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April 21, 2016

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) MEMBERS

SUBJECT: Proposed Defense Logistics Management Standards (DLMS) Change (PDC) 1176, Revised Procedures for Requisitioning under Inter-Service Maintenance Agreement (Project Codes 3AB, 3AD, 3BB) (Supply/MILSTRIP)

We are forwarding the attached proposed change to DLM 4000.25, Defense Logistics Management Standards, and DLM 4000.25-1, Military Standard Requisitioning and Issue Procedures, 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. Ellen Hilert, DOD MILSTRIP Administrator, 703-767-0676, DSN 427-0676 or e-mail: Ellen.Hilert@dla.mil, or Ms. Heidi Daverede, DOD MILSTRIP Alternate, 703-767-5111; DSN 427-5111 or email: Heidi.Daverede@dla.mil or Mr. Eric Flanagan, (703) 767-6295; DSN 427-6295 or email: Eric.Flanagan@dla.mil. Others must contact their designated Supply PRC representative available at https://www2.dla.mil/j-6/dlmso/CertAccess/SvcPointsPOC/allpoc.asp.

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DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment
As stated

cc:
ODASD (SCI)

Attachment to PDC 1176
Revised Procedures for Requisitioning under Inter-Service Maintenance Agreement (Project Codes 3AB, 3AD, 3BB)

1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION:

a. Army POC: Kurt Phoel, PEO EIS, SFAE-PS-AE-LMP, (862) 259-0186, kurt.m.phoel.ctr@mail.mil

b. DLMSO POC: Ellen Hilert, MILSTRIP Administrator, ellen.hilert@dla.mil or DLMSO-Supply@dla.mil.

2. FUNCTIONAL AREA:

a. Primary/Secondary Functional Area: Supply

b. Primary/Secondary Functional Process: Distribution

3. REFERENCES:

a. ADC 103, DAAS Processing Rules for Project Code 3AD (Supply/MILSTRIP)

b. DLM 4000.25-1, Military Standard Requisitioning and Issue Procedures (MILSTRIP)

c. DLM 4000.25, Defense Logistics Management Standards (DLMS), Volume 2, Supply Standards and Procedures, Chapter 4, Requisitioning

d. Supply Process Review Committee (SPRC) and Joint Physical Inventory Working Group (JPWIG) 13-1 Meeting focused on maintaining accountability during Organic Depot Maintenance and DMISA

e. Supply Process Review Committee (SPRC) and Joint Physical Inventory Working Group (JPWIG) 14-1 Meeting Accountability during Repair (Organic)

f. ADC 1007, New DLMS 842P, Product Quality Deficiency Report (PQDR) Data Exchange and Enhanced Exhibit Tracking via Standard Logistics Transactions, October 1, 2012

g. ADC 1007A, Enhanced Pre-positioned Materiel Receipt (PMR) Data for Product Quality Deficiency Report (PQDR) Exhibit Tracking, February 27, 2013

h. ADC 381, Procedures and Additional Data Content supporting Requisitions, Requisition Alerts, and Unit of Use Requirements under Navy Base Realignment and Closure (BRAC) Supply, Storage and Distribution (SS&D) Inventory Management and Stock Positioning (IMSP), July 1, 2010

4. REQUESTED CHANGE(S):

a. Brief Overview: This change revises and clarifies procedures supporting requisitioning under a Depot Maintenance Inter-Service Agreement (DMISA) or comparable agreement.

(1) Update Defense Automatic Addressing System (DAAS) to pass (rather than route) all requisitions containing Project Codes 3AB and 3BB to the activity identified by the routing identifier code (RIC)-to. This will allow the requisition to be transmitted to the Principal (owner), rather than to the Federal Logistics Information System (FLIS) source of supply under DAAS routing rules.

(2) Revise MILSTRIP to provide additional guidance specific to the use of Project Codes 3AB, 3BB, and 3AD, inclusive of the intended recipient of requisitions for parts needed to complete a maintenance action.

(3) Revise the MILSTRIP requisition data content rules to allow use of Supply Condition Code (SCC) Q by the repair agent when requisitioning for induction of a Product Quality Deficiency Report (PQDR) exhibit returned for warrantied repair.

b. Background:

(1) A DMISA is a formal agreement, similar to a contract, whereby one military Service (the Repair Agent) agrees to provide depot maintenance support for another Service (the Principal). DMISAs are generally established to cover organic depot maintenance and related support functions for weapon systems, equipment end items, systems, subsystems, components, or commodity groups.

(2) Project Codes 3AB, 3AD, and 3BB were established to identify materiel requisitioned or shipped under a DMISA or comparable inter-Service agreement.

(a) Project Code 3AB is used to requisition reparable items for induction to a designated repair activity for repair and return to an end user.

(b) Project Code 3AD is used to requisition materiel (including both consumable and nonconsumable component parts) needed for performance of depot repair (overhaul and maintenance).

(c) Project Code 3BB is used to requisition reparable items for induction to a repair activity for repair.

(3) ADC 103 (Reference 3.a.) was released to authorize requisitions containing Project Code 3AD to bypass DAAS routing logic and be passed to the identified RIC-To in support of an inter-Service maintenance agreement. Passing the requisition was intended to allow the requisition to be directed to the Principal so that the Repair Agent can acquire materiel for use in the repair action that is already in the Principal's inventory while ensuring that the requisition will not be rejected due to an unregistered user. It also eliminates the possibility that the source of supply will satisfy the requisition with a substitute item that may not be best suited for the repair. When ADC 103 was implemented the reasons for the submission of requisitions to the Principal were not published in MILSTRIP.

(4) Following the release of ADC 103, the Army Logistics Modernization Program (LMP) implemented functionality to allow Army depot maintenance activities to requisition reparables for induction from the owning activity in support of DMISA and comparable inter-Service agreements. During this time, numerous transactions were routing back to LMP instead of the intended recipient. This occurred because the items were Army-managed, and therefore, routed to the Army source of supply in accordance with MILSTRIP procedures. ADC 103 authorized passing of requisitions containing Project Code 3AD, but Project Codes 3AB and 3BB were not included in that change. As a workaround, the Army adopted the use of the DLMS 511R Referral Order (DIC A4_) as a way to bypass the source of supply indicated by the NSN. The Supply Process Review Committee Meeting (SPRC) (Reference 3.d.) and Joint Physical Inventory Working Group (JPIWG) 14-01 Meeting (Reference 3.e.) identified a tasking to update the procedures associated with Project Codes 3AB, 3AD, and 3BB. In addition to the Army-requested update to the DAAS logic, clarification of the definitions and procedures was requested since it was difficult to distinguish between the codes due to limited information published in the MILSTRIP and DLMS manuals (References 3.b. and 3.c.).

(5) The appropriate identification of the party to receive requisitions for piece parts including both consumable and nonconsumable parts became a topic of much debate during weekly meetings of the ODASD(SCI)-led DMISA Asset Visibility Working Group. Alternatives for addressing these requisitions to the FLIS source of supply, the Primary Inventory Control Activity (PICA), the Secondary Inventory Control Activity (SICA), or the Principal were discussed. Each Service was asked to research how their Service generates 3AD requisitions and recommend the most appropriate process for the future.

(a) A consensus was ultimately reached that consumable item requisitions should be directed to the source of supply and nonconsumable (reparable) item requisitions should be directed to the Principal.

(b) The Air Force representative noted that their maintenance activity supply system will have a significant problem switching over to send its requisitions for depot level reparable (DLR) parts to the Principal if there is an Air Force wholesale item manager for the stock number needed and this stock number is a stock funded item. The first problem is the fact the Air Force maintenance activity supply system is hard coded to send all requisitions to the Air Force wholesale system in this situation. The second problem is the fact the Air Force maintenance activity supply system has no funds to pay for these parts since the Air Force wholesale system does not bill when it transfers materiel from its ownership to Air Force maintenance activity supply ownership. Software changes will be required, and process changes will be required (e.g., if the Air Force is the PICA, it cannot send a funded requisition to the Principal, so a MIPR is the only option currently available).

c. <u>Change in Detail</u>:

(1) Modify Transaction Services' DAAS to pass (instead of route) DLMS 511R (DIC A0_), requisitions, DLMS 511M (DIC AM_), requisition modifications, and DLMS 869F (DIC AT_) requisition follow-ups containing Project Codes 3AB and 3BB (as is currently done for Project Code 3AD).

(2) Revise MILSTRIP definitions for DMISA-related project codes and update narrative information provided in MILSTRIP guidance to clarify business rules and correct obsolete information.

(3) Revise requisition format to allow identification of SCC Q for requisitioning of PQDR exhibits for the purpose of maintenance induction.

d. Revisions to DLM 4000.25 Manuals:

(1) Update MILSTRIP guidance (legacy and DLMS) as shown in Enclosure 1.

(2) Revise MILSTRIP, Appendix 2.13, Project Codes, Category C and D Table as follows:

CODE	USE/REFERENCE
3AB Service Codes: All except B, D, K, P, and T	Used for ***requisition of reparable items for induction*** ~~materiel shipments~~ to a designated repair activity for repair and return to an end user as directed under existing agreements including ***Depot Maintenance Inter-Service Agreement (***DMISA***). DAAS will use the RIC-To to pass the requisitions to the activity indicated.***
3AD Service Codes: All ***except B, D, K, P, and T***	Used ~~to identify materiel requisitioned~~ ***for requisition of materiel (consumable and nonconsumable repair parts) needed for performance of*** depot repair (overhaul and maintenance) ***under existing agreements including*** Depot Maintenance Inter-Service Support Agreement (DMISA) items. DAAS will use the RI***C***-To ~~***(To) (rp 4-6)***~~ to pass the ~~***A0_***~~ requisitions to the activity indicated. (This code will also assist in billing and credit processes.)
3BB ***Service Codes:*** ***All except B, D, K, P, and T***	Used for ***requisition of reparable items for induction*** ~~materiel shipments~~ to a repair activity for repair as directed under existing agreements including ***Depot Maintenance Inter-Service Agreement (***DMISA***)or comparable inter-Service agreement. DAAS will use the RIC-To to pass the requisitions to the activity indicated.*** (Not applicable to repair and return. See Project Code 3AB)

(3) Revise MILSTRIP, Appendix 3.2, Requisition as follows:

FIELD LEGEND	TYPE REQUISITION BLOCK NUMBER(S) (MANUAL) RECORD POSITION(S) (MECHANICAL)		ENTRY AND INSTRUCTIONS
Blank	Block 23	70-80	Leave blank on inter-Component requisitions forwarded to the DLA and Government Services Administration (GSA) sources of supply. a. This field is optional for intra-Component use b. This field may be used for internal purposes on retained copies of requisitions.
Supply Condition Code		***(71)***	***c. Enter Supply Condition Code Q when requisitioning under (Depot Maintenance Inter-Service Agreement (DMISA) or comparable inter-Service agreement for induction of a PQDR exhibit for warrantied repairs.*** [1]

[1] ***Refer to PDC 1176.***

(4) Revise DLMS implementation conventions (ICs) DLMS 511R, 511M, and 869F as shown in Enclosure 2.

e. Proposed Transaction Flow: The DMISA process flows were identified during the 13-1 Supply Process Review Committee (SPRC) meeting and can be accessed here: DMISA Transaction Flow SPRC_JPIWG.pdf (Reference 3.d.). The transaction flow will remain unchanged, but Project Codes 3AB and 3BB will be added to the DAAS edit that allows requisitions, requisition modifications, and follow-up transactions containing these project codes to be passed to the RIC-To.

f. Alternatives: Revise the use of Project Code 3AD to remove applicability to consumables items needed to complete a maintenance action. A requisition for nonconsumable parts would be submitted with no project code. DAAS would route this requisition to the FLIS source of supply. Routing (rather than passing) the requisition could be advantageous if a logistics reassignment has occurred.
Staffing Note: Components should indicate if there is a preference to restrict Project Code 3AD to nonconsumable repair parts.

5. REASON FOR CHANGE: This change adds Project Codes 3AB and 3BB to the DAAS processing rules established for Project Code 3AD, thereby negating the need to send referral or

passing orders as a way to preserve the RIC-To in the transaction. This will allow requisitions containing Project Codes 3AB and 3BB to be passed (instead of routed) to the Principal under a DMISA, or a comparable agreement. This is beneficial as it will improve accountability during maintenance and standardize procedures across the Services.

6. ADVANTAGES AND DISADVANTAGES:

a. Advantages: This change will allow proper transmission of requisitions for induction of assets into repair by all Services with minimal changes to MILSTRIP procedures. The Principal will be able to recognize when the repair agent is trying to induct a PQDR exhibit rather than routine induction of a reparable in SCC F.

b. Disadvantages: Programming changes will be required to implement.

7. ASSUMPTIONS USED OR WILL BE USED IN THE CHANGE OR NEW DEVELOPMENT:

a. Services will provide guidance to ensure compliance with DOD procedures requiring use of the requisition for induction to maintenance including use of the appropriate project code.

b. No changes are required for DLA support to the Command, Fleet Readiness Centers (COMFRC) under the Navy Base Realignment and Consolidation (BRAC) agreement whereby the COMFRC requisitions non-DLA-managed consumable materiels from DLA, and DLA requisitions from the source of supply (Refer to ADC 381, Reference 3.h.). If this support approach is applied to nonconsumable (reparable) parts needed for maintenance actions, the DLMS 511R will require a DLMS Change to implement a data content update to identify the Principal so DLA will know where to direct the requisition.

8. ADDITIONAL FUNCTIONAL REQUIREMENTS:

a. The Air Force will document procedures for providing credit for return of reparable parts resulting from maintenance under a new project code to replace current use of Project Code 3AD to trigger credit to repair agent. Upon approval of the new code, the definition for Project Code 3AD will be updated to remove the current statement indicating that this code will also assist in billing and credit processes.

b. Components should evaluate their desire for additional update to the requisition format to include the PQDR Report Control Number (RCN) and provide feedback in their staffing response. Functionality to support inclusion of the PQDR RCN in the materiel release order (MRO) and pre-positioned materiel receipt (PMR) has already been approved under Reference 3.f and 3.g.). Adopting this field in the requisition could further enhance requisitioning for induction to support systemic communication of the specific exhibit requested (when known) and perpetuation of the exhibit identification to the MRO.
Staffing Note: If there is consensus for inclusion of this enhancement, the ADC will be updated accordingly.

9. ESTIMATED TIME LINE/IMPLEMENTATION TARGET:

a. Transaction Services:

(1) Implement new project code DAAS logic within 30 days of the release of this PDC.

Staffing Note: Immediate implementation of this rule change is not a risk and will ensure requisitions are directed to the intended activity.

(2) Implement map update for SCC Q within 30 days of the release an approved change.

b. For all others, phased and staggered implementation will be authorized.

10. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE: Services are requested to provide savings and cost avoidances due to misrouted requisitions.

11. IMPACT:

a. New DLMS Data Elements: None

b. Changes to DLMS Data Elements: None

c. Automated Information Systems (AIS):

(1) Army LMP to be enhanced to utilize DLMS 511R (DIC A0_), DLMS 511M (DIC AM_), and DLMS 869F (DIC AT_) transactions when requesting assets for induction under DMISA.

(2) All Components must ensure use of the appropriate project code when requisitioning under an inter-Service agreement.

(3) All Components must update requisitioning procedures to authorize/recognize use of SCC Q for requisitioning of PQDR exhibits for maintenance.

d. Transaction Services:

(1) Modify DAAS to pass (instead of route) DLMS 511R (DIC A0_), requisitions, DLMS 511M (DIC AM_), requisition modifications, and DLMS 869F (DIC AT_) requisition follow-ups containing Project Codes 3AB and 3BB.

(2) Modify DAAS maps for inclusion of the SCC Q.

e. Non-DLM 4000.25 Series Publications: Service publications may need to be updated to reflect updated definition for project codes and additional guidance for requisitioning under an inter-Service agreement. Army update required for Army Regulation AR 725-50, Table C-27.

Enclosure 1, MILSTRIP/DLMS Manual Revisions

Revise DLM 4000.25-1, MILSTRIP, as indicated in ***red bold, italics*** and strike-thru text. Equivalent changes must be made to DLM 4000.25, DLMS, Volume 2, Supply Standards and Procedures, Chapter 4, Requisitioning.

"C2.23 REQUISITIONING ~~REPARABLES FOR INDUCTION TO MAINTENANCE~~ ***IN SUPPORT OF AN INTER-SERVICE MAINTENANCE AGREEMENT***[1]

C2.23.1. When ~~materiel~~ ***scheduling a reparable item*** ~~is scheduled~~ for organic maintenance ***under a Depot Maintenance Inter-Service Agreement (DMISA) or comparable inter-Service support agreement***, based on the repair schedule, the maintenance activity will requisition the ~~materiel~~ ***reparable item*** from the ***Principal (***materiel owner***)*** using an A0_ in the format specified in Appendix AP3.2. All requisitions will cite Advice Code 2J (fill or kill) in rp 65-66, and the appropriate supply condition code in rp 71. ***Requisitions will cite Project Code 3AB (repair and return under maintenance agreement) or 3BB (repair under maintenance agreement). Requisitions for induction of a Product Quality Deficiency Report (PQDR) exhibit for warrantied maintenance will cite Supply Condition Code Q.***

C2.23.2. ~~Project Code 3AD supports requisitioning under a Depot Maintenance Inter-Service Agreement (DMISA). When used, this project code will cause the requisition to be passed directly to the activity identified by the RIC in rp 4-6. DAAS routing rules will be overridden. If the submitting Component requires use of an alternate project code, (e.g., a contingency support project code), on a requisition for which 3AD functionality is also desired, the alternate project code would have precedence over the 3AD. In this situation, the requisition may be prepared as a passing order (DIC A3_) to preserve the proper destination while employing the Service-mandated project code~~. ***In response to requisitions citing Project Codes 3AB or 3BB, the Principal will direct release of the reparable item from the storage activity to the repair agent. The Principal will establish a due-in and provide a pre-positioned materiel receipt (PMR) to the repair agent to ensure the item is receipted under the correct ownership (refer to MILSTRAP, Chapter 4).***

C2.23.3. To preclude billing by the materiel owner, the A0_ requisition will also contain the following data elements to denote free issue. For A0_s submitted to:

C2.23.3.1. Air Force: For Air Force principals (RIC-To F**), use Project Code ~~"~~3BB~~"~~ in rp 57-59.

C2.23.3.2. Navy: For Navy principals (RIC-To N***RP***), use ***N00391 in rp 45-50,*** Signal Code B in rp 51***,*** and Fund Code 26 in rp 52-53. ~~If RIC To is N32, use N00383 in rp 45-50; if RIC TO is N35, use N00104 in rp 45-50.~~

C2.23.3.3. Army: For Army principals (RIC-To A** or B**), use Project Code~~"~~3BB~~"~~ in rp 57-59; Fund Code GM in rp 52-53, and Signal Code D or M in rp 51.

C2.23.3.4. Marine Corps: For Marine Corps principals (RIC-To MPB), use Project code 3BB.

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[1] ***Refer to PDC 1176.***

C2.23.4. ***Organic maintenance activities operating under a DMISA or comparable inter-Service support agreement will requisition materiel (repair parts) required for a maintenance action using Project Code 3AD. Direct consumable item requisitions to the source of supply. Reparable item requisitions will be directed to the Principal whose assets are intended are to be used for the repair (rather than to the source of supply). Directing requisitions to the Principal ensures appropriate actions are taken.***

C2.23.4.1. Directing requisitions to the Principal precludes rejection of the requisition because the repair agent may not be a registered user of the materiel.

C2.23.4.2. Passing the requisition to the Principal reduces financial losses that would be incurred to purchase new materiel while previously purchased materiel is sitting in the Principal's inventory. This will reduce inventory balances as intended at the designated Principal, and does not unnecessarily draw down inventory at the supply source.

C2.23.4.3. Requisitioning from the Principal eliminates the possibility that the source of supply will satisfy the requisition with a substitute item which may not be best suited for the repair.

C2.23.4.4. This method of requisitioning facilitates accurate demand history capture at the source of supply (where it would otherwise be overstated) and improves forecasting by the Principal (where it would otherwise be understated).

C2.23.5. Transaction Services' DAAS will pass requisitions (DIC A0_), modifications (DIC AM_), and follow-ups (DIC AT_) containing Project Codes 3AB, 3AD, and 3BB to the designated recipient (rather than routing to the source of supply).

Enclosure 2, DLMS Implementation Convention (IC) Revisions

#	Location	DLMS 511R Requisition Revision	Reason
1.	DLMS Introductory Notes	Add PDC to DLMS Introductory Notes: - ***PDC 1176, Revised Procedures for Requisitioning under Inter-Service Maintenance Agreement (Project Codes 3AB, 3AD, 3BB)***	Identifies DLMS Changes included in the IC.
2.	2/LQ01/140	Add new DLMS Note to existing Code 83: **83 Supply Condition Code** **DLMS Note:** ***DLMS Note:*** *1. Use to indicate* ***the lowest acceptable*** *condition of materiel when requisitioning from* ~~*disposal*~~ ***DLA Disposition Services****.* *2. Use to indicate condition of previously purchased materiel. This is a restricted use applicable when a Service has entered into an MOA with DLA relative to Service-owned stocks, centrally-managed/stored by DLA (1/BR06/020, Code RI).* *3. Also authorized on an Intra-Army basis with BR02 transaction type code A0 and BR06 action code "J" to indicate the condition of materiel post-post issued by Army Single Stock Fund activities.* ***4. Use to indicate Supply Condition Code Q when requisitioning under DMISA or comparable inter-Service agreement for induction of a PQDR exhibit for warrantied repairs. Refer to PDC 1176.***	Clarification. Expands functionality.

	Location	DLMS 511M Modification Revision	Reason
1.	DLMS Introductory Notes	Add PDC to DLMS Introductory Notes: - ***PDC 1176, Revised Procedures for Requisitioning under Inter-Service Maintenance Agreement (Project Codes 3AB, 3AD, 3BB)***	Identifies DLMS Changes included in the IC.
2.	2/LQ01/140	Add new DLMS Note to existing Code 83: **83 Supply Condition Code** **DLMS Note:** *1. Use to indicate the* ***lowest acceptable*** *condition of materiel when requisitioning from* ~~***DRMS***~~ ***DLA Disposition Services****.* ***2. Use to indicate Supply Condition Code Q when requisitioning under DMISA or comparable inter-Service agreement for induction of a PQDR exhibit for warrantied repairs. Refer to PDC 1176.***	Clarification. Expands functionality.

	Location	DLMS 869F Requisition Follow-up	Reason
1.	DLMS Introductory Notes	Add PDC to DLMS Introductory Notes: - ***PDC 1176, Revised Procedures for Requisitioning under Inter-Service Maintenance Agreement (Project Codes 3AB, 3AD, 3BB)***	Identifies DLMS Changes included in the IC.
2.	2/LQ01/180	Add new DLMS Note to existing Code 83: **83 Supply Condition Code** **DLMS Note:** *1. Use* ~~*when requisitioning from DRMS to*~~ *indicate the lowest acceptable condition of materiel* ~~*condition*~~ ***when requisitioning from DLA Disposition Services****.* ***2. Use to indicate Supply Condition Code Q when requisitioning under DMISA or comparable inter-Service agreement for induction of a PQDR exhibit for warrantied repairs. Refer to PDC 1176.***	Clarification. Expands functionality.