DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD
FORT BELVOIR, VIRGINIA 22060-6221

June 11, 2020

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Supply Process Review Committee (PRC) Meeting 20-1, Non-Catalogued Items in
DLA Systems, May 7, 2020

      This forwards the attached minutes of the Supply PRC 20-1, Non-Catalogued Items in
DLA Systems for your information and action as appropriate.

      The Enterprise Business Standards Office point of contact is Mr. Kristopher Fromm,
email EBSO.Supply@dla.mil.

THOMAS A. DELANEY
Director, Enterprise Business Standards Office
DLA Information Operations

Attachment
As stated

DISTRIBUTION:
ODASD(Logistics)
DLMS Supply PRC
Attendees

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MEMORANDUM FOR RECORD

SUBJECT: Joint Defense Logistics Management Standards (DLMS) Supply Process Review
Committee (PRC) Meeting 20-1, Non-Catalogued Items in DLA Systems

Purpose: The Enterprise Business Standards Office (EBSO) hosted the subject virtual meeting via
a Defense Collaboration Session and teleconference in compliance with DLA Virtual
Continuity of Operations (COOP) 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 webpage:
https://www.dla.mil/HQ/InformationOperations/DLMS/Archives/supply/. 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. Kristopher Fromm, Supply PRC Chair facilitated the discussion.

2. Meeting Topics:

    a. **Agenda Topic 2 – Non-Catalogued Items in DLA Systems**. Ms. Tanya Green, Chief,
DLA Inventory Management Division, Logistics Operations, led the discussion on an open issue
with regard to the high number of Component owned non-catalogued items stored with DLA
Distribution Centers. DLA Distribution currently stores 600,000 Component-owned non-
catalogued items; 63,000 of these items have stock on-hand. Additionally, non-catalogued items
are often not associated with all the data elements needed to effectively store, and receipt/assign
them to the correct owner account, which can prevent DLA processes from achieving audit
readiness. The lack of pre-positioned materiel receipts (PMR) can further result in creating new
non-catalogued items that are being placed into DLA stock. As DLA continues the transition
from the Distribution Standard System (DSS) to its Warehouse Management System (WMS), it
is critical that all Components assign non-catalogued items with proper materiel identification.
Non-catalogued items without proper materiel identification will not have the required materiel
product master in the WMS property records.

Background: DLA executes custodial responsibility of storage and distribution processes on
behalf of the Military Services and whole of government customers. Additionally, it was

suggested that program managers from the Components request that DLA Distribution store stock outside of the accountable property systems of record (APSR) with unknown local agreements between DLA Distribution Center activities and Component customers. This is based upon agreements between local DLA Distribution Centers and the customer. In efforts to perform processes, DLA relies on the accuracy and completeness of owner assigned critical attribute assignments of materiel received to include:

- systemic PMR and/or shipment notification,
- appropriate markings on the exterior package/containment,
- all applicable acceptable documentation/evidential matter,
- DLA transitions from DSS to WMS – full implementation FY23
- leverage controls designed within WMS to eliminate the front line receiver from making critical operational/audit attribute assignments, and
- systemically accept transactional data from the owner or manager of the materiel.

Current Process: DLA receipts all materiel, regardless of whether all critical operational/audit attributes are provided by the owner/manager. This includes materiel received without PMR and/or supporting documentation, where sufficient was research performed, but may still result in non-cataloged items. Non-catalogued items that are not accompanied by all the requisite data elements needed to effectively store them and for DLA processes to be auditable are sent to DLA Disposition Services if they cannot be fully recognized. This occurs for approximately 100 items per month.

Mr. John Estep, USMC, asked for clarification with regard to DLA's plan to automatically dispose of items that either are not currently catalogued upon receipt or where no PMR has been received, causing an item to become a non-catalogued item within the DLA Distribution System (WMS).

Mr. Mike McCool, DLA Program Analyst, Logistics Operations, provided a detailed breakdown of sample of XML schemas based on X12 transactions and the data elements that are often missing or required to successfully create the DLA product materiel record for receipt processing (Reference Slide 4). DLA will leverage a new proposed requirement to the Components using the DLMS 832N Catalog Data Support transaction along with the existing mandatory requirement for the PMR before shipping items to DLA. This will enable all subsequent transactions to DLA process correctly and materiel has a product master at time at receipt. Ms. Green concurred and emphasized that the preference that materiel is properly catalogued in lieu of having to use the DLMS 832N. The DLMS 832N is an option if Services choose to ship non-catalogued and non-compliant materiel.

Future Process: DLA will replace DSS with WMS. WMS requires the existence of a product master record to process incoming receipts. Item data must be from its authoritative source to determine the correct manager and/or owner. WMS relies on the PMR and/or shipment notification to capture operational/audit attributes so the receipts can be posted/receipted in the property record, and execute all other storage and distribution related processes. Additionally, proper materiel identification is key for reconciliation between WMS, as the APSR for DLA and

as feeder system to the applicable materiel owner, and the specific Component inventory control points (ICP).

Corrective Actions: DLA will require the Services and DLA's Enterprise Business System (EBS) to send DLMS 832N Catalog Data Support transactions to WMS for Product Master creation for DLA Distribution to store non-cataloged items. DLA require the PMRs to identify ownership of materiel during the receipt process. Refer to the table illustrating the minimum required field/data elements to be submitted on Slide 6. Non-catalogued materiel received without PMR/shipment notification will be sent to disposal regardless of the supply condition when the materiel identification and ownership cannot be determined during the receipt process. Preparing for DLA's transition to the WMS places greater emphasis on the ongoing efforts to clean-up non-catalogued materiel stored at DLA Distribution. This effort requires Components to provide owner confirmation and the agreed to materiel master identification in DSS for all existing non catalogued materiel stored at DLA Distribution.

Conclusion: Ms. Green emphasized that the Component customers and DOD are the primary beneficiaries of this proposed process, which satisfies audit readiness, eliminates non-catalogued materiel from entering the DLA supply chain reducing manual and workaround cost, and reduces unnecessary disposal. The Disposal piece is involved because DLA will no longer be in the business of cataloguing the customers stock. Previously, DLA accepted this responsibility, which has caused the above issues.

To support of the DLA corrective action and way ahead, the relevant guidelines under current Federal Laws and Policies are identified on Slides 10, 11, and 12.

Action Item 1. Identify and provide contact information for subject matter experts that have the authority to identify Non-Cataloged materiel stored at DLA Distribution. The SME must be able to provide appropriate disposition or disposal instructions to DLA in an effort to cleanup, properly catalog, and/or correct owner in property records. Work through the Phases of the clean-up effort with DLA, per information provided on Slide 8 of the DLA brief.

Action Item 2. Provide 2 SME POCs from each Service: 1 from Inventory Management, and 1 from Cataloging for participation in an ODASD(Logistics) led Non-Cataloged (Non-NSN) Materiel IPT.

Action Item 3. Provide a list of known issues causing a continued increase in the use of local stock numbers (LSN), how they are being managed, and the plan to resolve them to ODASD(Logistics).

   b. Agenda Topic 3 – Navy's Inventory Management of Non-Catalogued (Non-National Stock Number (NSN)) Materiel. Mr. Jon Uphill and Dave Childress, Naval Supply Systems Command (NAVSUP) Primary and Alternate Supply PRC members, provided an overview outlining the current status of NAVSUP Weapon System Support (WSS) management of non-cataloged NSNs, NAVSUP hazardous materiel (HAZMAT) management of non-cataloged NSNs, Naval Air (NAVAIR) operating materials and supplies (OM&S), non-NSN materiel, and, DLA management of NAVAIR OM&S items. Refer to NAVSUP P-485, Volume 1 and NAVSUPWSSINST 4200.42L for internal Navy guidance over nonstandard materiel. NAVSUP

defines nonstandard materiel as those items of supply that are not centrally managed or procured for supply system stock. Navy noted categories exempt from the Federal catalog system, as items procured on a one-time basis and intended solely for local use or consumption.

Background: NAVSUP WSS manages non-catalogued NSNs using the criteria outlined on Slide 4. Challenges expressed by the NAVSUP WSS team include multiple contacts for commercial and government entity (CAGE) and part number purchases, extensive lead time, time consuming manual processing and research across multiple databases, items that have LSNs assigned that are not linked to parent weapons systems, items that have no item manager, specifications, or characteristics, and several others issues highlighted on Slide 4. NAVSUP also outlined unique challenges with management of non-catalogued HAZMAT NSNs, NAVAIR OM&S and non-NSN materiel, and DLA management of NAVAIR OM&S inventories with a common thread surrounding hindered systemic exchange for materiel data.

Ms. Jan Mulligan, ODASD(Logistics) asked for clarification on the open purchase of HAZMAT items. Ms. Kelley Watson, NAVSUP, replied that there is current Navy policy in place that requires a surcharge to internal customers if they need to purchase a product where no cataloguing exists, causing the assignment of materiel identification based upon individual customer attributes.

Current Processes: Mr. Uphill outlined the different types and formats of Navy-specific local stock numbers

The WSS procedure flow is illustrated on Slide 10.

Conclusion: Navy expressed concerns that: Nonstandard materiel will create management issues for the Navy that will generate additional manual work; Navy ERP and DLA WMS need to be synchronized for proper inventory alignment; and if DLA cannot create a connection for Non-NSN materiel, Navy will not be able utilize DLA for inventory management.

Action Item 4. Provide the policy documents to ODASD(Logistics) on the process of purchasing HAZMAT items and identification of local numbers when orders are placed by individual customer. – "Without relief from DoD FMR Reimbursable Operations Policy (aka 51 percent rule), NAVSUP must continue to manage much open-purchased HAZMAT of other activities/tenants/CTRs as LSNs") (Reference Slide 5)

Action Item 5. Provide the planned exchange process flow between the Hazardous Materials Information Resource System (HMIRS) and DLA Warehouse Management System (WMS). Will DLA manage HMIRS submissions in WMS?

Action Item 6. Provide Service-level policy and procedures for when to assign an NSN to an item and when to handle an item as a Non-Cataloged item.

c. **Agenda Topic 4– USA Air Force- No brief provided prior to meeting.**

Action Item 7. Briefs not provided in time for the meeting: We ask that the Services that did not brief prepare a presentation document covering how your Service performs inventory management of Non-Cataloged (Non-NSN) Materiel.

    1. No more than 30-45 minutes

    2. High level processes, and detail when needed, like

    3. Where you have pain points in transactional capability or accountability

d. **Agenda Topic 5- US Army- No brief provided prior to meeting.**

Action Item 7. Briefs not provided in time for the meeting: We ask that the Services that did not brief prepare a presentation document covering how your Service performs inventory management of Non-Cataloged (Non-NSN) Materiel.

    1. No more than 30-45 minutes

    2. High level processes, and detail when needed, like

    3. Where you have pain points in transactional capability or accountability

e. **Agenda Topic 6- US Marine Corps- No brief provided prior to meeting.**

Action Item 7. Briefs not provided in time for the meeting: We ask that the Services that did not brief prepare a presentation document covering how your Service performs inventory management of Non-Cataloged (Non-NSN) Materiel.

    1. No more than 30-45 minutes

    2. High level processes, and detail when needed, like

    3. Where you have pain points in transactional capability or accountability

f. **Agenda Topic 7 Data Exchange Overview using the DLMS 832N Catalog Data Brief.** Mr. Fromm, EBSO, briefed members on proposed solutions to address the DOD-wide challenges with regard to non-catalogued materiel at DLA, while supporting the Components with the cataloguing processes between systems. EBSO recommends the use of the DLMS 832N Catalog Data Support transaction allowing Components and DLA to communicate materiel identification. Currently, the DLMS 832N can transmit a portion of the required data elements DLA needs to establish materiel master/cataloguing data required for WMS. The DLMS 832N Catalog Data Support transaction can be modified to accommodate the full list of required data elements using the existing Proposed DLMS Change (PDC) process. The DLMS 832N required data locations are listed on Slide 7 for reference.

Mr. Fromm opened up with the following discussion topics related to the management of non-catalogued materiel: (Refer to Slide 4)

- Does any Component have an issue with providing Catalog Data as a whole?

- Does any Component have an issue with providing a specific data element, or are there any that should be added?

- Transmitting catalog data can currently be done between any set of entities using the DLMS 832N, in accordance with the following DLMS note on the IC:

  > "*4. This transaction may be used to add, change, or delete, catalog data information in accordance with a trading partner agreement. Not all information exchange procedures are applicable to all interfacing parties.*"

- Do the Components wish to move forward via trading partner agreement, or should we discuss the merits of standardizing catalog data exchange for non-NSN materiel on an Inter-Component basis? For example, DLM 4000.25, Volume 2 could define the minimum data requirements for catalog data exchange across the DOD for materiel that is not cataloged in FLIS.

- Ms. Sylvia Williams (EBSO) made a recommendation for future meetings – for the Services to provide the data elements they are using in their material master and which are mandatory/optional and cross reference to standard data elements.

- Should a Non-Cataloged Materiel Integrated Process Team (IPT) be established to tackle ongoing issues and refine procedures and requirements?

Ms. Rita Williams from the EBSO Catalog Data Standards Group provided an update on the status of cataloging in general to move toward faster cataloging actions. Modernization will improve flow for all, but also need to re-engineer some processes in order to move forward for speeding up the NSN assignment processing. Ms. Williams noted that the use of the XML based customer data schema has limits with legacy systems that hampers automation. Cataloging is looking at robotics process automation (RPA) activities to get data out there faster and could provided some improvement. Business process reengineering is needed to move away from the legacy 1960s processes. Mr. McCool noted that the cataloging processes within the Services can take time and a comment about the Marine Corps highlighted that they use several internal systems before sending to the Federal Logistics Information System (FLIS).

Action Item 8. Provide a list of the key data elements used by your Service for management of non-cataloged items so we can compare and coordinate a standardized list for the DLMS IC 832N Catalog Data Support updates

ODASD(SCI) Update: Ms. Mulligan, ODASD(Logistics), briefly noted two initiatives that the ODASD (SCI) will support as a result of SPRC 20-1 meeting:

- Establish the DOD Non-catalogued and LSN IPT; and

- Reduce and slow the increased use of LSN assignments throughout DoD Supply Chain.

3. Parking Lot Items:

- As we develop the IPT, recommend that SA/LW be included since they regularly use LSNs. Emphasizes that IPT should address all LSNs across the board. (Mr. Rafael Gonzalez, EBSO)

- Reduce and slow the increased use of LSN assignments throughout DoD Supply Chain. (Ms. Mulligan, ODASD(Logistics)

- Improvements to expedite the cataloguing process and assignment of NSNs. (Mr. Fromm and Ms. Rita Williams, EBSO)

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

Approved: _____
Mr. Kristopher D. Fromm
Supply PRC Chair

Approved:_____
THOMAS A. DELANEY
Director, Enterprise Business Standards Office
DLA Information Operations