



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

3500 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3500

SUSTAINMENT

MEMORANDUM FOR DOD SUPPLY PROCESS REVIEW COMMITTEE

SUBJECT: Approved Defense Logistics Management Standards Change 1392, Shelf-Life Type I Non-Extendible Materiel at Receipt

The attached change to Defense Logistics Management Standards, as outlined in the attachment, is approved for implementation.

Addressees may direct questions to Mr. Benjamin Breen, e-mail: Benjamin.Breen@dla.mil. Others must direct questions to their Service or Agency designated Process Review Committee representative available at <https://www.dla.mil/HQ/InformationOperations/DLMS/allpoc/>.

Leigh E. Method, SES  
Deputy Assistant Secretary of Defense  
for Logistics

Attachment:  
As stated

cc:  
ODASD(Logistics)  
DoD SDR PRC

# ADC 1392

## Shelf-Life Type I Non-Extendible Materiel at Receipt

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

**Technical POC:** Mr. Steven Nace, DLA J344 Technical and Quality Programs, e-mail: steven.nace@dla.mil

### 2. REFERENCE:

a. DoDM 4140.27, Volume 2, DoD Shelf-Life Management Program: Materiel Quality Control Storage Standards, November 7, 2019

b. Defense Logistics Manual (DLM) 4000.25, Volume 2, Supply Standards and Procedures, Chapter 13, Materiel Receipt and Chapter 17 Supply Discrepancy Reporting

**3. APPROVED CHANGE(S):** Substantial changes after formal coordination with the DoD Components are shown in green highlight.

a. **Brief Overview of Change:** This change updates the automatic disposal procedures for expired materiel classified as a Type I Shelf-Life non-extendible, or whose expiration cannot be identified upon return from DoD customers to distribution centers. The intent of this change is to authorize storage activities to initiate the disposal of qualifying materiel regardless of owner, value, or supply condition code. This change does not revise current practices for handling and disposal of controlled items.

b. **Background:**

(1) DoDM 4140.27 (Reference 2.a.) states that except for some kits and specially designated medical pharmaceutical items, Type I shelf-life items have an assigned finite shelf-life and are not authorized for extension. Type I, non-extendible shelf-life items will downgrade from Supply Condition Code (SCC) A to B to C to H in accordance with DLM 4000.25, Volume 2, (Reference 2.b.). A disposal action against Type I expired materiel could take significant time resulting in unnecessary storage cost. In March 2020, the DLA Enterprise Suspended Stock Integrated Product Team (IPT) determined that current practices for Type I materiel were not practical or cost efficient for the DoD.

(2) In October 2020, DLA submitted a change to introduce the automatic disposal of all Type I expired materiel regardless of the owner, SCC, or unit price. This approach at the time was in direct conflict with DoDM 4140.27 (Reference 2. a.) primarily due to concerns with auto disposing controlled items. In February 2021, DLA and ODASD(Logistics) agreed to limit the scope of the change to Demilitarization (DEMIL) Code A. The current language in this change does NOT exclude any items based on the controlled inventory item code (CIIC) as the determination to proceed with the disposal action will be done by the person processing the receipt as opposed to the system. Once the disposal decision is made, current practices and procedures for the handling and the disposal of controlled items will take place.

(3) DoD defines DEMIL Code A as items subject to the Export Administration Regulations (EAR) in parts 773-74 of Title 15, Code of Federal Regulations (Commerce Control List Items or EAR99) and determined by the DoD to present a low risk when released out of DoD control. No DEMIL, mutilation or end use certificate is required. But these items may require an export license from Department of Commerce.

c. **Approved Change in Detail:** This change updates the automatic disposal procedures for expired materiel classified as a Type I Shelf-Life non-extendible, or whose expiration cannot be identified upon return from DoD customers to distribution centers. The intent of this change is to authorize storage activities to initiate the disposal of qualifying materiel regardless of owner, value, or supply condition code. Automatic disposal procedures only apply to DEMIL Code A materiel. The term automatic disposal refers to the actions taken by the storage activity to identify and initiate the disposal of qualifying materiel. Once the disposal decision is made, current practices and procedures for the handling and the disposal of controlled items will take place. Unless by exception, all expired materiel that meets these conditions will go directly to disposal regardless of ownership, condition code, or unit price. The storage activity will submit an informational only SDR during the receipt process.

(1) Disposal at time of receipt (automatic disposal) applies to expired materiel Type I or whose expiration cannot be identified except for:

- (a) other than DEMIL Code A materiel,
- (b) new procurement materiel,
- (c) FSC 6505 – Medical Pharmaceuticals, is covered by the DoD Food and Drug Administration Shelf-Life Extension Program, and
- (d) materiel identified as product quality deficiency report (PQDR) exhibits. This is materiel receipted into Supply Condition Code Q and associated to a PQDR report control number.

d. **Revisions to Defense Logistics Manuals:** Update DLM 4000.25 Volume 2, Chapter 13 and Chapter 17 as shown in the enclosure.

e. **Approved Transaction Flow:** Follows the same process for materiel found to be not serviceable at time of receipt.

f. **Alternatives:** None noted.

**4. REASON FOR CHANGE:** Automatic disposal of qualifying materiel reduces the need for additional research when the shelf-life of the item cannot be extended and the item cannot be used by the Components.

**5. ADVANTAGES AND DISADVANTAGES:**

a. **Advantages:** Reduces the amount of suspended stock as well as storage cost for the Services.

b. **Disadvantages:** None identified.

**6. ESTIMATED TIMELINE/IMPLEMENTATION TARGET:** The procedures in this change will take place upon approval.

**7. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE:** This change eliminates the need for further research on qualifying expired materiel that will ultimately end up at disposal. Upon implementation, the change expects to show a reduction in suspended stock and consequently storage footprint that could eventually translate into storage cost savings. However, the intent of this change is not to achieve cost savings/avoidance.

**8. IMPACT:**

a. **New/Changes Data Elements:** None.

b. **Automated Information Systems (AIS):** This change impacts the Distribution Standard System and the DLA Warehousing Management system.

c. **Defense Automatic Addressing System (DAAS):** None.

d. **Non-DLM Publications:** Components will need to update any applicable standard operating procedures to reflect this change.

**9. PROPOSED STANDARDS CHANGE (PDC) 1392 RESPONSE/COMMENT RESOLUTION:**

	<b>Component</b>	<b>Response/Comment</b>	<b>Disposition</b>
1.	ODASD(Logistics)	Concur with comment.  Comments: ODASD(Logistics) has reviewed the subject Proposed Standards Change (PDC) and concurs with comments. Please refer to the attached copy of the PDC with our comments included. If there are any additional questions or concerns, please contact Nate Wurst at 571-372-8590, <a href="mailto:nathan.j.wurst.ctr@mail.mil">nathan.j.wurst.ctr@mail.mil</a> .  Consistency in terminology for term “automatic disposal.”	As noted.  DLA Response: Revised for clarification.
2.	U.S. Army	Concur without comments.	As noted. DLA Response: Army, ODASD(Log), and DLA met

		Additional Comment: There are CL VIII materiel and supplies that have DEMIL Code of "A" with a CIIC = "Q" Example: NSN: 6505-01-505-3476 / SNOMEN: DIAZEPAM INJECTION component within UAL: 258C. CIIC "Q" is a Controlled Substance that requires secure storage and handling. Depending on the definition of "the automatic disposal process", the CIIC status may need to be include as part of the "the automatic disposal process"	to discuss whether CIIC other than U should be added as an exception. DLA confirmed disposal procedures, and the treatment of controlled items, will not change because of the PDC. The intent of this change is to authorize the storage activity to begin the disposal actions for type I materiel and not to modify existing practices for the handling and disposal of controlled items. Based on this, there should not be a need to expand the list of exceptions.
3.	U.S. Navy	Concur as written.	None.
4.	U.S. Force	Concurs with comments.	As noted. DLA Response: Updated paragraph to clarify that automatic disposal will not be based on CIIC as the disposal decision is done by receiving operator at time of receipt. Also further explained the term automatic disposal.
5.	U.S. Marine Corps	Concur as written.	None.
6.	DLA	Concur with comments. 1. Include exception of material that would have a Future date change to Shelf Life which would render the material Shelf Life not expired. 2. Why not also extend this to Type II materials which have reached the end of their extensions? 3. After "DoDM 4140.27..." Delete "(Reference 3. a.)" and replace with "(Reference 2. a.)"	As noted. DLA Response: 1. Noted. No change is needed. This change already applies to Type I whose shelf life cannot be extended. 2. At the end of Type II SL (after all extensions) the item is basically handled the same way. 3. Resolved. After "DoDM 4140.27..." Delete "(Reference 3. a.)" and replace with "(Reference 2. a.)"
7.	DAAS	Concur as written.	None.
8.	USTRANSCOM	Abstains.	As noted.

## Enclosure

### Defense Logistics Manual (DLM) 4000.25, Volume 2, Supply Standards and Procedures

Make the following changes to Volume 2. Additions are shown in *red bold italics*, and deletions are shown with double strikethrough text.

#### A. Chapter 13 Materiel Receipt

*Preceding text not shown*

C13.2.5. Materiel Receipt Inspection Procedures. When shipments of materiel received from procurement instrument sources require inspection and/or acceptance at destination, receiving storage activities must do the inspection and/or acceptance and the in check operations as concurrent actions. Receiving activities will:

C13.2.5.1. Inspect shelf-life materiel for appropriate condition and type of shelf-life code in accordance with applicable DoD Component procedures based on DoDM 4140.27, "DoD Shelf-Life Management Program", Volumes 1 and 2.

C13.2.5.1.1. Mark materiel, as appropriate, for shelf-life code and supply condition code (SCC) upon receipt.

C13.2.5.1.2. Package markings must be in accordance with MIL-STD-129.

C13.2.5.2. Based on inspection, prepare a Materiel Receipt Transaction indicating the date inspected and the actual condition(s), by quantity, of the materiel received. Wholesale owners will make this date available to the office responsible for contractor payment for use in determining if an interest penalty applies.

#### ***C13.2.5.3. Shelf-life items in the category, Type I Non-Extendible items.***

***C13.2.5.3.1. Expired materiel identified as Type I, or whose expiration cannot be identified at time of receipt will result in automatic disposal, regardless of ownership, condition code, or unit price. The automatic disposal process only applies to Demilitarization (DEMIL) Code A materiel. The term automatic disposal refers to actions taken by the storage activity to identify and initiate disposal of qualifying materiel. Once the materiel is re-classified to Supply Condition Code H, existing procedures for the handling and the disposal of controlled items will take place.***

#### ***C13.2.5.3.2. Exceptions to the Automatic Disposal Process:***

***C13.2.5.3.1.1. Other than DEMIL Code A materiel***

***C13.2.5.3.1.2. New procurement materiel***

**C13.2.5.3.1.3. Federal Supply Class 6505 – Medical Pharmaceuticals, is covered by the DoD Food and Drug Administration Shelf-Life Extension Program. This is the only FSC where the shelf life can be extended. Upon expiration of the materiel, manually execute a dual inventory adjustment from the existing supply condition code to Condition Code J and submit a storage quality control report (SQCR) to the materiel owner.**

**C13.2.5.3.1.4. Materiel identified as product quality deficiency report (PQDR) exhibits. This is materiel that has been receipted into Q Condition and identified with a PQDR Report Control Number (RCN).**

*Intervening text not shown*

C13.2.9.3.10. Reporting Discrepant Receipts - Other than Procurement Instrument Source. Receiving activities will follow these procedures to report receipt of discrepant shipments from non-procurement instrument source. With the exception of the receipt of wrong items, use a single Receipt Transaction to report the receipt showing both non-discrepant and discrepant quantities in their appropriate SCC. The following discrepancy categories are not mutually exclusive; multiple discrepancy conditions may exist for a single receipt:

C13.2.9.3.10.1. Condition of Materiel

C13.2.9.3.10.1.1. No PMR File Exists. When a **the** PMR is not available, the receiving activity will report the receipt using documentation, packaging, and other information, as available **and submit the information only SDR to the materiel owner.** ~~DLA Distribution Centers will prepare an SDR to report the lack of a PMR to the manager (as the only discrepancy or in combination with other identified discrepancies).~~ The distribution center will identify the SDR as informational or otherwise indicate requested action. **Materiel will be sent to the DLA Disposition Services activity** ~~When inspection of inter-DoD Component receipts reveal materiel to be SCC H, and valued at less than \$500 per item and no PMR file exists automatically ship discrepant materiel valued at less than \$500 per item direct to the DLA Disposition Services activity~~ except as specified in these procedures or take other automatic disposal action based on criteria issued by the DoD Components. This includes expired **shelf-life materiel identified as Type I, or whose expiration cannot be identified at time of receipt** ~~Type I shelf-life materiel which has passed the expiration date~~ regardless of **ownership, supply condition code, or dollar value, except as listed in C13.2.5.3.2.** When taking automatic disposal action, cite SCC H and Management Code M or T in the Receipt Transaction, in addition to the discrepant receipt management code, for the discrepant quantity. To establish an audit trail when materiel is condemned upon receipt and shipped directly to DLA Disposition Services, cite the disposal turn-in document number in the Receipt Transaction in addition to the original document number.

## B. Chapter 17 Supply Discrepancy Reporting

C17.3.2.3.4. Expired Shelf Life. Report receipt of materiel for which the shelf life either has expired (Type I non-extendible item) or the inspect/test date has lapsed (Type II extendible item), regardless of dollar value. Use the hazardous materiel discrepancy code when applicable.

C17.3.2.3.4.1. For Type I DoD and GSA managed items: ***Materiel classified as a Type I Shelf-Life non-extendible item that has expired, or whose expiration cannot be identified upon return to storage activities from DoD customers, will be receipted and sent directly to DLA Disposition Services. The automatic disposal process only applies to demilitarization (DEMIL) Code A materiel. The storage activity will generate an information only SDR (Action Code 3B) to the owner.*** ~~submit an SDR.~~

### **C17.3.2.3.4.2. Exceptions which require an actionable SDR/SQCR**

***C17.3.2.3.4.2.1. Other than DEMIL Code A materiel***

***C17.3.2.3.4.2.2. New procurement materiel***

***C17.3.2.3.4.2.3. Federal Supply Class 6505 – Medical Pharmaceuticals, is covered by the DoD Food and Drug Administration Shelf-Life Extension Program. This is the only FSC where the shelf life can be extended. Upon expiration of the materiel, manually execute a dual inventory adjustment from the existing supply condition code to Condition Code J and submit a storage quality control report (SQCR) to the materiel owner.***

***C17.3.2.3.4.2.4. Materiel identified as product quality deficiency report (PQDR) exhibits. This is materiel that has been receipted into Q Condition and identified with a PQDR Report Control Number (RCN).***