



DEFENSE LOGISTICS AGENCY
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October 16, 2015

**MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) AND
FINANCE PRC MEMBERS**

SUBJECT: Proposed Defense Logistics Management Standards (DLMS) Change (PDC) 1170,
Clarify DOD Military Standard Billing System Requirement for Detail Document
Number in Materiel Receipt Acknowledgment (MRA) for Tailored Vendor Relationship
(TVR) (Supply/Finance)

We are forwarding the attached proposed change to DLM 4000.25, Defense Logistics Management Standards, for evaluation and submission of a single coordinated DOD Component position. It is the responsibility of the Component Supply PRC representative to ensure full coordination of the proposal within your Component.

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

Addressees may direct questions to Ms. Mary Jane Johnson, Supply PRC Co-Chair, DOD MILSTRAP Administrator, email: Mary.Jane.Johnson@dla.mil; Ms. Ellen Hilert, Supply PRC Co-Chair, DOD MILSTRIP Administrator, email: Ellen.Hilert@dla.mil; and Mr. Robert Hammond, Finance PRC Chair, email: financehq@dla.mil. Others must contact their designated Supply or Finance PRC representative available at <https://www2.dla.mil/j-6/dlmsoc/CertAccess/SvcPointsPOC/allpoc.asp>

DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment
As stated

cc:
ODASD (SCI)
OUSD(C)

Attachment to PDC 1170
Clarify DOD Military Standard Billing System Requirement for Detail Document Number
in Materiel Receipt Acknowledgment (MRA) for Tailored Vendor Relationship (TVR)
(Supply/Finance)

1. ORIGINATING ORGANIZATION: Defense Logistics Management Standards Office (DLMSO)

a. Supply POC: Ms. Mary Jane Johnson, Supply Process Review Committee (PRC) Co-Chair, DOD MILSTRAP Administrator, (703) 767-0677; DSN 427-0677, email: Mary.Jane.Johnson@dla.mil

b. Finance POC: Mr. Robert Hammond, Finance PRC Chair, (703) 767-2117, DSN 427-2117, email: financehq@dla.mil

2. FUNCTIONAL AREA: Supply and Finance

3. REFERENCES:

a. Defense Logistics Manual (DLM) 4000.25, Defense Logistics Management Standards (DLMS), Volume 2, Supply Standards and Procedures

b. DLM 4000.25, DLMS, Volume 4, Military Standard Billing System - Finance

c. Approved DLMS Change (ADC) 199, Revisions to DLMS Implementation Convention 527R to Support Requirements for Tailored Vendor Relationships Materiel Receipt Acknowledgment Transaction, June 14, 2006

d. ADC 1043, DLMS Revisions for Department of Defense (DOD) Standard Line of Accounting (SLOA)/Accounting Classification (Finance/Supply), September 18, 2013

e. ADC 1043E, Invalid Fund Code Edit and Remove Suspense Account F3885 (Finance/Supply/SDR), October 5, 2015

4. REQUESTED CHANGE(S):

a. Brief Overview of Change:

(1) Clarify in DLMS, Volume 2 (Reference 3.a.), and Volume 4 (Reference 3.b.), the requirement for use of individual document numbers, in addition to contract, call, and delivery order line item numbers, with TVR MRA to support the existing DLMS, Volume 4, Military Standard Billing System requirement.

(2) Revise mapping for existing TVR MRA use of contract, call, and delivery order line item numbers, to reflect that the TVR MRA contract/call/delivery order line item numbers are supporting information to the document number consistent with intent of DLMS 527R.

b. Background:

(1) Defense Medical Logistics Standard Support (DMLSS) system for the TVR process and the Army Medical Materiel Agreement (AMMA) system. ADC 199 (Reference 3.c.) revised the DLMS 527R MRA transaction to allow use of a contract number, call number, and delivery order line item numbers with TVR MRA. However, billing for TVR processes was not addressed in ADC 199 and remains a significant void/deficiency. ADC 199 supported DMLSS for the TVR process. The process was discussed at Supply PRC Meeting 2006-1 as follows: The agreement between DLA and AMMA required the additional data to be passed in the MRA. Under the AMMA concept, DLA owns the medical materiel all the way down to the retail or hospital shelf level until it is issued to a consumer. When it is issued to a consumer, then a post-post issue transaction is sent to DLA, inventories are debited, and the customer is billed. To replenish DLA-owned "retail" materiel from DLA supply sources, Army employs DMLSS/Theater Enterprise-Wide Logistics System (TEWLS). There are multiple ordering chains used to obtain materiel depending on how DLA manages the item. These range from traditional MILSTRIP stock and DVD orders for medical NSN items to TVR direct procurements for part number items. However, the predominance of support is via the TVR arrangements. TVRs are business processes where there is a direct relationship between the customer and the vendor (e.g., customers place orders directly with the Prime Vendor). DLA's Enterprise Business System (EBS) receives copies of the transactions between the customer and the vendor in order to maintain line item accountability. Under the AMMA process, when the hospital receives the materiel, they send a receipt transaction back to EBS so the assets are posted on DLA's records as the owner; however, DMLSS/TEWLS maintains the accountable record.

(2) At a 2006 Supply PRC Meeting (meeting 2006-1), DLA was asked to write a separate chapter for DLM 4000.25 to document the overall TVR and AMMA process. To date, that chapter has not been provided to DLMSO. In the absence of an overall TVR chapter, this change revises the DLMS MRA chapter for TVR MRA to clearly address the DOD Military Standard Billing System financial interface requirement for a detail document number in the MRA to support billing requirements.

(3) Feedback from TEWLS to the Finance PRC Chair, January 21, 2015, confirmed that TEWLS assigns unique document numbers for each line item, and they are perpetuated in the DLMS 810L detail bill. TEWLS obligates the requester for each line/MILSTRIP document number in the call. If there are 100 lines in a call, then there are 100 obligations, each citing the individual line MILSTRIP document number associated with the individual line in the call. The core accounting system matches the individual MILSTRIP document number to the individual obligation created by TEWLS.

(4) In TVR and other processes, orders are not initiated in Component logistics systems. One impact is that there is no mechanism to pass the obligations to Component financial systems in order to clear detail Interfund bills at the line item level. In some instances, individual document numbers for each line item are not created to support sending logistics status transactions and compliant Interfund bills. In others, detail line items are suppressed in the billing process. There may be only one Interfund detail bill citing a single document number for multiple line items with a factious NSN/part number, a quantity of one each and a unit price reflecting the total price of these multiple items. The same factious NSN/part number and construct may be reapplied within

the same bill and in other bills, with only the unit price being different. This results in manual labor to perform a three way match between the obligation/order, receipt, and bill and is an audit readiness issue for Components. It may also result in some bills being processed via non-Interfund procedures to provide buyers with line item detail, which is cumbersome, labor intensive and error prone and may result in delayed revenue for the seller and problematic financial eliminations at U.S. Treasury. Potential solutions to audit readiness voids for orders processed outside of Component ordering systems are being explored jointly by the Supply PRC and Finance PRC for various processes.

(5) Among other things, ADC 1043E (Reference 3.e) requires that fund codes be validated in ordering processes where orders are not initiated in the Component ordering system and processed through DAAS for validation and routing. Similarly, ordering systems are expected to validate DoDAACs, including the authority codes of the ordering and bill-to DoDAACs, before processing orders. While not all orders are processed first through DAAS, all Interfund bills are processed through DAAS, such that bills failing DAAS fund code or DoDAAC edits will be rejected.

c. Requested Change in Detail:

(1) Revise the DLMS, Volume 2, MRA chapter to clarify requirement for use of individual document numbers for the delivery order line item numbers used with TVR MRA transactions. The unique individual document number is required in addition to the delivery order line item numbers, to support the existing DLMS, Volume 4, DOD Military Standard Billing System requirements.

(2) Revise mapping for existing TVR MRA use of contract, call, and delivery order line item numbers, to reflect that the contract/call/delivery order line item numbers are supporting information to the document number consistent with intent of DLMS 527R when both a document number and contract number are used in a transaction. When there is a document number at 2/N9/020, the supporting contract number information correctly maps to 2/N9/090.

(3) Revise the 810L to add call number and line item in conjunction with contract number and a unique requisition document number for each line item.

d. Revisions to DLM 4000.25 Manuals:

(1) **Revise DLM 4000.25, DLMS, Volume 2, Chapter 10**, Materiel Receipt Acknowledgement, C10.2.5.7. There is no corresponding legacy MILSTRAP change, as legacy transactions cannot convey the contract number data in the constraints of an 80 record position format. Change is noted by bold red italics or double strikethrough.

“C10.2.5.7. MRA for Tailored Vendor Relationship. DLA, in conjunction with the DoD Components and vendors, has implemented tailored vendor relationship (TVR). TVR is a business process where there is a direct relationship between the customer and the vendor. Under TVR, customers place orders directly with the Prime Vendor, outside the routine supply requisitioning process/systems, using various communication channels such as EDI, phone, fax, email, or via the prime vendor's ordering system. DLA EBS receives copies of transactions in order to maintain line item accountability. MRA of TVR shipments require

use of the contract number, call, and **delivery order** line item numbers to uniquely identify lines. **To satisfy DoD Military Standard Billing System Interfund requirements, the MRA must cite an individual document number for each individual delivery order line item number. The Theater Enterprise-Wide Logistics System (TEWLS), for example, obligates the requestor for each line item document number in the call. If there are 100 line item numbers in a call, then there are 100 obligations, each citing the individual line item document number associated with the individual delivery order line item number in the call.** ~~This data is necessary because TVR orders can have multiple lines for the same document number and suffix code.~~ DLA receives MRAs for TVR from Defense Medical Logistics Standard Support (DMLSS), ~~Theater Enterprise-Wide Logistics System (TEWLS),~~ **FEDMALLEMAIL**, or customer systems.”

(2) **Revise DLM 4000.25, DLMS, Volume 4, Chapter 2:**

“C2.2.6. Interfund Bills

C2.2.6.1. Use of Interfund. If the bill is paid under interfund procedures, the billing office will report the collection to its servicing finance center on its seller interfund report. A separate interfund bill will be prepared for billings applicable to a bill-to DoDAAC and treasury symbol.

C2.2.6.2. An interfund bill consists of a Summary Billing Record (DS 810L, DIC FS_) and one or more detail billing records **for each line item in the interfund bill.** ~~but An~~ **interfund bill** must not contain more than 495 records in total. Noninterfund records must not be included on the same bill.”

(3) **Revise DLMS 527R MRA and DLMS 810L Logistics Bill** as shown in the enclosure.

e. **Proposed Transaction Flow:** No change to transaction flow.

f. **Alternatives:** None identified.

5. REASON FOR CHANGE:

a. To clarify the MRA process for TVR, by documenting the existing DOD Interfund billing requirement for a detail document number, in addition to the contract, call, and delivery order line item numbers. Fills the procedural void addressing Interfund billing requirement in the MRA chapter, in the absence of having an overall TVR chapter.

b. Corrects mapping for contract, call, and delivery order line item numbers in the TVR MRA. By design, the DLMS 527R is not intended to have a contract number (and associated call and delivery order line item number) in the 2/CS/020 segment and a document number in 2/N9/030 segment. When the document number is mapped to 2/N9/030, the contract information is supporting information to the contract number; the supporting contract number should be mapped to 2/N9/090. In the case of TVR MRA transactions, the document number is correctly mapped to 2/N901/030, but the TVR MRA contract number (and associated call and delivery order line item number) should be mapped as a supporting numbers at 2/N9/090, rather than at 2/CS/020.

6. ADVANTAGES AND DISADVANTAGES:

a. **Advantages:** Addresses a significant void/deficiency in the TVR process by documenting the existing DOD Interfund billing requirement for a detail document number, in addition to the contract, call, and delivery order line item numbers, in TVR MRAs. Correctly maps the supporting contract number for TVR MRA.

b. **Disadvantages:** None identified.

7. **ADDITIONAL COMMENTS TO CONSIDER:** None

8. **ESTIMATED TIME LINE/IMPLEMENTATION TARGET:** Components provide estimated implementation timeframe in response to this PDC.

9. **ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE:** Implementation of this change, in conjunction with other needed process changes in obligating funds, ordering and billing, will facilitate requisitioning, receiving, and billing using a unique requisition document number for each line item in line with DLMS. This supports achieving a three way match between the order, receipt, and bill using DLMS automated transactions as evidentiary matter. The cost avoidance with these process changes is not easily calculated. However, DFAS Columbus, for example, recently established a task force to address the unsustainable cost of manual Interfund bill processing associated with various processes related to this PDC and others.

10. IMPACT:

a. **New DLMS Data Elements:** No new DLMS data elements.

b. **Changes to DLMS Data Elements:** No changes to DLMS data elements; however, revises 527R mapping for the TVR MRA contract, call, and delivery order line item numbers.

c. **Automated Information Systems (AIS):**

(1) Changes to DLA EBS and other Component systems will be required for the 810L Logistics Bill.

(2) Changes to the Department of Defense Electronic Mall (**DOD EMALL**) (to be migrated to FEDMALL in early 2016), DLA EBS, and Component systems are required for 527R MRA, if TVR MRAs do not include individual document number for each individual line item number.

(3) Changes to DOD EMALL/FEDMALL, DLA EBS and other Component systems as applicable, will be required for the revised mapping for contract, call, and delivery order line item numbers associated with TVR MRA.

d. DLA Transaction Services:

(1) Update mapping for 810L Logistics Bill.

(2) Revises 527R mapping for the TVR MRA contract, call, and delivery order line item numbers. Implementation will likely be on a staggered basis and for an interim period, the TVR MRA data will cite both the old 2/CS/020 and the new 2/N9/090 mapping.

e. Non-DLM 4000.25 Series Publications: Components should update their Component-level publications if needed.

Enclosure

ENCLOSURE TO PDC 1170
Clarify DOD Military Standard Billing System Requirement for Detail Document Number
in MRA for TVR (Supply/Finance)

A. Revisions to 527R MRA (as revised by PDC 1168)

#	Location	DLMS IC 527R MRA Revision	Reason
1.	DLMS <i>Introductory</i> Note	<u>Add PDC 1170 to DLMS Introductory note 7:</u> <i>- PDC 1170, Clarify DOD Military Standard Billing System Requirement for Detail Document Number in Materiel Receipt Acknowledgment (MRA) for Tailored Vendor Relationship (TVR) (Supply/Finance)</i>	To identify DLMS changes included in the DLMS IC.
2.	2/CS/020	<u>Revise DLMS notes as follows:</u> DLMS Note: 1. Must use for all procurement source transactions. <i>2. The MRA transaction must cite the unique individual document number associated with each delivery order line item number in 2/N9/030 (code TN). The individual document number is required to support DoD Interfund billing requirements. Do not use contract number at 2/CS/020 for MRA or inquiries on delinquent MRA, except on an interim basis for the Tailored Vendor Relationships (TVR) MRA. TVR MRA requires use of the contract number, call, and line item numbers to uniquely identify lines, however users must transition to use of 2/N9/090 for the TVR MRA supporting contract number, call, and line item numbers. The 527R is not intended to use both 2/CS/020 and 2/N9/30, as it currently does for TVR MRA. Either 2/CS/020 or 2/N9/30 should be used, but not both. Accordingly, for TVR MRA, the transaction document number is cited 2/N9/30, and the supporting contract number, call, and delivery order line item numbers should be cited at 2/N9/090. Refer to PDC 1170.</i> Additionally, TVR MRA requires the contract unit price. 3. Do not use with disposition services turn-in receipt acknowledgement (TRA) or SoS Delivery Acknowledgement (SDA) transactions.	The 2/N9/030 segment already cites the requirement that it must be used for all MRA transactions to identify the document number. This change further supports and clarifies the requirement in the CS segment DLMS note. This change also corrects the mapping for the TVR MRA contract number, call, and line item numbers.
3.	2/N901/090	<u>Revise DLMS note for existing qualifier CT:</u> CT Contract Number DLMS Note: <i>1. Use with non-procurement source transactions when a contract number is needed in addition to the transaction document number for transaction tracking purposes. Identify the controlling transaction document number in 2/N9/030.</i> <i>2. Authorized for use with SoS Delivery Acknowledgement (SDA) and Tailored Vendor Relationship (TVR) MRA. Refer to PDCs 1168 and 1170.</i>	To provide correct mapping for supporting contract number associated with TVR MRA.

#	Location	DLMS IC 527R MRA Revision	Reason
4.	2/N903/090	<u>2/N903/090 for use with TVR MRA:</u> DLMS Note: Use to identify call or order number. Use in conjunction with N901 Code CT. Authorized for use with SDA transaction <i>and TVR MRA transaction</i> . Refer to PDCs 1168 <i>and 1170</i> .	To document requirement for supporting call or order number for TVR MRA.
5.	2/N907-01/090	<u>Revise DLMS notes for Qualifier 'FJ' Line Item Control Number:</u> FJ Line Item Control Number DLMS Note: Use to identify the delivery order line item number. Use in conjunction with N901 Code CT. Authorized for use with SDA transaction <i>and TVR MRA transaction</i> . Refer to PDCs 1168 <i>and 1170</i> .	To document requirement for supporting delivery order line item number for TVR MRA.

B. Revisions to DLMS 810L Logistics Bill.

#	Location	DLMS IC 810L Logistics bill Revision	Reason
1.	DLMS Introductory Note	<u>Add PDC 1170 to DLMS Introductory note 7:</u> <i>- PDC 1170, Clarify DOD Military Standard Billing System Requirement for Detail Document Number in Materiel Receipt Acknowledgment (MRA) for Tailored Vendor Relationship (TVR) (Supply/Finance)</i>	To identify DLMS changes included in the DLMS IC.
2.	2/REF01/120	<u>Modify DLMS note for existing code CT:</u> CT Contract Number DLMS Note: <i>1. Use to identify the contract associated with this invoice billing line.</i> <i>2. Use for TVR MRA to identify the contract for a call number provided in REF04.</i>	To support providing the contract number of the call for TVR MRA.
3.	2/REF04-01/120	<u>Add code with DLMS notes:</u> <i>C7 Contract Line Item Number</i> DLMS Note: <i>Use to identify the CLIN, the CLIN including the Sub Contract Line Item Number (SUBCLIN), or the agreement line item number (ALIN), as appropriate.</i> <i>FJ Line Item Control Number</i> DLMS Note: <i>1. Use to identify the delivery order line item number for TVR MRA to differentiate the lines on the delivery order.</i> <i>2. Authorized DLMS migration enhancement. See DLMS introductory note 6e.</i>	Supports providing the CLIN or delivery order line item number as appropriate for matching the bill to the TVR MRA. STAFFING NOTE for DLA: Confirm if the line item would ever be the CLIN, for MRA for TVR, or will it always be a delivery order line item number.