



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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IN REPLY
REFER TO

DLMSO

November 9, 2007

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (SPRC) MEMBERS

SUBJECT: Approved Defense Logistics Management System (DLMS) Change (ADC) 259,
Revise DLMS Supplement (DS) 867I and MILSTRAP Issue Transactions to Support
Navy Requirement for Reason for Reversal Code (Supply) (Staffed as PDC 264)

The attached change to DOD 4000.25-M, DLMS, is approved for immediate implementation by DLA Distribution Standard System (DSS) and the Defense Automatic Addressing System Center (DAASC). Reason for Reversal Code R is approved for limited use as noted in the attached change. Request that by **December 9, 2007**, Navy provide additional guidance on when Reason for Reversal Code B is required, as noted in the attachment.

Addressees may direct questions to the DLMSO point of contact, Ms. Mary Jane Johnson at (703) 767-0677; DSN 427-0677; or, e-mail: Mary.Jane.Johnson@dla.mil. Others must contact their Component designated Supply PRC representative.

for Mary Jane Johnson
DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment

cc:
DUSD(L&MR)SCI
SPRC Supply Discrepancy Report Subcommittee

ATTACHMENT TO ADC 259

Revise DLMS Supplement 867I and MILSTRAP Issue Transactions to Support Navy Requirement for Reason for Reversal Code (Supply) (Staffed by PDC 264)

1. ORIGINATOR:

a. **Service/Agency:** Naval Supply Systems Command (NAVSUP)

b. **Originator:** NAVSUP Enterprise Resource Planning Organization, Program Control SUP E1, Uniform Automated Data Processing Inventory Control Point program manager, DSN 430-7510; commercial: 717-606-7510; Navy Supply Process Review Committee representative

2. FUNCTIONAL AREA: Supply

3. **REFERENCES:** DLMSO memorandum, June 3, 1998, subject: Request for Implementation Date for Approved DLMS Change 12 (Supply: MILSTRIP/MILSTRAP), Revised Procedures for Logistics Reassignment (available at: <http://www.dla.mil/j-6/dlms/eLibrary/Changes/rfid.asp>)

4. REQUESTED CHANGE:

a. **Title:** Revise DLMS Supplement 867I and MILSTRAP Issue Transactions to Support Navy requirements for Reason for Reversal Code (Supply)

b. Description of Change:

(1) Revise DLMS 867I Issue transaction to add a “Reason for Reversal Code” in support of an existing Navy legacy system requirement for an issue reversal code.

(2) The MILSTRAP Administrator notes that a reason for reversal code was approved for MILSTRAP by referenced Request for Implementation Date for ADC 12, Revised Logistics Reassignment Procedures, which remains in the “request for implementation date” stage. ADC 12 approved a Reason for Reversal Code data element as follows:

ADC 12 MILSTRAP AP 2.X REASON FOR REVERSAL CODE	
NUMBER OF CHARACTERS	One
TYPE OF CODE	Alphanumeric
EXPLANATION	Used in transaction reversals to indicate why the transaction is being reversed.
<u>CODE</u>	<u>DEFINITION</u>
A	Reversal of DI Code Logistics Reassignment Transfer/Decapitalization transaction (DLMS 846D or MILSTRAP DEE/DEF) transactions due to materiel release denial of transfer/decapitalization quantity by the storage activity for the associated logistics reassignment MRO.

(3) The MILSTRAP Administrator notes that a code to identify the reason for a transaction reversal may have further expanded use under DLMS for more than what is cited in this PDC and

ADC 12. DOD 4000.25-M (MILSTRAP) allows for reversal of many MILSTRAP transactions, but does not have a code/place to document a reason for the reversal, except as noted by ADC 12 for DI Code DEE/DEF. Recommend the Components consider the reason for reversal code for enhanced data under DLMS. A PDC documenting the business case for any additional use of a 'reason for reversal code' would be required.

(4) Navy indicates they currently use the Issue Reversal Codes B, R, and S in MILSTRAP D7_ issue transaction multiuse field, record position (rp) 80 as follows:

MILSTRAP DI Code being reversed	rp 80	Explanation
D7J	S	Navy Uses to acknowledge that a cancellation request has been issued for a Disposal Release Order (DRO). <u>DLMSO NOTE:</u> DLMSO understanding is that this reversal requirement stems from a timing issue. The DRO is in process, the depot accountable balance has been decremented, and the 867I/D7J issue transaction has been sent to the ICP to decrement to the owner balance. Subsequent to this action, but prior to the materiel being physically shipped and a confirmation being generated, the DRO issue action is cancelled and the materiel is returned to stock, if necessary. An issue (867I/D7J) reversal transaction is then required to increment the depot's accountable balance and the ICP's balance to the original quantity.
D7A, D7B, D7C, D7D, D7E, D7K, D7L, D7M, D7N, D7P, D7Q, D7R, D7Z	S	Navy uses to acknowledge that a cancellation request has been issued for a Material Release Order (MRO). <u>DLMSO NOTE:</u> DLMSO understanding is that this reversal requirement stems from a timing issue. The MRO is in process, the depot accountable balance has been decremented and the 867I/D7_ issue transaction has been sent to the ICP to decrement to the owner balance. Subsequent to this action, but prior to the materiel being physically shipped and a confirmation being generated, the MRO issue action is cancelled and the materiel is returned to stock, if necessary. An issue (867I/D7_) reversal transaction is then required to increment the depot's accountable balance and the ICP's balance to the original quantity.
D7_	B	Navy uses to indicate the amount shipped is less than the amount requested on an MRO/DRO. ADC 259 ACTION: REQUEST THAT BY DECEMBER 9, 2007, NAVY PROVIDE ADDITIONAL GUIDANCE ON WHEN CODE B IS REQUIRED, SIMILAR TO NOTES ABOVE FOR CODE S, as noted in the procedures subparagraph c(2) below.
D7_	R	Navy uses to indicate that the customer has returned the material.

(5) The DOD MILSTRAP Administrator expressed concerns over Navy issue reversal code R. Navy indicated that Issue Reversal Code R is used when material returned by the customer to the stock point on the original document number due to a discrepancy in the item received such as the condition, or a shortage, etc. **The MILSTRAP Administrator concern was that use of an issue reversal code R when a customer returns a discrepant item may circumvent the intent of the Supply Discrepancy Report (SDR) process:**

(a) The MILSTRAP Administrator understanding of the SDR process is that when a customer receives a discrepant item from the distribution depot, the customer would process a receipt to their records for the discrepant item they received, submit an SDR and either ask for disposition instructions and credit, or say they would keep the material. In the first situation, the depot would

recommend credit, advise the customer to return the item, and process a receipt (DI Code D6_) for the item when returned. A DI Code D7_ issue reversal would not be a part of this process.

(b) Navy countered that Navy understanding in discussion with the DLA Defense Distribution Center (DDC) is that the distribution depots do use the SDR process, and do not circumvent the process when using the issue reversals with reversal code R for return of materiel. When the SDR is resolved, and it is determined that the Customer will get credit, a D7 Reversal is input to the Distribution Standard System (DSS) to generate the appropriate transaction to the Navy BRIDGE. The Navy BRIDGE uses the "R" in position 80 to generate a Navy Unique DI Code ZWC to Uniform Automated Data Processing System (UADPS) 2 (U2), which tells Navy it is a Customer Return. The ZWC will allow Navy application programs to reverse the issue, update the Navy Requisition Status File, increment Navy On Hand Balance, process full financial credit back to the Customer, and Reverse Demand so Navy does not build levels incorrectly.

(6) As part of PDC 264, the MILSTRAP Administrator requested that the DLA SPRC representative confirm with Defense Distribution Center (DDC) whether SDRs are generated in conjunction with the use of the D7_issue reversal process using navy issue reversal code 'R'. If SDRs are generated, what part does the D7 issue reversal play in the SDR process described in subparagraph 4.b(5)(a) above, or do they circumvent the process?

(a) In response: DDC-J3/J4-TPR provided the following response to the DLA J-3731 MISTRAP/SPRC representative:

"From the processing side of this issue:

I have provided basic guidance to the depots stating that an issue reversal cannot be completed in place of an SDR. A reversal can be completed with an SDR for Navy Owned Material.

As discussed on the call (July 26, 2007), I agree with the committee that this process should only be supported with the current Navy system. Future systems will need to comply with the standards used for other services and agencies."

Inventory Integrity Team
Defense Distribution Center, DDC-J3/J4-TPR

(b) Additionally, the DDC J3/J4-TPR provided the DLA SPRC/MILSTRAP representative with the fact sheet at the enclosure. The fact sheet substantiates the MILSTRAP Administrators' concern that the reversal code R, used when customer returns discrepant materiel to the depot, may circumvent the SDR process. Further, the fact sheet states that the use of the D7 issue reversal is not a sound process from a historical audit trail perspective. The reversal, in principle, nullifies what has actually occurred, a physical issue of materiel.

(7) As part of PDC 264, the MILSTRAP Administrator further requested that the SDR Administrator, in conjunction with the SDR subcommittee, advise if this process is acceptable under SDR policy. If it is not acceptable under SDR policy, the MILSTRAP Administrator would recommend that issue reversal code R be accommodated in DLMS temporarily to support the existing U2 interface, but as U2 is replaced by modernized systems, this capability would also be replaced by standard SDR processing for discrepant materiel issued from a distribution depot. In response, the

SDR Administrator included PDC 264 as an agenda item at SPR Subcommittee meeting 07-01, July 25-26, 2007. Following are SDR Subcommittee responses received:

Army LAISO	The National Level Supply Management Business Area nonconcur with PDC 264. CCSS does not utilize the D7_ with an R.
Army LOGSA	Concur
Army AMCOM	Clarification is needed on the statement, "The depot will follow established procedures and practices to determine the validity and cause of the SDR." ICPs determine validity of SDRs and authorize credit, not depots. If a reversal is done on an issue, this will erroneously create an out-of-balance in the condition code issued from, not the discrepant condition received.
Army TACOM	Nonconcur with the Navy's approach of not receipting the discrepant material. Also, disagree with the method of reversing the MRO D7_ (Army A5_). Understand this reverses the bill, but also provides an incomplete picture of what happened to the requisition; i.e., no receipt, shipment reversal, MRO reversal, and what to do with the quantity that's out of balance. Not a good business practice for the Army.

(8) OUTCOME FOR ADC 259: DLMSO does not support the issue reversal process for use with discrepant materiel (issue Reason for Reversal Code R). Use of an issue reversal to return discrepant materiel may circumvent the intent of the SDR process. However, in support of the existing long-standing Navy U2 legacy system process, and interface with DLA DSS, this ADC approves limited use of 867I Reversal Code R, for the Navy U2 legacy system only, and DSS when interfacing with the Navy U2 system. Code R will not be authorized for use in modernized systems, or with any other legacy systems. Authorization for use of reversal code R will be rescinded when the Navy U2 system is retired or replaced. For their modernized system, Navy should replace use of issue reversal code R with standard SDR processing for discrepant materiel issued from a distribution depot.

(9) BACKGROUND: Around 1998, DSS was being modified to incorporate Navy distribution functionality (due to DRMD-902), to operate the distribution mission at now collocated Navy sites (11 sites). At that time, the Navy had a system called NISTARS which controlled the distribution mission at these Navy sites, and it had an upper tier called UADPS-2 (U2), which is the ICP tier for Navy retail (not to be confused with UICP for Navy wholesale). Being internal Navy systems, U2 and NISTARS tiers communicated with each other transactionally, via unique non-MILS transactions (data streams which are 200+ bytes long in some cases). U2 does not accommodate Defense Logistics Standard System (DLSS) (aka MILS) transactions, as U2 was not designed for that. U2 exchanged "data," with it's lower tier NISTARS to cause picks to occur, IRRDs to print, receipts to stow, etc. When DLA took over the distribution mission at these sites, DLA had to find a way to communicate with U2 being a large customer at each site. The Navy was not resourced to modify/replace U2 at that time; so, DLA HQ directed the creation of the "Bridge" which resides at DAASC. The Bridge translates these unique non-MILS transactions to/from DLSS such that DSS could conform to DLSS and U2 could still function. It was a huge undertaking that has been very stable for eight years. As a result, when DSS exits a Cancellation Confirmation (DI Codes AG6/AGJ), or Undershipment (ARB/ARL) to U2 (six different Fleet Industrial Support Center (FISC) routing identifier codes), the Bridge translates them into various non-DLSS transactions and sends to U2. The "reversal codes" in question are used by the Bridge to determine which of several potential transaction formats to create. Hence, the data is needed by the Bridge to effectively create the "right" transaction for the Navy U2.

c. Procedures:

(1) Add the Reason for reversal code to DLMS, with new codes S, B, and R for Navy.

Provide for up to 2 positions under DLMS, with only one position codes authorized for DLSS:

REASON FOR REVERSAL CODE	
# of CHARACTERS	One-Two positions under DLMS (only one position codes A, S, B, and R authorized for DLSS).
TYPE OF CODE	Alphanumeric
EXPLANATION	Used in transaction reversals to indicate why the transaction is being reversed.
<u>CODE</u>	<u>DEFINITION</u>
A	Reserved for DOD use as approved by ADC 12 which is not yet implemented.
S	Navy uses to reverse a DLMS 867I (MILSTRAP DI Code D7_) issue transaction when a cancellation request has been issued for a MRO or DRO, and the item was not yet shipped. Reversal requirement stems from a timing issue. The MRO/DRO is in process, the depot accountable balance has been decremented and the D7_ issue transaction has been sent to the ICP to decrement to the owner balance. Subsequent to this action, but prior to the materiel being physically shipped and a confirmation being generated, the MRO/DRO issue action is cancelled and the materiel is returned to stock, if necessary. A D7_ issue reversal transaction is then required to increment the depot's accountable balance and the ICP's balance to the original quantity.
B	Navy uses to reverse a DLMS 867I (MILSTRAP DI Code D7_) issue transaction when the amount shipped is less than the amount requested on an MRO/DRO. <i>[DLMSO requests additional information on use of code B from Navy. See Procedures subparagraph c(2) below.]</i>
R	Navy Uniform Automated Data Processing System (UADPS) 2 (U2) legacy system uses to reverse a MILSTRAP DI Code D7_ issue transaction when the customer has returned the material. Approved for limited interim use by Navy's legacy Uniform Automated Data Processing System (UADPS) 2 (U2), and storage activity interface with Navy U2. Code R is not authorized for use with other legacy systems or with any modernized systems. Authorization for use with Navy's U2 will be rescinded when Navy's U2 is replaced.

(2) **Request that by December 9, 2007, Navy provide additional guidance** on why Reason for Reversal Code B is required, similar to guidance highlighted above for code S.

(3) **Revise DOD 4000.25-2-M, MILSTRAP, Appendix AP3.3, DI Code D7_ Issue**, as follows (change identified by ***bold, red, italicized text***):

<u>FIELD LEGEND</u>	<u>RP</u>	<u>ENTRY AND INSTRUCTIONS</u>
Multiuse	76-80	For intra-Component use, enter data prescribed by Component. For inter-Component use, leave blank. ⁴

⁴ ***For Navy, rp 80 identifies the Navy Issue Reversal Code B, R, or S. Navy uses when interfacing with DLA DSS. Code R is only authorized for use with Navy's legacy Uniform Automated Data Processing System (UADPS) 2 (U2), and will not be authorized for use with other DOD Component legacy systems, or with any modernized systems.***

(4) Revise DLMS Supplement (DS) 867I to add the, “Reason for Reversal Code”:

#	Location	DS 867I Revision	Reason	Federal IC Impact
1	DLMS Introductory note 7	Add ADC 259 to DLMS introductory note 7. <i>-- ADC 259, Revise DS 867I and MILSTRAP Issue Transactions to Support Navy Issue Reversal Code (Supply).</i>	To identify changes in the DS.	No revision required.
2	2/LQ/270	Add qualifier ‘Z-Cancellation Reason’ with DLMS Note: Z Cancellation Reason DLMS Note: <i>1. Use for the Reason for Reversal Code. Navy uses the Reason for Reversal Code for Navy issue reversal codes B, R, and S. DLMS enhancement authorized for use by Navy and DLA Distribution Standard System (DSS) interface with Navy. Code R is only authorized for use with Navy’s legacy Uniform Automated Data Processing System (UADPS) 2 (U2), and only until such time as U2 is replaced. Code R is not authorized for use with other DOD Component legacy systems, or with any modernized systems.</i> <i>2. A data maintenance action was approved in version 5030. The approved code/name is “RRC – Reason for Reversal Code”.</i>	To document existing Navy DLSS (MILSTRAP) data requirement in DLMS. Navy uses this code when interfacing with DLA DSS. Under MILSTRAP Navy/DSS cite code in a multiuse field (rp80) designated for intra-Component use.	No revision required.

d. Alternatives: None identified.

5. REASON FOR CHANGE:

a. Navy uses a reason for reversal code (“Issue Reversal Code”) to acknowledge in reversal of issue transactions, that the reversal results from: a cancellation request has been issued for a DRO/MRO; the amount shipped is less than the amount requested on an MRO/DRO; or, to indicate that the customer has returned the material.

b. Navy currently allows for entry of the “Issue Reversal Code” in MILSTRAP DI Code D7_ Issue transactions, in a multi-use field. MILSTRAP multi-use fields allow for Component entry of data unique to their system. DLMSO has no visibility of this data and the Component must submit a PDC to have the data added to the corresponding DLMS transaction. When the Defense Logistics Agency (DLA) Distribution Standard System (DSS) prepared to migrate from MILSTRAP DI Code D7_ to DLMS 867I, the DLMS issue transaction did not include the Navy “Issue Reversal Code.” The code will be required by Navy logistics systems under DLMS, as it is under DLSS. Accordingly, this change adds the Navy unique code to DLMS 867I, and provides visibility of the code in DLSS (MILSTRAP), for conversion in a mixed DLSS/DLMS environment.

6. ADVANTAGES AND DISADVANTAGES:

a. Advantages: Accommodates Navy requirement in DS 867I. Allows DSS implementation of DLMS 867I to provide Navy's required logistics data. DSS migration to an IC 867I has been delayed until the "Issue Reversal Code" is added to the 867I. Limits use of code R to Navy's legacy U2 until such time as it is replaced.

b. Disadvantages: MILSTRAP Administrator cited concerns at paragraph 3.b.(2), that the use of Navy's Issue Reversal Code 'R' may be a symptom of circumventing the SDR process. The MILSTRAP Administrator's intent for this change is not to legitimize the process of reversing issues when a customer returns an item, if such reversal conflicts with the intent of SDR policy/procedures.

7. IMPACT:

a. Data Content/Procedures:

(1) Revise DLMS data dictionary and MILSTRAP to add a Reason for Reversal Code as shown in paragraph 4.c.(1).

(2) Revise MILSTRAP as shown in paragraph 4.c.(2).

(3) Revise DLMS 867I as shown in paragraph 4.c.(3).

(4) Update DAASC mapping as needed to accommodate this change.

b. Publication(s): DLMS 867I, MILSTRAP, and DAASC maps.

ENCLOSURE TO ADC 259
FACT SHEET

SUBJECT: Request Policy for D7 Reversals on Service Materiel Discrepancies

BACKGROUND:

- Approved MILSTRAP Change Letter 8A (AMCL 8A) requires a table in Distribution Standard System (DSS) to allow D7s for owners that require them when processing issue-type transactions. In the original document and AMCL 8A owner compliance table, there was no mention of D7 reversal capability. Linda Pavlik, DLA, requested a systems change that was implemented on December 27, 2000, that added D7 Reversal control to the AMCL 8A owner compliance table. D7 is the document identifier that denotes an issue from stock. Reversing the D7 increments the materiel quantity back to stock if done properly in DSS. If not done properly, the reversal can cause additional physical inventory adjustments.
- There is currently no policy or regulation that promulgates when the use of a D7 reversal is allowed.

DISCUSSION:

- The Navy and Air Force currently request that DLA Distribution Centers (DC) process D7 reversals when materiel is returned to the shipping DC, due to a supply discrepancy when the DC is at fault. Navy and Air Force contend that the reason a D7 issue reversal is required, is to accommodate their legacy accounting systems, vice the generally accepted procedure that is stated in the following paragraph.
- The supply discrepancy reporting procedure provides that a DC researches the supply discrepancy, and when applicable, recommends credit be provided as part of disposition. Disposition may also include that the item be returned to the DC. If the ordered materiel is DLA owned, credit is recommended at the time disposition is provided. If the ordered materiel is Service owned (except Army), credit is recommended, but not issued until the item is physically returned. WebSDR sends a copy of all SDR records to the customer and the Inventory Control Point (ICP). The ICP approves the credit and guarantees the financial records are updated accordingly. The use of D7 issue reversals negates this process. Service customers have resisted using the SDR process.
- The use of the D7 issue reversal is not a sound process from a historical audit trail perspective. The reversal, in principle, nullifies what has actually occurred, a physical issue of materiel.
- When a customer does not return the materiel prior to D7 issue reversal, the DC accountable balance will be inaccurate, generating a physical inventory adjustment. The materiel must be stowed to the proper location, and the D7 issue reversal in DSS must be properly recorded to both the owner and location level within the same day, or the risk of adjustment is amplified.

RECOMMENDATIONS:

- DLA assist the appropriate joint service committee with developing a policy for when a D7 issue reversal is allowed. A singular solution to cover all services would be optimal for standardization across the DLA Distribution Centers.
- An understanding of how the ICP financial system operates to effect credit, would help to determine if there is a means other than a D7 reversal to effect a credit transaction. Recommend that financial subject matter experts explain why the D7 reversal is the only option for Navy and Air Force.

FOR INFORMATION ONLY

DDC J3/J4 TPR, 717-770-6624