



# Department of Defense MANUAL

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USD(A&S)

SUBJECT: DoD Integrated Materiel Management (IMM) for Consumable Items: Reporting, Auditing, and Financial Management

- References:
- (a) DoD Directive 5134.12, "Deputy Under Secretary of Defense for Logistics and Materiel Readiness (DUSD(L&MR))," May 25, 2000, as amended
  - (b) DoD 4140.26-M, "Defense Integrated Materiel Management Manual for Consumable Items," May 16, 1997 (cancelled by Volume 1 of this Manual)
  - (c) DoD Instruction 4140.01, "DoD Supply Chain Materiel Management Policy," March 6, 2019
  - (d) Deputy Secretary of Defense Memorandum, "Establishment of the Office of the Under Secretary of Defense for Research and Engineering and the Office of the Under Secretary of Defense for Acquisition and Sustainment," July 13, 2018
  - (e) Section 0204 of Chapter 2 of Volume 11B, "Reimbursable Operations, Policy and Procedures - Working Capital Funds (WCF)," of DoD 7000.14-R, "Department of Defense Financial Management Regulations (FMRs)," current edition
  - (f) Office of the Chairman of the Joint Chiefs of Staff, "DoD Dictionary of Military and Associated Terms," current edition

## 1. PURPOSE

a. Manual. This Manual is composed of several Volumes, each containing its own purpose. In accordance with the authority in Reference (a), the purpose of the overall Manual is to reissue Reference (b) to provide requirements and procedures consistent with Reference (c) for integrated materiel managers and others who work within or with the DoD supply system to determine if an item qualifies for wholesale management and to submit and process supply support requests (SSRs) and logistic reassignment (LR) transactions.

b. Volume. This Volume provides standard procedures for planning, controlling, and reporting on the total Defense Integrated Materiel Management Program and the number of new items entering the DoD supply system. This Volume also covers the financial management of consumable items.

2. APPLICABILITY. This Volume applies to:

a. OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter referred to collectively as the “DoD Components”).

b. Federal agency organizations participating with the DoD Components, e.g., the U.S. Coast Guard (USCG), Federal Aviation Administration (FAA), and General Services Administration (GSA), but only when and to the extent they adopt the terms of this Manual.

3. DEFINITIONS. See Glossary.

4. POLICY. According to Reference (c), it is DoD policy that the materiel management functions will be implemented with DoD standard data systems.

5. RESPONSIBILITIES. See Enclosure 2.

6. PROCEDURES. See Enclosure 3.

7. RELEASABILITY. **Cleared for public release.** This Volume is available on the Directives Division Website at <https://www.esd.whs.mil/DD/>.

8. SUMMARY OF CHANGE 3. This change is administrative and updates references and organizational symbols to reflect the reorganization of the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, pursuant to the July 13, 2018 Deputy Secretary of Defense Memorandum (Reference (d)).

9. EFFECTIVE DATE. This Volume is effective September 24, 2010.



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ENCLOSURE 1

RESPONSIBILITIES

1. ASSISTANT SECRETARY OF DEFENSE FOR SUSTAINMENT (ASD(S)). The ASD(S), under the authority, direction, and control of the Under Secretary of Defense for Acquisition and Sustainment and in accordance with Reference (a), oversees reporting, auditing, and financial management procedures to optimize resources and leverage to the furthest extent collaboration between support providers and the customers to meet established support strategies.

2. SECRETARIES OF THE MILITARY DEPARTMENTS; DIRECTORS OF DEFENSE LOGISTICS AGENCY (DLA) AND NATIONAL SECURITY AGENCY; AND THE COMMANDANT, USCG AND ADMINISTRATORS OF OTHER CIVIL FEDERAL AGENCIES (e.g., FAA AND GSA). The Secretaries of the Military Departments; the Directors of DLA and the National Security Agency; and the Commandant, USCG and administrators of other civil Federal agencies (FAA and GSA) when agreed to by these agencies:

- a. Implement the procedures in this Volume.
- b. Select best value materiel support alternatives for meeting customer materiel requirements.
- c. Ensure that cognizant materiel managers actively interface with the program manager and participate as early as feasible for each weapon system acquisition program to ensure effective provisioning support of the warfighter.
- d. Conform with item management criteria approved by the ASD(S) in assigning integrated materiel managers.

ENCLOSURE 2

PROCEDURES

1. OPERATIONAL REQUIREMENTS. In terms of the operational requirements processes in this Volume:

a. The information requirements specified herein represent minimum data requirements necessary to ensure effective management control.

b. Decapitalization of materiel from losing stock funds and appropriation financed accounts and capitalization in gaining stock fund accounts as a result of the LR will be on a non-reimbursable basis pursuant to section 0204 of Chapter 2 of Volume 11B of DoD 7000.14-R (Reference (e)).

c. Procedures for transferring item management responsibility between working capital fund activities are outlined in Reference (e).

2. IMM REPORTING. To ensure consistent and effective IMM of consumable items, the DLA Logistics Information Service (DLIS) will prepare reports for data in their Federal Logistics Information System database.

a. DLIS will prepare the following statistical reports:

(1) Number of newly assigned national stock numbers by inventory control point (ICP) integrated materiel managers and then sorted by item management coding (IMC).

(2) Number of national stock numbers that have changed IMC since the last report, sorted by ICP integrated materiel managers.

(3) Statistical reports for special projects as required.

b. All statistical reports are to be distributed to the DoD Integrated Materiel Management Committee (IMMC) members.

3. AUDITING PROCEDURES

a. DLIS will:

(1) Prepare sample listings of data from their Federal Logistics Information System database for IMMC program oversight in order to ensure accurate and consistent application of IMM of consumable items.

(2) Prepare sample listings for IMC audits.

b. The IMMC Chair will provide 3 weeks advance notice to ensure that the audit samples are available when needed.

4. FINANCIAL MANAGEMENT. Financial management and oversight of supply inventory management of LRs and IMM will follow the procedures of this Volume.

a. Wholesale inventories of materiel capitalized in the execution of a LR will be stock funded.

b. Stock fund standard pricing for LRs will be in accordance with the following requirements:

(1) Changes in standard prices will be held to a minimum at time of transfer.

(2) Items will be decapitalized from the losing accounts and capitalized by the gaining stock fund at the predetermined standard price established by the losing inventory manager (LIM). The catalog management data (segment H of the database) distributed by DLIS for the gaining inventory manager (GIM) prior to the effective transfer date (ETD) will contain the transfer price.

(3) The transfer standard price will be reflected in the transfer documents processed in accordance with Military Standard Transaction Reporting and Accounting Procedures or Defense Logistics Management Standards.

c. Procedures for transferring item management responsibility between working capital fund activities are outlined in Reference (e).

d. Transfer of supply inventory is handled as:

(1) On-hand Inventory. On-hand stock is transferred between supply management activity groups without reimbursement. Reimbursement is authorized, based on DoD credit policies, between wholesale and retail supply activities when on-hand retail inventory is transferred back to the wholesale item manager's ICPs.

(2) On-order Inventory. Gaining and losing wholesale item managers validate on-order inventory requirements to ensure a full supply pipeline. As the gaining supply management activity receives pipeline deliveries after the ETD, the GIM is responsible for payment either directly to the vendors (delivery order modification), or to the losing supply management activity that funded the delivery order to ensure cash neutrality across the Defense Working Capital Fund.

e. The GIM will establish the transfer standard price in accordance with the following criteria:

(1) When the item is to be transferred, the LIM's standard price will be applied without revisions.

(2) The GIM will not normally adjust standard prices of items after transfer until the time of the next regularly scheduled standard price update.

(3) Each Military Department is responsible for identifying its requirements along with complete justification and backup data to the GIM in a timely manner to ensure adequate planning, programming, and budgeting support.

(4) Responsibility for budgeting and funding to support requisitions for pre-positioned war reserve stocks and retail stocks, including initial support requirements, will remain with the requiring Military Department.

(5) No accessorial, administrative, or other general overhead charges will be made by the GIM on issues, sales, and transfers of materiel to another DoD Component. The GIM standard price will be used in the billing process for all Military Department requisitioners.

(6) The initial assignment of such operations resources will be established in accordance with program change procedures.

(7) Wholesale assets, other than supply condition codes F, H, J, K, L, M, P, Q, R, S, or V, generated during the first year subsequent to the ETD, will be recapitalized by the LIM to the GIM on an expedited basis. Excess serviceable and economically restorable materiel will be offered to the GIM for return and credit in accordance with Reference (e) after the first year following the transfer.

f. The LIM will fund (incidental to LRs):

(1) Restoration costs of unserviceable materiel scheduled for restoration prior to ETD.

(2) Litigation costs.

(3) Costs of first destination transportation for undelivered orders at time of transfer.

(4) Re-acquisition costs for technical data not transferred by ETD describing items cataloged as Type 1, fully descriptive, and Type 4, partially descriptive.

g. The GIM will fund:

(1) Transportation costs incidental to materiel movements to points in the United States as directed by the GIM.

(2) Additional costs incurred as a result of diversion or reconsignment of items due-in from undelivered contracts, if such action is requested by the GIM.



- (3) Repackaging costs due to a GIM-directed change in unit of issue measure.
- (4) Restoration costs for materiel capitalized in an unserviceable condition and subsequently scheduled for restoration by the GIM.
- (5) Relocation costs (warehousing services and transportation) incident to a GIM requested movement of LR stocks from a LIM to a designated GIM storage site unless otherwise negotiated.
- (6) Premium costs associated with expedited delivery of LIM-generated purchase requests when requested by the GIM.
- (7) Costs associated with granting credit or providing replacement materiel to the customers when materiel contracted by the LIM is found to be defective under Product Quality Deficiency Report procedures.
- (8) Costs associated with providing additional copies of technical data if requested by the GIM. The first copy will be provided by the LIM without financial reimbursement from the GIM.

5. TRANSFER OF BUDGETING AND FUNDING RESPONSIBILITIES. Transfer of budgeting and funding responsibilities of item transfers will follow the procedures of this Volume.

a. The LIM is responsible for transferring stock fund wholesale inventories of an item of supply on hand to the ETD. Materiel will be received by the ordering stock fund or procurement account and subsequently transferred to the gaining stock fund; this does not preclude diversions of shipments from contractors' plants to a preferred first storage destination. Commitments for outstanding purchase requests will be converted to obligations at the time of award by the LIM Military Department, resulting in items on order and due-in as directed by the GIM.

b. Any initial adjustments of operating resources due to item transfers will be submitted as a program change request in accordance with approved budget procedures.

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

ASD(S)	Assistant Secretary of Defense for Sustainment
DLA	Defense Logistics Agency
DLIS	DLA Logistics Information Service
ETD	effective transfer date
FAA	Federal Aviation Administration
GIM	gaining inventory manager
GSA	General Services Administration
ICP	inventory control point
IMC	item management coding
IMM	integrated materiel management
IMMC	Integrated Materiel Management Committee
LIM	losing inventory manager
LR	logistics reassignment
USCG	United States Coast Guard

PART II. DEFINITIONS

These terms and their definitions set forth standard terminology for use in DoD supply chain materiel management.

consumable item. An item of supply or an individual item (except explosive ordnance and major end items of equipment) that is normally expended or used up beyond recovery in the use for which it is designed or intended.

Defense Integrated Materiel Management Program. A DoD-wide program that establishes policies and procedures for eliminating duplication in the wholesale management of consumable items and assigns the appropriate integrated materiel manager through the application of approved IMC criteria.

GIM. The inventory manager responsible for assuming wholesale IMM functions of an item or group of items.

ICP. An organizational unit or activity within the DoD supply system that is assigned the primary responsibility for the materiel management of a group of items either for a particular Military Department or for the Department of Defense as a whole. In addition to IMM functions, an ICP may perform other logistics functions in support of a particular Military Department or for a particular end item (e.g., centralized computation of retail requirements levels and engineering tasks associated with weapon system components).

IMC. The process of determining whether items of supply in Federal Supply Classes assigned for IMM qualify for management by the individual DoD Components other than DLA or GSA.

IMM. Any activity or agency that has been assigned wholesale IMM responsibility for the DoD and participating Federal agencies. IMM responsibilities include cataloging, requirements determination, procurement, distribution overhaul, repair, and disposal of materiel.

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

LIM. The organization responsible for relinquishing wholesale IMM functions.

LR. The transfer of IMM responsibilities from one manager to another.

materiel. Defined in the DoD Dictionary of Military and Associated Terms (Reference (f)).

materiel management. Continuing actions relating to planning, organizing, directing, coordinating, controlling, and evaluating the application of resources to ensure the effective and economical support of military forces. It includes provisioning, cataloging, requirements determination, acquisition, distribution, maintenance, and disposal. The terms “materiel management,” “materiel control,” “inventory control,” “inventory management,” and “supply management” are synonymous.

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

supply chain. Defined in Reference (f).

supply support request. A transaction identifying requirements for consumable items that is submitted by the component introducing a materiel/weapon system to the IMM.

wholesale. The highest level of organized supply, and as such, procures, repairs, and maintains stocks to resupply the retail levels of supply. The terms “wholesale supply,” “wholesale level of supply,” “wholesale echelon,” and “national inventory” are synonymous.