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IN REPLY
REFER TO

DLMSO

FEB 02 2006

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE

SUBJECT: Joint Approved MILS Change Letters (AMCLs) 12 (MILSTRAP) and 43 (MILSTRIP) Maintaining Accountability During Maintenance Actions (DLMS Supply/MILSTRIP/MILSTRAP)

The attached change to DOD 4000.25-1-M, Military Standard Transaction Requisitioning and Issue Procedures (MILSTRIP), and 4000.25-2-M, Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP), is approved for immediate staggered implementation and publication in formal changes 2 and 5 to MILSTRIP and MILSTRAP respectively. Procedures associated with this approved change have already been incorporated in the DOD 4000.25-M, DLMS, Volume 2. Joint AMCL 12 and 43 procedures have been implemented by the Components to varying degrees. DLMSO will staff a proposed DLMS change addressing recommendations to AMCLs 12 and 43 made by the Joint Group Materiel Management (JGMM) subgroup for Inter-Service Supply Support to Depot Maintenance as discussed at Supply Process Review Committee (PRC) meetings. DLMSO will also consider potential impact of emerging policy for item unique identification of tangible personal property including Government property in possession of contractors on the current procedures.

Addressees may direct questions to the DLMSO points of contact, Ms. Mary Jane Johnson (MILSTRAP) 703-767-0677, DSN 427-0677, e-mail: Mary.Jane.Johnson@dla.mil, and Ms. Ellen Hilert (MILSTRIP), 703-767-0676, DSN 427-0676, or e-mail: Ellen.Hilert@dla.mil. Others must contact their Service or Agency's designated Supply PRC representative.

DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment

cc:
DUSD (L&MR) SCI
JOINT PHYSICAL INVENTORY WORKING GROUP

ATTACHMENT TO AMCLs 12 and 43

JOINT APPROVED MILS CHANGE LETTERS 12 (MILSTRAP) AND 43 (MILSTRIP) MAINTAINING ACCOUNTABILITY DURING MAINTENANCE ACTIONS

1. References:

- a. DoD IG Audit Report No. 87-27, October 24, 1987, Assets Sent to Other Services for Repair
- b. GAO Report (GAO/NSIAD-88-69), March 1988, Navy Inventory Management: Inventory Accuracy Problems
- c. MILSTRAP Report of Staff Assistance Visits FY 87
- d. DASD(L/SD) memorandum, August 27, 1987, subject: Followup on OIG Report No. 87-027, "Assets Sent to Other Services For Repair," October 24, 1986 (NOTAL)
- e. DoD 4000.25-2-M, September 2001, Military Standard Transportation Reporting and Accounting Procedures (MILSTRAP), as amended
- f. DoD 4000.25-1-M, April 2004, Military Standard Requisitioning and Issue Procedures (MILSTRIP), as amended
- g. OPNAVINST 4790.14A/AMC-R 750-10/AFI 21-133(I)/MCO P4790.10B/DLAD 4151.16, June 1, 1995, Logistics Depot Maintenance Interservice
- h. DLMSO memorandum, December 3, 1997, subject: DLMS Supply Process Review Committee (PRC) meeting, November 17-21, 1997
- i. DLMSO memorandum, March 29, 2000, Request for Revised Implementation Date (RFRID) on Joint Approved MILS Change Letters (AMCLs) 12 (MILSTRAP) and 43 (MILSTRIP), Maintaining Accountability During Maintenance Actions
- j. DLMS Supply PRC meeting, 03-1, January 29-30, 2003

2. Change Concept/Rationale:

- a. Background: Joint AMCLs 12 and 43 were developed to provide more accurate DOD accountability for items undergoing maintenance, in response to DODIG and GAO audit reports identifying weaknesses in this area. Joint AMCLs 12 and 43 was initially published as an approved change on May 20, 1992, for implementation November 1, 1995, but was not fully implemented at that time as Component resources were shifted to support the Corporate Information Management (CIM) single standard system effort. +With the demise of the CIM effort, the DLMSO, in conjunction with the DOD Supply

PRC, published a new request for implementation date on March 29, 2000. The Supply PRC representatives have reported in January 2003 that the approved changes had been implemented or were being actively pursued. During the January 2003 Supply PRC meeting, recommended changes to the approved procedures resulting from a series of meetings of the Joint Group Materiel Management (JGMM) subgroup for Supply Support to Inter-Service Depot Maintenance were briefed. The majority of the recommended changes were viewed favorably by PRC and the Components have continued to move toward implementation. DLMSO will staff the JGMM subgroup changes separately to fully coordinate them, to identify any changes during the elapsed time, and to determine whether full implementation as envisioned by the subgroup has been achieved or is under development. This reissue of the approved change is primarily an update of the references and language of the change as preparation for formal publication.

b. Concept:

- (1) Provide for accurate DOD accountability and financial accounting for items scheduled for maintenance by Depot Maintenance Inter-Service Agreements (DMISAs) and for items undergoing commercial and intra-Service or Agency maintenance actions.
- (2) Accommodate variations among the Service and Agency supply and financial internal control system.

c. Rationale:

- (1) DOD IG and GAO Audit Reports (references 1a and 1b) and the MILSTRAP Staff Assistance Visit Report (reference 1c) identified weaknesses in DOD accountability for items during inter-service and commercial maintenance actions. By the reference 1d memorandum, the Director for Supply Management Policy (DASD(L/SD)) committed DOD and DLMSO to initiate changes to MILSTRAP and MILSTRIP (references 1e and 1f) to correct these deficiencies.
- (2) The changes proposed to MILSTRAP also incorporate changes to accommodate actions discussed during various meetings of the MILSTRAP working group for Maintaining Accountability during Conversion, Modification, Assembly/Disassembly, Repair and Test (MACMART). These changes establish requirements for accurate supply accountability and support financial accounting requirements for items undergoing maintenance actions, but accommodate differences in DOD Component logistics systems and accountability methods.

3. Interface/Impact:

a. Interface:

- (1) Requires interface of the MILSTRIP/DLMS Materiel Returns Program, MILSTRAP/DLMS due-in controls, and financial accounting operations or processes to accomplish due-in, receipt, issue, transfer and adjustment actions, and related financial accounting.
- (2) Requires interface of maintenance, supply, and financial operations and systems to accurately record the status of assets in the property accountability records and related financial accounts.

b. Impact:

- (1) Requires modification of DOD procedures and DOD Component implementing procedures and systems for ICP and depot processing.
- (2) Requires modification of implementing systems and procedures to: provide field level reporting, establish dues-in, and provide pre-positioned materiel receipt (MILSTRAP) (and advance receipt information (DLMS)) transactions to receiving storage activities for automatic returns of assets for maintenance.
- (3) May require the Military Departments to revise OPNAVINST 4790.14A et al. (reference 1g) to require that receipt and status of reparable assets be reported under the revised MILSTRAP/DLMS requirements.

4. Procedures: Changes from the basic manual are identified by ***bold italicized text***. For MILSTRAP AMCL 12, changes from the original RFID discussed at a December 2003 SPRC Meeting (reference 1h) and documented in the March 29, 2000, RFRID for AMCL 12 and 43 (reference 1i), are also **double underscored**.

- a. Revise DoD MILSTRIP, April 2004, as amended by Formal Change 1, as indicated in Enclosure 1.
- b. Revise DoD MILSTRAP, September 2001, as amended by Formal Changes 1-4, as indicated in Enclosure 2.

Enclosures

ENCLOSURE 1 TO JOINT AMCLs 12 AND 43

APPROVED MILSTRIP CHANGE LETTER 43

Make the following changes to DoD MILSTRIP, April 2004, as amended by Formal Change 1:

1. **Table of Contents, Chapter 9, Paragraph C9.11.** Delete “Reserved” and add a new entry as follows:

**“C9.11. INVENTORY CONTROL POINT/INTEGRATED MATERIEL MANAGER
PROCESSING OF AUTOMATIC RETURN NOTIFICATION
(DI FTA) 9-6”**

2. **Acronyms and Abbreviations.** Add the following:

EDD Estimated Delivery Date

3. **Chapter 9, Paragraph C9.10.5.** Revise as follows:

“C9.10.5. The DI FTA transaction will also be prepared by the shipping activity and forwarded to a SICA for items identified and scheduled for repair under a Depot Maintenance Inter-Service Support Agreement (DMISA). ~~NOTE: This procedure is not applicable to items scheduled for repair and return to the same Service when accountability is retained on the shipping activity property account.~~ S/As may use the DI FTA transaction internally for intra-S/A programs that do not conflict with other provisions of this manual.”

4. **Chapter 9, Paragraph C9.11.** Delete “RESERVED” and add the following:

“C9.11. ICP/IMM PROCESSING OF AUTOMATIC RETURN NOTIFICATION (DI FTA). Upon receipt of the DI FTA transaction, the SICA will take action to establish a due-in and generate a PMR transaction to the receiving activity for the quantity in the FTA transaction. Action to establish the due-in and create the PMR transaction will be accomplished under MILSTRAP. NOTE: For unserviceable NIMSC 5 items, the SICA will forward the DI FTA transaction, with data elements specified in paragraph C9.10.3. of this chapter, to the PICA. The PICA will establish the due-in and furnish the PMR transaction to the receiving depot.”

5. **Chapter 9, Subparagraphs C9.13.2.1 and C9.13.2.2.** Revise as follows:

“C9.13.2.1. The time allowed for shipment and return of material *is day of posting the receipt of the DI FTM or the estimated shipping date cited in the DI FTL. The Due-in EDD will be updated upon receipt of a DI FTM or FTL to equal the time allowed for shipment and return of material.*”

“C9.13.2.2. If the material is not received by the due-in EDD, or 30 days have elapsed since the transmission of a DI FT6 without receiving a response, the ICP/IMM will *initiate cancellation action under paragraph C9.17.*”

6. **Chapter 9, Paragraph C9.17.** Revise paragraph title as follows:

“C9.17. CANCELLATION OF CUSTOMER ASSET REPORTS (DI FTC/FTZ)”

7. **Chapter 9, Subparagraph C9.17.2.** Revise as follows:

“C9.17.2. The ICP/IMM will initiate cancellation action (DI FTZ) when material is not received *by the due-in EDD or when material is not received* and no response has been received within 30 days after the DI FT6 follow-up. The ICP/IMM will also initiate cancellation action when a DI FTM is not received within 120 (CONUS) or 180 (OCONUS) days after receipt of the DI FTL.”

8. **Chapter 9, Subparagraph C9.17.4.** Replace with the following:

“4. *When a DI FTM has been received, action to cancel the due-in and PMR will be accomplished under MILSTRAP.*”

ENCLOSURE 2 TO AMCLs 12 AND 43

APPROVED MILSTRAP CHANGE LETTER 12

Make the following changes to DoD MILSTRAP, September 2001, as amended by Formal Changes 1-4. Changes are identified by ***bold italicized text***. ***Double underscored*** text is used to highlight changes from the original May 1992 approved change, which were discussed and agreed to at the November 1997 Supply PRC meeting.

1. Table of Contents.

- a. Change the entries for chapter 3, section C3.3; chapter 4, section C4.12; and chapter 5, section C5.5 to read ***Maintaining Accountability during Maintenance Actions***.
- b. Change the entry for chapter 4, section C4.3 to read ***Control of Materiel Due-In***.
- c. Change the entry for chapter 4, section C4.10 to read ***Follow up on Intransit Dues-In***.

2. Acronyms. Add the following to the acronyms:

<i>DMISA</i>	<i>Depot Maintenance Inter-Service Support Agreement</i>
<i>MRP</i>	<i>Materiel Returns Program</i>

3. References. Add new reference as follows:

OPNAVINST 4790.14A/AMC-R 750-10/AFI 21-133(I)/ MCO P4790.10B/DLAD 4151.16, Joint Depot Maintenance Program.

4. Definitions. Add the following new definitions:

ACTIVITY. *A unit, organization, or installation performing a function or mission, e.g., reception center, redistribution center, naval station, naval shipyard. (Source: Publication 1.)*

AGENT (DMISA). *The Military Service responsible for providing depot maintenance support to the Principal. (Source: OPNAVINST 4790.14A et al.)*

CONTRACT MAINTENANCE. Any depot level maintenance performed under contract by commercial organizations, including original manufacturer. (Source: OPNAVINST 4790.14A et al.)

DEPOT MAINTENANCE INTER-SERVICE SUPPORT AGREEMENT (DMISA). A formalized agreement similar to a contract whereby one Service (the Agent) obligates itself to provide depot maintenance support for another Service (the Principal). (Source: OPNAVINST 4790.14A et al.) For the purpose of this manual, DMISA also covers depot maintenance provided for under inter-Service support agreements not covered by the referenced joint regulation.

INVENTORY CONTROL POINT. An organizational unit or activity within a DoD supply system that is assigned the primary responsibility for the materiel management of a group of items either for a particular Service or for the Defense Department as a whole. Materiel inventory management includes cataloging direction, requirements computation, procurement direction, distribution management, disposal direction, and, generally, rebuild direction. (Source: JCS Publication 1.)

MAINTENANCE (Materiel). All action taken to retain materiel in a serviceable condition or to restore it to serviceability. It includes inspection, testing, servicing, classification as to serviceability, repair, rebuilding, and reclamation. (Source: JCS Publication 1.) Maintenance, used generically in this manual, also includes evaluation, assembly, disassembly, conversion, and modification.

ORGANIC MAINTENANCE. Maintenance performed by a military department under military control, utilizing Government-owned or controlled facilities, tools, test equipment, spares, repair parts and military or civilian personnel. Depot maintenance support by one Service for another is considered organic within DoD. (Source: OPNAVINST 4790.14A et al.)

PRINCIPAL (DMISA). The Military Service(s) or other Federal Department or Agency(s) [owner(s)] receiving depot maintenance support from the Agent. (Source: OPNAVINST 4790.14A et al.)

REPAIR AND RETURN. Consignment, without change in ownership, of reparable materiel from an owning activity to a Government, commercial, or industrial maintenance activity for repair and shipment directly back to the owning activity. The owning activity is responsible for negotiating maintenance agreements and preparation of applicable turn-in documents. The activity having custody of the materiel is responsible for maintaining the property accountability record (materiel accountability) prior to an assets induction into maintenance and following its return from maintenance.

5. Chapter 3, section C3.3. Delete and replace with the following:

C3.3. MAINTAINING ACCOUNTABILITY DURING MAINTENANCE ACTIONS

C3.3.1. Applicability. When responsibility for maintaining the property accountability record for DoD-owned property has been assigned to an activity(s) other than the owner, the responsible activity shall execute the owner's actions set forth in this section.

C3.3.1.1. These procedures apply to issues from inventory for assembly, disassembly, reclamation, conversion, modification, repair, and destructive or nondestructive test/evaluation by DoD, other Government (non-DoD), and commercial activities. Transfers to SCC M are covered under chapter 5, section C5.6.

C3.3.1.2. These procedures exclude repair and return of materiel owned below the wholesale distribution system. However, storage activities will maintain visibility and the property accountability record for these assets pending issue to maintenance and upon their return from maintenance.

C3.3.2. Requirements

C3.3.2.1. When the maintenance activity is collocated with a DoD storage activity, owners shall direct materiel into maintenance only from the collocated storage activity. When necessary, owners shall relocate materiel from remote storage activities to the storage activity collocated with the maintenance activity to accomplish this requirement using a MILSTRIP materiel release transaction. The action shall be posted to the property accountability record using either a DI Code D7K issue transaction or the MILSTRIP transaction coded to indicate a relocation between storage activities without change in ownership. The due-in and PMR for controlling such relocations, which are processed under the chapter 4 procedures, may include Management Code V to identify materiel intended for immediate issue (under the chapter 3 procedures) or transfer (under the chapter 5 procedures) to maintenance. Services/Agencies may apply processing techniques triggered by Management Code V to preclude physical storage of the materiel pending its release to the maintenance activity.

C3.3.2.2. When materiel is scheduled for organic maintenance by DMISA or other Inter-DoD Component agreement, the agreement shall specify the property accountability and materiel control requirements. The agreement shall also indicate whether the owner (Principal) will direct the issue of materiel to the maintenance activity under this section or the storage activity will transfer the materiel to the maintenance activity based on the repair schedule and report the transfer to SCC M under chapter 5, section C5.2.

C3.3.2.2. Each DoD Component shall ensure that:

C3.3.2.2.1 Owned inventory which is in the hands of DoD, other Government (non-DoD), and commercial activities is properly accounted for under the provisions of chapters 3, 4, 5, and 7 (including paragraphs C7.2.3. and C7.2.4.) of this manual and, for commercial maintenance, the provisions of the FAR. This includes returns from field activities for repair and reissue as wholesale inventory. Components shall prescribe use of any required internal codes to meet this requirement. (Responsibility of the owner (Principal for maintenance by DMISA).)

C3.3.2.2.2 Total item property records for materiel released to maintenance activities are maintained and adjusted based on the quantity of materiel actually returned and will support the DoD 7000.14-R financial accounting and reconciliation requirements. (Responsibility of the owner (Principal for maintenance by DMISA).)

C3.3.2.2.3. Contracts for commercial maintenance require the commercial activity to report shipment or condemnation of materiel to the contracting officer. (Responsibility of the Agent for maintenance by DMISA.)

C3.3.2.2.4. Any needed interface between its procurement and supply operations/functions exists to assure that reported data is transmitted to the owner. (Responsibility of the Agent for maintenance by DMISA.) Arrangements may be made for commercial activities to report directly to the contracting officer and/or the owner using MILSTRAP transactions.

C3.3.2.2.5. Reported data affecting inventory balances is recorded in the owner's total item property record. (Responsibility of the owner (Principal for maintenance by DMISA).)

C3.3.2.4. Owners (Principals for maintenance by DMISA) shall issue materiel from storage for maintenance action using MILSTRIP transactions. Issues shall be posted to the property accountability record using either MILSTRAP transactions containing the appropriate DI code D7 series from appendix AP2.1 or an image of the MILSTRIP transaction. Include any internal coding needed for proper financial accounting in the transaction.

6. Chapter 4, section C4.2. Change the heading to read CONTROL OF MATERIEL DUE-IN, and add the following paragraphs:

C4.2.3. Due-in records shall be established to maintain property accountability or visibility of materiel due-in to inventory, as required under chapter 7, paragraphs C7.2.3. and C7.2.4.

C4.2.4. Due-in records shall be maintained in a current status. Use revised delivery schedules, notification of shipment or delayed shipment, repair schedules and repair schedule changes, contracts and contract changes, customer and ICP cancellations, materiel receipts, and completion of shipment tracer/discrepancy reporting actions to establish, revise, or delete due-in records and maintain appropriate delivery dates.

C4.2.5. An audit trail shall be established when due-in quantities are deleted or reversed and all due-in deletions and reversals shall interface with the financial system. Due-in deletions are prohibited without advance coordination between the supply and financial functions, and with the procurement function for dues-in from procurement instrument sources, unless the supply, financial, and procurement systems are fully integrated. When due-in quantities are deleted or reversed, action shall be initiated to correct receiving storage activity PMR records under section C4.3. of this chapter.

C4.2.6. Components shall establish the necessary interface between the supply and financial operations/functions to account for materiel intransit as required under DoD 7000.14-R. For shipments between Government activities, property accountability passes to the recipient upon release of materiel to carrier and notification of the shipment. For contract shipments, property accountability passes upon transfer of title, as specified in the contract.

C4.2.7. Owners shall monitor due-in records and follow up to storage activities for intransit dues-in under section C4.10 of this chapter.

7. Chapter 4, section C4.3, paragraph C4.3.1. Revise the first sentence to read:

C4.3.1. Owner/Managers shall transmit advance notification of scheduled materiel receipts to *maintenance and* storage activities....

8. Chapter 4, section C4.9, subparagraph C4.9.1.5.3. Revise to read:

C4.9.1.5.3. Report nonprocurement receipts for which no PMR is recorded following subparagraph C4.9.3.3.11 of this section.

9. Chapter 4, section C4.9, subparagraph C4.9.2.5.6. Change the heading to read "**Shortages/Nonreceipt of Materiel.**" Delete the sentence and replace it with the following:

C4.9.2.5.6. Shortages/Nonreceipt of Materiel. Storage activities.... Nonreceipts are addressed under section C4.10 of this chapter.

10. Chapter 4, section C4.9, subparagraph C4.9.3.3.6. Change the heading to read "**Shortages/Nonreceipt of Materiel.**" Delete the last sentence and replace it with the following:

C4.9.3.3.6. Shortages/Nonreceipt of Materiel. For shortages....
Nonreceipts are addressed under section C4.10 of this chapter.

11. Chapter 4, section C4.9, subparagraph C4.9.3.3.11.2. Revise to read as follows:

C4.9.3.3.11.2. DoD Managed Items.

C4.9.3.3.11.2.1. Reparable Items. Report receipt to the managing ICP of the shipping Service in the applicable condition using DI Code D6A. Do not include a discrepant receipt management code in the transaction. For materiel shipped between wholesale storage activities, report the receipt using DI Code D6K. ICPs receiving transactions reporting returns not-due-in of phase I reparable, for which they are not the IMM, shall follow the MILSTRIP MRP procedures to report/ship the materiel as prescribed by the IMM.

C4.9.3.3.11.2.1. Consumable Items. Report receipt to the IMM in the applicable condition and do not include a discrepant receipt management code in the transaction. However, Services may prescribe reporting to their own item manager for returns from their own Service activities.

12. Chapter 4, section C4.10. Revise to read as follows:

C4.10. FOLLOWUP ON INTRANSIT DUES-IN

C4.10.1. *When a maximum of 45 calendar days have elapsed since the shipping date indicated in shipment notification and receipt of the total quantity has not been reported, the owner shall follow up, for the intransit quantity(s) to the storage activity(s) designated to receive the materiel. (Extension of the 45 day calendar timeframe is authorized when long intransit times are involved.)*

C4.10.2. *Prepare follow-ups on receipts due from procurement sources using DI Code DXA. Prepare follow-ups on receipts due from nonprocurement sources using DI Code DXB.*

C4.10.3. *When the storage activity reply indicates that the materiel has not been received (DI Code DXC or DXD), any required shipment tracer and/or*

discrepancy reports are to be initiated under the procedures cited in section C4.8 of this chapter. Coordinate with the CAO/PO for intransit contract receipts.

C4.10.4. Storage activities will submit shipment tracers and discrepancy reports for materiel not received as indicated in DoD Component implementing procedures or when directed to do so by the owner.

13. Chapter 4, section C4.12. Delete and replace with the following:

C4.12. MAINTAINING ACCOUNTABILITY DURING MAINTENANCE ACTIONS

C4.12.1. Applicability. When responsibility for maintaining the property accountability record for DoD-owned property has been assigned to an activity(s) other than the owner, the responsible activity shall execute the owner's actions set forth in this section.

C4.12.1.1. These procedures apply for returns to inventory including unused materiel, relocations of materiel for maintenance, and receipts from assembly, disassembly, reclamation, conversion, modification, repair and destructive or nondestructive test/evaluation consigned by DoD, other Government (non-DoD) Agency, or commercial activities.

C4.12.1.2. These procedures exclude repair and return of materiel owned below the wholesale distribution system. However, storage activities will maintain visibility and the property accountability record for these assets pending issue to maintenance and upon their return from maintenance.

C4.12.2. Requirements

C4.12.2.1. Owners (Principals for maintenance by DMISA) shall establish a DI Code DFA, DFB, or DFC due-in when materiel is being returned from field activities to wholesale storage activities or to commercial activities for maintenance. Also, provide a DI Code DWA, DWB, or DWC PMR to receiving Government storage activities. Take these actions upon receipt of MILSTRIP MRP transactions, or equivalent intra-service documents, reporting return of the materiel. (Services/Agencies may delegate the PMR requirement to intermediate level or transshipment activities.)

C4.12.2.2. When owners direct relocation of materiel from a remote storage activity to the storage activity collocated with the maintenance activity (as required under chapter 3, section C3.3.), they shall establish a DI Code DFK due-in for the intransit materiel and provide a DI Code DWK PMR to the receiving storage activity following the sections C4.2. and C4.3. procedures of this chapter.

C4.12.2.3. Storage activities shall report receipt of reparable materiel based on the information contained in the PMR. If a PMR is not available, report the receipt to the cognizant ICP in accordance with section C4.9.3.3.11.2.

C4.12.2.4. When materiel is scheduled for organic maintenance by DMISA or other inter-Service/ Agency agreement, the agreement shall specify the materiel control requirements. The agreement shall also specify whether the storage activity will report returns from maintenance to the owner (Principal) as receipts under this section or as transfers from SCC M under chapter 5, section C5.6.

C4.12.2.5. Each DoD Component shall ensure that:

C4.12.2.5.1. Owned inventory which is in the hands of DoD, other Government (non-DoD), and commercial activities is properly accounted for under the provisions of chapters 3, 4, 5, and 7 (including paragraphs C7.2.3. and C7.2.4.) of this manual and, for commercial maintenance, the provisions of the FAR. This includes returns from field activities for repair and reissue as wholesale inventory. DoD Components shall prescribe use of any required internal codes to meet this requirement. (Responsibility of the owner (Principal for maintenance by DMISA).)

C4.12.2.5.2. Total item property records for materiel in the hands of maintenance activities are maintained and adjusted based on the quantity of materiel actually returned and will support the DoD 7000.14-R accounting and reconciliation requirements. (Responsibility of the owner (Principal for maintenance by DMISA).)

C4.12.2.5.3. Contracts for commercial maintenance require the commercial activity to report or acknowledge receipt and report shipment or condemnation of materiel to the contracting officer. (Responsibility of the Agent for maintenance by DMISA.)

C4.12.2.5.4. Any needed interface between the procurement and supply operations/functions exists to assure that reported data is transmitted to the owner. (Responsibility of the Agent for maintenance by DMISA.) Arrangements may be made for commercial activities to report directly to the contracting officer and/or the owner using MILSTRAP transactions.

C4.12.2. 5.5. Reported data affecting inventory balances is recorded in the total item property record. (Responsibility of the owner (Principal for maintenance by DMISA).)

C4.12.2.6. Owners shall establish dues-in for expected returns from commercial and Government maintenance activities using the appropriate Appendix AP2.1 MILSTRAP DI codes in the DD or DF series. Provide PMRs to storage activities to receive the materiel under section C4.3.. of this chapter using

the corresponding DI codes in the DU or DW series. Storage activities shall report receipts under section C4.4 or C4.5 and C4.9., of this chapter, using the corresponding DI codes in the D4_ or D6_ series.

C4.12.2.7. When materiel is issued to a customer directly from a commercial activity, assure that appropriate supply transactions are processed to establish the property accountability and financial accounting audit trails. Depending on the Component system business rules, this may necessitate either a receipt and issue, or a condition code change and issue.

C4.12.2.8. When materiel is condemned by maintenance activities, assure that the condemnation action is recorded (inventory adjustment-decrease) to adjust the DoD inventory and financial accounts.

14. Chapter 5, section C5.6. Delete and replace with the following:

C5.6. MAINTAINING ACCOUNTABILITY DURING MAINTENANCE

C5.6.1. Applicability. When responsibility for maintaining the property accountability record for DoD-owned property has been assigned to an activity(s) other than the owner, the responsible activity shall execute the owner's actions set forth in this section.

C5.6.1.1 These procedures apply to transfers of inventory to SCC M for maintenance, assembly, disassembly, reclamation, conversion, modification, repair, and destructive or nondestructive test/evaluation and transfer to their correct condition classification upon return from maintenance.

C5.6.1.2. These procedures exclude repair and return of materiel owned below the wholesale distribution system. However, storage activities will maintain visibility and the property accountability record for these assets pending transfer to maintenance and upon their return from maintenance.

C5.6.2. Requirements

C5.6.2.1. When materiel is scheduled for organic maintenance by DMISA or other inter-DoD Component agreement, the agreement shall specify the materiel control requirements to include whether the storage activity will report returns from maintenance to the owner (Principal) transfers from SCC M under this section or as receipts under chapter 4, section C4.12.

C5.6.2.2. Each DoD Component shall ensure that:

C5.6.2.2.1. Owned inventory which is in the hands of DoD, other Government (non-DoD), and commercial activities is properly accounted for under the provisions of chapters 3, 4, 5, and 7 (including paragraphs C7.2.3. and C7.2.4.) of this manual and, for commercial maintenance, the provisions of the FAR. This includes returns from field activities for repair and reissue as wholesale inventory. DoD Components shall prescribe use of any required internal codes to meet this requirement. (Responsibility of the owner (Principal for maintenance by DMISA).)

C5.6.2.2.2. Total item property records for materiel in the hands of maintenance activities are maintained and adjusted based on the quantity of items actually returned and will support the DoD 7000.14-R financial accounting requirements. (Responsibility of the owner (Principal for maintenance by DMISA).)

C5.6.2.2.3. Contracts for commercial maintenance require the reporting of materiel loss or damage to the contracting officer. Contracts may also require the contractor to report the start and completion of maintenance action for each unit of materiel. (Responsibility of the Agent for maintenance by DMISA.)

C5.6.2.2.4. Any needed interface between the procurement and supply operations/functions exists to assure that reported data is transmitted to the owner. (Responsibility of the agent for maintenance by DMISA.) Arrangements may be made for commercial activities to report directly to these activities using MILSTRAP transactions.

C5.6.2.2.5. Reported data affecting inventory balances is recorded on the total item property record. (Responsibility of the owner (Principal for maintenance by DMISA).)

C5.6.2.3. Storage activities shall report the following actions, as indicated, to the owner of the materiel. In DoD Component systems which do not use dual adjustment transactions, use the corresponding DI Code D8_ and D9_ single adjustment transactions. Follow the appendix AP3.8 format for preparing DI Code DAC transactions or the appendix AP3.4 format for preparing DI Code D8/D9_ transactions.

C5.6.2.3.1. When materiel is inducted for maintenance (repair/modification, assembly, etc.), process a DI Code DAC dual adjustment to transfer the materiel from the SCC on the record to SCC M.

C5.6.2.3.2. When materiel is returned from maintenance (repair/modification, assembly, etc.), process a DI Code DAC dual adjustment to transfer the materiel from SCC M to the SCC in which the materiel is received (for example; SCC A for completed materiel, SCC G for materiel awaiting repair parts, or SCC H for condemned materiel). In DoD Component systems which do not use the dual adjustment, process the equivalent loss and gain transactions to accomplish the transfer.

15. Chapter 11, section C11.7.2.d. Revise to read as follows:

C11.7.4.d. If no PMR is recorded, the storage activity will report materiel received from nonprocurement sources **following the chapter 4, paragraph C4.9.3.3.11 procedures.**

16. Appendix AP2.1. Assign new DI codes or revise DI code explanations as follows:

<u>CODE</u>	<u>DOCUMENT TITLE</u>	<u>EXPLANATION</u>
D4G	<i>Materiel Receipt - Procurement Instrument Source (Destructive Test/Evaluation)</i>	<i>Return to inventory of unused items originally issued to a commercial activity for destructive test/evaluation.</i>
D4H	<i>Materiel Receipt - Procurement Instrument Source (Furnished Materiel for Consumption)</i>	<i>Return to inventory of Government-owned materiel previously furnished to a commercial activity to be consumed or expended during the manufacturing or maintenance process but not so consumed or expended. Excludes return of materiel furnished for incorporation in the deliverable item but not so incorporated.</i>
D4L	<i>Materiel Receipt - Procurement Instrument Source (Assembly/Disassembly/Reclamation/Conversion/Modification)</i>	<i>Return to inventory of assembled items, components from disassembled or reclaimed items, or converted or modified items originally issued to a commercial activity for assembly, disassembly, reclamation, conversion, or modification. Includes return of Government-owned materiel furnished for incorporation in the deliverable item but not so incorporated. Excludes return of repaired or tested/evaluated items and of materiel expected to have been consumed or expended during the manufacture or maintenance process.</i>

CODE	DOCUMENT TITLE	EXPLANATION
D4M	Materiel Receipt - Procurement Instrument Source (Repair or Non-Destructive Test/ Evaluation)	<i>Return to inventory of items previously issued to a commercial activity for repair or nondestructive test/evaluation.</i>
D4N	Materiel Receipt - Procurement Instrument Source (Loan)	<i>Return to inventory from authorized commercial activity of materiel on loan. Includes return of Government-owned equipment furnished to a commercial activity for use in performing a contract.</i>
D6G	Materiel Receipt - Other than Procurement Instrument Source (Destructive Test/ evaluation)	<i>Return to inventory of unused items originally issued to a Government activity for destructive test/ evaluation.</i>
D6H	Materiel Receipt - Other than Procurement Instrument Source (Furnished Materiel for Consumption)	<i>Return to inventory of materiel previously furnished to a Government activity for consumption during the manufacturing or maintenance process but not so consumed or expended. Excludes return of materiel furnished for incorporation in the deliverable item but not so incorporated.</i>
D6K	Materiel Receipt - Other than Procurement Instrument Source (Relocation)	<i>Return to inventory of materiel relocated between storage activities without change in ownership. Excludes receipts of repaired items.</i>
D6L	Materiel Receipt - Other Than Procurement Instrument Source (Assembly/Disassembly/ Reclamation /Conversion/Modification)	<i>Return to inventory of assembled items, components from disassembled or reclaimed items, or converted or modified items originally issued to a Government activity for assembly, disassembly, reclamation, components from disassembled or reclaimed conversion, or modification. Includes return of materiel furnished for incorporation in the deliverable item but not so incorporated. Excludes return of repaired or tested/evaluated items and of materiel expected to have been consumed or expended during the manufacture or maintenance process.</i>
D6M	Materiel Receipt - Other than Procurement Instrument Source (Repair or Non-destructive Test/ evaluation)	<i>Return to inventory of repaired or tested/evaluated items previously issued to a government activity for repair or nondestructive test/evaluation.</i>

CODE	DOCUMENT TITLE	EXPLANATION
D6N	Materiel Receipt - Other than Procurement Instrument Source (Loan)	Return <i>to inventory</i> of materiel on loan from authorized <i>non-commercial</i> recipient. <i>Includes return of Government-owned equipment furnished to a non-commercial activity for use in performing a contract.</i>
D7G	Issue (<i>Destructive</i> Test/Evaluation)	Issue <i>from inventory for destructive test/evaluation when the item is not expected to be returned.</i>
D7H	Issue (<i>Furnished Materiel for Consumption</i>)	<i>Issue of materiel furnished by the owner to be consumed or expended in the manufacturing or maintenance process. Includes issues from inventory or by direct delivery from a vendor. Excludes materiel furnished for incorporation in the deliverable item.</i>
D7K	Issue (Relocation)	<i>Issue for relocation between storage activities without change in ownership. Excludes issues of items for repair or test/evaluation.</i>
D7L	Issue (Assembly/Disassembly/ <i>Reclamation</i> /Conversion/Modification)	<i>Issue of components for assembly or items for disassembly, reclamation, conversion, or modification furnished by the owner from inventory or by direct delivery from vendor. Includes materiel furnished for incorporation in a deliverable item. Excludes issue of materiel furnished to be consumed or expended during the manufacture or maintenance process.</i>
D7M	Issue (Repair <i>or Nondestructive</i> Test/ <i>Evaluation</i>)	<i>Issue from inventory for repair or nondestructive test/evaluation and expected return of the same item.</i>
D7N	Issue (Loan)	Issue <i>from inventory for</i> loan to authorized recipients. <i>Includes Government-owned equipment furnished for use in performing a contract.</i>

17. Appendix AP2.6, Management Codes. Revise paragraph AP2.6.1., Receipt Related Transactions, to add a new code as follows:

<u>CODE</u>	<u>APPLICABLE DI CODES</u>	<u>DEFINITION</u>
<i>V</i>	<i>All DI Codes</i>	<i>Materiel intended for immediate transfer to maintenance, by ICP directed release or maintenance induction, in accordance with agreed procedures.</i>

18. Appendices Ap3.44 (DXA) and AP 3.46 (DXC). Revise entries for record positions 51-56 to add distribution code in record position 54-56 for compatibility with the appendices AP3.1, AP3.10, and AP3.42 formats as follows:

<u>FIELD LEGEND</u>	<u>RECORD POSITION(S)</u>	<u>EXPLANATION AND INSTRUCTIONS</u>
<i>Blank</i>	<i>51-53</i>	<i>Leave blank.</i>
<i>Distribution</i>	<i>54-56</i>	<i>Enter (or perpetuate) distribution code; otherwise, leave blank.</i>