DEFENSE LOGISTICS AGENCY
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March 01, 2017

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) MEMBERS

SUBJECT: Approved Defense Logistics Management Standards (DLMS) Change (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 Property (GFP) Accountability (Supply)

      The attached change to DLM 4000.25, Defense Logistics Management Standards (DLMS), is approved for implementation by Air Force, Defense Property Accountability System (DPAS), and Defense Automatic Addressing System (DAAS). The Enterprise Business Standards Office will post updated DLMS Implementation Conventions (IC) 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 Ms. Mary Jane Johnson, DOD MILSTRAP Administrator, Ms. Ellen Hilert, DOD MILSTRIP Administrator, or Mr. Rafael Gonzalez, JPIWG Chair, at email: DLMSsupply@dla.mil. Others must contact their designated Supply PRC representative available at www.dlmso.dla.mil/eLibrary/ServicePoints/allpoc.asp.

                  HEIDI M. DAVEREDE
                  Program Manager
                  Enterprise Business Standards Office

Attachment
As stated

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

Attachment to 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 Property (GFP) Accountability

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: Supply/Finance

    b. Primary/Secondary Functional Process: GFP accountability

3. REFERENCES:

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

    b. PDC 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 (Supply/Contract Administration), December 1, 2016

    c. PDC 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

    d. DoDI 5000.64, Accountability and Management of DOD Equipment and Other Accountable Property

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

4. APPROVED CHANGE(S): See green highlighting for substantive revision subsequent to PDC staffing. Note that GFM is changed to government furnished property (GFP) throughout, but not highlighted.

a. **Brief Overview of Change:** In order to establish Air Force GFP accountability, Air Force contractor inventory control points (CICPs) are now required to share inventory accounting transactions with the Air Force accountable property system of record (APSR). The APSR will maintain the Air Force accountable property record for all Air Force-owned contractor-managed and possessed property. This change updates the DLMS 527R Materiel Receipt Acknowledgement (MRA) and Disposition Services Turn-in Receipt Acknowledgement (TRA) to allow Air Force CICPs to transmit images of MRA and TRA transactions to update intransit balances on the Air Force APSR (Defense Property Accountability System (DPAS)).

b. **Background:**

(1) The term CICP is used to represent a contractor assigned the primary responsibility for the property management of a group of items either for a particular Military Service or for the Department of Defense as a whole. In addition to integrated materiel manager (IMM)/inventory control point (ICP) functions, a CICP may perform other logistics functions in support of 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).

(2) For the purpose of DLMS logistics procedures, the term CICP is also used to identify 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 parts on hand to perform off-aircraft maintenance and for repairing the parts turned in. COMBS contractors perform both wholesale and retail functions.

(3) CICPs are required to maintain and report accountability for Air Force owned contractor-managed and possessed property. However, Air Force GFP accountability is incomplete 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.a.), 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 where contractors are responsible for the physical custody of government-owned inventory located at contractor facilities or DoD storage activities."

(4) The Air Force chartered the GFP-Accountability (GFP-A) capability initiative to provide property accountability/control of contractor-managed and possessed Air Force-owned property (inclusive of materiel and equipment) through implementation of standard and integrated Air Force logistics and contractor processes to address a material weakness in Air Force financial statements. This capability will establish and maintain accountable inventory records for GFP that 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 Air Force GFP-A capability initiative (refer to References 3.b and 3.c.).

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

(6) Air Force CICPs using their own inventory management system will provide DPAS images, via the Defense Automatic Addressing System (DAAS), of MRA/TRA transactions which the CICP receives. The CICP must forward MRA/TRA transactions to DPAS to close out in-transit balances. In accordance with DoDI 5000.64 (Reference 3.d), "Organizations shall retain accountability for property they place in an in-transit status, until such time as the consignee formally acknowledges receipt and acceptance (including resolution of shipping and other discrepancies)." DPAS will be a mirror image of the CICP's inventory management system and, in order to maintain accuracy, this change adds or authorizes certain data elements within DLMS transactions.

(7) Prior to submission of this change, the DLMS Program Office identified a future requirement for transition from routing identifier codes (RIC) to DoDAACs. This transition will require DAAS to route and process DLMS transactions based upon the DoDAAC-To (rather than the current RIC-To) in the transaction, and use the communication routing identifier (COMMRI) associated with the DoDAAC in the DOD Activity Address Directory (DoDAAD). While developing the proposed change, the DLMS Program Office attempted to authorize use of the DoDAAC-To on a limited basis to identify the Air Force program manager account in DPAS. However, the DLMS Program Office subsequently recognized the affected systems could not implement this change within the required timeline for implementation. The DLMS Program Office, DAAS, and the Air Force agreed on the alternate approach to facilitate immediate implementation. This alternate approach will accommodate the potential lack of available RICs within the required Air Force series as the Air Force establishes new program managers' accounts in DPAS. Therefore, pending development of functionality for DoDAAC-based routing/processing, the Air Force will use RICs for identification of both CICPs and program managers. If the Air Force has insufficient RICs available to identify all program managers, this ADC authorizes the Air Force to use a single generic RIC representing the Air Force APSR. DAAS will use this RIC/DoDAAC/COMMRI combination for transaction processing while DPAS will use the supplemental identification of the specific program manager DoDAAC required within each transaction. This ADC reflects the interim solution described, for use with 'Party to Receive Copy', for the transaction image.

c. Approved Change in Detail:

(1) Revise the DLMS 527R Implementation Convention (IC) to allow the Air Force CICP to transmit an image to DPAS of all MRA and TRA transactions which the CICP received in response to CICP issues from Air Force-owned stock. Revise 527R MRA and TRA as follows:

(a) In 1/BR06/20, add a new use for existing Action Code FI – File for Air Force CICP to provide an image of an MRA or TRA to DPAS to update the inventory intransit balance on the APSR.

(b) In 1/N101/070, add an additional note to existing N101 Code Z4 – Owning Inventory Control Point for Air Force GFP accountability to identify the Air Force CICP forwarding an MRA or TRA image transaction to the APSR (DPAS).

(c) In 2/N101/210, add a new Note 6 to existing Code ZD – Party to Receive Reports, for Air Force GFP accountability to identify the RIC representing the Air Force program manager. The CICP uses the Party to Receive Reports in conjunction with N106 Code PK-Party to Receive Copy, when providing an image of the MRA or TRA transaction to DPAS. DPAS uses the MRA/TRA image to decrement the applicable inventory intransit balance in the APSR.

(2) Provide DLMS notes and new data fields as needed to clarify that these transactions are transmitted between the Air Force CICP and the Air Force program manager for the purpose of GFP accountability. For the MRA and TRA function, the CICP has ICP responsibility and is mapped to the ICP/supply source field used for ICPs. The Air Force will assign each CICP to a program manager identified by a unique DoDAAC in DPAS. DAAS will use the COMMRI for the RIC associated with the program manager's DoDAAC in the DoDAAD to pass the transaction to DPAS. Alternatively, if the Air Force has insufficient RICs available to identify the specific program manager in the transaction, this change authorizes the Air Force CICP to identify the Air Force APSR by its generic RIC for DAAS routing/processing and separately include the CICP DoDAAC so DPAS can post the record to the appropriate program manager account.

d. Revisions to DLM 4000.25 Manuals: Revise DLMS 527R MRA and TRA transactions, as shown in Enclosure 1.

e. Approved Transaction Flow: See Enclosure 2 for the transaction flow diagram and narrative. Air Force CICP ships property to customer/DLA Disposition Services and creates an in-transit balance in their inventory management system. The CICP notifies the Air Force's GFP-A APSR (DPAS) of shipments and creates in-transit status within the APSR. The customer/DLA Disposition Services receives assets, processes a receipt transaction, and sends a DLMS 527R MRA or TRA, as applicable, to the Air Force CICP. The Air Force CICP updates its inventory management system to reflect the receipt acknowledgement per the 527R MRA or TRA, which closes the in-transit previously created by the shipment. The Air Force CICP sends an image of the DLMS 527R MRA or TRA transaction to DAAS, which routes the transaction to the Air Force's APSR (DPAS) based on use of beginning segment (BR) Action Code FI, to identify an image of the MRA or TRA, in conjunction with using 2/N101/210 Code ZD with 2/N106/210 Code PK. The APSR (DPAS) receives DLMS 527R MRA or TRA image and closes the in-transit record. The APSR (DPAS) generates a trial balance for the asset valuation and provides this information to Air Force financial management system for inclusion in financial statements.

f. Alternatives: DAAS maintains a mapping of routing identifier codes (RICs) to transaction types and routes the 527R MRA and TRA to both Air Force CICP inventory management system and DPAS. This requires frequent communications between the Air Force and DAAS, to manually update a routing logic table/business rules, to ensure all transactions are appropriately routed. This alternative adds more workload for the Air Force and DAAS, and increases the likelihood of data entry errors due to human intervention.

5.   REASON FOR CHANGE: Supports Air Force GFP-A capability initiative addressing a material weakness on the Air Force financial statements and supports Financial Improvement and Audit Readiness (FIAR). Allows Air Force CICPs to communicate to the Air Force's APSR that they received a 527R MRA or TRA to close an in-transit record.

6.   ADVANTAGES AND DISADVANTAGES:

      a.   Advantages: Allows the Air Force to automatically close an in-transit suspense for contractor-managed and possessed Air Force-owned property in DPAS. This change addresses a material weakness in Air Force financial statements and supports FIAR.

      b.   Disadvantages: Requires resources for Air Force, DPAS, and DAAS, system modifications to accommodate the Air Force's CICP related data on the 527R MRA and TRA image transactions.

7.   ADDITIONAL COMMENTS TO CONSIDER: Air Force GFP-A capability initiative relies on DLMS transactions from the Air Force CICPs to accurately record asset quantities and valuation. Without the ability to close an in-transit suspense through a DLMS transaction to DPAS, the Air Force will need a manual workaround to close the in-transit suspense, which increases the risk of misreporting the Air Force contractor-managed and possessed Air Force-owned assets on its financial statements.

8.   ESTIMATED TIME LINE/IMPLEMENTATION TARGET: Target implementation date is April 2017. Note: At this time, DAAS will only route/process these transactions using the program manager RIC and associated COMMRI. The previously proposed routing/processing by program manager DODAAC/COMMRI is deferred pending further analysis.

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

10.   IMPACT:

      a.   New DLMS Data Elements:

Contractor Inventory Control Point (ID, Min 6, Max 6). An organization contracted to take on primary responsibility for the materiel management of a group of items either for a particular Service or for the Defense Department as a whole. For the purposes of the DLMS logistics procedures, Air Force CICPs include 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.

The Enterprise Business Process Standards Office will update the Logistics Data Resources Management System (LOGDRMS) to add Contractor Inventory Control Point. LOGDRMS includes the definitions of the various roles identified in the N1-Name segment of the DLMS ICs.

      b.   Changes to DLMS Data Elements: No changes to existing DLMS data elements.

c. Automated Information Systems (AIS): Identified changes are applicable to DPAS and Air Force CICP systems.

d. Defense Automatic Addressing System (DAAS):

(1) DAAS must update its mappings as required.

(2) DAAS/Logistics Metrics Analysis Reporting System (LMARS) must preclude use of this MRA or TRA transaction image based on beginning segment BR06 Action Code FI, and must not interpret the transaction image as a live MRA. There is no requirement to display the transaction image in the Web Visual Logistics Information Processing System (WebVLIPS).

(3) The MRA and TRA image transaction should appear in Logistics Data Gateway (LDG), but should not populate WebVLIPS (via Logistics On-Line Tracking System (LOTS)). Inclusion in LDG will provide a record of what was sent to the Air Force APSR should there ever be a need for research. Note: DAAS can display the MRA in LDG, but the TRA will not show up until LDG becomes fully DLMS compliant. Currently DAAS will only show MILS transactions in LDG (along with extended data/user defined file (UDF) data), but the TRA transaction is not converted to MILS or UDF. Inclusion of the TRA in LDG is a future enhancement pending modernization of LDG to support DLMS transactions.

e. Non-DLM 4000.25 Series Publications:

(1) Air Force must take action as needed to update Air Force and DPAS procedures documenting the applicable requirements contained herein.

(2) OUSD(AT&L)/ARA, Property & Equipment Policy, is in the process of coordinating a revision to DODI 5000.64, Accountability and Management of DOD Equipment and Other Accountable Property, 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 APSR to facilitate accountable property management. By virtue of the contractual requirements levied by the Air Force on the CICP, the procedures discussed in this change to manage Government-owned equipment fall within the scope of the pending update to DODI 5000.64 establishing authoritative guidance for use of the DLMS.

11. PDC 1238 RESPONSES:

	Originator	Response/Comment	Disposition
1.	Air Force	Concur with PDC as written.	Noted.
2.	Navy	Concur with PDC.	Noted.
3.	Marine Corps	Concur without comment	Noted.
4.	USTRANSCOM	Abstains	Noted
5.	Army	Pending	
6.	DLA	Pending	

Enclosures

Enclosure 1 to ADC 1238

#	Location	Revisions to DLMS 527R MRA and TRA	Reason
1.	IC cover page DLMS Introductory Notes	Add ADC 1238 to DLMS Introductory Note: *- 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 (CICPs) to Forward Transaction Images in support of Air Force Government Furnished Property (GFP) Accountability*	Identifies DLMS Changes included in the IC
2.	1/BR06/020	Revise DLMS Note for existing Code FI: **FI File** **DLMS Note:** *1.* Authorized for Air Force and DSS use with PIC Nuclear Weapons-Related Material (NWRM) unique Item Tracking (UIT). Use with BR02 Code D4 to identify a receipt image transaction where the original receipt transaction has bypassed the normal DAAS transaction flow. All transaction set recipients must use extreme caution to ensure individual transactions with this code do not process as action documents which affect accountable records. Must use with 2/N101/210 code 'KK' and 2/N106/210 code 'PK'. There will be no 2/N106/210 code 'TO' for this transaction. Refer to ADC 347. *2. Authorized for Air Force contractor inventory control point (CICP) use to provide an image of the MRA or TRA to the Air Force accountable property system record (APSR) to update the inventory intransit balance. Refer to ADC 1238.*	Specifies new use for image transaction functionality.
3.	1/N101/070	Add new DLMS Note to existing Code Z4: **Z4 Owning Inventory Control Point** **DLMS Note:** *1.* Use to identify the supply source. *2. For Air Force GFP accountability, use to identify the Air Force CICP forwarding an MRA or TRA image transaction (identified by 1/BR06/020 Code FI) to the APSR. Refer to ADC 1238.*	Specifies new use of code to identify the Air Force CICP.

#	Location	Revisions to DLMS 527R MRA and TRA	Reason
4.	2/N101/210	<u>Add new DLMS Note 6 for existing Code ZD</u> **ZD Party to Receive Reports** **DLMS Note:** 1. Use in MRA transactions to cite additional organizations requiring MRA. 2. Use in Navy Commercial Asset Visibility (CAV) receipts to identify the party to receive report. CAV expresses party to receive report as a DoDAAC (N903 code 10). CAV use is an authorized DLMS migration enhancement. See DLMS introductory note 5g. 3. Used between Navy and DLA for Navy MRAs submitted directly to other Component *Source of Supply* ~~(SoS)~~, so DLA will be able to support follow-on actions on behalf of the Navy under a DLA industrial activity support agreement. Refer to ADC 377. 4. Use in receipt transactions to identify additional organizations requiring notification of receipt when the receipt is related to a PQDR exhibit. 5. Disposition Services Field Office uses with disposition services turn-in receipt acknowledgement (TRA) transaction to identify the DoDAAC of the recipient of TRA transaction. This will be the DoDAAC of the activity identified in the disposal turn-in document (DTID) number. Refer to ADC 1111. *6. For Air Force GFP accountability, use to identify ~~DoDAAC representing~~ the Air Force program manager in the accountable property system of record (APSR) when the contractor inventory control point (CICP) must transmit an image of this transaction to a separately maintained property system. 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 2/N106=PK and use a second iteration of the N1 loop (repeating Code ZD without 2/N106=PK) to provide the program manager DoDAAC. Use in conjunction with N106 Code PK to provide an image of the MRA or TRA transaction (image is identified by 1/BR06/020 Action Code FI) to update inventory intransit balance in the APSR associated with the CICP (identified in 1/N101/070 Code Z4). Refer to ADC 1238.*	Specifies new use of existing code identifying additional organizations requiring the specified transaction. Note 6 highlights the use of the RIC for Air Force program manager in DPAS.

#	Location	Revisions to DLMS 527R MRA and TRA	Reason
5.	2/N106/210	<u>Add new DLMS Note 4 (and renumber existing Note 4) for existing Code PK</u>: **PK Party to Receive Copy** **DLMS Note:** 1. Use when appropriate to send an information copy of the transaction to a Component UIT registry. For use with N101 code KK. 2. Authorized DLMS enhancement for Air Force and DSS use with PIC NWRM UIT. For PIC UIT, must use in conjunction with 2/N101 code KK and 1/BR06/20 Action Code FI and cite the applicable Routing Identifier in 2/N103. 3. Use to provide a copy of the receipt to Product Data Reporting and Evaluation Program-Automated Information System (PDREP-AIS) for PQDR exhibit tracking when the PQDR Report Control Number (RCN) is included. For use with N101 code ZD and DoDAAC N45112. Refer to ADC 1007. ***4. For Air Force GFP accountability, use with N101 Code ZD to provide an image of an MRA or TRA to the APSR. Do not use N101 Code TO with Air Force CICP MRA and TRA image transactions to APSR.*** **5.** Except as noted above, DLMS enhancement; see introductory DLMS note 5a.	Specifies new use of existing code identifying the transmission of a transaction copy.

Enclosure 2 GFP-A Receipt Transaction Flow Diagram
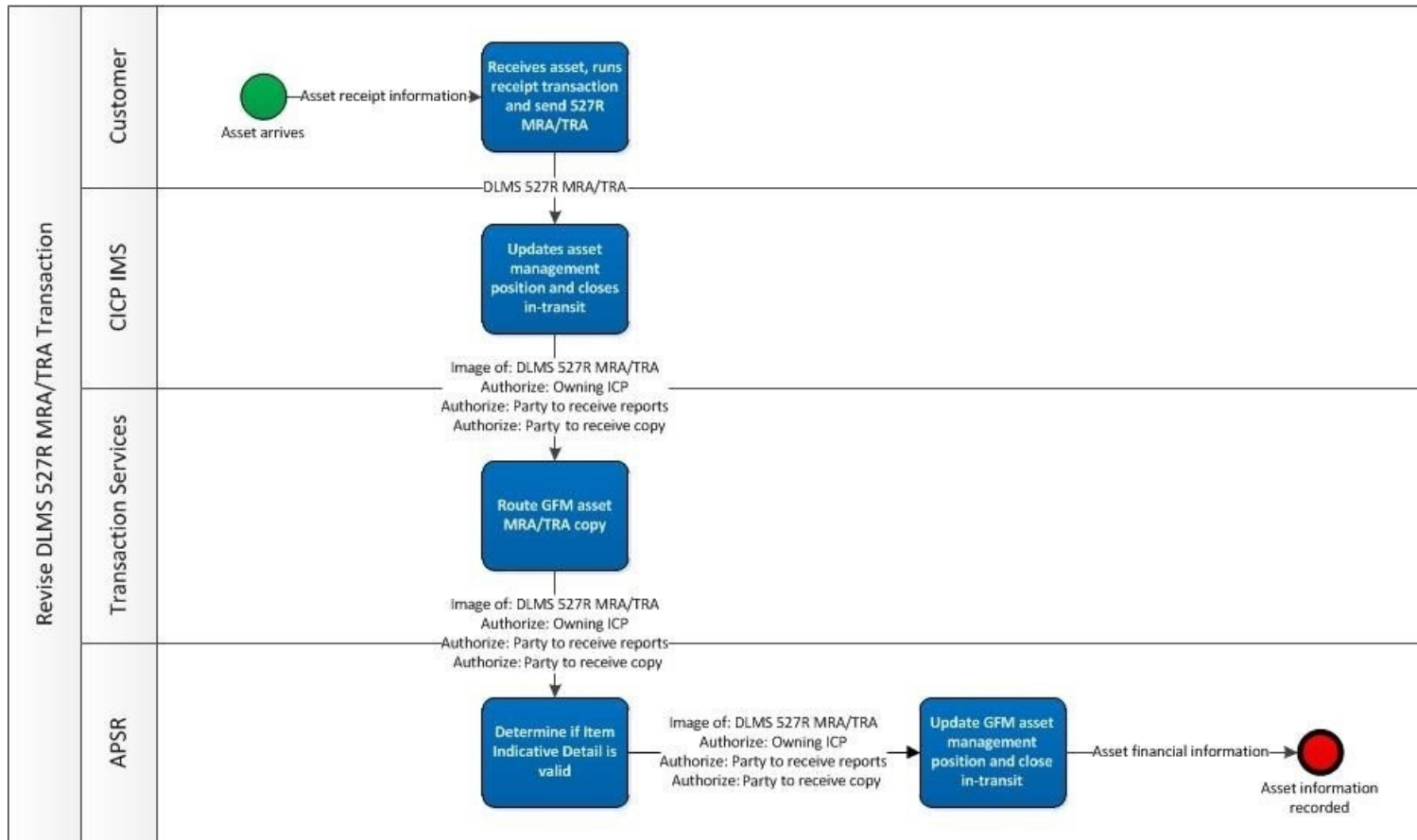
Enclosure 2 Narrative

	Activity	Description
1	Receives asset, processes receipt transaction and send 527R MRA/TRA	Customer/DLA Disposition Services receives assets, processes receipt transaction, and sends DLMS 527R Materiel Receipt Acknowledgement (MRA) or Turn-in Receipt Acknowledgement (TRA) to the Air Force CICP.
2	Updates asset management position and closes in-transit balance	Air Force CICP updates its inventory management system to reflect the DLMS 527R MRA/TRA, which closes the in-transit balance previously created by the shipment. Air Force CICP sends an image of the DLMS 527R MRA/TRA transaction to DAAS, which routes the transaction to Air Force APSR (DPAS).
3	Route GFP Asset MRA/TRA image	DAAS receives image of DLMS 527R MRA/TRA and routes it to Air Force APSR (DPAS).
4	Determine if Item Indicative Detail is Valid	Air Force APSR receives item indicative (catalog) detail from the DLMS 527R MRA/TRA and determines if item record is currently loaded in the system. If it is, the transaction is processed. If not, the APSR generates a DLMS 824R Reject transaction routed to the CICP via DAAS. The Air Force program manager is notified via the daily task list within the Air Force APSR to determine if item is approved for the CICP. If item is approved, the program manager ensures the item record is loaded and MRA/TRA is processed.
5	Update GFP asset management position and close in-transit balance	Air Force GFP-A APSR receives image of DLMS 527R MRA/TRA and closes the in-transit balance. Air Force APSR sends asset valuation to Air Force financial management system for inclusion in financial statements.