

**Army Regulation 700–139**

**Logistics**

# **Army Warranty Program**

**Headquarters  
Department of the Army  
Washington, DC  
2 February 2015**

**UNCLASSIFIED**

# ***SUMMARY of CHANGE***

AR 700-139

Army Warranty Program

This major revision, dated 2 February 2015--

- o Identifies the Product Data Reporting and Evaluation Program as the designated database for warranty claim actions (para 1-9c).
- o Prescribes DA Form 7744-1 (Army Warranty Program Summary and Assessment) for use in submitting annual reporting requirements (paras 1-9d, 3-3e, and 4-3b).
- o Specifies materiel developer responsibility to perform assessments (para 1-13).
- o Prescribes DA Form 7744 (Materiel Developer's Warranty Summary and Assessment) for use by material developers in submitting annual reporting requirements (paras 1-13h, 2-4a and b, 3-3a, 3-3e, 4-3c(1)(a), and C-4a(3)).
- o Clarifies the requirement for materiel developers to submit post-warranty assessment using DA Form 7744 within 90 days of warranty expiration (para 2-4b).
- o Establishes the use of DA Form 7744-1 for the U.S. Army Materiel Command annual warranty report, reporting procedures, and due date (para 3-3e).
- o Clarifies the warranty coordinator's use of the Product Data Reporting and Evaluation Program for warranty claims processing (paras B-4b(2) and C-4b).
- o Removes all reference to the Army Electronic Product Support database (throughout).

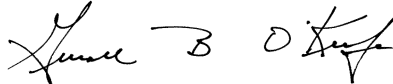
## Logistics

# Army Warranty Program

By Order of the Secretary of the Army:

**RAYMOND T. ODIERNO**  
General, United States Army  
Chief of Staff

Official:



**GERALD B. O'KEEFE**  
Administrative Assistant to the  
Secretary of the Army

**History.** This publication is a major revision.

**Summary.** This regulation covers the mandatory requirement to evaluate all warranties to determine that they are in the best interest of the Government prior to award. This regulation assigns responsibilities, states acquisition policies, defines information requirements, covers fielding and execution procedures, and prescribes methods of compliance.

**Applicability.** This regulation applies to the Active Army, the Army National Guard/Army National Guard of the United States, and the U.S. Army Reserve, unless otherwise stated. During mobilization,

chapters and policies contained in this regulation may be modified by the proponent.

**Proponent and exception authority.** The proponent of this regulation is the Deputy Chief of Staff, G–4. The proponent has the authority to approve exceptions or waivers to this regulation that are consistent with controlling law and regulations. The proponent may delegate this approval authority, in writing, to a division chief within the proponent agency or a direct reporting unit or field operating agency of the proponent agency in the grade of colonel or the civilian equivalent. Activities may request a waiver to this regulation by providing justification that includes a full analysis of the expected benefits and must include formal review by the activity's senior legal officer. All waiver requests will be endorsed by the commander or senior leader of the requesting activity and forwarded through their higher headquarters to the policy proponent. Refer to AR 25–30 for specific guidance.

**Army internal control process.** This regulation contains internal control provisions in accordance with AR 11–2 and identifies key internal controls that must be evaluated (see appendix C).

**Supplementation.** Supplementation of this regulation and establishment of command and local forms are prohibited without prior approval from the Office of the Deputy Chief of Staff, G–4 (DALO–MNF), 500 Army Pentagon, Washington, DC 20310–0500.

**Suggested improvements.** Users are invited to submit comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) through command channels to Deputy Chief of Staff, G–4 (DALO–MNF), 500 Army Pentagon, Washington, DC 20310–0500 or email to [usarmy.pentagon.hqda-dcs-g-4.mbx.dcs-g44m-mnf@mail.mil](mailto:usarmy.pentagon.hqda-dcs-g-4.mbx.dcs-g44m-mnf@mail.mil) with "AR 700–139 recommended change" in the subject line.

**Distribution.** This publication is available in electronic media only and is intended for command levels C, D, and E for the Active Army, the Army National Guard/Army National Guard of the United States, and the U.S. Army Reserve.

## Contents (Listed by paragraph and page number)

### Chapter 1 Introduction, page 1

#### Section I

General, page 1

Purpose • 1–1, page 1

References • 1–2, page 1

Explanation of abbreviations and terms • 1–3, page 1

Responsibilities • 1–4, page 1

Exemptions • 1–5, page 1

\*This publication supersedes AR 700–139, dated 7 October 2005.

## **Contents—Continued**

Objectives • 1–6, *page 1*

### *Section II*

*Responsibilities, page 1*

Assistant Secretary of the Army (Acquisition, Logistics and Technology) • 1–7, *page 1*

Deputy Chief of Staff, G–4 • 1–8, *page 1*

Commanding General, U.S. Army Materiel Command • 1–9, *page 2*

Chief, National Guard Bureau • 1–10, *page 2*

Commanders of Army commands, Army service component commands, and direct reporting units • 1–11, *page 3*

The Inspector General • 1–12, *page 3*

Materiel developers • 1–13, *page 3*

## **Chapter 2**

**Warranty Acquisition, page 4**

Policy • 2–1, *page 4*

Concepts • 2–2, *page 4*

Warranty cost effectiveness • 2–3, *page 4*

Warranty assessments • 2–4, *page 4*

Army repair and reimbursement • 2–5, *page 4*

Copayment for pro rata usage • 2–6, *page 5*

Warranty coverage • 2–7, *page 5*

Warranty duration • 2–8, *page 5*

Warranty compatibility with standard Army systems • 2–9, *page 6*

## **Chapter 3**

**Warranty Information, page 6**

General • 3–1, *page 6*

Use of the Product Data Reporting and Evaluation Program • 3–2, *page 6*

Warranty claim action reporting • 3–3, *page 7*

## **Chapter 4**

**Warranty Fielding, Execution, and Compliance, page 7**

Fielding of warranty items • 4–1, *page 7*

Warranty execution • 4–2, *page 8*

Compliance • 4–3, *page 8*

## **Appendixes**

**A.** References, *page 9*

**B.** Sample Warranty Standing Operating Procedure, *page 10*

**C.** Internal Control Evaluation, *page 11*

## **Glossary**

# Chapter 1 Introduction

## Section I General

### 1–1. Purpose

This regulation establishes policies and assigns responsibilities for the management and execution of the Army Warranty Program. It applies to centrally procured items in accordance with the Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS) and establishes requirements for the management and performance of the Army Warranty Program. The scope and applicability of this regulation also applies to procurement of non-centrally managed equipment, information technology assets, and commercial off the shelf equipment with vendor or manufacturer warranties.

### 1–2. References

Required and related publications and prescribed and referenced forms are listed in appendix A.

### 1–3. Explanation of abbreviations and terms

Abbreviations and special terms used in this regulation are explained in the glossary.

### 1–4. Responsibilities

Responsibilities are listed in section II of chapter I.

### 1–5. Exemptions

The following programs are exempt from coverage in this regulation:

- a. Reliability improvement warranties as defined in AR 70–1.
- b. Manufacturing dimension and tolerance warranties when used for ammunition programs. These warranties are, in effect, a delayed final inspection acceptance and are not executed outside of the manufacturing and load assembly environment.
- c. Depot maintenance repair warranty and guarantee programs.

### 1–6. Objectives

The objectives of the Army Warranty Program are to—

- a. Achieve and sustain a cost-effective warranty program for Army materiel.
- b. Minimize user burden and promote user satisfaction.
- c. Control warranty execution to ensure maximum use and benefit from warranties.
- d. Provide information for warranty administration, execution, and evaluation.
- e. Achieve uniformity in managing and executing warranties.
- f. Expedite problematic equipment for repairs before the warranty expires.
- g. Eliminate the unintended and erroneous obligation of appropriated funds for the repair of Army purchased equipment still under a warranty.

## Section II Responsibilities

### 1–7. Assistant Secretary of the Army (Acquisition, Logistics and Technology)

The ASA (ALT) will—

- a. Ensure appropriate warranty planning is considered in materiel acquisition and management plans in accordance with FAR Subparts 7.1, 12.4, and 46.7, and DFARS Subpart 246.7.
- b. In accordance with AR 70–1, ensure the program acquisition strategy provides a cost benefit analysis (CBA) to the procuring contracting officer for all warranty considerations within the acquisition plan and identifies funding for the acquisition, execution, and effective evaluation of warranties.

### 1–8. Deputy Chief of Staff, G–4

The DCS, G–4 will—

- a. Develop policy in accordance with the statutory requirements of Title 10, United States Code, Section 2375 (10 USC 2375), 41 USC 3307, and regulatory requirements of FAR Subpart 46.7 and DFARS Subpart 246.7.
- b. Develop warranty management policy for the Army.
- c. Develop data collection and reporting policy to identify warranties, determine compliance, and evaluate warranty effectiveness.

*d.* Develop policy to sustain compatibility between acquired warranties, the standard Army supply and maintenance logistic information systems, and standard Army execution procedures.

### **1–9. Commanding General, U.S. Army Materiel Command**

The CG, AMC will—

- a.* Manage the Army Warranty Program as the DCS, G–4 appointed responsible agent.
- b.* Sustain compatibility of warranty execution methods with the standard Army supply and maintenance logistic information systems (see para 2–9).
- c.* Collect specific warranty information using the Product Data Reporting and Evaluation Program (PDREP) (<https://www.pdrep.csd.disa.mil/>) as the centralized database for all centrally procured items with warranties.
- d.* Provide an annual assessment on DA Form 7744–1 (Army Warranty Program Summary and Assessment) to the DCS, G–4 on the cost, benefit, and effectiveness of the Army Warranty Program.
- e.* Resolve commands' warranty issues received by email at [usarmy.redstone.usamc.equip.-ar700-139-warranty@mail.mil](mailto:usarmy.redstone.usamc.equip.-ar700-139-warranty@mail.mil) or by telephone at (256) 450–7087.
- f.* Ensure contracting officers in the U.S. Army Contracting Command:
  - (1) When determined appropriate, in accordance with DFARS 252.246–7005 and DFARS 252.246–7006 place a warranty provision in the request for proposal that includes the electronic submission of warranty tracking and administration information requirements.
  - (2) Document the decision to purchase a warranty with applicable rationale and a CBA.
  - (3) Obtain assurance that a capability to track and enforce reparable asset warranties exists prior to purchase.
  - (4) Assist the command warranty coordinators through the Logistics Assistance Program by providing logistics assistance representatives as part of their service interface as established in AR 700–4. When requested, the logistics assistance representatives will—
    - (a)* Assist in submitting warranty claim actions (WCAs) using PDREP.
    - (b)* Clarify warranty applications and exclusions.
    - (c)* Clarify warranty claims and reporting procedures.
    - (d)* Assist warranty coordinators in developing local procedures for warranty administration.
    - (e)* Provide warranty information to users and warranty coordinators as a secondary source of information.
    - (f)* Provide specific assistance as outlined in materiel fielding plans (MFPs), technical and supply bulletins and manuals, and related documents for warranty management.

### **1–10. Chief, National Guard Bureau**

The Chief, NGB will—

- a.* Coordinate with adjutants general to ensure a WCA is filed in PDREP for each failure of an item covered by a warranty.
- b.* Notify the materiel developer (MATDEV) when published execution procedures are unsatisfactory or result in extensive administrative burden.
- c.* Include warranty functions within annual budget submissions to provide for the administration of the warranty program.
- d.* Establish a warranty coordinator for the NGB. The warranty coordinator will—
  - (1) Review and coordinate the MATDEV warranty execution procedures within MFPs, warranty technical bulletins (TB), and related warranty data to ensure effective execution of warranties.
  - (2) Develop local written instructions for warranty execution and management.
  - (3) Establish a coordinating subordinate warranty coordinator function (such as State-level National Guard headquarters), when appropriate.
  - (4) Execute warranties according to published procedures.
  - (5) Coordinate all warranty actions between their activities and commercial service sources (local dealer or manufacturer) and/or the MATDEV as specified in the warranty TB. Such coordination does not include resolution of contractual issues.
  - (6) Establish and maintain a register to control equipment and components under warranty.
  - (7) Maintain subordinate warranty coordinator appointment orders on file.
  - (8) Monitor shipments of items requiring warranty repair.
  - (9) Verify local warranty claims that are completed by Army units or contractors.
  - (10) Provide warranty information to customers, as needed.
- e.* Ensure that established policies, responsibilities, and procedures governing the implementation and management of the warranty program are addressed in organization's standing operating procedures (SOP).

## **1–11. Commanders of Army commands, Army service component commands, and direct reporting units**

The commanders of ACOMs, ASCCs, and DRUs will—

- a.* Ensure subordinate commands file a WCA in PDREP for each failure of an item covered by a warranty.
- b.* Notify the MATDEV when published execution procedures are unsatisfactory or result in extensive administrative burden.
- c.* Include warranty functions within annual budget submissions to provide for the administration of the warranty program.
- d.* Establish a warranty coordinator at the command level. The warranty coordinator will—
  - (1) Review and coordinate the MATDEV warranty execution procedures within MFPs, warranty TB, and related warranty data to ensure effective execution of warranties.
  - (2) Develop local written instructions for warranty execution and management within command.
  - (3) Establish a coordinating subordinate warranty coordinator function (such as corps, division, materiel management center, and area maintenance support activity), when appropriate.
  - (4) Execute warranties according to published procedures.
  - (5) Coordinate all warranty actions between their activities and commercial service sources (local dealer or manufacturer) and/or the MATDEV as specified in the warranty TB. Such coordination does not include resolution of contractual issues.
  - (6) Establish and maintain a register to control equipment and components under warranty.
  - (7) Maintain subordinate warranty coordinator appointment orders on file.
  - (8) Monitor shipments of items requiring warranty repair.
  - (9) Verify local warranty claims that are completed by Army units or contractors.
  - (10) Provide warranty information to customers, as needed.
- e.* Ensure that established policies, responsibilities, and procedures governing the implementation and management of the warranty program are addressed in organization's SOPs.

## **1–12. The Inspector General**

The Inspector General will conduct periodic reviews of MATDEVs and commands for compliance to warranty policy in the FAR, DFARS, and this regulation.

## **1–13. Materiel developers**

The MATDEVs will—

- a.* Determine the applicability of FAR and DFARS regulatory requirements for warranties.
- b.* Identify the cost of the warranty.
- c.* Determine if the warranty is cost effective and apply the criteria of FAR Subpart 12.4 or 46.7 and DFARS Subpart 246.7, as applicable (see chap 2).
- d.* Provide the NGB, ACOMs, ASCCs, and DRUs (henceforth referred to as “command(s)”) warranty coordinator with warranty documentation, to include WCA processing procedures.
- e.* Provide warranty information to the AMC warranty coordinator by email at [usarmy.redstone.usamc.equip.-ar700-139-warranty@mail.mil](mailto:usarmy.redstone.usamc.equip.-ar700-139-warranty@mail.mil) prior to materiel fielding.
- f.* Provide the warranty support plan, as outlined in the MFP, to the command prior to fielding (see AR 700–142). Place special emphasis on the procedures and process for claims.
- g.* Manage, monitor, and evaluate the effectiveness of procured warranties.
- h.* Provide an annual assessment on DA Form 7744 (Materiel Developer's Warranty Summary and Assessment) to AMC on the effectiveness and benefit of warranties in process and post warranty (see para 2–4).
- i.* In coordination with the U.S. Army Training and Doctrine Command, develop methods of executing warranties within the Life Cycle Sustainment Plan.
- j.* Sustain compatibility with the standard warranty execution procedures when commands perform the execution (see chap 4).
- k.* Provide warranty execution training as an integral part of materiel fielding or new equipment training with emphasis on geographic differences and unique organizational structures.
- l.* Ensure warranty information, procedures, and other pertinent data are included in applicable TB, technical manuals, and field technical documents.
- m.* Establish nonstandard execution procedures (para 4–2*b*), when necessary.

## Chapter 2 Warranty Acquisition

### 2-1. Policy

The Army will acquire warranties using Federal statutes and regulatory guidelines when a warranty is cost effective and when such comprehensive coverage can be tailored to meet the intended conditions of use. Army MATDEVs and other equipment purchasing authorities must consider the cost effectiveness and tailoring comprehensive coverage aspects of a warranty prior to contract award, and will minimize the burden by reducing the number of unique tasks to realize the benefits of the warranty.

### 2-2. Concepts

The single most important aspect of the warranty acquisition process is tailoring the warranty concept to fit the item and its intended use in a comprehensive manner with minimal impact on standard Army logistical procedures. Warranty tailoring protects the Army from the costs and frequency of systemic failures, enables responsive remedies for product failures of significant operational impact, minimizes or eliminates warranty execution tasks at the command, and is one of the methods used to require a contractor to fulfill its obligation to provide quality items to the Army. Four basic warranty types are used:

*a. Failure-free warranty.* This is sometimes known as a zero-defects warranty. A contractor is required to deliver a product that conforms to contractual requirements after acceptance. The prime advantages are simplicity, early identification of defects, and easy administration. The primary disadvantage is the higher initial cost due to a contractor's assumption of more risk. This is often used as an incentive warranty.

*b. Expected failure or threshold warranty.* This warranty is triggered only after a certain number of failures are reached. This is a form of assurance warranty. There is a reduced risk to a contractor. This warranty recognizes that malfunctions will occur despite the best design and manufacturing processes. The principle disadvantage to the Government is the intensive data collection, recording, and accounting that must be conducted.

*c. Systemic warranty.* A systemic warranty protects against defects that occur with a frequency, sameness, or pattern to indicate a logical regularity that exceeds predicted failure rates. The Government assumes that all systems produced by a manufacturer under similar circumstances are likewise defective. The principal advantages of a systemic warranty for the Government are reduced costs and the avoidance of complicated requirements for reporting, tracking, and accounting for product defects. A systemic warranty is more apt to treat a cause than a symptom. There is normally a high procurement cost associated with this type of warranty.

*d. Defect-free warranty.* This warranty directly relates to contractual nonconformance rather than hardware failures. It recognizes that not all defects result in failures and not all failures result from defects. It has little impact on the user, is easy to administer, and is normally cost effective.

### 2-3. Warranty cost effectiveness

*a.* When considering the purchase of warranties, MATDEVs will institute procedures to determine the cost effectiveness of warranties (see AR 11-18).

*b.* Prior to negotiating a warranty, the MATDEV will provide the contracting officer a cost-effectiveness analysis to determine the value of the potential benefits received in comparison with the contract cost of the warranty plus the Army's cost of administration and execution.

### 2-4. Warranty assessments

Any MATDEV requesting the acquisition of warranties will perform annual and post-warranty assessments.

*a.* The MATDEVs will assess in process warranties annually and email DA Form 7744 to AMC at [usarmy.redstone.usamc.equip.-ar700-139-warranty@mail.mil](mailto:usarmy.redstone.usamc.equip.-ar700-139-warranty@mail.mil) no later than the third Friday of October for the prior fiscal year. Instructions for preparing DA Form 7744 are located on the form.

*b.* The MATDEVs will conduct post-warranty assessments and email DA Form 7744 to AMC at [usarmy.redstone.usamc.equip.-ar700-139-warranty@mail.mil](mailto:usarmy.redstone.usamc.equip.-ar700-139-warranty@mail.mil) within 90 days of warranty expiration. This assessment will evaluate the economic benefits derived from the warranty compared to the cost of corrective actions if there had been no warranty. Cost avoidance as well as Government cost to administer the warranty must be considered. Nonmonetary benefits will be summarized, and the annual assessments will be consolidated and summarized.

*c.* The warranty assessments will be used to determine warranty provisions and tasks for follow-on procurements for the item (and similar items) and the overall effectiveness of the item warranty.

### 2-5. Army repair and reimbursement

The MATDEVs will consider a remedy that authorizes warranty repairs by the Army (or by Army contract) for which the contractor will refund expenses.

*a.* For valid warranty claims the Army will recover expenses for materiel (parts), labor, and transportation for repair



or replacement through a contract refund. The warranty clause of the contract will specifically stipulate the procedures for reimbursement.

(1) The contracting officer will ensure recovery of labor expenses (when part of the warranty coverage) include labor expended for removal and replacement of items as well as the labor expended in the actual item repair. Labor rates used for contract computation will represent average Army maintenance labor costs for organic labor or the contractor's burdened flat rate for manual labor. Use maintenance allocation chart (MAC) labor hour standards for the computation. Summation of discrete labor hour tasks may be necessary to encompass the total repair effort.

(2) The contracting officer will ensure the MAC or contractor labor hour standards are used to recover depot labor expenses. Labor rates used for contract computation will represent average Army depot labor rates for the depot normally associated with the materiel under warranty.

*b.* AMC will collect refunded contract-recovered expenses in a central DA Operations and Maintenance, Army account.

(1) When the central DA account exceeds \$500,000, AMC will disburse funds by consolidating with other Operations and Maintenance, Army accounts.

(2) AMC will disburse based on the command's program participation.

(3) AMC is entitled to refunds for claims resulting from activities funded by AMC, to include depot repair and materiel fielding team repair of warranted equipment, when AMC funded the repair.

(4) The commands will be entitled to refunds for failure-free warranty claims.

(5) The commands will be entitled to refunds for expected failure warranty claims when the contract threshold level has been exceeded and funds are recovered into the account. The proportion of valid expected failure claims submitted will determine the basis of sharing. Valid claims include claims both above and below the threshold in aggregate for activity during the period between disbursements.

(6) Claim values will reflect actual amounts recovered, not claim amount submitted.

*c.* Transportation expense recovery is necessary only when a warranty item's destination transportation cost exceeds the Army's normal repair facility destination cost for the item. The contractor is responsible for transportation charges and for supplies while in transit. However, under certain circumstances it may be advantageous for transportation to be at Government expense, such as when the cost of the warranty would be prohibitive. Refer to guidance in FAR Subpart 46.7 on transportation charges.

## **2-6. Copayment for pro rata usage**

*a.* A copayment for pro rata usage is a payment of monies by the item owner, based on the percentage of usage, to the item supplier (or representative) when a portion of warranty usage has occurred. Commercial tire and battery warranties are examples of pro rata copayment warranties.

*b.* Commands are not required to pay copayments to contractors or dealers for pro rata usage under an Army contract warranty unless—

(1) The warranty items are covered by nonstandard warranty execution procedures negotiated as part of an MFP.

(2) The warranty items are commercial or trade practice items that are acceptable to the command.

## **2-7. Warranty coverage**

*a.* Consider individual item failure and systemic defect warranties for centrally procured materiel.

(1) An individual item failure warranty requires individual WCAs and applies to MAC maintenance functions, repair parts and/or special tools that are coded for recovery, and occur at field-level maintenance.

(2) A systemic defect warranty provides protection to the lowest level of impact or expense and requires a contract remedy that may cover all contract deliverables.

(3) The time frame for coverage begins with the first contract item delivered. It ends following the warranty expiration date of the last item delivered and includes all failures during that time frame only.

*b.* System subordinate item contracts for replacement assemblies or for assemblies integrated into systems as Government-furnished equipment may require both systemic defect coverage and individual item failure coverage. This is required for replacement items that received similar coverage under a system-level warranty.

*c.* Pass-through warranties that require the Army to seek remedies through vendors not directly under contract will not be used. Examples of commercial or trade practice materiel that have traditional subordinate pass-through warranties include tires and batteries.

## **2-8. Warranty duration**

Warranty duration will include time for delays between acceptance and operational use.

*a.* The duration period will start on the date of Government acceptance. Where warranted items are being integrated into a complete weapon system, the warranty duration may start on that integration date.

*b.* The factors of warranty duration are elapsed time prior to operation and operational use.

(1) Elapsed time prior to operation is the average time from contract delivery (as evidenced by contract documented

acceptance) until the item is placed into operation. Included are transportation and storage delays, fielding delays, and delays planned when Government-furnished materiel is integrated into a higher weapon system.

(2) Operational use is the measure of actual operation. This factor is the critical element in the total warranty duration and should be of sufficient length to allow for the determination of compliance to warranty provisions during actual use. Use an initial planning figure of between 10 percent and 25 percent of the expected life and generally no less than 1 calendar year or 1 year of an equivalent usage rate in whatever units are best measured (for example, months, years, hours, miles, rounds). The operational use factor will vary depending on the item being procured, past history, and overall tailoring of the warranty provisions.

*c.* Warranty durations can be assigned on an individual item basis, by lot basis, or for the total contract production quantity.

*d.* Review the impact of unexpected delays due to non-availability of Government-furnished materiel or equipment, system integration problems, or delays in fielding on warranty duration.

## **2–9. Warranty compatibility with standard Army systems**

Acquired warranties will be compatible with logistics information systems (supply, maintenance, transportation).

*a.* The item's support strategy for the period under warranty will not differ from the follow-on support strategy that will be in place after the warranty has expired.

*b.* Storage and exercise of items under warranty will not differ during the warranty and post-warranty requirements of the item.

*c.* Use the Army supply system for replacement parts support. Army maintenance facilities may request direct shipment for urgent parts support of warranty items.

*d.* Warranty exhibits will be returned or disposed of using the Army's disposal and retrograde return procedures. Specific items with return requirements or exhibit hold periods will be identified in the item's warranty TB and MFP.

*e.* Warranty coordinators will provide information to the MATDEV and the warranty contractor in accordance with DA Pam 750–8 and DA Pam 738–751. Contract unique forms or information requirements will not be required when commands are expected to perform the standard Army execution procedures (see para 4–2).

*f.* Do not change maintenance functions or work time figures of an item's MAC to accommodate the warranty. The alignment of warranty coverage to maintenance levels and functions will sustain normal support operations during the warranty period with the support that will follow warranty expiration. During the course of normal support operations, it may become necessary to move, subdivide, or combine MAC functions to accommodate the Army's support needs. The MATDEV will attempt to realign the warranty with the MAC changes if cost effectiveness and execution can be sustained. If contract changes cannot be accomplished, some functions may be unilaterally excluded from execution for not complying with the changed MAC.

*g.* To sustain readiness, warranty remedies will not be any less responsive than normal Army maintenance methods. Contract warranty provisions will be defined for responsiveness in terms of time (hours, days, or weeks) between notification and resolution of a warranty claim.g.

## **Chapter 3 Warranty Information**

### **3–1. General**

AMC will collect warranty information from the MATDEV and the warranty coordinators to document and improve warranties.

### **3–2. Use of the Product Data Reporting and Evaluation Program**

MATDEVs will use the PDREP to provide AMC the following information on each warranty for centrally procured items:

*a.* Contract number, contractor name, and Federal Supply Code of manufacturers and contract required delivery date.

*b.* Contract line item number, sub-line item number, or exhibit line item number.

*c.* National stock number, nomenclature, and model numbers.

*d.* Serial, lot, or registration number range (when applicable).

*e.* Warranty item type.

(1) Component procured separate from end item.

(2) Subassembly procured separate from end item or subassembly.

(3) Embedded in component, subassembly, or parent end item.

(4) Parent end item.

*f.* Warranty item, item unique identification (see AR 700–145).

- g. Warranty terms.
  - (1) Starting event (acceptance, installation, first use, or other).
  - (2) Usage — quantity and unit (hours, miles, or kilometers).
  - (3) Duration — quantity and unit (time in months).
  - (4) Date — fixed expiration.
- h. Original suppliers or equipment manufacturer.
- i. Warranty guarantor.
  - (1) Enterprise identifier.
  - (2) Enterprise identifier code type.
- j. Approved warranty repair source.
  - (1) Name.
  - (2) Enterprise identifier.
  - (3) Enterprise identifier code type.
- k. Shipping address for warranty repair source.
  - (1) Name.
  - (2) Address.
  - (3) City, State, and zip code.
  - (4) Country.
  - (5) Email address.
  - (6) Instructions for accessing a Web site to obtain prepaid shipping labels for returning warranty items (if applicable).
- l. Warranty publication MFP (when applicable).
- m. Contract cost of warranty (sum and per unit) and contract item cost.
- n. Subordinate (pass-through) warranties, if applicable.
- o. Special warranty provisions or conditions.

### **3–3. Warranty claim action reporting**

- a. MATDEVs will collect, collate, and automate WCAs submitted from all sources. MATDEVs will assess WCAs using DA Form 7744 and provide reports to AMC.
- b. Data or information gathered from the commands will be limited to the same WCA data from the SF 368 (Product Quality Deficiency Report) submitted through PDREP.
- c. Data or information gathered as part of nonstandard execution procedures will, at a minimum, provide the same data elements gathered by PDREP. Special data collection programs, such as sampling data in accordance with AR 750–1, and interim contractor logistics support program data are examples of special information sources.
- d. Data item description warranty performance reports (DI–SESS–81639) provide an alternate or corroborate means of acquiring and verifying claim data.
- e. Data or information gathered within systems integration programs or depot operations as warranty claims will, as a minimum, provide the same data elements gathered by logistics information system WCAs. AMC will consolidate and analyze DA Forms 7744 submitted by MATDEVs for use in preparing the annual assessment on DA Form 7744–1. AMC will submit the DA Form 7744–1 to the DCS, G–4 Field Maintenance Directorate at [usarmy.pentagon.hqda-dcs-g-4.mbx.dcs-g44m-mnf@mail.mil](mailto:usarmy.pentagon.hqda-dcs-g-4.mbx.dcs-g44m-mnf@mail.mil) no later than the third Friday of November for the prior fiscal year. The email subject line will state “AR 700–139 — Annual Army Warranty Summary and Assessment.”

## **Chapter 4 Warranty Fielding, Execution, and Compliance**

### **4–1. Fielding of warranty items**

MATDEVs will field warranty items in accordance with AR 700–142.

- a. The MFP will—
  - (1) Provide warranty TB information as required and with each item when required.
  - (2) Identify the warranty support plan and Web site prior to fielding with emphasis on the procedures and process for claims.
  - (3) Define duties and responsibilities of the commands for warranty execution.
- b. The materiel fielding team will—
  - (1) Provide warranty TB copies to the commands, coordinating or servicing warranty coordinator, logistics assistance office, and to the local logistics assistance representative as applicable.

- (2) Explain all warranty TB details of coverage and execution.
- (3) Provide warranty documentation to the command warranty coordinators, to include WCA processing procedures.
- (4) Provide all required warranty information to AMC prior to materiel fielding.
- (5) Coordinate with the commands (or storage activity, when applicable) for nonstandard execution procedures (see para 4-2b).
- (6) Provide warranty execution training as an integral part of materiel fielding and new equipment training with emphasis on geographic differences and unique organizational structures.
- c. The commands will budget and program funding to accomplish maintenance, supply, and retrograde recovery tasks associated with warranty execution.

#### **4-2. Warranty execution**

a. *Standard Army execution procedures.* Standard Army execution procedures fulfill the requirements of minimum burden, compatibility with the standard Army system, and uniformity/simplicity of administration. This is to ensure support of the item during the warranty in the same manner as that which occurs in post-warranty ownership.

(1) DA Pam 738-751 and DA Pam 750-8 contain instructions and forms for completing WCAs. Contract-unique forms or procedures are not used for WCAs.

(2) Supply support and retrograde recovery flow through standard Army systems.

(3) Storage and exercise requirements for warranty items will not differ from the Army's post-warranty requirements.

b. *Nonstandard execution procedures.* Commands use nonstandard execution procedures when—

(1) The command agrees to perform nonstandard execution for maintenance augmentation as part of the MFP.

(2) The methods of collection in AR 750-1 are used and no unique burden is applied to the commands.

(3) Interim contractor support agreements provide for the WCAs and execution.

(4) Warranties do not extend beyond the wholesale level and are executed by the MATDEV or depot system.

c. *Warranty exhibits.* Commands use the standard retrograde return system for warranty exhibits (as specified in the warranty TB).

(1) Preserve and safeguard warranty exhibits to protect the contract remedies of the Army.

(2) Evacuate warranty exhibits in accordance with the MFP or AMC instructions. The commands store exhibits pending disposition instructions from the MATDEV.

(3) The MATDEV provides disposition instructions to the commands within 30 calendar days of WCA submission.

#### **4-3. Compliance**

a. The Inspector General will conduct a review of MATDEVs and commands for compliance.

b. The DCS, G-4 will use the responsible agent's DA Form 7744-1 to check compliance.

c. AMC, as the responsible agent, will annually check compliance of—

(1) The MATDEV by reviewing—

(a) Annual and post-warranty assessments (DA Form 7744).

(b) Command visits (that is, command logistics review team).

(c) Compliance visits.

(d) Internal control provisions of warranty checklists.

(2) The commands by reviewing—

(a) Claims summaries.

(b) Command visits (that is, command logistics review team).

(c) Compliance visits.

(3) The logistics assistance office by reviewing—

(a) Data repository.

(b) Procedures.

## **Appendix A References**

### **Section I Required Publications**

#### **DA Pam 738-751**

Functional Users Manual for the Army Maintenance Management System-Aviation (Cited in paras 2-9e, 4-2a(1).)

#### **DA Pam 750-8**

The Army Maintenance Management System (TAMMS) Users Manual (Cited in paras 2-9e, 4-2a(1).)

#### **DFARS Subpart 246.7**

Warranties (Cited in paras 1-7a, 1-8a, 1-13c.) (Available at [www.acq.osd.mil/dpap/dars/dfarspgi/current/index.html](http://www.acq.osd.mil/dpap/dars/dfarspgi/current/index.html).)

#### **DFARS Subpart 252.246-7005**

Notice of Warranty Tracking of Serialized Item (Cited in para 1-9f(1).) (Available at [www.acq.osd.mil/dpap/dars/dfarspgi/current/index.html](http://www.acq.osd.mil/dpap/dars/dfarspgi/current/index.html).)

#### **DFARS Subpart 252.246-7006**

Warranty Tracking of Serialized Items (Cited in para 1-9f(1).) (Available at [www.acq.osd.mil/dpap/dars/dfarspgi/current/index.html](http://www.acq.osd.mil/dpap/dars/dfarspgi/current/index.html).)

#### **FAR Subpart 7.1**

Acquisition Plans (Cited in para 1-7a.) (Available at <http://www.acquisition.gov/far/>.)

#### **FAR Subpart 12.4**

Unique Requirements Regarding Terms and Conditions for Commercial Items (Cited in paras 1-7a, 1-13c.) (Available at <http://www.acquisition.gov/far/>.)

#### **FAR Subpart 46.7**

Warranties (Cited in paras 1-7a, 1-8a, 1-13c, 2-5c.) (Available at <http://www.acquisition.gov/far/>.)

### **Section II Related Publications**

A related publication is a source of additional information. The user does not have to read a related reference to understand this regulation.

#### **AR 11-2**

Managers' Internal Control Program

#### **AR 11-18**

The Cost and Economic Analysis Program

#### **AR 25-30**

The Army Publishing Program

#### **AR 70-1**

Army Acquisition Policy

#### **AR 700-4**

Logistics Assistance

#### **AR 700-142**

Type Classification, Materiel Release, Fielding, and Transfer

#### **AR 700-145**

Item Unique Identification

## **AR 750-1**

Army Materiel Maintenance Policy

## **10 USC 2375**

Relationship of commercial item provisions to other provisions of law (Available at <http://uscode.house.gov/search/criteria.shtml>.)

## **41 USC 3307**

Preference for commercial items (Available at <http://uscode.house.gov/search/criteria.shtml>.)

## **Section III**

### **Prescribed Forms**

Unless otherwise indicated, DA Forms are available on the Army Publishing Directorate Web site (<http://www.apd.army.mil>).

### **DA Form 7744**

Materiel Developer's Warranty Summary and Assessment ( Prescribed in paras 1-13*h*, 2-4*a*, 2-4*b*, 3-3*a*, 3-3*e*, 4-3*c*(1)(*a*), C-4*a*(3).)

### **DA Form 7744-1**

Army Warranty Program Summary and Assessment ( Prescribed in paras 1-9*d*, 3-3*e*, 4-3*b*.)

## **Section IV**

### **Referenced Forms**

Unless otherwise indicated, DA Forms are available on the Army Publishing Directorate Web site ([www.apd.army.mil](http://www.apd.army.mil)). Standard Forms are available on the U.S. General Service Administration Web site ([www.gsa.gov](http://www.gsa.gov)).

### **DA Form 11-2**

Internal Control Evaluation Certification

### **DA Form 2028**

Recommended Changes to Publications and Blank Forms

### **DA Form 2404**

Equipment Inspection and Maintenance Worksheet

### **DA Form 2408-20**

Oil Analysis Log

### **DA Form 5988-E**

Equipment Inspection and Maintenance Worksheet

### **SF 368**

Product Quality Deficiency Report

## **Appendix B**

### **Sample Warranty Standing Operating Procedure**

#### **B-1. Purpose**

This sample of a warranty SOP delineates responsibilities and procedures for submitting claims for repairs of organizational equipment.

#### **B-2. Scope**

The provisions of this SOP are applicable to all organizations with a warranty coordinator.

#### **B-3. Objectives**

The duty of the warranty coordinator is to represent the interest of the commander, to standardize operations relative to warranty claims, and to expedite problematic equipment for repairs before the warranty expires.

## **B-4. Responsibilities**

a. The warranty coordinator will—

- (1) Ensure appointment order is on file.
- (2) Provide a copy of the appointment order to area warranty representative.
- (3) Initiate warranty claims as they develop.
- (4) Coordinate warranty actions through area warranty representative.
- (5) Maintain, in the functional files, a folder for completed warranty claims.
- (6) Maintain a warranty register, when necessary.

b. Report discrepancies as follows:

(1) The person who discovers a defect immediately records the information on DA Form 2404 (Equipment Inspection and Maintenance Worksheet) or DA Form 5988-E (Equipment Inspection and Maintenance Worksheet) and then informs the maintenance supervisor or warranty coordinator.

(2) The maintenance supervisor or warranty coordinator verifies the condition of the vehicle or component, and submits a WCA online through PDREP to the area warranty representative.

(3) Although organizations may have the maintenance capability to remove components under warranty, the approval to remove such components must be given by the area warranty representative.

(4) Maintenance supervisor and warranty coordinator will coordinate warranty actions through the area warranty representative. Individuals will not negotiate with the manufacturer or dealer representatives.

c. Equipment under manufacturer's warranty:

(1) Will not be considered in the extension of service intervals.

(2) For items that require oil or filter changes to conform to warranty parameters, enter applicable information in the remarks block of DA Form 2408-20 (Oil Analysis Log). Maintain the DA Form 2408-20 until the end of the warranty period to record compliance with warranty guidance. Items under warranty are not subject to the on-condition oil change requirements of AR 750-1.

(3) Change the oil and filter as directed by the warranty contract.

(4) Refer to the warranty coordinator for final approval if a lab recommends maintenance action. When multigrade oil, MIL-L-21040 OE/HDO 15/40, is used and the equipment is enrolled in Army Oil Analysis Program, enter "oil changed with MIL-L-41040D OE/HDO 15/40 oil" in the remarks section of DA Form 2408-20.

## **Appendix C Internal Control Evaluation**

### **C-1. Function**

The function covered by this evaluation is the Army Warranty Program.

### **C-2. Purpose**

The purpose of this evaluation is to assist AMC, MATDEVs, and warranty coordinators in evaluating the key internal controls listed. It is intended as a guide and does not cover all controls.

### **C-3. Instructions**

Answers must be based on the actual testing of key internal controls (for example, document analysis, direct observation, sampling, simulation, or other). Answers that indicate deficiencies must be explained and the corrective action identified in supporting documentation. These internal controls must be evaluated at least once every 5 years. Certification that the evaluation has been conducted must be accomplished on DA Form 11-2 (Internal Control Evaluation Certification).

### **C-4. Test questions**

a. *Warranty best value determination and documentation.*

(1) Have local procedures been established assigning responsibilities to ensure a CBA is conducted in consonance with approved policies, procedures, and the Assistant Secretary of the Army Financial Management and Comptroller Cost and Performance Portal (<http://asafm.army.mil/offices/CE/CostPerformPortal.aspx?OfficeCode=1400>)?

(a) *Risk.* Procurement of warranties that are not the best value to the Army.

(b) *Control objective.* Ensure local procedures are established to conduct CBAs and there is compliance with policies and procedures.

(c) *Control technique.* Establish local written policies assigning responsibility for performance of CBAs in accordance with approved policies and procedures.

(2) Are CBAs documented in contract files and include the rationale for warranty decisions?

(a) *Risk.* Contract warranties will be procured without appropriate analysis.

(b) *Control objective.* Ensure that each contract file is documented with a CBA and the rationale for a warranty decision.

(c) *Control technique.* Establish local written procedures for inclusion of a CBA and the rationale for a warranty decision within contract files.

(3) Are post-warranty assessments of each warranty conducted at warranty expiration on DA Form 7744?

(a) *Risk.* Warranties will expire without an assessment of the final warranty benefits and lessons learned.

(b) *Control objective.* Ensure that each contract containing warranty provisions has a post-warranty assessment conducted.

(c) *Control technique.* Establish written procedures for performance of a post-warranty assessment and identification of lessons learned for each contract warranty.

b. *Warranty claim execution and management.* Are procedures established and enforced for the processing of warranty claims through PDREP to include procedures for settling open warranty claims, evaluating reasons for rejected claims and maintenance of appropriate records?

(1) *Risk.* Failure to properly process warranty claims could lead to failure to implement appropriate remedies and receive full benefits.

(2) *Control objective.* Ensure that warranty claims are properly processed to include settling of open warranty claims, determining reasons for rejected claims, and maintaining records to support data collection.

(3) *Control technique.* Establish local written policies and procedures for the processing of warranty claims, settling open claims, determining reasons for rejected claims, and maintaining of data.

### **C-5. Supersession**

This evaluation replaces the evaluation previously published in AR 700-139, dated 7 October 2005.

### **C-6. Comments**

Help make this a better tool for evaluating management controls by mailing comments to the Deputy Chief of Staff, G-4 (DALO-MNF), 500 Army Pentagon, Washington, DC 20310-0500 or email [usarmy.pentagon.hqda-dcs-g-4.mbx.dcs-g44m-mnf@mail.mil](mailto:usarmy.pentagon.hqda-dcs-g-4.mbx.dcs-g44m-mnf@mail.mil) with "AR 700-139 change to Internal Control Evaluation" in the subject line.



## **Glossary**

### **Section I Abbreviations**

**ACOM**

Army command

**AMC**

Army Materiel Command

**AR**

Army regulation

**ASA (ALT)**

Assistant Secretary of the Army (Acquisition, Logistics and Technology)

**ASCC**

Army service component command

**CBA**

cost benefit analysis

**DA**

Department of the Army

**DCS**

Deputy Chief of Staff

**DFARS**

Defense Federal Acquisition Regulation Supplement

**DRU**

direct reporting unit

**FAR**

Federal Acquisition Regulation

**CG**

commanding general

**MAC**

maintenance allocation chart

**MATDEV**

materiel developer

**MFP**

materiel fielding plan

**NGB**

National Guard Bureau

**PDREP**

Product Data Reporting and Evaluation Program

**SF**

standard form

**SOP**

standing operating procedure

**TB**

technical bulletin

**USC**

United States Code

**WCA**

warranty claim action

**Section II****Terms****Centrally procured**

Procurements made in support of materiel managed by the national inventory control point.

**Cost effective**

A warranty that has tangible and intangible benefits that exceed the cost to procure, administer, and execute the warranty.

**Cost-effectiveness analysis**

An analysis of the cost to procure, administer, and execute a warranty compared with the value of tangible and intangible benefits received.

**Execution**

The process of carrying out the Army's right to apply for contract remedies under a warranty, such as making warranty claims.

**Exhibit**

A part or group of parts that are the residual materiel remaining from a warranty repair action. Broken or failed assemblies or the parts of assemblies that have failed may qualify as exhibits based on the warranty TB specifies.

**Federal supply code of manufacturers**

A five-position code assigned to organizations that manufacture or maintain design control for items purchased, used, and cataloged by agencies of the Federal Government.

**Item**

In this regulation, indicates procured materiel.

**Materiel developer**

The acquisition command, agency, or office assigned responsibility for the system under development or being acquired.

**Systemic failure**

A classification for failures that occur with a frequency, pattern, or sameness to indicate a logical regularity of occurrence.

**Warranty**

As used in this regulation (and FAR 46.7), a promise or affirmation given by a contractor to the Government regarding the nature, usefulness, or condition of the supplies or services furnished under the contract.

**Section III****Special Abbreviations and Terms**

This section contains no entries.

**UNCLASSIFIED**

**PIN 058694-000**