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IN REPLY  
REFER TO

DLMSO

February 23, 2010

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE MEMBERS

SUBJECT: Approved Defense Logistics Management System (DLMS) Change (ADC) 359, Perpetuation of the Denial Management Code to the DLMS Requisition, and Modification of Air Force BRAC IMSP Supply Discrepancy Report (SDR) Procedures (Supply/SDR) (Staffed as PDC 381)

The attached change to DOD 4000.25-M, DLMS, is approved for implementation December 2010 in support of Base Realignment and Closure (BRAC) Inventory Management and Stock Positioning (IMSP). The updated DLMS Supplement will be posted to the Defense Logistics Management Standards Office (DLMSO) Web site <http://www.dla.mil/j-6/dlms0/elibrary/TransFormats/formats.asp> within **10** days from the above date for implementation planning.

Addressees may direct questions to the DLMSO point of contact Ms. Ellen Hilert, email: [Ellen.Hilert@dla.mil](mailto:Ellen.Hilert@dla.mil). Others must contact their Component designated Supply Process Review Committee representative.

A handwritten signature in blue ink, appearing to read "Donald C. Pipp".

DONALD C. PIPP  
Director  
Defense Logistics Management  
Standards Office

Attachment

cc:  
DUSD(L&MR)SCI  
SDR US Subcommittee

**Attachment to ADC 359**  
**Perpetuation of the Denial Management Code to the DLMS Requisition,**  
**and Modification of AF BRAC IMSP SDR**

**1. ORIGINATOR: Service/Agency: Defense Logistics Agency, DLA J-331, 703-325-1924 (DSN 427)**

**2. FUNCTIONAL AREA: Primary: Supply/ Logistics.**

**3. REFERENCES:**

**a.** Functional Requirements for DLA's implementation of the BRAC supply, storage and distribution (SS&D).

**b.** DLMSO memorandum dated August 31, 2009, subject: Approved DLMS Change (ADC) 334, Supply Discrepancy Report Process for AF Retail Storage Activity Denials.

**c.** DLMSO memorandum dated February 18, ADC 353, Management Code for Product Quality Deficiency Report (PQDR) Replacement Requisitions.

**4. REQUESTED CHANGE:**

**a. Description of Change:** This change request authorizes the perpetuation of existing management codes on a DLMS requisitioning transaction to indicate a denial has occurred on a prior requested release of materiel purchased by the AF from DLA under BRAC SS&D IMSP business rules. The prior (original) requisition document number and associated shipment suffix, if applicable, will also be included on the requisition transaction. The information provided on the new requisition will allow DLA to support the requirement from another source (vice directing the issue to the same Distribution Depot where the denial occurred).

**b. Background:**

(1) As a result of the 2005 BRAC decision, retail supply, storage and distribution functions and associated infrastructure supporting the Air Force industrial/maintenance sites will transfer to DLA. The intent of the directive is to significantly improve combat effectiveness while reducing costs by developing a world-class, cost-effective supply chain focused on readiness; taking every opportunity to eliminate waste, reduce touches, reduce cost, and improve readiness.

(2) AF maintenance requests for DLA-managed items are processed via the AF D035K system. Maintenance requests carry a maintenance (M-series) document number. The request is put on backorder and D035K generates a new requisition to DLA with an FB-series document number. If stock for the requisitioned item is co-located with the customer, DSS processes the MRO and shipment confirmation then washes the inventory to AF ownership automatically

which closes out the FB-series requisition and triggers billing in EBS. D035K then sources the M-series backorder from AF inventory and requests delivery to maintenance. Since inventory was washed to AF ownership without a physical pick or validation, it is possible that DLA sold material that did not meet the actual requirements for continuous length or shelf-life. When this occurs the depot generates a denial to the AF because the requirements cannot be met by available stock. The materiel sold to the AF remains in AF inventory until the next returns cycle (currently 1 week), at which time the unused materiel “washes” back to DLA ownership. The AF will receive credit for the materiel under the returns process under ADC 324.

(3) The AF re-requisitions the materiel subsequent to the denial because there is still an open backorder. Because DLA systems do not have visibility of the denial and the co-located depot may still be holding inventory which appears to be appropriate, the process described above is repeated. This quickly becomes a cycle of sale/denial/return/re-requisition that eventually requires manual attention to disrupt.

**c. Detailed Procedures:**

(1) Material Release Order is generated by EBS to DSS to issue material to a BRAC SS&D customer from a co-located DLA storage site. DSS performs an internal ‘wash’ transaction systemically transferring material from DLA ownership to the local Service ownership.

(2) DSS confirms shipment of the material from DLA ownership. EBS will decrement inventory, close open MRO and generate billing action to finance application.

(3) The Service system recognizes material has been issued to fill the request to DLA and generates a subsequent MRO to issue the material to the actual maintenance line. When the warehouse person performs the pick of the material it is not found to meet the requirements of the requisition as specified by the MILSTRIP Advice Code and a denial is generated back to the Service system.

(4) The Service system recognizes the denial and generates a new request for DLA to fill the order. This new request will reflect the denial management code and the original document number/suffix. (Note: The suffix is applicable when the DLA ICP filled the requirement as a split shipment using a suffix code on the materiel release order which is perpetuated to the shipment status.) The management code will allow EBS to process the request by sourcing to another site from the original request (identified by the second document number reflected in the requisition). EBS will also update an internal denial table to preclude other requests being sourced to this site until inventory balances increase.

(5) At this time, the process described is only applicable to Management Codes 3 (materiel not available in proper shelf-life) and 9 (materiel ordered in one continuous length only but is not so available) provided to the AF via MILSTRIP A6\_, Materiel Release Denial) (equivalent to DLMS 945A) which will be perpetuated to the AF-prepared replacement requisition.

(6) Update DLMS Procedures.

(a) Add the following paragraph associated with requisition preparation.

***INDUSTRIAL/MAINTENANCE SITE REQUISITIONS SUBSEQUENT TO RECEIPT OF STORAGE ACTIVITY DENIAL FOR RELEASE OF MATERIEL PURCHASED FROM DLA. Under approved procedures for BRAC Inventory Management and Stock Positioning (IMSP) industrial/maintenance sites, the requiring activity is authorized to requisition citing Management Code 3 or 9 to request the DLA source of supply satisfy the specified requirement from an alternative storage location or new procurement, if no stock is available. This is applicable only when re-requisitioning subsequent to purchase of materiel which was sourced from a co-located depot without visual inspection of the materiel. Use of the Management Code 3 will indicate that purchased materiel did not satisfy shelf life requirements. Management Code 9 will indicate that materiel was not available in one continuous length. The prior (original) requisition document number and shipment suffix code ( if applicable due to split shipment), must be included on the new requisition. The originally purchased materiel will be returned to DLA via BRAC returns procedures.<sup>1</sup>***

(b) Insert the following paragraph associated with requisition processing.

***(7) SUPPLY SOURCE PROCESSING OF REQUISITIONS WITH MANAGEMENT CODES 3 or 9. Management Codes 3 and 9 is only applicable to requisitions submitted to DLA. All other supply sources in receipt of Management Code 3 or 9 will disregard and continue processing. DLA will verify that the requisitioning activity is a BRAC Inventory Management and Stock Positioning (IMSP) industrial/maintenance sites authorized to use these codes. If not, DLA will disregard the management code. Where authorized, Management Codes 3 and 9 will be recognized as a request for materiel sourced from an alternative storage location or new procurement, if stock is not available, due to previous receipt of materiel which did not support shelf life or continuous length requirements. The prior requisition document number and the shipment suffix (if applicable due to a split shipment) will be used for cross reference to the original requirement and storage location. This process is only applicable to materiel originally sourced from a co-located depot without physical inspection of the materiel. The suitability for shelf life and length could not be determined until directed release by the Service owner at which time the storage activity would provide a denial citing Management Codes 3 or 9, as applicable. The DLA would apply unique logic applicable to the management code. If the item is available in an alternative storage site, then a materiel release order would be sourced to that alternate storage site. When no stock is available in the network, a new procurement action will be initiated. The DLA ICP will also update an internal denial table to preclude other comparable requests from being sourced to the original storage activity until inventory balances have been reconciled.<sup>2</sup>***

(8) Revise the following paragraph associated with SDR processing (Chapter 17, Supply Discrepancy Reporting) for clarification that the auto-SDR generation by AF D035K was restricted to Management Codes 1 and 2 subsequent to publication of ADC 334:

C17.3.2.6. Overage/Shortage, Nonreceipt, or Duplicate Discrepancies

(Intervening text not shown)

C17.3.2.6.6. SDRs for Air Force Maintenance Denials under BRAC Supply, Storage and

<sup>1</sup> Refer to ADC 359, implementation date December 2010.

<sup>2</sup> Refer to ADC 359, implementation date December 2010

Distribution (SS&D) Agreement. SDRs resulting from distribution depot denial of an AF-directed release order for inventory previously requisitioned from DLA and receipted into AF ownership as the result of a “wash” (issue/receipt in-place), shall be reported to the depot for initial action. ***This is an automatic SDR generation triggered by a warehouse refusal citing Denial Management Code 1 (stock exhausted) or 2 (materiel not available in condition requested).*** The SDR shall identify the original requisition document number (under which the materiel was purchased from DLA) and the maintenance denial document number (identified by the AF maintenance site M-series identifier in the first six characters of the document number). The maintenance denial document number shall be carried as the customer-assigned SDR number to facilitate depot research. The discrepancy may ***be*** reported as total non-receipt (total denial) or as a shortage (partial denial). DLA shall issue credit based upon the depot recommendation and confirmation of prior billing. ***If materiel is still required, a new requisition will be generated perpetuating the applicable denial management code. The new requisition will also cite the prior (original) requisition document number and shipment suffix, if applicable, for cross-reference.***

(9) A flow diagram depicting the flow of inter-related business processes, transactions, and applicable systems is shown as Enclosure 1.

(10) Establish Requisitioning Management Codes. Update DLMS Dictionary and MILSTRAP Appendix 2.6, Management Codes, as shown Enclosure 2.

(11) The table below identifies the proposed mapping for the management code and original document number/suffix on the 511R. The 511M and 869 will be similarly updated. Update DLMS Transactions. Update DLMS Supplements as shown in Enclosure 3.

Requisition Content			
DS Location and X12 Qualifier	Data Content	Usage Notes/Definition	Field Length
2/LQ/1270 Qualifier 84, Management Code	Management Code	Denial Management Codes associated with denials at BRAC SS&D site for materiel purchased from DLA. Requisitions to replace material denied by the storage site as a result of the ‘wash’ process will reflect the denial management code from the denial transactions returned to the Service system by DSS.	1
2/N901/20 Qualifier F8, Original Reference Number)	Prior Requisition Document Number	Document number reflected on the original requisition for materiel later determined to be unavailable at the storage location. BRAC SS&D site requisitions previously denied for continuous length and shelf life conditions by the storage site will reflect the document number of the original requisition which was denied.	14

**Requisition Content**

<b>DS Location and X12 Qualifier</b>	<b>Data Content</b>	<b>Usage Notes/Definition</b>	<b>Field Length</b>
2/N907-01/20 Qualifier W8, Suffix	Prior Document Number Suffix Code	Suffix code reflected on the shipment associated with the original requisition. BRAC SS&D site new requisition associated with AF release orders of previously purchased material from DLA which were denied for continuous length and shelf life conditions by the storage site, will reflect the suffix code applicable to the shipment based upon the original requisition which was denied.	1

**5. DLA RECOMMENDS:** Mapping the Management code on the 511R to provide visibility of denials occurring after change of ownership at a BRAC SS&D site for resourcing of the new request.

**6. DAASC Mapping:** Update DAASC to allow new data to pass any applicable edits.

**7. Alternatives:** None

**8. REASON FOR CHANGE:** DLA requires ability to identify request that have been denied after a ‘wash’ from DLA ownership to a BRAC SS&D site ownership and which DLA has billed the customer but for which no material was physically received. Although the AF discontinued auto-SDR preparation for these two management codes once the problem was identified, a fix is required to automate the communication of the situation requiring materiel to be supplied by DLA from an alternative location.

**9. ADVANTAGES AND DISADVANTAGES:**

**(a) Advantages:** Improves responsiveness to the AF customer by obtaining required materiel from an alternative location using an automated process. The business process change eliminates manual intervention and numerous hours of research associated with the inadvertent looping cycle caused by auto-SDR submission and re-requisitioning when denial is based upon Management Codes 3 or 9, as originally implemented under ADC 334.

**(b) Disadvantages:** N/A.

**10. IMPACT:**

**(a) Implementation:**

**(1)** Target implementation date is December 2010 for 511R. The 511R is the only DLMS requisition format used at this time for the D035K interface. Additional transactions are updated to maintain consistency for future DLMS implementation.

**(2)** The SDR generation procedures based upon shortage and partial nonreceipt were

implemented under ADC 334. The revised procedures documented in this ADC were implemented in the November 2009 modification of AF BRAC SS&D IMSP SDR processing.

**(b) Publications:** DLMS manual update is required.

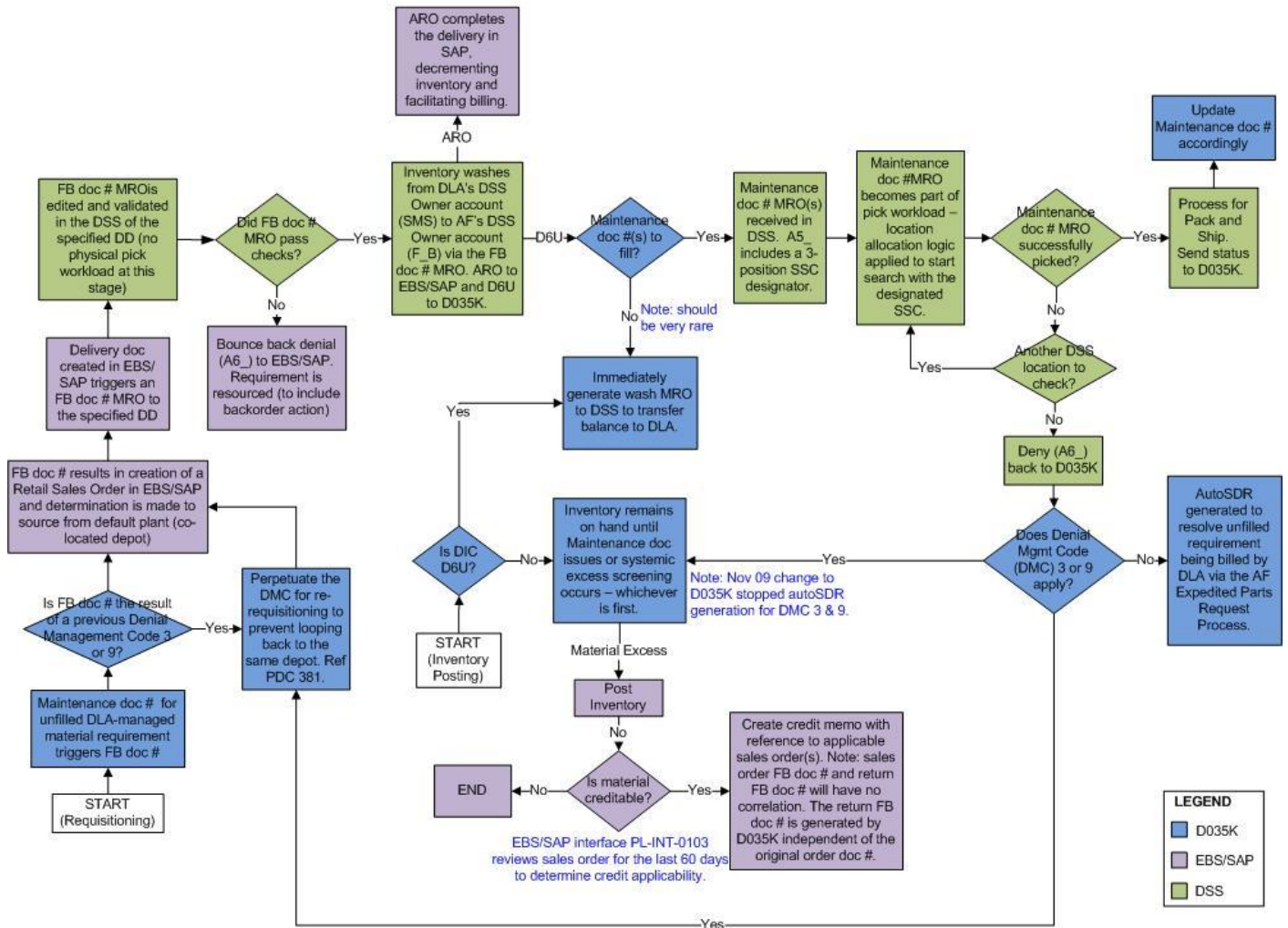
**(c) DLMS Data:** This change authorizes a new use of existing data elements prior requisition document number and associated suffix code (refer to reference 3.c, above). This change authorized a new use of existing management codes. The DLMS data element names for the prior requisition information are: Prior Requisition Document Number and Prior Document Number Suffix.

**(d) DAASC:** There is no conversion to MILS format applicable to this process.



# Enclosure 1, Flow Diagram

IMSP Spiral 1 Denial & SDR Process Flow – PDC 381 511R  
(D035K, EBS/SAP, and DSS)





Enclosure 2, MILSTRAP Revision

**AP2.6. APPENDIX 2.6**  
**MANAGEMENT CODES**

**AP2.6.5. REQUISITION TRANSACTIONS.** *Management codes are assigned for use in requisition-related transactions:*

CODE	APPLICABLE DI CODES	EXPLANATION
A thru L	AO_, AT_ <sup>3</sup>	Specific values as assigned by Army. Applicable on Intra-Army basis for post-post and image single stock fund activity requisitions.
M thru N	All DI codes	Reserved for future DoD assignment.
P	AO_, AM, AT_ (including Requisition Alert) <sup>4</sup>	Re-requisitioned materiel to be sourced via direct vender delivery from an alternative vendor or from an alternate storage location, subsequent to receipt of quality deficient materiel. Applicable only to DLMS requisition alerts requisitions, and applicable follow-on transactions for materiel requisitioned from DLA under BRAC IMSP.
<i>Q thru Z</i>	<i>All DI codes</i>	Reserved for future DoD assignment.
<i>0 thru 2</i>	<i>All DI codes</i>	Reserved for future DoD assignment.
<i>3</i>	<i>AO_, AM, AT_<sup>5</sup></i>	<i>Re-requisitioned materiel to be sourced from an alternative location, or new procurement, if stock is not available, subsequent to storage activity denial to Service owner for release of materiel purchased from DLA under BRAC IMSP. Denial caused by lack of materiel in the proper shelf life as purchased. New requisition must include the</i>

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<sup>3</sup> Refer to ADC 243.

<sup>4</sup> Refer to ADC 352. *Note: The requisition alert transaction allows Navy BRAC IMSP sites shall notify DLA of their requirements in advance of the funded requisition, thereby allowing DLA to procure and position materiel appropriately to support prompt order fulfillment. Refer to Proposed DLMS Change 366 for the procedures and content of the DLMS Requisition Alert (still under development).*

<sup>5</sup> Refer to ADC 359.

4 thru 8

All DI codes

9

AO\_, AM, AT\_<sup>6</sup>

*prior requisition document number and shipment suffix, if applicable.*

*Reserved for future DoD assignment.*

*Re-requisitioned materiel to be sourced from an alternative location or new procurement, if stock is not available, subsequent to storage activity denial to Service owner for release of materiel purchased from DLA under BRAC IMSP. Denial caused by lack of materiel in one continuous length as purchased. New requisition must include the prior requisition document number and shipment suffix, if applicable.*

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<sup>6</sup> Refer to ADC 359.

Enclosure 2, DLMS Supplement Revisions

Item #	Location	Revision to 511R, Requisition	Reason
1.	DLMS Introductory Note:	<u>Add ADC 359 to DLMS Introductory Note:</u>  <b>- ADC 359, Perpetuation of the Denial Management Code to the DLMS Requisition, and Modification of Air Force BRAC IMSP SDR Procedures (Supply/SDR)</b>	To identify DLMS changes included in the DS
2.	2/N901/20	<u>Add the following qualifier and DLMS notes:</u>  <b>F8 Original Reference Number</b> <b>DLMS Note:</b> 1. Use to identify the Prior Requisition Document Number when re-requisitioning materiel subsequent to purchase of materiel from DLA. Applicable when re-requisitioning <i>is due to storage activity denial or</i> receipt of quality deficient materiel. 2. Authorized DLMS enhancement for BRAC IMSP only. Refer to ADC 352 and <b>ADC 359</b> .	Establishes new qualifier for additional document number used for cross-reference purposes.
3.	2/N907-01/20	<u>Add DLMS note 3 to existing qualifier “W8”:</u>  <b>W8 Suffix</b> <b>DLMS Note:</b> 1. Use with N901 Code TN to identify the document number suffix. Use is limited to when the transaction is identified as a referral order with BR02 transaction type code BN and is referring a quantity less than the original requisition quantity to another supply source.  2. Also authorized on an Intra-Army basis with BR02 transaction type code A0, BR06 action code “J” and N901 code TN for identification of the post-post partial issue of material by Army Single Stock Fund activities.  3. Use with N901 Code F8 to identify the prior requisition document number suffix if applicable. Authorized DLMS enhancement for BRAC IMSP only. Refer to ADC 352 and <b>ADC 359</b> .	Expands authorized use for BRAC IMSP.
4.	2/LQ01/140	<u>Add additional DLMS Note qualifier “84”:</u>  <b>84 Management Code</b> <b>DLMS Note:</b>	Expands authorized use for BRAC IMSP.

		<p>1. Authorized on an Intra-Army basis with BR02 transaction type code A0 to provide required management code information in order to accurately process transactions relative to image and post-post requisitions submitted by Army Single Stock Fund activities (Refer to ADC 243)</p> <p>2. Authorized DLMS enhancement for BRAC IMSP. (Refer to ADC 352 and <i>ADC 359</i>).</p>	
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Item #	Location	Revision to 511M, Requisition Modification	Reason
1	DLMS Introductory Note:	<p><u>Add ADC 359 to DLMS Introductory Note:</u></p> <p><i>- ADC 359, Perpetuation of the Denial Management Code to the DLMS Requisition, and Modification of Air Force BRAC IMSP SDR Procedures (Supply/SDR)</i></p>	To identify DLMS changes included in the DS
2.	2/N901/20	<p><u>Add the following qualifier and DLMS notes:</u></p> <p><b>F8 Original Reference Number</b>  <b>DLMS Note:</b>            1. Use to identify the Prior Requisition Document Number when re-requisitioning materiel subsequent to purchase of materiel from DLA. Applicable when re-requisitioning <i>is due to storage activity denial or</i> receipt of quality deficient materiel.            2. Authorized DLMS enhancement for BRAC IMSP only. Refer to ADC 352 and <i>ADC 359</i>.</p>	Establishes new qualifier for additional document number used for cross-reference purposes.
3.	2/N907-01/20	<p><u>Add DLMS note 3 to existing qualifier “W8”:</u></p> <p><b>W8 Suffix</b>  <b>DLMS Note:</b>            1. Use with N901 code TN to identify the document number suffix. Use is limited to when the initial 511R transaction is identified as a referral order with BR02 transaction type code BN and is referring a quantity less than the original requisition quantity to another supply source, with the exception of a modifications from the supply source to a procurement activity. For these modifications, enter the suffix as shown in the procurement request; otherwise leave blank.</p> <p>2. Also authorized on an Intra-Army basis with N901 code TN for identification of the post-post partial</p>	Expands authorized use for BRAC IMSP.

		issue of material by Army Single Stock Fund activities when the initial 511R transaction BR02 transaction type code is A0 and BR06 action code is “J”. 3. Use with N901 Code F8 to identify the Prior requisition document number suffix if applicable. Authorized DLMS enhancement for BRAC IMSP only. Refer to ADC 352 and <b>ADC 359</b> .	
2	2/LQ01/140	Add qualifier “84” with the following DLMS Note:  <b>84 Management Code</b> DLMS Note: Authorized DLMS enhancement for BRAC IMSP. (Refer to ADC 352 and <b>ADC 359</b> ).	Establishes authorized use.

Item #	Location	Revision to 869F, Requisition Follow-up	Reason
1	DLMS Introductory Note:	Add ADC 359 to DLMS Introductory Note:  <b>- ADC 359, Perpetuation of the Denial Management Code to the DLMS Requisition, and Modification of Air Force BRAC IMSP SDR Procedures (Supply/SDR)</b>	To identify DLMS changes included in the DS
2.	2/REF01/105	Add the following qualifier and DLMS note:  <b>F8 Original Reference Number</b> <b>DLMS Note:</b> 1. Use to identify the Prior Requisition Document Number when re-requisitioning materiel subsequent to purchase of materiel from DLA. Applicable when re-requisitioning <i>is due to storage activity denial or</i> receipt of quality deficient materiel. 2. Authorized DLMS enhancement for BRAC IMSP only. Refer to ADC 352 and <b>ADC 359</b> .	Establishes new qualifier for additional document number used for cross-reference purposes.
3.	2/REF04-01/105	Add additional DLMS Note 3 to qualifier “W8”:  <b>W8 Suffix</b> <b>DLMS Note:</b> 1. Use with 2/REF/105 REF01 code TN to identify the document number suffix. Use is restricted to when initial 511R is a referral order identified with BR02 transaction type code BN. 2. Also authorized on an Intra-Army basis for identification of the post-post partial issue of material by Army Single Stock Fund activities. This use is allowed when the initial 511R is a requisition	Expands authorized use for BRAC IMSP.

		<p>identified with BR02 transaction type code A0 and BR06 action code is “J”.</p> <p>3. Use with REF01 Code F8 to identify the prior requisition document number suffix if applicable. Authorized DLMS enhancement for BRAC IMSP only. Refer to ADC 352 and <b>ADC 359</b>.</p>	
4	2/LQ01/180	<p><u>Add additional DLMS Note to qualifier “84”:</u></p> <p><b>84 Management Code</b>  <b>DLMS Note:</b></p> <p>1. Authorized on an Intra-Army basis to provide required management code information in order to accurately process transactions relative to image and post-post requisitions submitted by Army Single Stock Fund activities. (Refer to ADC 243)</p> <p>2. Authorized DLMS enhancement for BRAC IMSP. (Refer to ADC 352 and <b>ADC 359</b>).</p>	Expands authorized use for BRAC IMSP.