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MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Defense Logistics Management Systems (DLMS) Supply Process Review
            Committee (SPRC) Meeting 06-01, April 25-27, 2006

        The attached minutes of the DLMS Supply PRC Meeting (06-01) are forwarded
for your information and appropriate action. The next meeting will be scheduled at a
later date.

        The Defense Logistics Management Standards Office points of contact are
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Attachment

ADUSD(L)SCI
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MEMORANDUM FOR RECORD

SUBJECT: Defense Logistics Management System (DLMS) Supply Process Review
             Committee (PRC) Meeting 06-01, April 25-27, 2006

Purpose: The Defense Logistics Management Standards Office (DLMSO)
hosted the subject meeting at the Headquarters Complex, Fort Belvoir, Virginia. Specific
discussion topics are noted below. A list of attendees is shown at Enclosure 1. All
meeting handouts and briefing material are available on the Supply PRC Web page (refer
to the meeting agenda):
http://www.dla.mil/j-6/dlmso/Programs/Committees/Supply/supplyPRC.asp.

Brief Summary of Discussion: Ms. Ellen Hilert, Supply PRC (SPRC) Chair,
Ms. Mary Jane Johnson, MILSTRAP Administrator, and Ms. Aundra Rhone-Jones,
MILSTRIP Administrator facilitated discussion:

Review of Meeting Topics:

a. Army Off-Line Integrated Process Team (IPT). BACKGROUND: An
Army-led IPT with representatives from DLA, GSA, DLMSO, and DAASC has been
formed to address problems associated with off-line purchases (requisitions processed
outside the standard Army "retail" supply system). These problems include
inadequate/incomplete information flow between the supply support from DLA/GSA and
Army financial processes resulting in disbursements without prior obligations. In
addition, the lack of supply control is a hindrance to maintaining appropriate inventory
levels and the lack of visibility of what was purchased may negatively impact future
Army funding. **DISCUSSION:** Ms. Renee Mosher, Army G4, briefed the SPRC on
problems encountered with various off-line purchase applications to include DOD
EMALL, virtual call-in center at DLA locations, WEBREQ, DAMES, DIELOG, GSA
Advantage, GSA Global and DLA/GSA call-in centers. Ms. Mosher indicated that no
interfaces were built between these off-line ordering systems and the standard Army
supply systems. This has caused $1.2 billion in off-line purchases, $812.7 million of
which were disbursements without prior obligations. The IPT made several
recommendations to include limiting the number of off-line systems that Army customers
are allowed to use and several short and long-term system changes to both the DLA and
GSA off-line requisitioning systems. Many of these changes have been completed and
work continues on others. One problem discussed was an EMALL problem concerning
the misuse of SP5200 in both the document number and the supplemental address
simultaneously allowing contractors to by-pass ICP edits for government furnished

material (GFM) by blocking visibility of the actual customer; and SP5200 being applied to the supplemental address when left blank by customers. Subsequent to the meeting, Ms. Gabrielle Zimmerman from the EMALL Program Office indicated the supplemental address problem has been corrected. However, the dual use of SP5200 in both requisitioner and supplemental address file continues to be a problem for DLA ICPs. In addition, Ms. Mosher addressed another issue regarding off-line systems using non-standard part numbered items or long (greater than 15 characters) part number items, neither can be accepted by the Army supply systems. The IPT continues to work on a solution to this problem and currently has five options to be considered. DLA Prime Vendor contracts are another problem because no status is sent through DAASC to Army systems today resulting in the bill being the first transaction received, with no prior obligation. Beginning in March DAASC will route purchase order confirmation (850/855) to the BSM. However, the Army legacy systems can't accept these X12 formats which often contain multi-line orders. The Army, DLA, and DAASC are working together to determine if these transactions can be translated to MILs.

b. Draft Materiel Receipt Acknowledgement (MRA) Report. The MRA was not discussed during the meeting. Ms. Johnson indicated comments to the draft will be coordinated electronically.

c. Draft PDC 208, Revised Procedures for Logistics Accountability During Maintenance. BACKGROUND: This PDC incorporates the Joint Group Material Management (JGMM) subgroup for Inter-Service Supply Support to Depot Maintenance recommended changes to procedures under AMCLs 12 and 43. **DISCUSSION:** The changes include implementation of standard requisitioning procedures for the induction of repairables into maintenance. These procedures include the use of the A0_ transactions for induction formatted so that the requisition is a fill or kill; the deletion of the usage of MILSTRAP Management Code V, which was intended to be used to preclude physical storage of the materiel pending its release to the maintenance activity; removing the planned use of the FTA transaction by the shipping activity for accountability of items identified and scheduled for repair under a Depot Maintenance Inter-Service Support Agreement (DMISA). **ACTION:** Services should verify that no systems were programmed to use the FTA transaction. Independent of the JGMM subgroup recommendations this PDC also proposes deletion of MILSTRAP procurement source receipt transactions added by AMCLs 12 and 43 related to the return from a contractor of government owned materiel furnished to the contractor for use in the maintenance process. Document Identifier (DI) Codes D4G, D4H and D4L were added by AMCLs 12 and 43, however, after further consideration, Ms. Johnson believes the return of government owned materiel which had been furnished to a maintenance contractor would be accomplished using the corresponding and already existing non-procurement source receipts (DI Codes D6G, D6H and D6L). **ACTION:** Services should evaluate this recommendation and provide concurrence or nonconcurrence with rationale. A question was raised concerning the intent of paragraph 3 of Enclosure 2. Specifically, with regard to returns to inventory of GSA managed items. Ms. Johnson indicated she would look at this paragraph in the context of AMCL 9 which deals with the return of GSA items.

An overview of the implementation of AMCLs 12 and 43 as augmented by the JGMM recommendations was presented by Mr. Mark Crouse from the Defense Distribution Center. Mr. Crouse discussed Phase I which is the interfaces between the maintenance site, the co-located DLA depot, and the ICP when the Air Force is the owner of the material and the Army is the repair site. This interface is between all Air Force Logistics Centers using D035K and Tobyhanna Army Depot using LMP. Implementation is scheduled for May 1, 2006. During the review there was a question regarding an AS_ transaction being sent by the Maintenance Site when material is either being shipped to the co-located storage site or to DRMO. This process was not documented in the briefing and Ms. Hilert indicated a separate change proposal would be developed and staffed. Another process that was not documented was the situation when a depot processes a denial (A6_) and an AE_ with "CB" status back to the Maintenance Site. Ms. Hilert will add this process to PDC 208. Phase II of the implementation which is the planning process will document the procedures and interfaces when Army is the owner of the material and Air Force is the repair facility. Updated charts for both phases will be provided by Mr. Crouse.

   d. Carcass Tracking using DLMS Transactions. BACKGROUND: A proposed DLMS change is under development to move Navy unique MILS-based transactions used to track repairables from turn-in by the customer to the Hub which closes out the carcass tracking process, into the DLMS format**. DISCUSSION**: Mr. Gerald O'Sullivan, Navy Supply Information System Activity (NAVSISA), presented an overview of the current process of carcass tracking. Ms. Hilert requested, that in addition to the charts, Navy provide a summary/overview of the process with cross references to applicable Navy manuals. Ms. Hilert informed the group that LMI has recommended a new Implementation Convention (IC) for the 856 be developed for use in this process.   During the discussion Mr. Forrest Malcomb, representative from Army, indicated it was his understanding that carcass tracking was a part of standard SAP. It was recommended that Mr. O'Sullivan ensure Navy is aware of the capability since SAP is the software package being used by the Navy ERP.

In a separate but related discussion, Mr. O'Sullivan indicated the cost to transition Navy legacy application into DLMS for RFID and UID is approximately $20M. Most of this cost is the building of a translator to support the Navy proposed approach for a decentralized translator capability rather than building a front-end process for the applications. Navy would like DAASC to perform this translation; however, this would entail supporting many unique UDF formats and would still require revisions to the systems where Item Unique Identification (IUID) or Radio Frequency Identification (RFID) is mandated. Mr. Pipp, Director, DLMSO, indicated he would meet with the Navy Program Manager to discuss alternatives.

   e. Property in Possession of Contractors (PIPC) Initiative. BACKGROUND: DOD policy says that solicitations and contracts that include Government Furnished Property (GFP) must comply with the new Government PIPC IUID policy requirements. The policy requires direct IUID Registry update or the submission of a Wide Area Work

Flow (WAWF) 856. **DISCUSSION**: Mr. Bruce Propert, UID Program Office, briefed the PRC on OSD guidance for the Defense Federal Acquisition Regulation (DFARS) as it applies to PIPC. Mr. Propert indicated that effective January 1, 2007, submission into the IUID registry is required for all Low Value Property (LVP). For PIPC purposes LVP is defined as special tooling, special test equipment, plant equipment and agency-peculiar property with an acquisition cost less that $5,000. In addition, submission into the IUID Registry is also required for all repairables and Government Furnished Material (GFM). Mr. Propert also indicated that government resolution for non-compliant contract with regard to discrepancies should follow the established path. If there is no UII or the UII record and mark are inconsistent, government activities should suspend the materiel and submit a Supply Discrepancy Report. More information on this subject can be found at http://www.acq.osd.mil/dpap/dars/dfars/changenotice/2006/20060321/E6-3993.htm

In a separate but related discussion regarding the WAWF use of an "all purpose" 856 transaction that is used for other than intended X12 or DLMS purpose, Mr. Pipp, Director, DLMSO, indicated he would like WAWF and DLMSO to work together in a more collaborative manner.

      f. Business System Modernization (BSM) and Defense Medical Logistics Standard Support (DMLSS) for the Tailored Vendor Relationship (TVR) Process and Army Medical Materiel Agreement (AMMA). BACKGROUND: In DLA's legacy system, AMMA was known as Medical Army Single Stock Fund. The new agreement between DLA and Army renamed the program, and to support this supply technique in DLA's ERP (BSM), some reengineering of the process has taken place which requires additional data to be passed in the associated DLMS transactions. Under the AMMA concept, DLA owns the medical materiel all the way down to the retail or hospital shelf level until it is issued to a consumer. When it is issued to a consumer, then a post-post issue transaction is sent to DLA, inventories are debited, and the customer is billed. To replenish DLA-owned "retail" materiel from DLA supply sources, Army employs DMLSS/Theater Enterprise-Wide Logistics System (TEWLS). There are multiple ordering chains used to obtain materiel depending on how DLA manages the item. These range from traditional MILSTRIP stock and DVD orders for medical NSN items to TVR direct procurements for part number items. However, the predominance of support is via the TVR arrangements. TVRs are business processes where there is a direct relationship between the customer and the vendor (e.g**.,** customers place orders directly with the Prime Vendor or with an Electronic Catalog (ECAT) Vendor). BSM receives copies of the transaction between the customer and the vendor in order to maintain line item accountability. Under the AMMA process, when the hospital receives the materiel they send a receipt transaction back to BSM so the assets are posted on DLA's records as the owner, however, DMLSS/TEWLS maintains the accountable record. Four PDCs related to TVR and AMMA are currently being staffed: PDC 204-Revisions to DS 527R to Support TVR Materiel Receipt Acknowledgement; PDC 215-Revisions to DS 527R to Support AMMA Receipt Transactions; PDC 216-Revisions to DS 867I to Support AMMA Issue Transactions; and PDC 217-Revisions to DS 947I to Support AMMA Inventory Adjustment Transactions. **DISCUSSION:** Mr. Hellion Flowers, DLA, provided an overview of the multiple ordering chain processes. Several

questions/concerns came up during the discussion and are documented by chart number and step number (charts available as an agenda link on the DLMSO Web site):

Chart 1, step 9 – How does billing to the customer take place?

Chart 1, step 10 – Need additional information on security control for acceptance in DMLSS as related to Wide Area Workflow (WAWF).

Chart 2, step 3 – Is there a step missing that requires the vendor to confirm the order to ECAT?

Chart 2, step 5 – Does DMLSS order by local stock number?

Chart 2, step 7 – Is there a step missing which requires the vendor to send an 856 Advanced Shipping Notice?

Chart 2, step 9 – Are all ECAT vendors Fast Pay?

Chart 3, step 4 – Is there a missing step in which the depot sends an 856S to DMLSS and does DSS send an 856S as a result of an A2_?

Chart 4, step 4 – There should be a step 4a which accounts for an 856 ASN being sent to WAWF.

Chart 7 – Is there a policy against using a Purchase Card to pay for a contract?

Chart 7, step 5 – Identify the specific transactions involved in this step.

Chart 7, step 6a – Identify the specific transactions in this step. Verify if steps 2 and 6a are manual.

ACTION: DLA J-332 is requested to provide updated charts addressing/resolving the above questions/concerns. In addition, provide procedures for PDC 217, Revisions to DS 947I to Support AMMA Inventory Adjustment Transactions if there are specific procedures related to AMMA. Determine if there is an additional process that has not been documented in which the DLA depot does not store the material, but transships to the customer. It is also recommended that DLA write a separate chapter in the DLMS Manual to document the overall TVR and AMMA concept/process.

g. AMCLs 10 and 34, Identification of Product Quality Deficiency Report (PQDR) Material. BACKGROUND: This approved change provides a standard means of identifying and controlling potential/confirmed product quality deficiency related material with a staggered implementation.   Supply PRC members were asked to provide implementation status. **DISCUSSION: Air Force:** This change was implemented in Air Force systems in 1998. **ACTION:** Air Force is requested to reconfirm that the latest version of the policy was implemented. **Army:** The changes were made in legacy systems and implementation is expected in May 2006. Army previously reported that their ERP system can accept Condition Code "Q" material, but no special processing is done. No update was provided as to when the special processing for "Q" will be completed. **Navy:** Navy will not make changes to legacy systems but will include requirements for AMCLs 10 and 34 in their ERP scheduled for 2012. **DRMS:** DRMS has implemented the Condition Code "Q" requirement, however will not implement the appropriate management codes until their ERP system replaces the legacy system. In the interim, all Condition Code "Q" material sent to DRMS will be destroyed**. DLA:** The change has been implemented in DSS and SAMMS. **PQDR Joint Instruction**: There is a draft republication of the PQDR Joint Instruction in the final coordination phase, however, DLMSO identified that Supply PRC requested changes to support current procedures for the use of Condition Code "Q", or future procedures for communication of the appropriate management codes to the item manager, are either

missing or inadequate. **ACTION:** DLA provide by July 15, 2006, an updated PQDR Joint Instruction that provides for current and future procedures.

       h. Service Assignment of Project Codes. BACKGROUND: The Army LMP requested a discussion of project code assignment to determine if Services are assigning Category A Project Codes inappropriately. Category A project codes are defined by the MILSTRIP manual for use when no meaning of the code is applicable outside the originating Service/Agency although the code itself is to be perpetuated. Currently, requisitions containing Category A Project Codes submitted by other Services are rejecting within LMP**. DISCUSSION:** During the discussion it became clear that LMP is editing each requisition for a project code when one is present, including Category A project codes for other Services. This is violation of DOD policy and should be discontinued. There is also a problem with Category B Project Codes rejecting. Category B codes are intended for use when recognition and exceptional processing actions have been prearranged between specified Services/Agencies. In some instances the Services appear to be using Category B codes without prior agreement/coordination with Army. **ACTION:** All Services provide by July 15, 2006, a list of Category B Codes currently applicable for recognition within Army LMP.

       i. DLMS Changes under Development or in Staffing

       (1)   **PDC 218, Assignment of MILSTRIP Document Number Serial Number Record Position (rp) 40/DLMS Utilization Code M for BRAC.** This proposed change would use rp 40 of an A5J to identify a BRAC disposal release order. **ACTION:** Navy, Air Force, and Marine Corps, are requested to provide updated status and potential impact of reassignment of code M in consideration of last reported unimplemented status AMCL 145 which modified definitions for codes M, R, and S, in record position 40. The original definition for code M was: Contractor initiated requisitions for government furnished material to support commercially performed maintenance contacts. **The DDC** is to provide a background paragraph and recommended procedures for inclusion within the ADC clarifying the intend use of Code M within the Distribution Standard System. In the interim, DLA was given approval to proceed with implementation actions.

       (2)   **PDC 203, New Advice Code for the Combination of 2N (Continuous Length) and 2G (Shelf Life) Advice Codes.** This proposed change establishes a new advice code 38 which would be used to represent the combination of Advice Codes 2G (Shelf Life) and 2N (continuous length). This new code is intended to support Navy requisitions of DLA-managed material. Navy specifically requires flexible hoses in a continuous length, with a remaining shelf life of 6 years. DDC provided comments that indicated the new advice code would not necessarily guarantee the desired result. Although the material shipped would be newest, there would not necessarily be sufficient shelf life remaining to satisfy the Navy requirements. A long-term solution is to use a DLMS transaction which could allow for multiple advice codes, although the specific code needed for the Navy shelf-life requirement is not currently available. Several suggestions were made for consideration by the Navy in reworking the proposal;

however, none were perfect solutions for all parties (customer, Distribution Depot, and Inventory Control Point). In the interim, exception requisitions can be used to satisfy the specific Navy requirements. The proposed change was placed on hold pending further discussion between the DOD Shelf Life Administrator and the Navy to determine an alternative solution.

(3) Draft PDC 202, ICP/IMM Material Receipt Status (Material Returns Program (MRP)) Credit Reversal Amount. This change documents a current Army-unique capability within MILSTRIP DI Code FTZ, ICP/IMM Material Receipt Status (Material Returns Program) transaction and perpetuates this capability into the DLMS. In addition to the current MILSTRIP purpose to notify customers of the amount of pending credit, it is Army practice to also use this transaction to identify the amount of credit reversals when applicable after receipt and inspection. Army has identified this change as an intra-Army unique. However, it is not clear whether Army would or would not generate reversal amounts to other Military Service customers. **ACTION:** Army verify the intent for legacy and DLMS impact and provide response by July 15, 2006.

(4) ADC 193 Administrative Revision to DS 4030 856S, Shipment Status and 4010 870S, Supply Status. This is an administrative update to add missing data to the 856S and 870S Supplements. BSM is already using the GP qualifier for their DLMS equivalent of the Supply Status (AE8). After distribution of the ADC, the question was raised regarding whether both Foreign Military Services Order (FMSO) I and FMSO II case numbers could appear simultaneously on a Cooperative Logistics Supply Support Arrangement (CLSSA) requisition as envisioned by the DLMS enhancement addressed in this change. DLMSO would like to withdraw the enhancement if it is not feasible. **ACTION:** Ms. Linda Kimberlin, DLA Security Assistance Office, will coordinate with Air Force, Navy, Army, and the Defense Security Cooperation Agency and provide recommendation to DLMSO by July 15, 2006.

(5) Request for Implementation Data for Approved Addendum ADC44A, Inclusion of Supplemental information for UIT/SIM in the 2D Symbol On the Issue Release/Receipt Document (IRRD) (DD Form 1348-1A). This addendum adds supplemental optional data fields to the PDF 417 2D symbol for the purpose of item unique identification (IUID). The change is in response to a Navy requirement to uniquely identify repairable components on an intra-Service basis and for shipments between Distribution Depot and Navy. Adding the repairable's serial number initially, and later also the unique item identifier (UII), CAGE and part number, to the DD Form 1348-1A will facilitate carcass tracking, component induction and disposal, document reconciliation and more. The change allows for only one occurrence of such IUID per IRRD. Components should identify whether additional IUID per IRRD is required; however, subsequent to this meeting the DOD AIT office clarified that the limitation to a single set of information is also inherent in the current usage of the PDF 417 standard. The primary initial implementation will be between Navy and the Distribution Depot supporting depot level maintenance; therefore, responses from Navy and DLA are required for determination of an implementation date. **ACTION:** DLMSO will work

with the DOD AIT office to address comments received during the last staffing and document the Approved DLMS Change for phased implementation.

   (6) Current Status of Other DLMS Changes in Progress: Ms. Hilert provided an overview of the status of all remaining changes in progress. That status will be made available on the DLMSO Web site: http://www.dla.mil/j-6/dlmso/eLibrary/ Changes/Qtrly_Status_Rpts/DLMSStatus06_baseline.doc.

   j. Jump Start Update. Mr. John Schwarz, DLMSO, briefed the group on an OSD initiative that would provide an incentive to the Services for near-term DLMS implementation. The approach would be to focus on a set of DLMS transactions that support BTA priorities such as IUID and RFID. The current focus of this initiative is on moving the Army Logistics Modernization Program (LMP) off the MILS, so that current and future deployments of the ERP system support DLMS and the underlying enhancement capability. DOD Components will be asked to identify candidate legacy systems to implement these transactions and OSD may provide initial seed money.

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Supply PRC Chair

Approved:

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Enclosure