



DEFENSE LOGISTICS AGENCY
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IN REPLY
REFER TO DLMSO

July 8, 2009

MEMORANDUM FOR FINANCE PROCESS REVIEW COMMITTEE MEMBERS

SUBJECT: Approved Defense Logistics Management System (DLMS) Change (ADC) 332, Intra-Navy Exchange Price Billing for Depot Level Repairables (MILSBILLS/Finance) (Staffed as PDC 345)

The attached change to DOD 4000.25-M, DLMS, is approved for implementation. 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, Mr. Robert Hammond, Chair, Finance Process Review Committee, 703-767-2117, DSN 427-2117 or email: robert.hammond@dlm.mil. Others must contact their Component designated representative.

A handwritten signature in black ink, appearing to read "Donald C. Pipp", with a large, stylized flourish at the end.

DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment

cc:
DUSD(L&MR)SCI

ADC 332
INTRA-NAVY EXCHANGE PRICE BILLING FOR DEPOT LEVEL REPAIRABLES
(MILSBILLS/FINANCE)

1. ORIGINATOR:

- a. **Service/Agency:** Naval Supply Systems Command (NAVSUP)
- b. **Originator:** NAVSUP, Code 141, DSN 430-5712

2. FUNCTIONAL AREA: Finance

3. REFERENCE:

- a. DoD 4000.25-7-M, Military Standard Billing System (MILSBILLS)
- b. **Approved DLMS Change 274**, DLMS and DLSS Changes to Support Army Exchange Pricing (Supply/Finance/MILSTRIP/MILSTRAP/MILSBILLS) (Staffed as PDC 269)

4. REQUESTED CHANGE:

- a. **Title:** Intra-Navy Exchange Price Billing for Depot Level Repairables
- b. **Description of Change:** The purpose of this change is to map the Navy's current billing transactions for depot level repairables (DLRs) under the Navy Carcass Tracking program to the DLMS Supplement 810L, Logistics Bill. This change will support the Navy migration to DLMS, and will support mapping in a mixed DLMS/MILS environment.
- c. **Background.**

(1) The Navy uses a two-tier pricing system for selling Depot Level Repairable material to Navy customers. The Navy system is similar to that used by the Army and Air Force, although some of the terminology is different. The price applicable to a particular requisition is determined as follows:

(a) **Standard Price.** This is the price representing the full value of the DLR item. Customers are charged the standard price when a Not Ready For Issue (NRFI) unit (also referred to as a 'Carcass') is not turned in.

(b) **Net Price.** Also referred to as Exchange Price. This price represents the cost of repairing a DLR item, and is the price charged to customers when a NRFI unit has been or will be turned in. Navy customers indicate on their requisitions whether or not a NRFI unit is available for turn in via the Advice Code field. Advice codes 5A, 5D, 5E, 5X, 53, 54, 57, 58, 59 indicate no carcass to be returned, and result in standard price billing. Advice codes 5G, 5R, 5S, 5V, 5Y, 52, 56 indicate that a carcass will be returned and result in net price (exchange price) billing.

(2) Requisitions received indicating that a carcass will be returned are tracked in the Navy's

Carcass Tracking System. This system monitors these requisitions and matches them with carcass returns as they occur. This system also generates follow ups to customers who have not returned their carcasses as promised. Ultimately, the system will trigger an additional charge to the customer if the carcass is not returned. Navy uses the term Carcass Charge for this additional billing which represents the value between Standard Price and Net (Exchange) Price. This additional billing is also referred to as a Delta Bill. If the customer returns the carcass after receiving the Carcass (Delta) Bill, then the additional billing is reversed resulting in a Carcass Charge Reversal (Credit Delta Bill).

(3) The Navy ICP currently uses DLSS/MILSBILLS system for billing. In this system, the Navy uses the Sales Price Condition Code to indicate to customers that a particular bill is either Net (Exchange) Price ('B' in cc 7 of DOCID FA1 or FA2) or Carcass (Delta) Price ('X' in cc 7 of DOCID FA1 or FA2). Navy customers may also return excess DLRs for credit. The credit can be Standard, Net or Carcass value. The Navy also uses the Sales Price condition Code to indicate to customers returning DLRs that the amount of credit is either Net or Carcass Price ('B' in cc 7 of DOCID FD1 or FD2).

(4) The Navy's ERP project currently under development will replace the Navy ICP's DLSS/MILSBILLS billing system with a DLMS based system. However not all of the customers receiving DLR bills will be converted to DLMS. The Defense Automated Address System (DAAS) will convert Navy DLMS bills back to DLSS/MILSBILLS format for any Navy customers unable to accept DLMS formats. DLMS does not authorize use of MILS Sales Price Condition Code, as the intent was that 2/IT05/010, Basis of Unit Price could be used to convey that data. However, to achieve standardization with DLMS procedures already used by Army for exchange pricing, the Navy desires to use a combination of Stock Exchange Code and Type of Bill Code to indicate in the DLMS 810L format that the price charged is either Standard, Net or Carcass (Exchange or Delta). This change does not impact other Component procedures; however this change may be of value to other Components.

(5) Procedures.

(a) Revise DOD 4000.25-7-M Military Standard Billing System (MILSBILLS) Manual, Appendix 2.5, Type of Bill Code, and corresponding DLMS dictionary data element as follows:

<u>Code</u>	<u>Description</u>
EP	Bill at Exchange Price <i>(Commonly referred to as "Net Price" within Navy)</i>
DB	Bill for the Delta amount (Standard Price minus Exchange Price) <i>(Commonly referred to as "Carcass Charge" within Navy)</i>
RB	Credit Bill to reverse a Delta Bill (DB) under Exchange Pricing <i>(Commonly referred to as "Carcass Charge Reversal" within Navy)</i>
SC	Credit Bill for Serviceable Credit under Exchange Pricing <i>(May be Exchange Price or Delta Price for Navy)</i>

(b) Revise DOD 4000.25-7-M Military Standard Billing System (MILSBILLS) Manual, Appendix 2.7, Sales Price Condition Code, and corresponding DLMS dictionary data element as follows:

AP2.7 APPENDIX 2.7.

SALES PRICE CONDITION CODE

NUMBER OF CHARACTERS: One

TYPE OF CODE: Alphabetic

EXPLANATION: Indicates the standard unit price indicated is not the actual billing unit price used. The actual billing unit price is equal to the billing amount divided by the quantity.

<u>Code</u>	<u>Description</u>
B	Sales price reduced as agreed. The amount billed does not equal the unit price extension (quantity times unit price). The actual amount is equal to a "discounted" unit price (not shown) extension.
X	<i>Used by Navy. When used on DOCID FA1, indicates that this is an additional charge for non-return of a Depot Level Repairable carcass. When used on DOCID FA2, indicates that this is a reversal of a previous charge for non-return of a Depot Level Repairable carcass.</i>

(c) Revise DoD 400.25-7M Military Billing System (MILSBILLS, Chapter 2 new paragraph 12 and DoD 4000.25-M Defense Logistics Management System (DLMS) Vol 2 and Vol 5 in association with the manual updates developed under ADC 274, as follows:

C#.#.#.#. Navy uses a two-tier pricing system for selling Depot Level Repairable material to Navy customers. The Navy sells DLRs to other Services at full (standard) price and then provides carcass value credit when the carcass is returned. This is the same method the Air Force and Army use when selling repairable items to the Navy. The Standard Price is the price representing the full value of the DLR item, and is price charged when a Not Ready For Issue (NRFI) unit (also referred to as a 'Carcass') is not turned in. The Net Price (also referred to as Exchange Price) is the price that represents the cost of repairing a DLR item, and is the price charged to customers when a NRFI unit has been or will be turned in. Navy customers indicate on their requisitions whether or not a NRFI unit is available for turn in via the Advice Code, and they are then charged Net or Standard Price accordingly.

C#.#.#.#. Requisitions received indicating that a carcass will be returned are tracked in the Navy's Carcass Tracking System. This system monitors these requisitions and matches them with carcass returns as they occur. This system also generates follow ups to customers who have not returned their carcasses as promised. Ultimately, the system will trigger an additional charge to the customer if the carcass is not returned. Navy uses the term Carcass Charge for this additional billing which represents the value between Standard Price and Net (Exchange) Price. This additional billing is also referred to as a Delta Bill. If the customer returns the carcass after receiving the Carcass (Delta) Bill, then the additional billing is reversed, resulting in a Carcass Charge Reversal (Credit Delta Bill). Navy customers may also return excess DLRs for credit. The credit can be Standard, Net or Carcass value.

C#.#.#.#. Under DLSS/MILSBILLS billing, the Navy ICP's use the Sales Price Condition Code to indicate to customers that a particular bill is either Net (Exchange) Price or Carcass (Delta) Price. Once operational, Navy's ERP will replace the Navy ICP's DLSS/MILSBILLS billing system with a DLMS based system. Since DLMS does not utilize a Sales Price Condition Code, Navy will use a combination of Stock Exchange Code and Type of Bill Code to indicate on the bill that the price charged is either Standard, Net or Carcass price. The Defense Automated Address System (DAAS) will convert Navy DLMS bills back to DLSS/MILSBILLS format for any Navy customers unable to

accept DLMS formats.

(d) Revise DLMS Supplements and DAASC Mappings for 810L as follows:

Item #	Location	Revision to 810L, Logistics Bill	Reason	Federal Update
1.	DLMS Introductory Note:	<p><u>Added ADC 332 to DLMS Introductory note 8.</u></p> <p>- ADC 332, Intra-Navy Exchange Price Billing for Depot Level Repairables (MILSBILLS/Finance)</p>	To identify DLMS changes included in the DS	No Update Required
2.	2/LQ01/310	<p><u>Modify qualifier "SEC" with the following DLMS Note:</u></p> <p>SEC Stock Exchange Code</p> <p>DLMS Note: Use to identify the Exchange Pricing Indicator for intra-Army and intra-Navy transactions to identify that the Customer and NIIN on the transaction are Exchange Pricing relevant. An ANSI data maintenance request has been prepared to establish a new data element 1270 code qualifier assignment for Exchange Pricing Indicator. When applicable, cite code value EP (Exchange Pricing). Refer to ADC 274 and 332.</p> <p>A data maintenance action was approved in version 6010. The approved code/name is "EPI – Exchange Pricing Indicator".</p>	Adds Navy use of SEC qualifier for exchange pricing	No Update Required

DLSS/DLMS Mapping				
Field Name	DLSS Position	Conditions	Revision to 810L Mapping	810L Position/Loop
Exchange Pricing Indicator	None	<p>If rp 1-3 = FA1, FA2, FD1 or FD2 AND If rp 30 = A, C, W, N, V, R AND If rp 60-61 = DB, EP, RB, or SC</p>	<p>LQ01 = SEC LQ02 = EP</p>	2/LQ/310
Recipient of Billing	7	<p>If rp 30 = N, V, R AND</p> <p>If rp 1-3 = FA1 or FA2 and rp 7 = B</p>	<p>LQ01 = 54 LQ02 = EP</p> <p>LQ01 = 54</p>	2/LM/310

		<i>If rp 1-3 = FA1 and rp 7 = X</i>	LQ02 =DB	
		<i>If rp 1-3 = FA2 and rp 7 = X</i>	LQ01 = 54 LQ02 =RB	
		<i>If rp 1-3 = FD1 or FD2 and rp 7 = B</i>	LQ01 = 54 LQ02 =SC	

5. REASON FOR CHANGE: Allows Navy to continue billing for Carcass Tracking under DLMS with indicators currently used in MILS for creating financial transactions.

6. ADVANTAGES AND DISADVANTAGES:

- a. **Advantages:** Supports billing for Navy Carcass Tracking under DLMS in a mixed DLMS/MILS environment.
- b. **Disadvantages:** None

7. IMPACT/IMPLEMENTATION:

- a. **Impacts:**
 - (1) Update appropriate documentation.
 - (2) Revise DAAS DLMS to DLSS mapping.

b. **Implementation:** Phase I of Navy ERP is currently planned for implementation in Feb 2010.