DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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August 10, 2018

MEMORANDUM FOR FINANCE PROCESS REVIEW COMMITTEE (PRC) MEMBERS

SUBJECT: Approved Defense Logistics Management Standards (DLMS) Change (ADC)
1308, Extension of Sales Price Condition Code Mapping to Include Navy
Service/Agency (S/A) Code P (Addendum to ADC 332) (Finance)

   We are forwarding the attached change to DLM 4000.25, Defense Logistics Management
Standards, for implementation. This change is effective upon publication.

   Addressees may direct questions to Mr. Robert Hammond or Nolan Davis, Co-Chairs,
Finance PRC, e-mail: financehq@dla.mil. All others must contact their Component designated
Finance PRC representative: http://www.dla.mil/HQ/InformationOperations/DLMS/allpoc/

HEIDI M. DAVEREDE
Director
Enterprise Business Standards Office

Attachment
As stated

cc:
OUSD(C)
ODASD Logistics

Attachment to ADC 1308
Extension of Sales Price Condition Code Mapping to Include Navy Service/Agency (S/A) Code P (Finance)

1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION:

    a. Technical POC: Nolan Davis, Co-Chair, Enterprise Business Standards Office, Finance PRC, e-mail: financehq@dla.mil.

    b. Functional POCs: Anoop Sukumaran, Security Cooperation Enterprise Solution (SCES), Defense Security Cooperation Agency (DSCA), e-mail: Anoop.sukumaran.ctr@sces.dsca.mil, phone: 703-888-3519. Bill Kuleck, NAVSUP WSS Code N52 International Programs, e-mail: wilhelm.kuleck@navy.mil, phone: 215-697-5118

2. FUNCTIONAL AREA:

    a. Primary/Secondary Functional Area: Finance

    b. Primary/Secondary Functional Process: Intra-Navy Exchange Price Billing for Depot Level Repairable/Security Cooperation

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

☑	Category	☑	Category	☑	Category
X	Billing		Physical Inventory		Contract Admin
	Discrepancies / Deficiencies		MILSTRAP		DoDAAD
	Serialization		MILSTRIP		MAPAD
	Small Arms/Light Weapons		MRA		LMARS
	pRFID		Disposition		DLM Publications
	GFP		DOD BRAC		

3. REFERENCES:

    a. ADC 332, Intra-Navy Exchange Price Billing For Depot Level Repairables, July 8, 2009

    b. DLM 4000.25 Defense Logistics Management Standards, Volume 4, Military Standard Billing System – Finance.

4. APPROVED CHANGE(S):

    a. <u>Brief Overview of Change</u>: This DLMS change extends DLMS procedures for Navy Exchange Price billing of Depot Level Repairables (DLRs) under the Navy Carcass Tracking program to the Navy S/A Code P, which is reserved for Foreign Military Sales (FMS)/Security Cooperation. It extends the DLMS/legacy mapping for Sales Price Condition Code used in this process to S/A Code P. DSCA is requesting this change to support its DLMS implementation of SCES. This change is an addendum to Reference 3.a., which applies only to Navy S/A Codes N, V, and R.

    b. <u>Background</u>:

        (1) Navy uses a two-tier pricing system for selling DLRs to Navy customers. The Navy system is similar to that used by the Army and Air Force, although some of the terminology is different. The price applicable to a particular requisition is determined as follows:

        (a) Standard Price. This is the price representing the full value of the DLR item. Navy charges a customer the standard price when the customer does not turn in a Not Ready For Issue (NRFI) unit (also referred to as a 'Carcass').

        (b) Net Price. Also referred to as Exchange Price. This price represents the cost of repairing a DLR item, and is the price charged to customers when the customer has turned in an NRFI unit or will turn in the NFRI unit later. Navy customers indicate on their requisitions whether or not an NRFI unit is available for turn in via the Advice Code field. See Reference 3a for a list of the relevant advice codes.

        (2) Navy uses the Navy's Carcass Tracking System to track requisitions where the customer indicates they will turn the carcass in later. The customer has 45 days to return the carcass. This system monitors the requisitions and matches them with carcass returns as they occur. The Navy uses Document Identifier Code (DIC) D6A (Materiel Receipt) to identify the carcass receipt. This system also generates follow-up transactions to customers who have not returned their carcasses as promised. Ultimately, the system will trigger an additional charge to the customer if the customer does not turn in the carcass. Navy uses the term Carcass Charge for this additional billing, which represents the value between Standard Price and Net (Exchange) Price. Navy also refers to this additional billing as a Delta Bill. If the customer turns in the carcass after receiving the Carcass (Delta) Bill, Navy reverses the additional billing, resulting in a Carcass Charge Reversal (Credit Delta Bill).

        (3) The Navy inventory control point has migrated to the DLMS 810L, Logistics Bill. The Defense Automatic Addressing System (DAAS) maintains the mapping to the legacy 80 record position transaction format (i.e., DIC FA1/FA2/FD1/FD2) for customers who have not yet migrated to DLMS. FMS/Security Cooperation customers are not yet DLMS capable. Navy uses the Sales Price Condition Code in logistics bills to indicate the purpose of the bill.

Alignment of DLMS and Legacy Sales Price Condition Codes

DLMS Code (Segment LQ, Element 1270)	Legacy DIC Sales Price Condition Code	Description
Sales Price Condition Code		
EP	DIC FA1/FA2 rp 7 = B	Bill at Exchange Price *(Commonly referred to as "Net Price" within Navy)*
DB	DIC FA1 rp 7 = X	Bill for the Delta amount (Standard Price minus Exchange Price) *(Commonly referred to as "Carcass Charge" within Navy*
RB	DIC FA2 rp 7 = X	Credit Bill to reverse a Delta Bill (DB) under Exchange Pricing *(Commonly referred to as "Carcass Charge Reversal" within Navy*
SC	DIC FD1/FD2 rp 7 = B	Credit Bill for Serviceable Credit under Exchange Pricing *(May be Exchange Price or Delta Price for Navy)*

(4) Current DAAS mapping applies only to Navy S/A Codes N, R, and V. It does not include Navy S/A = P.

(5) Navy FMS follows the Navy U.S. Fleet process for Repair and Return (Exchange). Navy FMS is transitioning to DLMS via SCES. FMS/Security Cooperation customers are not DLMS capable. Absent this DLMS Change to add S/A = P, Navy will not be able to fully implement the DLMS 810L within SCES, as there is no DAAS mapping for S/A = P. Navy will also not be able to implement Standard Line of Accounting (SLOA) in this process, which can only be done in a DLMS variable length transaction and not in a legacy Defense Logistics Standards System (DLSS) or Military Logistics Standards System (MILS) 80 record position transaction.

c. Approved Change in Detail: Modify the DAAS mapping for Sales Price Condition Code to include Navy S/A Code P, which is reserved for FMS/Security Cooperation. Note the changes in ***bold red italics***.

Revised 810L DAAS Map

Field Name	Record Position (DLSS/ MILS)	Conditions	DLMS Data Element	Table
Sales Price Condition Code	7/60-61	If RP1-3=FA1, FA2 and RP30=N, *P,* R, V and RP7=B	LQ01=54 LQ02=EP	2
Sales Price Condition Code	7/60-61	If RP1-3=FA1 and RP30=N, *P,* R, V and RP7=X	LQ01=54 LQ02=DB	2
Sales Price Condition Code	7/60-61	If RP1-3=FA2 and RP30=N, *P,* R, V and RP7=X	LQ01=54 LQ02=RB	2
Sales Price Condition Code	7/60-61	If RP1-3=FD1, FD2 and RP30=N, *P,* R, V and RP7=B	LQ01=54 LQ02=SC	2

d. Revisions to DLM 4000.25 Manuals: None.

5. REASON FOR CHANGE. Extend DAAS DLMS/MILS mapping to Navy Exchange Pricing for Navy FMS/Security Cooperation transactions.

6. ADVANTAGES AND DISADVANTAGES:

    a. Advantages: Fills a gap from legacy to DLMS mapping for FMS/Security Cooperation Navy Exchange Pricing. Allows Navy to implement SLOA in this process.

    b. Disadvantages: A future Defense Audit Remediation Working Group (DARWG) decision regarding Generally Accepted Accounting Principles (GAAP) with respect to advance credit for Supply Turn-Ins may later nullify this DLMS Change. See additional considerations below.

7. ADDITIONAL COMMENTS TO CONSIDER:

    a. The joint Office of the Deputy Assistant Secretary of Defense Office (ODASD) Logistics, and the Office of the Under Secretary of Defense, Comptroller (OUSD(C)) Supply/Finance Policy Alignment Working Group is currently reviewing a broad Financial Improvement Audit Readiness issue regarding advance credit for depot level repairable carcass turn-in through exchange pricing (Non-GAAP Accounting Practice - Supply Turn-Ins, FY 17-DoD Wide-DCFO Issue-10168-32). There is no clear accounting guidance regarding turn-ins of repairable carcasses to a Working Capital Fund activity. OUSD(C) is considering various options in order to reach a DOD standard solution to account for materiel turn-ins and their associated credits. The Supply/Finance Policy Alignment Working Group will present this issue to the DARWG for a decision.

    b. The appropriateness of advance credit for carcass exchange is a part of the ongoing analysis. Toward that end, the Defense Security Cooperation Agency staff is currently researching authority, as it pertains to Security Cooperation agreements with our foreign trading partners.

8. ESTIMATED TIME LINE/IMPLEMENTATION TARGET: This change is effective immediately. DAAS will implement this change within 30 days. SCES may program upon issuance and may complete testing with DAAS on a mutually agreed schedule.

9. IMPACT:

    a. New/Changed DLMS Data Elements: None.

    b. Automated Information Systems (AIS): None.

    c. Automated Information Systems (AIS): None.

    d. Defense Automatic Addressing System (DAAS): Update the DAAS map for 810L as defined in 4.c above.

10. PROPOSED DLMS CHANGE (PDC) 1308 STAFFING RESPONSE/COMMENT RESOLUTION:

	Originator	Response/Comment	Disposition
1.	Army	--	Follow-ups did not get a response.
2.	Navy	Concur	Noted.
3.	Air Force	Concur	Noted.
4.	Marine Corps	Concur	Noted.
5.	DLA	Concur	Noted.
6.	DFAS	Concurs with comment: VISTA would be able to process documents beginning with S/A Code P. However, VISTA only receives and processes Interfund billings where the summary buyer S/A Code is N, R, V. ** IF summary buyer S/A Code is N, R, V AND document number in detail begins with P ==> VISTA can process ** IF summary buyer S/A Code is P ==> VISTA cannot process	Follow-on communications determined that for Navy FMS, Management Information System for International Logistics (MISIL) currently processes the Interfund bills and generates the Register 06 records, not VISTA. Similarly, as SCES takes over cases from MISIL, SCES will be responsible for Register 06 for FMS and will not involve VISTA.