



**DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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March 26, 2014

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) MEMBERS

**SUBJECT: Approved Defense Logistics Management Standards (DLMS) Change (ADC) 1109,
Intra-DLA Change: Revise DLA Disposition Services Upgrade from Scrap
Procedures and DLMS 527R Receipt to Allow use of Local Stock Number (Supply)**

The attached change to DLM 4000.25, Defense Logistics Management System, is approved for implementation. The updated DLMS implementation convention will be posted to the Defense Logistics Management Standards Office Web site at www.dla.mil/j-6/dlms0/elibrary/TransFormats/formats.asp within 10 days from the above date.

Addressees may direct questions to Ms. Mary Jane Johnson, (703) 767-0677; DSN 427-0677 or email: Mary.Jane.Johnson@dla.mil. Others may direct questions to their Service or Agency designated Supply PRC representative available at www.dla.mil/j-6/dlms0/CertAccess/SvcPointsPOC/allpoc.asp.

A handwritten signature in blue ink, appearing to read "Donald C. Pipp", is located below the text.

DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment
As stated

cc: ODASD(SCI)

ATTACHMENT TO ADC 1109

Intra-DLA Change: Revisions to Procedures and to DLMS 527R Receipt to Allow for use of Local Stock Number (LSN) in the DLA Disposition Services Upgrade from Scrap Process (Supply)

1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION:

- a. **Service/Agency**: Defense Logistics Agency (DLA); DLA Disposition Services
- b. **Technical POC**: DLA Logistics Information Service, LAR 269.961.7521
- c. **Functional POC**: DLA Disposition Services, DB 269.961.5906

2. FUNCTIONAL AREA:

- a. **Primary Functional Area**: Supply/Logistics – DLA Disposition Services Materiel Receipt/Inventory
- b. **Secondary Functional Process**: Supply, Property Accountability

3. REFERENCES:

- a. Defense Logistics Manual (DLM) 4000.25, Defense Logistics Management System, Volume 2, Supply, Chapter 16, www.dla.mil/j-6/dlms/eLibrary/manuals/dlm/dlm_pubs.asp
- b. Approved Defense Logistics Management Standards (DLMS) Change (ADC) 1017, September 18, 2012, Intra-DLA Revisions to Procedures and to DLMS 527R Receipt and 947I Inventory Adjustment, and MILSTRIP to Support the Upgrade from Scrap Process for use by DLA Disposition Services under Reutilization Business Integration (RBI) (Supply (DLMS/MILSTRIP)), www.dla.mil/j-6/dlms/eLibrary/Changes/approved5.asp
- c. DOD 4160.21-M, Defense Materiel Disposition Manual, Chapters 1 and 3, www.dtic.mil/whs/directives/corres/pdf/416021m.pdf

4. APPROVED CHANGE:

- a. **Brief Overview of Change**: This change revises the DLA Disposition Services Upgrade from Scrap process, and associated DLMS 527R, to recognize a local stock number (LSN) item in the DLMS 527R Receipt, with LIN01 Source of Materiel Received/Returned Code V, when upgrading items from a scrap LSN. The upgrade from scrap procedures currently published in DLM 4000.25, Volume 2, Chapter 16 (reference 3.a.), are based upon requirements approved by ADC 1017 (reference 3.b.). However, the current procedures only recognize upgrading from scrap to a national stock number (NSN). This change revises the current procedure to recognize either an NSN or an LSN in the DLMS 527R Receipt when upgrading items from a scrap LSN.
- b. **Background**: Policy and authority for upgrading materiel from scrap is found in DOD 4160.21-M (reference 3.c.). There are a variety of instances in which DLA Disposition Services would perform an upgrade from scrap. Items that were downgraded

upon receipt, or that were downgraded when screening was complete may be upgraded from scrap if a business need exists. Additionally, items that were downgraded to scrap but are later identified as useable items would be upgraded.

(1) The DLA Disposition Services Field Office (which uses DSS) will continue to assign a unique control number (UCN), where the eleventh digit is assigned a Utilization Code C to indicate the 527R receipt of the item is the result of an upgrade from scrap, and generate a 947I Inventory Adjustment transaction with Quantity or Status Adjustment Reason Code BR, Inventory Adjustment Decrease (Upgrade from Scrap), to decrement the relevant scrap pile for the designated weight of the scrap to be upgraded. The field office sends the 947I Inventory Adjustment transaction to DLA Disposition Services (which uses EBS) to update the proper inventory records.

(2) Currently, the DLM 4000.25 disposition services procedures only address upgrading scrap to a useable NSN. However, DLA has identified a requirement to process items from a scrap LSN to a useable LSN. The field office will enter the relevant receipt information in the DSS receipt process. At this step in the process, the field office will identify either the NSN or an LSN the scrap is being upgraded to, in addition to quantity and the other data required for a regular Receipt. After the field office has completed this process, a 527R Receipt transaction, with 2/LIN01/10 Code V indicating Upgrade from Scrap, will be sent to DLA Disposition Services EBS for further processing.

c. **Describe Approved Change in Detail:** This change revises the DLMS procedures as well as the 527R Receipt transaction, to recognize upgrading to either an NSN or LSN, rather than just an NSN, in the Receipt for the DLA Disposition Services Upgrade from Scrap process. The field office will enter the relevant receipt information in the DSS receipt process. The field office will identify either the NSN or the LSN, to which the scrap is being upgraded, in addition to quantity and the other data required for a regular Receipt.

d. **Revisions to DLM 4000.25 Manuals:**

(1) Revise DLMS 527R Receipt as shown in the enclosure.

(2) Revise DLM 4000.25, Volume 2, Chapter 16 (changes are shown in ***bold red italics***):

(a) **C16.6.4.2. Upgrade from Scrap.** The upgrade from scrap process is used by the DLA Disposition Services and its field offices when a business need exists to re-classify materiel previously receipted as scrap or downgraded to scrap after receipt to a useable NSN ***or useable LSN*** item. An upgrade from scrap can occur at any time subsequent to the initial receipt of scrap or downgraded materiel. Policy and authority for upgrading materiel from scrap can be found in DoD 4160.21-M.

(b) **C16.6.4.2.3. Creation of New Receipt for Items Upgraded from Scrap.** The ***field office*** will identify the ***useable NSN or useable LSN***, to which the scrap is being upgraded ~~to~~, in addition to quantity and other data required for a regular non-scrap receipt. The upgrade from scrap process will not reference a specific scrap DTID or DTID and suffix, only the scrap LSN and the warehouse location of the scrap pile. Therefore, the DLMS 527R Receipt, with the source of

Materiel Received/Returned Code V, will pass the new useable NSN *or useable LSN*, and will include the original scrap LSN as a secondary reference (2/LIN08/010, code SW), for auditability purposes. The new receipt is created for the upgraded NSN *or LSN*, as a result of the DLA Disposition Services process authorized by DoD 4160.21-M, to upgrade materiel from scrap subsequent to the initial receipt of materiel.

e. **Alternatives:** None.

5. REASON FOR CHANGE: Current DLM 4000.25 procedures for DLA Disposition Services address upgrading scrap to a useable NSN. However, DLA has also identified a requirement for upgrading scrap to a useable LSN. This change updates the procedures and DLMS 527R Receipt transaction to provide capability to upgrade scrap to either an NSN or an LSN.

6. ADVANTAGES AND DISADVANTAGES:

a. **Advantages:** This change meets the business need of the DLA Disposition Services Field Offices to upgrade materiel from scrap to either an NSN or an LSN as required.

b. **Disadvantages:** None identified.

7. ESTIMATED TIME LINE/IMPLEMENTATION TARGET: March 2014.

8. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE: Not Applicable.

9. IMPACT:

a. **New DLMS Data Elements:** None.

b. **Changes to DLMS Data Elements:** None.

c. **Automated Information Systems (AIS):** No DLA EBS or DSS coding changes required. No impact to other DOD Component AIS.

d. **DLA Transaction Services:** Mapping updates may be needed.

e. **Non-DLM Publications:** None identified.

10. Proposed DLMS Change (PDC) 1109 Response Table:

Component	Response to PDC 1109
DLA	Concurs without comment.
Air Force	Concurs without comment.
Marine Corps	Concurs as written.
Navy	Concurs as written.
USTRANSCOM	Concurs without comment.

Enclosure

ENCLOSURE TO ADC 1109

DLMS 527R Change Table

#	Location	DLMS 527R Receipt Revision	Reason
1	DLMS Intro Notes	<p><u>Add ADC 1109 to DLMS Introductory note 5:</u></p> <p><i>- ADC 1109, Intra-DLA Change: Revise DLA Disposition Services Upgrade from Scrap Procedures and DLMS 527R Receipt to Allow use of Local Stock Number (Supply)</i></p>	Identifies changes included in the implementation convention.
2	2/LIN08/010	<p><u>Revise DLMS Note 2 to LIN08:</u></p> <p>DLMS Note:</p> <p>1. DLA Disposition Services uses the Reference Materiel Number for the downgrade to scrap process, when materiel turned into a DLA Disposition Services Field Office was determined to be scrap at initial receipt and/or downgraded after receipt, and a DLA Disposition Services scrap LSN was cited at LIN02/LIN03. The NSN or LSN that the generator identified when materiel was turned in will be populated as the Reference Materiel Number at LIN08/LIN09. Authorized DLMS enhancement for use by DLA Disposition Services in receipt and historical receipt transactions for downgrade to scrap (LIN01 code W). Refer to ADC 443.</p> <p>2. DLA Disposition Services uses for their upgrade from scrap process, to cite the original scrap LSN for the item that was upgraded. The NSN <i>or</i> LSN for the upgraded item is cited at LIN02/LIN03. Authorized DLMS enhancement for use by DLA Disposition Services in receipt and historical receipt transactions for upgrade from scrap (LIN01 code V). Refer to ADC 1017 <i>and</i> ADC 1109.</p> <p>3. For DLMS use only the following codes are authorized.</p> <p>FS National Stock Number</p> <p>SW Stock Number</p> <p>DLMS Note: <i>Use to identify the local stock number (LSN).</i></p>	Documents requirement.