**C1. CHAPTER 1**

INTRODUCTION

C1.1. GENERAL

C1.1.1. Purpose. This volume provides Department of Defense (DoD) standard procedures and electronic data interchange (EDI) conventions to effect supply actions using American National Standards Institute (ANSI) Accredited Standards Committee (ASC) X12 transactions with the Defense Logistics Management Standards (DLMS).

C1.1.1.1. This volume contains some of the legacy 80 record position transaction procedures associated with the respective DLMS transaction to ensure the functionality of the Military Standard Requisition and Issue Procedures (MILSTRIP) and Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP). This is included where necessary to operate in a mixed legacy 80 record position and the upgraded DLMS environment. Upon full DLMS implementation, any specific legacy procedures wording will be removed.

C1.1.2. Defense Logistics Management Standards Volume Access. Use of this volume requires simultaneous access to DLMS Manual Volume 1 administrative items such as the lists of acronyms and abbreviations, terms and definitions, and references; instructions for acquiring access to the DLMS standards data base; specific guidance that applies to all DLMS Implementation Conventions (IC); DLMS to Defense Logistics Standard System (DLSS) cross-references and DoD/ASC X12 Conversion Guides and both functional and technical information that is relatively stable and applies to the DLMS as a whole.

C1.2. POLICY. The DoD policy governing the procedures in this volume are:

C1.2.1. DoD Instruction 4140.01. ”DoD Supply Chain Materiel Management Policy”, March 6, 2019

C1.2.2. DoDM 4140.01, “DoD Supply Chain Materiel Management Procedures”, (Dates vary by Volume)

C1.3. APPLICABILITY. This volume applies to the Office of the Secretary of Defense, the Military Departments, the Joint Staff, the Combatant Commands, and Defense Agencies. The manual applies, by agreement, to external organizations conducting logistics business operations with DoD including (a) non-Government organizations, both commercial and nonprofit; (b) Federal agencies of the U.S. Government other than DoD; (c) foreign national governments; and (d) international government organizations.

C1.4. SUPPLY PROCESS REVIEW COMMITTEE. The Supply Process Review Committee (PRC) is the forum through which the DoD Components and other participating organizations may participate in the development, expansion, improvement, maintenance, and administration of supply requirements for the DLMS. The Supply PRC chairperson, in coordination with the DoD Component Supply PRC representatives, is responsible for the contents of this volume of the DLMS. Representatives to the Supply PRC are identified on the Defense Enterprise Data Standards Office (DEDSO) Website. See DLMS Volume 1, Chapter 1 for a discussion of DLMS PRC functions and responsibilities.

C1.5. SUPPLY DISCREPANCY REPORTING PRC. The Supply Discrepancy Reporting (SDR) PRC provides a joint Service/Agency forum to develop, expand, improve, maintain, and administer supply discrepancy reporting policy and procedures. The SDR PRC chairperson, in coordination with the DoD Component SDR PRC representatives, is responsible for the SDR related contents of this volume of the DLMS. The DEDSO Website identifies the Representatives to the SDR PRC.

C1.6 JOINT PHYSICAL INVENTORY WORKING GROUP. The Joint Physical Inventory Working Group (JPIWG) recommends guidance and develops program enhancements for the physical inventory control of DoD supply system materiel. The JPIWG chairperson coordinates with DoD Component representatives for general supplies and ammunition to maintain the physical inventory control procedures contained in Chapter 6 of this volume. Representatives to the JPIWG areidentified on the DEDSO Website.

C1.7. NONCOMPLIANCE. If reasonable attempts to obtain compliance with prescribed procedures or resolution of DLMS supply or SDR-related problems are unsatisfactory, the activity having the problem may request assistance from their respective DEDSO PRC representative. For noncompliance issues that impact the JSA/LWCG as well as the JPIWG, refer concerns to the Service/Agency representative on the aforementioned committees. The request should include information and copies of all correspondence pertinent to the problem; including the transaction set number, the document number and the date of the transaction involved. The appropriate representative should take the necessary actions to resolve the issue or problem. The actions may include requesting assistance from the Supply PRC chairperson.

C1.8. TRANSACTION REVERSAL. Processing activities may reverse select functional area transactions. See the following DLMS Volume 2 chapters for specific details on reversals:

* Chapter 6 for quality control requirements and for additional controls required when reversing physical inventory adjustments,
* See Chapter 9 for additional controls required when reversing logistics transfer/decapitalization transactions,
* Chapter 12 for additional controls required when reversing prepositioned materiel receipt transactions,
* Chapter 13 for additional controls required when reversing receipt transactions, and
* Chapter 14 for additional controls required when reversing issue transactions.

C1.9 TRANSACTION REJECTION. DLMS Volume 1, Chapter 4 prescribes the procedures for the use of the DLMS 824R Reject Advice Transaction to exchange information about functional errors not covered by DLMS status or other type of supply transaction, including MILSTRIP and MILSTRAP functional areas. The Reject Advice Transaction reports the unique document number, and/or other pertinent information to identify the rejected transaction, and codes identifying one or more specific error conditions. Where specific reject advice codes are not established to identify the error condition causing the transaction to fail, Defense Automated Addressing System (DAAS) may use the Reject Advice Transaction to provide narrative message rejection of the erroneous DLMS transaction. A combination of reject advice codes and clarifying narrative may be used to facilitate interpretation of the error condition.

C1.10. Military Standard Requisitioning and Issue Procedures

C1.10.1. Definition. “A broad base of logistics transactions and procedures designed to meet DoD requirements to establish standard data elements, codes, forms, transaction formats (both legacy 80 record position and DLMS) and procedures to requisition, release/issue, and dispose of materiel and prepare related documents. It prescribes uniform procedures and time standards for the interchange of logistics information relating to requisitioning, supply advice, supply status, cancellation, materiel release/issue, lateral redistribution, materiel return processes, materiel obligation validation, contractor access to government sources of supply, and selected security assistance processes. The provisions apply to the Office of the Secretary of Defense, the Military Departments, the Joint Staff, the Combatant Commands, and Defense Agencies. It also applies, by agreement, to external organizations conducting logistics business operations with DoD including (a) non-Government organizations, both commercial and nonprofit; (b) Agencies of the U.S. Government other than DoD; (c) foreign national governments; and (d) international government organizations.”

C1.10.2. Purpose. Prescribes uniform procedures, data elements and codes, formats, forms, and time standards for the interchange of logistics information relating to requisitioning, supply advice, supply status, materiel issue/receipt, lateral redistribution, and materiel return processes. The procedures govern the interchange of information for all materiel commodities (unless specifically exempted by the Under Secretary of Defense for Acquisition and Sustainment) (USD(A&S)) between supported activities and supply control/distribution systems of the Department of Defense (DoD) and other participating Component activities. Consideration of the requirements of other functional areas (exclusive of specific codes and procedures) related to requisition and issue processing are included to provide procedural clarity and/or to depict procedural interfaces with other standard DoD systems. The specific codes and procedures within these related functional areas (such as: priority designation, stock control, box marking, shipment planning, shipment documentation, communication processing, and contractor shipments) are prescribed in the applicable regulatory documents of the standard system**.**

C1.10.3. Applicability. MILSTRIP procedures are mandatory for use by:

C1.10.3.1. All Component requisitioners authorized to request supply support from any Component distribution system and from GSA.

C1.10.3.2. All contractors authorized under Component contracts to requisition government furnished materiel (GFM) from the Component.

C1.10.3.3. The Component sources of supply and storage activities furnishing supply support to authorized requisitioners, including foreign country requisitioners participating in foreign military sales (FMS), Cooperative Logistics Supply Support Arrangement (CLSSA), and Grant Aid (hereafter referred to collectively as “Security Assistance” or “SA”).

C1.10.4. Exclusions. These procedures are not applicable to the following:

C1.10.4.1. Bulk petroleum.

C1.10.4.2. Inter-Departmental and intra-Departmental purchasing operations.

C1.10.4.3. Forms and publications. (However, requirements placed on GSA and Navy for these items will be submitted in the prescribed MILSTRIP requisition format.) Forms and publications assigned national stock numbers (NSNs) may be requisitioned using these procedures.

C1.10.4.4. Communications security (COMSEC) equipment, COMSEC aids (keying materiel), and all items including classified Components, individual elements and repair that are classified and designated crypto or are normally handled through crypto channels.

C1.11. MILITARY STANDARD TRANSACTION REPORTING AND ACCOUNTABILITY PROCEDURES. A broad base of logistics transactions and procedures designed to meet DoD requirements to establish standard codes, formats (both DLMS and legacy 80 record position), and procedures for inventory accountability and reporting processes. MILSTRAP prescribes uniform procedures for recording inventory management data passed between elements of a single Service or Agency distribution system or between the various distribution systems of the Department of Defense. The procedures govern the interchange of logistics information, and related financial management information, for materiel in the supply control/distribution systems of the Department of Defense and participating external organizations, unless specifically exempted by the Under Secretary of Defense for Acquisition and Sustainment (USD(A&S). The financial management aspects of MILSTRAP pertain only to financial data produced as a by-product of receipt, issue, and inventory adjustment processing.

C1.11.1. MILSTRAP Purpose

C1.11.1.1. The forms, formats, and codes prescribed herein were developed on the basis of the DoD Components' requirement for standard transaction reporting and accountability procedures for item accountability and financial inventory of DoD materiel. The prescribed codes are mandatory for inter- and intra-DoD Component use when data are interchanged among distribution system elements.

C1.11.1.2. The requirements of other logistics functional areas (exclusive of the specific codes and procedures) related to MILSTRAP) have been considered and are included to provide procedural clarity and/or to describe procedural interfaces with other DoD logistics standard systems. Certain techniques for deriving financial billing data in the legacy 80 record position transactions are provided within the purview of this manual. Financial billing procedures are prescribed in appropriate DoD publications.

C1.11.2. MILSTRAP Exclusions

C1.11.2.1. Excluded are supply transactions below the inventory control point (ICP) and storage activity level in the distribution system (i.e., transactions at post, camp, station, base (or equivalent) level or between post, camp, station, base (or equivalent) and using organizations), unless a DoD Component establishes an internal requirement for use at this level.

C1.11.2.2. As provided in Chapter 10, materiel receipt acknowledgment is required below the wholesale level and is not excluded.

C11.11.2.3. As provided in Chapter 22, asset status reporting is required below the wholesale level and is also not excluded.

C1.11.2.4. Specific commodities excluded from MILSTRAP procedures are identified in Chapter 6 under Exclusions:

C1.11.3. MILSTRAP Principles and Objectives

C1.11.3.1. MILSTRAP holds to the principle that the structure of the system provides essential information to inventory control points (ICPs) for the exercise of supply and financial management without encumbering the system with details peculiar to differing types of materiel. A standard system of this design imparts uniformity without limiting the ICP’s internal management options for the items of supply it controls.

C1.11.3.2. MILSTRAP establishes standard codes, forms, formats, and procedures for the inventory accountability and reporting process, which is mandatory for use by Components. These procedures are designed to provide:

C1.11.3.2.1. A standardized coding structure for inventory transactions and related management actions that conveys the information required for effective inventory management.

C1.11.3.2.2. Uniformity in the interchange of inventory accountability information within and between the DoD Components.

C1.11.3.2.3. An integrated system of item accountability which permits the accumulation of financial data for financial reporting as an adjunct of updating the inventory record.

C1.11.3.3. MILSTRAP is not designed to accommodate every transaction relevant to an inventory control system nor does it embody all data elements integral to existing systems. Rather, MILSTRAP isolates and concentrates on transactions that are fundamental to any inventory control system and on related data elements which are interchanged between distribution systems or elements of systems with sufficient frequency to justify standardization and universal recognition.

C1.11.3.4. The design of MILSTRAP recognizes that supply policy may obviate use of a prescribed code or may demand system oriented codes. Accordingly, the procedure allows selectivity in the application of codes and permits intra-Component assignment of certain supplemental codes within the basic coding structure. Codes established under this option will not duplicate or circumvent the intent of codes utilized in the basic uniform system nor must use of these codes exceed the confines of applicable distribution system(s).

C1.11.3.5. Legacy 80 Record Position Multiuse Fields. This paragraph applies only to users that have not implemented the use of DLMS transactions.

C1.11.3.5.1. Needs for internal Component data are met by allowing multiuse data in certain record positions and fields in the legacy 80 record position transactions and as defined in the legacy 80 record position format appendices. The need for Multiuse fields only pertains to the legacy 80 record position transactions. Internal Component data is accommodated as necessary in the respective DLMS transactions as defined in the respective Implementation Convention(s).

C1.11.3.5.2. Where legacy transactions are still being used, Multiuse record positions will be blank in inter-Component supply transactions, unless otherwise stated in this manual. However, internal data may be entered in these fields in intra-Component supply transactions. Each Component will define internal data and incorporate the data into the appropriate DLMS transaction(s) using the DLMS change process. Such data is meaningful only within the Component’s system(s).

C1.11.3.5.3. Legacy record positions and fields labeled blank must be left blank. Components will not define internal entries in these fields or record positions; they are reserved for future assignment by the Department of Defense.

C1.11.4. Inventory Segmentation Codes

C1.11.4.1. Information regarding an item’s stock balance will be obtained by dividing the inventory of an item into meaningful categories having distinctive characteristics. This process is called inventory segmentation. The inventory control system (designed to account for items of supply controlled, managed, or stocked in the distribution system) is based on the concept of inventory segmentation by ownership/purpose, supply condition, and location. The coding information indicates who owns the assets (ownership), for what purpose the materiel is held within an ownership (purpose), the condition of the materiel in terms of serviceability and readiness for issue (supply condition), and where the materiel is physically stored (location). These basic data elements are required for inventory management, requisition processing, and distribution management. This information is also required for preparing financial and supply status reports required for management and decision making.

C1.11.4.2. The range of inventory segmentation codes is designed to accommodate the distribution system as a whole. The full range of codes may not apply to the materiel managed by any one ICP, but use of codes that do apply is mandatory. Codes provided but not required by an ICP will not be used for another purpose.

C1.11.4.2.1. Ownership/Purpose Codes

C1.11.4.2.1.1. Ownership codes segment and identify, on the inventory control record maintained by other than the owner, the Military Service or other activity having title to the assets. This is shown by a numeric code assignment (Appendix AP2.3). Purpose codes segment and identify, on the inventory control record maintained by the owner, the purpose or reservation for which the materiel is held. This is shown by an alphabetic code assignment prescribed by the individual Component (Appendix AP2.4).

C1.11.4.2.1.2. To preclude unwarranted sophistication in accountability, identification, and reporting of assets, ownership and purpose codes—although separate and distinct elements of data—will be entered in the inventory control record as a single data element. Accordingly, when one Component is accountable for assets owned by another, the entire balance is maintained by the accountable activity under the numeric code assigned to the owning Component. Further breakout by purpose (alphabetic code) is neither prescribed nor intended.

C1.11.4.2.1.3. In summary, any numeric entry reflects ownership by another activity and the numeric itself identifies the owner. Conversely, any alphabetic entry reflects ownership by the activity maintaining the inventory control record and the alphabetic code itself identifies the purpose for which the materiel is reserved.

C1.11.4.2.2. Supply Condition Codes*.* ***Supply Condition Codes (SCC)*** segment and identify, on the inventory control record, the physical state of the materiel or actions underway to change the status of the materiel.

C1.11.4.2.3. Location Codes

C1.11.4.2.3.1. Location codes segment and identify on the inventory control record, the activity where materiel is physically stored or located.

C1.11.4.2.3.2. The three-digit routing identifier code (RIC) structure established by MILSTRIP provides a standard system for identifying activities within established supply distribution systems, including those that store materiel. To make use of this existing structure, location codes used to identify activities storing materiel correspond to the RICs established by MILSTRIP.

C1.11.4.2.3.3. Location codes need not be entered on the inventory control record in their RIC configuration. If an alternate means is used to identify the physical storage site for record purposes, the storage record code must be directly relatable to the RIC of the storage activity entered on input and output documentation.

C1.11.5. Inventory Transaction Coding

C1.11.5.1. An inventory transaction is a full description of a supply action furnished to or developed by an ICP for use in the management of items under its control, from both a financial and supply point of view. In turn, properly aggregated inventory transactions form the essential information required by an ICP for review and for reporting the results of its management effort to higher authority.

C1.11.5.2. Legacy document identifier codes (DIC), Standard DICs in the A\_ series identify MILSTRIP inventory transactions related to the requisitioning and issuing. Standard DICs in the D\_ series identify inventory transactions pertinent to the inventory accountability and reporting process. The D\_ series DICs are listed in Appendix AP2.1. In the migration to DLMS, the DICs were retained as data in the DLMS transactions as an identifier of the discrete transaction purpose (e.g., the type of inventory adjustment or the type of receipt).