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IN REPLY
REFER TO

DLMSO

APR 04 2005

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE MEMBERS

SUBJECT: Approved MILSTRAP Change Letter (AMCL) 9A, Processing Materiel Receipts
Not Due-In for GSA Managed Items

The attached change to DOD 4000.25-M, Defense Logistics Management System (DLMS), and 4000.25-2-M, Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP), is approved for immediate implementation and publication in the next formal changes to the DLMS and MILSTRAP manuals. AMCL 9A supersedes DLMSO memorandum, November 19, 1997, subject: Revised Request for Implementation Date (RFID) for AMCL 9, Processing Materiel Receipts Not Due-In for GSA Managed Items.

Addressees may direct questions to the DLMSO point of contact, Ms. Mary Jane Johnson, email Mary.Jane.Johnson@dla.mil. Others must contact their Component designated Supply Process Review Committee representative.


JAMES A. JOHNSON

Director

Defense Logistics Management
Standards Office

Attachment

cc:

ADUSD(L)SCI

JOINT PHYSICAL INVENTORY WORKING GROUP

ATTACHMENT TO AMCL 9A

PROCESSING MATERIEL RECEIPTS NOT DUE-IN FOR GSA MANAGED ITEMS

1. Proposed Change Concept/Rationale: AMCL 9A revises and supersedes AMCL 9, Processing Materiel Receipts Not Due-In for GSA Managed Items . Changes from the AMCL 9 Attachment published by the November 19, 1997, Revised Request For Implementation Date (RFID) for AMCL 9, are identified by ***bold, italicized text***:

a. Concept: Provide for DoD asset accountability and owner visibility of unauthorized returns (returns not due-in) of General Services Administration (GSA) managed items to DoD wholesale storage activities. The procedures:

(1) Prohibit reporting of receipts from nonprocurement sources to GSA inventory managers unless the storage activity has a pre-positioned materiel receipt in the suspense file.

(2) Require the DoD Components to establish the means to account for and maintain owner visibility of such materiel internally and effect materiel disposition ***and to notify DLMSO and the Defense Logistics Agency (DLA) Supply Process Review Committee (SPRC) representative of what organization DLA's Distribution Standard System (DSS) is to use to record the assets; without such guidance, the Services are authorizing DLA DSS to record the assets on a DLA account. In the absence of any guidance from the Services, this step is necessary to assure the assets are recorded on a DOD record.***

b. Rationale:

(1) The present DoD 4000.25-2-M (MILSTRAP), chapter 4, discrepant receipt processing procedures require storage activities to report receipts from nonprocurement sources to the designated inventory manager for the item. In their November 25, 1985 letter, GSA advised us of their policy that ownership for GSA managed items passes to the DoD Component upon shipment to the Component's activity. Since GSA does not provide inventory management services to DoD activities, GSA requested:

(a) Exclusion from the MILSTRAP provisions which require DoD wholesale storage activities to report receipt to the cognizant ICP.

(b) Enforcement of the DoD 4000.25-1-M (MILSTRIP) ***and DoD 4000.25-M, (DLMS)*** Materiel Returns Program (MRP) reporting requirements when Military activities are in receipt of unauthorized returns of GSA managed items.

(2) This matter was fully discussed at the July 14-17, 1987 MILSTRAP meeting. Although the Military Services/DLA questioned the GSA policy, the MILSTRAP System Administrator agreed with the GSA premise that the materiel is DoD owned and confirmed this opinion during subsequent informal coordination with the Office of the Director for Supply Management Policy (DASD(L/SD)).

(3) AMCL 9 was originally published as an approved change on April 3, 1990, for implementation on a staggered basis, no later than November 1, 1994, but preferably immediately. However AMCL 9 became one of 26 MILSTRIP and MILSTRAP approved changes, with implementation dates of 1993 through 1995, which the Components were unable to implement on schedule as resources were shifted to support the Corporate Information Management (CIM) single standard system effort. With the demise of the CIM effort, DLMSO, in conjunction with the Supply Process Review Committee (SPRC), released a Revised Request for implementation date for AMCL 9, November 19, 1997, to establish a new implementation date.

(4) AMCL 9 was discussed at subsequent SPRC meetings to include SPRC Meeting 01-2, June 12-14, 2001, where Air Force indicated they had implemented AMCL 9 and Army provided a December 2004 implementation date. Navy and Marine Corps were asked to identify their implementation dates to DLMSO.

(5) At SPRC Meeting 03-1, January 29-30, 2003, this issue was addressed again as noted below:

(a) At this meeting it was noted that AMCL 9 was developed to address DOD accountability for unauthorized returns of GSA-managed items. Subsequent to approval of the change, DLA took over responsibility for the depots. Therefore, to implement the change, the Services were required to provide the DLA, which oversees the distribution depots receiving the unauthorized return of GSA assets, with a Service organization to which the receipt should be reported, since GSA assets are an exception to the MILSTRAP guidance to report the receipt of unauthorized returns to the cognizant item manager.

(b) The GSA representative indicated that GSA was no longer receiving receipt transactions from DOD for unauthorized returns of GSA-managed materiel. Discussions revealed that as an interim solution, pending implementation of AMCL 9 and notification by the Services of a Service account for reporting the receipts to, the DLA Depot system may be picking such assets up to a DLA BOSS account for possible local use. DLMSO asked DLA to confirm what action the depot takes when they receive unauthorized returns for GSA managed assets, and for the Services to determine what account they would provide DLA for their depot's to use to report the assets. DLA had not yet received any guidance from the Services.

(c) There was discussion of the Services having the option to continue to allow DLA to pick the assets up on a DLA account, but this approach would not resolve the problem of unauthorized return of GSA-managed assets, if it still exists. Providing a Service account for the assets would give the Services visibility of the extent to which such assets are being returned without

authorization, identify possible problems areas/activities, and give the Services access to such assets for their use. From a Service accountability aspect, it would be in their interest to provide DLA with a Service account to report the receipt of GSA-managed assets returned by a Service activity without authorization. The Services were tasked to consider providing such an account to DLA, and to consider the impact of not providing DLA an account to include lack of visibility of activities making unauthorized returns of GSA-managed assets; and lack of Service visibility of/access to their own assets.

(6) A draft of AMCL 9A was discussed at SPRC Meeting 05-1 (March 16-17, 2005):

*(a) DLA identified that unauthorized returns of GSA assets are processed as followed in the absence of any guidance from the Services: **the DLA depots receipt the assets to the local Base Operating Supply System (BOSS) for use by the depot. If the material can't be used locally it is sent to disposal.** AMCL 9A was revised accordingly to acknowledge, document, and authorize publication of this procedure in DLMS/MILSTRAP until such time as the Services provide other guidance to DLMSO and DLA for receipting the assets to a Service account.*

*(b) Ms. Ellen Hilert, SPRC Chair/SDR Administrator noted that **depot use of the Supply Discrepancy Report (SDR) recoupment process would provide a deterrent to unauthorized returns.** Under this process, U.S. Government activities returning materiel without authorization may be held responsible for costs incurred by the receiving activity when the discrepancy is reported and validated IAW SDR procedures. Recoupment action against the initiator may include all costs for reimbursable actions performed by the receiving activity such as repackaging, marking, and/or disposal. Ms. Hilert suggested that if the DLA depot invoked this punitive action IAW SDR procedures, it could be a deterrent to future unauthorized return of GSA materiel. MILSTRAP Administrator NOTE: GSA would not be involved in the recoupment process for unauthorized returns of GSA materiel addressed by this change.*

2. Interface/Impact:

a. Interface. May require interface with MILSTRIP/DLMS MRP procedures, retail level processing systems, and financial accounting operations/systems.

b. Impact. Impact will vary depending on the Service/Agency capability to account for and maintain owner visibility of receipts not due-in of GSA managed items returned by their own or other DOD Component activities.

3. Procedures. Revise MILSTRAP as shown in the enclosure. A corresponding change will be made to DLMS.

ENCLOSURE TO AMCL 9A
PROCESSING MATERIEL RECEIPTS NOT DUE-IN FOR GSA MANAGED ITEMS

Revise DoD 4000.25-2-M, Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP), as follows (changes are identified by ***bold italics***; additional changes from the November 19, 1997 Request For Implementation Date (RFID) for AMCL 9 are further identified by **highlighted** text). AMCL 9A includes changes to reflect the revised numbering system published with the 2001 reissuance of MILSTRAP. These numbering changes are administrative and are identified only by **red text**:

1. Chapter 4, section C4.9 (PROCESSING DISCREPANT/DEFICIENT RECEIPTS), subparagraph C4.9.1.3. Revise the general instructions for all receipts to add a last sentence as follows:

C4.9.1.3. Normally when a discrepant receipt is retained in U.S. Government custody, whether or not it is U.S. Government-owned, storage activities will store the materiel, submit a DI Code D4/D6 receipt to the cognizant ICP, and hold the materiel pending receipt of disposition. For improbable situations, storage activities will use exception transactions (i.e., code Z in the third position of the DI code and/or Management Code Z in record position 72). In these situations, storage activities will provide to the cognizant ICP a separate written explanation which includes the receipt transaction document number and the discrepancy report number when a discrepancy report was required. ***For nonprocurement receipts with no PMR, see subparagraph C4.9.3.3.11 of this section.***

2. Chapter 4, section C4.9 (PROCESSING DISCREPANT/DEFICIENT RECEIPTS), subparagraph C4.9.1.5.3. Revise the LR instructions for nonprocurement receipts to add an exception as shown below:

C4.9.1.5.3 Report nonprocurement receipts for which no PMR is established directly to the GIM. The absence of a memorandum due-in will identify the transaction to the GIM as a receipt not due-in for which transfer/decapitalization is not required. ***[EXCEPTION: Process receipts not due-in of GSA managed items under subparagraph C4.9.3.3.11.]***

3. Chapter 4, section C4.9 (PROCESSING DISCREPANT/DEFICIENT RECEIPTS), subparagraph C4.9.2.5. Add a new subparagraph **C4.9.2.5.11** for procurement receipts not due-in, to read as follows and renumber existing subparagraph **C4.9.2.5.11** (Other Discrepancies) as subparagraph **C4.9.2.5.12**.

C4.9.2.5.11 Receipts Not Due-In (no PMR/due is recorded). See subparagraphs **C4.9.2.5.3** and **C4.9.2.5.4** for processing receipts of misdirected shipments and overages/ duplicate shipments, for which PMRs are not normally available.

4. Chapter 4, section C4.9 (PROCESSING DISCREPANT/DEFICIENT RECEIPTS), subparagraph C4.9.3.1. Revise subparagraphs C4.9.3.1.1 and C4.9.3.1.2 to change “disposal” to read “reutilization and marketing” and to add an exception for GSA managed items as follows:

C4.9.3.1 When the receipt cannot initially be identified to an NSN, the storage activity will attempt to identify the NSN or usage by the subparagraph I.1.b. procedures and report the receipt to the cognizant ICP.

C4.9.3.1.1 If the NSN cannot be identified and the estimated value of the item is under \$100, storage activities will not report the receipt to an ICP. Ship the materiel directly to **reutilization and marketing** using a local document number. Retain an accessible record of the transaction and its history for two years.

C4.9.3.1.2 If the NSN cannot be identified and the estimated value of the item is \$100 or more, the storage activity will contact the ICP managing like items to determine disposition. **[EXCEPTION: If GSA is the manager of like items, process as prescribed in subparagraph C4.9.3.3.11.]** If the ICP can identify the NSN, the ICP will direct the storage activity to submit the receipt and **supply discrepancy report (SDR) SF 364** to the cognizant ICP. If the ICP cannot identify the NSN, the ICP will provide disposition instructions to the reporting activity. These instructions will include an item identification number (e.g., part number, MCN, LCN, etc.) for reporting the receipt and submitting the **SDR SF 364**. If the ICP directs shipment to **reutilization and marketing**, the ICP will maintain an accessible record of the transaction and its backup for two years.

5. Chapter 4, section C4.9, subparagraph C4.9.3.3.4. Delete the procedures for processing duplicate shipments which are addressed under new subparagraph C4.9.3.3.11.

C4.9.3.3.4 Overage [deleted text]. Report the total quantity received as a single receipt in the applicable condition.

6. Chapter 4, section C4.9, subparagraph C4.9.3.3. Add a new subparagraph C4.9.3.3.11 for receipts not due-in to read as follows and renumber existing subparagraph C4.9.3.3.11 as subparagraph C4.9.3.3.12.

C4.9.3.3.11 **Receipts Not Due-In (no PMR/due-in is recorded).**

C4.9.3.3.11.1 **GSA Managed Items.** *GSA does not normally authorize return of assets to DoD storage activities. Receipts not due-in are, therefore, considered DoD-owned assets which have not been reported to GSA under the MILSTRIP/DLMS MRP. The Services are responsible for providing DLA with an organization to which the DLA Storage activity can*

record these assets. The Services shall establish internal procedures for processing the receipts from the depot for these assets for subsequent issue, excess reporting under MILSTRIP MRP, or release for reutilization and marketing. In the absence of guidance from the Services for reporting receipt of unauthorized return of GSA assets to their Service, DLA storage activities shall receipt the assets to the local Base Operating Supply System (BOSS) for use by the depot. If the material can't be used locally it is sent to disposal. This procedure assures the assets are recorded on a DoD record.¹

C4.9.3.3.11.2 DoD Managed Items. Report the receipt to the cognizant ICP in the applicable condition. Do not include a discrepant receipt management code in the transaction.

7. Chapter 11, section C11.7 (RECEIPT PROCESSING AFTER ETD), subparagraph C11.7.2.4. Revise the procedures for reporting nonprocurement receipts on logistically reassigned items after the effective transfer data to read:

C11.7.2.4 If no PMR is recorded, the storage activity will report assets received from nonprocurement sources to the GIM. [EXCEPTION: Process receipts not due-in of GSA managed items under Chapter 4, subparagraph C4.9.3.3.11.] GIMs/LIMs will reject incorrectly reported receipts using a DI Code DZG transaction with Reject Advice Code AB. (See the Chapter 9 procedures.)

¹ To date, no Service has identified an organization to which DLA storage activities should report receipts not-due-in for GSA assets.