note 4a in the IC cover page.
		For intra-Air Force use, USAF CICP also provides transaction count for non-accountable transactions:	
		For Materiel Release Advice (DLMS 945A with 1/W0611 code NJ or NM); For Receipt Acknowledge (DLMS 527R with BR02 Code TH or CJ.	
		Cite the appropriate code in REF02 as follows:	
		For Materiel Release Advice, cite 945A MRC/DRC in REF02. Refer to ADC 1228. For Receipt Acknowledgement, cite 527R MRA/TRA in REF02. Refer to ADC 1228.	
		For intra-Navy use, Navy also provides transaction counts for non-accountable Asset Status Report transactions (DLMS IC 846I with BIA02 code TJ), cite 846I in REF02. Refer to ADC 320.	

B. Revise 846R Location Reconciliation Request to add DLMS 945A record balances and history

Item #	Location	Revision to DLMS 846R Location Reconciliation Request	Comment
1.	IC cover page DLMS Introductory Notes	Add ADC to DLMS Introductory Notes: *- ADC 1228, Revise DLMS 846P Physical Inventory Request and 846R Location Reconciliation Request to Enhance End of Day/Reconciliation Process.*	Identifies DLMS changes included in the IC. Note: Additional changes to the DLMS 846P supporting Air Force GFP-A are identified in ADC 1224 (currently under development). ADC 1224 addresses identification of the Air Force program manager in the accountable property system of record (APSR).
2.	2/QTY01/320	*Add new qualifier IQ and associated DLMS notes:* *IQ In-transit Quantity* *DLMS Notes:* *1. Use for Air Force GFP accountability to identify the GFP Intransit Quantity. This is the total quantity of confirmed shipments (Materiel/ Disposal Release Confirmation) without a matching receipt acknowledgment from the receiving activity excluding property issued for local disposal, internal USAF CICP deliveries, and customer pick-up. The USAF GFP APSR retains no owner property records for property issued under these exclusions; therefor tracking is not required. See ADC 1228.* *2. DLMS enhancement. See DLMS Introductory Note 4a in the IC cover page.*	

C. Revise 945A Materiel Release Advise to authorize the transmission of historical records

Item #	Location	Revision to DLMS 945A Materiel Release Advise	Comment
1.	IC cover page DLMS Introductory Notes	Add ADC to DLMS Introductory Notes: *- ADC 1228, Revise DLMS 846P Physical Inventory Request and 846R Location Reconciliation Request to Enhance End of Day/Reconciliation Process.*	Identifies DLMS changes included in the IC. Note: Additional changes to the DLMS 846P supporting Air Force GFP-A are identified in ADC 1224 (currently under development). ADC 1224 addresses identification of the Air Force program manager in the accountable property system of record (APSR).
2.	2/W0612/0200	**W1 Reconcile Historical Records** **DLMS Note:** Use only with W0611 codes NJ, NK, NM, NP, NR, and NT to indicate the submission of historical information on previously reported transactions. *Authorized DLMS enhancement;* s*ee DLMS Introductory Note 4.e.*	Designation as an authorized enhancement added for clarification.

D. Revise 940R Materiel Receipt Advise to authorize the transmission

Item #	Location	Revision to DLMS 940R Materiel Release	Comment
1.	IC cover page DLMS Introductory Notes	Add ADC to DLMS Introductory Notes: *- ADC 1228, Revise DLMS 846P Physical Inventory Request and 846R Location Reconciliation Request to Enhance End of Day/Reconciliation Process.*	Identifies DLMS changes included in the IC. Note: Additional changes to the DLMS 846P supporting Air Force GFP-A are identified in ADC 1224 (currently under development). ADC 1224 addresses identification of the Air Force program manager in the accountable property system of record (APSR).
2.	1/W0507/0200	**W1 Reconcile Historical Records** DLMS Note: Use with W0506 codes NA and NE to indicate the submission of historical information on previously reported transactions. (Comparable to MILSTRIP DIC DZK) ***Authorized DLMS enhancement; see DLMS Introductory Note 4.f.***	Designation as an authorized enhancement added for clarification.

ENCLOSURE 2 to ADC 1228

A. Revise DLM 4000.25, Volume 1, Appendix 2 Terms and Definitions (changes identified by *bold, red italics* **or double strikethrough)**

AVAILABLE FOR ISSUE BALANCE. The total balance on-hand by stock number at the storage location minus materiel allocated to fulfill release orders.

GOVERNMENT-FURNISHED PROPERTY (GFP) INTRANSIT BALANCE. The total quantity of confirmed GFP shipments without a matching materiel receipt acknowledgment from the receiving activity. The MRA/TRA received from the customer/DLA Disposition Services Field Office constitutes the receipt acknowledgment. The intransit balance is a cumulative calculation and is not restricted to activity occurring during the day or month being reconciled. For Air Force Contractor Inventory Control Points (CICPs), the intransit balance excludes property issued for local disposal, internal CICP deliveries, and customer pick-up. This is because property issued under these exclusions, will not be retained on an owner property record and intransit tracking is not required.

B. Revise DLM 4000.25-2, Terms and Definitions (changes identified by *bold, red italics* **or double strikethrough)**

AVAILABLE FOR ISSUE BALANCE. The total balance on-hand by stock number at the storage location minus materiel allocated to fulfill processed release orders.

ENCLOSURE 3 to ADC 1228

A. Revise DLM 4000.25, Volume 2 Chapter 6 as shown (changes are identified by *bold, red italics* **or** double strikethrough)

      C6.2.5.1. **Storage Activity Responsibility**. The storage activity maintains the property accountability record for all materiel in storage and is responsible, at minimum, for materiel custody, care, receipt, storage, and issue.~~.~~ *Storage activities are also responsible for* safeguarding and re-warehousing materiel; physical inventory and research; location survey/reconciliation; quality control checks; supply discrepancy report initiation, research and resolution.~~.~~ *In the event of potential financial liability, the storage activity is responsible for* investigating and assessing financial liability for loss, damage, and destruction of Government property; and appropriate actions necessary to ensure that the physical on-hand quantity and the total item property record quantity are in agreement. *Storage activities will maintain the available-for-issue balance (also known as the Owner Balance). Available-for-issue balance refers to the materiel on-hand balance minus any materiel allocated to fulfill pending materiel release.*

[Intervening text not shown]

      C6.2.5.4. US Air Force (USAF) Contractor Inventory Control Point (CICP) Responsibilities

      C6.2.5.4.1. The term USAF CICP represents a contractor assigned the primary responsibility of materiel management for a group of items either for a particular Military Service or for the Department of Defense as a whole. In addition to integrated materiel management /inventory control point (ICP) functions, a USAF CICP may perform other logistics functions to support a particular Military Service or for a particular end item (e.g., centralized computation of retail requirements levels and engineering tasks associated with weapon system components).

      C6.2.5.4.2. For the purpose of DLMS logistics procedures, the term USAF CICP also identifies Contractor Operated and Maintained Base Supply (COMBS) contractors whose support includes supply of aircraft; engine and support equipment components, materiel, and consumables; as well as off-aircraft repair, overhaul, and replenishment. COMBS contractors are responsible for having inventory on hand to perform off-aircraft maintenance and the repair of turned-in parts. COMBS contractors perform both wholesale and retail functions.

      C6.2.5.4.3. The USAF Government Furnished Property Accountability (GFP-A) program provides visibility and control of contractor-managed, Air Force-owned property through implementing and integrating Air Force logistics standards with private sector logistic processes to improve the accuracy and accountability of USAF financial statements. This program establishes and maintains accountable inventory records for USAF GFP-A that accurately reflect current quantity, status, location, condition and authorizing contracts. The USAF GFP-A program also establish an audit trail to update and track end-to-end logistics and financial transactions.

      C6.2.5.4.4. USAF CICPs, will use inventory management systems to provide the transactions received from their trading partners, to the Air Force accountable property system of record (APSR) via Defense Automated Addressing System (DAAS). USAF CICP must report to the

USAF GFP APSR in DLMS format. DPAS will be a mirror image of the USAF CICP inventory management systems.

C6.2.5.4.5. At the end of each day, all balance affecting transactions must undergo the EOD/reconciliation process. When reconciling with the USAF GFP-A APSR, follow the EOD/reconciliation process described in C6.2.6. The reconciliation must include the inventory balance in the warehouse, and the intransit balance. For DLMS transaction exchange purposes, the USAF CICP will follow the responsibilities/procedures of the storage activity in their communications with the USAF APSR. The term "Intransit Balance" represents the total quantity of confirmed shipments without a matching receipt acknowledgement excluding property issued for local disposal, internal USAF CICP deliveries, and customer pick-up. Confirmed shipment is based upon receipt/processing of the materiel/disposal release confirmation (MRC/DRC). The USAF GFP-A CICP excludes local disposal, internal CICP deliveries, and customer pick-up from the intransit-balance because the USAF APSR decrements the owner balance after issued. Using Mode of Shipment X (bearer walk-through/customer pickup) in the MRC identifies the exclusions to the "Intransit Balance. The materiel receipt acknowledgement (MRA)/turn-in receipt acknowledge (TRA) received from the customer constitute the receipt acknowledgment. The intransit balance is a cumulative calculation and is not restricted to activity occurring during the day/month being reconciled.

C6.2.6. <u>End of ~~the~~ Day Processing</u>. Use the following end of the day processing procedures ~~pending the establishment of single shared asset balances (see paragraphs C6.2.2. and C6.2.4. above). End of the day processing will be performed~~ as follows:

C6.2.6.1. <u>Owner/Manager and Storage Activity Responsibilit~~y~~**ies**</u>. Owners/managers and storage activities will ***ensure that the inventory data on owners/manager and storage activities systems is the same, thus becoming, in effect, a single item inventory record.*** ~~match all active records (e.g., stock numbers that had any transaction affecting record balances) on-hand balances daily.~~ ***Owner/managers and storage activities will achieve a single item inventory record by reconciling all balance affecting transactions to ensure a full match between the owner/manager and the storage activity.*** The storage activity will submit the daily closing on-hand balance to each affected owner/manager using a Location ~~Reconciliation Request Transaction for End of Day Processing. (End of Day Processing is identified in DLMS 846R BIA06 Action Code Z; in MILSTRAP legacy DIC DZH by Type of Location Reconciliation Request Code 1 in record position 7.)~~

C6.2.6.2. <u>Storage Activity will</u>:

C6.2.6.2.1. Transmit the End of Day Transaction Count to advise the owner/manager of the number of balance affecting transactions sent during the daily course of business.

C6.2.6.2.2. Submit daily closing balance to each affected owner/manager using a Location Reconciliation Request Transaction for End of Day Processing (End of Day Processing is identified in DLMS 846R BIA06 Action Code Z; MILSTRAP legacy DIC DZH by Type of Location Reconciliation Request Code 1 in record position 7). The storage activity will transmit all EOD balances (including those transactions that result in a zero balance or no physical inventory adjustment required (e.g., DLMS 947I, Inventory Adjustment (Increase (Physical Inventory), with zero quantity, or Status Adjustment Reason Code AA (MILSTRAP legacy DIC D8A)).

C6.2.6.2.3. Provide any historical records as requested by the Owner/Manager in an effort to resolve any potential inventory record mismatches between the storage activity and the owner. Include historical DLMS 940R with Reconcile Historical Records Indicator (1/W0507/0200=W1) and 945A with Reconcile Historical Records Indicator (1/W0612/0200=W1) transactions in response to the DLMS 846P Transaction History Request.

C6.2.6.2.4. Storage activities will prepare a Location Reconciliation Request Transaction by line-item (stock number (NSN or Local stock number) + supply condition code (SCC)), and type of pack.

C6.2.6.3. <u>U.S. Air Force GFP-A CICP will</u>:

C6.2.6.3.1. Follow the responsibilities/procedures of the storage activity in accordance with section C6.2.6, for the purpose of DLMS transaction exchange with the APSR.

C6.2.6.3.2. Include the Materiel Release Advice Count to the EOD Transaction Count transaction (DLMS 846P with BIA02 B1) provided to the USAF GFP-A APSR for reconciliation with the USAF CICP inventory balance records. The Materiel Release Advice Count represents the number of MRC and DRC transactions (DLMS 945A) received by the USAF CICP during the day or month being reconciled. The USAF CICP will transmit the sum total of MRC and DRC transactions combined into a single value.

C6.2.6.3.3. Include the Receipt Acknowledgment Count to the EOD Transaction Count transaction (DLMS 846P with BIA02 B1) provided to the USAF GFP-A APSR for reconciliation with the USAF CICP records. The Receipt Acknowledgment Count represents the number of MRA and TRA (DLMS 527R) transactions received by the USAF CICP during the day or month being reconciled. The USAF CICP will transmit the sum total of MRA and TRA transactions combined into a single value.

C6.2.6.3.4. Transmit the USAF GFP Intransit Balance Location Reconciliation Request Transaction (DLMS 846R with BIA02 Code LC) provided to the USAF GFP-A APSR for reconciliation with the USAF CICP records. The term "Intransit Balance" represents the total quantity of confirmed shipments without a matching MRA or TRA excluding property issued for local disposal, internal USAF CICP deliveries, and customer pick-up. Confirmed shipment is based upon receipt/processing of the shipment confirmation (MRC/DRC). For property issued under these exclusions, the USAF GFP-A APSR will not retain an owner property record; therefore, tracking intransit is not required. The use of Mode of Shipment X in the MRC will identify the exclusions to the intransit balance. The MRA/TRA received from the customer or DLA Disposition Services Field Office constitutes the receipt acknowledgment. The intransit balance is a cumulative calculation and is not restricted to activity occurring during the day or month being reconciled.

C6.2.6.3.5. Reconcile Materiel Release Advice Counts (DLMS 945A MRC/DRC) and Receipt Acknowledgment Counts as part of the EOD processing.

C6.2.6.3.6. Conduct a full end of month reconciliation between the USAF GFP-A CICP and the USAF APSR. The monthly reconciliation will consist of a systematic reconciliation of all item record transactions and balances following the same procedural steps as the EOD/reconciliation process documented under C6.2.6. and may not require physical inventory. The reconciliation will include all item records with or without any transactional activity during the

course of the month. The USAF CICP will still need to perform at least one annual reconciliation in accordance with DLM 4000.25, Volume 2, Chapter 6 Physical Inventory Controls.

C6.2.6.3.7. Request Air Force program office approval, if required by contract, prior to performing an inventory adjustment due to a mismatch between the USAF GFP-A APSR and the USAF CICP for unresolved mismatched quantities. The USAF CICP will send a DLMS 947I to USAF GFP-A APSR to adjust the balance in USAF GFP-A APSR, if required. The mismatched quantity (gains and losses) 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).

C6.2.6.4. Owners/Managers will:

6.2.6.4.1. Compare records with the transactions received via the location reconciliation request to identify mismatches.

6.2.6.4.2. Perform a systemic research within seven working days from receipt of the initial Location Reconciliation Request transaction. The systematic research will include all imbalances to ensure consideration of in-float transactions, delayed/suspended transactions, and duplicate transactions.

6.2.6.4.3. Request from the storage activity all transaction history necessary to perform systematic research and resolve any mismatches. The owner will request historical information via a Transaction History Request.

6.2.6.4.4. Update the affected record on-hand balance with the storage activity's closing on-hand balance for unresolved mismatched quantities. The mismatched quantity (gains and losses) 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). Owner/managers will refer to section C6.6 for guidance on research of potential or actual Inventory Adjustments.

6.2.6.4.5. Request assistance from the storage activity to isolate causes of record imbalances to maintain transaction level integrity. The storage activity assistance should focus on data transmission (e.g., lost transactions). Owners/managers will input Physical Inventory Transaction History Request to the storage activity for data transmission (e.g. lost transactions).

C6.2.6.~~2~~5. Preparing ~~Location Reconciliation Request and~~ End of Day Accountable Transaction Count. ~~Storage activities will prepare location reconciliation request transactions by line-item (stock number + supply condition code (SCC) = line item), and type of pack, for each record experiencing transactions affecting the balance (including zero balance) and for no physical inventory adjustment required (DLMS 947I, Inventory Adjustment (Increase (Physical Inventory), with zero quantity, for Quantity or Status Adjustment Reason Code AA (MILSTRAP legacy DIC D8A)). The storage activity will also send an End of Day Accountable Transaction Count Transaction to advise the owner/manager of the number of balance affecting transactions that were forwarded during the daily course of business. This end of day transaction count is compared to the actual number of transactions received by the owner/manager to identify missing transactions and aid in unreconciled balance (URB) research.~~ *The storage activity will report* ~~Under DLMS,~~ a single *End of Day Transaction Count* ~~DLMS 846P can be used~~ to provide the end of day transaction counts for the *following* ~~applicable five~~

accountable transaction types. ~~The five accountable transaction types for which the storage activity will provide the owner/manager end of day transaction counts are as follows:~~

C6.2.6.5.1. Receipts (DLMS 527R with 1/BR02 Transaction Type Code D4; MILSTRAP legacy DIC D4_/D6_).

C6.2.6.5.2. Issues (DLMS 867I; MILSTRAP legacy DIC D7_).

C6.2.6.5.3. Inventory Adjustment-Increases (DLMS 947I with 2/W1916 Inventory Transaction Type Code AJ; MILSTRAP legacy DIC D8_).

C6.2.6.5.4. Inventory Adjustment-Decreases (DLMS 947I with 2/W1916 Inventory Transaction Type Code AD; MILSTRAP legacy DIC D9_).

C6.2.6.5.5. Inventory Adjustment-Dual (DLMS 947I with 2/W1916 Inventory Transaction Type Code DU; MILSTRAP legacy DIC DA_).

C6.2.6.5.6. For intra-Navy use only; Navy also provides an end of day transaction count for Asset Status Reports (DLMS 846I).

C6.2.6.5.7. For U.S. Air Force CICP only. Materiel Release Advice (DLMS 945A with 1/W0611 Transaction Type Code NJ and NM; MILSTRIP legacy DIC AR_). The Air Force CICP must combine the total sum of MRC and the total sum of DRC into a single value.

C6.2.6.5.8. For U.S. Air Force CICP only. Receipt Acknowledgement (DLMS 527R with BIA02 code of TH and CJ, respectively). The Air Force CICP must combine the total sum of MRA and the total sum of TRA into a single value.

~~C6.2.6.3. Owner 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 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 will update the affected record on-hand balance with the storage activity's closing on-hand balance. The mismatched quantity (gains and losses) 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).~~

~~C6.2.6.4. Owner/managers will refer to section C6.6 for guidance on research of potential or actual Inventory Adjustments (Accounting Error), [Inventory Adjustment Increase/Decrease (Accounting Error), DLMS 947I with Quantity or Status Adjustment Reason Code AB; MILSTRAP legacy DIC D8B/D9B].~~

~~C6.2.6.5. Owners/managers will request assistance from the storage activity to isolate causes of record imbalances to maintain transaction level integrity. The storage activity assistance~~

~~should focus on data transmission (e.g., lost transactions). Owners/managers will input Physical Inventory Transaction History Request, DLMS 846P Report Type Code TF; MILSTRAP legacy DIC DZJ, Transaction History Request to the storage activity for data transmission (e.g. lost transactions).~~

[Intervening text not shown]

C6.8.2.3.1. <u>Annual Location Reconciliation</u>. Owners/managers and storage activities will:

C6.8.2.3.1.1. ~~r~~*R*econcile all records *at least once every year* ~~annually~~ *but prior to* ~~. The~~ ~~r~~econciliations ~~will be performed prior to~~ the Chief Financial Officer inventories in September.

C6.8.2.3.1.2. *Perform* ~~The~~ annual reconciliations as required by subparagraph *below*.

[Intervening text not shown]

C6.12. <u>STORAGE ITEM DATA CORRECTION/CHANGE NOTIFICATION</u>

C6.12.1. This section provides standard procedures required by ~~Inventory Control Points (ICPs)~~ to provide for the correction and/or updating of storage activity records when:

C6.12.1.1. Reported transactions indicate that the ICP and storage activity records are inconsistent.

C6.12.1.2. A catalog/stock list change is processed against an ICP record that affects stock control data maintained at the storage activities.

Enclosure 4; MILSTRAP Revisions

A. Revise DLM 4000.25-2, MILSTRAP, Chapter 7 as shown (changes are identified by *bold, red italics* or double strikethrough)

[Preceding text not shown]

C7.2.5.1. The storage activity maintains the property accountability record for all materiel in storage and is responsible, at minimum, for materiel custody, care, receipt, storage, and issue. *Storage Activities are also responsible for* safeguarding, and re-warehousing materiels; physical inventory, and research; location survey/reconciliation; quality control checks; supply discrepancy report initiation, research and resolution*. In the event of potential financial liability, the storage activity is responsible for* investigating and assessing financial liability for loss, damage, and destruction of Government property; and appropriate actions necessary to ensure that the physical on-hand quantity and the total item property record quantity are in agreement. *Storage activities will maintain the available-for-issue balance (also known as the Owner Balance). Available-for-issue balance refers to the materiel on-hand balance minus any materiel allocated to fulfill pending materiel release.*
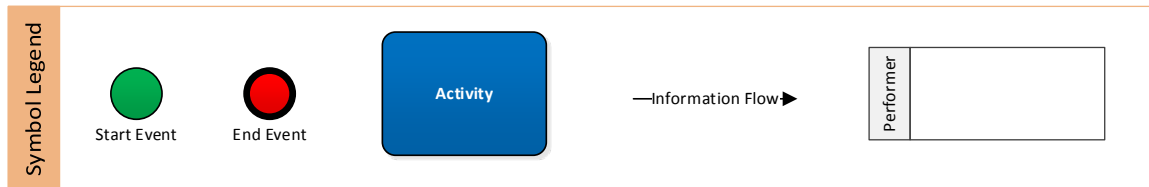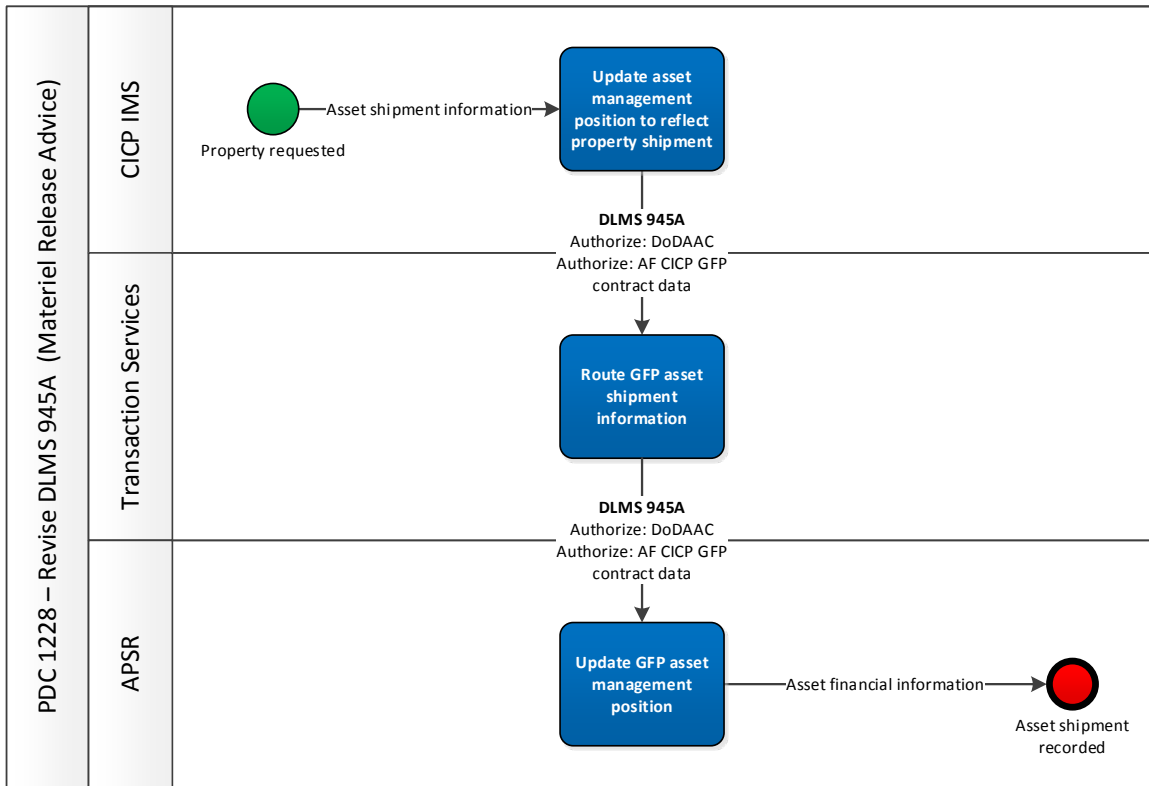
[intervening text not shown]

C7.8.2.3.1. Owners/managers and storage activities will reconcile all records *at least once every year but prior* ~~annually. The reconciliation will be performed prior~~ to the Chief Financial Officer inventories in September. The annual reconciliation will be ~~performed~~ in accordance with paragraph C7.8.2.3.3.

B. Revise DLM 4000.25-2 MILSTRAP, Appendix 3.61, Transaction History Transmittal Footnote 2, to remove reference to the A5_. Inclusion of the release order is not applicable to legacy processing:

"All references to the source document relate to the document on the storage activity transaction history file; e.g., ~~A5_,~~ D4_, D6_, D7_, D8_, and D9_~~, etc~~."
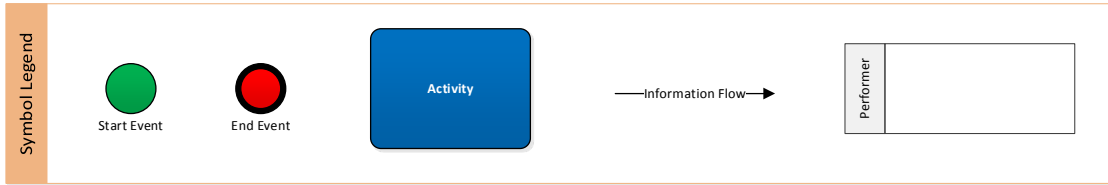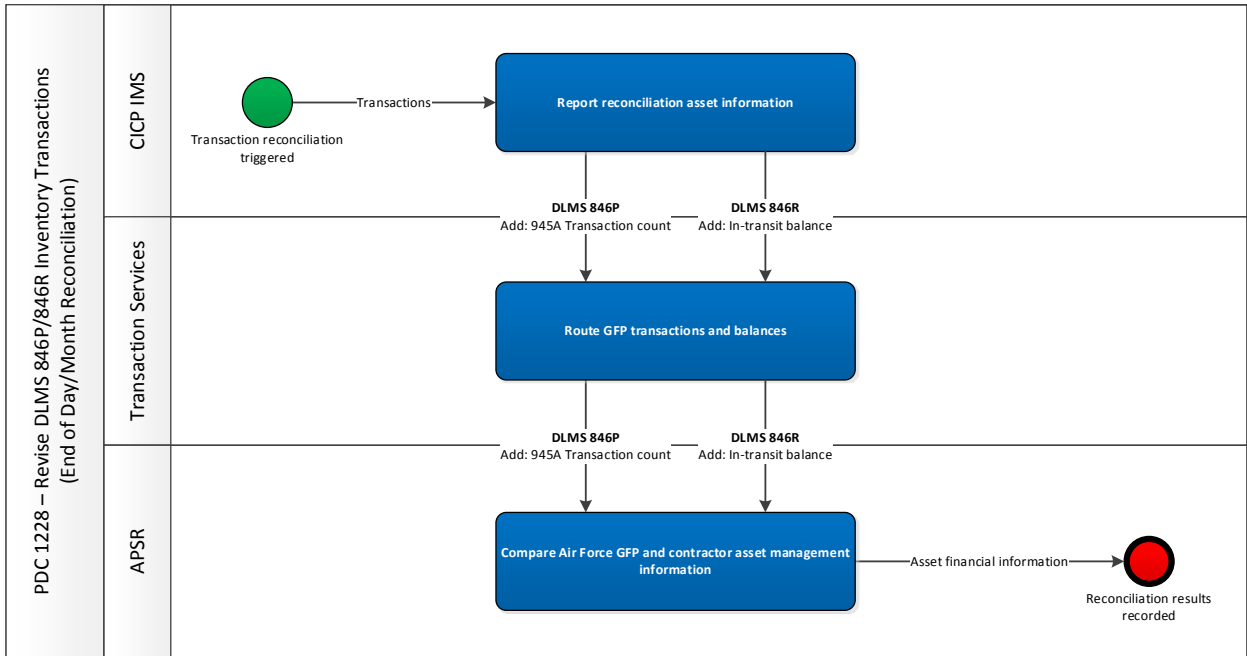
Enclosure 5

A. GFP-A Materiel Release Confirmation Transaction Flow

PDC 1228 – Revise DLMS 945A (Materiel Release Advice)

CICP IMS

Property requested —Asset shipment information→ Update asset management position to reflect property shipment

DLMS 945A
Authorize: DoDAAC
Authorize: AF CICP GFP contract data

Transaction Services

Route GFP asset shipment information

DLMS 945A
Authorize: DoDAAC
Authorize: AF CICP GFP contract data

APSR

Update GFP asset management position —Asset financial information→ Asset shipment recorded

Symbol Legend

Start Event · End Event · Activity · —Information Flow→ · Performer

B. GFP-A Materiel Release Confirmation Transaction Narrative

	Activity	Description
1	Update asset management position to reflect property shipment.	Storage Activity ships item to customer or sends asset to disposal. Storage Activity process the shipment and generate Materiel Release Advice DLMS 945A and sends transaction to Owner/AF GFP-A APSR via DAAS. Shipments other than local disposal or deliveries will be placed in "intransit" status.
2	Route GFP asset shipment information	DAAS receives DLMS 945A and routes it to Air Force GFP-A APSR.
3	Update GFP asset management position	Receive DLMS 945A transaction and update the APSR system balance to indicate the property is intransit. Air Force GFP-A APSR provides Air Force financial statements updated inventory balances and valuation.

C. GFP-A End of Day Transaction Flow Diagram

D. GFP-A End of Day/Month Transaction Narrative

	Activity	Description
1	Report Reconciliation Asset Information	Storage Activity reports reconciliation of asset management information via EOD Transaction Count DLMS 846P and Location Reconciliation Request DLMS 846R to Owner/AF GFP-A APSR via DAAS. For the daily reconciliation storage activity will provide DLMS transaction counts to DLMS 945A executed that day via the DLMS 846P. For daily reconciliation contractor will provide inventory balances to include the intransit balances via DLMS 846R transaction.
2	Route GFP transactions and balances	DAAS receives transaction counts/balances from storage activity and routes it to the owner/AF GFP-A APSR.
3	Compare Air Force GFP-A and contractor asset management information	Receives DLMS 846P transaction and DLMS 846R from DAAS. Owner/AF GFP-A APSR compares information with storage activity information provided via DLMS 846P or 846R to determine if there is a mismatch between the two. When mismatches, Owner request transaction history via Transaction History Request DLMS 846P. Storage Activity provides balance affecting transaction history as appropriate for further research. AF GFP-A only - Mismatches are reported to the CICP directly and to the Air Force Program Manager via the APSR Daily Task List for resolution.