



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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FORT BELVOIR, VIRGINIA 22060-6221

IN REPLY
REFER TO J627

August 01, 2011

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Defense Logistics Management System (DLMS) Supply Process Review Committee (SPRC) Meeting 11-01, June 21-22, 2011

The attached minutes of the DLMS Supply PRC Meeting (11-01) are forwarded for your information and action as appropriate.

The DLA Logistics Management Standards point of contact is Ms. Ellen Hilert, (703) 767-0676, DSN 427-0676; or email ellen.hilert@dla.mil and Ms. Mary Jane Johnson, (703) 767-0677; or email mary.jane.johnson@dla.mil.

A handwritten signature in blue ink, appearing to read "Donald C. Pipp".

DONALD C. PIPP

Director

DLA Logistics Management Standards

Attachment

cc:
ODASD(SCI)
Attendees
Supply PRC



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MEMORANDUM FOR RECORD

SUBJECT: Defense Logistics Management System (DLMS) Supply Process Review Committee (SPRC) Meeting 11-01, June 21-22, 2011

Purpose: The DLA Logistics Management Standards hosted the subject meeting at the LMI Government Consulting Office in McLean, Virginia. Specific discussion topics are noted below. A list of attendees and briefing materials are available on the SPRC Web page: http://www.dla.mil/j-6/dlms/Archives/archives_sprc.asp (refer to hyperlinks from the meeting agenda for briefings).

Brief Summary of Discussion: Ms. Ellen Hilert, Co-chair, DOD Supply Process Review Committee/DoD MILSTRIP Administrator and Ms. Mary Jane Johnson, Co-Chair, DOD Supply Process Review Committee/MILSTRAP Administrator, facilitated discussion. Action items identified below are to be worked within 15 days of this memorandum unless otherwise noted.

Review of Meeting Topics:

a. Status of Update on Defense Logistics Manuals (DLMs) and combining the Defense Logistics Standard System (DLSS) and DLMS Manuals. CPT John Burnett, DLA Logistics Management Standards, provided the committee with an update on the status of initiatives to publish the existing DLSS (commonly referred to as the MILS) and DLMS manuals as DLMs and then combine the DLSS and DLMS in to a single DLMS manual consisting of several volumes. This is an ongoing effort that is dependent on issuance of the new DOD Instruction 4140.01 that will direct publication of the DLSS and DLMS as DLMs. The maintenance of DLMs is expected to be a much more efficient process than updating DoD manuals since our office will have greater control and flexibility. The existing DLSS and DLMS have not seen changes published for several years pending the transition to DLMs. When DODI 4140.01 is signed, all un-published ADCs will be incorporated in the respective manuals. The DLSS and DLMS manuals will then be published as DLMs within 180 days. The DLM format will be generally the same as the current DLSS and DLMS manuals. After the initial DLMs are published, the next priority will be to combine the DLM DLSS manuals into the multiple volume DLMS manual. This approach is being pursued because the level of effort required to maintain two closely related sets of manuals is resource intensive. The DLMS Volume 2 (Supply Standards and Procedures) will be modified where possible to better align with the existing DLSS chapter structure. Use of DLSS terminology will be maintained. The Joint Supply Discrepancy Instruction will be cancelled and officially replaced by DLMS Volume 2 Chapter 17 when the DLMS DLM is published. The approved DLMs will be published electronically on the DLA Logistics Management Standards website and will no longer be available on the Washington Headquarters Services (WHS) site. The SPRC and other relevant committees will be notified by email as the DLM updates progress.

- **ACTION:** DLA Transaction Services (Mr. Scott Amburgeye) will provide the name of their lead contact for republishing the Defense Automated Addressing System (DAAS) Manual (DoD 4000.25-10-M as DLM 4000.25-4).

b. Item Unique Identification (IUID) Status Update – Serialized Item Management (SIM) and Levels of Management Intensity. The IUID-enabled SIM briefing by Ms. Kathy Smith (ODASD (SCI)) focused on the levels of management intensity for SIM and why there is a potential for two levels of intensive management. Several other areas of discussion relating to IUID policy and implementation were discussed including; cost to manage IUID items including stowage costs, managing IUID materiel in ERP systems, and Wide Area Work Flow (WAWF). The current expected timeline for IUID implementation is 2015. Significant IUID related discussion is identified in the following subsections:

(1) IUID Policy

(a) The original assumption was that some items requiring IUID marking actually require tracking by UII within selected portions, and not throughout, the supply chain. For example, items in wholesale storage may only require tracking once the item has left storage and is installed or in use. However some items, such as Nuclear Weapons Related Material (NWRM) would require tracking within all nodes of the supply chain and during logistics business processes such as receiving, issue, maintenance, etc. The OSD-led IUID workshop discussions identified two levels of management intensity: standard and high. Recently, however, questions were raised (by the Army) regarding the feasibility of a single level of intensity (equivalent to high intensity). The Army expressed concern that two level management may not be possible when the wholesale owner/manager and retail/tactical locations are supported by the same database. For the standard level, the owner has visibility of the quantity (and not the specific items) while the item is within wholesale storage (e.g. within the DLA distribution system), and the high level would provide visibility of serial number and UII of each item. The UII for standard level would be made available during specific business processes. It is the mix of UII availability for a specific NSN that may not be supported by the commercial software used for materiel management. The Army noted that their intent is to manage retail/tactical level materiel by UII requiring every transaction to list applicable UIIs. The argument is that this approach would be easier to implement DoD-wide and can be adopted in single or multiple database systems.

(b) Mr. D.C. Pipp, DLA Logistics Management Standards, questioned whether a policy decision has been made to direct IUID management using the single level approach. He noted that this was an important factor for implementation procedures and will drive the content of the Proposed DLMS Changes that will address IUID within the DLMS. In her briefing, Ms. Smith addressed the two levels of intensity vs. a single level in both combined and separate ERP databases. Her office is trying to resolve how to manage using two levels of intensity in a combined ERP database. A final decision has not been made. However, Ms. Smith expressed concern that we are well into the business rules development, but there are still concerns about feasibility of the two-level concept. Ms. Smith speculated that the use of a single level might drive us to a smaller population of items to manage by UII. Ms. Hilert voiced concern that, rather than the population of UII items being smaller, it would move many more items into what was intended to be DoD's most

intensive management process reserved for our most critical items. During the discussion Ms. Smith raised several questions regarding the impact on DLA.

- **ACTION:** ODASD (SCI) will convene a work group and issue a tasking to specifically address the costs to manage a mixed vs. separate environment (no date available for this action). This group should address costs associated with managing two levels of intensity, including ongoing operational costs and one time sunk costs to change existing ERP systems. As an interim measure, ODASD (SCI) tasked the Component ERP leads to provide a rough order of magnitude (ROM) cost. Cost estimates need to address additional reconciliations (inventory and UII mismatch resolution) will be required if all items were managed at a single level of intensity.
- **ACTION:** Navy (Ms. Emily Burt-Hendrick, Navy SPRC Alternate) will research whether the Navy has cracked the code to manage a mixed wholesale/retail environment under Navy ERP. Clarification to be provided if Navy ERP will use the FLIS code trigger for UII management rather than depending on an internal UII “switch”.
- **ACTION:** DLA provide specific details relating to above issues as applicable to Navy DLRs under BRAC.

(2) Cost to Manage Items in Standard and High Levels of Intensity. Ms. Renea Burns (DLA-J3312) noted that DLA conducted the analysis and developed a cost estimate to manage the standard level intensity. However, it is believed that this estimate only reflects the receiving portion of the cost. Ms. Burns noted that DLA was having difficulty costing out management of high level intensity items, but indicated it would cost more. Her office is working with a DLA Finance contact to complete the estimate. Mr. Andy Zeiders (DLA Distribution) noted the estimate was nearly complete, but was put on hold pending the discussion on level of intensity. A comment was made that for the high level, the DLA Office of Operations Research and Resource Analysis mapped and timed out what extra steps would be required (it looked like four minutes extra on the High side). Additional analysis by DLA Finance is needed to completely cost this out. A preliminary figure stated for standard level was two minutes extra at a cost of about \$20.00 per item. This was qualified as not being applicable to issue by a specific UII. A conflicting comment noted that a DLA depot examination of the processing time impact of the levels of intensity determined standard level takes about one additional minute, and five minutes for high. It was unclear whether this applied to only the receipt.

(3) Comingling UIIs in Storage. A question was raised regarding comingling of new procurement materiel. WAWF and the IUID Registry record items accepted by UII to the Service owner. It is not clear if Component owner-level tracking should begin with this step for standard level items or can begin upon issuance out of depot storage (thereby allowing for commingled (standard level) stock).

- **ACTION:** OUSD (SCI) workshop to specifically address the issue of segregated storage for IUID items. Components to provide input.
- **ACTION:** Does DLA plan to segregate all UII items by Service ownership within their storage facilities? A cost estimate for additional segregated storage should be provided by DLA.

(4) Federal Logistics Information System (FLIS) Code Discussion. The key to implementation is a new FLIS UII Intensity of Management Code and the ability of systems to access the FLIS code (to determine IUID applicability and intensive management level if applicable). At the time of the SPRC meeting, it was understood that the new FLIS UII Intensity of Management Code was being developed based upon the two-level concept. It also provided two corresponding interim categories for use where legacy items are still being marked or contracts have not been updated to require IUID making. An NSN cannot be managed exclusively by UII until all items in inventory are marked. The FLIS code will be set at the DOD level (one FLIS code per NSN). Mr. Sam Perez (USMC) questioned whether an item's Controlled Inventory Item Code (CIIC) would influence the level of intensity assigned. There are some rules for determining the level of intensity (i.e. for NWRM), but otherwise Ms. Smith noted there is no intent to perform a formal cross walk between CIIC and level of intensity. The Marine Corp noted a concern for assignment of UII requirements for non-NSN equipment. DLA Transaction Services asked about the stability of the Level of Intensity. OSD does not foresee changing an assigned level of intensity other than moving from interim to fully implemented status.

c. ADC 399, Automated Data Capture for Serialized Item Shipments and Preparation of the IRRD (DD Form 1348-1A or DD Form 1348-2) Continuation Page. ADC 399 provides the business rules for a mandatory continuation page for serialized item shipments. The continuation page contains machine readable bar code symbols for the encoded content information including serial numbers and UIIs. It also supplements existing rules requiring inclusion of the UII in a Portable Data File 417 (PDF417) two-dimensional (2D) symbol for single item shipments with new Macro PDF417 symbol(s) including multiple UIIs. The continuation page also lists linear bar codes for human readable serial numbers. When a Macro PDF417 symbol is used, the data common to all items of the shipment are in the first PDF417 symbol followed by data elements of stand-alone serial numbers (that have no associated UIIs), or followed by data elements identifying UIIs and their associated serial numbers. When space is exhausted in a symbol's data capacity, the device moves on to next Macro PDF417 symbol to encode additional data. Discussion included review of questions posed by the DSS design team and the DLA Logistics Management Standards response (refer to briefing slides). DLA Distribution is analyzing and costing out this requirement.

- **ACTION:** DLA to provide status on the associated systems change request and schedule for implementation.

d. DRAFT PDC 476, DLMS Shipment Status and IUID Procedures. PDC 476 will be the first of several DLMS change proposals to define procedures and establish coordinated implementation of IUID using SIM procedures. The PDC is based on the draft Integrated Requirements Set developed by ODASD (SCI) to manage the IUID process. PDC 476 addresses MILSTRIP shipments, as well as those documented on a DD 1149. The PDC proposes passing both UII and serial number in all shipment status transactions regardless of level of intensity. It also includes administrative changes to remove the no longer required capability to pass the component elements of the UII and the UII type code. During discussion it was noted that, once fully implemented status is achieved, any unmarked items that are picked for shipment would need to be segregated and the owner /manager contacted for instructions.

(1) Process Gap. Under the two-level concept, when distribution depots ship IUID items, the UIIs will be included on the shipment status provided by the shipping activity. However, if the

customer follows up to the Inventory Control Point (ICP) for shipment status, the ICP will not have visibility of the UIIs shipped for standard level (since that information was not provided on the materiel release confirmation). This gap was identified during the OSD-led workshops. Alternative solutions are available. Ms. Hilert speculated that the most efficient, non-intrusive approach would be to maintain procedures as currently performed for the customer. If the ICP has visibility of UIIs (due to internal Service shipment), they may respond to the follow-up directly. However, if the ICP lacks visibility, the follow-up request would be pushed to the depot for response. The draft PDC 476 noted three potential alternatives.

(a) Alternative 1: IUID for High Intensity Only. The source of supply will include IUID content as provided on the Materiel Release Confirmation (DLMS 945A) under SIM. It is currently envisioned that this will apply only to those items identified for highly intensive management because the manager does not require visibility of standard level items while in wholesale level storage. Choosing this alternative would leave a gap for standard item IUID content on the shipment status provided in response to follow-ups.

(b) Alternative 2: Shipping Activity Responds to Follow-up. The source of supply will include IUID content as provided on the Materiel Release Confirmation (DLMS 945A) under SIM, but will require the shipping depot to respond to follow-up requests for standard items. Choosing this alternative would require additional programming support for the owner/manager to request the shipping activity to re-send shipment status and for the shipping activity to trigger re-transmission.

(c) Alternative 3: IUID for High and Standard Intensity. The source of supply will include IUID content as provided on the Materiel Release Confirmation (DLMS 945A) under a modified SIM implementation plan that would require inclusion of all IUID content regardless of the level of intensity. The manager will be required to perpetuate the IUID content to the shipment status, but would not be required to manage by UII. Choosing this alternative would require additional programming support for the owner/manager application to retain IUID content not required for item management.

- **ACTION:** Feedback is requested from the SPRC Representatives and DLA Transaction Services on their preferred alternative.
- **ACTION:** DLA Transaction Services will research the feasibility for using the transaction history for re-transmitting the shipment status (when available) in response to a follow-up request.
- **ACTION:** At the time of the meeting, PDC 476 was expected to be published July 2011; however, re-evaluation of the policy for levels of intensity has delayed completion of the proposal (revised date not available).

(2) **Multiple Freight Pieces.** PDC 476 also addresses multiple freight pieces, where a single shipment status reflects material that is shipped in more than one box thereby allowing association of passive RFID with a particular box. (Multiple freight piece shipments are not suffixed by the ICP, nor 'partialled' by the shipping activity. The shipment status transactions currently provided for these shipments are not distinguishable, since controlling numbers are the same on each and no box identification is provided.) The revised 856S shipment status transaction will also provide visibility of UIIs by box and the box count. This will further support receipt process by UII

and passive RFID, as well as identification of UII items when a box is missing. Implementation of this change will require that the shipping activity identify the UIIs during the pack process by specific box so that this information can be perpetuated to the shipment status.

e. PDC 399, Propose New SCC ‘T’ Serviceable (Training Use Only). This Navy- originated PDC proposes establishing a new Supply Condition Code (SCC) T for ‘Serviceable (Training Use Only)’. This is intended to identify assets originally intended for combat use which no longer meet established criteria for combat applications but which can be safely used for training applications, i.e., an armor piercing round determined not to meet acceptable penetration capability for designed combat application, but which is acceptable for range training. Currently those items that have been reclassified from combat applications to training use only are assigned to SCC “B” (Serviceable Issuable with Qualifications) and grouped with all other qualifiers identified by SCC “B.” Ms. Johnson provided the Component responses for PDC 399. The Army, Navy and DLA concurred with PDC 399; the Marine Corps and Air Force non-concurred. The Air Force noted the cost to upgrade legacy systems and the Marine Corps noted the time to implement and a questionable return on investment (ROI). Mr. Mark Knowles, (Navy Operational Logistics Support Center (NOLSC)) provided an overview briefing of PDC 399 and included a response to the non-concur comments. The Navy stressed that the proposed SCC “T” helps advance the common Supply goal for increasing accuracy and visibility. Navy was proposing a standard across DOD. Ms. Johnson noted that they would not want to do something for a single Service application and expressed a concern that a single Service use of SCC T could lead to that code being passed to systems that would not recognize it. Ms. Hilert asked if it would it be feasible, if Air Force will not recognize SCC ‘T’, would it be acceptable for converting a ‘T’ to a ‘B’ if it happened to be conveyed to Air Force? NAVSUP does not believe SCC “T” would likely be used for inter-service beyond Army. The Navy suggested that adoption of proposed SCC “T” could be optional. Mr. Perez recommended Navy contact Mr. Charlie Black (USMC) for a discussion with the Ammunition Program Management Office to address issues from their non-concurrence on PDC 399. Even the non-concurrences recognize the benefit of the proposal, but have their own ways of addressing the situation. A number of examples of non ammunition related items that might also use the proposed SCC “T” were mentioned.

- **ACTION:** Navy to provide more information to the Air Force about the projected \$5M annual cost savings cost savings, as addressed in the Air Force response.
- **ACTION:** Navy to hold a discussion with Mr. Charlie Black (Marine Corps) regarding their non-concurrence.

f. Issues Surrounding Suspended Stock

(1) DLA Distribution Suspended Stock Initiatives. Mr. Tom Hoffer and Mr. Chris Lubic (DLA Distribution) briefed the SPRC to bring attention to two areas of concern: stemming the flow of material that has to be suspended, and obtaining timely disposition on open Supply Discrepancy Reports (SDRs) and Storage Quality Control Reports (SQCRs).

(a) The briefing revealed suspended stock in Supply Condition Code (SCC) J, K, and L is valued at \$1.7 billion. The DLA goal is to get stock into issuable condition, and thereby fill backorders, reduce storage footprint and related handling costs, prevent re-procurement, and increase order effectiveness, or, conversely, efficiently dispose of the unneeded stock. DLA

Distribution is working on ways to improve their receiving process and better resolve issues as the materiel arrives. Some of the efforts to date involve:

- Establishment of DLA Distribution Services and Military Service Integrated Process Teams (IPTs). Root cause analysis points to packaging, labeling and contract nonconformance
- Using a “Tiger Team” at the New Cumberland Depot to identify and properly mark a massive amount of previously unidentified returns.
- DLA Land and Maritime plans to send a Tiger Team to DDSP and DDJC.
- A DLA Continuous Process Improvement Initiative (CPI) focusing on Condition Code “L” (Litigation Material) looking for root causes of suspended new procurement materiel.

(b) Ms. Hilert noted that there is a significant issue with improperly identified material being returned by the Services to DLA Depots. It is believed that many of these are unauthorized material returns. A pre-positioned materiel receipt is not provided to the depot to facilitate preparation of a correct receipt to the correct owner’s account. Many of the items returned were originally purchased from DLA, but the receipt and the SDR are being directed to DLA. DLA has suggested establishing a dedicated Routing Identifier Code (RIC) for each Service to pick up the unidentified returns. Current automated procedures do not support using the returning activity for the accountable receipt and the resulting SDR cannot be distributed to Army returning activities.

(2) **Revised Procedures for Processing Depot Returns PDC 403.** Mr. Tom Hoffer (DLA Distribution) provided a briefing on revised procedures for processing depot returns in several areas including materiel in SCC H and unidentified materiel, as well as procedures for automatic disposal. Portions of PDC 403 are already implemented as a result of an internal DLA review. Mr. Hoffer explained the intent was to preclude uncontrolled release of sensitive, hazardous, or NWRM to DLA Disposition Services. He also noted there were concerns with using the “Unknown” default stock identification that was originally proposed as it would eliminate visibility and control gained by using the pseudo NSN for material. Ms. Hilert concurred and indicated that the re-write (PDC 403A under development) will require more precise materiel identification. However, she suggested that there may be a better way to identify items that carry an IUID data matrix, and suggested a query against the IUID Registry. Ms. Hilert also noted the proposal (as submitted by DLA) documented the current practice of replacing the original SCC H with SCC K. This is not considered procedurally correct and is no longer included. The proposal requires appropriate controls without overriding a valid SCC.

- **ACTION:** Ms. Hooper (DLA Land and Maritime) will confirm the draft requirement for inclusion of a serial number when available on unidentified returns.
- **ACTION:** Ms. Hilert noted that there is not a consensus supporting the recommendation to post the receipt and SDR to a designated Service RIC. Feedback is requested if an alternative approach would be more satisfactory.
- **ACTION:** Ms. Hilert noted that establishing a simple process to bill back to the returning activity for re-packaging and/or disposal costs might help reduce non-compliance with the materiel returns program. To facilitate this, Ms Hilert would like to ensure that the returning activity is identified on the SDR and will include this requirement in the DLMS change proposal. At a minimum, the returning activity should receive an information copy of the SDR so that they are aware of the problem.

- **ACTION:** DLA Logistics Management Standards update PDC 403/403A in coordination with affected parties and re-staff (no date available).

g. Monitoring For Requisition Priority Abuse.

(1) LT Ben Murphy from the Joint Staff (J4) provided an overview of his role monitoring requisition priority abuse, and working with Force/Activity Designator (F/AD) and Project Code issues. LT Murphy indicated the annual F/AD review is underway. The F/AD Priority I list was scheduled to be published in July, other lists in August. While the F/AD update process is an annual occurrence, there are provisions for out-of-cycle updates for operational purposes such as deployments. LT Murphy noted that the Navy has the largest number of requests to upgrade F/ADs based on deployment schedules.

(2) Ms. Hilert reviewed the requirement for the Services to monitor the suspected abuse listing, especially for Priority Designator (PD) 01 suspected abuse. She noted that the DoD PD 01 requisitions are not modified because of the risk factors with automatic downgrading. Non-DoD and lesser priorities are auto-downgraded. Ms. Hilert indicated that there is a known gap in visibility of the authorized F/AD I activity. For example, in the situation where an aircraft is on the ground away from the parent unit and a PD 01 requisition is input on their behalf, the requisition may not contain the actual requiring activity since it could reflect the requisitioner/ship-to/bill-to values associated with its current location. Based upon the recommendation of SPRC during prior meetings, PDC 29A is under development to specifically address requisitions supporting deployed/off-station F/AD I units. It establishes a DLMS capability to provide an additional DoDAAC separately within the requisition format to identify the Unit authorized F/AD I. Ms. Hilert expressed her expectation that this change will also support the USAF due to the difficulty associated the F/AD I unit with the DoDAAC used in the requisition.

- **ACTION:** Component SPRC member or designated representative review the Unauthorized Priority Designator Assignment Report and initiate corrective action as needed.
- **ACTION:** DLA Logistics Management Standards finalize PDC 29A for staffing.

h. Standard Financial Information Structure (SFIS) DLMS Transactions. Mr. Bob Hammond, who chairs the Finance, DoD Activity Address Directory (DoDAAD) and Military Assistance Address Directory PRCs, provided a brief on DLMS support for Standard Financial Information Structure (SFIS). SFIS includes a comprehensive data structure that supports requirements for budgeting, financial accounting, cost/performance, and external reporting needs across the DOD enterprise. The Business Transformation Agency (BTA) hosts the SFIS Governance Board meetings as a non-voting member and conducts SFIS compliance verifications. Data elements for bill processing are currently derived from the two character Fund Code, via a referential table maintained at DLA Transaction Services and updated by Component/Agency Fund Code Monitors. Fund code is carried in applicable DLMS/MILS transactions. DFAS systems, GSA systems and others are not DLMS compliant and will not be so near term. DLA Logistics Management Standards office began meeting with the BTA in 2007, and coordinated briefings to the Finance and Supply PRCs. A working group developed SFIS PDC 365, which was staffed in November 2010. PDC 365 required Components/Agencies to evaluate two approaches; 1) Add all the SFIS data elements to selected DLMS transactions that trigger billing actions, or 2) use referential data (in which SFIS accounting data elements obtained from an authoritative source

referential database using the existing Fund Code data element) while adding Business Partner Number (BPN) to selected DLMS transactions that trigger billing actions. The Components/Agencies selecting the referential data approach, which is being prepared as an ADC. Bob Hammond led a discussion of comment resolution for PDC 365. DLA Transaction Services will incorporate SFIS elements in an authoritative source SFIS Fund Code to Fund Account Conversion Table along with existing fund code data elements. Components and Agencies will have responsibility for adding SFIS data elements. Note that non-DoD entities, such as GSA and Special Programs such as those under Reutilization Business Integration (RBI) modernization initiative will be significantly impacted by inclusion of BPN in DLMS transactions. Note that DLMS compliance does not equate to SFIS compliance. DLMS provides a means for facilitating exchange of SFIS data.

i. Country Code. Mr. Bob Hammond provided a brief on developments with Country Code standards. OSD(AT&L) Policy Memorandum, dated June 6, 2011, subject; “Department of Defense Country Code Standard,” mandates the ISO 3166-1 digraph (2 characters) standard by 30 September 2012 and migration to the tri-graph (3 characters) by 2020. Currently, there are multiple country code related standards used by the DoD logistics trading partner’s information systems. The codes in use are:

- **MILSTRIP “Country and Activity” Code.** These two character codes are used within the Defense Logistics Standard System (DLSS) and DLMS logistics business transactions governed by the DOD 4000.25-M family of manuals. These codes are currently a mixture of Defense Security Cooperation Agency (DSCA) “FMS Customer Codes” described below and codes assigned in the past to meet other operational needs. See MILSTRIP Appendix 2.18.
- **Federal Information Processing Standard (FIPS) 10-4** FIPS has been withdrawn and its usage will sunset at the end of calendar year 2012. The General Services Administration Federal Supply System uses FIPS internal to its systems.
- **ISO 3166-1.** The DOD Activity Addressing Directory (DoDAAD) and Military Assistance Program Directory (MAPAD) previously transitioned to the ISO 3166-1 standard, both digraph and trigraph. The digraph values are currently used as the primary database key in DoDAAD/MAPAD and for purposes including constructing the last line of the address in some cases. Trigraph values were included for potential mediation.
- **DSCA FMS Customer Code.** DSCA uses a two digit FMS Customer Code to represent “Country, International Organization, and Regional Codes and FMS Eligibility”
- **ACTION:** Subsequent to the meeting, PDC 474, Implementation of ISO 3166-1 Codes for the Identification of Countries and their Subdivisions, was issued. Components to review and concur/comment.

j. Standard Addressing. Mr. Bob Hammond provided a brief on developments with Addressing Standards. BTA is leading an initiative to standardize addressing within DoD, which includes consideration of the recently developed Federal Geospatial Data Committee (FGDC) standard. The FDGC standard is a voluntary standard that has not been adopted by the US Postal Service nor widely adopted in general. The FGDC standard currently street address as a

concatenated single line and also allows discrete data elements for street address such as house number, street direction, street name, and street type. The Business Enterprise Architecture currently contains the discrete data elements for street address. This discrete data element approach is not supported in the Logistics Domain for ANSI X12 transactions nor for DoDAAD or MAPAD. There are significant implementation, cost and interoperability issues with adopting the current BEA standard as a DoD enterprise standard Logistics Management Standards supports changing the BEA to: Also include a concatenated street line data element to be consistent with the FGDC Landmark Standard and ANSI ASC X12 2) recognize the 35 character per line Military Shipping Label limitation in the BEA business rules for this new data element.

k. DRAFT PDC 472, Material Receipt Acknowledgement (MRA) Report. Mr. Paul Jensen, DLA Logistics Management Standards (contractor support), provided a summary briefing on PDC 472, which documents changes implemented in the On-Line MRA Reports Tool. The SPRC discussed and agreed to a number of changes to improve the On-Line MRA Reports Tool, in the 2008 – 2010 timeframe. Several of the changes were implemented as “Phase 1” updates to the report, but corresponding updates to the MILSTRAP and DLMS Manuals to reflect the changes had not been made. PDC 472 will address those manual updates. Ms. Johnson explained that this PDC only addresses updating the manuals to reflect implemented changes to the reports. Other MRA Report changes that have been discussed as “Phase 2” changes are on hold as higher priority issues are being addressed.

- **ACTION:** DLA Logistics Management Standards will finalize and staff PDC 472 (no date available).

l. DRAFT PDC 464, New MRA Discrepancy Indicator Code for use with Navy Ships. Mr. Bill Shaffer (DLA J331) presented PDC 464. DLA developed the PDC after finding, in response to MRA follow-ups, a high volume of MRA transactions from Navy ships containing Discrepancy Indicator Code ‘F’ (Shortage or partial or total nonreceipt). Investigation revealed the material was waiting in the Material Processing Center (MPC) for the ship to return to port from deployment. This change proposes a new MRA discrepancy indicator code for use with Navy ships that indicates that an MRA is being submitted in response to a follow-up, but that there has not yet been an opportunity to pick-up/stow the order due to extended transit times. Receipt of an MRA transaction with the new Discrepancy Indicator Code G will signal the ICP to send another MRA Follow-up transaction after another 45 days have elapsed. PDC 464 is expected to be released after a few lingering questions are resolved.

- **ACTION:** Mary Maurer (DLA Transaction Services) will confirm whether there are recent existing transactions that have been using the MRA Discrepancy Indicator code G, which is currently reserved for DOD assignment.
- **ACTION:** DLA Logistics Management Standards will finalize and staff PDC 464 (no date available).

m. Direct Vendor Delivery (DVD), Destination Acceptance. Ms. Beth Altman (DLA J33) provided a briefing on DVD Destination Acceptance. DLAs implementation of WAWF functionality for destination acceptance DVDs has been problematic due to lack of compliance by the Services and lack of WAWF integration at the retail/tactical level. The Services expressed their dissatisfaction with the process for performing acceptance for DLA issued contracts and have argued

that acceptance is not the responsibility of the DVD receiving activity. As a result, DLA initiated a research and development project to specifically identify the reasons why receipt and acceptance documentation was not being produced for large numbers of DVD shipments and to recommend solutions. The ultimate purpose of the project was to identify a cost-effective method of protecting the Government from improper payment for DLA DVDs. Ms. Altman discussed project strategy and the results. The findings and recommendations are currently under review within DLA and OSD. Ms. Altman identified the “key take away: from the LMI report as follows: the value of DLA material is low, and these are primarily commercial items, the SDR rate is low, the Services are not willing to perform swivel chair acceptance in WAWF and don’t have automated applications to facilitate acceptance at the time of receipt. DLA proposed that GAO approve a statistical sample approach for acceptance. DLA may re-consider assuming responsibility for acceptance based upon receipt acknowledgement and no discrepancy since the risk appears to be low. There were numerous comments from the attendees. Ms Burt-Hedrick (NAVSUP) noted that it is unrealistic to expect to have WAWF on ships afloat and noted that an 18 year old sailor should not be expected to do more than complete an MRA indicating the count of the items is correct, and none of them are obviously broken. She noted that the Navy had indicated to BTA that the WAWF acceptance requirement was impractical and the Navy position is that the MRA is sufficient.

n. Navy Base Realignment and Closure (BRAC) Retail Supply, Storage and Distribution (SS&D)/Inventory Management and Stock Positioning (IMSP). Ms. Kathy Duffer (DLA J331) provided the committee with an update on the BRAC/IMSP status focusing on Navy Spiral II functionality. She explained that the Navy requested functionality for BRAC requires DLA to assume responsibility for the purchase, supply, and storage functions. The Navy only retained a small cadre of contracting staff to support contingencies. Several of the significant process changes and DLMS enhancements were discussed to include:

(1) The Navy will send requisitions to DLA for other-Service/Agency managed materiel which DLA will purchase and supply to the Navy. DLA assumes a risk in performing this mission because the requirement for the materiel is initially identified on an unfunded requisition (referred to as a requisition alert). DLA funds the purchase from the manager and will retain ownership if all of the materiel is not subsequently purchased by the Navy. As a result, DLA is also planning to implement capability to offer any excess to the manager using the Materiel Returns Program.

(2) The Navy requirement is for materiel to be requisitioned and issued at the “unit of use” level rather than the standard DoD unit of issue. Stock will be maintained at the unit of issue within the DLA depot, but within the industrial activity, supported by the Distribution Standard System, stock will be maintained by the unit of use (the lowest issuable increment, normally “each”). Here DLA assumes a risk in breaking the unit of issue down for unit of use, since it is possible that some individual items will not be consumed by the Navy maintenance process and will be retained, or returned to DLA ownership.

(3) A DLMS enhancement will allow the requisitioner to indicate that quality deficiencies (reported on a Product Quality Deficiency Report (PQDR)) may exist in current stock, thereby alerting the ICP to use an alternative source to satisfy the new requisition.

(4) DLA distribution depots will prepare Supply Discrepancy Reports (SDRs) and PQDRs on behalf of the BRAC customer. This is a new process for the depot personnel.

(5) A new process and supporting DLMS enhancements has been developed for maintaining visibility of material offloaded from Navy ships during overhaul at the shipyard.

- **ACTION:** DLA Logistics Management Standards requested clarification of the process using an “ODN” on the due-in for dual channel receiving issues identified during Spiral I (Air Force).

o. Reutilization Business Integration Project Review. Ms. Judy Mahmat, DLA Disposition Services, and Ms. Tiffany Emmons, DLA Logistics Information Service provided an overview of the DLA Disposition Services mission and the ongoing Reutilization Business Integration (RBI) modernization initiative. Highlights of the overview included a discussion that all inbound material must have DD 1348-1A, Disposal Turn in Document (DTID). Generators without a system interface can use the Web-Based Electronic Turn-in Document (ETID) tool to generate DTIDs. The ETID tool sends the shipment information which is used to establish a pre-positioned materiel receipt (PMR) at the local DLA Disposition Services Field Office. This helps speed up the receiving process. Material may be turned in by NSN or Local Stock Number (LSN). DLA Disposition Services has responsibility to review and/or challenge the Demilitarization (DEMIL) code assigned by the generator. Ms Mahmat also explained procedures for the Recycle Control Point (RCP) which is a “virtual” process in that the ownership of the property changes to DLA Disposition Services while the physical property remains in the custody of the DLA Distribution Depot. Property is made available to customers during the screening process and reduces handling and transportation costs. Under the RBI initiative, the existing Defense Reutilization and Marketing Service (DRMS) Automated Information System (DAISY) suite of 56 applications will be replaced. This will be accomplished by integrating DLA Disposition Services business processes in the existing DLA enterprise suite of applications, specifically, Enterprise Business system (EBS) for the material management functions, and the Distribution Standard System (DSS) for the warehousing and distribution functions. The existing Reutilization, Transfer, and Donation (RTD) and ETID applications will be integrated with the RBI initiative. Ms. Emmons noted that DSS will be used as the accountable record system. DSS will be used in all the Field Offices, not just the co-located depot sites. EBS will have visibility of the balances and an inventory reconciliation process will run daily to synchronize records. Several topics relating to RBI were emphasized during the briefing and discussion:

(1) Standard Local Stock Numbers (LSNs). One or more LSN is being established for each Federal Supply Class (FSC) to identify common items. This will help reduce the number of material masters.

(2) Containerization is one of the reengineering efforts that allows for the accumulation of multiple related items into a single virtual container for visibility and ease of reuse. It allows customers to identify and requisition either the whole container (all items in container) or individual items from the container. The customer will be able to order the whole container from the RTD web with a single action. Behind the scene, the internal system will generate multiple DLMS transactions for communicating the order to EBS. The customer’s supply system will receive individual shipment status transactions for each stock number/DTID combination included in the container.

(3) Supply Condition Code. Under RBI, the SCC will be used instead of the current practice of using the Disposal Condition Code. This will affect the Federal Condition Code (SCC +

Disposal Condition Code) used by GSA. GSA indicated that they have a work around. This may also affect DOD 4000.25-2-M, MILSTRAP, which publishes the Federal Condition Code.

(4) IUID. There was a brief discussion regarding an upcoming IUID Disposal workshop to better understand the impact SIM on the Disposition Services business process. The date of the IUID Disposal workshop is pending.

- **ACTION:** DLA Disposition Services to provide to the MILSTRAP Administrator the resulting policy subsequent to coordination with GSA on supply condition code/removing disposal code

p. DoD EMALL

(1) Funds Verification. Mr. Mike Barnes, representing DOD EMALL, briefed the committee on the DOD EMALL implementation of the on-line funds verification process approved under ADC 328. DoD EMALL implemented the initial interface with the Army Funds Control Module (FCM) in October 2010. This process allows the Service to establish the required financial obligation and to block further processing of orders for which funding is not available/authorized. The funds verification process for requisitions submitted via the EMALL Manual Order Entry System (MOES) process using the legacy 80-record position requisition format is slated for release in calendar year 2011. Mr. Barnes noted that in January 2011, Ms. LeAntha Sumpter, DPAP, mandated that EMALL send all financial transactions through Global Exchange (GEX) and this impacted the FCM interface. Mr. Barnes indicated that a real-time interface should be in place before EMALL goes to production using the GEX. It was not known whether this is a requirement that will be levied on GSA as well. The requirements for the Marine Corps funds verification process are under development. Ms. Hilert reviewed the PDC submission had recommended several revisions. Mr. Tom Scatamacchia, USMC Contractor Support, will write the associated procedures and provide clarification/justification for additional data content such as the effective date. Standardization of the interface is desirable since changes impact both EMALL and GSA as well as future implementations. It was noted during discussion that slide 2 has an error and should reflect interfund and not credit card ordering. Mr. Barnes reported that the process seems to be successfully managing the funds verification and that most Army rejects are due to lack of funds or improper DoDAAC (codes 1 or 3), a small number are for duplicate document number (code 4). The volume of rejects for lack of funds was surprising to Ms. Hilert and she asked if there is an EMALL reporting tool capturing rejects so the Army can analyze the results. Mr. Barnes responded that they could add the data elements to the business intelligence analysis tool to provide visibility to the Army. GSA noted a similar issue in that two thirds of their transactions are rejecting due to insufficient funds. This could have an operational impact since the Army only allows high priority items to be purchased through DoD EMALL.

- **ACTION:** EMALL work with Mr. Dave Berman to assign him an administrative account, so he can see the reject information and research enhancement of the analysis tool.
- **ACTION:** USMC to update the draft PDC with procedures and verify requirements for additional data and reject reply codes.

(2) Material Receipt Acknowledgement. DoD EMALL currently provides an e-mail notice that encourages the user to return to EMALL to complete a receipt acknowledgment screen

when the requisitioned material is received. Mr. Bob Vitko (J33 Contractor Support) asked why the message is sent on the order and not upon shipment status. Mr. Barnes responded that this process doesn't have visibility of when shipment status is generated. A system change is underway to re-map the customer's receipt acknowledgement from a nonstandard transaction (861) to the MILSTRAP/DLMS compliant MRA (527R) with a target implementation date of December 2011.

- **ACTION:** Mr. Barnes will create a test order and the resulting e-mail notice and provide to Ms. Hilert an example of the standard email that is sent.

q. Draft Addendum to ADC 221A, Revised Procedures associated with the DLMS Enhancement for Communication of Unit Price. This original ADC from 2007 authorized an increase in price field length for selected DLMS transactions. It also identified impact the DD Form 1348-1A, to include bar codes, and AIT devices to collect bar code data. Although systems were directed to ensure against AIT misreads within six months, this tasking has not yet been accomplished across the Services and DLA.

- **ACTION:** Add note to the cover letter for Addendum to ADC 221A to advise PRC Committee Members to coordinate this system change requirement with their Component AIT shops.

r. Proposed DLMS Changes under Development. Two changes which are being prepared for staffing within the next few months were introduced to the Committee.

(1) DRAFT PDC 425, Revise DoD 4000.25-1-M to Eliminate Use of DD 173-2 Joint Message Form for Message Transmission of MILSTRIP Transactions, selected Media and Status Codes Requiring DLA Transaction Services Mailing, and other Administrative Updates. This change will eliminate the use of DD Form 173/2 for message transmission of MILSTRIP transactions which is necessary because the Army proponent has canceled the form. Ms. Hilert explained that several of the MILSTRIP appendices are being converted to reflect the content required for the identified business process without regard to the form. After review of the appendices requiring this action, Mr. Vitko suggested the Materiel Obligation Validation be reconsidered. The PDC also documents the elimination of DLA Transaction Services mailing of readable document formats and deletion of the associated Media and Status Codes. The termination of this process was discussed previously during SPRC meetings and DLA Transaction Services proceeded with change because the cost of the mailings was prohibitive for the questionable value the offered. Ms. Hilert noted that she is trying to publish this change quickly so that the necessary updates can be incorporated in the MILSTRIP manual prior to the reissuance as discussed above. GSA provided input that the GSA Form 10050 would not be eliminated at this time, but further study is needed.

- **ACTION:** DLA Transaction Services to review the draft PDC.
- **ACTION:** DLA Logistics Management Standards to updated the documentation per comments and publish the change (no date available).

(2) PDC 473, Inclusion of Contract Number in Supply Transactions associated with Government Furnished Property (GFP). ODASD (SCI) and DPAP have established a requirement for the inclusion of the GFP contract number in shipment status and

materiel receipt acknowledgment (MRA) associated with GFP. ADC 390 has already been issued to modify the MRA; however, the DLMS enhancement appears to be unimplemented at this time. A new PDC is being prepared for inclusion of the contract number in the DLMS 856S, Shipment Status. In order to accomplish this, the DLMS 511R must retain the contract number when it exits the Management Control Activity or the system used to validate the GFP requirement prior to forwarding to the source of supply (SOS) for processing. The SoS must be able to perpetuate the contract number when directing release of DoD stock, making it available to the shipping depot preparing shipment status for subsequent inclusion in that transaction.

- **ACTION:** ICPs to ensure that contractors are aware of the GFP contract number requirement as soon as feasible.
- **ACTION:** DLA Logistics Management Standards Office to finalize development for PDC 473 (no date available).

s. **Preview of Pipeline Measurement (PM) PRC.**

(1) Ms. Heidi Daverede, DLA Logistics Management Standards, provided a briefing on the PM PRC. The DoD Supply Chain Materiel Management regulation (DOD 4140.1-R), Appendix 13 establishes the PM PRC to develop and maintain the Logistics Metric Analysis Reporting System (LMARS). The PM PRC will fill the gap left when the Customer Wait Time (CWT) Committee ceased to function several years ago. A kick-off meeting is scheduled on August 2-3, 2011 at LMI HQ in McLean, VA. The draft agenda is posted on the committee webpage: <http://www.dla.mil/j-6/dlmso/Programs/Committees/pmprc/pmprc.asp>. Updates to the agenda, including briefing slides, will be added to the webpage as they become available. Due to the importance of this initial meeting, members are strongly encouraged to attend in person (remote access via the Defense Connect Online (DCO) and teleconference will not be available).

(2) Mr. Paul Blackwell, ODASD (SCI), chairs the Supply Chain Metrics Group (SCMG), which establishes policy for the PM PRC; the mission of the PM PRC is to implement those policies in LMARS. LMARS has not been updated since the CWT Committee ceased to function. The first goal of the PM PRC will be to update LMARS with regard to operational and functional changes in the supply enterprise since that time. Using the established DLMS change process, the PM PRC and Supply PRC will coordinate to implement changes in the DLMS and MILS transactions and manuals that are identified as needed to support the metrics requirements in LMARS. Changes that have already been identified include DLMS maturation, changes to RFID policies and implementation, integration of USTRANSCOM Time Definite Delivery (TDD) standards, integration of raw CWT data, and updates to component DoDAACs and RICs.

(3) Several participants had comments or concerns relating to the Pipeline Measurement PRC. Mr. Dan Collins (Navy), enthusiastically endorsed the PM PRC concept. Mr. Sam Perez (USMC), Ms. Emily Burt-Hendrick (Navy), and Mr. Ken Deans (Army), all concurred that RICs are a problem the PRC will need to resolve. Mr. Deans pointed out that other Services do not maintain a one-to-one correlation between RICs and DoDAACs as the Army does. Gloria Torres, Air Force, noted that discussions at the SCMG may result in metrics definitions or calculation methodologies changing; Ms. Daverede assured her that DLA Logistics Management Standards is monitoring the SCMG meetings and will incorporate any changes into the PM PRC process.

(4) In summary, Mr. Pipp noted that today Components are calculating CWT and LRT differently; PM PRC standardization of these measures in LMARS will enable DoD to report enterprise-wide CWT and LRT metrics to Congress.

t. Wrap up. Ms. Hilert thanked the Components for their participation in the SPRC meeting. She announced her plans for future SPRC meetings to be smaller and more focused on individual topics using conference call/DCO rather than multi-day meetings. This met with mixed responses since the Components appreciate the SPRC meetings as a valuable method of enhancing their understanding of a wide range of business processes.

_____/s/_____
ELLEN HILERT
Co-Chair DoD Supply PRC

Approved: _____/s/_____
DONALD C. PIPP
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