January 19, 2018

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Joint Defense Logistics Management Standards (DLMS) Supply Process Review Committee (PRC) Meeting 17-2, Supply Discrepancy Reporting (SDR) PRC Meeting 17-2, and Joint Physical Inventory Working Group (JPIWG) Meeting 17-1, November 15-16, 2017

      This forwards the attached minutes of the Joint Supply PRC, SDR PRC, and JPIWG Meeting for your information and action as appropriate.

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                    Enterprise Business Standards Office

Attachment
As stated

DISTRIBUTION:
ODASD (SCI)
ODUSD DPAP (PDI)
DLMS Supply PRC
SDR PRC
JPIWG
Attendees

January 19, 2018

MEMORANDUM FOR RECORD

SUBJECT: Joint Defense Logistics Management Standards (DLMS) Supply Process Review Committee (PRC) Meeting 17-2, Supply Discrepancy Reporting (SDR) PRC Meeting 17-2, and Joint Physical Inventory Working Group (JPIWG) Meeting 17-1, November 15-16, 2017

Purpose: The Enterprise Business Standards Office (EBSO) hosted the subject meeting at DLA Headquarters.

Meeting documentation: A list of attendees, the meeting agenda, briefing materials, and the Action Item Tracker are available on the Supply PRC, SDR PRC, and JPIWG webpages: www.dla.mil/HQ/InformationOperations/DLMS/committees. Meeting related material is hyperlinked to each topic in the meeting agenda file. Action items are due 30 days from the date of the minutes unless otherwise specified in the Action Item Tracker.

Brief Summary of Discussion:

1. Opening Remarks: Mr. Eric Flanagan (DOD MILSTRIP Administrator), Mr. Rafael Gonzalez (JPIWG Chair/DOD MILSTRAP Administrator), Mr. Ben Breen (DOD SDR PRC Co-Chair), along with Ms. Ellen Hilert, (Supply PRC Co-Chair/DOD MILSTRIP Administrator), and Ms. Mary Jane Johnson (Supply PRC Co-Chair/DOD MILSTRAP Administrator) facilitated the discussion.

2. Meeting Topics:

   a.   Agenda Topic 1 – ADC 1240 Use of Official Correspondence to Appoint Primary and Alternate Process Review Committee (PRC), and Working Group (WG), Representatives and to Respond to Proposed DLMS Changes. Ms. Heidi Daverede, Program Manager, Enterprise Business Standards Office, addressed ADC 1240 and stressed the need for DOD Components to designate in writing the primary and alternate PRC and Working Group representatives for their respective Component. Components are also responsible for submitting any updates as necessary. This change also requires the use of a formal letter template to provide Component's response and comments to all proposed DLMS changes (PDC). The table below shows the missing designation letters as of December 21, 2017.

Missing Designation Letters as of January 12, 2018		
Supply PRC	**SDR PRC**	**JPIWG**
Army	Navy	Army
Navy	US Coast Guard	Navy
US Marines		US Coast Guard
US Coast Guard		GSA
GSA		DCMA
DCMA		DAAS

Action Item 1. Components to provide outstanding official letters by organization and PRC designation.

    b. Agenda Topic 2 – Capability to Control Document Number Assignment for Directed Returns of Discrepant/Deficient Materiel Impacts and Gaps. Mr. Breen, DOD SDR Administrator, led the discussion on an open issue causing materiel records to be out of balance due to Services' non-compliance with standard procedures for directed returns.

- **Background:** DLA Distribution receives directed returns for Product Quality Deficiency Report (PQDR) exhibit materiel into the wrong owner account in part due to missing or incorrect Prepositioned Materiel Receipt (PMR) provided by the returning Service. It is estimated that at least eighty percent of PQDR exhibit shipments received at DLA Distribution are unaccounted for, erroneously sent to disposal, placed back in stock, or placed in the wrong owner account. Current return policy requires the use of the original document number associated to the PQDR exhibit or one generated by the inventory control point (ICP). In addition, when directing returns of deficient materiel/PQDR exhibit, the ICP is responsible for establishing a due-in and generate a PMR transaction to the receiving activity for the materiel.

The origin of this problem can be traced back to enterprise resource program (ERP) system constraints that require the use of a new system-generated document number for materiel returns. Consequently, these ERP systems generate PMRs using the same system-generated document number. The Service PMR erroneously directs receipt to the returning Service rather than to the item manager directing the return (generally DLA). When the return shipment is not reported to the item manager, there are delays in investigating the cause of the deficiency and the customer does not receive reimbursement for the materiel. The original unused PMR remains open in Distribution Standard System (DSS).

- **Discussion:** Prior to the meeting EBSO requested all Components review and document their internal PMR and discrepant materiel returns process. Army (LMP/GCSS-A) and Marine Corp (GCSS) reported that they cannot use the original document number or the ICP provided document number due to system constrains. The Air Force retail Integrated Logistics System-Supply (ILS-S) has no restrictions regarding using the original or ICP provided document number. The Navy did not provide the requested information prior to the meeting.

Action Item 2. Navy to identify system constraints on use of the original or ICP-provided document number for PQDR returns.

Components stated once the materiel is receipted to the wrong owner, it can be difficult to transfer ownership to the correct owner due to additional systemic issues associated with the ship-in-place process. Also, there were discussions regarding the need for DLA Distribution to ensure the PQDR Report Control Number (RCN), Discrepancy Code Q11, and an SDR for action is created for every PQDR exhibit received at a DLA Distribution Center to ensure proper visibility of PQDR exhibits. The Services briefed their research to identify additional internal system constraints impeding materiel return on the original shipment document number (or alternative document number assigned by the item manager) and plans for corrective action.

Action Item 3. DLA Distribution to provide training for the correct processing of PQDR exhibits to ensure that the PQDR RCN is recorded and the SDR cites Discrepancy Code Q11.

Ms. Becky Grant, DLA PQDR Lead, in collaboration with Ms. Roxanne Webster, DLA Distribution, developed a corrective action process (authorized by DLA memo) that will eliminate the incorrect receipt of exhibit materiel upon arrival at DLA Distribution. Customers will be instructed to prepare the return shipment using a DLA-provided return label containing the original document number (aligned to the DLA PMR) and applicable bar codes. DLA Distribution will receipt the PQDR exhibits using the PQDR return label regardless of what document number is on the shipment documentation (DD 1348-1). Additionally, DLA will direct all customer PQDR exhibit returns to Mechanicsburg, PA for processing to ensure the receipt is processed by properly trained personnel. Once fully implemented, this will help to eliminate further erroneous receipts. In the meantime, DLA will be working all existing erroneous receipts, reverse the original receipt, and re-receipt into the correct owner account as outlined in a DLA memo to DLA distribution (signed subsequent to the meeting on December 15, 2017).

Action Item 4. DLA to submit a draft PDC to document the interim solution for use of a barcode label to receipt into DLA ownership a PQDR exhibit returned to DLA by the Military Services, despite a PMR and/or document number directing receipt to the Military Service.

Mr. Robert Carroll, OSD SCI, conveyed the importance of resolving the issue and noted that the existing erroneous receipts must be corrected at DLA Distribution. Mr. Carroll also expressed the importance for the services to update their systems and comply with current standard procedures rather than relying on temporary solutions.

PDC 1273 is being finalized for approval authorizing use of the SDR reply to request reversal of an erroneously posted receipt (processed without PMR). PDC 1249 is being finalized for unique rules for directed returns accomplished via ship-in place processing and to require inclusion of specific data content as discrete data elements in the SDR reply for directed returns (e.g. return document number, suspense date, and return-to location). The instructions for ship-in-place returns will require use of a new return document number assigned by the item manager. DLA will draft a separate PDC to outline the PQDR exhibit directed returns process using the DLA-provided bar code label.

Ms. Linda Miles, Air Force, expressed concern over the DLA procedures for receipt based on the bar-code labels document number rather than the shipment document number. She asked that these procedures only be used as a temporary solution. EBSO concurred and will encourage Services to make the necessary updates to their systems to support return on the document number assigned by the item manager.

   c.   **Agenda Topic 3 – DLA Distribution ADC 1198/1198A Implementation Status.** ADC 1198 – Establishing and Maintaining Accountability for Service Owned Capital Equipment Stored at DLA Distribution Centers and ADC 1198A – Missing Serial Numbers and Remove 867I Issue Transactions.

ADCs 1198 and 1198A establish procedures and baseline business rules for DLA to integrate serialization into the DLA distribution process. After the release of ADC 1198, DLA identified several gaps that were further addressed under ADC 1198A. Mr. Jim Weiner, DLA J345 noted that as of November 9, 2017 the ADC 1198 and 1198A procedures for implementation of serialization were implemented into DSS. He also provided a summary of the business rules for serialization of capital equipment implemented per ADCs 1198/1198A.

Action Item 5. Army to provide their timeline for implementation of ADCs 1198 and 1198A

   d.   **Agenda Topic 4 – PDC 1244 (draft), Establishing Visibility of Unique Item Tracking (UIT) Program Items for Service-Owned Assets Stored at DLA Distribution Centers under DOD Item Unique Identification (IUID) Supply Policy.**

   •   **Background**: PDC 1244 is one of a series of changes to define procedures for the exchange of IUID data in accordance with DODM 4140.01, IUID supply policy. The requirement will apply to all UIT program items stored at DLA Distribution with the exception of Small Arms/Light Weapons (SA/LW). EBSO will address the SA/LW UIT program in a follow-on DLMS change. PDC 1244 adds a new DLM 4000.25, DLMS Volume 2 chapter titled "Procedures for Serially Managed Materiel Requiring Owner Visibility". PDC 1244 (draft) is modeled after requirements previously approved under ADC 1198 as revised by ADC 1198A, and is augmented by additional requirements and clarification of some gaps in inventory procedures related to ADCs 1198 and 1198A. PDC 1244 also upgrades discrepancy reporting procedures to include future WebSDR edits for missing serial number/UII content when required by discrepancy code and a new discrepancy code to clearly communicate when a receipt cannot be successfully processed due to a missing serial number on a serially-tracked item

   •   **Discussion:** Ms. Daverede noted that PDC 1244 (draft) was provided to ODASD (SCI), Army, and DLA contacts on November 9, 2017 for a preliminary review to ensure all requirements were captured. Ms. Daverede clarified that DOD Components will still have time to review this change and provide their responses during the formal PDC staffing process. SCI will distribute this change via the Supply Chain Executive Steering Committee (SCESC) once the preliminary review is complete. Supply, JPWIG, and SDR members will need to coordinate their review/comments with their appropriate SCESC Service representatives.

Ms. Hilert expressed concern that DSS was looking for both the Federal Logistics Information System (FLIS) IUID Indicator Y and the UIT Designator Code – thinking DSS would only need

to look at the UIT Designator Code. Ms. Johnson noted the PDC 1244 (draft) reads both by intent. The following clarification was provided: Although use of the FLIS IUID Indicator seems unnecessary on the surface (since all UIT items must have the FLIS IUID Indicator Y by policy), the double edit is being used to ensure that only items with a valid national stock number (NSN) are applicable to the DSS tracking process. This is necessary because DSS allows the UIT Designator Code to be associated internally with local stock numbers/management control numbers. Tracking of non-NSN items is essential for SA/LW, but has not been identified as a requirement for other commodities. Tracking of non-NSN items via DLMS logistics transactions will need to be considered for future design in DSS in order to accommodate SA/LW.

DLA is activating three existing UIT programs that had been inactive:

1. AAC – Radiation Testing and Tracking System (RATTS),
2. AAG – Tritium Unique Item Tracking, and
3. AAH – Controlled Cryptographic Items (CCI).

Mr. Weiner noted this is a relatively pure process – start of something good in tracking/implementing serialization. Mr. Weiner also noted that when receiving materiel, DSS implemented minor system changes for items requiring serialization to accept items without serial number only when the Supply Condition Code (SCC) is either J, K, or L. Receipts in these SCCs will trigger a supply discrepancy report (SDR) to the owner requesting support to identify the serial numbers.

Mr. Oliver Pryor (Army PRC Representative) noted a concern with not including the SA/LW part for the reporting in PDC 1244. Mr. Gonzalez emphasized that PDC 1244 will not include the SA/LW requirements because there are numerous unique requirements associated with tracking SA/LW. Mr. Pryor indicated this is an issue with Army leadership and asked whether ODASD (SCI) wants to move forward with PDC 1244. Ms. Daverede noted that EBSO received approval from SCI not to include SA/LW requirements in PDC 1244 and that EBSO will address the SA/LW requirements in a follow-on change.

- **End of Day Inventory Procedures**. Mr. Gonzalez discussed the proposed end of day (EOD) inventory procedures and how the status adjustment reason codes are intended to be used. In PDC 1244, a staffing note is included to address instances where the order of processing inventory transactions (e.g., Status Adjustment Reason Code AA (Physical Count) and AQ (Inventory Adjustment) might occur out of sequence. Mr. Gonzalez wants Components to identify whether the sequencing issue will cause a problem. Subsequent to the meeting, Ms. Marsha Lucas, Defense Automatic Addressing System (DAAS), confirmed the sequencing question and responded that there is no way to guarantee the transactions will go out in the same sequence in which they are received. Service impact on the sequencing question is needed.

Action Item 6. Components to review their systems and determine if receiving transactions out of sequence is a concern. If determined to be a concern, Components to provide a possible course of action.

Mr. Gonzalez addressed five inventory scenarios in his presentation:

1. Inventory gain after a physical inventory. No dual inventory adjustment necessary.
2. Inventory loss after a physical inventory. No dual inventory adjustment necessary.
3. Inventory mismatch after a physical inventory. Dual inventory adjustment required.
4. Missing serial number/UII marking. Dual inventory adjustment required.
5. Materiel previously suspended at receiving. Two separate dual inventory adjustments required.

During the inventory scenario discussion, Mr. Weiner responded to a question about whether PDC 1244 affects the existing Report of Survey process and noted there are no changes to those procedures from PDC 1244. It was noted that it is possible to encounter duplicate serial numbers. Related to serial numbers, PDC 1244 contains an open question for ODASD (SCI) action to provide requested policy standardization of length and special characters allowed in serial numbers. There will be no action item as a result of this conversation since this is a staffing note in PDC 1244 for ODASD (SCI) to address.

Mr. Troy Brown, DLA (J345), commented on the inventory request process, specifically when the owner requests a physical inventory. He stated that DLA does numerous physical inventories throughout the year and there may be instances where an inventory adjustment (gain or loss) will take place. Mr. Brown asked the Supply Administrator whether DLA would need to send two separate DLMS 947I Inventory Adjustment transactions; the inventory adjustment and the inventory adjustment summary. Mr. Gonzalez noted that if the storage activity identifies a discrepancy during a physical inventory (not requested by the owner) they would only be responsible for transmitting the inventory adjustment transaction.

e. **Agenda Topic 5 – Materiel Receipt Acknowledgement (MRA) Report Update.**
Mr. Paul Jensen, EBSO, provided a brief overview of the MRA purpose, applicability, and Component requirements to review MRA Report review their MRA data to identify potential deficiencies in their Component MRA operations or procedures. Per DLMS, Volume 2, Chapter 10, paragraph C10.2.10.2.1, "Each Supply Process Review Committee representative is responsible for analysis of the report to identify potential deficiencies in their Service or Agency MRA operations or procedures contributing to breakdowns in internal controls for in-transit wholesale stock." The MRA topic slides linked to the agenda contain the links to the MRA Report tool hosted on the DAAS Website. Updates were provided by Navy and DLA. The Components were reminded that the EBSO is available for assistance with MRA Reports tool.

• **Navy Update**: Mr. David Childress (Navy Supply PRC Representative) provided a Navy MRA Report update. The Navy is using MRA 37 (Direct Vendor Delivery – Stock) Report every month to identify the top ten list for delinquent MRAs to get something more actionable. They are sending the results to the top 10 Activities with delinquent MRAs and asking for follow-up. They have identified specific issues with the Real-Time Outfitting Management Information System (ROMIS) used by the Naval Sea Systems Command and Military Sealift (SHIP Configuration Logistics Information Program (SHIPCLIP). Mr. Childress commented that the DLA J3 generated MRA report that OPNAV (Navy Staff) has been getting from the DLA Enterprise Data Warehouse (EDW) for DLA originated shipments is not completely consistent with the MRA 37 report, due to EDW using different business rules from those

identified in DLM 4000.25. The DLA data warehouse is being refreshed and they continue to work the EDW list and the MRA 37 report to ensure they are in sync. Ms. Daverede asked whether there are significant differences with using two reports – Mr. Childress felt they have been complementary but he does not get the actual raw data report that Office of the Chief of Naval Operations (OPNAV) is getting from DLA. They are finding some issues are process/training related and not systemic.

- **DLA Update**: Mr. Rich Morrow (DLA Supply PRC Representative) and Mr. David Bella (DLA J34/Office of Operations Research and Resource Analysis (DORRA)) provided an update. DLA highlighted a number of MRA related issues with the ODASD (SCI) led De Facto MRA effort. Mr. Bella has been doing the heavy analysis and reviewed the differences in the logic between the two reports DLMS MRA and DLA MRA EBS data pull. The DAAS/DLMS Report Tool includes requisitions from all Service ICPs and reports numbers differ due to variations in the business rules such as a "qualifying shipment". DLA uses a standard 60-day lag for all shipments rather than the time definite delivery (TDD) criteria used in the DAAS/EBSO MRA Report Tool. Mr. Bella also noted previous metrics were skewed by some of their high volume processes where the MRA was generated automatically.

Ms. Daverede asked why DLA is not taking into account the established MRA reporting timeframes as requested by DLA and approved in ADC 1114 released on April 28, 2016. Mr. Bella noted that most MRAs are received in 60 days so that timeframe was used for their data query. From an inventory control point source of supply; they only care about something you have not heard from after 60 days. (MRA timeframe exceeded 60 Days).

Mr. Bella noted there was not a consistent view of bad actors among the three percent of the transactions where the MRAs are not being received. Ms. Daverede noted that we need a consistent truth with respect to performance and not have multiple stories that present varying requirements to generate MRA reporting.

Mr. Bella noted the Air Force has a disproportionate number of items because of the Industrial Prime Vendor (IPV) model with the high volume of bin fill materiel at repair facilities that skews the numbers because the receipt and MRA are nearly automatic.

- **ODASD(SCI) Update**: Mr. Carroll briefly noted two initiatives on which ODASD (SCI) is working: 1) Enterprise Cost Management (ECM) which is a Deputy Secretary of Defense mandate, and 2) OSD Reform initiatives that include the reorganization of Acquisition Technology and Logistics (AT&L) as Acquisition and Sustainment (AS) where the existing Logistics and Materiel Readiness (L&MR) will become Sustainment. The existing mission to provide top cover with policy to enable solutions will continue.

Mr. Carroll commented that there was delay in recent meetings for the MRA IPT he is leading and has scheduled a November 29, 2017 meeting to layout the issues and see what can be closed out. The intent is to "Reboot the MRA Issue" and push it back to the Services and let OSD address what needs to be done at their level. Looking at the de facto MRA and TDD standards and intransit accountability, his intent is to push this out to January and try to get some traction on the MRA Issue. He noted that ODASD(SCI) has a quarterly session where the Services come

in and brief their logistics-related statistics and perhaps the MRA statistics should be included as well.

Action Item 7. Army, Air Force, and Marine Corps to provide an update on their use of the MRA Tool.

    f.   Agenda Topic 6 – DLMS eLearning Update. Ms. Sylvia Williams, DLMS Training Lead, provided an update on the DLMS eLearning Tool. The DLMS eLearning provides basic awareness and broad-spectrum knowledge of the DLMS via self-paced, modular eLearning tool. The link for the DLMS eLearning is: www.dla.mil/does/DLMS-Training.

The DLMS eLearning is in two parts. The Core Modules are:

1. Introduction to the DLMS
2. Electronic Data Interchange (EDI) Basics and ASC X12 EDI Definitions and Concepts
3. DLMS Functionality and Transaction Life-Cycle
4. DLMS Implementation Convention Content
5. IUID and RFID – Emerging Technologies
6. Creating/Reengineering DOD Logistics Business Processes
7. Enterprise Interoperability Tools

The Standalone DLMS eLearning Modules are:

8. DLMS Functional Financial Transaction Life-Cycle
9. Creating/Reengineering DOD Logistics (Executive Overview)
10. DOD Activity Address Directory
11. Supply Discrepancy Reporting

Future projects include working with the Service school houses and collaborate with the Defense Acquisition University (DAU) to increase the awareness of the availability of DLMS training resources.

    g.   Agenda Topic 7 - Suspended Asset Brief. Mr. George Berkery, DLA Technical/Quality (TQ), provided a Suspended Asset Brief for DLA managed assets. See slides for details. Ms. Hilert, EBSO, advised attendees that the high levels of suspended stock are being reported to OSD Executive Steering Committee. Mr. Carroll, will add this to the SCI Financial Improvement and Audit Readiness (FIAR) & Enterprise Risk Management (ERM) list of issues for tracking. (See Topic 9 brief).

Mr. Chris Forth, Army LOGSA, stated that Army challenges include hidden issues that complicate time tables and suggested that DLA may need to re-categorize or expand current suspended stock levels reporting to other than highest dollar value or age. Mr. Carroll, suggested that automating the reports further to separate and measure progress would add flexibility and better detail on reports. Mr. Forth wants to see a further breakdown of the current metrics and create a status indicator and notes of what is actually going on with each case. Army is also asking DLA for better metrics, for example, add the CAGE code to the DSS report format for procurement source shipments so the Services can trace discrepancies to the non-compliant

vendors quickly for resolution, and as Mr. Carroll stated, fix the actual problem to prevent future occurrences. Mr. Forth committed to setting up the plan to get discrepancies resolved and further reduce Army suspended stock levels at DLA Distribution.

Mr. Moslak, Navy, discussed the issue of suspected uneven allocation of DLA resources for site specific high suspended stock levels where the discrepancies are known, for example, Yokosuka and Norfolk. DLA Distribution responded by stating that standard operating procedures and resources are applied evenly across all depots. Site specific suspended stock levels are being resolved through the DLA/Navy Integrated Process Team (IPT) meeting series.

Mr. Berkery addressed Air Force concerns regarding specific reduction plans and goals DOD wide. DLA plans include quicker resolution of SDRs/Storage Quality Control Reports (SQCR) and stepping up efforts with the growing increase in discrepancy report volume. DLA will also look harder at the oldest assets for determining root causes and more importantly, resolving the discrepancies and moving assets out of suspense quickly while limiting wasted time and resources. Once the resolution process has begun, DLA is planning for regular monitoring and follow-up of each case. Initially, there will be a two-step process, validation of the SDR (correct codes, etc.), photos as needed, and then quick resolution to move stock. Ms. Webster emphasized that taking of photographs at the time of induction is key to success instead of waiting until after an internal transfer to final distribution center location. DLA Distribution will also address inconsistent SDR input processes across receiving personnel. ADC 1181A highly encourages the use of photographs evidence of non-compliance should the SDR be challenged later by the vendor. The procedures documented in ADC 1181A will ensure supply process non-compliance is used for evaluation of vendor performance.

Mr. Moslak requested status on implementation of ADC 1045 and the new automated DLMS SQCR/Stock Screening (SS) transaction. Mr. Carr, Navy, stated that ADC 1045 transactional interface requirements will be developed in Product Data Reporting and Evaluation Program (PDREP). They are sorting out user access role issues, but system enhancements will better equip Navy to report up the chain and get more funding. Current manual processes hold up progress.

Action Item 8. DLA TQ to provide suspended metrics by locations to Mr. Moslak (Navy).

Action Item 9. DLA TQ to develop new PDC that will add the photo attachment enhancement to the DLMS SQCR transaction functionality.

EBSO office inquired about the "Info Only Packaging Related SDR Continuous Process Improvement" under $300 threshold, discrepancies. The SDR Team is working these SDRs to ensure data is correct for reporting and metrics. Mr. Carroll provided perspective by highlighting auditability aspects as it relates to current documented policy in place. Justification to the auditors is <u>important</u>. Additionally, SDR Administrators requested DLA Distribution and all Components use/recognize SDR Action Code 3B (Discrepancy reported for corrective action and trend analysis; no reply required.) to ensure these SDR are used for corrective action analysis. Kim Paumer, Army FMS US Army Security Assistance (USASAC), asked that DLA provide findings for Security Assistance SDRs with Action Code 3B. This action code is authorized for SDRs with a dollar value below the FMS threshold for submission using an action code

associated with reimbursement or materiel disposition. Currently, Army is unable to locate detailed findings for their customers indicating that DLA has reviewed and responded appropriately to the problems identified.

Action Item 10. DLA to provide Kim Paumer and EBSO feedback on DLA resolution of Army FMS SDR with Action Code 3B. EBSO to review DLMS procedures to ensure requirements for review and appropriate action is documented.

   h. Agenda Topic 8 – Updating the SDR/SQCR Discrepant Quantity to Accurately Reflect Suspended Inventory Balance. George Berkery provided a brief overview of a proposed enhancement for a new SDR/SQCR suspended quantity on-hand balance to accurately reflect the status of the reported discrepancy. This additional data field will not impact the original discrepant (suspended) quantity reported, but will provide point-in-time visibility of the current suspended quantity after partial disposition has been completed resulting in disposal, release, or a condition change for a portion of the original quantity. DLA will submit a PDC requesting this enhancement.

   i. Agenda Topic 9 – ODASD(SCI) Updates. Mr. Carroll provided a summary of several initiatives his office is leading:

   • **Financial Improvement and Audit Readiness (FIAR) and Enterprise Risk Management (ERM).** At ODASD(SCI) the ERM is being used to work through the FIAR process identifying material weaknesses – added to the annual financial report. The material weaknesses were split out to the assessable units and a senior accounting official was assigned to the items and had to report back to the comptroller on status. In August 2017, Mr. Carroll met with the Services on audit status. The existing SCESC process is used to give visibility to the important items that are being worked. ERM to include the material weakness and ongoing operation issues and they are working to address the higher priority items. Mr. Carroll presented a concept integrating tracking of the material weaknesses into current SCESC operations and track using the DLMS compliance process

   • **Supply and Finance Policy Alignment (SFPA) IPT**. Mr. Carroll provided a list of SFPA IPT projects and noted the ongoing challenges of prioritizing the list of what is being worked.

Project Title	Core Issue(s)	FIAR Assertion	Status	Notes
Wet Signature	Asset Visibility	E&C	Closed	No OSD Policy Issue(s)
DMISA	Asset Visibility	E&C	Open	SVCs Leading
Missing MRA	Asset Visibility	E&C	Open	Reboot required
Intransit	Accounting	E&C	Open	Billing @ Shipment/Owning @ Receipt
Unliquidated Obligations	TBD	TBD	Pending	Army

Project Title	Core Issue(s)	FIAR Assertion	Status	Notes
DVD Entries - iRAPT	TBD	TBD	Pending	Navy
'Deemed Cost' Methodology	TBD	TBD	Pending	OSD(L&MR)

- **DLMS IPT and Component Tracking of DLMS Compliance.** Several months ago, the Services and Components were tasked to identify their progress with DLMS compliance with implementing Approved DLMS Changes. Mr. Carroll shared an example of how the Navy structured their tracking for DLMS implementation by relevant systems. Mr. Carroll noted they are pushing hard to have the status updates completed in early January. Ms. Daverede noted that the Defense Finance and Accounting Center (DFAS) was not on the list and wanted to make it clear that DFAS is part of the DLMS compliance requirement and her office has been working with DFAS on DLMS compliance.

- **SCESC Role.** Mr. Carroll summarized how they are putting the pieces of these initiatives together with the SCESC role in oversight. He noted the senior accounting official's management internal control program Remediation Mechanism and applying ERM and Risk Management Council (RMC) concepts to provide organization portfolio view, manage risk register/risk profile, and approve/monitor corrective action plans. For example, the intent is to look to the SCESC to provide insight to prioritize the list to determine what is to be worked in the Risk Profile and the others that will remain in the Risk Register but not with much SCI focus.

- **DLMS Compliance – EBSO Perspective**. Mr. Eric Flanagan, Alternate DOD MILSTRIP Administrator, provided an overview of DLMS compliance. The DLMS was recently added to the DOD Business Enterprise Architecture Version 11.0 as a comprehensive set of standards that include standard business rules, standard information exchange message formats and standard data. Mr. Flanagan provided a summary of other relevant DOD policy documents, discussed the DLMS governance structure and noted the EBSO role among the DLMS global service providers to achieve interoperability.

Mr. Flanagan focused on several items related to DLMS compliance and noted the DLMS compliance checklist questions that can help determine levels of DLMS compliance. He reiterated the intent of the three levels of DLMS Compliance and Mr. Carroll also noted that Level 3 highlights the business improvements we are driving for with implementation of the necessary DLMS enhancements.

Compliance Level	Definition
1	Basic Compliance – Interfaces with other systems via DLMS
2	Enhanced Compliance – The system has implemented the preponderance of applicable DLMS enhancements contained in ADCs, and
3	Full Compliance – The system has implemented ALL applicable DLMS enhancements contained in ADCs by the target implementation date

The EBSO created a DLMS Implementation Tracking Tool that will be used to manage the Services and Component DLMS compliance data provided. Mr. Flanagan also reminded participants of the existing DLMS implementation tracking capability on the EBSO Website and addressed the information available on the DLMS Change Status Report. He also provided an overview of the future DLMS Change Status Report titled "System/ADC Implementation" that will show DOD Component level ADC implementation. Mr. Flanagan showed an example of a change to the PDC template where the category within the logistics functional area will be identified. Lastly, he noted that all ADCs signed out from the EBSO should now be showing an expected target implementation date even when running past the December 2019 target date for full DLMS compliance. In their PDC responses, Components should address any difficulty with the target implementation date that will go in the ADC.

    j. Agenda Topic 10 – Overview ADC/PDCs and PDCs Under Development. The respective Administrators provided brief highlights on the recently released documents and several that are in progress. Refer to the file linked to the meeting agenda for specifics.

PDC 1267, Revise DLMS 830D to Accommodate Gross Demand Plan (GDP) in the Demand Data Exchange (DDE) Projected Supply Plan transaction for Implementation by all DOD Components and GSA. Mr. Bob Hammond, EBSO Finance PRC Chair, asked about accepting or rejecting the DDE projected supply plan transaction and what business rules and mechanisms are being established when a negative response is provided. Mr. Gonzalez stated that those business rules will be addressed in the PDC. Additional discussion about this PDC was related to DLA's proposed subsistence exclusion from DDE projected supply plan, which conflicts with draft DODM 41401.01, Volume 9, in which the latest update specifically included subsistence. This is one of the items to be resolved before EBSO issues the PDC. Mr. Carroll noted subsistence and medical are different but may find value in this demand planning process being addressed in PDC 1267. DLA is coordinating with Mr. Carroll's office to determine if additional updates to Volume 9 are required. Mr. Gonzalez is working with Mr. Pearlis Sturgis, DLA, on issues with PDC 1267. DDE projected supply plan transaction will be between Services, not just with DLA as is currently being done. DAAS confirmed that the DDE exchange transaction is one NIIN per transaction. Ms. Miles noted the Air Force sends their DDE transactions monthly and there are existing processes in place to review systemically and noted for items such as exception or rejection from vendors, business rules will need to be developed to trigger updates for manual review. Consistency with data from month to month is needed. Mr. Gonzalez noted the goal is to maintain two way communication, request followed by response to the originator. PDC 1267 will address additional details.

Subsequent to this meeting, DLA determined that no changes to DODM 4140.01 Volume 9 will be required at this time. PDC 1267 will allow subsistence as stated in policy.

PDC 1283, Revision to Stock Readiness Inspection Timeframes and Inventory Adjustment Supply Condition Code Reclassification Timeframes for Business Days. Ms. Hilert noted a preference for calendar days (rather than business days) and would prefer to increase the number of days for a reasonably obtainable time standard using calendar days. EBSO will return the draft change comments to the DLA team for further review and update.

PDC 1290, Transmission of Updated Materiel Release Confirmation (MRC) and Shipment Status Transactions and Revised Mapping for Exception Addressing in the MRC. Ms. Hilert

explained that the EBSO is working on a PDC to support correction of IUID content in the MRC and shipment status in support of IUID policy and planned integration of SA/LW transactions within standard DLMS logistics transactions. This change will also support an Air Force request to provide full exception addresses in the MRC.

   k.   Agenda Topic 11 – Logistics Data Resources Management System (LOGDRMS) Update: Raising Awareness. Ms. Sylvia Williams, DLMS Data Manager, provided an overview of the LOGDRMS online DLMS data repository for DLMS data standards, implementation conventions (ICs), and associated metadata. LOGDRMS is transitioning to a new version and at this time only the Conversion Guides (Excel tables) are available to users. The new LOGDRMS is more robust and the Data relationships will be navigable from multiple directions making it clearer what the underlying DLMS functional data requirements are for the elements used in DLMS ICs.

One of the most important design decisions was linking changes to staffed PDCs/ADCs to allow for pending changes to be discoverable and allow traceability within LOGDRMS to changes. This capability will be for ADCs and PDCs created subsequent to the release of the new version of LOGDRMS. Going forward, LOGDRMS will be a better tool to see the current DLMS data and IC standards, and also see changes in the pipeline and as new ADC and PDC files are added it will become a valuable tool to research prior DLMS changes. Impacts from DLMS changes to DLMS data elements, qualifier/code lists, and ICs are recorded as the PDC and ADC are signed out. Some ADCs that have a delayed, coordinated implementation to avoid errors (i.e. some Unit of Issue code changes) will have an ADC status, but will not be rolled into the current production standard until the identified implementation date

   l.   Agenda Topic 12 - X12 Standards in the DLMS. Mr. Frank Napoli, LMI/technical support to EBSO provided an update on two relevant topics of interest from the X12 Fall standing meeting in Pittsburgh, PA, and a briefing on which characters DLMS data users may employ as delimiters in DLMS X12-based transactions.

   • **Decoupling X12 Code Versions.** The Accredited Standards Committee (ASC) X12 Committee meeting, in September 2017 made progress on this item that has a positive impact on the DLMS. X12 publishes new versions of its standards every year. These standards are "carved in stone", (i.e., no updates, including changes to code values, may be applied to that version of the standard). Since X12 published versions 4010 and 4030 (which EBSO uses for its DLMS ICs), DOD business processes have matured, and now require code values that do not exist in those older versions of X12.

For more than 10 years, DOD and other industry domains have sought to develop a methodology within the X12 business rules that would allow the use of "migration" or "forward" codes and at the same time comply with the X12 standard. Although this is a standard business practice employed by all industry domains, it is technically non-compliant with the X12 standard, and as a result, to date, none of these efforts has succeeded.

At the September standing meeting, X12J, the technical assessment subcommittee (TAS) approved a proposal that EBSO originally had submitted to X12 several years ago to add language to the X12 Guideline, Compliance in X12. It says that X12 recognizes industries' business need to use forward codes if those code values are published in any version of the X12

standard and documented in an industry approved implementation convention. All of the X12 subcommittees approved this language, and the X12 Procedures Review Board (PRB) submitted the language to a vote of the X12 membership for approval.

This is great news for DOD, because this is exactly the process that EBSO has followed for a number of years. EBSO submits a Code Maintenance Request (CMR) to X12 to add a new code to the X12 standard (in the next version that X12 publishes) and documents the use of this "migration" or "forward" code in a DLMS User Note in the DLMS IC.

EBSO will continue to support additional efforts to make the use of migration codes completely X12-compliant, and encourages any DLMS PRC members who are also X12 members to do likewise.

- **Delimiter Characters in DLMS EDI Transactions.** X12 specifies three types of delimiters for use in versions 4010 and 4030 of the X12 standard:
    - an element separator,
    - a composite data element separator, and
    - a segment terminator.

PDC 1275, Clarifying the Use of Special Characters in DLMS Electronic Data Interchange (EDI) Transactions, was released for review on November 13, 2017. PDC 1275 documents which characters trading partners may use in DLMS-compliant X12-based transactions. A table showing all of the DLMS-compliant delimiters can be viewed in the briefing file linked to the agenda on in the PDC available on the EBSO Website. Mr. Napoli reminded Components to provide feedback to their PRC representatives on PDC 1275.

Next Meeting: The Enterprise Business Process Standards Office thanked all attendees for their participation, enthusiasm, and continued support. The next Supply PRC, SDR PRC, and JPIWG meetings will be announced at a future date.

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