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Incorporating Change 1, Effective September 17, 2018

USD(A&S)

SUBJECT: DoD Supply Chain Materiel Management Procedures: Delivery of Materiel

References: See Enclosure 1

1. PURPOSE

a. Manual. This manual is composed of several volumes, each containing its own purpose, and reissues DoD 4140.1-R (Reference (a)). The purpose of the overall manual, in accordance with the authority in DoD Directive (DoDD) 5134.12 (Reference (b)), is to:

(1) Implement policy, assign responsibilities, and provide procedures for DoD materiel managers and others who work within or with the DoD supply system consistent with DoD Instruction (DoDI) 4140.01 (Reference (c)).

(2) Establish standard terminology for use in DoD supply chain materiel management.

b. Volume. This volume:

(1) Implements policies established in Reference (c) and describes procedures associated with materiel management processes for the delivery of materiel throughout the DoD supply chain.

(2) Establishes the Joint Physical Inventory Working Group (JPIWG).

2. APPLICABILITY. This volume applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (referred to collectively in this volume as the "DoD Components").

3. RESPONSIBILITIES. See Enclosure 2.

4. PROCEDURES. See Enclosure 3.

5. INFORMATION COLLECTION REQUIREMENTS

a. The Inventory Control Effectiveness (ICE) reports, referred to in paragraph 9b(11)(m) of Enclosure 3 of this volume, have been assigned report control symbol DD-AT&L(Q)935 in accordance with the procedures in Volume 1 of DoD Manual 8910.01 (Reference (e)). The expiration date of this information collection is listed in the DoD Information Collections System at <https://eitsdext.osd.mil/sites/dodiic/Pages/default.aspx>.

b. The DoD Shelf-Life Item Management Report, referred to in paragraph 9d(3)(h) of Enclosure 3 of this volume, has been assigned report control symbol DD-AT&L(SA)1549 in accordance with the procedures in Reference (e). The expiration date of this information collection is listed in the DoD Information Collections System at <https://apps.sp.pentagon.mil/sites/dodiic/Pages/default.aspx>.

c. The Shelf-Life Item Review Report, referred to in paragraph 9d(3)(h) of Enclosure 3 of this volume, has been assigned report control symbol DD-AT&L(A)1902 in accordance with the procedures in Reference (e). The expiration date of this information collection is listed in the DoD Information Collections System at <https://apps.sp.pentagon.mil/sites/dodiic/Pages/default.aspx>.

6. RELEASABILITY. This volume is available on the Directives Division Website at <http://www.esd.whs.mil/DD/>.

7. SUMMARY OF CHANGE 1. This change removes item accountability and control procedures from this volume in alignment with the item accountability and control procedures established in Volume 11 of this manual. This change also updates the terminology and definitions for item identification technology, and corrects references and organizational symbols.

8. EFFECTIVE DATE. This volume is effective February 10, 2014.



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ENCLOSURE 1

REFERENCES

- (a) DoD 4140.1-R, "DoD Supply Chain Materiel Management Regulation," May 23, 2003 (cancelled by Volume 1 of this manual)
- (b) DoD Directive 5134.12, "Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR)), May 25, 2000, as amended
- (c) DoD Instruction 4140.01, "DoD Supply Chain Materiel Management Policy," December 14, 2011, as amended
- (e) DoD Manual 8910.01, Volume 1, "DoD Information Collections Manual: Procedures for DoD Internal Information Collections," June 30, 2014, as amended
- (g) DoD Manual 4140.27, Volume 1, "Shelf-Life Item Management Program: Program Administration," July 6, 2016
- (h) DoD 7000.14-R, Volumes 1, 4, 11B, and 12, "Department of Defense Financial Management Regulations (FMRs)," dates vary by volume
- (i) DoD Directive 4500.09E, "Transportation and Traffic Management," September 11, 2007, as amended
- (j) DoD Instruction 5158.06, "Distribution Process Owner (DPO)," July 30, 2007, as amended
- (k) Defense Transportation Regulation 4500.9-R, Part II, "Cargo Movement," current edition
- (l) Joint Publication 4-0, "Joint Logistics," October 16, 2013
- (n) DoD Instruction 5000.64, "Accountability and Management of DoD Equipment and Other Accountable Property," April 27, 2017, as amended
- (o) DoD Instruction 5015.02, "DoD Records Management Program," February 24, 2015, as amended
- (p) Defense Logistics Manual 4000.25-2, "Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP)," current edition¹
- (q) Defense Logistics Manual 4000.25, Volume 2, "Defense Logistics Management Standards: Supply Standards and Procedures," current edition¹
- (r) Defense Logistics Manual 4000.25-1, "Military Standard Requisitioning and Issue Procedures (MILSTRIP)," current edition¹
- (t) DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013
- (v) Joint Publication 4-09, "Distribution Operations," December 19, 2013
- (w) Defense Logistics Manual 4000.25, Volume 6, "Defense Logistics Management Standards: Logistics Systems Interoperability Support Services," current edition¹
- (x) DLAR 4155.24/AR 702-7/SECNAVINST 4855.5B/AFI 21-115, "Product Quality Deficiency Report Program," May 1997²
- (y) Defense Logistics Manual 4000.25, Volume 4, "Defense Logistics Management Standards: Military Standard Billing System - Finance," current edition¹
- (z) DoD Manual 4140.70, "DoD Supply Chain Materiel Management Procedures for Storage and Material Handling, October 12, 2017

¹ Available on the internet at http://www.dla.mil/HQ/InformationOperations/DLMS/eLibrary/Manuals/publications/dlm/dlm_pubs/

² Available on the Internet at <http://www.dla.mil/>

- (aa) DLAI 4145.4/AR 740-3/AFJMAN 23-231/NAVSUPINST 4400.100/MCO 4450.15, “Stock Readiness,” November 12, 2009¹
- (ab) DLAD 4155.37/AR 702-18/NAVSUPINST 4410.56A/AFJMAN 23-232/MCO 4450.13^a, “Department of Defense (DoD) Shelf Life Materiel Quality Control Storage Standards,” July 28, 2015³
- (ac) Federal Standard 793B, “Federal Standard: Depot Storage Standards,” May 22, 2006
- (ad) DoD 5200.08-R, “Physical Security Program,” April 9, 2007, as amended
- (ae) DoD Manual 5100.76, “Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives (AA&E),” April 17, 2012
- (af) DoD Instruction 5210.65, “Security Standards for Safeguarding Chemical Agents,” January 19, 2016, as amended
- (ag) DLAR 4145.11/AR 740-7/NAVSUPINST 4440.146C/MCO 4450.11A, “Safeguarding of DLA Sensitive Inventory Items, Controlled Substances, and Pilferable Items of Supply,” February 1, 1990⁴
- (ah) DoD Directive 4715.1E, “Environment, Safety, and Occupational Health (ESOH),” March 19, 2005
- (ai) DoD Manual 4160.21, Volume 1, “Defense Materiel Disposition: Disposal Guidance and Procedures,” October 22, 2015, as amended
- (aj) DoD Instruction 6050.05, “DoD Hazard Communication (HAZCOM) Program,” August 15, 2006, as amended
- (ak) DoD 6055.09-M, “DoD Ammunition and Explosives Safety Standards,” February 29, 2008, as amended
- (al) DLAI 4145.25/AR 700-68/NAVSUPINST 4440.128D/AFJMAN 23-227(I)/MCO 10330.2D, “Storage and Handling of Liquefied and Gaseous Compressed Gases and Their Full and Empty Cylinders,” June 16, 2000⁵
- (am) DLAI 4145.11/TM 38-410/NAVSUP PUB 573/AFJMAN 23-209/MCO 4450.12A, “Storage and Handling of Hazardous Materials,” January 13, 1999⁶
- (an) DLAI 4145.8/NAVSUPINST 4000.34C/AFJI 23-504/MCO P4400.105E, “Radioactive Commodities in the Department of Defense Supply System,” March 10, 2004⁷
- (ao) Federal Standard 313 D, “Federal Standard: Material Safety Data, Transportation Data and Disposal Data for Hazardous Materials Furnished to Government Activities,” April 3, 1996
- (ap) Part 82 of Title 40, Code of Federal Regulations
- (aq) Executive Order 13693, “Planning for Federal Sustainability in the Next Decade,” March 19, 2015

³ Available on the Internet at <http://www.dla.mil/>

⁴ Available on the Internet at <http://www.dla.mil/>

⁵ Available on the Internet at <http://www.dla.mil/>

⁶ Available on the Internet at <http://www.dla.mil/>

⁷ Available on the Internet at <http://www.dla.mil/>

ENCLOSURE 2

RESPONSIBILITIES

1. ASSISTANT SECRETARY OF DEFENSE FOR LOGISTICS AND MATERIEL READINESS (ASD(L&MR)). Under the authority, direction, and control of the Under Secretary of Defense for Acquisition and Sustainment (USD(A&S)), the ASD(L&MR):

a. Establishes guidance to synchronize materiel distribution among the DoD Components, the Defense Logistics Agency (DLA), and the United States Transportation Command (USTRANSCOM).

b. Provides direction and oversight of the physical inventory control of DoD supply system materiel.

2. DIRECTOR, DLA. Under the authority, direction, and control of the USD(A&S), through the ASD(L&MR), and in addition to the responsibilities in section 4 of this enclosure, the Director, DLA:

a. Develops and maintains customer distribution services for delivery of materiel.

b. Develops and executes internal procedures associated with the DoD distribution depots not otherwise addressed in this volume.

c. Administers the DoD Shelf-Life Management Program in accordance with Volume 1 of DoD Manual 4140.27 (Reference (g)).

d. Administers the DoD Physical Inventory Control Program (PICP) through the DLA Enterprise Business Standards Office.

3. UNDER SECRETARY OF DEFENSE (COMPTROLLER)/CHIEF FINANCIAL OFFICER, DEPARTMENT OF DEFENSE (USD(C)/CFO). The USD(C)/CFO provides one representative to the JPIWG.

4. DoD COMPONENT HEADS. The DoD Component heads:

a. Ensure DoD Component implementation of the procedures addressed in this volume.

b. Ensure that their respective Components collaborate with other Components to produce an integrated, synchronized, end-to-end materiel distribution system to meet customer requirements for information and materiel.

c. Establish and maintain a physical inventory control program for DoD supply system materiel (wholesale and below wholesale) to provide for the economical and efficient stewardship of DoD supply system materiel.

d. Establish and execute a physical security program to prevent or reduce the potential for theft, fraud, sabotage, and misuse of DoD materiel.

e. Ensure that supplemental departmental guidance and procedures are in accordance with Reference (c) and this volume.

5. SECRETARIES OF THE MILITARY DEPARTMENTS. In addition to the responsibilities in section 4 of this enclosure, the Secretaries of the Military Departments:

a. Support an integrated, synchronized, end-to-end materiel distribution system to meet customer requirements for information and materiel in collaboration with the ASD(L&MR). That system comprises:

(1) Requisitioning channels.

(2) Distribution depots and other storage locations.

(3) Tracking systems.

(4) Other activities involved with the delivery, sale, or disposal of materiel.

b. Ensure that their department's information management systems software and operating procedures adhere to the accountability procedures in Enclosure 3 this volume.

c. Ensure that their physical inventory control programs comply with this volume and processing of inventory results to accounting records complies with chapter 55 of Volume 11B of DoD 7000.14-R (Reference (h)).

d. Establish and maintain PICPs that provide for the economical, secure, and efficient stewardship of their materiel within the DoD supply system. Collectively, those programs constitute the DoD PICP.

e. Establish and maintain their own shelf-life programs, complying with this volume and Reference (g). Ensure that procedures for designating, issuing, and managing shelf-life items in retail and wholesale inventories are compatible.

6. COMMANDER, USTRANSCOM (CDRUSTRANSCOM). In addition to the responsibilities in section 4 of this enclosure and in accordance with DoDD 4500.09E (Reference (i)) and DoDI 5158.06 (Reference (j)), the CDRUSTRANSCOM, as the distribution process owner, oversees the overall effectiveness, efficiency, and alignment of DoD-wide distribution activities.

ENCLOSURE 3

PROCEDURES

1. END-TO-END DISTRIBUTION

a. The DoD Components will collaborate to operate an integrated, synchronized, end-to-end materiel distribution system and use consistent performance and cost criteria when selecting qualified best-value providers and processes to manage:

(1) The positioning, requisitioning, and issuing of stock, including lateral redistribution and the use of excess assets as an alternate source of supply.

(2) Operations at storage activities (i.e., wholesale distribution depots and retail storage sites), including item accountability.

(3) Asset visibility of:

(a) In-transit stocks where items are between storage locations but not yet recorded as received.

(b) In-storage stocks where items are available from inventory.

(c) In-process stocks where items are either being repaired or procured.

(4) The handling of hazardous materials.

(5) The retrograde of materiel back to the national level.

(6) The disposal of excess property.

(7) The resolution of customer reports of discrepancy or deficiency to include disposition of materiel or appropriate financial action.

b. In contracting for commercial logistics support, the DoD Components will ensure that contracted services are consistent and compatible, to the extent required, with the order, warehouse, transportation, and visibility activities within the DoD end-to-end distribution system. The support and contracting requirements for transportation services are outlined in chapter 201 of part II of Defense Transportation Regulation 4500.9-R (Reference (k)).

c. To support critical contingency and wartime operations, in-theater activities of the DoD end-to-end distribution system will be under the direction of the geographic commander.

d. Reference (k) addresses procedures and assigns responsibilities for performing traffic management functions initiated or sponsored by DoD activities, to include the transportation and movement of materiel.

e. Joint Publication 4-0 (Reference (l)) governs in-theater logistics.

2. STOCK POSITIONING

a. General

(1) Stock positioning decisions will be integrated with inventory planning to minimize the total cost to meet customer requirements. Customer requirements may be in the form of system availability goals for weapon system stocks or customer response time goals for non-weapon system stocks. Customer response time goals may be substituted for system availability goals if no current capability exists to position weapon system stocks based on system availability.

(2) To the maximum extent possible, those decisions will satisfy established performance agreements with weapon system program managers and end-use customers, while minimizing cost and the logistics footprint.

(3) Materiel managers will:

(a) Collaborate with their customers on stock positioning decisions to ensure that the right inventory is at the right locations to meet customer requirements by making best-value decisions on where to position stocks. Include unit and weapon system readiness in best-value decisions.

(b) For items totally stocked within the DoD supply system, consider tradeoffs between inventory, transportation, and materiel handling costs and between stockage at wholesale distribution depots and retail storage activities where possible for stock positioning decisions.

(c) To the maximum extent possible, position stocked items so a given customer is supported primarily from its supporting strategic distribution platform and its supporting forward distribution point (FDP), when the latter is applicable for a customer.

(d) Position war reserve stocks to maximize support of approved mobilization and emergency war plans.

(e) When in the same region as an overseas forward distribution point, co-locate war reserve stocks with peacetime operating stocks to achieve maximum stock rotation.

(f) For worldwide distribution of assets, give full consideration to DLA strategic distribution points (SDPs), FDPs, and other distribution facilities, which are designed to integrate

stock positioning, materiel consolidation, and transportation to efficiently and reliably meet customer wait time (CWT) needs.

(g) For items provided through direct vendor delivery, when possible, dual channel support with overseas FDP stockage should be employed when this minimizes total costs.

b. Wholesale Stock Positioning

(1) Materiel managers will:

(a) Position wholesale stocks at storage activities based on meeting customer requirements while minimizing the total stockage, distribution, and transportation costs. Include the total inbound and outbound transportation costs, unnecessary long distance shipments, cross-hauling, and circuitous routing, and maximize shipment consolidation and the efficient use of transportation resources in the review of transportation costs.

(b) Store wholesale stocks at DoD distribution depots.

(c) Store wholesale stocks at commercial activities or DoD retail storage activities when such storage represents the best value to the DoD and meets security requirements or when it is required for repair or to satisfy special customer requirements.

(d) Generally position wholesale stocks at SDPs when the stock is used at multiple industrial facilities or by retail customers. Use SDP stocks to replenish FDPs (except when FDPs are buyback locations) and directly serve retail customers and industrial activities when items are not stocked in a supporting FDP.

(e) Use FDPs in the continental United States (CONUS) primarily in support of industrial facilities at the same location. Hold stocks at FDPs at the minimum stock levels necessary to support the industrial facilities' operations, maintenance, and production, and selected local retail customers. When an industrial facility generates a significant portion of an item's demand, it is considered a buyback location for that item.

(f) Stock items at overseas FDPs when the additional inventory cost would reduce total costs and meet security requirements, including transportation and materiel handling costs. Materiel managers may also stock items at overseas FDPs when determined necessary to meet customer readiness requirements in collaboration with theater and Combatant Commander (CCDR) staff. The latter items, for which overseas FDP stockage would increase total costs, should only be added to overseas FDP stockage when the FDP is shown to provide a response time advantage over air shipments from CONUS and the response time advantage is needed to meet customer needs.

(g) When selecting specific distribution depot(s) for item(s) of supply, give consideration to these item-related factors to assess total stockage, distribution, and transportation costs:

1. Item characteristics designating an item as a controlled inventory item, shelf-life item, hazardous item, or an item having special maintenance and inspection requirements, to ensure that adequate security, safety, storage environments, technical expertise, and test equipment exist at the candidate distribution depot(s).

2. Projected customer demand patterns, demand volatility, missions, consolidations, and transportation hubs.

3. The diversity, locations, volumes, and stability of supply sources for an item including new item contract sources and organic and contract repair sources.

(h) Reassess the positioning of item stocks, at a minimum, once every 12 months. However, when there are major changes in mobilization plans, missions, weapon systems, deployments, item characteristics, customer demand patterns, and sources of supply, reassess stock positioning requirements for the items or regions affected.

(i) Maintain individual item source and customer demand information and an analytical capability (e.g., a model or mathematical algorithm) to aid in making best-value stock positioning decisions.

(2) DLA will collaborate with the inventory control points (ICPs) and USTRANSCOM on an overall stock positioning concept plan. The plan will identify the preferred distribution sites by class of materiel, item characteristics, item-level stockage determinations, and key cost and performance assumptions.

(3) The materiel manager will, in coordination with DLA, identify the distribution sites and the stockage level for each site. Base the stockage of the item on the overall stock positioning concept plan negotiated with DLA. The ICP will document the rationale for stockage decisions that are not consistent with the overall stock positioning concept plan.

(4) DLA, in collaboration with USTRANSCOM, will, to the maximum extent possible, provide storage capacity to support the preferred stock positioning plan. When storage capacity falls short, DLA will determine alternative site selections.

(5) When the decision is made to change the stockage location(s) of the item, materiel managers will:

(a) Remove the materiel at the original location(s) by attrition if continuing demand will support a reasonable attrition time period (otherwise, reposition stock) and deliver the item to the new stockage location(s).

(b) Reach a balance of assets between distribution depot locations by driving down stocks through attrition and raising stock levels with new deliveries unless an SDP's level falls below its minimum-level target.

(c) Use redistribution to change or balance stock locations as the course of action when economically justified.

(6) When an overseas FDP is providing direct customer support (i.e., it is the retail supply activity for maintenance or other units), then the customer and DLA will jointly determine direct support stockage needs.

c. Retail Stock Positioning

(1) The Military Departments and Defense Agencies will stock items at retail intermediate and consumer levels of supply to:

(a) Support the mission requirements of the unit or units being supplied by those levels of supply.

(b) Minimize inventory cost and the logistics footprint.

(2) The level of stock positioned at retail supply activities depends on the reason for stockage and on associated computational methodology as described in Volume 2 of this manual.

(3) At FDP sites, materiel managers will support on-base industrial customers with stocks held by the FDP. To meet the immediate needs of those customers, materiel managers may position stocks held by FDPs either in warehouse locations or in locations that are part of the industrial facility.

(4) For retail stock positioning, the Military Departments and Defense Agencies will consider these stockage criteria:

(a) The reasons for stockage and options to tailor for unit mission requirements.

(b) Cost and customer requirements, security needs, and the response time from the next higher source of supply, whether that is a wholesale distribution depot, a commercial vendor, or another retail level of supply.

(c) The range and depth of stockage at a retail site necessary to maintain required support levels for all customers.

(d) The highest level of the range and depth of stock (e.g., shortest wait time or highest readiness-based goal) for customers who present conflicting required levels of support.

3. CUSTOMER DISTRIBUTION PLANNING

a. The DoD Components will:

(1) Establish customer distribution planning that brings together the supply chain elements of stock positioning, materiel preparation for shipment, packing, consolidation, in-transit accountability, and traffic management to accomplish delivery of materiel to the customer in the most efficient and effective manner possible. Customer distribution planning activities must include the materiel manager, distribution center, traffic manager, and customer.

(2) Tailor customer distribution planning activities to meet the situational or operational demands of the customer. For example, certain activities to support routine sustainment or resupply operations may be tailored using surface transportation modes and decelerated transit times while other activities supporting contingencies or humanitarian relief operations may require expedited materiel handling and accelerated transportation modes of service.

(3) Consider factors such as the final delivery location, transit times, required delivery date (RDD), customer capabilities to handle unloading operations, security requirements, and similar conditions unique to the materiel and customer requirements during the customer distribution planning process.

(4) Develop a distribution plan to optimize the end-to-end supply chain by fully considering the material handling costs, efficiencies related to packing, marking and labeling, and transportation costs. When necessary, include a supply chain analysis that considers the total cost of delivery of the material, meeting the customer's delivery requirements, and the operational impacts of the early or late delivery of materials. A thoroughly developed customer distribution plan is essential to successfully completing the order fulfillment process.

b. A key to the delivery of materiel process is selecting the proper transportation procurement instrument and mode to meet the customer's delivery requirement. The USTRANSCOM is the DoD single manager for arranging common-user and commercial air, land, and sea transportation. USTRANSCOM uses a variety of procurement instruments to arrange for single and multi-modal transportation services. In addition to commercial transportation services USTRANSCOM manages airlift and sealift services using DoD organic assets.

c. The DoD Components will establish customer distribution planning activities, including:

(1) Materiel marking, packing, preparation, and consolidation with other shipments into pallets, containers, or trucks.

(2) Application of automatic identification technology (AIT), shipment tracking devices such as satellite transponders, and the use of intrusion detection services needed for shipment identification, in-transit visibility (ITV) and tracking, and secure movement to austere, immature, or designated locations.

(3) Scheduled truck network to move materiel to and from the distribution facility, strategic and theater distribution points, forward stocking points, theater consolidation and shipping points (TCSP), and the customer.

(4) Asset accountability and visibility of materiel in the distribution network.

(5) Delivery of materiel to customers within the time definite delivery (TDD) standards for CWT as specified in Volume 10 of this manual.

(6) Reliable, responsive, scheduled route plan and distribution network that efficiently utilizes all transportation modes: truck, rail, sealift, and airlift.

(7) Single location, single customer, single supply activity (pure) pallets or containers based upon receiving supply activity volumes, in-transit nodes, sorting capabilities, customer needs.

(8) Analysis of outside the continental United States (OCONUS) TCSPs necessary to sort, consolidate, and move materiel to customers via the theater route plan.

d. In collaboration with customers and USTRANSCOM, DLA will:

(1) Develop and maintain an optimal schedule of customer distribution services in a network across activities of all customers that optimize the supply chain and ensure delivery of materiel in accordance with the TDD standards for CWT.

(2) Synchronize stock positioning, packing, and consolidation with the delivery of materiel to the customers.

(3) Identify the packaging, packing, consolidation, delivery schedule, and frequency needed to meet mission readiness.

(4) Establish efficient and effective distribution networks to meet the delivery requirements using truck service, commercial transportation services, third party logistics providers, and other DoD programs such as the Defense Transportation Coordination Initiative and Worldwide Express.

(5) Establish scheduled customer distribution services and delivery truck routes to installation(s) using the procedures in Reference (k) as necessary to optimize the supply chain and meet the TDD standards.

(6) Specify the cost effective shipment volume, number of deliveries per week, and single- or multi-installation routes for the network.

(7) Determine the minimum utilization level for cost-effective scheduled transportation services. Include third party logistics providers and other available transportation service providers in the collaboration.

(8) Establish routinely scheduled delivery, whenever possible, by combining destinations, using daily truck services, small package services, or third party logistics providers. Establish processes to manage exceptions to the scheduled customer distribution service:

(a) Exceptions needed to meet special needs negotiated between the customer and the distribution site or to meet RDDs for shipments that cannot be met by established scheduled services.

(b) Items shipped from a source to a customer for which there is not daily scheduled transportation services, the delivery method will be determined by the traffic management services manager based upon the RDD.

(9) Review supply chain distribution network performance on a monthly basis with the suppliers, customers, and transportation providers. Make adjustments necessary to optimize the supply chain and meet TDD standards as efficiently as possible.

(10) Identify potential efficiencies in the distribution network to reduce supply chain costs on installations with multiple supply activities.

e. For materiel movement to, from, or between OCONUS customer locations, DLA will:

(1) Collaborate with the CCDR and USTRANSCOM to establish a distribution network in support of theater operations in accordance with Joint Publication 4-09 (Reference (v)) with flexibility to respond to changing operational requirements.

(2) Establish scheduled distribution services to the customers that incorporate the complexity of the OCONUS distribution network with multimodal transportation movement through strategic and theater distribution points, forward stocking points, and TCSPs.

(a) Comply with the procedures outlined in Reference (k), Service policies, air and water clearance authority determinations, and consider the maturity of the theater distribution network and the impact on theater operations.

(b) Identify and establish forward stocking points with TCSPs and a responsive, reliable theater distribution network to streamline the supply chain materiel management processes. Co-locate TCSP with a theater forward distribution point when applicable to sort, consolidate, and move materiel to customers via the theater route plan.

(c) Address security and shipment identification needs for movement to austere, immature, or relatively unsecure theaters.

4. REQUISITIONING

a. Requisition Initiation

(1) In accordance with Volume 6 of Defense Logistics Manual 4000.25 (Reference (w)), each DoD Component and Defense Agency:

- (a) Assigns DoD activity address codes (DoDAACs) to activities under their respective jurisdictional control.
 - (b) Authenticates those DoDAACs that are authorized to requisition materiel from the DoD supply system.
 - (c) Assigns appropriate DoDAAC authority code for each DoDAAC established.
- (2) By agreement with the General Services Administration (GSA), federal civilian agencies may requisition materiel by establishing an approved DoDAAC.
 - (3) Commercial activities that enter into materiel and service contracts with the DoD may obtain DoDAACs and requisition DoD materiel.
 - (4) A foreign country may requisition materiel through a security assistance program using a Military Assistance Program address code (MAPAC) assigned by a Military Department.
 - (5) Non- federal entities, such as states and local governments, may requisition material for special programs authorized by Congress or as otherwise permitted by law.
 - (6) Establishing the frequency of submitting requisitions and the order quantities is the prerogative of the requisitioner subject to approved obligation authority, regardless of order process (e.g., standard supply system, web-based ordering).
 - (7) Requisitioners will submit requisitions electronically, either through a Service supply system or through direct customer input to a source-of-supply system. The communication of requisitions and related documents by other means is authorized only in exceptional circumstances.
 - (8) The requisitioner should use a demand code to identify a requisition as a recurring demand, a non-recurring demand, a non-recurring demand for special program requirements, a commissary resale demand, or a no-demand.
 - (9) The Military Departments and Defense Agencies will develop the capability to identify the weapon system application of the materiel being ordered in the requisition, when applicable.

b. Requisition Priority

- (1) Precedence. Customers of the supply system will determine and communicate the relative precedence of their individual materiel requirements by entering on their requisitions:
 - (a) Priority designators who are determined by the force or activity designator (F/AD) assigned to the customer and the customer's applicable urgency of need designator (UND).

(b) RDDs.

(c) Approved OSD or Chairman of the Joint Chiefs of Staff project codes.

(2) F/AD Assignment and Control. Volume 8 of this manual specifies the criteria and responsibilities for F/AD assignment and control. Volume 2 of Defense Logistics Manual 4000.25 and Defense Logistics Manual 4000.25-1 (References (q) and (r)) specify the criteria, responsibilities, controls, and methodology for determining the appropriate UND and priority designator, as well as RDD entries and assignment and use of OSD or Chairman of the Joint Chiefs of Staff project codes.

(a) Normally, higher priorities are associated with greater urgency of need. However, where inventory cost savings are demonstrated to be greater than the additional transportation costs, the Military Departments may designate transportation priorities that expedite routine replenishment requisitions by entering an RDD with a specific Julian date. The Military Departments reimburse the materiel manager accordingly through an inter-Service support agreement or other appropriate medium.

(b) Requisitioners will not abuse priority designators to expedite the transportation of routine replenishment shipments.

(c) In instances where the requisitions or shipments being processed have the same priority, the Military Departments may apply intra-Service codes to prioritize processes that they operate. Intra-Service codes will not be used to override the delineated priority scheme.

(3) Modifications versus Additional Submissions. When required, with the exception of quantity changes, requisitioners will modify previously submitted requisitions for which the requisitioned material has not yet been delivered rather than submit additional requisitions.

(4) Requisition Cancellation. Requisitioners will submit a requisition cancellation for conditions not excluded by References (q) and (r), when there is no longer a requirement for the requisitioned item, regardless of line-item dollar value or supply status received. After receiving the requisition cancellation request:

(a) Supply sources are responsible for stopping the materiel release orders when possible.

(b) Storage activities are responsible for stopping the shipment when possible.

(c) Procurement activities are responsible for reducing or cancelling the purchase request to the extent that the materiel is no longer needed.

(5) Requisition Processing and Materiel Release

(a) Supply sources will process a requisition applying the time standards described in Volume 8 of this manual according to its priority; required need; project requirements

established by any OSD, Joint Staff, Military Department, and Defense Agency; commodity-unique rules; or established wartime or contingency materiel allocation process in effect.

(b) The DoD Components will establish a wartime and contingency materiel allocation process to:

1. Determine requisition processing and materiel release and shipment precedence in the DoD supply and transportation system.
2. Provide a compatible process with all other processing rules of the system.
3. Provide the capability to activate additional materiel allocation rules into the automated processes of the system to ensure the balanced flow of required materiel to units involved in wartime or contingency operations.
4. Provide support to the Joint Materiel Priorities and Allocation Board in the allocation of scarce materiel during wartime or contingency operations.
5. Be activated at the request of the Chairman of the Joint Chiefs of Staff as described in Volume 8 of this manual.

(c) The DoD Components will ensure that all sources of supply (e.g., wholesale stocks, excess stocks, retail stocks, multiple producers, vendors, production lines, on-demand manufacturing, accelerated repair, and materiel redistribution) are checked and, to the extent possible, evaluated automatically to satisfy high priority customer demands.

(d) Where no potential supply source exists to meet the immediate need, the materiel manager will fill the requisition with the next available option, such as repair, existing stock buy, or unplanned direct vendor delivery, in accordance with the sourcing strategies identified in Volume 3 of this manual and procedures for buying from suppliers as identified in Volume 4 of this manual.

(e) Retail supply activities authorized to requisition directly from the wholesale system will have visibility of the wholesale inventory, including assets in the DLA Disposition Services and those assets available from commercial sources of supply whenever possible.

(f) To find potential supply sources for critical shortages, retail supply activities will have access to assets and requirements information of other retail supply activities within the same Military Department.

(g) As a DoD Component prerogative, a DoD Component may provide full and complete retail-to-retail access to the other DoD Components or limit access to “read-only” visibility.

(h) DoD Components will protect only war reserve stocks that are acquired with funds limited to that use by statute; however, if protected war reserve stocks are used to satisfy

peacetime requirements, the stocks may be replaced with war reserve reinvestment funds. War reserve stocks acquired through stratification will not be replaced if consumed.

(i) When a DoD Component executes a contract that allows a commercial contractor to requisition materiel from the DoD distribution system, the DoD contracting officer will inform the contractor of the priority designators to be shown in such contractor-prepared requisitions. The advice to the contractor will identify the F/AD of the national priority program, force, or activity for which the contract is executed, and of the potential urgencies of need.

(6) Requisition Status. Supply sources will provide timely status information for each requisition, follow-up, reinstated requisition, requisition modifier document, requisition cancellation, redistribution order, passing order, referral order, and materiel release order processed.

(a) The status of an order will be visible from the time of requisition to the time of customer receipt of the materiel.

(b) Order tracking and status will be simplified through the use of a standard, single, requisition document number.

(c) Supply sources will assign a shipment transportation control number (TCN) to all shipments, regardless of origin or destination, that is linked to the requisition to simplify order tracking once one or more shipments are made to satisfy a requisition. As shipments move through the transportation node and undergo consolidation or deconsolidation actions, transportation personnel or systems will not change the integrity of the TCN-to-requisition relationship documented in the supply shipment status. To facilitate customer follow-up with commercial carriers, supply sources using Defense Logistics Management Standards (DLMS) will also provide carrier identification and the carrier tracking number. The detailed procedures for assigning a TCN are contained in chapter 203 of Reference (k).

(7) Management of Requisitioning Procedures. DoD Components will manage requisitioning:

(a) Through DLMS as outlined in Volume 8 of this manual.

(b) Using the detailed procedures for establishing DoDAACs in Reference (w).

(c) Using the procedures for MAPACs in Reference (w).

(8) Requisitioning Procedures. The detailed procedures for requisitioning, including instructions for the submission and processing of requisitions, modifications, follow-ups, and cancellations are in References (q). Establishing the frequency of submitting requisitions and the order quantities is the prerogative of the requisitioner subject to approved obligation authority, regardless of order process (e.g., standard supply system, Web-based ordering).

(9) Acknowledging Receipt of Materiel. The detailed procedures for acknowledging receipt of materiel, including detailed guidance on preparing and processing materiel receipt acknowledgment documents are in Defense Logistics Manual 4000.25-2 (Reference (p)) and Reference (q).

(10) CWT. To reduce CWT and minimize the layering of inventory in support of specific consumer requirements (replenishment or end-use), requisitioners will process requisitions directly to the supporting intermediate or wholesale echelon, as applicable. Normally, no more than one intermediate supply activity will be included in the requisitioning channel for a consumer.

5. MATERIEL ISSUE PROCESSING

a. Materiel managers will:

(1) Follow the procedures for applying cargo tracking devices in Volume 7 of this manual and chapters 203 and 208 of Reference (k). Apply tags to DoD-owned materiel that has been exported from CONUS, imported to CONUS, or shipped between OCONUS Combatant Commands, to include:

(a) DoD-owned major organizational equipment.

(b) Materiel consolidated onto 463L air pallets or freight containers.

(c) Consolidated cargo shipments of:

1. Pre-positioned materiel.

2. War reserve materiel

3. Sustainment, retrograde, unit move materiel.

(d) Ammunition, except ammunition stocks to be consumed afloat and pre-positioned materiel afloat as identified in Volume 7 of this manual.

(2) Apply cargo tracking devices on consolidated shipments to select CONUS locations for contingency purposes at the direction of United States Northern Command.

(3) Provide a unique item identifier (UII) for DoD serially managed items that are also sensitive, pilferable, or depot-level repairable items when issued as outlined in Volume 11 of this manual.

(4) Confirm all issues of materiel from storage activities, including issues from receipts, to the total item property record as rapidly as is technically possible through electronic communications. Before shipping, send receiving storage activities a shipment status of all

issues of materiel through the use of the appropriate transactions, as defined by Reference (q) and (r).

(5) Follow the detailed procedures for recording and processing ICP issue transactions in DoD Instruction 5015.02 (References (o)) and References (p) and (q).

(6) Organize and schedule the daily issue workload to maximize the efficiency of the issuing, packing, and shipping processes.

(7) Ensure that storage location assignments use zoned locations, frequency of access criteria, special handling, and security requirements to optimize physical storage and picking.

(8) Have the capability to allocate scarce material and distribution resources among competing demands during crises and contingencies.

(9) Issue the oldest materiel in storage first, except where issue of newer stocks is justified by special requirements. Exceptions to the first-in-first-out policy for shelf-life materiel are found in paragraph 5-4 of Reference (g).

(10) When an insufficient quantity of materiel is in stock to satisfy a directed issue, issue what it has on hand and transmit a materiel denial for the balance of the quantity to the materiel manager.

(11) Treat each issue as a separate action.

(12) Establish issuing, packing, and shipping processes to consolidate issues to individual customers or to customer areas to meet required delivery times at best value. Follow shipment unit consolidation, air and water clearance procedures outlined in chapter 202 and 203 of Reference (k).

b. DLA and the Military Departments will publish the detailed procedures for efficient and effective issuing of materiel for the storage activities they manage.

c. The point of origin activities (including tactical supply support activities, units at the base-level, consolidation and containerization points, ports and vendors) that stuff full freight containers or build air pallets must write cargo tracking devices.

d. The point of origin activities will provide content level details to the radio frequency in-transit visibility (RF-ITV) server for cargo tracking devices in accordance with the specifications in Volume 7 of this manual.

6. IN-TRANSIT PROCESSING

a. Movement of Materiel

(1) Reference (k) provides technical direction on the movement of materiel within the Defense Transportation System (DTS).

(2) Movement of materiel within a theater of operations is under the direction of the geographical commander. Geographical commanders will possess the capability to integrate, prioritize, and synchronize incoming and in-theater movement of materiel when necessary to achieve operational objectives.

(3) Reference (k) addresses the procedures related to the movement of materiel.

(4) Organizations performing reconfigurations of in-transit cargo (e.g. consolidation and containerization points, ports, and vendors that stuff full freight containers or build air pallets) must:

(a) Rewrite a cargo tracking device for containers and air pallets reconfigured in transit to accurately reflect current contents while in transit. The revised cargo tracking device data may be written to the same cargo tracking device or to a different cargo tracking device.

(b) Generate a cargo tracking device write transaction to the RF-ITV server. For detailed procedures on AIT see Volume 7 of this manual.

(5) In-theater joint Deployment and Distribution Operations Centers will support geographic Combatant Commanders in directing the movement of materiel.

b. ITV

(1) The DoD Components will:

(a) Provide timely, accurate, in-transit asset information via DoD standard electronic means to authorized users and logistics managers in a format adequate to satisfy needs.

(b) Provide and maintain visibility and accountability of in-transit assets as part of an integrated capability that allows shipment line items to be tracked by a standard method throughout the entire transportation pipeline and linked to the related requisition, return, or procurement.

(c) Provide shipment line-item information via DoD standard electronic means (e.g., DLMS) to provide rapid identification of the contents of containers, air pallets, and consolidated shipments.

(d) Standardize policies, procedures, and electronic transactions throughout all segments of the supply chain to maintain asset visibility, which includes information from, or access to, commercial carrier systems.

(e) Provide status information on in-transit assets to customers on demand in near real time.

(f) Mirror the procedures for ready-for-issue materiel in transit with procedures for retrograde materiel and materiel going to disposal.

(g) Provide transportation data for each node in the transportation pipeline, to include shipment arrival and departure information for each node. Relate the transportation data information to shipment line-item data for shipments in transit.

(h) When contracting with carriers with electronic communication capabilities, make use of those capabilities to provide the status of shipments moving commercially to the extent that interfaces can be established and are operationally or cost beneficial.

(i) Capture transportation arrival or in-check at the consignee location in addition to supply receipt to meet ITV, accountability, status, and location requirements. Positive identification of receiving personnel may aid tracking of frustrated in-transit materiel.

(j) Extend standard procedures for in-transit reporting into retail operations to the extent it is operationally beneficial and will include visibility of assets going to disposal.

(k) Use Reference (k), the theater-unique DoD procedures, and the DLMS standards to achieve order status tracking to the maximum extent practicable to implement these logistics standards uniformly worldwide.

(2) The point of origin activities will:

(a) Identify each line item in a shipment and link it with those shipment identifiers necessary to maintain ITV, which includes quantity, condition, and location. To the extent possible, use a TCN for the shipment identifier. If a commercial carrier does not use the TCN of record, link the carrier's organic number to the TCN.

(b) Identify, transmit, and make item consolidations (within a shipment) and shipment consolidations (within a consolidated shipment) available as necessary to maintain ITV.

(c) Use parent-child linked relationships for the consolidation transaction, as identified in Reference (k), to indicate the layered structure of a consolidation that may have shipment TCNs within an intermediate TCN that is within a conveyance TCN. Send the transaction if a level of consolidation has been performed and link the transaction to each item (e.g., requisition number, document number, or national stock number (NSN)) for the level of consolidation that is performed.

(d) Maintain the parent-child linked relationship of the requisition number and the TCN throughout consolidation and reconsolidation.

7. RECEIPT PROCESSING

a. For receipt processing, DoD Components will:

(1) Record all receipts of materiel in DoD total item property records and provide visibility to all requiring activities.

(2) Confirm all receipts of materiel at a storage activity by issuance of an electronic receipt reflecting the actual condition of the materiel received.

(a) Process all shipments of materiel with a shipment receipt transaction, whether requisitioned (pulled) or pushed to them, from any supply source (e.g., issues from stock; direct or prime vendor deliveries; issues from DLA Disposition Services). Acknowledge with a shipment receipt transaction within 24 hours of recording the receipt (holidays and weekends excepted).

(b) Acknowledge receipts electronically whenever possible, either through an AIT to an automated system or through direct customer input to an automated system.

(3) Send an image of the receipt transaction to Defense Automatic Addressing System in accordance with the procedures in Volume 6 of Reference (p) for all receipts of materiel from the wholesale level, e.g.:

(a) Lateral redistributions and depot level reparableables that have been directed by the ICP or integrated materiel manager.

(b) Organic or commercial items shipped directly from maintenance.

(c) Receipts for that have been items performed internally by Component personnel within a Component AIS without the processing of a receipt transaction to the owner through the Defense Automatic Addressing System.

(4) Process materiel receipt acknowledgement (MRA) transactions to acknowledge receipt or nonreceipt of shipments of DoD wholesale stocks and DLA Disposition Services stocks and, in part, to shipments of GSA wholesale stocks in accordance with References (q) and (r). Inventory title transfer and customer billing is not predicated on processing of the MRA transaction.

(5) Perform acceptance:

(a) With acknowledgement that materiel meets the contractual requirements and obligates the government to pay the supplier for the materiel.

(b) For materiel that is shipped directly from commercial sources where a contract specifies a requirement for destination acceptance.

(6) Make special arrangements for government personnel to perform acceptance at contractor-operated sites that receive materiel ordered and paid for by the government directly from a commercial source. Only U.S. Government personnel can perform acceptance of materiel as a specific task separate from receiving. Accomplish acknowledgement of receipt electronically whenever possible and send notification to the appropriate contracting personnel.

b. Receiving activities will:

- (1) Record receipts no later than 5 business days from date materiel received.
- (2) Make associated assets visible from the point of inspection and acceptance within 24 hours of recording receipts (holidays and weekends excepted).
- (3) Notify the local accounting and finance office of the item receipt within 24-hours.
- (4) Notify the accountable property officer of recording receipts, when applicable.
- (5) Provide MRA for receipt of all shipments of materiel, whether requisitioned (pulled) or pushed to them, from any supply source, e.g., issues from stock; direct or prime vendor deliveries; or issues from DLA Disposition Services according to References (p) and (q). Inventory title transfer and customer billing is not predicated on processing of the MRA transaction.
- (6) Perform acceptance for materiel that is shipped directly from commercial sources where the contract specifies destination acceptance.

c. For due-in records, receiving activities will:

- (1) Record all anticipated receipts of materiel from any source (i.e., procurement, redistribution, requisitioning, and returns to include excess, retrograde, and directed return of discrepant or deficient materiel) as materiel due-in.
 - (a) If the source of the materiel due-in is a contractor, the materiel due-in should identify if destination acceptance is required.
 - (b) Classify accounting for progress payments made to contractors as prepaid assets, rather than as inventory consistent with DoD inventory valuation policy.
- (2) Provide a current record of all anticipated materiel receipts to receiving storage activities through the use of the appropriate prepositioned materiel receipt transactions as defined by Reference (q). Establish suspense procedures based upon the initial notification of shipment in order to monitor materiel receipt and ensure proper accountability of in-transit assets.

d. For receipt processing controls, receiving activities will:

(1) Establish receipt control procedures to record the status of materiel in the storage process.

(2) Measure wholesale activity receipt processing performance in terms of the goal to process receipts and reflect them with minimal delay as on-hand assets available for issue.

(3) Authorize the release of new receipts that may not have been placed in their storage locations in order to satisfy material that was directed for issue, but was denied because there was insufficient stored materiel to fill the requirement.

(4) Receive materiel and associate with the relevant shipment status or notice information by using AIT, in order to reduce the incidence of record inaccuracy and to hasten the receipt posting process.

e. For receipt inspection, acceptance, and discrepancy reporting, DoD Components will:

(1) Perform inspection and acceptance at destination as part of the receiving process when receiving shipments of materiel from commercial sources that require the inspection and acceptance.

(2) Reflect the actual condition of the materiel received in materiel receipt transactions based on screening or inspection.

(3) Reflect the quantity accepted from commercial sources for financial system interfaces and capture UII, when applicable, in the materiel acceptance transactions.

(4) Report all discrepant receipts in accordance with established DoD issuances cited in paragraph 8i of this enclosure covering supply, transportation, or quality discrepancies. Design supply systems to report supply discrepancies as an integral and seamless part of the receiving process.

(5) Establish a capability to automatically receive deficiency reports, store and process (e.g., categorize, sort, and access related deficiencies), assign investigations, and automatically route and track disposition in each DoD activity responsible for resolving discrepancy reports.

f. Activities will remove the cargo tracking device at the ultimate destination for reuse on subsequent shipments when in-checking or receiving shipments of:

(1) DoD-owned materiel major organizational equipment:

(a) Exported from CONUS, imported to CONUS, or shipped between OCONUS Combatant Commands; or

(b) In support of U.S. Northern Command operations and exercises.

(2) Consolidated shipments of DoD-owned materiel exported from CONUS, imported to CONUS, or shipped between OCONUS Combatant Commands in intermodal containers or on 463L air pallets.

g. The Military Departments that receive cargo tracking devices at destination are responsible for proper reuse of the devices. Each DoD Component will publish internal procedures that ensure proper care and maximum reuse of cargo tracking devices. These procedures will include the requirement to:

(1) Monitor cargo tracking device use and reuse the cargo tracking devices as long as practical.

(2) Promptly return excess cargo tracking devices to the DLA wholesale management system.

h. The detailed procedures for wholesale level receipt processing and for MRAs are in References (p) and (q). DoD Components will pattern procedures for below-the-wholesale-level receipt processing after the wholesale level procedures to the maximum extent practicable.

i. The DoD Components will follow:

(1) The detailed procedures for supply discrepancy reporting and reporting of security assistance discrepancies in Reference (q).

(2) The detailed procedures for transportation discrepancy reporting in chapter 210 of Reference (k).

(3) The detailed procedure for product quality deficiencies in DLAR 4155.24/AR 702-7/SECNAVINST 4855.5B/AFI 21-115 (Reference (x)).

j. Security assistance customers may report product quality deficiencies in accordance with supply discrepancy procedures.

k. When the requisition originates from outside the standard supply system, the DoD Components will follow DLA Enterprise Business Standards Office procedures in order to facilitate preparation and ensure submission of receipt acknowledgment.

8. LATERAL REDISTRIBUTION OF ASSETS

a. The DoD Components may fill requests for materiel or requisitions through lateral redistribution of assets. Redistribution methodologies and procedures apply to all materiel assets, including fuel and medical, regardless of funding source. With the exception of ammunition, principal items and equipment are excluded. Redistribution (cross-leveling) procedures for ammunition are in Volume 11 of this manual.

b. Lateral redistribution within a Military Department may occur before wholesale-level requisitioning. Reimbursement for such intra-Service lateral redistribution is at the option of the Military Department; however, the associated materiel manager will manage and control inter-Service lateral redistribution. For OCONUS activities, the theater FDP may be checked for item availability prior to redistribution within a Military Department from a source in another theater.

c. Inter-Service lateral redistribution will not occur before wholesale-level requisitioning, except within theater at CDR direction. When wholesale assets are not available to satisfy the requisition, the materiel manager will seek to satisfy the requisition through alternative means, including the DoD lateral redistribution process.

d. DoD Components will balance mission requirements, including security, with cost effectiveness when filling requests through lateral redistribution. Wholesale-level activities will direct retail redistribution versus wholesale issue when the total cost of such action is lower or when the wholesale-level does not have stock available to meet a requisition's required response time and the retail level does and can meet the required response time. If no retail activity can meet the required response time, redistribution may still be used if a retail activity can deliver sooner than the wholesale-level.

e. Assets supporting activities that are mobile, deployed in mission posture, or are in field training exercises and assets aboard ship are exempt from automated lateral redistribution, but the assets will be available on a case-by-case basis to fill critical shortages.

f. The materiel manager will:

(1) Satisfy a requisition through lateral redistribution of retail assets with these provisions and the provisions of References (q) or (r):

(2) Report on-hand assets on an automated basis for purposes of automated lateral redistribution, either through transactions to the materiel manager or through updates to a website or database accessible to the materiel manager. Report on-hand assets stored within DoD intermediate- and consumer retail-levels of supply, which includes the Army Authorized Stockage List; the Navy retail ashore; the Air Force base supply; or the Marine Corps base supply.

(3) Consider assets held by working capital-funded repair activities, such as depot maintenance activities and shipyards, as retail-level assets for lateral redistribution. Those activities will report on-hand inventories, but in some cases may not be subject to the redistribution of those assets.

g. At their discretion, the DoD Components may include in their systems complementing policies and procedures to extend the visibility and redistribution of their assets to additional and lower levels of supply.

h. Detailed procedures for transactional reporting of on-hand retail-level assets are in References (l) and (p).

i. Detailed procedures and the transactions used in the referral, confirmation, and shipment of retail assets via the lateral redistribution process are in References (k), (q), and (r).

j. Detailed procedures and transactions used in the billing process for lateral redistribution are in Volume 4 of Defense Logistics Manual 4000.25 (Reference (y)) and References (q) and (r).

k. Assets above an item's retail retention level are available for satisfying requisitions, regardless of priority, including those at working capital-funded repair activities.

l. Assets below the retail retention level are available for high priority requisitions, as dictated by the inter-DoD Component business rules for lateral redistribution. At a minimum, those business rules will address requisitions that are issue priority group I with a not mission-capable supply code or with a Chairman of the Joint Chiefs of Staff project code.

m. When making a lateral redistribution through the DoD lateral redistribution process, a retail supply activity will comply with the time standards for processing and shipping an order described in Volume 8 of this manual and provide associated status information to the wholesaler. The DoD Components will ensure that competing visibility and accessibility systems do not attempt to issue the same materiel or materiel that has already been issued.

n. Billing procedures associated with the DoD lateral redistribution process will include reimbursement to the issuing activity for both the standard price of the materiel and a percentage of the standard price for packaging and handling costs associated with a lateral redistribution. Transportation costs are computed at the ICP actual cost recovery rate of acquisition price by commodity. The materiel manager will receive credit for sale in those types of transactions.

9. MATERIEL STORAGE AND STEWARDSHIP

a. Materiel Storage Operations

(1) To the maximum extent possible, materiel managers will divide work assignments within a storage activity to maintain the security of materiel and the integrity of the records. For example, except for issue from receiving operations, no individual will perform issue and receipt functions or file maintenance actions for both functions. Accountable officers (AOs) are independent of the operational environment and may not supervise personnel responsible for performing physical inventory actions such as receipts, stows, picks, or warehouse actions. When adequate segregation of duties is not practical or cost-effective, materiel managers will establish other local risk mitigating controls to the maximum extent possible, such as increased supervision or two member count teams.

(2) All management levels are responsible for and will take all necessary actions to include appropriate supervision and training to ensure that DoD physical inventory performance

standards are met. Materiel managers will employ storage activity resources to provide the required levels of performance at the minimum cost.

(3) Materiel managers will:

(a) Establish storage activity performance goals to achieve continuous improvement.

(b) Establish and maintain a system for monitoring performance and workload.

(c) Provide contracting activities with the performance standards and physical inventory performance included in contract requirements for contracted storage activities and services. Performance standards are in chapters 6 and 7 of Reference (p). Additional standards may be added by OSD, the Military Departments, or DLA.

(d) Use automated storage and retrieval systems, storage aids, material handling equipment, and AIT and other labor-saving devices to increase productivity and to reduce the need for hard-copy documentation and manual data entry, the opportunities for human error, and the recurring cost of operations.

(4) Storage activities will position and issue materiel from storage locations in a manner that:

(a) Provides for efficient issuing, packing, and shipping processes.

(b) Obtains the best use of material handling and storage equipment.

(c) Keeps the number of warehouses to a minimum.

(d) Obtains the best use of storage space in warehouses that are used.

(e) Keeps the re-warehousing of materiel to a minimum.

(5) Materiel managers will employ a workload planning and scheduling system to accomplish all the storage activity workload as efficiently as possible. Whenever possible, that system will ensure that other functions, such as inventory and quality inspections, are conducted in the normal course of accomplishing other primary functions, such as picking and stowing.

(6) Storage activities will use efficient and effective materiel control systems, including AIT, to track materiel from the point it enters their custody until it leaves their custody. AIT is described in Volume 7 of this manual.

(7) Materiel managers will evaluate storage activities on the timely and accurate handling of issues, receipts, discrepancy reporting and resolution, and physical inventory program actions. Performance matrixes allow for separate processing standards based on the type of issue (e.g., material release, redistribution, or disposal order); and source of receipt (e.g., new procurement, returns, or stock redistribution).

(8) Storage activities will systematically review material in storage to identify and report suspended material conditions to the applicable materiel manager to provide for timely identification and processing of unneeded stocks to disposal.

(9) Materiel managers will:

(a) Establish and execute a safety program to protect personnel and property against accidents and the inherent hazards of a warehousing environment.

(b) Establish and execute a comprehensive training program to improve employee knowledge, productivity, job satisfaction, health, and safety.

(c) Establish materiel storage performance goals, including security standards, within government and contractor performance and quality standards for activities performing storage and stewardship functions on DoD materiel.

(d) Establish applicable performance goals established within government and contractor personnel performance standards and evaluations for those individuals performing storage and stewardship functions.

(e) Consider the guidance and capabilities addressed in this volume to develop the statement of work when distribution functions currently performed organically will be contracted out.

(10) DLA and the Military Departments will publish the procedures for efficient and effective distribution operations that they manage as detailed in DLA Manual 4145.12 (Reference (z)).

(11) Materiel owners, materiel managers, and storage activities will use automated stock screening requests and replies under DLMS in accordance with Reference (q).

b. Physical Inventory Control

(1) The DoD PICP will include physical inventories, location surveys, quality control, research, accuracy and performance goals, workload and performance management reporting, and, pending establishment of single shared-asset balances, reconciliation of records.

(2) Storage activities will:

(a) Maintain quantitative balance records by individual storage location.

(b) Provide the capability to detect theft or diversion of materiel with physical inventory system maintenance of those records.

(c) Find the cause of variances, enabling corrective management action.

(d) Establish inventory systems to support perpetual inventories where current item record balances are maintained by posting all balance affecting events such as the recording receipts, shipments, inventory adjustments and changes to condition, ownership, or location as they occur. If a system cannot currently support perpetual balances, materiel managers will take action to bring the system into compliance.

(e) To increase inventory accuracy, use AIT whenever available. PICP activities will optimize the use of such innovations by AIT enabled inventories where practical.

(3) As necessary to achieve the required level of accuracy, storage activities will make use of any one or a combination of the three inventory counting approaches: cycle counting, statistical sample counts, and wall-to-wall inventories. Comply with the appropriate physical inventory item policy requirements based on storage facility physical constraints, physical inventory support system capabilities, types of items, and inventory accuracy conditions. Storage activities will use:

(a) Cycle counting, where a portion of the inventory is counted either daily, weekly, or monthly until the entire inventory has been counted within the time period specified. If a system cannot support perpetual balances, the cycle counting approach will not be selected.

(b) Statistical sample counts of a portion of inventory that is representative of the total inventory item population and statistically significant. This is an efficient approach to quickly determine the accuracy of the inventory with minimal operational disruption.

1. When statistical sample counts are allowed and the resultant count is within required tolerances, the inventory is considered complete.

2. If the statistical count is outside the allowed accuracy tolerance, then the entire results of the statistical sampling must be voided. This requires scheduling another physical inventory via another sample count, cycle count, or wall-to-wall count as appropriate to the accuracy conditions determined by the first sample count.

3. If another sample count is used, it will not be the same sample or a sub-set of the same sample pulled earlier.

(c) Statistical sample counts for inventories conducted at the end of the fiscal year for the purpose of validating financial records. DLA will use a standardized sampling plan to conduct inventories for all Component inventory held at DLA distribution centers.

(d) Wall-to-wall inventories, where the entire count is made at a point in time and they are conducted only when:

1. It is essential to strike a point in time balance for inventory;

2. The storage and inventory density are small enough that there is no detrimental impact to supply support operations; or

3. When safety and security of assets and access to such assets (such as munitions and explosives) are generally more restrictive and controlled.

(4) Materiel managers will:

(a) Perform blind counts for all physical counts; that is, personnel conducting physical counts will have no prior knowledge or access to the on-hand quantity balance in the inventory records.

(b) Apply other local effective risk mitigation techniques such as increased supervision and two member count teams, in those instances where segregation of duty controls cannot guarantee blind counts.

(c) Provide personnel performing physical counts with tools to perform the count, including the part number, description, condition, location, number of requisite counts, etc.

(5) Storage activities and AOs must ensure that inventory methods used do not decrease security measures, increase security risks, or increase the length of time or frequency of exposure to hazardous conditions and environments for ordnance and munitions workers using arms, ammunition, and explosives (Class V) materiel.

(6) The Military Departments and Defense Agencies will devote resources and select items for physical inventory to support certain required populations:

(a) Nuclear weapons-related materiel (NWRM), 100 percent physical count required. See Volume 11 of this manual for specific procedures on NWRM inventory management.

(b) Classified items, 100 percent physical count required. See Volume 11 of this manual for specific procedures on inventory management of classified items.

(c) Sensitive and pilferable items, 100 percent physical count required. See Volume 11 of this manual for specific procedures on inventory management of sensitive and pilferable items.

(d) Annual random statistical samples that are statistically valid, wall-to-wall inventories, or cycle counts that support the determination of logistics record accuracy and financial record accuracy.

(e) Items with known or suspected discrepancies or items requested by the materiel manager or AO.

(f) All other items that are candidates for physical inventory based on a prioritization system or sampling strategy.

(7) DoDI 5000.64 (Reference (n)) provides more information on accountable property items, as applicable.

(8) The detailed procedures for the wholesale level DoD PICP are in References (p) and (q). The DoD Components will pattern procedures for management of inventories below the wholesale level after the wholesale level DoD PICP procedures. The detailed procedures contain the required transaction formats, data element and code definitions, required timeframes for actions, control and selection criteria, performance standards, and management data requirements for the conduct of these five major PICP elements:

- (a) Physical inventory.
- (b) Record reconciliation.
- (c) Research.
- (d) Quality control.
- (e) Management reporting.

(9) The detailed PICP procedures specify the minimum DoD-wide standards, controls, and records required to ensure the proper accountability and accuracy of DoD supply system inventories.

(10) The detailed procedures and requirements specific for NWRM, missiles, rockets, arms, ammunition, and explosives risk categories are contained in Volume 11 of this manual.

(11) The DoD Components will:

- (a) Provide management priority and resources for the execution of PICP functions.
- (b) Identify physical inventory teams by direct or indirect supervision.
- (c) Properly staff, train, and provide the physical inventory teams with the necessary instructions, tools, and problem resolution assistance.
- (d) Determine the use of direct or indirect supervision dependent upon the existing accuracy conditions and ability to apply segregation of duties to ensure accurate and timely physical counts, research, and records balance corrections.
- (e) Ensure that assets are protected against waste, loss, negligence, unauthorized use, misappropriation, and compromise in the case of controlled inventory item materiel.

(f) Ensure that the procedures in References (o) and (p) are adhered to except when the ASD(L&MR) approves a written request for a waiver in accordance with the procedures in References (o) and (p).

(g) Ensure that sufficient emphasis is placed on materiel accountability and inventory accuracy to promote improved performance of individuals directly responsible for the care, security, and management of DoD supply system materiel, as well as those responsible for making reports on the status of that inventory.

(h) Ensure that duties such as receiving, posting transactions to records, and issuing are divided among the work force so that no single individual can adversely affect the accuracy and integrity of the inventory. Although multi-skilled personnel may conduct physical counts, the inventory organization must enter counts, apply in-float controls, and conduct pre-adjustment research. When adequate segregation of duties is not practical or cost-effective, use other local risk mitigating controls to the maximum extent possible, such as increased supervision and two person count teams.

(i) Conduct functional reviews of the PICP to ensure compliance with DoD and Component policy and procedures and establish physical inventory control as a mandatory element to be addressed in the annual internal management control assessments required by DoDI 5010.40 (Reference (t)).

(j) Ensure that training is provided to supply system personnel who perform functions affecting physical inventory control and that training courses are updated to teach current DoD policies, procedures, and performance goals. Provide familiarity training to physical inventory staff with the items to facilitate item identification and unit of measure peculiarities, the required count processes, available research methods and tools, and the count recording and records correction processes.

(k) Establish separate dedicated physical count teams providing a knowledgeable and well-trained work force to conduct physical inventory counts. Increase the levels of supervision for the less experienced count team members. The exception to establishing separate dedicated physical count teams is for isolated cases where the size of the storage activity is such that separate count personnel would be inefficient.

(l) Establish feedback mechanisms for all personnel involved in the physical inventory function to compare and report actual results against standards. Implement corrective plans of action when the performance does not meet the standard. Consider changes to procedures (as appropriate) based on count results.

(m) Submit ICE reports to the Office of Deputy Assistant Secretary of Defense for Supply Chain Integration (DASD(SCI)) on a quarterly basis in accordance with chapter 7 of Reference (p).

1. By DLA for all materiel stored within DLA's distribution centers.

2. By Military Departments for materiel stored within Military Service storage facilities upon implementation of their respective enterprise resource planning efforts for distribution information.

(n) Provide representatives to serve on the JPIWG.

(12) The DLA Enterprise Business Standards Office will:

(a) Establish a program administrator to serve as the DoD focal point for the DoD PICP according to this volume.

(b) Ensure compatibility of physical inventory control procedures with all other DoD standard systems.

(c) Assist in resolving problems that arise during system operations and those that are reported to the program administrator.

(d) Ensure uniform implementation of physical inventory procedures by the DoD Components.

(13) The DoD PICP Administrator will:

(a) Develop and publish procedural guidelines, through the DASD(SCI) for the physical inventory control of DoD supply system materiel, coordinate proposed DLMS changes according to this volume, and reconcile problems among the DoD Components.

(b) Serve as Chair for the JPIWG.

(14) The JPIWG recommends guidance and develops program enhancements for the physical inventory control of DoD supply system materiel according to the JPIWG Charter in the appendix to this enclosure.

c. Care of Supplies in Storage (COSIS)

(1) Materiel managers will establish a COSIS program to ensure that materiel in storage is maintained in ready-for-issue condition or to prevent deterioration of unserviceable materiel.

(2) The COSIS program will include:

(a) A quality assurance program for inspection and test.

(b) A system for reporting and recording quality assurance data.

(c) Provisions for entry of the condition of materiel into the total item property record.

(d) A system to ensure that corrective actions are completed for deficiencies uncovered during inspections to restore the items to serviceable condition or protect unserviceable materiel from deterioration.

(3) The materiel managers are responsible for specifying COSIS requirements and funding COSIS costs.

(4) Storage activities are responsible for providing protection from the elements and environmental conditions by providing proper storage facilities, preservation, packing, marking, or a combination of those measures and for the execution of the COSIS program. DLA establishes procedures for all DoD Components to execute the COSIS program.

(5) Materiel managers will:

(a) Follow the detailed procedures for COSIS in DLAI 4145.4/AR 740-3/AFJMAN 23-231/NAVSUPINST 4400.100/MCO 4450.15 (Reference (aa)).

(b) Accomplish electronic reporting of Storage Quality Control Reports through DLMS.

(c) Accomplish electronic reporting of storage quality control reports, materiel owner and materiel manager replies, and storage activity notification of work completion through DLMS in accordance with Reference (q).

d. Shelf-Life Program

(1) Materiel managers will:

(a) Establish a shelf-life program to provide special emphasis for those items with known deteriorative characteristics to reduce the risk of shelf-life expiration.

(b) Establish and maintain internal management controls to monitor shelf-life items throughout their supply chain in accordance with Reference (t).

(c) Maintain stocks of shelf-life items at the minimum quantities consistent with operational readiness to minimize the risk of shelf-life expiration.

(d) Establish activities storing shelf-life items that:

1. Adhere to the Shelf-Life Extension System (SLES), to DLAD 4155.37/AR 702-18/NAVSUPINST 4410.56A/AFJMAN 23-232/MCO 4450.13^a, (Reference (ab)), and to Federal Standard (FED-STD) 793B (Reference (ac)) for GSA-managed items, both of which specify the instructions for the inspection, testing, and restoration of items in storage.

2. Initiate controls to minimize expiration of materiel in storage by issuing the oldest stocks first, except where issue of newer stocks is justified. Expeditiously report expired stock to the managing ICP for redistribution or disposal.

3. Provide surveillance to ensure that items are in a ready-for-issue or ready-for-use condition in accordance with Reference (ab) for GSA-managed items, Reference (ac), and other applicable technical documentation.

(2) The procedures for the DoD Shelf-Life Program are in Reference (g) and DoD 5200.08-R (Reference (ad)).

(3) DoD Components will:

(a) Provide management priority and resources for the execution of shelf-life functions and conform to the latest technological changes.

(b) Designate shelf-life items by type, prescribe associated shelf-life periods, and develop technical documentation for establishing and maintaining storage standards and inspection, testing, and restorative criteria as specified in Reference (ac) for inclusion into Reference (ad) for GSA-managed items.

(c) Provide uniform packaging for assigned shelf-life items according to this volume.

(d) Provide technical and engineering support on a reimbursable basis for DLA and, on request, GSA, the Federal Aviation Administration (FAA), the United States Coast Guard (USCG), and the National Aeronautics and Space Administration (NASA).

(e) Ensure that the procedures in Reference (g) are adhered to, except when the Director of the DoD Shelf-Life Program has approved a written request for a waiver.

(f) Conduct functional reviews of the Shelf-Life Program to ensure compliance with DoD and DoD Component policy and procedures and establish shelf-life as a mandatory element to be addressed in the annual management control assessments required by Reference (g).

(g) Ensure that training is provided to supply chain personnel who perform functions affecting shelf-life and that training courses are updated to teach current DoD policies, procedures, and performance goals.

(h) Submit management reports in accordance with the instructions and formats in Reference (g).

(i) Manage, receive, store, issue, and dispose of shelf-life hazardous materials according to laws and regulations to minimize the generation of hazardous waste.

(j) Comply with and participate in the DoD Shelf-Life Board whose charter is in Reference (g).

(k) Use Reference (ad) for GSA-managed items to determine the inspection and test criteria and to determine if laboratory-tested type-II shelf-life material has been extended.

(4) As identified in Reference (g) the Director, DLA, will coordinate and provide updates to the procedures for the DoD Shelf-Life Program in Reference (g) to include appointing a DoD Shelf-Life Program Director.

(5) By agreement, GSA, FAA, USCG, and NASA will comply with References (g) and (aa) and the shelf-life procedures in this volume.

e. Security of Materiel. DoD Components will:

(1) Establish and execute a physical security program to prevent or reduce the potential for theft, fraud, sabotage, and abuse of DoD materiel. The program will include:

(a) Entry control, detection, communication, and response systems capable of deterring and defeating criminal activities.

(b) A system to monitor the effectiveness of security measures based on routine analysis of loss rates through inventories, Financial Liability Investigation of Property Loss reports, and criminal incident reports, to establish whether repetitive losses show criminal or negligent activity and the need for additional physical security measures.

(c) Procedures to refer suspected instances of theft and fraud to the to the appropriate DoD Component criminal investigation organization or DoD Inspector General hotline for investigation.

(2) Place emphasis on employing technology to minimize manpower requirements by acquiring mechanical or electronic security devices. Employ specialized software where possible to identify irregular or questionable patterns of requisitions and other supply activity.

(3) Utilize the procedures for maintaining physical security of supply system resources in Reference (aa).

(4) Utilize the procedures for maintaining physical security of conventional arms, ammunition, and explosive materiel in DoD Manual 5100.76 (Reference (ae)).

(5) Utilize the procedures for maintaining security of chemical agents in DoDI 5210.65 (Reference (af)).

(6) Utilize the procedures for safeguarding sensitive, controlled, and pilferable items and controlled substances in DLAR 4145.11/AR740-7/NAVSUPINST 4440.146C/MCO 4450.11A (Reference (ag)) and Chapter 205 of Reference (k).

10. HAZARDOUS MATERIALS

a. When managing hazardous materials, DoD Components will:

- (1) Uniformly implement hazardous materials storage and handling policies and procedures.
- (2) Follow hazardous materials guidelines and policies set forth by the DoD and their respective headquarters.
- (3) Develop and implement operational controls for hazardous materials at their supply chain mission activities to protect personnel, property, the environment, and mission capability in accordance with the facilities' environmental or environment, safety, and occupational health management systems as described in DoDD 4715.1E (Reference (ah)).
- (4) Reduce hazardous materials use and long-term storage as much as possible.
- (5) Give priority to practicing hazardous material minimization to lessen adverse environmental risks to personnel and equipment.
- (6) Offer green products and services, to include sustainable energy when they meet the requirements for their intended use and are requested by a supply support request or equivalent document.

b. When ordering materials, users will give priority to the selection of environmentally friendly or non-hazardous substitutes when the product or service meets the user's requirements and is not otherwise excepted by Executive Order, federal directives, or DoD issuances.

c. When purchasing materials, DoD Components will:

- (1) Give priority to the selection of green products and services when the product or service meets the user's requirements and is not otherwise excepted by Executive Order, federal directives, or DoD issuances.
- (2) Use commercial, direct-vendor sources to provide hazardous materials to users, when possible.
- (3) Have hazardous materials delivered by the most direct means possible and with the least amount of handling to reduce product damage and potential harm to the environment.
- (4) Order hazardous materials in the minimal quantities needed.
- (5) Properly store and properly use within their shelf life to reduce hazardous waste and to promote personnel safety and DoD-community relations.

(6) Protect and train DoD personnel involved in the safe and compliant storage, handling, movement, and disposal of hazardous materials.

d. When handling hazardous material, DoD Components will:

(1) Use the procedures governing the movement of hazardous material in Reference (k). Disposal procedures in Volume 1 of DoD Manual 4160.21 (Reference (ai)).

(2) Use the hazard communication procedures governing written plans, hazard determination, material safety data sheets (MSDS), safety data sheets (SDS), labeling, training, and data management systems in DoDI 6050.05 (Reference (aj)).

(3) Receive, store, and handle ammunition and explosives at DoD activities, as a unique subset of hazardous materials considered United Nations Class 1 items, regardless of division, using DoD 6055.09-M (Reference (ak)) and DoD ammunition and explosives safety manuals and regulations.

(4) Store and handle compressed gases and liquids in cylinders, as well as the storage and handling of the cylinders themselves, in accordance with the procedures in DLAI 4145.25/AR 700-68/NAVSUPINST 4440.128D/AFJMAN 23-227(I)/MCO 10330.2D (Reference (al)). Classify full, partially full, and empty compressed gas cylinders in the DoD supply system uniformly as to condition status. Ensure the storage practices maintain serviceability of the cylinders with minimum costs and that products delivered to customers are satisfactory for their intended use.

(5) Govern the storage and handling of hazardous materials using the procedures in the DLAI 4145.11/TM 38-410/NAVSUP PUB 573/AFJMAN 23-209/MCO 4450.12A (Reference (am)).

(6) Follow the procedures in DLAI 4145.8/NAVSUPINST 4000.34C/AFJI 23-504/MCO P4400.105E (Reference (an)) to control radioactive items. That requirement does not apply to nuclear reactors and nuclear weapons, except for components and ancillary equipment that are common to other end items of supply or unique radioactive materials used as research, test, or production devices.

e. All DoD Components responsible for material research and development will ensure that non-radioactive and non-hazardous substitutes are used when feasible and less hazardous than the radioactive materials or hazardous materials currently in use.

f. All DoD Components will include a justification for proposals to introduce radioactive materials into the DoD supply chain with a cost benefit analysis that considers disposal concerns and personnel safety and include a comparison of alternative methods.

g. The DoD Components will:

(1) Demonstrate leadership in pollution abatement and cooperate in abatement programs with local communities.

(2) Identify and track all items covered by the hazardous materials definition in FED-STD-313 D (Reference (ao)) as hazardous materials throughout the DoD supply chain, including returns, demilitarization, and disposals.

h. Materiel managers will advise local unions of the types of hazardous materials being handled and stored at an installation.

i. For green services, all DoD materiel managers will:

(1) Ensure that products with regulated hazardous components or composition are properly marked, labeled, and identified in automated data processing systems (e.g., Hazardous Materials Information Resource System (HMIRS), Distribution Standard System, Environmental Reporting Logistics System). Identify all items covered by the hazardous material standards in Reference (ao), mark, and track the items as hazardous materials throughout the DoD supply chain, including returns and disposals.

(2) Uniquely associate an applicable MSDS or SDS with each hazardous product throughout its life-cycle. Officially record all hazardous materials in HMIRS with a unique MSDS number, and to the extent possible, mark all packages and appropriate movement documents with a corresponding unique MSDS or SDS number from their supply origin. In addition, DoD materiel managers will coordinate with the DoD Component licensee or authorized radiological focal point to ensure that all radioactive items are identified in HMIRS.

(3) Not knowingly vent, release, or dispose of Class I or Class II ozone depleting substances listed in Part 82 of Title 40, Code of Federal Regulations (Reference (ap)) into the environment. Recover and recycle or reclaim Class I or Class II ozone depleting substances to include Class I products that contain chlorofluorocarbons, chlorinated solvents, and halons; and Class II products that contain hydrochlorofluorocarbons.

j. For green products and services offerings and usage, DoD Components will:

(1) Offer green products and services when the green products and services:

(a) Meet the requirements for their intended use.

(b) Are supported by documented collaborative efforts defining customer need and supply supportability

(c) Are requested by a supply support request or equivalent document.

(2) As part of the approach to promote green products and sustainable materials use, integrate actions targeted at reducing negative environmental impacts and preserving natural

capital throughout the life-cycle of materials, taking into account economic efficiency and social benefits and costs in accordance with Executive Order 13693 (Reference (aq)).

(3) When purchasing materials, give priority to the selection of green products and services when the product or service meets the user's requirements and are not otherwise excepted by Executive Order, federal directives, or DoD issuances where cost effective.

(4) When ordering materials, give priority to the selection of green products and services when the product or service meets the user's requirements and are not otherwise excepted by Executive Order, federal directives, or DoD issuances where cost effective.

Appendix
DoD JPIWG Charter

APPENDIX TO ENCLOSURE 3

DoD JPIWG CHARTER

1. PURPOSE. This charter establishes the DoD JPIWG to develop, maintain, and improve the program of physical inventory control for DoD supply system materiel.

2. ORGANIZATION AND MEMBERSHIP

a. The DoD PICP Administrator, DLA Enterprise Business Standards Office, chairs the JPIWG pursuant to paragraph 10b(13)(b) of Enclosure 3 of this volume.

b. Each Military Department and Defense Agency with an interest in physical inventory matters will provide a representative to the JPIWG.

(1) Each representative will be a full-time or permanent part-time federal employee who has the necessary physical inventory functional and automatic data processing expertise to represent his or her parent organization.

(2) Each representative will have a designated comptroller point of contact with accounting expertise to assist the JPIWG member in accounting matters.

(3) A member of the ASD(L&MR) staff will serve as advisor to the JPIWG.

c. The USD(C)/CFO will provide one representative to the JPIWG.

3. FUNCTIONS. The JPIWG will:

a. Evaluate the PICP for DoD supply system materiel and recommend system enhancements as changes to References (o) and (p).

b. Resolve inter-Service problems through direct coordination among JPIWG members.

c. Find solutions to problems presented to the JPIWG.

d. Recommend changes to DoD supply system to the ASD(L&MR), as necessary.

4. RESPONSIBILITIES

a. The JPIWG Chair will:

(1) Ensure the accomplishment of JPIWG objectives and discharge of its responsibilities.

(2) Convene the JPIWG as required, but at least annually, to resolve problems.

(3) Submit minutes of each JPIWG meeting to the ASD(L&MR) and JPIWG representatives.

(4) Submit recommendations for changes to the DoD supply system to the ASD(L&MR).

(5) Maintain a current list of JPIWG representatives.

(6) Present problems to the JPIWG for resolution.

b. JPIWG members will:

(1) Attend all JPIWG meetings or ensure alternate Military Department and Defense Agency representation is provided.

(2) Furnish the Chair a copy of items of interest for the JPIWG.

(3) Respond to taskings emanating from JPIWG meetings.

(4) Present the Military Department or Defense Agency position and be authorized to negotiate and seek agreement with JPIWG members to achieve the goals and objectives of the DoD PICP.

5. ADMINISTRATION. Sponsors of JPIWG members will fund necessary travel and administrative costs associated with JPIWG functions.

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

AFI	Air Force Instruction
AFJMAN	Air Force Joint Manual
AIT	automatic identification technology
AO	accountable officer
AR	Army Regulation
ASD(L&MR)	Assistant Secretary of Defense for Logistics and Materiel Readiness
CCDR	Combatant Commander
CDRUSTRANSCOM	Commander, United States Transportation Command
CONUS	continental United States
COSIS	care of supplies in storage
CWT	customer wait time
DASD(SCI)	Deputy Assistant Secretary of Defense for Supply Chain Integration
DISR	Defense Information Technology Standards Registry
DLA	Defense Logistics Agency
DLAD	Defense Logistics Agency Directive
DLAI	Defense Logistics Agency Instruction
DLAR	Defense Logistics Agency Regulation
DLMS	Defense Logistics Management Standards
DoDAAC	DoD activity address code
DoDD	DoD Directive
DoDI	DoD Instruction
DTS	Defense Transportation System
FAA	Federal Aviation Administration
F/AD	force or activity designator
FDP	forward distribution point
FED-STD	Federal Standard
GSA	General Services Administration
HMIRS	Hazardous Materials Information Resource System
ICE	Inventory Control Effectiveness
ICP	inventory control point
ITV	in-transit visibility
JPIWG	Joint Physical Inventory Working Group

MAPAC	Military Assistance Program address code
MCO	Marine Corps Order
MILSTRIP	Military Standard Requisitioning and Issue Procedures
MRA	materiel receipt acknowledgement
MSDS	material safety data sheets
NASA	National Aeronautics and Space Administration
NAVSUPINST	Navy Supply System Command Instruction
NSN	national stock number
NWRM	nuclear weapons-related materiel
OCONUS	outside the continental United States
PICP	Physical Inventory Control Program
RDD	required delivery date
RF-ITV	radio frequency in-transit visibility
SDP	strategic distribution point
SDS	safety data sheets
SECNAVINST	Secretary of the Navy Instruction
SLES	Shelf-Life Extension System
TCN	transportation control number
TCSP	theater consolidation and shipping points
TDD	time definite delivery
UII	unique item identifier
UMMIPS	Uniform Materiel Movement and Issue Priority System
UND	urgency of need designator
USCG	United States Coast Guard
USD(A&S)	Under Secretary of Defense for Acquisition and Sustainment
USD(C)/CFO	Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense
USTRANSCOM	United States Transportation Command

PART II. DEFINITIONS

These terms and their definitions are for the purpose of this volume and will serve as standard terminology for DoD supply chain materiel management.

accountability. The obligation imposed by law, lawful order, or regulation, accepted by an organization or person for keeping accurate records, to ensure control of property, documents, or

funds, with or without physical possession. The obligation, in this context, refers to the fiduciary duties, responsibilities, and obligations necessary for protecting the public interest; however, it does not necessarily impose personal liability upon an organization or person.

acquisition. Obtaining logistics support, supplies, or services under an acquisition agreement or under a cross-servicing agreement. This includes purchasing (whether for payment in currency, replacement-in-kind, or by exchange for equal value), renting, leasing, or any method of temporarily obtaining logistics support, supplies, or services.

AIT. A suite of technologies enabling the automatic capture of data, thereby enhancing the ability to identify, track, document, and control assets (e.g., materiel), and deploying and redeploying forces, equipment, personnel, and sustainment cargo. AIT encompasses a variety of data storage or carrier technologies such as linear bar codes, two-dimensional symbols (PDF417 and data matrix), magnetic strips, integrated circuit cards, or satellite tracking transponders and radio frequency identification tags used for marking or tagging individual items, equipment, air pallets, or containers. AIT is also referred to commercially as automatic identification data capture.

air pallet (463L). An 88" × 108" aluminum flat base upon which cargo is aggregated and secured into a palletized unit load. The air pallet integrates into the 463L rollerized cargo loading system on aircraft, providing easy movement of cargo onto and off aircraft. Cargo is secured to the air pallet by straps, chains, or 463L nets.

assembly. In logistics, an item forming a portion of equipment that can be provisioned and replaced as an entity and that normally incorporates replaceable parts or groups of parts.

best value. As determined through the use of a business case analysis methodology or a methodology approved by the applicable DoD Component, the term applies to the proposed alternative that ranks the highest when both cost and non-cost factors are evaluated.

cancellation request. A transaction that allows a requisitioner or other authorized activity to request cancellation of all or a portion of the quantity of materiel ordered in a previously submitted requisition.

cargo tracking device. A device that enhances the ability to track major support equipment and consolidated shipments from origin to point of need. Cargo tracking devices employ information transfer technology using tools such as radio frequency identification, cellular, or satellite communication with or without a global positioning system solution.

classified items. Materiel classified as Confidential, Secret, or Top Secret that requires protection in the interest of national security.

COSIS. A program composed of a set of processes and procedures whose purpose is to ensure that materiel in storage is maintained in ready-for-issue condition or to prevent uneconomic deterioration of unserviceable materiel.

customer. The individual or activity requesting or ordering a material asset at any organizational level.

customer demand pattern. A historical profile of the demands for an item arrayed within timeframes in terms of the geographic locations of the requiring activities and the quantitative volumes required.

customer response time. A parameter used in sparing models to compute the range and depth of stock according to a time-weighted supply performance goal.

CWT. A measurement of the total elapsed time between the issuance of a customer order and satisfaction of that order.

Defense Transportation Coordination Initiative. Contractor transportation management services that provide reliable, predictable, and efficient of movement of DoD materiel within the CONUS.

demand. An indication of a requirement, a requisition, or similar request for an item of supply or individual item. Demands are categorized as either recurring or non-recurring.

demand code. A code placed in a requisition that indicates if the demand is recurring or non-recurring.

demand volatility. An expression for demand uncertainty or variability in demand. High volatility can hinder how well actual demand can be predicted, i.e., demand forecastability, and result in low forecast accuracy measurements.

depot-level repairable. An item that is designated for repair at depot-level, or that is designated for repair below the depot-level for which condemnation authority must be exercised by the cognizant depot-level repair activity.

distribution. The operational process of synchronizing all elements of the logistic system to deliver the right things to the right place at the right time.

DLMS. A process governing logistics functional business management standards and practices across DoD. A broad base of business rules, to include uniform policies, procedures, time standards, transactions, and data management, designed to meet DoD requirements for global supply chain management system support. DLMS enables logistics operations to occur accurately and promote interoperability between DoD and external logistics activities at any level of the DoD organizational structure. The DLMS supports electronic business capabilities such as: American National Standards Institute Accredited Standards Committee X12 electronic data interchange, upon which the DLMS transaction exchange was founded; AIT, including passive radio frequency identification and linear and 2D bar coding; extensible mark-up language; and web-based technology. The DLMS encompasses standardization of logistics processes including, but not limited to: Military Standard Billing System, Military Standard

Transaction Reporting and Accountability Procedures, Military Standard Requisitioning and Issue Procedures (MILSTRIP), and Supply Discrepancy Reporting.

DTS. The portion of the worldwide transportation infrastructure that supports DoD transportation needs in peace and war. The DTS consists of two major elements: military (organic) and commercial resources. Those resources include aircraft, assets, services, and systems organic to, contracted for, or controlled by the DoD. The DTS infrastructure, including ports, airlift, sealift, railway, highway, ITV, information management systems, customs, and traffic management that the DoD maintains and exercises in peacetime, is a vital element of the DoD capability to project power worldwide. It provides for responsive force projection and a seamless transition between peacetime and wartime operations.

equipment. In logistics, all nonexpendable items needed to outfit or equip an individual or organization.

excess. Materiel that has completed reutilization screening within the DoD and is not required for the needs and the discharge of responsibilities of any DoD activity.

exterior container. A container, bundle, or assembly that is sufficient by reason of material, design, and construction to protect unit packs and intermediate containers and their contents during shipment and storage. It can be a unit pack or a container with a combination of unit packs or intermediate containers. An exterior container may or may not be used as a shipping container.

F/AD. A Roman numeral (I to V) that the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, or a DoD Component assigns to a unit, organization, installation, project, or program to indicate its relative mission essentiality. The F/AD is an integral part of the Uniform Materiel Movement and Issue Priority System (UMMIPS).

green products. A product that exhibits the environmentally positive characteristics of an environmental organization approved through the DLA-chaired Joint Group on Environmental Attributes, and has a lesser or reduced effect on human health and the environment when compared to competing products or services that serve the same purpose.

hazardous item. An item of supply consisting of materiel that because of its quantity, concentration, or physical, chemical, or infectious characteristics, may either cause or significantly contribute to an increase in mortality or an increase in serious, irreversible, or incapacitating reversible illness; or pose a substantial present or potential hazard to human health or the environment when improperly treated, stored, transported, disposed of, or otherwise managed.

ICP. An organizational unit or activity within the DoD supply system that is assigned the primary responsibility for the materiel management of a group of items either for a particular Military Department or for the DoD as a whole. In addition to materiel management functions, an ICP may perform other logistics functions in support of a particular Military Department or

for a particular end item (e.g., centralized computation of retail requirements levels and engineering tasks associated with weapon system components).

individual item. A single instance of a stock-numbered item, a single assembly, or a single subassembly.

in-float controls. Within physical inventorying procedures, the control of materiel and documentation that is in-float, e.g., materiel release orders, receipts, condition transfers, catalog and other data changes. During the period of physical inventorying, storage activities should seek to reduce the volume of in-float materiel and documents that may cause problems with item counts.

in-process. Items that are either being repaired or procured. They include items that are in repair at depot-level repair organizations, both organic and commercial; in repair at intermediate level repair organizations,; or on order from DoD vendors and not yet shipped.

in-storage. Assets in storage at retail consumer level sites, at retail intermediate storage sites, at disposal activities, or in wholesale inventories, to include DoD materiel in the custody of a contractor.

intermediate supply. Any level of inventory between the consumer and wholesale level of inventory and considered a retail level or intermediate echelon.

in-transit assets. Materiel that is between storage locations, either wholesale or retail, or materiel shipped from vendors after acceptance by the U.S. Government, but not yet recorded as received on the records of the materiel manager. In-transit assets are not included in the records of wholesale inventory used in the stratification process.

inventory. Materiel, titled to the U.S. Government, held for sale or issue, held for repair, or held pending transfer to disposal. This definition covers the same population of items as the definition for inventory in the Financial Management Regulation, Chapter 4 (Inventory and Related Property) of Volume 4 of Reference (h). Inventory does not include tangible personal property to be consumed in normal operations, operating materials and supplies as defined by Reference (h).

item identification. A collection and compilation of data to establish the essential characteristics of an item that give the item its unique character and differentiate it from other supply items.

item of supply. A category of items identified by an NSN with the same form, fit, and function. The individual items (units) included in this category could be manufactured by multiple sources.

Joint Regional Inventory Materiel Management. An inventory management concept under which intermediate level retail stocks in the same geographic region are consolidated at a central supply point. This concept is built on three fundamental principles: minimizing storage sites within a region, eliminating duplicate inventory, and maximizing service to operational and industrial sites. Applying these principles will serve to create a smoother materiel flow for all of

the DoD Components within a region in order to achieve inventory investment savings for the DoD. This effort will lead to reduced materiel “touches,” reduced transportation costs, reduced inventory investment, and improved CWT.

major end items. A final combination of end products that is ready for its intended use; e.g. missiles, tanks, mobile machine shop, industrial material, weapons, vehicles, and aircraft engines.

major organizational equipment. In logistics, a combination of end products, component parts, or materials that form a major end item piece of equipment. The nonexpendable major organizational equipment is needed to outfit or equip an organization. Signifies the method of use in that the major organizational equipment will be used in furtherance of the common mission of an organization or unit vice an individual.

marking. The application of legible numbers, letters, labels, tags, symbols, or colors to ensure proper handling and identification during shipment and storage.

materiel denial. A transaction notifying the materiel manager that there is insufficient materiel in storage to satisfy, in total or in part, the quantity directed for issue and specifying the quantity that may not be issued.

materiel management. That phase of military logistics that includes managing, cataloging, demand and supply planning, requirements determinations, procurement, distribution, overhaul, and disposal of materiel.

materiel manager. Any DoD activity or agency that has been assigned materiel management responsibilities for the DoD and participating federal agencies. The term includes responsibilities performed by either wholesale materiel managers or retail materiel managers: managing, cataloging, demand and supply planning, requirements determination, procurement, distribution, overhaul and repair of reparable materiel, and disposal of materiel.

modification. A U.S. Government-approved change in the configuration of a part or item that offers a benefit to the U.S. Government by correcting deficiencies, satisfying a change in operational or logistic support requirements, or affecting a life-cycle cost savings.

NSN. The 13-digit stock number replacing the 11-digit federal stock number. It consists of the 4-digit federal supply classification code and the 9-digit national item identification number. The national item identification number consists of a 2-digit National Codification Bureau number designating the central cataloging office (whether North Atlantic Treaty Organization or other friendly country) that assigned the number and a 7-digit (xxx-xxxx) nonsignificant number. The number must be arranged as follows: 9999-00-999-9999.

NWRM. Classified or unclassified assemblies and subassemblies (containing no fissionable or fusionable material) identified by the Military Departments that comprise or could comprise a standardized war reserve nuclear weapon (including equivalent training devices) as it would exist once separated or removed from its intended delivery vehicle. A delivery vehicle is the portion

of a weapon system that delivers a nuclear weapon to its target. This includes cruise and ballistic missile airframes as well as delivery aircraft.

organizational equipment. In logistics, all nonexpendable items needed to outfit or equip an organization. Signifies the method of use in that the equipment will be used in furtherance of the common mission of an organization or unit vice an individual.

PDF417. A barcode symbol with four bars and spaces and a pattern that is 17 units long used to mark items for inventory management or transportation documentation.

perpetual balances. As balance affecting business events occur at the storage location, the balances are immediately posted to the storage activity record and transmitted to the owner so the owner can change its records at the same time. This allows the owner (ICP system) to make supply support sourcing decisions on up to date on hand balance information throughout the day.

pilferable items. Materiel having a ready resale value or application to personal possession, which is especially subject to theft.

preservation. The processes and procedures used to protect materiel against corrosion, deterioration, and physical damage during shipment, handling, and storage; application of protective measures, including cleaning, drying, preservative materials, barrier materials, cushioning, and containers when necessary.

principal item. An end item or a replacement assembly of such importance to operational readiness that management techniques require centralized individual item management throughout the supply system to include items stocked at depot-level, base-level, and using unit-level.

priority designator. A two-position numeric code (01-15) that identifies the relative priority of the competing requisitions. As an integral part of the UMMIPS, it is used by the materiel management systems to allocate available stocks among competing requisitions and is based on the combination of the F/AD assigned to the requisitioning activity and the urgency of need, as prescribed in Reference (q).

property accountability. The assignment of duties and responsibilities to an individual or organization that mandates jurisdiction, security, and answerability over public property.

RDD. A field used to identify the customer's information about delivery. The criteria for determining the RDD and descriptions for special requirements codes are in References (q) and (r).

Under MILSTRIP (as described in Reference (r)), this is a three-position Julian date that specifies when materiel is actually required to be delivered to the requisitioner, and is always earlier or later than the computed standard delivery date based upon time-definite delivery standards. When blank, the default will be understood to be the standard delivery date based on the priority designator. Non-date entries in the RDD field are used to identify exception

conditions and include the expedited handling signal, not mission capable supply or anticipated not mission capable supply indicator, expedited transportation signal, work stoppage indicator, a sustained requirement during mass cancellation, and delivery date constraints.

Under DLMS (as described in Reference (q)), this is an eight-position date (CCYYMMDD) as described. Coded RDD entries are carried as a separate and distinct data element referred to as the Special Requirements Code.

readiness. A measure or measures of the ability of a system to undertake and sustain a specified set of missions at planned peacetime and wartime utilization rates. Examples of system readiness measures are combat sortie rate, fully mission capable rate, and operational availability. Measures take account of:

The effects of system design, reliability, maintainability.

The characteristics of the support system.

The quantity and location of support resources.

receiving. All actions taken by a receiving activity from the physical turnover of materiel by a carrier until the on-hand balance of the accountable stock record file or in-process receipt file is updated to reflect the received materiel as an asset in storage, or the materiel is issued directly from receiving to the customer.

replenishment. Actions to resupply an inventory when it reaches the reorder point.

requisition. An order for materiel initiated by an established, authorized organization (i.e., a DoD or non-DoD organization that has been assigned a DoDAAC) that is transmitted either electronically, by mail, or telephoned to a supply source within the DoD or external to the DoD (the GSA, the FAA, or other organizations assigned management responsibility for categories of materiel), in accordance with procedures specified in Reference (q) and (r).

requisitioning objective. The maximum quantity of materiel to be maintained on-hand and on-order to sustain current operations and core war reserves. It consists of the sum of stocks represented by the operating level, safety level, repair cycle, if applicable, the order and shipping time level, and authorized additive levels.

retail. The level of inventory below the wholesale level, either at the consumer level for the purpose of directly providing materiel to ultimate users or at the intermediate or region level for the purpose of supplying consumer levels or ultimate users in a geographical area.

safety level. The quantity of materiel required to be on hand to permit continued operation in the event of a minor interruption of normal replenishment or a fluctuation in demand.

sensitive. Materiel that requires a high degree of protection and control due to statutory requirements or regulations, such as narcotics and drug abuse items; precious metals; items of

high value; items that are highly technical, or of a hazardous nature; non-nuclear missiles, rockets, and explosives; small arms, ammunition and explosives, and demolition material.

shelf-life item. An item of supply possessing deteriorative or unstable characteristics to the degree that a storage time period is assigned to ensure that it performs satisfactorily in service.

shipment identifier. The master number assigned to control and manage a shipment throughout the life-cycle of the shipment (e.g., for DTS shipments, it is the TCN).

shipping container. An exterior container that meets carrier regulations and is of sufficient strength, by reason of material, design, and construction, to be shipped safely without further packing (e.g., wooden boxes or crates, fiber and metal drums, and corrugated and solid fiberboard boxes).

standard delivery date. The maximum ending calendar date by which normal processing and shipping in the logistics system will permit receipt and recording of the materiel by the consignee.

storage activity. The organization element of a distribution system that is assigned responsibility for the physical handling of materiel incident to its check-in and inspection (receipt), its keeping and surveillance in a warehouse, shed, tank, or open area (storage), and its selection and shipment (issue).

stratification process. A uniform portrayal of requirements and assets application that is a computer-generated, time-phased simulation of actions causing changes in the supply position; e.g., procurement, repair, receipt, issue, termination, and disposal of materiel.

supply chain. The linked activities associated with providing materiel from a raw material stage to an end user as a finished product.

supply source. Any Federal Government organization exercising control of materiel and to which requisitions are directed.

sustainable energy. The sustainable provision of energy that meets the needs of the present without compromising the ability of future generations to meet their needs.

TDD. The concept that, within a specified degree of probability, the logistics system is capable of delivering required materiel to the customer within a given period of time.

total item property record. The record or record set maintained by the materiel manager that identifies the quantity, condition, and value of the items for each organizational entity having physical custody of those items. The total item property record includes materiel that is due in, in transit, in organic wholesale and retail repair facilities, in a contractor's custody, on loan, on hand in wholesale distribution centers, on-hand at retail activities, and for reported assets in the custody of users.

UMMIPS. A structure that establishes time standards, based on the mission and urgency of need of the requestor, for the supply of materiel from the date of the requisition to the time that the acknowledgment of physical receipt is posted to the requisitioner's inventory record.

wholesale. The highest level of organized DoD supply that procures, repairs, and maintains stocks to resupply the retail levels of supply. Synonymous with wholesale supply, wholesale level of supply, wholesale echelon, and national inventory.

wholesale stock. Stock, regardless of funding sources, over which the materiel manager has asset knowledge and exercises unrestricted asset control to meet worldwide inventory management responsibilities. Synonymous with national inventory.

Worldwide Express. Contractor service that provides worldwide international commercial express small package service for the U.S. Government. Express service includes time-definite, door-to-door pickup and delivery, transportation, in transit visibility, PowerTrack capability, expedited customs processing and clearance of extremely urgent letters and small packages weighing up to 150 pounds.

zoned locations. Assignment of areas within a storeroom or warehouse to allow for the subdividing of a picking list for more efficient and rapid order picking.