

**BY ORDER OF THE COMMANDER  
AIR FORCE MATERIEL COMMAND**

**AIR FORCE MATERIEL COMMAND  
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***Materiel Management***

***INTEGRATED MATERIEL  
MANAGEMENT SUPPLY CHAIN  
PLANNING AND EXECUTION***

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This publication extends the guidance of Department of the Air Force Manual (DAFMAN) 23-300, *Materiel Management Procedures* and further implements the Department of the Air Force Instruction (DAFI) 63-101/20-101, *Integrated Life Cycle Management*. It applies to all Air Force Materiel Command (AFMC) personnel (military and civilian) and contractors, and members of the United States Space Force (USSF) performing on Department of the Air Force (DAF) contracts containing tasks related to integrated materiel management (IMM) supply chain planning and execution for the United States Air Force and United States Space Force (USSF). This publication does not apply to AF Reserve Command and Air National Guard units. **Note:** All contractor requirements contained within this manual must be contained within the contract/grant/agreement to be enforceable. This publication may only be supplemented or further implemented/extended at the AFMC/USSF Center level; supplements must be approved by the publication office of primary responsibility (OPR), of this instruction. The authorities to waive wing/unit level requirements in this instruction are identified with a Tier ("T-0, T-1, T-2, T-3") number following the compliance statement. See Department of the Air Force Manual (DAFMAN) 90-161, *Publishing Processes and Procedures*, for a description of the authorities associated with the Tier numbers. Submit requests for waivers using Department of the Air Force (DAF) Form 679, *Department of the Air Force Publication Compliance Item Waiver Request/Approval*, through the chain of command to the appropriate tier waiver approval authority, or alternately, to the

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## **SUMMARY OF CHANGES**

This publication is completely new in content and focus. This publication replaces the following publications: AFMCMAN 23-101V3, *Computational Results (D200A, D200N)*, AFMCMAN 23-101V4, *Equipment Specialist Data and Reports (D200A, D200N)*, AFMCMAN 23-101V5, *Equipment Specialist Data and Reports (D200A, D200N)*, and AFMCMAN 23-101V6, *Central Secondary Item Stratification (D200A D200N)*. Unlike the above publications which focused on execution of business practices within a singular Information System (IS) for a singular Center, the focus of this new publication is to establish guidance for all AFMC Inventory Control Point (ICP) entities involved with and performing Class IX organic IMM functions of supply chain planning and execution. This publication leverages guidance prescribed in Department of Defense Manual (DoDM) 4140.01 volumes, *DoD Supply Chain Materiel Management Procedures*, which are delegated in DAFMAN 23-300, *Materiel Management Procedures*, to AFMC/A4. This publication establishes the functional responsibilities and roles and responsibilities for the AFMC activities involved in these ICP efforts and directs AFMC ICP activities to craft their activity specific execution manuals and process guides.

<b>Chapter 1—OVERVIEW</b>	<b>5</b>
1.1. Applicability. ....	5
1.2. Purpose. ....	5
<b>Chapter 2—ROLES AND RESPONSIBILITIES</b>	<b>6</b>
2.1. Air Force Materiel Command, Logistics, Civil Engineering, Force Protection and Nuclear Integration Directorate (AFMC/A4/10) will: .....	6

2.2.	Air Force Materiel Command, Logistics, Civil Engineering, Force Protection and Nuclear Integration Directorate/Logistics Readiness Division (AFMC/A4R) will:	6
2.3.	Air Force Materiel Command/USSF Program Offices will: .....	6
2.4.	Other AFMC Center Program Office Responsibilities. ....	6
2.5.	Organic Supply Chain Product Support Provider’s Responsibilities (Air Force Sustainment Center (AFSC) or Air Force Life Cycle Management Center, DAF Cryptologic & Cyber Systems Division [AFLCMC/HNC]) for Supply Chain Planning and Execution are: .....	6
2.6.	Outputs to Logistics systems. ....	9
2.7.	Information System (IS) Owner Responsibilities. ....	9
<b>Chapter 3—DEMAND PLANNING</b>		<b>10</b>
3.1.	Classifying forecastable vs. non-forecastable. ....	10
3.2.	Establishing requirements for non-forecastable items. ....	10
3.3.	Forecasting customer demand for forecastable items. ....	10
3.4.	Quick Engine Change (QEC) Kits. ....	11
3.5.	Subgroup Master (SGM). ....	12
<b>Chapter 4—INVENTORY PLANNING</b>		<b>13</b>
4.1.	Sparing Methodologies. ....	13
4.2.	Multi-indenture structure. ....	13
<b>Chapter 5—SUPPLY PLANNING</b>		<b>14</b>
5.1.	Stratification.....	14
Figure 5.1.	Stratification Layout. ....	16
5.2.	Stock Number Establishment.....	16
5.3.	Obsolete items (SGM and Interchangeable). ....	17
5.4.	Insurance (INS) Items. ....	17
5.5.	Numeric Stockage Objective (NSO).....	17
5.6.	Wholesale Factors, Elements, and Criteria Requirements for Organic Wholesale Logistics Activities. ....	17
5.7.	Deferred Disposal. ....	18
5.8.	Contingency items. ....	20
5.9.	Initial and Follow-on Spares. ....	21
5.10.	Identifying Candidates and Requirements for Multiple Year Contracts (MYC). ....	22
5.11.	Review and Adjustment Actions. ....	23

<b>Chapter 6—SUPPLY BUDGET</b>	<b>25</b>
6.1. Supply Budget Execution. ....	25
6.2. Buys. ....	25
6.3. Life-of-Type Buy (LOT Buy). ....	27
<b>Chapter 7—TERMINATIONS</b>	<b>29</b>
7.1. Termination Execution. ....	29
Table 7.1. Due in Potential Future Excess codes. ....	31
Table 7.2. Required Termination Log Fields. ....	33
<b>Chapter 8—DOCUMENTATION</b>	<b>34</b>
8.1. Documentation Requirements. ....	34
Table 8.1. Destroy the following pushed products after two years (unless needed to support buy or terminations). ....	34
Table 8.2. Item Purchases were Initiated: Destroy Documents and Products two years after contract closure. ....	35
Table 8.3. The following products, digital documents or scans, will be retained for two years. ....	35
<b>Chapter 9—SIMULATION CAPABILITY</b>	<b>36</b>
9.1. Simulation Capability Requirements. ....	36
<b>Attachment 1—GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION</b>	<b>37</b>
<b>Attachment 2—SIGNATURE/ELECTRONIC ACKNOWLEDGEMENT REQUIREMENTS</b>	<b>53</b>

## Chapter 1

### OVERVIEW

**1.1. Applicability.** This publication applies to AFMC ICP entities performing Class IX organic IMM functions of wholesale requirements computational development, adjustment, review, and approval for recoverable and consumable secondary items and management actions that result from those requirements. Guidance contained in this publication specifically applies to Air Force Sustainment Center (AFSC) and Air Force Lifecycle Management Center (AFLCMC) organic wholesale logistics activities (including their organic/Government ICPs assigned as Primary Inventory Control Activity (PICA) or Secondary Inventory Control Activity (SICA)) and serves as a requirement prompt for what responsibilities an AFLCMC or USSF program offices must include while crafting Contractor ICP requirements contract verbiage. **Note:** Different AFMC organizations assign a variety of job series and titles to individuals and offices performing these functions. This publication uses the term Materiel Manager (MM) to represent the individual or activity responsible for performing wholesale supply planning and execution computation/stratification actions.

**1.2. Purpose.** This publication provides roles and responsibilities and functional guidelines for computing replenishment requirements and stratifications for DAF organically managed secondary items, both recoverable and consumable items regardless of the IS utilized, AFMC activity conducting the function, or the title/job series of the individual performing the effort. Requirements computed with these guidelines reflect the expected materiel support requirements for DAF operations.

1.2.1. This publication provides descriptions of the various automated methodologies associated with the requirements process, as well as guidance and procedures that apply to those processes. Procedures, forms, computation worksheets, and supporting data developed in this process make up the official record to substantiate the procurement/repair program budget projections, and other logistics actions for each requirements segment by Fiscal Year (FY).

1.2.2. It is expected that the wholesale organic logistics activity responsible will use this guidance, to establish essential tools and procedures to achieve demand and supply planning to optimize Department of Defense (DoD)/DAF supply chain resources and to collaborate with internal/external supply chain providers/customers to efficiently and securely meet mission requirements.

## Chapter 2

### ROLES AND RESPONSIBILITIES

**2.1. Air Force Materiel Command, Logistics, Civil Engineering, Force Protection and Nuclear Integration Directorate (AFMC/A4/10) will:** oversee and provide logistics, sustainment, and installation support for Acquisition logistics, Supply management, Depot maintenance, and Base-level logistics operations.

**2.2. Air Force Materiel Command, Logistics, Civil Engineering, Force Protection and Nuclear Integration Directorate/Logistics Readiness Division (AFMC/A4R) will:** develop AFMC supply chain planning and execution guidance. Provide guidance support and direction to AFMC Programs and AFMC ICP activities as required.

**2.3. Air Force Materiel Command/USSF Program Offices will:**

2.3.1. Ensure active and programmed logistics and engineering support for multi-indenture structure and enterprise computation/stratification is included in both the program Life-Cycle Sustainment Plan and the Program Objective Memorandum. This includes ensuring continuous collaboration between program office engineering and logistics personnel and all product support providers (contractor or organic) to enable holistic life-cycle product support planning and execution.

2.3.2. Ensure multi-indenture structure data elements for all repairable and consumable items that are part of their weapon system or end item (whether peculiar to that system or common to other systems but included in the parent system) are electronically provided to the AFMC ICP via the applicable application, program, and indentures system of record.

**2.4. Other AFMC Center Program Office Responsibilities.** AFMC activities performing Program Office functions, even without formal designation, are responsible for the duties outlined in [Paragraph 2.3](#) unless Secretary of the Air Force (SAF) for Acquisition (SAF/AQ) (or a representative SAF office) or AFMC/A4/10 formally relieves them.

**2.5. Organic Supply Chain Product Support Provider's Responsibilities (Air Force Sustainment Center (AFSC) or Air Force Life Cycle Management Center, DAF Cryptologic & Cyber Systems Division [AFLCMC/HNC]) for Supply Chain Planning and Execution are:**

2.5.1. AFMC organic product support providers activities reside in AFSC and AFLCMC and are recognized as ICP activities performing IMM functions for DAF/USSF Program Offices, AFMC activities performing lifecycle functions (not recognized as DAF Program Offices), and Inter-Service activities.

2.5.1.1. AFSC has three recognized organic supply chain product support providers, otherwise known as ICP Ogden, Hill Air Force Base (AFB), Utah; ICP Oklahoma City, Tinker (AFB); and ICP Warner Robins, Robins (AFB), Georgia. **Note:** AFSC has consolidated execution of their organic wholesale logistics strategy and execution under a matrix entity within AFSC. For this publication, "AFSC ICP" will represent all three AFSC ICPs and the performance of their responsibilities within the AFSC matrix organizations (AFSC/A3/4 (or equivalent), 448th Supply Chain Management Wing, and AFSC's Air Base Wings).

2.5.1.2. AFLCMC has one recognized organic supply chain product support provider, otherwise known as ICP Air Force Cryptologic Support Group, Lackland (AFB), Texas. For this publication, this ICP will be recognized as “Crypto ICP”.

2.5.2. AFMC ICPs will:

2.5.2.1. Establish support strategies, methodologies, and policies/instructions that satisfy customer performance requirements by setting parameters or goals for computing inventory levels that meet documented performance requirements at minimum total costs IAW DoDM 4140.01, Volume 2, *DoD Supply Chain Materiel Management Procedures: Demand and Supply Planning*, Section 3.

2.5.2.2. Ensure their secondary inventory planning, stratification, and execution methodology includes the requirements, factors, elements, and criteria outlined in this publication, DoDM 4140.01-V2, DoDM 4140.01, Volume 6, *DoD Supply Chain Materiel Management Procedures: Materiel Returns, Retention, and Disposition*, and Joint Publication (JP) 4-0, *Joint Logistics*.

2.5.2.2.1. Perform periodic item reviews and stratifications on their wholesale inventory IAW DoDM 4140.01, Volume 10, *DoD Supply Chain Materiel Management Procedures: Supply Chain Reporting and Metrics*. Submit results to AFMC/A4RM for submission to HAF/A4LR and Office of the Secretary of Defense (OSD).

2.5.2.2.2. ICPs will include, as part of their reviews, detailed analysis of individual item computation worksheets, procurement histories, repair schedules, and other documentation used to support management actions. ICPs will retain these products IAW DAF retention requirements.

2.5.2.3. Ensure critical program information and components are protected IAW Department of Defense Instruction (DoDI) 5200.44, *Protection of Mission Critical Functions to Achieve Trusted Systems and Networks*.

2.5.2.4. Emphasize metrics and steps to ensure that spares pipelines are not subordinate to ongoing acquisitions of items from commercial sources and established DoD supply chains that support time-definite delivery and quality of order fulfilment per DoDM 4140.01-V2.

2.5.2.5. Ensure documentation supporting planning, stratification, and execution decisions are managed IAW AFRIMS Records Disposition Schedule. All signature/acknowledgements will adhere to requirements outlined in AFI 33-322, Chapter 4.

2.5.3. AFMC organic product support providers use of Readiness Based Sparing (RBS) Modeling. An analytical capability primarily used to set sparing levels.

2.5.3.1. Examples of other applications that a RBS tool can support include the following: assessing the inventory investment required for the fielding of a new program (e.g. weapon system or subsystem), negotiating supplier Performance-Based Logistics (PBL) agreements, assessing the impact of reliability, maintainability, or supportability improvements on weapon system readiness, planning and developing budgets, and conducting simulation computations. Per DoDM 4140.01-V2, where RBS models are available, AFMC ICP will use the RBS models’ optimization logic to compute the total requirement for the items essential to a weapon system or end item.

2.5.3.2. The optimization logic within an RBS model will be capable of the following:

2.5.3.2.1. Setting RBS levels by item or by group of items with similar characteristics. The computation of RBS levels for an item common to more than one weapon system should consider the total demand for that item and the contribution of the levels to the readiness goals of all respective weapon systems.

2.5.3.2.2. Computing optimal item stock levels in a dynamic environment. Where possible, AFMC ICPs will compute item requirements to account for conditions when variables such as rapidly changing sortie rates, operating programs, maintenance capabilities, item usage rates, or transportation resources impact the operating unit's materiel requirements and readiness.

2.5.3.2.3. Providing an item's minimum stock level equal to its pipeline quantity, that is, the quantity needed to cover demand while item stocks are being replenished. When funds are insufficient to get the desired support objectives, the RBS model must be capable of overriding the minimum constraint to attain the optimum mix of stock to maximize weapon system availability for the actual funds available to obligate the desired support objectives.

2.5.3.2.4. Producing a list of item requirements to be satisfied initially by the application of serviceable assets, unserviceable repairable assets, and applicable due-in assets. The repair requirement is that portion of the total requirement that is satisfied by repair of unserviceable repairable assets. The replenishment requirement is the deficit remaining after the supply of available assets is exhausted.

2.5.4. AFMC organic product support providers use of Demand Based Sparing (DBS) modeling. When RBS modeling is not possible for weapon system items and AFMC ICPs must use DBS models, materiel managers and weapon system managers must establish time goals for those models through a collaborative process that links those time goals to the readiness goals of the particular weapon system.

2.5.4.1. For secondary items that have time goals, the AFMC ICPs will use DBS methodologies to perform the following:

2.5.4.2. Compute requirements for secondary items with time goals using sparing models that relate range and depth of stock to a target time.

2.5.4.3. Consider both the time to fill immediate issues and the time to fill back orders of these secondary items, minimizing the expected customer wait time.

2.5.4.4. Use models that optimize stockage of secondary items with time goals to achieve the target time for the item at the least cost or minimize the expected fill time of the item within a specified budget.

2.5.4.5. Project secondary item requirements and assets with enough lead time to place the order and receive the item before the time that it is actually needed.

2.5.4.6. For depot-level repairable items, AFMC ICPs will apply these additional procedures when using DBS methodologies:

2.5.4.6.1. Compute the total requirements for each repairable item so that an item may be:

2.5.4.6.1.1. Supplied to authorized using activities at the DoD organizational level if failure of a reparable component prevents an end item or weapon system from achieving its mission.

2.5.4.6.1.2. Provided to replace a reparable item that has been determined to be Beyond Economical Repair (BER) during the depot-repair process as described in DoD 7000.14-R, Volume 11A, Chapter 2, *Project Orders*, or that may not be repaired within the same length of time as its next higher assembly (NHA).

2.5.4.6.2. Project serviceable and unserviceable asset quantities for reparable items by the appropriate period which will allow the forecast of repair requirements and procurement of repair requirements in the same computation period. Consider serviceable returns in requirements computations from both the asset and requirements perspectives. See **Paragraph 5.1.6.1**. Supply Planning for further methodology information.

**2.6. Outputs to Logistics systems.** AFMC ICP computed secondary item stratification data is vital to internal and external AFMC activities. To enable this, AFMC ICP activities will develop operational instructions and processes to both capture one-time and reoccurring output requirements from internal and external customers along with the delivery format/timeliness for the product deliverable. The AFMC ICP will ensure the customer has a valid justification for the data and proper data handling safeguards are stipulated for any Controlled Unclassified Information or privileged information plausibly included in the output product.

### **2.7. Information System (IS) Owner Responsibilities.**

2.7.1. Support to system user requests and assignment of roles from all AFMC or USSF submitters will be defined by the respective IS owner.

2.7.2. AFMC Logistics systems for supply planning and execution include both legacy systems and systems being developed, modernized, and include the following:

2.7.2.1. Systems managed by AFLCMC Business and Enterprise Systems Directorate with dispersed functional users.

2.7.2.2. Systems managed and functionally used internally by Crypto ICP.

2.7.2.3. Systems in the AFMC/A4N portfolio.

2.7.3. Ensure Federal Information System Controls Audit Manual requirements are met. Reference DoD 7000.14-R, Volume 6A, Chapter 2, *Financial Reports, Roles and Responsibilities*, and DoDI 8510.01, *Risk Management Framework for DoD Systems*.

## Chapter 3

### DEMAND PLANNING

**3.1. Classifying forecastable vs. non-forecastable.** AFMC ICPs will use measures of demand frequency and intermittency to classify items as forecastable or non-forecastable.

3.1.1. Forecastable items will:

3.1.1.1. Develop methodology to be consistent with guidance included in DoDM 4140.01-V2, Section 7.

3.1.1.2. ICPs review at least annually the methodology used and threshold values.

3.1.1.3. All forecastable items will utilize time-phased resupply plans at the wholesale level.

3.1.2. Non-Forecastable items will not use forecasts in the development of resupply plans but may use measures of expected demand in the establishment of inventory levels. Supply plans for non-forecastable items should be based on reorder point or trigger point philosophies and will not be time phased. Non-Forecastable items will include:

3.1.2.1. Insurance (INS) items are non-demand based, stocked, essential items for which no failures are predicted through normal usage, but if a failure is experienced, or loss occurs through accident, abnormal equipment system failure, or other unexpected occurrences, lack of replacement would seriously hamper the operational capability of a weapon or weapon system. Retail stockage of INS items are not authorized; minimal quantities, however, may be stored at the wholesale level.

3.1.2.2. Numeric Stockage Objective (NSO) items are non-demand base, stocked, essential items for which low failures may be experienced but the probability of a demand is so low that stock levels normally would not be established using forecast-based approaches. Since the lack of a replacement item would seriously hamper the operational capability of a weapon or weapon system, the item is stocked, but as non-demand based IAW DoDM 4141.01-V10.

3.1.2.3. Intermittent and highly variable demand items that meet established non-forecastable demand criteria.

**3.2. Establishing requirements for non-forecastable items.**

3.2.1. INS items and NSO items will have wholesale stock levels set to a maximum quantity consistent with DoDM 4140.01-V2. ICPs may set levels lower depending on their assessment of customer support vs. cost.

3.2.2. Intermittent and highly variable demand items will have stock levels set based on a computational optimization methodology that considers tradeoffs between cost and service level targets.

**3.3. Forecasting customer demand for forecastable items.**

3.3.1. ICPs should have the capability to forecast customer demand utilizing a variety of quantitative methods which include:

3.3.1.1. Statistical forecasting – The use of historical demand and the application of forecasting techniques, such as moving averages, exponential smoothing, and regression analysis, to forecast future demand.

3.3.1.2. Causal forecasting – The use of past and future program data (e.g. flying hours, Programmed Depot Maintenance (PDM)/ Engine Overhaul events, NHA Management of Items Subject to Repair) as well as historical demand to forecast future demand.

3.3.2. ICPs will select the method which is expected to most accurately forecast demand for each item.

3.3.2.1. When using statistical forecasts, maximum reliance on best fit auto forecast method selection should be used, which selects the statistical technique with the least forecast error.

3.3.2.2. Rationale for deviations from the best fit methodology must be documented, retained, and reviewed at least annually.

3.3.3. When a known change in forecasting reliability is expected, and historical demand is not expected to be representative of future usage, then an estimate rate override, or future forecast adjustment may be necessary.

3.3.3.1. Prior to file maintaining any estimated factors, the methodology used in calculating them and the reasons for using them must be thoroughly documented and retained as a permanent record (example overrides requiring documentation include Base Organizational and Intermediate Maintenance (OIM), Engine Overhaul, and PDM causal failure rate overrides, forecast schedule adjustment, return wash rate overrides, and repair wash rate overrides).

3.3.3.2. Adequate support and documentation must be obtained from contractors, engineers, program managers, and/or management for any estimated rate overrides or forecast adjustments.

3.3.3.3. Estimated rate overrides and forecast adjustments must be reviewed at least annually to ensure changes remain accurate and representative of future requirements.

**3.4. Quick Engine Change (QEC) Kits.** A QEC kit is a group of stock listed Consolidated Sustainment Activity Group-Supply (CSAG-S) and General Support Division accessory items required to attach an engine to an aircraft. Some QEC kits are assigned National Stock Numbers (NSN) rather than kit numbers. The QEC kit is stock fund exempt and must have a Budget Program code of “1E” if it is centrally managed by AFSC ICPs. Requirements for QEC kits are not computed in AFSC ICP systems and the AFSC ICPs must delete all reported assets and any offsetting requirements. It is the stock listed components of the QEC kits on which requirements are based.

3.4.1. One QEC kit is authorized for each spare engine. Whole kits are normally procured during the acquisition of the engines, not as follow-on spares. Once the initial complement of QEC kits is acquired, the only spares procurement required is for the component parts.

3.4.1.1. While installed on the engine or aircraft, the kit loses its identity as an NSN. Under the normal three-level maintenance concept, when the engine is prepared for shipment to Engine Overhaul repair, the QEC kit is removed and reported at the base. QEC NSNs only appear in the reported asset data when separated from the engine. The kits stay at the

owning activity until the engine is returned, and the kit is reinstalled. Since the QEC is comprised of stock listed components, which can be removed and replaced at field level, they are virtually 100% base repaired. There is no programmed depot repair for QEC kits.

3.4.1.2. Under a remove and replace concept of engine repair (Jet Engine Intermediate Maintenance "A" and "I" jobs), the QECs are returned with the engine to the depot. The depot job routes the QEC, never condemning a whole kit, resulting in no demands on depot supply for the QEC NSN.

3.4.1.3. CSAG-S component items of the QEC kits. Because QEC kits come in attached to engines under the remove and repair concept, demands on supply may occur for CSAG-S recoverable component items. In addition to appropriate OIM and PDM program(s), the appropriate applications must be added to the item application record in the applicable AFMC indenturement system to cover any changes in the repair concept.

3.4.1.4. QECs may be shipped to the AFSC ICP as extras when an engine is destroyed or disposed. These kits are most often in repairable condition, as the number of component parts present or missing and their serviceability is unknown. The cost to restore a repairable kit containing unserviceable and missing components with stock funded serviceable assets would be funded with appropriate Program Office or engine funds if a critical need is established by the Program Office or Engine Manager.

3.4.1.5. Serviceable kits at the depot usually only occur at the time of provisioning awaiting shipment to the spare engine.

3.4.2. Assembled/Built-up Assemblies. Assembled/built-up assets which are reported as base assets (like Afterburners which are authorized for each Spare Engine, built-up propellers, etc.) are not managed as Class IX spares and must be deleted from computation reports and offsetting requirements if NSNs appear in AFMC ICP computation systems. File maintenance documentation is required to be maintained explaining why the erroneous data was removed from the computation and explanation must include stock listed components used to accomplish actual requirement computation effort.

3.4.3. Non-Computed Items: AFMC ICPs must develop and document their methodology for how items failing standard computation efforts will be centrally planned, budgeted, and managed. As noted above, all items assigned to the AFMC ICP will have a documented requirement planning and execution process captured and followed. This includes shelf-life coded assets as well as calendar time change items received from base manual forecasting methods, and 100% base repair recoverable items.

**3.5. Subgroup Master (SGM).** Time-phased computations are required to be done for all SGM stock numbers (**Note:** Exceptions: obsolete items, INS items, NSO items, no compute coded items, and special items).

## Chapter 4

### INVENTORY PLANNING

**4.1. Sparing Methodologies.** Worldwide inventory stock levels will be computed based on either RBS, DBS, or Non-DBS methodologies. RBS methodologies are the preferred method for computing stock levels and should be used whenever feasible. However, if insufficient data exists to perform RBS calculations, no weapon system readiness goals exist, or the item's demand is deemed to be non-forecastable, then DBS or Non-DBS methodologies may be used.

4.1.1. RBS: A requirement determination process that optimizes the level of secondary item spares needed to support weapon system readiness goals at minimum cost considering multiple stock locations (multi-echelon) and multiple levels of indenture (multi-indenture).

4.1.2. DBS: A requirements determination process that optimizes the level of spares needed to achieve specific service level targets (e.g. fill rate, customer wait time, etc.) at minimum cost. DBS methodologies should only be used when RBS methodologies are not feasible but sufficient demand exists to perform DBS optimization.

4.1.3. Non-DBS: A requirements determination process that is based on a fixed business rule rather than a calculation based on demand or readiness objectives. Non-DBS should only be used when insufficient demand exists to perform either DBS or RBS optimizations.

**4.2. Multi-indenture structure.** Consistent with requirements in DoDM 4140.01-V2, to support computational methodology and item make-up configuration, each program office, weapon system office, system manager, or end item manager (collectively known as lifecycle managing activity) will establish a secondary item applicable or configuration file for each of its weapon systems, system, or end items. The lifecycle managing activity will show the indenture structure and essentiality of all repairable and consumable items that are part of the weapon system, system, or end item, whether peculiar to that system or common to other systems. RBS methodology uses item configuration details to identify item indenture structure to tradeoff between items at the first level of indenture (e.g. items whose NHA is the weapon system or end item) and items at lower levels of indenture needed to repair those items. In that way, the impact of each item on each level indenture, and ultimately on the weapon system itself, is portrayed; and the requirement for the highest-level assembly will not be based on assuming 100% of its lower-level assemblies are available. **Note:** The multi-indenture structure has multiple purposes with one being RBS computation. Other policies drive usage for this data which include Supply Chain Risk Management, Depot Repair Management/Processes, Depot Maintenance Inter-Service Support Agreements, etc.

## Chapter 5

### SUPPLY PLANNING

#### 5.1. Stratification.

5.1.1. Concept: The Deputy Assistant Secretary of Defense for Logistics and the DoD Comptroller closely monitor the Services' management of their inventory to ensure efficient and effective use of the Working Capital Fund for secondary items. The item stratification process quantifies the amount of inventory owned by the Working Capital Fund and stratifies that inventory in relation to expected future requirements. Supporting metrics track the Services' progress in key areas related to inventory management. Per DoDM 4140.01-V10, secondary item assets will be stratified, and stratification reports will be submitted to OSD, at least semiannually. The semiannual reporting process also gives the Services an opportunity to narrate significant changes in the inventory stratification and associated metrics. **Note:** As per Title 10 United States Code (USC) Section 3070, *Limitation on acquisition of excess supplies*, filling requirements from screened assets or new procurements is only authorized up to the computed Approved Acquisition Objective (AAO) and authorized additive requirements.

5.1.2. For accurate Financial Improvement Audit Readiness accountability, in addition to maintaining asset information in the RBS planning and forecasting system, ICPs will ensure the appropriate Accountable Property System of Record contains accurate inventory quantities. The Accountable Property System of Record data flows to the AF Financial Statement(s).

5.1.3. Quantifying the Inventory: For the purpose of inventory reporting, a Service's inventory consists of both on-hand and due-in assets. Obsolete assets must be included in the inventory quantification. Due-in assets include due-ins for scheduled delivery as well as those under contract or on-order without a definitive delivery schedule. Assets are aggregated and reported at the SGM level.

5.1.4. Categorizing the Requirements: The stratification process follows a hierarchy of categorization based upon the level of need for the inventory.

5.1.4.1. AAO. A key part of the process is computing the current spares requirement (AAO), which includes lead time requirements. The AAO quantity is the benchmark for stratification.

5.1.4.2. Economic Retention Stock. DoDM 4140.01 acknowledges that because of projected future requirements, it may be efficient to retain some inventory that exceeds the immediate requirements. The computed Economic Retention Stock quantity applies to the DoD criteria for what is economical to retain.

5.1.4.3. Contingency Retention Stock (CRS). DoDM 4140.01 also allows the Services to retain inventory for effectiveness and readiness reasons, even if it isn't determined to be efficient. The AF has a process for justifying inventory retention decisions, and Deferred Disposal Codes (DDCs) indicate the rationale for retention.

5.1.4.4. Potential Reutilization Stock. The stratification process sequentially applies reported inventory quantities for each SGM into the previous categories. Any reported

quantity that exceeds the AAO, Economic Retention Stock, and CRS quantities is considered potential reutilization stock.

5.1.5. Stratification Structure: DoDM 4140.01 requires a stratification of assets and requirement for two timeframes:

5.1.5.1. Approved Force Acquisition Objective (AFAO) and Retention Position. This position represents the stratification of requirements and assets for the total AFAO support period and provides the asset long supply position.

5.1.5.2. Opening Position (OP). The OP timeframe measures requirements from the asset cutoff date through lead time.

5.1.5.3. DoDM 4140.01-V10, Section 6 provides an example structure for the Services to document their assets and requirements by category. However, it gives the Services the latitude to leave categories blank if all requirements are included somewhere in the table and none of the requirements are reported multiple times.

5.1.5.4. The stratification must include both active and inactive items.

5.1.5.5. Although the stratification consists of AF managed assets from the CSAG-S, the metrics reported to DASD (Log) must also include inventory and requirements for all secondary inventory, such as the General Support Division, Medical/Dental, AF Academy, San Antonio Cryptologic and Cyber Systems Division, and Contractor Managed Inventory.

5.1.6. Stratification Deliverables: DoDM 4140.01-V10 requires the Services to submit summary as well as NSN-level stratification of assets and requirements with the elements described in [Paragraph 6.3](#) for the OP and for the AAO and retention position. The summary stratification aggregates requirements by element at Last Acquisition Cost. The NSN-level stratification presents each of the elements as a quantity in units.

5.1.6.1. DoDM 4140.01-V10 requires the Services to submit these stratification tables semiannually based upon 30 September and 31 March asset and requirements cutoff dates. Due dates for submission are 15 February and 15 August respectively. ([Figure 5.1.](#))

5.1.6.2. In addition to the stratification tables, the Deputy Assistant Secretary of Defense for Logistics and DoD Comptroller oversight process includes a series of Comprehensive Inventory Management Improvement Program metrics to monitor the Services' inventory management performance. DoDM 4140.01-V10, Section 7 outlines the supply chain enterprise metrics that are part of the review.

Figure 5.1. Stratification Layout.

	AAO and Retention Position (as of DD MMM YYYY)	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10
Line		Requirements	Retail Repairs	Serviceable On Hand	Serviceable Due In	Unserviceable Scheduled or Indicted for Repair	Unserviceable Not Scheduled	Unserviceable Due-In	On Order Contract	On Order Commit	Deficit
1	Total Assets		TTTTT	TTTTT	TTTTT	TTTTT	TTTTT	TTTTT	TTTTT	TTTTT	
2	Anticipated Condemnations					NNNN	NNNN	NNNN			
3	Prepositioned War Reserve, Protectable	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	DD
4	Other War Reserve, Protectable	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	DD
5	Retail Requisitioning Objective	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	DD
6	Stock Due Out	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	DD
7A	Fiscal Year 1 Total Demands	XXXXXXXX	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	DD
7B	Fiscal Year 2 Total Demands	XXXXXXXX	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	DD
7C	Fiscal Year 3 Total Demands	XXXXXXXX	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	DD
8A	Insurance Stockage	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	DD
8B	Numeric Stockage	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	DD
8C	Limited Demand Stockage	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	DD
8D	High Demand Variation Stockage	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	DD
9	Safety Level	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	DD
10	Repair Cycle Level	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	DD
11	Production Lead Time Level	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	DD
12	Administrative Lead Time Level	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	DD
13	Procurement Cycle/Economic Order Quantity	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	DD
14	LOT Buy Quantity	XXXXXXXX							AAAA	AAAA	DD
15	Contractor-Managed Stock	XXXXXXXX		AAAA		AAAA	AAAA				DD
16	Weapon System Program Stock	XXXXXXXX		AAAA					AAAA	AAAA	DD
17A	Balance Prepositioned War Reserve	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA			
17B	Balance Other War Reserve	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA			
18	Total Approved Acquisition Objective	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	DD
19	Economic Retention Stock	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	
20	Contingency Retention Stock (CRS)	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	
20A	CRS Code C Contingency Stock	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	
20B	CRS Code F Contingency Stock	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	
20C	CRS Code P Contingency Stock	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	
20D	CRS Code H Contingency Stock	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	
20E	CRS Code W Contingency Stock	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	
20F	CRS Code M Contingency Stock	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	
21	Potential Reutilization Stock	XXXXXXXX		AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	AAAA	
Legend provided to aid in understanding the example layout											
			T = Total Assets			X = Requirements			D = Deficit		
			N = Anticipated Condemnations			A = Applied Assets			DD MMM YYYY = Cutoff Date in Days, month, and year		

5.2. Stock Number Establishment.

5.2.1. Each item will have an assigned NSN. In some cases, AFMC ICPs will identify two or more NSNs that may be used interchangeably, and these items will be categorized into subgroups.

5.2.2. When there is a single subgroup, the most preferred item is designated the SGM stock number and is also called the family master stock number. When there is more than one subgroup within an Interchangeable and Substitutable Group (I&SG), then the most desirable item of the I&SG is the family master stock number. An interchangeable stock number is an item that is two-way interchangeable with the SGM stock number. The current stock number or actual NSN is assigned to an item; it may be either a SGM or an interchangeable stock number. The reference stock number is a stock number that was previously assigned to a current stock number. A bachelor stock number is the SGM and family master stock number for an item that does not have any interchangeable NSNs.

5.2.3. A one-way interchangeable stock number is an item that is related but not an exact form, fit, or function with a current stock number or actual NSN. AFMC ICPs manage one-way interchangeable NSNs as a bachelor item. **Note:** A separate computation will be made for each SGM and two-way interchangeable subgroup within I&SG.

5.2.4. AFMC ICPs will compute requirements at SGM level including INS and NSO items. After these SGM requirements have been computed, AFMC ICPs perform an additional series of computations for items that are in an I&SG family with more than one SGM. AFMC ICP systems must be allowed to automatically compute the I&SG requirement unless: the item is in an approved forced attrition or forced generation and replacement program; all replacement parts have already been delivered; sufficient assets have been bought to cover the spare requirements; or repair procedures have been established for the replacement item. **Note:** If any of the aforementioned take place, the scheduled replacements have successfully begun, and all the applications for the item are part of the approved forced attrition or forced generation and replacement program, the MM must zero out any minimum depot stock level, additives, and special levels for the lesser preferred item(s) in AFMC ICP RBS system and zero the repair requirements from the lesser preferred item(s) on the computation. The Equipment Specialist (ES) must zero the application percentage associated with the lesser preferred item(s). These actions will keep the less preferred item(s) from computing requirements. The ES also must initiate all necessary cataloging actions; reference AFMCMAN 23-103, *Cataloging and Standardization*, and DoDM 4100.39, *Federal Logistics Information System (FLIS) Procedures*.

**5.3. Obsolete items (SGM and Interchangeable).** When the SGM stock number is coded obsolete, all stock numbers interchangeable with this SGM stock number need to be reviewed and appropriate cataloging action taken. All obsolete on-order assets are termination candidates. **Note:** If interchangeable stock numbers remain linked to the obsolete SGM, all stock numbers will be considered obsolete and their assets are processed as excess.

**5.4. Insurance (INS) Items.** These items have been identified through cataloging as not subject to normal failures but are retained in computation to support losses which may occur as a result of accidents or acts of nature.

**5.5. Numeric Stockage Objective (NSO).** These items are expected to fail as a result of normal use or operations; however, such failures are expected to be low or sporadic.

**5.6. Wholesale Factors, Elements, and Criteria Requirements for Organic Wholesale Logistics Activities.**

5.6.1. Weighted Unit Repair Cost (URC). AFMC ICPs will develop and document the methodology used to calculate and validate Depot Level Maintenance weighted URC. Calculated value will include all repair actions (regardless of source of repair) and be weighted based on expected repair source percentages and occurrence of repair actions to date.

5.6.2. When reparable items repair costs become greater than 75% of their replacement cost (e.g. sum of the cost to order and the acquisition cost) a review of the Source Maintenance Repair (SMR) and associated Expendability, Recoverability, and Reparability Category (ERRC) code will be conducted for consideration to a change to consumable. (**Paragraph 5.6.5.**).

5.6.3. ICPs will review and recommend Operational Safety, Suitability, and Effectiveness ES an update to SMR code assignments for consumable items whenever an item is experiencing a significant level of field repair and has a high annual demand value that indicates repair is a viable and cost-effective alternative to procurement.

5.6.4. On component or item level repairs, evaluate the supplier's "BER" determination. This may be a multifunctional effort involving other functional specialists. Typically, BER thresholds are established by the procuring activity (for replacement buys) or funding activity (for maintenance repair actions) and any costs exceeding BER threshold or disposal of the BER equipment need to be coordinated/ approved by the respective procuring or funding activity. **Note:** Weighted URC will be used as a data element when determining BER actions.

5.6.5. Item Classification, Coding, and Review Responsibilities. ESs assigned Operational Safety, Suitability, and Effectiveness ownership of technical orders, commercial manual, and/or current drawings will be responsible for maintaining item classification, respective codes, and any other technical data within these documents, in the proper database. **Note:** Ensure indicated frequency for review is met. Refer to DoDM 4140.01-V2, Paragraph 5.5.

5.6.5.1. Sample item essentiality codes at least every three years.

5.6.5.2. SMR needs to be reviewed at least every five years. **Note:** If the item has an Acquisition Advice Code (AAC) indicating an obsolete item (or if item is pending AAC update to obsolete) a SMR and ERRC review is not required.

5.6.5.3. Conduct Controlled Inventory Item code reviews in accordance with DoDM 4140.01, Volume 11, *DoD Supply Chain Materiel Management Procedures: Inventory Accountability and Special Management and Handling*, at least every five years. **Note:** Controlled Inventory Item codes include Critical Safety Items and Critical Application Identifier.

5.6.5.4. Sample AACs at least every five years.

5.6.6. Wholesale Retention of Secondary items. AFMC ICP MMs will perform annual review in accordance with DoDM 4140.01-V6, Paragraph 4.1.f.(2).

5.6.7. To avoid reparable item supply shortages when offsetting procurement or repair requirement with forecasted returns, MMs may reduce their returns forecasts with the expected likelihood that a portion of the returned assets will not be available for issue due to condemnation. AFMC ICP ESs will review computed condemnation rates for effectiveness.

## 5.7. Deferred Disposal.

5.7.1. DDCs ensure required assets are properly identified as CRS and prevent them from being identified as excess material. ICPs will ensure DDCs are assigned to items, along with deferred disposal levels once it has been determined that some or all the assets identified as excess will be retained in the AF inventory. All excess materiel not identified for retention by use of DDC must be sent to disposal.

5.7.2. Documentation to support DDC assignments will contain the following information: Justification/Mission Impact if assets are not retained, the individual NSN(s) to be retained, how many assets for each NSN need to be retained and the methodology and calculation used to determine that quantity, unit of issue, unit price, extended value of the items, how many cubic feet each item occupies, extended cubic footage for retained assets of an NSN, projected yearly cost for storage of the items in warehouses, how many items are condemned or are projected to be condemned per year, years of supply for each item (requested DDC level divided by condemnations per year), how long the items need to be retained, and which OSD CRS category applies to the request. If more than one OSD category applies, use the

predominate reason. If retention is for more than 30 years of supply on an NSN being requested, Applicable Center Commander will approve/coordinate the request. Center Commander may delegate to subordinate Directorate/Wing responsible.

5.7.3. Items assigned a DDC require an annual 100% review (IAW DoDM 4140.01-V6, Paragraph 4.1.b.(4)(b)). Highest review priority is given to items with the largest dollar value or largest inventory cube storage. This review will be documented and include information in [Paragraph 7.1.1](#) in this publication. CRS retention decisions and annual reviews must have senior management approval as applicable for the DDC designation.

5.7.4. Application Level DDCs. Cognizant stakeholders, such as Weapon System Program Managers, Hardware Commands, Combatant Commands, or Field Commanders, etc., collaborate on the assignment of DDC “W”. The requesting office will coordinate the request through their respective Center Logistics Directorate (or equivalent) office. DDC “W” includes assets for essential items with an item essentiality code of 1, 5, 6, or 7 (IAW DoDM 4140.01-V2) and that are: part of a weapon system modification program, part of a weapon system service life extension program, or part of a weapon system deemed mission-essential with a weapon system group code of A or B. Even though an application DDC “W” is assigned, the MM is authorized to initiate disposal actions for items that have been modified off the application(s). The MM will collaborate with the DDC “W” requesting office before initiating disposal action of items assigned an application DDC.

5.7.5. Item Level DDCs. Cognizant stakeholders are permitted to request other item level DDCs if deemed applicable. The MM is responsible for the file maintenance, accuracy, and currency of item level DDCs and disposal levels assigned to the items they manage. The MM will maintain documentation to support CRS retention decisions. The types of item level DDCs are:

5.7.5.1. DDC “C” - Reclamation and Cannibalization. This category includes condemned or otherwise excess reparable assets or kits held as a source of supply for their subcomponents. If the subcomponents of the reparable item or kit has had no demand in 10 years, then the condemned or otherwise excess asset or kit should not be held in DDC “C”.

5.7.5.2. DDC “F” - Potential Security Assistance or Foreign Military Sales (FMS) Reserve. DDC “F” applies to weapon systems being phased out of AF inventory and being offered to FMS. If an item has had no demand in 10 years after the possibility of an FMS case was first established, then no assets for the item should be held in DDC “F”.

5.7.5.3. DDC “H” - Items with Potential Consumption Above Computed Requirements. This category includes:

5.7.5.3.1. Items used for humanitarian assistance and disaster relief.

5.7.5.3.2. Terminal items (AAC “V”) that can be requisitioned until their stocks are exhausted. If the item has had no demand in the 10 years since being designated terminal, no assets should be held in DDC “H”.

5.7.5.3.3. Items coming out of warranty. If the item has had no demand in the 10 years since warranty expiration, no assets should be held in DDC “H”.

5.7.5.3.4. Containers.

5.7.5.3.5. Weapon System Program Manager stock held for initial and sustainment support for an item with no projected requirement.

5.7.5.3.6. Items being transferred to another DoD Component for management until their transfer is completed. If un-transferred assets exist 10 years after transfer was initiated and the gaining manager does not want those assets, they should be sent to disposal.

5.7.5.3.7. If there are exceptional situations such as the need to retain parts on an older weapon system, DDC "H" may be used to retain assets for individual NSNs.

5.7.5.3.8. The Program Office may request to retain excess on an NSN or small group of NSNs tied to the same project.

5.7.5.4. DDC "M" - Military Operational Necessity. This category includes seasonal items, theater-specific items, or other items needed for potential peace keeping or mobilization scenarios not covered by war reserves or current AAO requirements. DDC "M" precludes normal RBS computational methodology, and all RBS products are suppressed. DDC "M" is also used for NSNs with zero assets, for which the MM is not going to buy any assets, and the AAC indicates the item can be stocked, but MM needs to retain the item in the stock list rather than deleting the NSN.

5.7.5.5. DDC "P" - Item Procurement and Re-procurement Constrained. This category includes stock for items with a diminishing manufacturing source or from a Life-of-Type (LOT) buy, or otherwise non-procurable stock. This code can be used when a one-time buy has been made for an explicit reason. DDC "P" must also be applied to all items under PBL contracts on which the contractor is doing all the demand and supply planning, including calculation of requirements for the items. DDC "P" includes asset procurement where the acquisition is necessary to maintain the industrial base, for other reasons of national security, or to satisfy a minimum purchase quantity imposed by the vendor in accordance with DoDM 4140.01-V2, Section 8.4.b.(e)2. and 8.4.b.(e)3.

5.7.6. DDC Level. The MM file maintains the required level for items with an assigned DDC. The deferred level may be reduced prior to expiration of the signed approval letter if the year the life of the weapon system expires has decreased, the item is being replaced or if the reliability of the item is dramatically increased creating a drastic decrease in condemnations or replacement percents.

5.7.6.1. Changes must be thoroughly documented and justified. The deferred level will not be increased without a new signed approval letter.

5.7.6.2. Use of the Deferred Level for "M" Military Operational Necessity Items. The Program Office provides the deferred level, and the MM file maintains that deferred level after the DDC and level are approved.

**5.8. Contingency items.** These items do not have an application to the current system or NHA, which is in use or planned to be in use. However, a decision has been made to retain the items for military contingency plans that have not been finalized. Contingency items are computed by comparing total assets to the deferred disposal level. If assets on hand exceed that level, the quantity which exceeds the level is identified as excess, plus all on-order assets are candidates for termination. If assets on hand are less than the level, the level is reduced to equal the assets. If

assets on hand are less than the level, but there are also on-order assets available, the on-order quantity required to fill the level deficit is retained, and the balance of the on-order assets are identified for termination. A zero level indicates that all assets, on hand and on order, equal the requirement. Repair of contingency-coded assets is not authorized.

**5.9. Initial and Follow-on Spares.** Per DoD 7000.14-R, Volume 4, Chapter 4, *Inventory and Related Property*, the AFMC/USSF Program Office that owns the weapon system is responsible for funding the initial spares. Therefore, acquisition of the initial spares and stock level increases required to support a weapon system are the responsibility of the applicable lifecycle program office. The program office must acquire initial and inventory augmentation spares based on the materiel support date. Program managers must use their appropriated funds and may use supply management activities' contracting capabilities to acquire initial spares. Therefore, acquisition of initial spares required to support a weapon system is the responsibility of the program office, e.g. the office within the AFMC /USSF Program Office that performs this acquisition function.

5.9.1. The AFMC/USSF Program Office may purchase the initial spares and transfer them to the supply management activity via a title transfer without reimbursement using DD Form 1150, *Request for Issue/Transfer/Turn in*. The AFMC/USSF Program Office must record the associated entries (budgetary and proprietary) for the purchase of the initial spares as Operating Materials & Supplies (OM&S) prior to their transfer to the supply management activity. The AFMC/USSF Program Office will initiate a title transfer without reimbursement to legally transfer ownership and will remove the initial spares from its accounting records. The supply management activity will add the initial spares to its AF Working Capital Fund accounting records. The transfer of initial spares must be fully documented, and the documentation must be retained.

5.9.2. Initial Spares. AFMC ICPs are responsible for computing and acquiring replenishment spares only, as previously mentioned, the Program Office of record, per DoD 7000.14-R, Volume 4, Chapter 4, is responsible for the initial spares. AFMC ICPs are consigned management of secondary spares via a workload notification or an agreement process. The program office will transfer to the AF Working Capital Fund inventory via title transfer upon delivery without reimbursement if the spares will be managed under the AF Working Capital Fund portfolio (assigned AF Budget Code 8).

5.9.3. Follow-on Spares Support. Follow-on spares support normally involves replenishment of assets that have been lost due to condemnations. During the weapon system provisioning process, the ICPs system used to determine initial requirements should compute minimum spares requirements to support a weapon system through a program forecast period, which is the Procurement Lead Time (PCLT) plus three months past a weapon system's preliminary operating capability (see AFMCMAN 20-106, *Provisioning*, Chapter 11). These minimum requirements include condemnations through the PCLT, pipeline requirements, and other levels that must be in place to support newly fielded systems. The Program Office places spares quantities computed in the respective Initial Requirements Determination (IRD) tool/system, or contractor equivalent system against the provisioning contract. The procurement technician will ensure the contract quantities are properly loaded and reported in the respective acquisition and due-in System which will pass them as 'on order' assets to AFMC ICP RBS system.

## 5.10. Identifying Candidates and Requirements for Multiple Year Contracts (MYC).

5.10.1. 10 USC § 3501, *Multiyear contracts: acquisition of property*, authorizes the DoD to enter into a MYC and lays out the requirements to be met when utilizing the MYC.

5.10.1.1. When compliant with above statutes, the MMs first choice must be the use of an MYC. A MYC is a single year contract with multiple option years, up to five years as described in Air Force Materiel Command Instruction (AFMCI) 20-102, *Requirements Definition and Purchase Instrument Development*.

5.10.1.2. This procurement action is one way to satisfy several years' requirements for spares with a single procurement action. The primary purpose is to facilitate economic order quantities (to meet vendor minimum quantity or value) or LOT buys, and to reduce unit cost and lead time. Other potential benefits include reduced administrative workload for the MM, contracting personnel, and the Purchase Request/Military Interdepartmental Purchase Request (MIPR) Control function; reduced paperwork, better prices, and discounts due to larger quantities; ensured production continuity; and contractor incentive for investment in capital equipment and facilities.

5.10.1.3. Center/Field Commands managing spare parts must conduct periodic (at least annual) reviews of multiple-year candidate items. The reviews must determine if multiple year guidance compliance is being implemented and identify potential problems for resolution/guidance updates. Multiple year contracting must be a budget requirement review area of interest.

5.10.2. Item Selection. To be considered for MYC, an item must meet all of the following conditions:

5.10.2.1. The item program must be forecastable. A forecastable program is one which can be determined with a reasonable degree of certainty. Most AFMC ICP items managed in an RBS system have forecastable programs.

5.10.2.2. The item must compute into a deficit buy position in the Apportionment Year (AY) and the Budget Year (BY), as indicated on the applicable RBS product. Items may also compute deficits beyond the BY and still be eligible for the MYC. However, they must compute into a deficit in the AY and the BY.

5.10.2.3. For an item to be considered for a three-year MYC, the item must be in a buy position in the apportionment, budget, and extended years (EY) in the applicable RBS product. Readiness Spares Package (RSP) and Other War Reserve Materiel (OWRM) (if OWRM funds are available) deficits may be included as part of the first year's buy.

5.10.2.4. For four- or five-year buys, consider items that compute condemnations (base, depot overhaul, and job routed) greater than 10% of the computed OIM operating requirement plus the total Depot Level Maintenance program. The quantities to be procured in year four and five must never exceed the forecasted condemnations (condemnation percent times forecasted reparable generations). In addition, the item must be of stable design and configuration. It will not be scheduled for replacement or for a modification that would affect the failure rate.

**5.11. Review and Adjustment Actions.** When any of the following cases apply, repair and acquisition projection actions must be adjusted. If applicable, budget requirements projected by AFMC ICPs must also be adjusted before submission to major command.

5.11.1. Replenishment actions.

5.11.1.1. When AFMC ICPs compute an acquisition action for an item for the first time, the safety level and projected condemnations can be budgeted. These requirements are not acquired until actual failures are reported. However, if condemnations can be completely justified (engineering analysis, like items with significant condemnation rates, etc.), and staffed through appropriate budget offices at the funds managing location/site (include Funds Management at the site for non-CSAG-S items), prudent management dictates that acquisition may occur. If actual failures or condemnations are reported, the base and depot level requirements are based on the percentage of actual data used in computing the total demand rate.

5.11.1.2. Acquisition of safety levels may be considered when determining provisioning integrated with production quantities. Initial lay-in issues are not considered failures for this purpose.

5.11.1.3. When buy quantities are deferred due to the above guidance, the BY quantities on the appropriate budget listing/article must be increased by the same quantity to ensure that funds are projected in the proper fiscal period.

5.11.1.4. Repeated deferral of purchases for the same items is not allowed. If an item does not exhibit a demand pattern indicated by the provisioning factors, a reevaluation of the item factors by the engineering function must be initiated. If after this reevaluation, it is determined that the factors are accurate, then the item deficit must be deferred outside the budget window (beyond the EY).

5.11.2. Authorized RSP requirements are budgeted and acquired in the first replenishment acquisition unless AFMC/A4RX directs deferred acquisition.

5.11.3. Restrictions on uneconomical procurements. Procurement action is not initiated if the net buy is less than 5% of the annual operating requirement (known as the buy operating level) unless deferment will cause supply support problems. Budget submissions will defer uneconomical buys to the following FY.

5.11.4. Screening Assets. AFMC ICPs are required to compute worldwide requirements. All available assets in the DoD must be considered to fulfil those requirements to preclude unnecessary acquisitions and repairs. Before an acquisition or a repair action is initiated, the MM must determine that assets cannot be obtained through modification, NHA or reclamation, as stated below.

5.11.4.1. Modification. This may include modification of excess inventories, assembly of excess components, or assets removed because of modification programs.

5.11.4.2. NHA assets stratifying to OWRM or Long Supply (Economic Retention, Contingency or Potential DoD Excess). NHA OWRM or long supply assets may be used to support lower assembly requirements when there are not or will not be sufficient assets of the lower assembly to fill the requirement. MM will utilize one of the methods in the following subparagraphs to determine if the NHA has OWRM or long supply assets

meet this availability criteria. If NHA OWRM or long supply assets are available, conduct a cost-benefit analysis comparing the acquisition cost of the component item to the cost of removing the component item from the NHA, conducting a condition check and, if necessary, repairing the component item to determine whether it is economically feasible to obtain component items using this method. An attempt will be made to obtain lower assembly assets from NHA unserviceable assets prior to attempting to obtain them from NHA serviceable assets. The lower assembly items requested will not exceed the number installed within the NHA NSN quantity reported as OWRM and long supply.

5.11.4.3. Reclamation. Sources of reclamation may include:

- 5.11.4.3.1. Equipment being considered for disposal, or damaged aircraft or equipment at the 309th Aerospace Maintenance and Regeneration Group.
- 5.11.4.3.2. Assets being held by other Services and excess to their needs.
- 5.11.4.3.3. Assets on loan to contractors or other Government agencies and scheduled to be returned.
- 5.11.4.3.4. Contract repair of unserviceable assets when no organic repair is available.

## Chapter 6

### SUPPLY BUDGET

**6.1. Supply Budget Execution.** AFMC ICPs will manage and control materiel within production, manufacturing, repair, modification, overhaul, and testing functions performed at organic or private Sector facilities or through public and private collaboration at those facilities. Ensure best value support by optimizing their relationships with organic and commercial sources of materiel as well as with organic and commercial maintenance facilities maintaining depot-level reparable items. When making decisions regarding public and private agreements, DoD materiel managers will:

6.1.1. Establish agreements that comply with 10 USC § 2461, *Commercial or industrial type functions: required studies and reports before conversion to contractor performance*, and 10 USC § 2466, *Limitations on the performance of depot-level maintenance of materiel*.

6.1.2. Establish make-to-order relationships with commercial sources when those sources are the preferred support alternative.

6.1.3. Use procurement only to replace unserviceable assets that cannot be repaired economically and to meet new customer requirements not addressed in initial provisioning.

6.1.4. Execute buys/procurements that originate from demand and supply planning calculations adjusted up or down to reflect budgetary or non-mathematically based factors applicable to current real world conditions. Ensure these calculations are based on supply planning outputs derived from this publication.

6.1.5. Use tailored and multiple year purchasing methods (such as indefinite delivery and indefinite quantity contracts), when possible, to get quantity discounts, reduce investment in inventory, reduce ordering time, and adjust to changing demand and asset data.

6.1.6. Check with Defense Logistics Agency (DLA) Disposition Services before initiating a buy to see if serviceable assets are available to reclaim and reduce the buy quantity. Use reclamation in place of procurement to obtain components whenever it will result in measurable savings, when it provides the fastest means of satisfying a critical requirement, or when there is no other known source of supply.

6.1.7. Ensure procurement actions follow DoDM 4140.01, Volume 4, *DoD Supply Chain Materiel Management Procedures: Make and Maintain Materiel*, Enclosure 3.

**6.2. Buys.** 10 USC § 3242, *Supplies: economic order quantities*, and 44 USC § 3310, *Disposal of records constituting menace to health, life, or property*, mandates that DoD Components will procure supplies in a quantity that will result in the most advantageous total and unit cost to the government and that does not exceed the quantity reasonably expected to be required by the Component.

6.2.1. The head of a procuring activity (as determined by PGI 202.101) may authorize exceeding acquisition limitations if they determine in writing that the excess procurement is justified by mission or AF needs related to diminishing manufacturing sources. The procured quantity must also be likely to remain applicable to mission needs for the foreseeable lifecycle. For CSAG-S items, the MM must not move out year requirements forward.

6.2.2. The total cost of a procurement includes the cost of ordering inventory and the cost of holding inventory.

6.2.2.1. AFMC ICPs will use Economic Order Quantity (EOQ) methods to set target order quantities that minimize the total of the cost-to-order and cost-to-hold inventory.

6.2.2.1.1. The quantity reasonably expected to be required normally would be a quantity required for two years in accordance with the authorized budget cycle. However, that upper limit may be overridden in accordance with DoDM 4140.01-V2, Paragraph 8.4.b(2).

6.2.2.1.2. Limit EOQs to a maximum equal to two years of demand and a minimum equal to the demand over the item's administrative lead time or one month of demand, whichever is greater. The EOQ minimum may be reduced if a lesser quantity may be ordered more economically. The EOQ maximum may be overridden if the head of the procuring activity certifies in writing that the acquisition is necessary for any of the following four reasons:

6.2.2.1.2.1. To achieve a recurring EOQ in forecasting that does not result in an on-hand inventory in excess of three years of operating stocks and the need for the item is unlikely to decline during the period for which the acquisition is made.

6.2.2.1.2.2. To maintain the industrial base or for other reasons of national security. The acquisition is necessary to maintain single source or limited vendor capability in the Industrial Base or for reasons of National Security, as justified and approved via procedures IAW DoDM 4140.01-V2, Section 8.4.b.(e)2. and 8.4.b.(e)3.

6.2.2.1.2.3. All Industrial Base and National Security Exception requests will utilize the routing and approval process outlined in [Paragraph 6.2](#) but will require AFMC/CA approval. Package will be routed to AFMC/A4RM workflow for staffing to AFMC/CA.

6.2.2.1.2.4. To satisfy a minimum purchase quantity imposed by the vendor.

6.2.3. When production sources of an item are no longer available, materiel managers will classify the item as LOT Buy and the total issues anticipated during the life of the end item are forecasted and procured at the wholesale level. ([Paragraph 6.3](#)).

6.2.4. Centers will craft policy and processes to execute their above delegated responsibilities and functions and ensure compliance with U.S. Title 10. Statue and DoD/SAF/AF/AFMC policies. **Note:** Copies of approval packages will be maintained by AFSC ICP delegation authority and available to AFMC/A4R upon request.

6.2.5. Minimum Procurement Quantities. Consideration must be given to a vendor's minimum quantity or value requirements, which if ignored, can result in excessive unit costs. Requirements computations, while reflecting specific quantities to be acquired, cannot determine the most economical Buy in terms of minimum quantities or the most cost-effective method of acquisition. The MM decides this based on documentation that contracting personnel furnish. In addition, 10 USC § 3501 and § 3070 establish parameters for acquisition actions to be considered for Multiple Year Procurement which allow acquisition of more than one year's requirement with a single acquisition action. Reference 10 USC § 2210, *Proceeds of sales of supplies: credit to appropriations*, and § 3070 also prohibit the MM from initiating

procurement of CSAG-S items (Budget Code 8) that when added to the inventory would cause the inventory to exceed two years of operating stocks (excluding war reserves). The head of the procuring activity may approve the procurement of inventory that would not exceed three years of operating stocks (excluding war reserves) if certain exceptions delineated in the U.S.C are met.

**6.3. Life-of-Type Buy (LOT Buy).** A LOT Buy is authorized in cases where such actions are justified due to impacts related to diminishing manufacturing sources. The following paragraphs provide the general processes and procedures to be used by AFMC activities when justifying, documenting, and approving LOT Buys regardless of the approving activity or Head of Procuring Activity required. Each ICP activity will craft their own detailed process and procedures to ensure full compliance with 10 USC § 3070, DoD, and AFMC policy. Prior to making a LOT Buy, other manufacturing source alternatives addressed in DoDM 4140.01, Volume 3, *DoD Supply Chain Materiel Management Procedures: Materiel Sourcing*, Paragraph 6.1e must be considered. **Note:** LOT Buy procedures will also be used for Industrial Base or National Security Exceptions being requested to AFMC/CA.

6.3.1. When a LOT Buy is executed, procurement must occur as close as possible to one PCLT period away. A LOT Buy is normally initiated at the end of a production run for initial spares when reestablishment of production capability for follow-on spares would not be economically feasible or when an item has been identified as having diminishing manufacturing sources or capabilities. The decision to apply LOT Buy procedures requires evaluation of support consideration, cost and benefits, and alternative acquisition actions. For new systems, requirements for items bought under LOT Buy provisions will be computed using the applicable IRD program. If access to IRD is not available, they may be manually computed on AFMC Form 614, *Recoverable Item Initial Requirements Computation Worksheet*, per initial requirements instructions found in AFMCMAN 20-106.

6.3.2. The following types of items are excluded from LOT Buy consideration:

6.3.2.1. Items subject to design change or technical obsolescence, except when dealing with diminishing manufacturing sources and DoDM 4140.01-V3, Paragraph 6.1e provides no viable cost-effective alternatives and the system on which the item is used will not be phased out near the time of delivery of spares.

6.3.2.2. Items that are assigned Acquisition Method Codes that indicate they are to be acquired competitively.

6.3.2.3. Items that exhibit an unstable demand history, or with a demand history that is insufficient to predict long-range demands.

6.3.2.4. Items that may be subsequently acquired from the prime contractor at a price substantially less than the current standard unit cost.

6.3.2.5. Items subject to shelf-life deterioration.

6.3.3. When a buy is considered for programs that involve other Services or FMS, the concurrence of the agency or country being supported is required. The following must be taken into account when considering a LOT Buy:

6.3.3.1. Assets that may be available from reclamation.

6.3.3.2. Related costs, such as those for hardware and technical data, and administrative costs.

6.3.3.3. The cost to retain production tooling and test equipment, production start-up costs, and spares costs.

6.3.3.4. The cost of future acquisitions of spares, using the forecast unit price.

6.3.3.5. The effects that the above costs may have on spares support.

6.3.3.6. The costs to administer and manage excess stocks that would result from a LOT Buy.

#### 6.3.4. Responsibilities for LOT Buy.

##### 6.3.4.1. The MM will:

6.3.4.1.1. Obtain the concurrence of other Services and FMS customers, if applicable (see DoDM 4140.26, *DoD Integrated Materiel Management for Consumables*, various volumes, and DoDM 4140.68, *Integrated Materiel Management of Nonconsumable Items*).

6.3.4.1.2. Prepare LOT Buy package containing the justification for the LOT Buy, pertinent NSN data impact if not approved, Aerospace Maintenance and Regeneration Group inventory posture, Original Equipment Manufacturer letter, System Program Office letter, Weapon System life expectancy letter, and submit to Head of Procuring Activity for approval.

6.3.4.1.3. For Industrial Base Exception Requests obtain AFRL/RX and AFMC/A4FD coordination prior to submitting package to AFMC/A4RM workflow. **Note:** AFRL/RX is the AFMC Command Industrial Base Focal Point and AFMC/A4FD is staff Industrial Base Focal Point.

##### 6.3.4.2. The ES will validate:

6.3.4.2.1. That none of the exclusions in **Paragraph 6.3.2** and its subparagraphs apply.

6.3.4.2.2. The weapon system lifespan program projection and obtain applicable lifecycle authority coordination.

6.3.5. AFSC ICP and AFLCMC Crypto ICP Head of Procuring Activity actions. For buy packages, ensure applicable ICP activity Procuring Head validates, signs, and returns the buy package to the requesting office. The signed buy letter notifies the MM that the contracting action can proceed and required file maintenance action can be accomplished in the applicable RBS system when permitted. Requesting office will ensure a complete copy of the package is provided back to the applicable ICP Procuring Activity head workflow within 10 workdays.

## Chapter 7

### TERMINATIONS

**7.1. Termination Execution.** Mission changes or adjustment to item requirements sometimes reduce or eliminate the need to commit funds for or accept delivery of spare parts that the AF has already ordered. Consequently, these quantities must be considered for reduction and, if necessary, contract termination. The decision to reduce or terminate a quantity on contract is not automatic; it involves evaluation of economic and mission-related factors. This is because termination often involves a considerable cost to the government to compensate vendors for resources they have committed to the contract. In many cases it is more advantageous for the government to accept delivery of the assets rather than pay termination costs. This Section provides MMs, Program Offices, requirements analysts, site RBS termination analysts, budget analysts, AFMC, and site RBS analysts with the guidance to decide to terminate a contract or to accept delivery of on-order assets. Each AFMC ICP will develop and publish guidance and procedures to ensure full compliance with 10 USC § 3070, DoD, and AFMC guidance for termination actions. **Note:** Termination quantities stratify as On-Order Contract assets in Potential DoD Excess in the Budget Item Detail AAO position.

7.1.1. Items considered for reduction or termination actions are items on production contracts; items on Purchase Instruments (PI)/MIPRs, but not yet on firm contract; Time Compliance Technical Order kit spare parts; and acquisitions from other government agencies.

7.1.2. Items excluded from consideration for reduction or termination are complete aircraft and missile engines; items on AFMC Form 326, *Provisioned Item Order (PIO)*, that are being processed to establish, confirm, or change contractor interim release actions; and items ordered to support provisioning integrated with production, unless the items become obsolete. Interim release by the Contracting Officer is authorization given a contractor to release support items to production or procurement simultaneously with production requirements for like items prior to submission of a PIO.

7.1.3. Terminations are time sensitive. Delay of even a single day can significantly increase the cost to terminate. Therefore, efforts must emphasize early identification of potential excess on-order quantities. Each requirements computation period the MM will review items with on-order quantities that may exceed AF needs and is the first opportunity to recover or avoid spending limited procurement funds. The MM must respond to and act on any changes in AF missions, programmed objectives, consumption factors, authorizations, etc., that reduce requirements. Consideration for termination action begins as soon as the MM becomes aware of information that may make on-order quantities excess to immediate needs. This chapter and the Federal Acquisition Regulation (FAR), Part 49, *Termination of Contracts*, provides guidance to affect timely termination actions. The word “termination” will be used to refer to termination actions and to PI reduction and cancellation actions except when the guidance or procedures apply exclusively to PI reductions. If an on-order excess quantity is on a firm contract, the MM will run the termination model. If the termination model recommends termination, the MM must submit a Termination Authority Template. See the Department of the Air Force Federal Acquisition Regulation Supplement (DAFFARS) 5349.102, *Notification of Termination*, for a tailorable Termination Authority Template.

7.1.3.1. The purpose of the Termination Authority Template is to provide an auditable record of the request of the initiating organization to terminate on-order asset quantities and the contracting activity's response to that request.

7.1.3.2. The Contracting Officer determines if termination action is to be taken. The Contracting Officer who decides not to terminate will prepare documentation to certify and explain the reasons for accepting the assets. The documentation will include a statement of facts, considerations, sources of information, and the logic used to arrive at the decision. The originating activity keeps the documentation for AFMC and inspection agency review. The following circumstances will be considered when deciding to terminate, defer a termination decision, or accept delivery of on-order assets that compute into termination:

7.1.3.2.1. Technical complexity may require costly procurement.

7.1.3.2.2. Increasing operating programs or escalating condemnation rates not already included in the requirements computation that would necessitate a buy in the foreseeable future.

7.1.3.2.3. Known increases to FMS requirements. These quantities will be integrated into the RBS computation to account for the requirements if they were not already included in the feed to applicable RBS system. (**Note:** The Arms Export Act prohibits inclusion of non-programmed FMS requirements in the RBS computation for which the FMS customer has not established a Cooperative Logistics Supply Support Arrangement or Materiel Repair Requirements List.

7.1.3.2.4. New applications that were not considered in the most recent RBS computation. These would justify deferral of a termination decision until a later cycle when the new applications would be integrated into the computation.

7.1.3.2.5. Projected increases or decreases in demand in the near future that are not yet reflected in the RBS computation. These would justify deferral of a termination decision until a later cycle when the demand projection would be integrated into the computation.

7.1.3.2.6. Items with a short shelf-life.

7.1.3.2.7. Items that apply to recently fielded systems and still use estimated demand rates. This would authorize deferral of a termination decision until a later cycle when the demand projection is based on mature rates.

7.1.3.2.8. The termination model concludes that termination is not in the best interests of the government.

7.1.3.2.9. Any of the following factors are grounds for termination without regard to economic considerations:

7.1.3.2.9.1. The item has declining programs and no procurement predicted in the RBS computation.

7.1.3.2.9.2. The item has declining programs and no projected condemnations.

7.1.3.2.9.3. An engineering change proposal or modification enhances the item's reliability or availability.

7.1.3.2.9.4. The item and/or its NHA is, or will soon be, obsolete.

7.1.3.2.9.5. The item's mandatory removal time recently increased or was eliminated.

7.1.3.2.9.6. The contractor was unable to perform, default termination is possible, and another source is preferred.

7.1.3.2.9.7. Organic manufacturing or repair capability is preferred.

7.1.3.2.9.8. Interchangeable items have been found in the AF inventory that were not linked in the applicable RBS system or AF cataloging system. This may result in an adjustment to the computation that would reflect the availability of these assets.

7.1.3.2.9.9. This item is available from other Service/Agencies or through DLA Disposition Services.

#### 7.1.4. Reporting and Analysis.

7.1.4.1. Termination quantities stratify as On-Order Contract assets in Potential DoD Excess in the Budget Item Detail AAO position.

7.1.4.1.1. MMs, Requirements Control Officer, Division Analysts, Site RBS Termination Analysts, and Budget Analysts must evaluate on-order excess items.

7.1.4.1.2. The MM determines the appropriate Due in Potential Future Excess code(s) to assign to each item that computes a termination quantity in the last computation period. Due in Potential Future Excess code(s) will be annotated on the RBS computation period product or the latest simulation re-computation and used for the Term Model.

7.1.4.1.3. Requirements Control Officers (RCOs) or division analysts will verify Due in Potential Future Excess code reflect the situation and termination decision.

7.1.4.1.4. Items that compute termination quantities and their stock listed NHAs must be reviewed each computation period.

7.1.4.2. Due in Potential Future Excess code. **Table 7.1** lists the codes and the definitions explain the reason for making a termination decision. Use of several codes per item is allowed. As a minimum, all non-termination decisions except for termination code "T" must be signed by both the MM and supervisor.

7.1.4.3. If the code indicates that a reduction or termination action has been or will be taken (code "P"), the Termination log number will be noted in the documentation. Assistance in coding terminations that are not covered by the following codes, contact the RBS Termination OPR. **Paragraph 7.1.6** for Termination Log information.

**Table 7.1. Due in Potential Future Excess codes.**

Code	Category	Definition	Previous code
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A	Ascending System	Items required for an ascending system where the exact requirements are unknown at this time.	10
C	Unable to Cancel for Contractual reasons	Items where the contractual language prohibits a partial or complete cancellation.	
E	Uneconomical to Terminate/Below \$ Value Threshold to Review	Items where the remaining undelivered balance is below the \$5,000 threshold per the FAR 49, Section 101, <i>Authorities and Responsibilities</i> . Also includes items where a re-procurement is anticipated, part of a minimum purchase quantity, or analysis determines it would be uneconomical to terminate.	8, 9, 14
I	Inventory Augmentation	Items that were purchased due to an increase in funding where the requirements were pulled forward.	
K	Known Future Requirement	Items with a known requirement outside of the two year window. Also includes items with an effective transfer date to DLA or another organization, items on PBL contracts, and items where levels are set using alternative to forecasting methods in accordance with the procedures in DoDM 4140.01-V2.	04, 05, 12, 18
P	Potential Contract Termination	Items where there is no longer a valid requirement, and the contract is being reviewed to determine if it can be canceled. This may include waiting to hear back from the vendor or waiting for senior leader's approval not to terminate.	02, 03
R	Review In Progress	Items that are under review, but the review is not complete by the cutoff date.	6, 7, 11, 19, 49
T	Contract Terminated	Items where the contract is currently in the process of being terminated.	
U	Received Prior to Cancellation Decision	Items that were delivered prior to the completion of the review.	16

7.1.5. Repeat terminations. The date, code, and computation period on which the decision was made not to terminate will be annotated. With the exception of code "K", it is not necessary to resubmit documentation as long as the conditions, code, quantity, and dollar value do not change. Code "K" requires full documentation every cycle.

7.1.6. Termination Log. Each AFMC ICP will maintain a termination log and will assign a termination monitor to oversee log number assignment and review the status weekly of each termination, this may be delegated down to the individual site location if oversight is maintained at the ICP level. The supervisor of the termination monitor will periodically check

to ensure the items were worked and/or proper follow-up action was taken by looking at a sample of the items.

7.1.6.1. The log will have separate fields for the items listed in [Table 7.2](#).

**Table 7.2. Required Termination Log Fields.**

Item	Log Fields
1	Exclusive log number
2	NSN
3	Contract number
4	Contract Line-Item Number
5	Computation period (on which termination is based, e.g. Sep 13)
6	The print date of the requirements computation or RBS Product
7	Termination quantity
8	Termination value
9	Date the exclusive number is issued
10	Manager Designator Code or other manager identification.
11	Date termination request was submitted to Contracting
12	Date Contracting received the termination request
13	Date of each weekly follow-up conversation with Contracting by the termination monitor (until closed)
14	Synopsis of each weekly follow-up conversation with Contracting by the termination monitor including point of contact (until closed)
15	Date of review of the log by the supervisor of the termination monitor
16	Date termination action is completed by the contracting activity
17	The date of the contracting activity determined termination to be uneconomical, if applicable. This information is annotated on the returned Termination Authority Template.
18	For contracts terminated by the contractor, termination cost.
19	For contracts terminated by the contractor, settlement cost.
20	For contract terminated by the contractor, cost savings to Government.

7.1.6.2. The exclusive log number includes the FSC, FY, and a numeric sequence number (e.g. TERM-1560-13-001). The MM annotates the exclusive log number in the remarks block of the Termination Authority Template.

## Chapter 8

### DOCUMENTATION

**8.1. Documentation Requirements.** The MM will maintain a comprehensive item folder, either electronic or paper, containing all relevant data elements. This includes, at a minimum, the acquisition date, cost, quantity, and contract information. The MM will retain all documentation that supported an increase or decrease to overall AF Inventory.

8.1.1. Retain and provide as Key Supporting Documentation to support Financial Improvement and Audit Readiness walkthroughs and as directed in related Process Cycle Memos.

8.1.2. All documentation for estimated factors, rates, and percents including studies, methodology, and calculations used to arrive at them and documentation of key assumptions, facts, specific details, decision makers' names and signature/acknowledgements, and dates of decisions will be retained for two years (**Table 8.3**) after any resultant buy quantities are delivered or for two years after any resultant termination action has been completed. If no buy or termination resulted, the documentation will be retained for two years after repair actions resulting from them have been completed.

8.1.3. The ES will retain information provided by the Production Management Specialist (PMS) or MM that the ES uses for a basis of file maintenance for two years after delivery of assets or termination of contract. If no buy, repair, or termination action resulted from the ES file maintenance of the information provided by the PMS or MM, the information may be destroyed after two years (**Tables 8.1 and 8.2.**). Before the ES discards products, the ES will check with the MM to determine if buy, repair or termination actions were taken based on the products and if so when the products can be discarded based on the preceding information.

8.1.4. The MM will retain information provided by the PMS or ES that the MM uses for a basis of file maintenance for two years after delivery of assets or termination of contract. If no buy, repair, or termination action resulted from the MM file maintenance of the information provided by the PMS or ES, the information may be destroyed after two years (**Tables 8.1 and 8.2.**).

8.1.5. Before the PMS discards products, the PMS will check with the MM to determine if buy, repair, or termination actions were taken based on the products and if so when the products can be discarded based on the preceding information.

8.1.6. Destroy documentation supporting terminations after two years or after termination is closed, whichever is greater. Documentation includes: all cataloging data and source material documentation, supporting applications, and termination model.

8.1.7. Destroy documentation two years after data is superseded or obsolete in RBS system. Documentation includes: all cataloging data and source material and documentation supporting applications.

**Table 8.1. Destroy the following pushed products after two years (unless needed to support buy or terminations).**

	Product

1	All Final Indices of Action for Term
2	All Final Indices of Action for Excess
3	All Final Indices of Action for Buy
4	All Final Indices of Action for Repair
5	Any executive management summary reports
6	Any reports documenting repair of RBS items

**Table 8.2. Item Purchases were Initiated: Destroy Documents and Products two years after contract closure.**

	<b>Product</b>
1	Copy of contract (or electronic file copy of the contract) -- must be readily accessible and easily readable/printable by anyone needing the information)
2	PI/MIPRs (attach to the PI/MIPR a copy of the computation, re-computation, or INS/NSO Item Status Listing on which the PI/MIPR is based)
3	Provisioning Documents

**Table 8.3. The following products, digital documents or scans, will be retained for two years.**

	<b>Product</b>
1	Supporting documentation for termination decisions and term model results
2	Manager review code letters
3	Letters and documentation supporting excess retention
4	Loan/lease documentation
5	Cooperative Logistics Supply Support Arrangement Requirements Listing
6	FMS Retention Levels
7	Contract Repair Reports
8	Post Award files

## Chapter 9

### SIMULATION CAPABILITY

**9.1. Simulation Capability Requirements.** AFMC ICP activities will ensure developed guidance and business practices include ability to perform/conduct simulation efforts when a given position begins at some point other than the asset cutoff date. These simulations depict activity in terms of asset gains and losses over the prior time period so a beginning asset position can be developed for the subsequent year.

9.1.1. Assets are simulated within each period according to the following process: assets at the beginning of the period, plus asset gains during the period, minus asset losses during the period, equals assets at the end of the period. **Note:** In addition to RBS planning and execution system, ICPs will ensure the appropriate Accountable Property System of Record contains accurate inventory quantities.

9.1.2. Opening, Current Year (CY), AY, readiness, and AFAO position beginning assets are equal to the assets used in the computation. The simulation process is followed for serviceable assets, unserviceable, unserviceable unscheduled, and on-order contract assets. Buys are also simulated along with simulation of assets for demand-based items, non-demand based items (including INS and NSO items).

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**Attachment 1****GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION*****References***

- AFI 33-322, *Records Management and Information Governance Program*, 23 March 2020
- AFI 65-118, *Air Force Purchases Using Military Interdepartmental Purchase Requests (MIPRS)*, 8 April 2020
- AFMCI 20-102, *Requirements Definition and Purchase Instrument Development*, 26 February 2024
- AFMCMAN 20-106, *Provisioning*, 11 August 2023
- AFMCMAN 23-103, *Cataloging and Standardization*, 21 August 2025
- DAFFARS 5349.102, *Notification of Termination*, current edition
- DAFI 63-101/20-101, *Integrated Life Cycle Management*, 16 February 2025
- DAFI 90-302, *The Inspection System of the Department of the Air Force*, 15 March 2023
- DAFMAN 23-300, *Materiel Management Procedures*, 22 July 2025
- DAFMAN 63-122, *Depot Source of Repair Planning and Activation*, 27 September 2024
- DAFMAN 90-161, *Publishing Processes and Procedures*, 18 October 2023
- DFARS 204.7103, *Contract line items*, current edition
- DLM 4000.25, *Defense Logistics Management Standards (DLMS)*, 3 October 2025
- DoD 7000.14-R, Volume 11A, Chapter 2, *Project Order*, July 2025
- DoD 7000.14-R, Volume 4, Chapter 4, *Inventory and Related Property*, July 2025
- DoD 7000.14-R, Volume 6A, Chapter 2, *Financial Reports, Roles and Responsibilities*, July 2020
- DoDI 5000.64, *Accountability and Management of DoD Equipment and other Accountable Property*, 27 April 2017
- DoDI 5200.44, *Protection of Mission Critical Functions to Achieve Trusted Systems and Networks*, 16 February 2024
- DoDI 8510.01, *Risk Management Framework for DoD Systems*, 19 July 2022
- DoDM 4100.39, *Federal Logistics Information System (FLIS) Procedures*, 8 March 2017
- DoDM 4140.01-V1, *DoD Supply Chain Materiel Management Procedures: Operational Requirements*, 13 December 2018
- DoDM 4140.01-V10, *DoD Supply Chain Materiel Management Procedures: Supply Chain Inventory Reporting and Metrics*, 9 March 2017
- DoDM 4140.01-V11, *DoD Supply Chain Materiel Management Procedures: Inventory Accountability and Special Management and Handling*, 8 March 2017

DoDM 4140.01-V2, *DoD Supply Chain Materiel Management Procedures: Demand and Supply Planning*, 9 November 2018

DoDM 4140.01-V3, *DoD Supply Chain Materiel Management Procedures: Materiel Sourcing*, 9 October 2019

DoDM 4140.01-V4, *DoD Supply Chain Materiel Management Procedures: Make and Maintain Materiel*, 7 November 2023

DoDM 4140.01-V5, *DoD Supply Chain Materiel Management Procedures: Delivery of Materiel*, 10 February 2014

DoDM 4140.01-V6, *DoD Supply Chain Materiel Management Procedures: Materiel Returns, Retention, and Disposition*, 8 March 2017

DoDM 4140.01-V8, *DoD Supply Chain Materiel Management Procedures: Materiel Data Management and Exchange*, 6 August 2024

DoDM 4140.01-V9, *DoD Supply Chain Materiel Management Procedures: Materiel Programs*, 16 February 2018

DoDM 4140.68, *Integrated Materiel Management of Nonconsumable Items*, 5 March 2020

10 USC § 2210, *Proceeds of sales of supplies: credit to appropriations*

10 USC § 2458, *Inventory management policies*

10 USC § 2461, *Commercial or industrial type functions: required studies and reports before conversion to contractor performance*

10 USC § 2466, *Limitations on the performance of depot-level maintenance of materiel*

10 USC § 3070, *Limitation on Acquisition of Excess Supplies*

10 USC § 3242, *Supplies: Economic Order Quantities*

10 USC § 3501, *Multiyear contracts: acquisition of property*

44 USC § 3310, *Disposal of records constituting menace to health, life, or property*

FAR Part 49, *Termination of Contracts*, current edition

JP 4-0, *Joint Logistics*, 22 May 2025

### ***Prescribed Forms***

None

### ***Adopted Forms***

AF Form 616, *Fund Cite Authorization (FCA)*

AFMC Form 326, *Provisioned Item Order (PIO)*

AFMC Form 614, *Recoverable Item Initial Requirements Computation Worksheet*

DAF Form 679, *Department of the Air Force Publication Compliance Item Waiver Request/Approval*

DAF Form 847, *Recommendation for Change of Product*

DD Form 1150 *Request for Issue/Transfer/Turn-in*

***Abbreviations and Acronyms***

**AAC**—Acquisition Advice Code

**AAO**—Approved Acquisition Objective

**AF**—Air Force

**AFB**—Air Force Base

**AFI**—Air Force Instruction

**AFLCMC**—Air Force Life Cycle Management Center

**AFMC**—Air Force Materiel Command

**AFMCI**—Air Force Materiel Command Instruction

**AFMCMAN**—Air Force Materiel Command Manual

**AFSC**—Air Force Sustainment Center

**AY**—Apportionment Year

**BER**—Beyond Economical Repair

**BY**—Budget Year

**CSAG-S**—Consolidated Sustainment Activity Group-Supply

**CRS**—Contingency Retention Stock

**CY**—Current Year

**DDC**—Deferred Disposal Code

**DBS**—Demand Based Sparing

**DAF**—Department of the Air Force

**DAFI**—Department of the Air Force Instruction

**DAFMAN**—Department of the Air Force Manual

**DLA**—Defense Logistics Agency

**DLM**—Defense Logistics Manual

**DoD**—Department of Defense

**DoDI**—Department of Defense Instruction

**DoDM**—Department of Defense Manual

**EOQ**—Economic Order Quantity

**ERRC**—Expendability, Recoverability, Reparability Category

**ES**—Equipment Specialist

**EY**—Extended Year

**FAR**—Federal Acquisition Regulation  
**FMS**—Foreign Military Sales  
**FY**—Fiscal Year  
**IAW**—In Accordance With  
**I&SG**—Interchangeable and Substitutable Group  
**ICP**—Inventory Control Point  
**IMM**—Integrated Materiel Management  
**INS**—Insurance  
**IRD**—Initial Requirements Determination  
**IS**—Information System  
**LOT**—Life-of-Type  
**MIPR**—Military Interdepartmental Purchase Request  
**MM**—Materiel Manager  
**MYC**—Multiple Year Contract  
**NHA**—Next Higher Assembly  
**NSN**—National Stock Number  
**NSO**—Numeric Stockage Objective  
**OIM**—Organizational and Intermediate Maintenance  
**OM&S**—Operating Materials & Supplies  
**OP**—Opening Position  
**OPR**—Office of Primary Responsibility  
**OSD**—Office of the Secretary of Defense  
**OWRM**—Other War Reserve Materiel  
**PBL**—Performance-Based Logistics  
**PDM**—Programmed Depot Maintenance  
**PI**—Purchase Instrument  
**PICA**—Primary Inventory Control Activity  
**PIO**—Provisioned Item Order  
**PMO**—Production Management Officer  
**PMS**—Production Management Specialist  
**QEC**—Quick Engine Change  
**RBS**—Readiness Based Sparing

**RCO**—Requirements Control Officer

**RSP**—Readiness Spares Package

**SAF**—Secretary of the Air Force

**SGM**—Subgroup Master

**SMR**—Source Maintenance Repair

**SICA**—Secondary Inventory Control Activity

**URC**—Unit Repair Cost

**U.S.C**—United States Code

**USSF**—United States Space Force

### *Office Symbols*

**AFCLCMC/HNC**—Air Force Life Cycle Management Center, DAF Cryptologic & Cyber Systems Division

**AFMC/A4/10**—Air Force Materiel Command, Logistics, Civil Engineering, Force Protection and Nuclear Integration Directorate

**AFMC/A4FD**—Air Force Materiel Command, Product Support Management Division, Source of Repair Branch

**AFMC/A4N**—Air Force Materiel Command, Systems Integration Division

**AFMC/A4R**—Air Force Materiel Command, Logistics, Civil Engineering, Force Protection and Nuclear Integration Directorate/Logistics Readiness Division.

**AFMC/A4RM**—Air Force Materiel Command, Logistics, Civil Engineering, Force Protection and Nuclear Integration Directorate/Logistics Readiness Division, Supply Chain Management Branch

**AFMC/A4RX**—Air Force Materiel Command, Logistics, Civil Engineering, Force Protection and Nuclear Integration Directorate/Logistics Readiness Division, Mission Readiness Branch

**AFMC/CA**—Air Force Life Cycle Management Center, Executive Director

**AFMC/CC**—Air Force Life Cycle Management Center, Commander

**AFRL/RX**—Air Force Research Laboratory, Materials & Manufacturing Directorate

**AFSC/A3/4**—Air Force Sustainment Center, Logistics, Operations, and Civil Engineering Directorate

**HAF/A4LR**—Head Quarters Air Force, Logistics Directorate

**SAF/AQ**—Secretary of the Air Force for Acquisition

### *Terms*

**Acquisition Advice Code (AAC)**—Codes indicating how (as distinguished from where) and under what restrictions an item will be acquired. Reference Federal Logistics System (FLIS Technical Procedures, Cataloging Data and Transaction Standards, Vol 10, Table 58.).

**Acquisition**—Obtaining logistics support, supplies, or services under an acquisition agreement or under a cross-servicing agreement. This includes purchasing (whether for payment in currency, replacement-in-kind, or by exchange for equal value), renting, leasing, or any method of temporarily obtaining logistics support, supplies, or services. Reference DoDM 4140.01, Volume 1, *DoD Supply Chain Materiel Management Procedures: Operational Requirements*.

**Activity**—A unit, organization, or installation performing a function or mission, (e.g. reception center, redistribution center, naval station, naval shipyard). Reference Joint Publication 1-02, *DoD Dictionary of Military Terms*.

**Additive Requirement**—Requirements that are supported by non-RBS/DBS projected requirements. These requirements are provided by external organizations which are outside of the IMM, (e.g. FMS/Security Assurance/Security Cooperation, Other DoD Service requirements.)

**Adjustments (Physical Inventory)**—The accounting transaction that corrects a book balance to agree with the quantity of the item in storage. Such adjustments may result from (1) physical inventory, (2) a potential discrepancy revealed by a materiel release denial or location survey/reconciliation, (3) capitalization/decapitalization actions, (4) reidentification of stock, (5) type of pack changes, (6) catalog data changes, (7) supply condition and purpose code changes, etc. Reference Defense Logistics Manual (DLM) 4000.25, *Defense Logistics Management Standards (DLMS)*.

**Administrative Lead Time**—A forecast of the probable future interval between identifying a requirement and the date a contract is signed for a corresponding purchase instrument. The administrative lead time measurement start date can be the date a requirement is established, or computed, or it can be the date a budget snapshot, or capture, occurs in a requirement forecasting system or process. The administrative lead time measurement end date should be the date a contract is signed to fulfill a purchase instrument. IAW DoDM 4140.01-V2, DoD Components will measure administrative lead time, including the time periods required for identifying the requirement to buy; reviewing, approving, and documenting the purchase request; reviewing technical data and documentation; and processing and executing the contract.

**Air Force Records Information Management System (AFRIMS)**—AFRIMS is a mandatory AF-wide system. It provides AF Records Managers, at all levels of organization, a tool to manage and prepare file plans and associated records management products. AFRIMS also provides real-time access and management of the AF Records Disposition Schedule. Users can access via CAC at the following link: [afrims.cce.af.mil](http://afrims.cce.af.mil).

**Apportionment Year (AY)**—The second Fiscal Year (March cycle) after the CY or first Fiscal Year (September cycle). It is also known as the operating year.

**Approved Acquisition Objective (AAO)**—The quantity of an item authorized for peace time and war time requirements to equip and sustain U.S. and allied forces, according to current DoD policies and plans. That quantity shall be sufficient to support other U.S. Government agencies, as applicable. Reference DoDM 4140.01-V6.

**Approved Force Acquisition Objective (AFAO)**—The quantity of a given item authorized for peacetime and wartime requirements to equip and sustain U.S. and allied forces (same as Approved Acquisition Objective)

**Assembly**—In logistics, an item forming a portion of equipment that can be provisioned and replaced as an entity, and which normally incorporates replaceable parts or groups of parts. Reference DoDM 4140.01-V2.

**Base Condemnation Rate**—The number of base condemnations divided by the sum base RTS and base condemnations. Reference DAFMAN 23-300.

**Budget Code**—A one-position alphanumeric code employed by the Air Force to identify investment items to budget programs from which procurement of the particular items is funded, or to identify expense items to the various divisions of the Air Force Stock Fund. Reference Federal Logistics System (FLIS) Technical Procedures: Cataloging Data and Transaction Standards, Vol 10, Table 67..

**Budget Cycle**—That time necessary to formulate, review, present, and secure approval of the fiscal program for a specified ensuing period. Reference AFMAN 65-604.

**Budget Year (BY)**—The fiscal year covered by the budget estimate. A budget year begins 1 October and ends 30 September following the AY. It is used by the federal government for accounting purposes and is frequently referred to as "BY." Reference AFMAN 65-604.

**Budget**—A planned program for a fiscal period in terms of estimated costs, obligations, and expenditures. Reference AFMAN 65-604, *Appropriation Symbols and Budget Codes*.

**Cancellation Request**—A transaction that allows a requisitioner or other authorized activity to request cancellation of all or a portion of the quantity of materiel ordered in a previously submitted requisition. Reference DoDM 4140.01, Volume 5, *DoD Supply Chain Materiel Management Procedures: Delivery of Materiel*.

**Cataloging**—The process of uniformly identifying, describing, classifying, numbering, and publishing in the Federal Catalog System all items of personal property (items of supply) repetitively procured, stored, issued, or used by federal agencies. Reference DoDM 4140.01, Volume 8, *DoD Supply Chain Materiel Management Procedures: Materiel Data Management and Exchange*, and AFMCMAN 23-103.

**Component**—In logistics, a part or combination of parts having a specific function, which can be installed or replaced only as an entity. Reference DoDM 4140.01-V6.

**Consolidated Sustainment Activity Group—Supply Division (CSAG-S)**—The CSAG- S provides guidance, and resources to meet the needs of the Air Force for spare parts, in war and peace. The CSAG-S manages weapons system spare parts, fuels, equipment, and items used for non-weapon system applications. Reference AFI 65-601, Vol 1, *Budget Guidance and Procedures*.

**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. Reference DoDM 4140.01-V2.

**Contingency Retention Stock (CRS)**—Stock above an item's Approved Acquisition Objective requirements and ERS limit, if a level of stock has been established, that is held to support specific contingencies.

**Contract Line Item**—An item of supply or service on a contractual document usually identified by a contract line-item number. Reference Defense Federal Acquisition Regulation Supplement (DFARS) 204.7103, *Contract line items*.

**Contract Termination**—The cessation or cancellation, in whole or in part, of work under a prime contractor a subcontract for the convenience of, or at the option of, the government, or due to failure of the contractor to perform in accordance with the terms of the contract. Reference FAR, 49, Subpart 2.1

**Contract**—A mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the Government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to) awards and notice of awards; job orders or task letters issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications. Contracts do not include grants and cooperative agreements covered by 31 U.S.C. 6301, *et seq.* Reference FAR, 49, Subpart 2.1.

**Contracting Activity**—An element of an agency designated by the agency head and delegated broad authority regarding acquisition functions. Reference FAR, Subpart 2.1.

**Contracting Office**—An office that awards or executes a contract for supplies or services and performs post-award functions not assigned to a contract administration office (except for use in Part 48, also see 48.001). Reference FAR, 49, Subpart 2.1.

**Contracting Officer**—A person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes certain authorized representatives of the Contracting Officer acting within the limits of their authority as delegated by the Contracting Officer. Reference FAR, 49, Subpart 2.1.

**Contracting**—Purchasing, renting, leasing, or otherwise obtaining supplies or services from nonfederal sources. Contracting includes description (but not determination) of supplies and services required, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration. It does not include making grants or cooperative agreements. Reference FAR, 49, Subpart 2.1.

**Contractor**—An authorized Air Force contractor that occupies the facilities of, or receives support from, another Air Force, Air Force Reserve, or Air National Guard unit. Reference AFI 65-601, Vol 1.

**Coordination**—The necessary action to ensure adequate exchange of information to integrate, synchronize, and deconflict operations between separate organizations. Coordination is not necessarily a process of gaining approval but is most often used for mutual exchange of information.

**Current Year (CY)**—The first Fiscal Year covering the time period from the computation asset cutoff date to the first calendar day of the next FY (1 October).

**Customer**—The individual or activity requesting or ordering a material asset at any organizational level. Reference DoDM 4140.01-V5.

**Data Element**—A basic unit of information in a business transaction. Reference DLM 4000.25.

**Demand**—An indication of a requirement, a requisition, or similar request for an item of supply or individual item. Demands are categorized as either recurring or non-recurring. Reference DoDM 4140.01-V1.

**Depot Stock Levels**—Depot stock levels represent those levels that are required in support of depot overhaul requirements. These are subdivided into two categories, job-routed (JR) and Non-Job Routed stock levels. JR items are those items that are repaired as part of a higher assembly repair. The stock level in support of JR overhaul requirements represents the amount of stock required to prevent delay of programmed overhauls during the subassembly O&ST. Non-Job Routed items are those items that are removed during an overhaul and turned into supply. The Non-Job Routed stock level requirement represents the quantity of stock required to support the overhaul line during subassembly O&ST.

**Effective Date**—The year and Julian day denoting the date that a predetermined condition or action becomes effective in the defense logistics system. (e.g. 04122 is 1 May 2004). Reference DoDM 4100.39, Glossary.

**End Item**—A final combination of end products, component parts, or materials that is ready for its intended use, e.g. ship, tank, mobile machine shop, or aircraft. Reference DoDM 4140.01-V2.

**Equipment Specialist (ES)**—Individual who collects, analyzes, interprets, and develops specialized data about specific pieces of equipment and/or systems. Provides information and advisory service to other functions involved in the design, test, production, procurement, supply, operation, repair, or disposal of equipment. This advice includes, but is not limited to, issues concerning interchangeability and substitutability of NSNs, repair concepts, ERRC coding, and reliability. Assists an acquisition team during the development/production phase of a system/equipment. Responsible for the technical management of a system, subsystem, or commodity during the sustainment phase of a program. Maintains documentation supporting factors, including those based on initial provisioning data, applications, and any other file-maintained data.

**Equipment**—In logistics, all nonexpendable items needed to outfit or equip an individual or organization. Reference DoDM 4140.01-V5.

**Essential Item**—A support item or a repair part whose absence renders the supported system or end item inoperable. Reference DoDM 4140.01-V2.

**Essentiality Code**—Weapon system or end item designation used to indicate the measure of an item's military worth in terms of how its failure (if a replacement is not immediately available) would affect the ability of a weapon system, end item, or organization to perform its intended functions. In stockage models, it is the number by which the shortage cost parameter is multiplied to reflect the differences in military worth among items. Reference DoDM 4140.01-V2.

**Estimated Termination Costs**—An informal estimate of costs to terminate all or part of a contract. The contracting activity provides this estimate to the MM who submits the request for termination to contracting, usually without contacting the contractor, as an initial assessment of the benefits of terminating a contract.

**Excess**—Materiel at a retail supply activity that is excess to that activity's requirements and is subject to return to the wholesale materiel manager, redistribution within the DoD supply chain, or to disposal by Defense Logistics Agency Disposition Services. Reference DoDM 4140.01-V1.

**Expendability, Recoverability, Reparability, Category (ERRC) Code**—A code employed by the Air Force to categorize AF inventory into various management groupings. The three position ERRC Designator and the one-position ERRC Code are completely interchangeable. Generally,

the three position is used in correspondence and publications and the one position in automatic data processing programs (space premium). Reference Federal Logistics System Technical Procedures: Cataloging Data and Transaction Standards, Vol 10, Table 69..

**Extended Year (EY)**—The Fiscal Year that follows the Budget Year.

**File Maintenance**—The act or method of making changes, deletions, or additions to elements of data on an established computer file.

**Fiscal Year (FY)**—The 12-month period which begins 1 October of one year and ends 30 September of the next. Reference AFMAN 65-604.

**Forecast Unit Price**—A numeric element, usually nine data elements, that is determined by multiplying the unit price by the appropriate inflation factors in the RBS system. Valid entries are in dollar and cents format with two decimal places.

**Foreign Military Sales (FMS)**—That portion of the United States security assistance authorized by the Foreign Assistance Act of 1961, as amended, and the Arms Export Control Act of 1976, as amended. This assistance differs from the International Military Education and Training Program in that the recipient provides reimbursement for defense articles and services transferred. Also called Security Assistance Program (SAP). (See Joint Publication 1-02.) Reference DLM 4000.25.

**Individual Item**—A single instance of a stock-numbered item, a single assembly, or a single subassembly. Reference DoDM 4140.01-V2.

**Initial Requirements Determination**—Information Technology system that computes recoverable and consumable item requirements. It is the preferred method for initial spares computation, accumulating multiple weapons and includes a simulation capability. Reference AFMCMAN 20-106.

**Initial Spares**—Spares funded and procured by the DoD lifecycle AFMC /USSF Program Office that owns the weapons systems/end item who is responsible for supporting the newly fielded weapon system/sub-system/end item or modification of a weapon system/sub-system/end item from initial fielding through Initial Operational Capability four plus years. Funding is through appropriated funds (DoD/AF Working Capital Fund is not permitted to be used for Initial Spares). Reference DoD 7000.14-R, Volume 4, Chapter 4, and DoDM 4140.01-V2.

**Insurance (INS) Items**—A non-demand-based, stocked, essential item for which no failure is predicted through normal usage. However, if a failure were to be experienced or a loss should occur through accident, abnormal equipment or system failure, or other unexpected occurrence, lack of replacement item will seriously hamper the operational capability of a weapon system. Reference DoDM 4140.01-V2.

**Integrated Materiel Management (IMM)**—The assignment of management responsibility to a single department for all the DoD requirements related to a specific item. IMM optimizes efficiency, reduces redundancy, and ensures effective supply chain management within the Department of Defense.

**Interchangeability and Substitutability (I&S)**—Conditions which permit the exchange of one item for another without affecting design or performance beyond acceptable limits. Reference DoDM 4100.39, Glossary.

**Interchangeable Item**—An item which possesses such functional and physical characteristics as to be equivalent in performance, reliability, and maintainability, to another item of similar or identical purposes, and is capable of being exchanged for the other item without selection for fit or performance and without alteration of the items themselves or adjoining items, except for adjustment. Reference DoDM 4100.39, Glossary.

**Inventory Control Point (ICP)**—An organizational unit or activity within the DoD supply system assigned the primary responsibility for the materiel management of a group of items either for a particular Military Department or for the DoD as a whole. In addition to materiel management functions, an ICP may perform other logistics functions in support of a particular Military Department or for a particular end item (e.g. centralized computation of retail requirements levels and engineering tasks associated with weapon system components). Reference DoDM 4140.01-V2.

**Inventory**—Materiel, titled to the U.S. Government, held for sale or issue, held for repair, or held pending transfer to disposal. This definition covers the same population of items as the definition for inventory in DoD 7000.14-R, Volume 4, Chapter 4, (Reference (f)). Inventory does not include tangible personal property to be consumed in normal operations, operating materials, and supplies as defined in DoD 7000.14-R. Reference DoDM 4140.01-V1.

**Item Identification**—A collection and compilation of data to establish the essential characteristics of an item that give the item its unique character and differentiate it from other supply items. Reference DoDM 4140.01-V3.

**Item**—An item is a single hardware article, or a unit formed by a grouping of subassemblies, components, or constituent parts. In the DoD, an item is any article produced, stocked, stored, issued, or used; or any product, including systems, materiel, parts, subassemblies, sets, and accessories. Reference DLM 4000.25.

**Life-of-Type (LOT) Buy**—A one-time procurement, when all cost effective and prudent alternatives have been exhausted, for the total future requirement of an item that is no longer expected to be produced. The procurement quantity is based upon demand or engineering estimates of wear out rates or item malfunction or failure sufficient to support the applicable equipment until phased out. Reference DoDM 4140.01-V2.

**Maintenance (Materiel)**—All action taken to retain materiel in a serviceable condition or to restore it to serviceability. It includes inspection, testing, servicing, classification as to serviceability, repair, rebuilding, and reclamation. (Source: Joint Publication 1-02). Maintenance, used generically in this manual, also includes evaluation, assembly, disassembly, conversion, and modification. Reference DLM 4000.25 and Title 10, U.S.C. 2460.

**Master Item**—The item/NSN in an I&S Family which is commonly regarded by the managing and using Services/Agencies as a suitable substitute for all other items in the family as the preferred item for procurement purposes. Reference DoDM 4100.39, Glossary.

**Materiel Management**—That phase of military logistics that includes managing, cataloging, demand and supply planning, requirements determinations, procurement, distribution, overhaul, and disposal of materiel. Reference DoDM 4140.01-V1.

**Materiel Manager (MM)**—Personnel who have been assigned materiel management responsibilities. The work includes one or more phases of materiel management including

managing, cataloging, demand and supply planning, requirements determination and definition, procurement, distribution, overhaul and repair of reparable materiel, and disposal of materiel. Also known as Inventory Management Specialists, Item Managers or Supply Planners.

**Military Interdepartmental Purchase Request (MIPR)**—The primary document used by the Department of Defense to order goods or services from other DoD Services or Components, as well as other Government activities outside the DoD. The goods or services may be provided from in-house resources or may be procured from commercial sources. The Air Force uses the AF Form 616, *Fund Cite Authorization (FCA)*, for orders between Air Force units. Reference AFI 65-118, *Air Force Purchases Using Military Interdepartmental Purchase Requests (MIPRS)*.

**Modification**—A U.S. Government-approved change in the configuration of a part or item that offers a benefit to the U.S. Government by correcting deficiencies, satisfying a change in operational or logistic support requirements, or effecting a life-cycle cost savings. Reference DoDM 4140.01-V2.

**Multi-indenture structure capability**—To the extent practical, link each item to its NHA in the weapon system, sub-system, or end item by modeling the impact of a lower-level assembly (an item whose NHA is another item or subassembly) on the availability of its next higher level assembly or assemblies.

**Multiple Year Contract (MYC)**—A one year contract with option years spanning up to a total of five years for an item that can be reasonably forecasted over several years. Reference AFMCI 20-102.

**Multiple Year Procurement**—Contracts used primarily for large weapon system acquisitions. These contracts must specify quantities, prices, and delivery schedules, and usually a substantial cancellation penalty applies if the government wants to cancel the buy. These contracts are generally appropriate only for major system buys managed by AFMC Product Centers. Reference AFMCI 20-102.

**Multi-Year Contract**—A contracting method that procures items or services over more than one year, but not more than five years, without establishing options. Reference AFMCI 20-102.

**National Item Identification Number**—The last nine digits of the NSN that differentiates each individual supply item from all other supply items. The first two digits signify the National Codification Bureau that assigned the National Item Identification Number, while the last seven digits are not significant and are sequentially assigned by the FLIS. All U.S. manufactured items have a National Codification Bureau Code of “00” (cataloged before 1975) or “01” (cataloged in 1975 or later). Reference DoDM 4140.01, Volume 9, *DoD Supply Chain Materiel Management Procedures: Materiel Programs*.

**National Stock Number (NSN)**—The 13-digit stock number replacing the 11-digit federal stock number. It consists of the 4-digit federal supply classification code and the nine digit national item identification number. The national item identification number consists of a two-digit National Codification Bureau number designating the central cataloging office (whether North Atlantic Treaty Organization or other friendly country) that assigned the number and a seven digit (xxx-xxxx) non-significant number. Arrange the number as follows: 9999-00-999-9999. Reference DoDM 4140.01-V2.

**Next Higher Assembly (NHA)**—The NHA on or with which the item is used as a subassembly, part, attachment, or accessory. Also, the classification of the higher assembly is indicated specifically in Groups and Classes of the Federal Supply Classification (Cataloging Handbook H2). May include components, subassemblies, assemblies, and end items or systems. Reference DoDM 4100.39.

**Non-Consumable Item Materiel Support Code**—Alphanumeric codes assigned to non-consumable items, which indicates the degree of materiel support (numeric) or repair responsibility (alpha). Reference DoDM 4140.01-V2 and DoDM 4140.68.

**Numeric Stockage Objective (NSO)**—Essential items with low or sporadic demands or forecasts of failure. These items are stocked in minimum quantities. DoDM 4140.01-V2.

**On-Order Excess**—Assets on an unfunded PR that exceed the RBS System worldwide buy operating level, or assets on contract or funded PR that exceed the RBS system worldwide termination level.

**Operating Level**—The quantities of materiel or operating stocks required to sustain operations in the interval between replenishment shipments. Reference DoDM 4140.01-V2.

**Operating Requirement**—Ensures that all assets removed due to failure will be replaced at the time of removal. It is computed by multiplying the organizational/intermediate demand rate by the operating program.

**Organic**—The capability of a Military Service or a Defense Agency to sustain logistics operations through U.S. Government organizational structures. Reference DoDM 4140.01- V1.

**Organizational Intermediate Maintenance (OIM)**—That maintenance which is the responsibility of and performed by a using organization on its assigned equipment. These responsibilities normally include the inspection, service, lubrication, adjustment and replacement of parts, minor assemblies, and subassemblies.

**Other War Reserve Materiel (OWRM)**—Consumable and repairable items required to sustain forces after the RSP support period. Reference AFI 25-101, *War Reserve Materiel (WRM) Program Guidance and Procedures*.

**Overhaul**—The process of disassembly sufficient to inspect all the operating components and the basic end article. It includes the repair, replacement, or servicing as necessary, followed by the reassembly and bench check or flight test. Upon completion of the overhaul process, the component or end article will be capable of performing its intended service life or service tour.

**Performance-Based Logistics (PBL)**—Logistics that delineate outcome performance goals of weapon systems, ensure that responsibilities are assigned, provide incentives for attaining these goals, and facilitate the overall life-cycle management of system reliability, supportability, and total ownership costs. Reference DoDM 4140.01-V2.

**Preferred Item**—An item of supply which has functional or physical characteristics which render it a higher order of preference for use than that accorded to another similar item of supply. Reference DoDM 4100.39.

**Primary Inventory Control Activity (PICA)**—The Service/Agency ICP designated as the single activity within the DoD responsible for providing materiel support. Reference DoDM 4140.01-V2 and DoDM 4140.68.

**Procurement Lead Time (PCLT)**—The sum of the administrative lead time and production lead time. PCLT is the lead time for acquisition of secondary items. Reference DoDM 4140.01-V2.

**Product Support Provider**—Product Support Provider is an entity that provides product support functions. A Product Support Provider may be an entity within the DoD, an entity within the private sector, or a partnership between such entities. Reference DAFI 63-101/20-101, *Integrated Life Cycle Management*.

**Production Lead Time**—The interval between the date of signature of a contract and the receipt of the first significant delivery of the purchased materiel into the supply system. Reference DoDM 4140.01-V2.

**Production Management Specialist (PMS)**—An individual assigned by the contracting activity to act as liaison for production, supply, and transportation issues.

**Program Office**—An office created by the Component Acquisition Executive to complete the necessary actions associated with planning of an acquisition program.

**Purchase Request**—The initial request prepared for future procurement action used for the central procurement of AF requirements.

**Quick Engine Change (QEC)**—A QEC kit refers to a group of stock listed accessory items designed to expedite the removal and replacement of an aircraft engine. QEC refers to a system or kit designed to expedite the removal and replacement of an aircraft engine. This is achieved by pre-installing a collection of components and accessories onto the engine before it is installed on the aircraft. Some QEC kits are assigned National Stock Numbers (NSN) rather than “kit” number, i.e. “K” in the 5<sup>th</sup> position of the NSN.

**Readiness Spares Package (RSP)**—A kit consisting of selected spares and repair parts required sustaining operations (without resupply) at a base, a deployed location, or a dispersed location for the first month of conventional activity as projected in USAF war plans.

**Reclamation**—The process of reclaiming required serviceable and economically repairable components and material from excess or surplus property for return to the proper supply activity, whereas the residue is processed as disposable property. Reference DoDM 4140.01-V2.

**Reparable Item**—An item of supply subject to economical repair and for which the repair (at either depot or field level) is considered in satisfying computed requirements at any inventory level. Reference DoDM 4140.01-V10.

**Replenishment**—Actions to resupply an inventory when it reaches the ROP. Reference DoDM 4140.01-V2.

**Requirements Computation**—Any mathematical calculation performed to support requirements determination functions. The DoD recognizes two types of requirements computations, RBS and DBS with RBS being the preferred type of computation methodology. Reference DoDM 4140.01-V2.

**Requirements Control Officer**—Individuals within the Materiel Manager’s organization that disseminate guidance, assist Materiel Managers with RBS system/process issues and to help them understand secondary item processes and tasks. RCOs also consolidate and submit the data inputs for reports required by the site’s RBS system OPRs.

**Secondary Inventory Control Activity (SICA)**—The Service/Agency inventory control point receiving materiel support from the PICA for selected logistics functions. Reference DoDM 4140.01-V4 and DoDM 4140.68.

**Secondary Item**—An item that is either in use, stocked, or held in operating materials and supplies. Secondary items are included in principal items. Secondary items do not require centralized individual item management. Secondary items include reparable components, subsystems, assemblies, consumable repair parts, bulk items and materiel, subsistence, and expendable equipment and end items, including clothing and other personal gear. Secondary items do not include principal items of such importance to operational readiness that management techniques require centralized individual item management, e.g. major weapon systems, munitions, equipment, and other property in accordance with DoDI 5000.64, *Accountability and Management of DoD Equipment and other Accountable Property*, end items, or replacement assemblies.

**Source of Repair**—An industrial complex (organic, commercial contract, or Inter- Service facility) with required technical capabilities to accomplish depot repair, overhaul modification, or restoration of specific types of military hardware or software. Reference DAFMAN 63-122, *Depot Source of Repair Planning and Activation*.

**Source of Supply**—Any Federal Government [or Government Contracted] organization exercising control of materiel and to which requisitions are directed. Reference DLM 4000.25.

**Stock Fund**—Revolving fund established to finance the costs of inventories of supplies. It is authorized by specific provision of law to finance a continuing cycle of operations. Reimbursements and collections derived from such operations are available for use by the fund without further action by the Congress. Reference DAFMAN 23-300

**Subgroup**—A range of items within a family group which are interchangeable with each other. Items which have no interchangeable relationships with any other items are the sole members of their subgroup. Items which are not interchangeable are assigned different subgroup code values. Reference DoDM 4100.39.

**Substitute Item**—An item which possesses such functional and physical characteristics as to be capable of being exchanged for another only under specified conditions or for particular applications and without alteration of the items themselves or of adjoining items. This term is synonymous with the phrase "one way interchangeability", such as item B can be interchanged in all applications for item A, but item A cannot be used in all applications requiring item B. Reference DoDM 4100.39, Glossary.

**Termination Authority Template**—Instrument that the MM uses to request the contracting activity to initiate termination action. Reference DAFFARS 5349.102.

**Termination Code**—A two digit code used to describe the status and cause of a termination.

**Termination Model**—A tool that helps determine if termination is economical.

**Termination**—An action to reduce or cancel an undelivered quantity of assets that are on a firm contract.

**Unit Price**—Indicates the cost or value of one unit of issue of an item.

**War Reserve Materiel**—Consists of enterprise managed, dynamically positioned equipment and consumables that contribute to initial operations and provide initial support across the full range of military operations. It enhances Agile Combat Support capability to reduce the time required to achieve an operational capability and/or produce an operational effect. Reference DAFMAN 23-300.

**Weighted Unit Repair Cost (URC)**—A method of costing repair cost (per unit of supply/NSN) that continuously updates the unit repair cost based on a weighted average of costs to repair the asset (regardless of source of repair).

**Wholesale**—The highest level of organized DoD supply that procures, repairs, and maintains stocks to resupply the retail levels of supply. Synonymous with wholesale supply, wholesale level of supply, wholesale echelon, and national inventory. DoDM 4140.01-V1.

## Attachment 2

## SIGNATURE/ELECTRONIC ACKNOWLEDGEMENT REQUIREMENTS

**A2.1. Terminations.** Identifies the levels required for items that computed in termination on the RBS system last computation period.

A2.1.1. The MM, ES, PMS, Materiel Management scheduler, Leads (MM, PMS/Scheduler, and ES), RCO, TCO, and Production Management Officer (PMO) will sign all terminations. Exceptions are identified below for organizations that do not have the level(s) designated; go to the next higher level for signature.

**Table A2.1. Signature/Electronic Acknowledgement Level Requirements for Terminations.**

<b>Exceptions:</b>	
PMS/Scheduler, PMS Lead and PMO	Do not sign ERRC “N” or “P” or AF SICA Non-consumable Item Materiel Support Code 5 ERRC “T” items
MM supervisor	Signs all Due in Potential Future Excess codes except “T” and “U”
Group \$999,999.00/Center > \$1 million	Due in Potential Future Excess code “K”
Squadron	Due in Potential Future Excess code “E”
A2.1.2. Below are the required approval levels required for terminations based upon dollar thresholds:	
Threshold	Minimum Approval Level *
\$1 - \$999,999.99	Element/Unit
\$1,000,000 - \$2,000,000	Section
\$2,000,000.01 - \$5,000,000	Flight/Branch
\$5,000,000.01 - \$50,000,000	Squadron/Division
\$50,000,000.01 - \$150,000,000	Group/Directorate
\$150,000,000.01 - \$500,000,000	Wing
* <b>Note:</b> If the organization does not have the approval level identified, then the approval will be elevated to the next level of approval in the chain of command (e.g. no Sectionion, then elevate to flight/branch).	

**A2.2. Buy, Repair, and Excess.** Identifies the signature levels required for items that computed a buy (CY plus AY), a repair (CY plus AY), or in excess on the last computation period or simulated computation after last computation period.

A2.2.1. The MM and ES will sign the last computation period RBS product for items computing buy, repair and excess. For organizations that do not have the level(s) designated; go to the next higher level for signature. See Notes 1 and 2.

**Table A2.2. Signature-Level Requirements for Buy, Repair, and Excess.**

<b>Additions:</b>	
Program Office coordination	Buy and/or repair with additives and items on which the application program is phasing in or out to determine if the schedule is still valid.
PMS/Materiel Management Scheduler, PMS Lead and PMO	Do not sign ERRC “N” or P” or AF SICA Non-consumable Item Materiel Support Code 5 ERRC “T” items
MM Supervisor	Will coordinate on all computations/RBS Product that have file-maintained additives after validating that 5.11.1 requirements are accurate and adequately supported.
<p><b>Note 1:</b> The MM and ES will sign the computation, re-computation or RBS product Listing based on the IAC.</p> <p><b>Note 2:</b> For buy, repair or excess, higher signatures are only required once within a 12-month timeframe as long as the dollar value does not breach the next threshold/signature level identified in <b>Paragraph A.8.2.2.</b> below.</p>	

A2.2.2. Below are the required approval levels required for buy, repair, and excess based upon dollar thresholds (see Notes 3 - 5):

**Table A2.3. Required Approval Levels.**

<b>Threshold</b>	<b>Minimum Approval Level</b>
\$1 million - \$3 million	RCO, TCO, PMO, leads (MM, ES, and PMS), and Element
\$3,000,000.01 - \$5,000,000	Section
\$5,000,000.01 - \$20,000,000	Flight/Branch
\$20,000,000.01 - \$50,000,000	Squadron/Division
\$50,000,000.01 - \$150,000,000	Group/Directorate
\$150,000,000.01 - \$500,000,000	Wing
\$500,000,000.01 - up	Center
<p><b>Note 3:</b> For buys, signature level will be determined by which FY has the highest total POS plus RSP dollar value - CY plus AY. For repair, signature level will be determined by which FY has the highest total POS plus RSP dollar value - CY plus AY.</p> <p><b>Note 4:</b> If the POS and/or RSP for buy and repair in the CY or AY does not breach \$1,000,000, but the POS and/or RSP for buy or repair in the BY or EY breaches \$5,000,000 or above, the RCO, TCO, PMO, Lead and the lowest level of supervision must review and sign for the item with the remainder of the signature publication above still enforced.</p> <p><b>Note 5:</b> If the organization does not have the approval level identified, then the approval will be elevated to the next level of approval in the chain of command (e.g. no Section, then elevate to flight/branch).</p>	

**A2.3. Timeframe Requirements.** Provides a ready reference on timeframe requirements for obtaining the required signatures. All timeframes are based upon printout date of the products and are calculated in calendar days.

**Table A2.4. Signature Timeframes.**

Responsibility	Requirement	Timeframe
ES/MM	Termination computations	10 working days
MM	Buy or repair requirements or 1 <sup>st</sup> occurrence of excess or if excess quantity is greater than previous cycle	35 calendar days
ES/MM	Excess is equal to or less than previous cycle's excess or if in an optimum position	60 calendar days
ES	Last computation period Factors/Usage	35 calendar days
ES	Products for buys, repair, and excess	35 calendar days
PMS/MM	Computations, re-computations and RBS product with repair requirements	35 calendar days

**A2.4. On Hand Inventory with no recurring demands.** 10 USC § 2458, *Inventory management policies*, and DoDI 4140.01-V2, requires: comprehensive assessment of inventory items on-hand that have no recurring demands, including the development of metrics to track years of no demand for items in stock; and procedures for ensuring the systemic review of such items for potential reutilization or disposal. Therefore, NSNs having assets with no recurring demands in over five years will be reviewed annually to determine whether the assets/quantity of assets still need to be retained. The review will be conducted based on the IAC of the NSN. The MM, with the assistance of the ES and the Program Office, will determine if the system(s) on which the item is a component is still being used by the AF, another Service/Agency, or FMS customer(s). A statement will be placed on the computation or INS/NSO Item stating that this review was completed as well as the determination of the review—how many assets will be disposed or retained and why. The MM, their supervisor, and ES will sign and date the documents with this review statement and the squadron commander must approve.

**A2.5. Signature Level Requirements.** Each site may establish signature level requirements for the entire site for computations, RBS product and Factors/Usage Printouts. These signature levels must ensure that high dollar actions (e.g. buy, repair, excess, and termination) receive review by other person(s) in addition to the MM, and ES. Signature of the computation products indicates that management has reviewed and concurred with the indicated actions. In cases where AFMC has established a minimum signature level in this manual, the site may require higher signature level requirements. Title or function will be included with signatures (e.g. MM or Flight Chief). Site unique signature level requirements will be codified in an official supplement to this manual IAW DAFMAN 90-161, *Publishing Processes and Procedures*. All signature/acknowledgements will adhere to requirements outlined in AFI 33-322, Chapter 4.