



DEFENSE LOGISTICS AGENCY
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IN REPLY
REFER TO J627


January 28, 2011

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) MEMBERS

SUBJECT: Approved Defense Logistics Management System (DLMS) Change (ADC) 390, Revise DLMS 527R Materiel Receipt Acknowledgement (MRA) and Receipt Functions to Require the DOD Contract Number for Transactions Associated with Government Furnished Materiel (GFM), and for MRA Associated with Contractor Furnished Materiel (CFM) (Supply and Contract Administration) (Staffed as PDC 374)

The attached change to DOD 4000.25-M, DLMS, is approved for implementation. The updated DLMS Supplement will be posted to the DLA Logistics Management Standards Office (DLMSO) Web site <http://www.dla.mil/j-6/dlmsoc/library/TransFormats/formats.asp> within 10 days from the above date for implementation planning.

Addressees may direct questions to Ms. Mary Jane Johnson, email: Mary.Jane.Johnson@dla.mil (MILSTRAP/DLMS), or Ms. Ellen Hilert, email: Ellen.Hilert@dla.mil (MILSTRIP/DLMS). Others must contact their Component designated Supply PRC representative.


DONALD C. PIPP
Director
DLA Logistics Management
Standards Office

Attachment

cc:
ODASD(SCI)

ATTACHMENT to ADC 390
Revise DS 527R MRA and Receipt Functions to Require the DOD Contract Number
for Transactions Associated with Government Furnished Materiel (GFM) and
For MRA Associated with Contractor Furnished Materiel (CFM)

1. ORIGINATOR:

a. Originator: OSD/DPAP

b. Sponsored by: DLA Logistics Management Standards Office, Mary Jane Johnson, 703-767-0677, DSN 427, email: Mary.Jane.Johnson@dla.mil and Ellen Hilert, 703-767-0676, DSN 427, email: Ellen.Hilert@dla.mil

2. FUNCTIONAL AREA:

a. Primary/Secondary Functional Area: Supply/Contract Administration

b. Primary/Secondary Functional Process: GFM/CFM Accountability

3. REFERENCES:

a. DOD 4000.25-M, DLMS, Volume 2, Supply Standards and Procedures, available at: <http://www.dla.mil/j-6/dlms/eLibrary/manuals/dlms/v2.asp>

b. Supply Process Review Committee (SPRC) Meeting 09-1, October 28-29, 2009.

c. Meeting, January 20, 2011, among DPAP, ODASD(SCI), and DLA Logistics Management Standards Office, subject: Government Furnished Property (GFP)

d. DLMSO Memorandum, January 15, 2010, subject: Proposed Defense Logistics Management System (DLMS) Change (PDC) 383, ICP-Directed Shipments of Non-Requisitioned Government Furnished Material (GFM) (Supply)

NOTE: CHANGES FROM PDC 374 ARE HIGHLIGHTED THROUGHOUT ADC

4. BACKGROUND:

a. Intent of the transaction:

(1) To require that contractors receiving **Government Furnished Materiel (GFM)** from a DoD supply source acknowledge receipt (or nonreceipt) of the GFM by the contract number that authorized the contractor to obtain the GFM (whether the GFM was pushed or pulled (requisitioned)). This contract number **and call/order number, when applicable**, shall be included on the MRA transaction.

(2) To require that contractors receiving **Contractor Furnished Materiel (CFM) (also known as Contractor Acquired Property (CAP))** from a DoD supply source acknowledge receipt (or nonreceipt) of the CFM/CAP by the contract number that authorized the contractor to obtain the CFM/CAP. This contract number **and call/order number, when applicable**, shall be included on the MRA transaction.

b. Scenario for which the transaction is used: Materiel is issued to a contractor as GFM, or as CFM, under a contract which authorized that contractor to receive material from Government supply sources. Material may be directed for shipment to the contractor from DoD or GSA supply sources from stock or for direct vendor delivery (DVD). Shipment may be pushed to the contractor based upon a contract schedule or issued in response to a requisition made by the contractor or Government representative (e.g. Management Control Activity (MCA)). The MRA may be provided by the contractor or by the Government representative (e.g. MCA).

c. Procedures, transactions, data elements, processing details in use today:

(1) DLMS/ MILSTRIP (reference 3a). DoD 4000.25-M Volume 2, June 2005, Chapter 4, Requisitioning, prescribes procedures for the preparation and submission of requisitions with specific requisitioning requirements involving GFM, among others. All requisitions identifying a contractor as the ship-to location and a Government activity as the bill-to party are processed under GFM controls via the MCA. Additionally, all Army CFM requisitions are processed under CFM controls via the MCA. Additional controls are enforced for contractor ordering within DoD EMALL. In paragraph C4.2.1.8, Contract Information, it is required that all GFM requisitions for or by contractors must identify appropriate contract data. In paragraph C4.2.2.2.3, Required Information, it is required that all GFM requisitions must include GFM-related information as follows:

C4.2.2.2.3.1. MCA monitoring the contract.

C4.2.2.2.3.2. DoDAAC of the contractor requesting and/or receiving the material.

C4.2.2.2.3.3. Indication when issue is without reimbursement.

C4.2.2.2.3.4. Identification of the manufacturing directive number (MDN) or contract number.

C4.2.2.2.3.5. Identification of the call or order number, when applicable.

(2) DLMS/MILSTRAP. Chapter 10, (DLMS March 2008 version, Change 5), Material Receipt Acknowledgement (MRA), requires in paragraph C10.1.3.1.2 that the recipients of DoD and GSA wholesale stocks and DRMS stocks--including contractors that receive GFM, as defined under DoD 4140.1-R; among others--use the 527R MRA. However, presently the 527R MRA transaction has no requirement for the contractor to cite the contract number that authorized the GFM.

(3) During SPRC Meeting 09-1 (reference 3b), Navy indicated that under the Navy Commercial Asset Visibility (CAV) System, contractors submit accountable receipts to the ICP for GFM rather than MRA. Under the MRA exclusions, MRA is not required when an accountable receipt is processed to the issuing ICP, so an MRA is not generated by CAV in this scenario. The SPRC and OSD DPAP agreed that based on this scenario, the GFM contract number should also be required in the accountable receipt transaction (527R with beginning segment Transaction Type Code D4-Receipt) for the contractor to cite the contract number that authorized the GFM. Accordingly the 527R is being revised for both the MRA and the Receipt transaction functions, and the procedures are also being revised accordingly.

(4) Current 527R includes a DLMS enhancement in the GF-Furnished Goods and Services segment allowing entry of the following data, which was proposed for deletion during staffing of PDC 374:

(a) **Manufacturers Directive Number (MDN).** Currently 527R Furnished Goods and Services segment allows for entry of the MDN or the contract number in nonprocurement source (MILSTRAP DI Code D6_ functionality) receipt transactions. This change requires entry of the contract number associated with GFM/CFM, so the option for entry of the MDN in lieu of the contract number was proposed for deletion by PDC 374.

PDC 374 NOTE FOR DLA: *At one time DLA had established procedures to carry the MDN in the MILSTRAP D6 transaction associated with the return of GFM in order to be able to associate the returned material to the initial contract authorizing the GFM. DLA Logistics Management Standards Office had requested by this note, that if this process is in use or is intended to be pursued as an enhancement, then DLA should advise in response to PDC 374 in order to facilitate the establishment of the proper notes and procedures authorizing either the contract number or MDN in return of GFM contractors.* **ADC 390 NOTE:** DLA identified no requirement for MDN in response to this PDC note; hence MDN is being deleted from the GF segment in 527R as proposed.

(b) **Call or Order Number.** Currently 527R Furnished Goods segment allows for entry of the Call or Order Number as a DLMS enhancement. No requirement/business case has been identified for inclusion of the call or order number in the Furnished Goods segment, so it was proposed for deletion by PDC 374. **ADC 390 NOTE:** During a meeting January 20, 2011, among DPAP, ODASD(SCI), and DLA Logistics Management Standards Office (reference 3c), DPAP noted the requirement to include the call/order number associated with the GFM contract, in the 527R transaction. Accordingly, call or order number in the Furnished Goods segment will be retained by this change rather than deleted as originally proposed.

5. APPROVED CHANGE: The 527R transaction had no requirement for the contractor that uses GFM or CFM/CAP to cite the contract number (and call/order number when applicable) of the contract that authorized the use of the GFM (in the MRA or, for Navy CAV, the receipt) or purchase of CFM/CAP from Government supply sources (for MRA only). This limitation was based on the requirements established under the constraints of the 80 record position MILSTRAP DI Code DRA MRA transaction format and MILSTRAP DI Code D6_ Receipt transaction format. This change now requires inclusion under DLMS of the DoD contract number and associated call/order number, when applicable, authorizing GFM for MRA and Receipt transactions, and the DoD contract number, and associated call/order number, when applicable, authorizing CFM for MRA.

a. Revise DS 527R for MRA and Receipt as follows:

Item #	Location	DS 527R MRA and Receipt Revision	Reason
1.	DLMS Introductory Notes	Add ADC 390 to DLMS Introductory note 7: - ADC 390, Revise DLMS Supplement (DS) 527R Materiel Receipt Acknowledgement (MRA) and Receipt Functions to Require the DOD Contract Number for Transactions Associated with Government Furnished Materiel (GFM) and for MRA Associated with Contractor Furnished Materiel (CFM)	Identifies DLMS Changes included in the DLMS Supplement

Item #	Location	DS 527R MRA and Receipt Revision	Reason
2.	2/GF/060	<p>Delete current Segment Level DLMS notes 1 and 2 and add new segment level note:</p> <p>DLMS Notes: 1. Use only in nonprocurement source receipts not from due. Do not use when reversing a receipt transaction</p> <p>2. Use either the Manufacturing Directive Number (MDN) or contract number (but not both) associated with a furnished material transaction to reference the associated contract. Identify the controlling transaction number in 2/N9/030.</p> <p>DLMS Note: Use only with nonprocurement source receipt (MILSTRAP DI Code D6_ functionality) and MRA transactions. Use only with those MRA and Receipt transactions associated with materiel issued to contractors as government furnished materiel (GFM), and with MRA transactions associated with Contractor Furnished Materiel (CFM) obtained from Government supply sources. Identify the controlling document number in 2/N9/030. Authorized DLMS enhancement. Refer to ADC 390.</p>	Documents use of 'GF- Furnished Goods and Services' segment with MRA transactions associated with issue of GFM or CFM to contractors.
3.	2/GF01- GF02/60	<p>2/GF01-02/60 is being changed to "not used".</p> <p>W3— Manufacturing Directive Number (MDN)</p>	This change requires that contract number authorizing GFM or CFM be used rather than allow use of MDN.
4.	2/GF03/60	<p>Change GF03 from "Used" to "Must Use" and add a DLMS note:</p> <p>Contract Number</p> <p>DLMS Note: Must use with MRA and Receipt transactions associated with materiel issued to contractors as GFM, and with MRA associated with CFM, to cite the number of the DoD contract which authorized the contractor to receive GFM or CFM as applicable. Establishes an audit trail between the MRA or Receipt and the contract.</p>	Documents use of GF03 contract number with MRA and receipt transactions. The GF segment is optional. When the GF segment is used, then the GF03 contact number must be used.
5.	2/GF07/60	<p>Mark GF07 as not used</p> <p>Retain the call or order number:</p> <p>Release Number</p> <p>Federal Note: Use to identify the call or order number, or the call or order number including the respective call or order modification, as applicable, when using GF03.</p>	DPAP identified a requirement for use of call or order number in addition to the contract number which authorized GFM or CFM.

b. Changes to the 527R 2/GF/060 segment are shown at the enclosure.

c. Proposed procedures. Revise DOD 4000.25-M, DLMS, Volume 2 as follows:

(1) Add a new paragraph as follows to DLMS Chapter 10, Materiel Receipt Acknowledgement, and renumber subsequent paragraphs (Note: PDC 383 (reference 3d) defines Bill of Material (BOM)):

"C10.2.5.6. MRA FOR MATERIEL PROVIDED TO CONTRACTORS AS GOVERNMENT FURNISHED MATERIEL (GFM) and for MRA Associated with Contractor Furnished Materiel (CFM) (also known as Contractor Acquired Property (CAP)) Obtained from Government Supply Sources. This business process is

applicable when contractors are authorized to receive specific items and quantities of GFM or CFM from Government supply sources. Materiel may be issued to the contractor based upon a contract schedule/Bill of Material (BOM) or issued in response to a requisition made by the contractor or a responsible Government representative. Under DLMS, MRA of GFM/CFM requires identification of the DoD contract number and call/order number, when applicable, which authorized the provision of GFM/CFM to establish accountability to the authorizing DoD contract. This contract number is required in addition to the controlling document number for the MRA transaction”

(2) Add a new paragraph as follows to DLMS Chapter 13, Materiel Receipt:

“C13.6. OPTIONAL INTRA-SERVICE USE OF RECEIPT FOR MATERIEL PROVIDED TO CONTRACTORS AS GOVERNMENT FURNISHED MATERIEL (GFM). *Under the GFM business process contractors are authorized to receive specific items and quantities of GFM from Government supply sources. Materiel may be issued to the contractor based upon a contract schedule/Bill of Material (BOM) or issued in response to a requisition made by the contractor or a responsible Government representative. It is normally required that the contractor (or authorized Government representative) submit an MRA Transaction to the ICP under MRA procedures (refer to chapter 10, paragraph C10.2.5.6). However, on an intra-Service basis, if the Service requires the contractor to send a Receipt Transaction to their issuing ICP rather than an MRA, the contractor must cite the DoD contract number which authorized the provision of GFM. This establishes GFM accountability to the contract. The GFM contract number, and call/order number, when applicable, is required in addition to the controlling document number for the Receipt Transaction. Under the MRA exclusions, MRA is not required for shipments to contractors, commercial, or industrial activities which are receipt reported to the owning ICP.”*

d. **Alternatives:** None.

6. **REASON FOR CHANGE:** Strengthens and supports third party electronic traceability of the contractors’ GFM MRA or Receipt transactions, or CFM MRA transactions, to the authorizing DoD contract number. Facilitates MCA reporting. Facilitates monitoring for potential contractor overuse of the supply system for CFM.

7. **ADVANTAGES AND DISADVANTAGES:**

a. **Advantages (tangible/intangible):** Reconciliation of GFM or CFM receipts against GFM/CFM authorizations by DoD contract number can be achieved electronically upon the execution of the 527R MRA or Receipt sent by the receiving contractor.

b. **Disadvantages:** None.

8. **DEFENSE AUTOMATIC ADDRESSING SYSTEM (DAAS) MAPPING:**

a. Impacts 527R mapping to allow for the use of the GF segment with MRA transactions.

b. Impacts DAAS MRA Reports to capture the new data.

9. **ESTIMATED TIME LINE/IMPLEMENTATION TARGET:** Not available at this time.

Component responses to the PDC were to include estimated implementation schedules applicable to DOD systems integration of this change; however no implementation dates/schedule were provided. Components must identify implementation schedules applicable to DOD systems integration of this OSD/DPAP initiated ADC.

10. IMPACT:

a. Contractor accountability for GFM is greatly enhanced.

b. Contracting Officer must ensure new requirement is implemented in contracts for contractors that receive GFM/CFM, or for MCA preparing MRA on behalf of contractors. Requirements must be accommodated IAW approved DoD procedures.

c. **Publications:** DoD 4000.25-M, DLMS and DS 527R .

d. Automated Information Systems:

1) Impacts systems generating MRAs associated with GFM/CFM. This includes DoD EMALL, contractors preparing DLMS transactions, any Government applications that prepare the MRA on behalf of the contractor.

2) Impacts source of supply systems processing the MRA transactions. **Pending full implementation, supply sources must ensure that transactions containing the required contract number do not cause transaction rejection.**

11. DLMS Data Element.

a. No DLMS data elements are added by this change. Change authorizes new use for existing data. Authorizes use of existing GF segment contract number, and call/order number when applicable, associated with GFM/CFM with MRA.

b. Change deletes MDN from 527R GF segment.

12. PDC 374 COMMENTS AND DISPOSITION:

#	COMPONENT	PDC 374 COMMENT	COMMENT DISPOSITION
1	Army	Concurs.	Noted.
2	Air Force	Concur without comment.	Noted.
3	Marine Corps	Concurs as written.	Noted.
4	DLA	DLA concurs. There will be EBS and ICAN mapping impacts.	Noted.
5	Navy	<p>The Navy has reviewed PDC 374 and these are our comments and concerns:</p> <p>1. In their present configuration the Standard Procurement System and the Navy's Integrated Technical Item Management and Procurement System are not designed with processes or data structures to record receipt data submitted by vendor for GFM. These contract writing systems only provide contractual coverage by cause and statement of requirement to enable/authorize a vendor to receive GFM.</p>	<p>1. Noted, however unless Navy can provide information to the contrary, the change would be to Navy ERP order fulfillment process relative to receipt and storage of the new MRA contract data, and to either the Contractor or MCA supporting systems depending on who generates the MRA, not to SPS per se.</p> <p>If any change is required to the contract writing in SPS/Navy procurement, it may be in how they specify the requirement to the contractor via the contract clauses.</p>

#	COMPONENT	PDC 374 COMMENT	COMMENT DISPOSITION
		<p>Navy continued...</p> <p>2. The provisions of PDC 374 would impose a new inventory/requisition processing requirement upon the Navy Enterprise Resource Planning (ERP) System.</p> <p>3. Also, Navy is concerned that the "DO" or Call number should only be removed from location 2/GF07/60 if the entry of a PIIN or SPIIN in locations 2/GF03/60 are mandatory.</p>	<p>2. Noted. This is a new DLMS requirement so it would be a change to Navy ERP.</p> <p>3. The optional GF segment is only used with those Receipt and MRA transactions associated with materiel issued to contractors as GFM, and with MRA transactions associated with CFM obtained from Government supply sources. As documented in the DLMS notes, whenever the GF segment is used, GF03 (contract number) MUST be used.</p>
6	<p>Contractor Support to DPAP WAWF and IUID Offices J.Craig</p>	<p>I believe you will need at least two fields to capture Contract Number information. Have you considered using the CS Segment--which has three fields available--to capture the Contract information versus the GF? And to capture it within the "Header Loop" and dictate a single shipment/ receipt should ONLY cover one contract?</p>	<p>The 527R (and most DLMS transactions) isn't designed to use the header in the way you suggest. 527R is designed with specific, limited data in the header so that multiple MRA or receipt transactions can be submitted in the detail level (if desired).</p> <p>It is unclear to this office which 2 data fields may be required. The contract#/PIIN and the delivery order (call/order# in DLMS)? Both of those fields can be captured in the GF segment if needed; however PDC 374 was staffed recommending only carrying the contract#/PIIN.</p>
7	<p>DPAP</p>	<p>During the reference 3c meeting on 1/20/2011, DPAP identified a requirement for the call/order number in addition to the contract number, when applicable.</p>	<p>The Call/order# is currently in the GF segment at GF07. DLMSO had recommended removing it from GF in 527R by PDC 374, however DPAP confirmed a requirement to retain the call/order number in the GF segment in the context of PDC 374/ADC 390.</p>

Enclosure

ENCLOSURE TO ADC 390

527R GF SEGMENT (changes are identified by ~~strike-through~~ or **red, bold, italicized text**)

GF Furnished Goods and Services

Pos: 060 Max: 1
Detail - Optional
Loop: RCD Elements: 4

User Option (Usage): Used

Purpose: To specify information related to furnished material, equipment, property, information, and services

DLMS Note: Use only with nonprocurement source receipt (MILSTRAP DI Code D6_ functionality) and MRA transactions. Use only with those MRA and Receipt transactions associated with materiel issued to contractors as government furnished materiel (GFM), and with MRA transactions associated with Contractor Furnished Materiel (CFM) obtained from Government supply sources. Identify the controlling document number in 2/N9/030. Authorized DLMS enhancement. Refer to ADC 390.

- ~~Use only in nonprocurement source receipts not from due. Do not use when reversing a receipt transaction.~~
- ~~Use either the Manufacturing Directive Number (MDN) or contract number (but not both) associated with a furnished material transaction to reference the associated contract. Identify the controlling transaction number in 2/N9/030.~~

Element Summary:

<u>Ref</u>	<u>Id</u>	<u>Element Name</u>	<u>Req</u>	<u>Type</u>	<u>Min/Max</u>	<u>Usage</u>
GF01	428	Reference Identification Qualifier	X	ID	2/3	Not Used

<u>Code</u>	<u>Name</u>
W3	Manufacturing Directive Number

GF02	427	Reference Identification	X	AN	4/30	Not Used
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GF03	367	Contract Number	O	AN	1/30	Must Used
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Description: Contract number

DLMS Note: Must use with MRA and Receipt transactions associated with material issued to contractors as GFM, and with MRA associated with CFM, to cite the number of the DoD contract which authorized the contractor to receive GFM or CFM as applicable. Establishes an audit trail between the MRA or Receipt and the contract.

GF07	328	Release Number	O	AN	1/30	Not Used
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Description: Number identifying a release against a Purchase Order previously placed by the parties involved in the transaction

Federal Note: Use to identify the call or order number, or the call or order number including the respective call or order modification, as applicable, when using GF03.