



DEFENSE LOGISTICS AGENCY
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IN REPLY
REFER TO

J627

January 20, 2012

MEMORANDUM FOR SUPPLY PROCESS REVIEW (PRC) COMMITTEE

SUBJECT: Proposed Defense Logistics Management System (DLMS) Change (PDC) 449, Revised MILSTRAP Procedures for Logistics Accountability During Maintenance - Disallows Logistics Use of Inventory Adjustment Transaction (DAC) for Physical Movement of Materiel from a Storage Activity to a Maintenance Activity (Supply)

We are forwarding the attached proposed change to DOD 4000.25-M, DLMS, 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 DLA Logistics Management Standards 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.

Supply PRC representatives may direct questions to Ms. Mary Jane Johnson, email: Mary.Jane.Johnson@dla.mil. Others must contact their DOD Component designated Supply PRC representative.

DONALD C. PIPP
Director
DLA Logistics Management Standards

Attachment
PDC 449

cc:
DUSD (L&MR) SCI
Joint Physical Inventory Working Group
Commercial Asset Visibility Program Manager

ATTACHMENT TO PDC 449,
Revised MILSTRAP Procedures for Logistics Accountability During Maintenance -
Disallows Logistics Use of Inventory Adjustment Transaction (DAC) for Physical Movement
of Materiel from a Storage Activity to a Maintenance Activity (Supply)

1. ORIGINATOR:

a. Service/Agency: DLA Logistics Management Standards

b. Originator: Ms. Mary Jane Johnson, DOD MILSTRAP Administrator, 703-767-0677, DSN 427-0677, email: Mary.Jane.Johnson@dla.mil

2. FUNCTIONAL AREA: Supply and interface with Maintenance.

3. REFERENCES:

a. DLMSO Memorandum, February 2, 2006, subject: Joint Approved MILS Change Letters (AMCLs) 12 (MILSTRAP) and 43 (MILSTRIP), Maintaining Accountability During Maintenance Actions (published in MILSTRIP and MILSTRAP in 2006)

b. DLMSO memorandum, August 9, 1996 , Third Addendum to Approved MILSTRAP Change Letter (AMCL) 8A.

c. DOD 4140.1-R, DOD Supply Chain Materiel Management Regulation, available at www.dtic.mil/whs/directives/corres/pdf/414001r.pdf

d. Joint Physical Inventory Working Group Meetings: November 17, 2009, March 10, 2011, and September 22, 2011, www.dla.mil/j-6/dlms/Archives/archives_jpiwg.asp

e. DLMSO Memorandum, February 21, 2007, subject: Approved DLMS Change (ADC) 224, Revised Procedures for Logistics Accountability During Maintenance (MILSTRIP), available at www.dla.mil/j-6/dlms/eLibrary/Changes/approved3.asp

f. DOD 4000.25-2-M, Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP), available at www.dla.mil/j-6/dlms/elibrary/Manuals/MILSTRAP/default.asp

g. DOD 4000.25-M, DLMS, Volume 2, Supply Standards and Procedures, available at: www.dla.mil/j-6/dlms/elibrary/manuals/dlms/v2.asp

4. BACKGROUND:

a. In 2006, Joint Approved MILS Change Letters (AMCLs) 12 (MILSTRAP) and 43 (MILSTRIP) (reference 3.a.) were approved for immediate staggered implementation. These changes were developed for the purpose of providing more accurate DOD accountability for items undergoing maintenance, in response to DOD Inspector General (IG) and General Accounting Office (GAO) Audit reports identifying weaknesses in this area. However, when the change was originally written, circa 1990, it included an option to document the transfer of materiel scheduled

for organic maintenance by Depot Maintenance Inter-Service Support Agreement (DMISA) in one of two ways:

1) Use a MILSTRIP Materiel Release Order (MRO), with the storage activity posting an issue using the appropriate Document Identifier Code (DIC) D7_ series Issue transaction or the MRO transaction, or

2) Transfer the materiel to the maintenance activity based upon the repair schedule and report the transfer using MILSTRAP DIC DAC Inventory Adjustment transaction to transfer the materiel to Supply Condition Code (SCC) M (Suspended (In Work)).

Upon implementation of AMCL 8A (reference 3.b.) placing accountability for materiel with the activity having custody, the JPIWG noted that the option to use a DIC DAC inventory adjustment transaction to “move” materiel from a storage activity to a maintenance activity was in conflict with DOD 4140.1-R (reference 3.c.) inventory policy which places accountability for materiel with the activity having custody of the materiel. When the DAC transaction was used to reflect that materiel had “moved” from the storage activity to the maintenance activity, the materiel remained on the storage activity’s record even though the materiel was no longer in their custody. This conflict was discussed at several JPIWG meetings, most recently at the September 22, 2011, JPIWG meeting (reference 3.d.).

b. ADC 224 (reference 3.e.) further revised MILSTRIP procedures for logistics accountability during maintenance. ADC 224 changes included, but were not limited to:

1) Use of existing requisitioning procedures for the induction of reparable into maintenance. These procedures include use of the Requisition transaction (DLMS 511R/legacy MILSTRIP DIC A0_) and describe how the document should be formatted in order to ensure materiel is inducted into maintenance at a collocated depot.

2) Establish a requirement for creation of a shipment notification transaction when materiel is shipped from the maintenance depot (organic and commercial) to a distribution depot or DLA Disposition Services (formerly Defense Reutilization and Marketing Service (DRMS)). This requirement may be satisfied via a DLMS 856S Shipment Status or an 856 Advance Shipment Notice, for Property Transfer (Government furnished property (GFP) or internal DOD transfer).

STAFFING NOTE: The above requirement is not currently satisfied when commercial maintenance depots transfer reparable assets to the Government using the Wide Area Workflow (WAWF) Reparable Receiving Report (RRR). The RRR supports Department of Acquisition and Procurement Policy (DPAP) accountability requirements, but does not currently fulfill the logistics requirement to provide the ship-to location with an advance shipment notice as intended to facilitate receipt processing and support DOD initiatives for item unique identification (IUID) and radio frequency identification (RFID).

c. The Joint Group Materiel Management (JGMM) subgroup for Supply Support to Inter-Service Depot Maintenance, reviewed the AMCL 12 and 43 procedures for maintaining accountability during maintenance and recommended changes as noted in paragraph 5.a.2) below.

5. REQUESTED CHANGE:

a. Description of Change:

1) This change proposes deletion of MILSTRAP procurement source receipt transactions related to the return from a contractor of government owned materiel furnished to the contractor for use in the maintenance process. Procurement source DICs D4G, D4H, D4L, and D4L, were added by AMCL 12 and 43 for this purpose. However after further consideration, the MILSTRAP administrator believes the return of government owned materiel that had been furnished to a maintenance contractor would be accomplished using the corresponding non-procurement source receipts (DICs D6G, D6H, D6L, D6M).

2) This change incorporates the following recommendations made by the JGMM subgroup for Supply Support to Inter-Service Depot Maintenance, who reviewed the AMCL 12 and 43 procedures for maintaining accountability during maintenance. The following recommendations support DOD 4140.1-R Policy for physical inventory control, and MILSTRAP/DLMS physical inventory procedures:

a) Use accountable issue and receipt transactions for moving assets to and from maintenance rather than simply processing an Inventory Adjustment - Supply Condition Code Change, to indicate assets have moved into, or out of, maintenance. The condition code change process would continue to be used as needed internal to maintenance activities to document the change of the asset's condition while in maintenance such as from SCC M (Suspended (In Work)) to SCC A (Serviceable (Issuable without qualification)), etc, however the receipt and issue/materiel release processes would be used to move the materiel to/from maintenance.

STAFFING NOTE: This approach also supports DOD4140.1-R physical inventory policy placing accountability for materiel with the activity having custody of the assets.

b) Delete MILSTRAP Management Code V. Management Code V was approved by AMCLs 12 and 43 so that when owners relocated materiel from a remote storage activity to a storage activity collocated with the maintenance activity, prior to sending the item to maintenance, as required by the procedures, the due-in, prepositioned materiel receipt (PMR), and receipt transactions for controlling such relocations could be coded to identify that materiel intended for immediate issue to maintenance. The intent of Management Code V was that processing techniques triggered by Management Code V could be used to preclude physical storage of the materiel pending its release to the maintenance activity. The JGMM subgroup recommended deletion of this function. **STAFFING NOTE:** The Services are tasked in paragraph 8.a. to verify whether Management Code V was previously implemented for use with due-in, PMR, and receipt transactions.

b. Procedures. Revise DOD 4000.25-2-M, MILSTRAP (reference 3.f.) as follows (corresponding changes will be identified for DOD 4000.25-M, DLMS, Volume 2 (reference 3.g.), in the ADC upon approval):

- 1) Revise MILSTRAP Chapter 3, Issue, as shown in Enclosure 1.
- 2) Revise MILSTRAP Chapter 4, Receipt and Due-In, as shown in Enclosure 2.
- 3) Revise MILSTRAP Chapter 5, Adjustments, as shown in Enclosure 3.

4) Revise MILSTRAP, Appendix 2.6, Management Codes, and corresponding DLA Data Dictionary, as shown below:

MILSTRAP AP2.6.1. RECEIPT RELATED TRANSACTIONS. The following management codes are assigned for use in MILSTRAP materiel receipt-related transactions, DICs D4_ and D6_ Materiel Receipts, DD_ and DF_ Due-in Transactions, DU_ and DW_ PMRs, and DX_ Materiel Receipt Follow-ups), and related receiving documentation (when applicable), as indicated below:

<u>CODE</u>	<u>APPLICABLE DICs</u>	<u>EXPLANATION</u>
V	All DICs	<i>Reserved for future DoD assignment.</i> Materiel intended for immediate transfer to maintenance, by ICP directed release or maintenance induction, in accordance with agreed procedures.

5) Revise MILSTRAP, Appendix 2.1, Document Identifier Codes, to delete DICs D4G, D4H, D4L, and D4N (see PDC paragraph 5.a.1.) for explanation):

<u>CODE</u>	<u>DOCUMENT TITLE</u>	<u>EXPLANATION</u>
D4G	Materiel Receipt—Procurement Instrument Source (Destructive Test/Evaluation)	Return to inventory of unused items originally issued to a commercial activity for destructive test/evaluation.
D4H	Materiel Receipt—Procurement Instrument Source (Furnished Materiel for Consumption)	Return to inventory of Government-owned materiel previously furnished to a commercial activity to be consumed or expended during the manufacturing or maintenance process but not so consumed or expended. Excludes return of materiel furnished for incorporation in the deliverable item but not so incorporated.
D4L	Materiel Receipt—Procurement Instrument Source (Assembly/Disassembly/Reclamation/Conversion/Modification)	Return to inventory of assembled items, components from disassembled or reclaimed items, or converted or modified items originally issued to a commercial activity for assembly, disassembly, reclamation, conversion, or modification. Includes return of Government-owned materiel furnished for incorporation in the deliverable item but not so incorporated. Excludes return of repaired or tested/evaluated items and of materiel expected to have been consumed or expended during the manufacture or maintenance process.
D4N	Materiel Receipt—Procurement Instrument Source (Loan)	Return to inventory from authorized commercial activity of materiel on loan. Includes return of Government-owned equipment furnished to a commercial activity for use in performing a contract.

6. REASON FOR CHANGE: To resolve known deficiencies in accountability for items in maintenance and provide for more accurate DOD accountability for items scheduled for maintenance by DMISA and for items undergoing commercial and intra-Service or Agency maintenance actions.

7. ADVANTAGES AND DISADVANTAGES:

a. Advantages: Strengthen the procedures for maintaining logistics accountability during maintenance.

b. Disadvantages: None identified.

8. INTERFACE/IMPACT:

a. Data Content/Procedures/AIS: Affected DOD Components will need to revise their implementing procedures and automated information systems depending upon the degree to which they use the Inventory Adjustment (MILSTRAP DIC DAC and corresponding DLMS 947I) as the mechanism to move materiel from a storage activity/distribution depot to maintenance; and whether they have implemented Management Code V for use with Receipt, Due-In and PMR transactions (MILSTRAP legacy DIC D4_/D6_/DU_/DW_ and corresponding DLMS 527D/527R functions).

ACTION REQUIRED: Request the Services identify in response to this PDC:

1) Whether Management Code V is used with Receipt and/or PMR transactions as described.

[STAFFING NOTE: DLA confirmed after the September 2011 JPIWG meeting, that DLA had not programmed for use of Management Code V.]

2) Whether an inventory adjustment transaction (DLMS 947I/legacy MILSTRAP DIC DAC) is used by your Service to “move” assets from a distribution depot/storage activity to a maintenance activity rather than use MRO, issue, and receipt.

b. Coordination/Staffing: Requires interface of maintenance, supply, contracting, and financial operations and systems to accurately record the status of assets in the accountability records and related financial accounts.

c. Publications: MILSTRAP and DLMS. May also require changes to Component level implementing procedures and contracts for commercial maintenance.

d. Procedures: Revise MILSTRAP as shown in Enclosures 1 through 4. Corresponding changes will be made to DOD 4000.25-M, DLMS, once the change is approved.

9. IMPLEMENTATION TIMELINE: Provide projected implementation date if it can be determined as part of staffing this change; otherwise ADC will include a requirement to identify implementation status to DLA Logistics Management Standards

Enclosures

ENCLOSURE 1 TO PDC 449

REVISIONS TO DOD 4000.25-2-M, MILSTRAP CHAPTER 3 ISSUE, BACKORDER, DEMAND, LOAN, AND SMCA FREEZE/UNFREEZE ACTIONS

(Corresponding changes will be made to DOD 4000.25-M , DLMS, Volume 2, Chapter 14,
Issue, Loan, Demand, And Ammunition Freeze/ Unfreeze Transactions)

Revise MILSTRAP, Chapter 3, section C3.3, Maintaining Accountability During Maintenance Actions, as follows (change is identified by *red bold italics* or double strike-through):

C3.3. MAINTAINING ACCOUNTABILITY DURING MAINTENANCE ACTIONS

C3.3.1. ~~Applicability.~~ When **R**esponsibility for maintaining the *asset balance portion of the* property accountability record for DoD-owned property *being repaired resides with the activity having physical custody. The activity having physical custody will provide visibility and report changes to the on-hand balance to the materiel owner/Principal.* ~~has been assigned to an activity(s) other than the owner, the responsible activity shall execute the owner's actions set forth in this section.~~

C3.3.1.1. These procedures apply to issues from inventory for assembly, disassembly, reclamation, conversion, modification, repair, and destructive or nondestructive test/evaluation by DoD, other Government (non-DoD), and commercial activities. ~~Transfers to SCC M are covered under chapter 5, section C5.6.~~

C3.3.1.2. These procedures exclude repair and return of materiel owned below the wholesale distribution system. However, ~~storage~~ activities *having physical custody* will maintain visibility and the property accountability record for these assets pending issue to maintenance and upon their return from maintenance.

C3.3.2. Requirements

C3.3.2.1. When the maintenance activity is collocated with a DoD storage activity, owners shall direct materiel into maintenance only from the collocated storage activity. When necessary, owners shall relocate materiel from remote storage activities to the storage activity collocated with the maintenance activity to accomplish this requirement using a MILSTRIP materiel release transaction. The action shall be posted to the property accountability record using either a DIC D7K issue transaction or the MILSTRIP transaction coded to indicate a relocation between storage activities without change in ownership. ~~The due-in and PMR for controlling such relocations, which are processed under the chapter 4 procedures, may include Management Code V⁺ to identify materiel intended for immediate issue (under the chapter 3 procedures) or transfer (under the chapter 5 procedures) to maintenance. Services/Agencies may apply processing techniques triggered by Management Code V to preclude physical storage of the materiel pending its release to the maintenance activity.~~

⁺Management Code V may be proposed for deletion by a Proposed DLMS Change (PDC).

~~C3.3.2.2. When materiel is scheduled for organic maintenance by DMISA or other Inter-DoD Component agreement, the agreement shall specify the property accountability and materiel control requirements. The agreement shall also indicate whether~~ **The owner (Principal) will *shall* direct the issue of materiel to the maintenance activity *from the collocated storage activity.* activity under this section or the storage activity will transfer the materiel to the maintenance activity** **Based on the repair schedule *the maintenance activity (Agent) shall requisition the unserviceable asset from the owner (Principal) under the provisions of MILSTRIP, Chapter 2, section C2.22.* and report the transfer to SCC M under chapter 5, section C5.2.**

C3.3.2.3. Each DoD Component shall ensure that:

C3.3.2.3.1 Owned inventory ~~which~~ **that** is in the hands of DoD, other Government (non-DoD), and commercial activities is properly accounted for under the provisions of chapters 3, 4, 5, and 7 (including paragraphs C7.2.3. and C7.2.4.) of this manual and, for commercial maintenance, the provisions of the FAR. This includes returns from field activities for repair and reissue as wholesale inventory. Components shall prescribe use of any required internal codes to meet this requirement. (Responsibility of the owner (Principal for maintenance by DMISA.)

C3.3.2.3.2. Total item property records for materiel released to maintenance activities are maintained and adjusted based on the quantity of materiel actually returned and will support the [DoD 7000.14-R](#) financial accounting and reconciliation requirements. (Responsibility of the owner (Principal for maintenance by DMISA.)

C3.3.2.3.3. Contracts for commercial maintenance require the commercial activity to report shipment or condemnation of materiel to the contracting officer. (Responsibility of the Agent for maintenance by DMISA.)

C3.3.2.3.4. Any needed interface between its procurement and supply operations/functions exists to **ensure that reported data *changes in inventory segment data (stock number, quantity, supply condition code)* is are** transmitted to the owner. (Responsibility of the Agent for maintenance by DMISA.) Arrangements may be made for commercial activities to report directly to the contracting officer and/or the owner using MILSTRAP transactions.

C3.3.2.3.5. Reported data affecting inventory balances is recorded in the owner's total item property record. (Responsibility of the owner (Principal for maintenance by DMISA.)

C3.3.2.4. Owners (Principals for maintenance by DMISA) shall ~~issue~~ **release** materiel from storage for maintenance action using MILSTRIP transactions. Issues shall be posted to the property accountability record using either MILSTRAP transactions containing the appropriate DIC D7 series from appendix AP2.1 or an image of the MILSTRIP **release** transaction. Include any internal coding needed for proper financial accounting in the transaction.

ENCLOSURE 2 TO PDC 449

REVISIONS TO DOD 4000.25-2-M, MILSTRAP, CHAPTER 4 RECEIPT AND DUE-IN

(Corresponding changes will be made to DOD 4000.25-M, DLMS, Volume 2, Chapter 13, Materiel Receipt)

1. Revise MILSTRAP, Chapter 4, section C4.9.3.3.11, subparagraph C4.9.3.3.11.2.1, as follows (change is identified by *red bold italics* or double ~~strike-through~~):

C4.9. PROCESSING DISCREPANT/DEFICIENT RECEIPTS, subparagraphs as follows:

C4.9.3. Receipt Reporting For Discrepant Shipments From Non-Procurement Instrument Sources...

C4.9.3.3.11. Receipts Not Due-In (no PMR/due-in recorded).

C4.9.3.3.11.1. GSA Managed Items. GSA does not normally authorize return of assets to DoD storage activities. Receipts not due-in are, therefore, considered DoD-owned assets which have not been reported to GSA under the MILSTRIP/DLMS MRP. The DoD Components are responsible for providing DLA with an organization to which the DLA storage activity can record these assets. The DoD Components shall establish internal procedures for processing the receipts from the depot for these assets for subsequent issue, excess reporting under MILSTRIP MRP, or release for reutilization and marketing. In the absence of guidance from the DoD Components for reporting receipt of unauthorized return of GSA assets to their DoD Component, DLA storage activities shall receipt the assets to the local Base Operating Supply System (BOSS) for use by the depot. If the materiel cannot be used locally it is sent to disposal. This procedure assures the assets are recorded on a DoD record.²

C4.9.3.3.11.2. DoD Managed Items

C4.9.3.3.11.2.1. Reparable Items. Report receipt to the managing ICP of the ~~shipping~~ Service *that is returning the item* in the applicable condition using DIC D6A. Do not include a discrepant receipt management code in the transaction. For materiel shipped between wholesale storage activities, report the receipt using DIC D6K. ICPs receiving transactions reporting returns not-due-in of phase I reparable, for which they are not the IMM, shall follow the MILSTRIP MRP procedures to report/ship the materiel as prescribed by the IMM.

C4.9.3.3.11.2.2. Consumable Items. Report receipt to the IMM in the applicable condition and do not include a discrepant receipt management code in the transaction. However, Services may prescribe reporting to their own item manager for returns from their own Service activities.

² To date, no DoD Component has identified an organization to which DLA storage activities should report receipts not due-in for GSA assets.

2. Revise MILSTRAP, Chapter 4, section C4.12, Maintaining Accountability During Maintenance Actions , as follows (change is identified by *red bold italics* or double strike-through)

[STAFFING NOTE: In this section, PMR= Prepositioned Materiel Receipt; MRP = MILSTRIP Materiel Returns Program]:

C4.12. MAINTAINING ACCOUNTABILITY DURING MAINTENANCE ACTIONS

C4.12.1. ~~Applicability.~~ When **Responsibility** for maintaining the the *asset balance portion of the* property accountability record for DoD-owned property *being repaired resides with the activity having physical custody. The activity having physical custody shall provide visibility and report changes to the on-hand balance to the materiel owner/Principal.* ~~has been assigned to an activity(s) other than the owner, the responsible activity shall execute the owner's actions set forth in this section.~~

C4.12.1.1. These procedures apply for returns to inventory including unused materiel, relocations of materiel for maintenance, and receipts from assembly, disassembly, reclamation, conversion, modification, repair and destructive or nondestructive test/evaluation consigned by DoD, other Government (non-DoD) Agency, or commercial activities.

C4.12.1.2. These procedures exclude repair and return of materiel owned below the wholesale distribution system. However, ~~storage~~ activities *having physical custody* shall maintain visibility and the property accountability record for these assets pending issue to maintenance and upon their return from maintenance.

C4.12.2. Requirements

C4.12.2.1. Owners (Principals for maintenance by DMISA) shall establish a DIC ~~DF_ DEA, DFB, or DFC~~ due-in when materiel is being returned from field activities to wholesale storage activities or to commercial activities for maintenance. Also, provide a DIC ~~DW_ DWA, DWB, or DWC~~ PMR to receiving Government storage activities. Take these actions upon receipt of MILSTRIP MRP transactions, or equivalent intra-service documents, reporting return of the materiel. (Services/Agencies may delegate the PMR requirement to intermediate level or transshipment activities.)

C4.12.2.2. When owners direct relocation of materiel from a remote storage activity to the storage activity collocated with the maintenance activity (as required under chapter 3, section C3.3.), they shall establish a DIC DFK due-in for the intransit materiel and provide a DIC DWK PMR to the receiving storage activity following the sections C4.2. and C4.3. procedures of this chapter.

C4.12.2.3. Storage activities shall report receipt of reparable materiel based on the information contained in the PMR. If a PMR is not available, report the receipt to the cognizant ICP in accordance with section C4.9.3.3.11.2.1.

C4.12.2.4. When materiel is scheduled for organic maintenance by DMISA or other inter-~~DoD Component~~ *Service/Agency* agreement, the agreement shall specify ~~the materiel control requirements. The agreement shall also specify whether~~ *that* the storage activity shall report returns from maintenance to the owner (Principal) as receipts under this section. ~~or as transfers from SCC M under chapter 5, section C5.6.~~

C4.12.2.5. Each DoD Component shall ensure that:

C4.12.2.5.1. Owned inventory which is in the hands of DoD, other Government (non-DoD), and commercial activities is properly accounted for under the provisions of chapters 3, 4, 5, and 7 (including paragraphs C7.2.3. and C7.2.4.) of this manual and, for commercial maintenance, the provisions of the [FAR](#). This includes returns from field activities for repair and reissue as wholesale inventory. DoD Components shall prescribe use of any required internal codes to meet this requirement. (Responsibility of the owner (Principal for maintenance by DMISA).)

C4.12.2.5.2. Total item property records for materiel in the hands of maintenance activities are maintained and adjusted based on the quantity of materiel actually returned and will support the [DoD 7000.14-R](#) accounting and reconciliation requirements. (Responsibility of the owner (Principal for maintenance by DMISA).)

C4.12.2.5.3. Contracts for commercial maintenance require the commercial activity to report or acknowledge receipt and report shipment or condemnation of materiel to the contracting officer. (Responsibility of the Agent for maintenance by DMISA.)

C4.12.2.5.4. Any needed interface between the procurement and supply operations/functions exists to assure that **changes in the inventory segment data (stock number, quantity, supply condition code)** ~~reported data is~~ **are** transmitted to the owner. (Responsibility of the Agent for maintenance by DMISA.) Arrangements may be made for commercial activities to report directly to the contracting officer and/or the owner using MILSTRAP transactions.

C4.12.2.5.5. Reported data affecting inventory balances is recorded in the total item property record. (Responsibility of the owner (Principal for maintenance by DMISA).)

C4.12.2.6. Owners shall establish dues-in for expected returns from commercial and Government maintenance activities using the appropriate Appendix AP2.1 MILSTRAP [DICs](#) in the DD or DF series. Provide PMRs to storage activities to receive the materiel under section C4.3. of this chapter using the corresponding DICs in the DU or DW series. Storage activities shall report receipts under section C4.4 or C4.5 and C4.9., of this chapter, using the corresponding DICs in the D4_ or D6_ series.

C4.12.2.7. When materiel is issued to a customer directly from a **DoD or commercial maintenance** activity, assure that appropriate supply transactions are processed to establish the property accountability and financial accounting audit trails. Depending on the Component system business rules, this may necessitate either a receipt and issue, or a condition code change and issue.

C4.12.2.8. When materiel is condemned by maintenance activities, assure that the condemnation action is recorded (**issue to disposal** ~~inventory adjustment decrease~~) to adjust the DoD inventory and financial accounts. **This includes automatic disposals (Management Code M).**

ENCLOSURE 3 TO PDC 449

REVISIONS TO DOD 4000.25-2-M, MILSTRAP CHAPTER 5, ADJUSTMENTS

(Corresponding changes will be made to DOD 4000.25-M, DLMS, Volume 2, Chapter 7, Inventory Adjustments)

Revise MILSTRAP, Chapter 5 Adjustments, to remove section C5.6, Maintaining Accountability During maintenance. Inventory Adjustment (Supply Condition Code Change) Transaction shall not be used to “move” assets from the storage activity to the maintenance activity. Renumber remaining sections. (Change is identified by double strike-through) :

~~C5.6. MAINTAINING ACCOUNTABILITY DURING MAINTENANCE~~

~~==== C5.6.1. Applicability. When responsibility for maintaining the property accountability record for DoD-owned property has been assigned to an activity(s) other than the owner, the responsible activity shall execute the owner's actions set forth in this section.~~

~~==== C5.6.1.1 These procedures apply to transfers of inventory to SCC M for maintenance, assembly, disassembly, reclamation, conversion, modification, repair, and destructive or nondestructive test/evaluation and transfer to their correct condition classification upon return from maintenance.~~

~~==== C5.6.1.2. These procedures exclude repair and return of materiel owned below the wholesale distribution system. However, storage activities will maintain visibility and the property accountability record for these assets pending transfer to maintenance and upon their return from maintenance.~~

~~==== C5.6.2. Requirements~~

~~==== C5.6.2.1. When materiel is scheduled for organic maintenance by DMISA or other inter-DoD Component agreement, the agreement shall specify the materiel control requirements to include whether the storage activity will report returns from maintenance to the owner (Principal) transfers from SCC M under this section or as receipts under chapter 4, section C4.12.~~

~~==== C5.6.2.2. Each DoD Component shall ensure that:~~

~~==== C5.6.2.2.1. Owned inventory which is in the hands of DoD, other Government (non-DoD), and commercial activities is properly accounted for under the provisions of chapters 3, 4, 5, and 7 (including paragraphs C7.2.3. and C7.2.4.) of this manual and, for commercial maintenance, the provisions of the FAR. This includes returns from field activities for repair and reissue as wholesale inventory. DoD Components shall prescribe use of any required internal codes to meet this requirement. (Responsibility of the owner (Principal for maintenance by DMISA).)~~

~~C5.6.2.2.2. Total item property records for materiel in the hands of maintenance activities are maintained and adjusted based on the quantity of items actually returned and will support the DoD 7000.14-R financial accounting requirements. (Responsibility of the owner (Principal for maintenance by DMISA).)~~

~~C5.6.2.2.3. Contracts for commercial maintenance require the reporting of materiel loss or damage to the contracting officer. Contracts may also require the contractor to report the start and completion of maintenance action for each unit of materiel. (Responsibility of the Agent for maintenance by DMISA.)~~

~~C5.6.2.2.4. Any needed interface between the procurement and supply operations/functions exists to assure that reported data is transmitted to the owner. (Responsibility of the agent for maintenance by DMISA.) Arrangements may be made for commercial activities to report directly to these activities using MILSTRAP transactions.~~

~~C5.6.2.2.5. Reported data affecting inventory balances is recorded on the total item property record. (Responsibility of the owner (Principal for maintenance by DMISA).)~~

~~C5.6.2.3. Storage activities shall report the following actions, as indicated, to the owner of the materiel. In DoD Component systems which do not use dual adjustment transactions, use the corresponding DIC D8_ and D9_ single adjustment transactions. Follow the appendix AP3.8 format for preparing DIC DAC transactions or the appendix AP3.4 format for preparing DIC D8/D9_ transactions.~~

~~C5.6.2.3.1. When materiel is inducted for maintenance (repair/modification, assembly, etc.), process a DIC DAC dual adjustment to transfer the materiel from the SCC on the record to SCC M.~~

~~C5.6.2.3.2. When materiel is returned from maintenance (repair/modification, assembly, etc.), process a DIC DAC dual adjustment to transfer the materiel from SCC M to the SCC in which the materiel is received (for example; SCC A for completed materiel, SCC G for materiel awaiting repair parts, or SCC H for condemned materiel). In DoD Component systems which do not use the dual adjustment, process the equivalent loss and gain transactions to accomplish the transfer.~~