



SECRETARY OF THE ARMY
WASHINGTON

16 MAY 2016

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Army Directive 2016-21 (Interim Policy for Serialized Item Management)

1. References:

- a. Department of Defense Instruction 4151.19 (Serialized Item Management (SIM) for Life-Cycle Management of Materiel), 9 January 2014.
- b. Army Regulation (AR) 700-145 (Item Unique Identification), 18 February 2016.
- c. AR 710-3 (Inventory Management Asset and Transaction Reporting System), 25 February 2008, Including Rapid Action Revision Issued 3 September 2009.
- d. AR 750-1 (Army Materiel Maintenance Policy), 12 September 2013.

2. This directive establishes policy for identifying items that require unique item-level traceability. It also identifies the roles and responsibilities of Army organizations to support SIM as outlined in the enclosure.

3. The Army will serially manage an item when statute, regulation, policy, or business value require unique item-level traceability. Army materiel developers and their provisioning entities will ensure that they correctly provision SIM items with the serial number and unique item identifier when available. Until changes implementing item unique identification are complete, the Army may track SIM items by serial and type-identifying information, such as national stock number or manufacturer and part numbers.

4. Army materiel developers and item managers will evaluate items they manage to meet the business rules in the enclosure and submit recommendations to the Deputy Chief of Staff (DCS), G-4.

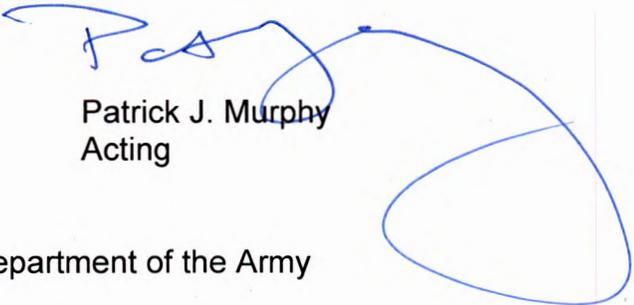
5. This policy is effective immediately and applies to the Active Army, Army National Guard/Army National Guard of the United States, and U.S. Army Reserve.

6. The proponent of this policy is the DCS, G-4. The DCS, G-4 may approve exceptions or waivers to the policy in this directive that are consistent with controlling law and regulations. The DCS, G-4 will incorporate the guidance in this directive into

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AR 710-3 as soon as practicable. This directive is rescinded upon publication of the updated regulation.

Encl



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INTERIM POLICY FOR SERIALIZED ITEM MANAGEMENT

1. Purpose. This policy establishes the criteria for identifying the materiel that requires serialized item management (SIM) and defines the roles and responsibilities of Army organizations to support SIM.

2. Background. SIM provides the means to perform information-enabled sustainment in the Army enterprise from the tactical to national levels. The following conditions drive the need for a comprehensive SIM policy:

a. The Army lacks enterprise-level guidance on SIM. A multitude of policies and guidance conflict, resulting in suboptimal processes and performance. Current SIM processes are discretionary and decentralized, and the resulting information is inconsistent, not valuable, and not actionable.

b. Deployment of the Single Army Logistics Enterprise.

(1) The Army Enterprise Systems Integration Program requires a disciplined set of policies and business rules to support the master data records to support logistics transactions between Enterprise Resource Planning (ERP) business partners. The Army Enterprise Material Master (AEMM) is the authoritative data source for SIM.

(2) The Global Combat Support System-Army requires enterprise-level business rules that inform units of the requirement to consistently serialize materiel.

(3) SIM will enable the Logistics Modernization Program to realize its potential as a logistics data-enhanced environment, including warranty data, critical safety item characteristics, maintenance history, modification history, use, equipment configuration, procurement and contract information.

c. The cost of readiness is necessary in a budget constrained environment.

(1) Life-Cycle Costs. The Army requires a discernible way to track, control, and manage materiel from procurement through disposal. SIM will provide visibility throughout the life cycle and information to make informed decisions.

(2) Maintenance History. SIM will facilitate configuration management, condition-based maintenance, enhanced reliability, and exercise of warranty requirements.

(3) Capital Assets. SIM will capture positive item identification, location, unit acquisition cost, date placed in service, and the appreciated and depreciated value resulting from use, overhauls, and modifications for each capital item.

d. Tracking items for safety.

(1) Critical Safety Items. SIM will enable the traceability of critical safety items to safeguard assets from physical deterioration, theft, loss, or mismanagement. The importance of traceability far outweighs the monetary value of the item.

(2) Counterfeit Materiel. SIM will permit the identification and tracking of counterfeit items to resolve counterfeit issues and spot potential problems for new materiel.

(3) Medical Materiel. SIM will improve the quality control of medical materiel by facilitating the monitoring and execution of U.S. Food and Drug Administration alerts and recalls.

e. SIM provides the ability to improve traceability and transparency for items with statutory reporting requirements.

(1) Reporting Requirements. SIM will allow the Department of Defense to meet requirements for financial improvement and audit readiness. SIM will enable the Army to meet financial reporting, cost-tracking requirements, and financial improvement goals mandated in the National Defense Authorization Act for Fiscal Year 2010, which requires the Army to achieve audit readiness for financial statements by 2017.

(2) Unique Item Tracking. The Army is required to track and report small arms and light weapons, Radiation Testing and Tracking System items, and controlled cryptographic items by serial number.

(3) Readiness Reporting. SIM provides reliable information for conducting inventories, tracking equipment readiness, and reporting required equipment maintenance and modifications. SIM enables the Army to accurately track the location, operational status, and configuration of individual weapons systems.

3. Fundamentals of Army SIM.

a. The business rules to identify the materiel the Army will manage under SIM will be driven by an item's value to the enterprise (understanding and influencing readiness and life-cycle cost), to meet legal or regulatory requirements, or to support other business outcomes. SIM of equipment and materiel invokes special material handling and requirements for automated business process and data management, which results in increased expenditure of resources.

b. Items required to be serially tracked will be identified through established catalog data elements, such as supply class, controlled inventory item code, essentiality code, and unit price. An item does not meet the requirement to be serially tracked and managed just because it has a serial number.

c. Select nonstandard equipment capabilities (non-warfighting or force protection) not identified for type classification that meet the same characteristics as standard equipment will be subject to the same SIM business rules in this policy.

d. SIM exploits the benefits of item unique item identification (IUID). The ability to use IUID to track and manage items can help control life-cycle costs, implement condition-based maintenance, enhance reliability, and improve configuration management. All serially managed items will be required to be uniquely identified using unique item identifier (UII).

e. U.S. Army Materiel Command (AMC); Program Executive Offices (PEOs); Program, Project, and Product Managers (PMs); and provisioning entities will make sure items are correctly provisioned with a serial number and UII.

f. An item will be serially managed throughout its life cycle, from the date of manufacture to the date of disposal.

g. The decision to change the status of an item (from SIM to non-SIM or vice versa) in the Army's logistics ERP environment requires substantial systemic changes, adjustments to business processes, and workload (including inventory of on-hand stock). The decision to change the status of an item must be made through a deliberative and controlled process (see paragraph 5i(9)) approved by the Army Deputy Chief of Staff (DCS), G-4.

h. Serial numbers in the ERP systems are limited to 18 characters (read right to left from a data plate or label when human readable).

4. Serially Tracked Items.

a. The decision to serially manage an item is based on the need to know specific information at the individual item level of detail. The following business rules will be used to identify candidate national stock, management control, cage, and part numbers (or like items not yet cataloged) items. However, merely meeting one or more of the following criteria will not automatically qualify an item as serially managed. The decision to serially manage an item will be determined by the criteria that follow. Exceptions to these rules will be submitted to DCS, G-4 Supply for approval and will be based on an assessment that compares resources and system effects against the legal and regulatory requirement and business value derived from tracking the item.

b. Business Rules.

(1) Capital Assets. These items are personal property that is functionally complete for its intended purpose, durable, and nonexpendable. Equipment generally has an expected service life of at least 2 years, is not intended for sale, does not ordinarily lose its identity or become a component part of another article when put into use, and has been acquired or built with the intention of being used by the entity. An

item is a capital asset that will be considered SIM when it meets one criterion from each of these qualifiers:

- Class II, VII, or VIII.
- For items acquired before 30 September 2013 (fiscal year 2014), a unit price of \$100,000 or greater; items acquired since 1 October 2013 must have a unit price of at least \$250,000.

(2) Major End-Items. An end-item is an item in its final configuration ready for its intended purpose or use. An item is a major end-item that will be considered SIM when it meets either of these criterion:

- Class VII and essentiality code A.
- Class VIII and accounting requirements code N and subclass 4.

(3) Critical Safety Items. Any part, assembly, subassembly, installation procedure, or production process that would have hazard probability level A, B, C, or D with a chance of creating an unsafe condition if it is not in accordance with design or quality requirements. An item is a critical safety item that will be considered for SIM when it meets any of these criteria:

- DA Form 2410 (Component Removal/Repair/Install/Gain/Loss Record) tracked in the Maintenance Consolidated Database System.
- Serial number tracked and selected part numbers in Army Aviation Sustainment Gateway.
- Criticality code C, E, F, H, M, or Y.
- Essentiality code of 5 or 6 for Marine equipment.

(4) Radiation Tracking and Testing Systems. U.S. Army Materiel Command's (AMC) license from the U.S. Nuclear Regulatory Commission requires the Army to track these devices and their contained radioactive sources.

(5) Depot-Level Repairable Items. These complex items are intended to be overhauled and repaired over time at either a depot or an ISO 9000-certified site. An item is a depot-level repairable that will be considered SIM when it meets one criterion from each of these categories:

- Maintenance repair code H, D, or L.
- Recoverability code A, D, H, K, or L.
- Essentiality code A or C.

- Class VIII or IX.

(6) Nonexpendable. Nonexpendable items are class II or VIII non-major end-items that require accountability in a property record. A nonexpendable item will be considered SIM when it has accounting requirements code N and essentiality code A or C.

(7) Sensitive or Classified Items. Army Regulation 725-50 (Requisition, Receipt, and Issue System) defines “controlled inventory items” as classified, sensitive, or pilferable items. The controlled inventory item code indicates the security classification or security risk associated with the storage and transportation of assets. When the Army is the primary inventory control activity, the secondary inventory control activity or a National Item Identification Number (NIIN) registered user, assignment of any of the following controlled inventory item codes to an item/NIIN may require that item/NIIN to be serially managed. Sensitive or classified items that are considered for SIM will meet at least one of the criterion in each category:

- Controlled inventory item code 1, 2, 3, 4, 5, 6, 7, 8, 9, A, B, C, G, H, K, L, O, Q, R, S, or T.
- Supply class II, VII, VIII, or IX.

(8) Pilferage. Not all items that are easily pilferable warrant unique identification. Pilferage items are those that have a ready resale value or civilian application for personal possession and are especially subject to theft. The primary response to the risk of pilferage is physical security, which does not require serialization or UII. Few pilferable items require SIM solely because they are pilferable. Pilferable items are subject to summary accounting procedures. Pilferable items considered for SIM must meet at least one of the criterion in each category:

- Controlled inventory item code J, I, N, P, Y, or Z.
- Supply class II, VII, VIII, or IX.

(9) Test, Measurement, and Diagnostic Equipment (TMDE). Any system or device used to evaluate the operational condition of an end item or subsystem thereof to identify and/or isolate any actual or potential malfunction is a TMDE item. This includes diagnostic and prognostic equipment; semiautomatic and automatic test equipment, including test program sets (with issued software); and calibration test or measurement equipment. TMDE items considered for SIM must be in supply class II, VII, VIII, or IX and subclass H.

(10) Munitions. Many munitions are adequately tracked and accounted for by lot number. Munitions to be tracked include those munitions of the highest sensitivity, security risk category I, as well as select munitions in security risk categories II and III. Munitions items considered for SIM must be in supply class V and have controlled inventory item code 1, 5, or 6.

(11) Research, Development, Test and Evaluation items are not subject to SIM business rules, until they are converted to fielded systems.

5. Roles and Responsibilities.

a. The Assistant Secretary of Army (Acquisition, Logistics and Technology) will:

(1) Enforce the materiel developer requirement to implement SIM/UII in new and legacy rebuys through contract management. Ensure materiel developers plan, budget, and implement SIM for their assigned systems in accordance with the business rules in paragraph 4 of this directive.

(2) Monitor the Army SIM effort in coordination with other Army agencies to ensure effective implementation, in accordance with Headquarters, Department of the Army (HQDA) requirements, through contract compliance.

(3) Establish and develop policies and procedural guidance for implementation of IUID items.

b. The Assistant Secretary of the Army (Financial Management and Comptroller) will:

(1) Be responsible for the capital asset data in the interest of financial audibility.

(2) Provide oversight for technical aspects of SIM cost and economic analysis in the Army.

(3) Develop information for the Army's Resource Formulation Guide for the Army's Systems Acquisition Review Council.

(4) Ensure that cost estimates are available for review by HQDA staff officers.

c. The DCS, G-4 will:

(1) Develop policies and establish goals for the Army SIM Program. The Deputy Chief of Staff will adjudicate any requests for exceptions to the policy.

(2) Ensure that the UII or a U.S. Government-approved equivalent is used in all unique item tracking, serial number tracking, and other SIM programs.

(3) Provide resources for SIM requirements to ensure commonality and interoperability with all automated identification technology infrastructure requirements and SIM data management.

(4) Develop the supply, maintenance, and business processes needed to use SIM.

(5) Maintain oversight of SIM planning and implementation in the operational environment: Army depots, arsenals, and National Maintenance Program (NMP) providers.

(6) Ensure that SIM resource requirements are identified in the Program Objective Memorandum (POM) and applicable budget requests for legacy items.

(7) Coordinate the integration of supply chain business processes with the Defense Logistics Agency.

(8) Develop information for the Army's Resource Formulation Guide for Army commands in support of program and budget development processes.

(9) Ensure technical and functional integration and synchronization across assigned programs.

d. The Chief Information Officer/G-6 will provide functional policy and guidance on information technology systems and networks' use of IUID.

e. The Surgeon General will:

(1) Provide the planning guidance, direction, control, oversight, and support necessary to ensure that SIM is implemented throughout the life cycle for medical materiel (class VIII). The U.S. Army Medical Command, G-4 staff has the primary execution responsibility.

(2) Identify SIM resource requirements in the POM and applicable budget requests.

(3) Provide the DCS, G-4 with recommendations for items to be serialized in accordance with the SIM business rules.

(4) Identify patient safety items requiring SIM.

f. The Chief of Engineers will:

(1) Provide planning guidance, direction, control, oversight, and support necessary to ensure that SIM is implemented throughout the life cycle of U.S. Army Corps of Engineers' managed items subject to the SIM criteria.

(2) Coordinate with applicable materiel developers (MATDEVs) in planning SIM for MATDEVs' managed items.

(3) Identify SIM resource requirements in the POM and applicable budget requests.

g. The Chief, Army Reserve will:

(1) Provide planning guidance, direction, control, oversight, and support necessary to ensure that SIM is implemented throughout the life cycle for U.S. Army Reserves' managed items subject to SIM criteria.

(2) Identify SIM resource requirements in the POM and applicable budget requests.

h. The Chief of Chaplains will:

(1) Provide planning guidance, direction, control, oversight, and support necessary to ensure that SIM is implemented throughout the life cycle for Army chaplaincy's managed items subject to SIM criteria.

(2) Identify SIM resource requirements in the POM and applicable budget requests.

i. The Commander, AMC will:

(1) Be the operational manager of SIM. AMC will ensure that the items determined by the business rules are validated and advantageous for the Army to serially manage.

(2) Serve as the Army's primary point of contact for SIM quality matters and develop and implement guidance, training, and procedures for effective SIM quality management.

(3) Ensure that the Army's depots, arsenals, and the NMP use SIM in their industrial, warehousing, and distribution processes.

(4) Ensure that the life cycle management commands execute SIM requirements for items they manage.

(5) Provide the DCS, G-4 with recommendations for items AMC manages to be serialized, in accordance with SIM business rules.

(6) Oversee the life cycle management commands' review of the items determined by the business rules and validation for business value, and will collect their recommendation for items they manage and provide to the DCS, G-4.

(7) Support the validation of serialized material master data by making sure the life cycle management commands provide subject matter expertise as required for serialization validation decisions.

(8) LOGSA will serve as the data manager for all SIM items and is responsible for reviewing the data integrity of SIM data.

(9) Establish a process to validate and arbitrate data for the AEMM relative to SIM. Assemble a group of technical material master and functional area experts to review serial number assignments in the AEMM. This forum will also review any identified issues, such as materiel that is serially relevant and should not be, materiel that is not serially relevant and should be, and so forth. The approval authority for decisions is the DCS, G-4.

j. The Commanding General, U.S. Army Space and Missile Defense Command/U.S. Army Strategic Command will:

(1) Provide planning guidance, direction, control, oversight, and support necessary to ensure that SIM is implemented throughout the life cycle for command-managed items subject to SIM criteria.

(2) Identify SIM resource requirements in the POM and applicable budget requests.

k. The Commanding General, U.S. Army Corps of Engineers will:

(1) Provide planning guidance, direction, control, oversight, and support necessary to ensure that SIM is implemented throughout the life cycle for Corps-managed items subject to the SIM criteria.

(2) Coordinate with applicable MATDEVs in planning SIM for MATDEV-managed items.

(3) Identify SIM resource requirements in the POM and applicable budget requests.

l. The Commanding General, U.S. Army Intelligence and Security Command will:

(1) Provide planning guidance, direction, control, oversight, and support necessary to ensure that SIM is implemented throughout the life cycle for command-managed items subject to SIM criteria.

(2) Coordinate with applicable MATDEVs in planning SIM for MATDEVs' managed items.

(3) Identify SIM resource requirements in the POM and applicable budget requests.

m. The Commanding General, U.S. Army Special Operations Command will:

(1) Provide compliance and support necessary to ensure that SIM is implemented for command-managed items subject to SIM criteria.

(2) Coordinate with applicable MATDEVs in planning SIM for MATDEV-managed items.

(3) Identify SIM resource requirements in the POM and applicable budget requests.

n. The Commanding General, U.S. Army Training and Doctrine Command will:

(1) Develop an operational, automated identification system, automated identification technology, and SIM requirements needed to use SIM throughout the Army Enterprise (to include property accountability, supply, maintenance, logistics, deployment and distribution systems) using the Joint Capabilities Integration and Development System in coordination with the DCS, G-4.

(2) Develop SIM training requirements for tactical Army operations.

(3) Ensure that SIM training is included in appropriate programs of instruction.

o. The Director, Army National Guard will:

(1) Provide planning guidance, direction, control, oversight, and support necessary to ensure that SIM is implemented throughout the life cycle for U.S. Army National Guard managed items subject to SIM criteria.

(2) Identify SIM resource requirements in the POM and applicable budget requests.

p. Program Executive Offices will:

(1) Provide planning guidance, direction, control, oversight, and support necessary to ensure that SIM is implemented throughout the life cycle for assigned programs (new acquisitions and legacy rebuys).

(2) Determine if an item that does not fall within the business rules should be serially managed in the best interest of the Army. Individual PEOs will be responsible for establishing an assessment team at their level to adjudicate exceptions to the business rules based on the business value of tracking the item. They will provide their recommendation for items they manage to the DCS, G-4.

(3) Identify SIM resource requirements in the POM and weapon system reviews.

(4) Ensure that subordinate program managers execute SIM in alignment with Army policy and guidance.

(5) Provide the DCS, G-4 with recommendations for items to be serialized in accordance with SIM business rules.

q. Program, Project, and Product Managers and MATDEVs will:

(1) Execute planning guidance, direction, control, oversight, and support necessary to ensure that SIM is implemented throughout the life cycle for assigned programs (new acquisitions and legacy rebuys).

(2) Determine if an item that does not fall within the business rules should be serially managed in the best interest of the Army. The managers and MATDEVs will review the items and validate them for business value, then provide their recommendation for items they manage to the DCS, G-4.

(3) Identify SIM resource requirements in the POM and weapon system reviews.

(4) Ensure that subordinate managers execute SIM in alignment with Army policy and guidance.

(5) Maintain internal records to support cost analysis.

(6) Include SIM planning as part of supportability integrated process teams.

r. Army Commands, Army Service Component Commands, Direct Reporting Units, and the Army National Guard will ensure that SIM data is accurately collected.