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November 24, 2021

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Supply Process Review Committee Meeting 21-2, October 27, 2021

This memorandum forwards the attached minutes of the Supply Process Review Committee 21-2 meeting for your information and action as appropriate.

The Defense Enterprise Data Standards Office points of contact are Mr. Rafael Gonzalez, e- mail Rafael.Gonzalez@dla.mil, Ms. Tonja Carter, e-mail Tonja.Carter@dla.mil, and Dr. Gail Fuller, e-mail Gail.fuller@dla.mil.

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Director, Defense Enterprise Data Standards Office

Attachment
As stated,

DISTRIBUTION:
ODASD(Logistics)
Supply PRC
Attendees

MINUTES FROM SUPPLY PROCESS REVIEW COMMITTEE MEETING 21-2, OCTOBER 27, 2021

1. General: The Defense Enterprise Data Standards Office (DEDSO) convened a virtual meeting of the Supply PRC via Microsoft Teams and a teleconference on October 27, 2021. Specific discussion topics are noted below. The meeting agenda, briefing material, and the Action Item Tracker are available on the Supply PRC web page: https://www.dla.mil/HQ/InformationOperations/DLMS/Archives/supply/.

2. Purpose: DEDSO hosted a Supply PRC to inform stakeholders about the ongoing efforts to enhance the purpose code and how it impacts DoD Components collectively. As part of the meeting, DEDSO elicit their input on the initiative. The topic was Understanding Purpose Code with several sub-topics to address the specific initiative:

1) Understanding Purpose Code
    a) Check Book Memo Illustration Scenario
    b) Purpose Codes Attributes
    c) Materiel Owner vs Purpose Code
    d) Proposed Purpose Code Syntax
    e) Preventing Abuse of the Purpose Code
    f) Pre-defined vs User Defined Purpose Code
    g) How to Assign a Purpose Code to Materiel in Storage

Mr. Rafael Gonzalez facilitated the meeting discussions. The discussion topics and resulting action items are below. The Action Item Tracker contains the resulting action items which are due within 30 days from the Supply PRC 21-2 meeting minutes publication unless otherwise stated.

3. Opening Remarks: Mr. Gonzalez provided opening remarks and introduced Mr. Tad DeLaney, Director, DEDSO, who welcomed participants.

4. Meeting Topics:

a. Agenda Topic 1 – Purpose Code Illustration Brief. Mr. Gonzalez, DEDSO, led the discussion with an illustration using a check "memo" field with similar attributes and use as the purpose code. The flow provided a basic understanding of the advantages and characteristics of assigning a purpose code to identify, segregate, and store assets both while in storage and systemically to achieve accountability. Understanding the purpose code and how it is used to segregate stock while in storage is intended to support a Defense Logistics Management Standards (DLMS) change that will expand upon the limited capacity as it is used today. The goal is to enhance the use of the purpose code for interoperability.

The proposed purpose code expansion is an alpha numeric variable length field that allows materiel owners to segregate materiel by a given value. There will be no duplication as each purpose code is assigned by the owner. Materiel with a purpose code value will be stored separately from the general population. If the materiel has no assigned purpose code, it will be stored with general population of the same type and kind by owner.

DLA stakeholders pursued questions relating to the physical segregation of the materiel stored in the DLA Distribution Centers and any storage site in general. Mr. Gonzalez explained the proposed changes will trigger storage sites to segregate materiel by purpose. The ownership code would not be the determining factor on the segregation of materiel. Mr. Robert Wicks, USAF Classified Assets, added to the discussion by exploring the use of the purpose/ownership code and asked for further clarification between each. In the proposed change, the purpose code will be used with the materiel owner routing identifier code (RIC) and not rely on the ownership code. Mr. Chayan Mukherjee, US Army Program Executive Office (PEO), expressed some concerns with the subject and whether capacity issues have been addressed via a business case analysis. Mr. Gonzalez confirmed that currently no studies or data exploring the capacity concerns had been addressed and encouraged stakeholders to provide feedback on this topic. DoD stakeholders would have ample time to address and provide feedback regarding the impacts on warehouse capacity and cost during the proposed change process. Other questions and concerns from Ms. Danielle Woods Lewis, USAF, regarding the purpose code being added to the Federal Logistics Information System (FLIS) were addressed. Mr. Gonzalez confirmed the code will NOT become part of the cataloging data. The purpose code would not impact FLIS as the use is limited to Component specifics and not determined at the national stock number (NSN) level. Mr. Benjamin Breen stated from a DoD perspective, we would not want to put an indicator in the FLIS.

Conclusion Topic 1: The DEDSO team will follow up with DLA, US Air Force, and other interested parties to get more detailed feedback and address concerns surrounding both systemic and physical storage capacity as well as cost. Furthermore, DEDSO would not be in the position to provide a projected cost associated with expanding the use of the purpose code and rely on Component feedback during the proposed change staffing process.

b. Agenda Topic 2 – Understanding Purpose Code

a) Purpose Codes Attributes

Mr. Gonzalez led the discussion on the current and future purpose codes attributes and pointed out that all relevant DLMS transactions currently support the data element. Ideally, each component would assign, define, and use the purpose code for their needs as they do currently. Components will not be limited to a pre-defined list of purpose codes. DEDSO will provide additional business rules to ensure DoD interoperability. Mr. Gonzalez cited an example that if the Army Logistics Modernization Program (LMP) uses purpose code "ABC" and Navy Enterprise Resource Planning (NRP) uses the same, those two are already separated by owner therefore, the purpose code will not be a duplicate. Mr. Breen stated Services would be able to segregate by purpose code and materiel owner. Mr. James Weiner, DLA DSS stated this is

bigger than separating and segregating materiel and questioned the financial ramifications because of the proposed use of the purpose code.

Mr. Brown inquired about DEDSO considering the format of the RIC instead of enhancing the purpose code. Mr. Delaney stated the RIC was taken into consideration for over the years (5-6 years ago). However, due to its current limitations, the data element would not support further enhancements. In addition, the DoD is currently working to eliminate the RIC as a legacy data element therefore, further enhancements would go against this effort.

Mr. Gonzalez followed up stating the receivers can assign a purpose code to a given quantity of a materiel at time of receipt via the DLMS 527R Pre-positioned Materiel Receipt (PMR) or when materiel is in storage via the DLMS 940S Materiel Staging Request transaction. If the purpose code does not follow the syntax defined, the proposed change would allow storage activities to ignore the purpose code, provide a negative response back via DLMS 943S Warehouse Service Advise. The materiel would be then stored with the general population.

Action Item 1: Provide a comprehensive list of POCs who can discuss the use of pseudo RICs to the DoD Supply PRC member group. Action for Ms. Tanya Green, DLA HQ for DEDSO Administrators. (Expands the existing Action Item from Supply PRC 21-1 towards the elimination of supply system pseudo RICs)

Mr. Troy Brown, DLA HQ, discussed recent audit findings at DLA on comingling assets in storage as an issue and how the proposed purpose code use could help address the issue. Mr. Brown also discussed how the gains and losses might be complicated by using the purpose code as a way of segregating DoD materiel and inquired how these special purpose code assigned would be reported financially for the Services. Mr. Weiner, DLA DSS, stated using the purpose code in coordination with the ownership code would impact the financial reconciliation both for intra and inter-service accountable records. It was suggested that further research should be completed for a more thorough understanding of any financial reconciliation impacts. Mr. Gonzalez stated that further research is necessary to identify any potential impact to inventory reconciliations.

Mr. Gonzalez also followed up on the Supply PRC 21-1 meeting topic regarding the unauthorized use and elimination of pseudo RICs. DLA stressed DLA WMS will not support pseudo RICs, and Components must take corrective actions to ensure all the materiel they own is under a valid materiel owner RIC. DLA continues to experience problems with the use of pseudo RICs (defined by unauthorized RICs used to store Component materiel under accounts not established in any APSR or DLA system) that have no established systemic Materiel Master, NSN, etc. Mr. Weiner added US Navy has the majority of pseudo RICs in use today within the DLA storage system. The Services will need to identify contacts to work with DLA and take appropriate disposition action on pseudo RICs. Mr. Gonzalez expressed the need to schedule several meetings with the services currently using pseudo RICs to better understand their plan forward. The detailed discussion on the pseudo-RIC issue is contained in the August 25, 2021, Supply PRC 21-1 Meeting Minutes.

Action Item 2: DEDSO to follow up with the DLA, Navy, and Army to better understand their intent and plan going forward with pseudo RICs. These meetings will help better define the business needs that will support future enhancements to the purpose code.

b) Materiel Owner vs Purpose Code

Mr. Gonzalez led the discussion on the Materiel Owner vs Purpose Code by highlighting the key points for each. DEDSO is not looking to create a financial impact by implementing the purpose code, and storage activities will continue to report to the owner RIC as it is done today. Additionally, the purpose code will not impact inventory gains and losses. The purpose code further segregate materiel as defined by each component while in storage. The RIC will remain as the owner for the full QTY regardless of the purpose code. Storage activities will report and reconcile records with the materiel owner RIC regardless of the purpose code. Mr. Gonzalez also commented the intent is not to reconcile inventory by purpose code instead, further segregate materiel in the warehouse as needed. We are trying to eliminate use of the pseudo-RIC to segregate materiel.

Mr. David Dougherty, USMC stated their concern with maintaining inventory accuracy between the DLA custodial sites and the Services accountable property system of record (APSR). This would also result in additional denials when the inventory records are not synced. The overall intent of this change is to allow further segregation of materiel by purpose and avoid comingling of items. For example, purpose code can segregate by "working capital" and "non-working capital" materiel, but the segregation would not affect the financials. Mr. Breen added the reconciliation is done by owner RIC today.

Ms. Kim Henschel, USAF inquired about the cost of implementing the purpose code. Mr. Gonzalez stated the proposed changes are not mandatory and it would be up to the Services to decide when to implement based on current and future business needs.

c) Proposed Purpose Code Syntax

Mr. Gonzalez, led the discussion on the Proposed Purpose Code Syntax change and identified the following characteristics:

- Up to six alpha-numeric characters and dashes, no other special characters or spaces are allowed.
- Must begin with an alpha numeric character. This will prevent materiel owners to use a dash as a purpose code.
- The purpose code can be used across organizations without creating duplication when the materiel in storage is segregated by owner.
- Components may use a DoD Activity Address Code (DoDAAC) as a purpose code to identify the ultimate owner of the materiel.

d) Preventing Abuse of the Purpose Code

Mr. Gonzalez led the discussion on Preventing Abuse of the Purpose Code. Proposed methods include the following:

- Limit the number of purpose codes a materiel owner can use per NSN, supply condition code, materiel owner combination (i.e., five purpose codes per combination). When the purpose code limit is reached, the additional materiel will be stored with the general population and not segregated by purpose code.
- Once the full quantity under a purpose code is issued or exhausted, the purpose code will automatically drop.
- All re-warehousing action that involves ownership transfer will not perpetuate the purpose code, to include logistic reassignments.
- Storage activities will reject any request for segregation of materiel when the purpose code syntax is not in compliance.

In response to the first bullet point 1, Mr. Brown and Mr. Weiner DLA HQ and DLA DSS inquired about potential system changes to provide a denial transaction due to misuse or when the amount of purpose codes exceeds, as proposed. Also discussed the potential storage cost increase for new bins and the increase in workflow both operationally and systemically. Mr. Breen discussed the need to enforce the proposed limitations, but each Service would be required to maintain or police the use of internal purpose codes. Mr. Breen also stated DLA service fees could be the mechanism to control the purpose code usage. DLA service charges will need to be developed to coincide with new or proposed rules for use of the purpose code for the segregation of Component materiel while in the custody of DLA storage sites. Process and rules would be achieved with a planned roll out once approved.

Ms. Katherine Coe, US Army Logistics Data Analysis Center (LDAC), discussed the US Army current use of more than five project codes and purpose codes internally. Ms. Coe also discussed the Global Air Transportation Execution System (GATES), a DoD transportation system managed by USTRANSCOM and the potential impacts with the proposed changes to the purpose code. Ms. Coe also stated the Army transmits the purpose code data element (DD 1348-1) to GATES. Mr. Gonzalez reiterated the intent of this change but understands further research is needed before moving forward with the purpose code. Ms. Coe again stated that this would occur when there are materiel transfers between Services and changes would be required in GATES and the transportation systems. Mr. Gonzalez stated this issue goes beyond the use of the purpose code. Ms. Coe asked the transportation community to be part of the conversation to determine the impact to their system(s). Mr. Gonzalez requested comments from the group so DoD stakeholders can narrow down how far and wide we should take the purpose code. He also stated comments should address any business case reasons to carry the value outside of the materiel owner's system so that a limit can be determined moving forward. Mr. Gonzalez also requested comments and details regarding potential storage activity costs associated to this proposed change.

Mr. Breen stated the purpose code is currently in the DD 1348-1, but it is only limited to 1 character. Expanding the data element to up to six characters may cause the value to be excluded from the DD 1348-1. The stakeholders recognized future DoD requirements will not be limited

by legacy constraints. If the proposed change and the use of the purpose code move forward to staffing, the DD 1348-1 will be re-evaluated based on future requirements. Mr. Brown suggested the use of DD 1348-1 box 27 to include the purpose code in the remarks as an interim solution as DoD moved into the future. Ms. Tiffany Dew, US Army, stated this would create an issue for Army who currently use more than five purpose codes with the one position code format. Mr. Gonzalez reiterated the need to define the business rules for the purpose code and when it is appropriate to populate the value in variable length transactions. Ms. Coe stated the Army currently transmits the purpose code in all relevant transactions.

Mr. Dougherty, USMC, concurs with the DD 1348-1 problem noted during the discussion and stated USMC uses the DD 1348-1 when receiving assets to know where to store within USMC requisition system and USMC does not want to lose that capability. Ms. Erin Fowles DLA, also asked for clarification regarding the purpose code data element being dropped from the transaction sent to DLA when syntax fails. Ms. Fowles also explained the need for the storage sites to segregate Component materiel based upon the user/Component defined purpose codes. In addition, DLA capacity will be impacted and require twenty-five storage bins with the maximum per NSN based upon the proposed change. The change would impact the warehouse and associated systems which could lead to financial imbalance and audit issue. USMC stated the importance to transmit the purpose code between systems to include downstream applications in support of audit. USMC also inquired about the return on investment (ROI) for this change.

Mr. Dougherty expressed his concerns with the proposed change, particularly with the limitations to five allowable instances. Mr. Dougherty requested details surrounding the true ROI to implement this change as it would impact numerous systems across DoD.

Mr. Breen and Mr. Gonzalez returned to the discussion of the proposed methods and emphasized that once the full quantity under a purpose code is issued or exhausted, the purpose code will automatically drop. Mr. Breen asked for clarification on the need of syntax rules during the DAAS exchange to prevent transaction rejects. Mr. Frank Napoli, Office of Deputy Assistant Secretary of Defense (Logistics), asked for clarification from DEDSO regarding the meaning of "automatically drop."

Summary. Mr. Gonzalez proposed the purpose code change could be broken down into smaller pieces and address one set of business rules and systemic implementation over several DLMS changes. Mr. Gonzalez also provided a follow up to earlier discussions asking stakeholders whether they preferred a user defined purpose code for DoD use. DoD. Responses were:

- Army prefers to define their own codes.
- Navy requires an internal discussion before providing an answer.
- USMC prefers to maintain their list of codes.
- DLA, Mr. Brian Anderson DLA HQ, stated that DLA would not concur to the change and defer further comments to the DLA Order Management SMEs.
- USAF was unable to provide a response, but Mr. David Nixon USAF Munitions, stated they may consider a combination of both users defined and predefined as conveyed in the chat comments responding to Ms. Carter. He stated "if there is a need to predefine

any elements of the purpose code at the department level, the beginning characters code should be used to represent agreed upon values, but the remaining characters left for service level definition. Otherwise, given the options presented, I would prefer non-predefined purpose code values.

e) Purpose Code Example

Proposed Limitation to the use of purpose code is up to five instances of purpose code for the same NSN, SCC, Owner RIC. When the purpose code limit is reached, the additional materiel will be stored with the general population and not segregated by purpose code. Ms. Fowles, DLA DSS (perspective) asked the following: What about the realization aspect? How would values be carried and delineated?

Mr. Mark Passage, Air Force Security Assistance and Cooperation (AFSAC) stated the DoD Inspector General reported an issue where service owned materiel was shipped to a foreign military sales (FMS) customer by mistake. Mr. Passage stated the purpose code could help segregate FMS from service owned materiel.

f) Pre-defined vs User Defined Purpose Code

Mr. Gonzalez led the discussion on the differences between pre-defined versus user or non-defined purpose codes with the characteristics and advantages of each. DEDSO proposed two methods/options in which the DoD Purpose Code list could be managed.

The main characteristics for the pre-defined purpose code list are:

- DEDSO will create a list of purpose codes for all Components as part of the initial proposed change.
- Components will contact DEDSO to incorporate new purpose codes.
- The approved list of purpose codes will be universal for all Components.
- Systems may require frequent updates as the list of purpose codes changes.
- When requesting segregation of materiel in storage, the purpose code must match the approved list.

The main characteristics for non-pre-defined purpose code list would require each Component to establish and maintain the codes internally. They are:

- DEDSO will not maintain a list of purpose codes.
- Materiel owners will create a maintain purpose codes, as necessary.
- The purpose code value and definition will only be meaningful to the materiel owner.
- When requesting segregation of materiel, the materiel owner can use any value that meets the approved syntax.

g) How to Assign a Purpose Code to Materiel in Storage

Mr. Gonzalez led the discussion on How to Assign a Purpose Code to Materiel in Storage and presented a high-level flow diagram. The diagram touched on some of the proposed primary elements or requirements when assigning the purpose code to materiel in storage. The primary elements or requirements are:

1) The quantity must be equal or less than the on-hand balance.
2) The pre-positioned materiel receipt (PMR) will be the transaction to request segregation of materiel by purpose code at time of receipt.
3) If the purpose code does not comply with the syntax defined in this change, the storage activity will store the materiel with the general population and provide a negative response (DLMS 943S) back to the materiel owner. The materiel owner will need to submit a request (DLMS 940S) to assign a valid purpose code. A purpose code that does not meet the syntax will not result in a supply discrepancy report.
4) At time of receipt, when the purpose code doesn't not comply with the syntax, the storage activity will store the materiel with the general population and will not provide a negative response back to the materiel owner.
5) A dual inventory adjustment will be necessary to assign a new purpose code to materiel in storage.

c. Purpose Code Summary - Way forward with the proposed change using Purpose Code for segregating DoD materiel while in storage.

Mr. Gonzalez concluded the brief with the proposed way forward and next steps to determine if the purpose code can be used to segregate DoD materiel while in storage throughout the supply chain. They are:

1) DEDSO will put together the initial draft proposed change in the next couple of months.
2) Components will have 30 days to review and provide comments/responses in their official response back to DEDSO.
3) After 30 days, DEDSO will coordinate with DASD Logistics for approval.
4) The target date for approval is end of 2nd quarter FY 2022.

Conclusion: Mr. Gonzalez opened discussions to all attendees for any additional questions/concerns before the end of the meeting. Mr. Breen emphasized the intent of the purpose code and how it can support current and future segregation constraints within the DoD supply chain. The change will focus on the two main issues: Pseudo RICs and a viable means to segregate DoD materiel in storage based on Component defined purposes. DEDSO will collaborate with stakeholders in the development of requirements and will host additional meetings as necessary.

Next Meeting: The Defense Enterprise Data Standards team thanked all attendees for their participation, enthusiasm, and continued support. The next Supply PRC meeting will be announced early in calendar year 2022.