



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

IN REPLY
REFER TO J627

May 08, 2012

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) MEMBERS

SUBJECT: Proposed Defense Logistics Management System (DLMS) Change (PDC) 1010, Exception Processing for DLA Government Furnished Property (GFP) Requisitions for Industrial Prime Vendor (IPV) and Integrated Logistics Partnership (ILP) Programs (Supply/MILSTRIP)

We are forwarding the attached proposed change to DOD 4000.25-1-M, Military Standard Requisitioning and Issue Procedures (MILSTRIP) and DOD 4000.25-M, Defense Logistics Management System (DLMS), for evaluation and submission of a single coordinated DOD Component position.

Request you review the attached proposed change and provide your comments/concurrence to DLA Logistics Management Standards not later than **30** days from the date of this memorandum. If non-concurrence is provided, please provide an alternate method to meet the requirement being addressed.

This change establishes exception processing procedures to support operational requirements as an interim measure pending future system enhancement and refinement of the business rules to ensure compliance with DOD policy. Due to the urgency of this requirement, DLA and DLA Transaction Services have immediate authorization to use these requirements by their mutual agreement with the understanding that the requirements may change depending upon staffing results.

Addressees may direct questions to Ms. Ellen Hilert, DOD MILSTRIP Administrator, 703-767-0676 or DSN 427-0676, or email: Ellen.Hilert@dla.mil or Mr. Ken Deans, 703-767-2611, DSN 427-2611, or email: Kenneth.Deans@dla.mil. Others must contact their Component designated representative.

DONALD C. PIPP

Director

DLA Logistics Management Standards

Attachment
As stated

cc:
ODASD(SCI)

PDC 1010
Exception Processing for DLA GFP Requisitions for Industrial Prime Vendor (IPV) and Integrated Logistics Partnership (ILP) Programs

1. ORIGINATOR:

a. Service/Agency: Defense Logistics Agency (DLA) HQ

b. Sponsor: DLA HQ Order Management, J331, DSN 427-4337, Commercial (703) 767-4337

2. FUNCTIONAL AREA: Supply/Finance

3. REFERENCES:

a. DOD 4000.25-1-M, Military Standard Requisitioning and Issue Procedures (MILSTRIP), available at www.dla.mil/j-6/dlms0/eLibrary/Manuals/dlalms0_pubs.asp

b. DOD 4000.25-M, Defense Logistics Management System (DLMS) (same URL as above)

c. Tobyhanna Army Depot Web:
<http://www.tobyhanna.army.mil/about/tobyhanna/facts.html>

d. PDC [1006](#), Exception Processing for DLA Contractor Furnished Material (CFM) Requisition, dated May 3, 2006

4. OVERVIEW/BACKGROUND:

a. Overview. This change establishes exception processing rules as a deviation from current requirements under MILSTRIP procedures for contractor access to Government supply sources. This change requests the addition of a new DoDAAC UY0884, Herndon Products, Inc., to the CFM Authorized DoDAAC Table at DLA Transaction Services' Defense Automatic Addressing system (DAAS). This will allow contractor orders to process without MCA validation using procedures established under PDC 1006 (Reference 3.d.). This DoDAAC is to be used to support Tobyhanna Army Depot (TYAD) with a DLA prime vendor service contract for benchstock called Industrial Prime Vendor (IPV).

b. Background. The IPV program is a performance based logistics program. The vendor manages the total supply of parts listed on contract schedule of items for all needed requirements the military customer indicates on the scope of work. The vendor manages both commercial and government supply of parts to support the customer requirements. DoDAAC UY0884 will be used by the contractor to redistribute stock to a forward stocking site that will be identified as a DLA Enterprise Business System (EBS) inventory location or plant. The established process for redistributing DLA stock to the vendor managed plant follows these guidelines:

(1) IPV vendors submit MILSTRIP requisition transactions (DLMS 511R/Document Identifier Code (DIC) A0A) to move inventory to the vendor location. The requisition is structured to identify the vendor as the requisitioner and ship-to activity. Under the controls listed below, the requisition is processed as a Retail Transfer Stock Order (RTSO). The requisition must use a complete MILSTRIP format to pass DLA Transaction Services' DAAS and EBS processing edits. Although no billing will occur, a valid signal code and fund code must be present on the requisition. The vendor uses Signal Code A, Fund Code XP (non-interfund billing), and Supplementary Address W25G1V. (When the requisition is constructed in this way, the supplementary address has no significance under MILSTRIP procedures.) The original document number provided by the vendor is perpetuated across the resulting Stock Transport Order (STO) and shipment status/shipment documentation to facilitate materiel identification upon receipt at the vendor site. Fill-or-kill logic is used based on the IPV advice code perpetuated in the MILSTRIP requisition.

(2) Sold-to customer master records for IPV activities participating in the RTSO program include the value "CP - RTSO Order" in the customer group 3 field (KNVV-BEZEI) in SAP-ECC. When the requisition is received, this control creates the RSTO Sales Order, vice a standard order for a funded MILSTRIP requisition.

(3) All sales transactions submitted by IPV activities using designated DoDAACs will fall under the RTSO program. These designated DoDAACs will be unable to submit non-RTSO transactions to EBS. The ship-to party associated with this sold-to will be the same ship-to party created for the plant customer ("I" plant; account group ZRTO).

(4) The ZRTO sales order type is be configured to accommodate RTSO order processing.

(5) Item category ZRCP will be configured for use with ZRTO sales orders supporting IPV vendor replenishment using the vendor requisition number in the redistribution transaction (DLMS 940R/DIC A2A) transaction.

(6) No billing occurs for RTSO orders. This is a movement of inventory from a DLA depot to the "I" plant at the vendor location.

(7) Inventory controls for RTSO processing are overseen by Inventory Records Management (IRM) and receipt of the issue transaction (DLMS 867I/DIC D7B) from the vendor indicating a post-post issue of materiel by the vendor to the production line bin.

(8) The post-post issue transaction triggers billing to the Army.

5. REQUESTED CHANGE:

a. No program changes are required to support this exception process. The procedures established under PDC 1006 (Reference 3.d.) will be employed by DLA Transaction Services' DAAS to perform initial validation of the vendor's requisition and subsequent MCA validation on behalf of DLA.

b. The IPV requisitions for DoDAAC UY0884 represent requisitions for GFP because the materiel is Government owned and is provided to the vendor pending issue to the Army depot. However, the requisition itself is structured as a CFM requisition (the contractor is identified as both the ship-to and the bill-to, although no billing to the contractor actually occurs). In order for the requisitions to be successfully processed, the DAAS CFM Authorized DoDAAC Table must be updated to include the contractor DoDAAC UY0884. A new Distribution Code P has been assigned for use with Service/Agency Code U to represent the IPV MCA. This distribution code will be identified in the vendor's requisitions.

6. REASON FOR CHANGE:

a. Without a workaround, requisitions from the vendor supporting Tobyhanna Army Depot will be rejected, not allowing stock to be redistributed for support. This will result in production work stoppages. This IPV contract supports benchstock to all areas of production at TYAD. TYAD is the largest, full-service electronics maintenance facility in the Department of Defense (DOD). TYAD's mission is total sustainment, including design, manufacture, repair, and overhaul of hundreds of electronic systems that include satellite terminals, radio and radar systems, telephones, electro-optics, night vision and anti-intrusion devices, airborne surveillance equipment, navigational instruments, electronic warfare and guidance and control systems for tactical missiles. TYAD is the DOD's recognized leader in the areas of automated test equipment, systems integration, and downsizing of electronics systems. The Army has designated Tobyhanna as its Center of Industrial and Technical Excellence for C4ISR and Electronics, Avionics, and Missile Guidance and Control. The Air Force has designated TYAD as its Technical Source of Repair for command, control, communications, and intelligence systems.

b. Prior to the assignment of the vendor DoDAAC UY0884 in conjunction with a new contract, the IPV contractor requisitioned using DoDAAC SD0783. SD-series DoDAACs identifying DLA contractors associated with the DLA Prime Vendor Program are being phased out as new contracts are issued, and all DLA contractor DoDAACs are being assigned using the appropriate DLA contractor Service/Agency Code U. When previously processed using the SD-series DoDAAC, the requisitions were not identified as contractor-initiated and were not subjected to MCA validation. Now that the requisitions are properly identified as being contractor-initiated, DAAS and EBS MCA edits apply.

7. ADVANTAGES and DISADVANTAGES:

a. Advantages: This process will allow vendors to redistribute DLA stock to vendor managed stock locations to support the Army depots and avoid production stoppage. DLA has

strong controls in place to support this process pending future restructuring of the transaction exchange and enhanced capability to support internal MCA validation capability.

b. Disadvantages: The systemic DAAS validation process only verifies that the contractor is authorized to requisition. It does not perform full MCA validation by materiel identification and cumulative quantity ordered. The MILSTRIP Administrator discussed the feasibility of extending the DAAS edit to include authorized materiel identification, but due to the vast ordering authority that may be provided to DLA contractors for DLA-managed materiel, DLA considered this level of validation to be impractical. The solution identified in the proposed procedures is an interim solution only to avoid work stoppage for necessary weapon system support. Additional procedure and program changes are needed to become fully compliant with DOD policy.

8. ESTIMATED TIME LINE/IMPLEMENTATION TARGET: This change needs to be implemented as soon as possible. The contractor is currently ramping up to support the Army customer by July 5, 2012. Testing must be finished by June 1, 2012 in order to allow materiel to be prepositioned for depot support.

9. IMPACT:

a. New/Revised DLMS Data Elements: None.

b. DLA Transaction Services: Update the DLA CFM Authorized DoDAAC Table to add UY0884. In conjunction with this change, the DLA-assigned Distribution Code P shall be loaded to the Distribution Code Table as follows:

DLA Land and Maritime IPV MCA
3990 East Broad Street
Columbus, OH 43216-9330

c. DLA

(1) As soon as practical (without impacting customer support), DLA shall provide revised guidance to the vendor to structure the requisitions to properly identify GFM. The following rules apply:

- The bill-to activity must be identified by a DLA Government DoDAAC or the requisition must be structured to indicate a non-reimbursable issue. This will require revising the data mapping, signal code, and fund code described for the current process.
- The contract number authorizing the GFM must be identified in the transaction.
- The applicable DLA distribution code/manufacturing directive number must be identified.

(2) At a future date, DLA's EBS must be enhanced to perform MCA validation to verify that GFM requisitions are valid with the scope of the contract. MCA validation must include:

- Verification of the materiel identification against the contract.
- Verification that the accumulated quantity ordered is within the terms of the contract.

(3) DLA must ensure the vendor (or DLA acting as the MCA) provides materiel receipt acknowledgement (MRA) (DLMS 527R/DIC DRA) for each requisition. The MRA must include the contract number associated with the GFM.

(4) Designated DLA representatives shall notify DLA Transaction Services of updates to add/remove DoDAACs from the CFM Authorized DoDAAC Table.

d. Financial Interface Concerns – DLA and Army: Further clarification is requested regarding how the DLA bill is constructed and how the associated Army obligation is established. This information was unavailable at the time the PDC was prepared, but is required for inclusion in the approved change documentation. Army representatives are asked to review procedures to ensure this process does not result in unmatched disbursements and meets financial requirements for auditability.