



## OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

3500 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3500

### SUSTAINMENT

#### MEMORANDUM FOR SUPPLY AND SUPPLY DISCREPANCY REPORTING PROCESS REVIEW COMMITTEE

SUBJECT: Approved Defense Logistics Management Standards Change 1472, Procedures for Correcting Adjusting Ownership Changes After Goods Receipts (Supply/Supply Discrepancy Report)

The Defense Logistics Management Standards change, as outlined in the attachment, is approved for implementation. Additionally, the Defense Logistics Manual 4000.25 and its associated data products will be updated to reflect the changes in the attachment.

Addresses may direct questions to Dr. Gail Fuller and John Austin, e-mail: [DEDSO.SUPPLY@dla.mil](mailto:DEDSO.SUPPLY@dla.mil) and [DEDSO.SDR@dla.mil](mailto:DEDSO.SDR@dla.mil). Others must contact their designated Process Review Committee representative available at <https://www.dla.mil/Defense-Data-Standards/Committees/Contacts/>.

Stephanie Q. Howard, Brigadier General  
Performing the Duties of the Deputy Assistant  
Secretary of Defense for Logistics

Attachment:  
As stated

cc:  
OUSD(C)  
DLA J6DS

# Approved Defense Logistics Management Standards Change 1472, Procedures for Correcting Adjusting Ownership Changes After Goods Receipts

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

a. **Technical POC:** Rafael Gonzalez, Defense Logistics Agency (DLA), J345 Inventory Management, [Rafael.gonzalez@dla.mil](mailto:Rafael.gonzalez@dla.mil)

b. **Functional POC:** Troy Brown, DLA, J345 Inventory Management, [troy.brown@dla.mil](mailto:troy.brown@dla.mil)

## 2. REASON FOR CHANGE:

### a. Bottom Line Up Front:

(1) At a minimum, DoD Component using DLA as a storage activity must review and take steps to improve existing processes, understand the updated procedures, and test implementation of transaction coding. Significant changes identified from the proposed change are indicated in **yellow**.

(2) This change introduces additional guidance and procedures for correcting, adjusting, or changing ownership of materiel stored at a Department of Defense (DoD) storage activity. **This change also mitigates the risk associated with the mis-billing of materiel received due to incorrect ownership.** The Financial Management Regulation (FMR) instructs DoD Components to make every effort to resolve disputed billing details within 60 days (Reference 10.d.). As such, DoD Components will now have 60 days from the date of goods receipt to request a change in ownership due to lack of a pre-positioned materiel receipt (PMR) at the time of goods receipt to obtain reimbursement. This change will require DLA to withdraw Approved Defense Logistics Management Standards (DLMS) Change (ADC) 1273 in its entirety.

a. After the 60-day period, DoD Components may request a change in ownership but will not qualify for any retroactive reimbursement.

b. Proposed DLMS Change (PDC) 1492 has been introduced to add a new qualifier that will allow storage activities to populate the supply discrepancy report (SDR) number in the receipt transaction. The SDR number used to report the lack of PMR will be required when requesting ownership changes and retroactive reimbursement.

### b. Background:

(1) Components are required to provide PMR via a DLMS 527D for all inbound shipments directed to a DLA Distribution Center. However, numerous shipments are still processed without this documentation, often leading to materiel receipts under an incorrect owner. The DLMS 527D PMR transaction is crucial for DLA to properly receipt materiel, as it pre-populates the receipt data and identifies the correct owner.

(2) Ownership changes occur when either the incorrect owner was recorded in the receipt, returning a Product Quality Deficiency Report (PQDR) exhibit to DLA, or upon request from the DoD Components. Defense Logistics Manual (DLM) 4000.25 documents procedures for changes in ownership hereafter referred to as “ship-in-place” (detailed in reference 10.c.). “Ship-in-place” procedures involve no physical and no financial adjustments between the losing and the gaining materiel owners. When the changes in ownership are due to errors during the receipt process, “ship-in-place” is not always the most efficient way to make corrections. In addition, DoD lacks proper procedures to promptly address corrections and for materiel owners to notify DLA of such errors.

(3) To address the concerns above, DLA is instituting a limit of 60 days for materiel owners to report errors in the receipt and request an ownership change to include any applicable reimbursement. The 60-day period ensures that any corrections are made within this timeframe. The following procedures are used for materiel owners to promptly report any errors with ownership to DLA.

### 3. CHANGE IN DETAIL:

#### a. Technical Details:

(1) Define and establish the following terms regarding ownership change:

(a) **Receipt Adjustments:** Receipt adjustment refers to the transfer of materiel to a different materiel owner using the “ship-in-place” process where retroactive reimbursement may apply. The materiel must be stowed prior to any changes. Materiel owners seeking receipt reimbursement have a 60-day window to submit their request to the designated storage activity. Communication should be directed through e-mail or other preferred channels established by the respective DoD Component. For DLA Distribution adjustments, Components must submit incidents through the DLA Portal or DLA Customer Interaction Center (CIC) if requesting reimbursement within 60 days of goods receipt.

(b) **Late PMR:** Late PMR is when the inbound transaction arrives at the storage activity warehousing system of record after a goods receipt. Upon implementation of this change, the storage activity will look for any matching goods receipt against all inbound PMRs. If a goods receipt is found, the storage activity will validate that the materiel owner is correct.

1. When both records match, no further action is required.

2. When records do not match, the DLA Warehouse Management System (WMS) will use the “ship-in-place” DLMS 940R Materiel Release to make any correction. The “ship-in-place” must be for the quantity of the original receipt and must carry the same document number as the inbound PMR. The process also requires a PMR from the gaining activity. The PMR received will then be used to receipt the materiel again and therefore adjust the materiel owner. The storage activity must cancel open actionable SDRs associated with the

original receipt once the ownership change is complete. The “ship-in-place” must perpetuate the SDR number associated with the original goods receipt when the Receipt Acknowledgment Discrepancy Code is Y or Z as prescribed in DLM 4000.25, Volume 2, Chapter 12 and 13.

**a.** For “ship-in-place”, the original SDR number must be in DLMS 940R when requesting ownership change. The original SDR number refers to the one assigned by the originating receiving activity SDR system. For DLA, this would be the WMS SDR Distribution Center Number (DCN). The SDR DCN must be in the original and corrected receipt to maintain proper evidential matter and determine any debits/credits.

**b.** Components must perform the necessary research to address incorrect ownership changes within the 60-day period to receive any retroactive reimbursement. Offline communication with DLA is necessary to report the error.

**c.** PMRs received after 60 days from the date of goods receipt will require the “ship-in-place” process to facilitate the ownership change. After 60 days, materiel receipted without the appropriate PMR and advance notice of shipment will not qualify for retroactive reimbursement.

**d.** When an inbound **late** PMR arrives and there is a matching goods receipt posted, the warehousing system of record will validate the materiel owner. **If the materiel owner is incorrect, the “ship-in-place” will be required to address the issue.**

**e.** When a materiel owner sends an ownership change request for materiel no longer in storage, the storage activity will not be able to complete the request.

(2) Add the new qualifier SIP “Ship-in-Place Location” to data element 98 (940R Materiel Release (1/N101/0400)). The new qualifier will help identify **materiel release** specifically used to change ownership of materiel in storage without physical movement. Until all DoD Components can implement this new transaction type code, the Defense Automatic Addressing System (DAAS) will ensure all incoming “ship-in-place” **Materiel Release Orders** are translated using the new transaction type code. This will ensure DLA WMS can program for this change as soon as possible without waiting for other DoD Components’ system updates. Coordination between DAAS and DLA is necessary to ensure both parties are ready for the new transaction type code.

(3) Remove language in Chapter 13 of DLM 4000.25 that allows the reversal of incorrect receipts. Per audit finding, once the materiel is in location, DLA is unable to reverse a goods receipt. In most cases, a stow happens right after goods receipts and an SDR response may take over 45 days. As a result, it is viable to request an ownership change via the SDR.

#### **b. Revised Transaction Flow:**

(1) The distribution center completes a goods receipt without PMR and/or advance shipment notice. Upon research, the materiel owner identifies that the materiel was receipted incorrectly. The discovery may be reported by either party (i.e., the owner used in the original goods receipt or the owner reporting the discrepancy), from this point referred to as the reporting materiel owner.

(2) For DLA, the reporting materiel owner will use the DLA Portal to submit a ticket and report the issue. The reporting materiel owner will need to create an account in the portal before submitting a ticket. In addition to the ticket, if the report materiel owner has an open SDR (actionable), they will use interim reply code “526 Incorrect materiel owner – Ship-in place in progress” to respond to the SDR. The SDR will remain open until the owner is corrected.

(3) In the ticket, the reporting materiel owner will include the following information:

- Contact information (full name, phone number, e-mail)
- Document number used to ship and receipt the materiel in question
- Ship date (if known)
- Goods receipt date (if known)
- SDR number (if known)
- Original materiel owner
- New materiel owner
- Did the materiel owner submit an advance shipment notification prior to delivery? (Yes/No)
- Did the materiel owner submit a PMR prior to goods receipt? (Yes/No)
- Add any Attachments (e.g., screenshots, copies of 1348).

(4) Upon successful submission, the ticket will be reviewed by the DLA Customer Interaction Center. It may take several days or weeks to resolve an ownership change depending on the level of complexity, but most ownership changes can be resolved in a week or less. Providing the correct documentation will expedite the process.

(5) Once the decision is made to proceed with the ownership change, the “ship-in-place” process is necessary to complete the request.

(6) Consideration for reimbursement only applies to those requests within 60 days from the date of goods receipt. When requesting reimbursement, the materiel owner must contact their funding document POC since DLA Distribution Centers cannot process any kind of reimbursement.

(7) Throughout the process, the reporting materiel owner will receive e-mail notifications of the status via the DLA Portal. DLA may communicate with the reporting materiel owner via phone, e-mail, or messages in the ticket system. DLA will not be able to complete a change in ownership request if the original goods receipt was completed using a PMR. For these scenarios, the reporting materiel owner will need to coordinate with the gaining materiel owner to perform a ship-in-place.

(8) DLA may use the ship-in-place process or physical inventory gains and losses to resolve ownership discrepancies. A PMR is always required from the new materiel owner.

(a) Once the PMR and the materiel release are received and processed. The losing materiel owner will receive a DLMS 945A decrementing their inventory balance. Materiel owners who currently receive the DLMS 867I Issue transaction will also receive this transaction for ship-in-place. Upon successful transfer, the gaining materiel owner will receive a DLMS 527R Receipt transaction to increase their on-hand balance.

(b) The lack of PMR will cause the ship-in-place to be denied. For denials, the losing materiel owner will receive a DLMS 945A (DIC A6) with the appropriate management code.

**4. IMPLEMENTATION TARGET:** DLA has a target implementation not to exceed first quarter fiscal year (FY) 2027.

a. DoD Components and DAAS must implement any system changes no later than FY 2027.

b. Upon approval, DLA will begin enforcing the 60-day policy documented in this change. Each DoD Component is responsible for timely identification of receipts with inaccurate ownership within the timeframe explained in this change.

## **5. TECHNICAL IMPACT:**

a. **Additions or Changes to Data Elements:** Ensure that the new qualifier “SIP Ship-in-Place Location” is in data element 98 and is incorporated in the DLMS 940R Materiel Release (1/N101/0400) mapping and translation.

b. **Automated Information Systems (AIS):** This change will impact DLA WMS and, at a minimum, all information systems of record for each DoD Component using DLA as a storage activity.

c. **Defense Automatic Addressing System (DAAS):** Ensure the appropriate changes to DLMS transactions and new codes are incorporated into the logic. In addition, until DoD Components can implement the new transaction type code, DAAS will correct the transaction type code of materiel release where the Ship FROM and the Ship TO are the same DoDAAC. This will ensure ship-in-place can be easily identified and collected for evidential matters.

## **6. PUBLICATION/POLICY IMPACT:**

### **a. Defense Logistics Manual (DLM) 4000.25:**

- (1) Volume 1, Appendix 2, Terms and Definitions
- (2) Chapter 4, Requisitioning
- (3) Chapter 12, Due-In and Pre-Positioned Materiel Receipt
- (4) Chapter 13, Materiel Receipt
- (5) Chapter 17, Supply Discrepancy Reporting

**b. Non-DLM 4000.25 Publications:** DLA Distribution standard operating procedures may need to be updated to reflect the procedures in this change.

**7. ASSUMPTIONS:** None

**8. FINANCIAL IMPROVEMENT AND AUDIT REMEDIATION (FIAR), MATERIAL WEAKNESS, AND AUDIT-RELATED INFORMATION:**

**a. Notices of Findings and Recommendations (NFR):** FIN-2020-WCF-082 (Advana DLANFR-2934). Insufficient Policies and Procedures to Track Inventory received and not yet recorded in Distribution Standard System (DSS).

**b. Corrective Action Plan (CAP) References:** FIN-2020-WCF-082-01 (Advana DLACAP-5139). Design processes, policies, and procedures that allow DLA to systemically track materiel that was offloaded and not systemically recorded in the WMS. Long-term resolution will require DoD-level solution.

**c. Other FIAR, Material Weakness, and Audit-Related Information:** N/A

**9. END-TO-END TESTING REQUIREMENTS:** Proper testing with DLA WMS is required to ensure the new procedures in this change are properly implemented and transactions can be receipted by the materiel owners.

**10. REFERENCES:**

- a.** DLM 4000.25, Volume 2, Supply Standards and Procedures
- b.** Approved DLMS Change (ADC) 1466, Establishing Ownership at Time of Receipt for DLA Distribution Centers (Supply and Supply Discrepancy Reporting)
- c.** ADC 1395 Mandatory Pre-Positioned Materiel Receipt (PMR) for Processing Materiel Release Orders (MRO) under Ship-in-Place Procedures
- d.** DoD 7000.14-R, Volume 11B, Chapter 11, Financial Management Regulation

**11. PROPOSED DLMS CHANGE (PDC) 1472 RESPONSE/COMMENT RESOLUTION:**  
See Consolidated Comment Matrix, Enclosure 1.

**12. PROPOSED FUNDING REQUIREMENTS:**

#	DoD Component/ Service/Agency	Response/Comment
1.	DLA	N/A
2.	U.S. Air Force	N/A
3.	U.S. Army	Yes/System changes will be required for LMP.
4.	U.S. Marine Corps	N/A
5.	U.S. Navy	N/A
6.	DAAS	N/A
7.	USTRANSCOM	N/A
8.	SOCOM	N/A
9.	FAA	N/A

**13. IMPLEMENTATION TIMELINE AND ESTIMATED COMPLETION DATE:**

#	DoD Component/ Service/Agency	Response/Comment
1.	DLA	DLA has a target implementation not to exceed first quarter FY 2027.
2.	U.S. Air Force	N/A
3.	U.S. Army	N/A
4.	U.S. Marine Corps	N/A
5.	U.S. Navy	N/A
6.	DAAS	N/A
7.	USTRANSCOM	N/A
8.	SOCOM	N/A
9.	FAA	N/A



## Enclosure 1

DoD Component Input			Action Officer Response		
Org	Comment	Recommended Change	Commentor	Accept or Reject	DEDSO Notes
OUSD(C) (Supply)	Concur without comment.	N/A	Matthew Wisniewski <a href="mailto:Matthew.p.wisniewski.civ@mail.mil">Matthew.p.wisniewski.civ@mail.mil</a>	Accept	DEDSO Supply acknowledges and accepts.
FAA (Supply)	Concur without comment.	N/A	Dr. Sarah L. Owens <a href="mailto:Sarah.L.Owens@faa.gov">Sarah.L.Owens@faa.gov</a>	Accept	DEDSO Supply acknowledges and accepts.
DLA (Supply & SDR)	Concur with comment. Enc 1, pg. 2 C12.3.9.6. Substantive What SDR Action Code will be used for “No PMR” at the time of goods receipt?	Action Codes 1H (No action required; information only) and 3B (Discrepancy reported for corrective action and trend analysis; no reply required) should be omitted. These codes can be misinterpreted as indicating no action is needed, leading to automatic closure.	Brian Anderson (DLA) <a href="mailto:brian.j2.anderson@dla.mil">brian.j2.anderson@dla.mil</a>	Reject	DEDSO SDR provided the following comment: PMR procedures remain the same.
DLA (Supply & SDR) Cont.	Concur with comments. Attach 1 2.a.(1) Substantive Change from: “This change introduces additional guidance and procedures for correcting, adjusting, or changing ownership of materiel stored at a DoD Storage Activity.”	Change to read: “This change introduces additional guidance and procedures for correcting, adjusting, or changing ownership of materiel stored at a DoD Storage Activity. This change also mitigates the risk associated with misbilling for materiel received because the correct owner of the materiel might not otherwise be billed. Such misbilling would result in the billed activity disputing the bill.”	Brian Anderson (DLA) <a href="mailto:brian.j2.anderson@dla.mil">brian.j2.anderson@dla.mil</a>	Accept	DEDSO Supply acknowledges and accepts the comment. The following has been added to the BLUF: “This change also mitigates the risk associated with the misbilling for materiel received due to incorrect ownership.”
DLA (Supply & SDR) Cont.	All N/A Substantive Remove references to Post-Post, Free Issue and change language from “Materiel Release Order” to “Materiel Release,” so that these actions are not misconstrued to fall into Order to Cash (O2C).	Remove references to Post-Post, Free Issue and change language from “Materiel Release Order” to “Materiel Release,” so that these actions are not misconstrued to fall into Order to Cash (O2C).	Brian Anderson (DLA) <a href="mailto:brian.j2.anderson@dla.mil">brian.j2.anderson@dla.mil</a>	Accept	DEDSO Supply acknowledges and accepts.

DoD Component Input			Action Officer Response		
Org	Comment	Recommended Change	Commentor	Accept or Reject	DEDSO Notes
USMC (SDR/ Supply)	Concur with comments. USMC seeks clarification on what qualifies for reimbursement - whether it includes cost to receipt, storage (based on types and cube), or SDR-related dispute costs.  The requirements for Services to process delayed PMRs to reclaim ownership raises concern about additional administrative cost.	N/A	Master Gunnery Sergeant Jermaine Otey, Supply Supervisor <a href="mailto:Jermaine.otey@usmc.mil">Jermaine.otey@usmc.mil</a> USMC	Accept	DEDSO SDR acknowledges and accepts: This change is in alignment with the FMR.
USMC (SDR/ Supply) Cont.	A recurring issue exists where inventory received without a PMR is placed in storage under Condition "K," and an SDR is initiated - often taking longer than the proposed 60-day window for resolution. The 60-day requirement conflicts with the current DLMS SDR policy, which allows Services 50 days to respond. This leaves only 10 days for DLA to process the ownership change, which is operationally unrealistic.	Recommendation: Revise the 60-day requirement to align with existing SDR timelines or expand the window to allow sufficient time for resolution and reimbursement processing.	Master Gunnery Sergeant Jermaine Otey, Supply Supervisor <a href="mailto:Jermaine.otey@usmc.mil">Jermaine.otey@usmc.mil</a> USMC	Reject	<b>DEDSO SDR</b> provided the following comment: The receipt adjustment/ reimbursement process is separate from the SDR process. Notification of a receipt without PMR (with or without documentation) is addressed in DLM 4000.25, Volume 2, Chapter 13. See C13.2.9.3.10.1. The DLMS 527R Receipt transaction with a receipt acknowledgement discrepancy code alerts DoD Components to review receipt postings and validate ownership was accurately assigned. <b>DEDSO Supply</b> provided the following comment: FMR instructs DoD components to make every effort to resolve disputed billing details within 60 days.
DLA HQ (SDR)	Concur with comment Page 12, C17.3.6, Critical What code is going to be used to perform the SIP request – 105, 526, 901?	Remove 901 and 612 languages from this paragraph. 612 is obsolete in WMS.	Troy Brown, DLA SDR Primary <a href="mailto:Troy.Brown@dla.mil">Troy.Brown@dla.mil</a> Jose Pereira, DLA SDR Alternate <a href="mailto:jose.pereira@dla.mil">jose.pereira@dla.mil</a>	Reject	DEDSO SDR provided the following comment: This portion of the PDC is not part of the change. It will be addressed when ADC 1273 is withdrawn.

DoD Component Input			Action Officer Response		
Org	Comment	Recommended Change	Commentor	Accept or Reject	DEDSO Notes
DLA HQ (SDR) Cont.	Concur with comment Page 10 C12.3.9.5, Critical Is a POC list of coordinators developed to determine coordinators for PMR creation and / or transmission? (PMR in correct Components' ownership has to be established before MRO can be created to execute the SIP process.)	Create database of PMR coordinators to determine who/what/when/where the receipt reversal on DLMS/DEDSO website.	Troy Brown, DLA SDR Primary <a href="mailto:Troy.Brown@dla.mil">Troy.Brown@dla.mil</a> Jose Pereira, DLA SDR Alternate <a href="mailto:jose.pereira@dla.mil">jose.pereira@dla.mil</a>	Reject	DEDSO SDR provided the following comment: Components should coordinate with PRC representatives to identify appropriate points of contact to address PMR issues.
DLA HQ (SDR) Cont.	Concur with comment. Page 12, Para: C17.3.6 F, Critical What SDR reply code will be used to initiate the SIP process by DLA Component?	SDRROD 105 Forward materiel received to location identified. Must use traceable and most economical means available.	Troy Brown, DLA SDR Primary <a href="mailto:Troy.Brown@dla.mil">Troy.Brown@dla.mil</a> Jose Pereira, DLA SDR Alternate <a href="mailto:jose.pereira@dla.mil">jose.pereira@dla.mil</a>	Reject	DEDSO SDR provided the following comment: The 526 reply code will be used to indicate a Ship-in-Place is in progress.
DLA HQ (SDR) Cont.	Concur with comments Page 1, Para 2, Substantive If reimbursement is no longer being done after the 60 days, and is there a delay due to responses from CIC; How can DLA address delayed payment to Vendor (as mistake in receipt was not Vendor fault)?	Guidance from DLA?	Troy Brown, DLA SDR Primary <a href="mailto:Troy.Brown@dla.mil">Troy.Brown@dla.mil</a> Jose Pereira, DLA SDR Alternate <a href="mailto:jose.pereira@dla.mil">jose.pereira@dla.mil</a>	Reject	DEDSO SDR provided the following comment: This will need to be addressed by DLA J3.

DoD Component Input			Action Officer Response		
Org	Comment	Recommended Change	Commentor	Accept or Reject	DEDSO Notes
DLA HQ (SDR) Cont.	Concur with comments Page 2, Para 3, Substantive If there is a type 9 SDR submitted and materiel receipted into CCA, can DDC ensure this specific type of complaint will not utilize the 1H, 1B, 1G, and 3B Defect Codes? If it does happen, how does the Supply Chain respond?	Guidance from DLA?	Troy Brown, DLA SDR Primary <a href="mailto:Troy.Brown@dla.mil">Troy.Brown@dla.mil</a> Jose Pereira, DLA SDR Alternate <a href="mailto:jose.pereira@dla.mil">jose.pereira@dla.mil</a>	Reject	DEDSO SDR provided the following comment: This will need to be addressed by DLA J3.
DLA HQ (SDR) Cont.	Concur with comments Page 3, Para 1, Substantive The changes regarding the additional information on the MRO / 940R, so this will be part of the information in the EBS PR1 OF 167 Interface (Post-Post Orders)? If the MRO is created by WMS, then I'm assuming it will be the OF 167 (Post-Post / C0_ ; CQ_ / 511R ) interface ? What if a specific Post-Post fails upon receipt in EBS PR1? How can it be successfully reworked in EBS / PR1?	Guidance from DLA? Changes to the OF 167 Interface?	Troy Brown, DLA SDR Primary <a href="mailto:Troy.Brown@dla.mil">Troy.Brown@dla.mil</a> Jose Pereira, DLA SDR Alternate <a href="mailto:jose.pereira@dla.mil">jose.pereira@dla.mil</a>	Reject	DEDSO SDR provided the following comment: This will need to be addressed by DLA J3.

DoD Component Input			Action Officer Response		
Org	Comment	Recommended Change	Commentor	Accept or Reject	DEDSO Notes
DLA HQ (SDR) Cont.	Concur with comments Page 3, Para d, Substantive There is mention of the MRO being established as a Free Issue. Has that been confirmed by Order Management so we are confident it will create as a Post-Post Free Issue in EBS PR1?	Guidance from DLA? Changes to the OF 167 Interface? Changes to OM Sales Order “touch points?”	Troy Brown, DLA SDR Primary <a href="mailto:Troy.Brown@dla.mil">Troy.Brown@dla.mil</a> Jose Pereira, DLA SDR Alternate <a href="mailto:jose.pereira@dla.mil">jose.pereira@dla.mil</a>	Reject	DEDSO SDR provided the following comment: This will need to be addressed by DLA J3.
DLA HQ (SDR) Cont.	Concur with comments Page 3, Para a. (2), Substantive “Per Audit, once the materiel is in location. DLA is unable to reverse a goods receipt.” Can you please specify what you mean by the materiel is “in location.” This is important to understand what the problem is.	Be more specific.	Troy Brown, DLA SDR Primary <a href="mailto:Troy.Brown@dla.mil">Troy.Brown@dla.mil</a> Jose Pereira, DLA SDR Alternate <a href="mailto:jose.pereira@dla.mil">jose.pereira@dla.mil</a>	Reject	DEDSO SDR provided the following comment: This portion of the PDC is not part of the change. It will be addressed when ADC 1273 is withdrawn.

DoD Component Input			Action Officer Response		
Org	Comment	Recommended Change	Commentor	Accept or Reject	DEDSO Notes
DLA HQ (SDR) Cont.	<p>Concur with comments:</p> <p>Enclosure 1, Page 4, Para C17.3.6, Substantive</p> <p>Does the statement below need a strikethrough since Per Page 3 para-a. (2): “DLA cannot reverse a goods receipt after the materiel is in location?” “If the wrong owner is unable to reject the receipt transaction systemically, the wrong owner will also request that the distribution center reverse the receipt (using Reply Codes 612). If known, the wrong owner should identify with the correct owner in the receipt rejection or SDR reply to facilitate reprocessing of the receipt. These procedures do not authorize rejection / reversal of receipts reported to the owner designated by PMR or the pre-designated Service owner for unauthorized return of consumable items.”</p>	<p>Strikethrough the statement: “If the wrong owner is unable to reject the receipt transaction systemically, the wrong owner will also request that the distribution center reverse the receipt (using Reply Codes 612). If known, the wrong owner should identify with the correct owner in the receipt rejection or SDR reply to facilitate reprocessing of the receipt. These procedures do not authorize rejection / reversal of receipts reported to the owner designated by PMR or the pre-designated Service owner for unauthorized return of consumable items.”</p> <p>Please update the Page 3, para-a. (2) to read: “Remove language in Chapter 13 and 17 that allows the reversal of incorrect receipts.” Otherwise, it needs clarification, as it sounds contradictory.</p>	<p>Troy Brown, DLA SDR Primary <a href="mailto:Troy.Brown@dla.mil">Troy.Brown@dla.mil</a></p> <p>Jose Pereira, DLA SDR Alternate <a href="mailto:jose.pereira@dla.mil">jose.pereira@dla.mil</a></p>	Reject	<p>DEDSO SDR provided the following comment: This portion of the PDC is not part of the change. It will be addressed when ADC 1273 is withdrawn.</p>

DoD Component Input			Action Officer Response		
Org	Comment	Recommended Change	Commentor	Accept or Reject	DEDSO Notes
DLA HQ (SDR) Cont.	Concur with comments Enclosure 1, Page 2, C12.3.9.6 Substantive This PDC mentions reimbursement, and in this specific paragraph it talks about reimbursement for storage costs. Is that the only “applicable reimbursement” and, as I am understanding, credit is not the same as reimbursement, therefore, the 60 days do not apply for credit. Correct?	I am requesting clarification to make sure I am tracking the changes.	Troy Brown, DLA SDR Primary <a href="mailto:Troy.Brown@dla.mil">Troy.Brown@dla.mil</a> Jose Pereira, DLA SDR Alternate <a href="mailto:jose.pereira@dla.mil">jose.pereira@dla.mil</a>	Reject	DEDSO SDR provided the following comment: This will need to be addressed by DLA J3.
DLA HQ (SDR) Cont.	Concur with comments Enclosure 1, Para: N/A, Substantive Does the new qualifier SIP – Ship-in-Place Location to Data Element 98 (940R Materiel Release ...) need to be added to any section in the DLMS? If so, this information is missing in the Enclosure 1 section.	Add the section in the DLMS this will be called as a requirement if applicable to DLMS change/update.	Troy Brown, DLA SDR Primary <a href="mailto:Troy.Brown@dla.mil">Troy.Brown@dla.mil</a> Jose Pereira, DLA SDR Alternate <a href="mailto:jose.pereira@dla.mil">jose.pereira@dla.mil</a>	Reject	Refer to Enclosure 1 (C4.7.14.1.7.1.).

DoD Component Input			Action Officer Response		
Org	Comment	Recommended Change	Commentor	Accept or Reject	DEDSO Notes
U.S. Army (SDR/Supply)	Concur with comments: Page 3.a (1)(a) Substantive Need clarification - Will there be a systemic edit that will not allow DLA WMS to process a receipt adjustment if after the 60 days? There are often delays in DLA responses and I want to clarify that as long as the initial request from Service is within 60 days from receipt that the adjustment can be processed?	Create a systemic edit that will allow DLA WMS to process a receipt adjustment after 60 days as long as the initial request was within 60 days.	Tiffanie Dew, Supply/SDR Primary <a href="mailto:Tiffanie.dew.civ@army.mil">Tiffanie.dew.civ@army.mil</a>	Reject	<b>Noted:</b> DLA cannot make receipt adjustment after Stow. After the 60-day period, DoD Components may request a change in ownership but will not qualify for any retroactive reimbursement. see para 2 (a).
U.S. Army (SDR/Supply)	Page 3.a (1) b (2) Substantive What transaction will WMS generate to the losing and gaining owners as part of this "Ship in Place?" Normal Ship-in-Place will generate a DLMS 945A (AR0) to the losing owner and a DLMS 527R (D6_) to the gaining owner. The concern is that if the losing owner is U.S. Army, we will not have an open delivery to process the shipment confirmation (AR0) against, so it fails in our system and inventory is not automatically dropped.	N/A until the question can be confirmed.	Tiffanie Dew, Supply/SDR Primary <a href="mailto:Tiffanie.dew.civ@army.mil">Tiffanie.dew.civ@army.mil</a>	Accept	Noted: DLA made corrections to address these comments in yellow highlights.
U.S. Army (SDR/Supply)	Page 3 a (1) Substantive Where it states "Add the new qualifier SIP" - There will be a new system change required for LMP?	N/A	Tiffanie Dew, Supply/SDR Primary <a href="mailto:Tiffanie.dew.civ@army.mil">Tiffanie.dew.civ@army.mil</a>	Accept	DEDSO acknowledges and accepts.



DoD Component Input			Action Officer Response		
Org	Comment	Recommended Change	Commentor	Accept or Reject	DEDSO Notes
U.S. Army (SDR/Supply)	Page 3 a (2) Substantive Will there still be instances where DLA will process a receipt reversal if something was erroneously input (i.e., qty)? Will services still receive 527R transaction with negative qty?	N/A	Tiffanie Dew, Supply/SDR Primary <a href="mailto:Tiffanie.dew.civ@army.mil">Tiffanie.dew.civ@army.mil</a>	Accept	Noted: DLA may process a receipt cancellation to correct a mistake prior to stow. Once stow, changes can only be made through Ship in Place.
U.S. Army (SDR/Supply)	Page 5 b (a) Substantive This transaction will not post in the Army's system if they did not initiate the 940R (MRO). Is it possible for DLA to generate a 527R (D6_) with negative qty instead, so that the inventory will be dropped from the losing owner?	N/A	Tiffanie Dew, Supply/SDR Primary <a href="mailto:Tiffanie.dew.civ@army.mil">Tiffanie.dew.civ@army.mil</a>	Accept	Noted: DLA made corrections to address these comments in yellow highlights.
USAF (SDR)	Concur without comment	N/A	William Wenzel, USAF, GS-14 <a href="mailto:William.wenzel.1@us.af.mil">William.wenzel.1@us.af.mil</a>	Accept	DEDSO SDR acknowledges and accepts concurrence without comment.

## Enclosure 2

Additions are shown in **red bold** font and deletions by **red** single strikethrough text. Renumber as needed.

### A. Update Defense Logistics Manual (DLM) 4000.25 Volume 1, Appendix 2 – Terms and Definitions as follows:

**RECEIPT ADJUSTMENTS.** Receipt adjustment refers to the transfer of materiel to a different materiel owner using the ship-in-place process where retroactive reimbursement may apply. The materiel must be stowed prior to any changes. Materiel owners seeking receipt reimbursement have a 60-day window to submit their request to the designated storage activity.

### B. Update DLM 4000.25 Volume 2, Supply Standards and Procedures, Chapter 4, Requisitioning as shown below.

*Preceding text not shown.*

C4.7.14.1.7. ~~MROs~~ **Materiel release** for the purpose of **ship-in-place** (also known as **ship-to-self**) must include a Ship-to-DoDAAC matching the custodial activity performing the transfer. A PMR is mandatory for every **ship-in-place** request. Both the ~~MRO~~ materiel release and the PMR must have the same document number. The lack of PMR will result in ~~MRO~~ materiel release denial. Additional requirements for the **ship-in-place** process are available in Chapter 7.

**C4.7.14.1.7.1. When transmitting a materiel release for ship-in-place location, use transaction type code SIP to indicate the intent.**

**C4.7.14.1.7.2. When using ship-in-place to process a receipt adjustment to change owner and request reimbursement, the materiel owner must communicate the associated Supply Discrepancy Report (SDR) number to the storage activity to qualify for any applicable reimbursement. Reimbursements are limited to 60 days from the date of goods receipt.**

**C4.7.14.1.7.3. The storage activity may perform a manual ship-in-place to correct or adjust the materiel owner in a receipt when the original receipt is rejected or when an ownership correction is needed within 60 days from the date of goods receipt.**

**C4.7.14.1.7.4. When debits/credits are necessary, the materiel owner must provide the original SDR number. The SDR number must be in the late PMR and receipt to maintain proper evidential matter and determine any debits/credits.**

C4.7.14.1.8. MROs directing the return of SDR exhibits will include the SDR distribution center number (DCN), if available.

**C. Update DLM 4000.25 Volume 2, Supply Standards and Procedures, Chapter 12 PMR as shown below.**

*Preceding text not shown.*

C12.3.6.3. Materiel returns scenarios, including Materiel Returns Program and the directed return of discrepant/deficient materiel such as reported by SDR, PQDR, or Storage Quality Control Report require the GIM to submit the PMR.

**C12.3.9. Late PMR**

**C12.3.9.1. A late PMR refers to the transmission of an inbound PMR transaction after the storage activity has completed a goods receipt. Although storage activities have business rules to attempt to identify the owner of the materiel, it is not always accurate. Prompt PMR at time of receipt will ensure the materiel is properly receipted and accounted for while it reduces the chances of losing visibility of the shipment.**

**C12.3.9.2. When an inbound PMR arrives and there is a matching goods receipt posted, the warehousing system of record will validate the materiel owner.**

**C12.3.9.3. When all the information matches the goods receipt, no further action is necessary. If the PMR quantity is not fully exhausted, the PMR will remain open awaiting additional shipments. Otherwise, the PMR transaction will be archived.**

**C12.3.9.4. Once stowed, but within 60 days from the date of goods receipt, the storage activity will use the ship-in-place process to adjust the materiel ownership. The storage activity must ensure the materiel is stowed prior to the release of the materiel release to avoid a denial.**

**C12.3.9.5. A late PMR past 60 days from the date of goods receipt requires ship-in-place. The DoD Component who transmitted the PMR must coordinate either internally or externally with the appropriate materiel owner to change ownership.**

**C12.3.9.6. When no PMR is available at the time of goods receipt, the storage activity will use the appropriate business rules under due-in information requirements to determine ownership. DoD Components have up to 60 days from the date of goods receipt to report any discrepancies, to include wrong ownership, to the storage activity. After 60 days, DoD Components will not be entitled to retroactive reimbursement for storage costs. The SDR number must be in the original and corrected receipt to maintain proper evidential matter and determine any debits/credits.**

**D. Update DLM 4000.25 Volume 2, Supply Standards and Procedures, Chapter 13  
Materiel Receipts as shown below.**

*Preceding text not shown.*

C13.2.1. Receiving Activity Actions. Receiving activities will report receipts of materiel using a Materiel Receipt transaction and:

C13.2.1.1. Post receipts to the total item property record by changing or adding to data in the pre-positioned materiel receipt (PMR) file established under Chapter 12, Due-In and Pre-Positioned Materiel Receipt procedures, or by extracting data from the consignment documentation. For capital equipment candidates, receiving activities will maintain the serial numbers (and UIIs if available) on their records.

C13.2.1.2. For discrepant shipments, follow the guidelines provided in C13.2.8.

~~C13.2.2. Reversal of Incorrect Receipt Transactions. Receiving activities may use the Receipt Transaction to reverse incorrect Receipt Transactions. Include the reason for reversal code as applicable. Refer to Chapter 17 Supply Discrepancy Reporting (SDR) procedures for use of the SDR reply to request receipt reversal by the receiving activity when the wrong owner does not have systemic support to reject a receipt reported to the wrong owner.~~

C13.2.3. Rejection of Receipt Reported to Wrong Owner.

C13.2.3.1. **The lack of PMR may cause the materiel to be receipted under the incorrect materiel owner. When** a receipt is erroneously reported to the wrong owner (e.g., due to missing or unmatched PMR), the recipient of the receipt transaction **will notify the DLA** ~~should reject the receipt back to the initiator within 60 days from the date of goods receipt. using DLMS 824R Reject Advice with Reject Advice Code AB (Rejected. Submitted to incorrect manager).~~ If known, include the correct manager to facilitate reprocessing of the receipt. **The materiel owner will not reject materiel receipt transactions due to incorrect materiel owner. Instead, the materiel owner must request a receipt adjustment by contacting the DLA or appropriate storage activity to address the matter within 60 days from the date of goods receipt to qualify for any applicable reimbursement. DoD Components may correct/change ownership of materiel after the 60 days using the ship-in-place process however, no retroactive reimbursement will be processed. Do not reject receipts reported to the owner designated by PMR or to the pre-designated Service owner for unauthorized return of consumable items.<sup>+</sup>**

C13.2.4. Central Procurement Receipts. Receipts from procurement can originate from central procurement or local procurement actions. Authorized procurement delivery documents should accompany each shipment as prescribed in the Federal Acquisition Regulation (FAR).

**E. Update DLM 4000.25 Volume 2, Supply Standards and Procedures, Chapter 17 Supply Discrepancy Reporting as shown below.**

*Preceding text not shown.*

C17.3.6. Distribution Center Receipt with no Due In/Prepositioned Materiel Receipt (PMR). DLA Distribution Centers will report receipt of unscheduled materiel from new procurement and non-procurement sources to the owner regardless of condition of materiel, as a discrepancy. When a PMR is not available, the receiving activity will report the receipt using documentation, packaging, and other information, as available. DLA Distribution Centers will prepare an SDR to report the missing/unmatched of a PMR to the owner 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. **DoD Components have 60 days to request a Receipt Adjustment (Refer to C12.3.9. Late PMR) due to missing/unmatched PMR at time of goods receipt for reimbursement. DoD Components may correct/change ownership of materiel after 60 days using the ship-in-place process. However, no retroactive reimbursement will be processed. DLA Distribution will cancel any open actionable SDRs assigned to the original owner as part of the receipt adjustment process.** If the distribution center erroneously reported the receipt to the wrong owner due to missing/unmatched PMR, the wrong owner will use the SDR reply process to reject the SDR (using Reply Codes 901). If the wrong owner is unable to reject the receipt transaction systemically, the wrong owner will also request that the distribution center reverse the receipt (using Reply Codes 612). If known, the wrong owner should identify with the correct owner in the receipt rejection or SDR reply to facilitate reprocessing of the receipt. These procedures do not authorize rejection/reversal of receipts reported to the owner designated by PMR or the pre-designated Service owner for unauthorized return of consumable items.

**F. Update DLM 4000.25 Volume 2, Appendix 7.28, Supply Discrepancy Reporting  
Relevant Data Elements as shown below.**

*Preceding text not shown.*

**Interim Reply Series Codes:**

- 103 Discrepancy report receipt acknowledgment.
- 104 Additional information required from submitter; see remarks.
- 107 Forward materiel to address shown for inspection/exhibit analysis (must use traceable and most economical means available).
- 108 Forward materiel to contractor address shown for inspection/exhibit analysis (must use traceable and most economical means available). Reclassification of materiel complete. (Use only with Status Update.) Documentation/technical data/other information are being forwarded. (Use only with Status Update.)
- 320 Documentation/technical data/other information are being forwarded. (Use only with Status Update.) 504 SDR forwarded to new action activity as shown.
- 321 Reclassification of materiel complete. (Use only with Status Update.)
- 504 SDR forwarded to new action activity as shown.
- 520 Discrepancy report materiel undergoing test/evaluation.
- 521 Discrepancy report resolution pending PQDR review. 525 Discrepancy validated by Storage Activity; credit recommended (use with 300- series forwarding reply code).
- 526 Incorrect materiel owner – Ship-in-place in progress.**
- 608 Reclassify materiel as instructed; final disposition instructions will be provided upon confirmation of reclassification. (Do not use in combination with other reply codes.)

### Enclosure 3

Revise X12 EDI Implementation Convention as shown.

Changes are identified by **red bold** font and deletions by **red** single strikethrough text.

#	Location	Revision to DLMS 940R Materiel Release	Reason
1.	DLMS Introductory Notes	Add ADC to DLMS Introductory Note 7: <b>- ADC 1472, Procedures for Correcting/Adjusting Ownership Changes After Goods Receipt</b>	Identifies DLMS changes included in the IC.
2.	1/N101/0400	Add new <del>transaction type qualifier</del> SIP and DLMS <u>note as follows:</u> <b>SIP: Ship-in-Place Location</b> <b>DLMS Note: Used when requesting a change in ownership without any physical shipment of the materiel. A matching PMR is required to avoid potential denial.</b>	Add a new transaction for Ship-in-Place MROs.