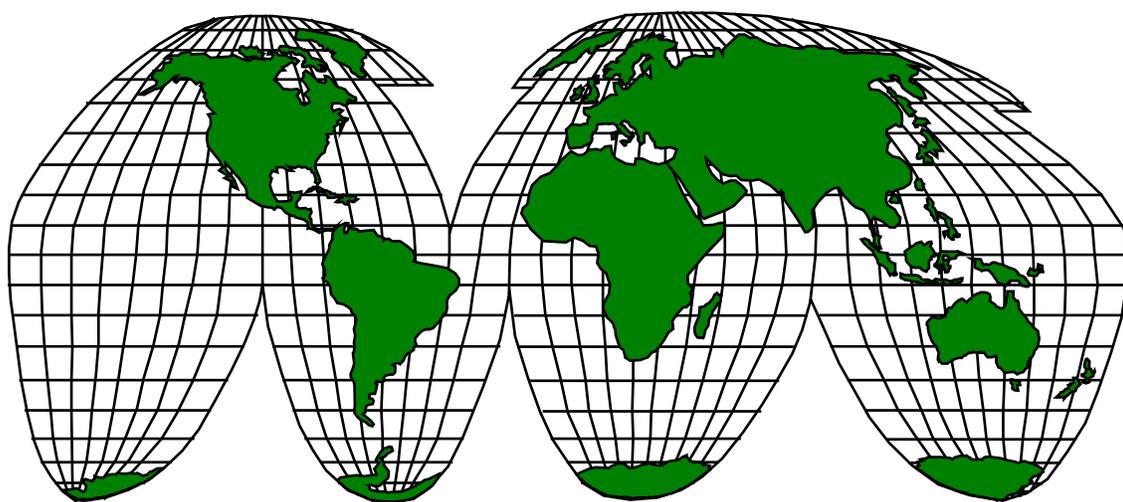


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Foreign Military Sales Customer Supply System Guide



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From: Commander, Naval Supply Systems Command

Subj: FOREIGN MILITARY SALES CUSTOMER SUPPLY SYSTEM GUIDE
(NAVSUP PUBLICATION 526) FOURTH REVISED EDITION, CHANGE 3

1. U.S. Navy and Department of Defense (DOD) Security Assistance policies and procedures undergo continuous review, evaluation and revision. One purpose of the Naval Supply Systems Command's Foreign Military Sales (FMS) Customer Supply System Guide is to serve as an up-to-date, condensed summary of these policies and procedures. Change 3 to the Fourth Revised Edition of subject publication includes revisions to chapter 7, Section 0701, paragraphs 070313 (NAVICP-OF Tracking of ROR SDRs).
2. Change 3 is effective immediately. This letter should be retained at the front of the Guide to show that Change 3 has been incorporated.
3. The Fourth Revised Edition is available electronically through the Defense Acquisition Deskbook and on the NAVICP International Programs Directorate home page on the World Wide Web at www.navicp.navy.mil/of/ofhome.htm. Both of these electronic versions are completely searchable.

D. J. SWEENEY
By direction

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CHAPTER 1 - INTRODUCTION AND OVERVIEW

SECTION 0101 - INTRODUCTION

010101 Purpose of the Foreign Military Sales Customer Supply System Guide

The Foreign Military Sales (FMS) Customer Supply System Guide provides the basic information FMS customers need to obtain timely and effective support from the U.S. supply system. This guide is composed of 12 separate chapters. Three appendices and an index are included at the end of the guide for general reference. Appendix A is a Glossary of Terms, Appendix B is Abbreviations and Appendix C is Key U.S. Points of Contact.

010102 Requisitioning the FMS Customer Supply System Guide

The Foreign Military Sales (FMS) Customer Supply System Guide, NAVSUP Publication 526 is available **free of charge**. However, when requisitioning copies of NAVSUP Publication 526, enter a unit price of 0000001 (\$0.01) in rp 74-80 of the requisition. The one cent unit price entry is required for requisition monitoring and tracking purposes.

The Foreign Military Sales (FMS) Customer Supply System Guide, NAVSUP Publication 526 is also available on the NAVICP-OF home page on the World Wide Web (WWW) and is completely searchable. The web site address is:

www.navicp.navy.mil/of/ofhome.htm. NAVSUP Publication 526 may be found under the Gov't Publication section of the web site.

010103 Customer Comments and Recommendations

Customers are encouraged to submit comments and/or recommendations on the Foreign Military Sales (FMS) Customer Supply System Guide, NAVSUP Publication 526 to the address below:

Naval Inventory Control Point, International Programs Directorate
ATTN: Code P761
700 Robbins Avenue
Philadelphia, PA 19111-5098

SECTION 0102 - OVERVIEW OF THE U.S. NAVY SUPPLY SYSTEM

010201 Introduction

The U.S. Navy supply system provides material support to its Foreign Military Sales (FMS) customers in much the same way as it provides support to its U.S. customers. By understanding how the system works, FMS customers will be able to use the system more effectively to meet their own needs.

This section provides a brief overview of the U.S. Navy supply system and describes the basic FMS-related functions of each major element. It also introduces the main tools that the supply system uses to provide material and services to FMS customers. Many of the elements introduced in this section are discussed in greater detail in later chapters. The following paragraphs, however, should provide FMS customers with a basic understanding of how the supply system works.

010202 Overview: Makeup of the U.S. Navy Supply System

The U.S. Navy supply system is made up of all those activities that identify material requirements and that procure, store, and distribute material to support its military customers. These customers are:

- U.S. Navy fleet units
- U.S. Navy shore activities
- Other U.S. armed forces
- FMS customers

010203 Structure of the U.S. Navy Supply System

Figure 1-1 shows the principal activities of the U.S. Navy supply system at three broad levels of management:

- Policy level
- Inventory management level
- Material distribution level

The functions performed by activities at each level of management are described briefly in the paragraphs that follow.

010204 Secretary of the Navy

The Secretary of the Navy provides overall guidance and direction for the U.S. Navy. Under the Office of the Secretary of the Navy is the Navy International Programs Office (Navy IPO). Among other things, Navy IPO negotiates and approves U.S. Navy agreements (Letters of Offer and Acceptance) with FMS customers. (The role of Navy IPO in the U.S. Navy FMS Program is discussed in more detail later in this chapter.)

010205 Chief of Naval Operations

The Chief of Naval Operations (CNO) outlines the overall requirements for naval material and equipment. The CNO also develops general policy guidelines for supply support of U.S. Navy customers.

010206 Systems Commands

The Navy's five systems commands (SYSCOMs) report directly to the Chief of Naval Operations. The five systems commands are:

- Naval Air Systems Command (NAVAIR)
- Naval Sea Systems Command (NAVSEA)
- Space and Naval Warfare Systems Command (SPAWAR)
- Naval Facilities Engineering Command (NAVFAC)
- Naval Supply Systems Command (NAVSUP)

Each systems command is responsible for buying and supporting certain types of equipment and material. Each SYSCOM identifies specific equipment and material needs based on the overall requirements outlined by CNO.

Each SYSCOM has a separate organization that runs the various programs that relate to material or services for which that SYSCOM is responsible. All of these organizations fall under the authority of the Navy IPO.

NAVSUP has primary responsibility for running the U.S. Navy supply system. NAVSUP develops and implements supply policies and procedures. These policies and procedures are designed to meet CNO requirements and objectives and to assist in the management of U.S. Navy material.

010207 Navy Inventory Managers

Inventory managers, frequently called "item managers," are directly involved in the operation of the supply system. These activities are primarily responsible for identifying material needs and for buying and distributing U.S. Navy material. The main objectives of inventory management are to have the right item and the right quantity of that item available when and where a supply system customer needs it.

Note: It should be noted that the terms "inventory manager" and "item manager" are used in two ways. They are used to identify the activity that manages certain material. They are also used to identify the individuals who actually do the work.

Figure 1-2 shows the three categories of inventory managers. The first group includes the five systems commands. The systems commands perform inventory management functions for major equipment and components.

The second category consists of the Naval Inventory Control Point (NAVICP). The NAVICP, which is under NAVSUP direction, is responsible for managing the repairable items, repair parts, publications, and other consumable materials used primarily by the U.S. Navy.

010208 Other Inventory Managers

The third group of inventory management activities shown in Figure 1-2 includes the Naval Air Warfare Center Training Systems Division (NAWCTSD), which is a field activity of the Naval Air Systems Command; the Defense Logistics Agency (DLA); the General Services Administration (GSA); and the U.S. Army and U.S. Air Force. All of these activities have inventory managers who support various Navy material requirements.

010209 Defense Depots

Activities that store and issue material are called "Defense Depots." (These activities are shown under the "Material Distribution Level" section of Figure 1-1.) These activities are part of the DLA. They perform most of the material receipt, storage and issue functions for the U.S. Navy as well as for the Army, Air Force, DLA, and GSA.

010210 Fleet and Industrial Supply Centers (FISCs)

The Fleet and Industrial Supply Centers (FISCs) offer a variety of customer service functions. These functions include:

- Ship's husbanding and chandling services for visiting FMS customer naval vessels (including providing vehicles, cranes, tug or pilot boat services and fuel deliveries)
- Provision of waterfront supplies and services (such as provisions, laundry, spare parts and common supplies stocked at the local SERVMART)
- Support of the transfer of a U.S. ship to an FMS customer's navy including supply assistance and training in the management of the Coordinated Shipboard Allowance List (COSAL) spare parts
- Provision of training to FMS customer vessel crew members in the area of material processing

010211 FMS Role of the Navy International Programs Office

There are four other organizations that play a major role in the establishment and management of an FMS program. The first of these organizations is the Navy International Programs Office (Navy IPO). Within the Office of the Secretary of the Navy, Navy IPO has the primary responsibility for the U.S. Navy's FMS Program. Navy IPO exercises overall direction, guidance, and control over these programs. Navy IPO also arranges for and manages the training of FMS customer military personnel in the United States and overseas. Navy IPO also prepares service-to-service implementing procedures for logistics support of naval weapons systems and equipment.

010212 Naval Inventory Control Point, International Programs Directorate

The Naval Inventory Control Point, International Programs Directorate (NAVICP-OF), was formed as a result of a merger of the FMS components of the Naval Supply Systems Command (NAVSUP), the Navy International Logistics Control Office (NAVILCO) and the Naval Inventory Control Point (NAVICP). As a result, the Deputy Commander for International Programs reports both to the Commander of the Naval Inventory Control Point and to the Commander of the Naval Supply Systems Command. NAVICP-OF:

- A. Develops the policies and procedures which support the NAVSUP Security Assistance Program.
- B. Serves as the Case Administering Office (CAO)/case manager (management focal point) for Direct Requisitioning Procedure cases, Cooperative Logistics Supply Support Arrangements and certain Repairable cases
- C. Prepares LOAs for all cases where NAVICP-OF is the case manager

- D. Serves as the focal point within the U.S. Navy for the introduction of all FMS requisitions into the U.S. supply system
- E. Administers and monitors the detailed supply functions of the Navy's FMS Program and as such is the FMS customer's primary point of contact for FMS-related supply matters
- F. Conducts Case Reconciliation Review (CRR) Meetings (See Chapter 12 for more information about CRRs.)
- G. Provides FMS policy and procedure orientation and training for U.S. and FMS customer personnel
- H. Manages the Management Information System for International Logistics (MISIL), the U.S. Navy's automated FMS information system

010213 Assistant Secretary of the Navy, FM&C

The Assistant Secretary of the Navy, Financial Management & Comptroller (ASN - FM&C), in conjunction with DFAS-DE/I, is responsible for the financial management of U.S. Navy-sponsored FMS cases. This responsibility includes:

- Control and issuance of obligational authority
- Providing policy and procedural guidance to U.S. Navy activities involved in FMS financial operations

010214 Defense Finance and Accounting Service – Denver (DFAS-DE/I)

The Defense Finance and Accounting Service – Denver, Deputate for Security Assistance (DFAS-DE/I) was established to standardize FMS accounting and billing functions. These functions have been standardized for all U.S. military services, including the U.S. Navy. DFAS-DE/I is the FMS customer's central point of contact for all financial matters. (Remember that NAVICP-OF is the customer's single point of contact for supply matters.) DFAS-DE/I is located in Denver, Colorado. DFAS-DE/I is responsible for providing detailed accounting and financial functions on all U.S. Navy FMS programs. These functions include:

- Performing financial monitoring operations
- Providing financial status
- Providing financial accounting throughout the life of the FMS case
- Executing billing and collection procedures

010215 Features of the U.S. Supply System

Within the overall U.S. supply network, there are various policies, procedures and systems that the FMS customer should understand. Most important among these are the following:

- Military Standard Requisitioning and Issue Procedures
- Uniform Material Movement and Issue Priority System
- Military Assistance Program Address Directory
- Defense Data Network
- International Logistics Communication System
- Defense Automatic Addressing System
- Automated Data Processing Systems

Because these features are explained in more detail in later chapters of this Guide, they will only be summarized in this chapter.

010216 Military Standard Requisitioning and Issue Procedures

Military Standard Requisitioning and Issue Procedures (MILSTRIP) are used throughout the U.S. Department of Defense to order, follow-up, provide status, modify orders, and ship material. Both FMS customers and U.S. supply activities use these procedures. Documents prepared for the purposes noted above are called MILSTRIP documents. The key to MILSTRIP is a system of codes that represent ordering, monitoring, and shipping information. These codes allow the originators of documents to provide a great deal of information in an abbreviated format. MILSTRIP codes and documents are explained in detail in Chapter 2. FMS customers should become familiar with these documents and their coded entries.

010217 Uniform Material Movement and Issue Priority System

The Uniform Material Movement and Issue Priority System (UMMIPS) governs the processing of requisitions and the use, handling, and transportation of material throughout the U.S. Department of Defense (DOD). UMMIPS helps to ensure that more urgent requirements are given greater priority. Customers ordering material under the FMS Program are required to use UMMIPS. See Chapter 2 for more information.

010218 Military Assistance Program Address Directory

The Military Assistance Program Address Directory (MAPAD), DOD publication 4000.25-8-M, contains addresses and corresponding address codes that tell where FMS material is to be shipped and where documentation is to be sent. For this reason, FMS customers must be familiar with this important document. FMS customers must provide the proper addresses and codes on the Letter of Offer and Acceptance (LOA). The first page of the LOA provides space for the appropriate MAPAD codes. FMS customers are normally responsible for establishing and maintaining MAPAD additions, revisions, and deletions. MAPAD changes must be sent by FMS customers to:

Defense Automatic Addressing System Center (DAASC)
Area C, Building 207
5250 Pearson Road
Wright Patterson Air Force Base, OH 45433-5328

FMS customers must use the proper MAPAD codes on all MILSTRIP documents. These codes tell U.S. supply activities where to ship material and where to send supply documents. Improper use (or nonuse), of MAPAD codes will delay the processing of customer requisitions and the forwarding of material and/or documentation to the customer.

010219 Defense Data Network

The Defense Data Network (DDN) is a frequently used method of sending requisition documents to the U.S. supply system. Nearly all U.S. forces use this worldwide electronic communications network to transmit data in MILSTRIP format. FMS customers are also usually able to gain access to DDN facilities to quickly transmit requisitions to the U.S. supply system.

DDN is also used by U.S. supply activities to provide supply and shipping status to FMS customers. Using DDN greatly increases the speed with which customer requirements can be processed.

010220 International Logistics Communication System

The International Logistics Communication System (ILCS) is an electronic transmission option available to FMS customers who do not have access to DDN facilities. ILCS provides the same advantages as DDN.

010221 Defense Automatic Addressing System

MILSTRIP documents transmitted using DDN or ILCS are routed to the proper U.S. activity by use of the Defense Automatic Addressing System (DAAS). DAAS uses some of the MILSTRIP codes mentioned earlier to ensure delivery of these documents to the correct U.S. supply activities. DAAS also ensures correct delivery of MILSTRIP documents generated by U.S. supply activities to the FMS customers via the Naval Inventory Control Point, International Programs Directorate (NAVICP-OF).

The activity responsible for the operation of DAAS is the Defense Automatic Addressing System Center (DAASC) in Wright Patterson Air Force Base, Ohio. As explained in more detail in Chapter 2, FMS customers must transmit MILSTRIP documents to NAVICP-OF via DAASC when using DDN or ILCS.

010222 Automated Data Processing Systems

Another feature of the U.S. supply system is the use of Automated Data Processing (ADP) systems. ADP systems use computers to receive and process MILSTRIP documents. Navy inventory managers, stock points, and other U.S. supply activities use ADP systems to provide timely customer support.

Computers are used to record all supply transactions for historical purposes. Computers are also used to prepare supply-related reports for U.S. and FMS customer management personnel.

Chapter 2 describes some of the specific uses of ADP systems and discusses how to prepare MILSTRIP documents to take full advantage of ADP systems.

010223 Cataloging and Identification of Material

A detailed description of cataloging procedures would be too involved to include in this Guide. FMS customers should, however, recognize that an effective cataloging program, based on accurate material identification, is essential to a successful FMS support effort.

The focal point for the U.S. Navy's cataloging and material identification program is the Defense Logistics Information Service (DLIS). Under the Federal Cataloging Program, each U.S. military service uses this centralized support activity for recording military applications of individual repair parts/components, for determining their prior military use, and for assigning National Stock Numbers (NSNs) when appropriate.

010224 Navy Cognizance Symbols for Inventory Managers

Items assigned to a particular U.S. Navy inventory manager can be identified by a two-character code known as a Cognizance Symbol (COG). It helps the customer to quickly identify the inventory manager of the item represented by the NSN.

The first character of the COG is a number. This number identifies the stores account within the U.S. supply system that finances the purchase of the item. The second character is a letter that identifies the type of material involved.

An example of a cognizance symbol with an NSN is:

1H5901-00-471-1286

Here COG "1H" identifies the item as a Defense Working Capital Fund (DWCF) consumable item managed by the Naval Inventory Control Point. Items identified by COGs with 1, 3, 5, 7, or 9 as the first character have DWCF surcharges.

Cognizance symbols are used in all Navy supply documents. Navy cognizance symbols are also assigned to material managed by DLA, GSA, and the Army and Air Force. Even though these activities do not use cognizance symbols within their own distribution systems, the U.S. Navy assigns one for management and routing purposes.

Figure 1-3 shows some common Navy-assigned cognizance symbols. A complete listing of Navy cognizance symbols, identified to inventory managers and types of material represented, is included in the Naval Supply Procedures 485 (NAVSUP P-485), Volume II, Appendix 18.

SECTION 0103 - THE FMS PROCESS

010301 The U.S. Navy and Foreign Military Sales

This section focuses on an area of special importance to FMS customers. The purpose of this section is to explain how the FMS process works in the U.S. Navy by:

- Explaining what an "FMS case" is
- Showing how the FMS Program interfaces with the U.S. supply system
- Describing the FMS roles of some U.S. Navy activities

010302 The FMS Case

When FMS customers wish to purchase materials or services from the U.S. Government, they should submit a Letter of Request (LOR) to the Navy International Programs Office. This letter should provide as much detail as possible regarding the type and quantity of material or services required.

Once the LOR is received, Price and Availability (P&A) data will be developed. This data will be shown on a Letter of Offer and Acceptance (LOA). This form is referred to in several ways throughout this guide. The following are terms most frequently used to refer to this document:

- Letter of Offer
- Letter of Offer and Acceptance
- LOA
- Offer and Acceptance
- Foreign Military Sales (FMS) case

The LOA (as shown in Figure 1-4) is a formal document by which the U.S. Government offers to sell specified defense articles and/or services to an FMS customer's government. The LOA lists:

- Items and/or services being offered
- Estimated costs
- Sources of supply
- Estimated supply lead times
- Terms and conditions of the sale

The LOA provides space for the FMS customer's signature to certify acceptance of the proposed sale. Once the customer signs the LOA, the FMS case is legally established.

The LOA also provides space for coded addresses to which material and/or documentation will be sent. To ensure that material is sent to the right place, the FMS customer must fill in the Mark For Code and the Freight Forwarder Code on the first page of the LOA.

010303 Case Identifier

A separate “case identifier” is assigned to each FMS case. It identifies the case throughout its existence. The case identifier is made up of six characters consisting of the following elements:

- The appropriate country code
- The implementing agency code
- The case designator

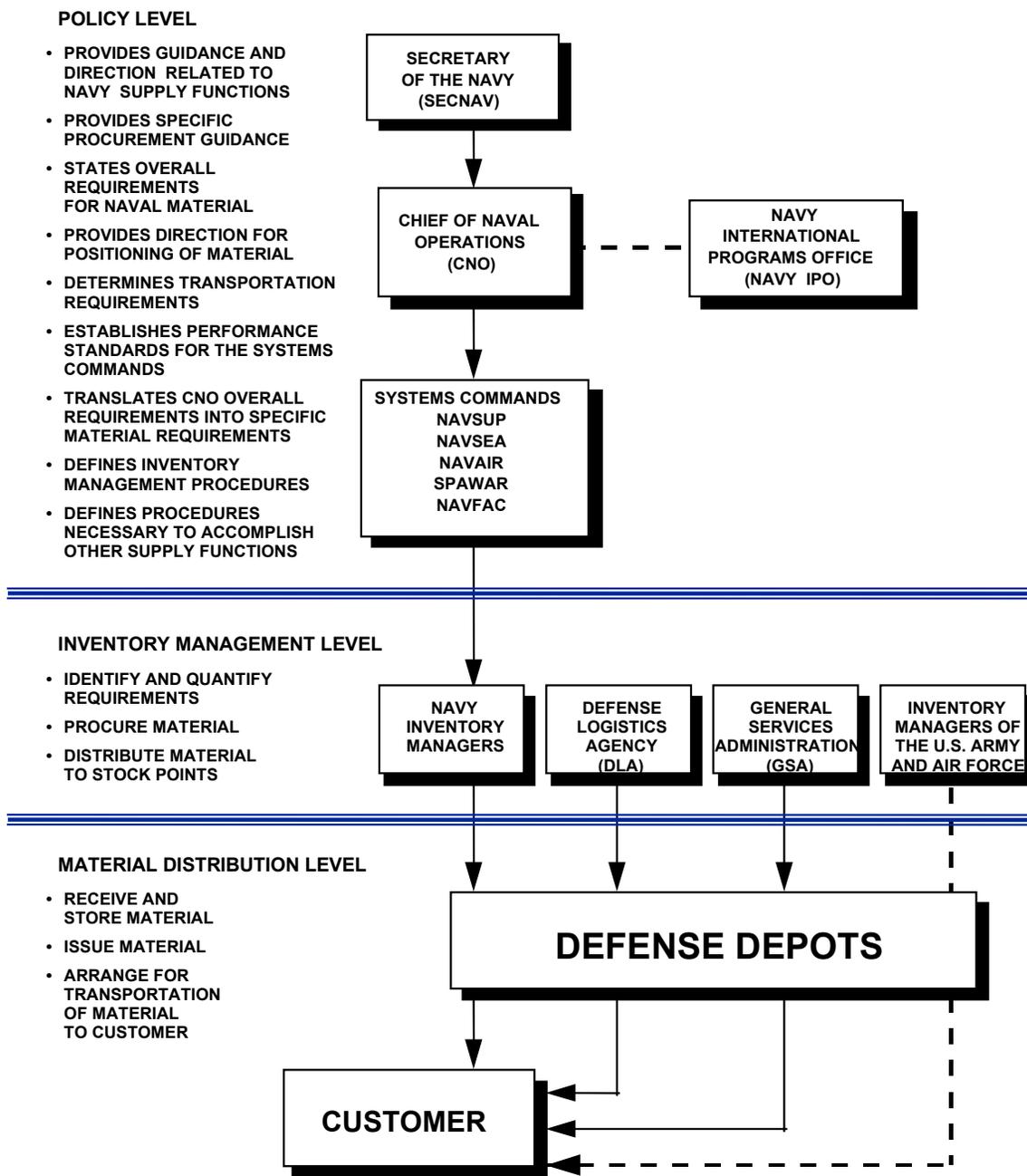
Figure 1-5 shows a sample case identifier and explains its components.

010304 Specialized Pull Cases

Material and/or services may be provided to FMS customers under either “push” or “pull” cases. (See Chapter 2 for a more detailed discussion of these terms.) There are, however, three specialized types of pull cases for which there are no push equivalents. These specialized pull cases are briefly discussed below:

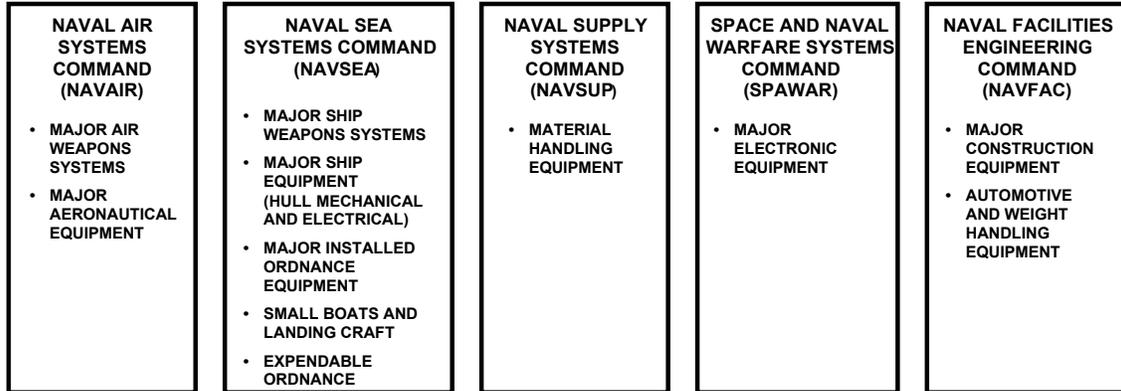
- *Direct Requisitioning Procedure (DRP) case.* This type of case, which has a specified money value, enables the FMS customer to order items within broad categories of material or services in support of one or more weapon systems. (DRP requisitioning is described in Chapter 3.)
- *Cooperative Logistics Supply Support Arrangement (CLSSA) case.* This type of case enables the FMS customer and the U.S. Government to share the cost of the logistics support of a specific weapon system used by both countries. (CLSSA is described in detail in Chapter 4.)
- *Repair Service case.* Through this type of case, the FMS customer arranges to send unserviceable items to the United States for repair or overhaul. (Repairables processing is described in detail in Chapter 5.)

**Figure 1-1
The U.S. Navy Supply System**

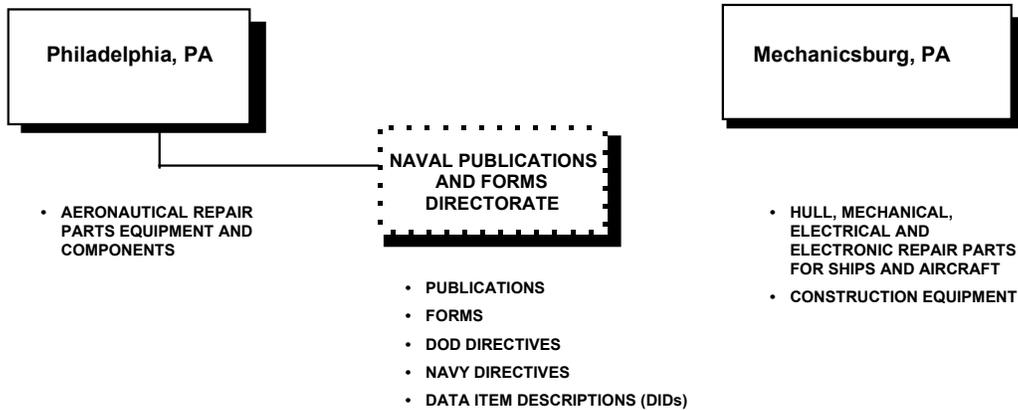


**Figure 1-2
Inventory Managers in the U.S. Navy Supply System**

SYSTEMS COMMANDS



NAVAL INVENTORY CONTROL POINT (NAVICP)



OTHER INVENTORY MANAGERS

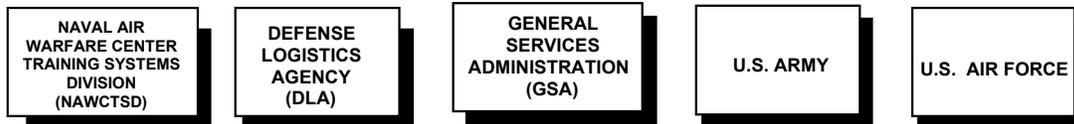


Figure 1-3 (1 of 2)
Navy Material Cognizance Symbols for Designated Inventory Managers

Inventory Manager	Cognizance Symbol	Material Description
NAVAIR	2M	Cryogenics and Mobile Facilities
	2V	Aeronautical Support Equipment and Targets/Drones
	2W	Photographic Equipment
	4V	Aircraft Engines
	8M	Aeronautical Launch and Recovery Systems
NAVSEA	2F	Major Ship Electronic Equipment
	2S	Major Hull, Mechanical, and Electrical Equipment
	2J	Major Shipboard Ordnance Equipment
SPAWAR	2Z	Shore and Shipboard Electronic Equipment
	4M	Meteorological Material
CESO	2C	Major Construction and Civil Engineering Equipment
NAVICP-Mechanicsburg	1H	Surface Related Consumables
	3H	Field Level Repairables
	2B	Material Handling Equipment
	6M	Cryogenics Equipment and Guided Missile Cradles to Support NAVAIR Equipment Weapons Systems
	6Y	Field Changes, Ordnance Alterations, and Kit Modifications
	7E	Depot Level Repairable Ordnance Equipment
	7G	Depot Level Repairable Electronic Material
	7H	Depot Level Repairable Shipboard and Base Equipment
7Z	General Purpose Electronic Test Equipment	
NAVICP-Philadelphia	1R	Consumable Aeronautical, Photographic, and Meteorological Material
	4R	Repairable Catapult and Arresting Gear Material
	5R	Consumable Catapult and Arresting Gear Material
	6K	End Item of Photographic Equipment
	8N	Training Equipment and Repair Parts
	6R	Aeronautical Ground Support Equipment
	7R	Aeronautical Depot Level Repairable Spares

**Figure 1-3 (2 of 2)
Navy Material Cognizance Symbols for Designated Inventory Managers**

Inventory Manager	Cognizance Symbol	Material Description
NPFD	0I	Naval Publications
	1I	Naval Forms
NAV-TRASYSSEN	2O	Training Device Equipment
USMC	9O	Navy-Owned Consumable Stock managed by the U.S. Marine Corps
DLA	9C	Construction Material
	9G	General Purpose Materials
	9L	Medical Supplies
	9N	Electronic Repair Parts
	9X	Fuel
	9Z	Industrial Material
GSA	9Q	General Supplies and Materials
U. S. Army	5L	Strategic Communications Command Material
	5M	Security Agency Material
	9A	Tank-Automotive Command Material
	9E	Troop Support and Aviation Material Readiness Command Material
	9H	Armament Material Readiness Command Material
	9S	Missile Command Material
	9W	Troop Support and Aviation Material Readiness Command Material
	9Y	Communications and Electronics Material Readiness Command Material
U. S. Air Force	5N	Air Force Cryptologic Depot Material
	9F	Warner Robins Air Logistics Center Material
	9I	Ogden Air Logistics Center Material
	9J	Oklahoma City Air Logistics Center Material
	9K	Sacramento Air Logistics Center Material
	9V	San Antonio Air Logistics Center Material

Figure 1-4 (1 of 2)
Illustration of an FMS Case, Letter of Offer and Acceptance (LOA)

United States of America
Letter of Offer and Acceptance (LOA)
(LT-P-LAT)
Based on (LATDEF ltr 2/265 of 10 Apr 92)

Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to sell to **[the Government of Latonia, Office of the Naval Attache, 1001 Bryerstown Ave. NW, Washington, DC 20036]** the defense articles or defense services (which may include defense design and construction services) collectively referred to as "items," set forth herein, subject to the provisions, terms, and conditions in this LOA.

This LOA is for **[Standard Missile Block VI support items and services.]**

Estimated Cost: **[\$19,510,825]** Initial Deposit: **[\$19,360,450]**
Terms of Sale: **[Cash prior to delivery/dependable undertaking,**
Congressional notification 92-17]

This offer expires on **[22 July 1992]**. Unless a request for extension is made by the Purchaser and granted by the USG, the offer will terminate on the expiration date.

This page through page **[2]**, plus Letter of Offer and Acceptance Standard Terms and Conditions attached, are a part of this LOA.

The undersigned are authorized representatives of their Government and hereby offer and accept, respectively, this LOA:

<hr style="border: none; border-top: 1px solid black;"/>	<hr style="border: none; border-top: 1px solid black;"/>	<hr style="border: none; border-top: 1px solid black;"/>	<hr style="border: none; border-top: 1px solid black;"/>
U.S. Signature	Date	Purchaser Signature	Date
 <u>[A.R. DiTrapani Director]</u> Typed Name and Title		 <u>[R.T. Latoni, Naval Liaison Office]</u> Typed Name and Title	
 <u>[Navy International Programs Office]</u> Implementing Agency		 <u>[Royal Latonian Navy]</u> Agency	
<hr style="border: none; border-top: 1px solid black;"/>	<hr style="border: none; border-top: 1px solid black;"/>		
DSAA	Date		

Information to be provided by the Purchaser:

Mark For Code **[R]**, Freight Forwarder Code **[2]**, Purchaser Procuring Agency Code **[X]**, Name and Address of the Purchaser's Paying Office.

Figure 1-4 (2 of 2)
Illustration of an FMS Case, Letter of Offer and Acceptance (LOA), Page 2

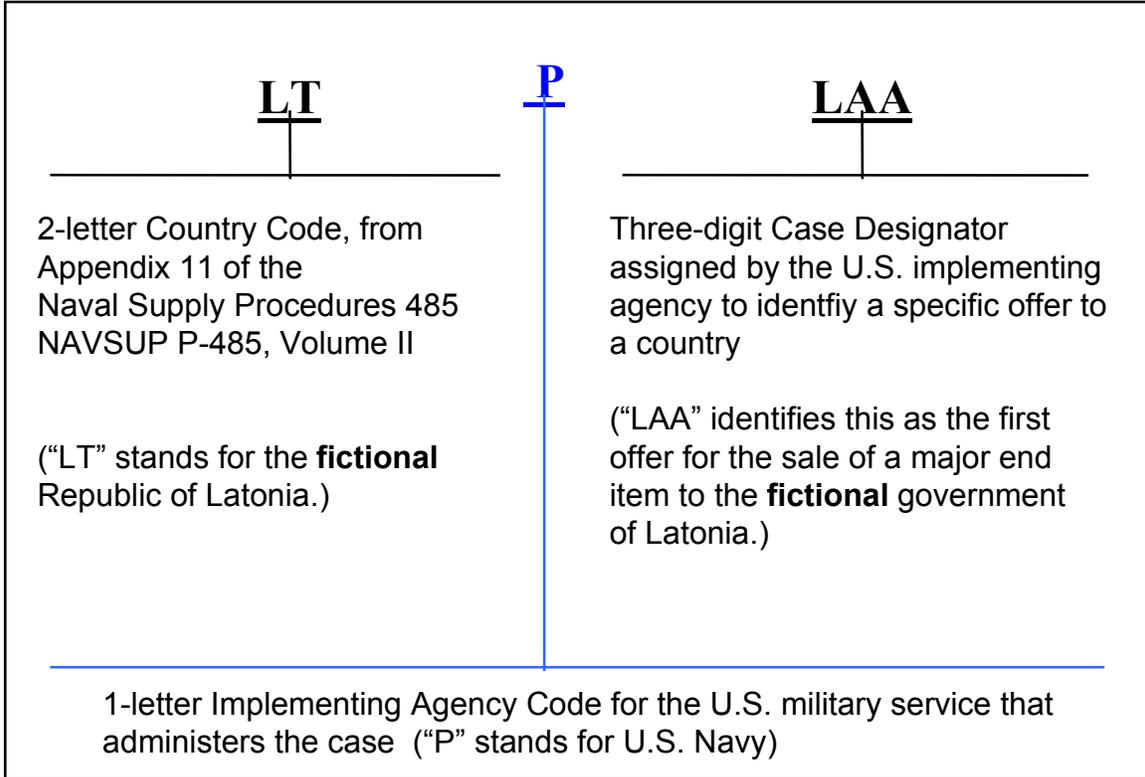
Explanations for acronyms and codes, and financial information, may be found in attached "Letter of Offer and Acceptance Information."

Items to be Supplied (costs and months for delivery are estimates)

(1) Itm Nbr	(2) <u>Description/Condition</u>	(3) Qty, Unit of <u>Issue</u>	(4) Costs <u>(a) Unit</u> <u>(b) Total</u>		(5) SC/MOS/ TA <u>Notes</u>	(6) Ofr Rel <u>Cde</u>	(7) Del Trm <u>Cde</u>
1.	AN1 122000STAMSYS(Y) STANDARD MISSILE BLOCK VI (Note 1)	40 EA	\$448,732	\$17,949,280	X(4) TA4	Z	8
2.	AN1 122000STACONT(N) CONTAINERS (Note 2)			347,631	X(4) TA4	A	4
3.	SIM 030300MISSLTA(N) TECHNICAL SERVICES (Note 3)			150,375	X(24) TA4	A	4

(8) Net Estimated Cost	\$[18,447,286]
(9) Packing, Crating and Handling	\$[231,800]
(10) Administrative Charge	\$[553,419]
(11) Transportation	\$[278,320]
(12) Other (specify; e.g., supply support arrangement)	\$[]
(13) Total Estimated Cost	\$[19,510,825]

Figure 1-5
Construction of the FMS Case Identifier



CHAPTER 2 - REQUISITIONING SYSTEM

SECTION 0201 - REQUISITIONING PROCESS

020101 Requisition: The Basic Ordering Document

There are several types of MILSTRIP documents that are used during the supply process. Requisition documents (or "requisitions") are used to order material or services. Status documents are used to tell the FMS customer what the U.S. supply system is doing with the customer's requisitions. Follow-up documents (or "follow-ups") are used by the customer to ask the supply system what the current status is on their requisitions.

The key to supply support under Foreign Military Sales (FMS) Programs is the MILSTRIP requisition document. MILSTRIP stands for Military Standard Requisitioning and Issue Procedures. The requisition document is used to order a particular item or service. It specifies the kind of item or service that the customer requires. Each requisition applies to only one item, although the quantity of that item may be more than one. Each requisition is assigned its own identification number (or "Document Number"). This Document Number identifies the requisition throughout the supply cycle including requisitioning, status, follow-up, and billing.

020102 Basic Types of Requisitions: "Pull" and "Push"

Requisitions prepared by the FMS customer are called "**pull**" requisitions because the customer "pulls" (or orders) material from the United States. Requisitions prepared by the U.S. supply system for the customer are called "**push**" requisitions because the U.S. supply system "pushes" (sends) material to the customer.

An example of a "pull" requisition is one prepared by a supply activity within a customer's country to replenish stock of a frequently used spare part. An example of a "push" requisition is one prepared by a U.S. item manager to provide the initial supply of spare parts to support a weapon system being supplied to a customer's country. The customer is immediately aware of a "pull" requisition because the customer prepares it. However, the customer becomes aware of a "push" requisition only when initial requisition status is received from NAVICP-OF. The customer should carefully monitor both "push" and "pull" requisitions. The customer must not assume that a "push" requisition requires less attention merely because someone else prepared it.

020103 "Push" Requisitions for Services

This chapter deals primarily with procedures for requisitioning material. However, sometimes customers may also require services. FMS customers **cannot** obtain services by preparing "**pull**" requisitions. Services required by FMS customers must be included as part of an FMS case (LOA). Based on such a case, a U.S. agency will prepare "**push**" requisitions to provide the services. Some FMS cases may be limited exclusively to the provision of services. "Push" requisitions for services can be recognized by the following:

- The Stock Number field (rp 8-22) contains a short, general description of the services to be provided.
- The Unit of Issue field (rp 23-24) contains the letters "SR."
- The entry in the Quantity field (rp 25-29) is "00000."

020104 Military Standard Requisitioning and Issue Procedures

All the military services within the U.S. Department of Defense use standard requisitioning procedures and documentation governed by MILSTRIP. FMS customers ordering material from the United States must also follow MILSTRIP procedures and use standard MILSTRIP document formats. MILSTRIP procedures and documents are described in greater detail later in this Chapter.

020105 Uniform Material Movement and Issue Priority System

The processing of requisitions and the issue, handling, and transportation of material is governed by the Uniform Material Movement and Issue Priority System (UMMIPS). UMMIPS helps to ensure that more urgent requirements are given greater priority. FMS customers ordering material from the United States are required to use UMMIPS guidelines.

020106 How UMMIPS Operates

UMMIPS rules are described in detail in DOD Instruction 4410.6 and Office of the Chief of Naval Operations (OPNAV) Instruction 4614.1. These instructions explain how to assign a priority number (from "01" to "15") to each requisition. A lower priority number indicates a more urgent priority. A higher priority number indicates a less urgent priority.

020107 Determining the Priority Designator for a Requisition

An FMS customer is limited in the priority numbers that can be assigned to their requisitions. The priority designator for a requisition is obtained from a chart provided in the UMMIPS instructions. The priority designator is based on two elements: the Force/Activity Designator (FAD) and the Urgency of Need Designator (UND). Figure 2-1 gives an example of how to use the UMMIPS chart to assign a priority designator to a requisition. Figure 2-1 shows the appropriate priority designator for a routine stock replenishment requisition for a country which has been assigned FAD IV.

020108 Force/Activity Designator (FAD)

The FAD indicates the military importance of the activity that is to receive the material. The FAD is a Roman numeral: I, II, III, IV, or V. Normally the U.S. Joint Chiefs of Staff assign a FAD to a customer's country. This FAD usually applies to all requisitions prepared by that country. Under special conditions, a different FAD may be assigned to a specific military service (e.g., Army, Navy, or Air Force) of a customer's country or to a particular FMS case.

020109 Urgency of Need Designator (UND)

The UND indicates how urgently the receiving activity needs the material being requisitioned. The UND can be: A, B, or C. The requisition originator determines the UND to be assigned according to the rules described in the UMMIPS instructions. UND "A" normally indicates an extremely urgent requirement, UND "B" indicates a less urgent requirement and UND "C" indicates a routine requirement.

020110 Misuse of Priority Designators

The requisition originator is responsible for assigning correct priority designators. UMMIPS rules must be carefully followed. Before submitting a requisition, the priority designator should be carefully reviewed. This review should ensure that the authorized FAD and the actual urgency of need support the priority designator assigned. NAVICP-OF verifies priority designators and provides a quarterly report summarizing violations that FMS customers have made when assigning priority designators. This report is sent to the Security Assistance Office (MAAG/ODC/MILGROUP) in the customer's country.

020111 Transmission of MILSTRIP Requisitions

There are several ways for FMS customers to submit MILSTRIP requisitions.

- A. Defense Data Network (DDN) - The Defense Data Network (DDN) is a frequently used method of sending requisition documents to the U.S. supply system. Nearly all U.S. forces use this worldwide electronic communications network to transmit data in MILSTRIP format. FMS customers are also usually able to gain access to DDN facilities to quickly transmit requisitions to the U.S. supply system. DDN is also used by U.S. supply activities to provide supply and shipping status to FMS customers. Using DDN greatly increases the speed with which customer requirements can be processed.
- B. ILCS - The International Logistics Communication System (ILCS) provides an alternative to customers who do not have access to DDN.
- C. STARR/PC - The Supply Tracking and Reparable Return/Personal Computer (STARR/PC) system enables the customer to send "pull" requisitions to NAVICP-OF (via DAASC) electronically directly from their own computer. Requisitions with exception data (remarks) can also be sent via STARR/PC. (See paragraph 020401 for a detailed discussion of STARR/PC.)
- D. MESSAGE/FAX - Customers who do not have access to DDN facilities and do not have ILCS capability may electronically transmit urgent requirements to NAVICP-OF via message or fax. (No more than seven requisitions can be transmitted on one electronically transmitted message.) Requisitions sent by message or fax must be prepared in MILSTRIP format. Message requisitions should be limited to requirements having the greatest urgency (i.e., those that qualify for assignment of UND "A").
- E. Mail - Customers may also mail their MILSTRIP requisitions to NAVICP-OF. When mailing requisitions to NAVICP-OF, customers may use either DD Form 1348m or DD Form 1348. The DD Form 1348m is the preferred form because it can be more efficiently processed at NAVICP-OF. When ordering a nonstandard item, customers may use DD Form 1348-6, Non-NSN Requisition (Manual). A "nonstandard item" is one that does not have a National Stock Number (NSN) assigned to it.

- F. Diskette - Requisitions may also be mailed to NAVICP-OF in MILSTRIP format on 3.5 inch diskette. These should be IBM compatible diskettes. The MILSTRIP information should be in ASCII text file format.

When a requisition is sent to NAVICP-OF via DAASC using DDN or ILCS, the requisition is recorded at DAASC and then sent to NAVICP-OF. DAASC then tracks each document through the requisition cycle. This tracking service greatly reduces the chance of a requisition being lost and improves status visibility. Figure 2-2 provides a summary of the various ways of sending a requisition.

020112 Four Types of DOD Requisition Forms

There are four types of DOD forms that may also be used to requisition material. When one of these forms is used, it must be printed legibly. If it is not legible, the document may be rejected by NAVICP-OF. The first type is the DOD Single Line Item Requisitioning System Document (Mechanized), DD Form 1348m. It should be used whenever possible (even when sent by mail). A DD Form 1348m that has information in the "Remarks" area of the document cannot be sent to NAVICP-OF via DDN or ILCS. A DD Form 1348m with information in the "Remarks" area must show "A05" in the "Document Identifier" section of the requisition and must be mailed or faxed to NAVICP-OF. The second type of requisition form is the DOD Single Line Item Requisitioning System Document (Manual), DD Form 1348. It must be mailed to NAVICP-OF. DD Form 1348 is available in two, four, and six-copy sets. The customer may choose which type to use. This choice should be based on requirements for internal record copies of the requisition. Only the original of the DD Form 1348 should be mailed to NAVICP-OF. DD Form 1348m and DD Form 1348 are rarely used. This is because of the many advantages of sending requisitions electronically. When they are used, however, these forms must always be prepared in MILSTRIP format.

The third type of requisition form, the DD Form 1348-6, Non-NSN Requisition (Manual), must be used when ordering a non-standard item. When DD Form 1348-6 is used, it must be mailed (original and one copy) or faxed to NAVICP-OF. The fourth type of requisition document is the Message Form. This form must be prepared in MILSTRIP format.

Note: When the Supply Tracking and Repairable Return/Personal Computer (STARR/PC) system is used to send requisitions to NAVICP-OF, the above restrictions do not apply. With STARR/PC, any type of requisition can be sent electronically via ILCS.

020113 What Happens After a Requisition Is Sent to NAVICP-OF

All customers' requisitions (whether "push" or "pull") are sent to NAVICP-OF. They are then recorded in the NAVICP-OF master files, and all necessary financial review and commitment actions are taken. These files are maintained on the Management Information System for International Logistics (MISIL) data base. (MISIL is the U.S. Navy's primary system for processing, controlling, tracking, and reporting Navy FMS transactions.) NAVICP-OF sends each requisition to the item manager in the U.S. supply system who is responsible for the item or type of material requisitioned. The item manager initiates action to obtain the material and then has the material shipped to the customer. This process normally involves releasing material from stock already on hand in the U.S. supply system. If the item is not in stock or is a nonstandard item, the item manager will initiate action to purchase the material from a commercial contractor.

SECTION 0202 – DETAILED FMS REQUISITIONING PROCEDURES

020201 MILSTRIP Requisition Format

All FMS requisitions must be prepared in standard MILSTRIP format. The paragraphs below describe the specific MILSTRIP data elements that are contained in a requisition. In addition, these paragraphs specify the exact location of each data element within the requisition in terms of record positions (rp). For example, the Document Identifier Code is the data element that must be entered in record positions 1 through 3 (rp 1-3) of a MILSTRIP document. MILSTRIP data elements are sometimes referred to as "fields." These paragraphs also include special instructions that must be followed when preparing FMS requisitions.

020202 Document Identifier Code (RP 1-3)

Enter the Document Identifier Code in positions 1-3. The Document Identifier Code describes the purpose of the document. The "A0_" series of codes identifies it as a MILSTRIP requisition document. Always be sure to enter a numeric zero, rather than an alphabetic "O," as the second position of the "Document Identifier" field when preparing requisition documents. The Document Identifiers used in FMS for requisitions are as follows:

- A. A01 - Indicates that the requisition is for a standard (stock Number) item. It also indicates that there is no information in the "Remarks" area.

- B. A04 - Indicates that the requisition is for U.S. Navy publications or forms. It is also used on requisitions for items with Navy Item Control Numbers (NICNs).
- C. A05 - Indicates that the requisition is either for a nonstandard item or for a standard item with information included in the "Remarks" area. ("A05" requisitions **cannot** be sent via DDN or ILCS. "A05" requisitions **can** be sent via STARR/PC.)

Note: For Canada and Mexico, the applicable Document Identifiers for requisitions are: A0A (vice A01), A0D (vice A04) and A0E (vice A05).

020203 Routing Identifier Code (RP 4-6)

Enter "N65" in positions 4-6. "N65" is the Routing Identifier Code for NAVICP-OF.

020204 Media and Status Code (RP 7)

Leave position 7 blank.

020205 Stock Number/SMIC (RP 8-22)

Enter the National Stock Number (NSN) in positions 8-20. A National Stock Number (NSN) is assigned to each standard stock item. An NSN consists of 13 numbers. Record positions 21 and 22 of the "Stock Number/SMIC" field are used for a Special Material Identification Code (SMIC) when needed. When displayed on documents other than MILSTRIP documents, a hyphen (-) is usually inserted between the 4th and 5th digits, between the 6th and 7th digits, and between the 9th and 10th digits of an NSN. An NSN that appears as: **5905-00-410-3897** should be entered in a MILSTRIP document as: **5905004103897**. Figure 2-3 identifies the various parts of an NSN.

The Stock Number field may also be used to enter a Navy Item Control Number (NICN). This is not a National Stock Number. It is a number used to identify material used only (or primarily) by the U.S. Navy. Three examples are Navy publications, forms, and directives. For such items, letters, not numbers, are entered in positions 5-6 (e.g. "LP" for publications, "LF" for forms, or "LD" for directives).

See paragraph 020220 for instructions on the use of this field when ordering nonstandard material.

020206 Unit of Issue Code (RP 23-24)

Enter the Unit of Issue Code in positions 23-24. This two-letter code shows the unit of measurement for the item being ordered. Examples of some common Unit of Issue Codes and their MILSTRIP abbreviations are:

<u>Unit of Issue</u>	<u>Description</u>
EA	Each
PD	Pad
RL	Reel
FT	Foot

The Management Data (MD) product shows the proper Unit of Issue Code for each U.S. Navy standard stock item listed. (See Chapter 12, for a discussion of the MD product.) A complete list of authorized Unit of Issue Codes and their definitions is provided in the Naval Supply Procedures 485 (NAVSUP P-485), Volume II, Appendix 19.

020207 Quantity (RP 25-29)

Enter the Quantity in positions 25-29. This entry shows how many Units of Issue of the item are being ordered. The customer must always consider both the Quantity and the Unit of Issue to order the correct amount of material. For example, suppose a customer wants 12 of an item. If the Unit of Issue is DZ (dozen) and the customer enters "00012" in the Quantity field, they will receive 12 dozen or 144 of the item (12 x 12 = 144). To receive just 12 of an item with a Unit of Issue of "DZ," the customer would have to enter "00001" in the Quantity field [1 dozen (DZ) = 12 each].

MILSTRIP rules also require that all five record positions in the "Quantity" field contain a number. No record position is left blank. Therefore, numeric zeros must be inserted to the left of the quantity. For example, when ordering 6 of an item, the "Quantity" entry should be "00006." When ordering 6,000 of an item, the "Quantity" entry should be "06000." The maximum quantity that can be entered on a MILSTRIP requisition is 99,999. If a quantity larger than 99,999 is required, the customer must submit additional requisitions.

020208 Document Number (RP 30-43)

Enter the Document Number in positions 30-43. This number must be unique for each requisition submitted. It must **NEVER** be used more than once within a country's program regardless of the case. The Document Number field is divided into four sections:

- A. Service Code (RP 30) Enter the Service Code "P" in position 30. This shows that the U.S. Navy manages the FMS case under which the requisition is being submitted.
- B. Requisitioner (RP 31-35) - Enter the Requisitioner in positions 31-35. This five-character entry has the following four parts:
1. *Country Code (rp 31-32)* - This code identifies the country for which the material is being requisitioned. (Refer to Naval Supply Procedures 485 (NAVSUP P-485), Volume II, Appendix 11 for a complete list of FMS country codes.)
 2. *Mark For Code (rp 33)* - This code identifies where the material will be delivered within the FMS customer's country. Enter the Mark For Code shown on page 1 of the applicable LOA. This is the only code authorized unless the LOA is amended. If delivery to a destination within the customer's country is not desired, enter a numeric zero in this space. **Note:** After a requisition has been submitted, the Mark For Code cannot be changed.
 3. *Delivery Term Code (rp 34)* - This code indicates the terms under which material will be delivered to the customer's country. Enter the same letter or number that is shown on page 2 of the applicable LOA. Figure 2-4 provides a list of Delivery Term Codes and their definitions.

NOTE: Defense Working Capital Fund (DWCF) material requisitioned under FMS cases requires the use of Delivery Term Code (DTC) "5" (Government Bill of Lading). Use of DTC "5" ensures that the customer is charged only once for transportation costs. The price of DWCF material includes transportation costs. The use of DTC "4" (Collect Commercial Bill of Lading) for this material would potentially result in the commercial carriers also charging customers for transportation via their freight forwarders. All requisitions submitted to NAVICP-OF for DWCF material should use DTC "5". DWCF material for the Navy and DLA can be determined by the Cognizance Symbol (COG). All COGs beginning with 1, 3, 5, 7 or 9 represent DWCF material. **In order to prevent the potential double billing of transportation, requisitions not following the above guidelines are subject to automatic rejection back to the customer.**

4. *Type of Assistance (TA) Code (rp 35)* - This code identifies the payment arrangements that have been agreed to by the customer and the United States for the applicable FMS case. Enter the same number or letter for each item that is shown in the sixth column on page 2 of the LOA.
- C. Date (RP 36-39) - Enter the Date in positions 36-39. This should be the Julian Date the requisition is prepared. Position 36 corresponds to the last digit of the year. Positions 37-39 correspond to the day within the year. The Julian Date for 14 August 1998 would be "8226." The last digit of the year ("8" from "1998") followed by day within the year ("226"). The day within the year should always be three digits. For example, for a requisition prepared on 30 January 1998, the Julian Date should be "8030." Figure 2-5 provides a Julian date calendar.
- D. Serial Number (RP 40-43) - Enter a Serial Number in positions 40-43. Serial Numbers **MUST** be unique within a Julian Date for a country. Serial Numbers within a Julian Date should begin with 2001 and can continue consecutively through 4999. Serial Numbers in the 5000 through 9999 series are reserved for use by activities within the U.S. supply system and should not be used by the FMS customers. Only numeric Serial Numbers should be used for this entry unless the customer receives different instructions from NAVICP-OF.

020209 Demand Code (RP 44)

Enter the Demand Code in position 44. Enter an "R" if the Type of Assistance Code in column 5 on page 2 of the LOA is a "V." Otherwise, enter an "N."

020210 Supplementary Address Code (RP 45-50)

Enter the Supplementary Address Code in positions 45-50. This six-character entry has the following four parts:

- A. Service Code (RP 45) - Enter the Service Code in position 45. This code identifies the customer country's military service that is submitting the requisition. Enter "P" for Navy, "B" for Army, or "D" for Air Force.
- C. FMS Offer/Release Option Code (RP 46) - Enter the FMS Offer/Release Option Code in position 46. This must be the code in column 6 on page 2 of the applicable LOA. This code indicates how material will be released to the customer or their agent and whether a Notice of Availability (NOA) will be

required before the material is shipped. (For more information about NOAs, see Chapter 10.)

- C. Freight Forwarder Code (RP 47) - Enter the Freight Forwarder Code in position 47. This code is shown on page 1 of the LOA. It identifies the first destination of the shipment. It does not always designate a freight forwarder. Freight Forwarder Code "2," for example, indicates that the initial shipment should be made to the country's embassy in the United States. For more information about Freight Forwarder Codes, see Chapter 10.)

- D. FMS Case Designator (RP 48-50) - Enter the FMS Case Designator in positions 48-50. "Case Designator" is the term used to identify the last three positions of the FMS Case Identifier. It is shown at the top of page 1 of the LOA. For example, if the LOA shows an FMS Case Identifier of **LT-P-ABC**, you would enter "ABC" in positions 48-50.

020211 Signal Code (RP 51)

Enter an "L" in position 51. This designates that the material will be shipped to the location identified by the Supplementary Address.

020212 Fund Code (RP 52-53)

Leave positions 52-53 blank. The Fund Code helps record costs associated with the requisition. NAVICP-OF will enter this code.

020213 Distribution Code (RP 54-56)

The Distribution Code is entered in positions 54-56. Leave position 54 blank. NAVICP-OF will enter the appropriate code during requisition processing to ensure proper routing of status. For items that have an NSN, enter the material cognizance symbol (COG symbol) for the item being requisitioned in positions 55-56. See Chapter 1, Figure 1-3, for examples of COG symbols and material descriptions. When the item being requisitioned does not have an NSN, enter the appropriate COG symbol below:

<u>Material</u>	<u>COG</u>
Ship Parts	1H
Electronic Parts	1H
Aircraft Parts	1R
Training Devices	2O (letter O not number 0)
Publications	0I (letter I not number 1)
All Others	1R

020214 Project Code (RP 57-59)

Enter the Project Code in positions 57-59. An FMS customer may use a Project Code on a requisition to identify a special project or program. Specific authorization and Project Code assignment must be obtained from NAVICP-OF. If a Project Code is not needed, this section should be left blank.

020215 Priority (RP 60-61)

Enter the Priority in positions 60-61. Use UMMIPS rules discussed previously in this chapter to enter the right number in the Priority field. Be sure to fill in both record positions of the Priority field. Use a numeric zero in the first space if the Priority Number is 1-9 (i.e., enter 01, 02, 03, 04, etc.).

020216 Required Delivery Date (RP 62-64)

Since the UMMIPS assigns time standards for processing, issuing, and shipping material, no entry is required in this field. However, the customer may sometimes want material to be delivered prior to, or later than, the time specified by the UMMIPS priority designator. In this situation, the customer should enter the desired delivery date in positions 62-64. If an entry is made in this field, it must be in "Julian Date" format, without the year code. If an entry is made, all three record positions must be filled. For example, enter "006" (not "6") or "045" (not "45").

When expedited delivery is desired, FMS customers may enter "777" in positions 62-64. This entry may only be used when the priority entered in positions 60-61 is from 01 to 08. FMS customers will continue to enter "N02" in positions 62-64 for CASREP or NMCS requisitions.

020217 Advice Code (RP 65-66)

Enter the Advice Code in positions 65-66. FMS customers should make an entry in this section only when they wish to give special advice or instructions to the U.S. supply system. Figure 2-6 provides a listing of applicable Advice Codes and their explanations.

020218 Record Positions 67 Through 73

Leave positions 67-73 blank.

020219 Unit Price (RP 74-80)

Enter the Unit Price in positions 74-80. This will be the price of one Unit of Issue. The Unit Price is a required entry only on requisitions for nonstandard items. If the Unit Price of a nonstandard item is too large to fit in this field, enter it in the "Remarks" area of the requisition (block 11 of DD Form 1348-6). If the customer does not know the current price of the item, they may enter the most recent price paid for that item after adjusting for inflation. If no record of a price previously paid is available, the customer should enter an estimated price based on their best judgement.

The Unit Price is always stated in U.S. dollars and cents. Positions 79 and 80 are always used to show the cents portion of the price. All seven record positions must be filled. Zeros should be entered to the left of the Unit Price, if necessary, to ensure that all record positions are filled. For example, material with a Unit Price of \$16.32 would be shown as "0001632."

If the customer enters an incorrect Unit Price on the original requisition, the correct price will be entered when the requisition is processed through the U.S. supply system. Unit Price corrections will be included with status information provided by the U.S. supply system back to the customer.

020220 Additional Guidance for Nonstandard Material Requisitions

The MILSTRIP data elements entered on requisitions for nonstandard material are very similar to those entered on requisitions for standard material. However, there are some exceptions. On nonstandard requisitions:

- Enter Document Identifier Code "A05" in rp 1-3
- Enter the Commercial and Government Entity (CAGE) code of the manufacturer of the item in rp 8-12.
- Enter the Manufacturer's Part Number for the item in rp 13-22. If the Part Number is more than 10 digits, then enter the whole Part Number in the "Manufacturer's Code and Part Number" area of the nonstandard requisition (Block 1 of DD Form 1348-6).

As indicated above, when ordering a nonstandard item, the NSN field (rp 8-22) is used to show other identifying information. Because the NSN field is limited in size, this information is almost always continued in the "Remarks" area of the requisition document. The information provided on a requisition for nonstandard material must enable U.S. supply system personnel to identify the item being ordered. A manufacturer usually assigns a "Manufacturer's Part Number" to each item they produce. In addition,

most U.S. manufacturers have been assigned a five-digit Commercial and Government Entity (CAGE) code. A list of CAGE codes is provided in the U.S. Defense Logistics Agency (DLA) Cataloging Handbooks H-Series. Enter the CAGE code, together with the Manufacturer's Part Number, in rp 8-22 of the nonstandard requisition. If the CAGE code and part number exceed 15 digits, enter the entire CAGE code and part number in the "Identification Data" section of the requisition (Block 1 of the DD Form 1348-6). Be sure to separate the part number from the CAGE code. Use a slash (/), or otherwise clearly separate the two fields.

Proper identification of a nonstandard item is almost always possible if the customer provides the following information on the requisition:

- Name of the item
- Name of the manufacturer of the item
- Part number assigned to the item by the manufacturer
- CAGE code assigned to the manufacturer
- Name (or short description) of the next higher assembly end item/equipment, or major weapons system in which the item is used
- Manufacturer of the next higher assembly, end item/equipment, or major weapons system

Different manufacturers sometimes use the same part number to identify completely different items. For example, part number X04Z107 may be a bolt made by manufacturer A. The same part number may also identify a transistor made by manufacturer B. For this reason, a part number must always be accompanied by the CAGE code and/or the name of the manufacturer. This information will help supply system personnel to correctly identify the item being ordered.

Additional identifying or descriptive information should also be included in the "Identification Data" section of the requisition if possible. Examples of additional identifying information include the manufacturer's drawing number, what the item is used for, and the technical manual figure and index from an Illustrated Parts Breakdown (IPB).

Nonstandard requisitions also require additional information for which there are no MILSTRIP codes. Figure 2-7 shows an example of a DD Form 1348-6, nonstandard requisition form. The additional information required is explained in Figure 2-7. If a nonstandard requisition is sent using STARR/PC, all of the information that the customer would enter on a DD Form 1348-6 is still required.

020221 Submitting MISLTRIP Requisitions Via Message

As indicated previously, requisitions for urgently needed material may be sent to NAVICP-OF via an electronically transmitted message. This is material that qualifies under UMMIPS rules for assignment of UND "A" only. Data elements must be entered on message requisitions in MILSTRIP format. Figure 2-8 shows an example of how the data elements of a requisition for standard material would appear in a message.

Requisitions for nonstandard material submitted via message must include the identifying information normally provided in the "Identification Data" section (blocks 1-9e) of a DD Form 1348-6. Figure 2-9 provides an example of how the data elements of a requisition for nonstandard material would appear in a message.

SECTION 0203 - OTHER MILSTRIP DOCUMENTS

020301 Introduction

This section discusses other types of MILSTRIP documents that are important to FMS customers including status documents, follow-up documents and cancellation documents.

020302 Status Information on Customer Requisitions

Throughout the requisition and supply process, activities involved in processing a requisition will provide NAVICP-OF with status information. This information shows the progress of supply action. As status information is received, NAVICP-OF sends it (in MILSTRIP format) to the customer. Status documents are sent to the FMS customer (or their representative) identified by Type of Address Code (TAC) 4 in the Military Assistance Program Address Directory (MAPAD) (DOD 4000.25-8-M). If the customer (or their representative) has DDN, ILCS, or STARR/PC capability, status documents can be transmitted electronically. This is possible, however, only if the MAPAD contains an address designated by a Special Instruction Indicator to receive electronic transmissions. DDN, ILCS, and STARR/PC are very fast and efficient. They should be used whenever possible. NAVICP-OF sends status to the DAASC. DAASC then sends the status documents to the customer's TAC 4 address listed in the MAPAD. Therefore, FMS customers must ensure that this address is accurate.

020303 Reading Status Documents

Status documents will be provided in MILSTRIP format. The following paragraphs discuss how to interpret status documents. To properly read and interpret all the coded

information provided, customers should have access to Naval Supply Procedures 485 (NAVSUP P-485).

020304 Types of Status Documents

A status document looks almost the same as a MILSTRIP requisition document. The Document Number (rp 30-43) shown on any status document will always be exactly the same as the one entered on the original requisition. To distinguish a status document from a requisition, check the Document Identifier Code entered in rp 1-3. Generally, a sequence of three to four types of status documents, with different Document Identifier Codes, will be used to show the progression of the requisition through the supply cycle. Some of these Document Identifier Codes are described below:

- A. Document Identifier Code "AE2" - For a "**pull**" requisition, an "AE2" status document (with status code "BW" or "N8" in rp 65-66) will normally be the first status document sent to the customer. This will tell the customer that NAVICP-OF has received the requisition from the customer. Other "AE2" status documents will be sent later. These will provide information about actions taken by the supply system to process the requisition. The action taken will be indicated by the status code entered in rp 65-66.
- B. Document Identifier Code "AE-" - For a "**push**" requisition, the customer will receive an "AE_" status document with status code "BU" in rp 65-66. This will tell the customer that NAVICP-OF has received and processed the "push" requisition from the U.S. supply system. An "AEA" status document will be sent to tell the customer that a "push" requisition for a standard item has been processed. An "AED" or "AEE" status document will be sent to tell the customer that a "push" requisition for a nonstandard item has been processed. (An "AED" status document will be sent to acknowledge receipt of an "A04" "push" requisition. An "AEE" status document will be sent to acknowledge receipt of an "A05" "push" requisition.)
- C. Document Identifier Code "AB2." - When procurement is required to supply an item, an "AB2" document showing the contract number will be provided. Status code "BV" will normally be entered in rp 65-66. (An "AE2" document with status code "B7" in rp 65-66 will normally be provided along with the "AB2" document. This "AE2" status document will show the contract unit price.)
- D. Document Identifier Code "AS2." - When the supply system ships material, an "AS2" shipment status document is sent to the customer. The date of shipment will be shown in rp 57-59.

Note: There are two types of status transactions. **Supply** status transactions ("AE_" series and "AB2" Document Identifier Codes) tell the customer what the supply system is doing. **Shipment** status transactions (Document Identifier Code "AS2") tell the customer that material has been shipped.

020305 How to Interpret Supply Status

The purpose of the supply status document is indicated by the status code entered in rp 65-66. Figure 2-10 lists examples and descriptions of frequently used status codes. However, there are several other fields on a status document that relay critical information to the customer:

<u>Record Positions</u>	<u>Information Provided</u>
8 - 22	Stock Number: This field shows the current National Stock Number (NSN), Part Number, or other identifying data.
23 - 24	Unit of Issue: This field shows the current Unit of Issue.
25 - 29	Quantity: This field shows the Quantity of material to which the status information applies
44	Suffix Code (See paragraph that follows.)
62 - 64	Date: This is a three-position Julian date. It shows the month and day (but not the year) on which the action described in rp 65-66 was taken.
65 - 66	Action Taken: The status code entered in rp 65-66 tells what has happened to the requisition or what type of action has been taken.
67 - 69	Activity: This field shows the activity to which questions should be sent.
70 - 73	Date: This field shows the Julian date on which the material described in rp 8-22 will be shipped.
74 - 80	Unit Price: This field shows the current Unit Price (in dollars and cents).

The customer should review each supply status document carefully. Customers should compare information on the most recent status document to information previously received. For example, suppose a change in Unit Price is indicated. By looking at the previously received status document (or the original requisition), the customer can see how much the price has increased or decreased. This is why it is important to maintain a complete file of all supply status documents for each requisition submitted.

020306 Shipment of Material to the Customer

Material is shipped from the source of supply (U.S. Government activity or private contractor) to the FMS customer or their representative. The FMS customer normally uses the services of a freight forwarder in the United States to forward shipments to the customer's country. When a freight forwarder is identified as the "ship to" addressee, the source of supply directs shipments to the freight forwarder. The customer's freight forwarder must then arrange for transportation of the material to its final destination in the customer's country.

Shipments from U.S. government stock to either the customer's freight forwarder or another location within the Continental United States (CONUS) occur at no cost to the customer. Shipments from sources other than U.S. government stock will be shipped in accordance with the Delivery Term Code cited on the FMS case (LOA). Regardless of the method of transportation used, title to the material transfers from the U.S. Government to the FMS customer when the material is shipped from the source of supply.

Exceptions to the usual arrangements for shipment are most often made when U.S. Government-furnished equipment, ammunition, or classified material is involved. In these instances, shipment is usually made either via U.S. Government transportation or via a prepaid U.S. Government Bill of Lading (GBL). Arrangements for these methods of transportation are included in the LOA.

020307 How to Interpret Shipment Status

Document Identifier Code "AS2" in rp 1-3 of the document identifies a transaction as a shipment status document. When an FMS customer receives a status document telling them that material has been shipped, they should still retain their requisition/status files for at least one year. This information may be required to prepare a Supply Discrepancy Report (SDR). See Chapter 7 for more information about SDRs. The customer should carefully check the following fields on a shipment status document:

<u>Record Positions</u>	<u>Information Provided</u>
4-6	Routing Identifier Code: This code identifies the shipper.
25 - 29	Quantity. This entry shows how many (Units of Issue) of the item were shipped.
44	Suffix Code (See paragraph below.)

57 - 59	On a shipment status document, these positions show when the material was shipped. A three-position Julian date is shown. This indicates the month and day (but not the year) on which material was shipped.
62 – 76	Shipment identification field
77	On a shipment status document, this position shows the Mode of Shipment code. (See Figure 2-11.) This code tells how the material was shipped.

020308 Suffix Code (RP 44)

The U.S. supply system must sometimes make two or more shipments to provide the total quantity of an item ordered on a requisition. This can happen when a single storage site does not have enough stock on hand to supply the entire quantity ordered. In this situation, partial shipments might be made from stock on hand at two or more storage sites. Shipments may also be made partly from stock on hand and partly from a commercial supplier. In such situations, a single letter or number, called a Suffix Code, is entered in rp 44 of the status document. A Suffix Code is used to show that the status being provided applies **only to part of the quantity** ordered on the original requisition. This quantity will be reflected in rp 25-29 of this transaction. A Suffix Code will be assigned to each partial quantity of the original requisition. Therefore, the customer should **always** check rp 44 of supply or shipment status documents carefully.

The following characters may be used as Suffix Codes: A, B, C, D, E, F, G, H, J, K, L, M, Q, T, U, V, W, 2, 3, 4, 5, 6, 7, 8, 9.

Note: Partial issues are not made on Cognizance Code (COG) 0I material. See paragraph 020407 for rp 44 entries on MILSTRIP documents for COG 0I material.

020309 Shipment Identification Field

Record positions 62 through 76 make up the Shipment Identification Field. This field shows the Transportation Control Number (TCN). The TCN includes one of the following:

- Government Bill of Lading number (indicated by "B" in rp 68)
- Certified mail number (indicated by "C" in rp 68)
- Insured parcel post number (indicated by "I" in rp 68)
- Registered mail number (indicated by "R" in rp 68)
- United Parcel Service pickup number (indicated by "U" in rp 68)
- First 15 positions of the FMS Notice of Availability document number

020310 Contract Accounting Status Transactions

There are three special Status Transactions that are used to provide status information about material delivered or services performed under contract accounting procedures. Requisitions for this material or these services are called "Contract Accounting Deliverable" requisitions. These transactions, with Document Identifiers "BLA," "BLB," and "BLC," are discussed in detail in Chapter 12.

020311 Requisition Rejection Status Documents

Sometimes a customer's requisition cannot be accepted by the U.S. supply system. When this happens, the requisition is rejected. The customer will get a status document with Document Identifier "AE2" in rp 1-3. The Status Code shown in rp 65-66 will explain why the requisition could not be accepted. This type of code is called a "Requisition Rejection Status Code." Figure 2-12 lists some of these codes and their definitions.

020312 Follow-Up Process

NAVICP-OF conducts automatic follow-up action within the U.S. supply system on all requisitions for which it does not have current valid status information and estimated delivery dates (or for which the estimated delivery dates have passed). If mechanized follow-ups do not produce satisfactory results, NAVICP-OF will follow up manually. Status information received in response to these follow-ups is sent to the customer by NAVICP-OF soon after it is received. This will ensure that the customer has the most current information available and should reduce the need for follow-up action by the customer.

If a customer decides that a follow-up is necessary, the follow-up must be prepared in MILSTRIP format. A follow-up document will look almost exactly like the customer's original requisition except for the Document Identifier Code entered in rp 1-3. Follow-ups should be transmitted to NAVICP-OF via DAASC using DDN, ILCS, or STARR/PC whenever possible. If the customer does not have access to these facilities, they should mail requisition follow-ups to NAVICP-OF. (DD Form 1348M may be used if necessary.) In an emergency, a follow-up may be sent to NAVICP-OF via message, telephone, or fax in MILSTRIP format.

Note: The customer should allow the U.S. supply system enough time to provide information before sending a follow-up. Follow-ups on both standard and nonstandard requisitions may be submitted according to the timeframes shown in Figure 2-13. Remember, however, that it often takes extra time to process a requisition for a nonstandard item. For example, the item manager may have to research the information provided by the customer to identify the item and locate a source of supply.

020313 Follow-up Documents: "AF1" (Status Update)

There may be times when a customer has received status on a requisition, but has not received updated status recently. There may also be times when the estimated shipping date shown on a previous status document has passed and the customer has not received the material. When one of these situations occurs, the customer may wish to send a follow-up to NAVICP-OF. To do this, the customer should enter Document Identifier Code "AF1" in rp 1-3 of the follow-up document. The rest of the document should look exactly like the original requisition or the last status document received.

Note: When a customer sends an "AF1" follow-up to NAVICP-OF, they will only get **the most current status on file** at NAVICP-OF. An "AF1" follow-up does not generate a direct inquiry to the U.S. supply system. Because of this, the status received as a result of an "AF1" follow-up may reflect the same status that the customer previously received.

020314 Follow-up/Requisition Reinstatement Documents: "AT1," "AT4," "AT5"

The follow-up/requisition reinstatement ("AT_") is a special type of follow-up document. A customer may submit this type of follow-up when they have not received any status within the time limits shown in Figure 2-13.

An "AT_" follow-up/requisition reinstatement document tells NAVICP-OF that the customer has not received any status. It also tells NAVICP-OF and the U.S. supply system to use the "AT_" follow-up document as a new requisition if there is no record of the customer's original requisition. This procedure saves the customer the time and trouble of having to wait for a response, request that the original requisition be canceled, receive a reply to the request for cancellation, and submit a new requisition.

A follow-up/requisition reinstatement document looks almost exactly the same as the customer's original requisition. The only difference is the Document Identifier Code entered in rp 1-3.

- If the original requisition had Document Identifier Code "A01" (for a standard item), enter "AT1" in rp 1-3 of the follow-up/requisition reinstatement document.
- If the original requisition had Document Identifier Code "A04" (for Navy Item Control Numbered material), enter "AT4" in rp 1-3 of the follow-up/requisition reinstatement document.

- If the original requisition had Document Identifier Code "A05" (for a nonstandard item), enter "AT5" in rp 1-3 of the follow-up/requisition reinstatement document. Any information entered in the "Remarks" area of the original requisition document must also be entered in the "Remarks" area of the "AT5" follow-up/ requisition reinstatement document.

Note: A DD Form 1348-6 may be used as a follow-up document only when the customer is submitting an "AT5" follow- up/requisition reinstatement for a nonstandard item. All other follow-ups must be submitted electronically on DD Form 1348m.

020315 Follow-up Documents: Improved Estimated Shipping Date

When material is urgently needed, the customer may have to request an improvement in the estimated shipping date provided on a previous ("AE_") supply status document. To do this, the customer should send NAVICP-OF a follow-up document with Document Identifier "AFC" in rp 1-3. This code will automatically initiate action within the U.S. supply system to attempt to improve the estimated shipping date. **This type of follow-up may be used only for requisitions showing a priority of 01 through 08 in rp 60-61.**

020316 Special Requisitioning Functions

Three basic types of MILSTRIP documents have previously been discussed in this chapter:

- MILSTRIP requisitions (both "push" and "pull" types)
- MILSTRIP status documents
- MILSTRIP follow-ups

There are, however, other functions that the customer may sometimes need to perform. For example, the customer may need to change some of the information entered on an original requisition. The customer may also wish to cancel a requisition. These and other functions are discussed in the following paragraphs.

020317 Quantity Increases

Customers **cannot** increase the amount entered in the "Quantity" field after a requisition has been submitted to NAVICP-OF. However, customers may requisition an item and then find that they did not order enough. When this happens, the customer should submit a new requisition, **using a different document number**, for the additional quantity required.

020318 Cancellation Requests

To request that a requisition be canceled, a customer must submit a cancellation document with Document Identifier Code "AC1" in rp 1-3. If a customer wishes to cancel the entire quantity ordered, the information on the rest of the cancellation document should be exactly the same as the information on the requisition or the latest status document. However, if a customer wishes to cancel only part of the quantity ordered, the customer will enter the quantity that they wish to cancel in rp 25-29.

The U.S. supply system cannot always cancel a requisition. This is most often true when supply or contract action has been completed (or almost completed) by the time NAVICP-OF gets the customer's "AC1" document. For example, if the material has already been shipped when NAVICP-OF gets the "AC1" document, the requisition cannot be canceled. Additionally, if procurement action has already been initiated, the customer may have to pay part, or all, of the contract price for the material ordered. In this situation, NAVICP-OF will inform the customer about any cancellation costs that may be incurred before they cancel the customer's requisition. An FMS customer **cannot cancel** a requisition:

- When the customer has received an "AE2" supply status document with "BA" or "BL" in rp 65-66
- When the customer has received an "AS2" shipment status document with a Mode of Shipment code in rp 77

020319 Cancellation Denial

If material has already been shipped when NAVICP-OF gets the customer's "AC1" cancellation request, NAVICP-OF will send the customer an "AU2" shipment status document. This will indicate that the material has been shipped and that it is too late to cancel the requisition.

020320 Follow-up to a Cancellation Request

A customer may need to follow up on a cancellation request. (See Figure 2-13) The customer should fill out the follow-up document exactly the same as the cancellation request document, with one exception, Document Identifier Code "AK1" should be entered in rp 1-3. This will tell the supply system that the customer has not received a response to their requisition cancellation request. It will also tell the supply system to process the "AK1" document as an "AC1" cancellation request if there is no record of the customer's original "AC1" document.

020321 Document Modifier Requests

The FMS customer may submit a MILSTRIP Document Modifier to change certain information that was submitted on an original requisition. To request these changes, customers should submit an "AM1," "AM4" or "AM5" Document Modifier. The third character of the Document Identifier Code must agree with the third character of the Document Identifier Code that was used on the original requisition. Routine status documents will show whether or not the U.S. supply system was able to comply with the modification request. Customers may request changes to the following fields:

- FMS Offer/Release Option Code (rp 46)
- Freight Forwarder Code (rp 47)
- Project Code (rp 57-59)
- Priority (rp 60-61)
- Required Delivery Date (rp 62-64)
- Advice Code (rp 65-66)

The customer **does not** need to prepare a separate Document Modifier for each field. A customer may submit a single "AM_" Document Modifier to change any combination of fields, or all of the fields, that they are authorized to change. For example, a customer may change the Project Code, Priority, and Advice Code of a requisition by submitting a single "AM_" Document Modifier.

020322 FMS Offer/Release Option Code and Freight Forwarder Code Changes

NAVICP-OF will accept customer requests to change the FMS Offer/Release Option Code (rp 46) and/or the Freight Forwarder Code (rp 47). NAVICP-OF must, however, make sure that the codes entered on the applicable LOA will allow for the change. NAVICP-OF will send all valid change requests to the appropriate U.S. supply system components.

020323 Project Code Change or Deletion

The FMS customer may submit a MILSTRIP Document Modifier to change/delete the Project Code entered on the original requisition.

- If a change is required, enter the new Project Code in rp 57-59 of the Document Modifier. The remainder of the Document Modifier should be identical to the original requisition.
- To delete the Project Code shown on the original requisition, enter "XXX" in rp 57-59 of the Document Modifier. This will delete the Project Code field from the Management Information System for

International Logistics (MISIL) computer file. If rp 57-59 are left blank, no change will be made to the MISIL file.

020324 Changing the Priority of a Requisition

Certain emergency conditions may arise after a requisition has been submitted to NAVICP-OF. These conditions may require an upgrade of the UMMIPS Priority assigned to all or part of the material ordered. However, even when such emergencies arise, customers should exercise great restraint. Priority may be increased only within UMMIPS limitations. **Also, priority may be increased only on that quantity of material needed to remedy the emergency.** Emergencies that justify an increase in Priority are:

- The inability of an operational unit to perform assigned operational tasks
- A work stoppage due to a lack of material at an activity involved in the repair, modification, or manufacture of primary weapons systems, equipment, or supplies

If the Priority change is to apply to only part of the quantity originally ordered, submit an entirely new requisition with a new document number for the quantity urgently needed. Enter the new Priority and the new Required Delivery Date in the appropriate fields. Then submit a MILSTRIP cancellation document for the quantity of the item being ordered on the new requisition. The cancellation document will be identical to the original requisition except for the Document Identifier and Quantity fields. Enter "AC1" in the Document Identifier field (rp 1-3). In the Quantity field (rp 25-29), enter the amount by which the quantity originally ordered is being reduced. This entry should be the same as the quantity being ordered on the new requisition.

If the Priority change is to apply to the entire quantity, prepare a Document Modifier using the appropriate Document Identifier in rp 1-3. The remainder of the Document Modifier should be identical to the original requisition except for the Priority field (rp 60-61) and, if necessary, the Required Delivery Date field (rp 62-64).

020325 Advice Code Change or Deletion

The FMS customer may submit a MILSTRIP Document Modifier to NAVICP-OF to change/delete the Advice Code entered on the original requisition.

- If a change is required, enter the new Advice Code in rp 65-66 of the Document Modifier. The remainder of the Document Modifier should be identical to the original requisition.
- To delete the Advice Code shown on the original requisition, enter "XX" in rp 65-66 of the Document Modifier. This will delete the Advice Code field from the MISIL file. If rp 65 and 66 are left blank, no change will be made to the MISIL file.

020326 Summary of FMS Requisitioning Process

Figure 2-14 summarizes the flow of information in the FMS requisitioning process. This includes requisitioning, status feedback, follow-ups, customer modification requests and customer cancellation requests.

SECTION 0204 - AREAS OF SPECIAL INTEREST

020401 STARR/PC

The Supply Tracking and Repairable Return/Personal Computer (STARR/PC) system, as the name suggests, is operated from a personal computer (PC). This PC can be located wherever the FMS customer desires. The main goal of STARR/PC is to improve supply support to the U.S. Navy's FMS customers. This is done by providing the customer with a copy of the master records that contain information about open requisitions that are in the Management Information System for International Logistics (MISIL) database. With STARR/PC installed, the customer simply uses a modem to dial up the Defense Automatic Addressing System Center (DAASC). DAASC then exchanges information between MISIL and the FMS customer. The customer will then have updated information about all their FMS transactions with the U.S. Navy that are entered in MISIL. STARR/PC can also be used to communicate with other parts of the U.S. supply system and the customer's freight forwarder. STARR/PC enables the customer to:

- Send requisitions to NAVICP-OF. This includes requisitions for standard material (A01), nonstandard material (A05) and publications (A04).

- Send follow-ups to NAVICP-OF
- Send cancellation and modification requests to NAVICP-OF
- Send Supply Discrepancy Reports (SDRs) to NAVICP-OF
- Receive supply and shipment status from NAVICP-OF
- Receive SDR status from NAVICP-OF
- Receive freight tracking information from a freight forwarder
- Receive FMS case financial information from NAVICP-OF (this information is unofficial and is provided for budgetary planning only)
- Request a variety of customized reports (such as a list of all requisitions with a specific stock number or a list of all open SDRs)

With STARR/PC, these transactions can normally be processed in one to two days. The customer's STARR/PC system uses ILCS to communicate with DAASC. DAASC then communicates with MISIL (or the U.S. supply system) to obtain data. DAASC then sends this data back to the customer's STARR/PC system via ILCS. Therefore, the customer must subscribe to ILCS to use the STARR/PC system. Except for the cost of sending an installation team to the customer's country, the STARR/PC system itself is provided without cost to the FMS customer. Other requirements/recommendations include the following:

- An IBM-compatible PC
- A 486 (33 MHz or more) processor with 4 to 8 megabytes of RAM
- A minimum of 150 megabytes of ROM
- A standard PC (dot matrix or laser) printer for printing reports
- An asynchronous, Hayes-compatible modem
- DOS 5.1
- dBASE IV or V for DOS
- Carbon Copy For DOS
- DAASC Automated Message Exchange System (DAMES) software (provided by DAASC)

The main advantages of STARR/PC are speed and simplicity. Another advantage of STARR/PC is that all transactions entered by the customer are automatically validated. When an error is detected, a message is displayed on the PC screen. The screen then provides information to help the customer correct the error. This greatly reduces the number of delays caused by entering incorrect information on requisitions, SDRs, etc.

The customer can also use STARR/PC to interface with the U.S. Army Centralized Information System for International Logistics (CISIL) and the U.S. Air Force Security Assistance Management Information System (SAMIS) as well as with the U.S. Navy MISIL system.

020402 Major Weapons System or Equipment

The purchase of a major weapons system (such as a fighter aircraft) or equipment (such as shipboard sonar or radar) presents the customer with extremely complex logistics support responsibilities. For FMS cases implemented by the U.S. Navy, every effort is made to help the FMS customer meet these logistics support responsibilities. These responsibilities may include:

- Supply support
- Arranging for operating site preparation
- Arranging for operating personnel training
- Obtaining special support and test equipment
- Arranging for maintenance, overhaul, and repair services
- Obtaining technical data and publications
- Arranging for engineering and technical support services

020403 Planning for Receipt of "Push" Material

When a major weapons system or equipment is shipped to an FMS customer, most material will be ordered and shipped without any requisitioning action by the customer. Instead, there will frequently be many thousands of "push" requisitions that are originated by activities within the U.S. supply system. It is extremely important to record and monitor "push" requisitions as soon as initial supply status is received.

There are two ways to recognize "push" requisitions. One way is by looking at the Serial Number portion (rp 40-43) of the Document Number field. "Push" requisitions will show a Serial Number between "5000" and "9999." However, when specifically authorized, the Serial Number section of a "push" requisition may contain a combination of numbers and letters. The second way to identify a "push" requisition is to look at the initial Status Code (rp 65-66) received on a requisition. An initial Status Code of "BU" indicates that the material is being supplied on a "push" requisition whereas an initial Status Code of "BW" indicates that the material is being supplied on a "pull" requisition.

The customer should be prepared to receive, record, and monitor the large number of documents associated with "push" requisitions. The customer should also plan for the receipt of the requisitioned material. This planning is especially important during the introduction and early operating periods for new weapons systems or equipment. This planning must include:

- Preparation for customs clearance
- Transportation from the port of entry to the location in the customer country where material will be stored
- Preparation of warehouse space needed to store the material
- Protection of material against loss or damage during movement and storage
- Use of an accurate location system to ensure that material is not misplaced

Note: Many of these preparations can be made by the customer's freight forwarder. For descriptions of services available from freight forwarders refer to Chapter 10.

020404 Importance of Keeping Usage Data

The customer should keep accurate records of how often each item is issued and how many items are issued. Analysis of this information, known as "usage data," will help the customer to more accurately predict future requirements. Through careful analysis of usage data, the customer can adjust stock levels to reflect their operating and maintenance practices. This analysis can also assist in identifying potential changes in operating and maintenance practices.

020405 CASREP and NMCS Procedures

There are two special requisitioning procedures that apply to material needed to maintain a ship or aircraft in mission capable condition. These are the Casualty Reporting System (CASREP) and Not Mission Capable Supply (NMCS) procedures. FMS customers must have special authorization from Navy IPO to use either CASREP or NMCS requisitioning procedures. The authorization must be included in the LOA. The CASREP and NMCS programs decrease administrative leadtimes. However, these programs are operated on a reimbursable basis. This means that FMS customers who use these programs are charged an additional processing fee for each requisition submitted under these procedures.

- A. CASREP Procedures - **CASREP** material is material needed to repair inoperative, mission essential **ship** or **shore** based equipment without which the ship concerned is unable to perform its primary and/or secondary missions. All FMS CASREP requisitions will be submitted to NAVICP-OF in accordance with the MILSTRIP requisitioning procedures described earlier in this chapter, with the following required entries:

- Enter "W" in rp 40 of each CASREP requisition
- Enter "F" in rp 54 of each CASREP requisition
- All FMS CASREP requisitions originating in countries having Force/ Activity Designator (FAD) III should show a priority of "03" in rp 60-61
- Enter "N02" in rp 62-64 of each CASREP requisition

The customer must fax or mail all CASREP requirements to NAVICP-OF. NAVICP-OF will then submit these CASREP requirements for standard items via priority message to the appropriate Inventory Control Point (ICP). NAVICP-OF will determine the appropriate ICP based on the COG entered in rp 55-56 of the requisition. For nonstandard items, the customer must include all identification data required on a DD Form 1348-6. NAVICP-OF will submit CASREP requirements for nonstandard items via priority message directly to NAVICP-Mechanicsburg for processing.

B. NMCS Procedures - **NMCS** material consists of weapons, equipment and material needed for immediate use, and without which the **aircraft** or applicable support equipment e.g. test benches concerned is unable to perform its assigned primary and/or secondary missions. All FMS NMCS requisitions will be faxed or mailed to NAVICP-OF in accordance with the MILSTRIP requisitioning procedures discussed earlier in this chapter, with the following required entries:

- Enter "G" in rp 40 of each NMCS requisition
- Enter "F" in rp 54 of each NMCS requisition
- Enter "5" in rp 57 of each NMCS requisition
- The two-position Weapons System Designator Code (WSDC) in rp 58-59 will be assigned by NAVSUP as NMCS coding for the FMS customer. This code will be used on "A0_" documents, and on "AM_" and "AT_" reinstatement documents.
- Also enter the WSDC (from rp 58-59) in rp 21-22 of NMCS requisitions
- All FMS NMCS requisitions originating in countries having Force/ Activity Designator (FAD) III should show a priority of "03" in rp 60-61
- Enter "N02" in rp 62-64 of each NMCS requisition

- C. CASREP/NMCS Requisition Status/Completion Report - The ICP provides the customer with weekly message status on outstanding CASREP/ NMCS requisitions. When material ordered on a CASREP/NMCS requisition is received, the customer should notify the ICP by sending a "CASREP/NMCS Completion Report." This report must also be sent to the ICP when the customer wants to cancel, downgrade, or report the loss/non-receipt of a CASREP/NMCS requirement. Figure 2-15 shows the proper format for a Completion Report. Figure 2-16 shows Method of Completion codes that may be used in rp 65 of the Completion Report. If a customer is billed for CASREP/NMCS material that is not received, an SDR should be submitted in accordance with procedures discussed in Chapter 7.

020406 Requisitioning Publications

NAVSUP Publication 2002F lists stock numbers of U.S. Navy publications and forms. Many U.S. Navy supply publications are now available only as Compact Disc-Read Only Memory (CD-ROM) products. Most of these are available only on a subscription basis. For some publications, there are special requisitioning conditions that do not apply to requisitioning material. These conditions are discussed later in this chapter.

Certain supply publications used by U.S. Navy customers are produced and managed by the Defense Logistics Information Service (DLIS). These publications **cannot** be requisitioned through NAVICP-OF. They must be requisitioned from DLIS. Because DLIS is a Defense Logistics Agency activity, customers must establish an FMS case with DLA before they can requisition DLIS publications. Some of the more frequently used DLIS publications are described in Chapter 12.

020407 Document Numbers and Suffix Codes for Changes to the Basic

When a basic publication is requisitioned, all available changes are also automatically issued. The Document Number of the original requisition will appear in rp 30-43 of the DD Form 1348-1, DOD Single Line Item Release/Receipt Document, sent with the basic publication. Record position 44 of this DD Form 1348-1 will be blank. An additional DD Form 1348-1 will accompany each change that is sent. An alphabetic Suffix Code is added to the document number on the DD Form 1348-1 to identify each change to the publication. The Suffix Code will appear in rp 44 of the DD Form 1348-1.

Status will be provided for each suffixed requisition number. If a particular change is not received with a basic publication, the customer should review the status documents. It is possible to receive "BB" (backordered) status on one or more changes and still receive the basic publication and all other changes.

020408 Requisitioning Changes Separately

If customers only want to requisition certain changes to a publication (without requisitioning the basic publication), they must prepare an individual MILSTRIP requisition for each specific change desired. Each change has its own stock number. These stock numbers are shown in the Navy Stock List of Publications and Forms, NAVSUP Publication 2002F, in the "B/C" position. When requisitioning changes separately, customers should be careful to use the stock numbers of the applicable changes and **NOT** the stock number of the basic publication.

020409 Automatic Distribution Services for Publications

Changes to publications are made as required. For publications that are not maintained via a subscription service, it is important that the FMS customer ensure that they receive all applicable changes. Customers may arrange to have changes sent to them automatically via an **automatic distribution service**. Automatic distribution services will be charged against the most current FMS case designated for publication support. It is very important that the FMS customer advise NAVICP-OF of any changes to automatic distribution requirements. This includes changes to shipping addresses, quantities and changes to shipping instructions.

Shipments of publication changes/revisions under automatic distribution procedures differ from normal material shipments in the following ways:

- Advance notice that a change or revision is going to be shipped will not be provided.
- A DD Form 1348-1 will **not** be included with the shipment. All identifying information will be shown on the shipping label attached to the outside packaging.
- Not all automatic distributions will be identified to MILSTRIP documents.

020410 Automatic Distribution of Changes/Revisions With Basic Publications

When initially requisitioning a basic publication, the FMS customer can also request automatic distribution services for the changes. To do this, the FMS customer should prepare a requisition for the basic publication in the usual manner, with the following exceptions:

- Enter "A05" in the "Document Identifier" field (rp 1-3) of the requisition.
- Enter the words "Request Automatic Distribution" in the "Remarks" area of the requisition.
- Submit the requisition to NAVICP-OF via STARR/PC, fax, or mail

Once such a requisition is processed, changes will be automatically sent to the freight forwarder identified in rp 47. Changes will be "marked for" the in-country destination indicated in rp 33 of the requisition.

020411 Automatic Distribution of Changes/Revisions Without the Basic

There may be times when only automatic distribution of changes/revisions (without the basic publication) is required. An example of this would be when a customer has ordered a basic publication without requesting the automatic distribution services described above. When requesting automatic distribution of changes/revisions only, FMS customers should be sure that they have all existing changes and revisions, as well as sufficient copies of the basic publication. Customers should address a letter to NAVICP-OF requesting automatic distribution services. It takes at least three months to process a request to establish automatic distribution services or to make changes to existing services. This letter should include:

- Title of the publication
- Stock number of the publication
- Number of copies desired of each change/revision
- Freight forwarder address consistent with the MAPAD or unabbreviated in-country address (or addresses) to which changes and revisions should be mailed
- FMS Case Identifier of the LOA that is being used to fund the requirement

020412 Automatic Distribution of Changes to NAVAIR-Sponsored Publications

Many publications are sponsored by NAVAIR. An initial distribution of a NAVAIR publication is sometimes provided as part of a new FMS case for NAVAIR material. When this happens, NAVAIR initiates automatic distribution services for changes to that publication for the FMS customer. These services will normally continue for a period of one to three years. The period covered depends on the conditions stated on the LOA.

If customers wish to initiate automatic distribution services for changes to NAVAIR sponsored publications, they must send a letter to the Naval Air Technical Services Facility (NATSF) via NAVICP-OF. The letter must first be sent to NAVICP-OF (see Appendix C) so that NAVICP-OF can establish a record of the customer's request. Customers who use NAVAIR-sponsored publications may:

- Add or delete addresses on the NATSF automatic distribution list
- Establish automatic distribution quantities
- Identify the FMS case/cases where changes will be charged
- Identify freight forwarder and "mark for" addresses

020413 FMS Publications Library

FMS customers will find it very helpful to maintain current copies of the various publications used by the U.S. supply system. Information contained in these publications will help reduce errors and avoid delays in supply transaction processing.

For these reference documents to be beneficial to the customer, they must include the most recent changes. The best way to ensure this is to request **automatic distribution** of changes/revisions when requisitioning the basic publications. The customer must still carefully monitor the timely receipt of changes to publications to ensure that the most current changes have been received. Many publications are updated according to a regular schedule. For such publications, missing or overdue changes can be easily detected. NAVSUP Publication 2002F, Navy Stock List of Publications and Forms, which is updated quarterly, can also assist in identifying the current change to a publication.

Some publications, such as non-Navy publications, are not listed in NAVSUP Publication 2002F and are also not updated according to a regular schedule. In this instance, it is difficult for an FMS customer to be sure that they have the most current change to the publication. Obtaining automatic distribution services is the best way to ensure that these

publications are accurately maintained. If the FMS customer is not sure that their publication is current, they should send a letter to the publication sponsor via NAVICP-OF.

020414 Requisitioning Copies of Allowance Parts Lists

An Allowance Parts List (APL) provides basic technical information about specific equipment. It also lists spare parts needed to repair that equipment. To obtain copies of APLs, submit a DD Form 1348-6 requisition document to NAVICP-OF. An estimated price of \$7.50 for each copy of each APL should be used for budgetary purposes. The requisition must show the following information in order to be processed:

- APL Number
- Quantity of copies desired
- Name of the equipment that the APL is for
- National Stock Number of the equipment that the APL is for

Except for the Quantity, this information should be entered in the "Remarks" area (block 11 of the DD Form 1348-6). The Quantity should be entered in rp 25-29.

020415 U.S. Federal and Military Specifications and Standards

U.S. Federal and military specifications and standards are special categories of documents not normally included under the general heading of "publications." For this reason, they are not listed in the Navy Stock List of Publications and Forms, NAVSUP Publication 2002F. For further information, write to the following address:

DODSSP
Building 4-D
700 Robbins Avenue
Philadelphia, PA 19111-5094

020416 Asset Drawdown Procedure

When a repairable item is not available from Ready for Issue (RFI) stock, the "asset drawdown" procedure may be used. Under this procedure, a repair facility repairs a U.S. Navy-owned Not Ready for Issue (NRFI) item. Once the item is repaired, it is shipped to the FMS customer. Asset drawdown is often a more efficient and economical source of supply than new procurement.

The customer may decide when the asset drawdown procedure will be used. This decision should be based on the customer's preferences and requirements as well as a

comparison of procurement and repair costs and lead times. (This information is provided by the item manager via NAVICP-OF.)

When the asset drawdown procedure is used, two requisitions and two billings are generated. The first requisition is the one that the FMS customer sends to NAVICP-OF. This requisition is used to issue a U.S. Navy-owned NRFI asset to a repair facility. This item is billed at a reduced rate. NAVICP-OF prepares the second requisition. This requisition is used to authorize the actual repair of the item. It is also used to authorize shipment of the repaired Ready For Issue item to the FMS customer. This second requisition will have the same MILSTRIP Document Number as the first requisition, with one exception: the Document Number of the second requisition will show an "R" in the first position of the Serial Number field (rp 40).

It is important for the customer to understand the relationship between the two requisitions involved in the asset drawdown procedure as described above. Because both requisitions appear on the Quarterly Requisition Report, misunderstandings can easily occur. The customer should be especially aware of three important points:

- A Supply Discrepancy Report for non-receipt should not be submitted against the first (customer-prepared) requisition. The reason is that this requisition is not used to ship material to the customer; instead, it is used to ship the material to a repair facility.
- The customer should not be confused by the appearance of an "R" in rp 40 of the second requisition. The original Document Number has not been changed by the U.S. supply system. The requisition has simply been coded to show that an asset drawdown procedure is being used.
- The customer will be billed separately for each requisition.

020417 Spare Parts Lists for Weapons Systems

Under an FMS case for a weapons system, the U.S. Navy normally ships the spare and repair parts needed to support that system via "push" requisitions. These spare and repair parts are sometimes sent to customers as a single "lot," or shipment, under a single MILSTRIP Document Number. FMS customers need to know exactly what material will be included in the lot shipment. Customers need this information to establish accurate records of material due in. They also need it to properly document any Supply Discrepancy Reports that they may be required.

Because the MILSTRIP document attached to the shipping container will not provide detailed information, a list of spare and repair parts to be included in the lot shipment is sent to the FMS customer. This list is commonly referred to as a "spares list." It is normally mailed within 90 days after the U.S. Navy determines the exact quantities and

types of spare parts to be provided. The spares list will show the following information for each item (or material line) to be included in the lot shipment:

- National Stock Number and/or part number
- Nomenclature
- Quantity to be shipped
- Unit of issue

It is often difficult to know exactly when spares lists will be available. Generally, their availability depends on whether the applicable weapons system is well established or newly developed or modified. If the weapons system is well established, the U.S. Navy may determine the exact spare parts requirements soon after the FMS case (LOA) is implemented. In this situation, the spare parts list should be available shortly after case implementation. If, however, the weapons system to be supported is a relatively new or modified system, the U.S. Navy may take longer to determine the exact spare and repair parts that the customer will need. In this situation, the spares list may not be available until a fairly long time after case implementation.

Because of this uncertainty about when a spares list will be available, it is difficult for customers to know when to ask about the status of the list. Normally, customers should ask about a spares list if they have not received it 30 days before the estimated shipping date of the lot shipment. (This is the date shown in rp 70-73 of the most recent MILSTRIP status document.) To do this, the customer may send a request for the required spares list directly to the U.S. Navy command responsible for managing the FMS case. The customer should also send a copy of the request to Navy IPO. (See Appendix C for the mailing addresses.)

020418 Requisitioning Guidelines

To ensure that the U.S. supply system processes FMS requisitions as efficiently, accurately, and quickly as possible, the FMS customers should:

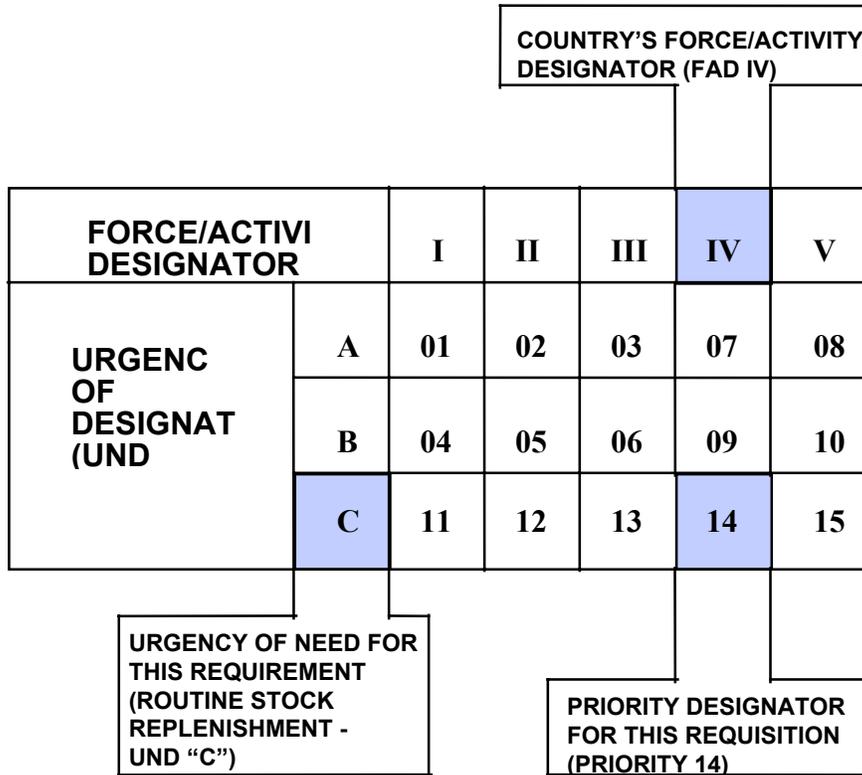
- Transmit requisitions for standard stock material via DDN, ILCS or STARR/PC whenever possible. When DDN or ILCS transmissions are used, send requisitions to NAVICP-OF via DAASC.
- If requisitions are handwritten, make sure they are legible. Printed block letters and numbers should be used, rather than writing. Print numbers as shown: 0 (not O), 1 (not I), 2, 3, 4, 5, 6, 7 (not 7), 8, 9
- Be sure that entries on all requisitions and on all other MILSTRIP documents are in proper MILSTRIP format.
- Use English whenever plain language (i.e., other than MILSTRIP

coding) is used on a requisition. (For example, be sure to use English when making an entry in the "Remarks" area of a requisition.)

- Use NAVICP-OF as the single point of contact within the U.S. supply system for all FMS requisitions, as well as other MILSTRIP documents, sent to the U.S. Navy under cases managed in MISIL.
- Use DFAS-DE/I as the single point of contact for FMS financial inquiries.
- Respond promptly to NAVICP-OF price increase authorization requests.
- When ordering nonstandard material, provide as much identifying information as possible.
- Be sure to use the proper "Unit of Issue Code" (rp 23-24) for the item being ordered. Be sure that the "Quantity" (rp 25-29) ordered is the number of Units of Issue desired.
- Enter the Julian Date on which the requisition is prepared in the "Date" portion (rp 36-39) of the Document Number field.
- Use only numbers from 2001-4999 in the "Serial" portion (rp 40-43) of the Document Number field.
- Be sure that the Priority number (rp 60-61) assigned to each requisition reflects the authorized Force Activity Designator and the proper Urgency of Need Designator.
- Be sure that the Unit Price (rp 74-80) is shown in U.S. dollars and cents. If the correct price is not known, enter an estimated price. A unit price **must** be entered on all requisitions for **nonstandard** items. Entries in the Unit Price field of requisitions for standard items is optional.
- Use zeros as necessary to fill spaces to the left of significant digits in the "Quantity," "Priority," "Required Delivery Date," and "Unit Price" fields of requisitions.

- **NOT** duplicate the Document Number assigned to one requisition on any other requisition.
- **NOT** requisition material unless it is authorized, either in specific or general terms, by an active, funded FMS case.
- **NOT** attempt to transmit a DD Form 1348m with information in the "Remarks" area or a DD Form 1348-6 by DDN or ILCS. These documents must be mailed or faxed to NAVICP-OF.

**Figure 2-1
Use of the UMMIPS Chart to Determine a Priority Designator**



FORCE ACTIVITY DESIGNATOR (FAD): Assigned by U.S. Joint Chiefs of Staff

URGENCY OF NEED DESIGNATOR (UND): Assigned by the Requisition Originator

- **UND A = Extremely Urgent (Critical) Requirement**
- **UND B = Urgent (Not Critical) Requirement**
- **UND C = Routine Requirement**

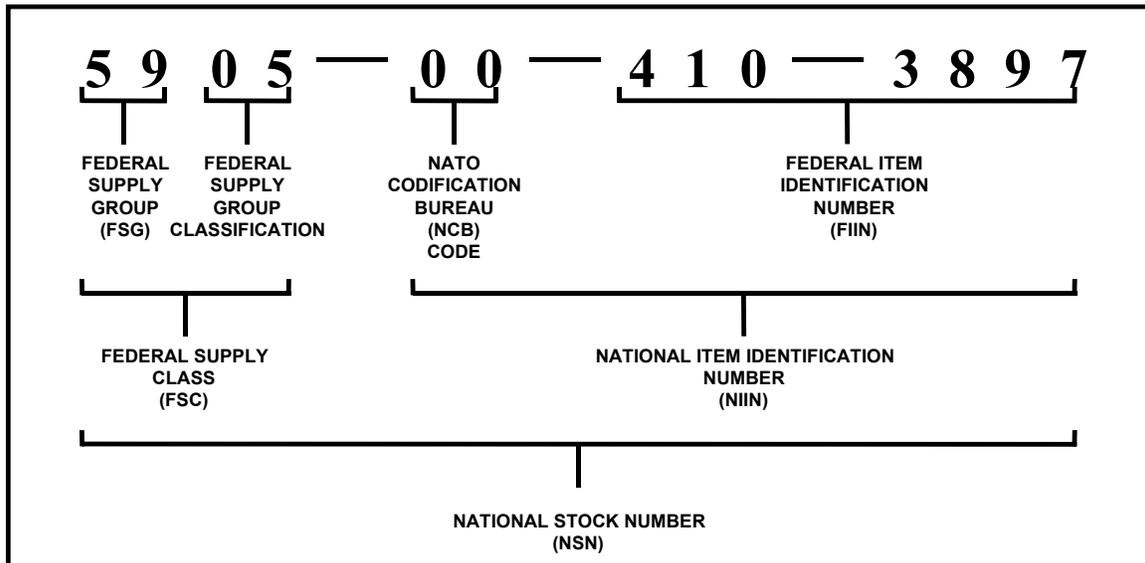
**Figure 2-2
Methods of Transmitting FMS Requisitions**

Methods of Transmitting FMS Requisitions

TYPES OF REQUISITIONS	VIA DAASC	DIRECTLY TO NAVICP-OF
Requisitions for Standard Material with No Remarks may be sent via:	DDN, ILCS, STARR/PC	MAIL, MESSAGE, FAX, DISKETTE
Requisitions for NonStandard Material or Standard Material with Remarks may be sent via:	STARR/PC	MAIL, MESSAGE, FAX, DISKETTE

Figure 2-3
Illustration of the Components of a National Stock Number

Components of a National Stock Number



**Figure 2-4 (1 of 2)
Delivery Term Codes***

CODE	EXPLANATION
2	FOB (Free On Board) destination-inland origin to inland destination within CONUS (Continental United States) or inland origin to inland destination within the same overseas geographical area. United States Department of Defense (U.S. DOD) is responsible for inland transportation to named inland point. Recipient country is responsible for unloading at named point and subsequent arrangements and costs.
3	FAS (Free Alongside) vessel CONUS port of exit. U.S. DOD is responsible for transportation to point alongside vessel. Recipient country is responsible for loading aboard the vessel and subsequent arrangements and costs.
4	Collect Commercial Bill of Lading (CCBL) for movement within CONUS/Canada or contractor delivery of material procured offshore to designated freight forwarder. Recipient country is responsible for CONUS inland transportation and subsequent arrangement for onward movement.
5	FOB port of exit. U.S. DOD is responsible for inland transportation to the CONUS port of exit. Recipient country is responsible for unloading from inland carrier at port of exit and subsequent arrangements and costs.
6	FOB overseas port of discharge. U.S. DOD is responsible for transportation from CONUS point of origin to and including ocean transportation to the overseas port of discharge. Recipient country is responsible for vessel discharge, port handling, and subsequent arrangements and costs.
7	FOB destination (named inland point in recipient country). U.S. DOD is responsible for transportation from CONUS point of origin to and including overseas inland carrier delivery to named inland point. Recipient country is responsible for unloading at named point and subsequent arrangements and costs.
8	FOB vessel-CONUS port of exit. U.S. DOD is responsible for transportation from CONUS point of origin to and including unloading, handling, and storage aboard vessel at port of exit. Recipient country is responsible for ocean transportation and subsequent arrangements and costs.
9	FOB port of discharge (landed). U.S. DOD is responsible for transportation from CONUS point of origin to and including vessel discharge and port handling at overseas port of discharge. Recipient country is responsible for loading on inland overseas carrier equipment and for subsequent arrangements and costs.

*These Codes are Used for Other than Repair and Return Transactions

**Figure 2-4 (2 of 2)
Delivery Term Codes***

CODE	EXPLANATION
A	U.S. DOD is responsible for transportation from a designated overseas Port Of Embarkation (POE) to a CONUS destination, and return to a designated overseas Port Of Debarkation (POD). Customer is responsible for overseas inland transportation of material to or from the overseas POE or POD and overseas port handling.
B	U.S. DOD is responsible for transportation from a designated overseas POE to a CONUS destination, return to a CONUS POE, and CONUS port handling. Customer is responsible for overseas inland transportation to the overseas POE, overseas port loading and for over-ocean transportation from the CONUS POE to ultimate destination.
C	U.S. DOD is responsible for CONUS port unloading of country arranged carrier, transportation to and from a designated CONUS destination, and CONUS port loading of country-arranged carrier. Customer is responsible for movement of material to and from the CONUS POD or POE.
D	U.S. DOD is responsible for CONUS port unloading of country arranged carrier, transportation to a CONUS destination, and return to an overseas designated POD. Customer is responsible for over-ocean transportation to a CONUS POD, overseas port unloading, and overseas inland transportation to ultimate destination of returned material.
E	Customer is responsible for all transportation from overseas point of origin to CONUS activity and return to an overseas destination.
F	U.S. DOD is responsible for transportation from an overseas inland location to an overseas POE, overseas port handling, overseas transportation to a CONUS POD, CONUS port handling, inland transportation to a designated CONUS destination, and return to an overseas destination.
G	U.S. DOD is responsible for overseas port handling through an overseas POE, overseas transportation to a CONUS POD, CONUS port handling, inland transportation to a CONUS destination, and return to an overseas POD and overseas port handling. Customer is responsible for overseas inland transportation to and from the overseas port.
H	Customer is responsible for all transportation from overseas point of origin to CONUS activity. U.S. DOD is responsible for return transportation from CONUS activity to CONUS POE. Customer is responsible for return CONUS port handling and all transportation to overseas destination.
J	Customer is responsible for all transportation from overseas point of origin to CONUS activity. U.S. DOD is responsible for all transportation from CONUS activity to overseas destination.

*These Codes are Used for Repair and Return Transactions

**Figure 2-5 (1 of 2)
Julian Date Calendars**

(PERPETUAL)													
Day	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Day
1	001	032	060	091	121	152	182	213	244	274	305	335	1
2	002	033	061	092	122	153	183	214	245	275	306	336	2
3	003	034	062	093	123	154	184	215	246	276	307	337	3
4	004	035	063	094	124	155	185	216	247	277	308	338	4
5	005	036	064	095	125	156	186	217	248	278	309	339	5
6	006	037	065	096	126	157	187	218	249	279	310	340	6
7	007	038	066	097	127	158	188	219	250	280	311	341	7
8	008	039	067	098	128	159	189	220	251	281	312	342	8
9	009	040	068	099	129	160	190	221	252	282	313	343	9
10	010	041	069	100	130	161	191	222	253	283	314	344	10
11	011	042	070	101	131	162	192	223	254	284	315	345	11
12	012	043	071	102	132	163	193	224	255	285	316	346	12
13	013	044	072	103	133	164	194	225	256	286	317	347	13
14	014	045	073	104	134	165	195	226	257	287	318	348	14
15	015	046	074	105	135	166	196	227	258	288	319	349	15
16	016	047	075	106	136	167	197	228	259	289	320	350	16
17	017	048	076	107	137	168	198	229	260	290	321	351	17
18	018	049	077	108	138	169	199	230	261	291	322	352	18
19	019	050	078	109	139	170	200	231	262	292	323	353	19
20	020	051	079	110	140	171	201	232	263	293	324	354	20
21	021	052	080	111	141	172	202	233	264	294	325	355	21
22	022	053	081	112	142	173	203	234	265	295	326	356	22
23	023	054	082	113	143	174	204	235	266	296	327	357	23
24	024	055	083	114	144	175	205	236	267	297	328	358	24
25	025	056	084	115	145	176	206	237	268	298	329	359	25
26	026	057	085	116	146	177	207	238	269	299	330	360	26
27	027	058	086	117	147	178	208	239	270	300	331	361	27
28	028	059	087	118	148	179	209	240	271	301	332	362	28
29	029		088	119	149	180	210	241	272	302	333	363	29
30	030		089	120	150	181	211	242	273	303	334	364	30
31	031		090		151		212	243		304		365	31

PERPETUAL CALENDAR: Use this calendar in those years having 365 days

**Figure 2-5 (2 of 2)
Julian Date Calendars**

(FOR LEAP YEAR ONLY)													
Day	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Day
1	001	032	061	092	122	153	183	214	245	275	306	336	1
2	002	033	062	093	123	154	184	215	246	276	307	337	2
3	003	034	063	094	124	155	185	216	247	277	308	338	3
4	004	035	064	095	125	156	186	217	248	278	309	339	4
5	005	036	065	096	126	157	187	218	249	279	310	340	5
6	006	037	066	097	127	158	188	219	250	280	311	341	6
7	007	038	067	098	128	159	189	220	251	281	312	342	7
8	008	039	068	099	129	160	190	221	252	282	313	343	8
9	009	040	069	100	130	161	191	222	253	283	314	344	9
10	010	041	070	101	131	162	192	223	254	284	315	345	10
11	011	042	071	102	132	163	193	224	255	285	316	346	11
12	012	043	072	103	133	164	194	225	256	286	317	347	12
13	013	044	073	104	134	165	195	226	257	287	318	348	13
14	014	045	074	105	135	166	196	227	258	288	319	349	14
15	015	046	075	106	136	167	197	228	259	289	320	350	15
16	016	047	076	107	137	168	198	229	260	290	321	351	16
17	017	048	077	108	138	169	199	230	261	291	322	352	17
18	018	049	078	109	139	170	200	231	262	292	323	353	18
19	019	050	079	110	140	171	201	232	263	293	324	354	19
20	020	051	080	111	141	172	202	233	264	294	325	355	20
21	021	052	081	112	142	173	203	234	265	295	326	356	21
22	022	053	082	113	143	174	204	235	266	296	327	357	22
23	023	054	083	114	144	175	205	236	267	297	328	358	23
24	024	055	084	115	145	176	206	237	268	298	329	359	24
25	025	056	085	116	146	177	207	238	269	299	330	360	25
26	026	057	086	117	147	178	208	239	270	300	331	361	26
27	027	058	087	118	148	179	209	240	271	301	332	362	27
28	028	059	088	119	149	180	210	241	272	302	333	363	28
29	029	060	089	120	150	181	211	242	273	303	334	364	29
30	030		090	121	151	182	212	243	274	304	335	365	30
31	031		091		152		213	244		305		366	31

LEAP YEAR CALENDAR: Use this calendar in those years having 366 days

Figure 2-6 (1 of 2)
Advice Codes Authorized for Use on FMS Customer Requisitions

ADVICE CODE	EXPLANATION
2A	Item is not locally obtainable through manufacture, fabrication, or procurement.
2B	Requested item only will suffice. Do not substitute/interchange. Also applies to "Obsolete/Inactivated" items previously rejected with Status Code CJ.
2C	Do not backorder. Reject any unfilled quantity not available to meet Standard Delivery Date (SDD)/Required Delivery Date (RDD). Suitable substitute acceptable.
2D	Furnish exact quantity requested (do not adjust to unit pack quantity).
2F	Item known to be coded "Obsolete," but still required for immediate consumption. Service coordinated/approved substitute is acceptable. If unable to procure, reject requisition with Status Code CJ.
2G	<p>Multiple use:</p> <ol style="list-style-type: none"> 1. Ship new stocks or stocks having new appearance. 2. Strategic mission requires latest model and configuration (for electron tubes). 3. Strategic mission requires newest stock only (for photographic film or for aerial requirements for ammunition devices/cartridges). 4. Anticipated usage requires latest expiration dates only (for biological items).
2H	Special textile requirement for use in airborne operations where personal safety is involved.
2J	Do not substitute or backorder any unfilled quantities.
2L	Quantity reflected in quantity field exceeds normal demands. However, this is a confirmed valid requirement.
2N	Item required in one continuous length as expressed in rp 25-29 and the unit of issue in rp 23-24. No other configuration is acceptable. Multiples of the unit pack are not acceptable.
2P	Item required in one continuous length as expressed in rp 25-29 and the unit of issue in rp 23-24. If requirement exceeds the unit pack length, multiples of the unit pack are acceptable.

Figure 2-6 (2 of 2)
Advice Codes Authorized for Use on FMS Customer Requisitions

ADVICE CODE	EXPLANATION
3B	Item being requisitioned has been designated as commercial-type item. Unable to obtain item from commercial sources. Request supply of requisitioned quantity be accomplished against the FMS case reflected in rp 48-50.
5A	Replacement certification. Requested item is required to replace a mandatory turn-in repairable that has been surveyed as missing or obviously damaged beyond repair.
5D	Initial requirement certification. Requested item is a mandatory turn-in repairable required for initial outfitting/installation or increased allowance/stockage objective. Therefore, no unserviceable unit is available for turn-in.
22	Combination of Advice Codes 2C and 2L.
23	Combination of Advice Codes 2L and 2G.
24	Combination of Advice Codes 2B and 2G.
25	Combination of Advice Codes 2A and 2F.
26	Combination of Advice Codes 2B and 2L.
27	Combination of Advice Codes 2D and 2L.
28	Combination of Advice Codes 2N and 2L.
29	Combination of Advice Codes 2D and 2G.
31	Combination of Advice Codes 2J and 2G.
33	Combination of Advice Codes 2L and 2J.

Figure 2-7 (1 of 2)
Identifying Information for a Nonstandard Material Requisition (DD Form 1348-6)

BLOCK 3:
 Enter the title, identification number, edition (year), and page number of the manufacturer's catalog in which the requested item is described.

BLOCK 6:
 Enter the number (if known) that identifies the technical manual in which the requested item is described. (Include the applicable page number.)

BLOCK 4:
 Enter the date of the manufacturer's catalog in calendar date format (year, month, day)

BLOCK 2:
 Enter the name and address (including zip code, if known) of the manufacturer of the item when the CAGE code is not available.

BLOCK 1:
 Enter the Commercial and Government Entity (CAGE) code for the item (when available). Also enter the complete part number when the part number exceeds 10 digits

DOCUMENT IDENTIFIER		ROUTING IDENTIFIER					M & S	ITEM IDENTIFICATION* (NSN, FSCM/Part No., Other)										UNIT OF ISSUE	QUANTITY		DOCUMENT NUMBER																		
1		2					3	4										5	6		7																		
8		9					10	11										12	13		14																		
A		05N65					988	34N31229B84										EA	0005		PLT044																		
DOCUMENT NO. (Cont.)										DATE	SERIAL	SUPPLEMENTARY ADDRESS	FUND CODE	DISTRIBUTION CODE	PROJECT CODE	PRIORITY	REQUIRED DELIVERY DAY OF YEAR	ADVICE CODE	BLANK																				
81862242NPA5JPA										L	1	H	0	8	2	D																							
REJECT CODE IF FOR USE BY SUPPLY SOURCE ONLY										IDENTIFICATION DATA																													
65										*1 MANUFACTURER'S CODE AND PART NO. (When they exceed card columns 8 thru 22)																													
0040103										2 MANUFACTURER'S NAME BABCOCK & WILCOX CO. NEW YORK, N.Y.																													
3 MANUFACTURER'S CATALOG IDENTIFICATION B & W PARTS CATALOG P. 174A										4 DATE (YYMMDD) 96/01/22										5 TECHNICAL ORDER NUMBER N076412Y																			
6 TECHNICAL MANUAL NUMBER NAVSEA TECHNICAL MANUAL B51-0048										7 NAME OF ITEM REQUESTED ELEMENT, SOOT BLOWER, UNIT A																													
8 DESCRIPTION OF ITEM REQUESTED ELEMENT FOR USE WITH B&W SOOT BLOWER (B&W MODEL NUMBER SB2000, PART NO. SB20001042A)										8a. COLOR N/A																													
										8b. SIZE N/A																													
9 END ITEM APPLICATION										9a. SOURCE OF SUPPLY																													
9b. MAKE										9c. MODEL NUMBER										9d. SERIES										9e. SERIAL NUMBER									
10 REQUISITIONER (Clear text name and address)										11 REMARKS																													

BLOCK 8:
 Describe the item requested. Attach pictures or photographs when available. Attach additional pages if more space is need to fully describe the item.

BLOCK 8a:
 Enter the color of the item requested, if applicable.

BLOCK 8b:
 Enter the size of the item requested, if applicable.

BLOCK 7:
 Enter the name of the item requested.

BLOCK 5:
 Enter the number of the technical order or directive in which the requested item is described.

DD Form 1348-6, FEB 85

Edition of Apr 77 may be used until exhausted.

DOD SINGLE LINE ITEM REQUISITION SYSTEM DOCUMENT (MANUAL - LONG FORM)

DD FORM 1348-6

**Figure 2-8
FMS Requisition for Standard Material, MILSTRIP Message Format**

AD1	N66	1005	001752087	EA	00025	PL	LT043	7363	0015	NPA2LAT	1A	15	2B	0000450																																
<table border="1"> <tr> <th>DOC. NO.</th> <th>ROUTING</th> <th>PL</th> </tr> <tr> <td></td> </tr> </table>															DOC. NO.	ROUTING	PL	PL	PL	PL	PL	PL	PL	PL	PL	PL	PL	PL	PL																	
DOC. NO.	ROUTING	PL	PL	PL	PL	PL	PL	PL	PL	PL	PL	PL	PL	PL																																
<table border="1"> <tr> <th>Q</th> </tr> <tr> <td></td> </tr> </table>															Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q																	
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DD FORM 1348m

XXX UNCLASSIFIED XXX	
NAVAL MESSAGE	NAVY DEPARTMENT
FROM: LATONIA	
TO: NAVICP-OF, PHILADELPHIA PA	
CODE ____	
MILSTRIP REQUISITION:	
A01/N65/BLNK/1005001752087/EA/00025/PLT04373630015/N/PA2LAT/L/	
BLNK/1A/BLNK/15/BLNK/2B/BLNK/0000450	
XXX UNCLASSIFIED XXX	

MILSTRIP MESSAGE FORMAT

NOTES:

1. THE MILSTRIP MESSAGE FORMAT REQUIRES THAT THE FIRST LINE OF THE MESSAGE REQUISITION INCLUDE INFORMATION CONTAINED IN RECORD POSITIONS 1 THROUGH 51. THE SECOND LINE SHOWS INFORMATION CONTAINED IN THE REMAINING RECORD POSITIONS (52 THROUGH 80).
2. THE LETTERS "BLNK" (WHICH STAND FOR THE WORD "BLANK") MUST BE ENTERED IN THE MESSAGE FORMAT WHENEVER THERE WOULD BE NO ENTRY IN A FIELD OF THE REQUISITION. IN THIS EXAMPLE, "BLNK" APPEARS IN RP 7 (MEDIA & STATUS CODE), RP 52-53 (FUND CODE), RP 57-59 (PROJECT CODE) AND RP 62-64 (REQUIRED DELIVERY DATE). A "BLNK" IS ALSO INSERTED IN RP 67-73 ON THE REQUISITION (JUST BEFORE THE UNIT PRICE).

**Figure 2-9
FMS Requisition for Nonstandard Material, MISTRIP Message Format**

DOCUMENT IDENTIFIER		ROUTING IDENTIFIER		M & S		ITEM IDENTIFICATION* (MIL FSC/PART NO. OTHER)																									UNIT OF ISSUE	QUANTITY	DOCUMENT NUMBER	
1		2		3		4																									5	6	7	
8		9		10		11																									12	13	14	
A05		N65				98634N31229B84EA0005PLT044																												
DOCUMENT NO. (CONT)		DATE		SERIAL		COMPLEMENTARY ADDRESS		FUND CODE		BLTN. BLDG. CODE		PROJECT CODE		PRIORITY		REQUIRED DELIVERY DAY OF YEAR		ADVISE CODE		BLANK														
618		62		24		2NPA5JPA/L				1H				08				2D																
REJECT CODE IF DROPPED BY SUPPLY SOURCE ONLY		85		95		IDENTIFICATION DATA		1. MANUFACTURER'S CODE AND PART NO. (When they exceed card columns 8 thru 23)		2. MANUFACTURER'S NAME		3. DATE (YYMMDD)		4. TECHNICAL CATALOG IDENTIFICATION		5. TECHNICAL ORDER NUMBER		6. NAME OF ITEM REQ. LISTED		7. DESCRIPTION OF ITEM REQUESTED		8. BY COLOR		9. BY SIZE		10. BY SOURCE OF SUPPLY		11. BY SERIAL NUMBER		12. BY TOTAL NUMBER				
		0040103				BABCOCK & WILCOX CO. NEW YORK, N.Y.		JAN 1996		B & W PARTS CATALOG, P. 174A		N076412Y		NAVSEA TECHNICAL MANUAL B51-0048		ELEMENT, SOOT BLOWER, UNIT A		ELEMNT FOR USE WITH B&W SOOT BLOWER (B&W MODEL NUMBER SB2000, PART NO. SB20001042A)		N/A		N/A		U.S.N.		EL2001A								
9. END ITEM APPROXIMATE		BOILER, STEAM, MN. 634 PSI, 4617 CU FT 1393TB				10. REQUISITIONER (Clear text name and address)		IMPERIAL NAVAL SUPPLY DEPOT BARLANG. LATONIA		11. REMARKS		ADDNL. EQUIP. DATA: APL #021200007, MFR. DRAWING #MX253001, EQUIP. PATTERN #12		ADDNL. ITEM DATA: NICN 4410-LL-CA0-0001		TOTAL COST NTE 3000.00																		

DD Form 1348-6, FEB 85 Edition of Apr. 77 may be used until exhausted **DOD SINGLE LINE ITEM REQUISITION SYSTEM DOCUMENT (MANUAL - LONG FORM)**

DD FORM 1348-6

XXX UNCLASSIFIED XXX

NAVAL MESSAGE NAVY DEPARTMENT

FROM: LATONIA
TO: NAVICP-OF, PHILADELPHIA PA
CODE ____

MILSTRIP REQUISITION:

A05/N65/BLNK/98634/N31229B84/EA/00005/PLT04481862242/N/PA5JPA/L/BLNK/1H/BLNK/08/BLNK/2D/BLNK/0040103

MANUFACTURED BY BABCOCK & WILCOX CO., NEW YORK, NY, (B&W PARTS CATALOG, JAN 1996, P. 174A, TECH. ORDER NO. N876412Y, NAVSEA TECH. MANUAL B51-0048)

SOOT BLOWER ELEMENTS; UNIT A, FOR USE WITH BABCOCK & WILCOX SOOT BLOWER, MODEL NO. SB2000, PART NO. SB20001042A (PART OF STEAM BOILER, MN 634 PSI, 4617 CU FT. 1393TB, BROWN & WILSON MODEL NO. BL424, SERIES 12, SERIAL NO. BL2001A

APL NO. 021200007, MFR. DRAWING NO. MX 253001, EQUIP PATTERN NO. 12, NICN 4410-LL-CA0-0001
TOTAL COST NTE 3000.00

XXX UNCLASSIFIED XXX

MILSTRIP MESSAGE FORMAT

NOTES:

1. THE MILSTRIP MESSAGE FORMAT REQUIRES THAT THE FIRST LINE OF THE MESSAGE REQUISITION INCLUDE INFORMATION CONTAINED IN RECORD POSITIONS 1 THROUGH 51. THE SECOND LINE SHOWS INFORMATION CONTAINED IN THE REMAINING RECORD POSITIONS (52 THROUGH 80).
2. THE LETTERS "BLNK" (WHICH STAND FOR THE WORD "BLANK") MUST BE ENTERED IN THE MESSAGE FORMAT WHENEVER THERE WOULD BE NO ENTRY IN A FIELD OF THE REQUISITION. THIS APPLIES ONLY TO RECORD POSITIONS 1 THROUGH 80. IT DOES NOT APPLY TO INFORMATION ENTERED IN THE "IDENTIFICATION DATA" SECTION OF THE REQUISITION.
3. ALL "IDENTIFICATION DATA" INFORMATION MUST BE PROVIDED IN THE MESSAGE FOR THE MESSAGE REQUISITION TO BE PROCESSED.

Figure 2-10 (1 of 2)
Frequently Used MILSTRIP Status Codes

STATUS CODES*	EXPLANATION
BA	This item is being processed for release and shipment. The Estimated Shipping Date is shown in rp 70-73 when provided in response to a follow-up.
BB	This item is back-ordered against a due-in to stock. The Estimated Shipping Date for release of material to the customer is shown in rp 70-73.
BD	Processing of this requisition has been delayed to verify requirements relative to authorized application, item identification, or technical data. Upon completion of this review, additional status will be provided to indicate the action taken.
BF	<p>We have no record of the document for which your follow-up (AF_) or cancellation request (AC_) was submitted.</p> <ol style="list-style-type: none"> 1. If received in response to a cancellation request, subsequently received requisitions (A0_) or other documents (AM_, AT_) will be returned by the supply source with BF status. Deobligate funds and, if the item is still required, submit a new requisition using a new Document Number with a current Julian date. 2. If received in response to a follow-up (AF_) request, supply source action to process subsequently received documents (A0_, AM_, AT_) will continue under regular MILSTRIP procedures. If requisitioning via submission of a new Document Number, submit a cancellation request prior to fund deobligation to ensure against a potential duplicate shipment.
BG	<p>One or more of the following data elements has been changed:</p> <ol style="list-style-type: none"> 1. Stock Number (as the result of a formal catalog change) <ol style="list-style-type: none"> a. The requisitioned National Stock Number (NSN) has been replaced by or consolidated with the NSN shown in the stock number field b. A National Stock Number has been assigned to the part number that was requisitioned c. The Federal Supply Class (FSC) has changed, but the National Item Identification Number (NIIN) remains the same as originally requisitioned. Review the NSN (FSC and NIIN) to ensure that the requisition being processed is for the desired item. If the NSN is not for the desired item, submit a cancellation request to the source of supply. 2. Unit of Issue (as the result of a formal catalog change) 3. The requisitioned part number has been identified to/replaced by the part number shown in the stock number field <p>Examine the Quantity and the Unit Price that may have changed as a result of the above changes. Revise appropriate records accordingly. Additional status will be provided by the supply source to indicate further action on this requisition.</p>
BH	The service coordinated/approved substitute/interchangeable items, identified in the stock number field will be supplied. Examine the Unit of Issue, Quantity and Unit Price fields for possible changes. Revise appropriate records accordingly. Additional status will be sent.

**Figure 2-10 (2 of 2)
Frequently Used MILSTRIP Status Codes**

STATUS CODES*	EXPLANATION
BJ	The Quantity has been changed to conform to unit pack or to reflect an allowable direct delivery contract variance. Adjust due-in records accordingly. The Unit of Issue has not changed.
BK	Requisition data elements have been modified as requested. Examine data fields in this status document for current requisition data.
BL	A Notice of Availability was forwarded to the country representative or freight forwarder on the date shown in rp 70-73.
BM	Your document has been forwarded to the activity indicated in rp 67-69. Send all future transactions related to this document to that activity.
BP	Requisition has been deferred in accordance with customer instructions. Estimated shipping date is in rp 70-73.
BU	This item is being supplied against your FMS Case Designator reflected in rp 48- 50. This document represents a duplicate of the requisition prepared by the U.S. Military Service.
BV	This item is being procured and is on contract for direct shipment to the consignee. The contract shipping date is shown in rp 70-73. Cancellation, if requested, may result in billing for contract termination and/or transportation costs, if applicable.
BW	Your FMS requisition containing this Document Number has been received by NAVICP-OF and submitted to the supply system. A current Estimated Shipping Date (ESD) is not presently available, but will be provided by later status transactions.
BZ	This requisition is being processed for direct delivery procurement. Upon completion of procurement action, additional status will be provided to indicate the action taken. The ESD is shown in rp 70-73.
B2	The current status of supply or procurement action prevents making the requested modification.
B5	The activity identified by the code in rp 4-6 is in receipt of your follow-up request. Action to determine current status and/or improve the ESD is being attempted. Further status will be provided.
B7	Unit Price change. The latest Unit Price for the item identified by the stock or part number in rp 8-22 is shown in rp 74-80.
D7	The requisition modifier has been rejected because of errors in one or more data elements. (Note: Only the modification is rejected, NOT the requisition.)
NB	Suspended. The requested publication/form is being revised/reprinted. Navy Publications and Forms Directorate (NPFDD) is obtaining an estimated completion date from the item sponsor. No follow-up is required. Updated status will be provided. (If the need for this item is continual, submit a justified request to the cognizant Systems Command for inclusion in automatic distribution as changes are released.)
N8	NAVICP-OF has received your requisition. However, processing criteria preclude supply action. When the requisition clears the Management Information System for International Logistics (MISIL) edits and is submitted to the supply system, you will be provided "BW" status by another transaction.

* The status code is always entered in rp 65 and 66 of the status document.

**Figure 2-11
MILSTRIP Mode of Shipment Code**

<u>Mode of Shipment Code*</u>	<u>Explanation</u>
A	Motor, truckload
B	Motor, less than truckload
C	Van (unpacked, uncrated, personal, and/or government property)
D	Driveaway, truckaway, towaway
E	Bus
F	Military Airlift Command (MAC) (Channel and Special Assignment Airlift Mission)
G	Surface parcel post
H	Air parcel post
I	Government trucks for shipment outside local delivery area
J	Air - small package carrier
K	Rail, carload **
L	Rail, less than carload **
M	Surface freight forwarder
N	LOGAIR
O	Organic Military Air (e.g. aircraft of foreign governments)
P	Through Government Bill of Lading (TGBL)
Q	Commercial air freight - includes regular and expedited service (provided by major airlines); also includes air charter and air taxi
R	European Distribution System (EDS) or Pacific Distribution System (PDS)
S	Scheduled Truck Service (STS). (Applies to contract carriage, guaranteed traffic routings, and/or scheduled service)
T	Air freight forwarder
U	QUICKTRANS
V	SEAVAN
W	Water, river, lake, coastal (commercial)
X	Bearer, walk-through (customer pickup of material)
Y	Military Intratheater Airlift Service
Z	Military Sealift Command (MSC) controlled contract or arranged space
2	Government watercraft, barge, lighter
4	Armed Forces Courier Service (ARFCOS)
5	Surface - small package carrier
6	Military Official Mail (MOM)
7	Express mail
9	Local delivery by government or commercial track. Includes on-base transfers, deliveries between air, water, or motor terminals and adjacent activities. Local delivery areas are identified in commercial carriers' tariffs, which are filed and approved by regulatory authorities.

* **The Mode of Shipment Code will be shown in rp 77 of the MILSTRIP shipment status document (Document Identifier Code "AS2" and/or "AU2") provided to the customer's country or their representative.**

** **Includes trailer/container-on-flatcar (excluding SEAVAN)**

Figure 2-12 (1 of 2)
MILSTRIP Requisition Rejection Status Codes

REJECTION CODES	EXPLANATION
BQ	Cancelled. Results from receipt of cancellation request from requisitioner, consignee, manager, or other authorized activity. Deobligate funds, if applicable.
B4	Cancelled. Results from receipt of cancellation request from requisitioner, consignee, manager, or other authorized activity. Do not deobligate funds. Billing for material or contract termination charges will be made.
CA	<p>Rejected.</p> <ol style="list-style-type: none"> 1. Initial provision of this status will be by narrative message. The message will also state the reasons for rejection.* 2. When provided in response to a follow-up, this status will be sent via DDN and no reasons for rejection will be included. When received in response to a follow-up, authorized status recipients may request the reasons for rejection off-line (by mail, message or telephone), if the initial narrative message containing the reasons for rejection cannot be located.
CB	Rejected. Initial requisition requested rejection of that quantity not available for immediate release or not available by the Standard Delivery Date (SDD) or Required Delivery Date (RDD). Quantity field indicates quantity not filled. (NOTE: This code applies when answering Advice codes 2C or 2J.)
CD	<p>Rejected. Unable to process because of errors in the Quantity, Date, and/or Serial Number fields.</p> <ol style="list-style-type: none"> 1. If received in response to a requisition and the material is required, submit a new requisition** with correct data field entries. 2. If received in response to a cancellation request and material is not required, submit a new cancellation request with a valid Quantity entry.
CE	Rejected. Unit of Issue in original requisition, which is reflected in rp 23- 24 of this status document, does not agree with the ICP Unit of Issue and cannot be converted. If still required, submit a new requisition** with correct Unit of Issue and Quantity.
CG	Rejected. Unable to identify requested items. Submit a new requisition** and provide the correct National Stock Number (NSN) or Part Number. If correct NSN or Part Number is unknown, or if the Part Number is correct, submit a new requisition** on DD Form 1348-6 and provide as much of the item identification data as possible.
CJ	<p>Rejected.</p> <ol style="list-style-type: none"> 1. The item has been coded (or is being coded) "obsolete" or "inactivated." The item in the stock number field, if different from the item requisitioned, can be provided as a substitute. The unit price of the substitute item is shown in rp 74-80. 2. If the offered substitute is desired, submit a new requisition** showing the stock number of the substitute item. 3. If only the original item is desired, submit a new requisition** for procurement on DD Form 1348-6. Cite Advice Code 2B. Provide technical data, (e.g., end item usage, component, make, model, series, serial number, drawing number, piece and/or part number, manual reference, applicable publication).

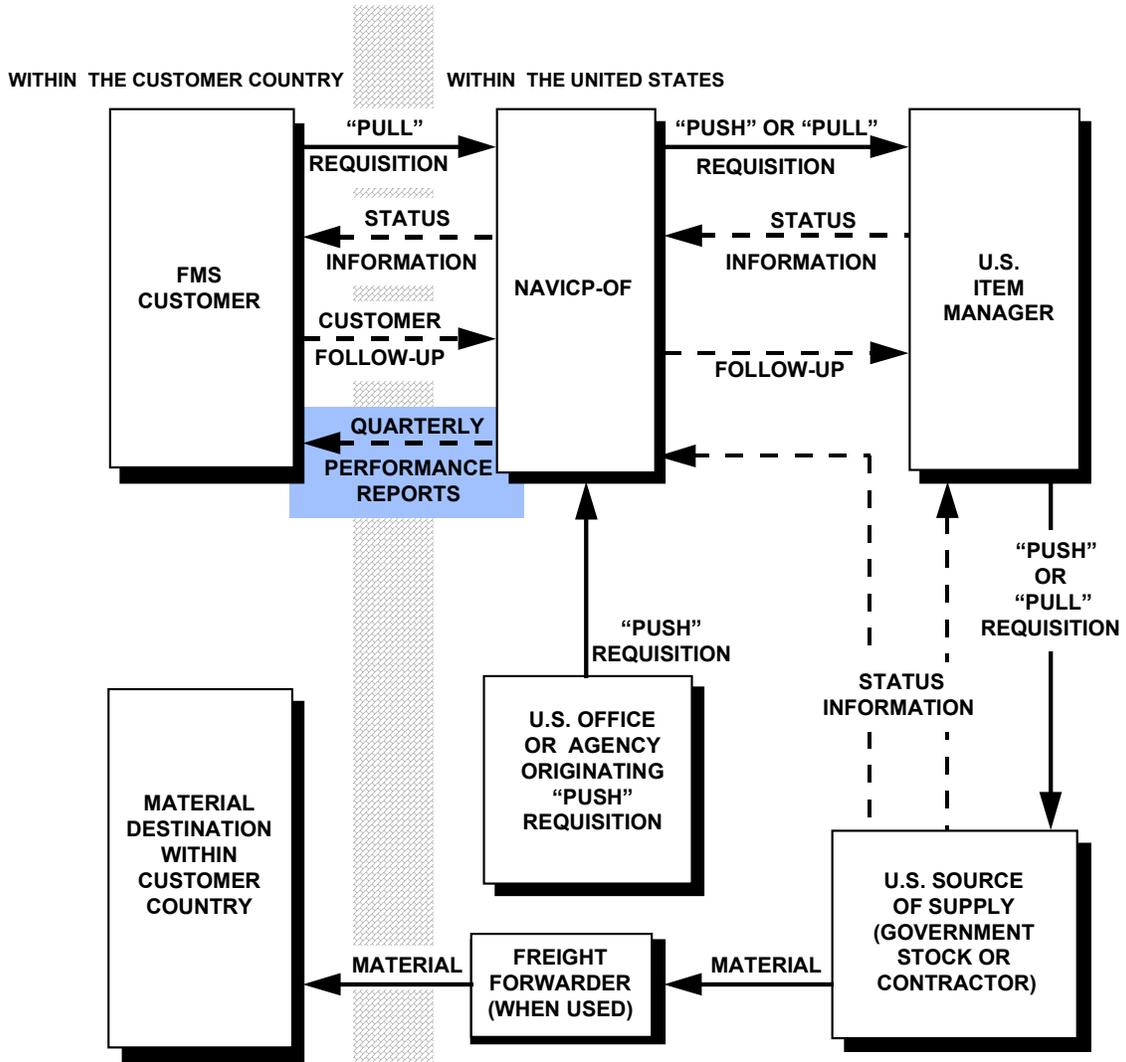
Figure 2-12 (2 of 2)
MILSTRIP Requisition Rejection Status Codes

REJECTION CODES	EXPLANATION
CK	Rejected. Unable to procure. No substitute/interchangeable item is available. Returned for supply by local issue of components, kit, or next higher assembly. Suggest fabrication or cannibalization. If not available, submit a new requisition** for components, kit, or next higher assembly.
CP	Rejected. Source of supply is local manufacture, fabrication, or procurement. If not available locally, or the activity lacks procurement authority, submit a new requisition** with Advice Code 2A.
CQ	Rejected. Item requested is command or service regulated or controlled. Submit a new requisition** through appropriate channels.
CS	Rejected. The quantity requisitioned is suspected of error or indicates excessive quantity. A partial quantity is being supplied. The quantity field in this transaction reflects the quantity rejected. If a requirement still exists, submit a new requisition** for the required quantity using Advice Code 2L.
CU	Rejected. Unable to procure item requested. The item is no longer produced by any known source and attempts to obtain item have failed. The item in the stock number field can be provided as a substitute. The unit price of the substitute item is shown in rp 74-80. (If the offered substitute is desired, submit a new requisition** showing the stock number of the substitute item.)
CY	Rejected. Unable to procure item requested. The item is no longer produced by any known source and attempts to obtain this item have failed. If a requirement still exists, contact the appropriate Service/Agency technical organization for assistance. If a substitute item is known, requisition that item. (Used only in response to requisitions containing Advice Code 2B.)
C2	Rejected. International Logistics Program funds are not available to process this requisition. (This code will be used between NAVICP-OF and requisitioners only.)
C7	Rejected. The Document Identifier Code indicates that this is a remarks/exception data document. The supply source has no record of receipt of remarks/exception data. If still required, submit a new requisition**
C8	Rejected. The vendor will not accept an order for a quantity less than the quantity indicated in rp 76-80. If a requirement still exists, submit a new requisition** for a quantity that is equal to or greater than that reflected in rp 76-80.
DA	Rejected. The source of supply is ordering directly from the Federal Supply Schedule identified by the number shown in rp 76-80 (rp 76-77 Group, rp 78-79 Part, rp 80 Section). If the activity lacks procurement authority, submit a new requisition** with Advice Code 2A.
D3	Rejected. The activity did not respond to the supply source's request for additional information.
D5	Rejected. The item requested is nuclear reactor plant material authorized for issue only to nuclear reactor plant activities and support facilities. The same or a similar item may be available under a different NSN. If unable to identify the non-nuclear substitute, submit a new requisition** for the nonstandard item specifying "NON-NUCLEAR APPLICATION" in the "Identification Data" section.
D8	Rejected. This requisition is for a controlled substance/item and the requisitioner and/or "Ship To" address is not an authorized recipient. Submit a new requisition** on a DD Form 1348-6 providing the intended application and complete justification for requesting the item.
* CA status is generated automatically by MISIL. It is normally sent to the customer electronically. NAVICP-OF will send the customer a narrative message to explain why the requisition was rejected.	
** Submit a new requisition using a new document number with a current Julian date.	

**Figure 2-13
Table for Determining When to Initiate a Follow-up**

FIRST FOLLOW-UP					
IF THE REQUISITION (ANY PRIORITY) WAS SUBMITTED BY:					
DDN, ILCS, STARR/PC, FAX, or Message			First Class Mail (DD Form 1348m or Diskette)		
DO NOT INITIATE A FOLLOW-UP TO NAVICP UNTIL:					
5 days after the requisition was sent			20 days after the requisition was sent		
ADDITIONAL FOLLOW-UPS					
IF THE UMMIPS PRIORITY OF THE REQUISITION IS:					
01, 02, 03		04, 05, 06, 07, 08		09, 10, 11, 12, 13, 14, 15	
AND THE REQUISITION WAS SUBMITTED BY:					
DDN, ILCS, STARR/PC, FAX, or Message	First Class Mail	DDN, ILCS, STARR/PC, FAX, or Message	First Class Mail	DDN, ILCS, STARR/PC, FAX, or Message	First Class Mail
DO NOT INITIATE ANOTHER FOLLOW-UP TO NAVICP UNTIL:					
10 days after the requisition was sent	40 days after the requisition was sent	20 days after the requisition was sent	50 days after the requisition was sent	35 days after the requisition was sent	50 days after the requisition was sent
OR		OR		OR	
5 days after the transaction date of the last status received without an estimated shipping date		10 days after the transaction date of the last status received without an estimated shipping date		15 days after the transaction date of the last status received without an estimated shipping date	
OR		OR		OR	
5 days after the estimated shipping date in the last status has passed and no shipment status has been received		10 days after the estimated shipping date in the last status has passed and no shipment status has been received		15 days after the estimated shipping date in the last status has passed & no shipment status has been received	

**Figure 2-14
The Complete FMS Requisitioning Process**



**Figure 2-15
CASREP/NMCS Completion Report**

RECORD POSITIONS	FIELD LEGEND	EXPLANATION
1-3	Document Identifier Code	Enter Document Identifier Code "BAC" for DDN or message.
4-6	Routing Identifier Code (To)	Enter "N99" for NMCS or "N35" for CASREP.
7-22	Blank	Leave blank.
23-24	Unit of Issue	Enter the Unit of Issue shown on the requisition.
25-29	Quantity	Enter the Quantity received or cancelled. When partial shipments or split requisitions are involved, a Completion Report will be sent for each partial or split shipment.
30	Service Code (First Position of Document Number)	Enter "P" for Navy.
31-43	Remainder of Document Number	Enter the Document Number of the completed requisition. In rp 40, be sure to enter "G" for NMCS requirements or "W" for CASREP requirements.
44	Suffix Code	Enter the appropriate Suffix Code if the requisition is split.
45-55	Blank	Leave blank.
56-59	Date Received or Date Cancelled	Enter either the Julian date on which material was received or the Julian date on which the requirement was cancelled.
60-64	Blank	Leave blank.
65	Method of Completion	Enter the appropriate Method of Completion Code from Figure 2-16.
66-80	Blank	Leave blank.

**Figure 2-16
Common Method of Completion Codes**

COMPLETION CODE	DEFINITION	REMARKS
C	Cancellation by customer.	Request that this requisition be cancelled. The material is no longer required, or the requirement has been satisfied locally. Prepare a cancellation document with Document Identifier Code "AC_" in rp 1-3 and send it to NAVICP-OF.
D	Downgrade of Requisition Priority	This material is no longer needed to correct an NMCS or CASREP condition. However, supply action should continue to be taken at a lower priority. To change the Priority or Required Delivery Date of the original CASREP or NMCS requisition, or to change the Project Code of a NMCS prepare an "AM_" document according to the instructions provided earlier in this chapter.
E	Lost in Transit	Material was shipped, but has not been received. Requisition status indicates that the material has been in transit at least 30 days.
R	Receipt from Navy Stock	Material has been received.

Additional method of Completion Codes that the customer may occasionally encounter are listed below:

- F Local Repair or Fabrication
- G Receipt from DSCs, DOD Agencies, GSA, or other Departments
- L Local Purchase (other than ICP)
- P Receipt from ICP Procurement
- S Cancellation or Rejection by Supply Activity
- X Local Stock
- Z Cannibalization

CHAPTER 3 - DIRECT REQUISITIONING PROCEDURES

SECTION 0301 - INTRODUCTION

030101 Background

Direct Requisitioning Procedures (DRPs) are designed to simplify supply action on certain categories of items for which the Foreign Military Sales (FMS) customer will have a recurring need, such as unclassified spare parts, repair parts, minor components, training films, and publications.

030102 Direct Requisitioning: A Brief Description

FMS customers may request establishment of DRP cases through the Navy IPO. A separate Letter of Offer and Acceptance (LOA) is required for each DRP case to be used by a customer country. The LOA for a DRP case does not list or describe specific material. This document establishes a dollar limit. Customers then have the authority, within that dollar limit, to requisition those categories of items specified in the LOA. They do not need a separate FMS case or case line for each item or group of items that they want to order. Customers may continue to requisition material until the dollar limit established in the LOA has been reached.

Just as DRP cases do not list or define specific items, DRP cases are also not limited to the support of a specific weapons system or major end item. Under Direct Requisitioning Procedures, customers may requisition items required to support one or more weapons systems or end items. For example, any U.S. Navy publication may be requisitioned under a single DRP case for publications.

030103 Advantages of DRP

Direct Requisitioning Procedures reduce administrative effort, simplify the requisitioning process, and increase the overall efficiency and economy of supply action. The customer is given blanket authority to submit requisitions for a general category of items. This eliminates the administrative burden and expense of requesting a separate FMS case each time such items are needed.

030104 Requisitioning DRP Material

DRP requisitions are prepared using the Military Standard Requisitioning and Issue Procedures (MILSTRIP) rules, forms, and codes described in Chapter 2. As with other pull requisitions, DRP requisitions should be submitted via the Defense Data Network (DDN) or the International Logistics Communication System (ILCS) whenever possible. These transmission methods greatly increase the efficiency with which DRP requisitions are processed. This minimizes processing costs, reduces administrative delays, and improves delivery lead times. The rules for requesting requisition modifications, submitting follow-ups and interpreting status information are the same for DRP as those described in Chapter 2.

030105 Material That May be Requisitioned Under DRP

Requisitions submitted under DRP are limited to the following general categories of unclassified items:

- Spare parts
- Repair parts
- Minor components
- Training films
- Publications

030106 Material That May Not be Requisitioned Under DRP

The following list identifies the categories of material that may **NOT** be requisitioned by FMS customers under DRP.

- Classified material and classified publications not specifically authorized for release by Navy IPO (See Chapter 6 for detailed information on classified material and classified publications.)
- Technical support services, including quality control services, inspections, and audits
- Initial provisioning of spare and repair parts applicable to all end items requiring such support
- Ammunition and explosive items, including torpedoes, mines, warheads, and all handguns and other small arms This restriction includes all material in Federal Supply Groups (FSGs) 10 and 13 with the following exceptions:

FSG 10 EXCEPTIONS	FSG 13 EXCEPTIONS
Cognizance Codes (COGs) 1H, 1R, 3C, 3G, 3H, 3N, 3Z, 7E, 7G, 7H, 7R, 9C, 9G, 9N, 9Z	Federal Supply Classes (FSCs) 50, 55, 60, 98
Material identified by these FSGs & COGs may be ordered under DRP.	

- Weapons systems, major end items, and major components, including aircraft and associated major support equipment, ships, boats, craft, vehicles, missiles and missile equipment, radar, and sonar
- Technical Data Packages
- Ozone depleting substances

In addition to the categories of unauthorized material and services listed above, customers **CANNOT** use DRP cases to return repairable items to the United States under any of the repair procedures described in Chapter 5.

Figure 3-1 lists the Cognizance Codes (COGs) of materials that may **NOT** be requisitioned under DRP.

Requisitions submitted under a DRP case for any of the types of restricted material described in this paragraph will be returned to the customer. The customer will be told that such material can be purchased only under a Defined Order FMS case.

030107 Automatic Distribution of Publication Changes Under DRP

Under DRP, FMS customers can receive automatic distribution of most publication changes, revisions, amendments, and supplements. Chapter 2 provides detailed instructions for requesting automatic distribution services. When distribution services are requested under DRP, NAVICP-OF must be informed of the specific DRP case to be charged.

As stated previously, customers may requisition material under DRP until all case funds have been used. After that, a new DRP case must be requested. Customers should, therefore, be sure that enough funds are available and that depleted cases are promptly replaced. This will prevent automatic distribution services provided under DRP from being interrupted.

SECTION 0302 - SPECIAL PROCEDURES UNDER DRP

030201 Purchasing Standard Items

A standard item, an item that has a National Stock Number (NSN), will be issued from available stocks only when it does not interfere with the support of current and anticipated U.S. Government requirements. When an item is issued from stock, the customer will be billed at the latest standard price plus applicable authorized surcharges. (See Chapter 8 for detailed information on pricing and surcharges.)

When a stock issue cannot be made, the ICP will normally buy the item for the customer. The customer will then be billed for the actual cost of the item plus authorized surcharges. The total cost, however, will not exceed the requisition value by more than the amounts shown in Figure 3-2 unless NAVICP-OF receives the customer's authorization to exceed these limits.

030202 Purchasing Nonstandard Items

A nonstandard item is an item that does not have a National Stock Number and is not stocked in the U.S. supply system. Such an item will be bought for the customer whenever the total cost does not exceed the requisition value by more than the amounts shown in Figure 3-2. As with standard items, NAVICP-OF must receive specific authorization from the customer before exceeding the limitations shown in Figure 3-2.

030203 FMS Purchase Policy

Standard and nonstandard items are bought for FMS customers at the lowest price possible, consistent with the Federal Acquisition Regulation (FAR).

030204 Pricing DRP Requisitions For Nonstandard Material

Prices for nonstandard items should be estimated using either:

- The price on the most recent invoice for the same item, or
- Price information from another document (such as a previous requisition for that item or the price from the manufacturer's catalog)

To allow for normal price increases, the customer should add 30 percent to the Unit Price for each year since the date of the invoice or other document. For example, if the most recent price available from a past invoice or other document is \$100.00, and the date of that document is August 1987, the price entered on an August 1991 DRP requisition would be \$220.00.

Note: The Unit Price is a required entry only on DRP requisitions for nonstandard items.

030205 Requests for Additional Information, Technical Data, or Funding

NAVICP-OF continuously monitors the status of requisitions processed through the Management Information System for International Logistics (MISIL) to ensure that the information provided to the customer is current. Throughout the life of an FMS case, there may be instances where the U.S. Navy will need to ask the customer for additional information, technical data or authorization for increased funding on a requisition. When doing so, NAVICP-OF will always indicate a "Response required by date." The intent of the NAVICP-OF notification is to provide timely responses to supply system activities and ensure that customers get the opportunity to take advantage of the current quote before it expires. **In the absence of a response, our policy is to cancel the requisition.**

When NAVICP-OF requests additional information, technical data, or funding, it is essential that a response be received by the required date. In the event that a final response cannot be provided, the requisition originator may submit an interim response indicating when NAVICP-OF may expect the final response. While this interim process may be acceptable in some cases, there will be times when the U.S. Navy is attempting to award a contract, and the quote provided by the vendor is only good for a specified period of time. In these instances, NAVICP-OF will advise the requisition originator of this requirement. Prior to the due date of the original request for a response, NAVICP-OF will submit a follow-up to remind the customers of the need for a response. In the event that the requisition originator does not provide an interim or final response by the required date, NAVICP-OF will cancel the requisition. The requisition originator will be advised that the requisition was cancelled due to nonresponse.

It is important to note that if a requisition is being processed by the FASTLINE commercial buying service, a processing fee will be imposed on requisitions cancelled after a price quote has been provided. If the material is still required, a new requisition must be submitted. Submitting a new requisition usually results in a later delivery of the material and may involve an even greater price increase.

030206 Time and Dollar Limitations Under DRP

As indicated previously, the LOA specifies a dollar limit against which DRP requisitions may be submitted for that case. In the past, requisitioning authority was also limited to a specific time period (usually one United States fiscal year) during which material could be ordered. This requirement has been eliminated. Requisitioning authority is now determined only by the types of items ordered and the amount of funds remaining in the DRP case. This new policy includes the following features that customers should be aware of:

- If the customer wants a specific time period to be included in a DRP case for planning purposes, the customer may request the time period desired in the Letter of Request (LOR) for the DRP case. NAVICP-OF, however, will no longer automatically stop accepting new requirements when this specified time period ends, as long as funds remain in the case. This feature enables the customer to make use of all available funds before case closure.
- An amendment increasing the case value for new orders will be processed only during the first year of the case. When the authorized amendment period has passed, and case funds are nearly exhausted, the customer must submit a LOR for a follow-on case with enough advance notice (normally 120 days) to be sure of continued DRP services.
- Beginning one year after implementation of a DRP case, if no new requisitions are submitted against the case for 180 days or more, the case will be considered for closure unless the customer notifies Navy IPO of special circumstances. This feature is designed to prevent inactive cases from staying open and tying up case funds indefinitely.

These procedures reduce the amount of customer funds tied up in case closure processing. They also can reduce the number, and administrative burden, of follow-on support cases needed by the customer.

030207 Classified Material and Classified Publications

As indicated previously, FMS customers normally may not order classified material and classified publications under DRP. FMS customers may order classified material and classified publications under DRP **only** when prior approval has been obtained from Navy IPO. Approval may be obtained by sending Navy IPO a letter listing the required publications, components, or repair parts. In this letter, customers must:

- indicate their desire to order these items under DRP
- identify the major item or weapons system to which the components, repair parts, or publications are related
- include a statement of the intended use of each item listed

Navy IPO will review the customer's list and indicate which items may be ordered under DRP. Navy IPO will then return the list to the customer and send a copy to NAVICP-OF.

Requisitions for approved classified items must show Document Identifier Code "A05" in record positions 1 through 3. The following statement must be entered in the "Remarks" block: "Item classified: Navy IPO letter (File Number), (Serial Number), (Date), authorizes release of this item." To speed up processing by NAVICP-OF, the customer must attach a copy of the Navy IPO letter of authorization to the requisition. In addition, Advice Code "2B" must be entered in record positions 65 and 66. It is important to submit requisitions for classified material and classified publications in the correct MILSTRIP format and with the proper release authorization attached. If this is not done, such requisitions will be rejected. (For a detailed discussion of classified material requests, see Chapter 6.)

030208 Requests for Approval to Requisition DRP Restricted Material

Customers must send all requests for approval to requisition restricted categories of material under DRP to Navy IPO. These requests should include complete supporting justification and rationale. Customers should indicate whether or not in-country logistics support exists, when appropriate. In addition, customers must provide the following information to assist in processing these requests:

- Nomenclature (item name)
- NSN/cognizance symbol/part number (as applicable)
- Weapons system, major end item, assembly, subassembly and/or component in which the item is used
- Name plate data
- Source of item information (drawing number, technical manual number, Allowance Equipage List/Allowance Parts List number, etc.)
- Communications Security Account Number, when applicable

- Any other information that will help to identify the material or the item manager

It is especially important to include as much of this information as possible when the NSN of the item desired does not appear in the Management Data (MD) cataloging product. (See Chapter 12.)

Figure 3-1 (1 of 2)
Material Cognizance Symbols That May NOT Be Requisitioned Under DRP

COG	INVENTORY MANAGER	MATERIAL DESCRIPTION
1B	NAVSUP	Fuel Reclamation
2B	NAVICP-Mechanicsburg	Material Handling Equipment Assigned to NAVICP- Mechanicsburg for Inventory Management
2C	CESO	Major Construction and Civil Engineering Equipment
2E	NOC	Conventional Air Ammunition
2F	NAVSEA/NAVICP-Mech.	Major Shipboard Electronics Equipment
2J	NAVSEA/NAVICP-Mech.	Major Shipboard Ordnance Equipment
2M	NAVAIR	Cryogenics and Mobile Facilities and Related Ancillary Equipment
2O	NAWCTSD	Training Equipment
2P	SSPO	Principal Items for POLARIS/POSEIDON/TRIDENT Fire Control and Guidance Systems
2Q	NAVAIR	Shipboard and Air Stationed Electronics Equipment
2S	NAVSEA	Major Shipboard HM&E Equipment
2T	NOC	Conventional Ammunition
2V	NAVAIR	Aeronautical Ground Support Equipment and Targets/Drones
2W	NAVAIR	Photographic Material
2X	SSPO	Principal Items for POLARIS/POSEIDON/TRIDENT Missile Subsystems, Complete End Items, Missiles and Missile Support Equipment
2Z	SPAWAR	Shore (Ground) and Shipboard Electronics Equipment
4E	NOC	Air-Launched Guided Missiles
4J	NAVSEA	Metrology Equipment
4M	NAVAIR	Meteorological Material
4P	SSPO	Principal Items of POLARIS/POSEIDON/TRIDENT Launching and Handling Subsystems
4R	NAVICP-Philadelphia	Catapult and Arresting Gear Material (Repairable or Investment Type Material)
4T	NOC	Torpedoes, Components, and ASROC Material
4V	NAVAIR	Aircraft Engines
4X	SSPO	Secondary Items Supporting Test Instrumentation Equipment Unique to TRIDENT

Figure 3-1 (2 of 2)
Material Cognizance Symbols That May NOT Be Requisitioned Under DRP

COG	INVENTORY MANAGER	MATERIAL DESCRIPTION
4Y	NAVICP-Mechanicsburg	TRIDENT Planned Equipment Replacement (TRIPER) Program
4Z	NAVICP-Philadelphia	Airborne Armament Equipment
6A	NAVICP-Mechanicsburg	Secondary Items Supporting POLARIS/POSEIDON/TRIDENT Subsystems, Less Navigation
6H	NAVICP-Mechanicsburg	Secondary Items Supporting POLARIS/POSEIDON/TRIDENT Navigation Subsystems
6M	NAVICP-Mechanicsburg	Cryogenics Equipment and Guided Missile Cradles Supporting Naval Air Systems Command Equipment and Weapons Systems
6P	SSPO	Principal Items of POLARIS/POSEIDON/TRIDENT Missile Subsystems, Less Complete End Items
6R	NAVICP-Philadelphia	Aeronautical Ground Support Equipment (Repairable or Investment Type Material)
6T	NOC	Underwater Mines and Components
6V	NALC Patuxent River	Technical Directive Change Kits
6X	NAVICP-Mechanicsburg	Secondary Items Supporting POSEIDON/TRIDENT Systems
8A	NAVICP-Mechanicsburg	Inert Nuclear Weapons Material
8E	NOC	Air-Launched Missile Material
8M	NAVAIR	Major Aeronautical Launch and Recovery Systems and Equipment
8P	SSPO	Principal Items of POLARIS/POSEIDON/TRIDENT Navigation Subsystems, Less Inertial Navigation
8S	NOC	SUBROC and MOSS Material
8T	NAVSEA	Surface Launched Guided Missiles and Components
8U	NOC	Sonobuoys
8X	SSPO	Principal Items of POLARIS/ POSEIDON/ TRIDENT Inertial Navigation Equipment, Components and Repair Parts

NOTE: In addition to the codes listed above, a small number of items identified by COG 7G (such as components that require spare parts support) are Allowance Parts List (APL) supported and may **NOT** be requisitioned under DRP.

Figure 3-2
Criteria for Referral of Price Increases to the Customer

The table below identifies the criteria used to refer requisition price increases to the customer. The U.S. item manager may buy the item for the customer **without** obtaining specific price increase authorization from the customer if the purchase price ** does not exceed the requisition value by more than the amount indicated.

Requisition Value *	Authorized Price Increase
Less Than \$ 2,499	100% or \$2,000 whichever is greater
\$ 2,500 - \$ 4,999	100% or \$3,000 whichever is greater
\$ 5,000 - \$ 9,999	75% or \$5,000 whichever is greater
\$10,000 - \$14,999	50% or \$7,500 whichever is greater
\$15,000 and Above	20% or \$8,000 whichever is greater

Notes:

* Requisition Value is defined as follows:

For standard stock: the current standard Unit Price multiplied by the number of Units of Issue being ordered.

For nonstandard material: the estimated Unit Price as originally entered on the requisition multiplied by the number of Units of Issue being ordered.

** Purchase Price is defined as the Unit Price at which the unit may be bought from a contractor multiplied by the number of Units of Issue being ordered.

*** Requisition price increases resulting from an increase in the quantity ordered due to a contractor's minimum order requirements are also covered by the above table.

CHAPTER 4 - COOPERATIVE LOGISTICS SUPPLY SUPPORT ARRANGEMENTS (CLSSAs)

SECTION 0401 - DESCRIPTION

040101 Introduction

Cooperative Logistics Supply Support Arrangement (CLSSA) is normally the most effective means of replenishing spare and repair parts for weapons systems that were purchased from the United States or from a commercial company. These parts, despite the source, are widely used by the U.S. Navy. Under this arrangement, customers invest in the U.S. supply system. They become co-owners of a pro rata share of U.S. supply system's assets. As such, they receive access to the U.S. supply system for follow-on support similar to that available to U.S. military services.

CLSSAs are limited to the requisitioning of common use items (items currently used by U.S. forces) that are centrally stocked and centrally managed. Foreign Military Sales (FMS) customers may **not** requisition the following kinds of items under a CLSSA case:

- Ammunition and explosive items
- Major end items
- Classified items
- Obsolete items
- Nonstandard items
- Technical data packages
- Excess Defense Articles

040102 Foreign Military Sales Orders I and II

A CLSSA consists of two separate FMS cases: a Foreign Military Sales Order I (FMSO I) case and a Foreign Military Sales Order II (FMSO II) case. The FMSO I is the investment case and the FMSO II is the requisitioning case. A FMSO I case is normally issued only once. The dollar value is then adjusted annually on the basis of FMSO II requisitioning activity. FMSO II cases are normally issued annually.

040103 Adequate Operating Support Inventories

Before a CLSSA can be offered, the customer must verify that adequate in-country spare and repair parts have been purchased and are available to support the applicable weapons system or systems during the initial augmentation period. This requirement is normally

satisfied by the initial support package described in the Letter of Offer for the applicable weapons system. If customers did not purchase this package, they must obtain the required material before a CLSSA can be issued. They may purchase these initial parts through a (non-CLSSA) FMS case or through commercial sources. The initial in-country lay-in of spare and repair parts ensures that CLSSAs are used primarily for replenishment. CLSSAs are not intended for initial support or for increasing in-country stocks.

040104 Equity List

The "equity list" shows items representing the customer's investment (equity) in the U.S. supply system for support of a designated weapons system. The list shows:

- All eligible items for which demand is expected under the CLSSA
- The estimated annual demand of each item
- The standard unit price of each item
- The quantity and dollar value of five months worth of estimated customer demand for each item (Since this represents the dollar value of material that should be in U.S. stock to fill CLSSA requisitions, it is called the "on-hand" portion of the FMSO I case.)
- The quantity and dollar value of material required to be on-order to support the customer's estimated demand (This is called the "on-order" portion of the FMSO I case.)
- The total dollar value of the estimated annual demand

040105 U.S. Supply System Stock Augmentation

When a FMSO I case is signed and implemented, the U.S. Inventory Control Point (ICP) will initiate action to increase supply system assets, as necessary, to cover the CLSSA support requirement. Material added to U.S. stock under a CLSSA is identified and controlled in the same way as other U.S. Navy stock.

The amount of time required to augment, or increase U.S. stocks will depend on the procurement lead times. Augmentation times will, therefore, vary from one weapons system to another. Augmentation times will also vary according to the type of material (consumable or repairable) being augmented. It normally takes up to 24 months to

augment consumable stocks and up to 42 months to augment repairable stocks. The first FMSO II requisitioning case is not implemented until at least one of these initial augmentation periods has elapsed.

040106 Requisitioning

After augmentation of consumable and/or repairable items, a FMSO II case is implemented. The customer may then begin to requisition items against the CLSSA. Items are ordered in much the same manner as for other "pull" cases. (See Chapter 2 for a detailed discussion of standard requisitioning procedures.) Requisitions against FMSO II cases are recorded by the U.S. supply system as recurring demands. The U.S. supply system's inventory forecasts include all recurring demands. U.S. inventory levels are, therefore, adjusted in response to CLSSA as well as U.S. Government demands.

SECTION 0402 - PROCEDURES

040201 FMSO I

A customer must request a CLSSA from the Navy International Programs Office (Navy IPO). If the CLSSA is approved, the Naval Inventory Control Point (NAVICP) prepares an Equity List. Equity Lists for aircraft are prepared by NAVICP, Philadelphia and Equity Lists for surface and missile programs are prepared by NAVICP, Mechanicsburg. Equity List computations are used to prepare a Letter of Offer and Acceptance for the FMSO I case. The FMSO I case will list the standard terms under which CLSSA support is being offered. It will also list the required augmentation periods and any special provisions. The FMSO I case is divided into two parts: Part A and Part B. Part A (FMSO IA) is the on-hand portion. It represents the value of stock that should be on hand for the U.S. supply system to begin to fill requisitions submitted against the CLSSA. Part B (FMSO IB) is the on-order portion. It represents the value of items and quantities needed to maintain the customer's Estimated Annual Demand. These values are estimates based on the range and depth of items that the customer is expected to requisition during a 12-month period.

Basically, the FMSO I case provides U.S. item managers with financial authority, called "obligational authority," to buy items to support future CLSSA requirements. The FMSO I case includes an administrative charge of 5 percent of the case's on-hand stock value. The on-hand case value and the administrative charge are billed on a cash-with-acceptance basis. The customer's acceptance of the FMSO I Letter of Offer constitutes a dependable undertaking liability for the on-order value of the FMSO I case.

Once the FMSO I case is implemented, stock augmentation begins within the U.S. supply system. U.S. item managers will use the cash provided under Part A of the FMSO I case (FMSO IA) to augment the U.S. Government's on-hand stocks. They will use the obligational authority provided under the dependable undertaking (on-order) portion, or Part B, of the FMSO I case (FMSO IB) to set up a "procurement pipeline." This pipeline replaces on-hand (FMSO IA) stocks that customers requisition under their FMSO II cases.

040202 FMSO II

The first FMSO II case under a CLSSA may be implemented when one augmentation period (consumable or repairable) has elapsed. The FMSO II case is a Letter of Offer and Acceptance (LOA) separate from the one issued for the FMSO I case.

The FMSO II case shows the terms under which requisitions may be submitted. It also shows the weapons system (or systems) being supported and the dollar value up to which requisitions may be submitted. FMSO II cases implemented by the U.S. Navy will state a period of performance for planning purposes. NAVICP-OF, however, (as with DRP cases) will continue to accept new requisitions when this specified time period ends, as long as funds remain in the case. The value of FMSO II requirements processed in any 12-month period may not exceed the value allowed by the FMSO I investment. See Chapter 3 for other features of follow-on support cases that also apply to FMSO II CLSSA cases.

Normally, the dollar value of the FMSO II case is the same as the dollar value of the Estimated Annual Demand upon which the FMSO I case was based. It can never be greater than the Estimated Annual Demand. The customer may request that the dollar value of the FMSO II be less than that of the Estimated Annual Demand on which the FMSO I case was based. The customer, however, will then be responsible for any resulting excessive investment in on-hand stocks, as well as any shortfall against on-order stocks that may exist when the FMSO I is renegotiated. Figure 4-1 provides a summary of the major elements of FMSO I and FMSO II cases.

040203 FMSO II Requisitioning

FMSO II requisitioning, status, and follow-up procedures are the same as those used for processing non-CLSSA types of pull requirements. Chapter 2 gives detailed instructions for Military Standard Requisitioning and Issue Procedures (MILS TRIP) and related procedures including the Uniform Material Movement and Issue Priority System (UMMIPS). The priority designator assigned to a FMSO II requisition must accurately reflect the urgency of need and the assigned Force Activity Designator (FAD). Abuse of UMMIPS when requisitioning material under a CLSSA may result in suspension of the CLSSA.

040204 Dollar Limits on FMSO II Requisitioning

During the FMSO II requisitioning period, requisitions will be accepted as long as their total accumulated dollar value does not exceed the dollar limitation specified in the FMSO II case. NAVICP-OF will manually review a requisition that exceeds this limit. The length of time left in the requisitioning period will determine which of the following actions will be taken.

- If the requisitioning period will expire soon, the requisition may be held and processed against the next FMSO II case.
- If a large part of the requisitioning period remains, the FMSO II case may be amended. The amendment will increase the requisitioning value of the case to cover the value of additional requisition(s). The amount can increase only if the amended amount will not exceed the Estimated Annual Demand value if the FMSO I case. If the Estimated Annual Demand would be exceeded, then an additional investment in the FMSO I case would be needed. Additionally, another augmentation period would be required before the higher level of requisitioning could be supported.

040205 FMSO II Material Restrictions

The beginning of this chapter listed categories of items that customers may not requisition under a CLSSA. One category is ammunition and explosive items, which includes torpedoes, mines, warheads, and handguns. This category is identified by Federal Supply Group (FSG) 13. Major end items may not be requisitioned under a CLSSA. Chapter 3, Figure 3-1, lists examples of restricted major end items. Classified items are also restricted from CLSSA requisitioning. Chapter 6 provides instructions for identifying classified items.

FMSO II requisitions for material in restricted categories will be returned to the customer without action unless the customer obtains a waiver. Waivers of CLSSA requisitioning restrictions must be requested from Navy IPO. Each request must be made on an item-by-item basis and must also include full justification for the waiver.

040206 FMSO II Requisitions for Repairables

NAVICP-OF checks each FMSO II requisition for a repairable item against the Equity List for the CLSSA program to ensure that the customer is authorized to order the item identified. If the repairable item identified is not on the Equity List, NAVICP-OF coordinates with the applicable item manager to determine whether the CLSSA covers the repairable item. If it does, NAVICP-OF will add the item to the Equity List and processes the requisition. If the item is not covered, NAVICP-OF will reject the requisition back to the customer.

If the item identified on a FMSO II requisition is on Equity List, NAVICP-OF records the requisition and assigns a processing control code. This code reflects the status of the repairable stock augmentation period and/or the status of the CLSSA's Estimated Annual Demand quantity for that item. This code determines how the U.S. supply system will process the customer's requisition.

040207 Excessive Quantities

Like other requisitions, FMSO II requisitions are checked for unusually large quantities. This check detects mistakes in quantity or unit-of-issue entries that would cause customers to get more material than they want. It also helps to avoid unnecessary depletion of U.S./FMS customer (CLSSA) stocks.

For each CLSSA item (repairable or consumable) requisitioned, a Maximum Release Quantity (MRQ) is computed. The MRQ assigned will depend on the type of item, the item's dollar value, and the average quantity of the item ordered on other requisitions. Because the MRQ is automatically computed from these factors as each requisition is processed, the MRQ may change daily. A FMSO II requisition for a quantity greater than the MRQ will be filled from available stocks up to the MRQ amount. The balance will be rejected citing status code "CS" unless advice code "2L" is entered in record positions 65 and 66 of the customer's requisition. When "2L" is added, the MRQ will be provided from available stock with the rest filled from stock available above the reorder point. Any remaining quantity will be procured for direct delivery to the FMS customer. If customers believe the requisition quantity of a consumable item may be greater than the MRQ, they should enter advice code "2L" in record positions 65 and 66. This justifies the need for the quantity exceeding the MRQ.

Because of the cost of repairable items and the way they are normally requisitioned by U.S. forces, the MRQ often changes orders to "one each." Thus, for the best possible treatment under MRQ checks and under NAVICP-OF's requisition screening, CLSSA customers should requisition repairable items one at a time.

040208 Pricing

Items covered under a CLSSA, for which the applicable augmentation period has been completed, are billed at U.S. Government standard prices. These catalog prices are shown in the most current Management Data cataloging product. (See Chapter 12.) Administrative charges are applied as appropriate. For more details on pricing, see Chapter 8.

040209 Renegotiation of a FMSO I Case

An adjustment to the FMSO I investment (i.e., the on-hand and on-order dollar values) may become necessary when one or more of the following conditions exist:

- The dollar value of requisitions submitted under a FMSO II Case is 25 percent larger or 25 percent smaller than the Estimated Annual Demand value on which the FMSO I case was based
- The number of weapons systems supported by the CLSSA increases or decreases
- A weapons system supported by the CLSSA is significantly upgraded or updated to a new configuration
- Customers find they are using a weapons system supported by the CLSSA a lot more or a lot less than they originally expected

Adjustments to the FMSO I investment are made through a renegotiation of the FMSO I case. Normally, renegotiation is not necessary until at least two years of actual FMSO II requisitioning activity have passed. Renegotiation is accomplished through an amendment to the FMSO I case. This amendment reflects adjustments of the on-hand and on-order dollar values.

When a customer is found to be under-invested in U.S. inventories, (i.e., is requisitioning more material than expected), the FMSO I amendment will require three things:

- Additional cash to make up for the shortage in the on-hand (FMSO IA) investment
- Additional obligational authority to make up for the shortage in the on-order (FMSO IB) investment
- An additional FMSO I augmentation period before the increase in requisitioning activity can be supported

When the customer is over-invested in U.S. inventories (i.e., is requisitioning less material than expected), the customer is responsible for his pro rata share of long-term supplies. Under either renegotiation or termination procedures, settlement will be made through a cash refund and/or provision of material. Any CLSSA stocks that are on hand or on order above the level of U.S. military requirements may be liquidated. If customers can use the material, it will be provided to them. If not, they may ask the U.S. Government to dispose of it for them. If disposal is selected, the customer receives the proceeds of the disposal, less the administrative cost of disposal. Reducing over-investment often involves a combination of refunds, stock withdrawals, and disposal actions. When the FMSO I investment is reduced, administrative costs associated with the FMSO I case are not refunded.

040210 Termination of a CLSSA

Either the customer or the U.S. Navy may request termination of CLSSA support. When a termination is requested, NAVICP-OF prepares a termination register for that CLSSA. This register lists quantities of on-hand (FMSO IA) and on-order (FMSO IB) material that is above the level of U.S. military requirements. As in the case of over-investment, customers must either requisition the material or request that the U.S. Government dispose of it for them. If customers decide to requisition the material, they must enter "N" in record position 44 of each requisition. If disposal is elected, customers will be credited with the proceeds from the disposal, less administrative costs of disposal. When a CLSSA is terminated, FMSO I administrative costs are not refunded.

SECTION 0403 - REPAIRABLE ITEM REPLACEMENT OPTION

040301 Introduction

Chapter 5, "Processing Repairables," discusses Repair and Return (ROR) procedures for sending items to the United States to be repaired. The Repairable Item Replacement Option (RIRO) allows a customer to **replace** unserviceable depot level repairable items using procedures similar to those used by the U.S. Navy instead of repairing them under Repair and Return (ROR) procedures. Unlike the ROR procedures, the RIRO procedure applies to CLSSA cases only. FMS customers may request the addition of the Repairable Item Replacement Option to a CLSSA case.

A customer requisitions a pre-approved replacement item by using a unique project code. When the customer receives requisition status from the supply system that verifies the material is available or has an acceptable estimated availability date, the customer ships the failed item (also referred to as the carcass) to the U.S. If the carcass shipment contains the proper documentation, and the carcass meets other criteria for acceptance,

title to that item passes to the U.S. Government. Meanwhile, the customer's requisition is filled with an "A" condition, Ready for Issue (RFI) asset from the U.S. Navy inventory. Customers pay a "Net" reduced price for the replacement item.

040302 Material Restrictions

The Replacement Option is only available for Navy managed (7 COG) DWCF repairable items. Requisitions submitted under the Replacement Option are subject to the same general restrictions as any other CLSSA requisitions. Items that are normally precluded from CLSSA requisitioning may not be requisitioned under the Replacement Option. Other items which may not be requisitioned under the Replacement Option include Fleet Ballistic Missile (FBM) components, hazardous items, flammable items, small arms, nuclear items (SMIC X1 through X5), F/A-18 SMIC XF items, and aircraft and marine gas turbine engines. The U.S. Navy also reserves the right to exclude any NSN or class of items from consideration for Replacement Option coverage on a case-by-case basis.

On a case-by-case basis, the NAVICP Case Administrating Officer (CAO), based on input from the inventory manager, NAVAIR or NAVSEA, may delete items from a customer's approved Repair Item Replacement Option list for reasons which include, but are not limited to, configuration changes, incompatible maintenance practices, or critical supply position.

040303 Adding/Including the Replacement Option on a CLSSA Case

A customer may request either that the Replacement Option be added to an existing CLSSA case or that the option be included when a CLSSA case is originally implemented. In either instance, the request should be made via Navy IPO. Replacement coverage may be requested for individual NSNs, 7 COG NSNs applicable to a single weapons system/multiple weapons systems, or everything covered by the CLSSA case. The decision to permit the use of Replacement procedures will be made by the U.S. Navy on a case-by-case basis.

040304 Scope of Replacement Coverage

The case manager will work with the customer to determine the appropriate range and depth of replacement coverage. In addition to identifying the range of specific NSNs, a customer may also request the depth (how many of each) of coverage that is desired. A customer may request either complete coverage, where all repairable failures are replaced instead of repaired, or partial coverage, where some percentage of the repairable failures are replaced and some repaired. The NAVICP will determine if the request will be authorized for the requested items or systems. For 7R COG items, NAVICP will forward requests to NAVAIR for approval prior to replacement option authorization.

040305 Equity Investment

For approved RIRO items, the NAVICP will compute or recompute the equity list for the CLSSA case. This computation will take into account the additional replacement demand. For an existing CLSSA case, an additional CLSSA investment may be required. FMSO I cases will be written or modified to include a note that permits the use of RIRO procedures for the companion FMSO II case. The note will show the range and depth of coverage that is authorized. It will also specify any RIRO requirements that apply to the customer's program. FMSO II cases will be written or modified to remove the standard note that prohibits the use of replacement procedures on a CLSSA case.

040306 Submitting a Requisition for a Replacement Item

The customer's requisition for an approved replacement item will look very much like any other CLSSA requisition. However, a requisition for RIRO material must have the following entries:

- In rp 25-29, enter the Quantity "00001"
- In rp 57-59, enter Project Code "Z8A"
- In rp 65-66, enter Advice Code "5V" (Requested item is a mandatory turn-in repairable for which an unserviceable unit will be turned in on an exchange basis under the same document number as that used in the requisition. A substitute is not acceptable.)

If a customer cancels a replacement requisition after sending a carcass to the U.S., the customer may either submit another requisition for the same item or request that a substitute "F" condition (NRFI) asset be returned, as described later in this section.

040307 Waiting for Requisition Status from the U.S. Supply System

Customers are encouraged not to ship their carcass to the U.S. until after they receive status from the supply system on the replacement requisition. If the customer determines that the wait for a backordered replacement item is longer than the time required to have the failed item repaired under ROR procedures, the customer has the option of canceling the replacement requisition.

A customer will usually receive a transaction indicating the status of a requisition within a few days after submitting the requisition. The supply status will indicate if the replacement item is available for immediate issue or if it is on backorder. Material on backorder will have an Estimated Availability Date (EAD). Customers are expected to

ship a failed item to the U.S. as soon as they receive supply status that indicates the replacement item is/will be available.

040308 Cost of the Replacement Item

When a customer's replacement item is shipped from stock, the customer will be billed the Net Price of the item. Net Price is the average repair price for that National Stock Number (NSN) plus the prevailing Navy Working Capital Fund (NWCF) surcharge. Net Price is the difference between the standard stock issue price for an "A" condition asset and the carcass value credit that the customer receives for turning in a failed item.

040309 Shipping a Carcass to the U.S

A customer returns a carcass to the U.S. by shipping it, prepaid, to either the Advanced Traceability and Control (ATAC) Hub in Norfolk, Virginia or the ATAC Hub in San Diego, California. Figure 4-2 provides the addresses of the two ATAC Hubs. The ATAC Hubs are the collection points for all FMS customer carcasses sent to the U.S. under the Repairable Item Replacement Option Program. The customer may ship to whichever ATAC Hub is more economical to use and does not have to use one ATAC Hub exclusively.

A customer must complete a DD 1348-1 Shipping/Turn-in document for each carcass and include it with the shipment. The DD 1348-1 turn-in document must use the same document number as that used in the replacement requisition. Figure 4-3 provides instructions for filling out the DD 1348-1 Shipping/Turn-In document. Failure to provide a DD 1348-1 turn-in document may prevent the customer from receiving credit for the turn-in.

A carcass turn-in must be returned as a complete unit with all of its components. The U.S. Navy reserves the right to charge a customer for the cost of missing components. If it is determined that a customer repeatedly returns unserviceable items with missing components, the case manager may suspend the customer's authority to use the replacement option. Any Scheduled Removal Component (SRC) cards or logbooks related to the failed item must also be returned with the carcass. The customer's carcass should be shipped to the U.S. in the appropriate packaging. Items that require a special container should be shipped in that container.

040310 Obtaining Proof of Receipt by the ATAC

The ATAC Hub will acknowledge receipt of a carcass turn-in by providing the customer a signed, stamped, and dated copy of the DD 1348-1 turn-in document. The ATAC Hub will mail the turn-in acknowledgment to the "Shipped From" address provided by the customer in block A of the DD 1348-1.

040311 Title Transfer from the Customer to the USG

The transfer of title of the carcass from the customer to the U.S. Government does not occur until the ATAC Hub formally accepts the item into U.S. Navy inventory. The ATAC Hub will take possession of an item from a carrier, but title does not transfer until after the Hub has inspected the carcass to verify that it meets the criteria for acceptance and processing defined below. If the carcass meets that criteria, the ATAC Hub will formally accept the item into the U.S. Navy inventory.

040312 Criteria for Acceptance of a Carcass by the USG

The ATAC Hub will open and inspect every shipment from an FMS customer. Based on the outcome of its inspection, the ATAC Hub will either process receipt of the carcass or will repack the carcass and send it to the country's freight forwarder. The ATAC Hub will process receipt of the carcass if the item is listed on the Master Repairable Item List (MRIL) as a valid U.S. Navy managed repairable item, or is otherwise identified by the Hub as a valid U.S. Navy managed repairable item.

If the carcass is missing when the shipment is opened and inspected by the ATAC Hub, the Hub will issue a Supply Discrepancy Report (SDR) to the FMS customer. If the carcass received does not match the NSN indicated on the DD 1348-1 turn-in document, the ATAC Hub will re-identify the item and report receipt of the correct NSN to the NAVICP. The Hub will also issue an SDR to the FMS customer. All SDRs to the customer will be sent to the "Shipped From" address provided by the customer in block A of the DD 1348-1 turn-in document.

If the carcass is not a valid U.S. Navy managed repairable item, or if the ATAC Hub cannot identify the correct NSN of the item, the Hub will repack the item and return it to the country's freight forwarder.

040313 Return of Unacceptable Carcasses to the Customer

FMS carcasses that do not meet the criteria for acceptance and processing by the ATAC Hub will be shipped to the country's freight forwarder, via traceable means, at the customer's expense. The ATAC Hub will include with the return shipment the 1348-1

turn-in document and a brief explanation of why the carcass is being returned to the customer. The customer will also receive a notification of the return from the NAVICP. The notification will provide the reason for the return, along with a copy of the turn-in document and verification of the return shipment. Depending on the reason for the return to the customer, the customer must either send the item in again with the proper documentation or turn in another item with the correct NSN to avoid being billed for the carcass value of the replacement item.

040314 Improperly Packaged Carcasses

If a customer ships an item to the U.S. without the proper container or without adequate packing and crating, the ATAC Hub will place the item in an appropriate container for the forward movement of the item through the U.S. supply system. If a reusable container is not available, the ATAC Hub will construct an appropriate container.

040315 Carcass Turn-ins That Do Not Match a Requisition

In some instances, a customer's carcass could be accepted into Navy inventory even though the customer cannot be given credit for the turn-in against a replacement requisition. Examples of instances when this might occur include:

- A customer ships a carcass to the U.S. and the item cannot be requisitioned under a CLSSA case because it is classified, hazardous, etc.
- A customer ships a carcass to the U.S. and the item is not included on a Replacement Option CLSSA case
- A customer ships a carcass to the U.S. and it is different than the item that was requisitioned
- A customer ships a carcass to the U.S. and then cancels the replacement requisition before it is filled
- A customer ships a carcass to the U.S. and the U.S. cancels the replacement requisition before it is filled
- A customer erroneously ships a carcass to an ATAC hub instead of to some other intended destination.

If an unmatched carcass is an item for which Replacement Option procedures have been approved, a customer may requisition a replacement for the item and pay Net Price. A record of an unmatched carcass receipt is maintained in the Carcass Tracking File for approximately 18 months, after which it is purged from the active file. During that time, the customer may submit another requisition for the same item and automatically receive credit for the previously submitted carcass. Once the record of a carcass turn-in is purged, a customer would have to provide the NAVICP with a copy of the DD 1348-1 receipt, signed and dated by the ATAC Hub, in order to receive credit for the earlier carcass turn-in.

If an FMS customer is not permitted to requisition a replacement for an unmatched carcass, (i.e., Replacement Option procedures have not been approved for the item or the customer chooses not to requisition a replacement item), the customer may request that a substitute "F" condition item be provided. A customer must submit a written request for the return of a substitute "F" condition item to the NAVICP. The request must include a copy of the DD 1348-1 turn-in document, signed and dated by the ATAC Hub to indicate receipt of the item.

The NAVICP will verify that a carcass receipt was recorded in the Carcass Tracking File and that there is no matching requisition on the file. The NAVICP will have a substitute "F" condition asset shipped to the customer. If an "F" condition asset is not available at that time, action on the request will be suspended until an "F" condition asset becomes available. When the substitute "F" condition asset is shipped, the NAVICP will remove the record of the unmatched carcass from the Carcass Tracking File.

A customer will not receive anything other than an "F" condition asset. Customers will not be paid for the asset or otherwise given a credit for the value of the carcass. A substitute "F" condition asset will be shipped to an FMS customer at the customer's expense.

040316 Notification That a Carcass Has Not Been Received

Customers are expected to ship a failed item to the U.S. as soon as they receive supply status that indicates the replacement item is/will be available. If, after 60 days from the date the requisition was established, the NAVICP does not have a record of a corresponding carcass turn-in, the NAVICP will notify the customer that a carcass has not been received. The customer must either send in a carcass to the ATAC Hub or provide the NAVICP with proof that the item was delivered to the ATAC Hub. The customer's proof of delivery must include a copy of the 1348-1 turn-in document that accompanied the shipment, signed and dated by the ATAC Hub. A second notification will be sent if a carcass or proof of delivery has not been received after an additional 50 days.

If the carcass had been returned to the customer or re-identified by the ATAC Hub, the NAVICP will inform the customer that the carcass was not an acceptable turn-in. The NAVICP will instruct the customer to ship another item, with the correct NSN, to the ATAC Hub in order to avoid being billed for the carcass value of the replacement item.

040317 Carcass Billing

If a customer has not turned in a carcass to the ATAC Hub within 140 days of requisition establishment, and has not responded to the NAVICP's notifications by providing proof that a shipment was delivered to the ATAC Hub, the customer will receive a second bill for the Carcass Value of the item. The Carcass Value is the difference between Standard Price and Net Price. The two bills, Net Price plus Carcass Value, equal the cost of an item requisitioned under a CLSSA case without the replacement option. If a customer is billed for a carcass value and later turns in a carcass, a credit for the billed carcass value will be issued.

040318 SDRs for Replacement Items

SDRs that are submitted because of a discrepancy with the replacement item (nonreceipt, wrong item, damaged, etc.) are subject to the same criteria and requirements as any other stock issue SDRs. If the SDR is investigated and the disposition of the SDR results in a credit to the customer, the following rules will apply:

- If a customer has returned a carcass and has been billed Net Price only, the customer will only receive credit for the Net Price. The customer will not receive a credit for the value of the carcass since FMS customers may not be given SDR credits in excess of the amount they have been billed. The customer may either submit another requisition for the same item and pay Net Price (the previously submitted carcass will be applied to the new requisition), or may submit a request for a substitute "F" condition asset to the NAVICP.
- If a customer has not returned a carcass and has been billed Net Price and Carcass Value, the customer will receive two SDR credits, one for the Net Price and one for the Carcass value.

**Figure 4-1
Major Elements of FMSO I and FMSO II Cases**

ELEMENT	FMSO I	FMSO II
Purpose	<ul style="list-style-type: none"> • Part A provides funds to augment U.S. stocks • Part B provides obligational authority to maintain on-hand stocks 	<ul style="list-style-type: none"> • It provides the customer with requisitioning authority • Payment for material issued under the FMSO II case reimburses the United States for material procured under Part B of the FMSO I case
Prerequisites	<ul style="list-style-type: none"> • The customer must have at least 12 months worth of support material in country 	<ul style="list-style-type: none"> • A FMSO I case must be implemented • At least one augmentation period (repairable or consumable) of the FMSO I case must have elapsed
Items on the Letter of Offer and Acceptance (LOA)	<ul style="list-style-type: none"> • Weapons system to be supported • Augmentation periods for the consumable or repairable item • On-hand (FMSO IA/cash with acceptance) dollar value • On-order (FMSO IB/Estimated Annual Demand/dependable undertaking) dollar value • Standard terms of support • Estimated administrative charges • Any special provisions that may be required 	<ul style="list-style-type: none"> • Terms under which requisitions may be submitted • Period during which requisitions will be accepted • Total requisitioning (dollar) value of the case

Figure 4-2
Advanced Traceability and Control (ATAC) Hub Addresses

Naval Depot Level Repair Agent
N46433 Fleet Industrial Support Center
North Island Annex
Building 661-3
NAS North Island
San Diego, CA 92135-5000

Naval Depot Level Repair Agent
N68620 Fleet Industrial Supply Center
406 B. Street
Building SP237
Norfolk, VA 23511-5000

Figure 4-3
DD Form 1348-1 Release/Receipt Document For Turn-in of Unserviceable
Mandatory Turn-in Repairable Material

<u>FIELD/DATA ELEMENTS</u>	<u>RECORD POSITIONS</u>	<u>COMMENTS</u>
Document Identifier Code	1-3	Enter "BC1"
RP 4-7	4-7	Leave Blank
Stock Number	8-20	Enter the NSN
SMIC	21-22	Enter the SMIC (if applicable)
Unit of Issue	23-24	Enter the applicable Unit of Issue code
Quantity	25-29	Always enter "00001"
Document Number	30-43	Enter the replacement requisition document number
RP 44	44	Leave Blank
Supplementary Address Code	45-50	See Note 1
Signal Code	51	See Note 1
Fund Code	52-53	See Note 1
Monitoring Activity	54	Leave Blank
Cognizance Symbol (COG)	55-56	See Note 1
Project Code	57-59	Leave Blank
Priority	60-61	Enter "03"
RP 62-70	62-70	Leave Blank
Condition Code	71	Enter "F"
Management Code	72	Enter "E"
Material Control Code	73	Leave Blank
Unit Price	74-80	Leave Blank
	<u>BLOCK</u>	
Shipped From	A	Enter the name and address of the activity turning in the item
Ship To	B	Enter one of the ATAC Hub Addresses identified in Figure 4-2

NOTE 1: In these record positions, enter the same data as the data that was entered in the corresponding record positions of the requisition for the replacement item.

CHAPTER 5 - PROCESSING REPAIRABLES

SECTION 0501 - GENERAL

050101 Description of Repairables

Many of the items the U.S. Navy supplies can be repaired when they become unserviceable. Frequently, it is cheaper and faster to repair the unserviceable item than to discard it and order a new item. The Navy's Foreign Military Sales (FMS) repair program enables FMS customers to send unserviceable items to the United States to be repaired.

To participate in this program, the customer must establish an FMS case for repair services with the Navy International Programs Office (Navy IPO). This case may be either an open-ended case or a case that defines the items and quantities to be repaired. Regardless of the type of case, the total dollar value established for that case may not be exceeded. Repair services are not available under either Direct Requisitioning Procedures (DRP) cases or Cooperative Logistics Supply Support Arrangements (CLSSAs).

FMS cases for repair services cite "NAVSUP Publication 526, Chapter 5" as containing authorized procedures to be followed for repair transactions. Once a case is implemented, the FMS customer is expected to either originate or monitor the preparation and release of all documents related to repairable processing requirements. These documents are described later in this chapter.

050102 Scope of U.S. Navy Repair Programs

The U.S. Navy has established extensive repair programs. These programs cover most of the items used by the U.S. Navy that can be repaired economically. Several different U.S. Navy activities make repairs. Commercial contractors also frequently repair Navy items.

The scope of repair work performed under established programs designated as "depot level" repair includes the capability for the complete overhaul or rework of repairable items.

050103 Purpose of the FMS Repair Program

The purpose of the FMS repair program is to provide FMS customers with a means of obtaining repair services without having to establish repair capability in their own country. If FMS customers decide to establish their own repair capability, the FMS repair program can supplement that capability. The program also provides a source of repair until customer countries establish their own repair capability. An advantage of the FMS

repair program is that it has the potential of allowing FMS repair requirements to be combined with U.S. Navy requirements. Thus, FMS items have the potential to be repaired more economically and more efficiently.

050104 FMS Items Not Covered by U.S. Navy Repair Program

The repair arrangements described in this chapter are normally limited to those items for which the U.S. Navy has established a depot level repair program. An item not included in a U.S. Navy repair program can sometimes be repaired under one of the two Return, Repair, and Reshipment procedures. There are, however, two requirements for such an arrangement:

- The U.S. item manager must make sure that repair capability exists before the customer can return such an item to the United States.
- The customer must reimburse the U.S. Government for all costs associated with locating a repair facility and preparing the necessary paperwork. This requirement for cost reimbursement will be covered in a specific note added to the applicable FMS case.

050105 Tailored Repairable Item List

A Tailored Repairable Item List (TRIL) specifies the repairable items for specific weapons systems and their corresponding repair facilities. The TRIL is formulated to meet specific FMS Program requirements for the items listed. For each item listed, a TRIL shows the National Stock Number (NSN), the Commercial and Government Entity (CAGE), the manufacturer's part number, and the U.S. Navy repair facility's address. Note: CAGE replaces the Federal Supply Code for Manufacturers (FSCM).

050106 Return, Repair, and Reshipment Procedures: General

Under Return, Repair, and Reshipment (RRR) procedures, an unserviceable item is returned to a repair facility in the United States. After the repair work has been completed, the same item is shipped back to the FMS customer. The customer is charged for the actual cost of the repair work accomplished. The customer must assign a unique MILSTRIP Document Number for each item turned in for repair.

Two types of Return, Repair, and Reshipment procedures are available to the FMS customer. Based on information provided in the customer's request for a repair case, Navy IPO will recommend and offer the type of repair case that will most effectively meet the customer's needs. The type of repair case recommended will be specified on the Letter of Offer and Acceptance (LOA).

One RRR procedure available to FMS customers is Return, Repair, and Reshipment on a Single Transaction basis (RRR/ST). RRR/ST procedures are offered when:

- The number of items to be returned is expected to be small
- The equipment identified on the repair case is of a general nature (e.g., "Return, Repair, and Reshipment of Aircraft-Related Items")
- Adequate provisioning and configuration data are not available, and the customer does not wish to purchase this data
- The cost of developing a TRIL would be prohibitive

The second RRR procedure offered to FMS customers is Return, Repair, and Reshipment using a Tailored Repairable Item List (RRR/TRIL). TRIL procedures are offered in support of a major weapons system or group of weapons systems when:

- The number of items to be returned is expected to be relatively large
- Existing provisioning/configuration data is sufficient to prepare a TRIL
- The customer agrees to purchase provisioning and configuration data when existing data is not sufficient to prepare a TRIL

RRR/TRIL procedures are faster and simpler to use than RRR/ST procedures. For this reason, RRR/TRIL procedures are recommended when the number of items to be returned to the United States is expected to be large. However, RRR/TRIL procedures do not provide visibility of individual repair transactions in the MISIL system.

SECTION 0502 - DETAILED PROCEDURES

050201 Requirement for an FMS Repair Case

Before FMS customers can use either type of repair procedure, they must first establish an FMS repair case with the Navy IPO. Repair cases are designed to cover repair services only and are not to be used for stock replenishment purposes. The wording on the LOA may cover broad categories of repair services (e.g., "Services for Repair of Shipboard Components"), or it may be more specific (e.g., "Services for Repair of AN/SPS-44 Radar Components"). The LOA will also state which types of repair services are being offered. RRR/ST and RRR/TRIL procedures may not be used with DRP or CLSSA cases.

050202 Customs Clearance of Repairable Items

Items returned to the United States must be processed through U.S. Customs. A U.S. Department of State Form DSP-61, Application/License for Temporary Import of Unclassified Defense Articles (see Figure 5-1), must accompany unclassified items being returned to the United States for repair. A Department of State Form DSP-85 (see Figure 5-2) must accompany classified items being returned to the United States for repair. A single DSP-61 or DSP-85 will cover shipments of repairable items related to a specific major end item for the life of the applicable FMS case.

DSP-61 and DSP-85 forms serve two purposes. Initially, these forms serve as an application for an import license for the return of customer-owned repairable items to the United States. The FMS customer or freight forwarder must obtain DSP-61 and DSP-85 forms from the U.S. Department of State, Office of Munitions Control. The customer or freight forwarder must fill in each blank space on the form. In block 10, "Commodity," the customer or freight forwarder must enter a description of the items being returned and the Case Identifier of the applicable FMS case (shown on page 1 of the LOA). The customer or freight forwarder must then submit the completed DSP-61 or DSP-85 to the Office of Munitions Control as soon as the applicable FMS case (LOA) is signed by the customer. A copy of the signed LOA must accompany the DSP-61 or DSP-85.

When the DSP-61 or DSP-85 application has been approved by the Office of Munitions Control, the form is stamped with a U.S. Department of State seal. It is then returned to the addressee designated in block 24 of the DSP-61 or in block 27 of the DSP-85.

Once the DSP-61 or DSP-85 application has been stamped and returned to the customer, it serves as an import license for the return of specified material to the United States for repair. After receiving the stamped license, the addressee designated in block 24 of the DSP-61 or in block 27 of the DSP-85 must submit the license to the U.S. Customs Agency. It is to the FMS customer's advantage to use a freight forwarder when returning material to the United States to be repaired. The customer can then use the freight forwarder's services and experience to obtain and prepare the DSP-61 or DSP-85 application, process shipments through U.S. Customs, and transfer material to the applicable repair facility. The freight forwarder will then arrange for duty-free clearance for each item being returned to the United States under the FMS case identified in block 10 of the license.

Note: The license number on the top of DSP-61 or DSP-85 form and the applicable FMS case identifier must be clearly identified on the outside of all shipping containers and on all shipping documents accompanying items being returned to the United States for repair.

050203 RRR/ST Procedures: General

Under Return, Repair, and Reshipment/Single Transaction procedures, the FMS customer must obtain approval from all applicable item managers before shipping material to the United States to be repaired.

050204 RRR/ST Procedures: Steps That the FMS Customer Should Follow

The steps that the FMS customer should follow when using RRR/ST procedures are listed below:

- Identify the FMS case that authorizes repair services. Arrangements for such a case should be made with the Navy IPO.
- Prepare a separate Letter of Request for a Cost Estimate for repair services for each item being returned. This letter must identify the item to be repaired and specify the extent of repair desired. Forward two copies of this letter to NAVICP-OF. Figure 5-3 is a sample of the format for a Letter of Request for a Cost Estimate.
- After receiving authorization, estimated repair costs, and shipping instructions from the item manager, decide whether or not the repair services are still desired. If repair services are still desired, take the following steps:
 - Prepare a Form DSP-61 (Figure 5-1) for unclassified material or a Form DSP-85 (Figure 5-2) for classified material, as described previously.
 - Prepare six copies of a Letter of Transmittal. (Figure 5-4 provides a sample of the format for such a letter.) Mail two copies of this letter to NAVICP-OF, one copy to the applicable repair facility, and one copy to the applicable item manager. Include one copy inside the shipping container with the unserviceable item being returned. Retain one copy for internal records.

- Pack and preserve the item according to applicable standards. If the item being returned was originally received in a reusable container, that container should be used to ship the item to the designated U.S. repair facility.
- Ship the unserviceable item to the address provided by the U.S. Navy item manager. The item must be accompanied by a copy of the Letter of Transmittal (Figure 5-4). The item should normally be shipped by way of the customer's freight forwarder, marked for the appropriate repair facility.
- Once the item is returned to the U.S. supply system, the customer or customer representative will be responsible for monitoring repair status. Repair status is available within MISIL. Any questions regarding the repair status of RRR/ST material should be directed to the item manager who provides the repair cost and lead time estimate.

050205 RRR/ST Letter of Request for a Cost Estimate

Figure 5-3 illustrates the format for the letter that the FMS customer must prepare to initiate RRR/ST procedures. The following provides a detailed description of the information required in the letter.

- A. National Stock Number - Enter the 13-digit National Stock Number for the item to be returned.
- B. Part Number and CAGE Code - Enter the manufacturer's Part Number and the CAGE code of the item to be returned.
- C. Nomenclature - Enter the full name of the item to be returned.
- D. Serial Number - Enter the Serial Number of the item being returned. The Serial Number is usually marked on the identification plate attached to the item. The Serial Number is important because it, along with the Document Number assigned to the item, identifies the item throughout the repair cycle.
- E. FMS Case - Enter the FMS Case Identifier from page 1 of the applicable LOA.
- F. Document Number - Assign a unique MILSTRIP Document Number to each item being returned. The procedure for assigning a Document Number is outlined in Chapter 2.

050206 Action Taken by the U.S. Supply System Upon Receipt of RRR/ST

The FMS customer's letter requesting a cost estimate for repair services under RRR/ST procedures (Figure 5-3) is sent directly to the applicable item manager. The item manager [or Repair of Repairables (ROR) manager] sends NAVICP-OF the information needed to establish the necessary files and records. The item manager will then obtain an estimate of how much the repairs will cost and how long they will take. The item manager will provide this information, together with shipping instructions, to the customer representative designated in paragraph 2 of the RRR/ST Cost Estimate Request Letter (Figure 5-3).

050207 Letter of Transmittal for Material Returned Under a RRR/ST

If, after reviewing the cost estimate and shipping instructions, the customer decides to proceed with the repair work, they must then prepare a letter to be included with the unserviceable material shipped to the designated repair facility. Figure 5-4 shows a sample of the format that should be used for such a letter. Most of the information is the same as that described above. In addition, the Import License Number (from Form DSP-61 for unclassified items or from Form DSP-85 for classified items) must be included in this letter. The FMS customer representative must be sure that:

- Both the unserviceable item to be repaired and the Letter of Transmittal (Figure 5-4) are sent to the repair facility designated in the shipping instructions provided by the U.S. item manager
- The Letter of Transmittal is sent to the U.S. item manager who provided shipping instructions (1 copy) and to NAVICP-OF, Code P75 (2 copies)

050208 Action Taken Upon Receipt of a Repairable Item Using RRR/ST

After receiving an unserviceable item returned by an FMS customer, the repair facility will take the action described below:

- Inspect the item to check the accuracy and completeness of the information provided in the accompanying letter of transmittal (Figure 5-4).
- Attempt to identify items that are Beyond Economical Repair during the initial technical inspection. Notify the customer as soon as a determination has been made that the item is Beyond Economical Repair.

- If the cost to repair the item will exceed the current standard price, the repair facility will discontinue repair and notify the item manager. The item manager will then:
 - Advise the customer that the cost to complete the repair will exceed the current standard price
 - Advise the customer of the costs incurred to date
 - Request disposition instructions from the customer

When considering disposition options, the customer should remember that if an item is found to be Beyond Economical Repair after repair work has begun, the customer will be billed for any work performed regardless of disposition. The customer must then take one of the following actions:

- Authorize additional funding to proceed with the repair work.
- Tell the item manager to return the unrepaired item to the customer.
- Tell the item manager to dispose of the item. When disposal is elected, the item manager will direct the repair facility to ship the item to the nearest Defense Reutilization and Marketing Service for disposal.

When deciding whether to have the U.S. supply system repair the item, ship the item back, or dispose of the item, the customer should be aware that if the customer decides to have the United States ship the item back, the customer will be billed for the shipping costs. Therefore, the customer should compare the value of the item to the reshipment costs. If the customer decides to have the U.S. supply system dispose of the item, the proceeds from the sale of the item will be used to help pay for the administrative cost of the disposal action. The customer will not receive any payment for Beyond Economical Repair items sold.

When the repair facility determines that the cost of repair will not exceed the current standard price, it will perform the required repairs and/or modifications, repack the item and ship it to the address specified in paragraph 3 of the customer's Letter of Transmittal (Figure 5-4). The U.S. item manager will monitor repair and funding status. The FMS customer should direct inquiries regarding status to the item manager. Once an item has been repaired, the repair facility will provide actual repair costs to NAVICP-OF who will initiate billing action.

050209 RRR/ST Procedures: Important Characteristics

Listed below are some important characteristics of RRR/ST procedures:

- The procedures are **NOT** automatic. The FMS customer may not return an unserviceable item until the customer receives shipping instructions from the U.S. Navy item manager.
- Charges to the FMS customer reflect the actual cost of repairing the customer's unserviceable items.
- The customer must assign a unique MILSTRIP Document Number to each item being returned. This number must be provided in paragraph 1e of the letter (Figure 5-4) accompanying the item.
- The customer must include the Serial Number of the item to be repaired in the paragraph 1d of the letter (Figure 5-4) accompanying the item.

The Document Number and Serial Number are used to identify the item throughout the repair cycle. This ensures that the item returned to the customer is the same item that they sent to the repair facility.

050210 Cancellation of an RRR/ST Transaction

After reviewing the estimated repair cost provided by the U.S. Navy item manager, the customer may decide that the repair services requested are not desired. When this happens, the customer must send a Letter of Cancellation to the applicable U.S. Navy item manager. A separate letter must be prepared for each item to be cancelled. Figure 5-5 provides a sample format for such a letter. The customer must include the MILSTRIP Document Number (paragraph 1e of Figure 5-4) of the item that is being cancelled. The customer is responsible for any costs that may result from cancellation of a RRR/ST transaction.

050211 RRR/TRIL Procedures: General

Return, Repair, and Reshipment/Tailored Repairable Item List procedures are used both for unserviceable material that is listed on a TRIL and for unserviceable material that is not listed on a TRIL. When an item is not listed on a TRIL, the customer must obtain item manager approval to return the item for repair services.

As stated earlier, a TRIL is a list of repairable items that is tailored to meet the repairable support requirements of a specific FMS customer's program or system. A RRR/TRIL case is used only to support a major weapons system when the number of items to be

returned to the United States for repair is expected to be relatively large. An FMS case specifically authorizing the return of repairable items to the United States under RRR/TRIL procedures must be in effect before a customer can use these procedures to obtain repair services.

050212 RRR/TRIL Procedures: Steps That the FMS Customer Should Follow

The steps that the FMS customer should follow when using RRR/TRIL procedures are listed below:

- Be sure that the item to be returned is listed on the TRIL. If the item is not listed on the TRIL, written authorization and shipping instructions must be obtained from the applicable U.S. Navy item manager before the item may be returned to the United States. If authorization is given, the item manager will add the item to the TRIL. Maintenance/update of the TRIL is normally included as a note on the LOA for a RRR/TRIL repair case.
- Prepare a DSP-61 or DSP-85 as described previously.
- Prepare a Letter of Transmittal that identifies the item to be repaired and outlines the extent of repair desired. A sample format for such a letter is shown in Figure 5-6. Prepare five copies of the Letter of Transmittal and forward as follows:
 - Enclose one copy in the shipping container with the item being returned
 - Mail one copy to the applicable repair facility
 - Mail two copies to the applicable item manager
 - Retain one copy for internal records
- Pack and preserve the item according to applicable standards. Include log books, accessory cards, and all available maintenance data. These items will help the repair facility to determine repair requirements and procedures.
- Provide change kits when modifications or configuration changes are required. When change kits are provided, they should be carefully packed, preserved, and included with the item being returned for repair.
- Ship the item directly to the address of the repair facility listed in the

TRIL. The item should be shipped via the customer's freight forwarder, marked for the appropriate repair facility.

050213 Letter of Transmittal for Material Returned Under RRR/TRIL

Figure 5-6 illustrates the format for the letter that the FMS customer must prepare to initiate a RRR/TRIL transaction. The customer then sends this letter to the item manager and the repair facility, as described above. The following provides a detailed description of the information required in the letter.

- A. FMS Case - Enter the FMS Case Identifier from page 1 of the applicable LOA. The Case Identifier should be entered on the reference ("Ref:") line of the letter (Figure 5-6).
- B. National Stock Number - Enter the 13-digit National Stock Number for the item being returned.
- C. Part Number and CAGE Code - Enter the manufacturer's Part Number and the CAGE code of the item being returned.
- D. Nomenclature - Enter the full name of the item to be returned.
- E. Serial Number - Enter the Serial Number of the item being returned. (The Serial Number is usually marked on the identification plate attached to the item.) The Serial Number is important because it, along with the Document Number assigned to the item, identifies the item throughout the repair cycle.
- F. Document Number - Assign a unique MILSTRIP Document Number to each item being returned. The procedure for assigning a Document Number is outlined in Chapter 2.
- G. Import License Number - Enter the Import License Number from Form DSP-61 for unclassified material or Form DSP-85 for classified material.
- H. Workload Priority - Enter the appropriate UMMIPS Priority Designator.
- I. MAPAC - In paragraph 4, enter the Military Assistance Program Address Code (MAPAC) for the freight forwarder who is to ship the repaired item back to the FMS customer. The MAPAC should be taken from the most current edition of the MAPAD.

050214 Action Taken Upon Receipt of a Repairable Item Using RRR/TRIL

After receiving an unserviceable item returned by an FMS customer, the repair facility will take the action described below:

- Inspect the item to check the accuracy and completeness of the information provided in the accompanying letter of transmittal (Figure 5-6).
- Attempt to identify items that are Beyond Economical Repair during the initial technical inspection. Notify the customer as soon as a determination has been made that the item is Beyond Economical Repair.
- If the cost to repair the item will exceed the current standard price, the repair facility will discontinue repair and notify the item manager. The item manager will then:
 - Advise the customer that the cost to complete the repair will exceed the current standard price
 - Advise the customer of the costs incurred to date
 - Request disposition instructions from the customer

When considering disposition options, the customer should remember that if an item is found to be Beyond Economical Repair after repair work has begun, the customer will be billed for any work performed regardless of disposition. The customer must then take one of the following actions:

- Authorize additional funding to proceed with the repair work.
- Tell the item manager to return the unrepaired item to the customer.
- Tell the item manager to dispose of the item. When disposal is elected, the item manager will direct the repair facility to ship the item to the nearest Defense Reutilization and Marketing Service Office for disposal.

When deciding whether to have the U.S. supply system repair the item, ship the item back, or dispose of the item, the customer should be aware that if the customer decides to have the United States ship the item back, the customer will be billed for the shipping costs. Therefore, the customer should compare the value of the item to the reshipment costs. If the customer decides to have the U.S. supply system dispose of the item, the proceeds from the sale of the item will be used to help pay for the administrative cost of the disposal action. The customer will not receive any payment for Beyond Economical Repair items sold.

When the repair facility determines that the cost of repair will not exceed the current standard price, it will perform the required repairs and/or modifications, repack the item and ship it to the address specified in paragraph 4 of the customer's Letter of Transmittal (Figure 5-6). The U.S. item manager will monitor repair and funding status. The FMS customer should direct inquiries regarding status to the item manager. Once an item has been repaired, the repair facility will provide actual repair costs to NAVICP-OF who will initiate billing action.

050215 RRR/TRIL Procedures: Important Characteristics

Listed below are some important characteristics of RRR/TRIL procedures:

- The procedures are automatic. When an item appears on a TRIL, the FMS customer may return the unserviceable item directly to the repair facility designated for that item. The customer does not submit a request for a cost estimate and does not wait to receive shipping instructions from the item manager. If the item does not appear on a TRIL, the customer must obtain item manager approval prior to shipment of the item to a repair facility.
- Charges to the FMS customer reflect the actual cost of repairing the customer's unserviceable items.
- The only information provided to the customer is a quarterly billing statement (which is provided via DFAS-DE/I). This billing statement reflects the total dollar amount spent by the U.S. repair facilities for repair services rendered against specified RRR/TRIL cases during the reporting period. This statement does not reflect detailed charges for specific items. It should be noted that NAVICP-OF does not provide automatic MILSTRIP supply, repair, and shipping status under RRR/TRIL procedures. If any of this information is desired, the customer must contact the applicable U.S. Navy item manager.
- The U.S. Navy item manager is the FMS customer's central point of contact within the U.S. Navy supply system for RRR/TRIL transactions.
- The customer must assign a unique MILSTRIP Document Number to each item being returned. This number must be provided in paragraph 2.e of the letter (Figure 5-6) accompanying the item.
- The customer must include the Serial Number of the item to be repaired in paragraph 2.d of the letter (Figure 5-6) accompanying the item.

The Document Number and Serial Number are used to identify the item throughout the repair cycle. This ensures that the item returned to the customer is the same item that they sent to the repair facility.

SECTION 0503 - AREAS OF SPECIAL INTEREST

050301 Cost of Repair Services

In addition to being billed the actual cost to repair an item, the customer is billed for normal administrative and accessorial charges, in the same manner as for FMS requisitioning cases. Administrative and accessorial charges are assessed as a fixed percentage of the repair costs. For a detailed discussion of administrative and accessorial charges, see Chapter 8.

050302 Time Limits for Repair Cases

There is no specified limit to the duration of a RRR/ST or RRR/TRIL repair case. Customers may send items to the United States to be repaired as long as sufficient case funds are available. Customers, if they desire, may request that a specific time period be included in a repair case for planning purposes. When this period ends, however, the United States will continue to accept items to be repaired against that case as long as sufficient funds are available.

An amendment to increase the case value may be implemented only during the first year of the case. After that, a new repair case must be negotiated for additional repair services. Beginning one year after implementation of a repair case, if no items are returned to the United States to be repaired for 180 days or more, the case will be considered for closure (unless the customer notifies NAVY IPO of exceptional circumstances.)

050303 Packaging of Repairable Items

When returning an item to the United States to be repaired, the FMS customer should be sure that the item is packaged in accordance with Military Standard 794D (MIL-STD-794D). This document specifies the types of special reusable shipping containers that must be used for shipping certain repairable items.

If the reusable container is damaged during shipment, the designated repair facility, will repair the container before returning the item to the FMS customer. The cost of repairing the container will be charged to the customer's repair case. If no container is provided by the customer when the item is shipped to the United States, the repair facility will supply a container. The cost of this container will be charged to the customer's repair case. This policy is designed to ensure that the customer's newly repaired item receives the best possible protection against damage during shipment back to the FMS customer's country. This policy applies to both RRR/ST and RRR/TRIL transactions.

050304 Importance of the Freight Forwarder in the FMS Repair Process

The freight forwarder is an important link in the chain of most FMS supply transactions. The freight forwarder's role in FMS repair procedures, however, is especially critical because the effectiveness of the FMS repair program largely depends on prompt return of unserviceable items to the United States supply system. For these reasons, FMS customers must make sure that their freight forwarder establishes accurate, efficient procedures for handling shipments of repairable items to and from the United States.

050305 Financial Responsibility for Loss of FMS Repairables

An unserviceable item being returned to the United States may be lost in transit and may never reach the designated repair facility to which it was shipped. Similarly, a repaired item being shipped back to the customer may be lost in transit and may never reach the customer. In either situation, the customer must bear the burden of financial responsibility for loss of the item. The customer is responsible for monitoring the progress of repairables through the transportation system. In this section, the definition of "LOST" is as follows:

- The location or disposition of the asset is unknown
- The repair facility does not have a record of the disposition of the asset
- No one knows what happened to the FMS customer's asset

When an item is lost at a U.S. repair facility, the policies described below apply.

- *Loss of an Item at a Commercial Repair Facility.* The Letter of Offer and Acceptance (LOA) calls for the customer to assume the same risks that the United States Government (USG) assumes when dealing with contractors. Any USG responsibility/liability for an FMS customer's asset will be determined by the terms and conditions of the applicable contract, purchase order, or Blanket Order Agreement (BOA). Therefore, if an item is lost at a commercial repair facility, the FMS customer must assume financial responsibility for the loss. The USG may try to resolve the problem by contacting the commercial repair facility for the customer. If these efforts are unsuccessful, however, the customer is still financially responsible for the lost item.
- *Loss of an Item at a U.S. Navy (USN) Repair Facility.* If an item is lost at a USN repair facility, the following policy applies: if documentation exists that proves that the USN received an item for repair, but no documentation exists to prove that the USN shipped the item back to the FMS customer, then the FMS customer should submit a Supply Discrepancy Report (SDR) to NAVICP-OF. NAVICP-OF will then initiate action to provide the customer with appropriate credit for the lost material.

When an FMS customer's asset is disposed of against the FMS customer's desires, an SDR should be submitted. The USG will initiate action to determine the reason for the disposal. When an item is disposed of by a U.S. repair facility, the policies described below apply.

- *Disposal by a Commercial Repair Facility.* The Letter of Offer and Acceptance (LOA) calls for the customer to assume the same risks that the USG assumes when dealing with contractors. Any USG responsibility/liability for an FMS customer's asset will be determined by the terms and conditions of the applicable contract, purchase order, or Blanket Order Agreement (BOA). Therefore, if the asset was erroneously disposed of by the commercial repair facility, the FMS customer must assume financial responsibility for the asset. The USG may try to resolve the problem by contacting the commercial repair facility for the customer. If these efforts are unsuccessful, however, the customer is still financially responsible for the asset. If, however, the disposal is caused by the action or inaction of the USG, NAVICP-OF will initiate action to provide the FMS customer with a credit for the "F" condition value of the asset.
- *Disposal by a USN Repair Facility.* If an FMS customer's asset is disposed of by a USN repair facility without the consent of the FMS

customer, NAVICP-OF will initiate action to provide the FMS customer with a credit for the "F" condition value of the asset.

When submitting an SDR for a repairable item lost at a repair facility, the FMS customer must attach documentation to the SDR proving that the item was delivered to the designated repair facility. The customer must also be sure to submit the SDR within one year of the date of billing for the repair work. If these requirements are not satisfied, NAVICP-OF will reject the SDR with an appropriate explanation.

050306 Submitting an SDR for a Lost Item Forwarded Under a TRIL Case

The FMS customer may wish to submit an SDR for a lost item that was sent to a U.S. Navy repair facility under a TRIL case. When this happens, the customer may find it difficult to determine exactly when the lost item was billed. The reason is that repair services performed under a TRIL case are billed at the "summary" level; detailed charges for repair of specific items are not reflected on the customer's quarterly billing statement. For this reason, FMS customers should routinely contact the appropriate U.S. item managers to obtain specific details regarding charges for TRIL repair cases.

050307 Monitoring Repairable Items During the Transportation Process

There are three ways in which customers can monitor the progress of and/or insure against loss of or damage to repairable items in transit:

- *Repair Facility Confirmation of Receipt of FMS Repairable Items.* If FMS customers wish to be notified when an unserviceable item has been received by the repair facility, they must:
 - Annotate "Confirmation of Receipt Requested" on the Letter of Transmittal packed with the item
 - Include a preaddressed U.S. postage-paid envelope in the shipping container. Customers must make sure that the envelope included in the shipping container shows the complete, exact address to which confirmation of receipt is to be sent.
 - Include an extra copy of the Letter of Transmittal in the shipping container. When the item is received, the repair facility will stamp the extra copy of the letter with the date of receipt and return it in the preaddressed U.S. postage-paid envelope provided by the customer.
- *Insured Shipment.* Customers may insure against the loss of (or damage

to) repairable items while they are in transit. Such insurance can be obtained from a commercial insurance firm.

- *Self-Insurance.* Customers can simply assume the risk themselves, realizing that if an item is lost, they will have to replace it at their own expense.

Repairable items are not frequently lost in transit. However, customers are advised to seek insurance for added protection. Insurance may seem like an unnecessary expense. However, because of the generally high cost of repairable items, the uninsured loss of just one item could cost more than the customer pays for insurance for an entire year.

050308 Repairable Tracking Reports

The Naval Inventory Control Point (NAVICP) maintains basic repairable tracking information. Each month, the Repair of Repairables (ROR) managers provide this information to FMS customers via Repairable Tracking Reports. The information provided in these reports is described in Figure 5-7. These reports can help FMS customers monitor unserviceable items returned to the U.S. for repair. The reports can be provided either in hardcopy (paper) format or on diskettes.

Figure 5-1 (1 of 2)
Sample U.S. Department of State Form DSP-61

SEAL		Signature _____		LICENSE NO. _____		LICENSE VALID FOR _____ MONTHS FROM ABOVE DATE	
License is hereby granted to applicant for the described commodity to be shipped to the United States in transit to indicated destination. This license may be revoked, suspended, or amended by the Secretary of State without prior notice whenever the Secretary deems such act advisable.							
UNITED STATES OF AMERICA				DEPARTMENT OF STATE			
APPLICATION/LICENSE FOR TEMPORARY IMPORT OF UNCLASSIFIED DEFENSE ARTICLES							
1. Date prepared		2. PM/MC Applicant/Registrant Code		3. Foreign country from which shipped		4. U.S. port of import	
5. Foreign country of ultimate destination			6. U.S. port of export		7. Names, agency, and telephone numbers of U.S. Government personnel (not PM/DTC) familiar with the commodity.		
8. Applicant's name, address, ZIP code, tel.no. Applicant is: <input type="checkbox"/> agent/manufacturer <input type="checkbox"/> freight forwarder <input type="checkbox"/> government TELEPHONE NUMBER: _____				<input type="checkbox"/> Army <input type="checkbox"/> Air Force <input type="checkbox"/> Navy <input type="checkbox"/> Other			
				9. Name and telephone number of applicant contact if U.S. Government needs additional information.			
10. The IDENTICAL commodity <input type="checkbox"/> was licensed to the country in block 3 under license no. _____, <input type="checkbox"/> was licensed to other countries under license no. _____, <input type="checkbox"/> was denied to the country in block 3 under voided license no. _____, <input type="checkbox"/> was never licensed for this applicant.							
11. QUANTITY		12. COMMODITY (Indicate overhaul/repair/modification cost if applicable and known: follow instructions carefully)				13. USML CAT.	14. VALUE
						15. TOTAL VALUE: \$	
16. Name and address of owner/end-user of commodity in Foreign country from which shipped				17. <input type="checkbox"/> Source or <input type="checkbox"/> manufacturer of commodity			
18. Name and address of consignor in foreign country from which shipped				19. Name and address of U.S. intermediate consignee (overhaul/repair facility or transshipment agent)			
20. Name and address of foreign intermediate consignee				21. Specific purpose for which the material is imported <input type="checkbox"/> Overhaul/repair <input type="checkbox"/> Modification/upgrade <input type="checkbox"/> Transshipment to a third country			
22. Name and address of consignor in foreign country of ultimate destination				23. APPLICANT'S STATEMENT I, _____, hereby apply for a license to complete (Typed name) the transaction described above; warrant the truth of all statements made herein; and acknowledge, understand and will comply with the provisions of Title 22 CFR 120-130 and, any conditions and limitations imposed. If the commodity is firearms or ammunition of U.S. manufacture, I certify that, based on corroborative evidence, the commodity was not furnished on a grant basis to, or acquired without full payment by, a foreign government under a foreign assistance program of the U.S. as set forth in Title 27 CFR 47.57. CHECK ALL THAT APPLY: <input type="checkbox"/> I am a responsible official empowered by the applicant to certify that the conditions of 22 CFR 126.13 and 22 CFR. 130 as listed on the reverse of this form have been met in full. <input type="checkbox"/> The applicant, or another party to this export cannot meet one or more of the conditions in 22 CFR 126.13. A request for an exception to policy is attached. <input type="checkbox"/> U.S. intermediate consignee(s) list(s) is/are attached. Signature _____			
24. Name and address of end-user in Foreign country of ultimate destination							
25. LICENSE TO BE SENT TO: Name, address, ZIP code							
FORM DSP-61 12-93		1-APPLICATION/LICENSE				OMB APPROVED NO. 1405-0013 EXPIRATION DATE: 12-31-95	

Figure 5-1 (2 of 2)
Sample U.S. Department of State Form DSP-61

APPLICANT'S STATEMENT
(See actual DSP-61 for Applicant's Statement)

CONDITIONS OF ISSUANCE

1. This license is issued under the conditions cited in 22 CFR 120-130, including the provisos as applicable, that:
 - A. It shall not be construed as implying U.S. Government approval or commitment to authorize future exports of any article (equipment or technical data) on the Munitions List, or any U.S. Government commitment with regard to any proposed manufacturing license or technical assistance agreements which may result from an authorized export.
 - B. If a license is issued for technical data only, it does not authorize the export of any hardware; if a license is issued for hardware only, it does not authorize the export of any technical data, unless specifically covered by an exemption.
 - C. The applicant's commitments to the U.S. Government are being met.
2. The issuance of this license does not release the licensee from complying with other requirements of U.S. law and regulations.
3. The prior written approval of the Department of State must be obtained before U.S. Munitions List articles exported from the U.S. under license or other approval may be resold, diverted, transferred, transhipped, reshipped, reexported to, or used in any country, or by any end-user, other than that described on the license or other approval as the country of ultimate destination or the ultimate end-user.

RETURN OF LICENSE

This license must be returned to the Office of Defense Trade Controls, PM/DTC, Room 200, SA-6, Department of State, Washington, DC 20520-0602 when: (1) the total value authorized has been shipped; (2) the applicant states that there will be no further shipments; (3) the date of expiration is reached; or (4) when requested by the Office of Defense Trade Controls.

ENDORSEMENT

Indicate below which *ITEM* on the face of the license is *BEING EXPORTED* and maintain a *CONTINUING BALANCE* of the remaining value:

SHIPMENT DATE	QUANTITY	COMMODITY	SHIPMENT VALUE	SED NO.	INITIALS	PORT OF EXIT/ENTRY
TOTAL AUTHORIZED VALUE:						
REMAINING BALANCE:						

NOTE: Continuation of additional shipments must be authenticated by use of continuation sheets in the U.S. Customs Handbook.

Figure 5-2 (1 of 2)
Sample U.S. Department of State Form DSP-85

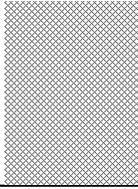
SEAL License is hereby granted to applicant for the described commodity to be permanently exported from the U. S., to be temporarily exported from and returned to the U.S., or to be temporarily imported into the U.S. and returned to the foreign owner, provided shipment is made in accordance with the Department of Defense Industrial Security Manual. This license may be revoked, suspended, or amended by the Secretary of State without prior notice whenever the Secretary deems such action advisable.		Signature 		C LICENSE NO. _____ LICENSE VALID FOR _____ MONTHS FROM ABOVE DATE	
UNITED STATES OF AMERICA DEPARTMENT OF STATE APPLICATION/LICENSE FOR PERMANENT/TEMPORARY EXPORT OR TEMPORARY IMPORT OF CLASSIFIED DEFENSE ARTICLES AND RELATED CLASSIFIED TECHNICAL DATA					
1. Date prepared	2. PM/DTC applicant code	3. Check one: <input type="checkbox"/> Permanent export <input type="checkbox"/> Temporary export <input type="checkbox"/> Temporary import		4. Country of ultimate destination or sojourn	5. Country from which shipped (temporary imports only)
8. Applicant's name, address, ZIP code, tel.no. Applicant is: <input type="checkbox"/> agent/manufacturer <input type="checkbox"/> freight forwarder <input type="checkbox"/> government FSC, level and date of clearance: TELEPHONE NUMBER:			7. Names, agency, and telephone numbers of U.S. Government personnel (not PM/DTC) familiar with the country <input type="checkbox"/> Army <input type="checkbox"/> Navy <input type="checkbox"/> Air Force <input type="checkbox"/> Other		
8. Name and telephone number of applicant contact if U.S. Government needs additional information					
9. Description of Transaction a. This application represents <input type="checkbox"/> ONLY completely new shipment. <input type="checkbox"/> ONLY the unshipped balance of license no. _____. b. The IDENTICAL commodity <input type="checkbox"/> was licensed to the country in block 3 under license no. _____. <input type="checkbox"/> was licensed to other countries under license no. _____. <input type="checkbox"/> was returned without action; <input type="checkbox"/> was denied to the country in block 3 under voided license no. _____. <input type="checkbox"/> was never licensed for this applicant. c. If commodity is being financed under <input type="checkbox"/> Foreign Military Sales (FMS); <input type="checkbox"/> Foreign Military Financing (FMF) or; <input type="checkbox"/> Grant Aid Program (GAD), give the case number: _____.					
10. QUANTITY	11. COMMODITY <input type="checkbox"/> Hardware <input type="checkbox"/> Technical Data	12. CLASS.	13. USML CAT.	14. VALUE	
				15. TOTAL VALUE: \$	
16. <input type="checkbox"/> Source or <input type="checkbox"/> Manufacturer of Commodity FSC, level and date of clearance:			17. Name and address of foreign end-user FSC, level and date of clearance:		
18. Name and address of seller in United States FSC, level and date of clearance:			19. Name and address of foreign consignee FSC, level and date of clearance:		
20. Name and address of consignor and/or freight forwarder in United States FSC, level and date of clearance:			21. Specific purpose for which the material is required, including specific program/end item		
22. Name and address of cognizant DIS security office			23. APPLICANT'S STATEMENT I, _____, hereby apply for a license to complete _____ (Typed name) the transaction described above; warrant the truth of all statements made herein; and acknowledge, understand and will comply with the provisions of Title 22 CFR 120-130 and, any conditions and limitations imposed, and the DOD Industrial Security Manual. CHECK ALL THAT APPLY: <input type="checkbox"/> I am a responsible official empowered by the applicant to certify that the conditions of 22 CFR 126.13 and 22 CFR.130 as listed on the reverse of this form have been met in full. <input type="checkbox"/> The applicant, or another party to this export cannot meet one or more of the conditions in 22 CFR 126.13. A request for an exception to policy is attached. <input type="checkbox"/> U.S. consignee(s) and/or freight forwarder list(s) is/are attached. Signature _____		
24. LICENSE COPY TO BE SENT TO: Name, address, ZIP code					
FORM DSP-85 11-92		1-APPLICATION/LICENSE		OMB APPROVAL NO. 1405-0022 EXPIRATION DATE 12-31-95	

Figure 5-2 (2 of 2)
Sample U.S. Department of State Form DSP-85

APPLICANT'S STATEMENT
(See actual DSP-85 for Applicant's Statement)

CONDITIONS OF ISSUANCE

1. This license is issued under the conditions cited in 22 CFR 120-130, including the provisos as applicable, that:
 - A. It shall not be construed as implying U.S. Government approval or commitment to authorize future exports of any article (equipment or technical data) on the Munitions List, or any U.S. Government commitment with regard to any proposed manufacturing license or technical assistance agreements which may result from an authorized export.
 - B. If a license is issued for technical data only, it does not authorize the export of any hardware; if a license is issued for hardware only, it does not authorize the export of any technical data, unless specifically covered by an exemption.
 - C. The applicant's commitments to the U.S. Government are being met.
2. The issuance of this license does not release the licensee from complying with other requirements of U.S. law and regulations.
3. The prior written approval of the Department of State must be obtained before U.S. Munitions List articles exported from the U.S. under license or other approval may be resold, diverted, transferred, transhipped, reshipped, reexported to, or used in any country, or by any end-user, other than that described on the license or other approval as the country of ultimate destination or the ultimate end-user.

RETURN OF LICENSE

This license must be returned to the Office of Defense Trade Controls, PM/DTC, Room 200, SA-6, Department of State, Washington, DC 20520-0602 when: (1) the total value authorized has been shipped; (2) the applicant states that there will be no further shipments; (3) the date of expiration is reached; or (4) when requested by the Office of Defense Trade Controls.

ENDORSEMENT

Indicate below which *ITEM* on the face of the license is *BEING EXPORTED* and maintain a *CONTINUING BALANCE* of the remaining value:

SHIPMENT DATE	QUANTITY	COMMODITY (Include classification)	SHIPMENT VALUE	SED NO.	INITIALS	PORT OF EXIT/ENTRY
TOTAL AUTHORIZED VALUE:						
REMAINING BALANCE:						

NOTE: Continuation of additional shipments must be authenticated by use of continuation sheets in the U.S. Customs Handbook. (In the case of classified shipments, the Defense Investigative Service (DIS) is the endorsing agency for shipments.)

Figure 5-3
RRR/ST Cost Estimate Request (Sample Letter)

Date: (Enter date released)

From: (FMS Customer's Name and Address)

To: (Enter the name and address of the U.S. Navy Item Manager assigned to this FMS Case)

Subj: FOREIGN MILITARY SALES (FMS) REQUEST FOR A REPAIR COST ESTIMATE ON A SINGLE TRANSACTION BASIS (RRR/ST)

1. Request that arrangements be made for Return, Repair and Reshipment of the following item:

a. National Stock Number (NSN) _____

b. Part Number and Commercial and Government Entity (CAGE) code

c. Nomenclature _____

d. Serial Number _____

e. FMS Case _____

f. Document Number _____

2. It is requested that a cost estimate be provided for the following services:

(In the blank space, identify the work required, such as repair, modification, calibration, overhaul, etc. Include as much detail as possible, such as cause of failure, extent of repairs required, etc.)

3. Request the cost estimate and shipping instructions be sent to the following address:

(Provide the name and complete address of the activity to receive the response to this letter.)

Signature _____

Title _____

Figure 5-4
Letter of Transmittal for Material Returned Under RRR/ST Procedures
(Sample Letter)

Date:	(Enter date released)
From:	(FMS Customer's Name and Address)
To:	(Repair Facility's Address Provided by the U.S. Navy Item Manager)
Subj:	FORWARDING OF FOREIGN MILITARY SALES (FMS) REPAIRABLE MATERIAL TO BE REPAIRED UNDER RRR/ST PROCEDURES
Ref:	(a) NAVSUP Publication 526, FMS Customer Guide (b) (Reference the reply from the U.S. Navy Item Manager, i.e., the message date time group or the letter reference code and date.)
<p>1. Upon receipt of the material accompanying this letter, please provide a repair cost proposal to your USG Contracting Office. This proposal should be identified as an FMS repair proposal. Upon receipt of the applicable funding document, please repair/overhaul/modify the item identified below:</p> <ul style="list-style-type: none">a. National Stock Number (NSN) _____b. Part Number and Commercial and Government Entity (CAGE) code _____c. Nomenclature _____d. Serial Number _____e. Document Number _____ <p>(Enter the same Document Number that was entered on the RRR/ST Cost Estimate Request, Figure 5-3.)</p>	
<p>2. Please perform the following services: _____ _____</p> <p>(In the blank space, identify the work required, such as repair, modification, calibration, overhaul, etc.)</p>	
<p>3. When the work has been completed, ship the item to the following address: [Insert the Military Assistance Program Address Code (MAPAC) of the freight forwarder or activity to which the repaired item is to be shipped. Identify a "Mark For" MAPAC when desired. Use only MAPACs listed in the most current edition of the Military Assistance Program Address Directory (MAPAD), DOD Publication 4000.25-8-M.]</p> <p style="text-align: right;">Signature _____ Title _____</p>	
<p>Copy to: NAVICP-OF (Code P75) U.S. Navy Item Manager (who provided shipping instructions)</p>	
<p>Note: Previous versions of this sample letter are obsolete and must not be used.</p>	

Figure 5-5
Cancelling an RRR/ST Repair Request (Sample Letter)

Date: (Enter date released)

From: (FMS Customer Name and Address)

To: (Enter the name and address of the U.S. Navy Item Manager assigned to this FMS Case)

Subj: CANCELLATION OF A FOREIGN MILITARY SALES (FMS) RRR/ST REPAIR REQUEST

Ref: (a) Reference the Cost Estimate Request letter (Figure 5-3) originated by the FMS Customer

(b) Reference the reply (either the message date time group or the letter reference code and date) from the U.S. Navy Item Manager that provided the shipping instructions, repair cost estimate, etc.

1. We have decided not to proceed with the Return, Repair, and Reshipment transaction requested in reference (a) and which was the subject of reference (b).

2. Please cancel this transaction. The Document Number included in paragraph 1f of reference (a) is identified below for purposes of record verification:

Document Number _____

3. [The repairable item may be at or on its way to a repair facility when the Item Manager receives the cancellation request. In case this happens, use this paragraph to tell the repair facility what to do with the item when it arrives (i.e., return it to the customer, dispose of it, etc.).]

Signature _____

Title _____

Copy to:
NAVICP-OF (Code P75)

Figure 5-6
Letter of Transmittal for Material Returned Under RRR/TRIL Procedures
(Sample Letter)

Date:	(Enter date released)
From:	(FMS Customer's Name and Address)
To:	(U.S. Repair Facility's Mailing Address from the TRIL)
Subj:	FORWARDING OF FOREIGN MILITARY SALES (FMS) REPAIRABLE MATERIAL TO BE REPAIRED UNDER RRR/TRIL PROCEDURES
Ref:	(a) Foreign Military Sales (FMS) Case (enter FMS Case Identifier)
1. Upon receipt of the material accompanying this letter, please provide a cost proposal to your USG Contracting Office. The proposal should be identified as an FMS repair proposal. Upon receipt of the applicable funding document, please repair/overhaul/modify the item identified below.	
2. Item Description:	
a. National Stock Number (NSN) _____	
b. Part Number and Commercial and Government Entity (CAGE) Code _____	
c. Nomenclature _____	
d. Serial Number _____	
e. Document Number _____	
3. Remarks: (In this paragraph, identify the work required, such as repair, modification, calibration, overhaul, etc. Include as much detail as possible, such as cause of failure, extent of repairs required, etc.) List special instructions or limitations that apply to the work to be done on the item being returned for repair. If the incorporation of a change kit is involved, state whether the change kit is being shipped with the item.)	
4. When the work has been completed, ship the item to the following address: [Insert the Military Assistance Program Address Code (MAPAC) of the freight forwarder or activity to which the repaired item is to be shipped. Identify a "Mark For" MAPAC when desired. Use only MAPACs listed in the most current edition of the Military Assistance Program Address Directory (MAPAD), DOD Publication 4000.25-8-M.]	
Signature _____ Title _____	
Copy to: U.S. Navy Item Manager for this FMS Case	
Include a copy inside the shipping container with the item	

Figure 5-7
Repairable Tracking Report Data Elements

1	Date on which the unserviceable item was shipped to the U.S. repair facility by the freight forwarder (if provided by the freight forwarder)
2	Date the transaction record was established on the data base of the Inventory Control Point
3	Country code and FMS case identifier
4	Serial number of the unserviceable item being repaired
5	National Item Identification Number (NIIN) or Manufacturer's Part Number
6	Item nomenclature
7	Repair facility identification code
8	Funding document number established by the ICP
9	Date on which the unserviceable item was received at the repair facility
10	Date on which the unserviceable item was inducted by the repair facility
11	Original estimated repair completion date
12	Revised estimated repair completion date
13	Date on which the repair facility completes the repair
14	Remarks indicating action taken by the repair facility
15	Date on which the repaired item is received by the freight forwarder (if provided by the freight forwarder) for shipment back to the FMS customer

NOTE: It is important to note that the Repairable Tracking Report outlined above is available ONLY FOR THOSE REPAIR TRANSACTIONS THAT ARE PROCESSED BY NAVICP. FMS customers that have ROR cases with activities other than NAVICP should coordinate with their point of contact at the applicable Case Administering Office (CAO) to determine whether any tracking reports can be provided on a recurring basis.

CHAPTER 6 - CLASSIFIED MATERIAL REQUESTS

SECTION 0601 - GENERAL INFORMATION

060101 Introduction

Certain material, documents, and publications contain information or have characteristics that must not be discussed with unauthorized persons. These items are referred to as "Classified." Classified publications are also sometimes referred to as "classified information." Foreign Military Sales (FMS) customers may occasionally need to obtain classified material and classified publications from the United States. This chapter describes the special procedures that must be followed when requisitioning and protecting classified material and classified publications.

060102 Authorization

An "unauthorized person" is an individual who must be denied access to, or knowledge of the contents of, classified material and classified publications. "Authorized personnel" include those citizens of the FMS customer's country whom:

- Have been granted a category of security clearance equal to or greater than the category assigned to the material or publication involved
- Have a legitimate "need to know." Need to know can be defined as the valid, verifiable need to handle, have access to, or have knowledge of the classified material and classified publications involved

060103 Categories of Classified Material and Classified Publications

Classified material and classified publications are divided into three categories:

- Top Secret
- Secret
- Confidential

Secret or Top Secret material and publications are rarely provided to FMS customers. Confidential material and publications are sometimes released (under carefully controlled conditions) to FMS customers.

If individuals have been granted a particular security clearance and meet the need-to-know requirement, they may obtain access to all categories of classified material and

classified publications at or below their clearance level. For example, an individual with a Confidential clearance may obtain access only to Confidential material and publications, but an individual with a Secret clearance may obtain access to both Secret and Confidential material and publications.

060104 For Official Use Only (FOUO)

FMS customers may occasionally receive documents marked "For Official Use Only" (FOUO). The FOUO designation is not a security classification. It does, however, mean that the contents of the document should be discussed only with government officials or employees of either the United States or the FMS customer's country.

060105 Unclassified Material and Unclassified Publications

All material and publications designated as Top Secret, Secret, Confidential, or For Official Use Only (FOUO) are marked or labeled accordingly. All other material and publications are considered to be "Unclassified." Such material may or may not be marked Unclassified. This material is not subject to the strict control required for classified material. FMS customers should, however, avoid discussing even unclassified material with unauthorized persons.

060106 Identification of Classified Material and Classified Publications

Two publications should be checked to determine whether or not material is classified:

- The Management Data (MD) product shows the classification categories for standard stock items. The letter entered in the "SEC" column in the MD product shows the classification category of the item. Figure 6-1 shows the use of the "SEC" column in the MD product.
 - "U" indicates that the item is Unclassified
 - "A," "B," "C," or "D" indicates that the item is Confidential
 - "E," "G," "H," or "S" indicates that the item is Secret
 - "F," "K," "L," or "T" indicates that the item is Top Secret
- The Navy Stock List of Publications and Forms, NAVSUP Publication 2002F, shows the classification categories for publications and forms. The "PS" column in the Navy Stock List of Publications and Forms contains a letter or number that shows the classification category for

each publication or form listed. Figure 6-2 shows the use of this "PS" column in the Navy Stock List of Publications and Forms.

- A blank "PS" column indicates the publication or form is Unclassified
- "B," "C," "1," or "2" indicates that the publication or form is Confidential
- "S" or "4" indicates that the publication or form is Secret

060107 Security Clearances and Physical Protection

Paragraph 2.4 of the "Letter of Offer and Acceptance Standard Terms and Conditions," states that the purchaser:

"...will maintain a similar classification and employ measures necessary to preserve such security, equivalent to those employed by the USG and commensurate with security agreements between the USG and the Purchaser. If such security agreements do not exist, the Purchaser certifies that classified items will be provided only to those individuals having an adequate security clearance and a specific need to know in order to carry out the LOA program and that it will promptly and fully inform the USG of any compromise, or possible compromise, of U.S. classified material or information furnished pursuant to this LOA. The Purchaser further certifies that if a U.S. classified item is to be furnished to its contractor pursuant to this LOA: (a) items will be exchanged through official government channels, (b) the specified contractor has been granted a facility security clearance by the Purchaser at a level at least equal to the classification level of the U.S. information involved, (c) all contractor personnel requiring access to such items have been cleared to the appropriate level by the Purchaser, and (d) the Purchaser will assume responsibility for administering security measures while in the contractor's possession. If a commercial transportation agent is to be used for shipment, the Purchaser certifies that such agent has been cleared at the appropriate level for handling classified items. These measures will be maintained throughout the period during which the USG may maintain such classification. The USG will use its best efforts to notify the Purchaser if the classification is changed."

This paragraph has two important meanings for FMS customers. First, it means that FMS customer country and contractor personnel who require access to classified material and classified publications do not need security clearances issued by an agency of the U.S. Government. However, they must have a security clearance issued by the purchaser, and this clearance must be equivalent to the classification category assigned to the material in question.

Secondly, it means that FMS customers are required to protect classified material and classified publications from access by unauthorized persons. This protection must be equal to that provided by the U.S. Government for that type of material. "Protection" generally refers to the types of stowage containers, locks, guards, etc., that must be used to prevent theft of or unauthorized access to classified material and classified publications. Frequently, there are training manuals, technical publications, and other documents associated with classified equipment. These documents are often also classified and normally must be given the same level of protection as the equipment they describe. The Department of the Navy Information and Personnel Security Program Regulation, Office of the Chief of Naval Operations Instruction (OPNAVINST) 5510.1 H, contains complete details on security clearance levels and physical protection requirements.

060108 Classified Material and Classified Publication Release Authority

Within the U.S. Navy, the Navy International Programs Office (Navy IPO) is responsible for releasing classified material and classified publications to FMS customers. No shipment of classified material or classified publications may be made to FMS customers without specific release authorization. The Navy IPO has granted limited delegation of this release authority to the Systems Commands.

060109 Distribution of Release Authorization

If a classified item or a classified publication is specifically cited by a National Stock Number (NSN) in the FMS case, then the LOA serves as the release authorization for that item. If the item is not specifically cited by NSN in the applicable FMS case, then Navy IPO or the cognizant Systems Command must authorize release. This authorization is usually in the form of a letter or naval message. Copies of this letter or message should normally be sent to the following:

- Customer country representative
- U.S. Military Assistance Advisory Group (MAAG), Military Group (MILGROUP), Military Mission, or other U.S. military representative in the customer's country
- NAVICP-OF, Code 75
- Inventory managers and other supply activities in the U.S. supply system involved in the issue and shipment of classified material and classified publications

060110 Supply of Classified Material and Classified Publications

The U.S. supply system provides both classified and unclassified material and publications/documentation to FMS customers. There is no separate supply system or supply source designated only to provide classified material and classified publications. The transfer of classified material and classified publications to FMS customers does, however, involve some special procedures designed to deny unauthorized persons access to such material.

SECTION 0602 - PROCEDURES

060201 Confirming Release Authorization

Before requisitioning classified material and classified publications, the customer must obtain the proper release authorization from Navy IPO. The customer representative who prepares the requisition must attach a copy of the release authorization before sending the requisition to NAVICP-OF.

060202 How to Obtain Release Authorization

If release authorization has not been obtained, the customer must request this authority from Navy IPO prior to submitting a requisition to NAVICP-OF. The customer should send a letter to:

Director
Navy International Programs Office
3801 Nebraska Avenue NW
Washington, DC 20393-5443

The letter must provide the following information:

- Classified material and classified publication for which release authorization is being requested
- Parent equipment or system to which the classified material and classified publication is related
- Case Identifier of the FMS case (LOA) under which the parent equipment or system was supplied
- Reason for ordering the classified material and classified publication and

what the material/publication will be used for

060203 Requisitioning Classified Material and Classified Publications

Once release authorization has been obtained, the customer may requisition the required material. Chapter 2 describes how to prepare a MILSTRIP requisition. When ordering classified material and classified publications, these procedures should be followed, with the four exceptions noted below:

- Enter Document Identifier "A05" in record positions 1 through 3 of the requisition.
- Enter Advice Code "2B" in record positions 65 and 66 of the requisition.
- Include a statement in the "Remarks" section identifying the release authorization. For example, "Item classified: Navy IPO letter _____, serial number _____, dated _____, authorized release of this item." Or, "Item classified: this item is line number _____ of the FMS case (fill in the Case Identifier) which constitutes release authorization."
- Mail the requisition, accompanied by a copy of the release authorization letter, to NAVICP-OF, Code P75.

060204 Classified Material and Publications Provided Via Push Requisitions

When an FMS customer purchases a major weapons system, there will normally be many items of classified material and classified publications involved, most of which will be shipped using push requisitions. (Push requisitions are originated by the U.S. supply system.) FMS customers must ensure that the proper security measures are taken during the receipt, transportation, and storage of such shipments.

060205 Shipment of Classified Material and Publications

The preferred consignee for classified material and classified publications is the customer country's freight forwarder, if the freight forwarder has been granted the security clearance needed to handle that material. If the freight forwarder does not have the required clearance, material is normally shipped to the customer country's attaché or embassy in the United States.

If the customer has requested that classified material and classified publications not be shipped to the customer's attaché or embassy and if the customer's freight forwarder is not

cleared to handle classified material and classified publications, one of the following will occur:

- Classified material, other than publications and documents, will be shipped to the Fleet and Industrial Supply Center (FISC), Norfolk, Virginia, or the FISC, Oakland, California. These shipments will be held at FISC Norfolk or FISC Oakland. NAVICP-OF will contact the FMS customer's representative to make proper arrangements for onward shipment.
- Classified publications and documents will be shipped via the U.S. Armed Forces postal system or diplomatic pouch to a U.S. military representative (MAAG, MILGROUP, Mission, or Attaché) in the customer's country. These means of delivery are, however, strongly discouraged because of the handling burden placed on the postal or diplomatic mail system. If there is no U.S. military representative in the customer's country, classified publications and documents will be shipped the same as classified material.

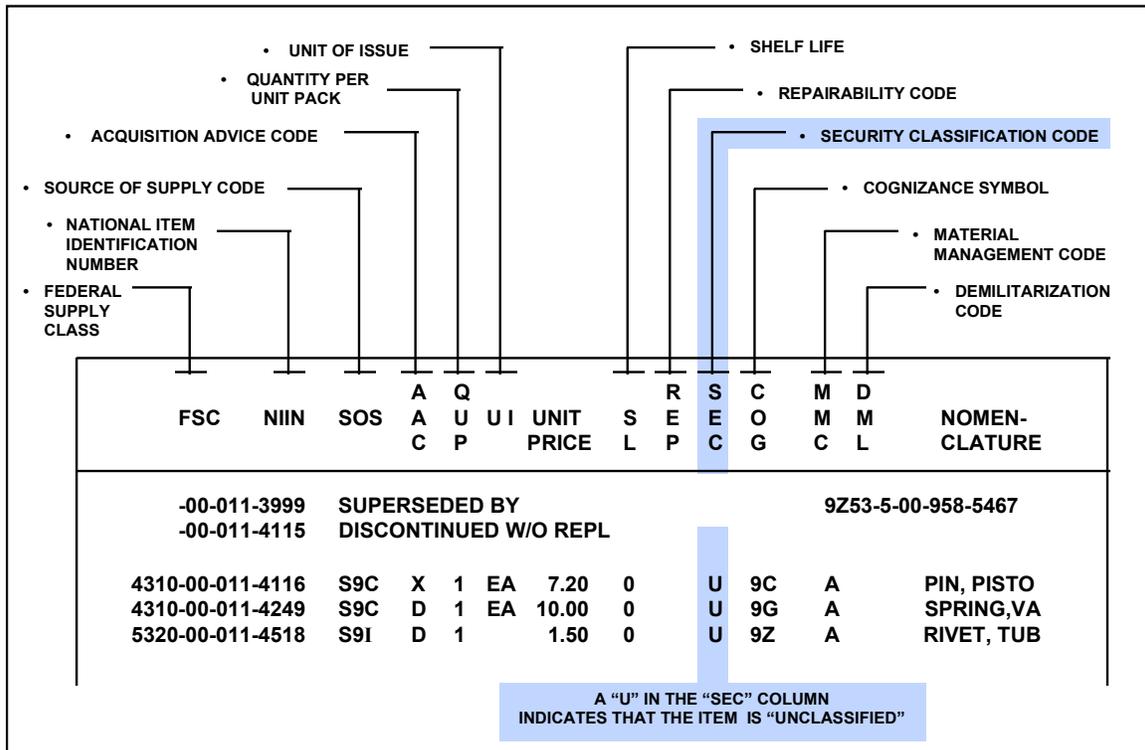
060206 Notice of Availability for a Classified FMS Shipment

A Notice of Availability (NOA) is always provided for a classified FMS shipment. The NOA will be sent to the customer representative identified by the applicable Military Assistance Program Address Code (MAPAC) listed in the Military Assistance Program Address Directory (MAPAD).

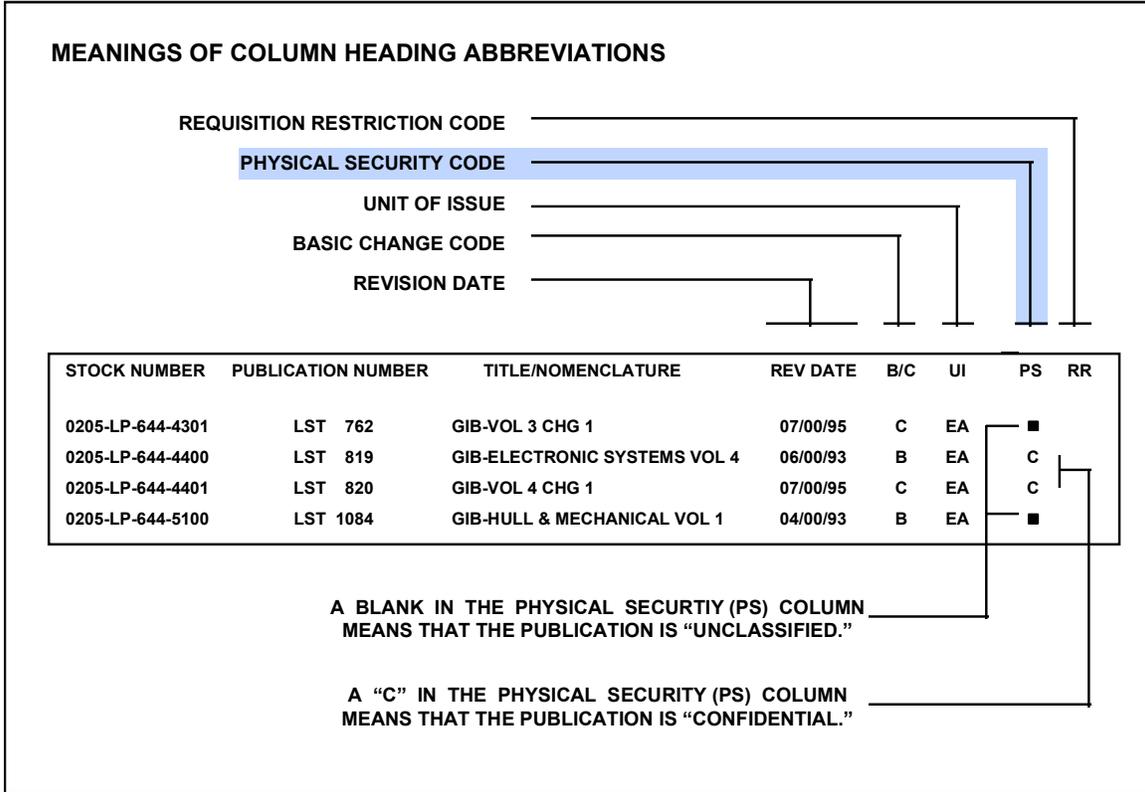
A manual NOA (DD Form 1348-5) will be prepared for a classified shipment unless a country specifically requests a mechanized NOA (DD Form 1348m). Countries wishing to receive the mechanized NOA must submit a request to:

Director
Defense Logistics Agency
DLA-LM
Cameron Station
Alexandria, VA 22314

**Figure 6-1
Illustration of the SEC Column in the Management Data Product**



**Figure 6-2
PS Column in the Navy Stock List of Publications and Forms**



CHAPTER 7 - DISCREPANCY REPORTING SYSTEM

SECTION 0701 - INTRODUCTION TO DISCREPANCY REPORTING

070101 Types of Discrepancies: Introduction

Each year the U.S. supply system handles a large number of FMS transactions. These transactions involve worldwide distribution of a great deal of material. As with any large operation of this type, errors are sometimes made. Therefore, the customer may not always get the exact material ordered or it may not be in the proper condition or it may not be delivered to the correct location. When this happens, the customer can submit a formal request to correct the discrepancy. This formal request is referred to as a Supply Discrepancy Report (SDR). SDRs were formerly referred to as Reports of Discrepancy (RODs) and the customer may still see this term used in some documentation. There are **five** basic types of discrepancies:

- Shipment discrepancies
- Packaging discrepancies
- Billing discrepancies
- Financial discrepancies
- **Quality Deficiency Reports**

070102 Shipment Discrepancies

Shipment discrepancies fall into two basic categories:

- A. Carrier Discrepancies - Carrier discrepancies are either damages to, or shortages in the quantity of, packaged or loose freight. Such discrepancies occur while material is being delivered from the U.S. shipping activity to an FMS customer. They will normally be reflected as a quantity or condition of material received, which is different from the quantity or condition of that material as it is described on the bill of lading or freight bill. Title to (i.e., ownership of) material passes from the U.S. Government to the FMS customer at the initial point of shipment (unless otherwise specified in the Letter of Offer and Acceptance). Therefore, **Supply Discrepancy Reports (SDRs) should not be submitted for carrier discrepancies.** Instead, the customer should initiate a claim against the carrier involved. Claims against carriers will be processed in one of two ways depending on the method of shipment.
 - When material is sent to the customer on a Collect Commercial Bill of Lading (CCBL), the customer must resolve the discrepancy through direct contact with the commercial carrier involved.

- When material is sent to the customer via the U.S. Defense Transportation System (DTS), the U.S. Government will submit a claim against the DTS carrier for the customer. However, the U.S. Government does not assume responsibility for replacement or repair of material lost or damaged in a DTS shipment. The U.S. Government either provides proof of shipment of material to the FMS customer or ensures that any credit due is processed to the customer's account.

- B. Shipper Discrepancies - When a shipper discrepancy occurs, there appears to be no difference between the quantity and condition of material received and the quantity and condition shown on the bill of lading or freight bill. There may, however, be a shortage or excess quantity due to an incorrect count; there may be damage prior to shipment; or the customer may receive an incorrect item. Since a shipper discrepancy is usually the responsibility of the U.S. Government, the customer should submit an SDR.

There may, however, be times when a shipper discrepancy is accidentally caused by the customer. For example, if a specific item is desired, the customer must enter MILSTRIP Advice Code "2B" or "2J" in record positions 65 and 66 of the requisition. This entry will limit the request to a specific item. If this entry is not made, U.S. supply activities will automatically ship an interchangeable item. There is a subtle, but important difference between "2B" and "2J." Advice Code "2B" says to the U.S. supply system: "The customer will only accept the exact item specified on this requisition; you may backorder the item if it is not available in stock, but do not ship a substitute." Advice Code "2J" tells the supply system: "If you cannot ship the exact item identified on this requisition, directly from stock, in the quantity requested, then ship whatever is available in current stocks and cancel the remaining quantity. If none of the items are available for immediate shipment, then cancel the entire requisition." (This is often referred to as a "fill or kill" requisition.)

Similarly, if a specific quantity is desired, the customer must enter MILSTRIP Advice Code "2D" in record positions 65 and 66 of the requisition. This Advice Code tells the U.S. Supply System to provide the exact quantity requested and not to adjust to unit pack quantity. If the customer does not enter this code, the quantity will be automatically adjusted to the unit pack quantity, when appropriate. For example, suppose the Unit of Issue is "BOX," and there are 24 items in a box. If the customer orders 20 each of the item, without Advice Code "2D" on the requisition, the U.S. supply system will automatically ship and bill the customer for 24 each (i.e., 1 box). Careful

attention to these procedures may help reduce the number of shipper discrepancies reported by the customer. SDRs should not be submitted for such discrepancies when the proper Advice Codes have **NOT** been entered on the original requisitions.

Some other important aspects of Defense Transportation System (DTS) shipments that FMS customers should be aware of are:

- DTS shipments include the following:
 - Material transported via a U.S. Government Bill of Lading (GBL) from a private contractor to a U.S. Government activity
 - Material transported via GBL from one U.S. Government activity to another
 - Material transported by a Military Airlift Command (MAC) carrier
 - Material transported by a Military Sealift Command (MSC) carrier
- DTS claims and/or tracing action (proof of shipment requests) are submitted on a Discrepancy in Shipment Report (DISREP), Standard Form 361. This is different from an SDR, Standard Form 364. SDRs are normally prepared and submitted by the FMS customer. DISREPs are prepared and submitted by either a U.S. Military Assistance Advisory Group (MAAG) official or the in-country U.S. Government representative responsible for receiving DTS shipments of FMS material for the FMS customer. The MAAG or other U.S. in-country representative submits the DISREP to NAVICP-OF. The FMS customer should take prompt action to ensure that the MAAG is aware of the DTS discrepancy.
- NAVICP-OF will tell the customer when a DISREP has been submitted. NAVICP-OF will also tell the customer whether or not the customer's account will be credited. The customer's account will be credited only with the amount paid by the carrier for the loss of or damage to material. This credit is usually based on the weight of the discrepant material rather than actual value. Therefore, the credit allowed may not cover the total value of the material lost or damaged. The amount of credit provided will appear on the customer's quarterly FMS Billing Statement, DD Form 645.

070103 Packaging Discrepancies

A packaging discrepancy occurs when improper preservation, packing, marking, or unitization of an item or items results in the receipt of damaged material. These four terms are briefly defined below:

- *Preservation.* Preservation involves taking certain steps to prevent decay of or damage to material. Such steps include the proper cleaning, drying, and cushioning of materials and containers.
- *Packing.* Packing involves the assembly of items into a unit, intermediate unit, or exterior pack. It includes proper blocking, bracing, weatherproofing, and reinforcement of the unit, intermediate unit, or exterior pack.
- *Marking.* Marking involves application of the necessary labels, tags, symbols, colors, etc., for proper handling and identification of containers during shipment and storage.
- *Unitization.* Unitization involves the assembly of packs of one or more line items of supply (i.e., one or more National Stock Numbers) into a single shipment unit. An example of unitization is consolidation of several different line items on a pallet. Figure 7-1 outlines some examples of preservation, packing, marking, and unitization discrepancies.

070104 Billing Discrepancies

Billing discrepancies occur when material is received in the quantity and condition ordered, but the material is omitted from, incorrectly reflected, or duplicated on the FMS Billing Statement or FMS Delivery Listing. NAVICP-OF must receive SDRs for billing discrepancies within one year from the date of billing shown on the applicable DD Form 645, FMS Billing Statement or one year from the date of shipment (title transfer) shown on the FMS Delivery Listing, whichever is later. (Billing is indicated by an "A" in the "PRC CD" column of the FMS Delivery Listing.)

070105 Financial Discrepancies

Financial discrepancies are discrepancies that are related to either administrative charges or accessorial surcharges applied to FMS transactions. These charges are shown on page 2 of the LOA. Some examples of accessorial surcharges are:

- Packing, Crating, and Handling (PCH) charges
- Inland, ocean, and air transportation charges
- Port loading and unloading charges

070106 Categories of Discrepancies

There are ten basic categories of discrepancies that appear on the front of the SDR, (SF 364). These categories are listed in the block titled "Discrepancy Codes." The ten categories are as follows:

- A. Condition of Material – This category includes:
 - Material received in a condition other than the condition shown on the release/receipt document
 - Material received with insufficient shelf-life remaining at the time of shipment
 - Material that was shipped by parcel post and was received in damaged condition. (Material received in damaged condition that was shipped by other than parcel post falls under the category "Other Discrepancies" and should be assigned discrepancy code "Z1.")
- B. Supply Documentation - This category involves material that is received with no supply documentation, illegible supply documentation, or incomplete supply documentation. Special care should be taken to be sure that supposedly missing or incomplete supply documentation is not located in another part of the shipment.
- C. Misdirected Material - This category covers material that has been addressed to the wrong activity.
- D. Overage/Duplicate Shipment - This category involves the receipt of too much material.
 - An overage is the receipt of more of an item than the quantity shown on the receipt document, or more than the quantity requested, due to an incorrect item count within a container, box, or package. (This type of situation is not considered a discrepancy when there has been an automatic adjustment to the unit of issue pack and the customer did not enter Advice Code "2D" in record positions 65 and 66 of the requisition.) This type of discrepancy is not evident upon delivery, but is discovered when the article of freight, as described on the transportation document, is opened and the contents are checked.

- A duplicate shipment occurs when the material ordered on a single requisition is received twice. Such material may be received twice in a single consolidated shipment. It may also be received twice in two separate shipments on two different dates. This type of discrepancy is normally discovered as soon as a shipment is delivered.
- E. Packaging Discrepancies - A packaging discrepancy occurs when improper preservation, packing, marking, or unitization of an item or items results in the receipt of damaged material.
- F. Product Quality Deficiency - A product quality deficiency is a defect that limits or eliminates the usefulness of an item. This category of discrepancy includes defects in design, specification, material, manufacturing, and workmanship. For additional information on product quality deficiencies, see paragraph 070309. (This is not the same as a latent defect.)
- G. Shortage of Material - This discrepancy occurs when the FMS customer receives less of an item than the quantity shown on the receipt document or less than the quantity ordered because of a short count within a container. This type of shortage is not considered a discrepancy when there has been an automatic adjustment to the unit of issue pack, unless Advice Code "2D" was entered in record positions 65 and 66 of the requisition. This type of shortage is not readily evident when the material is delivered. It is normally discovered when the article of freight is opened and the contents are checked. Also included under the category of shortages is non-receipt of parcel post shipments (discrepancy code "S3"), and total non-receipt of other than parcel post shipments (discrepancy code "S4"). When sending an SDR for non-receipt to NAVICP-OF, the FMS customer must provide documentation from their freight forwarder showing that the freight forwarder has not received any material against the requisition document number or Transportation Control Number (TCN) that applies. NAVICP-OF will deny any non-receipt SDR that does not have such documentation attached and will return the SDR to the FMS customer marked "INCOMPLETE."
- H. Item Technical Data Markings - This category occurs when name plates, log books, operating handbooks, and special instructions are missing, illegible, or damaged. This category also involves missing or incomplete precautionary and operational markings, inspection data, operating data, and warranty data.
- I. Wrong Item - This category involves the receipt of an incorrect item. It does not include the receipt of an acceptable substitute item when Advice Code "2B" or "2J" was not cited on the original requisition. **Note:** A substitute item is one that is authorized for issue instead of a standard item with similar characteristics. Such an item may be issued when the item ordered by the customer is not readily available. A substitute item may be unacceptable to

the customer if it is not interchangeable with the item that was ordered. An interchangeable item is one that has the same physical and functional characteristics as the item ordered. An interchangeable item can be exchanged for the item ordered with little or no adjustment or alteration and little or no loss of operational efficiency.

- J. Other Discrepancies - This category includes the receipt of damaged material that was not shipped by parcel post. It also covers any discrepancy that does not fall into any of the other nine categories of discrepancies described above.

070107 Causes of Incorrect SDR Submissions

Most SDRs that are incorrectly submitted are because of a misinterpretation. If the elements of information entered on the customer's requisition or delivery instructions are unclear, the U.S. supply system may misinterpret the requisition. The result can be that the customer either does not get the material ordered or receives it at the wrong time or at the wrong location. Misinterpretation can also cause an SDR to be incorrectly submitted when preliminary examination of the facts makes it appear that a discrepancy exists when there is no discrepancy. The following situations provide four examples of this type of discrepancy problem and make suggestions for appropriate action.

- *Situation Number 1* - The FMS Delivery Listing shows that material has been shipped. Several weeks pass and the customer does not receive the material. When this happens, the customer may assume that a discrepancy has occurred. However, investigation often reveals that the U.S. supply system did ship the material to the customer's freight forwarder, but the freight forwarder did not yet ship the material to the customer. When this type of situation occurs, the customer should check with the freight forwarder before submitting an SDR.
- *Situation Number 2* - The customer examines a shipment and finds less of an item than the quantity ordered. The customer then concludes that a shortage discrepancy exists. However, careful review of status documents and shipping documentation shows that the material received is only a partial shipment. One of the first things the customer should check when receiving material is record position 44 of the DD Form 1348-1 shipping document and DD Form 1348m status documents. If record position 44 shows a suffix code, then the quantity received is a partial shipment and the rest of the material will be shipped later. Therefore, when a suffix code appears in record position 44, the customer should not report a shortage discrepancy.
- *Situation Number 3* - A shipping container arrives with no supply documentation attached and no supply documentation packed inside the

container. This would normally be a discrepancy. It is possible, however, that this container is only part of the shipment, and that it became separated from the rest of the shipment during freight forwarder processing. In this type of situation, the supply documentation is often found attached to another container when the rest of the shipment is received from the freight forwarder. Therefore, before submitting an SDR, the customer should examine the contents of the container. By comparing the type and quantity of material inside with the customer's own requisition and status records, the customer will be able to tell whether or not the entire shipment has been received. If the entire shipment has not been received, the customer should contact the freight forwarder before submitting an SDR. If the entire shipment has been received, the customer should submit a supply documentation SDR.

- *Situation Number 4* – Frequently, items that are ordered under several separate MILSTRIP requisition numbers that are shipped to the customer in a consolidated container. The external markings on the container and the bill of lading (manifest, waybill, etc.) will often show only one of the many requisition numbers applicable to the material inside the container. This number is referred to as the "lead document number." The FMS customer's freight forwarder is often not permitted to open containers. In such situations, the freight forwarder will record only the lead document number for a consolidated shipment. Thus, only one item will be reported by the freight forwarder as having been shipped. Unless the container is opened as soon as the customer receives it, the entire shipment may be processed as if it contained only the item represented by the lead document number. Until the container is opened and its contents checked, the FMS customer may not realize that many items, applicable to many other requisitions, have been received. When items other than those represented by the lead document number are shown as "shipped" on the monthly statement of FMS transactions, the customer is likely to believe that this material has not been received. The customer will often then submit an SDR for non-receipt.

To avoid this situation, FMS customers should consider allowing the freight forwarder to open and examine specially marked crates containing consolidated shipments before sending them to the customer and instruct the freight forwarder to list on applicable shipping documentation the stock number and quantity of each item packed inside the container. Also, the customer should examine the contents of specially marked containers as soon as they arrive in-country, before they are shipped to the final in-country destination. (Special markings for consolidated shipments are described in Chapter 10.)

070108 Key Steps the Customer Should Take When Processing Discrepancies

Carefully investigating an apparent discrepancy before submitting an SDR will help verify whether or not a true discrepancy exists. The customer should check with the freight forwarder and with various receiving destinations within the FMS customer's country. The customer should also carefully review all shipping status information and documentation. The investigation should also help to determine whether the FMS customer, the freight forwarder, or the U.S. Government is responsible. It will also provide important information that must be included when an SDR is submitted.

If the U.S. Government appears to be responsible for the discrepancy, prepare an SDR, Standard Form 364. All SDRs, except financial SDRs, should be sent to NAVICP-OF. Financial SDRs should be sent to the DFAS-DE/I. When the U.S. Government is responsible for a discrepancy, it will either take corrective action or make an adjustment to the customer's account. The U.S. Government is usually not responsible for a discrepancy that occurs after title to the material has passed to the FMS customer. The major exception to this general rule is a billing discrepancy. A billing discrepancy, which will normally occur after title has passed to the FMS customer, is the responsibility of the U.S. Government. Figure 7-2 provides a diagram of the logic that should be followed in submitted an SDR or DISREP.

070109 Quality Deficiency Reports

A Quality Deficiency Report (QDR, SF368) must be submitted along with any SDR with a Q1 Discrepancy Code. A QDR is submitted for any item which does not meet form, fit, or function, or any new item which does not work upon receipt/installation, or any repaired item which does not work upon receipt from the repair activity. A QDR is shown in Figure 7.6. A QDR/SDR may be submitted on-line through the internet at <http://www.navicp.navy.mil>, going to International, then International Programs eBusiness Suite.

SECTION 0702 - PROCEDURES

070201 Limitations on Submitting a Supply Discrepancy Report

Section A has described the categories of discrepancies reported on the SDR, Standard Form 364. There are, however, certain conditions under which an SDR should **NOT** be submitted. These conditions are described below:

- *Dollar Value* - The customer may receive too much material (material overage), too little material (material shortage), or material that is damaged. When this happens, the customer should not submit an SDR to NAVICP-OF unless the total dollar value of the discrepancy equals or

exceeds the minimum dollar value. For SDRs submitted against cases implemented on or after 1 June 1992, the minimum dollar value is \$200.00. For SDRs submitted against cases implemented prior to 1 June 1992, the minimum value is \$100.00. This rule applies to the following discrepancy codes:

C1	01	P1	Q1	S1
C3	02	P2		S2
	03	P3		S3
		P4		S4

SDRs for all other types of discrepancies may be submitted regardless of the dollar value.

- *Time* - The customer should not submit a material SDR if NAVICP-OF will not receive it within one year from the date of passage of title (shipment) of material to the FMS customer.
- *Carrier* - The customer should not submit an SDR to NAVICP-OF for a carrier discrepancy.
- *Financial*. The customer should not submit an SDR to NAVICP-OF for a financial (i.e., administrative or accessorial) discrepancy. Financial SDRs should be submitted to DFAS-DE/I. The same time and dollar value rules that apply to regular SDRs also apply to financial SDRs.

070202 Clarification of the SDR Time Limitation Rule

All Letters of Offer and Acceptance include provisions that limit the amount of time allowed for submitting SDRs. (For LOAs issued between 1 August 1987 and 31 May 1992, see paragraph B.6 of the "General Conditions" of the LOA. For LOAs implemented after 31 May 1992, see paragraph 5.4 of the "Standard Terms and Conditions" of the LOA.)

These provisions say that NAVICP-OF must receive material SDRs within one year of the transfer of title (ownership) to the FMS customer. Title normally transfers to the customer at the initial point of shipment. This rule applies to all material SDRs submitted for all shipment and packaging discrepancies except "non-shipment/non-receipt of an entire lot." (The term "entire lot" refers to an entire shipment and not "lot" as a unit of issue.) NAVICP-OF must receive SDRs for non-receipt of an entire lot or shipment within one year of the date of transfer of title (shipment) or the date of billing, whichever is later. SDRs not received by NAVICP-OF within these time limits will be rejected.

For example, if the date of shipment (title transfer) was 6 May 1997 and the date of billing was 30 September 1998, an SDR for **other than** non-shipment/non-receipt of an entire lot must reach NAVICP-OF by 6 May 1997. However, an SDR for non-shipment/non-receipt of **an entire lot** must reach NAVICP-OF by 30 September 1998.

The date of shipment (or title transfer) is reported on the FMS Delivery Listing, the Quarterly Requisition Report (QRR), and the "AE_" status document. The date of billing is the original billing date appearing on the applicable DD Form 645, FMS Billing Statement.

070203 Exceptions to the SDR Time Limitation Rule

There are two exceptions to the SDR time limitation rule discussed above.

- *Unusual circumstances involving latent defects* - Latent defects are flaws in material that cannot be easily detected. These flaws are usually present when the item is manufactured. They are detected only when the item is used for the first time. If latent defects are involved, NAVICP-OF may accept SDRs received beyond the one-year time limit.
- *Time limits for reporting deficiencies related to contractor warranties defined in individual contracts and/or warranty clauses* - These time limits, whether they are longer or shorter than one year, will be used instead of the one-year rule. A copy of the terms of the warranty should be submitted with this type of SDR. This will provide NAVICP-OF with confirmation that the late SDR submission is valid. This confirmation will, in turn, help to avoid possible delays in SDR processing. **Note:** Contractor warranties normally cover only that material provided from procurement. These warranties do not cover material supplied from U.S. Government stocks.

070204 Preparation of the SDR, SF 364

When preparing an SDR, the customer must use an SF 364 that has either been supplied from U.S. Government sources or reproduced by the FMS customer. However, if reproduced by the customer, the form must be an exact duplicate of a Standard Form 364 supplied by the U.S. Government, including the printing on the back of the form. Although the back of the form is not used by the customer, this part is required for processing by U.S. activities.

Figure 7-3 shows a sample of the SDR, SF 364. Each block is briefly described in the paragraphs that follow. (More detailed instructions may be found in the directive

"Reporting and Processing of Discrepancy Reports Against Foreign Military Sales Shipments," Defense Logistics Agency Regulation DLAI-4140.55.)

070205 Date of Preparation

Block 1, "Date of Preparation," should show the date on which the SDR is prepared. This entry should be in year-month-day sequence, using only the last two digits of the year number. For example, the proper "Date of Preparation" entry for an SDR prepared on the fifth day of June 1996 should be entered as 96 JUN 05.

070206 Report Number

Block 2, "Report Number," should show a ten-digit number composed of the following four basic elements:

- The first alphabetic character is a code that identifies the customer's initiating military service, organization, or office. This code is assigned by the FMS customer. Its purpose is to provide the customer with a more detailed point of reference for use in SDR status reporting or inquiry.
- The next four numeric characters form a serial number. This number identifies individual SDR submissions for a particular FMS case. Serial numbers should be assigned in series, from "0001" through "9999," for SDRs related to a specific FMS case on a continuing basis. The first SDR submitted against each new FMS case should be assigned a serial number of "0001," the next, "0002," etc. In block 2 of Figure 7-3, the serial number is "0001." This shows that Figure 7-3 is the first SDR submitted against FMS case "NCA." The serial number is always used along with the country code and case identifier (as described below) to identify a particular SDR.
- The next two alphabetic characters identify the FMS customer's country code. In block 2 of Figure 7-3, the country code "LT" stands for the fictional "Republic of Latonia."
- The last three alphabetic characters identify the FMS case under which the discrepant material was purchased. In block 2 of Figure 7-3, the FMS case cited is case "NCA."

In summary, the "Report Number" is always composed of these four elements: a code that identifies the customer's initiating military service, organization, or office; a serial number; the customer's country code; and the FMS Case Identifier. (The country code

and the FMS Case Identifier are shown on page 1 of the applicable Letter of Offer and Acceptance.)

070207 To

Block 3, "To," should show the name and address of the activity to which the SDR is being submitted.

070208 From

Block 4, "From," should show the full name and the unabbreviated, spelled-out address of the FMS customer representative preparing the SDR.

070209 Shipper's Name

Block 5(a), "Shipper's Names" is used to show the name and address of the shipper. When shipment is made from a commercial contractor or vendor, enter the name of the U.S. Government activity that directed shipment of the item. When an item is shipped from a U.S. Government activity, enter the name and address of that activity. (This information will appear on the DD Form 1348-1 shipping document.)

070210 Number and Date of Invoice

Block 5(b), "Number and Date of Invoice," should show the number and date of the vendor's invoice (bill, sales slip, shipping document, etc.) or the shipper's bill number. A copy of the invoice or shipper's bill should be attached to the SDR.

070211 Transportation Document Number

Block 6, "Transportation Document Number," should show the identifying number assigned to that document. Typical types of transportation document numbers include:

- GBL number
- Commercial Bill of Lading (CBL) number
- Manifest number
- Waybill number
- Insured or certified parcel post number
- Transportation Control and Movement Document (TCMD) number

Note: When entering the applicable transportation document number in block 6 of the SDR, the customer should be sure to show the number that was assigned by the original U.S. shipper. The customer should not enter the number used by the freight forwarder to ship material to the FMS customer's country (unless the freight forwarder uses the same number as the original U.S. shipper).

070212 Shipper's Number

Sometimes more than one shipment is made against a single contract purchase order or requisition. In this case, the customer should indicate in block 7(a) which shipment the discrepant material was a part of (first shipment, second shipment, etc.). This block should also show the applicable contract, purchase order, or document number. Only one such number may be included on each SDR.

070213 Office Administering Contract

Block 7(b), "Office Administering Contract," should show the name, address and zip code of the Contract Administration Office (CAO) that directed or arranged for the shipment. (This information can be obtained from the Material Receiving and Inspection Report, DD Form 250.)

070214 Requisitioner's Number

Block 8, "Requisitioner's Number," should show the requisition number of the requisitioning activity. If shipment was made from a commercial source, the contract or purchase order number should also be entered.

070215 NSN/Part Number and Nomenclature

Block 9(a), "NSN/Part Number and Nomenclature," is used to identify the specific item for which the SDR is being submitted. The NSN should be shown if the item is a standard stock item. If the item is nonstandard, the manufacturer's part number should be shown. The nomenclature, (i.e., name) of the item should be shown for both standard and nonstandard items. When the item received is different from the item indicated on the shipping document or different from the item ordered, the NSN and nomenclature for both items should be listed in block 9(a). A separate entry should be made for each item. For example:

Item received:
1005-00-175-2087 LEVER LATCH
LOCKING ARM

Item ordered:
1005-00-175-5918 EJECTOR CATCH
RELEASE LEVER

070216 Unit of Issue

Block 9(b), "Unit of Issue," should reflect the Unit of Issue shown on the shipping document. If more than one item is entered in block 9(a), enter the Unit of Issue for each in block 9(b).

070217 Quantity Shipped/Billed

Block 9(c), "Quantity Shipped/Billed," should reflect the quantity shown on the shipping document. The "quantity" is the number of Units of Issue. The quantity is not always the same as the total number of actual items shipped. If, for example, the shipping document shows ten boxes of an item, and there are five items to a box, the Unit of Issue is "Box" (BX) and the quantity is 10, not 50.

When there is a shortage or excess, the "Quantity Shipped/Billed" will be different from the quantity actually received. If more than one item is listed in block 9(a), show the Quantity shipped/billed for each item.

In certain situations (see paragraph 070223), the material condition code shown on the shipping document should also be entered in block 9(c).

070218 Quantity Received

Block 9(d), "Quantity Received," should show the quantity of the item actually received. This quantity may or may not be the same as the quantity shown on the shipping documents and entered in block 9(c).

070219 Discrepancy Data

Block 10, "Discrepancy Data," is divided into four sections. Entries in these four sections apply only to that portion of the material received (or missing) that is discrepant. If, for example, 22 each of an item were received and three of these are damaged, entries in the sections of block 10 would apply only to the three damaged units. Another example

would be if 16 of an item were ordered, but only 12 of an item were received. In this instance, entries in block 10 would apply only to the 4 items that were not received.

070220 Quantity

Block 10(a), "Quantity," must show only the number of Units of Issue for which a discrepancy is being reported. If, for example, damaged material is involved, this block should show only the number of units (or partial units) that were damaged. If a shortage or an excess is involved, the entry in block 10(a) will be the difference between the "Quantity Shipped/Billed" entered in block 9(c) and the "Quantity Received" entered in block 9(d). Block 12, "Remarks," should be used to provide any additional information or clarification that may be needed.

If discrepancy code C1 applies, the quantity and the material condition code of the item received must be entered in block 10(a). If the quantity received is classified under more than one condition code, enter each partial quantity and its condition code on separate lines. Suppose, for example, that a total quantity of 10 items was received, the Unit Price is \$100.00 each, and discrepancy code C1 applies to 8 of the 10 items. If 5 were unserviceable, but repairable (condition code F), and 3 were incomplete {(i.e., parts were missing from the items (condition code G))}, the following entries would be appropriate:

10. DISCREPANCY DATA			
QUANTITY	UNIT PRICE	TOTAL COST	CODE
(a)	(b)	(c)	(d)
5 F	\$100	\$500	C1
3 G	\$100	\$300	C1

Remember that both of the above entries refer to material that was received under the contract, purchase order, or document number shown in block 7(a).

070221 Unit Price

Block 10(b), "Unit Price," must show the Unit Price of material entered on the bill, invoice, or shipping document.

070222 Total Cost

The entry in block 10(c), "Total Cost," is the result of multiplying the amount entered in block 10(a) ("Quantity") by the amount entered in block 10(b) ("Unit Price"). This is illustrated in the excerpt of Figure 7-3 shown below.

Block		Block	=	Block
10(a)	x	10(b)	=	10(c)
14	x	\$22	=	\$308.00

The entry in block 10(c) represents the total money value of the discrepancy that is being reported on the SF 364. This total money value must equal or exceed the minimum dollar value defined in paragraph 070201. If it does not, the SDR will be rejected unless one of the exceptions discussed in paragraph 070203 applies.

070223 Code

Block 10(d) "Code," requires an entry or entries selected from the Discrepancy Codes listed on the front of the SDR (SF 364). If more than one discrepancy code applies to an item, all applicable codes should be entered. If discrepancy code C1 applies, the following entries must also be made:

- Enter the material condition code of the item, as it appears on the shipping document, in block 9(c) of the SDR. This condition code was assigned to the item when the item was shipped.
- When a product quality deficiency, such as a deficiency in design, specification, or workmanship, may be involved (condition code Q1), a QDR must be submitted along with the SDR.
- When over-aged material (expired shelf life) is received (condition code C2), the following information, which may be obtained from the shipping document, should be entered in block 12, "Remarks":
 - Manufacturer's name
 - Contract/purchase order number if not entered in block 7(a)
 - Date of manufacture, date of pack, or date of expiration of shelf life (indicate which of these is applicable)
 - Location of the material

- Name, address, and telephone number of the person to contact for additional information about the SDR, if different from the entry in block 14(a)
- Precise nature of the discrepancy (i.e., why the item or material is unsatisfactory). Include any inspection or test criteria used to determine that the item is unsatisfactory or unserviceable.

070224 Action Code

Block 11, "Action Code," requires an entry selected from the Action Codes listed on the front of the SDR. Action Codes "1D," "1E," and "1F" may not be used on SDRs prepared by FMS customers. If material for which a discrepancy was reported is still required, the customer must submit a new requisition with a new document number. If the action required is not covered by the Action Codes listed on the front of the SDR, enter "1Z" in block 11 and explain the nature of the action desired in block 12, "Remarks."

070225 Remarks

Block 12, "Remarks," should be used to show any additional information needed to more fully explain the nature of the discrepancy or the action desired as described previously. This field can also be used to record such information as inspector number and date of inspection.

If there is not enough room in the "Remarks" block for all the information required, attach additional sheets of paper to the SDR. (Indicate in the "Remarks" block how many additional sheets are attached.) At the top of each extra sheet, enter the date of preparation, the report number of the SDR, and the phrase: "Block 12, Remarks, Continued."

070226 Funding and Accounting Data

Block 13, "Funding and Accounting Data," should be left blank.

070227 Name, Title and Phone Number

Block 14(a) should show the printed or typed "Name, Title, and Phone Number" (DSN and/or commercial) of the individual who has prepared the SDR.

Block 14(b) must contain an original signature of the FMS customer country representative authorized to submit an SDR. This may or may not be the same as the

name of the individual identified in block 14(a). If it is different, the typed or printed name of the signing official should also be provided in block 14(b).

070228 Distribution Addressees

Block 15, "Distribution Addressees for Copies," may be used by the individual preparing the SDR to show where copies of the SDR are being sent.

070229 Remainder of Standard Form 364

Because U.S. activities use the back of the SDR {blocks 16 through 24(c)} during SDR processing, FMS customers should not write in these spaces.

070230 Submission of SDRs

The customer must forward the original and six copies of the completed SF 364. SDRs should be sent via air mail to reduce delivery time. SDRs for shipper discrepancies, packaging discrepancies, and billing discrepancies should be submitted to:

Naval Inventory Control Point, International Programs Directorate
ATTN: Code P75
700 Robbins Avenue
Philadelphia, PA 19111-5098

SDRs for financial discrepancies should be submitted to:

Defense Finance and Accounting Service - Denver
ATTN: Code IFRE
6760 E. Irvington Place
Denver, CO 80279-5000

070231 Documents That Should Accompany an SDR

To speed up SDR processing, the FMS customer must attach all necessary supporting documentation to the SDR before it is mailed. Examples of supporting documentation are provided below:

- A copy of the shipping document should be sent with an SDR involving a shortage or excess, receipt of material in damaged condition, or receipt of the wrong material
- A copy of the applicable requisition should be sent with an SDR for receipt of the wrong material

- Photographs of material as it appeared at the time of receipt should be attached to an SDR involving damaged or mislabeled material

070232 Disposition of Discrepant Material

FMS customers should store discrepant material until NAVICP-OF provides disposition instructions. If storage is not practical because of the condition or characteristics of the material, the customer should use the "Remarks" section (block 12) of the SDR to explain what action will be taken and why.

070233 NAVICP-OF Acknowledgement of SDRs

NAVICP-OF records SDRs as they are received. The monthly SDR Status Report (which is distributed on the Internet at <http://www.navicp.navy.mil>, then International, then International Programs eBusiness Suite, then SDR Reports) is the customer's notification that NAVICP-OF has received the SDR.

070234 FMS Reply Listing to Customer Requests for Adjustments

Once action regarding a specific SDR has been completed, that action will be reported on the FMS Reply Listing to Customer Requests for Adjustments. DFAS-DE/I sends this listing quarterly to the FMS customer as an attachment to the FMS Billing Statement (DD Form 645). This listing is sent to the same address(es) that the customer provides to DFAS-DE/I for the billing statement.

The Reply Listing summarizes all processed SDRs for material, billing, and financial adjustments for which DFAS-DE/I has recorded action taken during the reporting period. A copy of each processed SDR reported on the listing is also sent to the customer. A separate listing is provided for each FMS case that has SDR action. The FMS customer may also request this information in a mechanized format. Figure 7-4 illustrates the FMS Reply Listing to Customer Requests for Adjustments. The various entries on this listing are described below.

A. Heading Information - The Reply Listing's heading information includes the elements listed below:

- Report title and Page number
- "For Period Ending" date, is the last day of the 3-month period covered by the listing. This date is printed in year-month-day sequence.

- "Date Prepared" is the date the listing was actually prepared. This date will always be later than the "Period Ending" date. This date is also printed in year-month-day sequence.
 - "PCN" is a control number used by DFAS-DE/I
 - Name of the Country ("LATONIA" in Figure 7-4)
 - Military service within the customer's country ("Navy" in Figure 7-4), that is responsible for administering the FMS case(s) involved
 - Statement Number ("95-12NA" in Figure 7-4), is the number that is assigned to the monthly statement on which the adjustment action has been reflected. If no adjustment action has been taken, this will be left blank.
 - U.S. military service ("Navy" in Figure 7-4) or civilian department or agency that sponsored the associated FMS case
- B. DOC ID - "DOC ID" is an abbreviation for Document Identifier. This column always contains the letters "FKG" which is the Document Identifier for an Adjustment Reply document.
- C. RIC - "RIC" is an abbreviation for Routing Identifier Code. This MILSTRIP code identifies the activity that shipped the material to the customer. A list of Routing Identifier Codes and their corresponding activities can be found in the Naval Supply Procedures 485 (NAVSUP P-485), Volume II, Appendix 7.
- D. PRC CD - "PRC CD" is an abbreviation for Price Code. This letter will indicate the nature of the original charge for which the customer has requested an adjustment. An "N" in this column indicates that an incremental charge was involved. An "A" or a blank indicates that the actual cost was billed.
- E. ROD Serial Number - The ROD Serial Number is the number assigned by the customer when the SDR was prepared and is the same as the "SDR Report Number" entered in block 2 of the SF 364. **Note:** The term ROD (Report of Discrepancy) has been replaced by SDR (Supply Discrepancy Report).
- F. Unit of Issue - This column shows the two-letter MILSTRIP Unit of Issue code. A list of Unit of Issue codes and their definitions can be found in Naval Supply Procedures 485 (NAVSUP P-485), Volume II, Appendix 19.
- G. QUAN SHIP - "QUAN SHIP" is an abbreviation for Quantity Shipped. This is the quantity (i.e., the number of units of issue) of the item that is being reported as discrepant or requiring adjustment. The letters "CR" after the

figure entered in this column indicate that a credit has been made to the customer's account. This credit is for the amount shown on the same line in the "Extended Value" column. If the letters "CR" do not appear next to the figure entered in the "QUAN SHIP" column, then a debit (charge) has been made to the customer's account.

- H. Document Number - This is the Requisition Document Number under which the discrepant material was delivered to the customer.
- I. DOC SFX - "DOC SFX" is an abbreviation for Document Suffix. This is an alphabetic or numeric code that indicates a partial supply action.
- J. SUPL ADRS - "SUPL ADRS" is an abbreviation for Supplementary Address. This column shows the same information as the Supplementary Address portion of the original requisition (record positions 45 through 50 on DD Form 1348m and 1348).
- K. MS - "MS" is an abbreviation for "Mode of Shipment." The Mode of Shipment code indicates how the material was shipped to the customer.
- L. ARC - "ARC" is an abbreviation for Adjustment Reply Code. This two-letter code shows the action is being taken to resolve the discrepancy. A list of Adjustment Reply Codes and their meanings is provided in Figure 7-5.
- M. ACTG Date - "ACTG Date" is an abbreviation for Accounting Date. This date shows the calendar year and the month during which the transaction being reported was processed by DFAS-DE/I. The entry "9510" in Figure 7-4 shows that the transaction reported on that line was processed by DFAS-DE/I during October 1995.
- N. TBC - "TBC" is an abbreviation for Transportation Bill Code. DFAS-DE/I uses this Single letter to indicate that charges for DTS services are involved. If material reported on that line was not shipped by DTS, this column will be blank. A list of Transportation Bill Codes can be found in Part III, Appendix N, of the FMS Financial Management Handbook (Billing).
- O. DSC - "DSC" is an abbreviation for Delivery Source Code. DFAS-DE/I uses this two-letter code to indicate that charges for packing, crating, handling, contract administration, and FMS administrative surcharges are involved. A list of Delivery Source Codes may be found in Part III, Appendix O, of the FMS Financial Management Handbook (Billing).
- P. Unit Price - The entry in this column shows the Unit Price of the discrepant material. (This amount is shown in U.S. dollars and cents.)

- Q. Extended Value - The entry in this column shows the full value of the transaction being reported. This amount is the result of multiplying the Quantity by the Unit Price. (This amount is shown in U.S. dollars and cents.)

When the amount shown has been credited to the customer's account, the letters "CR" will appear in this column directly after the amount. When the amount shown has been debited against the customer's account, the letters "CR" will not appear.

- R. Case and Record Serial Number - This line shows the FMS case and Record Serial Number (RSN) against which the discrepant material was ordered.

SECTION 0703 - AREAS OF SPECIAL INTEREST

070301 SDR Follow-up

Generally, NAVICP-OF does not have enough information in its files to resolve an SDR. Therefore, NAVICP-OF must get information from other organizations within the U.S. supply system. Since this is a time-consuming process, FMS customers should wait at least 180 days after NAVICP-OF acknowledges that the original SDR has been received before sending an SDR follow-up.

If follow-up action is required, send a letter or message to NAVICP-OF. Do **NOT** submit a new or duplicate SDR to follow up on the original. Since an SDR is not a MILSTRIP document, do not prepare a MILSTRIP follow-up for an SDR.

070302 Asset Drawdown

Under the Asset Drawdown procedure, the FMS customer may choose to requisition material that is in a Not Ready For Issue (NRFI) condition and have the material repaired instead of waiting for a long procurement lead time. Under this procedure, a repair facility repairs a Navy-owned NRFI item. Once the item is repaired, it is shipped to the FMS customer. During this procedure, two requisitions and two billings are generated. Both requisitions appear on the Quarterly Requisition Report. However, the first requisition (prepared by the customer), is used to ship material to a U.S. repair facility. The first requisition is **not** used to ship material to the customer. Therefore, the customer should not submit an SDR (e.g., for non-receipt of material) against the first requisition used in an asset drawdown procedure. The first requisition will always show the exact document number assigned by the customer. The second requisition will always show an "R" in record position 40 to identify it as the second requisition generated by an asset

drawdown procedure. (See Chapter 2, for a detailed discussion of asset drawdown procedures.)

070303 Standard Accounting and Reporting System SDRs

The Standard Accounting and Reporting System (STARS) is used by U.S. Navy Hardware Systems Commands for the financial management of some FMS cases. When NAVICP-OF receives an SDR for material provided under a STARS case, the SDR is entered into the Management Information System for International Logistics (MISIL). It is then sent directly to the appropriate Systems Command for processing. STARS SDRs are subject to the same processing regulations and time limits as non-STARS SDRs. However, while STARS SDRs are entered into MISIL and status is provided through Progression Codes, the assignment of these Progression Codes is based on information received by NAVICP-OF from the Systems Commands. (Customers should note that while STARS SDRs are entered into MISIL, STARS requisitions are not. MISIL does not track detailed requisition data for STARS material.)

070304 Defective Repairables

Occasionally, an FMS customer may send an item to the United States for repair and receive the item back in inoperable or unsatisfactory condition. When this happens, the customer **must submit a Quality Deficiency Report (QDR, SF 368 form), along with an SDR to NAVICP-OF with a Q1 discrepancy code.** When submitting an SDR for an improperly repaired item, the FMS customer must provide clear evidence that the U.S. Government failed to have the item repaired properly. If it is determined that the U.S. Government is at fault, an arrangement will be negotiated with the FMS customer on the corrective action to be taken. Corrective action may include the return of the item to the United States for further repairs. If the deficient item is urgently needed, the FMS customer may attach a cover letter to the SDR explaining the urgency and requesting prompt handling. The U.S. Government will make every effort to expedite such requests.

070305 Return of Discrepant Material to the United States

Sometimes the wrong material or too much material is shipped to an FMS customer. When this happens, NAVICP-OF may advise the customer to return the discrepant material to the appropriate U.S. supply activity and provide NAVICP-OF with a copy of the shipping documents. After the discrepant material is received by the appropriate U.S. supply activity, credit will be generated by that activity and forwarded to NAVICP-OF. NAVICP-OF will then process the credit to the FMS customer's account.

There may be times when the customer must use a commercial carrier to return discrepant material to the United States, such as when the customer has no economical way to get

the material to a DTS carrier. When this happens, the customer must return the material to the freight forwarder "prepaid." The customer must also send a copy of the freight bill to NAVICP-OF. NAVICP-OF will review the transportation charges. If NAVICP-OF finds that the charges are justified, they will initiate action to reimburse the customer for these charges. NAVICP-OF cannot accept freight bills for material that is shipped on CCBLs.

When customers do use the DTS to return discrepant material, they should send NAVICP-OF proof that the material was turned in to a DTS carrier. NAVICP-OF cannot initiate credit action if this documentation is not provided. NAVICP-OF will keep this proof of turn-in in each customer's SDR folder. When NAVICP-OF receives credit for the material turned in by the customer, they will initiate action to reimburse the customer for these charges. If, after 12 months from the receipt of proof of turn-in, NAVICP-OF has not received the credit they will determine the status of the material and the applicable credit transaction. If NAVICP-OF determines that the material has been lost in the DTS and was not returned to the U.S., NAVICP-OF will initiate a credit to the customer's account.

In order to improve financial management and customer service in the 21st century, NAVICP-OF now has another way to return Discrepant Material faster and at a lower cost to the United States Government and our foreign customer. This new management SDR return process improvement is called Power Track. This new management SDR return process is optional to our foreign customers. The Power Track system is an internet-based freight billing & payment system. It has a built in cargo tracking and reporting section. It also uses Electronics Data Interchange (EDI) to reduce paper work. This commercial system called Power Track provides end to end ownership and provides commercial transportation with door to door service. This process will expedite clearance through US Customs and provides proof of delivery (POD) worldwide. It gives the United States Government and the foreign customer, the needed shipment control and asset visibility. Power Track will expedite the credit return process to our foreign customer.

Customers are encouraged to use the Power Track system for material returns. Under this system, the customer calls a designated carrier (based on SDR disposition instructions provided), which picks up material at the customer's site and delivers to the final destination. This system significantly reduces paperwork and time delays and can reduce delivery and credit processing by up to 180 days.

070306 Evidence of Shipment

The Letter of Offer and Acceptance (LOA) states that the U.S. Government will transfer title to material to the purchaser at the initial point of shipment unless otherwise specified in the LOA. It also states that if a Point of Delivery is specified other than the initial point of shipment, the supplying Military Department or Defense Agency will arrange for

movement of the items to the authorized delivery point as a reimbursable service. However, title will still be transferred to the FMS customer at the initial point of shipment. The U.S. Government will not be responsible for damages or losses that occur after transfer of title, regardless of whether transportation is by commercial carrier or by the U.S. Defense Transportation System.

These statements basically mean that once material has been shipped from its initial point of origin, the FMS customer is responsible for what happens to that material. (Packaging and billing discrepancies are two exceptions.) Therefore, when a customer submits an SDR for a discrepancy such as non-receipt, the U.S. Government must provide evidence that the material in question was in fact shipped to the FMS customer.

When material has been shipped by other than the U.S. Postal Service or the United Parcel Service, and an SDR for non-receipt is denied, NAVICP-OF will send the customer evidence the material was shipped. This may be in the form of the shipping document or a copy of the electronic file (DLA DSS system or Global Transportation Network (GTN)). This documentation will show the material was shipped and will show:

- Quantity shipped
- Mode of shipment
- Date of shipment
- Carrier
- Carrier control number
- Addressee (or MAPAD)

When material has been shipped via the U.S. Postal Service and an SDR for non-receipt is denied, NAVICP-OF will send the customer copies of documents proving that the customer's designated representative received and accepted the material.

When material has been shipped via the United Parcel Service, and an SDR for non-receipt is denied, NAVICP-OF will send the customer the applicable Pick-up Record Number {or Package Control Number (PCN)}, and any other shipping information available from the United Parcel Service. This information will serve as proof that the material was shipped. It will also enable the customer to trace the shipment through the United Parcel Service.

Once the customer has been provided with proof that the discrepant material was shipped, regardless of how it was shipped, the U.S. Government cannot be held responsible for anything that may have happened to the material in transit.

The Standard Terms and Conditions of the LOA impose strict rules on both the FMS customer and the U.S. supply system. For this reason, the FMS customer may wish to obtain insurance and/or tracking services from a U.S. commercial insurance firm.

070307 Defective Material Notices

When items are found to be defective by users, the defects (sometimes called "product quality deficiencies") are reported to the Naval Inventory Control Point, Mechanicsburg (NAVICP-M). If NAVICP-M receives several reports about the same item, they conduct an investigation. If this investigation reveals that most (or a large number) of the items produced are or may be defective, NAVICP-M prepares a message. This message, which is sent to all known U.S. and FMS customers, (and which can be found on the NAVICP-OF Web site at <http://www.navicp.navy.mil>, then International) describes the defect and advises that defective items may be returned for a replacement, credit, or a refund. These options are directed primarily toward U.S. users. When FMS customers receive such a message, they should submit an SDR for the item(s) involved. Discrepancy Code Q1

should be entered in column 10(d) of the SF 364. The date of the defective material message should be entered in block 12. Defective material notices are periodically consolidated on "message summary" listings. These listings are produced for improved visibility and management. These listings are also normally distributed to applicable FMS customers.

Some defective material notices identify items that contain latent defects. To receive credit for such an item, the FMS customer must submit an SDR. An SDR for this type of material must show the material's original requisition Document Number in the "Remarks" block. An SDR that does not show the original Document Number will be rejected and returned to the customer. The original Document Number is needed to confirm that the material in question was purchased under a U.S. Navy FMS case. If the material was purchased directly from a commercial firm on a Direct Commercial Sale, the U.S. Navy will not process an SDR against that material.

070308 SDRs Submitted Against Material Staged at a Contractor Facility

FMS customers should be aware that they may experience difficulties in submitting SDRs for discrepant material that has been staged at a contractor's facility. Storage and/or staging services purchased from a contractor (usually the customer's freight forwarder) may involve some or all of the following steps:

- Examining shipping containers and their contents
- Repacking material
- Consolidating material
- Containerizing material
- Labeling, marking, and documenting material
- Storing material

These operations can take a long time to complete. Receiving, processing, and storing material in the customer's country can also take a long time. For these reasons, the FMS customer may not become aware that a discrepancy exists until after the one-year time limit for submitting SDRs has passed. If this happens, the FMS customer loses the right to submit an SDR for the discrepancy.

One way to prevent this is to make sure that any contract or FMS case for staging services requires the staging activity to submit SDRs for the customer. Although this provision may increase the cost of the contract, it will help ensure that SDRs are submitted to NAVICP-OF in timely manner.

070309 SDRs Submitted for Items With Product Quality Deficiencies

A product quality deficiency is a defect in design, material, or manufacturing that either limits or eliminates the capability of an item to perform its intended function. This type of discrepancy is normally apparent when the item is received and inspected. When such a defect is discovered, the customer must submit a QDR (along with an SDR) to NAVICP-OF. When an FMS customer submits a QDR/SDR for a product quality deficient item (Discrepancy Code Q1), the customer must fill out the QDR in its entirety. **DELETE REMAINDER OF PARAGRAPH**

070310 Reconsideration/Contested SDRs

The U.S. supply system's response to an SDR does not always satisfy the FMS customer. When this happens, the customer may ask the U.S. Government for **reconsideration** of its decision. Such a request should be sent to NAVICP-OF by message or letter and must be received within 90 calendar days of the SDR reply date. The customer may also fax their request and supporting documentation to NAVICP-OF. The customer's request should explain why the supply system's response was not satisfactory. The customer should also attach copies of any documents that will support this request for reconsideration. When a customer requests reconsideration of an SDR, NAVICP-OF will:

- Add the letter "R" to the report number (block 2 of the SDR) to indicate that the SDR is being reconsidered
- Send the request for reconsideration, along with the SDR and any supporting documentation provided by the customer, to the applicable U.S. supply system activity for review

The U.S. supply system will review the reconsideration request and the explanation/ documents provided by the customer. If it is decided that the customer's request is valid, action will be initiated to resolve the discrepancy. If it is decided that the customer's request is not valid, it will be returned to NAVICP-OF with an explanation that will be forwarded on to the customer.

If not satisfied with the response to the reconsideration request, the customer may now **contest** the decision. The customer should fully explain why the decision on the reconsideration request was not satisfactory. The customer should also send copies of any new documents that may better support their request. This request to contest the SDR should be sent to NAVICP-OF by message or letter. It must be received by NAVICP-OF within 90 calendar days of the date of NAVICP-OF's response to the customer's request for reconsideration. When a customer contests the supply system decision, the Operations Directorate (Code 75) of NAVICP-OF will:

- Replace the letter "R" in the report number (block 2 of the SDR) with the letter "C." The letter "C" will indicate that this SDR has been

reconsidered and is now being **contested**.

- Send the request, along with any documents provided by the customer, to the Policy and Procedures Department (Code 761) of NAVICP-OF (formerly NAVSUP, Code 73)

NAVICP-OF, Code 761 will review all available information about the SDR and send their final decision to NAVICP-OF, Code 75.

Customers should note that **full and complete** explanations and documentation submitted with the original SDR can often eliminate this long and costly process.

070311 Shelf-Life SDRs

Shelf-life items shipped to FMS customers will normally be Condition Code "A" material, unless the customer indicates that Condition Code "B" or "C" material is acceptable. Condition Codes and their definitions are listed below:

<u>Condition Code</u>	<u>Definition</u>
A	More than 6 months of shelf-life remaining at the time of shipment
B	3 through 6 months of shelf-life remaining at the time of shipment
C	less than 3 months of shelf-life remaining at the time of shipment

Before submitting an SDR for expired shelf-life, the customer should check the Condition Code that the customer has specified as acceptable. The customer should then compare the shelf-life date markings on the container with the shipment date shown on the shipping document. If the material was in acceptable condition (i.e., had sufficient shelf-life remaining) when it was shipped, the customer should **NOT** submit an SDR.

070312 Replacing Lost Shipment Documentation

If shipment documentation is lost in transit, the customer should first contact the shipper and/or freight forwarder. If this proves unsuccessful, the customer may request assistance from:

Naval Inventory Control Point, International Programs Directorate
Freight Forwarder Assistance Office
Attention: Code P7531
Philadelphia, PA 19111-5098

Telephone Number: (215) 697-5002

070313 Tracking of ROR SDRs

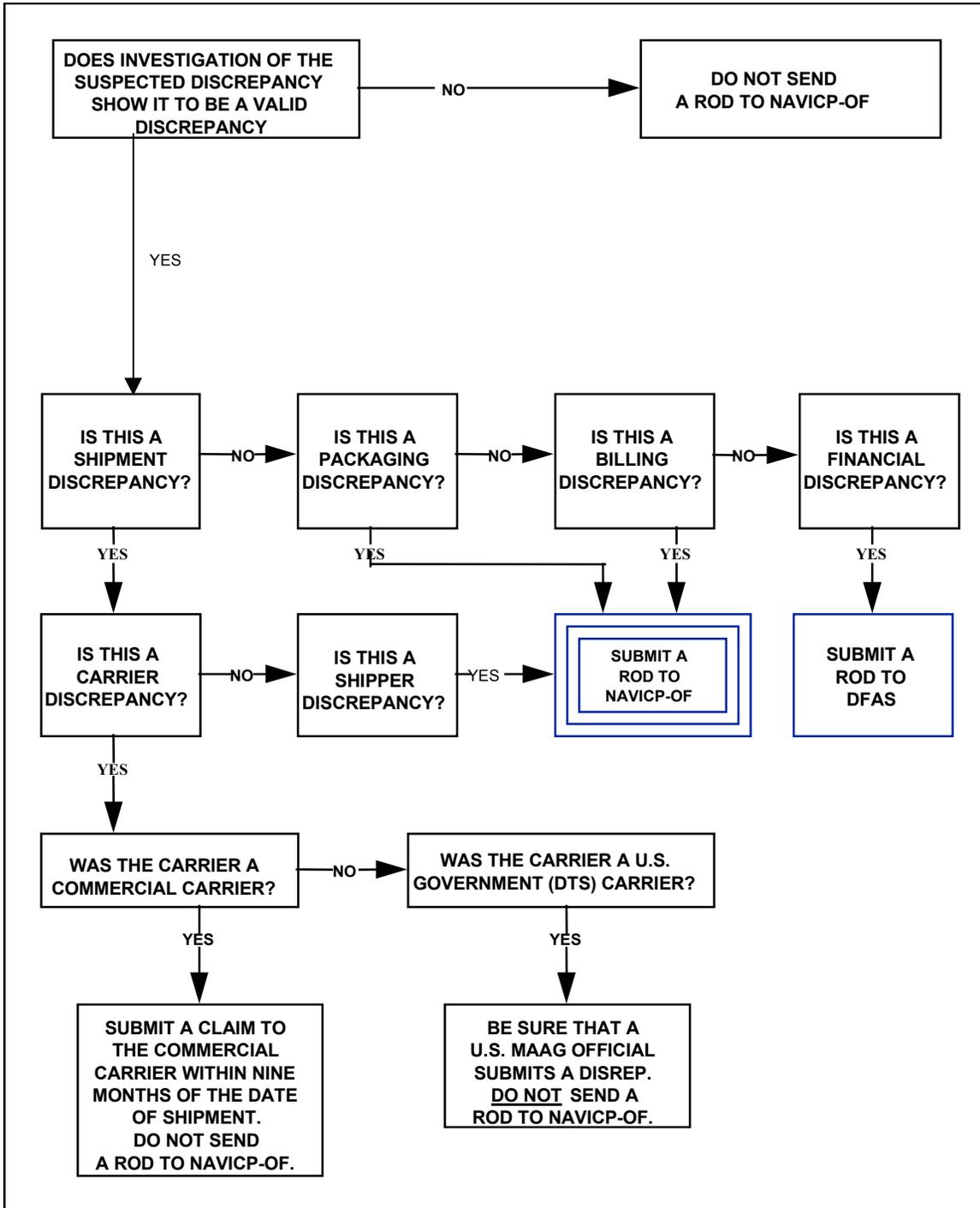
When an activity agrees to the return of a repairable item, the initial action from the SDR request has been satisfied. The SDR will be closed with a Progression Code of “CX” with remarks stating that the activity has accepted the item for return. The SDR will be immediately reopened with the same SDR number, but with a suffix of “X”. This is to allow the SDR to be recognized as a repairable item so that tracking can be properly performed. Once the SDR is reopened, disposition instructions will be issued to the country. The SDR will be managed and tracked in a similar manner as any other SDR. These SDRs will be reflected on the Open SDR Report, Closed SDR Report, Open and Closed SDR Report, and on the SDR Repairable Report available on the NAVICP eBusiness Suite Web site.

Figure 7-1
Examples of the Four Types of Packaging Discrepancies

Examples of Preservation Discrepancies	Examples of Packing Discrepancies	Examples of Marking Discrepancies	Examples of Unitization Discrepancies
Inadequate preservation	Container overloaded (too much material in Container)	Identification markings* inadequate	Unitization inadequate
Preservation material (such as Desiccant) omitted	Strapping of unit, intermediate unit or exterior pack inadequate (i.e., loose or broken)	Identification markings* incorrect	No unitization
Material corroded (rusted or otherwise deteriorated)	Blocking or cushioning inadequate	Identification markings* omitted	Skids or pallets inadequate
Material contaminated	Blocking or cushioning omitted		Skids or pallets omitted

*Identification markings include the NSN, item description, quantity, unit of issue, contract or purchase order number, gross weight, and cube serial number.

**Figure 7-2
Decision Flow Diagram for SDR/DISREP Submission**



**Figure 7-3 (1 of 2)
Report of Discrepancy (ROD) Standard Form 364 (front)**

REPORT OF DISCREPANCY (ROD)				1. DATE OF PREPARATION		2. REPORT NUMBER		
<input checked="" type="checkbox"/> SHIPPING <input type="checkbox"/> PACKAGING				96 JUN 05		P0001-LT-NCA		
3. TO (Name and address, include ZIP Code)				4. FROM (Name and address, include ZIP Code)				
Commanding Officer NAVICP-OF Philadelphia PA 19111				Chief, Supply Bureau Republic of Latonia Navy Bahrland, Latonia				
5a. SHIPPER'S NAME				5b. NUMBER AND DATE OF INVOICE		6. TRANSPORTATION DOCUMENT NUMBER (GBL, Waybill, TCN, etc.)		
				12/1/95		M62204B4193		
7a. SHIPPER'S NUMBER (Purchase Order/Shipment, Contract, etc.)			7b. OFFICE ADMINISTERING CONTRACT			8. REQUISITIONER'S NUMBER (Requisition, Purchase Request, etc.)		
						PLT 04410210009		
9. SHIPMENT, BILLING, AND RECEIPT DATA				10. DISCREPANCY DATA				11. AC² TION CODE
NSN/PART NUMBER AND NOMENCLATURE (a)	UNIT OF ISSUE (b)	QUANTITY SHIPPED/ BILLED (c)	QUANTITY RECEIVED (d)	QUAN- TITY (a)	UNIT PRICE (b)	TOTAL COST (c)	CODE¹ (d)	
1005-00-175-5918 EJECTOR CATCH RELEASE LEVER	EA	24	10	14	\$22	\$308	S1	1B
12. REMARKS (Continue on separate sheet of paper if necessary)								
Quantity of 10 received being retained for use. Billed for quantity of 24. Request credit for balance of 14.								
¹ DISCREPANCY CODES					² ACTION CODES			
CONDITION OF MATERIAL		PRODUCT QUALITY DEFICIENCIES			1A - Disposition Instructions requested (Reply on reverse)			
C1 - In condition other than that indicated on release/receipt document		Q1 - Deficient material (Applicable to Grant Aid and FMS shipments only)			1B - Material being retained (See remarks)			
C2 - Expired shelf life		SHORTAGE OF MATERIAL			1C - Supporting supply documentation requested			
C3 - Damaged parcel post shipment		S1 - Quantity less than that on receipt document			1D - Material still required expedite shipment (Not applicable to FMS)			
SUPPLY DOCUMENTATION		S2 - Quantity less than that requested (Other than unit of issue pack)			1E - Local purchase material to be returned at supplier's expense unless disposition instructions to the contrary are received within 15 days (Reply on reverse) (Not applicable to FMS)			
D1 - Not received		S3 - Non-receipt of parcel post shipments			1F - Replacement shipment requested (Not applicable to FMS)			
D2 - Illegible or mutilated		ITEM TECHNICAL DATA MARKINGS			1G - Reshipment not required. Item to be re-requisitioned			
D3 - Incomplete improper or without authority (Only when receipt cannot be properly processed)		(i.e., Name Plates, Log Books, Operating Handbooks, Special Instructions, etc.)			1H - No action required. Information only			
MISDIRECTED MATERIAL		T1 - Missing			1Z - Other action requested (See remarks)			
M1 - Addressed to wrong activity		T2 - Illegible or mutilated						
OVERAGE/DUPLICATE SHIPMENTS		T3 - Precautionary operational markings missing						
O1 - Quantity in excess of that on receipt document		T4 - Inspection data missing or incomplete						
O2 - Quantity in excess of that requested (Other than unit of issue pack)		T5 - Serviceability operating data missing or incomplete						
O3 - Quantity duplicate shipment		T6 - Warranty data missing						
PACKING DISCREPANCY		WRONG ITEM (Identify requested item as a separate copy in Item 9 above)						
P1 - Improper preservation		W1 - Incorrect item received						
P2 - Improper packing		W2 - Unacceptable substitute						
P3 - Improper marking		OTHER DISCREPANCIES						
P4 - Improper unitization		Z1 - See remarks						
13. FUNDING AND ACCOUNTING DATA								
14a. TYPED OR PRINTED NAME, TITLE, AND PHONE NUMBER OF PREPARING OFFICIAL						14b. SIGNATURE		
W. T. DORITINO, CAPTAIN, LN 742-1697								
15. DISTRIBUTION ADDRESSEES FOR COPIES								

Figure 7-3 (2 of 2) Report of Discrepancy (ROD) Standard Form 364 (back)

16. FROM:	17. DISTRIBUTION ADDRESSEES FOR COPIES:	
THESE SECTIONS ARE REQUIRED FOR ROD PROCESSING BY THE USG BUT ARE NOT TO BE FILLED IN BY FMS CUSTOMERS		
18. TO:	Use window envelope to mail this document. Insert name and address, including ZIP Code, starting one typing space below the left dot. Each address line must NOT extend beyond right dot. Address must not exceed four single space typing lines.	
19. IN ACCORDANCE WITH NOTICE OF DISCREPANCY ON FACE OF THIS FORM:		
a. MATERIAL → Fold here <input type="checkbox"/> HAVE BEEN SHIPPED <input type="checkbox"/> WILL BE SHIPPED	DOCUMENT NUMBER	b. <input type="checkbox"/> NO RECORD OF SHIPMENT, RESUBMIT REPORT TO PROPER OFFICE UNDER APPROPRIATE REGULATION.
c. <input type="checkbox"/> AN ADJUSTMENT IN BILLING HAS BEEN/WILL BE PROCESSED AS A: <input type="checkbox"/> CREDIT <input type="checkbox"/> DEBIT	d. <input type="checkbox"/> INVOICE/BILL ATTACHED	e. <input type="checkbox"/> PROOF OF DELIVERY (Parcel Post Shipment) OR EVIDENCE OF SHIPMENT ENCLOSED.
f. <input type="checkbox"/> AN ADJUSTMENT IN BILLING FOR THE REPORTED DISCREPANCY WILL NOT BE PROCESSED FOR THE FOLLOWING REASON WHICH IS CITED IN THE INDICATED REGULATION.		
(1) REASON FOR NOT PROCESSING		(2) PRESCRIBING REGULATION
(a) DISCREPANCY WAS NOT REPORTED WITHIN THE TIME FRAME ALLOWED AND/OR (b) DOLLAR VALUE DOES NOT MEET THE CRITERIA PRESCRIBED IN THE REGULATION OR AGREEMENT INDICATED IN 19 f (2)		(a). CHAPTER 5 OF THE GSA HANDBOOK, DISCREPANCIES OR DEFICIENCIES IN GSA OR DOD SHIPMENTS, MATERIAL, OR BILLINGS (FPMR 101.26.8) (b) CHAP. 2 AND/OR 7 OF DOD 4000.25-7-M, MILITARY STANDARD BILLING SYSTEM (MILSBILLS) AND/OR LETTER OF OFFER AND ACCEPTANCE, AS APPLICABLE.
20. THE FOLLOWING DISPOSITION IS TO BE MADE OF THE REFERENCED MATERIAL		
a. <input type="checkbox"/> PROCESS FOR DISPOSAL IN ACCORDANCE WITH SERVICE/AGENCY DIRECTIVES.	b. <input type="checkbox"/> REPRESENTATIVE WILL CALL FOR DISCUSSION CONCERNING DISPOSITION IN:	DAYS
c. <input type="checkbox"/> RETAIN MATERIAL AT NO CHARGE.	d. <input type="checkbox"/> MATERIAL WILL BE PICKED UP:	DAYS
e. <input type="checkbox"/> SHIP MATERIAL (Specify location): → Fold here (1) <input type="checkbox"/> GBL APPROPRIATION CHARGEABLE: (2) <input type="checkbox"/> CHARGES COLLECT - VIA: <input type="checkbox"/> FREIGHT <input type="checkbox"/> EXPRESS <input type="checkbox"/> PARCEL POST (\$_____postage advanced herewith. NOTE: Please enclose postage. Material cannot be returned parcel Post collect.) (3) <input type="checkbox"/> PARCEL POST LABEL ATTACHED (4) <input type="checkbox"/> FREIGHT PREPAID		
f. <input type="checkbox"/> OTHER (Specify)		
21. <input type="checkbox"/> IF MATERIAL IS STILL REQUIRED, SUBMIT NEW REQUISITION	22. <input type="checkbox"/> REPLACEMENT WITH SATISFACTORY MATERIAL WILL BE MADE ON OR BEFORE	DATE
23. REMARKS (Continue on separate sheet of paper if necessary)		
24a. TYPED OR PRINTED NAME, TITLE, AND PHONE NUMBER OF PREPARING OFFICIAL	24b. SIGNATURE	24c. DATE

Figure 7-4
Format of the Quarterly Reply Listing to Customer Requests for Adjustments

FMS REPLY LISTING TO CUSTOMER REQUESTS FOR ADJUSTMENTS PAGE 1
FOR PERIOD ENDING: 95 DEC 31
DATE PREPARED: 96 JAN 15

PCN: TC-07-282
 COUNTRY: LATONIA
 SERVICE: NAVY STATEMENT NUMBER: 95-12NA U.S. DEPT/AGENCY: NAVY

DOC	PRC	SERIAL	UNIT	QUAN	DOC (2)	DOC	SUPL	M	ACTG	UNIT	EXTENDED				
ID	RIC	CD	NUMBER	ISSUE	SHIP	NO.	SFX	ADRS	S	ARC (3)	DATE	TBC	DCS	PRICE	VALUE
ROD (1) CASE: URK RSN: 002															
FKG	S9G	A	P0001LTNCA	EA	SCR	PLT0445- 180038	PA5ULA	J	CA	9510	A	AB	70.00	350.00	CR

NOTE:

1. Extracted from the Stock Number data field of the related FKA/FKB transaction in the FMS Delivery Listing.
2. The Document Number in the FMS Reply Listing and the FMS Delivery Listing are identical and can be identified back to the original requisition.
3. The Adjustment Reply Code may reflect non-SDR adjustments. The customer should review the whole line to determine whether a reply (ARC) is being provided without identification by SDR Serial Number.

**Figure 7-5 (1 of 3)
Adjustment Reply Codes**

Indicating Denial of the Request	
CODE	DEFINITION
AA	The duplicate billing and/or shipment was due to receipt of a duplicate requisition and duplicate supply action.
AB	The bill reflected the correct unit price or extended price of the material shipped.
AE	The supplier adjusted the unit pack since the requisition(s) did not prohibit this action, or shipment was made according to instructions provided on the requisition(s).
AF	The material is listed as an authorized substitute in the latest supply manual. The requisition(s) did not prohibit substitutions.
AG	This claim is for less than \$100.00 for LOAs implemented prior to 1 June 1992; or the claim is for less than \$200.00 for LOAs implemented after 1 June 1992. The loss or gain must be absorbed by the customer.
AI	Local records indicate prior reversal of a duplicate credit or a duplicate charge in the bill number.
AJ	Credit was granted in response to a prior request and processing in billing.
AK	Shipment was made via Commercial Bill of Lading. The U.S. Government is not responsible for the damaged shipment(s).
AL	Copies of shipping documents showing proof of shipment/acceptance are attached.
AN	No adjustments are considered for values of \$25.00 or less. The loss or gain must be absorbed by the customer.
AO	The request cannot be processed because the SDR was not received within the allowable timeframe.
AP	This request for adjustment cannot be granted because the material was purchased specifically for the FMS customer. The standard terms and conditions of the LOA apply.

**Figure 7-5 (2 of 3)
Adjustment Reply Codes**

Indicating Granting of the Request and Providing Material Disposition Advice	
CODE	DEFINITION
BA	Material is to be disposed of locally.
BB	Material is to be returned to the activity designated in record positions 4 through 6 for credit.
BC	Hold the unacceptable shipment quantity until disposition instructions are received. Disposition instructions will be sent in a separate communication.
CA	The requested adjustment will be made and an adjusted debit bill will be issued. No supply action is required.
CB	The requested credit adjustment will be made and an amended bill will be issued. No supply action is required.
CF	The customer's request for financial adjustment not directly related to material shipments (i.e., repair costs) has been granted.
CW	A credit adjustment on accessorial charges has been granted. (For FKF transactions only.)
CX	A credit adjustment on administrative charges has been granted. (For FKD transactions only.)
CY	A debit adjustment on administrative charges has been granted. (For FKC transactions only.)
CZ	A debit adjustment on accessorial charges has been granted. (For FKE transactions only.)

**Figure 7-5 (3 of 3)
Adjustment Reply Codes**

Not Requiring Supply Action or Changes to the Interim Statement	
CODE	DEFINITION
DA	This request was previously processed and credit was granted.
DB	This request was previously processed and credit was not granted.
DD	Billing has been previously provided.
DG	Duplicate billing will be provided.
DI	A letter of explanation will follow.
DJ	There is no record of a previous request. Please resubmit your request.
DK	Copies of shipping documents showing proof of shipments and/or acceptance are attached.
DM	Reply delayed 30 days. Matter being investigated.
DX	Your request for SDR cancellation has been approved.

Indicating Requirement For Additional Data From the FMS Customer	
CODE	DEFINITION
EB	The Document Number is incomplete. Please resubmit.
EC	The bill number is missing/incorrect.
EF	Records do not indicate duplicate shipment and/or billing or bill number cited. If duplication occurred on another bill, resubmit by letter citing both bill numbers.
EI	The claim must be supported by documentation.
EJ	The claim must be supported by confirmation of cancellation. Please resubmit.

**Figure 7-6
Format of the Quarterly Reply Listing to Customer Requests for Adjustments**

Product Quality Deficiency Report (PQDR) Program

The PDQR provides users with a method of reporting deficiencies in new or newly reworked material for the express purpose of obtaining corrective action and preventing recurrence. Actions may include, but are not limited to: (1) freezing system assets, (2) purging system assets, (3) returning material to the contractor for repair or replacement, (4) providing disposition instructions for the PQDR exhibit, and (5) issuing a credit to the user.

Using the Online QDR Form

Submitting a QDR

Complete all three sections on the first page. Please note that fields denoted with an *arrow* () are required fields and cannot be left blank. When finished, click on the 'Continue' button and you will be taken to a second page that will allow you to review your complete QDR entry. From this page, you have the option to go back and make any additional edits to any field(s) on the form. Once you are satisfied with your entry, click on the 'Submit' button to send us your QDR.

QDR Fields and Descriptions

The online QDR form has been designed in conjunction with the Product Quality Deficiency Report Standard Form 368. Additional SDR related fields have been included and are denoted (*) below.

Originator	Complete name of activity (no acronyms when sending deficiency report across component lines), activity address code (ACC), address including zip code of the activity originating the report, name and telephone number of an individual who can serve as a contact for questions regarding the report and/or to request exhibits or samples.
Category	A Category I Report is used to report defects in design, specification, material, manufacturing and workmanship which may cause death, injury, or severe occupational illness; would cause loss of major capabilities of the using organization; or which would result in a production line stoppage. A Category II report is used to report defects in design, specification, material, manufacturing, and workmanship which does not meet the criteria of a Category I report.
*SDR Number	Supply Discrepancy Report number consisting of Country code, Case, SIO, and four digit serial number.
Item condition	Select the appropriate option pertaining to the deficient item.
Govt furnished material	Select the appropriate option pertaining to the deficient item.
Item under warranty	Check if item is known to be covered by contractor warranty. If yes, provide

	expiration date.
Date deficiency discovered	Enter date, in 'mm/dd/yyyy' format, deficiency was first discovered.
Operating time at failure	Time item had been in operation since new, overhauled, or repaired when the deficiency was discovered, citing the appropriate performance element (miles, cycles, hours, etc.).
Location of deficient item	Address and location of deficient item.
Manufacturer Name/Address	Name and address of the manufacturer, the maintenance contractor, or Government activity which last repaired or overhauled the deficient item. For motor vehicles or components thereof, enter name/address of manufacturer of the vehicle or component, as appropriate.
Manufacturer Code	Code of the manufacturer as listed in Cataloging Handbook 4.1 (Name to code), Federal Supply Code for Manufacturers (United States and Canada).
Part/Serial/Lot/Batch number	Enter manufacturer's part, serial, lot, or batch number of deficient item as applicable.
Shipper/Address	When the shipper of an item is different from the manufacturer, also include the shipper's or supplier's name/address. When the shipper of an item is the same as the manufacturer, check the box denoted as such.
Date received	Provide the dates manufactured and received, if available.
*Quantity Shipped/Billed	Enter the quantity of deficient item shipped or billed.
Quantity Received	Enter the quantity of deficient item received.
Quantity Inspected	Enter the quantity inspected.
Quantity Deficient	Enter the quantity found deficient of those inspected.
Quantity In Stock	Enter the quantity of material from the same manufacturer remaining in stock.
Unit Cost	Dollar value of the deficient item when known. Not applicable on reporting vehicles to GSA.

Estimated Repair Cost	Unit cost times number of units for replacement or estimated repair costs (including overhead) times number of units for correcting all the deficient items reported when it can readily be determined. Not applicable on reporting vehicles to GSA.
National Stock Number (NSN)	Enter the National Stock Number (NSN) of deficient item.
Nomenclature	Enter the nomenclature/description of deficient item.
Contract/PO/Reqn/GBL No	Enter these numbers or any other available transportation document number in lieu of the GBL. Such numbers appear on the container, purchase document and/or the item. It is extremely helpful if these items are furnished when the material was supplied by GSA.
*Office Admin Contact	
*Invoice No/Date	
Action/Disposition	A check in the appropriate block to indicate the action taken or requested. When an exhibit or sample is being held, indicate the number of days in the space provided. (An exhibit or sample shall be held for a minimum of 30 calendar days from the date the report is transmitted to the action point. Reporting activities are reminded that the packaging, packing and shipping containers are to be held along with the exhibits to facilitate investigation.) When none of the items indicate the actions or disposition taken or requested, check "Other" and identify the nature of the action taken or requested in the Remarks section of the form.

Figure 7-7
Product Quality Deficiency Report

PRODUCT QUALITY DEFICIENCY REPORT

CATEGORY I

CATEGORY II

1a. FROM (Originator)	2a. TO (Screening point)
-----------------------	--------------------------

1b. NAME, TELEPHONE NO. AND SIGNATURE	1c. DATE	2b. NAME, TELEPHONE NO. AND SIGNATURE	2c. DATE
---------------------------------------	----------	---------------------------------------	----------

3. REPORT CONTROL NO.	4. DATE DEFICIENCY DISCOVERED	5. NATIONAL STOCK NO. (NSN)	6. NOMENCLATURE
-----------------------	-------------------------------	-----------------------------	-----------------

7a. MANUFACTURER/CITY/STATE	7b. MFRS. CODE	7c. SHIPPER/CITY/STATE	8. MFRS. PART NO.
-----------------------------	----------------	------------------------	-------------------

9. SERIAL/LOT/BATCH NO.	10a. CONTRACT NO.	10b. PURCHASE ORDER NO.	10c. REQUISITION NO.	10d. GBL NO.
-------------------------	-------------------	-------------------------	----------------------	--------------

11. ITEM <input type="checkbox"/> NEW <input type="checkbox"/> REPAIRED/ OVERHAULED	12. DATE RECD., MFRD., REPAIRED, OR OVERHAULED	13. OPERATING TIME AT FAILURE	14. GOVERNMENT FURNISHED MATERIAL <input type="checkbox"/> YES <input type="checkbox"/> NO
---	---	-------------------------------	---

15. QUANTITY	a. RECEIVED	b. INSPECTED	c. DEFICIENT	d. IN STOCK
--------------	-------------	--------------	--------------	-------------

16. DEFICIENT ITEM WORKS ON/WITH	a. END ITEM (Aircraft, mower, etc.)	(1) TYPE/MODEL/SERIES			(2) SERIAL NO.
	b. NEXT HIGHER ASSEMBLY	(1) NATIONAL STOCK NO. (NSN)	(2) NOMENCLATURE	(3) PART NO.	(4) SERIAL NO.

17. UNIT COST \$	18. ESTIMATED REPAIR COST \$	19a. ITEM UNDER WARRANTY? <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN	19b. EXPIRATION DATE
---------------------	---------------------------------	--	----------------------

20. WORK UNIT CODE/EIC (Navy and Air Force Only.)

21. ACTION/DISPOSITION

HOLDING EXHIBIT FOR _____ DAYS RELEASED FOR INVESTIGATION RETURNED TO STOCK DISPOSED OF REPAIRED OTHER (Explain in Item 22)

22. DETAILS (Describe, to best ability, what is wrong, how and why, circumstances prior to difficulty, description of difficulty, cause, action taken, including disposition, recommendations. Attach copies of supporting documents. Continue on separate sheet if necessary.)

23. LOCATION OF DEFICIENT MATERIAL

24a. TO (Action Point)	25a. TO (Support Point) (Use Items 26 and 27 if more than one)
------------------------	--

24b. NAME, TELEPHONE NO. AND SIGNATURE	24c. DATE	25b. NAME, TELEPHONE NO. AND SIGNATURE	25c. DATE
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26a. TO (Support Point)	27a. TO (Support Point)
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26b. NAME, TELEPHONE NO. AND SIGNATURE	26c. DATE	27b. NAME, TELEPHONE NO. AND SIGNATURE	27c. DATE
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CHAPTER 8 – FINANCIAL OPERATIONS

SECTION 0801 - INTRODUCTION

080101 Overview

Foreign Military Sales (FMS) financial operations are related to nearly all topics discussed in the rest of this guide. Thus, an understanding of these operations is essential to an overall understanding of the U.S. Navy FMS Program. This chapter provides the FMS customer with information in three important areas of financial operations:

- FMS pricing
- Terms of Sale
- Billing and collection procedures

The Arms Export Control Act of 1976 states that U.S. Government military departments and agencies must recover all costs related to the sale of material and services to FMS customers. It also requires that the U.S. Government will neither make a profit nor lose money operating the FMS Program. The pricing of items and services, as well as the application of various surcharges, is designed to comply with these requirements.

080102 Price of Material or Services

The price of material sold to an FMS customer from U.S. Government stocks is the normal standard price. For certain categories of non-CLSSA material, an additional replacement surcharge may be added. The price of material procured directly from a commercial contractor for an FMS customer is the full cost charged to the U.S. Government by the supplier.

080103 Administrative Costs

As previously stated, the U.S. Government must recover all costs related to the sale of items and services to FMS customers. To meet this requirement, various charges are added to FMS cases. One of these is the "administrative charge." This charge is added to each FMS case to pay for the various costs of managing the FMS Program. Examples of these management costs include:

- Price and availability preparation
- Case implementation and administration
- Procurement/contract administration
- Preparation of supply and shipment status

- Preparation of FMS reports
- Financial accounting operations

080104 Administrative Cost Percentages

Administrative costs are normally assessed as a fixed percentage of prices. The following are the current administrative charge percentages:

- A. Standard FMS Orders: 3% of the total price
- B. Nonstandard Articles: 5% of the basic sales price
- C. Cooperative Logistics Supply Support Arrangements:
 - 5% is charged against the on-hand portion of the FMSO I case including any amendments that increase the on-hand value. (No administrative charge is applied to the on-order portion of the FMSO I case.)
 - 3% is charged on requisitions processed under FMSO II cases
- D. Direct Requisitioning Procedures: 3% of each requisition processed

080105 Accessorial Costs

Another category of costs added to FMS cases is "accessorial costs." These expenses are related to the sale, issue, and transfer of material that are not included in the price of the material. Effective 1 October 1990, methods for pricing and billing of stock fund (Defense Working Capital Fund formerly Defense Business Operating Fund) items changed. Prices for these items now include packing, crating, and handling (PCH) and transportation to the country's freight forwarder or continental U.S. port of exit. Prices for these items include port loading or unloading costs. When delivery source codes indicate that this type of material has been supplied, DFAS-DE/I will not include below the line PCH or applicable transportation charges for such items. There are three basic types of accessorial costs (See Figure 8-1 for rates assessed to FMS customers), as described below:

- A. Packing, Crating, and Handling (PCH) Costs - This category includes the cost of labor and material needed to prepare items for shipment from U.S. Government stocks. It also includes preparation of shipment documentation.
- B. Transportation Costs for Material Items that are not Part of the Stock Fund (DWCF) - This category includes the cost of any transportation provided or

paid for by the U.S. Department of Defense (DOD). Such costs relate to Defense Transportation Systems (DTS) shipments.

- C. Port Loading and Unloading Costs - This category includes the cost of any labor or material provided or paid for by the DOD to load or unload FMS material. These costs relate to the port of embarkation and the port of debarkation.

080106 Nonrecurring Costs

Nonrecurring costs are those that involve funds which are spent only one time during the life of an item. Examples of such costs are research and development costs and prototype production/tooling costs. A portion of these costs may be charged when an item to which these costs apply is sold to an FMS customer.

080107 Logistics Support Charge

A Logistics Support Charge (LSC) is added to FMS case lines for applicable spare parts, supplies, and services. The LSC is designed to recover the costs of DOD-provided support of FMS Program requirements. The LSC is assessed as 3.1 % of the total cost of the applicable material or service. (Applicable material and services are identified by specific generic codes. These codes are listed in Section 717 of DOD Publication 7000.14-R, FMS Financial Management Regulation.) This 3.1 % is assessed as part of the total cost of the item or service. It is not shown as a separate add-on charge to the FMS customer (as are, for example, Administrative and PCH charges). Examples of LSC-chargeable costs incurred in support of FMS Programs are:

- Personnel costs
- Travel costs
- Automatic data processing costs
- Printing and reproduction costs
- Equipment costs
- Material costs

080108 Other Costs

In addition to the costs described above, any other costs that are directly related to the provision of FMS material or services will be charged to the FMS customer.

SECTION 0802 - TERMS OF SALE AND BILLING AND COLLECTION

PROCEDURES

080201 Terms of Sale

There are two basic types of "Terms of Sale," cash and credit. The Terms of Sale (shown on page 1 of the LOA) along with the Type of Assistance Code (shown on page 2 of the LOA) provide the following information:

- The statutory authority for the sale
- When payments are required
- The sources of supply (DOD stocks/new procurement)
- The type of financing (i.e., cash or credit)

The Terms of Sale require the FMS customer to pay either the full estimated value of the case or an initial deposit when the case is accepted. Under a cash agreement, the case will not be implemented until DFAS-DE/I has received the required funds. Under other Terms of Sale, DFAS-DE/I will bill the customer as additional funds become due. **Note:** All payments for FMS material and services are made to DFAS-DE/I. All questions concerning these payments should be directed to DFAS-DE/I (not NAVICP-OF).

Several combinations of Terms of Sale and Type of Assistance Codes may be used on a single FMS case. Figure 8-2 shows most of these combinations. The Security Assistance Management Manual, DOD 5105.38-M, Chapter 7, provides more detailed information.

080202 Foreign Military Financing Program (FMFP)

The Foreign Military Financing Program (FMFP) replaces the FMS Credit Program and the Military Assistance Program (MAP). The FMFP provides financing for the purchase of defense equipment and services by eligible foreign governments. The FMFP is negotiated between a foreign government and the Defense Security Cooperation Agency (DSCA) or the U.S. Department of the Treasury. FMFP purchases may be made through FMS cases negotiated with a U.S. Military Department. They may also be made through procurement contracts negotiated directly with a U.S. commercial supplier. The DSCA must approve all purchases in advance. The FMFP is implemented through DOD Direct Loans and DOD Guaranteed Loans.

080203 DOD Direct Loans

DSCA issues two types of DOD Direct Loans, loans repayable at the normal U.S. Treasury rate of interest and loans repayable at a reduced rate of interest. DSCA submits semi-annual billings to the foreign governments according to the terms stated in the loan agreement.

080204 DOD Guaranteed Loans

These loans are issued by the Federal Financing Bank (FFB) in the U.S. Department of the Treasury. The FFB submits semi-annual billings to the foreign government according to the terms of the loan agreement. If the FFB does not receive payment from the foreign government within 15 days of the date that payment is due, the FFB asks DSCA to make payment on behalf of the foreign government according to the terms of the DSCA Guarantee Agreement.

080205 Billing and Collection Procedures: Introduction

As previously mentioned, DFAS-DE/I is the FMS customer's primary point of contact for all routine billing and collection matters. (This does not include Direct Credit Agreements and U.S. Guaranteed Loans.) All U.S. Government agencies involved in the FMS process provide logistics and financial information to DFAS-DE/I.

080206 Financial Annex

Some FMS cases have a Financial Annex. The Financial Annex is based on the Terms of Sale shown in the LOA. The Financial Annex amplifies these terms and tells the customer approximately how much each payment will be and when it will be due. The annex provides the customer with valuable budgetary planning information.

080207 Payment Schedule

The portion of the Financial Annex that provides the customer with the amounts and dates on which payments will be due is the "payment schedule." Billings for most types of cases are based on the payment schedule. (Figure 8-3 shows an example of a payment schedule.) Billings for FMSO II and repair parts replenishment cases are based on actual orders placed against the case during the billing period. A payment schedule lists payments due at the end of each quarter during the life of the schedule. Each quarterly payment is designed to cover all costs expected to be incurred on the customer's behalf during the next quarter. The costs to be covered by each payment include:

- Incremental payments for material
- Progress payments
- Administrative charges
- Accessorial charges

Sometimes an initial deposit is required when a case is accepted. When this happens, the amount of the initial deposit is designed to cover all costs that could be incurred on the customer's behalf until the first regular payment can be collected.

080208 Payment Schedule Revisions

A payment schedule may be revised under the following conditions:

- When price increases or decreases result in major changes to the rates of payment shown on the existing payment schedule
- When the amount being spent by the U.S. Government to provide material or services becomes more than the amount paid by the customer under the existing payment schedule
- When an amendment to the LOA either increases or decreases the total case value

A Notice of Modification to the LOA is used to make a change to a payment schedule, except when the case is amended. When a case is amended, a revised payment schedule will be included as part of the amendment.

080209 Billing and Collecting

When DFAS-DE/I receives a signed, accepted LOA and any required initial deposits, the case can be implemented. Once a case is implemented, it will be included on the quarterly Foreign Military Sales Billing Statement, DD Form 645 (see Figure 8-4).

The DD Form 645 is a billing document. It requests payment for funds that will be needed to provide material or services during the coming quarter (3-month period). Such billings are either directly or indirectly based on the payment schedule included in the Financial Annex of the FMS case. When customers receive a DD Form 645, they should send a check to DFAS-DE/I. Customers must clearly identify how much of the check is to be applied to each FMS (cash financed) case shown on the statement. They should make the check payable to the "Treasurer of the United States." The check must arrive at DFAS-DE/I no later than the due date shown in block 2 of the DD Form 645.

The DD Form 645 is also a reporting document. It shows all payments the customer

made during the reporting period. This process of billing, collecting and reporting continues for each FMS case until the case has been completed. A case is completed when all material and services have been provided and paid for. Once a case is completed, DFAS-DE/I sends the customer a Final Statement of Account. This is a separate, final DD Form 645. The Final Statement title will be shown in block 2 of the form. Once this Final Statement has been sent to the customer, the case is considered to be "closed."

080210 FMS Billing Statement

As shown in Figure 8-4, the DD Form 645 includes billing and payment information for each active FMS case on file at DFAS-DE/I. Billing Statements are sent to customers quarterly. The heading is the first line of the DD Form 645. The left side shows the title of the form. The right side shows the U.S. military service or agency responsible for the cases shown on the statement. The following provides a detailed description of the remaining information reflected on the DD Form 645:

- A. Block 1 - Shows to whom the report is being sent, i.e., the FMS customer's military service that is managing the cases and receiving the material shown on the statement.
- B. Block 2 - Shows the date, in year-month-day sequence, on which payment must be received by DFAS-DE/I. If payment is not received by this date, the customer may be charged an interest penalty. When the DD Form 645 is used as a Final Statement of Account, block 2 will contain the words: "This is a Final Statement of Account."
- C. Block 3 - Shows the Statement Number of the report. This number is made up of the following elements:
 - The last two digits of the current calendar year (e.g., "95" for 1995)
 - Two numbers indicating the month that the statement applies to (e.g., "03" for March)
 - Two letters that identify the customer's management or paying office bill code that applies to the cases shown on the statement. This code is assigned by either DFAS-DE/I or the FMS customer based on the information shown on page 1 of the LOA.
- D. Block 4, For Period Ended - Shows the last day of the applicable reporting period (or quarter). This date, like the date in block 2, appears in year-month-day sequence.

E. Block 5, Date Prepared - Shows the date, in year-month-day sequence, the report was prepared.

F. Column 6, Case & RSN - Shows the information listed below:

- The case designator ("LAT" in Figure 8-4) of the applicable FMS case
- The line item numbers and/or Record Serial Numbers (RSNs) that apply to that case. An RSN is a code that identifies one line item on an FMS case (LOA). Directly below this entry, and extending into columns 7 and 8, is an abbreviated description of the applicable material or service (e.g., "AN/BOQ 21" for RSN "GOL" in Figure 8-4). This is the description of the material or service that appears in the Military Articles and Services List (MASL).
- Column 6 identifies Administrative Charges, Accessorial Costs, and the cumulative value of Progress Payments. Progress Payments are incremental payments to contractors or DOD agencies for partial work performed toward the completion of a task.
- If a case has been closed during the reporting period, column 6 will show an asterisk (*) to the left of the case designator. A Final Statement of Account for such cases will be attached to the Billing Statement.
- Finally, column 6 shows which figures entered in columns 7 through 14 are "Case Total" and "Bill Total" figures. Entries on the "Case Total" and "Bill Total" lines in columns 6 through 10 are the sums of the lines in each column. Entries on these lines in columns 11 through 14 are current cumulative case total figures.

G. Column 7, Total Value Ordered - Shows the total dollar value of each RSN identified in column 6. This value reflects the amount shown on the LOA, increased or decreased by amendments that may have been made to the case. No value is shown in this column for progress payments.

The "Case Total" line shows the total dollar value for all the RSNs ordered on each case included on the statement. The "Bill Total" line shows the total dollar value of all RSNs ordered on all cases included on the statement.

H. Column 8, Cumulative Delivery Costs End Prior Period - Shows the dollar value of items shipped against the RSN listed in column 6 during all previous reporting periods.

The "Case Total" line shows the total value of items shipped during all previous reporting periods against each case listed on the statement. The "Bill

Total" line shows the total value of items shipped during all previous reporting periods against all cases listed.

- I. Column 9, Current Period Delivery Costs (Attachment 1) - Shows the dollar value of items shipped against the RSN listed in column 6 during the current reporting period. (This dollar value may also reflect billing adjustments processed during this period.) The values shown in column 9 are supported in detail by the FMS Delivery Listing. This listing is attached (Attachment 1) to the FMS Billing Statement, DD Form 645.

The "Case Total" line shows the total dollar value of items shipped during the current reporting period against each case listed on the statement. The "Bill Total" line shows the total dollar value of items shipped during the current reporting period for all cases listed on the statement.

- J. Column 10, Cumulative Delivery Costs & Work in Process - For material/service RSNs, column 10 shows the total of the amount shown in column 8 plus the amount shown in column 9. Other financial requirements are accumulated and identified in column 10 under a progress payment RSN (e.g., "22,205.86" in Figure 8-4). No value is ever shown in column 8 or column 9 for a progress payment. The totals shown in column 10 include both the costs of material/services provided during the current reporting period, previous periods and accrued progress payments.

The "Case Total" line shows the total value of material/services for each case listed on the statement. The "Bill Total" line shows the total value of material/services for all cases listed. The amounts shown on these lines in column 10 will not necessarily be equal to the amounts shown in column 8 plus the amounts shown in column 9.

- K. Column 11 - According to U.S. law, the Department of Defense may not spend money for FMS requirements before it is collected from the customer. (This rule is explained in Note A of the DD Form 645.) Column 11, "Forecasted Requirements (Note A)," shows the costs expected to be incurred during the next quarter that, therefore, must be collected on the current bill.

The "Case Total" line shows the forecasted requirements for each case listed. The "Bill Total" line shows the forecasted requirements for all cases listed on the current Billing Statement. These amounts are normally based on the payment schedule included in the Financial Annex of the LOA. They may, however, be adjusted to reflect actual needs. (For CLSSA FMSO II and DRP cases, the amounts shown in column 11 reflect actual, rather than forecasted, demands.) The amounts shown in column 11 include forecasted requirements for the following:

- Material/services expected to be delivered during the next quarter
- Bills for progress payments expected to be received from commercial contractors during the next quarter
- Other financial requirements, such as administrative/accessorial charges, asset use charges, and research and development costs

L. Column 12, Total Financial Requirements - Shows the total of the amount shown in column 10 plus the amount shown in column 11.

The "Case Total" line shows the cumulative total of all funds needed through the end of the next quarter for each case listed. The "Bill Total" line shows the cumulative total of all funds needed through the end of the next quarter for all cases listed on the Billing Statement.

M. Column 13, Cumulative Payments Received - Shows the total cumulative dollar value of payments that the FMS customer makes.

The "Case Total" line shows the cumulative total for each case listed on the statement that has been paid to DFAS-DE/I as of the last day of the reporting period (shown in block 4 of the statement). The "Bill Total" line shows the cumulative total for all cases listed that have been paid to DFAS-DE/I as of the last day of the reporting period.

N. Column 14, Amount Due and Payable - Shows the amount to be paid to DFAS-DE/I by the customer. The amount shown in column 14 is equal to the amount shown in column 12 minus the amount shown in column 13.

The "Case Total" line shows the amount due for each case listed. The "Bill Total" line shows the total due for all cases listed on the statement. The figure shown on the "Bill Total" line of column 14 is the amount that DFAS-DE/I must receive by the date shown in block 2 of the statement.

O. Bill Total Entry - There is only one "Bill Total" line. It provides a summary of all the "Case Total" lines appearing on the statement. This information provides customers with a good financial overview of the total FMS Program administered for them by the U.S. Navy (or other applicable U.S. military service).

P. Review Process Block - The "Review Process" block shows the signatures of the U.S. personnel at DFAS-DE/I who have prepared and reviewed the statement.

Q. Authentication Block – The "Authentication" block shows the signature of the

Director of DFAS-DE/I or the director's designated representative. A signature in this block certifies that the information shown on the statement is official and that payment is requested.

- R. Explanatory Notes - The "Explanatory Notes" block explains the meaning of "Note A" and the "*" symbol.
- S. Payment Instruction Block - The "Payment Instructions" block identifies the mailing address of DFAS-DE/I to which the required payment (shown on the "Bill Total" line of column 14), should be sent.

080211 Final Statement of Account

As previously noted, an asterisk (*) appearing to the left of the FMS case designator shown in column 6 of the Billing Statement indicates that the case has been completed, or "closed," during the reporting period. For each case closed during the reporting period, a separate DD Form 645 is prepared and attached to the Billing Statement. This is the final statement of the account. It is identified as such in block 2 of the DD Form 645. The following are some points concerning closed cases and the Final Statement of Account:

- For closed cases, the same amount is shown in columns 7, 10, 12, and 13 on the Case Total line of the Billing Statement and the Case Total and Bill Total lines of the Final Statement of Account.
- For closed cases, there is no value shown in column 11 or column 14 on either the Billing Statement or the Final Statement of Account. The reason is that for a case to be closed, all requirements must be filled and all material/services must be paid for. Thus, there are no longer any "Forecasted Requirements" (column 11) or "Amounts Payable" (column 14).
- The Final Statement of Account is primarily a document certifying that a case has been closed. It is also a document that can be conveniently detached and included with the customer's individual case file. It does not provide any financial information that is not shown on the Billing Statement to which it is attached.
- Closed cases, for which Final Statements of Account have been provided, will not be reported on future Billing Statements.

080212 DD Form 645: Summary

In summary, the DD Form 645 is used for the following purposes:

- As a billing document that shows, among other things:
 - The total financial requirements for the customer's FMS Program
 - How much the customer has paid during previous reporting periods
 - How much the customer owes upon receipt of the current Billing Statement
- As a Final Statement of Account that shows, among other things:
 - Which cases have been closed
 - The total value of material and services provided to the customer
 - The total amount paid by the customer for the material/services delivered

080213 FMS Delivery Listing: General

Attachment 1 to the FMS Billing Statement is the FMS Delivery Listing. This listing provides detailed information about the figures shown in column 9 of the Billing Statement. It provides a detailed list of all items delivered and services performed during the reporting period. The listing provides stock numbers, quantities and dates shipped, and document numbers. This information enables customers to verify the receipt of material and services for which they are being billed in column 9 of the Billing Statement. A separate Delivery Listing is included for each case reported on the Billing Statement. The FMS Delivery Listing is divided into four sections:

- Information contained in the Heading
- Articles/Services Transactions section
- Administrative/Accessorial Transactions section
- Summary of Delivery Costs section

Figures 8-5 through 8-7 provide samples of these sections. Figure 8-8 provides a summary of how these sections are related. (Lines have been drawn and numbered in Figures 8-5 through 8-7 for reference purposes; these lines and line numbers will not appear on actual listings that DFAS-DE/I prepares.)

080214 FMS Delivery Listing: Heading

The Heading (see Figure 8-5) of the FMS Delivery Listing consists of five different lines. It appears on the first page of the listing.

- A. Line 1 – Shows the Report title and the Page number of the report.
- B. Line 2 – Shows the last day of the reporting period. This date will be the same as the date shown in block 4, "For Period Ended," of the Billing Statement.

- C. Line 3 – Shows the date on which the report was actually prepared. This date will be the same as the date shown in block 5, "Date Prepared," of the Billing Statement.
- D. Line 4 – Shows the country name and the Statement number that identifies the report.
- E. Line 5 – Shows the customer's military service, the FMS case, the applicable RSN and the U.S. military department or agency responsible for administering the case

080215 FMS Delivery Listing: Articles/Services Transactions

Directly under the fifth line of the Heading information is the title of the next section. This is the "Articles/Services Transactions" section (see Figure 8-5). The information in this section is displayed in columns across the page and is sorted in Document Number sequence. The following provides a detailed description of the remaining information reflected on this section of the report:

- A. DOC ID - "DOC ID" is an abbreviation for Document Identifier Code. The entry in this column of the Articles/Services Transactions section of the FMS Delivery Listing identifies the type of transaction that is being reported on that line of the listing. The Document Identifier Codes that appear in this section of the listing are "FKA" and "FKB."
 - 1. "FKA" indicates that the customer is being charged for the material/services shown on that line of the listing.
 - 2. "FKB" indicates that an adjustment is being made to charges for material/services shown on a previous listing. When an FKB code appears on a listing, the abbreviation "(CR)," for credit, will appear in two columns on the same line of the listing. "(CR)" will appear next to the quantity shown in the "QUAN SHIP" column and next to the amount shown in the "Extended Value" column.
- B. RIC - "RIC" is an abbreviation for Routing Identifier Code. The RIC is a three-position alphanumeric MILSTRIP code. It identifies the U.S. Government activity that shipped the item or performed the service being reported on that line of the listing. A complete list of Routing Identifier Codes is contained the Naval Supply Procedures 485 (NAVSUP P-485), Volume II, Appendix 7. If material is shipped by a commercial contractor, the entry in this column will be the RIC of the U.S. Government activity that awarded the contract to the supplier.

- C. PRC CD - "PRC CD" is an abbreviation for Price Code. A single letter is entered in this column to indicate the nature of the charges shown in the "Unit Price" and "Extended Value" columns on the same line of the listing.
1. An "E" in this column indicates that the charge is estimated. This code is used when reporting physical deliveries of major items at an estimated price. This estimated price will eventually be reported as an actual price, Price Code "A," when the actual cost is submitted by the implementing agency.
 2. An "A" or blank space in this column indicates that the charge shown in the "Extended Value" column reflects actual costs to the customer.
- D. Stock Number - This column shows the National Stock Number (NSN), manufacturer's part number, publication number, training course number, film number, etc., that identifies the material or service being reported on that line of the listing.
- E. Unit of Issue - This column shows the two-character MILSTRIP Unit of Issue code for the material being reported on that line of the listing. Unit of Issue codes and their definitions are identified in the Naval Supply Procedures 485 (NAVSUP P-485), Volume II, Appendix 19. The letters "XX" are shown in this column to indicate charges for work performed or services provided. Whenever the word "Service" appears in the "Stock Number" column, the letters "XX" will appear on the same line in the "Unit Issue" column.
- F. QUAN SHIP - "QUAN SHIP" is an abbreviation for Quantity Shipped. The quantity shown in this column represents the number of Units of Issue of material being reported on each line of the listing. As noted above, the letters "CR" next to the amount shown in the "QUAN SHIP" column indicate that the customer's account has been credited for that amount.
- G. Document Number - The entry in this column identifies the original requisition against which the material being reported on the applicable line of the listing was shipped.
- H. DOC SFX - "DOC SFX" is an abbreviation for Document Suffix code. A single letter or number is entered here when a partial shipment is reported.
- I. SUPL ADRS - "SUPL ADRS" is an abbreviation for Supplementary Address code. A six-position alphanumeric code is entered in this column. This code will be the same as the Supplementary Address code shown on the original requisition.

- J. MS - "MS" is an abbreviation for Mode of Shipment code. The single letter or number entered in this column indicates how the material was shipped. A list of MS codes and their meanings is provided in Chapter 2.
- K. ARC - "ARC" is an abbreviation for Adjustment Reply Code. Two letters are entered in this column when a material cost or quantity adjustment is being reported. A list of Adjustment Reply Codes and their meanings is provided in Chapter 7. Such an adjustment may result from:
- Action taken to resolve a Supply Discrepancy Report (SDR)
 - A MILSTRIP adjustment not directly related to an SDR
 - Some other billing adjustment input to DFAS-DE/I by the shipper
- L. ACTG DATE - "ACTG DATE" is an abbreviation for Accounting Date. Four numbers are entered in this column. They show when the transaction reported on that line of the listing was processed by DFAS-DE/I. The first two positions reflect the year and the third and fourth positions reflect the month within that year.
- M. TBC - "TBC" is an abbreviation for Transportation Bill Code. A single letter is entered in this column. It tells DFAS-DE/I to charge a fee for the movement of material by way of DTS. It is used only if the rate charged by the Delivery Term Code (fifth position of the Document Number) needs to be changed.
- N. DSC - "DSC" is an abbreviation for Delivery Source Code. Two letters are entered in this column. This code tells DFAS-DE/I to charge the customer for:
- Packing, crating, and handling costs
 - FMS administrative surcharges
 - Transportation charges
- O. DATE SHIP - The entry in this column indicates when material was shipped to the customer. The entry in this column is in "Julian Date" format as explained in Chapter 2.

- P. Unit Price - The amount entered in this column shows the price charged to the FMS customer for each Unit of Issue of material. DFAS-DE/I calculates the Unit Price by dividing the Extended Value by the Quantity Shipped. (An asterisk in the Unit Price column means that the Extended Value could not be divided by the Quantity Shipped in whole dollars and cents.) The price shown in the Unit Price column will be either actual or estimated, as indicated by the code in the "PRC CD" column.
- Q. Extended Value - The amount shown in this column is the total value of the transaction being reported. This amount is the result of multiplying the number shown in the "QUAN SHIP" column by the amount shown in the "Unit Price" column. The letters "CR" printed next to the amount shown in the "Extended Value" column indicate that this amount has been credited to the customer's account. Whenever the letters "CR" appear in the "QUAN SHIP" column, they will also appear in the "Extended Value" column.

080216 FMS Delivery Listing: Administrative/Accessorial Transactions

This section (shown in Figure 8-6) provides a detailed list of administrative and accessorial charges. This information is displayed in columns across the page and is arranged in Document Identifier Code sequence. Within Document Identifier categories, information is arranged by generic code and accounting date. The following provides a detailed description of the remaining information reflected on this section of the report:

- A. DOC ID - "DOC ID" is an abbreviation for Document Identifier Code. The Document Identifier Codes that appear in this section of the listing are:
1. "FKC" - Administrative charge (debit)
 2. "FKD" - Adjustment to an administrative charge reported on a previous FMS Delivery Listing (credit)
 3. "FKE" - Accessorial charge (debit)
 4. "FKF" - Adjustment to an accessorial charge reported on a previous FMS Delivery Listing (credit)
- B. Generic Code - A Generic Code is a three-position alphanumeric code. It indicates the type of material or service that has been provided. Generic codes that will appear in this column, along with their titles, are listed below:

<u>Code</u>	<u>Long Title</u>	<u>Short Title</u>
L1A	INLAND TRANSPORT CONUS	CONUS TRANS
L1B	OCEAN TRANSPORTATION	OCEAN TRANS
L1C	AIR TRANSPORTATION	AIR TRANS
L1D	PARCEL POST	PARCEL POST
L1E	COMMERCIAL PKG CARRIERS	COMM PKG
L1F	INLAND TRANSPORT OVERSEAS	OS INLAND
L2A	PACK CRATE & HANDLE	PCH
L2B	CONUS PORT HANDLING	CONUS PORT
L2C	OVERSEAS PORT HANDLING	OS PORT
L4A	STORAGE	STORAGE
L4B	STORAGE	STORAGE
L4O	STAGING	STAGING
L6A	ADMINISTRATIVE COSTS	ADMIN COSTS
N7E	MEDICAL	MEDICAL
N7F	QUARTERS	QUARTERS
R9D	TDP ROYALTY FEE	TDP ROYALTY
R9H*	ASSET USE CHARGE	ASSET USE
U10	NORMAL INVENTORY LOSS	INV LOSS

* Not applicable after November 1989.

- C. Cost Description - This column shows the short title of the service represented by the Generic Code shown above.
- D. Document Number - This column shows the first three positions of the Document Number of the original requisition against which the material or service was delivered to the customer. The first position identifies the U.S. implementing agency: P = Navy, B = Army, and D = Air Force. The second and third positions identify the FMS customer's country. (Thus, "PLT" in Figure 8-6 identifies an FMS case managed by the U.S. Navy for the fictional country Latonia.)
- E. ARC - This column is normally left blank. When a code does appear in this column, it indicates that a material cost or quantity adjustment has been made.
- F. ACTG DATE - "ACTG DATE" is an abbreviation for Accounting Date. Four numbers are entered in this column. They show when the transaction reported on that line of the listing was processed by DFAS-DE/I. The first two positions reflect the year and the third and fourth positions reflect the month within that year.
- G. Type of Cost - This column tells whether the cost Shown in the "ADMIN ACSRL COST" column is an "Actual" or a "Computed" cost.

1. "Actual" cost is a specific, actual charge, such as a charge for staging expenses.
 2. "Computed" cost is a charge based on a standard percentage (such as 3 percent for general administrative costs or 3.5 percent for packing, crating, and handling costs).
- H. Percent Factor - When the "Type of Cost" column shows that the cost is "Computed," this column will show the percentage rate that was used to compute the cost. When the "Type of Cost" column shows that the cost is "Actual," this column will show the words "Flat Charge."
- I. Total Value Applied - For a "Computed" cost, the percentage rate shown in the "Percent Factor" column is applied to the value shown in this column. For an "Actual" cost, this column shows the actual charge for the service provided. The amounts appearing in the "Total Value Applied" column are derived from the amounts shown in the "Extended Value" column of the Articles/Services Transactions section (Figure 8-5).

Note that each amount appearing in the "Extended Value" column of the Articles/ Services Transactions section (Figure 8-5) may appear several times in the "Total Value Applied" column of the Administrative/Accessorial Transactions section (Figure 8-6). For example, the value "100.00" shown in the "Extended Value" column of Figure 8-5 appears in the "Total Value Applied" column of Figure 8-6 on lines 6, 9, and 14. The reason is that three types of charges (a parcel post fee, packing, crating, and handling charges, and asset use charges) apply to that particular line item.

- J. ADMIN/ACSRL Cost - This column shows the administrative/accessorial cost charged to the customer. For a "Computed" cost, the amount shown is equal to the value entered in the "Total Value Applied" column multiplied by the percentage rate shown in the "Percent Factor" column. For an "Actual" cost, the amount shown is the specific "Flat Charge" for the service provided. (This amount will be the same as the amount shown in the "Total Value Applied" column.)

080217 FMS Delivery Listing: Summary of Delivery Costs Section

This section (Figure 8-7) shows the aggregate costs and aggregate cost adjustments for each Document Identifier appearing in the first two sections of the Delivery Listing. Information is displayed in columns across the page and is sorted in Document Identifier Code sequence. The Document Identifier Codes that appear in this section are:

- "FKA": Articles/services costs (line 1 of Figure 8-7)
- "FKB": Articles/services cost adjustments (line 2 of Figure 8-7)
- "FKC": Administrative costs (line 5 of Figure 8-7)
- "FKD": Administrative cost adjustments (line 6 of Figure 8-7)
- "FKE": Accessorial costs (line 9 of Figure 8-7)
- "FKF": Accessorial cost adjustments (line 19 of Figure 8-7)

The following provides a detailed description of the remaining information reflected on this section of the report:

- A. Net Totals - Net aggregate totals are provided in this section of the listing for each pair of the "FK __" series Document Identifiers listed above. These are the final totals of all costs minus all credits reported on the Delivery Listing for each Document Identifier category.

For example, the FKA and FKB totals shown in the "Total Costs" column on lines 1 and 2 of Figure 8-7 are derived from the "Extended Value" column of the Articles/Services Transactions section of the FMS Delivery Listing (Figure 8-5). Figure 8-5 shows three FKA charges: 1205.50, 100.00, and 200.00. The total of these charges is shown on line 1 of Figure 8-6 ($1205.50 + 100.00 + 200.00 = 1505.50$). Figure 8-5 shows only one FKB credit: 350.00. This amount is shown on line 2 of Figure 8-7. In Figure 8-7, on line 3, the Net Total is equal to the aggregate charges shown on line 1 (1505.50) minus the aggregate credits shown on line 2 (350.00). This amount (1155.50) is the net total due for material/services reported on the listing.

The FKC and FKD totals and the FKE and FKF totals shown in the "Total Costs" column of Figure 8-7 are derived from the "ADMIN/ACSRL COST" column of the Administrative/Accessorial Transactions section of the Listing (Figure 8-6). Net costs for these two Document Identifier categories are computed in the same way as in the above example: net total costs equal total aggregate charges minus total aggregate credits. FKE and FKF values are subtotaled by individual generic codes. Thus, line 8 plus line 9 of Figure 8-6 is equal to line 14 of Figure 8-7.

- B. Total Delivery Costs - The last line of Figure 8-7 shows the "Total Delivery Cost." This is the net total of all costs and cost adjustments reported in the first two sections of the Delivery Listing. The amount shown on this line equals the sum of all the net totals shown in the "Total Costs" column of the Summary of Delivery Costs section. (In Figure 8-7, the sum of the "Net Total" costs shown on lines 3, 7, and 23 is $1155.50 + 34.67 + 949.53 = 2139.70$)

- C. Actual Costs or Computed Costs - These columns show how much of the amount shown in the "Total Costs" column is an "Actual Cost" and how much is a "Computed Cost." Note that actual/computed cost information applies only to FKC, FKD, FKE, and FKF administrative and accessorial charges and credits. This cost information does not apply to FKA or FKB material or service charges or adjustments.

080218 Automated Products Available from DFAS-DE/I

The FMS customer may ask DFAS-DE/I to provide magnetic computer tapes to support an FMS Delivery Listing. There are four types of tapes available to support information on the FMS Delivery Listing:

- Articles/Services Transactions tapes
- Training Transactions tapes
- Administrative Transactions tapes
- Accessorial/Additional Cost Transactions tapes

To request these tapes, the customer must send a letter to DFAS-DE/I. The customer must identify exactly which tapes are required. The letter must also state that these products are being requested to support information provided on an FMS Delivery Listing. Be sure to provide the Listing's statement number, the ending date and date the listing was prepared. The letter should be sent to:

Defense Finance and Accounting Service – Denver Center
Deputate for Security Assistance (DFAS-DE/I)
6760 E. Irvington Place
Denver, CO 80279 - 2000

The specific formats and contents of these tapes are presented in detail in Chapter 7 of the FMS Customer Financial Management Handbook (Billing). For current ordering instructions for the FMS Customer Financial Management Handbook (Billing), contact:

Defense Institute for Security Assistance Management
DISAM/DR
2335 Seventh Street
Wright-Patterson Air Force Base, OH 45433-7803

SECTION 0803 - AREAS OF SPECIAL INTEREST

080301 Case Closure

FMS Cases are not "closed" until after:

- All procurement action has been completed
- All material has been delivered and all services have been performed
- A final statement of account has been provided
- Payment has been received from the customer for all charges billed on the DD Form 645

When a case has been closed during the reporting period, column 6 of the DD Form 645, FMS Billing Statement, will show an asterisk (*) to the left of the case designator. Any excess funds that may exist at the time of case closure are transferred to the customer. A Final Statement of Account is then sent to the customer.

080302 Reopening of Closed Cases

Sometimes unresolved charges or credits relating to a particular case are discovered after the case has been closed. Cases that are not closed under accelerated closure procedures must be reopened to process charges or credits. Once the final adjustments have been made, NAVICP-OF will send the information to DFAS-DE/I and the case will be closed using standard closure procedures.

080303 Price Increase Controls

The costs cited on the Letter of Offer and Acceptance (LOA) are estimated costs, not fixed delivery prices. Although these costs may increase, there are two ways in which the customer is protected from unreasonable price increases. First, U.S. Government contracts with commercial suppliers specify that the most the supplier can charge is the lowest price charged to any other customer under similar circumstances. Second, for items issued from U.S. stock, customers are not charged more than the total replacement cost plus applicable surcharges.

080304 Suspension of Supply Action

Sometimes the value of material/services supplied to the customer becomes equal to the case value before all material/services listed on the case have been provided. When this happens, new supply action is suspended until the customer provides additional funding authorization. Depending on the type of case involved, such a suspension may occur before the value of material/services is equal to 100 percent of the case value.

**Figure 8-1
Accessorial Cost Percentages**

TYPE OF COST	EXPLANATION	PERCENTAGE (%)
Packing, Crating, and Handling	Preparation of material with a unit price of \$50,000 or less	3.5
	Preparation of material with a unit price greater than \$50,000	
	First \$50,000: Remaining \$:	3.5 1.0
Transportation	Includes port loading and handling costs when applicable:	
Parcel Post	Shipment from point of origin to a continental U.S. destination, including shipments to freight forwarders	3.75
Delivery Term Code 5*	Shipment from point of origin to a U.S. port of exit or to a freight forwarder in the U.S.	3.75
Delivery Term Code 6*	Shipment from point of origin (including ocean transportation) to an overseas port of discharge in Europe, Latin America, and the Mediterranean	10.25
Delivery Term Code 6*	Shipment from point of origin (including ocean transportation) to all other overseas port of discharge	12.25
Delivery Term Code 7*	Shipment from point of origin (including ocean transportation) to a specified overseas inland port of discharge in Europe, Latin America, and the Mediterranean	14.25
Delivery Term Code 7*	Shipment from point of origin (including ocean transportation) to a specified overseas inland destination in all other countries	16.25
Delivery Term Code 8*	Shipment from point of origin to and including unloading, handling, and storage aboard a vessel at a U.S. port of exit	6.25
Delivery Term Code 9*	Shipment from point of origin to and including vessel discharge at an overseas port in Europe, Latin America, and the Mediterranean	11.25
Delivery Term Code 9*	Shipment from point of origin to and including vessel discharge at all other overseas ports	13.25

*Additional information on delivery term codes is available in Chapter 2.

**Figure 8-2
Terms of Sale/Type of Assistance Combinations**

TERM OF SALE	TYPE OF ASSISTANCE CODE	TYPE OF SALE
Cash with Acceptance	3	Article(s) sold only from stock
Cash Prior to Delivery	3	Article(s) sold partially from stock
Cash with Acceptance	3	Service(s) sold only from stock
Cash Prior to Delivery	3	Service(s) sold only from stock
Cash with Acceptance	3	Service(s) sold partially from stock
Dependable Undertaking/Cash Prior to Delivery	4	Article(s)/service(s) sold from mixed stock and procurement, or source(s) not predetermined
Cash with Acceptance	5	Article(s)/service(s) sold only from procurement
Dependable Undertaking	5	Article(s)/service(s) sold only from procurement
Cash with Acceptance	5	Article(s)/service(s) sold partially from procurement
Payment on Delivery	6	Article(s)/service(s) sold from stock
Payment 120 Days After Delivery	7	Article(s)/service(s) sold from procurement
Payment 120 Days After Delivery	8	Article(s)/service(s) sold from stock
FY ____ MAP Merger	M	FAA of 1961, Sec. 503(a) (3) (MAP Merger)
FMS credit (Non-Repayable)	N	(Section 23/24 AECA)
Cash with Acceptance, S____, Balance as Billed	U	CLSSA, FMSO I (See Chapter 4)
Cash Prior to Delivery/Dependable Undertaking	V	CLSSA, FMSO II (See Chapter 4)
Loan Agreement	Z	Any source

**Figure 8-3
Illustration of a Payment Schedule**

To assist in fiscal planning, the USG provides the following anticipated costs of this LOA:

ESTIMATED PAYMENT SCHEDULE

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
Initial Deposit	\$19,360,450	\$19,360,450
15 Dec 92	21,483	\$19,381,933
15 Mar 93	21,482	\$19,403,415
15 Jun 93	21,482	\$19,424,897
15 Sep 93	21,482	\$19,446,379
15 Dec 93	21,482	\$19,467,861
15 Mar 94	21,482	\$19,489,343
15 Jun 94	21,482	\$19,510,825

Figure 8-4 FMS Billing Statement, DD Form 645

FOREIGN MILITARY SALES BILLING STATEMENT				UNITED STATES OF AMERICA DEPARTMENT OF DEFENSE / NAVY					
1. TO: LATONIA NAVY		2. THIS IS A BILLING STATEMENT BASED ON CASH REQUIREMENTS PAYMENT IS DUE BY: 95 JUN 15		3. STATEMENT NUMBER: 95__03PE		4. FOR PERIOD ENDED: 96 MAR 31		5. DATE PREPARED: 96 APR 13	
CASE IDENTIFICATION AND DELIVERY STATUS				FINANCIAL STATUS					
6. CASE & RSN	7. TOTAL VALUE ORDERED	8. CUMULATIVE DELIVERY COSTS END PRIOR PERIOD	9. CURRENT PERIOD DELIVERY COSTS (ATTACHMENT 1)	10. CUMULATIVE DELIVERY COSTS & WORK IN PROCESS	11. FORECASTED REQUIREMENTS (NOTE A)	12. TOTAL FINANCIAL REQUIREMENTS	13. CUMULATIVE PAYMENTS RECEIVED	14. AMOUNT DUE AND PAYABLE	
				(COL 8 + COL 9)		(COL 10 + COL 11)		(COL 12 - COL 13)	
LAT GO1	54,442.00	22,009.00	3,567.50	25,576.50					
AN/BOQ 21	14,400.00	2,076.43		2,076.43					
	SPARE PARTS								
L6A	2,065.00	674.50	107.03	781.53					
L00	2,409.00	480.19	133.78	613.97					
P/P				22,205.86					
CASE TOTAL	73,316.00	25,240.12	3,808.31	51,254.29	15,840.00	67,094.29	57,846.00	9,248.29	
BILL TOTAL	12,576,833.90	5,976,280.29	1,687,000.50	9,697,280.79	1,276,080.08	10,973,360.87	8,782,450.93	2,190,909.94	
REVIEW PROCESS				EXPLANATORY NOTES					
ANALYST: _____ BRANCH CHIEF: _____ QUALITY ASSURANCE: _____				NOTE A: THE TERMS OF U.S. PUBLIC LAW, THE ARMS EXPORT CONTROL ACT, REQUIRE THE DEPARTMENT OF DEFENSE TO COLLECT PAYMENTS FROM FOREIGN PURCHASERS IN ADVANCE OF THE TIME THAT DOD INCURS COSTS ON THE PURCHASERS' BEHALF. THEREFORE, THIS BILLING STATEMENT REQUESTS PAYMENT OF MONIES THAT ARE ANTICIPATED TO BE EXPENDED BETWEEN THE TIME THIS BILLING STATEMENT IS PAID AND THE TIME THE NEXT BILLING STATEMENT IS PAID. _____ • DENOTES CASES CLOSED DURING THE CURRENT REPORTING PERIOD.					
AUTHENTICATION				PAYMENT INSTRUCTIONS					
SIGNATURE OFFICE OF THE DIRECTOR SECURITY ASSISTANCE ACCOUNTING CENTER				YOUR PAYMENTS MAY BE MADE BY USING EITHER CHECKS OR WIRE TRANSFER PROCEDURES. WIRE TRANSFERS ARE PREFERRED AND SHOULD BE SENT TO THE FEDERAL RESERVE BANK OF NEW YORK, WITH THE FOLLOWING IDENTIFICATION: TREAS NYC (3801) AFACF/SAAC, ABA #0210300004. CHECK MADE PAYABLE TO - ACCOUNTING AND FINANCE OFFICER, AFACF/AFO SHOULD BE IN U.S. DOLLARS AND FORWARDED DIRECTLY TO: AFACF/ACFC/SAAC/FSR, P.O. BOX 20030 DENVER, CO 80220-0030 USA					

DD FORM 645 (NOV 87) PREVIOUS EDITIONS ARE OBSOLETE

Figure 8-5
FMS Delivery Listing: Articles/Services Transactions Section

1	FMS DELIVERY LISTING	PAGE: 1													
2		FOR PERIOD ENDING: 90 MAR 31													
3		DATE PREPARED: 90 APR 13													
4	COUNTRY: LATONIA	STATEMENT NUMBER: 90-12NA													
5	SERVICE: NAVY	CASE: LAT RSN: 002 U.S. DEPT/AGENCY: NAVY													
ARTICLES/SERVICES TRANSACTIONS															
DOC ID	PRC RIC	STOCK CD	UNIT ISSUE	QUAN SHIP	DOCUMENT NUMBER	DOC SFX	SUPL ADRS	M S	ACTG ARC	DATE	TBC	DSC	DATE SHIP	UNIT PRICE	EXT. VALUE
FKA	B14	A	EA	10	PLTC8490630001		PZ2LAT	F		0010	G	AB	0066	120.55	1205.50
FKB	B14	A	EA	5CR	PLTC8490630004		PZ2LAT	G	CB	0010	A	AB	0032	70.00	350.00CR
FKA	S9C	A	EA	2	PLTC8490630008	A	PZ2LAT	G		0011	A	AB	0059	50.00	100.00
FKA	B14	A	EA	10	PLTC8490630010		PZ2LAT	B		0011	D	DC	0025	20.00	200.00

Figure 8-6
FMS Delivery Listing: Administrative/Accessorial Transactions Section

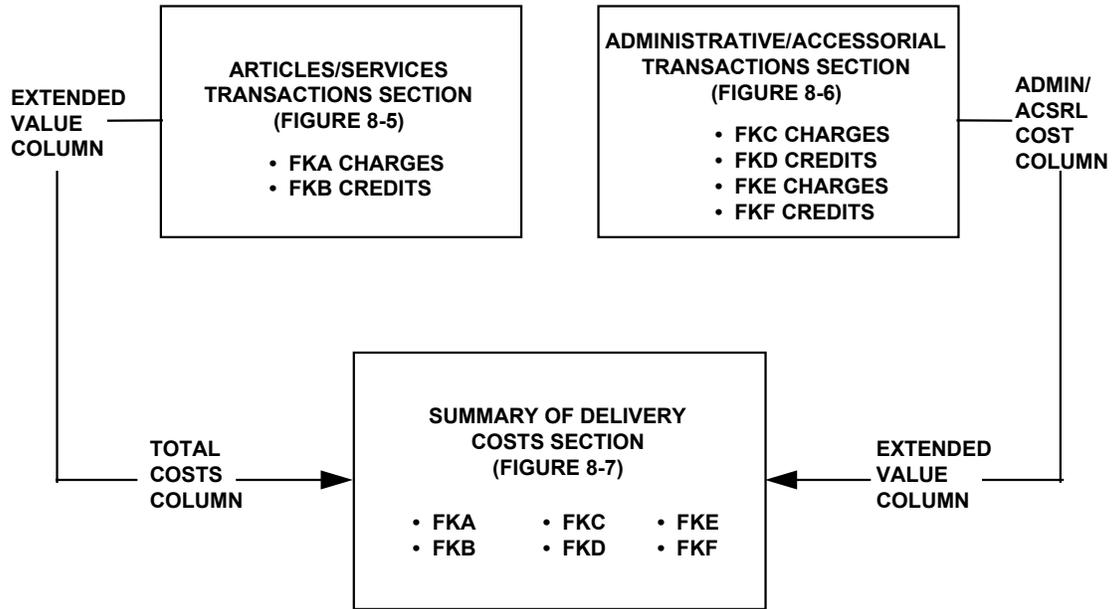
ADMINISTRATIVE/ACCESSORIAL TRANSACTIONS								PAGE: 2	
DOC ID	GENERIC CODE	COST DESCRIPTION	DOCUMENT NUMBER	ARC	ACTG DATE	TYPE OF COST	PERCENT FACTOR	TOTAL VALUE APPLIED	ADMIN/ACSRL COST
01.	FKC	L6A	ADMIN COSTS	PLT	0010	COMPUTED	3.00	1205.50	36.17
02.	FKC	L6A	ADMIN COSTS	PLT	0011	COMPUTED	3.00	300.00	9.00
03.	FKD	L6A	ADMIN COSTS	PLT	0010	COMPUTED	3.00	350.00CR	10.50CR
04.	FKE	L1A	CONUS TRANS	PLT	0010	COMPUTED	3.75	1205.50	45.21
05.	FKE	L1C	AIR TRANS	PLT	0010	COMPUTED	6.00	1205.50	72.33
06.	FKE	L1D	PARCEL POST	PLT	0011	COMPUTED	3.75	100.00	3.75
07.	FKE	L1F	OS INLAND	PLT	0010	COMPUTED	3.00	1205.50	36.17
08.	FKE	L2A	PCH	PLT	0010	COMPUTED	3.50	1205.50	42.19
09.	FKE	L2A	PCH	PLT	0010	COMPUTED	3.50	100.00	3.50
10.	FKE	L2B	CONUS PORT	PLT	0010	COMPUTED	2.50	1205.50	30.14
11.	FKE	L2C	OS PORT	PLT	0010	COMPUTED	1.00	1205.50	12.06
12.	FKE	L40	STAGING	PLT	0010	ACTUAL	FLAT CHARGE	720.00	720.00
13.	FKE	R9H	ASSET USE	PLT	0010	COMPUTED	1.00	1205.50	12.06
14.	FKE	R9H	ASSET USE	PLT	0011	COMPUTED	1.00	100.00	1.00
15.	FKE	L1D	PARCEL POST	PLT	0010	COMPUTED	3.75	350.00CR	13.13CR
16.	FKF	L2A	PCH	PLT	0010	COMPUTED	3.50	350.00CR	12.25CR
17.	FKF	R9H	ASSET USE	PLT	0010	COMPUTED	1.00	350.00CR	3.50CR

Figure 8-7
FMS Delivery Listing: Summary of Delivery Costs Section

SUMMARY OF DELIVERY COSTS			PAGE: 3
			<u>TOTAL COSTS</u>
01.	FKA ARTICLES/SERVICES COSTS		1505.50
02.	FKB ARTICLES/SERVICES COST ADJUSTMENTS		350.00CR
03.	NET TOTAL OF ARTICLES/SERVICES COSTS		1155.50
04.		<u>ACTUAL COSTS</u>	<u>COMPUTED COSTS</u>
05.	FKC ADMINISTRATIVE COSTS	.00	45.17
06.	FKD ADMINISTRATIVE COST ADJUSTMENTS	.00	10.50CR
07.	NET TOTAL OF ADMINISTRATIVE COSTS	.00	34.67
08.			
09.	FKE ACCESSORIAL COSTS		
10.	L1A INLAND TRANSPORT CONUS	.00	45.21
11.	L1C AIR TRANSPORTATION	.00	72.33
12.	L1D PARCEL POST	.00	3.75
13.	L1F INLAND TRANSPORT OVERSEAS	.00	36.17
14.	L2A PACK CRATE & HANDLE	.00	45.69
15.	L2B CONUS PORT HANDLING	.00	30.14
16.	L2C OVERSEAS PORT HANDLING	.00	12.06
17.	L40 STAGING	720.00	.00
18.	R9H ASSET USE CHARGE *	.00	13.06
19.	FKF ACCESSORIAL COST ADJUSTMENTS		
20.	L1D PARCEL POST	.00	13.13CR
21.	L2A PACK CRATE & HANDLE	.00	12.25CR
22.	R9H ASSET USE CHARGE *	.00	3.50CR
23.	NET TOTAL OF ACCESSORIAL COSTS	.00	229.53
24.			
25.			
26.	TOTAL DELIVERY COSTS		2139.70

* Not applicable after November 1989

Figure 8-8
FMS Delivery Listing: Relationship of the Three Sections



CHAPTER 9 - REPORTS

SECTION 0901 - INTRODUCTION

090101 Reports Available to the FMS Customer

NAVICP-OF and DFAS-DE/I produce several reports on a regular basis that are designed to provide the Foreign Military Sales (FMS) customers with information about the various aspects of their Security Assistance Program with the U.S. Navy. This chapter will focus primarily on the Quarterly Requisition Report (QRR) as well as other reports that are forwarded with the QRR. Other reports are discussed elsewhere in this manual.

At the beginning of an FMS program, the customer must decide who within their country will receive the various reports available. For example, the FMS customer may decide to have report relating to supply information sent to one address in-country while they may decide to have reports relating to billing information sent to another.

If the FMS customer needs to change the distribution of these reports or requires additional copies, they should send a request to NAVICP-OF or DFAS-DE/I (depending on the nature of the report). Extra copies of reports may be requested either on a one-time or recurring basis. Customers are normally charged for any costs involved in providing extra copies of reports. When requesting changes to report distribution, customers should provide the following information:

- Name of the report
- Current addressee(s)/number of copies being received
- New addressee(s)/number of copies desired

The customer should ensure that these reports are reviewed as soon as they are received. The customer must also recognize that information is constantly changing within the supply system and therefore the information on the reports should only be viewed as reflecting a given moment in time.

090102 Special Reports

The customer may have a unique need for a specialized report that is not normally provided under the FMS program. If so, the customer may request such a report by sending a letter to NAVICP-OF. This letter must provide the following information:

- Exactly what information is needed on the report
- Whether the report is to be provided on a one-time or recurring basis
- The frequency of a recurring report and the desired period of coverage

- The number of copies needed
- The mailing addresses of officials or organizations to receive the report

NAVICP-OF will determine whether or not the report can be produced, estimate the costs that will be involved, and inform the customer. NAVICP-OF will then wait for the customer's funding approval (including FMS case to be charged) before proceeding with report development.

SECTION-0902 - QUARTERLY REQUISITION REPORT

090201 The FMS Quarterly Requisition Report

The remainder of this chapter will provide a detailed discussion of the FMS Quarterly Requisition Report (QRR) and associated reports. The QRR is prepared by NAVICP-OF on a quarterly basis (every 3 months) and it is designed to help customers monitor the supply status of material requisitioned from the United States.

Requisitions are listed by Customer Service Designator (CSD), FMS Case Designator, and Requisition Document Number. Counts and dollar values are shown for open (unshipped), canceled, and shipped requisitions processed during the reporting period. Totals are provided by case and CSD. The QRR, therefore, provides a clear summary of U.S. supply system actions during the preceding quarter.

The types of requisitions that are reported on the QRR are listed below:

- Requisitions that have been received by NAVICP-OF, but for which NAVICP-OF has not yet received shipment information. For these "open," or "unshipped," requisitions, the report shows an estimated delivery date. These requisitions will continue to be listed on successive QRRs until either the material is shipped or the requisition is canceled.
- Requisitions that have been canceled during the reporting period
- Requisitions for which shipment information has been recorded during the reporting period. Dates of shipment and transportation information are included for requisitions in this category.
- Customer initiated requisitions that could not be processed through NAVICP-OF to the supply system and for which the customer has received "N8" status. They will appear on the QRR in the "open" category with "N8" under the heading "ST CD."

Requisitions will normally continue to be reported on successive QRRs until the material is either shipped or canceled. After a requisition has been shown on one QRR as either shipped or canceled, that requisition will normally not be reported on future QRRs. One exception to this policy is when a partial quantity is shipped. When this happens, each partial shipment is reported. The requisition continues to be shown on the QRR until the last shipment is made and the total quantity ordered has been reported.

Another exception is when a requisition for services is reported on the QRR. Because this type of requisition cannot be reported as "shipped," it cannot be removed from the QRR until after final billing. In this case, the requisition will continue to be shown as outstanding on each QRR until final billing has been processed, even though the service involved may already have been completed. Once final billing is processed, the requisition will be shown as "shipped" on the next QRR and will be not be shown on subsequent QRRs. FMS customers should be aware of this procedure when reconciling in-country records. Due to the "final billing" rule discussed above, customer records may show a service-related requisition as complete, while a QRR may show it as still outstanding (because final billing has not yet occurred). This may suggest an apparent conflict when, in fact, there is none.

090202 QRR Format

Figure 9-1 illustrates the format of the QRR. The following provides a detailed description of the information reflected on the QRR:

- A. Country - The "Country" entry on the first line shows the name of the FMS customer country. In Figure 9-1, the customer country shown is the fictional Republic of Latonia, which is listed as "Latonia."
- B. CSD - "CSD" is an abbreviation for Customer Service Designator. The CSD shown on the first line of the QRR identifies the military service within the FMS customer country to which the report applies. In Figure 9-1, the CSD is "Navy" because the report applies to the Latonian Navy.
- C. Case - The "Case" entry on the first line of the QRR identifies the FMS case against which the requisition was submitted. The three-character case designator portion of the case identifier is shown here.
- D. As Of and Preparing Activity - The last two entries on the first line of the QRR show the date of the report and the name of the activity (NAVICP-OF) that prepared the report.

- E. Document Number or TRVL ORDR NR - The "Document Number or TRVL ORDR NR" column identifies either the Document Number of the requisition used to order the material or services or the travel order number used to transport U.S. Government personnel.
- F. Stock Number - The "Stock Number" column shows the 13-digit National Stock Number (NSN) of the material that has been requisitioned. A two-digit Special Material Identification Code (SMIC) will appear at the end of the NSN when applicable. The U.S. Navy supply system uses the SMIC to identify weapons system material. The stock number shown on the QRR may differ from the one submitted on the original requisition either because the stock number of the item changed or because an acceptable substitute (with a different stock number) was provided.

If a nonstandard item is requisitioned, the manufacturer's part number (or other identifying number) is shown in the "Stock Number" column. If services have been requisitioned, a brief description may appear in the "Stock Number" column. This column will be left blank when the "Document Number or TRVL ORDR NR" column shows a travel order number.

- G. Item Name - The abbreviation "SHPD" in the "Item Name" column indicates that the material being reported has been shipped or that the service has been billed. The abbreviation "EXPD" indicates that a travel order record has been billed. The abbreviation "CANC" indicates that the material, service, or travel has been canceled. This column will be left blank if the requisition or travel being reported is still open (i.e., not shipped, canceled, or expended).
- H. UI - The "UI" column shows the Unit of Issue of the item that was requisitioned. If the requisition is for services or a travel order, the letters "SR" will appear in this column.
- I. R Column – If the letter "R" appears under this column, it means that the requisition had previously been reported as either shipped or canceled and has now been reopened.

J. QUANT - The "QUANT" column will show one of the following:

- For requisitions identified as "SHPD" in the "Item Name" column, it indicates the actual quantity (number of Units of Issue) shipped
- For requisitions identified as "CANC," this column will show the quantity canceled
- If the requisition is for services or it is a travel order, this column will be left blank

- K. DC - The "DC" (Distribution Code) column shows the letter "F," followed by the Navy material cognizance symbol (COG) of the item being reported. The "F" indicates that NAVICP-OF has processed the requisition and that any follow-up should be routed to NAVICP-OF. This column will be left blank when the "Document Number or TRVL ORDR NR" column shows a travel order number.
- L. PRJ CD - Entries in the "PRJ CD" column show the Project Code, if one has been assigned. This column will be left blank when the "Document Number or TRVL ORDR NR" column shows a travel order number.
- M. PRI - Entries in the "PRI" (Priority) column show the UMMIPS priority designator assigned to the requisition. This column will be left blank when the "Document Number or TRVL ORDR NR" column shows a travel order number.
- N. EAD - The "EAD" column shows the Estimated Availability Date. This date is based either on UMMIPS standards or procurement lead time information. It is shown in a 5-position "Julian Date" (YYDDD) format. When a shipped or canceled requisition or a travel order is being reported, the "EAD" column will be left blank.
- O. ST CD - The "ST CD" column shows the MILSTRIP Status Code that reflects the latest supply action taken on the applicable requisition. For requisitions with no supply status recorded in MISIL, either "BU" or "BW" will be entered in the "ST CD" column of the QRR. "BU" or "BW" will continue to be entered in this column until supply status is posted to the requisition record. When a requisition is reported for material that has been shipped, the "ST CD" column will be blank. This column will also be left blank when the "Document Number or TRVL ORDR NR" column shows a travel order number.
- P. STAT DATE - The "STAT DATE" column shows a five-position "Julian Date." This date may represent various types of information, as described below:
- If the item has been shipped, the Julian Date shown in this column will be the date of shipment
 - If the item has not yet been shipped, the Julian Date shown in this column will be the date of the status shown in the "ST CD" column
 - If the item has been canceled, the Julian Date shown in this column will be the date of cancellation

- If the "ST CD" column is blank, the Julian Date shown in the "STAT DATE" column will be the date on which NAVICP-OF recorded the requisition.

Q. R/I - The "R/I" column shows the MILSTRIP Routing Identifier Code. This code identifies the U.S. supply system activity that is processing the requisition (or that initiated the contract identified in the "SHPMNT SER NR OR CNTRT/WRK ORDR" column). A complete list of Routing Identifier codes is provided in the Naval Supply Procedures 485 (NAVSUP P-485), Volume II, Appendix 7. This column will be left blank when the "Document Number or TRVL ORDR NR" column shows a travel order number.

R. MD - If the item has been shipped, the code entered in this column shows the mode of shipment. An asterisk (*) appearing in this column indicates that final charges for a service requisition or travel order have been received and that the requisition will not be shown on the next QRR.

S. SHPMNT SER NR OR CNTRT/WRK ORDR - This column shows the number that identifies the shipping document used to ship material to the customer. Examples of some types of shipping documents are:

- Commercial Bill of Lading (CBL)
- Transportation Control/Movement Document (TCMD) (the identifying number of a TCMD is sometimes abbreviated "TCN" for "Transportation Control Number")
- Waybill
- Manifest

If material has not been shipped, an entry will appear in this column only if a contract, work request, or purchase order has been issued to perform the services or provide the material specified on the requisition. In such instances, the entry in this column will be the identifying number of the applicable contract, work request, or purchase order.

T. Unit Price - The entry in the "Unit Price" column shows either the cost of each Unit of Issue of the material being supplied or the cost of the services being provided. The word "SUBALLOTMENT" in this column indicates that funding (and administrative responsibility for the funding) has been transferred from one U.S. Navy activity to another. This column will be left blank when the "Document Number or TRVL ORDR NR" column shows a travel order number or a requisition for services.

- U. Extended Price - The entry in this column shows the total dollar value of material or services being supplied under the requisition identified in the "Document Number or TRVL ORDR NR" column. For those items with "Suballotment" in the "Unit Price" column, the "Extended Price" column shows an estimate of the total cost of the service or material. The amount shown in the "Extended Price" column may differ from the amount actually charged to the FMS customer. This difference can be caused by such factors as unit price changes or the need to issue a minimum quantity due to automatic adjustment to unit of issue pack. When the "Document Number or TRVL ORDR NR" column shows a travel order number, the amount entered in the "Extended Price" column will be the total travel cost.
- V. Totals - All "Case," "CSD," and "Country" total figures apply only to requisitions against FMS cases administered by NAVICP-OF.
1. **Case Totals** - Requisitions reported on the QRR are grouped together by FMS case. At the end of each FMS case reported on the QRR, there is a "Case Totals" line. This line shows the total number of open, canceled, and shipped requisitions reported for that case. It also provides the total dollar value of each of these categories of requisitions. (After the "Case Totals" line, there is a page break; the next case being reported will start on a new page.)
 2. **CSD Totals** - Just as requisitions are grouped by FMS case, FMS cases are grouped by CSD (i.e., Navy, Army, or Air Force). At the end of each CSD, there is a "CSD Totals" line. This line shows the total number and dollar value of all open, canceled, and shipped requisitions reported for that military service. After the "CSD Totals" line, there is a page break; the next military service being reported will start on a new page.
 3. **Country Totals** - At the end of the QRR, there is a "Country Totals" line. This line shows the total number and dollar value of all open, canceled, and shipped requisitions for all the military services reported. The "Country Totals" line provides a grand total of all the "CSD Totals" reported for each category of requisition (open, canceled, and shipped).

090203 QRR Asset Drawdown Supplement

A special listing is attached to each QRR. It is called the "QRR Asset Drawdown Supplement." It looks the same as the QRR, but lists only requisitions being filled through Asset Drawdown procedures.

In Chapter 2, the Asset Drawdown procedure was defined as one means of supplying an item to an FMS customer. It was explained that this procedure generates two requisitions and two billings. For this reason, two lines appear on the QRR Asset Drawdown

Supplement for each item being reported. The first line is the material line showing the U.S. Navy-owned asset that is to be repaired. The second line is the service line showing the actual repair of the Not Ready for Issue (NRFI) asset. Both of these lines will remain on the report until one of the following conditions exists:

- The material and the service lines are coded as both shipped and billed.
- Asset drawdown "R" coding is removed from the material line, or the service line, or both. This will occur when an item manager decides that the asset drawdown procedure is no longer needed to supply the item. It will also occur when a requirement is canceled. When asset drawdown "R" coding is removed from a material/service line, the following message will appear on the report: "Requisition is no longer being supplied under Asset Drawdown."

There may be times when a material line appears on the QRR Supplement without a corresponding service line. This will happen when the service line has not yet been established. When this happens, the following message will appear on the report: "Service requisition in process of being established at NAVICP-OF." This message will appear next to the Document Number for the service line. Since the service line has not yet been established, an "artificial" Document Number will be shown. When the service line is established, the report will show the actual Document Number.

As with the QRR, either the abbreviation "SHPD" or the abbreviation "CANC" will appear in the "Item Name" column of the QRR Asset Drawdown Supplement to show the status of the applicable requisition.

090204 Use of QRR Reports

Examples of how the FMS Quarterly Requisition Report and the QRR Asset Drawdown Supplement may be used are provided below:

- Assume that a requisition has been submitted to NAVICP-OF and no acknowledgement status is received. If the requisition appears on the next QRR or Asset Drawdown Supplement, this confirms that NAVICP-OF has received and recorded the requisition. There is no need for the customer to follow up with NAVICP-OF to confirm receipt of the requisition.
- Shipping information provided in the reports can help the FMS customer plan for receipt of material. It can be used to trace missing shipments or monitor freight forwarder performance.

- Because all status information for requisitions under a given FMS case is displayed in the same place in these reports, the customer will find it easier to review the progress of groups of requisitions that may affect the support of specific systems or equipment.

090205 FMS Quarterly Case Status Report

The FMS Quarterly Case Status Report (Figure 9-2) shows the financial status of the customer's FMS cases. It lists all push and pull cases that are open, reopened, and submitted for closure. It also shows the amount of funds used and the balance of funds available for future use for each case listed. This report is mailed along with the QRR.

090206 Closure of Stagnant FMS Pull Requisitions Report

The Closure of Stagnant FMS Pull Requisitions Report shown in Figure 9-3 lists customer initiated requisitions that are at least two-years-old and are not coded as shipped or canceled. A cover letter (Figure 9-4) is sent along with the report asking the FMS customer to annotate the report with disposition instructions and return it to NAVICP-OF. Based on the advice of the FMS customer, the requisitions listed on the report will either be coded as shipped or will be canceled. This report is produced twice a year and is mailed along with the QRR.

Figure 9-1 Quarterly Requisition Report

ANEW PAGE
IS STARTED FOR
EACH NEW CSD
AND EACH NEW CASE.

VFH2008G 90201 1413018

FMS QUARTERLY REQUISITION REPORT

COUNTRY: LATONIA ~~CSD: NAVY CASE: BEC~~ AS OF 30 JUNE 1990 PREPARING ACTIVITY: NAVICP

DOCUMENT NUMBER OR TRVL ORDER NR	STOCK NUMBER	ITEM NAME	UI	R	QUANT	DC	PRJ CD	PRI	EAD	ST CD	STAT DATE	R/I	M	SHPMT CNTRT/WRK	SER NR	OR	UNIT PRICE	EXTENDED PRICE
PLT54400380002	ENG. SERVICES		SR			F2H	P35	14	91263	BV	90174	N24			WR-5-0346			5,000.00
PLT04491310012	1350009755120	SHPD	EA		20	F2H					90162	P79	G		32470002		71.10	1,422.00
N0001989TO10225	EXPD		SR	R							90270		*					1,800.00
PLT04401230003	RPWW2366-1	CANC	EA		1	F1A		15		BQ	9099	N35			N10479C8004		900.00	900.00
PUK74401337005	6615005010554	SHPD	EA	R	1	F2R	CK1	13			90272	NDZ	H					3,399.00
PUK74401337005A	6615005010554	SHPD	EA	R	1	F2R	CK1	13			90272	NDZ	B		IDB#N32K0961228			536.80
CASE TOTALS	***** OPEN REQUISITIONS *****	***** CANCELLED REQUISITIONS *****	***** SHIPPED REQUISITIONS *****															
	COUNT 2	DOLLAR VALUE 5,800.00	COUNT 1			DOLLAR VALUE 900.00	COUNT 3											DOLLAR VALUE 5,357.80
CSD TOTALS	***** OPEN REQUISITIONS *****	***** CANCELLED REQUISITIONS *****	***** SHIPPED REQUISITIONS *****															
	COUNT 2	DOLLAR VALUE 5,800.00	COUNT 1			DOLLAR VALUE 900.00	COUNT 3											DOLLAR VALUE 5,357.80
COUNTRY TOTALS	***** OPEN REQUISITIONS *****	***** CANCELLED REQUISITIONS *****	***** SHIPPED REQUISITIONS *****															
	COUNT 2	DOLLAR VALUE 5,800.00	COUNT 1			DOLLAR VALUE 900.00	COUNT 3											DOLLAR VALUE 5,357.80

PART
NUMBER

TRAVEL
ORDER

SERVICE

Figure 9-2 (1 of 2)
The FMS Quarterly Case Status Report

YFHI2018G 90201 1433.10	FMS Quarterly Case Status Report	Page 1
	AS OF: 18 JULY 1990	PREPARING ACTIVITY: NAVICP-OF
LEGEND		
<u>HEADING</u>	<u>EXPLANATION</u>	
Country	Country Name	
CSD	Customer Service Designator	
Case Type	PUSH or PULL Case	
FY	Fiscal Year of Case	
EXP-Date	Expiration Date (Date that the case expires for Requisitioning)	
CL-STAT	Closure Status • OPEN = Not Submitted for Closure • ROPN = Reopened - Case previously reported as closed by NAVICP-OF and SAAC • SUBM = Submitted by NAVICP-OF for closure	
CL-DATE	Closure Date: Julian date the case was: • Submitted by NAVICP-OF for closure, or • Closed on NAVICP-OF files • Otherwise this field is zero-filled	
OPN-CNT	Open requisition count (sum of "unshipped" counts from all RSN records for the case)	
NET-CASE-VALUE	Net Case Value	
AUTH-VALUE	Obligational Authority received by NAVICP-OF to date (GLA-1031)	
FUNDS-UTILIZED	Dollar value of orders placed ply funds reserved (GLA-3210 subtracted from GLA-1031)	
AVAIL-BALANCE	Dollar value available for requisitioning (GLA-3210)	

Figure 9-2 (2 of 2)
The FMS Quarterly Case Status Report

YFH2018G 90201 1433.10	FMS Quarterly Case Status Report				Page 2				
AS OF: 18 JULY 1990				PREPARING ACTIVITY: NAVICP-OF					
COUNTRY: LATONIA		CSD: NAVY		CASE TYPE: ALL IMPLEMENTED CASES					
Case	FY	EXP-Date	CL-STAT	CL-Date	OPN-CNT	Net-Case-Value	AUTH-Value	Funds-Utilized	Avail-Balance
LAE	85	86273	OPEN	89194	2	134,804.00	133,234.12	115,396.53	17,837.59
LAF	86	87304	OPEN	89213	9	157,148.00	155,461.66	157,148.00	1,686.34
LAG	87	88274	OPEN	89304	15	178,774.00	177,780.60	178,848.00	1,067.40
LAH	89	90273	OPEN	00000	26	215,018.00	215,018.00	218,539.99	3,521.99
SAB	84	86243	OPEN	90040	0	147,936.00	145,885.51	143,150.43	2,735.08
SAC	86	88174	OPEN	89305	0	105,000.00	103,635.86	103,635.86	.00
SAD	87	88274	OPEN	89194	0	106,796.00	105,434.51	102,904.07	2,530.44
SAE	88	89365	OPEN	00000	4	203,890.00	203,890.00	71,738.21	132,151.79
Summaries on Country/CSD:			AC Latonia		NAVY		All Implemented Cases		
Country/CSD Totals			Open Cases Count: 8			Open Net Case Value: 1,249,366.00			

**Figure 9-3
Closure of Stagnant FMS Pull Requisitions Report**

YFH2023G 90201 1824.24	Closure of Stagnant FMS Pull Requisitions Report										Page 1		
AS OF: 20 JULY 1990					PREPARING ACTIVITY: NAVICP-OF								
Country: LATONIA CSD: Navy Case: LLL													
Document Number	Stock Number	UI	Quant	COG	PRJ CDE	PRI	EAD	ST CD	STAT DATE	R/I	UNIT PRICE	EXTENDED PRICE	ACTION
PLA04V71420262	5935012267816	EA	20	9N		13	90129	BV	89090	S9E	\$ 19.44	\$388.80	
PLA04V72950141	5365011889690	EA	100	9Z		13	90167	BB	90017	S9I	\$ 22.17	\$2,217.00	
PLA04V73380017	5306011697232	EA	46	9Z		13	88129	BB	87344	S9I	\$ 84.94	\$3,907.24	
PLA04V73380017	5306011697232	EA	32	9Z		13	88129	BB	87344	S9I	\$ 84.94	\$2,718.08	
PLA04V73410039	5305011396782TN	EA	500	IR		13	00000	BM	90162	NBZ	\$ 12.50	\$6,250.00	
PLA04V73440194	5310011460177TN	EA	6695	IR		13	00000	BM	90006	NDZ	\$ 00.46	\$3,079.70	
PLA04V7348003E	6610005267852	EA	1	IR		13	00000	BM	89106	NNZ	\$ 99.00	\$99.00	
PLA04V80700682	6220011403795	EA	3	IR		13	00000	BM	88174	Q16	\$323.00	\$969.00	
PLA04V80710555	5320012103944	EA	100	9Z		13	88091	BD	88081	S9I	\$ 14.95	\$1,495.00	
PLA04V80710556	5320012103944	EA	100	9Z		13	88091	BD	88081	S9I	\$ 14.95	\$1,495.00	
Case Totals:		10 Requisitions				Total Requisition Dollar Value:				\$22,618.82			
CSD Totals:		28 Requisitions				Total Requisition Dollar Value:				\$64,068.46			
Country Totals:		28 Requisitions				Total Requisition Dollar Value:				\$64,068.46			

Figure 9-4
Cover Letter to the Closure of Stagnant FMS Pull Requisitions Report

CLOSURE OF STAGNANT FMS PULL REQUISITIONS

AS OF 20 JULY 1990

From: Commander, Naval Inventory Control Point

To: Latonia/Navy

Ref: (a) NAVICP-OF ltr P753/022, 4920 Ser 75003 of 5 Feb 85

1. Reference (a) advised FMS customers that listings of stagnant "Pull" requisitions would be provided periodically. Your listing is provided herewith. Please review the listing and annotate each requisition with the letter "A," "B," or "C." A column on the report, entitled "Action," is provided for this purpose. The responses corresponding to letters "A," "B," and "C" are as follows:

- "A" = I have received the material ordered against the requisition. Please complete the requisition and bill me.
- "B" = I have not received the material ordered against the requisition. I still require the material. Please complete the requisition and bill me.
- "C" = I have not received the material ordered against the requisition. Please cancel the requisition. If I still require the material, I will re-order it under a current case and will submit a new requisition.

2. The annotated listing should be returned to NAVICP-OF within 90 days of receipt; otherwise, the requisitions will be canceled. The mailing address is:

Naval Inventory Control Point, International Programs Directorate
ATTN: Code P753
700 Robbins Avenue
Philadelphia, PA 19111-5098

3. If you need more than 90 days to complete your review, please notify your NAVICP-OF Country Manager (CM).

CHAPTER 10 - FREIGHT FORWARDER GUIDANCE

SECTION 1001 - INTRODUCTION

100101 Freight Forwarders

Freight forwarders are companies that offer services such as receiving, consolidating, and staging material within the United States and arranging for its shipment to the FMS customer's country. Freight forwarders are private firms that have contracts directly with FMS customers. Freight forwarders are not carriers (i.e., rail, truck, or shipping companies). For information concerning carriers, contact the U.S. Military Traffic Management Command (MTMC). See Appendix C for a complete address. Freight forwarder companies play a key role in the delivery of Foreign Military Sales (FMS) material to FMS customers. However, it is important to note that the freight forwarder is an agent of the FMS customer and is not a part of the U.S. Navy supply system. Material is shipped to a freight forwarder using U.S. supply system procedures. Therefore, customers should ensure that their freight forwarder understands these procedures. This chapter provides information regarding some of these procedures and will be helpful to the customer in selecting and evaluating qualified freight forwarders. Figure 10-1 illustrates the flow of FMS material shipments to the customer via a freight forwarder.

100102 Release of Material to Freight Forwarders

When FMS requisitions are received by NAVICP-OF, they are recorded in the MISIL database and forwarded to the appropriate U.S. inventory (or item) manager. The inventory manager determines whether the required material is available. If the material is available in the U.S. Government supply system, the inventory manager directs the stock point to release the material for shipment to the customer's freight forwarder. If the material is not available from U.S. Government stocks, the item manager either back orders the material or directs a purchasing agent to buy it from a contractor. The contractor then ships the material to the appropriate freight forwarder.

Regardless of the source of supply (stock or procurement), the source of supply is responsible for the proper packaging and marking of the FMS material. Material must be properly packaged for overseas shipment and the shipping containers will be marked to show:

- FMS case designator
- Requisition document number
- UMMIPS priority number
- "Shipped from" address
- "Shipped to" address

- Ultimate consignee address if applicable (coded and clear text)
- "Mark For" address (if applicable)

When Hazardous Material is shipped, the documentation will include a Hazardous Material Certification. The material must also be properly packaged for air or surface shipment. Information on air versus surface shipment to the overseas destination should be provided by the freight forwarder on the reply to the Notice of Availability. More information about the Notice of Availability is contained later in this chapter.

The source of supply also arranges for the transportation of the material to the customer's freight forwarder. The freight forwarder is identified by interpreting the codes entered by the customer on the Letter of Offer and on the requisition document. The mode of shipment depends on the requisition priority and the type of material being shipped.

100103 Transfer of Title to the FMS Customer

It is important to note (as shown in Figure 10-1) that title (ownership) of material is transferred to the FMS customer at the initial point of shipment. This includes material transported by the Defense Transportation System. This transfer occurs when the source of supply releases material for shipment to the customer's freight forwarder. At this point, the U.S. Government's responsibility for the material normally ends.

100104 Proof of Shipment

FMS customers are billed for material based on proof that the material has been shipped to them. For U.S. Government sources of supply, a completed, signed DD Form 1348-1, DOD Single Line Item Release/Receipt Document, proves that the material was picked up for delivery to the customer's freight forwarder. For commercial suppliers, proof of shipment is provided by a completed, signed DD 250, Material Inspection and Receiving Report. These forms are discussed in detail later in this chapter.

100105 Discrepancies

Freight forwarders and FMS customers should deal directly with carriers for discrepancies, such as when material is lost or damaged while in transit from the supply source to the freight forwarder. Because of the transfer of title rule above, the U.S. Government is not responsible for these types of discrepancies.

According to U.S. Interstate Commerce Commission regulations, freight forwarders must note carrier discrepancies on the receipt document. The freight forwarder may then refuse or accept delivery of the material. The freight forwarder may also accept delivery on an exception basis, with the extent of damage or loss carefully noted on the receipt document. If the freight forwarder refuses a shipment, a claim must be made against the

carrier within 120 days. If delivery is accepted, the claim must be registered within two years.

Although the source of supply is not normally responsible for carrier discrepancies, they are responsible for shipper discrepancies, including shortages due to improper counts, duplicate shipment, and damages prior to shipment. The FMS customer must deal directly with NAVICP-OF in these cases. Detailed procedures for processing discrepancies are discussed in Chapter 7.

SECTION 1002 - PROCEDURES

100201 Shipments to Freight Forwarders

FMS material is shipped to the freight forwarder from either U.S. Government or commercial contractor sources of supply. These shipments are made according to one of the provisions listed below:

- A. Automatic Shipment - An automatic shipment is released to a carrier for transportation to the freight forwarder when the material becomes available.

- B. Shipment After Receipt of a Notice of Availability Response - This type of shipment is held at the source of supply. A Notice of Availability (NOA) informs the freight forwarder that the material is ready for shipment. When the freight forwarder is ready to accept the material, the freight forwarder provides specific instructions to the supply source.

100202 Notice of Availability (NOA)

As discussed in Chapter 2, the FMS Offer/Release Option Code determines which of the above methods will be used. This code is cited on page 2 of the Letter of Offer and is entered in rp 46 of the customer's requisition. An NOA is prepared on DD Form 1348-5, Notice of Availability/Shipment. Figure 10-2 shows an example of a manually prepared NOA. FMS Offer/Release Option Codes available for use by FMS customers are summarized below:

<u>Code</u>	<u>Explanation</u>
A	Indicates that the shipment will be released to the freight forwarder automatically as soon as material becomes available.

- Y Indicates that an NOA will be provided to the freight forwarder prior to actual shipment. If shipping instructions are not received within 15 days, however, the material will be released to the freight forwarder.
- Z Indicates that an NOA will be provided to the freight forwarder and that the shipment will be held until shipping instructions are received. The NOA will request that the freight forwarder provide a specific shipment destination and specific shipment instructions. The customer may be billed for storage costs if the freight forwarder does not respond promptly.

There are two exceptions to these general rules. One exception occurs when shipment includes material that is dangerous, hazardous, or sensitive. Such material normally requires a high degree of control within the United States, but does not require an export license. When shipments include this kind of material, an NOA will be sent to the freight forwarder regardless of the entry in record position 46 of the requisition. These shipments will be held until shipping instructions are received from the freight forwarder.

The second exception occurs when an unclassified shipment is designated for delivery by parcel post or small parcel delivery service. When this condition exists, the shipment will normally be released automatically, without an NOA, regardless of the entry in record position 46 of the requisition. Shipment of material that is classified or hazardous always requires the use of an NOA. Classified FMS shipments are covered in Chapter 6.

100203 Freight Forwarder Code/Type of Address Code

The MAPAD provides addresses for freight forwarders. A Military Assistance Program Address Code (MAPAC) is assigned for each Freight Forwarder Code. The specific address to which material and documentation are provided is identified by the Type of Address Code (TAC) within the MAPAC. Authorized TACs and the addresses they represent are shown below:

<u>Code</u>	<u>Identifies Address For</u>
TAC 1	Small parcel deliveries
TAC 2	General freight deliveries (other than small parcels)
TAC 3	NOA deliveries
TAC 4	MILSTRIP status document deliveries
TAC 5	Small parcel documentation deliveries
TAC 6	General freight documentation deliveries (other than small parcel)

Note: Unique requirements must be covered by Special Instruction Indicators (SIIs). The FMS customer must ensure that all special instructions are complete and up-to-date.

Whenever a Notice of Availability (NOA) is required, the FMS Offer/Release Option Code, together with the Freight Forwarder Code, is used to determine where to send the NOA. For example, FMS Offer/Release Option Code "Y" would indicate that a NOA will be provided. TAC 3 of the MAPAC (and the appropriate SII within TAC 3, when applicable) identifies the address to which the NOA will be sent. When there is more than one address having the same TAC and MAPAC, check the SII to see which address to use.

TAC A (for small parcel shipments) and TAC B (for surface or air freight shipments) require specific authorization before they may be used. These codes identify addresses of freight forwarders cleared to receive classified material. A freight forwarder must have a security clearance to handle classified material.

There are two special FMS Offer/Release Option and Freight Forwarder code combinations that may sometimes be used in rp 46-47 of a requisition. These codes may be used only when unusual circumstances are involved and when specifically authorized by the applicable LOA. These codes are described below:

<u>Code</u>	<u>Action</u>
XX	Shipment will be made directly to the in-country destination identified by the character (other than zero) entered in record position 33 of the requisition. The LOA must provide for reimbursable transportation costs.
XW	Use of this code indicates that the "Ship To" address is not listed in the MAPAD. Whenever this code is used, "clear text" shipping instructions must be identified in the "Remarks" area of the requisition. These instructions must also be specifically identified on the LOA. (Clear text means that the requisitioner must spell out the entire address. Do not use abbreviations.)

100204 Shipment Unit and Accompanying Documentation

A shipment unit consists of one or more items assembled into a single transportable unit. This unit becomes the basic entity for control throughout the transportation cycle. A DD Form 1348-1 (See Figure 10-3) will accompany each line item in a shipment unit. The DD Form 1348-5 (See Figure 10-2) is used as a cover document for each shipment unit. Together, these documents comprise the original NOA. Shipments from procurement may use DD Form 250, Material Inspection and Receiving Report (see Figure 10-4), or other authorized documents, instead of DD Form 1348-1.

100205 Freight Forwarder Replies to NOAs

The freight forwarder is required to provide shipping or other instructions after receipt of an original NOA. Freight forwarder replies to an NOA should provide the following minimum information:

- Activity preparing the response
- Notice Number
- FMS case designator
- Authorization to release the shipment unit to the "ship to" address in the MAPAD and the date on which it should be released
- Date on which the material is to be shipped to or picked up by the freight forwarder
- Complete name and address of the consignee (except when the freight forwarder will pick up the material)
- Special instructions if the freight forwarder plans to pick up the material
- Certification Required: Enter ICAO/IATA if the freight forwarder plans to complete delivery by air; enter IMDG if they plan to complete delivery by surface carrier. This data is very important and must be included to be sure that the shipper correctly packages and certifies the shipment.

100206 Types of NOAs

There are two types of NOAs, one that does **not** require an export release and one that **does** require an export release. An export release is routing authority to load, tender, and move certain categories of shipments, such as hazardous or classified material. (Ammunition is one example.) The NOA that requires an export release will show the words "Export Release Required" in the lower left corner of the DD Form 1348-5. When an export release is required, the freight forwarder will provide specific consignment instructions, when applicable. The freight forwarder will then coordinate these instructions with the MTMC. When an export release is required, the shipment will be held until release authority and shipping instructions are provided. If shipping instructions are not provided within 15 calendar days after the date of the NOA, the shipping activity will make a follow-up to the freight forwarder.

The freight forwarder reply to an original NOA without an export release requirement will be made by inserting shipment release instructions on the third copy of the DD Form 1348-5. This copy will be returned to the issuing activity.

100207 Freight Forwarder Rejection of a Shipment

There may be times when a freight forwarder replies to an NOA by rejecting the shipment because the shipment unit contains an overage or duplicate shipment. When the freight forwarder rejects such a shipment, the shipper will remove the rejected material from the shipment unit and prepare a new NOA. This type of reply must include the following information:

- NOA number
- FMS case designator
- Name of the activity that prepared the reply
- Clear text address of the activity to receive the reply
- MILSTRIP requisition document numbers that identify the discrepant material

100208 Shipments from Government Sources

FMS material shipped from U.S. Government sources of supply will be documented on DD Form 1348-1, DOD Single Line Item Release/Receipt Document. This document contains MILSTRIP codes that describe the initial requisition and shipping information. Figure 10-3 shows a DD Form 1348-1 with notes to explain the data elements of importance to freight forwarders.

For parcel post shipments, one copy of the original set of documents will be attached to the outside of the container. The remaining copies will be packed inside. If the container is not large enough for documentation to be attached, all copies will be placed inside.

100209 Shipments from Contractors

Shipments from contractors are made as a result of U.S. Government contract requirements. The contractor is instructed to ship the material to the address indicated by the codes entered on the LOA and defined in the MAPAD. A government inspector will normally certify the material as satisfactory prior to shipment.

FMS material shipped by commercial contractors will usually be documented by a DD Form 250, Material Inspection and Receiving Report. Freight forwarders will normally receive four copies of the DD Form 250 with the material. One of these copies will be attached to the outside of the shipping container. Since the DD Form 250 is often the

only documentation provided for contract material, freight forwarders should be familiar with the information on the form so that the freight forwarder will be able to identify the material for onward shipment to the FMS customer. Figure 10-4 shows a DD Form 250 for FMS material.

100210 Misdirected Shipments

Occasionally, freight forwarders may receive shipments from a U.S. Government or contractor supply source that were supposed to be sent somewhere else. When this happens, the freight forwarder should contact NAVICP-OF for disposition instructions. A copy of the DD Form 1348-1 or the DD Form 250 should be provided to NAVICP-OF.

100211 Transportation Priorities

Requisition processing and the issue, packing, and transportation of material throughout the U.S. supply system is governed by UMMIPS. This system ensures that more urgent requirements are filled first. FMS customers must follow UMMIPS guidelines. Under UMMIPS there are three categories of priorities. These are called UMMIPS Issue Groups and are designated as follows:

<u>UMMIPS Priority</u>	<u>Issue Group</u>
01, 02, 03	I
04, 05, 06, 07, 08	II
09, 10, 11, 12, 13, 14, 15	III

An address label or a DD Form 1387, Military Shipment Label, is attached to the outside of the shipping container for material shipped from a U.S. stock point. A copy of a DD Form 1348-1 or 1348-1A is also attached to the shipping container. This document shows the UMMIPS priority designator in rp 60 and 61. For shipments with a DD 1387 attached, the priority is shown in larger print on the right side of the label.

100212 Special Markings for Consolidated Shipments

Shipping activities (contractors, U.S. Government activities, etc.) are responsible for the proper packing and marking of FMS material. It is common practice to ship several items ordered on two or more requisitions in a single container. This practice is called a consolidated shipment. Chapter 7 warns the customer that the outside of a consolidated shipment container may show the document number (referred to as the "lead document number") of only one of the requisitions that applies to the material inside. Chapter 7 further warns that the customer may submit invalid an SDR if the container is not opened and checked as soon as it is received.

There are two categories of consolidated shipments, shipments of related items and shipments of unrelated items. When an assortment of related items is packed in a single container, the gross weight and cubic volume are marked on the container. In addition, a brief description of the contents is shown instead of the identification data normally required for individually packed items. An example of such a description follows:

repair parts for pump, centrifugal,
2-inch disc, gas engine Jaeger
2-APS-1, 55 GPM, Ser 12345

Note that the items packed in this container are related because they are all repair parts for the same parent equipment (in this example, a specific centrifugal pump). Kit or set components are normally segregated and identified within the container by part number and/or National Stock Number (NSN).

When an assortment of unrelated items is packed in a single container, the word "Multipack" should be marked on the outside of the container. In addition, the level of packing, gross weight, and cubic volume are marked on the outside of the container instead of the identification data normally required for individually packed items. An example of the exterior markings for a consolidated shipment of unrelated items follows:

MULTIPACK
A/12/77
WT 100- CU4

100213 Distribution of Documentation for Consolidated Shipments

For consolidated shipments, the Single Line Item Release/Receipt Document (DD Form 1348-1) is distributed in one of two ways. For disposable shipping containers, the number 2 and 3 copies will be attached to the shipment pack applicable to each individual requisition and placed on the outside of the shipping container. When a shipping container is also used as a storage container, the number 2, 3, and 4 copies will all be inserted in the plastic envelope attached to the outside of the shipping container.

SECTION 1003 - AREAS OF SPECIAL INTEREST

100301 General

The purpose of this section is to describe three types of material that may be of special interest to freight forwarders since processing procedures and responsibilities will differ slightly for each of these types of material. These are:

- Repairables
- Publications
- Classified material/classified publications

100302 Repairables Processing

Many items can be repaired when they become unserviceable. The FMS customer ships an unserviceable item to the U. S. The unserviceable item is repaired in the U. S. and returned to the FMS customer country in serviceable condition. The repaired item is shipped to the customer's freight forwarder and processed like any other FMS material. Repairables processing procedures are discussed in detail in Chapter 5.

100303 Publications

FMS customers often request special handling of publications that are urgently needed. The exact level of special handling to be provided depends on the agreement between the FMS customer and the freight forwarder. These special handling services often include:

- Unique, conspicuous markings and labeling of the exterior packaging of publications for shipment to the FMS customer
- Reduced time frames for the processing and reshipment of publications
- Use of special methods for shipping publications

100304 Classified Material/Classified Publications

Publications may also require special handling because of their security classification. To handle classified material/classified publications, freight forwarders must meet certain requirements. First, and most important, freight forwarders must obtain the proper certification, or "clearance," for their company and facilities. Procedures for doing this are described below. In addition, freight forwarders must be able to provide proper physical security for the classified material/classified publications being handled and be able to identify classified material/classified publications when they are received.

100305 Security/Pilferage Codes

Classified material/classified publications can be identified by the appearance of a "Security/Pilferage Code" in block "N" of the DD Form 1348-1 sent with the classified material/classified publications. This one-letter code shows that the shipment is classified. It also indicates the level of classification involved, as described below:

- “Confidential” - Codes "A," "B," "C," and "D"
- “Secret” - Codes "E," "S," "G," and "H"
- “Top Secret” - Codes "F," "K," "L," and "T"

Freight forwarders and FMS customer personnel receiving material/publications should carefully examine the DD Form 1348-1. If this examination shows that the material/publications are classified, proper care must be taken at all times during the shipping and storage process to protect the classified material/classified publications.

100306 How to Obtain a Freight Forwarder Security Clearance

The LOA states that an FMS customer must provide the same degree of protection of classified material/classified publications as provided by the U.S. Government. This requirement is designed to prevent unauthorized persons from gaining access to classified material/classified publications.

The customer's freight forwarder is also required to protect classified material/classified publications being held for shipment. To handle such shipments, the freight forwarder must get a security clearance. This clearance is granted based on a detailed onsite inspection of physical security conditions at the freight forwarder's facility. The inspection is conducted by representatives of the applicable Defense Investigative Service Region (DISR). The steps for obtaining a security clearance for a freight forwarder's facility are summarized in Figure 10-5. These steps normally take several months to complete. Therefore, freight forwarders should submit requests for security clearances as soon as a requirement is identified. These steps are as follows:

- A. Letter of Authorization To Act as a Designated Representative of the FMS Customer Country - The freight forwarder must be assigned responsibility for the FMS customer's classified material/classified publications until the customer receives them. This responsibility must be assigned in a letter from an authorized individual (for example, the senior logistics commander in the FMS customer's military service). This letter must authorize the customer's freight forwarder to receive, store, and handle shipments of classified material/classified publications. It must be sent to the Defense Logistics Standard System Office (DLSSO), Cameron Station, Alexandria, Virginia, 22304. A copy must be provided to the DISR office responsible for certifying the freight forwarder's security clearance.
- B. Onsite Inspection of Freight Forwarder's Facility for Safeguarding Classified Material/Classified Publications Shipments - To get a security clearance, the freight forwarder's facility must meet the physical protection requirements listed in the Department of the Navy Information Security Program Regulation, OPNAV Instruction 5510 series. Therefore, the freight forwarder's facility must first be inspected. To get a freight forwarder's facility

inspected, the U.S. military representative of the FMS customer country (for example, the Defense Attaché) must write a letter to DLSSO requesting an onsite inspection of the facility. This request will be reviewed by a DLSSO representative and sent to the appropriate DISR headquarters.

- C. Security Clearance Formally Certified by DISR - First, a freight forwarder must document the procedures, equipment, facilities and personnel that will be used to protect classified material/classified publications. These procedures must be reviewed and approved by the DISR representative before certification is granted. All actions required for the physical protection of the classified material/classified publications must be completed. Any discrepancies noted in the onsite inspection report must be corrected. When all requirements have been met, the DISR will certify a security clearance for the freight forwarder's facility.
- D. Personnel Security Clearance - Besides obtaining a certified security clearance for their facility, freight forwarders must obtain clearances for all personnel who will be involved with the receipt, storage, or shipment of classified material/classified publications. This requirement applies to managers, supervisors, warehouse workers, guards, and anyone else responsible for or having access to classified material/classified publications. Requests for personnel security clearances should be sent to DLSSO. DLSSO will send the requests to the appropriate DISR office for review.
- E. Letter of Clearance/MAPAD Update - After the DISR representative has cleared the freight forwarder's facility, this representative will send a Letter of Clearance to DLSSO. The DISR representative will also send a copy of this letter to the FMS customer representative. When DLSSO receives the letter, they will notify the Defense Automatic Addressing System Center (DAASC) that the freight forwarder's facility has been granted a security clearance. DAASC will then make the appropriate changes to the MAPAD to reflect the freight forwarder's security status.

100307 Transportation Plan for Classified Shipments

When the customer plans to ship classified material/classified publications through a freight forwarder, an approved transportation plan must be included in the customer's security arrangements. This plan must be submitted to and approved by the U.S. Navy before material can be sent to the customer's country. The transportation plan must include, as a minimum, the provisions listed in Figure 10-6.

100308 Evaluation of Freight Forwarder Performance

FMS customers must periodically evaluate their freight forwarders' performance. When doing this, the customer may wish to consider the following elements:

- Transit time for delivery of material from the freight forwarder's facility to the customer's country
- Accuracy and timeliness of the freight forwarder's tracking and reporting system
- Timeliness of the freight forwarder's responses to customer's requests for tracer action or follow-up information
- Effectiveness of material consolidation and containerization to prevent loss, damage, and pilferage
- Amount of loss or damage caused by the freight forwarder or his agents/carriers
- Effectiveness in filing claims for loss or damage for the customer and in reporting any amounts collected as a result of processing such claims
- Compliance with special instructions
- Timeliness of responses to NOAs to prevent delays in delivery and storage costs
- Comparison of overall costs of high tariff carriers with low damage/claims ratios to low tariff carriers with high damage/claims ratios when selecting carriers
- Accuracy and consistency of freight forwarder billing procedures (for example: billing by transaction, tonnage, volume, case value, commodity, time frame, or other arrangements negotiated with the customer)
- Compliance with U.S. Government classified material storage and movement requirements

100309 The U.S. Navy Freight Tracking Program

The primary goal of the U.S. Navy Freight Tracking Program is to improve logistics support to FMS customers for cases managed in MISIL. Before this program was implemented, material movement information was available only up to the point of title transfer. This is normally the point at which material was shipped to the FMS customer or their freight forwarder. Under the Navy Freight Tracking Program, material movement data is recorded at each of the following key points:

- When the U.S. initiates shipment to the customer or freight forwarder
- When the freight forwarder receives material
- When the freight forwarder ships material to the FMS customer
- When the customer's country receives material

This data will enable the Navy supply system to provide FMS customers with reports that can be used to identify and correct problem shipments (such as overdue shipments). Before this program was implemented, shipment information was provided only through MILSTRIP status and quarterly shipment reports. Under the Navy Freight Tracking Program, monthly reports will be provided based on the data provided from the above sources.

FMS customers must understand that this data can be entered into the MISIL system only if it is provided by the FMS customer and their freight forwarder(s). It is also important to note that the reports produced will be only as accurate as the information provided. (If, for example, no information or inaccurate information is provided when a shipment is made, the monthly reports may incorrectly show that the shipment is overdue.)

The FMS customer and the freight forwarder can provide information to the U.S. Navy electronically via ILCS. FMS customers or freight forwarders that do not have access to ILCS may provide the information on diskettes. All data provided to the U.S. Navy must be submitted in one of the eighty-position formats shown in Figures 10-7 through 10-12.

100310 Providing Information to the FMS Customer

The data provided to the U.S. Navy will be distributed through DAASC as status transactions. It will be sent to the address designated in the MAPAD to receive status. This system can also send copies of this status information to additional addresses not listed in the MAPAD. When each country registers to participate, it must identify these additional addresses. The U.S. Navy will then assist each country in coordinating this information with DAASC.

In addition to providing status of the transactions shown in Figures 10-7 through 10-12, the Navy Freight Tracking Program provides three special reports to FMS customers each month. These reports are provided free. They are organized by FMS case designator and

provided for all open cases managed in MISIL (unless the customer makes other arrangements). These reports identify:

- Material that was shipped by the U.S., but has not been reported as received by the freight forwarder 30 days after shipment (Figure 10-13)
- Material that has been received by the freight forwarder, but has not been shipped to the customer 30 days after receipt (Figure 10-14)
- Material that was shipped by the freight forwarder, but has not been received in the customer's country 60 days after shipment (Figure 10-15)

100311 Freight Tracking for Repairables

Single Transaction (RRR/ST Procedure) repairables can be included in this program. Figures 10-10 through 10-12 show the formats to use when submitting repairable data to the U.S. Navy. Tailored Repairable Item List (RRR/TRIL Procedure) repairables **cannot** be included in the Navy Freight Tracking Program. Customers must still contact individual item managers for status information on TRIL shipments.

100312 Freight Tracking Program Participation

To participate in this program, the FMS customer country must register with the NAVICP-OF Integrated Country Program Manager (ICPM). The customer must provide the addresses to which tracking reports are to be sent. NAVICP-OF will then initiate the Navy Freight Tracking Program for the customer.

SECTION 1004 - FREIGHT FORWARDER CONTRACTS

100401 Locating and Selecting a Freight Forwarder

Under the provisions of the Letter of Offer and Acceptance (LOA), the FMS customer normally accepts title to (ownership of) material at the initial point of shipment. Material is rarely shipped from a source of supply directly to the FMS customer's country. Normally, material is shipped from a source of supply within the United States to a transshipment facility also located in the United States. Material is then held at that facility until arrangements are made for onward shipment to the customer's country. Since title passes to the customer at this initial point of shipment, this means that the customer becomes an exporter of most material provided via an LOA. A customer does not normally have enough employees located in the United States to make all the

arrangements needed for exporting FMS material to the customer's country. That is why freight forwarders play an important role in the shipment of FMS material from the United States to an FMS customer's country. There are several sources a customer can consult to locate a freight forwarder. Some of these are described below:

- The National Customs Brokers and Forwarders Association of America (NCBFAA) produces a directory that lists licensed customs brokers and international freight forwarders. It explains what customs brokers and freight forwarders are and what they do. It also tells how to locate a customs broker or freight forwarder in a particular area of the United States. The address is:

National Customs Brokers and Forwarders
Association of America
1 World Trade Center, Suite 1153
New York, NY 10048

- The Military Assistance Program Address Directory (MAPAD) lists freight forwarders currently employed by FMS customers.
- The telephone directory "yellow pages" of most major cities in the United States will provide listings of local freight forwarders.
- Freight forwarders frequently advertise in magazines and periodicals dealing with such topics as transportation, physical distribution, and traffic management.

Many freight forwarders licensed by the United States Federal Maritime Commission are also licensed customs brokers. A customs broker facilitates the clearance of cargo imported into the United States. This service is essential for customers who send equipment to the United States for testing or repair. It is, therefore, important for such customers to select a freight forwarder who is also a licensed customs broker. In addition, customers may wish to consider some of the following capabilities when selecting a freight forwarder:

- A. Knowledge of the U.S. Government supply and transportation systems
- B. Knowledge of export and import documentation requirements
- C. Knowledge of domestic/foreign regulations, including monetary exchange
- D. Evidence of a sound financial history
- E. Adequate warehousing facilities (indoor and outdoor)
- F. Appropriate amount and types of material handling equipment (MHE)
- G. Adequate security for protection of the customer's material
- H. Full range of packaging/crating capabilities, including boxing, crating, banding, palletizing, stretch-wrap, bubble-wrap, etc.
- I. Cargo consolidation capability

- J. Capability to ship/receive material by a variety of transportation modes, including truck, air, rail, and ocean
- K. Shipment tracking capability
- L. Capability to establish direct computer links with the customer's computer system and the U.S. Government's computer systems
- M. Discrepancy claims processing capability
- N. Capability to receive, store and transport classified materials

100402 What to Include in a Freight Forwarder Contract

The freight forwarder is under contract to the FMS customer and acts as that customer's agent in the United States. As such, the freight forwarder is responsible for onward shipment of material from the U. S. to the FMS customer's country. It is, therefore, important that the customer provide the freight forwarder with the most detailed instructions possible. These instructions are usually provided in a "Statement of Work." This Statement of Work is normally included in the customer's contract with the freight forwarder. The paragraphs that follow describe many functions that a freight forwarder may be hired to perform. This section is provided as a "shopping list" for the FMS customer to use when developing a Statement of Work for a freight forwarder contract. Not all customers will want to include all these functions; and some customers may want to include functions not listed here.

The language used below frequently states that "the freight forwarder should" perform various functions. While these are functions that are helpful to have the freight forwarder perform for the FMS customer, three very important facts must be remembered:

- These functions are the responsibility of the FMS customer. The customer may, if they desire, hire a freight forwarder to perform these functions. However, the customer is not required to use a freight forwarder.
- The freight forwarder is under contract to the FMS customer. The freight forwarder is not obligated to perform any service that is not specifically stated in that contract. Therefore, if the FMS customer wanted a freight forwarder to perform all of the functions discussed in this section, each function would have to be included and defined in detail in the FMS customer's contract with the freight forwarder. The cost of each function should also be included in the contract.
- The freight forwarder is under contract to the FMS customer, and **not** to the U.S. Government. If a freight forwarder does not perform one or more of the functions included in the contract, the U.S. Government can not provide relief. The FMS customer must pursue such issues through commercial legal channels.

100403 Export Licenses

The freight forwarder can prepare and process applications for export licenses for all material to be shipped to the FMS customer's country. To do this, the freight forwarder must be registered with the U.S. Department of State, Office of Munitions Control (OMC), as the purchaser's agent. This is required for compliance with U.S. Customs requirements. A U.S. Department of State Form 94 (DSP-94) authorizes the export of material purchased under an LOA. A copy of the authorizing LOA must be presented to OMC when the DSP-94 is requested. For more information, refer to the Security Assistance Management Manual, DOD Publication 5105.38M, Chapter 5.

100404 Material Receipt

The freight forwarder can accept small packages, mail and freight shipments from a variety of delivering carriers for onward shipment to the customer's country. The DOD Single Line Item Release/Receipt Document (DD Form 1348-1) is the standard shipping document used to release material shipped from U.S. Department of Defense sources of supply (see Figure 10-3). The Material Inspection and Receiving Report (DD Form 250) is the standard shipping document used to release material shipped from U.S. commercial sources (see Figure 10-4).

When material is received, the freight forwarder should be asked to establish records to enable him to locate material by requisition Document Number and/or shipment identification. The freight forwarder may also be requested to record additional information which may be useful in tracking individual shipments. The amount of information requested will depend on individual customer needs. Examples of such information are:

- Date shipped/shipper's address
- Date received
- Delivering carrier
- Number of pieces in the shipment
- Number of items in each container
- Stock numbers
- Quantities
- Unit prices
- Weight and cube
- Transportation Control Numbers (TCNs)
- Requisition Document Numbers
- FMS case identifiers
- Priorities
- Project codes

- Inland freight charges
- References to any advance documents
- References to Notices of Availability (NOAs) (receipts and/or replies)
- Special charges against shipments
- Condition of packaging/material when received and any damages noted
- On-hand holding location

When FMS material is delivered to the freight forwarder on a Collect Commercial Bill of Lading (CCBL), the freight forwarder can pay inbound freight charges for the customer. The freight forwarder can either pay these charges when material is delivered or arrange for credit with delivering carriers. The customer will, of course, be required to reimburse the freight forwarder for these charges.

100405 Material and Documentation Inspection

Material should be inspected immediately after it is delivered. This inspection will ensure that the quantity and identification of material delivered match the quantity and identification entered on the accompanying shipping document. To do this properly, the freight forwarder will normally require authorization to open individual shipping containers.

If shortages, damage, etc. are evident, the freight forwarder should provide documentation to support claim action against the carrier. The discrepant material should then be held until either a claim is initiated against the carrier or the condition is resolved.

The freight forwarder should compare advance copies of DD Form 1348-1s or DD Form 250s to the actual case contract and/or documentation received with the shipment. This will help ensure that the shipment received is fully identified to the appropriate FMS case. It will also ensure that the shipment is sent to the correct in-country address.

The freight forwarder should check for and compare the following information:

- Shipper's address
- Stock Number
- Requisition Document Number
- Transportation Control Number (TCN)
- FMS Case Identifier
- Price
- Mark For and Ship To Addresses

The freight forwarder should also check exterior markings on shipping containers. They should ensure that all markings are correct and provide enough information to enable the in-country requisitioner to identify the material when the shipment is received. The freight forwarder should also ensure that documents accompanying the shipment remain in the plastic packing list envelopes attached to the outside of each shipping container.

This will simplify identification and processing of the shipment by in-country receiving personnel.

100406 Discrepancy Documentation

The freight forwarder should tell the FMS customer about any discrepancies detected during inspection of material which appear to be the responsibility of a U.S. Government or commercial shipping activity. Such discrepancies may include:

- Overage
- Shortage
- Loss
- Damage
- Incorrect item
- Misaddressed/misdirected shipment
- Incorrect documentation
- Incorrect markings, etc.

The freight forwarder should be asked to check for overage, shortage, damage, or misdirected shipment before the U.S. Government or commercial carrier's representative is released. Damages and shortages should be noted on the carrier's documentation to support a later claim against the carrier. Misdirected shipments may either be returned to the carrier or held until delivery instructions are received from the source of supply.

100407 Discrepancy Claims

When the freight forwarder discovers a discrepancy, they should be asked to either submit an SDR for the customer, or provide the customer with all the information that will be needed (including photographs when appropriate) for the customer to submit an SDR to NAVICP-OF. If the customer wants the freight forwarder to submit claims with commercial carriers and/or insurance companies, the customer should ensure that the freight forwarder they select is able to do this. This includes filing claims for loss of, damage to, or shortage of material that may have occurred while the shipment was in the custody of the commercial carrier. The customer should also ensure that their freight forwarder is able to initiate appropriate action to credit the FMS customer with any settlement resulting from such claims.

100408 Material Storage

Once a freight forwarder receives material, it is usually necessary for him to store the material until the scheduled transshipment date. The FMS customer should ensure that his freight forwarder has adequate warehousing facilities and material handling equipment available for proper unloading, movement, storage, and loading of material for outbound shipment to the customer's in-country destination.

100409 Material Packaging, Staging, and Consolidation

Although export pack is considered standard for all FMS shipments, some contractor shipments may be domestic pack for Continental United States (CONUS) delivery only. Also, some parcel post shipments may not conform to export packaging specifications. The freight forwarder should, therefore, carefully examine all shipping containers prior to onward shipment to the FMS customer's country. They should ensure that all shipping containers are adequate to withstand any handling, storage, or movement risks associated with the mode of transport to be used for onward shipment of the material. Containers that are damaged, weakened, or otherwise inadequate for onward shipment should be repackaged, re-crated, or reinforced as needed. The FMS customer should ensure that their freight forwarder has the capabilities at the freight terminal facility to do this. The FMS customer is responsible for any costs associated with such services.

In addition to repackaging, re-crating, and reinforcing shipping containers, freight forwarders should be requested to consolidate small packages into larger shipping containers whenever possible. Small packages should be consolidated by FMS case, UMMIPS priority designator, and final in-country destination. When consolidating shipments in this manner, freight forwarders should ensure that all appropriate markings and shipping documents are placed on the new shipping container. This will help the in-country recipient to easily identify the contents.

The freight forwarder can also be requested to load surface cargo in seavan-type shipping containers. This will help minimize the risk of loss, damage, pilferage, etc. These types of containerized cargo shipments, however, can be used only if the freight forwarder or the FMS customer has break-bulk capability at the overseas port of discharge. This capability is necessary for off-loading from the container and forwarding material to the appropriate in-country destination. When shipments are containerized in this manner, the freight forwarder should provide a listing of all containerized material to the customer.

When preparing material for onward shipment to the FMS customer's country, the freight forwarder should label, mark, and fully document shipment units. This will simplify both shipment of material and identification and processing of material by the receiving activity. The freight forwarder should then record important information about the shipment of material to the FMS customer. Such information may include:

- Identification of shipment units or containers
- Vessel and voyage number
- Aircraft and flight number
- Estimated/actual loading dates
- Estimated/actual departure dates
- Estimated/actual discharge dates
- Port of loading
- Port of discharge, etc.

100410 Transportation Arrangements

The freight forwarder should prepare the appropriate documentation for transportation and customs clearance of each shipment. Such documentation may include:

- Dock receipts (for delivery at the surface terminal)
- Bills of lading (for movement of material by air or surface carrier)
- Air waybills (for air delivery)
- Air/ocean manifests
- Consular clearances
- Cargo certificates for hazardous and explosive material
- Customs declaration and customs clearance documents

Some of the customs clearance arrangements that can be handled by the freight forwarder are:

- Prepare export declarations on U.S. Department of Commerce Form 7525-V, "Shippers Export Declaration"
- Submit the required documents to the collection of customs, or the appropriate export control officials, to arrange for exit customs clearance
- Obtain and submit applicable bills of lading, certificates of origin, consular clearance, etc.
- Provide any documentation required to clear shipments through in-country customs agencies
- Report all exports of FMS material to the U.S. Department of Commerce as required by current U.S. Government statutes

Other transportation arrangements that can be made by the freight forwarder include the following:

- Deliver cargo to and load cargo aboard the selected air/surface carrier(s)
- On behalf of the FMS customer, coordinate movement and loading of shipments of hazardous material with the controlling U.S. military department when required
- Provide all appropriate material movement documentation when releasing the shipment to the selected carrier(s) for transport
- Once material has been loaded aboard the selected carrier(s), send copies of all applicable documentation to the customer's in-country destination(s) as soon as possible; these destinations will be the ones listed in the Military Assistance Program Address Directory (MAPAD)
- On the customer's behalf, pay all outbound freight charges and any other charges associated with onward shipment to the FMS customer's country

100411 Pilot Pickup

Sometimes a freight forwarder will be advised that an FMS customer-owned or customer-operated aircraft has been scheduled for a flight into the United States to pick up material being held by the freight forwarder. In such cases, the freight forwarder should make arrangements with the U.S. military aerial port of entry for loading of the customer's aircraft. Material to be loaded should be transported at freight forwarder expense (reimbursable by the customer) Free-Along-Side (FAS) the customer's aircraft. Any off-loading, loading, or handling charges should also be paid by the freight forwarder (reimbursable by the customer).

U.S. military facilities and personnel normally may not be used for storage, handling, loading or unloading FMS customer-owned material at a U.S. military aerial port of entry. This can only be done when specifically authorized in advance by the cognizant U.S. military service, and when prior funding arrangements have been made. It is normally more efficient for the customer to pay the freight forwarder to perform these services.

100412 Diversions and Reconsignments

Shipments will normally be made only to the single address specified in the MAPAD, or to the address designated in an official response to an NOA. Delivery only to the consignee address indicated on the bill of lading is authorized. Any further reconsignments to multiple addresses, diversions, storage arrangements or other deviations from these guidelines will be at the freight forwarder's expense (reimbursable by the FMS customer).

100413 Repairables

If an FMS customer expects a large volume of Return, Repair, and Reshipment transactions with the U.S. Government, a freight forwarder can often provide valuable services in this area as well. The freight forwarder can:

- Receive material returned to the U.S. by the customer for repair, overhaul, servicing, etc.
- Clear the material through U.S. customs
- Ship material prepaid to the repair facility
- Receive repaired FMS material from the repair facility
- Transship material received from a repair facility back to the FMS customer

100414 Notices of Availability

The FMS Offer/Release Option Code is shown on page 2 of the applicable Letter of Offer and Acceptance (LOA). This code tells whether or not notice must be provided to the customer's freight forwarder when material is ready for shipment. Shippers send NOAs to the Type of Address Code (TAC) 3 address listed in the MAPAD. Therefore, it is extremely important for FMS customers to ensure that this address is kept current. The freight forwarder should respond as soon as possible to each Notice of Availability (NOA) requesting shipping instructions (see Figure 10-2). Any alternate shipping instructions provided via an official freight forwarder response to an NOA, which are not contrary to the terms of delivery, will be honored. Examples of this include different mode of shipment, alternate shipping address, port of consignee other than that specified in the MAPAD, etc.

A freight forwarder request for DOD shipping activities to hold material for future delivery, or until a carrier is available for onward shipment, will **not** normally be honored. DOD shipping activities have limited transit holding space and cannot be used as in-transit storage facilities for the convenience of a freight forwarder.

100415 Monitoring Shipments

The freight forwarder should monitor each FMS shipment. Monitoring should start when advance shipping documents are received and continue through processing and staging phases, until final in-country delivery to the FMS customer's port of discharge. This will provide information on the location and status of each shipment. It will also enable the freight forwarder to immediately respond to a customer's questions about the status of material in transit. An advantage of this service is that it can provide more frequent and detailed shipping status than the routine status provided by NAVICP-OF.

100416 Tracer Action

The freight forwarder should provide follow-up tracing of specific inbound shipments not received within 15 days of the shipping dates. Keeping records of when material is received, when it is staged and processed, and when it is prepared for onward shipment will simplify tracing action. When due-in material is not received, the freight forwarder should request proof of shipment from the original shipping activity and initiate tracer action with the applicable carrier.

100417 Reporting

The freight forwarder should maintain an efficient reporting system with which to keep the FMS customer advised of the status of FMS shipments. Such status should include:

- FMS Case identification
- Advance notice of shipments due-in at the freight forwarder's facility
- Receipt of shipments due-in
- Shipment processing status
- Estimated forwarding date
- Carrier name
- Voyage/flight number
- Itinerary
- Estimated date of arrival at port of discharge
- Any other specific information the purchaser may require

100418 Insurance

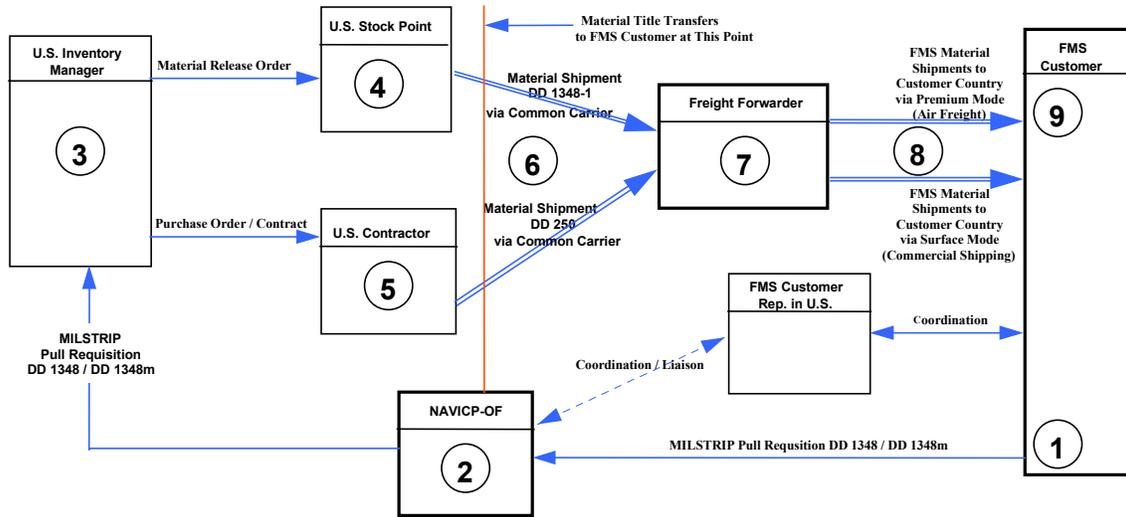
Commercial insurance coverage should be obtained for material while it is in the custody of the freight forwarder and/or the transshipping carrier. Insurance may be obtained either directly by an FMS customer, or by a freight forwarder on the customer's behalf. Insurance policies may include coverage for damage, theft, loss, etc. The customer should be aware that the customer is normally responsible for loss, damage, etc. that occurs while the material is in the custody of a freight forwarder or commercial carrier.

100419 Military Assistance Program Address Directory (MAPAD)

The MAPAD is the single source document used by United States shipping activities to find FMS shipping addresses. If a freight forwarder changes its address for receipt of documentation or material, they must advise the appropriate FMS customer representative of this change. At least 60 days advance notice should be given whenever possible. This

will enable the FMS customer representative to initiate action with the DAASC to notify shipping activities of the address change, and have the new address published in the next change to the MAPAD. It is extremely important for all address changes to be announced immediately. This will keep the MAPAD up-to-date and help avoid misdirected shipments. Freight forwarders are **not** authorized to make direct requests to shipping activities for address changes. It is, therefore, an important responsibility of the freight forwarder to tell the FMS customer as soon as possible about any address changes. The customer can then initiate the necessary MAPAD update action.

**Figure 10-1
Flow of FMS Material to the Customer Via Freight Forwarder**



STEPS IN PROCESS

- 1 - CUSTOMER PREPARES REQUISITION AND SENDS IT TO NAVICP-OF
- 2 - NAVICP-OF PROCESSES REQUISITION AND SENDS IT TO COGNIZANT INVENTORY MANAGER
- 3 - INVENTORY MANAGER TRANSMITS REQUISITION TO STOCK POINT FOR ISSUE FROM STOCK OR PREPARES PURCHASE ORDER FOR PROCUREMENT FROM COMMERCIAL SOURCE
- 4 - STOCK POINT ISSUES ITEM OR
- 5 - COMMERCIAL SOURCE PROVIDES ITEM UNDER PURCHASE ORDER
- 6 - MATERIAL IS SHIPPED (TRANSPORTED) TO FREIGHT FORWARDER FOR PROCESSING/ TRANS SHIPMENT. TITLE (OWNERSHIP) OF MATERIAL TRANSFERS TO FMS CUSTOMER
- 7 - FREIGHT FORWARDER SEPARATES MATERIAL BY DESTINATION AND FMS CASE FOR DELIVERY TO CUSTOMER
- 8 - MATERIAL IS SHIPPED TO CUSTOMER COUNTRY
- 9 - SHIPMENT IS RECEIVED BY CUSTOMER AT INITIAL IN-COUNTRY DESTINATION

Figure 10-2
Notice of Material Availability DD Form 1348-5

NOTICE OF AVAILABILITY/SHIPMENT		FROM <i>(issuing Activity's complete name and address)</i> Naval Supply Center Norfolk, Virginia 23512 ATTN: Transportation Officer				
FOR <i>(Name of Country)</i> Latonia		NUMBER OF LINE ITEM (S) IDENTIFIED ON ACCOMPANYING DD FORM (S) 250/1348-1			1	
NOTICE NUMBER K281B2	CASE NO. LAT	TYPE PACK BX	PIECES 2	WEIGHT (Lbs.) 50	CUBE 5	SECURITY CLASSIFICATION UNCLASSIFIED
AMMUNITION/EXPLOSIVE CLASS		EXTREME DIMENSIONS WEIGHT				
		WEIGHT (Lbs.)	LENGTH (Feet)	WIDTH (Feet)	HEIGHT (Feet)	
TO BE COMPLETED BY ADDRESSEE <i>(Press hard when writing)</i>						
1. After completion detach both copies - retain Copy 2 for your			2. Fold Copy 3, place in envelope and mail at once to the issuing activity's			
CONSIGNEE TO (Enter the complete name and address of Consignee)						
NAME Latonia Naval Commission		STREET c/o All American Corp. 1234 Main Street				
CITY Elderado		STATE <i>(include ZIP Code)</i> New Jersey 56789				
OTHER INFORMATION						
EXAMPLES: Certification Required:				<input type="checkbox"/> ICAO/IATA or	<input type="checkbox"/> IMDG	
Ship on 12/16/1997						
John Doe will receive the shipment						
ADDRESSEE <i>(Activity preparing reply)</i>		→	<div style="border: 1px solid black; padding: 5px;"> All American Corp. 1234 Main Street Elderado, NJ 56789 </div>			

DD FORM 1348-5, 1 Jun 69

COPY 1

FIELD

EXPLANATION

- Notice of Availability/ Shipment: The date on which the NOA was sent is entered in this block.
- For: The name of the FMS Customer's country is entered in this block.
- Notice No.: The shipment control number is entered in this block. This will be the Transportation Control Number (TCN), Government Bill of Lading (GBL) number, or other applicable control number. This number should be used on any correspondence or inquiries related to the NOA.
- Case No.: The FMS Case Designator is entered in this block.
- Type Pack: The MILSTRIP Type of Pack code is entered in this block. It identifies the type of packaging used for the shipment.
- Pieces: The number of pieces (crates, boxes, etc.) in the shipment is entered in this block.
- Weight: This block shows the total weight of the shipment in pounds.
- Cube: This block shows the total volume of the shipment in cubic feet.
- Security Classification: This block shows the security classification of the shipment.
- Extreme Dimensions Weight: Show packaging characteristics if normal dimensions are exceeded.
- Consigned to: These blocks show the address the FMS customer wants the material shipped to. This will normally be the clear text address of the customer's freight forwarder (as reflected in the MAPAD).
- Other Information: Certification Required. Indicate "ICAO/IATA" for air certification or "IMDG" for surface certification. Show the date on which material should be released (shipped). Identify the person, by name, who is to receive the shipment. List any special instructions needed if the freight forwarder plans to pick up the material.

Figure 10-3 (1 of 2)
DOD Single Line Item Release/Receipt Document, DD Form 1348-1

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
DOC IDENT.		RI FROM		FSC		STOCK NUMBER										QUANTITY		DOCUMENTATION NUMBER										SUPPLEMENTARY ADDRESS		FUND		DISTRIBUTION		PROJECT		REQ. DEL. DATE		AVC REC		RI		UNIT PRICE																																					
SHIPPED FROM										SHIPPED TO										MARK FOR		PROJECT		TOTAL PRICE																																																							
A WAREHOUSE LOCATION										B TYPE OF CARGO		C UNIT PACK		D UNIT WEIGHT		E UNIT CUBE		F U F C		G N M F C		H FREIGHT RATE		I DOCUMENT DATE		J MAT. CONC.		K QUANTITY		L		M		N		O		P		Q		R		S																																			
T SUBSTITUTE DATA (ITEM ORIGINALLY REQUESTED)										U FREIGHT CLASSIFICATION NOMENCLATURE										V		W		X		Y																																																					
S H I U P S 1 PACKED BY AND DATE										2		3		4		5		6		7		8		9		10																																																					
REMARKS										AA		BB		CC		DD		EE																																																													
11 FIRST DESTINATION ADDRESS										12		13		14		15		16		17		18																																																									
13 TRANSPORTATION CHARGEABLE TO										14		15		16		17		18		19		20																																																									

DD FORM 1348-1, SEP 87 Jun 86 edition may be used FORM APPROVED, OMB NO. 0704-0188 DOD SINGLE LINE ITEM RELEASE/RECEIPT DOCUMENT

<u>FIELD NAME</u>	<u>EXPLANATION</u>	<u>RECORD POSITIONS</u>
RI From	This is the MILSTRIP Routing Identifier Code that identifies the U.S. Government activity shipping the material.	4-6
Stock Number	This is the National Stock Number (NSN) or manufacturer's part number of the item shipped.	8-22
Unit of Issue	This is the MILSTRIP Unit of Issue Code.	23-24
Quantity	This is the number of units of issue processed for shipment at the source of supply.	25-29
Serv	This code identifies the U.S. military service responsible for the shipment: B (U.S. Army); D (U.S. Air Force); and P (U.S. Navy/U.S. Marine Corps)	30
Country Code	This is the two-letter code assigned to the requisitioning country.	31-32
Customer Within Country (Mark for)	This code is assigned by the FMS customer. (The freight forwarder should be provided with a list of these codes.)	33
Delivery Term Code	This code identifies the U.S. Government's responsibility and the method of payment for transportation. Most material sent to the freight forwarder will be Code "4," FOB Point of Origin.	34
Type of Assistance Code	This code identifies the type of assistance being provided.	35
Date	The four-digit Julian date is entered here.	36-39
Serial	The four-digit requisition serial number is entered here.	40-43
Suffix	A code in this space indicates that the quantity shipped under this shipping document is only a <i>partial</i> fulfillment of the requisitioned quantity.	44

Figure 10-3 (2 of 2)
DOD Single Line Item Release/Receipt Document, DD Form 1348-1

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
DOC IDENT.	RI FROM	W S	FSC	STOCK NUMBER	NIIIN	ADD	M S	P O	QUANTITY	DOCUMENTATION NUMBER	REQUISITIONER	DATE	SERIAL	SUPPLEMENTARY ADDRESS	FUND	DISTRIBUTION	PROJECT	REQ. DEL. DATE	A V C	RI	UNIT PRICE	DOLLARS	CTS																																																								
SHIPPED FROM										SHIPPED TO										MARK FOR					PROJECT					TOTAL PRICE																																																	
A										B										C					D					E																																																	
WAREHOUSE LOCATION										TYPE OF CARGO		UNIT PACK		UNIT WEIGHT		UNIT CUBE		U F C		N M F C		FREIGHT RATE		DOCUMENT DATE		MAT. CONC.		QUANTITY																																																			
F										G		H		I		J		K		L		M		N		O		P		Q		R		S																																													
SUBSTITUTE DATA (ITEM ORIGINALLY REQUESTED)										FREIGHT CLASSIFICATION NOMENCLATURE																																																																					
T										U										V																																																											
W										X										Y																																																											
SELECTED BY AND DATE										TYPE OF CONTAINER(S)					TOTAL WEIGHT					RECEIVED BY AND DATE					INSPECTED BY AND DATE																																																						
PACKED BY AND DATE										NO. OF CONTAINER(S)					TOTAL CUBE					WAREHOUSED BY AND DATE					WAREHOUSE LOCATION																																																						
REMARKS																																																																															
AA										BB					CC					DD					EE																																																						
FIRST DESTINATION ADDRESS										DATE SHIPPED																																																																					
13 TRANSPORTATION CHARGEABLE TO										14 B/LADLING, AWB, OR RECIEVER'S SIGNATURE (AND DATE)										15 RECEIVER'S DOCUMENT NUMBER																																																											

DD FORM 1348-1, SEP 87 Jun 86 edition may be used FORM APPROVED, OMB NO. 0704-0188 DOD SINGLE LINE ITEM RELEASE/RECEIPT DOCUMENT

<u>FIELD NAME</u>	<u>EXPLANATION</u>	<u>RECORD POSITIONS</u>
Service Code	This block shows the code for the FMS customer's military service that will receive the material. B (Army) D (Air Force) P (Navy/Marine Corps)	45
FMS Offer/Release Option Code	This code in this space identifies the method of material release. A - Automatic Y - Subsequent to Notice of Availability Z - Subsequent to Notice of Availability	46
Freight Forwarder Code	The freight forwarder code (as shown in the MAPAD) is entered here.	47
Case Designator	These spaces show the three alphabetic characters that identify the applicable FMS case.	48-50
Project Code	Optional.	57-59
Priority	The UMMIPS priority designator is entered in these spaces.	60-61
Required Deliver Date (RDD)	This space shows the three-digit Julian date by which the customer wants the material to be delivered.	62-64

Figure 10-4 Sample Material Inspection and Receiving Report, DD Form 250

U.S. GOVERNMENT PRINTING OFFICE 1979-003-013/14

MATERIAL INSPECTION AND RECEIVING REPORT		1. PROC. INSTRUMENT IDEN (CONTRACT) (ORDER NO.)		6. INVOICE NO. 9999 DATE: 97 JUN 26	7. PAGE 1 OF 1 8. ACCEPTANCE POINT 5
2. SHIPMENT NO. ITC0001	3. DATE SHIPPED 97 SEP 28	4. B/L TCN ROXY50L6		5. DISCOUNT TERMS B NONE	
9. PRIME CONTRACTOR CODE Industrial Tool Co. 4567 Almond Avenue Parkside TX 99999 9999X			10. ADMINISTERED BY CODE DCASMA - Texas 123 Friendly Avenue Carlton TX 56789 S2303A		
11. SHIPPED FROM (if other than 9) CODE International Widget Co. 9 Ninth Street Elderado NJ 34567 9999Y			FOR: S	12. PAYMENT WILL BE MADE BY CODE DCASMA - Texas DCRI - FMC 456 Friendly Avenue Carlton TX 56789 S3602A	
13. SHIPPED TO CODE Industrial Tool Co. 4567 Almond Avenue Parkside TX 99999 9999X			14. MARKED FOR CODE Central Navy Depot 99 Port Place Barlane, Latonia PROJ. 283 PTAA00		

15. ITEM NO.	16. STOCK/PART NO. DESCRIPTION <small>(Indicate number of shipping containers-type of container-container number.)</small>	17. QUANTITY SHPD/REC'D*	18. UNIT	19. UNIT PRICE	20. AMOUNT
0001	NSN 9999-00-123-4567 WIDGET MODEL 1 SERIES 1 PLTA44 2001 0001 EA 5 PLTA44 3001 0001 EA 1 FMS CASE LT-LP-XYZ GROSS WEIGHT 100 LB	6	EA	\$100.00	\$600.00

<p>21. PROCUREMENT QUALITY ASSURANCE</p> <p>A. ORIGIN <input type="checkbox"/> POA <input checked="" type="checkbox"/> ACCEPTANCE of listed items has been made by me or under my supervision and they conform to contract except as noted herein or on supporting documents. _____ DATE SIGNATURE OF AUTH GOVT REP</p> <p>B. DESTINATION <input type="checkbox"/> POA <input type="checkbox"/> ACCEPTANCE of listed items has been made by me or under my supervision and they conform to contract except as noted herein or on supporting documents. _____ DATE SIGNATURE OF AUTH GOVT REP</p> <p>TYPED NAME AND OFFICE _____</p>	<p>22. RECEIVER'S USE</p> <p>Quantities shown in Block 17 were received in apparent good condition except as noted.</p> <p>DATE RECEIVED _____ SIGNATURE OF AUTH GOVT REP _____</p> <p>TYPED NAME AND OFFICE _____</p> <p><small>*If quantity received by the Government is the same as quantity shipped, indicate by (✓) mark, if different, enter actual quantity received below quantity shipped and encircle.</small></p>
23. CONTRACTOR USE ONLY	

DD FORM 250
1 NOV 68
S/N 6102-LF-002-1601

REPLACES EDITION OF 1 AUG 67 WHICH MAY BE USED

Figure 10-5
Steps Involved in Obtaining a Security Clearance for a Freight Forwarder Facility

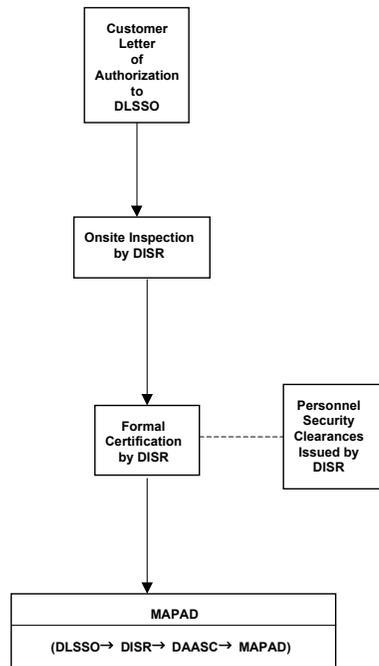


Figure 10-6 Transportation Plan for Classified FMS Shipments

The following provisions must be included in each Transportation Plan for FMS shipments containing classified material and/or classified publications.

1. Describe the material and state where and under what circumstances title to the material will be transferred to the customer.
2. Identify the name or title of the FMS customer representative who will receive and be responsible for the classified material/classified publications.

Note: This individual must possess the same level of security clearance (or higher) as the classification level of the classified material/classified publications to be received (i.e., classified, secret, or top secret).

3. Identify the specific locations of delivery points and transfer points.
4. Identify all commercial carriers to be used, both foreign and domestic. Identify all freight forwarders and transportation agents who will be involved in the shipment process. Describe how each of these will be involved, and provide the security clearance status of each.
5. Describe the methods of shipment to be used. (For classified material, refer to DOD 5200.1-R, Chapter 8. For classified sensitive material, refer to DOD 5100.76-M, Chapter 7.)
6. Identify all storage and/or processing facilities to be used. Provide certification that each of these facilities is authorized by customer government authorities to receive and process the level of classified material/classified publications to be shipped.
7. Provide the names or titles of any couriers and/or escorts to be used in the shipment process. Include details about their responsibilities and the security clearance status of each.
8. When it is expected that the classified material, or parts of the material, may be returned to the U.S. for repair, the Transportation Plan must include the provisions listed below:
 - Require shipment of such material by a carrier of either U.S. or FMS customer government registry
 - Specify that the material will be handled only by authorized personnel
 - State that the applicable DOD component (for FMS) or Defense Investigative Service (DIS) (for commercial sales) will be notified in advance of the location and estimated time of arrival of the material, and that they will be consulted concerning inland shipment of the material
9. The Transportation Plan must require the recipient to examine shipping documents upon receipt of the classified material/classified publication in-country.
10. The Transportation Plan must require notification of the applicable DOD component (for FMS) or DIS (for commercial sales) if the classified material/classified publications are transferred enroute to any carrier not authorized by the Plan.
11. The Transportation Plan must require the recipient to promptly inform the applicable DOD component or DIS of any known or suspected compromise of U.S. classified material/classified publications that may occur during the shipment process.

Figure 10-7
XDI-Notice of Receipt by Freight Forwarder from Source of Supply

RECORD LAYOUT	
<u>POS</u>	<u>NAME</u>
1-3	XDI
4-7	Estimated Shipment Date
8-22	Stock Number
23-24	Unit of Issue
25-29	Quantity Received
30-43	Document Number
44	Suffix
45-50	Supplementary Address
51-54	Date Received
55-56	Blank
57-58	Priority
59-79	Shipment Text
80	Blank

Figure 10-8
XDS-Notice of Shipment by Freight Forwarder

<u>POS</u>	<u>NAME</u>
1-3	XDS
4	Blank
5-7	Date Shipped
8	Mode of Shipment
9-14	Shipment Number
15-20	Manifest Number
21-29	Location (nine position stock storage location at Freight Forwarder; Building Number, Bay Area, Shelf Number)
30-43	Document Number
44	Suffix
45-50	Supplementary Address
51-54	Estimated Delivery Date
55-56	Blank
57-58	Priority
59-79	Shipment Text
80	Blank

Figure 10-9
XDF-Notice of Receipt by Country

<u>POS</u>	<u>NAME</u>
1-3	XDF
4-7	Blank
8-22	Stock Number
23-24	Unit of Issue
25-29	Due-in Quantity
30-43	Document Number
44	Suffix
45-50	Supplementary Address
51-54	Date Received
55-56	Blank
57	Blank
58-62	SDR Quantity
63-80	Blank

Figure 10-10
XDC-Notice of Shipment by Country

<u>POS</u>	<u>NAME</u>
1-3	XDC
4	Blank
5-7	Repairable Shipment Date
8-22	Stock Number
23-24	Unit of Issue
25-29	Due-in Quantity
30-43	Document Number
44	Blank
45-50	Supplementary Address
51	Blank
52-53	Required Delivery Date
54-56	Blank
57	Blank
58-80	Blank

Figure 10-11
XDR-Notice of Receipt by Freight Forwarder

<u>POS</u>	<u>NAME</u>
1-3	XDR
4-7	Estimated Shipment Date
8-22	Stock Number
23-24	Unit of Issue
25-29	Quantity Received
30-43	Document Number
44	Suffix
45-50	Supplementary Address
51-54	Date Received
55-56	Blank
57	Blank
58	Blank
59-79	Shipment Text
80	Blank

Figure 10-12
XDT-Notice of Shipment by Freight Forwarder to Source of Repair

<u>POS</u>	<u>NAME</u>
1-3	XDT
4	Blank
5-7	Date Shipped
8-22	Stock Number
23-24	Unit of Issue
25-29	Shipped Quantity
30-43	Document Number
44	Suffix
45-50	Supplementary Address
51-54	Required Delivery Date
55-56	Blank
57	Blank
58	Blank
59-79	Shipment Text
80	Blank

Figure 10-13 Freight Forwarder Tracking Report

FREIGHT FORWARDER TRACKING REPORT									
YFM2019G YYDDD HHMM.SS					PAGE ZZZZ9				
REQUISITIONS SHIPPED BY U.S. BUT NOT RECEIVED AT FREIGHT FORWARDER FOR 30 DAYS									
COUNTRY: XX		CASE: XXX			REPORT DATE: DD MM YYYY				
Requisition Document Nr	S F <u>X</u>	Date Shipped <u>MM/DD/YY</u>	National Stock Number	Quantity	<u>UI</u>	<u>R/I</u>	M D	Transportation Control NR	Supplementary Address
xxxxxxxxxx	x	mm/dd/yy	xxxx-xx-xxxxxxxxxx	zzzzz9	xx	xx	xx	xxxxxxxxxxxxxxxxxx	xxxxxx
xxxxxxxxxx	x	mm/dd/yy	xxxx-xx-xxxxxxxxxx	zzzzz9	xx	xx	xx	xxxxxxxxxxxxxxxxxx	xxxxxx
xxxxxxxxxx	x	mm/dd/yy	xxxx-xx-xxxxxxxxxx	zzzzz9	xx	xx	xx	xxxxxxxxxxxxxxxxxx	xxxxxx
xxxxxxxxxx	x	mm/dd/yy	xxxx-xx-xxxxxxxxxx	zzzzz9	xx	xx	xx	xxxxxxxxxxxxxxxxxx	xxxxxx

NOTES:

If another report is prepared for this country but no data is available for this report, the case will be blank; and the following message will appear on line 12: "No records processed for this report."

A page break will be made after printing 51 lines or after a country/case change, whichever occurs first.

Figure 10-14 Freight Forwarder Tracking Report

FREIGHT FORWARDER TRACKING REPORT						
YFM2019G YYDDD HHMM.SS				PAGE ZZZZ9		
REQUISITIONS RECEIVED BY FREIGHT FORWARDER BUT NOT SHIPPED FOR 30 DAYS						
COUNTRY: XX		CASE: XXX		REPORT DATE: DD MM YYYY		
Requisition Document Nr	S F <u>X</u>	Date Shipped <u>MM/DD/YY</u>	National Stock Number	<u>Quantity</u>	<u>UI</u>	Supplementary <u>Address</u>
xxxxxxxxxx	x	mm/dd/yy	xxxx-xx-xxxxxxxxxx	zzzzz9	xx	xxxxxx
xxxxxxxxxx	x	mm/dd/yy	xxxx-xx-xxxxxxxxxx	zzzzz9	xx	xxxxxx
xxxxxxxxxx	x	mm/dd/yy	xxxx-xx-xxxxxxxxxx	zzzzz9	xx	xxxxxx
xxxxxxxxxx	x	mm/dd/yy	xxxx-xx-xxxxxxxxxx	zzzzz9	xx	xxxxxx

NOTES:

If another report is prepared for this country but no data is available for this report, the case will be blank; and the following message will appear on line 12: "No records processed for this report."

A page break will be made after printing 51 lines or after a country/case change, whichever occurs first.

Figure 10-15 Freight Forwarder Tracking Report

FREIGHT FORWARDER TRACKING REPORT										
YFM2019G YYDDD HHMM.SS						PAGE ZZZZ9				
REQUISITIONS SHIPPED BY FREIGHT FORWARDER BUT NOT RECEIVED IN COUNTRY FOR 60 DAYS										
COUNTRY: XX			CASE: XXX			REPORT DATE: DD MM YYYY				
Requisition Document Nr	S F X	Date Shipped MM/DD/YY	National Stock Number	Quantity	UI	M R/I	D	Shipment Number	Manifest Number	Supplementary Address
xxxxxxxxxx	x	mm/dd/yy	xxxx-xx-xxxxxxxxxx	zzzzzz9	xx	xx	xx	xxxxxx	xxxxxx	xxxxxx
xxxxxxxxxx	x	mm/dd/yy	xxxx-xx-xxxxxxxxxx	zzzzzz9	xx	xx	xx	xxxxxx	xxxxxx	xxxxxx
xxxxxxxxxx	x	mm/dd/yy	xxxx-xx-xxxxxxxxxx	zzzzzz9	xx	xx	xx	xxxxxx	xxxxxx	xxxxxx
xxxxxxxxxx	x	mm/dd/yy	xxxx-xx-xxxxxxxxxx	zzzzzz9	xx	xx	xx	xxxxxx	xxxxxx	xxxxxx

NOTES:

If another report is prepared for this country but no data is available for this report, the case will be blank; and the following message will appear on line 12: "No records processed for this report."

A page break will be made after printing 51 lines or after a country/case change, whichever occurs first.

CHAPTER 11 - SPECIAL ASSISTANCE AVAILABLE

SECTION 1101 – FIELD LIAISON VISITS & CASE RECONCILIATION REVIEWS

110101 Field Liaison Visits (FLV)

A field liaison visit focuses on the relationship between the FMS customer, the U.S. supply system, and the Security Assistance Program. Field liaison visits can be recommended by the FMS customer, Navy IPO or NAVICP-OF. Once it has been decided that such a visit would be useful, NAVICP-OF sends a letter of intent to the FMS customer proposing a date for the visit. The letter also proposes general topics to be addressed during the visit and asks the FMS customer to identify any problems, procedures, or policies they would like to discuss. These visits usually include various briefings on the U.S. Navy Security Assistance Program as well as organizational structure and mission. They also attempt to identify and resolve, with the assistance of cognizant U.S. organizations, any FMS customer supply system problems.

110102 FMS Case Reconciliation Reviews

Foreign Military Sales (FMS) Case Reconciliation Reviews (CRRs) are meetings that are hosted by the Navy International Programs Office (Navy IPO) and are normally held at NAVICP-OF in Philadelphia, PA. The U.S. Navy conducts CRR meetings for customer countries when the volume of a country's FMS activity warrants it. During these meetings representatives from the customer country along with the U.S. Navy team conduct a line-by-line review of previously determined FMS Cases. The U.S. Navy team consists of representatives from Navy IPO, NAVICP-OF, the Systems Commands, and other Defense agencies as necessary. The CRR meeting provides a valuable forum for the customer country to evaluate and comment on the execution of their FMS program.

These reviews are designed to reconcile the U.S. Navy financial and supply (requisition and shipment) records for FMS cases managed in MISIL and STARS with the records of the FMS customer. These reviews also address related FMS supply and financial management issues. The FMS customer may specify the cases they wish to review, or request review of all cases, within these limits. Issues proposed by the FMS customer that are beyond the scope of the CRR process will be separately addressed by Navy IPO. Detailed minutes of the meeting are prepared and forwarded to all participants.

110103 CRR Scheduling

A comprehensive schedule for FMS Case Reconciliation Reviews is coordinated once each year by the Navy IPO. Each country whose volume of FMS business warrants it will be scheduled for a review. Due to the diversity and number of FMS cases, it is not practical to attempt to review all FMS programs for all countries. Therefore, when there is only a small amount of business conducted with a country during a given fiscal year, a Case Reconciliation Review may not be scheduled for that country.

In June of each year, the Navy IPO directs NAVICP-OF to propose a schedule for the next fiscal year's Case Reconciliation Reviews. NAVICP-OF prepares a proposed schedule and Letters of Invitation for the CRRs. NAVICP-OF submits these to the Navy IPO in August of each year for review and approval. In September, NAVICP-OF sends the approved Letter of Invitation to each customer country included on the review schedule. This letter tells the customer the date and location of the review, provides a proposed agenda, and invites the customer country to send representatives.

The Navy IPO coordinates the Review schedule with FMS customer countries, U.S. Navy activities and any other Department of Defense (DOD) organizations that may be needed at the review. Once established, this schedule will be strictly adhered to. Changes will be considered only if they will not disrupt the overall schedule. All change requests must be coordinated with the Navy IPO. If the FMS customer and the Navy IPO cannot agree on a date, the customer country will not be able to participate in the Case Reconciliation review for that year.

110104 Customer CRR Responsibilities

Customer countries must inform NAVICP-OF whether they want to review all FMS cases or only specifically identified cases during the CRR meeting. Specific problem areas that the customer wishes to discuss should also be identified. This information must be sent to NAVICP-OF at least 75 days before the meeting is scheduled to begin.

When NAVICP-OF sends the Letter of Invitation, they also send a listing of open items to the customer country. This listing contains all requisitions that are still unshipped according to U.S. Navy records. The customer country is responsible for identifying any differences between their records and the NAVICP-OF listing. The customer should review the listing and update it when the customer records indicate that the requisition has been previously canceled, shipped or received. For those items that have been shipped or received, the customer should indicate the date shipped, mode of shipment, supplying activity, and the contract number if available.

For any requisition that is over 120 days old and still unshipped, the customer should decide if the material is still required. If the material is no longer required, the customer should advise NAVICP-OF to cancel the requisition.

SECTION 1102 – TRAINING

110201 Supply Training Conducted in the U.S. for FMS Customer Personnel

The U.S. Navy conducts supply management courses in the U. S. which FMS customer personnel may wish to attend. These courses provide students with an understanding of the principles, procedures, and techniques that the U.S. supply system uses.

- A. Supply Management for Senior Foreign Officers – NAVICP-OF conducts a Navy Supply Management Course for Senior Foreign Officers once a year, usually in the spring. This course is identified by Military Articles and Services List (MASL) Number P171003. This eight-week course provides FMS customer naval officers (holding the rank of Commander, or equivalent, and higher) with an understanding of the latest principles and techniques used in the major areas of supply management. It focuses on the latest problem solving techniques, and offers a forum for the exchange of ideas and operational innovations. The course usually includes field visits to:

- Navy Supply Corps School (NSCS), Athens, GA
- Fleet Industrial Supply Center (FISC), Jacksonville, FL
- Naval Inventory Control Point (NAVICP), Philadelphia, PA and Mechanicsburg, PA
- Navy Fleet Material Support Office (FMSO), Mechanicsburg, PA
- Naval Air Warfare Center Training Systems Division (NAWCTSD), Orlando, FL
- Commander-In-Chief Atlantic Fleet, Norfolk, VA
- The Canadian Defence Headquarters, Ottawa, Canada
- Canadian Forces Base, Esquimalt, BC or Halifax, Nova Scotia

- B. Supply Officer Basic International - This six-week course is designed to train foreign officers (01-04) in U.S. material and financial management procedures. This course is identified by MASL Number P152002. This course emphasizes the technical aspects of supply management, both ashore and afloat, with primary emphasis on supply principles of inventory control; material receipt; storage; material identification and classification; procurement; expenditure and accounting; and Military Assistance supply procedures. The course usually includes field visits to:

- Navy Supply Corps School (NSCS), Athens, GA
- Naval Supply Systems Command (NAVSUP), Mechanicsburg, PA
- Naval Inventory Control Point (NAVICP), Philadelphia, PA and Mechanicsburg, PA

110202 Other Training Available

NAVICP-OF can make arrangements for U.S. personnel to conduct training courses for FMS customers. Many of these courses can be taught in-country. Available courses cover a wide range of U.S. Navy and Department of Defense logistics policies and procedures. (The term "logistics" includes the functions of procurement, distribution, maintenance and replacement of material and the development, allocation and utilization of personnel resources.) Courses are designed to provide FMS customer supply personnel with knowledge of the principles, procedures, and techniques used for logistics management in the U.S. Navy. This knowledge is intended to enable the customer country to make improvements to their own supply system in order to provide better logistics support to their military forces. It also provides the individual student with an understanding of how to use the U.S. logistics system for efficient, effective in-country supply support. This training falls into three broad categories: shore-based supply operations training, shipboard supply operations training, and naval logistics management training.

A. Ashore Supply Operation Training - Courses in this training category provide the student with a general understanding of integrated supply operations at the Field Support Depot (FSD) level. This type of training provides the customer with an overview of the organization, structure, and functional components of a shore-based supply depot. Instruction may include discussions of such topics as:

- Organizational structure and specific components of an FSD
- Basic logistics and FSD terminology and management concepts
- U.S. reference sources and standard logistics/technical documentation
- Procedures for receiving, storing, issuing, and replacing material at a supply depot

B. Afloat Supply Operations Training - Courses in this training category provide the student with a general understanding of supply operations at the shipboard level. This type of training provides the student with an overview of the organization, structure, and functional components of a shipboard supply department. Instruction may include discussions of such topics as:

- Standard organizational structure of a ship's supply division
- Basic shipboard supply terminology, policies, and procedures
- Naval shipboard supply and logistics management concepts
- Standard U.S. reference sources and logistics technical documentation
- Procedures for receiving, storing, issuing, and replacing material aboard ship

C. Naval Logistics Management Training - Courses in this training category provide an overview of the U.S. Integrated Logistics System as it relates to the U.S. Navy. Instruction may include discussions of such topics as:

- U.S. Navy logistics organizations, concepts, policies and functions
- U.S. Navy supply officer career development
- Methods of training U.S. Navy supply/logistics military personnel
- Impact that U.S. logistics policies and procedures have on such programs
- Roles of various U.S. Navy logistics activities in the management of U.S. and FMS programs

SECTION 1103 – CUSTOMER ACCESS TO MISIL DATA

110301 FMS Information Warehouse

The FMS Information Warehouse (IW) is a data warehouse application that allows FMS customers to query data from the Management Information System for International Logistics (MISIL) in a user-friendly Windows environment. In the IW application, the foreign customers have access to huge amounts of information related to their country's FMS program. There are several files available to the customer through a series of drop-down menus. These include:

- All Cases for the FMS customer's program
- All associated Record Serial Number (RSN) Data
- All associated Program Directive (PD) Data
- All requisitions for the FMS customer's program

The FMS customer is given total query and sort capability on **ALL** fields within these files. Once a customer has selected the data that they want, they can then either create a simple customized report or select from a series of existing report formats. The customer is also able to print all of the information or save it to their individual personal computer (PC). Once this data has been saved to the customer's PC, they can then use the data in any other standard PC software package.

There is no cost to the customer for access to this application. The only software that is needed on the customer's PC is a web browser. The FMS Information Warehouse application may be accessed from the NAVICP-OF home page on the World Wide Web (WWW). The web site address is: **www.navicp.navy.mil/of/ofhome.htm**. The FMS Information Warehouse may be found under Business Applications section of the web site. Before accessing the IW application, the user must request a user id and password. Instructions for requesting a user id and password can be found on the web site.

SECTION 1104 – SUPPLY MANAGEMENT DATA

110401 Description of Supply Management Data

"Supply management data" is a general term applied to information used to identify and describe an item and to manage that item (i.e., to control stock levels of that item). This information includes such data elements as the National Stock Number (NSN), Nomenclature, Unit of Issue, and Unit Price. Supply management data is sometimes changed so that an item can be more efficiently managed. These changes are sent throughout the supply system by the item managers of the various military services.

These changes are used by NAVICP to update the Navy Management Data File (NMDF) on a monthly basis. This master file contains supply management data for all National Stock Numbered items that the U.S. Navy uses, except for publications, ammunition, and other specially controlled items. These changes are also available to FMS customers. The monthly Change Notice file includes all changes that occurred in a one-month period to records maintained in the updated NMDF. Some of these records/changes may not apply to the customer's stock record files.

Price changes for Navy Working Capital Fund (NWCF) items are provided annually as a separate distribution because of the large volume of changes. These records are in Change Notice format and should be processed by customers to update their files. Application of monthly Change Notices and the annual NWCF price change updates will help ensure that the customer's stock records match the updated NMDF.

110402 Change Notice Actions

These changes are provided in the form of Change Notice Actions (CNAs). Customers use this information to update their stock records. This information is provided either through magnetic tapes or through DDN, depending on the customer's capabilities.

Item managers assign Change Notice Codes to CNAs. These two-position codes are either alphabetic or alphanumeric. They are used to indicate either the establishment of or a change to logistics management data for a given NSN. A complete listing of Change Notice Codes and their definitions may be found in the Naval Supply Procedures 485 (NAVSUP P-485), Volume II, Appendix 13. The Change Notice Code is divided into the following two parts:

- The first position shows the Action Code. This code tells what type of action is being taken. The Action Code is entered in record position (rp) 3 of the CNA.
- The second position shows the Phrase Code. This code represents a

specific phrase that tells about changes in NSNs and/or relationships between NSNs. The Phrase Code is entered in rp 32 of the CNA.

110403 How to Acquire Monthly Change Notice/Update Services

An FMS customer interested in obtaining Change Notice/Update Services should request these services through the local U.S. MAAG, Military Mission, Defense Attaché, U.S. Embassy, or other in-country U.S. representative. This representative will then notify Navy IPO of the FMS customer's request. Navy IPO will obtain a Price and Availability statement and generate a Letter of Offer and Acceptance (LOA). All costs incurred by the U.S. Government for services requested must be funded by an FMS case.

SECTION 1105 - U.S. FEDERAL AND MILITARY SPECIFICATIONS AND STANDARDS

110501 Specifications and Standards

U.S. federal and military specifications and standards are special categories of documents not normally included under the general heading of "publications." They are not included in normal publication listings and are not obtained through FMS Program procedures. There are two types of specifications and standards: federal and military.

Federal specifications and standards are developed by various U.S. federal agencies and representative segments of private industry under the direction of the General Services Administration (GSA). They are primarily used by federal and civil agencies. Federal specifications and standards are identified by a document identification number consisting of a one-, two-, or three-letter prefix, followed by the first letter in the nomenclature (name) of the material and a serial number (e.g., GG-M-95).

Military specifications and standards are developed and approved by the U.S. DOD for use by U.S. military departments. Military standards are identified by a document identification number consisting of the prefix "MIL" (Military) or "JAN" (Joint Army and Navy) followed by the first letter in the nomenclature (name) of the material and a serial number (e.g., MIL-C-3143).

Specifications and standards may be defined as follows:

- A. Specifications - Specifications are clear, precise descriptions of technical requirements for equipment, items, and services. Specifications normally take the form of written descriptions, drawings, or photographs. These documents are important parts of purchase contracts for various types of equipment. Detailed specifications ensure that the equipment being manufactured is capable of performing the functions for which it was designed.
- B. Standards - Standards are guidelines used to designate levels of quality and economy in the manufacture of U.S. Department of Defense items of supply. Standards are used primarily as references in, and in conjunction with, specifications. There are three basic categories of standards:
 - Standards that designate common or "standardized" colors, shapes, and sizes of material, thereby minimizing the varieties of material that must be maintained in stock
 - Standards that designate methods of testing specific equipment or items of supply
 - Standards that provide engineering information, such as design, use, maintenance, and other technical equipment characteristics

110502 Department of Defense Index of Specifications and Standards

The Department of Defense Index of Specifications and Standards (DODISS) is a reference publication that lists both federal and military specifications and standards. The DODISS may be ordered on either a single issue or subscription basis by contacting the Department of Defense Single Stock Point (DODSSP) for specifications and standards listed below. The DODISS consists of three parts:

- A. Part I - Lists all current specifications and standards in alphabetical sequence by document title.
- B. Part II - Lists all current specifications and standards in numeric sequence by the document identification number
- C. Part III - Lists all current specifications and standards by individual Federal Supply Class (FSC) title in alphabetic sequence. FSCs are identified in Cataloging Handbook H2-1.

110503 How to Obtain Specifications and Standards

FMS customers may request federal or military specifications and standards from the Department of Defense Single Stock Point (DODSSP) for specifications and standards. It should be noted that, while specifications and standards are available to FMS customers, these documents are **not** provided under FMS procedures. Therefore, an FMS case is not required to obtain these documents. Automatic distribution of new and/or revised releases of specifications and standards is also available through DODSSP on a subscription basis. Information on obtaining specifications and standards can be found on the DODSSP home page on the World Wide Web (WWW). The web site address is: **www.dodssp.daps.mil**. DODSSP may also be contacted at the following address:

DODSSP
Building 4-D
700 Robbins Avenue
Philadelphia, PA 19111-5094

SECTION 1106 – LOGISTICS AND MANAGEMENT DATA

110601 Information Available from DLIS

The Defense Logistics Information Service (DLIS) is a DLA field activity. The primary mission of DLIS is to support all logistics functions of the DOD, other Government Agencies and foreign governments through the collection, processing, storage and dissemination of data in the Federal Logistics Information System (FLIS). DLIS uses the FLIS as the primary means to organize and maintain information from the Federal Catalog System. In order to distribute essential logistic and management data, DLIS has developed several specialized supply management products. Many of these are available to FMS customers. These products provide a wide range of management data for items available in the U.S. supply system.

The following paragraphs describe some of the products available from DLIS that may be beneficial to the FMS customer. Additional information about these and other products offered by DLIS can be found on the DLIS home page on the World Wide Web (WWW). The web site address is: **www.dlis.dla.mil**. DLIS may also be contacted at the following address:

Defense Logistics Information Service
Federal Center (DLIS-CI)
74 N. Washington Avenue
Battle Creek, MI 49017-3084

110602 FED LOG

Basic FED LOG is a four disc CD-ROM set published monthly in both Windows and DOS versions. It contains logistics information that allows users to retrieve management, part number, supplier, freight, and characteristics information recorded against NSNs. FED LOG can be used for engineering, technical research, provisioning, procurement, contracting, supply, cataloging, maintenance, storage, distribution, quality assurance, transportation, and disposal. **FED LOG is For Official Use Only (FOUO) and is available to NATO and NATO Sponsored Countries.** (Countries not falling into this category may purchase commercially produced products.) FED LOG also provides service unique data for additional search capabilities including:

- Air Force - RIMCS, CMD, AF I&S, SNUD, Base Address, X-File
- Army - AMDF, SB700-20, Packaging, SARSSCAT, Hazardous Material
- Marine Corps - SL 6-1, SL 6-2, MHIF
- Navy
 1. Master Repairable Item List (MRIL) - This product shows where a Navy user ships their unserviceable repairables.
 2. List of Items Requiring Special Handling (LIRSH) - This product provides a consolidated listing of items in the supply system that require special handling. This product should be used in conjunction with the Hazardous Material Information System (HMIS).
 3. Navy Item Control Number (NICN) to National Item Identification Number (NIIN) - NICNs are 13-character identification numbers assigned to items that are not included in the Federal Cataloging System but are stocked or monitored in the U.S. Navy supply system. They are assigned by U.S. Navy item managers for inventory control. The NICN to NIIN product is designed as a cross-reference to assist the user in identifying those NICNs that have recently been changed to NSNs.

110603 FED LOG Characteristics Search

This one disc product (FED LOG Disc #5) is published monthly. It is optional, but only operates with the basic 4 disc set. It allows users to identify and search on specific attributes. This CD-ROM is FOUO and available to basic FED LOG users.

110604 FED LOG Drawings

The Drawings disc (FED LOG Disc #6) is available to all FED LOG users. It is a single disc which operates only with the basic FED LOG four disc set, with or without Characteristics Search. It is published quarterly and is useable with any issue of the basic FED LOG thereafter or until the next publishing. This CD-ROM is FOUO.

110605 Management Data (MD) & Interchangeability and Substitutability (I&S)

This quarterly product contains both Management Data (MD) and Interchangeability and Substitutability (I&S) information. The MD contains information on all NSNs with recorded management data. This information is used in procurement, requisitioning, storing and issuing of supply items. The MD allows searches by FSC, NIIN, Item Name, Source of Supply (SOS) and Acquisition Advice Code (AAC). This product provides users with NSN, Item Name, PMIC, HMIC, Service/Agency (S/A), SOS, AAC, Quantity Unit Packed (QUP), Unit of Issue (UI), Demilitarization Code (DEMIL), Management Control Data and Phrase Code/Statement, CIIC, Shelf Life Code, Criticality Code, ADP, ESDC, Reparability Code, Conversion Factor and Price.

The I&S provides a reference source for determining which NSNs may be exchanged or substituted for another like item of supply listed in the FLIS database. The CD-ROM product allows searches by FSC, NIIN, PICA, Item Name and Related NSN. The search results contain the following data: PICA, Item Name, Service, Related NSN, Order of Use, Jump to Code, and Phrase Code. (1 disc)

110606 Master Cross Reference Data (MCRD)

The Master Cross Reference Data (MCRD) is published quarterly and contains all active and inactive NSNs. The MCRD is used to cross-reference part numbers, CAGE data, and NSNs and is designed to assist procurement/contracting and supply personnel. It also provides the user with replacement NSNs for canceled NSNs. The MCRD allows searches by FSC, NIIN, Part Number, Commercial and Government Entity (CAGE) Code and Item Name. Data output in the MCRD includes NSN, Item Name, Part Number, CAGE Code, Item Standardization Code (ISC), Reference Number Variation Code (RNVC), Reference Number Category Code (RNCC), Service/Agency Designator Code (SADC) and Description Availability (DA).

110607 Cataloging Handbooks ("H" Series)

This monthly product combines several Cataloging Handbooks. These include:

- A. Federal Supply Classification (H2) – The Federal Supply Classification (FSC) is a commodity classification system that uses a four digit code designed to serve the multiple functions of supply. Search may be conducted on FSC, Federal Supply Group (FSG), FSC Title or Federal Supply Group (FSG) Title.
- B. DOD Ammunition Codes (H3) – Provides a system of uniform, centrally assigned code numbers for generic descriptions of items classified in Federal Supply Groups (FSGs) 13 and 14. Search may be conducted on FSC, Department of Defense Item Code (DODIC), Department of Defense Ammunition Code (DODAC), or Item Name.
- C. Commercial and Government Entity (CAGE) Codes (H4/H8) – The organizations contained in this portion of the H- Series are manufacturers and non-manufacturers. They are uniquely identified by a five digit CAGE Code or a NATO Supply Code for manufacturers (NSCM), and categorized by an Organizational Entity (OE) type code. The CAGE reflects codes assigned to organizations located world-wide. Search may be conducted on the CAGE Code, company name, city, state, zip code, postal zone, country, or Contract Administration Office (CAO).
- D. Corporate Complex (H5) – Used to show the relationship between corporate headquarters and its divisions, branches and subsidiaries. Reflects the complete name and address of all related companies. Searches may be conducted on Association Cage, CAGE, company name, zip code, postal zone or country.
- E. Federal Item Name Directory (H6) – Used to classify, define, and prepare item identifications for inclusion in the FCS. Search may be conducted on INC, item name, 4-6 digit Federal Item, Identification Guide (FIIG), FSC or Integrated Material Manager (IMM).

110608 DOD Consolidated Ammunition Catalog (AMMO)

The AMMO CD is published twice a year and is an ammunition information system. This product searches by FSC, NIIN, P/N, CAGE, Department of Defense Identification Code (DODIC), Item Name and Characteristics. It provides Reference Number data, Item Name, Characteristics data, Management/Phrase data, CAGE data, and Ammunition data for a National Stock Number (NSN). The AMMO Catalog also provides for Uniform and National Motor Freight Class Codes. It does not contain proprietary or security classified data. (1 disc)

110609 Demilitarization Codes (DEMIL)

The DEMIL is published bimonthly and provides active and inactive NSNs that are cross-referenced to the applicable Demilitarization (DML) code and Challenge Indicator Code. DML codes indicate whether an item requires demilitarization and, if so, the demilitarization requirements or procedures. This product provides NSN, Item Name, Precious Metals Indicator Code (PMIC), Demilitarization Code, NIIN/PSCN Status Code, Hazardous Material Indicator Code (HMIC), Service/Agency Code, Controlled Inventory Item Code (CIIC), Source of Supply (SOS), Using Service Code (USC), Management Data, Challenge Indicator Code, and proposed Demilitarization Code. This product can assist cataloging, maintenance, distribution, storage, transportation and disposal personnel. (1 disc)

110610 Medical Catalog (MEDCAT)

The MEDCAT is a monthly product containing information on medical and medical related items from the Federal Logistics Information System (FLIS) and several Service Unique databases. Seven different searches are provided - the main MEDCAT, Commercial and Government Entity (CAGE), Army Master Data File (AMDF), AMDF Unit Assemblage, Air Force Medical Logistics Office (AFMLO), AFMLO Table of Allowances, and Federal Supply Schedule. Technical data in the MEDCAT includes: NSN, Set/Component, Cross Reference, Supplier Name and Address, Management, Serviceability Standard, Characteristics, Item Name (including Colloquial), AMDF, AMDF Unit Assemblage, AFMLO, AFMLO Table of Allowances, and Federal Supply Schedule. (1 disc)

CHAPTER 12 - OTHER AREAS FOR SPECIAL ATTENTION

SECTION 1201 - EXCESS MATERIAL AVAILABLE TO FMS CUSTOMERS

120101 Defense Reutilization and Marketing Service

The Defense Reutilization and Marketing Service (DRMS) is part of the Defense Logistics Agency (DLA). DRMS is responsible for disposing of excess U.S. Government material. Excess material is material that is no longer needed by a Department of Defense (DOD) activity. DRMS sometimes sells this excess material to FMS customers. DRMS is an organization within the U.S. Department of Defense. DRMS has no connection with commercial firms that offer surplus U.S. DOD material and supplies for sale to the general public. Excess material that may be available from DRMS includes items in all Federal Supply Groups (FSGs), ranging from major end items to maintenance support items, repair parts, and consumables. These items may be either new or used.

FMS customers can benefit from purchasing excess material from DRMS. DRMS can sometimes provide a readily available source for needed material and the material can usually be purchased at a greatly reduced price. All excess material is sold on an "as-is, where-is" basis. DRMS does **not** provide for transportation, repair, or follow-on support of excess material. It is the customer's responsibility to arrange for these services. U.S. Government excess material is usually sold to FMS customers on a cash basis. Payment can be sent with an accepted Letter of Offer and Acceptance (LOA) or deductions can be made from funds that the customer already has on deposit at DFAS-DE/I.

DRMS maintains an updated listing of material that may be available for purchase by the FMS customers. This information may be found on the DRMS home page on the World Wide Web (WWW). The web site address is: **www.drms.dla.mil**. The information on the web site includes items such as the NSN, location of the material, quantity available, unit of issue and condition of the material. The information on this web site is totally searchable. The FMS customer may also requisition material directly over the web. Additionally, DRMS offers a service referred to as a "Want List" where the customer may specify material that they are interested in purchasing. When such items become available, DRMS will notify the customer. However, before the customer can requisition any material from DRMS, they must have an established FMS case with DRMS. DRMS may also be contacted at the following address:

Defense Reutilization and Marketing Service
DRMS – TSR
74 N. Washington Avenue
Battle Creek, MI 49017-3092

120102 NAVSUP Managed Potential Excess Material

Under certain conditions, FMS customers may also requisition spare and repair parts at discount prices directly from the U.S. Navy. This material, commonly referred to as Excess Defense Articles (EDA), is material that has been identified as POTENTIALLY excess to the U.S. Navy. The U.S. Navy will periodically identify EDA material that **may** be available for purchase by the FMS customers. This material will be categorized as either shipboard or aviation. This information may be found on the NAVICP-OF home page on the World Wide Web (WWW). The web site address is:

www.navicp.navy.mil/of/ofhome.htm. The EDA application may be found under Business Applications section of the web site. The listing of this material on the web site allows EDA information to be provided to the FMS customers in a timelier manner. However, customers not having access to the WWW should contact NAVICP-OF to obtain hardcopy listings of EDA material. The procedures for purchasing this EDA material are described below:

- The customer must first establish a DRP case with NAVICP-OF specifically for the purchase of potential excess material from the U.S. Navy. A separate case is required for shipboard material and for aviation material. See Chapter 3 for more information regarding DRP cases.
- Only Ready for Issue (RFI) material will be offered. Consumable items will be billed at 50 percent of the standard price. Repairable items will be billed at 40 percent of the standard price. New and unused repairables with a unit price of \$100,000.00 or greater will be billed at 50 percent of the standard price.
- Only material contained on the EDA listing may be ordered under the DRP case(s) established for this type of material. When NAVICP-OF receives a requisition for material, they will send it to the item manager. If the item manager verifies that material in the potential excess category is still available, the requisition will be filled. If the material is no longer available, the item manager will inform NAVICP-OF and the requisition will be canceled. If part of the quantity requisitioned is available as excess material, the available quantity will be shipped and the remaining quantity will be cancelled.
- Detailed instructions for preparing requisitions for the EDA material are available on the WWW. **THESE INSTRUCTIONS MUST BE FOLLOWED EXACTLY.** (It is especially important, for example, that the customer enter the proper Project Code in record positions 57-59.) If these instructions are not followed exactly, the customer may be billed for the full (MD) price (instead of the excess discount price) of the material, without recourse (i.e., an SDR for a billing discrepancy would be rejected).

- All procedures and restrictions that apply to DRP cases also apply to DRP cases for excess material. Waivers of some restrictions may be granted on a requisition-by-requisition basis. Requests for waivers must follow established procedures.
- A customer may not normally requisition classified material under these procedures. If a waiver is desired, the customer must obtain release authorization from Navy IPO as described in Chapter 6.

SECTION 1202 - U.S. BUY-BACK OF MATERIAL FROM FMS CUSTOMERS

120201 Overview of Material Buy-Back

An FMS customer sometimes purchases material from the U.S. Government that proves to be in excess of their needs. When this happens, the customer may wish to sell this excess material back to the U.S. Government. Such a transaction, when it occurs, is not normally handled through FMS procedures because U.S. Government regulations require that its activities buy material according to specific standard procurement practices. These regulations also impose numerous requirements and restrictions on U.S. activities that may make it procedurally difficult for an FMS customer to sell material back to the U.S. Government.

120202 Procedures for Material Buy-Back

There is no guarantee that the U.S. Government will buy back the material that the FMS customer wishes to sell. When the U.S. Government does buy material from an FMS customer, it does so on a case-by-case basis. If a customer does wish to pursue the sale of excess FMS material back to the U.S. Government, the following steps should be taken:

- Determine the COG of the material you wish to sell. To determine the correct COG, find the National Stock Number of the item in the Management List-Navy. The ML-N is published quarterly by the DLIS.

- Determine the name of the activity associated with the COG listed in the ML-N. To do this, find the COG in the Naval Supply Procedures 485 (NAVSUP P-485), Volume II, Appendix 18.
- Send an offer to sell your material directly to the activity listed in the NAVSUP P-485. Include as much information about the item as possible (such as NSN, nomenclature, end item application, condition, etc.).

SECTION 1203 - CONDITIONAL SUBSTITUTES

120301 Conditional Substitute Definition

DLA sometimes receives a requisition from an FMS customer for material that is either not available for issue from stock or for which a source of supply is difficult to locate. When this happens, DLA may offer the customer a "conditional substitute" item. This is an item that one or more (but not all) U.S. military departments cannot accept as fully interchangeable with the item that the customer originally ordered. In other words, the customer country may not be able to use the substitute item with a particular piece of equipment in the same way that it would use the item requested. Because the substitute item offered can be used by some military services (or FMS customers) and not by others, it is called a "conditional" substitute.

120302 Determining Suitability of Conditional Substitutes

DLA will provide the FMS customer country with information to help it decide whether or not to accept a conditional substitute. When such an item is offered, DLA will provide an explanation of why the item is considered a conditional substitute. This explanation will normally involve a discussion of the equipment to be supported by the substitute item. The item will probably be suitable for use by the FMS customer if the equipment being supported by the customer is the same as the equipment being supported by at least one of the U.S. military services. If the customer's equipment is not the same as the equipment being supported by a U.S. military service, the customer has two options:

- A. The customer may resubmit the original requisition with advice Code "2B" in record positions 65 and 66. This code tells the supply system that the customer does not wish to receive a substitute item.
- B. The customer may requisition the Technical Data Package for the "conditional substitute" item from DLA. To do this, the customer must first establish an FMS case with DLA. The Technical Data Package will provide the customer

with detailed technical information about the item. The customer can then perform a technical review of the substitute item to decide whether or not it will meet the customer's needs.

Although it is easier to resubmit the original requisition with advice code "2B," this may result in a long delay if the item must be purchased. It may also make the item very expensive. Establishing an FMS case with DLA and reviewing a Technical Data Package, however, can also be a time consuming process. Additionally, the customer may review the Technical Data Package and then find that the substitute item is not acceptable.

The FMS customer's best course of action would probably be to resubmit the original requisition with advice code "2B" and wait for supply status from NAVICP-OF. If the status indicates a long procurement lead time, the customer may then wish to obtain a Technical Data Package for the substitute item to review while the customer is waiting. Then, if the substitute item is found to be acceptable, the customer may be able to cancel the outstanding requisition and accept the substitute item. If the substitute item is found to be unacceptable, the customer can continue to wait for the requisition to be filled.

SECTION 1204 - REQUISITIONING FOR SHIP CONSTRUCTION/OVERHAUL

120401 Construction/Overhaul Requisitioning Procedures

FMS customers involved in ship construction, overhaul, or modernization programs frequently require parts or systems support from the U.S. supply system. Unfortunately, customers often wait until a short time before this support is needed to establish an FMS case and to requisition material. Much of this type of material is not available in stock. Since long procurement lead times are often involved, customer work schedules are frequently delayed. To avoid this problem, the FMS customer should establish a shipyard overhaul management case before beginning a ship construction, overhaul, or modernization program. This case should address all aspects of the program that require U.S. Navy supply system support, including:

- Provisioning
- Coordinated Shipboard Allowance List/Coordinated Shore-Based Allowance List validation
- Requisitioning, warehousing, and staging of material at the overhaul site

It should be noted that different types of cases may be appropriate. A DRP or CLSSA case (see Chapters 3 and 4) may be required for pull requisitioning of parts and components as they are needed. However, a defined line case may be needed if major systems or equipment not authorized under DRP or CLSSA procedures are required.

SECTION 1205 - CONTRACT ACCOUNTING IN MISIL

120501 Contract Accounting Introduction

In 1992, MISIL was changed to incorporate a project that modified the accounting process for FMS contracts and funds usage documents. As part of the changes, new transactions were developed to pass logistical information back to the FMS customer.

Contracts and funds usage documents are used by the U.S. Navy as procurement instruments to purchase material and services for FMS customers. Funds usage documents are any documents, other than contracts, that are used to fund the purchase of materials or services for FMS customers. These include such documents as Requests for Contractual Procurements (RCPs), Work Requests (WRs), Project Orders (POs), and Military Interdepartmental Purchase Requests (MIPRs). There are approximately 15 types of funds usage documents.

Contract Accounting greatly improves the way MISIL accounts for contracts and funds usage documents. Commitment and obligation data is posted to MISIL more quickly since the documents are posted directly by the U.S. Navy offices that prepare and control contracts and funds usage documents. This process also helps to prevent the premature decommitment and deobligation of funds from the document and, ultimately, the FMS case. In addition, the Contract Accounting expenditure data is maintained at the same level used by the disbursing offices. These improvements make case and file reconciliation easier and result in better financial management and faster, more efficient case closure.

The MISIL Contract Accounting project, and its associated methods of accounting, apply to all Navy MISIL-managed FMS cases implemented after February 1992, except CLSSA and DRP cases. Cases implemented prior to this will continue to be reported under the old procedures. In either situation, the existing policy of using the "Single Selling Price" for the reporting and billing of certain material will continue to have priority over other billing methods.

120502 Status Under Contract Accounting

Prior to Contract Accounting, MISIL generated MILSTRIP status to customers both for issues from stock and for items placed on order under contracts or funds usage documents. Under MISIL Contract Accounting, standard MILSTRIP transactions will continue to be used to provide advisement, supply, and shipment status for stock issues. For deliverables (material delivered or services performed) provided via contracts or funds usage documents, MISIL Contract Accounting provides unique transactions to report supply and shipment status. Figures 12-1 and 12-2 provide the formats for these transactions. While the formats of these transactions are similar to their MILSTRIP counterparts, some of the MILSTRIP data fields unrelated to contract or funds usage documents have been eliminated. In place of traditional MILSTRIP data, different data elements appear on the transactions to provide additional information about the deliverable and its relationship to the contract or funds usage document. The data in the revised status transactions enables customers to relate each deliverable to a specific line of accounting (i.e., ACRN) and line item number (i.e., CLIN) within the U.S. Government's contract or funds usage document. Specifically, the following information is provided on the transactions:

- A. Standard Document Number (SDN) - This document number identifies the actual contract or funds usage document used by the U.S. Government to purchase the material or service.
- B. Accounting Classification Reference Number (ACRN) - The ACRN is used to identify the particular line of accounting within the contract or funds usage document.
- C. Contract Line Item Number (CLIN) - The CLIN is used to identify a specific deliverable listed in the contract.

120503 Contract Accounting Status Transactions

The transactions listed below are generated by MISIL for deliverables provided via contracts or funds usage documents that cite an FMS case implemented after February 1992.

- A. Document Identifier "BLA," Contract Deliverable Customer Advisement Transaction - The format for this document appears in Figure 12-1. This document is generated whenever a deliverable record (i.e., requisition) is established in MISIL. If the contract or funds usage document individually prices the deliverables, a price will be entered into MISIL. It will then appear on the "BLA" transaction as the Ordered Unit Price. If the deliverables provided under the contract or funds usage document are not individually

priced, the price in MISIL at the deliverable record level cannot be updated. In these cases, the Ordered Unit Price of the "BLA" transaction provided to the customer will be zero.

B. Document Identifier "BLB," Contract Deliverable Supply Status Transaction -

The format for this transaction appears in Figure 12-2. This document is generated whenever a status update is made to a previously established status record. Specifically, the following status codes apply to "BLB" transactions.

1. BV status will be provided when a deliverable is related to a contract or funds usage document, when an Estimated Availability Date (EAD) is changed, or when erroneous shipment status or cancellation status is removed from the deliverable record.
2. BJ status will be provided when an ordered quantity is changed.
3. BG status will be provided when a stock number, part number or Unit of Issue is changed.
4. BQ, B4, or CA status will be provided when a deliverable record is cancelled.

C. Document Identifier "BLC," Contract Deliverable Shipment Status

Transaction - The format for this transaction appears in Figure 12-3. This status is generated whenever shipment status is posted to MISIL, indicating physical movement of material or completion of services.

120504 Duplicate Document Numbers Under Contract Accounting

Duplicate document numbers were not allowed prior to Contract Accounting. However, there may now be situations where the U.S. Government issues multiple contracts from a single line of accounting (which bears a single requisition document number in the PAA and Cost Code fields) on a commitment document (e.g., RCP). When this happens, duplicate document numbers may be generated which will be maintained in MISIL and provided to customers via the status transactions described above. **However, the contract number, ACRN, CLIN, stock number, etc., appearing on each status transaction will be unique.** This will allow the customer to distinguish between the multiple deliverables with the same requisition document number.

120505 Billing Under Contract Accounting

For cases implemented under Contract Accounting, billing is performed at a level above the deliverable level. If the deliverable under a contract or funds usage document has been individually priced, the deliverable will contain a “memorandum” ordered value in MISIL. If the deliverable has not been individually priced, the MISIL value of the deliverable will be zero. Because not every deliverable will be priced, it is possible that the total of the prices for all the deliverables will not equal the higher level (i.e., the ACRN) record value. The ACRN will be used as the billing level, and it may relate either to a single deliverable record or to multiple deliverable records. Because the bills will process to the ACRN record, and not the deliverable record, the information from the ACRN level will appear on the DD Form 645 Billing Statement.

Although the deliverable record will not be included on the DD Form 645, the deliverable data will be reported on a supplement to the Quarterly Requisition Report (QRR). Figure 12-4 provides the format for the new Contract Accounting Supplement to the Quarterly Requisition Report. This supplement shows all the requisitions (deliverables) for all active contract and funds usage document ACRNs. It includes the commitment, obligation, and expenditure values at the ACRN level. It also includes the "DESCRIPTION" of the material or service being reported. This description will provide the customer with more detailed information about the material or services than the information provided by the National Stock Number (NSN) of the ACRN alone. Printed directly below the "DESCRIPTION" line are all of the deliverable records for the ACRN. If a price breakout is provided in the contract or shipping document, a price will be posted to MISIL and reported on the QRR as an estimated Unit Price and an estimated Extended Price. The ACRN and all the related deliverables will be reported on this supplement of the QRR until the ACRN is completed.

120506 SDRs Under Contract Accounting

Under Contract Accounting, customers should submit SDRs at the deliverable level. They may not, however, be able to assign an accurate value to the SDR. This could be due to the fact that billing has occurred at the higher ACRN level. To ensure better SDR processing under Contract Accounting, customers should provide as much information as possible (e.g., Contract Number, ACRN, CLIN, etc.) on the SDR.

**Figure 12-1
Contract Deliverable Customer Advise Transaction**

Field Position	Field Legend	Explanation
1-3	Document-Identifier	"BLA"
4-6	Routing-Identifier-From	
7	Media-and-Status Code	
8-22	Stock-Number	
23-24	Unit-of-Issue	
25-29	Transaction-Quantity	
30-43	Document-Number	Requisition Number
44	Demand-Suffix-Code	
45-50	Supplementary-Address	
51-67	SDN-Call-Number	Contract or Funds Usage Document Number
68-71	Contract-Line-Item-Number	
72-73	Sub-CLIN	Sub-Contract Line Item Number
74-80	Unit-Price	Ordered Unit Price

**Figure 12-2
Contract Deliverable Customer Supply Status Transaction**

Field Position	Field Legend	Explanation
1-3	Document-Identifier	"BLB"
4-6	Routing-Identifier-From	
7	Media-and-Status Code	
8-22	Stock-Number	
23-24	Unit-of-Issue	
25-29	Transaction-Quantity	
30-43	Document-Number	Requisition Number
44	Demand-Suffix-Code	
45-50	Supplementary-Address	
51-67	SDN-Call-Number	Contract or Funds Usage Document Number
68-71	Contract-Line-Item-Number	
72-73	Sub-CLIN	Sub-Contract Line Item Number
74-77	Estimated-Availability-Date	
78-79	Status-Code	
80	Filler	Reserved

**Figure 12-3
Contract Deliverable Shipment Status Transaction**

Field Position	Field Legend	Explanation
1-3	Document-Identifier	"BLC"
4-16	Stock-Number	
17-21	Transaction-Quantity	
22-35	Document-Number	Requisition Number
36	Demand-Suffix-Code	
37-42	Supplementary-Address	
43-59	SDN-Call-Number	Contract or Funds Usage Document Number
60-61	ACRN-Number	Accounting Classification Reference Number
62-65	Contract-Line-Item-Number	
66-67	Sub-CLIN	Sub-Contract Line Item Number
68-70	Date-Shipped	
71-79	TRNSPRTN-CNTRL-NR	Transportation Control Number
80	Mode-of-Shipment	

APPENDIX A - GLOSSARY OF TERMS

<u>TERM</u>	<u>DEFINITION</u>
Acceptance Date	The date that appears on the acceptance portion of the LOA and indicates the calendar date on which a Foreign Military Sales (FMS) customer agrees to purchase the items and accept the conditions contained in the offer portion.
Accepted Case	An FMS Letter Offer and Acceptance for definitized requirements signed by the designated representative of the customer country.
Accessorial Charges	A separate charge for packing, crating, handling (PCH), loading and transportation costs and any other costs associated with preparation and shipment of material not included in administrative costs.
Acquisition Value	The actual or estimated value of an item or service in terms of its original cost to the U.S., exclusive of any costs incurred subsequent to acquisition and without regard to the time at which actual acquisition occurred or the method by which it was financed.
Administrative Charges	Charges levied for use of the DOD Supply System.
Cancelled Letter of Offer and Acceptance (LOA)	An LOA which was cancelled by the requesting country or the U.S. Government.
Cannibalize	To take one thing, such as a part from a machine, and add it to another.
Case, FMS	Identifies a Letter of Offer and Acceptance (LOA). A contractual sales agreement between the U.S. and an eligible foreign country documented by an LOA. One FMS case designator is assigned for the purpose of identification, accounting, and data processing for each accepted LOA.
Case Description	A short generic description specifically prepared to describe the contents of each FMS case.

TERM**DEFINITION**

Case Designator	A three digit alphabetic code used with a country identification code to identify a particular Foreign Military Sales (FMS) case.
Case Identifier	A unique identifier assigned to an FMS case for the purpose of identification, accounting, and data processing of each accepted LOA. The case identifier, located on page 1 of the LOA, consists of the country code, implementing agency code, and the case designator.
Clear Text Address	Name and address of the country representative, freight forwarder, or customer-within-country identified in the Military Assistance Program Address Directory (MAPAD).
Closed Case	An FMS case against which all material deliveries have been made and/or all services have been performed; all financial transaction, including all collections, have been completed; and the customer has received a final statement of account. (See "Completed Case.")
Commercial Sale	Sale made by U.S. industry directly to a foreign buyer that is not administered by the Department of Defense (DOD) through FMS procedures.
Commercial Type Items	Any items, including those expended or consumed in use, which, in addition to military use, are used and traded in normal civilian enterprise and which are, or can be, imported/exported through normal international trade channels.
Completed Case	Delivery of all material/services as stated on the LOA and for which all collections have been completed, but for which the final statement of account has not been provided to the purchaser. (See "Closed Case.")
Concurrent Spare Parts	Spare parts programmed as an initial stockage related to a major item and normally delivered concurrently with the major item.

TERM

DEFINITION

Consolidated Shipment	A shipment in which several items, each applicable to a separate requisition, are shipped to the customer in a single container. It should be noted that the external markings on the container and bill of lading (manifest, waybill, etc.) will often show only one of the many requisition numbers applicable to material inside the container.
Constructive Delivery	Delivery of material to a carrier for transportation to the consignee, or delivery to a U.S. post office for shipment to the consignee. Delivery is evidenced by completed shipping documents or listings of delivery at the U.S. post office. The delivery of material to the customer or the customer's designated freight forwarder at the point of supply, production, or testing constitutes actual delivery.
Consumable Supplies	Supplies which are expended in use, such as paint, fuel, cleaning and preserving materials, drugs and medicines or spare parts.
Cooperative Logistics Supply Support Arrangement (CLSSA) (COOPLOG)	An agreement between a U.S. military service and a friendly foreign military service setting forth the terms and conditions for providing support in peacetime through the U.S. Logistics System.
Defense Articles	Includes any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war; any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance; any machinery, facility, tool material, supply, or other items necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any other defense article or any component or part of any articles listed above.

TERM

DEFINITION

Defense Automatic Addressing System (DAAS)

An automated system for routing MILSTRIP documents, transmitted using DDN, to the proper activity. It provides document processing and tracking services. DAAS ensures delivery of the document to the correct activity based on certain MILSTRIP codes.

Defense Services

Includes any service, test, inspection, repair training, publication, and technical or other assistance, or defense information used for the purpose of furnishing military assistance. "Training" includes formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, contractors (including instruction at civilian institutional), or by correspondence courses; technical, education, or information publications and media of all kinds; and training aid orientation, training exercises, and military advice to foreign military units and forces.

Dependable Undertaking

An agreement on the part of a foreign country to pay the U.S. Government on demand for goods and services provided.

Designated Overhaul Point (DOP)

A U. S. Government activity or commercial contractor designated by an inventory manager to perform the highest (depot) level of repair on a particular item or group of items.

Direct Requisitioning Procedures (DRP) Case

An open-end requisitioning case covering undefinitized spare parts for a specific weapons system or systems. The FMS case is of specific duration, normally 12 months.

End Item

Assembled system or equipment, (such as tanks, aircrafts, ships, etc.) ready for its intended use, for which only ammunition, fuel or other energy sources are required to place it in an operating condition, or equipment, consisting of components and parts with or without accessories or attachments (such as rifles, binoculars, etc.)

TERM

DEFINITION

Equipment

All items of a durable nature designed for continuing or repetitive utilitarian use by an individual or organization.

All articles other than supplies needed to outfit an individual, an organization, or a special project. Such equipment may be described as follows:

Individual equipment--items required for the personal use of individuals.

Organizational equipment--items required for the use of an organization or unit.

Special project equipment--items not authorized in standard equipment allowance publications, but determined as essential in connection with a particular contemplated operation, function, or mission.

Expired Letter of Offer and Acceptance

An FMS case which was not accepted or funded within prescribed time limitations.

Foreign Military Sales

That portion of the United States Security Assistance Program authorized by the Foreign Assistance Act of 1961, as amended, and the Arms Export Control Act, as amended. The Foreign Military Sales program provides for reimbursement by the recipient for defense articles and services transferred from the U.S. Government to an FMS customer.

Foreign Military Sales Order (FMSO) I

A Letter of Offer and Acceptance covering the estimated dollar values of the quantities of items to be stocked (on hand) and continuously procured (on order) for support of the country's U.S. furnished equipment.

Foreign Military Sales Order (FMSO) II

A consumption FMSO involving a separate Letter of Offer and Acceptance covering the customer country's estimated annual demand of material from the U.S. supply system for an agreed period of time.

Freight Forwarder

Any representative designated by a customer country to accomplish/control shipments of FMS material.

TERM**DEFINITION**

Implementation Date	The date when supply action on an FMS case is initiated or directed by the implementing agency.
International Logistics Communication System (ILCS)	Provides the same advantages as DDN and is an electrical transmission option for FMS customers that do not have access to DDN facilities.
Inventory Control Point	An organizational unit or activity within the U.S. Department of Defense supply system which is assigned primary responsibility for the management of a group of items either for a particular U.S. Military service or for the Department of Defense.
Letter of Offer and Acceptance (LOA)	A formal government-to-government contract stating terms and conditions for the sale of material and services. The LOA lists the items and/or services, estimated costs, the terms and conditions of sale, and provides for the foreign government's signature to indicate acceptance.
Management Information System for International Logistics (MISIL)	An integrated data processing system, located at the Naval Inventory Control Point, International Programs Directorate, Philadelphia, PA, that is used to administer and support the U.S. Navy's Security Assistance Program.
Maximum Release Quantity (MRQ)	The largest quantity of an item of supply that will be issued automatically by a computer in response to an FMS customer requisition.
Military Assistance Program Address Code (MAPAC)	A six position code structured to use selected data elements contained in the MILSTRIP requisition for identifying the addresses of country representatives, freight forwarders or customer-within-country used in release of FMS shipments.
Military Assistance Program Address Directory (MAPAD)	A listing of in-the-clear text addresses of country representatives, freight forwarders, and customer-within-country required for releasing FMS shipments processed in accordance with MILSTRIP, and addresses required for forwarding of related documentation.

TERM**DEFINITION**

Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP)	MILSTRAP prescribes uniform procedures, data elements and codes, documents and time standards for the flow of inventory accounting information pertaining to receipt issue and adjustment actions, between inventory control points, stock control/activities, storage sites, and posts or bases.
Military Standard Requisitioning and Issue Procedures (MILSTRIP)	A uniform procedure established by the Department of Defense (DOD) for use within the DOD to govern requisitioning and issue of material within, under a standardized priority system.
Navy Item Control Number (NICN)	A thirteen character item identification number assigned by a U.S. Navy item manager, for the purpose of inventory control, to an item not included in the Federal Catalog System.
Nonrecurring Demand	Demands placed on the supply system to establish or augment, but not to replenish stock levels in the customer's country.
Nonstandard Item	An item that does not have a National Stock Number (NSN) assigned to it.
Notice of Availability (NOA)	A document forwarded to an FMS customer representative by a shipping activity advising that material is ready for shipment to the FMS customer representative or his freight forwarder.
Obligational Authority (under FMS)	A document or authority passed from DFAS-DE/I to the implementing DOD component which allows financial obligations to be incurred against a given FMS case in an amount not to exceed the value of that documented authority.
Offer Date	The date which appears on the offer portion of the LOA and which indicates the date on which an offer is made to a potential FMS customer.
Offer/Release Option Code	Method by which an FMS customer country indicates, by a coded entry on the LOA, whether material shipments should be released automatically by the stock points or will require notice to a country representative, or freight forwarder prior to release. The type of option is determined as a result of negotiations between the country representatives and CNO at the time of case negotiation.

<u>TERM</u>	<u>DEFINITION</u>
On-hand Stock Level	The quantity of an item of supply physically available within the supply system for issue.
On-order Stock Level	The quantity of an item of supply required to replenish the on-hand stock level.
Open FMS Case	An FMS case, any portion (i.e., delivery of material, performance of services, financial transactions, or rendering of the final statement of accounts) of which is incomplete.
Price and Availability (P&A)	Requested by a customer country when that country requires material and services not listed on the Management Data (MD). The customer sends P&A requests to Navy IPO for major items, spares, etc., requesting the price, availability (from stock or outside purchase), and assignment of a case number.
Price Increase Authority	Standard items are supplied at the latest price where available from stock. If procurement is necessary for standard or nonstandard material, customer approval is to be secured before purchase is made at higher costs which exceed automatic FMS case price increase authorization.
Procurement Lead Time	The interval between the initiation of a procurement request and receipt of an item into the supply system.
Purchase Order	Document authorizing a vendor to deliver material/equipment or perform services.
Recurring Demand	Demand placed on the supply system to replenish and maintain previously established stock levels.
Renegotiation	Adjustment of the dollar level of FMSO-I investment in U.S. stocks in direct proportion to changes in the dollar value of the recurring demand level, changes in program data or configuration changes.
Reorder Point	Stock level (quantity of material) at which the DOD item manager takes procurement action to replenish his stock.

TERM

DEFINITION

Repairables	Equipments or components which, upon failure, are repaired and returned to stock for reissue.
Repairable Item Replacement Option (RIRO)	RIRO enables FMS customers to replace unserviceable depot level repairable items using procedures similar to those used by the U.S. Navy. RIRO procedures apply to Cooperative Logistics Supply Support Arrangement (CLSSA) cases.
Requisition	A single, specific ordering document that shows exactly which item or service, and the quantity of the item or the kind of service required by the customer.
Safety Level	Minimum stock level (quantity of material) required to be on hand to permit continuous operations in the event of interruption of normal stock replenishment activity or unpredictable fluctuation in demand.
Secondary Items	All items not defined as major items, including repairable components, subsystems and assemblies, consumable repair parts, bulk items and material, subsistence, and expendable end items (including clothing and other personal gear).
Standard Accounting and Reporting System (STARS)	STARS is a system used within the U.S. supply system to improve the financial accounting, reporting and visibility control of funds relative to FMS cases.
Standard Stock Items	Items of supply that meet the standard criterion such as established standard size, weight, quality, strength or the like. Items that are assigned a National Stock Number (NSN).
Storage Charges	Charges for warehousing, care and preservation of material maintained on hand in the U.S. inventories for a customer country.

TERM

DEFINITION

Supply Operation Cost	Costs related to procurement, issue and delivery of material to FMS recipients, but not included in the standard prices of the material. These costs include packing, crating, handling and transportation expenses incurred in the issue/transfer of material, and logistics management expenses incurred by activities in the areas of procurement operations, supply management, requisition processing, and related services. Normally referred to as either administrative costs/charges or accessorial costs/charges.
Training	Formal or informal instruction of FMS customer country students in the United States or in the customer's country by U.S. DOD contractor personnel, or via correspondence courses. Includes orientation tours, training exercises of all kinds, and advice to FMS customer country military units by U.S. civilian/military personnel.
Uniform Material Movement and Issue Priority System (UMMIPS)	A standard system used in the U.S. Department of Defense to assign priorities for the issue of material.
Unit of Issue/Unit of Measure	Determine amounts or quantities which have been established as standards of measurement for issue of materials or supplies.

APPENDIX B - ABBREVIATIONS

-A-

ADP	Automatic/Automated Data Processing
ADSHIPDA	Advise Shipping Data
APA	Appropriation Purchases Account
APL	Allowance Parts List
ASG	Afloat Shopping Guide
AVCAL	Aviation Consolidated Allowance List

-B-

B/L	Bill of Lading
-----	----------------

-C-

C-MCRL	Consolidated Master Cross Reference List
CAO	Contract Administration Office
CASREP	Casualty Reporting System
CBL	Commercial Bill of Lading
CCBL	Collect Commercial Bill of Lading
CESO	Civil Engineering Support Office
CHIL	Consolidated Hazardous Item List
CID	Component Identification
CLSSA	Cooperative Logistics Supply Support Arrangement
CN	Change Notice
CNA	Change Notice Action
CNO	Chief of Naval Operations
COG	Cognizance Code/Symbol
COMNAVSUP	Commander, Naval Supply Systems Command
CONUS	Continental United States
COOPLOG	Cooperative Logistics Supply Support Arrangement
COSAL	Coordinated Shipboard Allowance List
COSMAL	Coordinated Shorebased Allowance List
CSD	Customer Service Designator

-D-

DAAS	Defense Automatic Addressing System
DAASC	Defense Automatic Addressing System Center
DAR	Defense Acquisition Regulation
DDN	Defense Data Network
DISR	Defense Investigative Service Region
DISREP	Discrepancy in Shipment Report
DLA	Defense Logistics Agency
DLIS	Defense Logistics Information Service
DOD	Department of Defense
DRMS	Defense Reutilization and Marketing Service
DRP	Direct Requisitioning Procedures
DSCA	Defense Security Cooperation Agency
DSC	Defense Supply Center
DSN	Defense Switch Network
DTG	Date Time Group
DTS	Defense Transportation System
DWCF	Defense Working Capital Fund

-E-

EAD	Estimated Annual Demand
-----	-------------------------

-F-

FAD	Force Activity Designator
FAS	Free-Along-Side
FFB	Federal Financing Bank
FIIG	Federal Item Identification Guide
FLR	Field Level Repairable
FMS	Foreign Military Sales
FMSO I	Foreign Military Sales Order I
FMSO II	Foreign Military Sales Order II
FOB	Free On Board
FSC	Federal Supply Class
FSCM	Federal Supply Code for Manufacturers
FSG	Federal Supply Group
FSN	Federal Stock Number
FY	Fiscal Year

-G-

GBL	Government Bill of Lading
GFE	Government Furnished Equipment

GFM Government Furnished Material
GSA General Services Administration

-I-

ICP Inventory Control Point
ILCS International Logistics Communication System
INC Item Name Code
IOL Initial Outfitting List
IPB Illustrated Parts Breakdown

-J-

JCS Joint Chiefs of Staff

-L-

LIRSH List of Items Requiring Special Handling
LOA Letter of Offer and Acceptance

-M-

MAAG Military Assistance Advisory Group
MAC Military Airlift Command
MAPAC Military Assistance Program Address Code
MAPAD Military Assistance Program Address Directory
MCRL Master Cross-Reference List
MILGROUP Military Group
MILSTRAP Military Standard Transaction Reporting and Accounting
Procedures
MILSTRIP Military Standard Requisitioning and Issuing Procedures
MIPR Military Interdepartmental Purchase Request
MIRR Military Inspection and Receiving Report
MISIL Management Information System For International
Logistics
ML Management List
ML-C Management List - Consolidated
ML-N Management List - Navy
MRIL Master Repairable Item List
MRQ Maximum Release Quantity
MSC Military Sealift Command
MTIF Master Tailored Interest File
MTMC Military Traffic Management Command

-N-

NADOC	Naval Aviation Depot Operations Center
NAD	Naval Aviation Depot
NAS	Naval Air Station
NATO	North Atlantic Treaty Organization
NAVAIR	Naval Air Systems Command
NAVCOMPT	Navy Comptroller
NAVFAC	Naval Facilities Engineering Command
NAVICP	Naval Inventory Control Point
NAVICP-OF	Naval Inventory Control Point, International Programs Directorate
NAVSEA	Naval Sea Systems Command
NAVSUP	Naval Supply Systems Command
NCB	National Codification Bureau
NICN	Navy Item Control Number
NIIN	National Item Identification Number
NMCS	Not Mission Capable Supply
NMDF	Navy Management Data File
NMDL	Navy Management Data List
NME	Naval Material Establishment
NMEF	Naval Mine Engineering Facility
NOA	Notice of Availability
NPFD	Naval Publications and Forms Directorate
NRFI	Not Ready For Issue
NSC	Naval Supply Center
NSCS	Naval Supply Corps School
NSD	Naval Supply Depot
NSN	National Stock Number
NSY	Naval Shipyard
NTSC	Naval Training Systems Center
NWCF	Navy Working Capital Fund

-O-

OPNAV	Office of the Chief of Naval Operations
OPNAVINST	Office of the Chief of Naval Operations Instruction
OVHL	Overhaul

-P-

PCH	Packing, Crating and Handling
PLT	Procurement Lead Time
P/N	Part Number

-Q-

QRR Quarterly Requisition Report
QTY Quantity

-R-

R/I Routing Identifier
RFI Ready for Issue
RIRO Repairable Item Replacement Option
RRR/ST Return, Repair and Reshipment/Single Transaction
RRR/TRIL Return, Repair and Reshipment/Tailored Repairable Item
List (Item by Item Basis)
RSN Record Serial Number

-S-

SDD/RDD Standard Delivery Date/Required Delivery Date
SDR Supply Discrepancy Report
SECNAV Secretary of the Navy
SII Special Instruction Indicator
SMIC Special Material Identification Code
SNSL Stock Number Sequence List
SPAWAR Space and Naval Warfare Systems Command
SSA Supply Support Arrangement
STARS Standard Accounting and Reporting System
SUPO Supply Office
SYS System

-T-

T/A Type of Assistance
TAC Type of Address Code
TCMD Transportation Control and Movement Document
TCN Transportation Control Number
TRIL Tailored Repairable Item List

-U-

U/I Unit of Issue
UMMIPS Uniform Material Movement and Issue Priority System
UND Urgency of Need Designator
U/P Unit Price
USG United States Government
USA United States Army

USAF
USMC
USN

United States Air Force
United States Marine Corps
United States Navy

-W-

WSDC

Weapon System Designator Code

APPENDIX C - POINTS OF CONTACT FOR FMS CUSTOMERS

ACTIVITY	DESIGNATED POINT OF CONTACT
COMMARCORLOGBASES (Commander, Marine Corps Logistics Bases)	Commander Marine Corps Logistics Bases Security Assistance Liaison Office ATTN: Code 819 814 Radford Blvd Albany, GA 31704-1128
COMMARCORSYSCOM (Commander, Marine Corps Systems Command)	Commander Marine Corps Systems Command 2033 Barnett Avenue, Suite 315 Quantico, VA 22134-5010
DAASC (Defense Automatic Addressing Systems Center)	Defense Automatic Addressing System Center Area C, Building 207 5250 Pearson Road Wright Patterson Air Force Base, OH 45433-5328
DFAS-DE/I (Defense Finance and Accounting Service – Denver Deputate for Security Assistance)	Defense Finance and Accounting Service – Denver Deputate for Security Assistance (DFAS-DE/I) 6760 E. Irvington Place Denver, CO 80279 - 2000
DLIS (Defense Logistics Information Service)	Defense Logistics Information Service Federal Center (DLIS-CI) 74 N. Washington Avenue Battle Creek, MI 49017-3084
MTMC (Military Traffic Management Command)	Military Traffic Management Command Foreign Military Sales Desk Directorate of Inland Traffic ATTN: MTINNR 5611 Columbia Pike Falls Church, VA 22041-5050

ACTIVITY	DESIGNATED POINT OF CONTACT
<p>NATSF (Naval Air Technical Services Facility)</p>	<p>Commanding Officer Naval Air Technical Services Facility Naval Air Station North Island Bldg 90, Code 3.3A P.O. Box 357031 San Diego, CA 92135-7031</p>
<p>NAVAIR (Naval Air Systems Command)</p>	<p>Commander, Naval Air Systems Command Headquarters ATTN: AIR 1.4 47123 Buse Road, Unit IPT Patuxent River, MD 20670-1547</p>
<p>NAVFAC (Naval Facilities Engineering Center)</p>	<p>Commander Naval Facilities Engineering Center Material Management Division ATTN: Code 0645 200 Stovall Street Alexandria, VA 22332-2300</p>
<p>NAVICP-OF (Naval Inventory Control Point, International Programs Directorate)</p>	<p>Naval Inventory Control Point, International Programs Directorate (NAVICP-OF) 700 Robbins Avenue, Bldg 4B Philadelphia, PA 19111-5098</p>
<p>NAVSEA (Naval Sea Systems Command)</p>	<p>Commander Naval Sea Systems Command ATTN: PMS-380 2531 Jefferson Davis Highway Arlington, VA 22232-5160</p>
<p>NAVSUP (Naval Supply Systems Command)</p>	<p>Commander Naval Supply Systems Command Deputy Commander for Security Assistance ATTN: SUP 07 700 Robbins Avenue Philadelphia, PA 19111-5098</p>

ACTIVITY	DESIGNATED POINT OF CONTACT
Navy IPO (Navy International Programs Office)	Director Navy International Programs Office 3801 Nebraska Avenue NW Washington, DC 20393-5443
NAWCTSD (Naval Air Warfare Center Training Systems Division)	Commanding Officer Naval Air Warfare Center Training Systems Division ATTN: Code 14 12350 Research Parkway Orlando, FL 32826-3224
NETSAFA (Naval Education and Training Security Assistance Field Activity)	Commanding Officer NETSAFA 125 West Romana Street, Suite 600 Pensacola, FL 32501-5849
NOC (Naval Ordnance Center)	Officer in Charge Naval Ordnance Center Inventory Management & Systems Division 5450 Carlisle Pike P.O. Box 2011 Mechanicsburg, PA 17055-0735
SPAWAR (Space and Naval Warfare Systems Command)	Commander Space and Naval Warfare Systems Command ATTN: Code 05F 4301 Pacific Highway San Diego, CA 92110-3127

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