DoD Instruction 4410.1

ARMY REGULATIONS

AR 715-5

DEPARTMENT OF DEFENSE

PRIORITIES AND ALLOCATIONS MANUAL

ASSISTANT SECRETARY OF DEFENSE

INSTALLATIONS AND LOGISTICS

(Revised Issue)

1 JUNE 1961

DEPARTMENT OF DEFENSE
PRIORITIES AND ALLOCATIONS MANUAL
TRANSMITTAL

June 1, 1961

THIS IS A COMPLETE REISSUE OF THE PRIORITIES AND ALLOCATIONS MANUAL.

The preceding PAM, revised as of 18 September 1957, and all changes thereto are obsolete and may be destroyed.

Corrections to bring the PAM up to date, and to reflect changed organizational names, etc., have been made in all Sections.

Substantive changes, marked with asterisks, have been made in Sections 3-1, 3-4.7; 4-4.1; 5-2, 5-4; 6-3; 13-1, 13-2.

Section 3-11.4 has been expanded to include controlled materials and Class A products bought by Single Managers.

Section 7 has been reorganized and additional instructions for filling out a BDSAF-138 have been included.

Section 8-1.1 has been revised to reflect the status of BDSA Order M-41.

Implementing instructions will be revised as necessary.

Issued by authority of Assistant Secretary of Defense
(Installations and Logistics)

Priorities Branch

NOTE: The next PAM change will be Number 1.

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CHANGE)

NO. 9)

HEADQUARTERS
DEPARTMENT OF THE ARMY
Washington, D. C., 7 November 1967

DEPARTMENT OF DEFENSE PRIORITIES AND ALLOCATIONS

MANUAL

AR 715-5, 1 June 1961, is changed as follows:

Insert: Section 7 - Table of Contents
Section 7 - Introduction
Section 7-1
Section 7-2
Section 7-2, Exhibit 1
Section 7-2, Exhibit 2
Section 7-2, Exhibit 3
Section 7-2.1
Section 7-3
Section 7-3, Exhibit 1

Remove: Section 7 - Table of Contents of 1 June 1961
Section 7 - Introduction of 1 June 1961
Section 7-1 of 1 June 1961
Section 7-2 of 9 September 1963
Section 7-2, Exhibit 1 of 1 June 1961
Section 7-2, Exhibit 2 of 1 June 1961
Section 7-2, Exhibit 3 of 1 June 1961
Section 7-2.1 of 1 June 1961
Section 7-3 of 28 April 1964
Section 7-3, Exhibit 1 of 1 June 1961

Issued by authority of Assistant Secretary of Defense
(Installations and Logistics)

Production Services Directorate

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By Order of the Secretary of the Army:

HAROLD K. JOHNSON,
General, United States Army,
Chief of Staff.

Official:
KENNETH G. WICKHAM,
Major General, United States Army,
The Adjutant General.

DISTRIBUTION:

Active Army:

USofA (1)	TSG (15)
ASA (I&L) (3)	USCONARC (2)
OCofSA (1)	1st US Army (20)
DCSPER (1)	3d US Army (13)
DCSOPS (1)	4th US Army (9)
DCSLOG (5)	5th US Army (12)
ACSFOR (1)	6th US Army (8)
CRD (3)	MDW (9)
ACSI (1)	AFSC (1)
TIG (1)	ICAF (1)
TJAG (1)	USASA (6)
CLL (1)	USARHAW (3)
CMH (1)	USARAL (3)
CofSptS (2)	USASTRATCOM (5)
CINFO (1)	MTMTS (3)

NG: None.

USAR: None.

For explanation of abbreviations used, see AR 320-50.

DEPARTMENT OF DEFENSE PRIORITIES AND ALLOCATIONS

MANUAL

Changes)
)
No. 8)

HEADQUARTERS
DEPARTMENT OF THE ARMY
Washington, D. C., 28 April 1964

AR 715-5, 1 June 1961, is changed as follows:

Insert: Section 7-3
Remove: Section 7-3 of 1 June 1961

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(Installations and Logistics)

Priorities Branch

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By Order of the Secretary of the Army:

EARLE G. WHEELER,
General, United States Army,
Chief of Staff.

Official:
J. C. LAMBERT,
Major General, United States Army,
The Adjutant General.

DISTRIBUTION:

To be distributed in accordance with DA Form 12-9 requirements for DA Regulations, Procurement Material Standardization:

Active Army: D. NG: None USAR: None

DEPARTMENT OF DEFENSE PRIORITIES AND ALLOCATIONS

MANUAL

Change)
No. 7)

HEADQUARTERS,
DEPARTMENT OF THE ARMY
Washington, D.C., 9 September 1963

AR 715-5, 1 June 1961, is changed as follows:

1. Insert: Section 6-3.
   Remove: Section 6-3 of 1 June 1961.

2. Insert: Section 7-2.
   Remove: Section 7-2 of 7 August 1962.

3. Insert: Section 8-1.1 Revocation.
   Remove: Section 8-1.1 of 1 June 1961.

PEN CHANGES:

1. Overriding Change:

   All references in this regulation to the Priorities Branch should be changed to Production Support Branch.

2. Section 2-4.2:

   On pages 1 and 2, in footnote 1/, delete the following "except for metalworking equipment under BDSA Order M-41".

3. Section 4-4.1:

   In paragraph 2,a, delete the entire sentence "If the requirements for production equipment include..... at the time the rating is assigned (see Section 6-3 for details)."

4. Section 8-1:

   On page 1, paragraph B,1, delete the entire sentence "It is also used as a general guide by ..... under BDSA Order M-41, as amended."

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5. Section 11-2:

On page 3, paragraph F,2,(b), change subject to read PAM Section 6-3, "Rating of Contracts and Orders under BDSA Order M-41, Metalworking Machines".

6. Section 14-Intro:

On page 2, paragraph E,4, delete entire paragraph and substitute the following:

"The existing procedure for requesting diversions of metalworking equipment under revised BDSA Order M-41 (PAM Section 7-3) remains in effect. (Section 8-1.1, covering the scheduling of such equipment, has been revoked.)"

7. Section 14-1:

On page 2, delete footnote 2/ at bottom of page, referred to in paragraph D,2,(c).

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(Installations and Logistics)

By Order of the Secretary of the Army:

G. H. DECKER
General, United States Army,
Chief of Staff.

Official:
J. C. LAMBERT
Major General, United States Army,
The Adjutant General.

Distribution:

Active Army: To be distributed in accordance with DA Form 12-9 requirements for DA Regulations--Procurement Material Standardization--D.

NG: None.

USAR: None.

DEPARTMENT OF DEFENSE PRIORITIES AND ALLOCATIONS

MANUAL

Changes)
)
No. 6)

HEADQUARTERS,
DEPARTMENT OF THE ARMY
Washington 25, D. C., 8 November 1962

AR 715-5, 1 June 1961, is changed as follows:

1. Insert: Section 1-5, Exhibit 2.
   Remove: Section 1-5, Exhibit 2, of 1 June 1961

2. Insert: Section 15-Table of Contents.

3. Insert: Section 15-Introduction.

4. Insert: Section 15-1, and Exhibit 1.

PEN CHANGES:

1. Section 2-1:

   Under paragraph 2, delete the following subparagraph:

   "f. Civil Defense Program."

2. Section 2-1, Exhibit 1:

   On page 2, delete all of paragraph E.

3. Section 2-2:

   On page 3, paragraph E, 7, insert the following above "Further Converters.....":

   "Civil Defense - State and local construction and production programs." D2

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(Installations and Logistics)

Priorities Branch

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By Order of the Secretary of the Army:

EARLE G. WHEELER,
General, United States Army,
Chief of Staff.

Official:
J. C. LAMBERT,
Major General, United States Army,
The Adjutant General.

DISTRIBUTION:

Active Army: To be distributed in accordance with DA Form 12-9 requirements for DA Regulations-Procurement Material Standardization-D.

NG: None.

USAR: None.

DEPARTMENT OF DEFENSE PRIORITIES AND
ALLOCATIONS MANUAL

Changes)
)
No. 5)

HEADQUARTERS,
DEPARTMENT OF THE ARMY
Washington 25, D. C., 7 August 1962

AR 715-5, 1 June 1961, is changed as follows:

1. Insert: Section 1-5, Exhibit 4.
   Remove: Section 1-5, Exhibit 4 of 1 June 1961.

2. Insert: Section 2-1.
   Remove: Section 2-1 of 1 June 1961.

3. Insert: Section 3-1.
   Remove: Section 3-1 of 1 June 1961.

4. Insert: Section 3-11.4, and Exhibit 1.
   Remove: Section 3-11.4, and Exhibits 1, 2, & 3 of 1 June 1961

5. Insert: Section 7-2.
   Remove: Section 7-2 of 1 June 1961.

6. ;Insert: Section 9-Intro., Exhibit 1.
   Remove: Section 9-Intro., Exhibit 1 of 1 June 1961.

PEN CHANGES:

1. Section 1-5, Exhibit 2:

   In paragraph A, 1, second line, change to read: "Air Force procurement; and Defense Supply Agency procurement."

2. Section 1-5, Exhibit 3:

   Under sub-heading "Ratings and Allotments", in the "Delegate" column, change first entry to read:

   "Secretaries, Departments of the Army, Navy, and Air Force; Director, Defense Supply Agency; and Administrator, National Aeronautics and Space Administration."

3. Section 2-2:

   On page 2, paragraph D, opposite Code Symbol C8, delete "for Single Managers" and insert "for Defense Supply Agency".

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4. Section 2-2, Exhibit 1:

On page 13, change heading to read: "C8 Controlled Materials for Defense Supply Agency"; in narrative, delete "Single Managers" and insert "Defense Supply Agency".

5. Section 3-4.4, Exhibit 2:

On page 2, paragraph 4, opposite Code No. 31, insert "Defense Supply Agency".

6. Section 3-4.7:

On page 1, paragraph A, 2, second line, delete "or against a GSA schedule".

On page 2, paragraph E, in the heading, delete "or Against GSA Schedules".

7. Section 5-4:

On page 2, paragraph E, in the heading and in the second line, delete "or against GSA schedules".

Issued by authority of Assistant Secretary of Defense
(Installations and Logistics)

By Order of the Secretary of the Army:

G. H. DECKER,
General, United States Army,
Chief of Staff.

Official:
J. C. LAMBERT
Major General, United States Army,
The Adjutant General.

Distribution:

To be distributed in accordance with formula appearing in AR 715-5.

DEPARTMENT OF DEFENSE PRIORITIES AND
ALLOCATIONS MANUAL

Changes)
)
No. 4)

HEADQUARTERS,
DEPARTMENT OF THE ARMY
Washington 25, D.C., 6 March 1962

AR 715-5, 1 June 1961, is changed as follows:

PEN CHANGES:

1. Section 1-5, Exhibit 2:

In paragraph A, second line, indicate footnote 1/ after "Department of Defense" and add footnote "1/ The Civil Defense Program is not rateable."

2. Section 2-1:

Add the following sub-heading "f." to paragraph 2: "f. Civil Defense Program."

3. Section 2-1, Exhibit 1:

On page 2, paragraph C, delete the following: "....including those items ordered against schedules approved by GSA (Federal Supply Service) based upon contract between GSA and a supplier."

On page 2, add the following new paragraph E.:

"E. DO ratings and allotment numbers will not be used on purchase of items for the Civil Defense Program."

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(Installations and Logistics)

Priorities Branch

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By Order of the Secretary of the Army:

G. H. DECKER,
General, United States Army,
Chief of Staff.

Official:
J. C. LAMBERT
Major General, United States Army,
The Adjutant General.

Distribution:
To be distributed in accordance with formula appearing in AR 715-5.

U.S. GOVERNMENT PRINTING OFFICE : 1962 O - 633329

DEPARTMENT OF DEFENSE
PRIORITIES AND ALLOCATIONS MANUAL
TRANSMITTAL

PAM CHANGE NUMBER 4	DATE 6 March 1962

INSTRUCTIONS FOR RECIPIENTS

PURSUANT TO DOD INSTRUCTION 4410.1, THE FOLLOWING ISSUANCES ARE TO BE INCORPORATED IN THE PRIORITIES AND ALLOCATIONS MANUAL:

PEN CHANGES:

1. Section 1-5, Exhibit 2:

In paragraph A, second line, indicate footnote 1/ after "Department of Defense" and add footnote "1/ The Civil Defense Program is not rateable."

2. Section 2-1:

Add the following sub-heading "f." to paragraph 2: "f. Civil Defense Program."

3. Section 2-1, Exhibit 1:

On page 2, paragraph C, delete the following: "....including those items ordered against schedules approved by GSA (Federal Supply Service) based upon contract between GSA and a supplier."

On page 2, add the following new paragraph E.:

"E. DO ratings and allotment numbers will not be used on purchase of items for the Civil Defense Program."

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(Installations and Logistics)

Priorities Branch

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DEPARTMENT OF DEFENSE PRIORITIES AND
ALLOCATIONS MANUAL

Changes)
)
No. 3)

HEADQUARTERS,
DEPARTMENT OF THE ARMY
Washington 25, D.C., 22 December 1961

AR 715-5, 1 June 1961, is changed as follows:

1. Insert: Section 9-2.5.

2. Insert: Section 9-2.6.

PEN CHANGES:

The rule that DOD will not rate or allot to orders against GSA schedules is rescinded. All references to the former restriction are to be deleted. (The rule that orders on GSA will not be rated is unchanged.)

Specifically, the following pen changes will be made:

1. Section 2-1:

In paragraph 2,e, delete"....including items ordered against schedules approved by GSA."

2. Section 3-1:

In paragraph 3,d, delete "....or against a schedule based on a GSA contract with a supplier." (The footnote 1/ remains in effect.)

3. Section 3-4.7:

On page 2, paragraph E,1, delete "....or against a GSA schedule."

Issued by authority of Assistant Secretary of Defense
(Installations and Logistics)

Priorities Branch

BY ORDER OF THE SECRETARY OF THE ARMY:

G. H. DECKER,
General, United States Army,
Chief of Staff.

Official:
J. C. LAMBERT,
Major General, United States Army,
The Adjutant General.

DEPARTMENT OF DEFENSE PRIORITIES AND
ALLOCATIONS MANUAL

Changes)
)
No. 2)

HEADQUARTERS,
DEPARTMENT OF THE ARMY
Washington 25, D.C., 1 November 1961

AR 715-5, 1 June 1961, is changed as follows:

1. Insert: Section 1-3, Exhibit 1.
Remove: Section 1-3, Exhibit 1, of 1 June 1961.

PEN CHANGES:

1. Overriding Change:

The office of Emergency Planning will continue the priorities and DMS policy and program functions formerly assigned by the President to the Office of Civil and Defense Mobilization. All references in PAM to the Office of Civil and Defense Mobilization (OCDM) are changed to the Office of Emergency Planning (OEP).

2. Section 1-7:

In paragraph 2, first line, indicate footnote 1/ after "Mobilization" and add footnote "1/ Affirmed by the Director, Office of Emergency Planning, October 20, 1961."

Issued by authority of Assistant Secretary of Defense
(Installations and Logistics)

Priorities Branch

BY ORDER OF THE SECRETARY OF THE ARMY:

G. H. DECKER,
General, United States Army,
Chief of Staff.

Official:
J. C. LAMBERT,
Major General, United States Army,
The Adjutant General.

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DEPARTMENT OF DEFENSE PRIORITIES AND ALLOCATIONS MANUAL

CHANGES No. 1

HEADQUARTERS,
DEPARTMENT OF THE ARMY
WASHINGTON 25, D.C., *22 August 1961*

AR 715-5, 1 June 1961, is changed as follows:

Add cover and transmittal which were omitted from copies of basic publication.

Remove pages i and ii and substitute corrected pages i and ii.

Follow instruction in DoD transmittal page, 22 August 1961.

BY ORDER OF THE SECRETARY OF THE ARMY:

G. H. DECKER,
General, United States Army,
Chief of Staff.

Official:

R. V. LEE,
Major General, United States Army,
The Adjutant General.

Distribution:

To be distributed in accordance with formula appearing in AR 715-5.

1. Insert: Section 3-11.1, Exhibit 1.
   Remove: Section 3-11.1, Exhibit 1, of 1 June 1961.

PEN CHANGES:

1. Section 1-2:

   On page 2, paragraph G,2, delete "DA-PAM 715-5" and insert "AR 715-5".

2. Section 1-7, Exhibit 2:

   In paragraph 1-307.1(b), first line, change "ASPR 1-403(a)" to read "ASPR 1-403(i)"; and insert the word "Military" before "Departments".

3. Section 3-4.4, Exhibit 2:

   On page 1, paragraph 2, delete "BuOrdnance" opposite Code 12 and insert "BuWeps"; delete "BuWeps" opposite Code 14 and insert "BuYards and Docks".

Issued by authority of Assistant Secretary of Defense
(Installations and Logistics)

Priorities Branch

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ARMY REGULATIONS
No. 715-5

HEADQUARTERS,
DEPARTMENT OF THE ARMY
WASHINGTON 25, D.C., *1 June 1961*

DEPARTMENT OF DEFENSE PRIORITIES AND ALLOCATIONS MANUAL (PAM)

1. These regulations publish the Department of Defense Priorities and Allocations Manual (PAM). All agencies acting under redelegation of priorities authority from the Department of the Army will conform to the provisions of this Manual as a condition of their delegation.

2. Each agency to which authority is redelegated by the Department of the Army will take necessary actions to insure conformance. Implementing instructions will follow the spirit and intent of the Manual and copies will be furnished the Deputy Chief of Staff for Logistics (DCSLOG).

3. PAM consists of certain sections and their parts as indicated in the Table of Contents. This Manual should be maintained in looseleaf binders with sections separated by numerical dividers. Instructions which supplement or clarify a PAM Section or Part issued by the Department of the Army, will be keyed to the referenced Section or part, and should be filed with it.

4. Reports of DMS accounting and compliance required by the Manual will be submitted to DCSLOG in accordance with the following schedule:

Section	*Report*	*Due date*
5-3	Return of Controlled Materials Allocations (DD Form 530) (Exempt from reports control by par. 17*a*, AR 335-15).	14th of the last month of the quarter.
5-8	Report of Allotments and Authorized Controlled Material Orders (DD Form 492 (DD I&L (M) 56 has been extended).	10th of each month.
10-2	DMS Compliance Audit Reports of DA activities (Exempt from reports control by par. 17*k*, AR 335-15).	3d of the month following the end of the quarter.

5. Certain forms required by PAM are available in AGO Publications Depot stock and are listed below. Agencies requiring any other forms will submit requests therefor to DCSLOG.

Form No.	*Name (Brief)*
DMS 4A	Application
DMS 4C	Application
DMS 4S	Controlled Material Breakdown
DMS 10	Allotments
DMS 11	Decrease Allotments
DMS 12	Return Allotments
DMS 13	Allotments (Construction)
DMS 14	Allotment Decrease (Construction)
DD 346	Bill of Materials
DD 347	Bill of Materials
DD 492	Report of Allotments
DD 524	Record of CMP Allocations and Allotments
DD 529	Allocation Determination
DD 530	Return of DMS Allotments
DD 552	Classification of "A" or "B" Products under DMS
DD 691	Request for Rating Authority
BDSAF-138	Request for Priorities Assistance

*This publication supersedes DA Pam 715-5, 18 September 1957, including all changes through C 11, 28 November 1960.

By Order of the Secretary of the Army:

G. H. DECKER,
General, United States Army,
Chief of Staff.

Official:

R. V. LEE,
Major General, United States Army,
The Adjutant General.

Distribution:

Active Army:

USofA (10)
ASA (Log) (3)
ASA (R&D) (3)
ASA (FM) (3)
CofSA (11)
DCSPER (1)
DCSOPS (1)
DCSLOG (5)
ACSI (1)
CA (1)
CNGB (1)
CARROTC (1)
CoA (4)
TIG (1)
TJAG (1)
CRD (1)
CLL (1)
CofF (1)
CMH (1)
CINFO (1)
Tech Stf, DA (20) except
CofEngrs (280)
TSG (15)
CofOrd (350)
TQMG (50)
CSigO (30)
USCONARC (1)
ARADCOM (2)
ARADCOM Rgns (2)
OS Maj Comd (2)
ZI Armies (4)
MDW (2)
AFSC (1)
Svc Colleges (1)
Mil Med Sup Agcy (3)
ICAF (1)

NG: None.
USAR: None.
For explanation of abbreviations used, see AR 320-50.

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3-4.5	Consolidation of Allotments
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Department of Defense Instruction

Number 4410.1
Date 8 June 1954

SUBJECT: Priorities and Allocations Manual

I. PURPOSE

A. The purpose of this Instruction is to reestablish and maintain the Department of Defense Priorities and Allocations Manual as the official instrument of the Assistant Secretary of Defense (Supply and Logistics)1/ for the distribution of unclassified instructions, policies and procedures to carry out current Department of Defense responsibilities under the priorities and allocations provisions of the Defense Production Act.

B. This Instruction supersedes Department of Defense Directive 4410.1 of 1 December 1952.

II. RESPONSIBILITY FOR ISSUANCE

The Assistant Secretary of Defense (Supply and Logistics) will be responsible for the development of all issuances to this manual, and for effecting appropriate coordination with the elements of the Department of Defense and the civilian control agencies. All issuances will be published by authority of the Assistant Secretary of Defense (Supply and Logistics).

III. AUTHORITY AND SCOPE

The Department of Defense Priorities and Allocations Manual will provide the basic guidance for the administration of priorities and allocations responsibilities within the Department of Defense and certain associated agencies. The instructions, known as Manual Issuances, apply to production and procurement transactions within the continental United States, its territories and insular possessions, unless otherwise stated, and contain plans, policies and procedures for use by the military departments and associated agencies in carrying out responsibilities under the national systems of priorities and allocations. Military departments and all agencies acting under redelegation of priorities authority from the Assistant Secretary of Defense (Supply and Logistics) will conform to the provisions of this manual as a condition of their delegations. Each military department and associated agency to which priorities authority is redelegated by the Assistant Secretary of Defense (Supply and Logistics) will take the necessary actions to ensure conformance.

IV. IMPLEMENTATION

A. Each military department will take any action necessary to continue the Department of Defense Priorities and Allocations Manual effective in and for all elements of the military departments as an authoritative guide in their priorities and allocations operations.

B. Regulations, directives, and instructions of the military departments, technical services, bureaus or air materiel command, which establish or confirm the Priorities and Allocations Manual as an official instrument for the dissemination of policies and procedures on priorities and allocations functions were promulgated under Department of Defense Directive 4410.1. These are considered valid implementation of this Instruction without reissuance.

C. Future revisions of or additions to such implementing regulations, directives, or instructions will be submitted to the Assistant Secretary of Defense (Supply and Logistics) for approval prior to issuance.

(Signed)
T. P. PIKE
Assistant Secretary of Defense
(Supply and Logistics)

1/ Installations and Logistics

A. Authority

1. Department of Defense Instruction 4410.1 establishes the Department of Defense Priorities and Allocations Manual as the official instrument for the distribution of directive instructions, policies and procedures to carry out current responsibilities delegated to the Secretary of Defense by the Business and Defense Services Administration (formerly National Production Authority) under Title I (Priorities and Allocations) of the Defense Production Act.

2. The Chief, Priorities Branch, Office of the Assistant Secretary of Defense (Installations and Logistics), is responsible for coordinating material for issuance in this Manual. All issuances will be by authority of the Assistant Secretary of Defense (Installations and Logistics).

B. Purpose

The purpose of the Priorities and Allocations Manual is to organize all Installations and Logistics instructions on priorities and allocations by subject matter and to provide a vehicle for all future instructions so that they may be identified to the same subject matter. The Manual is a loose-leaf expandible manual which is intended to be useful for (a) quick distribution of changed and new priorities and allocations policies and procedures, (b) guidance in the preparation of more detailed operating procedures, (c) reference by operating personnel, and (d) indoctrinating people assigned to work in one or more of the subjects covered.

C. Format and Numbering

1. The Manual will be printed on PAM format. This is an automatic signal to the recipient that additions to or revisions of the Priorities and Allocations Manual have been issued and require immediate attention.

2. The subject matter has been broken down into primary subdivisions called Sections. These Sections are numbered consecutively. Each Section is further subdivided as necessary into consecutively numbered Parts. Parts may be further divided into consecutively numbered Issuances which will be indicated to the right of a decimal point. All cross-references to Manual material will carry the full identification: Section number, Part number, and sub-part number, e.g., Section 3-3.1. Exhibits will be numbered to match the Section and Part or sub-part to which they have reference and will be used to give details and examples in support of an instruction, and for charts, forms, form letters, and lists. No authority will be conveyed by or embodied in an Exhibit.

D. Maintenance and Filing

1. The Priorities and Allocations Manual is designed to be maintained in a loose-leaf binder with Section designations indicated by numbered separator pages. The issuances within each Section are to be filed in straight numerical sequence: first by Section number, then Part number, then sub-part number. Indexes should be filed after the last Section in the Manual.

2. Current Tables of Content for each Section will be issued as necessary. Manual holders should maintain their Tables of Content on a current basis by writing in additions and changes received between printed revisions.

3. The Priorities Branch, Office of the Assistant Secretary of Defense (Installations and Logistics), will maintain a complete Master Manual, including superseded issuances, to which reference may be made.

E. Amendment

1. Recommendations for changes in or additions to the Manual may be initiated or developed by any person, department or associated agency and forwarded through channels, to the Priorities Branch, Office of the Assistant Secretary of Defense (Installations and Logistics), for appropriate action.

2. There will be continuing revisions of the Manual, as necessary, to incorporate changes incident to the priorities and allocations controls program. These changes, clearly identified and dated, will be issued (in the same manner as the originals) to the appropriate Section, Part or sub-part. A change may consist of entire Sections, Parts or sub-parts, individual pages, or exhibits. 1/ New or changed material will be indicated by asterisks.

3. All issuances will be checked to eliminate conflict with any previous issuance. If an Issuance supersedes or amends another Issuance, it will be so stated in the appropriate block on the Manual Issuance format.

4. If a revision is over one page in length, the original Manual Issuance may be reprinted, or if appropriate, pertinent revised pages will be issued for inclusion as revisions in the Manual to be filed in the proper Section and Part. Wherever possible, single page revisions will be made.

F. Departmental Supplementary Instructions

Instructions may be issued by the military departments and associated agencies which supplement PAM issuances, as, for example, specifying due dates at headquarters levels for required reports to the Office of the Assistant Secretary of Defense (Installations and Logistics). Such instructions will be keyed to an appropriate PAM Issuance by Section and Part reference, so that they may be inter-filed. They will not be designated PAM Changes.

G. Distribution

1. The Manual is to be distributed to all elements of the Department of Defense concerned with the administration and use of priorities and allocations authority, and to organizations outside of the Department of Defense which have been given Department of Defense delegation of priorities authority. All distribution will be in accordance with prescribed Department of Defense distribution procedure.

2. This Manual is distributed as DA-PAM 715-5 by the Army, and AFM 78-4, Air Force.

H. Classification

No Manual Issuances will be classified. Supporting instructions of a kind which require security classification will be issued as classified "Department of Defense Instructions" in the priorities and allocations series (4400-4499). Manual Issuances are for the information and instruction of government personnel, and are not for publication or distribution to suppliers or the general public.

1/ A complete reprint of the Manual will be issued periodically for administrative convenience. The date of this Issuance is the date of such a reprint; all PAM Issuances of prior dates are superseded.

A. Introduction

This Issuance is a statement of what the Priorities and Allocations System is, who operates it, and how it affects elements of the Department of Defense. It states only the general provisions and, to give a broad picture, does not mention the particulars, nor the exceptions. A chart of the system is attached as Exhibit 1.

B. Chain of Authority (PAM Section 1)

1. Title I of the Defense Production Act provides that "priorities" may be used to require acceptance and performance of certain contracts and orders in preference to others, and that materials and facilities may be "allocated" for defense purposes.

2. The responsibility for using these powers is placed by the President in a civilian agency, the Office of Civil and Defense Mobilization, with authority to delegate use of the powers to other agencies. The Office of Civil and Defense Mobilization retains the function of over-all policy guidance, and of dividing national resources among any competing elements of the economy. OCDM has delegated certain authorities under Title I to Agriculture, Interior, and ICC, but to the Department of Commerce has given general responsibility for direction of industrial production.

3. The Business and Defense Services Administration (formerly National Production Authority) is a part of the Department of Commerce. It is charged with establishing the basic priorities and allocations rules (regulations and orders) for industrial production to support defense programs with the least disruption to the national economy. BDSA Regulations and Orders state rules within which both industry and government agencies must operate.

4. Both BDSA and the Department of Defense have responsibilities for administering the priorities and allocations rules. Department of Defense's responsibility is assigned by delegations of authority from BDSA. Use of this authority is mandatory, not optional, with the exception of purchase orders under $500. The sum-total of the orders, regulations, the delegations, and their administration is "the Priorities and Allocations System".

5. The Priorities and Allocations System is now used only to support military, Atomic Energy Commission, and directly related programs.

C. Rating System (PAM Sections 2 and 14)

1. All Department of Defense procurement, with very minor exceptions, is rated under the terms of BDSA (NPA) Regulation 2 -- the basic rules for the priorities system. In general, a rating requires acceptance and performance by a specified date on a rated order in preference to any unrated order. There are two ratings: DX and DO. DX is a higher rating than DO, and an order rated DX takes precedence if both cannot be filled by the required delivery dates.

2. Almost all military procurement is given a DO rating. However, for the programs selected by the President as of highest national priority, all rateable contracts and orders are rated DX instead of DO. Except for these programs, a DX rating is a bottleneck-breaking device, issued only by BDSA (see paragraph F below).

3. All DOD rateable contracts include a uniform priorities, allocations and allotments clause pursuant to ASPR 1-307.2 in which the contractor is directed to comply with BDSA regulations.

4. Authority to rate contracts is the first of two very broad priorities and allocations delegations given to the Department of Defense. Its use is mandatory except for orders under $500.

D. Defense Materials System (PAM Sections 3 and 4)

1. DMS affects construction, research and development, and the production of hard goods; it identifies, measures, and governs the distribution of the controlled materials necessary for defense orders. Steel, copper, aluminum, and nickel alloys are the four "controlled materials";

orders identified with program symbols A, B, C, D, or E are "defense orders". Authority under DMS, including allotment of the four controlled materials, is the second of the two broad priorities and allocations delegations given by BDSA to the Department of Defense. Its use is mandatory, except for orders under $500.

2. Under DMS, all manufacturers who use controlled materials in their production are classified into Class A product producers, or Class B product producers for procedural reasons: Class A products are produced only for sale to a few special customers, and the customers provide for allotment to producers; Class B products are kinds of things which are produced commercially for sale to many customers, and no allotments are made for their production. A missile is a clear example of a Class A product, and a passenger car, of a Class B product. The Department of Defense buys both Class A and Class B products on rated contracts and orders.

3. The essential elements of the Defense Materials System which most affect Department of Defense procurement are these:

a. The Department of Defense and AEC furnish the civilian programming agency (OCDM) with quarterly statements of the quantities of controlled materials needed for their Class A products and for direct purchase. BDSA estimates the requirements for the production of Class B products.

b. OCDM allocates controlled materials to the Department of Defense and AEC, and advises BDSA of the quantities needed for the total of A and B product production for defense orders.

c. Each producing unit in the four controlled materials industries is told by BDSA of its share of the defense requirement, and each mill establishes its "set-aside" of the necessary portion of its production to be held in reserve for defense orders.

d. DOD and AEC allot controlled materials to their prime contractors who are suppliers of Class A products (including construction). Allotments are made by the departments and associated agencies, or by AEC, on the basis of information furnished on Form DMS-4A (or 4C). Prime contractors do not reallot to their suppliers but extend the rating and allotment number on all their purchase orders.

e. Defense suppliers of Class B products or on "small orders" of Class A products (including contractors for small construction projects) are given rated procurement orders and required to use the self-authorization procedures of DMS. They make no application and receive no allotments.

E. Program Identification in Ratings and Allotments (PAM Sections 2 and 3)

1. Suppliers' authority to place defense orders, which give them a preferred status, stems from rated research and development, production and construction contracts of DOD or AEC issued under either the rating system (paragraph C above) or DMS (paragraph D above). Procurement for all DOD programs is identified with an A, B, or C symbol; AEC procurement is identified with the E symbol.

2. The BDSA may issue ratings and allotments identified in the D series for defense-related projects if recommended by the Assistant Secretary of Defense (Installations and Logistics) for the Department of Defense, or recommended by the Atomic Energy Commission. BDSA also authorizes use of ratings and allotments in the D series by published Directions to DMS Reg. 1 for industrial support of military and AEC programs.

3. Anyone who receives rated orders must use the rating and allotment when he buys production materials to support such orders. Suppliers extend the program identification in the rating and allotment number they receive from their customers, except that self-authorizing consumers may "basket" under a B5 symbol if direct extension is too burdensome.

F. Special Priorities Assistance (PAM Sections 7 and 12)

When the rating and allotment procedures will not prevent delays, there are special priorities techniques which are used to give precedence to orders of high urgency. Issuance of an overriding DX rating, of delivery or production directives on specific orders, and redirection or diversion of shipments, may be necessary to keep an important program on schedule. These, unlike regular ratings and allotments, are not used on all military procurement but are emergency, bottleneck-breaking techniques. BDSA has reserved the special assistance authority for its own use, except for special delegations to DOD.

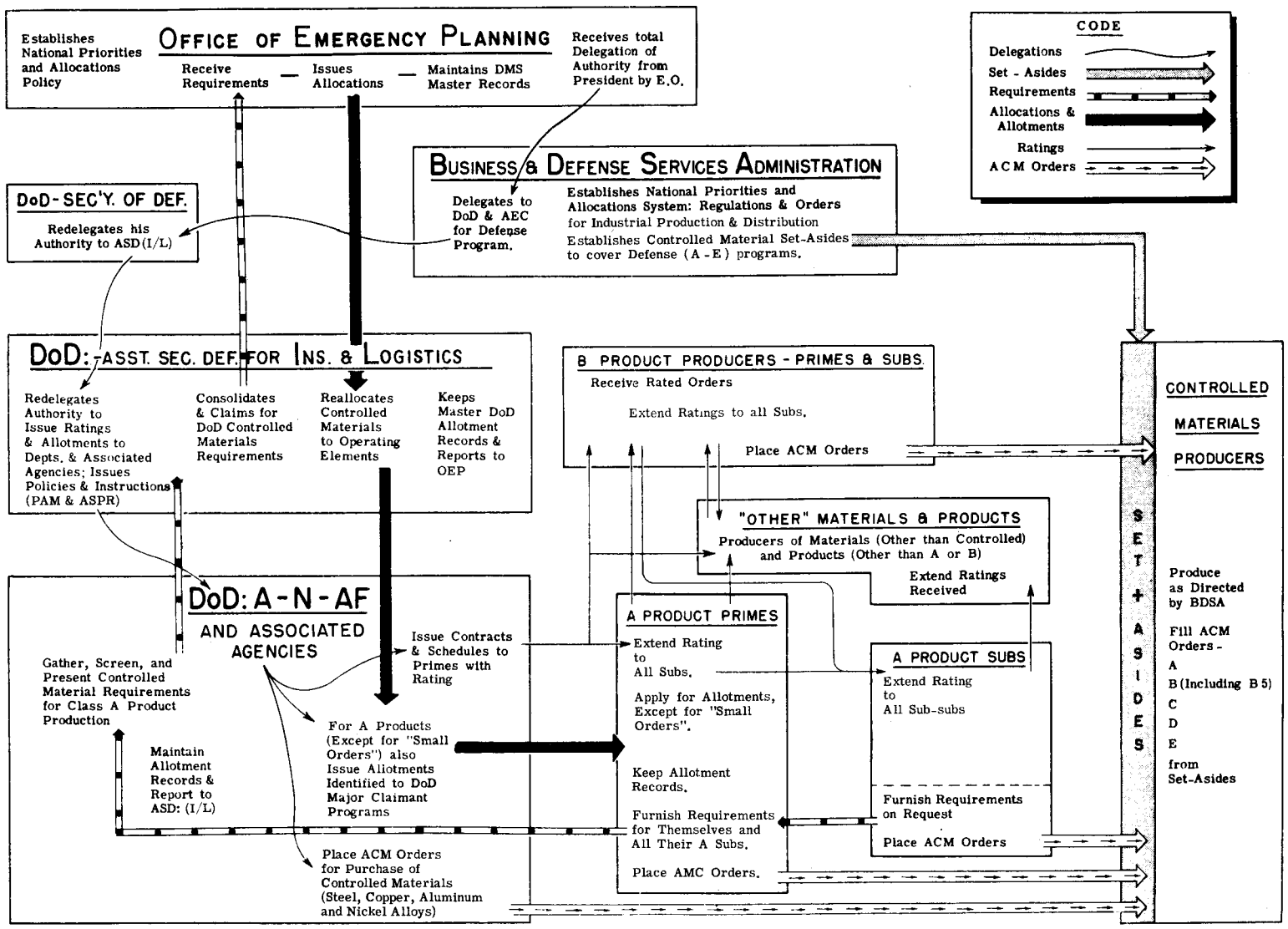
G. General

1. All official actions of NPA in force at the time that agency was replaced by BDSA, were continued and validated as BDSA actions by BDSA Reg. 1 of 1 October 1953. Included were Regulations, Orders, Directives, Delegations, and Interpretations.

2. The BDSA regulations and orders state the legal rules for priorities and allocations for materials under the jurisdiction of the Department of Commerce. They are listed in Section 9 of this Manual, and must be available to persons using rating or allotment authority. Their effect on suppliers is summarized in Section 1-9.

3. This statement is intended to help bring relationships of the major elements of the priorities and allocations system into focus; it will be amended as the system is modified in any major respect. The remainder of the Priorities and Allocations Manual contains the governing policies, and the specific responsibilities in the operation of the priorities and allocations system within the Department of Defense.

Exhibit I. PRIORITIES AND ALLOCATIONS SYSTEM (1 NOV 1961)



This Section contains definitions or usage of terms as applied to the Priorities and Allocations Program of the Department of Defense. Throughout this Manual, common words which need no special definition will be used wherever possible. Therefore, the specific terms defined in this Section will be those that have a special connotation as used in priorities and allocations. (Where definitions are quoted, the source is indicated.) It is of the greatest importance that every Manual user be familiar with these terms in order to assure their uniform understanding and application.

Use of Terms

Allocation or Allotment - The quantitative distribution of authority to use specified materials. The Department of Defense instructions use the terms:

Allocation, to describe that part of the process of distributing authority to use controlled materials from the Office of Civil and Defense Mobilization to the Assistant Secretary of Defense (Installations and Logistics), to departments, to operating elements, and

Allotment, the authority issued to contractors or to elements of the departments which buy or use controlled materials as such.

Advance allotments mean allotments made for deliveries in additional quarters beyond the current quarter.

Allotment Number - The "short form" consists of a claimant agency letter symbol and one digit, designating the claimant program of the agency (e.g., A1). It is used, under DMS, in buying controlled materials. A "full allotment number", used in making allotments to prime contractors, is described in Section 3.

Associated Agencies - Government agencies which are not part of the Department of Defense but which, for purposes of priorities and allocations, are considered as operating elements of the Department of Defense, and receive delegations of priorities and allocations authority, claim for materials, and receive allocations from the Office of the Assistant Secretary of Defense (Installations and Logistics).

ACMO (Authorized Controlled Material Order) means any delivery order for any controlled material (as distinct from a product containing controlled material) which is placed pursuant to an allotment or pursuant to self-authorization...., or which is specifically designated to be such an order by any regulation or order of the Business and Defense Services Administration. (DMS Reg. 1.) Authorized Controlled Materials Orders are given preferred treatment.

Authorized Program, under DMS, means a military, atomic energy or other program for which the use of rating and allotment authority is specifically approved by OCDM.

Claimant Agency means Department of Defense or Atomic Energy Commission. And Allotting Agency means Department of Defense, AEC, BDSA, or any government agency or subdivision thereof designated as such by the OCDM. (DMS Reg. 1.) Claimant agencies submit requirements to OCDM for the programs for which they are assigned responsibility. The Department of Defense is one claimant agency. The Assistant Secretary of Defense (Installations and Logistics) acts for the Department of Defense in claiming for the requirements of the military departments and associated agencies.

Class A and B Products are defined in DMS Reg. 1. A and B products require steel, copper, aluminum or nickel alloys (controlled materials) in their production. The producers of these products selling to the Department of Defense, AEC, or their suppliers are subject to the provisions of the Defense Materials System.

A products are items containing controlled materials and not listed as B products. Class A products may be end items, or they may be specialized components of either B products or A products. Class A products of the Department of Defense are usually specially designed military end items or specialized components; construction and research and development projects are defined as A products.

B products are listed in the BDSA "Official Class B Product List". They are normally civilian-type end items, commercial and common components.

Consumer - A term used in DMS to mean a manufacturer who consumes controlled materials in production.

Prime Consumer means any person who receives an allotment of controlled materials directly from an allotting agency. (DMS Reg. 1.) For the Department of Defense, prime contractors who supply A products are prime consumers (unless excepted under the small order procedure). Industrial or supply establishments of the Department of Defense also may be prime consumers.

Self-Authorizing Consumer means any person who receives authority to obtain controlled materials by self-authorization.

Contractor, Military - The term includes both prime and subcontractors.

Controlled Material means domestic and imported steel, copper, aluminum, and nickel alloys, in the forms and shapes indicated in Schedule I of DMS Reg. 1, whether new, remelted, rerolled or redrawn. (DMS Reg. 1.)

DMS (Defense Materials System) is the plan established by BDSA to give priorities assistance, within quantitative limits expressed in terms of controlled materials, to the Department of Defense, AEC, and their contractors.

Delegation of Authority - This term is used to describe the document which authorizes a person to take action under the priorities and allocations powers under Title I of the Defense Production Act. The document lists the conditions of its exercise, the redelegation permitted, and may state the governing procedural and reporting requirements.

Delivery Date - The date on which the supplier surrenders an item to the first common carrier or the purchaser. The required delivery date specified on a rated order from a customer becomes part of the priority; in case of production conflict between two rated orders received at the same time, the required delivery dates govern the producer's scheduling.

MRO (Maintenance, Repair and Operating Supplies) - Items normally stocked to keep a facility operating, or required in an actual or impending breakdown of a facility. Maintenance and repair items include supplies for minor alterations required to maintain (but not increase) the operating capacity of a facility under changing conditions of operation. Materials for installation of equipment are included in MRO.

Materials means any raw, in process, or manufactured commodity, equipment, component, accessory, part, assembly, or product of any kind. [BDSA (NPA) Reg. 2.]

Operating Elements are the principal organizational units in the military departments and associated government agencies which present their requirements and receive their allocations through the Assistant Secretary of Defense (Installations and Logistics). (See Section 3 for list.)

Orders, Military - Refers to all purchase commitments of the Department of Defense, including procurement and construction contracts, purchase orders, letters of intent, etc.

Priorities and Allocations - A term which describes the extraordinary authority delegated by OCDM under Title I of the Defense Production Act: to determine and enforce selective preferential claims in the production and distribution of goods and services and to allocate industrial resources, materials, services and facilities to meet the preferred claims. The methods for using this authority include (1) preference ratings or symbols on individual orders for direct purchase, extendible to materials; (2) allocations of resources among classes of uses or to individual users; (3) scheduling or directing production or delivery of end products, components, or materials; (4) inventory controls; (5) import and export limitations; (6) prohibition or curtailment of the manufacture of specified products or of uses of materials (including construction limitations); (7) standardization and simplification of specifications for emergency conservation; (8) concentration of production in selected facilities, or otherwise controlling the use of facilities; and (9) rationing and other distribution controls. Only (1), (2), and (3) are in use.

Priorities Orders include rated and ACM orders. Acceptance and delivery are mandatory under the terms of BDSA Reg. 2 and DMS Reg. 1. (See Section 1-9 for effect.)

Priority is the degree of precedence given to an order or contract at the expense, if necessary, of competing contracts or orders of lower priority held by the same supplier or facility, to obtain completion, delivery, or performance on a particular date.

Program, Major Claimant (Department of Defense) - Groups of similar products or construction into which all military procurement is divided. Groupings are based on (a) industrial production relationships, (b) procurement relationships, or (c) use relationships. Major claimant programs are subdivided into Department programs and their sub-programs, and used to accumulate data on requirements [Procurement (Claimant) Programs], allocation, and performance.

Rating - A symbol assigned to a contract, order, award, or letter of intent, etc., to establish the degree of precedence which must be given in its execution and delivery. The rating which the Department of Defense issues is usually "DO" plus a program symbol in the A, B, or C series.

Rating and Allotment Number - The prefix DO (or DX) and the claimant program identification (e.g., DO-A5). Both the physical identification and the use of "rating and allotment number" and "rating" are exactly the same.

Self-Authorization - A term used in DMS Reg. 1 to mean that a person is authorized to use a rating or place an ACM order without making an application to or receiving an allotment from an allotting agency or a prime consumer. For example, all producers of Class B products must, by "self-authorization", place ACM orders for controlled materials and DO ratings for other materials they need to produce on the rated orders they receive.

A. Source and Nature of Priorities and Allocations Authority

1. Priorities and allocations authority is conveyed by delegations to the Department of Defense from the Business and Defense Services Administration. The delegations are specific in content and indicate the area of authority which may be exercised, the source of the authority, and limitations on its application and redelegation.

2. All delegations of priorities and allocations authority in the Department of Defense are based on BDSA Delegation 1 (Exhibit 1) to the Secretary of Defense under the authority of DMO I-7, Executive Order 10480, and the Defense Production Act.

3. BDSA Delegation 1 authorizes the Secretary of Defense, basically "....to make allotments of controlled materials, to apply or to assign to others the right to apply DO ratings and allotment numbers with respect to contracts and purchase orders to meet programs authorized by the Office of Civil and Defense Mobilization for or through the Department of Defense...." A list of programs authorized by OCDM is attached as Exhibit 2. This basic delegation is supplemented by special, limited, scheduling authority and DX rating and allotment authority.

B. Delegations by Department of Defense

1. The Secretary of Defense has delegated all the authorities of BDSA Delegation 1, as amended and supplemented, to the Assistant Secretary of Defense (Installations and Logistics) with power of redelegation. Exhibit 3 to this Section 1-5 lists the outstanding delegations of priorities and allocations authority issued by the Assistant Secretary of Defense (Installations and Logistics), and Exhibit 4 charts the major redelegations.

2. Persons to whom priorities and allocations authority has been delegated by the Assistant Secretary of Defense (Installations and Logistics) are generally authorized to redelegate it within their departments or agencies. No redelegation of BDSA Delegation 1 authorities may be made to other departments or associated agencies without Office of the Assistant Secretary of Defense (Installations and Logistics) approval, nor to other government agencies unless specifically authorized by BDSA. Each person who redelegates priorities and allocations authority will maintain a record of such redelegation and of the limits placed upon its use.

3. Under the terms of BDSA Delegation 1, the authorities delegated by it may only be exercised in conformance with (a) limitations of responsible agencies (e.g , Program Determinations of OCDM); (b) Orders, Regulations and instructions of BDSA; and (c) policy directives of the Assistant Secretary of Defense (Installations and Logistics). Issuances in this Manual are based on BDSA Delegation 1, and constitute the policy directives to govern all use of the priorities and allocations authority delegated under it within the Department of Defense (and within agencies associated with the Department of Defense for priorities and allocations purposes). Each user of DOD priorities and allocations authority must conform to the provisions of this Manual as one of the conditions of his delegation of authority.

C. Issuance of Delegations

A delegation of priorities authority from the BDSA to the Department of Defense embodies inter- and intra-agency agreements on responsibility for administration of a priorities program. The procedure for issuing such a delegation and the resultant redelegations from the Assistant Secretary of Defense (Installations and Logistics), therefore, includes such of the following steps as are necessary to the development of a particular program.

1. The Department of Defense requests, or the BDSA proposes, a new or amended delegation of priorities authority under which elements of the Department of Defense would assume operational responsibility.

2. The Office of the Assistant Secretary of Defense (Installations and Logistics) coordinates the Department of Defense position with respect to the desirability of the proposal, and prepares a Department of Defense comment on a BDSA proposal, or a formal request for additional authority, for submission to BDSA, and represents the Department of Defense position in negotiations. Concurrence in compromise proposals is secured.

3. When negotiations indicate that the Department of Defense will have new or expanded priorities and allocations authority, the Office of the Assistant Secretary of Defense (Installations and Logistics) drafts, with interested agencies or offices and departments, the necessary implementing policy guidance and general procedures.

4. BDSA notifies the Office of the Assistant Secretary of Defense (Installations and Logistics) when a delegation is signed by the Administrator, and the documents drafted in (3) above are approved for issuance in this Manual.

5. Upon notification that the Department of Defense is ready to perform the functions under the delegated authority, BDSA releases it for publication in the Federal Register and print distribution.

6. After receipt of an official copy of a delegation from BDSA, the Office of the Assistant Secretary of Defense (Installations and Logistics) prepares redelegations for the signature of the Assistant Secretary of Defense (Installations and Logistics), securing clearance by counsel in other than routine actions, and initiates the required DOD Directive or Instruction in the 4405 series.

D. Other Delegations by BDSA

BDSA has delegated authority similar to that given the Department of Defense to the Atomic Energy Commission. In addition, BDSA has issued other delegations, which are subject to the policy and program guidance of the Department of Defense,

1. To the Canadian Division of BDSA, for Canadian military programs (PAM Section 13-1); and

2. To the Priorities and Directives Division of BDSA, for Munitions List items and other sponsored support of military programs of friendly foreign countries (PAM Sections 13-2, 13-3); and issuance of sponsored spot assistance in the "D" series (PAM Sections 7-5 and 4-9).

Exhibit 1:

Basic Priorities and Allocations
Delegation to Department of Defense

U. S. DEPARTMENT OF COMMERCE
Business and Defense Services Administration
[BDSA Delegation 1 as amended May 31, 1960]

Delegation of Authority to Secretary of Defense

1. Authority:

This amended delegation of authority to the Secretary of Defense is issued pursuant to the Defense Production Act of 1950, as amended, Executive Order 10480 (18 F.R. 4939) as amended, Defense Mobilization Order I-7 (18 F.R. 5366) as amended, and Department of Commerce Order 152 (18 F.R. 6503) as amended.

2. General:

The Secretary of Defense is delegated the authority to make allotments of controlled materials and to apply or assign to others the right to apply DO ratings and allotment numbers with respect to contracts and delivery orders to meet programs authorized by the Office of Civil and Defense Mobilization for or through the Department of Defense.

3. Production and Construction Equipment:

a. With respect to production equipment and construction equipment, the authority delegated to the Secretary of Defense to assign to others the right to apply DO ratings and allotment numbers is limited to: (1) Prime or subcontractors on orders for delivery of production equipment required to support authorized procurement programs of the Department of Defense or its delegate agencies, and (2) Prime or subcontractors on orders for delivery of construction equipment for use on construction in Alaska and Hawaii and outside the other 48 States and the District of Columbia.

b. The authority delegated by paragraph 3(a)(1) of this delegation for delivery of production equipment may be assigned to prime or subcontractors only where it is determined that they cannot otherwise obtain such equipment when needed to produce items to be delivered on rated orders.

c. The authority delegated by paragraph 3(a)(2) of this delegation for delivery of construction equipment may be assigned to prime or subcontractors only where such equipment is to be used for construction projects and only if the following conditions are satisfied:

(1) Department of Defense reserve equipment is not available for the work;

(2) Construction by troops is not practical;

(3) The contractor is fully utilizing existing available equipment in the area;

(4) The equipment cannot be obtained in time without use of ratings; and

(5) Title to the equipment would vest in the United States, either at the time of purchase, at some time during the life of the contract, or upon completion of the contract.

d. As used in this delegation, the term "construction equipment" means any item (exclusive of parts thereof) listed in List A of BDSA Order M-43A.

4. Delivery Scheduling:

The Secretary of Defense is also delegated the authority to reschedule deliveries of materials which are required in support of the following Department of Defense programs: Aircraft Program (A1), Missiles Program (A2), Ships Program (A3), Tank-Automotive Program (A4), Weapons Program (A5) and Ammunition Program (A6): Provided, That such authority shall be applicable (1) only to rescheduling of deliveries among rated orders or authorized controlled material orders bearing such program identifications, and (2) only to the extent that such rescheduling of deliveries requires no change in production schedules of the person making the deliveries.

5. DX Authority:

a. The Secretary of Defense is also delegated the authority to apply or assign to others the right to apply DX ratings and DX allotment numbers to contracts and delivery orders to meet those programs designated as eligible for DX program rating by the Office of Civil and Defense Mobilization, including but not limited to research and development, construction and production under such programs.

b. Subject to the following conditions, the Secretary of Defense is also delegated the authority to apply or assign to others the right to apply DX ratings and DX allotment numbers to contracts and delivery orders to meet programs other than those designated as eligible for DX program rating by the Office of Civil and Defense Mobilization:

(1) The Secretary of Defense will redelegate such authority to only the Assistant Secretary of Defense (Supply and Logistics) 1/ and the Assistant Secretary of Defense (Supply and Logistics) will redelegate such authority for use by only one other delegate within the Department of Defense.

(2) The use of DX ratings and DX allotment numbers will be limited to those cases in which the following determinations have been made: (i) the necessity for obtaining the materials or products is of such a compelling and urgent nature that failure to use a DX rating or a DX allotment number will result in serious dislocation of military programs; and (ii) the extreme urgency for materials or products does not permit utilization of coordinated authorization procedures for the issuance of DX ratings and DX allotment numbers established within BDSA; and (iii) the materials or products cannot be obtained when needed by the use of DO ratings and non-DX allotment numbers.

(3) The Department of Defense will furnish to the Office of Industrial Mobilization, BDSA, immediately after issuance, a copy of each action authorizing the use of a DX rating or a DX allotment number.

6. Limitations of Authority:

a. This delegation shall not be used for (1) direct procurement or contractors' purchase of construction equipment for use on construction within the United States and the District of Columbia except in Alaska or Hawaii; (2) civilian type items for resale in Military Exchanges or packaging for such items other than packaging for export of such items; or (3) material purchased from exclusively retail establishments except in emergency situations to prevent imminent stoppage.

b. This delegation shall be exercised within the limits (1) of such program determinations or other quantitative restrictions as may be established by the Office of Civil and Defense Mobilization, (2) in accordance with regulations and orders of BDSA, and (3) in accordance with such instructions (including instructions to forms), record-keeping and reporting requirements, and directives as may be issued from time to time by BDSA or, subject to the approval of BDSA, by the Secretary of Defense or the Assistant Secretary of Defense (Supply and Logistics).

7. Certifications:

In making allotments of controlled materials and in applying ratings and allotment numbers, as the case may be, the certification prescribed by the appropriate regulation or order of BDSA shall be used. In assigning to others the right to exercise this authority, the following certification shall be used:

1/ Assistant Secretary of Defense (Installations and Logistics)

By authority of the Business and Defense Services Administration, the right is hereby assigned to (description of scope of assignment).

This certification shall be authenticated with the signature of an authorized official of the Department of Defense or its delegate agency.

8. Redelegations:

Subject to the specific limitations provided in this delegation, the authority granted by this delegation may be redelegated (a) within the Department of Defense, and (b) to agencies of the United States administering programs authorized by the Office of Civil and Defense Mobilization for or through the Department of Defense. No other redelegations of such authority shall be made without the prior written approval of the Business and Defense Services Administration. Any redelegations of such authority outside of the Department of Defense shall be made in writing and a copy thereof furnished to the Business and Defense Services Administration.

9. Revocation:

All published supplements and all unpublished policy memoranda which were issued by the National Production Authority under NPA Delegation 1 or by the Business and Defense Services Administration under BDSA Delegation 1 are hereby revoked and superseded by this amended delegation.

This amended delegation shall take effect May 31, 1960.

BUSINESS AND DEFENSE
SERVICES ADMINISTRATION,

William A. White, Sr.,
Administrator.

Exhibit 2: Authorized Programs

A. The Office of Emergency Planning has authorized use of priorities and allocations authority by the Department of Defense for the following programs:

1. Direct Military Procurement

Army procurement, except Civil Works Program; Navy procurement, including Coast Guard; Air Force procurement; and Defense Supply Agency procurement.

2. Military Support

In addition, military and Title VIII housing; National Guard construction partially or
* wholly financed from Federal funds; civilian transport aircraft; and the following portions of
* the Civil Defense Program 1/:
*
* (1) Federally purchased items for use in equipping and stocking
* fallout shelters:
*
* a. Water drums and liners
* b. Bag liners, polyethylene
* **c. Containers and packaging material for food (see Section 2-4.1)
* d. Medical kits
* e. Sanitation kits
* f. Radiological instruments and spare parts
*
* **NOTE: Ratings for food processing machinery will be obtained
* by use of DD Form 691 procedure (see Section 2-4.2).
*
* (2) Construction by Federal Government of regional protected sites.
*
* a. Ft. Devens, Massachusetts
* b. Others for which Federal funds are approved.
*
*
* (3) Civil Defense warning and communications systems which are partially
* or wholly financed from Federal funds.

3. Industrial Support

Production equipment for contractors; construction equipment for Hawaiian, Alaskan and offshore projects.

B. Use of priorities and allocations authority is authorized through the Department of Defense for the following directly related programs administered by associated agencies:

1. NASA procurement and industrial support.

2. CIA - Classified.

3. Airline MRO, and Air Navigation Facilities Programs (FAA).

4. Canadian military program, and direct defense needs of friendly foreign nations (BDSA).

5. Commercial ship construction as designated by OEP (Maritime Administration).

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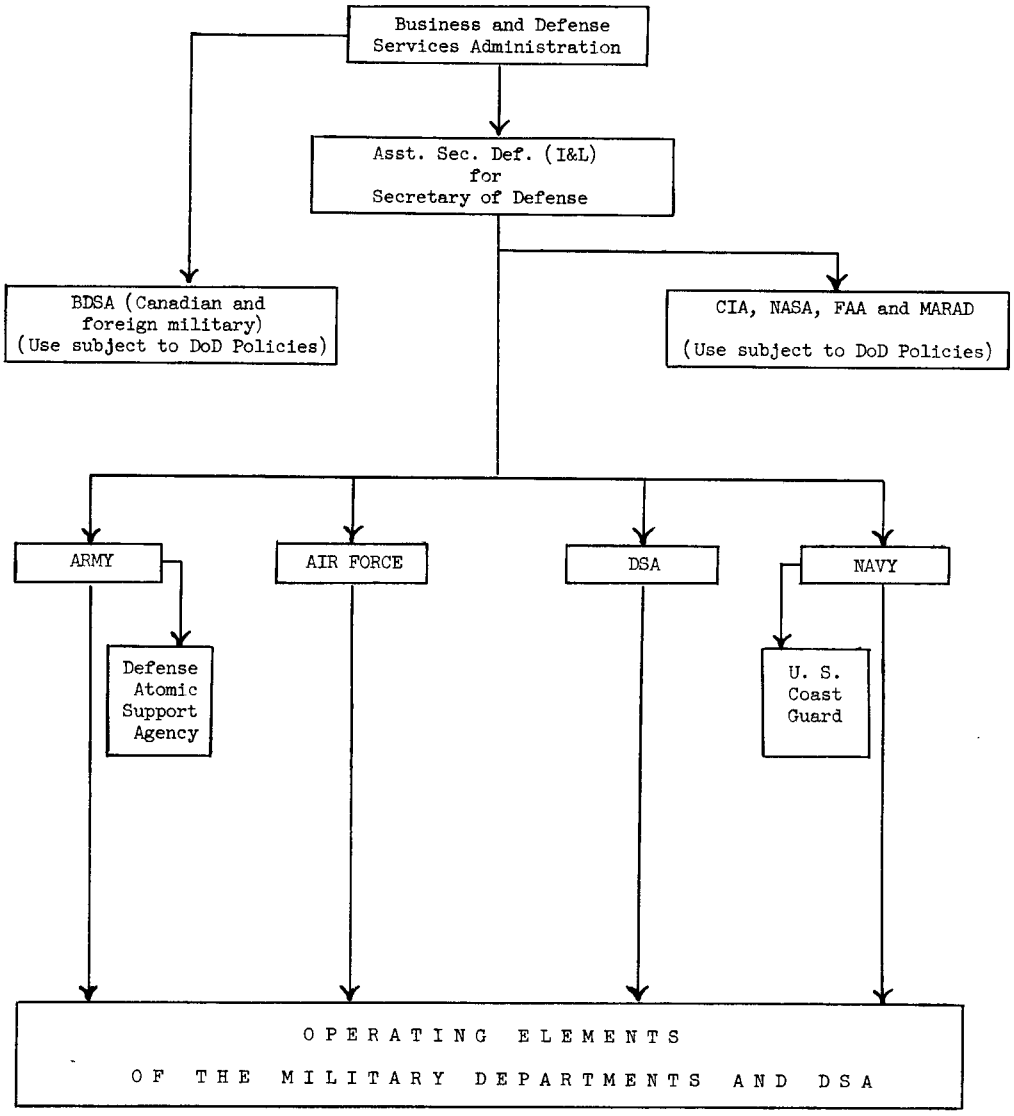
* New material.
1/ See Section 15 for procedures.

Exhibit 3:

Delegate	Brief of Delegation
Ratings and Allotments	
Secretaries, Departments of the Army, Navy, and Air Force, and Administrator, National Aeronautics and Space Administration	To issue DO ratings and allotments of controlled materials for authorized programs, and DX ratings and allotments for those of highest national priority.
Secretaries, Departments of the Army, Navy, and Air Force	To issue DO ratings and allotments for civilian transport aircraft production program.
Administrator, Federal Aviation Agency	To issue DO ratings and allotments for Air Navigation Facilities program, and airline MRO.
Administrator, Maritime Administration	To issue DO ratings and allotments for specific ships approved by OCDM.
Director, Central Intelligence Agency	Classified.
Rescheduling Deliveries of Materials	
Secretary, Department of the Army	For A1 (Aircraft) and A4 (Tank-Automotive) Programs
Secretary, Department of the Navy	For A1 (Aircraft) and A3 (Ships) Programs
Secretary, Department of the Air Force	For A1 (Aircraft) and Air Force portion of A2 (Missiles) Programs

Exhibit 4: Major Redelegations



1. All contracts and orders placed by or under the authority of the military departments and associated agencies in support of authorized programs will be rated except where ratings are prohibited, and except that purchases of $500 or less may, but need not, be rated. The above applies, regardless of the source of funds, to all contracts and orders, including research and development contracts, 1/ letters of intent, and long-term leases of equipment not customarily sold. 2/

2. Ratings will not be issued for:

a. Direct procurement of "controlled materials" - steel, copper, aluminum, and nickel alloys. (See PAM Section 3.)

b. Items on List A of BDSA Regulation 2.

c. Contracts for services, except those relating to deliveries of materials as explained in Section 7 of BDSA Regulation 2.

d. Procurement specifically prohibited from DO ratings by BDSA Delegation 1 to the Department of Defense.

* e. Items ordered or requisitioned from GSA (Federal Supply Service). 3/

* f. Civil Defense Program.

Note: Exhibit 1 to Section 2-1 lists in more detail the types of things or uses for which the Department of Defense will not issue DO rating and allotment numbers.

3. In the Department of Defense, DO ratings will be issued only by persons authorized to do so under delegations of authority.

4. All uses of rating and allotment numbers must be in accordance with the basic rules of the system as established or validated by BDSA in Regulations, M-Orders and published Delegations of Authority. All Department of Defense delegates who use DO ratings must also conform to the provisions of this Manual, and to other applicable directives issued by the Assistant Secretary of Defense (Installations and Logistics) and the military departments.

* 5. The purchasing department or Defense Supply Agency is responsible for issuing
* ratings for all rateable items, and allotments for all Class A products, which it procures,
* whether or not it is the "using" element.

6. Contracts or orders will be rated at the time of placement, and will include the contract clause as required by ASPR 1-307.2.

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* Changed material.
1/ By authority in letter of December 12, 1950, from the Administrator of NPA.
2/ Interpretation 3 to BDSA (NPA) Regulation 2.
* 3/ Neither ACM nor rated orders will be placed, but the estimated material will be
* included in requirements and "charged off" allotment accounts when orders are
* placed. (See Section 3-4.7, paragraph E.)

Revocation - Allocation and Rating Committee

The Allocation and Rating Committee, established in 1950, has been disbanded.

The function of the Committee was to advise its Chairman on allocation of controlled and critical materials, and relative urgencies of competing procurements.

The authority formerly held by the Chairman of the Allocation and Rating Committee has been delegated to the Director, Production Policy, Office of the Assistant Secretary of Defense (Installations and Logistics).

1. The use of priorities ratings for all programs of the Department of Defense, together with the DMS for hard goods procurement and construction, ensures preferential treatment by industrial suppliers, and timely deliveries to support the national defense. The size of the military, atomic energy and space programs, together with the urgency of those portions determined by the President as of highest national priority, have resulted in extension by the Congress of the priorities and allocations powers of the Defense Production Act of 1950, and make their continued use mandatory. As a by-product of the priorities and allocations system, identification of defense orders at all levels in the chain of industrial production is made possible, their impact can be measured, and, in the event of mobilization, industrial controls could be imposed in time to divert scarce materials to essential uses.

2. The Director of the Office of Defense Mobilization decided, upon the advice of the Defense Mobilization Board, that a limited Defense Materials System (DMS) will be continued. The President and his Cabinet gave their approval. The simplified DMS, adopted on 1 April 1954, is to be retained as an essential mobilization preparedness measure as long as the international situation makes such preparedness necessary. This decision is made with knowledge that DMS procedures place more of a burden on metal-using industries and on the government agencies involved than the current materials situation, considered alone, would warrant. The decision is based on the value to the nation of having a materials allocation system in being should international conditions cause an increased mobilization. In this sense, DMS operations become training in the "mobilization assignment" of the Department of Defense, its associated agencies, and their major hard goods suppliers. DMS as revised 1 December 1959, recognizes the relatively easy materials situation and strips the system of much of the materials allotment accounting previously required. Yet the basic control framework remains available for use should the nation's safety demand it. A tremendous amount of time would be saved by virtue of having this system in operation were increased mobilization to become necessary. The international situation does not yet justify losing such an advantage and the probability of the need for the fastest possible mobilization in the event of attack more than justifies such caution.

3. To implement this national policy, the Secretaries of the Army, Navy, and Air Force were requested to issue instructions within the departments to ensure the retention of the trained staff, or the training of replacements, that are needed to carry out priorities and allocations operations, particularly those engaged in and familiar with DMS requirements submissions, allocations and allotments. The departments had previously been urged to compile and maintain a roster of all trained personnel familiar with priorities and allocations operations, so that any emergency staff expansion might be made with a minimum of training time. A statement of the supporting policies and of the implementing priorities program for the Department of Defense is attached as Exhibit 1.

4. The Armed Services Procurement Regulation (ASPR) includes a statement of this policy, and requires insertion of a uniform priorities, allocations and allotments clause in all Department of Defense rateable contracts. Exhibit 2 quotes the ASPR provisions.

5. The primary purpose of this national policy is to assist military procurement. So long as it is the national policy to keep priorities and allocations, all elements of the Department of Defense shall take every possible action to support its rules.

Exhibit 1: Department of Defense Priorities Policy and Program

Department of Defense Policy on Priorities and Allocations

1. It is Department of Defense policy that priorities and allocations operations of the kinds that will fulfill the following objectives be retained:

a. Assure acceptance of orders and timely deliveries of industrial materials and products needed to fulfill Department of Defense and Atomic Energy Commission production and construction programs, programs of friendly foreign nations that have been determined eligible for parity treatment with U. S. military programs, and national stockpile requirements.

b. Maintain enough of the procedural structure basic to full controls to permit the rapid reactivation necessary during an emergency period.

c. Maintain such reports between industry and government as are necessary to assure that adequate information on supply and consumption of essential materials and products is available in event it is necessary to reinstitute controls.

Scope

As used herein, the term "defense orders" includes only procurement under programs of the Department of Defense, its associated agencies, and AEC; and procurement under programs of friendly foreign nations that have been determined eligible for parity treatment with U. S. military programs.

Program

The following program is recommended to carry out the policy stated above:

1. Continue in operation the rating system for defense orders, and for only such defense-related orders as are sponsored by the Department of Defense or AEC.

2. Continue the Defense Materials System in operation as embodied in present regulations and orders, for defense programs, as a mobilization readiness measure. This will include periodic presentation of controlled materials requirements, decision and allocations of materials by OCDM, maintenance of allotment records, and periodic reports on use of controlled materials.

3. Explore and adopt those simplifications in DMS operations within the Department of Defense and by contractors which will reduce costs in terms of utilization of personnel and funds and yet at the same time preserve in being the essential transactions and flow of information that will permit rapid full-scale operations if necessary.

4. Continue civilian control agency direction over the production of controlled materials to assure the production of mill products for defense orders.

5. Retain authority in the civilian control agencies, over specific materials and products, for allocation or other distribution or use controls, inventory restrictions, and necessary reports from industry, but recommend its exercise only where such action is necessary to ensure adequate distribution of the materials and products to fill defense orders.

6. Maintain civilian control agency authority which will, where necessary, be exercised to direct and support the production of other materials, components, and equipment of the kinds and at the times needed to satisfy defense orders.

7. Maintain facilities to provide special assistance, including issuance of directives by the civilian control agency to place or advance deliveries on defense orders or other orders which have been sponsored by the Department of Defense or AEC as essential to prevent delays or stoppage in their programs.

8. Continue present operations with respect to sponsoring ratings and allotments for private plant expansion for defense order production.

9. Continue present operations with respect to issuance of B8 ratings for production equipment in support of military production.

10. Retain the principles of priorities ratings and DMS in related mobilization planning within the Department of Defense.

Exhibit 2: Armed Services Procurement Regulation

Priorities, Allocations and Allotments

1-307 Priorities, Allocations and Allotments

1-307.1 General. In the interest of maintaining a minimum priorities and allocations system as a mobilization preparedness measure, it is national policy to require contractors to use rating and allotment authority to support military procurement, to the extent required by the Business and Defense Services Administration.

(a) DOD Priorities and Allocations Manual. Department of Defense implementation of all rules and regulations published by the Business and Defense Services Administration, with respect to which the Department of Defense is delegated administrative responsibility, will be published in the Priorities and Allocations Manual promulgated by Department of Defense Instruction 4410.1. Authorized deviations to the priorities and allocations rules and regulations will likewise be published in the Manual.

(b) Operating Responsibility. In accordance with ASPR 1-403(a), the Departments shall comply with the priorities and allocations program, including the Defense Materials System, as set forth in the Priorities and Allocations Manual and in the rules and regulations published by the Business and Defense Services Administration.

1-307.2 Required Use of Priorities, Allocations and Allotments Clause. The contract clause set forth in ASPR 7-104.18 shall be inserted in or attached to all rateable contracts, except that no such clause need be attached to purchase orders of less than $500 which are not rated. Rateable contracts are those contracts for supplies which are required to be supported with rating and allotment authority (see Priorities and Allocations Manual, Section 2-1).

* * * * * *

7-104.18 Priorities, Allocations and Allotments. In accordance with the requirements of ASPR 1-307.2, insert the following clause:

PRIORITIES, ALLOCATIONS AND ALLOTMENTS

The contractor shall follow the provisions of DMS Reg. 1 and all other applicable regulations and orders of the Business and Defense Services Administration in obtaining controlled materials and other products and materials needed to fill this order.

Amendment of ASPR paragraph 16-303.2(b) permits the use of the "Priorities, Allocations and Allotments" clause with DD Form 1155.

A. Purpose

1. This instruction provides general guidance for the retention of priorities and allocations records required by the rules of the national priorities system and established pursuant to the provisions of the Department of Defense Priorities and Allocations Manual.

2. These provisions clarify the instructions on the retention of basic records of CMP operations forwarded by memorandum to the military departments under date of 13 November 1952.

B. Determining Factors in Establishing Retention Periods

1. Records management officials of the Office of the Secretary of Defense, each military department, and each associated agency, are responsible for the development, through internal coordination, of instructions governing the retention and disposition of records and for obtaining legal authorizations required by the Records Disposal Act for the destruction of records. Questions of records retention values, records retirement schedules and the locations of the various repositories approved for the storage of records will be referred to the records management officials.

2. The basic regulations governing the operation of the national priorities system establish certain retention periods pertaining to allotment accounting and individual transaction records. The Department of Defense will adhere to the retention periods established in these regulations.

C. General Categories of Priorities and Allocations Records

Priorities and allocations records may be grouped into six general categories for determining retention periods, as follows:

1. Program or administrative records accumulating in responsible offices of the Office of the Assistant Secretary of Defense (Installations and Logistics) and in central control offices of the military departments, Technical Service, Bureau, Command, Joint Aeronautical Materials Activity, or associated agency. These records consist of regulations, directives, operating instructions, procedures, organization charts, other similar administrative documents and the best available factoring data embodied in unit weight information, engineering estimates and bills of materials.

2. Consolidated allocations accounting control records and official record copies of monthly reports maintained by the Office of the Assistant Secretary of Defense (Installations and Logistics) and submitted by the Priorities Controller of each military department and associated agency. A representative sample of these records and reports as maintained by joint boards, offices, Technical Service, Bureau and Command may be determined to fall in this category for mobilization planning purposes.

3. Audit records, consisting of reports of audit, interim reports of audit, audit check lists, and related documents and correspondence.

4. General correspondence and the balance of those records and reports which are represented in consolidated summaries and submitted to higher echelons (except those representative samples provided for in 2 above).

5. Records composed of individual case files and supporting correspondence maintained by offices responsible for processing applications for directives, priority ratings and allotments covering materials, products and equipment.

6. Field office or operating element allotment accounting records which reflect the case-by-case allotments made to prime contractors.

D. General Rules Governing Records Retention

The following rules shall be considered in making determinations on the retention periods for the various categories of priorities and allocations records:

1. Records having continuing value for historical, administrative, or mobilization readiness purposes shall be considered for permanent or long-time retention. Normally, the records outlined in paragraph C, 1 and 2, above, will be determined to have these retention values.

2. Records which serve only temporary legal, fiscal or administrative purposes, shall be considered for retention for the comparatively short term periods required for settlement of all matters relating to the transactions. The records outlined in paragraph C, 3 and 4, above, will be determined to have these retention values.

3. Individual transaction records and allotment accounting records required by the basic regulations which establish the national priorities and allocations system shall be retained in
* accordance with the provisions of the appropriate regulation (3 years). The records outlined in paragraph C, 5 and 6, above, will be determined to have these retention values.

A. General

This Issuance summarizes the mandatory use and effect of priorities. The specifics will be found in other PAM Sections, and the legal rules, in BDSA regulations. For purposes of this Issuance, the term "priorities orders" is used to include rated orders (DO and DX), and authorized controlled materials orders (ACM and ACM-DX).

B. Authority

1. Preferential treatment of priorities orders by suppliers is mandatory. Authority stems from Title I of the Defense Production Act which says that the President can "....require.... performance under contracts or orders....by any person he finds to be capable of their performance...." Section 707 of the Act makes this feasible by protecting suppliers against claims for damages under prior contracts, and by protecting the government against discrimination: "No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from compliance with a rule, regulation, or order issued pursuant to this Act.... No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under Title I of this Act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner."

2. The Business and Defense Services Administration, as the administering agency, has issued the rules and regulations governing use of this very broad priorities authority -- rules binding on all government agencies and on all suppliers of materials and services under BDSA jurisdiction. (See PAM Section 9-Introduction, Exhibit 2, for list of BDSA orders and regulations.)

3. BDSA has delegated to the Department of Defense authority to ensure preferential treatment for its defense procurement under the rules of the priorities system, and requires that this authority be used by all DOD procuring elements and by all persons who supply the goods and services in support of DOD authorized defense programs.

4. As stated in PAM Section 1-7 and ASPR 1-307, it is DOD policy to comply with BDSA priorities rules.

C. Use of Priorities Authority

1. Under the BDSA priorities rules, the DOD will use its delegated authority by properly identifying priorities orders, and certifying its defense contracts and orders under DMS Reg. 1, regardless of the supply situation.

2. A contract embodying an agreement between buyer and seller, as defined in ASPR, or a purchase order, becomes a priorities order when properly identified and certified.

3. In addition, an order calling for delivery of any material or product, or performance of construction or service subject to priorities, when properly identified and certified, becomes a priorities order although there is no specific agreement with the supplier. The ASPR procedures and rules governing contracts, records and reports will be followed to the extent that they are not inconsistent with placing a priorities order on an unwilling supplier.

D. Mandatory Acceptance and Performance of Priorities Orders

1. In general, a priorities order must be accepted by any competent supplier, and required deliveries must be made, under penalty for willful violation of $10,000 fine or a year's imprisonment or both. Relevant excerpts from BDSA regulations are attached as Exhibit 1, but the regulations should be read in their entirety. If a supplier refuses to accept a priorities order for reasons that are not considered valid, BDSA may be requested to take action to enforce compliance (see paragraph E below).

2. Precedence among priorities orders is established in DMS Reg. 1 for controlled materials, and in BDSA Reg. 2 for all other materials, products and services. In general, a supplier's civilian business must be delayed to accommodate a priorities order only to the extent necessary to meet the required delivery date(s). Any priorities order will delay any civilian business if both cannot be handled; a DX priorities order will also delay a non-DX priorities order if necessary.

3. Suppliers are required to produce and deliver on priorities orders in accordance with the above precedence, and are also required by BDSA regulations to use the priorities they receive on their order for materials. This requirement holds regardless of the supply situation. 1/

E. Compliance

1. It is important that the mandatory nature of the priorities rules be understood, and that in expediting defense deliveries government personnel use the legal special assistance procedures (PAM Sections 7 and 12) when conflicts between priorities orders occur. In no case should any DOD or associated agency representative attempt to persuade a supplier to make a delivery contrary to BDSA regulations in order to benefit his program; all actions should promote adherence to BDSA regulations.

2. BDSA is responsible for industrial compliance; the Secretaries of the Army, Navy, and Air Force, and heads of associated agencies are responsible for proper use of priorities orders by their departmental and agency personnel (see PAM Section 10).

1/ A Board of Contract Appeals has upheld a Contracting Officer who denied the contractor an extension of time for the reason that the contractor did not make use of the Priorities Allocation and Allotments Provision of the contract. The Contracting Officer believed that the contractor had failed to make use of all means within his control to assure completion of the contract work within the contract time in failing to note on his purchase order the priority rating assigned to the contract. The Contracting Officer finally concluded that the delay was not excusable under the provisions of the contract, and that Liquidated Damages would be assessed for the days of delay after the scheduled completion of the contract.

Exhibit 1: Rules for Acceptance of Priorities Orders

Excerpts from BDSA (NPA) Regulation 2:

Section 10. Rules for acceptance and rejection of rated orders. Every order bearing a rating must be accepted and filled regardless of existing contracts and orders except as provided in this section. The "existing contracts and orders" referred to include not only ordinary purchase contracts but other arrangements achieving substantially the same results, though in form they may concern the use of production facilities rather than the material produced.

(a) A person must not accept a DO-rated order for delivery on a date which would interfere with delivery of any rated order which he has already accepted, nor accept a DX-rated order for delivery on a date which would interfere with delivery of any DX-rated order already accepted. However, except as provided in paragraph (c) of this section, or except where a provision of an NPA order or other regulation does not require the acceptance of a DX-rated order (whether expressly or by reason of section 3, paragraph (a)(2) of this regulation), a DX-rated order must be accepted without regard to the effect of such acceptance upon the filling of unrated or DO-rated orders.

(b) If a person, when receiving a rated order bearing a specific delivery date, does not expect to be able to fill it by the time requested, he must not accept it for delivery at that time. He must either (1) reject the order, stating when he could fill it, or (2) accept it for delivery on the earliest date he expects to be able to deliver, informing the customer of that date. He may adopt either of these two courses, depending upon his understanding of which his customer would prefer. He may not reject a rated order just because he expects to receive other rated orders in the future.

(c) A supplier does not have to accept a rated order in any of the following cases, but there must be no discrimination in such cases against rated orders or between rated orders of different customers:

(1) If the person seeking to place the order is unwilling or unable to meet regularly established prices and terms of sale or payment. When a person who has a rated order asks a supplier to quote his regularly established prices and terms of sale or payment, the supplier must do so, except that if this would require detailed engineering or accounting work, he may give his best estimate without such work and say that it is not binding. However, the supplier need not quote if he is not required to accept the rated order and advises the person seeking the quotation of the reason for his refusal.

(2) If the order is for the manufacture of a product or the performance of a service of a kind which the person to whom the order is offered has not usually made or performed, and in addition, if either (i) he cannot fill the order without substantially altering or adding to his facilities, or (ii) the order can readily be performed by someone else who has usually accepted and performed such orders.

(3) If an order for material is offered to a person who produces or acquires it for his own use only, and he has not filled any orders for that material within the past 2 years. If he has filled any orders within that period, but the rated order would take more than the excess over his own needs, he may reject the order for any amount over the excess.

(4) If filling the order would stop or interrupt the supplier's operations during the next 60 days in a way which would cause a substantial loss of total production or a substantial delay in operations.

(5) If the acceptance or performance of the order would violate any other regulation or order of NPA in effect at the time such order is received.

(d) A producer need not accept a rated order from another person who produces the same product. A processor need not accept a rated order from another person who performs the same processing service.

(e) Any person who refuses to accept a rated order shall, upon written request of the person placing the order, promptly give his reasons in writing for his refusal.

Excerpts from DMS Regulation 1:

DMS Reg. 1, Section 10. Designation and Use of ACM Orders

"(d) All ACM orders shall have equal preferential status, except as provided in Direction 3 to this regulation, and shall take precedence over other orders for controlled materials to the extent provided in this regulation and in BDSA Order M-1A (steel), BDSA Order M-1B (nickel alloys), BDSA Order M-5A (aluminum), and BDSA Order M-11A (copper), and the directions thereto, or in any other applicable regulation or order of BDSA ...."

DMS Reg. 1, Direction 3

Section 3. Rules Applicable to Controlled Materials Producers.

"(b) A controlled materials producer must accept all mandatory acceptance orders; however, he may reject ACM orders in the following cases, but he shall not discriminate among customers in rejecting or accepting such orders:

(1) If the order is received after commencement of lead time: Provided, That an ACM-DX order must be accepted without regard to lead time unless it is impracticable for him to make delivery within the required delivery month in which event he must accept such order for the earliest practicable delivery date.

(2) If the order is one for less than the minimum mill quantity specified in Schedule IV of this regulation and has not been combined with another order pursuant to section 10(e) of DMS Reg. 1.

(3) If the person seeking to place the order is unwilling or unable to meet such producer's regularly established prices and terms of sale or payment.

(4) If the order need not be accepted under the provisions of BDSA Order M-1A (steel), BDSA Order M-1B (nickel alloys), BDSA Order M-5A (aluminum), BDSA Order M-11A (copper) or of any other applicable regulation or order of BDSA: Provided, That an ACM-DX order must be accepted even though the set-aside has been or will be exceeded by such acceptance: Provided further, That acceptance by a controlled materials producer prior to the date he opens his order books of (a) an ACM order directly from the Department of Defense or the Atomic Energy Commission or (b) an ACM-DX order, shall not effect an opening of his books so as to require acceptance of other orders for controlled materials."

Section 5. Rules Applicable to Controlled Materials Distributors.

"(c) A controlled materials distributor must accept all mandatory acceptance orders; however, he may reject ACM orders in the following cases, but he shall not discriminate among customers in rejecting or accepting such orders:

(1) If the order is not for immediate delivery.

(2) If he does not have the material ordered in his stock, unless he knows that such material is in transit to him.

(3) If the person seeking to place the order is unwilling or unable to meet such distributor's regularly established prices and terms of sale or payment.

(4) If the order need not be accepted under the provisions of BDSA Order M-1A (steel), BDSA Order M-1B (nickel alloys), BDSA Order M-5A (aluminum), BDSA Order M-11A (copper) or of any other applicable regulation or order of BDSA."

Number	Title	Date of Revision
2	Introduction	
2-1	General Rules Exhibit 1 - Non-Rateable Items	
2-2	Claimant Program Identification in Rating and Allotment Numbers Exhibit 1 - Detailed Descriptions of Claimant Programs	
2-3	How to Use DO Rating and Allotment Numbers	
2-3.1	How Contractors Use DO Rating and Allotment Numbers Exhibit 1 - Letter to Class B Product Contractors of DOD	
2-4	Assigning the Right to Use DO Rating and Allotment Numbers	
2-4.1	Petroleum, Food, and Other Items on List A of BDSA Regulation 2 Exhibit 1 - Rating Certificate - List A Items	
2-4.2	Production Equipment and Installation Material Exhibit 1 - Form DD 691 - Application	
2-4.3	Revoked	
2-4.4	Revoked	
2-4.5	Contractor-Operated, Government-Owned Facilities	

1. The National Production Authority established in NPA Regulation 2, and the Business and Defense Services Administration has continued, a priorities system generally called the "DO Rating System". Under this system rating and allotment numbers are used to identify, and give preference to, contracts and orders for defense programs. All military procurement and construction (with minor exceptions) is rated, and accorded this general preference over unrated business.

2. The BDSA has delegated authority to the Department of Defense to use DO rating and allotment numbers in the series A, B, and C for its procurement and construction programs, and such authority has been redelegated to the military departments and associated agencies. (For relationship of DO rating system to DMS, see Section 1-3, Exhibit 1.)

3. BDSA (NPA) Regulation 2 also provides a DX rating, but the DX rating is considered a special part of the rating system, since issuance is confined to BDSA for individual, urgent, cases (see Section 7), and to the Department of Defense only for its most urgent programs (see Section 14).

4. The further Parts of this Section explain the details of the DO rating system, and tell how and when DO rating may be used for Department of Defense procurement and construction, or assigned to contractors for their use to support military procurement.

1. All contracts and orders placed by or under the authority of the military departments and associated agencies in support of authorized programs will be rated except where ratings are prohibited, and except that purchases of $500 or less may, but need not, be rated. The above applies, regardless of the source of funds, to all contracts and orders, including research and development contracts, 1/ letters of intent, and long-term leases of equipment not customarily sold. 2/

2. Ratings will not be issued for:

a. Direct procurement of "controlled materials" - steel, copper, aluminum, and nickel alloys. (See PAM Section 3.)

b. Items on List A of BDSA Regulation 2.

c. Contracts for services, except those relating to deliveries of materials as explained in Section 7 of BDSA Regulation 2.

d. Procurement specifically prohibited from DO ratings by BDSA Delegation 1 to the Department of Defense.

e. Items ordered or requisitioned from GSA (Federal Supply Service), including items ordered against schedules approved by GSA.

Note: Exhibit 1 to Section 2-1 lists in more detail the types of things or uses for which the Department of Defense will not issue DO rating and allotment numbers.

3. In the Department of Defense, DO ratings will be issued only by persons authorized to do so under delegations of authority.

4. All uses of rating and allotment numbers must be in accordance with the basic rules of the system as established or validated by BDSA in Regulations, M-Orders and published Delegations of Authority. All Department of Defense delegates who use DO ratings must also conform to the provisions of this Manual, and to other applicable directives issued by the Assistant Secretary of Defense (Installations and Logistics) and the military departments.

5. The purchasing department (or Single Manager) is responsible for issuing ratings and allotments for all items it procures, whether or not it is the "using" element.

6. Contracts or orders will be rated at the time of placement, and will include the contract clause as required by ASPR 1-307.2.

1/ By authority in letter of December 12, 1950, from the Administrator of NPA.
2/ Interpretation 3 to BDSA (NPA) Regulation 2.

Exhibit 1:

The following listed items and classes of items are not permitted to be rated with DO rating and allotment numbers. This list is current as of the date of its issuance. However, each user of DO rating and allotment numbers in the Department of Defense should verify doubtful cases by reference to the applicable BDSA Regulation, DMS Regulation, or Delegation.

A. BDSA (NPA) Delegation 1

1. Under BDSA Delegation 1, the Department of Defense may not use DO rating and allotment numbers:

a. For direct procurement of construction equipment for use on construction in the United States except in Alaska or Hawaii.

Note: DO-C9 ratings may be issued, however, where Department of Defense will take title to construction-type equipment in the following cases:

(1) for any non-construction use in the U. S. (e.g., tactical training for Corps of Engineers);

(2) for use as production equipment in a Department of Defense facility in the U. S. (GFE, or contractor-purchased for installation in a Department of Defense construction project); or

(3) for any offshore use.

b. For assignment to contractors for procurement, for their account, of construction equipment.

c. For procurement of civilian-type items for resale in military exchanges.

Note: Supplies for services performed by an exchange may be rated (e.g., photographic paper for use by an exchange in printing pictures may be rated; the same paper for resale as such may not be rated).

d. For packaging for civilian-type items for resale in military exchanges.

Note: DO rating and allotment numbers may be used, however, for export packaging of such items.

e. For any material purchased from exclusively retail establishments.

Note 1: DO rating and allotment numbers may be used for procurement from retail sources only in emergency situations and then only for small amounts to prevent imminent stoppage.

Note 2: If a "retail establishment" submits a bid in response to an invitation to bid, the resultant contract or order may be rated.

B. List A of BDSA (NPA) Regulation 2

1. List A of BDSA Regulation 2 states that DO rating and allotment numbers are not to be used on the following:

Communication services
Crushed stone
Gravel
Sand
Scrap
Slag
Steam heat, central
Transportation services, other than those referred to in paragraph 2 of this List
Waste paper
Water
Wood pulp

2. Allocation and priority functions over the items listed or referred to below for certain uses are not subject to regulation by the BDSA, and therefore, DO ratings cannot be used to obtain them. (List A of BDSA Regulation 2 states the specific exclusions and should always be referred to.) Producers of such items are subject to BDSA regulations with respect to other materials they use such as their production materials and packaging containers, etc. (See Section 2-4 of this Manual.)

Solid fuels - anthracite, bituminous coals, etc., coke and certain coal-chemicals
Gas and gas pipelines
Petroleum and petroleum pipelines
Electric power
Radioisotopes, stable isotopes, source and fissionable materials
Farm equipment for use on farms
Fertilizer, commercial
Food and other agricultural commodities and products, except in certain cases where used industrially
Ice, naval stores, tobacco, and tobacco products
Transportation services (domestic) storage and port facilities
Tetraethyl lead fluid
Petroleum cracking catalysts
Special inhibitors used in gasoline
Lubricating oil additives
Fluids and additives made especially for oil and gas drilling, and demulsifiers
Ores, minerals, concentrates, residues, and other products (until processing is completed)

C. GSA (Federal Supply Service)

DO ratings will not be used on purchases of items from GSA (Federal Supply Service), including those items ordered against schedules approved by GSA (Federal Supply Service) based upon contract between GSA and a supplier.

D. Controlled Materials

DO ratings are not used to purchase controlled materials. Defense priority for purchase of controlled materials is expressed by placement of an authorized controlled materials (ACM) order under DMS Reg. 1. (See Section 3 of this Manual.) Refer to Schedule I of DMS Reg. 1 for detailed descriptions of the various shapes and forms and kinds of metal included or excluded in each of the following listed classes of controlled materials:

Carbon Steel (including wrought iron)
Alloy Steel (except Stainless Steel)
Stainless Steel
Copper and Copper-Base Alloy Brass Mill Products
Copper Wire Mill Products
Copper and Copper-Base Alloy Foundry Products and Powder
Aluminum
Nickel Alloys

A. General

1. This instruction governs the selection of claimant program codes for use in rating and allotment numbers issued by Department of Defense personnel. (How Department of Defense elements use rating and allotment numbers is covered in Sections 2-3, 2-4, and 3-6.1 of this Manual.) Contractors' use of program codes, allotment numbers, and allotment symbols is covered by BDSA regulations and orders, not by this instruction. (How contractors use ratings and allotment numbers is explained in Sections 2-3.1 and 3-6.2 of this Manual.)

2. Department of Defense "Claimant Programs" are, in general, groups of items that are procured by the military departments. They follow closely the "Procurement Program" definitions as set forth in Department of Defense Directive 4000.7, insofar as the programs covered in that Directive are concerned. "Claimant Programs", however, also may include certain other items which are not procured by the Department of Defense, but for which the Department of Defense has been assigned claimant responsibility for priorities and allocations purposes, such as the Canadian military program.

3. Department of Defense operating elements will use only the program codes listed in paragraph D below; they will not use symbols assigned by BDSA orders and regulations.

B. Scope of Each Claimant Program

1. Exhibit 1 to this Section 2-2 is a detailed description of the classes of items to be included (or excluded) in each of the claimant programs. When the planned use is known at the time of purchase, each claimant program will include all items pertaining to the following, in addition to the specific items listed in Exhibit 1:

a. Crating, packaging materials, and dunnage.

b. Conversion, maintenance and repair materials (including those for services performed by civilian contractors), operating supplies, parts, and spares.

c. Related training equipment and devices (including technical manuals and publications).

d. Related research, development, and pre-production materials and equipment.

2. When planned use is not known at time of purchase, items in subparagraphs a and b, above, will be identified to Program C3 (MRO); items in subparagraphs c and d, above, will be identified to Program C9 (Miscellaneous). (The MRO rating and allotment number D9, assigned in DMS Reg. 1, Direction 1, will not be used by the military departments, nor by their industrial establishments.)

C. Selecting Appropriate Claimant Program Codes

1. A rating and allotment number is composed of the letters "DO" or "DX" and the code of the appropriate claimant program. All military procurement except as listed in Section 2-1, Exhibit 1, is identified in this way to a Department of Defense claimant program. In deciding which code to use in a rating and allotment number issued by the Department of Defense, the following general rules apply:

a. Select the program code that includes the procurement item. For example: a contract for procurement of airplane engines would be rated DO-A1; a contract calling for the furnishing of production machinery to be owned by the government for an aircraft (or any other) plant would be rated DO-B9; a contract for a Department of Defense construction project would be rated DO-C2.

b. Where there seems to be a choice, select the more specific of the program codes for the item to be procured. The program code selected for the particular procurement item will be used for all items physically incorporated in it except government-furnished components which will be identified with the program code under which such components are listed. For example, a contract for airplanes would be rated DO-A1 which would be used by the contractor for all contractor-furnished equipment including electronics, but a contract for government-furnished electronics equipment to go into the airplanes would be rated DO-A7.

c. Sub-group (e) of C9 is a "catch-all" program; it will be used when no other program applies. As of the 4th Quarter 1954, programs A8, A9, B2, and B3 have been consolidated with the C9, Miscellaneous, program for purposes of ratings, controlled materials requirements and allocations, allotments, records and reports. Reports will consolidate allotments issued in these four programs under C9.

d. Refer to Exhibit 1 to this Section for specific inclusions or exclusions.

D. List of Department of Defense Claimant Programs

Code Symbol	Program
A1	Aircraft
A2	Missiles Systems
A3	Ships
A4	Tank-Automotive
A5	Weapons
A6	Ammunition
A7	Electronics and Communications Equipment
* A8	Fuels and Lubricants
* A9	Textiles, Clothing and Equipage
B1	Military Building Supplies
* B2	Subsistence
* B3	Transportation Equipment
** B8	Production Equipment (for Private Contractors)
B9	Production Equipment (Government-Owned)
C2	DOD Construction
C3	DOD Maintenance, Repair, and Operating Supplies
** C4	Certain Munitions List Items for Commercial Export
** C5	Canadian Military Programs
** C6	Certain Direct Defense Needs of Foreign Nations
** C8	Controlled Materials for Single Managers
C9	Miscellaneous, including controlled materials allocations, allotments and ratings for A8, A9, B2, and B3.

E. Claimant Program Codes Used by Other Agencies

		Program Code
1.	Basketing Rated Orders - Self-authorizing consumers including Class B product producers who receive rated orders for their products may use the B5 rating and allotment number on purchase orders for production materials.	B5
2.	Munitions List Items - BDSA uses the C4 if necessary for certain Munitions List items for commercial exports.	C4
3.	Canadian Military Program - BDSA uses the DO-C5 rating and allotment number for Canadian orders for the Canadian military program.	C5
4.	Certain Direct Needs of Foreign Nations - BDSA, with concurrence of the Assistant Secretary of Defense (Installations and Logistics), uses the DO-C6 rating and allotment number for certain direct defense needs of friendly foreign nations (other than Canada).	C6
5.	Federal Aviation Agency - The Federal Aviation Agency assigns to airlines the right to use A1, A7, B9, and C9 for airline MRO, and uses these program identifications for the Federal Airways Program of air navigational aids.	A1, A7, B9, C9

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* Requirements to be presented, and ratings, allocations, and allotments to be issued under C9.
** Governed by special procedures.

		Program Code
6.	Controlled Material for controlled materials producers assigned by BDSA in DMS Reg. 1.	D1
7.	Spot Assistance - BDSA may issue the following rating and allotment numbers in the D series:	
	Further Converters (Steel) - Provision made in Order M-1A (Steel) for further converters to use symbol D3.	D3
	Production - The DO-D4 rating and allotment number, to provide spot assistance for production essential to U.S. military and atomic energy programs, but not eligible for A, B, C, or E identification.	D4
	Private Construction - The DO-D5 rating and allotment number, to provide spot assistance for private construction essential to U.S. military and atomic energy programs.	D5
	Canada Defense - The DO-D6 rating and allotment number, to provide spot assistance for sponsored Canadian military and atomic energy programs.	D6
	Foreign Defense - The DO-D7 rating and allotment number, to provide spot assistance for sponsored military programs of friendly foreign nations (other than Canada).	D7
	Distributors, Warehouses and Miscellaneous - The DO-D8 rating and allotment number, to provide spot assistance.	D8
8.	Industrial MRO - DMS Reg. 1, Direction 1, permits producers or contractors having rated orders to use the D9 rating and allotment number for MRO needed to meet an authorized production or construction schedule.	D9
9.	Atomic Energy - The AEC uses the following program identifications in the E series:	
	Construction	E1
	Operations (including MRO)	E2
	Privately-owned Facilities	E3
10.	Canadian Atomic Energy - BDSA issues for this program.	E4

Exhibit 1: Detailed Descriptions of Claimant Programs

The following listing is adapted from, and the segregation of items by program is identical with, the breakdown of "Procurement Programs" used in the accumulation of requirements. 1/ The sub-groups correspond to those in Department of Defense Directive 4000.7, but no sub-group segregation or identification is required in rating and allotment numbers. The listing is included in this Manual as a guide to the determination of proper program code symbols for use in assigning rating and allotment numbers.

Note that some of the items listed may not be rated but that containers for them may be (e.g., petroleum and petroleum products); that items, even though listed, may not be rated for certain uses (e.g., resale in military exchanges); and that no items may be rated for purchase at retail except to prevent a production stoppage. (See Section 2-1.)

A1 AIRCRAFT PROGRAM

This program covers three sub-groups: (a) Airframes and Related Assemblies and Spares; (b) Aircraft Engines and Related Spares and Spare Parts; and (c) Other Aircraft Equipment and Supplies not included in (a) and (b) above.

Sub-Group (a) Airframes and Related Assemblies and Spares

Includes	Excludes	Program in Which Exclusions Are Included
Complete aircraft (procured as such, e.g., helicopters, excluding GFE)	GFE tires and tubes	A1 (Sub-Group c)
Airframe assemblies and spares, such as tail assemblies, wing assemblies, landing gears, etc.	General purpose production equipment	B9
Special jigs, dies and fixtures to be used only in the fabrication of a specific airframe model (including variations thereof).	Production facilities	C2
Maintenance tools peculiar to aircraft.		

Sub-Group (b) Aircraft Engines and Related Spares and Spare Parts

Includes	Excludes	Program in Which Exclusions Are Included
Aircraft Engines and Parts	Aircraft engines incorporated in aircraft procured as complete aircraft.	A1 (Sub-Group a)
Aircraft Jet Engines and Parts used, without major modification, on guided missiles.		
Assist Take-off other than droppable units.	Assist Take-off (ATO) droppable units only.	A6
Special jigs, dies and fixtures to be used only in the fabrication of a specific model of aircraft engine.	General purpose production equipment.	B9
Maintenance tools peculiar to the engine.	Production facilities.	C2

1/ Under Department of Defense Directives

A1 AIRCRAFT PROGRAM (Continued)

Sub-Group (c) Other Aircraft Equipment and Supplies not Included in (a) and (b) Above

Includes	Excludes	Program in Which Exclusions Are Included
Aircraft instruments and parts (except electronic equipment for communication, fire control and radar).	GFE electronics and communications equipment	A7
Electrical equipment, such as generators, inverters, starters, alternators, etc.	GFE weapons	A5
Aircraft propellers and hubs	GFE fire control, bomb sights, and related electro-mechanical devices.	A5 or A7
Mobile training units	Aircraft weapons	A5
Flight simulators	Photographic equipment	C9
Ground-handling equipment peculiar to a specific model of aircraft.	Airborne accessories not an operational part of the aircraft, such as life rafts, oxygen masks, parachutes, fire extinguishers, etc.	A9 or C9
Other accessories and parts readily identifiable for aircraft use, such as gun turrets, bomb racks and releases, rocket launchers, fuel tanks, droppable aircraft tanks, GFE tires and tubes, control wires, servo and other control mechanisms, etc.	Organizational equipment, such as general ground or deck handling equipment, shop hangar and airfield equipment.	B9 or C9

A2 MISSILES SYSTEMS PROGRAM

Includes	Excludes	Program in Which Exclusions Are Included
Guided missiles systems	GFE aircraft jet engines used, without major modification, on missiles.	A1
Ballistic missiles systems	Fuels.	A6 or A8
All missile parts, including missile propulsion systems, assemblies, related parts and equipment except items excluded.	GFE electronic equipment.	A7
Target and surveillance drones; satellites		
Special jigs, dies and fixtures which can be used only in producing specific types of missiles, including inspection gauges.		
Booster cases for missiles.		
CFE electronics equipment for missiles systems.		
Ground-handling and launching equipment peculiar to a specific model of missile.		

A3 SHIPS PROGRAM

Includes	Excludes	Program in Which Exclusions Are Included
Construction of vessels of all types.	Guns, rocket launchers, torpedo tubes, depth charge projectors, and other weapons.	A5
Materials and ship parts used in conversion, repair, overhaul and modernization whether done by private contractors or in government shipyards.	Fire control equipment	A5
Ship parts (except those excluded).	GFE electronic equipment, e.g., communications, fire control, radar, etc.	A7
Ship armor not procured with, or as a part of weapons.	Ship equipage and housekeeping supplies, such as brooms, soap, paint, grease, light bulbs, mess and galley utensils, cleaning rags; office supplies, clothing and other personnel items; recreation equipment and supplies, and similar types of items which are not usually produced as ship parts.	Generally A9 or C9
Aircraft catapults and arresting gear.		
Assault boats.		
Floating cranes, floating drydocks and bridge erection boats.		
Production equipment procured as a part of and mounted on floating equipment.		
Tracked amphibious vehicles, such as LVT's.		
Shipborne deperming and degaussing equipment.		
Special jigs, dies and fixtures which can be used only in specific ship building operations, including inspection gauges.	Pontoons (including propelling units).	B1
	Fabric or rubber life rafts	A9
	GFE production equipment	B9

A4 TANK-AUTOMOTIVE PROGRAM

This program covers two sub-groups: (a) Combat Vehicles and (b) Non-combat Vehicles.

Sub-Group (a) Combat Vehicles

Includes	Excludes	Program in Which Exclusions Are Included
Tanks	Weapons	A5
Self-propelled gun motor carriages	Fire control equipment	A5
Other combat vehicles	GFE electronic equipment, e.g., communication, fire control, etc.	A7
Combat vehicle parts.	Tracked amphibious vehicles, such as LVT's	A3
Material and combat vehicle parts used in modification of combat vehicles whether done in private or in government production facilities.	Production facilities	C2
Special jigs, dies, and fixtures which can be used only in producing a specific combat vehicle model, including inspection gauges.	General purpose production equipment	B9

A4 TANK-AUTOMOTIVE PROGRAM (Continued)

Sub-Group (b) Non-combat Vehicles

Includes	Excludes	Program in Which Exclusions Are Included
Trucks, ambulances, passenger cars, busses, motorcycles and other motorized vehicles, including wheeled amphibious vehicles, (except vehicles identifiable to the construction equipment portion of the Miscellaneous Equipment Program C9).	Weapons	A5
	GFE electronics equipment, e.g., communication, fire control, radar, etc.	A7
	Fire control equipment	A5
	Warehouse, airfield and industrial tractors.	C9
Power-driven trucks, decontaminating.		
Bicycles		
Trailers and semi-trailers.		
Repair, maintenance, and other special purpose non-combat vehicles.		
GFE repair, rebuild, production and service equipment procured as a part of and mounted on non-combat vehicles.	GFE repair, production, and service equipment mounted on non-combat vehicles.	C9
Other accessories and parts readily identifiable for non-combat vehicle use, such as tires, spark plugs, batteries, etc.		
Materials and non-combat vehicle parts used in modification of non-combat vehicles whether done in private or in government production facilities (kits).		
Truck tractors.		
Special jigs, dies and fixtures, which can be used only in producing a specific non-combat vehicle model, including inspection gauges.		

A5 WEAPONS PROGRAM

Includes	Excludes	Program in Which Exclusions Are Included
Small arms, automatic weapons, mortars, artillery, guns, rocket and grenade launchers, and pyrotechnic projectors, including those mounted on vehicles, ships, and aircraft.	Paravanes	A3
	Electronic fire control equipment such as MK56, MK63, T33, MK101, MK102, etc.	A7
Flame throwers		
Smoke generators (land).		
Torpedo tubes		
Harbor protection nets.		
Depth charge projectors.		
Wholly optical, electrical or mechanical fire control equipment, including binoculars, bomb sights, other optical equipment, stop watches, and fire control mounts.	Rocket launchers readily identifiable for aircraft use, and launching equipment peculiar to a specific model of guided missile.	A1 or A2
Non-electronic portions of electronic fire control equipment if separately procured.	Shipborne deperming and degaussing equipment.	A3
Special jigs, dies and fixtures which can be used only in producing specific types of weapons, including inspection gauges.		
Deperming and degaussing equipment (range station).		

A6 AMMUNITIONS PROGRAM

Includes	Excludes	Program in Which Exclusions Are Included
Ammunition, rockets, bombs, mines, grenades, torpedoes, depth charges, demolition material, and pyrotechnics.	VT fuzes	A7
ATO units (droppable units only), and fuel for ATO units.	Booster cases for guided missiles.	A2
Rocket and guided missile fuel.	Guided bombs such as Tarzon and Razon	A7
	Commercial type petroleum products	A8
	Droppable aircraft tanks	A1 (Sub-Group c)
Machine gun links.	Non-droppable propulsion devices installed in aircraft.	A1 (Sub-Group b)
Ammunition parts.		
Chemicals used in bombs, flame throwers, smoke generators, and ammunition.		
Special jigs, dies and fixtures which are used in producing a specific type of ammunition, including inspection gauges.		

A7 ELECTRONICS AND COMMUNICATIONS EQUIPMENT PROGRAM

Includes	Excludes	Programs in Which Exclusions Are Included
Electromagnetic radiating and non-radiating equipment, except that radiating in the visible spectrum, including: Radio equipment including uses for telegraph, telephone, teletype, facsimile, television and IFF signals.	X-Ray apparatus.	C9
Radar equipment.	Non-electrical communication equipment, such as pigeons and flags.	A9 and C9
Electronic and electro-mechanical computers.	Blinker lights and flash lights.	C9
Radiation aids to aircraft control and navigation, including control of guided missiles.	Telephone poles.	B1 or C9
Radiation aids to fire control and bombing, armament, and related electro-mechanical types (not otherwise covered).	Tool repair kits, pole climbing equipment, plows, earth augers, and other tools.	C9
Radiation countermeasures, including electronic deception and electronic jamming.	Photographic equipment.	C9
Radiac.	Non-electric meteorological equipment, such as thermometers, barometers, etc.	C9
Infrared.	Shelters, carts, winches, rope, boards, maps, tables, stakes, air conditioners, etc.	C9
Meteorological.	Wholly optical, electrical or mechanical fire control equipment, including binoculars, bomb sights, other optical equipment, stop watches and fire control mounts.	A5
Sonar equipment.	Non-electronic portions of electronic fire control equipment if separately procured.	A5
Magnetic amplifier and detection equipment.		
Equipment used for transmission or reception of intelligence by wires, cables or coaxial cable, including recorders, reproducers, telegraph, telephone, teletype, facsimile, television, interphone, public address and telemetering.		
Equipment which is used for the detection of noise and interference in the radio frequency spectrum.		
Radiation and reradiation equipment related to the preceding items.		
Equipment which is ancillary to the preceding items, such as antennas, counter poises, connectors, dynamotors, headsets, microphones, radomes, servo-amplifiers, test equipment, waveguides, cooling, heating and pressurizing equipment.		
VT fuzes.		
Electronic fire control equipment such as MK 56, MK 63, T 33, MK 101, MK 102, etc.		
Sniperscopes.		
Special jigs, dies and fixtures which can be used only in producing specific types of electronics and communication equipment, including inspection gauges.		

A8 FUELS AND LUBRICANTS PROGRAM

This program covers three sub-groups: (a) Petroleum Products; (b) Other Fuels and Lubricants; and (c) Separately Procured Containers.

Note: Solid Fuels, Gas, Petroleum Products and derivatives cannot be procured on a rated basis (Reference: HDSA Regulation 2, List A), but suppliers may be assigned the right to apply DO rating and allotment numbers for their containers, etc. (see Section 2-4.1).

Ratings, controlled materials allocations and allotments will be issued under C9 Miscellaneous.

Sub-Group (a) Petroleum Products

Includes	Excludes	Program in Which Exclusions Are Included
Aviation Gasolines	Other fuels and lubricants	A8 (Sub-Group b)
Motor Gasolines	Separately procured containers for petroleum and petroleum products.	A8 (Sub-Group c)
Kerosene	Petroleum handling equipment	A8 (Sub-Group c)
Distillate Fuels		
Residual fuel oils		
Lubricating oils		
Insulating and transformer oils		
Fog oil		
Greases		
Jet fuels		
Asphalts and road oils		
Liquified petroleum gas		
Solvents and naphthas		
Containers, when provided by the supplier, in which petroleum products are delivered to the government.		
Chemicals which are used directly in the production of petroleum and petroleum products, as well as chemicals used in the processing of petroleum and petroleum products which will be consumed or converted into by-products in the course of processing.		

Sub-Group (b) Other Fuels and Lubricants

Includes	Excludes	Program in Which Exclusions Are Included
Coal and coke	Fuel for ATO	A6
Manufactured gas		
Natural gas		
Other non-petroleum fuel and lubricants.		
Containers when provided by the suppliers in which other fuels and lubricants are delivered to the government.		

A8 FUELS AND LUBRICANTS PROGRAM (Continued)

Sub-Group (c) Separately Procured Containers

Includes	Excludes	Program in Which Exclusions Are Included
Separately procured containers specifically intended for use with petroleum and petroleum products noted in A8 (Sub-Group a), such as Can, Inflammable Liquid, Steel, 5-gallon; and Drum, Inflammable Liquid, Steel, 16 gauge, 55-gallon. Drum Cleaning Machines, Portable petroleum pumps, Skid Tanks and Petroleum dispensing nozzles.	Fuel cells	A1

A9 TEXTILES, CLOTHING AND EQUIPAGE PROGRAM

Note: Ratings, controlled materials allocations and allotments will be issued under C9 Miscellaneous

Includes	Excludes	Program in Which Exclusions Are Included
All clothing and leather products.	Metal containers of more than 1 qt. capacity	C9
All textiles and textile products, such as tenting, paulins, bags, towels, bedding, canvas cots, packs, etc.	General housekeeping supplies, such as insecticides, soap, toilet paper, candles, light bulbs, paint, etc.	C9
Tents, etc.	General housekeeping equipment, such as cooking and heating equipment, refrigeration and air conditioning equipment, garbage cans, furniture, etc.	C9
Flags and accessories.	Office, depot, and warehouse supplies and equipment.	C9
Athletic equipment.	Fire extinguishers	C9
Gas masks (including carrier).	Separately procured containers specifically intended for use with petroleum and petroleum products, such as Can, Inflammable Liquid, Steel, 5-gallon; and Drum, Inflammable Liquid, Steel, 16 gauge, 55-gallon.	A8 (Sub-Group c)
Items which are generally issued to the individual for his own use, such as toilet articles, entrenching tools, eating and drinking utensils, etc. (but excluding weapons, ammunitions, medical, engineer and other technical items).		
Oxygen masks, parachutes and drop kits.		
Life belts and jackets.		
Dust respirators.		
Rubber or fabric life rafts.		
Shoe lasts.		

B1 MILITARY BUILDING SUPPLIES

Includes	Excludes	Program in Which Exclusions Are Included
Military type bridging (including pontoon bridges).	Construction machinery, such as tractors, power shovels, etc.	C9
Landing Mats.	Hand tools.	C9
Barbed wire and metal posts.	Portable heating, refrigerating and ventilating equipment.	C9
Pipe and storage tanks, for pipe line projects designed for wartime use.	Bridge erection boats.	A3
Prefabricated buildings designed for temporary use.		
Construction supplies to be used by military personnel, including telephone poles, piling, railway track and ties, lumber, cement, bricks, hardware, millwork, structural steel products, etc.		
Heating, refrigerating, plumbing and lighting fixtures and other electrical equipment to be incorporated as an integral part of structures erected by military personnel.		
Pontoon and pontoon propelling units.		
Insulated wire and cable, except communication wire.		

B2 SUBSISTENCE PROGRAM

Note: Food and ice cannot be procured on a rated basis (reference: BDSA Regulation 2, List A), but suppliers may be assigned the right to apply DO ratings and allotment numbers for their containers, etc. (see Section 2-4.1).

Ratings, controlled materials allocations and allotments will be issued under C9 Miscellaneous.

Includes	Excludes	Program in Which Exclusions Are Included
All food and beverage products for human use, including operational type rations.		
Materials used for care and preservation of subsistence supplies.	Water cans.	C9
Drums, cans and other containers and packaging materials required for the delivery of food and beverage products.		
Chemicals which are used directly in the production of food and food products, as well as chemicals used in the processing of food and food products which will be consumed or converted into by-products in the course of processing.		
Forage for animals.		

B3 TRANSPORTATION EQUIPMENT PROGRAM

Note: Ratings, controlled materials allocations and allotments will be issued under C9 Miscellaneous

Includes	Excludes	Program in Which Exclusions Are Included
Railway rolling stock and parts.	Railway track ties, and accessories.	B1, C2 and C3
Railway cranes and parts.		
Railway tools.		
Railway signal equipment.		
Maintenance of way equipment.		

B5 BASKETING RATED ORDERS

Self-authorizing consumers may basket customers' orders under the B5 program identification. (See PAM Sections 2-3.1 and 3-6.2.)

B8 PRODUCTION EQUIPMENT FOR PRIVATE CONTRACTORS

This program symbol is used only for the rating of production equipment as defined on Form NPAF-2 and DD Form 691, if purchased by private contractors with their own money for use on military contracts or orders. (See Section 2-4.2.)

B9 PRODUCTION EQUIPMENT

This program covers two sub-groups: (a) Production Equipment for Government-Owned Facilities; and (b) Production Equipment for Privately-Owned Facilities.

Sub-Group (a) Production Equipment for Government-Owned Facilities

Includes	Excludes	Program in Which Exclusions Are Included
Machine tools and other general purpose cutting, forming, shaping, grinding, abrading, measuring, joining, testing, heating or treating, production equipment to be used in production facilities.	Production equipment to be used in privately-owned facilities.	B9 (Sub-Group b)
Rehabilitation and modernization materials and parts (but not routine maintenance) for above production equipment.	Materials handling equipment, such as conveyor systems installed in warehouses or other non-production facilities.	C9
Heavy duty materials handling equipment not incorporated as an integral part of the industrial facility, such as overhead traveling cranes, shipyard cranes, etc.	Portable conveyors, fork lift trucks, industrial tractors and trailers, stackers, etc.	C9
Production equipment used for repair and maintenance if such equipment is not procured as a part of and mounted on floating equipment or vehicles.	Non-mechanical processing equipment incorporated as an integral and permanent part of an industrial facility, such as processing vats, etc.	C2
All government-owned production equipment procured by the government or by private contractors for use in government-owned production facilities whether privately or government operated.	Heavy duty materials handling equipment incorporated as an integral part of an industrial facility, such as overhead traveling cranes, shipyard cranes, etc.	C2
All government-owned production equipment for facilities whose ownership has not been determined will be included in this program.	Special jigs, dies, and fixtures which can be used in producing a specific model of a military item.	Applicable Program
	Hand tools.	C9
	Installation materials.	C2 or C3

B9 PRODUCTION EQUIPMENT (Continued)

Sub-Group (b) Production Equipment for Privately-Owned Facilities, Procured with Government Funds

Includes	Excludes	Program in Which Exclusions Are Included
Production equipment as defined in B9 (Sub-Group a), to be used in privately-owned facilities, procured with government funds by either the private contractor or by the government.	Production equipment to be used in government-owned facilities or in facilities whose ownership is not yet determined.	B9 (Sub-Group a)
	Other items specified in B9 (Sub-Group a)	Applicable Program

C2 DEPARTMENT OF DEFENSE CONSTRUCTION PROGRAM

This program covers four sub-groups: (a) Industrial Construction; (b) Non-Industrial Construction; (c) Title VIII Housing; and (d) National Guard Facilities.

This program consists of all construction, major alteration, rehabilitation, or conversion of military research and development, industrial and non-industrial installations, facilities or portions thereof, including the construction of buildings, utilities, roads, etc. It consists of facilities financed in whole or part from appropriated funds. Title VIII Housing (financed from other than appropriated funds) is included by agreement with the Housing and Home Finance Agency.

This program includes all machinery and all equipment, except production equipment, necessary for the operation of the facility and installed as a part of the construction project covered by the authorized construction schedule for the facility. It includes installation material for any kind of equipment which is part of the construction project.

It excludes building supplies and equipment for construction by troops (Program B1).

Materials procured for maintenance, repair or operating supplies will not be included in this program.

Note: Mineral aggregates (sand, gravel, crushed stone and slag) cannot be procured on a rated basis (Reference: BDSA Regulation 2, List A).

Sub-Group (a) Industrial Construction

Includes	Excludes	Program in Which Exclusions Are Included
Construction of new industrial facilities, and expansion, major alteration or conversion of existing industrial facilities which are government financed and will become government-owned, including both government-operated and contractor-operated facilities.	Production equipment and production machinery installed in construction projects.	B9
	GFE production machinery and production equipment.	B9
Industrial facilities will include those facilities utilized primarily for the manufacture of military equipment, supplies or materials.	Construction machinery and equipment.	C9
	Non-industrial construction.	C2 (Sub-Group b)
Building equipment, such as elevators, fire protection systems, electrical power systems, or other equipment organic to an industrial facility, will be included.		

C2 DEPARTMENT OF DEFENSE CONSTRUCTION PROGRAM (Continued)

Sub-Group (b) Non-Industrial Construction

Includes	Excludes	Program in Which Exclusions Are Included
Construction of non-industrial facilities, including expansion, major alteration, rehabilitation or conversion of existing facilities. Non-industrial facilities are training, operational, housing and support facilities necessary for the military forces excluding facilities utilized primarily for the manufacture of military equipment, supplies and materials.	Wherry Housing	C2 (Sub-Group c)
	National Guard facilities.	C2 (Sub-Group d)
	Construction equipment and machinery.	C9
	Industrial construction.	C2 (Sub-Group a)

Sub-Group (c) Title VIII Housing

Military housing projects on or off military bases constructed under Title VIII of the National Housing Act.

Sub-Group (d) National Guard Facilities

Air and Army National Guard facilities to be constructed partially or entirely from Federal funds. Facilities constructed entirely from State funds and for which the title will be vested in the State will not be included.

C3 DEPARTMENT OF DEFENSE MAINTENANCE, REPAIR AND OPERATING SUPPLIES

This program includes all maintenance, repair and operating supply items procured by the Department of Defense which at the time of purchase cannot be identified for use in other
* Department of Defense Claimant Programs, or can be identified to MRO. It includes installation material for equipment not part of a construction project, and plant MRO for contractor-operated, government-owned facilities.

C4 MUNITIONS LIST ITEMS FOR COMMERCIAL EXPORT

This program consists of Munitions List Items given special assistance for commercial exportation. To be used only by BDSA for this activity. (See Section 13-3.)

C5 CANADIAN MILITARY PRODUCTION PROGRAM

To be used only by BDSA for assistance to Canadian Military Production Program. (See Section 13-1.)

C6 CERTAIN DIRECT DEFENSE NEEDS OF FOREIGN NATIONS

This program includes items clearly distinguishable as destined for direct defense needs of friendly foreign nations other than Canada. To be used only by BDSA for this activity. (See Section 13-2.)

C8 CONTROLLED MATERIALS FOR SINGLE MANAGERS

This program covers all controlled materials procured as such by Single Managers for issue to activities of the three departments.

C9 MISCELLANEOUS

This program covers five sub-groups: (a) Construction Equipment; (b) Medical and Dental Supplies and Equipment; (c) Photographic Equipment and Supplies; (d) Materials Handling Equipment; and (e) All others not identifiable to any other Claimant Program.

Ratings, controlled materials allocations and allotments for A8, A9, B2, and B3 programs will be issued under this program.

Sub-Group (a) Construction Equipment

Note: Construction equipment for use on construction projects in the 48 States and the District of Columbia cannot be rated by the Department of Defense (Reference: HDSA Delegation 1).

Includes	Excludes	Program in Which Exclusions Are Included
Power shovels, mobile cranes, bulldozers, concrete mixers, ditching machines, road and airfield construction and maintenance machinery, earth-moving trailers, and similar construction equipment.	Dump trucks	A4
	Engineering, drafting and mapping instruments.	C9 (Sub-Group e)
	Generator sets.	C9 (Sub-Group e) or other applicable program
Pneumatic drills, welding equipment, paint sprayers, air compressors and pumps of the type used for construction.	Photographic and reproduction equipment.	C9 (Sub-Group c)
Tractors (except those excluded).	Water storage, distribution, and purification equipment for field use.	C9 (Sub-Group e)
Power saws.	Tractors of a type not usually used for construction, such as artillery prime movers.	A4
Earth augers and well-drilling machines.	Warehouse tractors, etc.	C9 (Sub-Group d)
	Refrigeration and air conditioning equipment.	C9 (Sub-Group e)

Sub-Group (b) Medical and Dental Supplies and Equipment

Includes	Excludes	Program in Which Exclusions Are Included
Medical and dental supplies and equipment, such as drugs, chemicals, biologicals, surgical dressings, instruments, hospital and dental furniture and equipment, X-Ray equipment and film, etc.	Ambulances	A4
	Bedding	A9
	Pajamas and robes.	A9
	Towels	A9

Sub-Group (c) Photographic Equipment and Supplies

Includes	Excludes	Program in Which Exclusions Are Included
Cameras Film Photographic projecting, developing, copying and related equipment.	X-Ray cameras and film.	C9 (Sub-Group b)

C9 MISCELLANEOUS (Continued)

Sub-Group (d) Materials Handling Equipment

Includes	Excludes	Program in Which Exclusions Are Included
Conveyors Warehouse trucks, tractors and trailers. Fork lift trucks, stackers, etc.	Conveyors and elevators installed as an integral part of building.	C2

Sub-Group (e) Miscellaneous Procurement Not Identifiable to Any Other Claimant Program

Includes	Excludes	Program in Which Exclusions Are Included
Housekeeping supplies, such as insecticides, toilet paper, candles, soap, etc. Heating, refrigerating, plumbing and lighting fixtures, other electrical equipment, furniture and cooking equipment, except equipment incorporated as an integral part of a building or structure. Office supplies and equipment. Non-electronic meteorological equipment. Mortuary and graves registration supplies and equipment. Training and educational supplies and equipment not included in other programs. Laundry and dry cleaning equipment. Mess equipment. Water storage, distribution and purification equipment for field use. Field, combat and troop equipment, including water can (5 gal.), heaters (immersion and tent), field range, cooking outfit (one burner), field stove. All other supplies and equipment.		

1. The "DO rating and allotment number" is the prefix "DO" and the capital letter and digit program code symbol identifying the appropriate Department of Defense Claimant Program (see Section 2-2). A contract or order is "rated" by writing on the contract or order (or on a separate paper specifically identified to the contract or order), the required delivery date(s), plus the specific legend and a signed certification as explained below. BDSA Reg. 2 says that a certification under a DMS Regulation shall be deemed to be a certification under BDSA Reg. 2. In the interest of simplicity, the Department of Defense will use the DMS certifications on all rated contracts or orders.

2. Almost all DOD procurement must be rated (see Section 2-1). "Rate" contracts and orders as follows:

> "DO - (appropriate program code symbol) Certified for national defense use under DMS Reg. 1."
>
> (Signature and Title of Authorized Official)

3. When a contract or order is placed by telegram, the DO rating and allotment number, together with the proper certificate, must be in the telegram, and a file copy of the telegram bearing the signature of an official authorized to rate contracts and orders must be kept.

4. If shipment on a contract or order is required within seven days, the substance of the certification may be given verbally. The contracting officer, authorized to rate the contract or order must, however, make and sign a written record of the transaction.

5. In addition to the above data required on all rated orders, they must include or be accompanied by the contract clause of ASPR 7-104.18 (see PAM Section 1-7, Exhibit 2) which reads as follows:

> "The contractor shall follow the provisions of DMS Reg. 1 and all other applicable regulations and orders of the Business and Defense Services Administration in obtaining controlled materials and other products and materials needed to fill this order."

This statement must appear on the order or on a separate piece of paper attached to the order or clearly identifying it.

6. When the contract or order is for Class A products or controlled materials, follow instructions in Section 3 of this Manual (see Section 3-6.1).

7. Special procedures for assignment of ratings and issuance of rating certificates are included in

Section 2-4 - Assignment of Rating Authority - General
" 2-4.1 - Petroleum and Food, etc.
" 2-4.2 - Production Equipment
" 2-4.5 - GOCO Contracts
" 4-4.1 - Production Equipment in a Construction Project
" 4-7.3 - Offshore Construction
" 4-8.3 - Foreign Construction Contractors

How Contractors Use DO Rating and Allotment Numbers

A. General

The Business and Defense Services Administration is the agency responsible for enforcing industrial compliance with its rules (see Section 10-1), but the Department of Defense has a definite interest in providing contractors with correct information. A proposed form letter to contractors is included in Exhibit 1. All DOD contractors should be advised of the potential advantages to military production resulting from their use of the rating and allotment number as well as of the fact that such use is mandatory.

B. How Producers Rate Their Orders for Production Materials

1. An order is "rated" by a contractor when the DO and appropriate program identification is placed on it, certified for national defense use, and signed as provided in BDSA Reg. 2 or DMS Reg. 1.

2. The program identification a military prime or subcontractor uses in the rating he extends is no longer affected by whether he is making a Class A or a Class B product. There is one general rule for all contractors: they use the ratings they receive from their customers (DO or DX, and program identification).

a. Special rules for extension of the ratings received which permit "basketing" under a B5 program symbol for purchase of minimum commercially procurable quantities are found in BDSA Reg. 2, Section 9.

b. Special rules for self-authorizing consumers under DMS permit these contractors to "basket" and use a B5 program identification if extension of customers' symbols is impractical because they are so varied and numerous (DMS Reg. 1, Sec. 9).

C. How Producers Rate Their Orders for MRO

Any contractor may, by self-authorization in accordance with Direction 1 to DMS Reg. 1, use the allotment number D9 and the rating DO-D9 in obtaining products and materials required for MRO to fulfill an order rated A, B, C, D, or E. A person who requires MRO to fulfill an order rated DX may use a DX-D9.

Exhibit 1: Sample Letter to Contractors

Name and Address
of Contractor

BDSA Reg. 2 and DMS Reg. 1, as amended on 1 December 1959, provide one general rule for identifying purchase orders which call for deliveries needed to support defense programs: use the rating and program identifications which appear on the contracts or orders you receive from your customers.

Alternative paragraphs for:

Class A Product Suppliers (except on Small Orders) and Suppliers of Unclassified Products (e.g., Chemicals, Textiles, etc.)

You are required to use the rating and program identifications which appear on the contracts or orders you receive when you place purchase orders for production (or construction) materials. Orders other than those for defense programs may not be rated

Class B Product Suppliers and Class A Product Suppliers on "Small Orders"

You are required to use the rating and program identifications which appear on the contracts or orders you receive when you place purchase orders for production (or construction) materials. However, under the amended DMS Reg. 1, you may "basket" your orders and use the B5 program identification if it is not practical to use the program identifications you receive in rated orders because they are too numerous and varied. Orders other than those for defense programs may not be rated.

The government is continuing this very much simplified system for identifying defense orders to assure that priority is given to military, atomic energy, and space programs, and as a mobilization readiness measure. Your cooperation will be necessary to achieve the results for which the system is designed, and compliance is to your advantage. Rated orders, properly identified, are given priority in the event of materials shortage, whether caused by insufficient capacity, by strikes, disasters, or wars.

Sincerely yours,

1. BDSA Delegation 1 permits assignment to others of the right to apply DO rating and allotment numbers, unless a regulation or order of the Business and Defense Services Administration states to the contrary. When a contractor is going to take title to the items to be rated, or when for any reason the contractor does not have a DO rating and allotment number to obtain items required for performance on Department of Defense contracts, the contractor may be "assigned the right to apply" a DO rating and allotment number.

2. In assigning to others the right to apply a DO rating and allotment number, a certificate in the following language is used, and must be signed by an official who is authorized to assign DO rating and allotment numbers:

> "By authority of the Business and Defense Services Administration, the right is hereby assigned to apply the DO rating and allotment number DO-(Program Identification Code) to the purchase of _____ _____."

(Signature and Title of Authorized Official)

3. This general authority to assign the right to apply a DO rating and allotment number is qualified for certain kinds of uses. Special procedures for these are included in the sub-parts which follow.

Petroleum, Food, and Other Items
on List A of BDSA Regulation 2

1. Items on List A of BDSA Regulation 2, such as petroleum and food, are not subject to DO ratings. Producers of these items, however, are subject to regulations of BDSA with respect to other materials they use. The military departments will, therefore, assign to their suppliers of List A items the right to use rating and allotment numbers to obtain containers and packaging materials required for delivery, and also to get chemicals required for use directly in the production or processing of the item delivered, including chemicals which will be consumed or converted into by-products in the course of processing. Purchase from retail establishments is not rateable, and rating is not required on retail purchase of any item on List A of BDSA Regulation 2.

2. Assignment to contractors of the right to use DO rating and allotment numbers on their purchase orders for chemicals, containers, and packaging materials to be used in connection with military department contracts, Single Manager contracts, or joint procurement agency contracts to fill departmental purchase directives, will be accomplished in the contractual document or by a specific authorization using a form letter (see Exhibit 1 to this Section 2-4.1). A signed copy of each form letter issued under this authority will be retained in the office of the official authorized to assign the right to use the DO rating and allotment numbers.

3. On "open end" contracts, such as those of the Military Petroleum Supply Agency, the right to use the DO rating and allotment number will be assigned to suppliers by designated officers at the time the contract is awarded, but the assignment will be limited for use by suppliers to the extent that firm delivery orders are placed against these contracts.

4. Where the required containers or packaging materials are Class A products or controlled materials, an allotment of controlled materials will be made, under the procedures in Section 3 of this Manual.

Exhibit 1:

Rating Certificate
for Suppliers of Petroleum, Food, or
Other Items on List A of BDSA Reg. 2

Name of Official and
Name and Address of
Contractor

By authority of the Business and Defense Services Administration, the right is hereby assigned to apply the rating and allotment number DO-(C9) to deliveries on your purchase orders for production and processing chemicals, and containers and packaging materials needed by you for performance on the contract(s) or order(s) identified below:

Summarized Description of Items	Contract Number	Delivery Dates	Contract or Order Cost

You may apply this rating and allotment number on your purchase order(s) for chemicals, containers and packaging materials by placing the following certification as prescribed in DMS Regulation 1 on the order(s).

"DO-(C9) Certified for national defense use under DMS Reg. 1."

Signature and Title of Authorized
Official

Production Equipment and Installation Material

A. General

1. This Issuance prescribes the procedure to assign to contractors the right to apply ratings and allotment numbers to purchases of production equipment and installation material. It does not apply to production equipment to be installed in a construction project. (For production equipment to be installed in a construction project, see Section 4 of this Manual.) This Issuance does not apply to foreign contractors.

2. DD Form 691, "Application for DO Rating for Production Equipment", is Exhibit 1 to this Section 2-4.2.

B. Definitions

1. "Production equipment" means equipment used in producing goods or services and as defined on the back of DD Form 691. Machine controls and devices are considered part of the production equipment. The definition has been interpreted as including:

a. Scientific instruments and equipment needed for research and development.

b. Tools, jigs, dies and fixtures, major repair parts, or office equipment necessary to fulfillment of a military contract if the items are not rateable as MRO as defined in Direction 1 to DMS Reg. 1.

c. Equipment for service contractors, whether or not the contract is rateable.

Hand tools and protective clothing and equipment (e.g., work gloves) for contractors' labor are not considered "production equipment"; they are MRO items and may be obtained with the defense contractor's rating under Direction 1 to DMS Reg. 1.

2. "Installation materials" means materials necessary for production equipment foundations and for extension of utilities to the production equipment.

C. Facilities and Production Contracts

1. For production equipment to be purchased under a facilities or production contract when title will vest in the military department or associated agency represented by the operating element, the operating element will generally assign to contractors the right to apply to their purchase orders the rating DO-B9. However, DO-A3 will be used for production equipment procured as a part of and mounted on floating equipment, DO-A4 for production equipment procured as a part of and mounted on non-combat vehicles, or DO-C9 for construction machinery to be installed for use as production equipment. The right to apply the ratings DO-B9, DO-A3, DO-A4, and DO-C9 will be assigned with the facilities and production orders or contracts. Purchase orders or contracts for special jigs, dies and fixtures, including inspection gauges, to be used only in the fabrication of a specific model or type or to be used in a specific operation, which can be identified to a specific claimant program (see Section 2-2, Exhibit 1, of this Manual) will be given the rating and allotment number assigned to that claimant program. The certificate prescribed by Section 2-4 of this Manual will be used.

D. Use of DD Form 691

1. When title will not vest in the Department of Defense, operating elements may issue DO-B8 ratings to prime or subcontractors purchasing production equipment for use on military contracts. 1/ Elements designated by military departments and associated agencies will instruct eligible contractors to file DD Form 691, complying with the instructions thereon.

1/ DX ratings may be issued for DX programs (see PAM Section 14-1), ~~except for metalworking equipment under BDSA Order M-41~~. C 7

2. Operating elements will examine DD Forms 691, submitted by contractors. On the basis of the representations of the contractors together with factual knowledge that the contractor needs the production equipment to fulfill contracts for the military department or associated agency they represent, they will determine that the application is or is not fully or partially justified. For those items approved, the operating element will assign to the contractor the right to apply the rating DO-B8 1/.

3. A copy (or copies) of DD Form 691 will be used to assign the right to apply the rating DO-B8 1/ to the approved items in Column (g) of the DD Form 691 in accordance with the instructions thereon. 2/

4. Operating elements will not accept from contractors DD Form 691 for construction machinery (as defined in Section 4-8 of this Manual). Operating elements of the Department of Defense cannot assign to contractors the right to apply a rating to their purchase orders or contracts for construction machinery, for use as construction machinery on construction projects in the United States (except in Alaska and Hawaii). Contractors who need to apply a rating to their purchase orders or contracts should be advised to file a Form BDSAF-138 in accordance with the procedures of Section 7-2 of this Manual.

E. Installation Material

1. Operating elements will apply or assign to contractors the right to apply the rating and allotment number DO-C2 1/ to purchases of installation material for installation of production equipment incorporated in a construction project in accordance with the procedures in Section 4-4.1 of this Manual. The rating and allotment number DO-C3 1/ will be used when installation of the production equipment is in a government-owned facility but is not part of a construction project.

2. Installation materials for installation of government-furnished production equipment in a privately-owned facility will be obtained with the owner's allotment number D9 in accordance with Direction 1 to DMS Reg. 1.

1/ DX ratings may be issued for DX programs (see PAM Section 14-1), ~~except for metalworking equipment under BDSA Order M-41.~~ C7

2/ When a DX rating is authorized under PAM Section 14, "DX" will be substituted for "DO" in block 12 and in the last line of the General Instructions on the back.

Exhibit 1:

DEPARTMENT OF DEFENSE

APPLICATION FOR DO-RATING FOR PRODUCTION EQUIPMENT

Form Approved
Budget Bureau No. 22-R124

Fill out in quintuplicate (5). Retain one copy for your files and send 4 copies:

TO: *(Name of Military Department)*

CASE NUMBER

READ INSTRUCTIONS ON PAGE 4 BEFORE FILLING IN FORM

NAME OF APPLICANT

ADDRESS *(Street, City, Zone, State)*

ENTER YOUR OWN REFERENCE NUMBER, IF ANY

YOUR TELEPHONE NUMBER

DATE OF APPLICATION FOR DO-RATING

WHERE IS THE REQUIRED PRODUCTION EQUIPMENT TO BE INSTALLED OR USED? *(City, Zone and State)*

1. PRODUCTION EQUIPMENT FOR WHICH RATING AUTHORITY IS REQUESTED

NAME AND DESCRIPTION OF PRODUCTION EQUIPMENT INCLUDING MAKE, MODEL, CAPACITY *(Use Summary Purchase Order Description)*. IF AVAILABLE, ENTER SCC CODE a	QUANTITY *(Number of Units)* b	PURCHASE PRICE PER UNIT c	REQUIRED DELIVERY DATES d	NUMBER OF HOURS PER WEEK TO BE IN OPERATION ON RATED CONTRACTS AND ORDERS e	ENTER THE DO-RATING AND ALLOTMENT NUMBER RECEIVED ON THE RATED ORDERS ON WHICH YOU WILL USE THE REQUESTED EQUIPMENT ITEMS f	*FOR GOVERNMENT USE ONLY* QUANTITY *(Number of Units)* g
(1)						
(2)						
(3)						

2a. IS THE WORK YOU NEED THIS EQUIPMENT FOR NOW BEING SUBCONTRACTED? *(Check One)* ☐ YES ☐ NO

b. IF NOT SUBCONTRACTED, HAVE YOU TRIED TO PLACE SUBCONTRACTS FOR THIS WORK? *(Check One)* ☐ YES ☐ NO

c. IF THE WORK IS NOT SUITED FOR SUBCONTRACTING, EXPLAIN BELOW:

DD FORM 1 OCT 55 **691**

PREVIOUS EDITIONS OF THIS FORM WILL BE USED UNTIL SUPPLIES ARE EXHAUSTED.

3. LIST NUMBERS OF THE RATED CONTRACT(S) ON WHICH YOU WILL USE THIS EQUIPMENT

4. IF THE REQUEST IS FOR METAL WORKING MACHINERY, AS DEFINED IN BDSA ORDER M-41, LIST:

a. THE NAME OF THE SERVICE GROUP, AS DEFINED IN BDSA ORDER M-41, WHICH PLACED OR SPONSORED THE PRIME OR SUBCONTRACT FOR WHICH THE METAL WORKING MACHINE WILL BE USED, AND CLAIMANT AGENCY CODE NUMBER.	b. THE URGENCY STANDING ASSIGNED TO THE PRIME OR SUB CONTRACT UPON WHICH THE METAL WORKING MACHINE WILL BE USED.
c. THE NAME OF THE PRIME CONTRACTOR, IF OTHER THAN THE APPLICANT	d. THE NUMBER OF THE PRIME CONTRACT PURSUANT TO WHICH THE METAL WORKING MACHINE WILL BE USED, IF DIFFERENT FROM 3, ABOVE

5. THE PRODUCTION EQUIPMENT ON WHICH RATING IS REQUESTED IS:

- ☐ a. TO REPLACE OR EXPAND PRESENT FACILITIES
- ☐ b. TO CONVERT EXISTING FACILITY TO DEFENSE PRODUCTION
- ☐ c. TO BE INSTALLED OR INCORPORATED IN AN ADDITIONAL STRUCTURE BEING OR TO BE CONSTRUCTED OR ACQUIRED
- ☐ d. OTHER, INCLUDING STAND-BY *(Specify)*

6. HAVE YOU TRIED TO OBTAIN NEW OR USED EQUIPMENT ON UNRATED ORDERS? *(Check One)* ☐ YES ☐ NO. IF YES, SPECIFY

NAME AND ADDRESS OF COMPANY(IES) CONTACTED	RESULT

7. IS THIS YOUR FIRST APPLICATION FOR AUTHORITY TO USE A RATING TO ACQUIRE THE PRODUCTION EQUIPMENT LISTED AND DESCRIBED AND FOR THE PURPOSE STATED IN BLOCK 1? *(Check One)* ☐ YES ☐ NO
IF NO, COMPLETE THIS BLOCK AND EXPLAIN THE CHANGED CIRCUMSTANCES IN BLOCK 9 JUSTIFYING THIS APPLICATION

DATE REQUESTED	NAME OF PERSON TO WHOM REQUEST WAS MADE	CASE NUMBER	ACTION TAKEN
			☐ DENIED
			☐ OTHER *(Specify)*

8. ARE YOU NOW USING EQUIPMENT SIMILAR TO THAT FOR WHICH YOU ARE APPLYING, TO FULLEST PRACTICAL USE ON RATED ORDERS? *(Check One)* ☐ YES ☐ NO IF NO, EXPLAIN

9. SUPPLEMENTARY REMARKS OR EXPLANATIONS

10. **CERTIFICATION** – THE UNDERSIGNED COMPANY AND THE OFFICIAL EXECUTING THIS CERTIFICATION ON ITS BEHALF, HEREBY CERTIFY THAT THE INFORMATION CONTAINED IN THIS APPLICATION OR REPORT IS CORRECT AND COMPLETE TO THE BEST OF THEIR KNOWLEDGE AND BELIEF.

DATE	NAME OF COMPANY
SIGNATURE OF AUTHORIZED OFFICIAL	TITLE

Section 35 (A) of the United States Criminal Code, 18 U.S.C. Sec. 80, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

11. RECOMMENDATION OF LOCAL MILITARY REPRESENTATIVE:

THE PRODUCTION EQUIPMENT DESCRIBED IN COLUMN A OF BLOCK 1 IS RECOMMENDED FOR APPROVAL IN THE QUANTITIES I HAVE ENTERED IN COLUMN G OF BLOCK 1. WHERE THE WORD "DENIED" IS ENTERED IN COLUMN G, DENIAL OF THE TOTAL NUMBER OF UNITS REQUESTED IS RECOMMENDED. APPROVAL IN WHOLE OR IN PART WHERE INDICATED OR COMPLETE DENIAL IS RECOMMENDED FOR THESE REASON(S):

(1)

(2)

(3)

DATE	SIGNATURE	TITLE

12. AUTHORIZATION OR DENIAL

BY AUTHORITY OF THE BUSINESS AND DEFENSE SERVICES ADMINISTRATION, YOU ARE HEREBY ASSIGNED THE RIGHT TO APPLY THE RATING AND ALLOTMENT NUMBER DO-88 TO YOUR PURCHASE ORDERS OR CONTRACTS FOR THE QUANTITIES OF PRODUCTION EQUIPMENT ENTERED ON THE APPROPRIATE LINES IN COLUMN G. WHERE THE WORD "DENIED" HAS BEEN ENTERED IN COLUMN G, YOU HAVE BEEN DENIED THE RIGHT TO APPLY A RATING AND ALLOTMENT NUMBER TO YOUR PURCHASE ORDERS OR CONTRACTS FOR THE PRODUCTION EQUIPMENT ON THAT LINE. WHERE A QUANTITY HAS BEEN ENTERED IN COLUMN G OTHER THAN THE QUANTITY YOU ENTERED IN COLUMN B OF THE SAME LINE, YOU ARE ASSIGNED THE RIGHT TO APPLY THE RATING AND ALLOTMENT NUMBER DO-88 TO ONLY THE QUANTITY SHOWN IN COLUMN G.

DATE	SIGNATURE	TITLE

GENERAL INSTRUCTIONS TO APPLICANT

a. Who Should File DD Form 691

Persons working on rated contracts and orders who need production equipment to produce items covered by such orders. This includes prime contractors who have received rated orders directly from a government procuring agency or subcontractors working on rated orders that have been extended to them by their customers. Rated orders will bear the DO-rating and an allotment number.

b. Where to Obtain Copies of the Form

Copies of DD Form 691 may be obtained on request from local procurement officers of the military departments.

c. Where to File and Number of Copies

File an original and three (3) copies of DD Form 691 with the nearest procurement officer of the military departments having jurisdiction over the orders you are working on. If you have a number of orders belonging to more than one military department, file your application with the procurement officer of the military department that has the majority interest in rated orders on hand and in process on which you will use the requested equipment.

d. How to Use the Rating on Approved Requests

You will receive a certified copy of your application either approving in whole or in part or denying authority to use the rating to obtain the items requested. The extent of approval will be specified by the number of units entered in Column g of Block 1 for specified items in Column a. You may use the rating only for the number of units of an item shown in Column g. If the word "Denied" has been entered in Column g for an item specified in Column a, you may not use the rating to obtain any of the item.

On approved items you use the certification prescribed in DMS Reg. 1 to certify your purchase orders as follows:

"Certified under DMS Regulation 1, DO-B8."

DEFINITION OF PRODUCTION EQUIPMENT

Production equipment for which rating may be authorized on this form is defined as equipment used in producing goods or services, such as equipment for cutting, abrading, grinding, shaping, forming, joining, measuring, testing, heating or treating of production materials in manufacture, or for the handling of equipment or production materials or "in process" products within a manufacturing, processing, assembling, or service establishment.

Contractor-Operated, Government-Owned Facilities

1. A contractor who operates a facility for an element of the Department of Defense or an associated agency on a management or agency contract (e.g., operates an arsenal on an agency contract) may be assigned the right to use DO rating and allotment numbers in the same circumstances and manner as would the element for which he is performing the function.

2. The contractor-operator may be assigned the right to use the appropriate Department of Defense program code(s) for production material and related procurement and equipment.

3. The contractor-operator may also be assigned the program code C3 for his purchase of maintenance, repair and operating supplies for the facility. The program code D9, prescribed in Direction 1 to DMS Reg. 1, will not be used for plant maintenance, repair and operating supplies in contractor-operated, Government-owned facilities under management or agency contracts.

4. Assignment may be made to the contractor-operator by a certification similar to that in Section 2-4. For example, a contractor-operator of a tank arsenal might be given the following authority for use of DO rating and allotment numbers:

> "By authority of the Business and Defense Services Administration, the right is hereby assigned to ____(Name)_____ to apply the DO rating and allotment numbers DO-A4, DO-A5, DO-A7, DO-B9, and DO-C9 for the purchase of production materials and equipment, and DO-C3 for the purchase of maintenance, repair, and operating supplies necessary for the operation of the _____ Arsenal."

The assignment should be conditioned upon conformance with an instruction covering the use of the authority (e.g., the list of items which may not be rated), use of program codes in DO rating and allotment numbers, etc. The contractor-operator should have access to all relevant instructions in the Priorities and Allocations Manual.

5. If controlled material purchase is required, the contractor-operator may be given a DMS-10 (i.e., treated like a Department of Defense industrial establishment). The assignment of authority would then include, in addition to the right to use DO rating and allotment numbers, the right to make allotments of controlled materials within his allocation balance.

6. While contracts for services may not be rated (reference BDSA Reg. 2, Sec. 7), the above applies equally to performance of a service operation by a contractor using Government-owned equipment, or performing a service such as transportation, on a military contract which specifies that the contractor shall furnish materials or MRO. The rules also apply to construction to be performed for a department, for example, on an AE contract for planning and/or supervision.

Number	Title	Date of Revision
3	Introduction	
3-1	General Rules	
3-2	Requirements and Allocations of Controlled Materials	
	Exhibit 1 - Form SD 213, "DMS Allocation Decision"	
	Exhibit 2 - Timetable for DMS Operations	
3-3	Production Responsibilities and Classification of Products	
3-3.1	Allotment Jurisdiction of the DOD	
3-3.2	Rating and Allotment Responsibility of Procuring Department	
3-4	Class A Product Production	
3-4.1	Distribution of Applications - DMS-4A Application	
	Exhibit 1 - Form DMS-4A	
	Exhibit 2 - Form DMS-4S	
	Exhibit 3 - Request for Filing DMS-4A's	
3-4.2	Revoked	
3-4.3	Screening and Reviewing Applications	
3-4.4	Allotments of Production Materials	
	Exhibit 1 - Form DMS-10 - Allotment of Controlled Materials	
	Exhibit 2 - Operating Elements and Service Codes	
3-4.5	Consolidation of Allotments	
	Exhibit 1 - Advice of Consolidation of Allotments	
3-4.6	Allotment Adjustment: Increases and Decreases	
	Exhibit 1 - Form DMS-11 - Allotment Decrease	
3-4.7	Small Order, Distributor Order, and GSA Exceptions	
3-5	Maintenance, Repair, and Operating Supplies (MRO)	
3-6	Identification of Contracts and Orders	
3-6.1	Orders Placed by DOD	
3-6.2	Orders Placed by Contractors	
3-7	A and B Product Reclassifications	
	Exhibit 1 - DD Form 552, "Classification of Products under DMS"	
3-7.1	Manufacturer Exceptions	
3-7.2	Allotment Adjustment	
3-8	Changes in Controlled Materials	
3-8.1	Revoked	
3-8.2	Revocation (DMS Revision - 1959)	
3-9	Exemptions of Certain Materials from DMS Procedures	
3-10	Revoked	
3-11	Special DMS Procedures	
3-11.1	Aircraft Program - Processing of DMS-4A's	
	Exhibit 1 - Instructions for Filing DMS-4A's	
	Exhibit 2 - Format A	
	Exhibit 3 - Instructions for Preparation of Format A	
3-11.2	Revoked	
3-11.3	Aircraft: Civilian Transport (FAA)	
3-11.4	Single Manager Procurement	
	Exhibit 1 - MISA - Coverage and Stock Points	
3-11.5	Revoked	
3-11.6	Revoked	
3-11.7	Inventory Withdrawals from Government-Owned Warehouses	

A. Background - CMP

1. The civilian control agencies established a national system for the administration of priorities and allocations called the Controlled Materials Plan. The CMP was designed to control the distribution of specified basic materials and thereby to provide controls over all industrial production and construction in the United States. It was in force through Korea.

2. The basic method used in CMP was to control production and distribution of a limited number of materials which are common to most industrial production. The three common materials, called "controlled materials", were steel, copper and aluminum. Supplies of these materials were estimated for use during a given quarter and distribution was authorized (controlled) to competing consumers on a program basis far enough in advance to meet the needs of authorized schedules.

3. Under CMP, the Department of Defense and all other claimant agencies submitted their total requirements for production and construction programs to the responsible civilian control agency (Office of Defense Mobilization). The Requirements Committee balanced estimated supply against stated requirements by deciding what portion of supply each claimant was authorized to use. The civilian agencies were then allocated the share of controlled materials available for production of all non-military items, and the Department of Defense was allocated the materials required to support its programs. The Department of Defense was authorized to make allotments to military contractors within the established material quotas. No one was permitted to buy or sell controlled materials except with allotment authority.

B. Introduction of DMS

1. The Controlled Materials Plan was discontinued on 30 June 1953. The substitute priorities and allocations plan which became effective 1 July 1953 is called the Defense Materials System. The DMS provides a basic priorities and allocations plan, similar to CMP, but which covers only Department of Defense and Atomic Energy Commission programs, while eliminating priorities and allocations control of or support for civilian production and construction.

2. Under DMS, only the Department of Defense and Atomic Energy Commission are claimant agencies. The rated orders of these agencies, bearing the program identifications A through E, carried over their preference from CMP while all other outstanding orders not bearing such symbols became unrated after 30 June 1953. Suppliers are permitted to buy or sell controlled materials on unrated orders, provided the deliveries to A through E orders are made on time.

C. DMS Simplification

1. The simplified Defense Materials System which became effective 1 April 1954 did not require the Department of Defense to make any major change in its operating procedures established under CMP. The objective of the simplified DMS is to provide preference for defense procurement and at the same time retain in being the framework of a national control system for use in the event of stepped-up mobilization. A fourth controlled material -- nickel alloys -- was added in June of 1956.

2. Further simplification in December 1959 similarly affected contractors more than Department of Defense operating elements.

3. Under the amended DMS, major Class A product prime contractors of the Department of Defense receive allotments. (Construction and research projects are defined as Class A products.) There is no reallotment to subcontractors, thus eliminating all subcontractors from the allotment procedure and its bookkeeping requirements.

4. Class A and Class B product producers receive rated orders, and extend their customers' symbols (or may extend the B5 symbol) for their production materials.

5. For an explanation and chart of how DMS ties in to the rating system, see Section 1-3, "Description of Priorities and Allocations System".

6. The remainder of this Section 3 explains how DMS operates in the Department of Defense and associated agencies. Section 4 - Construction - supplements this Section with more specific DMS rules for construction projects.

D. Current DMS Regulations

The applicable regulations governing the current simplified DMS are listed in Section 9-Introduction, Exhibit 2.

A. General

The civilian control agencies decided to retain a simplified Defense Materials System: (1) to provide preferential treatment for current Department of Defense and Atomic Energy Commission hard goods procurement programs, and (2) to provide a materials allocations system in operation for use in the event of increased mobilization. These objectives are supported by the Department of Defense.

B. Rules Governing Department of Defense Operations under DMS

1. The Department of Defense will comply with the rules established for the Defense Materials System:

a. Submitting requirements data as requested by OEP;

b. Issuing ACM orders, authorizing allotments as appropriate and applying ratings; and

c. Maintaining allotment accounts, as required.

* 2. The priorities and allocations authority delegated to the Department of Defense in BDSA Delegation 1, and redelegated to the military departments, Defense Supply Agency, and operating elements, will be administered within the limitations established in that delegation. Exhibit 1, Section 2-1 of this Manual, explains these limitations as applied to the rating of certain procurement contracts. The use of allotment authority is subject to the same limitations.

3. The procuring element of the Department of Defense will use its allotment authority on every purchase order or contract (regardless of source of funds):

a. In placing ACM orders for the direct purchase of controlled materials; or
b. In making allotments of controlled materials for Class A products; or
c. In placing orders for Class A products acquired from distributors; or "small orders" when the prime contractor is established as a "self-authorizing contractor" (see Section 3-4.7 of this Manual); or
* d. In placing orders for controlled materials or Class A products against
* GSA schedules.

4. No contract or order for a Class B product will be accompanied by an allotment unless an exception is granted by BDSA (see Section 3-3.1).

5. Allotments of controlled materials will be issued only in the amounts needed by the contractor to be put into his working inventory or into production in the quarters covered by the allotment.

6. Within allocation authority available, advance allotments will be issued as early as practicable in amounts needed to support all authorized production scheduled by the contractor.

7. Military contractors (and industrial establishments of the Department of Defense) will be instructed not to make allotments to their subcontractors.

8. If, after screening an application for controlled materials, there is insufficient allocation authority available, no allotment may be made until the allocation balance is supplemented (by returns from contractors, by a transfer of allocations within the jurisdiction of the element, or by additional allocation from a higher echelon).

9. Controlled materials will be allotted, in case of a shortage, on the basis of the relative urgency of the procurement items and the contractors' urgent needs, so as to ensure the maximum effective use of all that is available.

- -

* Changed material.

Defense Supply Agency Procurement

A. General

1. Certain controlled materials and Class A products have been assigned to the Defense Supply Agency (DSA). 1/ This Part prescribes procedures which continue DoD accountability within quantitative limitations of allocations under DMS. This Issuance covers the procedure applicable to the Defense Supply Agency for assigned procurement of controlled materials and Class A products. Supply Centers of DSA are set forth in Exhibit 1.

2. Special provisions for purchase and issue of DSA stock of controlled materials have been approved by OEP and BDSA to minimize paper work. DSA will be authorized to place ACM orders, using the Claimant Program Symbol C8 within allocation limits for controlled materials purchased as such. DSA stocks of controlled materials are subject to a general limitation of six months of peacetime operating stock for each individual stock item.

3. Neither the Defense Materials System nor this Manual imposes any restriction on issues of controlled materials or Class A products from DSA stock either as to purpose or quantity.

B. DSA Requirements and Allocations

1. The DSA will estimate requirements for controlled materials and will receive allocations of materials corresponding to their procurement assignments. Requirements will include controlled materials to be purchased as such, and controlled materials for Class A products.

a. Controlled Materials Purchased by DSA: DSA will estimate quarterly requirements for the C8 program based on anticipated needs for controlled materials stock replenishment without regard to the identity of either the program or activity for which the material will eventually be issued.

b. Class A Products Purchased by DSA: DSA will estimate quarterly controlled materials requirements for other claimant programs (PAM Section 2-2), based on anticipated needs for Class A products for stock replenishment and DSA purchase of assigned items.

2. Requirements for DMS controlled materials, identified to C8 and other applicable programs, will be submitted quarterly to the Assistant Secretary of Defense (Installations and Logistics).

C. Departmental Requirements

The Department of Defense elements which obtain their Class A products or controlled materials from DSA will exclude such items from their regular quarterly estimates of controlled materials requirements.

D. Procedures

1. The DSA, in procuring controlled materials as such, will place ACM orders using the C8 allotment symbol. In procuring Class A products, DSA will issue rated orders, process DMS-4A's, and issue allotments under the regular procedures of this Manual. Quantities represented by such ACM orders and allotments will be deducted from the quantitative allocation received, and records will be maintained in the manner prescribed by Section 5.

1/ Previously to Single Managers.

A. Claimant Responsibility

1. Direct: DOD Claims and Allots - The Department of Defense is one of two claimant agencies to the Office of Civil and Defense Mobilization under the Defense Materials System. (AEC is the other.) DOD is responsible for presenting requirements for the programs of the DOD, including military equipment and supplies under the Military Assistance Program, military construction and all housing on military bases and reservations, and the military and civilian requirements of foreign areas under military administration. DMS operating elements within DOD make allotments for these programs.

2. Added Programs: DOD Claims and Allots - In addition, and specifically in connection with the Defense Materials System (DMS), the DOD has claimant responsibility for selected programs of certain other agencies of government:

(a) Production support of the civil air transport program for FAA;
(b) Military housing under Public Law 345 and 1020 (Title VIII) for the Housing and Home Finance Agency; and
(c) Procurement for associated agencies (paragraph 3, below) on "orders" from those agencies to a DOD operating element (e.g., CIA and NASA).

The DMS allotments for these programs are also administered by operating elements within the DOD.

3. Associated Agencies: DOD Claims and Reallocates - The following agencies are associated with and considered as additional DMS operating elements of the DOD. DOD claimant responsibility includes their programs as follows:

(a) Federal Aviation Agency: MRO for domestic and foreign civil airlines; and establishment and maintenance of civil air navigation facilities; 1/
(b) BDSA: the Canadian military program; direct defense needs of friendly foreign countries; and Munitions List items purchased by foreign governments through domestic commercial channels, excepting commercial transport aircraft for civil air carriers, and components, parts, and accessories, therefor;
(c) Maritime Administration: ships construction as approved by OCDM;
(d) U. S. Coast Guard: total program; 2/
(e) CIA: as requested; and
(f) National Aeronautics and Space Administration: total program.

The above requirements are included with those of the DOD, but the named agencies receive reallocations and administer their own DMS allotment programs.

B. Requirements Procedure

1. The DOD "claims" to the Office of Civil and Defense Mobilization for the requirements of controlled materials for its research and development, production, construction and MRO programs (paragraph A,1 above), and for all special programs for which it is assigned claimant responsibility (paragraphs A,2 and A,3 above).

2. Each military department and associated agency determines the quantities of controlled materials that must be delivered for each major claimant program during specified (allocation) quarters to meet authorized schedules pursuant to requirements calls issued by the Assistant Secretary of Defense (Installations and Logistics). These "calls" are issued in the form of DOD directives explaining the detail applicable to the computation and submission of the requirements for the period covered.

3. In general, DOD requirements include the total quantities of controlled materials needed to support allotment jurisdiction under DMS (Section 3-3.1), for anticipated as well as existing contracts. (Estimated requirements for Brick-Bat .01 (DX) programs are included in the totals, but separately identified.) Requirements for controlled materials must be developed and submitted far in advance of the specified allocation quarter. Bills of material requested from a Class A product producer may provide a basis for computation. The latest production scheduling data must be used.

1/ Does not include airport construction.
2/ Through Navy.

4. A central office in each military department or associated agency consolidates the requirements from its elements (technical services, bureaus, etc.) and submits these, after review and adjustment, to the Assistant Secretary of Defense (Installations and Logistics). After consolidation into the total DOD requirements of all claims enumerated in A,1, 2, and 3 above, the total is submitted to the Office of Civil and Defense Mobilization for evaluating with other claimants' demands against estimates of supply. The OCDM makes an allocation decision (Program Determination), after a review of all the requirements and consideration of the estimated availability of materials.

C. Allocation Procedure

1. The OCDM Program Determinations contain the approved allocations for specified calendar quarters. Controlled materials allocations are transmitted to the Assistant Secretary of Defense (Installations and Logistics), and the allocation process within the DOD begins.

2. Installations and Logistics reallocates in bulk quantities to the military departments and associated agencies. This allocation is communicated to the Procurement Secretary of each military department, and to designated officials of the associated agencies, on SD Form 213, "DMS Allocation Decision" (see Section 3-2, Exhibit 1).

3. The DOD Priorities Controller (Priorities Branch, Installations and Logistics) issues the necessary accounting documents to the DMS Officers of the military departments and associated agencies for reference to their respective Priorities Controllers and entry in the appropriate controlled materials accounts and records (see Section 5).

4. The military departments and associated agencies determine the reallocation among their respective DMS operating elements and issue their own allocation decisions on DD Form 529, or similar allocation form, to each operating element. Each DMS operating element of the DOD then makes allocations of controlled materials to the organizational levels from which allotments are made to prime consumers and/or authorized controlled materials orders are placed. Allocations of controlled materials received and passed on at each operating level are recorded in the appropriate controlled material accounts as required in the accounting and reporting section of this Manual (see Section 5).

5. The allocation process, as set forth above, stops at that operating level of the DOD that makes allotments to the actual consumers of controlled materials. An allotment process begins when individual consumers are authorized to use controlled materials in authorized schedules.

D. Relationship of DMS-4A and 4C Forms to Requirements

Because of the necessity for developing requirements for controlled materials for the allocation process so far in advance, the allocations never, even under ideal conditions, coincide in detail with the total of contractors' applications. Applications for allotments filed by contractors are, however, more current statements of contractors' requirements to support actual production or construction schedules; comparative studies of the two will point up areas for improvement of requirements data, and will guide reallocations for maximum effective use. Requirements estimates will not be adjusted to reflect failure on the part of contractors to apply for allotments. Allotment responsibilities are set forth in more detail in Section 3-3.1.

E. Increases or Decreases of Allocations

Increases or decreases of controlled materials allocations will be necessary to the extent that forecasts differ from firm contracts. Requests for allocation increases are transmitted through the same channels as initial allocations, but only to the level where an available allocation balance permits issuance. The allocation balances available for allotment within DMS operating elements are augmented by returns of allotments made by contractors, and at higher echelons by adjustments made in the allocation and return process. The Assistant Secretary of Defense (Installations and Logistics) may have an available balance or may request additional allocations from OCDM if warranted. Decreases, i.e., returns of unused authority, must be made promptly to give the necessary flexibility. Appropriate accounting for all changes is required (see Section 5).

F. Transfers of Allocations

Military departments may transfer allocations between their operating elements. A transfer of allocations between military departments or associated agencies may be accomplished in accordance with the accounting procedures established in Section 5. Proposed transfers to another claimant agency must be submitted to the Assistant Secretary of Defense (Installations and Logistics) for negotiation with the OCDM.

G. Timetable for DMS Operations

Exhibit 2 to this Section 3-2 lists the steps, and shows the time that elapses, between the date for submission of controlled materials requirements and the date for allocation of materials to the military departments and associated agencies.

Exhibit 1:

ASSISTANT SECRETARY OF DEFENSE
(INSTALLATIONS & LOGISTICS)
DMS ALLOCATION DECISION
(CUMULATIVE)

NAME OF MILITARY DEPARTMENT OR AGENCY

DECISION NUMBER

DATE

ALLOCATION STATEMENT

The quantities specified below for each class of controlled material and calendar quarter have been allocated. Authorized Controlled Materials orders may be placed and allotments of controlled materials may be issued to prime consumers only within these limits.

ITEM NO. a	CONTROLLED MATERIAL b	UNIT OF MEASURE c	____ QTR ____ d	____ QTR ____ e	____ QTR ____ f	____ QTR ____ g	____ QTR ____ h
10	CARBON STEEL *(Including wrought iron)*	SHORT TONS					
20	ALLOY STEEL *(Except stainless)*	SHORT TONS					
30	STAINLESS STEEL	POUNDS					
40	COPPER & COPPER-BASE ALLOY BRASS MILL PRODUCTS	POUNDS					
50	COPPER-WIRE MILL PRODUCTS	POUNDS					
60	COPPER & COPPER-BASE ALLOY FOUNDRY PRODUCTS & POWDER	POUNDS					
70	ALUMINUM	POUNDS					
80	NICKEL ALLOYS	POUNDS					

This form is used to notify each military department and associated agency of its total bulk allocation of controlled materials for each calendar quarter.

FURTHER PROVISIONS

DATE

BY

SD FORM 1 JAN 60 213

REPLACES SD FORM 213, 1 AUG 58, WHICH MAY BE USED.

Exhibit 1: Timetable for DMS Operations

This table provides a general outline for the timing of Department of Defense operations to fulfill responsibilities under the Defense Materials System. It is a target only; any quarter may deviate slightly since the operations are dependent upon actions by other agencies. Each operating element, however, may establish its own specific timetable as necessary for DMS operations. For purposes of this timetable, "delivery quarter" means the first calendar quarter for which allotments are valid.

Quarterly Target Timetable

1.	Requirements computation begun by departments	6th month preceding delivery quarter
2.	Requirements submission date (to Assistant Secretary of Defense - Installations and Logistics)	10th day of 4th month preceding delivery quarter
3.	Program Determination issuance (by Office of Civil and Defense Mobilization)	7th day of 3rd month preceding delivery quarter
4.	Allocations made by Assistant Secretary of Defense (Installations and Logistics) to the military departments and associated agencies	10th day of 3rd month preceding delivery quarter

Initial allotments on new contracts or supplemental allotments on existing contracts may be issued at any time within the allocation authority available (see Section 3-4.4).

Qtr	3rd Q			4th Q			1st Q			2nd Q		
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
FIRST	1Q Requirements computation		1Q Reqs to I/L to	OCDM PD to I/L to Depts			DELIVERY QUARTER					
SECOND				2Q Requirements computation		2Q Reqs to I/L to	OCDM PD to I/L to Depts			DELIVERY QUARTER		
THIRD	DELIVERY QUARTER						3Q Requirements computation		3Q Reqs to I/L to	OCDM PD to I/L to Depts		
FOURTH	OCDM PD to I/L to Depts			DELIVERY QUARTER						4Q Requirements computation		4Q Reqs to I/L to

A. General

Department of Defense operating elements authorized to make controlled materials allotments are required to be familiar with the current classification of products that contain controlled materials. Products are classified by BDSA for purposes of assigning responsibilities; the proper identification of those products is essential to the fulfillment of those responsibilities assigned to the Department of Defense under the Defense Materials System. All products containing controlled materials are either Class A or Class B products.

Class A products are generally military end items or items of specialized use. In addition, research and development and construction contracts are defined as Class A products.

Class B products are generally civilian type, common use, or shelf items.

B. Official Guide to Classification

The detailed classification of B products is set forth in the "Official Class B Product List" published by the BDSA. Products containing controlled materials and not included in this List are Class A products. "Products and Material Classification Bulletins" are issued by the Office of the Assistant Secretary of Defense (Installations and Logistics) to reflect current changes and special provisions until a revised List can be published (see Section 3-7).

C. Department of Defense Class A Product Responsibility

The Department of Defense is responsible for securing controlled material requirements from and making allotments to its Class A product contractors. The Department of Defense has authority under DMS to issue controlled material allotments for production of these Class A products (see Section 3-4), and for certain other Class A product production for which it is assigned claimant responsibility (see Section 3-3.1).

D. Class B Product Responsibility

The civilian control agencies are generally responsible for obtaining the controlled materials requirements for Class B products and for assuring their availability for defense programs.

Allotment Jurisdiction of the
Department of Defense

A. BDSA Delegation 1 and DMS Regulation 1

The Department of Defense' authority to issue ratings and make allotments for production is governed by BDSA Delegation 1. The Department of Defense' authority to make allotments is further limited by DMS Regulation 1. Allotment jurisdiction of the Department of Defense and associated agencies closely parallels claimant responsibilities (see Section 3-2).

B. Class A Products

1. Allotments for construction projects, defined as Class A products, are dealt with in Section 4 of this Manual.

2. The normal jurisdiction of the Department of Defense to issue controlled materials allotments for production is confined to Class A products for the programs of the military departments 1/ and other programs for which the Department of Defense is claimant (see Section 3-2). Exceptions from this rule must be approved by the civilian control agencies.

3. A general exception has been granted by BDSA to the Department of Defense to treat as Class A products, all products manufactured in government-owned or leased facilities operated by or for the Department of Defense and associated agencies of the Federal Government.

4. The following normal Class B products, when installed as original equipment or concurrent spares on trucks, fire, crash, and on tactical or combat vehicles (which are classified as Class A products), are considered Class A components whether manufactured by the prime contractor in his own facility or purchased from subcontractors:

Axle assemblies	Engines
Brake assemblies	Wheel assemblies

5. Repair parts for combat vehicles (except repair parts for engines, transmissions and final drives) which are not listed in the Class B Product List are to be considered Class A products. The following items are defined as combat vehicles:

(1) Tanks, light, medium, heavy
(2) Carriages, motor, self-propelled guns
(3) Carriages, motor, self-propelled howitzer
(4) Wrecker, full track, tank mounted
(5) Tractor, cargo carrier
(6) Carrier, cargo, amphibious
(7) Landing vehicle, tracked
(8) Bulldozer, tank mounted
(9) Trailer, gun mount
(10) Vehicle, armor, infantry
(11) Vehicle, armor, engineer
(12) Vehicle, tank recovery

C. Class B Products

Applications and requests for allotments covering Class B products may be received from time to time but these are generally required to be screened out and returned to the sender even though the product is procured by the Department of Defense. The BDSA is responsible for Class B products unless that agency has approved exceptions. Approval of an exception transfers claimancy and allotment jurisdiction to the Department of Defense. The following are examples:

1/ The Public Works Program of the Army is excluded.

1. Class of Item - The Department of Defense may request that its jurisdiction to make allotments be extended to cover certain groups of B products when production problems warrant. When such a request is approved by the civilian control agencies, the Department of Defense would be designated as the claimant agency for some specific portion of B product production but only under special procedures (see Section 3-7).

2. Individual Producers of Class B Products - Exceptions may be granted by BDSA to an individual Class B product producer when an agreement is reached with the Department of Defense that such producer will henceforth be under Department of Defense jurisdiction as though he were an A product producer (see Section 3-7.1).

3. Captive B Products - Class B product components, produced by a Class A product manufacturer for incorporation in Class A products for the Department of Defense, will be considered to be under Department of Defense allotment jurisdiction provided that the manufacturer does not normally sell similar components to other users.

4. Tools, Jigs, Dies, Fixtures - Allotments to Class A product producers may include quantities required for the production of tools, jigs, dies, and fixtures (normally Class B products), when the tools, etc., will be made by the producer and will be used in the production of items for the Department of Defense provided that the Class A product producer is not a regular manufacturer of the tools, jigs, dies or fixtures.

D. Controlled Materials for Packaging

Controlled materials required for the packaging of Class A products to be delivered to the Department of Defense may be included in the total allotment made to the Class A producer.

Rating and Allotment Responsibility of Procuring Department

A. Scope

This Issuance applies to ratings and allotments for "Military Interdepartmental Purchase Requests" (MIPR's), numbered "Orders" from the Advanced Research Projects Agency (ARPA) or other sources, and contracts or orders from associated agencies for their programs. The same rules apply also to intra-departmental procurement instructions, project orders, etc.

B. Background

The basic delegation of priorities and allocations authority gives to each department and associated agency the authority to issue ratings and allotments for all its rateable procurement. As prescribed in PAM Section 2-1, the department or associated agency which does the purchasing will issue the ratings and allotments for all the contracts and orders it places, regardless of source of funds.

C. Procedure

1. Identification of the Claimant Program (see Section 2-2), and applicable rating should appear on each purchase request (e.g., on the MIPR, on an intra-departmental order, or on an order from ARPA, CIA, or NASA). Eligibility for a DX program rating is determined from the Master Urgency List -- see PAM Section 14-1. On procurement for DX programs, identification will include the unclassified program name. It is not necessary for the requesting department or agency to "issue" or "assign" a rating, nor to transfer an allotment of controlled materials.

2. Controlled materials requirements will be estimated by the purchasing department or agency to meet the agreed-upon delivery schedule, and included in its regular quarterly DMS requirements submissions. If a request for purchase is received after controlled materials requirements have been submitted, the purchasing department will request any necessary supplemental allocation through its normal channels.

3. Allocations and allotments for assigned procurement will be recorded and reported under the regular accounting procedures (PAM Section 5) by the purchasing department or agency.

4. The purchasing department will implement all necessary priorities procedures, including requesting special assistance or exercising delegated scheduling authority, issuing ratings for production equipment, etc.

A. General

The major responsibility of the Department of Defense in the administration of DMS is to make controlled materials allotments to support the production of Class A products being produced for it. Additional product responsibility may be incurred under the exceptions set forth in Section 3-3.1. References in this Section 3 to Class A product production include any such exceptions which permit the Department of Defense to treat a Class B product manufacturer as though he were an A product producer. (The responsibility for Department of Defense construction programs is set forth in Section 4.)

B. Preference for Class A Product Production

1. The Department of Defense is required to issue rated orders and make controlled materials allotments to all manufacturers producing Class A products for it. 1/ The procedure by which contractors extend this preferential treatment to subsequent levels of production is the same whether the products are classified as A or B, and is set forth in DMS Reg. 1.

2. The sub-parts of this Part of the Manual present in detail the processes to be followed by the DMS operating elements in promoting and assisting Class A product production for the Department of Defense.

1/ "Small orders" and "distributor orders" excepted (see Section 3-4.7).

Distribution of Applications: DMS-4A

A. General

To make allotments to contractors who are prime consumers of controlled materials, it may be necessary to obtain applications on DMS-4A, "Application for Allotment for Class A Products", giving statements of the quantities of controlled materials that will be needed to fulfill their production schedules or research and development contracts. If the operating element has sufficient experience data on which to base an allotment, no DMS-4A need be required.

B. Distribution of DMS-4A Applications

1. DMS operating elements of the military departments and associated agencies will distribute DMS-4A applications (Exhibit 1) to their prime contractors only if the following conditions exist:

a. A statement of the consumer's controlled materials requirements is necessary in order to make the required allotment in support of a new contract for Class A products. 1/

b. A statement of the consumer's controlled materials requirements is necessary for allotments of controlled materials in support of an existing contract for an additional calendar quarter, i.e., where contract schedules extend beyond the calendar quarters for which advance allotments have been issued.

c. The schedule of the prime consumer is revised, or design changes, etc., are made so as to make substantial changes in the prime consumer's controlled material requirements.

2. When DMS operating elements of the military departments distribute the DMS-4A's, they may complete Items 2, 3, 4, 5 and 6 on the Form DMS-4A applications before sending them to their prime consumers.

3. When DMS-4A applications are requested, contractors will not be required normally to break out their controlled materials by shapes and forms. If such information is essential to the DMS operating element, the contractor should be specifically requested for this detailed information on DMS-4S (Exhibit 2).

4. The BDSA will continue to furnish DMS-4A applications to the military departments and associated agencies. Copies of DMS-4A applications will be obtained by the DMS operating elements from their respective military departments and associated agencies through regular requisition procedures. 2/

C. Instructions to Contractors Filing DMS-4A's

1. A form letter suitable for use when it is necessary to request the filing of DMS-4A applications is included as Exhibit 3.

2. Prime consumers are not to be requested to submit or re-submit DMS-4A applications to cover their existing allotments of controlled materials except in cases where an adjustment of their existing authorized allotments is necessary. Approval of the Office of Installations and Logistics is required before a DMS operating element may request all, or a whole class, of its prime consumers to re-submit DMS-4A's covering their existing allotments of controlled materials. Approved exceptions will be incorporated in Section 3-11.

1/ This may be done prior to the issuance of a formal contract, e.g., on a letter of intent.
2/ DMS-4A forms are also available in limited quantities in BDSA offices in Department of Commerce Field Offices (see Exhibit 1 to Section 9-Introduction).

Exhibit 1:

Budget Bureau No. 41-R1591.4

FORM DMS-4A (7-18-59)

U.S. DEPARTMENT OF COMMERCE
BUSINESS AND DEFENSE SERVICES ADMINISTRATION

DEFENSE MATERIALS SYSTEM

APPLICATION FOR ALLOTMENT FOR CLASS "A" PRODUCTS

Check one: ☐ INITIAL ☐ SUPPLEMENTAL

INSTRUCTIONS - Submit original and two (2) copies to the Government Agency to which application is made, and retain one (1) copy. Read instructions on reverse of this form before filling out this application.

1. Name and address of applicant *(Street, City, Zone, State)*

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2. Name, address, title of your company representative

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3. Control number

4. If this is a supplemental application, show allotment number previously received

5. Contracting Government agency

6. Government contract number(s)

7. Name and address of Allotting Agency to which application is submitted

8. Product to be made by applicant

Section I - SCHEDULE OF DELIVERIES ON RATED ORDERS - Unit of Measure *(Specify)*

Period (a)	Scheduled deliveries (b)	Period (c)	Scheduled deliveries (d)	Period (e)	Scheduled deliveries (f)
____ Qtr. 19____		____ Qtr. 19____		____ Qtr. 19____	
____ Qtr. 19____		____ Qtr. 19____		____ Qtr. 19____	

Section II - INITIAL OR INCREASE IN ALLOTMENT REQUESTED

Item No.	Controlled material (a)	Unit of measure (b)	Item No. (c)	____Qtr. 19____ (d)	____Qtr. 19____ (e)	____Qtr. 19____ (f)	____Qtr. 19____ (g)
10	Carbon steel *(including wrought iron)*	Short tons					
20	Alloy steel *(except stainless)*						
30	Stainless steel	Pounds					
40	Copper and copper-base alloy brass mill products						
50	Copper wire mill products						
60	Copper and copper-base alloy foundry products and powder						
70	Aluminum						
80	Nickel alloys						

FOR GOVERNMENT USE ONLY

SPECIMEN

COMPLETE CERTIFICATION ON REVERSE

USCOMM-DC 6099-P

GENERAL INSTRUCTIONS

SPECIMEN

(a) Before submitting Form DMS-4A, manufacturers must be familiar with the provisions of DMS Reg. 1, as amended, and the definitions of controlled materials included in that regulation.

(b) Manufacturers of Class A products or persons engaged in research and development under rated contracts or orders must submit Form DMS-4A, when requested to do so by the Allotting Agency for whom the Class A product(s) will be produced or the research and development carried out to fill rated orders.

(c) Manufacturers of Class A products may submit a supplemental application at any time after submission of an initial application. Supplemental applications must be accompanied by a letter stating the reasons therefor.

(d) When requested to do so by an Allotting Agency, manufacturers of Class A products must submit Supplemental Sheet, Form DMS-4S.

HOW TO FILL OUT THIS FORM

HEADING - Indicate in the appropriate square whether you are submitting:

(a) An initial or a supplemental application. An initial application is one for the total amounts of controlled materials for which an allotment is requested for the production of the Class A product(s) specified in Item 8.

(b) A supplemental application is one for an additional allotment of controlled materials for the production of a Class A product for which you have previously received an allotment.

Item 1 - Enter name and address of applicant.
Item 2 - Enter name and address of person to whom communications should be directed.
Item 3 - Leave blank on initial applications.
Item 4 - Leave blank on initial applications.
Item 5 - Enter the name of the contracting Government agency.
Item 6 - If available to you, enter Government contract number(s).
Item 7 - Enter name and address of Allotting Agency to which this application is submitted.
Item 8 - Enter name of Class A product you make and which is covered by this application.

Section I - SCHEDULE OF DELIVERIES ON RATED ORDERS

In the space provided in the heading of Section I, indicate the unit of measure customarily used in measuring the physical quantity of the product covered by this application such as pieces, pounds, tons, feet, yards, etc. If a measure of physical quantity is not significant or if records of production are not maintained in terms of quantities, indicate dollar value. If weight unit is used, specify weight of raw materials put in production. Supplemental applications must show the same unit of measure as shown in your initial application. Enter in Columns (a), (c), and (e) the calendar quarters for which you have scheduled deliveries of the products specified in Item 8, to fill rated orders, beginning with the first quarter in which deliveries of the product(s) will be made from the materials obtained pursuant to the allotment requested in Section II of this application. Enter in columns (b), (d), and (f) the quantities of that product scheduled for delivery in each calendar quarter, expressed in terms of the unit of measure you have specified. The schedule of deliveries shown in Section I must be related to the quantities of materials and the calendar quarters in which delivery is required as shown in Section II.

Section II - INITIAL OR INCREASE IN ALLOTMENT REQUESTED

You must include in your request for an allotment of controlled materials those controlled materials required from suppliers for the production of the Class A product(s) covered by the application including:

(a) The production of any Class A components or subassemblies which you make for incorporation in the product(s) covered by the application.

(b) The production of any Class A components or subassemblies which are produced by all self-authorizing consumers, in all degrees of remoteness, who furnish Class A products for incorporation in the product(s) covered by your application.

(c) The production of any Class B components or subassemblies which you make for incorporation in the product(s) covered by the application but not for those you purchase.

(d) For packaging or containers required to make delivery.

Column (c) - Copy item number to avoid errors resulting from misalignment on carbon copies.
Columns (d) through (g) - Enter the calendar quarters for which you are requesting allotments. On your application for initial allotment, show the quantities of controlled materials that are needed for the manufacture of Class A product(s) covered by this application. If you are submitting an application for an increase in allotment of controlled materials, show only the additional quantities of controlled materials that are needed for the manufacture of the Class A product(s) covered by this application. In this case do not include your previous allotment or advance allotments.

Quantities must be shown for as many quarters as are necessary to meet your needs, whether the application is for an initial or increase in allotment.

Section III - Certification - The undersigned company and the official executing this certification on its behalf hereby certify that the information contained in this application is correct and complete to the best of their knowledge and belief.

_____ By _____
(Name of applicant) *(Signature of authorized official)*

_____ _____
(Date) *(Title)*

The U.S. Code, Title 18 (Crimes and Criminal Procedure), Section 1001, makes it a criminal offense to make a wilfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction. The individual company information reported on this form is for use in defense mobilization activities. The unauthorized publication or disclosure of individual company information is prohibited by law, and persons having access to such information are subject to fine and imprisonment for unauthorized disclosure.

FORM DMS-4A (7-18-59) USCOMM-DC 6099-P

Exhibit 2:

Form Approved; Budget Bureau No. 41-R2050

FORM DMS-4S
(6-8-60)

U.S. DEPARTMENT OF COMMERCE
BUSINESS AND DEFENSE SERVICES ADMINISTRATION

DEFENSE MATERIALS SYSTEM

DETAILED BREAKDOWN OF CONTROLLED MATERIALS

(DO NOT COMPLETE THIS FORM UNLESS SPECIFICALLY REQUESTED)

Read Detailed Instructions Before Filling Out This Form

Item 1. Enter name and address of company *(Street, City, Zone, State)*

Item 2. *(Check appropriate box to which this Form relates and enter the date of the related submission, if applicable)*

	Date
☐ To support Form DMS-4A	
☐ To support Form DMS-4C	
☐ Requirements of a Prime Consumer	
☐ Other *(Specify)* _____	

Name and Title of Authorized Official *(Please type)*	Signature of Authorized Official	Date
		Telephone number

USCOMM-DC 7881-P60

Section I - DETAILED BREAKDOWN OF CONTROLLED MATERIALS

Item number (a)	Controlled Material (b)	Unit of measure (c)	Item number from Column (a) (d)	Required from suppliers for quarters indicated: ____ Qtr. 19____ (e)	____ Qtr. 19____ (f)	____ Qtr. 19____ (g)	____ Qtr. 19____ (h)
10	**Carbon Steel (including wrought iron) TOTAL**	Short tons					
.1	Billets, for shell body stock	Short tons					
.2	Ingots, blooms other billets, slabs, sheet bars, tube rounds, skelp, wire rods	Short tons					
.3	Bar, cold-finished	Short tons					
.4	Bar, hot-rolled, including light shapes, and stock for projectile and shell bodies	Short tons					
.5	Bar, reinforcing	Short tons					
.6	Structural shapes, piling	Short tons					
.7	Pipe, tubing	Short tons					
.8	Plate	Short tons					
.9	Sheet, strip, uncoated and coated	Short tons					
.10	Tin, terne, and tin mill black plate	Short tons					
.11	Rails, track accessories, wheels and axles (railroad)	Short tons					
.12	Wire, wire products	Short tons					
.13	Other mill forms and products (excluding castings and forgings)	Short tons					
20	**Alloy Steel (except stainless steel) TOTAL**	Short tons					
.1	Ingots, blooms, billets, slabs, sheet bars, tube rounds, wire rods	Short tons					
.2	Bar, cold-finished	Short tons					
.3	Bar, hot-rolled, including light shapes and stock for projectile and shell bodies	Short tons					
.4	Pipe, tubing	Short tons					
.5	Plate (excluding rolled armor)	Short tons					
.6	Plate rolled armor	Short tons					
.7	Sheet, strip	Short tons					
.8	Wire, wire products	Short tons					
.9	Other mill forms and products (excluding castings and forgings)	Short tons					

30	**Stainless Steel TOTAL**	Pounds					
.1	Ingots, blooms, billets, slabs, sheet bars, tube rounds, wire rods	Pounds					
.2	Bar, cold-finished	Pounds					
.3	Bar, hot-rolled, including light shapes	Pounds					
.4	Pipe, tubing	Pounds					
.5	Plate	Pounds					
.6	Sheet, strip	Pounds					
.7	Wire, wire products	Pounds					
.8	Other mill forms and products (Excluding castings and forgings)	Pounds					
40	**Copper and copper - base alloy brass mill products TOTAL**	Pounds					
.10	Copper, unalloyed - **Total**	Pounds					
.11	Bar, rod, shapes, wire (except electrical wire)	Pounds					
.12	Sheet, strip, plate, rolls	Pounds					
.13	Pipe, tube (seamless)	Pounds					
.20	Copper-base alloy - **Total**	Pounds					
.21	Bar, rod, wire, shapes	Pounds					
.22	Sheet, strip, plate, rolls, (excluding military ammunition cups and discs)	Pounds					
.23	Pipe, tube (seamless)	Pounds					
.24	Military ammunition cups and discs	Pounds					
50	**Copper wire mill products TOTAL**	Pounds					
60	**Copper and Copper-Base alloy foundry products and powder TOTAL**	Pounds					
.1	Copper, brass and bronze castings	Pounds					
.2	Copper, brass and bronze powder (including copper powder, granular and flake, and copper-base alloy powder, granular and flake).	Pounds					
70	**Aluminum TOTAL**	Pounds					
.1	Rolled bar, rod, structural shapes and bare wire	Pounds					
.2	Aluminum conductor steel reinforced (ACSR) and bare aluminum cable	Pounds					
.3	Insulated or covered wire or cable	Pounds					
.4	Extruded bar, rod, shapes, and tube (extruded, drawn and welded tube)	Pounds					
.5	Sheet and plate	Pounds					
.6	Pig or ingot, granular or shot, and molten metal	Pounds					
.7	Foil	Pounds					
.8	Powder, flake, paste	Pounds					
80	**Nickel Alloys TOTAL**	Pounds					
.1	5 through 29.9% nickel content	Pounds					
.2	30 through 49.9% nickel content	Pounds					
.3	50 through 100% nickel content	Pounds					

INSTRUCTIONS

A. GENERAL

This Form DMS-4S is not an application form. However, if an Allotting Agency requests a person to submit this Form DMS-4S he must do so.

An Allotting Agency may require a person who has applied for an allotment of controlled materials on Form DMS-4A, Form DMS-4C, or other appropriate form, to submit on this Form DMS-4S, a more **detailed** breakdown of each of the eight classes of controlled materials for which the allotment was requested.

A person who has not requested an allotment of controlled materials may be required by an Allotting Agency to submit his requirements of controlled materials on Form DMS-4S.

The Allotting Agency will indicate the number of copies of this Form DMS-4S to be submitted.

B. HOW TO FILL OUT THIS FORM

Item 1 - Enter name and address of company.

Item 2 - Check appropriate box to which this Form DMS-4S relates and enter the date of the related submission, if applicable.

Section I - DETAILED BREAKDOWN OF CONTROLLED MATERIALS

Column (c) - All quantities must be reported in pounds except Carbon Steel and Alloy Steel, which must be reported in short tons. Where quantities of Carbon Steel and Alloy Steel are less than one ton, reporting should be in tenths of a ton.

Column (d) - Copy item number to avoid errors resulting from misalignment of carbon copies.

Columns (e) through (h) - Enter the calendar quarters at the head of each of these columns to correspond with the calendar quarter shown on the related submission identified in Item 2. The entries on lines 10, 20, 30, 40, 50, 60, 70, and 80 should be the same as those on the corresponding lines in the related submission identified in Item 2. The breakdown listed under each total should add up to the total quantity shown for each of the eight categories of controlled materials (lines 10, 20, 30, 40, 50, 60, 70, and 80). If there is no related submission, e.g., requirements, of a Prime Consumer under Item 2, the headings of columns (e), (f), (g), and (h) should be filled in as instructed by the requesting agency.

Exhibit 3: Suggested Form Letter to Request Filing of DMS-4A Applications

[Name and Address of Prime Consumer]

1. You are required to file DMS-4A applications for the _____ quarter by 1/ _____, because one or several of the following conditions apply:

   a. An increase in allotments of controlled materials is required.

   b. An allotment of controlled materials is required in support of new contracts.

   c. An allotment of controlled materials is required in support of an existing contract for an additional calendar quarter.

2. Please note that when you apply for an increased allotment of controlled materials, only the additional quantity required is to be shown in Section II on your DMS-4A application. Do not include in your application allotments of controlled materials previously received.

3. Additional DMS-4A application forms are obtainable from our (District Procurement Offices, etc.), or from your nearest Department of Commerce Field Office.

1/ Date to be inserted should usually be fifteenth day of the fourth month before the delivery quarter, e.g., 15 September for first calendar quarter 1962.

Screening and Reviewing Applications

A. General

A careful screening and review of all DMS-4A applications is a major responsibility of every controlled materials allotting unit within the Department of Defense and is essential to the operations of the Defense Materials System. This analytical process will provide the effective control over the distribution of limited quantities of controlled materials allocated to the Department of Defense. The process of screening and reviewing DMS-4A applications submitted by military contractors, and by industrial facilities owned and operated by the military departments, is broken down into the following two distinct categories.

1. Screening for acceptability of DMS-4A applications.

2. Reviewing materials requirements.

B. Screening

1. The first part of the screening process consists of determining that the application is within the jurisdiction of the Department of Defense DMS operating element (see Section 3-3.1).

2. The second part of the screening process consists of determining that the information contained on the DMS-4A applications is complete enough for further processing. The steps are essentially checking the application for signature, completeness of the information supplied relative to the item to be produced, proposed production schedule and materials required.

C. Reviewing Material Requirements

1. This process involves the technical review of the validity of the material requirements. The validity of requirements can be tested by the following considerations in reviewing the applications:

a. Compare stated requirements with master lists of material requirements, and with unit weight projections such as those derived from bills of material.

b. Compare the current material requirements request with quantities requested and allotted in previous quarters.

c. Compare requested quantities with quantities requested by other contractors producing the same or similar products.

d. Compare quantities requested with quantities scheduled to be placed into production for the quarter.

2. Screen "padded" requirements down to amounts indicated by these aids unless adequate explanations for variance are received from the contractor-applicant. Always advise contractors of all major discrepancies and negotiate adjustments as required. Do not arbitrarily make major screening reductions without advising the contractor and obtaining an explanation of apparent overstatements. In addition to removing the "padding", the analytical review of material requirements should include the following:

a. Examine the applicant's stated production schedules to determine whether materials requested are for a "target" schedule or for an actual production schedule. Materials should only be allotted as needed by the contractor or his A product suppliers to be put into working inventory or into production in the quarters covered by the allotment.

b. Compare contractor's use of previous allotments, and relate any late quarter returns he has made with his new request for materials.

c. Flag applications where delivery lag, production slippage or contract delinquencies are developing and consider the possibility of reducing or rephasing controlled materials allotments.

d. Consider the contractor's inventory position, if known, and question any large requests which seem to be designed purely for building up inventory.

3. As long as materials are not scarce, it will be necessary to pay particular attention to applications where the quantities of controlled materials requested appear to be too small to cover the production requirements. Request applicants to review material needs in such cases, being sure they understand that their requests must cover the total controlled materials required by them and by all their Class A product suppliers.

Allotments of Production Materials

A. General

Allotments of controlled materials are required to be made to all Department of Defense prime contractors producing Class A products. 1/ Allotments are based upon the screened requirements shown in a DMS-4A application or other substantiating data.

B. Limitations on Allotting Authority

1. In general, allotments must be within allocation balances. However, in the interest of increased efficiency, military departments may authorize an operating element to exceed its actual allocation by not over ten per cent provided that on the final accounting day for each quarter the allotments issued by the operating element are equal to, or less than, the allocation received. This procedure is not to be construed as authorizing military departments to exceed in total the allocation received from the Assistant Secretary of Defense (Installations and Logistics); the military departments will be within their allocations on the final day of each reporting period.

2. The quantitative limits established in the making of allocations of controlled materials to DMS operating elements of the Department of Defense may not be exceeded in making allotments to prime contractors for current and advance quarters, unless specific authority to do so, as described in the preceding paragraph, has been received. If the allocation authority available is not sufficient to meet the requirements of a particular prime contractor, no allotment will be made until additional allocations have been authorized from higher echelons sufficient to cover these needs.

3. In order to comply with the requirement of not issuing allotments in excess of the allocation authority available to the allotting office, it will be necessary for each DMS operating element to establish procedure to ensure that the quantities to be allotted are actually subtracted from the appropriate allocation balances in the allotting office before any allotments are issued to a Class A product producer.

C. Issuing Allotments

1. Each DOD operating element making an allotment is required to indicate the related rating on the allotment form.

2. Allotment procedures for construction are covered in Section 4.

3. Form DMS-10, "Allotment of Controlled Materials", is generally used in making allotments to prime contractors producing Class A products for the Department of Defense (Exhibit 1). The "Allotment of Controlled Materials" (Section I of the Form DMS-10) represents the quantitative controlled material limits which support the contract schedules (Section I of the Form DMS-4A).

4. A DMS-10 need not be used for making allotments if the authority requested is the same as the authorization to be issued. Under an agreement with BDSA, DMS operating elements may issue allotments of controlled materials to applicants producing Class A products by indicating such authority on the face of the applicant's DMS-4A application, providing no adjustments are required in the allotment quantities entered by the applicant on the Form DMS-4A. The following authorization statement, without modification, will be typed or stamped, and signed manually by an authorized official of the DMS operating element, on the face of the DMS-4A application:

1/ Small orders and distributor orders are excepted (see Section 3-4.7), but industrial establishments of the DOD are considered as prime contractors.

"The quantities of controlled material specified in Section II are hereby allotted for production of the product(s) specified in Item 8 for deliveries in the calendar quarters and in the quantities indicated in Section I, in addition to allotments previously received for the same quarters. The rating and allotment number shown in Item 4 are assigned for use in compliance with BDSA regulations and orders."

Signature of authorized official, title, agency, date)

Where the above procedure is used, the appropriate DO or DX rating and allotment number must be entered in Item 4 on the DMS-4A application, just as on a DMS-10.

5. When DMS-10 is used in making an allotment, the original of the DMS-10 will be dispatched to the Class A product producer and a copy will be retained by the allotting office in a file together with the related DMS-4A application or other substantiating data. When the DMS-4A is used in making an allotment, the file copy will be filled in to record the allotment made.

D. Scope of Allotments

1. An allotment to a DOD Class A product prime contractor is the total sum of requirements of the prime contractor and any subcontractors producing Class A products for him. An allotment will include (1) the quantities of controlled materials required by the prime contractor for his own production of the Class A product to fill his production schedule, plus those quantities of controlled materials required in the production of any other Class A components or sub-assemblies which he makes for incorporation in the Class A product, and (2) the quantities of controlled materials required by all subcontractors, in all degrees of remoteness, supplying Class A products for incorporation in the prime contractor's Class A product.

2. An allotment may also include the controlled materials required for "Captive B products", for packaging materials for the Class A products as delivered, and for tools, jigs, dies and fixtures made by the Class A product manufacturer. (See Section 3-3.1.)

E. Allotment Cut-Off Point in Industry 2/

A definite allotment cut-off point is established in the simplified DMS by prohibiting the making of allotments to subcontractors. Even though the administrative act of making reallotments is so prohibited, the amount of the allotment made to the prime contractor is not affected.

F. Identification of Allotments

1. All allotments of controlled materials made by DMS operating elements for production of Class A products will carry the appropriate DO or DX rating and allotment number, and in addition, will be further identified by three additional groups of digits as follows:

a. Two digits identifying the issuing DMS operating element (see Section 3-4.4, Exhibit 2, for List of Department of Defense DMS Operating Elements and Service Codes.);

b. Three digits identifying the sub-program of the DMS operating element; and

c. Three digits identifying the schedule of the individual Class A product contractor.

2/ See Section 3-4.7 for allotment cut-off in the DOD.

For example, the DO rating and allotment number to be shown in Item 1 of a DMS-10 being issued by Ordnance, Department of the Army, to a contractor building a tank might be made up as follows:

DO-A4	DO Rating and Program Code - Tank-Automotive Program
01	Identifying the DMS operating element - Ordnance
043	Identifying a particular tank program
123	Number assigned to this contractor's schedule

The full DO rating and allotment number would be written DO-A4 01 043 123.

G. Accounting

The accounting, recording and reporting for DMS allotments for production of Class A products will be in accordance with the procedures established in Section 5 of this Manual.

Exhibit 1:

FORM DMS-10
(..-18-59)

U.S. DEPARTMENT OF COMMERCE
BUSINESS & DEFENSE SERVICES ADMIN.

DEFENSE MATERIALS SYSTEM

ALLOTMENT OF CONTROLLED MATERIALS (PRODUCTION)

Check one: ☐ INITIAL ☐ INCREASE

1. TO: *(Name and address of person to whom communication is directed)*

SPECIMEN

2. Control number

3. Rating and allotment number
☐ DO Rating ☐ DX Rating

4. Product to be made

5. Name of applicant or plant if different from item 1.

6. Name of Allotting Agency

Section I - ALLOTMENT OF CONTROLLED MATERIALS

Item No.	Controlled material (a)	Unit of measure (b)	Item No. (c)	___Qtr. 19___ (d)	___Qtr. 19___ (e)	___Qtr. 19___ (f)	___Qtr. 19___ (g)
10	Carbon steel *(including wrought iron)*	Short tons					
20	Alloy steel *(except stainless)*						
30	Stainless steel	Pounds					
40	Copper and copper-base alloy brass mill products						
50	Copper wire mill products						
60	Copper and copper-base alloy foundry products and powder						
70	Aluminum						
80	Nickel alloys						

ALLOTMENT OF CONTROLLED MATERIALS AND RATING

The quantities of controlled materials shown in Section I of this form are hereby allotted for the quarters indicated for the production of the product(s) specified in Item 4. These quantities should be added to any previous allotments that you have received for specified quarters after taking into account reductions made on either Form DMS-11 or Form DMS-12.

The DO Rating or the DX Rating and allotment number specified in Item 3, are assigned to production to fill rated orders for the product specified in Item 4. Such production and the use of the allotment number and rating are subject to the provisions of DMS Reg. 1, as amended and other applicable BDSA Regulations and Orders.

SEE REVERSE SIDE OF THIS FORM FOR INSTRUCTIONS AS TO USE OF YOUR ALLOTMENT AND RATING.

Signature of authorized official, Title, Date

SPECIMEN

USCOMM-DC 6101-P

SPECIMEN

HOW TO USE YOUR ALLOTMENT AND RATING

1. DMS Reg. 1 requires that you use the allotment authority transmitted by this signed Form DMS-10 when you buy controlled materials to fill rated orders for the production specified in Item 4.

2. In placing Authorized Controlled Material (ACM) orders for delivery during a specified quarter required to fill a DO rated order, use your allotment number from Item 3, together with a reference to the quarter in which delivery is required. For example: A-2-3Q59 "Certified for National Defense Use under DMS Reg. 1" -- and your signature and date. In placing Authorized Controlled Material (ACM) orders for delivery during a specified quarter required to fill a DX rated order, use your allotment number and the letters DX from Item 3, together with a reference to the quarter in which delivery is required. For example: A-2-3Q59-DX "Certified for National Defense Use under DMS Reg. 1" and your signature and date.

3. Do not make allotments to your suppliers or subcontractors for the Class A products they produce for you to fill rated orders. Instead, you must place rated orders for this purpose as explained in paragraph 5 of these instructions.

4. The total of the controlled materials covered by ACM orders placed under paragraph 2 and a reasonably estimated aggregate of the controlled materials required by your suppliers of Class A products under paragraph 3, shall not exceed the total amounts of controlled materials allotted to you in Section I. The allotment made to you on this form is subject to being increased or decreased by the agency indicated in Item 6, and you may decrease the allotment by making returns of your allotments of controlled materials which are excess to your requirements and the requirements of all your Class A products suppliers.

5. To place a rated order for Class A products, for products other than Class A products, or for materials other than controlled materials, you must use the rating shown in Item 3. For example: DO-A-4 or DX-A-4 "Certified for National Defense use under DMS Reg. 1" -- and your signature and date.

Exhibit 2: DMS Operating Elements and Service Codes

The following principal organizations of the military departments, and certain associated government agencies designated by the Office of Civil and Defense Mobilization to present requirements and receive allocations of controlled materials through the Department of Defense, are called Department of Defense DMS Operating Elements. The two digit code number shown for each DMS Operating Element listed below is used as a Service Code, and in full allotment numbers as explained in detail in Section 3-4.4.

1. DMS Operating Elements - Department of the Army

Code Number	Organization
00	
01	Ordnance Corps
02	Quartermaster Corps
03	Engineer Corps
04	Transportation Corps
05	Signal Corps
06	Chemical Corps
07	Medical Corps

2. DMS Operating Elements - Department of the Navy

Code Number	Organization
10	
11	BuShips
12	BuOrdnance
14	BuWeps
15	BuSupplies and Accounts
16	BuMedicine and Surgery
17	Hqs Marine Corps
18	Office of Naval Research
19	U. S. Coast Guard
51	Naval Petroleum and Oil Shale Reserves
52	Military Sea Transportation Service

3. DMS Operating Elements - Department of the Air Force

Code Number	Organization
20	
21	Air Force Systems Command

4. DMS Operating Elements - Department of Defense

Code Number	Organization
30	
31	
32	
33	
34	
35	
36	National Aeronautics and Space Administration

5. DMS Operating Elements - Special Programs of Other Government Agencies

The following will be considered as additional operating elements of the Department of Defense although no service codes are assigned:

Agency	Program
Federal Aviation Agency	MRO for domestic and foreign airlines; establishment and maintenance of civil air navigation facilities. 1/
Canadian Division, BDSA	Canadian military programs.
Maritime Administration	Designated ship construction.

1/ Does not include airport construction.

Consolidation of Allotments

A. General

1. In an effort to simplify the filing of applications, making of returns, and to reduce the administrative workload, a special procedure is authorized so that a single DO rating and allotment 1/ may be issued to a prime contractor for his use in support of all his contracts with one allotting element under one program. Allotments may be consolidated for several schedules in accordance with the following special procedure.

B. Procedure for Grouping Class A Product Allotments

1. An operating element of the DOD may consolidate DMS accounts of a supplier under a single DO rating and allotment number for all contracts he has with that element which fall within a single claimant program as defined in PAM Section 2-2. When this procedure is first used on current contracts, outstanding advance allotments should be cancelled and reissued under a single DO rating and allotment number.

2. When future adjustments are required, applicants should be instructed to file one consolidated DMS-4A for all such contracts; filling in Items 1, 2, 4, and 6, Section II, Section IV. A DMS-4S (see Section 3-4.1, Exhibit 2) may be requested if necessary.

3. Each such consolidated DMS-4A application must be supported by a proposed schedule for each contract included. (The method of submission of the proposed schedules may be modified as appropriate for continuing contracts so long as the data furnished are adequate for review to verify the allotment requested.)

4. Allotments of controlled materials must be based on expected performance. When allotments are combined in support of more than one schedule:

a. If an adjustment of the applicant's request is necessary, issue a master DMS-10 with the total material allotment in Section II. The following statement should be typed in Section I of the master DMS-10: "To support defense production schedules for (allotting element)."

b. If no change is made from applicant's requested allotment or schedules, it is permissible to use the statement prescribed in PAM Section 3-4.4, paragraph C,4, on the master DMS-4A.

5. A suggested form letter to advise affected contractors is provided in Exhibit 1.

1/ DX rated contracts will be excluded from consolidated allotments.

Exhibit 1: Suggested Form Letter "Consolidation of Allotments"

XYZ Company
Purchasing Division

Gentlemen:

Inclosure 1 authorizes the (total) allotments from this (Bureau) for contracts numbered _____, _____, _____, and _____.

Up to the present, the (Bureau) has authorized separate allotments to you for each of your (Bureau of Ships electronics) contracts. To simplify procedures and save time, allotments will henceforth be issued to you in a single (A7) account and will bear a new allotment number (A7-11-700-198). This account will provide allotments for all of your (electronics) production under (Bureau of Ships) contracts.

We have, therefore, consolidated the individual allotments issued to you for the above contracts for (Third Quarter 1961). A single (A7) DMS record of your allotments including those authorized by Inclosure 1 has been recorded in the (Bureau) and presently contains the following amounts:

Item	3Q61
10	(850) tons
20	(1.2) tons
30	(16,850) lbs.
40	(10,710) lbs.
50	(2,700) lbs.
60	(550) lbs.
70	(87,500) lbs.
80	(300) lbs.

Your individual contract DMS records should be similarly summarized and closed out, and the totals (which should be the same as shown above) placed in a single (A7) record.

From now on, it will not be necessary for you to submit a separate DMS-4A application for material for each (electronics) contract you have with us. In the future, please file with this (Bureau) a master DMS-4A application for the controlled materials required for all the above contracts. Fill out Items 1, 2, 4, 6, Section II, and Section IV. Attach, for each of the listed contracts, a separate DMS-4A form with only Items 1, 5, 7, and Section I completed. 1/

Any question you may have in connection with the consolidation should be referred to the (Bureau) as soon as possible.

Sincerely yours,

Inclosure
DMS-10 Forms

1/ Either consolidated or separate forms DMS-4S may also be requested.

Allotment Adjustment: **Increases and Decreases**

A. General

1. The DMS operating elements will be required to make adjustments in outstanding allotments as production problems, contractual changes, requirements errors and specification revisions occur.

2. The DMS provides, when a contractor's requirements are increased, that an application for an additional allotment be made to the agency which made the original allotment. Also, when an allotment is found to be substantially more than is needed, the contractor must promptly return the excess to the agency which made the original allotment.

B. Increase in Allotments

The DMS operating elements will issue a new Form DMS-10 (Exhibit 1, Section 3-4.4), showing the amount of increase only, when an increased controlled material allotment is justified. A revised total allotment is not made in order to eliminate the necessity of cancelling the original allotment and to simplify record-keeping (see Section 5 on Accounting).

C. Decrease in Allotments

1. The DMS operating elements will issue a Form DMS-11, "Allotment Decrease" (Exhibit 1, Section 3-4.6), when a decrease in an allotment of controlled material is justified. The amount of decrease only will be shown in Section II. A revised total allotment is not made (see Section 5 on Accounting).

2. A follow-up procedure will be established in DMS operating elements, in the event of decreased allotments, to insure that the contractor signs the acknowledgment certification on the reverse side of Form DMS-11 and returns a copy.

3. Outstanding ACM orders may require downward revision to reflect the decrease in allotment.

D. Department of Defense Industrial Installations

Department of Defense industrial installations or other purchasing activities which are prime consumers of controlled materials are required to make adjustments and return of their allotments in accordance with Section 5-6.

Exhibit 1:

FORM DMS-11 (7-18-59)

U.S. DEPARTMENT OF COMMERCE
BUSINESS AND DEFENSE SERVICES ADMIN.

DEFENSE MATERIALS SYSTEM

ALLOTMENT DECREASE (PRODUCTION)

3. Type of rating and allotment number
☐ DO Rating ☐ DX Rating

4. Product to be made

1. TO: *(Name and mailing address of applicant)*

SPECIMEN

5. Name of applicant or plant, if different from item 1.

2. Control number

6. Name of Allotting Agency

Section I - DECREASE IN ALLOTMENT OF CONTROLLED MATERIALS

Item No.	Controlled material (a)	Unit of measure (b)	Item No. (c)	___Qtr. 19___ (d)	___Qtr. 19___ (e)	___Qtr. 19___ (f)	___Qtr. 19___ (g)
10	Carbon steel *(including wrought iron)*	Short tons					
20	Alloy steel *(except stainless)*						
30	Stainless steel	Pounds					
40	Copper and copper-base alloy brass mill products						
50	Copper wire mill products						
60	Copper and copper-base alloy foundry products and powder						
70	Aluminum						
80	Nickel alloys						

DECREASE OF ALLOTMENT OF CONTROLLED MATERIALS

The quantities of controlled materials shown in Section I of this form must be subtracted from any previous allotments to obtain net allotment for the production of this product.

SEE INSTRUCTIONS AND SIGN CERTIFICATION ON REVERSE SIDE OF THIS FORM.

Signature of authorized official, Title, Date

SPECIMEN

USCOMM-DC 6102-P

INSTRUCTIONS

1. Your allotment of controlled materials has been reduced by the amounts shown in Section I.

2. The proper method for making any necessary adjustments in outstanding orders or allotments is shown in DMS Reg. 1, as amended.

SPECIMEN

SIGN ONE (1) COPY BELOW AND RETURN WITHIN TEN (10) DAYS TO THE ALLOTTING AGENCY INDICATED IN ITEM 6

ACKNOWLEDGMENT CERTIFICATION

The undersigned acknowledges receipt of allotment decrease and has:

(A) Adjusted allotment accounts to show this reduction;
(B) When adjustment in the account has resulted in an allotment balance smaller than that required to support outstanding charges, the undersigned has:

(1) Cancelled or reduced outstanding authorized controlled material orders, if possible;
(2) Reduced outstanding rated orders placed with self-authorizing consumers producing Class "A" products.

_____ By _____
(Name of applicant) *(Signature of authorized person)*

_____ _____
(Date) *(Title)*

The U.S. Code, Title 18 (Crimes and Criminal Procedure), Section 1001, makes it a criminal offense to make a wilfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction. The individual company information reported on this form is for use in defense mobilization activities. The unauthorized publication or disclosure of individual company information is prohibited by law, and persons having access to such information are subject to fine and imprisonment for unauthorized disclosure.

A. General

1. Special procedures have been established in the DMS for contractors to obtain their MRO needs by self-authorization. DMS Reg. 1, Direction 1, sets forth the rules to be followed in these instances. Controlled materials needed for MRO by Department of Defense prime contractors and subcontractors are not included in the requirements for the product.

2. Controlled materials needed for MRO by Department of Defense operating elements are included in the total requirements submitted to OCDM and the allocations made to those elements include quantities necessary for MRO. The provisions of DMS Reg. 1, Direction 1, will not be used by any elements of the Department of Defense.

B. Department of Defense Purchases of Controlled Materials for MRO

The DMS operating elements of the Department of Defense will issue ACM orders when making direct purchases of controlled materials for maintenance, repair, and operating supplies. If the MRO can be identified for use in a particular claimant program of the Department of Defense, the order will be identified with that program symbol. Where the purchase of controlled materials required for MRO cannot be identified for use in a particular claimant program of the Department of Defense, the order will be identified with the C3 program symbol (see C3 Claimant Program, Exhibit 1, Section 2-2).

C. Department of Defense Purchases of Other Materials and Products for MRO

1. The DMS operating elements will issue rated orders for their purchases of products and materials other than controlled materials for MRO using the claimant program identifications described in paragraph B above.

2. Allotments will be made to those prime contractors producing Class A products 1/ required for MRO purposes by the Department of Defense.

D. Contractor-Operated Government-Owned Facilities

The contractor-operator of a government-owned facility may be assigned the right to use the program code C3 for his purchases of MRO for the facility. The claimant program code D9 prescribed in DMS Reg. 1, Direction 1, will not be used for plant MRO in contractor-operated, government-owned facilities under management or agency contracts.

E. Local MRO Purchases

Local MRO orders placed under limited procurement authority ($2,500 or less) by military posts, camps, stations, and installations are covered by the small order exception provided in Section 3-4.7. These military establishments will use the C3 rating and allotment symbol in placing orders for MRO use, without keeping allotment records.

1/ Small orders and distributor orders excepted (see Section 3-4.7).

Small Order, Distributor Order and GSA Exceptions

A. General

1. The BDSA, by Direction 2 to DMS Reg. 1, has authorized the Department of Defense to place "small orders", without making allotments. This is in addition to the general exception in BDSA Reg. 2 and DMS Reg. 1 that permits both contractors and DOD to place orders under $500 without issuing ratings, allotments or ACM orders.

2. No allotments will be made for Class A products for which orders are placed on
* distributors, on GSA or against a GSA schedule, or for small orders as defined below.

3. This Issuance outlines the effect upon the filing of DMS-4A applications, the making of allotments, and the maintenance of records and accounts.

B. Small Orders: Controlled Materials

1. DMS operating elements will place individual authorized controlled materials orders without making individual accounting entries for each order placed where (1) the selling price of the controlled materials does not exceed $2,500 in the case of each order, or (2) the amount of any kind of controlled material included in the order does not exceed the small order quantity limits shown in paragraph 2 below.

2. The small order quantity limits are:

Carbon steel	10 tons
Alloy steel	1 ton
Stainless steel	2000 lbs.
Copper and copper-base alloy brass mill products, copper wire mill products, copper and copper-base alloy foundry products and powder	2000 lbs.
Aluminum	2000 lbs.
Nickel alloys	2000 lbs.

3. No deduction will be made in the allocation records for small ACM order purchases of controlled materials (see Section 5-4).

4. The regular DMS Reg. 1 certification is required in the placement of small ACM orders under this authority.

C. Small Orders: Class A Products

1. DMS operating elements will place rated orders for Class A products required from producers without making allotments where (1) the selling price of the Class A product does not exceed $2,500 in the case of each order, or (2) the amount of any kind of controlled material required to fill such order does not exceed the small order quantities stated in B,2 above.

2. No deductions will be made in allocation records for such Class A product orders (see Section 5-4).

3. A special statement is required to be placed on or attached to each of these orders. This statement may be one of the following:

a. "The products covered by this rated order are purchased pursuant to DMS Reg. 1. You are a self-authorizing consumer as defined in Section 3(g) of that regulation and are required to use its self-authorization provisions in obtaining controlled materials, as well as products and materials other than controlled materials, needed to fill this rated order."

Note: The statement above may be used when the issuing office knows that the order falls within the stated limits.

b. "The Class A products covered by this rated order are purchased pursuant to DMS Reg. 1. You are authorized and required to use its self-authorization provisions in obtaining controlled materials, as well as products and materials other than controlled materials, needed to fill this rated order, provided the quantity of each kind of controlled material needed by you and your self-authorizing consumers in all degrees of remoteness supplying Class A products, to fill the rated order, does not exceed:

Carbon steel	10 tons
Alloy steel	1 ton
Stainless steel	2000 lbs.
Copper and copper-base alloy brass mill products, copper wire mill products, copper and copper-base alloy foundry products and powder	2000 lbs.
Aluminum	2000 lbs.
Nickel alloys	2000 lbs."

Note: This special statement puts the burden on the supplier to apply for an allotment when he does not qualify, and may be used when the issuing office is not sure that the order falls within the stated limits.

D. Distributor Orders: Class A Products

1. Operating elements of the Department of Defense are required to place rated orders for Class A products purchased from distributors of those products, regardless of how large the total dollar value of the order or the amount of controlled materials required in their production, without making allotments.

2. Deduction in the allotment or allocation records, based upon an estimate of the controlled materials required in the production of such Class A products, will be made in the appropriate controlled materials accounts by each DMS operating element of the DOD unless the order falls within the small order limits (see Section 5-4 on accounting details).

3. The regular DMS Reg. 1 certification is required in the placement of rated orders on distributors.

* E. Orders on GSA or Against GSA Schedules
*
* 1. Neither rated orders for Class A products nor ACM orders for controlled materials will be issued to GSA or against a GSA schedule.
*
* 2. Deduction in the allotment or allocation records, based upon an estimate of the controlled materials required in the production of such Class A products or controlled materials ordered as such, will be made in the appropriate controlled materials accounts by each DMS operating element of the DOD unless the order falls within the small order limits (see Section 5-4 on accounting details).
*
* 3. Orders will not be certified under DMS Reg. 1.

A. General

1. The operation of the Defense Materials System requires that all military contracts and orders 1/ shall be identified with a rating and allotment number and that contractors receiving such orders will further identify their orders when purchasing material and products necessary to that production. This Issuance summarizes, for ease of reference, the rules for such identification.

2. DMS Reg. 1, as amended, also requires that all rated or ACM orders be accompanied by a statement to suppliers that compliance with BDSA regulations and orders is mandatory. The contract clause of ASPR 7-104.18 (see PAM Section 1-7, Exhibit 2) satisfies this requirement for Department of Defense purchases.

B. Department of Defense Purchases of Controlled Materials

The DMS operating elements of the Department of Defense are required 1/ to identify the direct purchases of controlled materials by using authorized controlled materials orders (ACM's). An ACM order placed on suppliers shall show (1) an allotment number and (2) delivery quarter supported by (3) the specific delivery date required, (4) certification statement, and (5) the signature of authorized official to whom priorities and allocations powers have been delegated (see Section 3-6.1 for examples of this).

C. Department of Defense Purchases of Products and Materials Other Than Controlled Materials

The operating elements of the Department of Defense are required 1/ to identify their contracts and purchase orders for products and materials other than controlled materials with (1) a rating and allotment number supported by (2) the specific delivery date required, (3) certification statement, and (4) the signature of an authorized official to whom priorities and allocations powers have been delegated (see Section 3-6.1 for examples of this).

D. Military Contractor Identification of Purchases

Military contractors purchasing production materials and products to fulfill their priorities orders are required to identify that portion of their purchase orders required for such purposes. Prime and subcontractors who do not receive allotments, whether producing Class A or Class B products, use the related rating and allotment number received, or, if this is not practical, "basket" their rated orders and use a B5 rating and allotment number. Prime contractors who receive allotments must extend the rating and allotment number received and may not use the B5 symbol unless granted an exception under DMS Reg. 1, Section 15(a) (see Section 3-6.2 for examples).

E. Examples

The sub-parts that follow provide examples of the above identifications to defense production.

1/ Exceptions are covered in Sections 2-1 and 3-1.

Orders Placed by Department of Defense

A. General

1. This instruction is designed to give specific examples of the identification data and supporting information which must appear on priorities orders placed by the Department of Defense procurement offices and on the allotments issued by the DMS operating elements under DMS Reg. 1, as amended.

2. In addition to the data required on all rated and ACM orders as illustrated below, they must include or be accompanied by the contract clause of ASPR 7-104.18 (see PAM Section 1-7, Exhibit 2), which reads as follows:

> "The contractor shall follow the provisions of DMS Reg. 1 and all other applicable regulations and orders of the Business and Defense Services Administration in obtaining controlled materials and other products and materials needed to fill this order."

This statement must appear on the order or on a separate piece of paper attached to the order or clearly identifying it.

B. Controlled Material Purchases

1. Elements of the Department of Defense which are given quantitative allocations or allotments of controlled materials may buy controlled materials as such within the quantities received by certifying their purchase orders in accordance with this Section. In buying controlled materials directly from controlled materials producers (steel mills, etc.), ACM orders must be placed in accordance with the "lead time" provisions of the DMS regulations. Such activities must record the quantities of controlled materials covered by their authorized controlled material orders in accordance with the DMS accounting requirements specified in Section 5-4 of this Manual.

2. An authorized controlled material order (ACMO) which is required in making Department of Defense purchases of controlled materials must be identified by an allotment number -- to be determined from the claimant program for which the purchase is made -- and the delivery quarter, plus supporting data outlined in Section 3-6, paragraph B. (See Section 2-2, Exhibit 1, for Claimant Program Descriptions.)

Example 1: Purchase of Controlled Materials by the Navy for Shipbuilding

Identification:	A-3 3Q61
Specific Delivery Date:	1 September 1961
Certification:	Certified for national defense use under DMS Reg. 1
Signature:	s/ John Doe

Example 2: Purchase of Controlled Materials by the Army for MRO not identified to a program

Identification:	C-3 3Q61
Specific Delivery Date:	15 July 1961
Certification:	Certified for national defense use under DMS Reg. 1
Signature:	s/ John Doe

Example 3: Purchase of Controlled Materials by the Air Force for Construction Project

Identification:	C-2 3Q61
Specific Delivery Date:	1 August 1961
Certification:	Certified for national defense use under DMS Reg. 1
Signature:	s/ John Doe

C. Product and Materials Other than Controlled Material Purchases

1. A rating and allotment number is required 1/ in making Department of Defense purchases of products (Class A or B and unclassified) and materials other than controlled materials. Orders must be identified by the rating and allotment number -- to be determined from the claimant program for which the purchase is made -- plus the supporting data outlined in Section 3-6, paragraph C. (See Section 2-2, Exhibit 1, for Claimant Program Descriptions.)

Note: The "rating" and "rating and allotment number" are the same thing, but in purchases of Class B products and materials other than controlled materials, no allotments are involved. In the case of Class A products, the rating and allotment number must be supported by allotments. 2/

Example 1: Purchase of Class A Products for Tank Production

Identification:	DO A4
Specific Delivery Date:	15 July 1961
Certification:	Certified for national defense use under DMS Reg. 1
Signature:	s/ John Doe

Example 2: Purchase of Class B Products for Tank Production

Identification:	DO-A4
Specific Delivery Date:	15 July 1961
Certification:	Certified for national defense use under DMS Reg. 1
Signature:	s/ John Doe

Example 3: Purchase of "Other" Products (e.g., rubber) for Tank Production

Identification:	DO A4
Specific Delivery Date:	15 July 1961
Certification:	Certified for national defense use under DMS Reg. 1
Signature:	s/ John Doe

1/ Except as covered in Section 2-1.
2/ See Section 3-4.7 for exceptions.

Orders Placed by Contractors

A. General

1. The use of rating and allotment numbers for the purchase of products and materials other than controlled materials is explained in Section 2-3.1, and this instruction is limited to DOD contractor identification of authorized controlled materials orders and allotments.

2. When placing their orders for controlled materials, both Class A and Class B product manufacturers will use the same identification symbols as those they have received from their customers. Class A product manufacturers who do not receive allotments or Class B product manufacturers may, if the multiplicity of symbols they receive makes this infeasible, use a single identification symbol, B5, to "basket" all rated orders. Class A prime contractors who receive allotments must use the allotment numbers they receive.

B. Class A Product Manufacturers

1. Prime Contractor. When a DOD prime contractor who is making a Class A product receives an allotment of controlled materials for such production from the appropriate operating element, he is required to use the related major claimant program identification symbol which he received from the DOD as his allotment number to make his ACM purchases. He is a "prime consumer".

Example: A prime contractor receiving DOD Full Allotment No. DO-A6 12 036 195 (for Ammunition Production) 3Q61:

Identifies his ACMO's:	A6 3Q61
Specific Delivery Date Required:	30 August 1961
Certification:	Certified for national defense use under DMS Reg. 1
Signature:	Authorized Official

Note: The prime contractor will not make allotments to subcontractors producing Class A products for him, but such orders must all be rated (see Section 2-3.1).

2. Subcontractor: First, Second or Subsequent Tier. A subcontractor making a Class A product for a Class A product contractor will not receive an allotment under DMS Reg. 1, as amended (see Note immediately above). The sub will receive a rating and allotment number which he is required to use in his authorized controlled material orders unless he "baskets" under a B5 symbol. All subcontractors producing Class A products are "self-authorizing consumers".

Example: A subcontractor receiving DO Rating and Allotment No. DO A6 (for Ammunition Production):

Identifies his ACMO's:	A6 3Q61 or B5 3Q61
Specific Delivery Date Required:	26 August 1961
Certification:	Certified for national defense use under DMS Reg. 1
Signature:	Authorized Official

C. Class B Product Manufacturers

1. Prime and Subcontractors. A DOD prime contractor who is producing Class B products, and all subcontractors in that production chain, are prohibited from receiving allotments under DMS. These contractors are required to use the DOD program identification symbols in extending

orders for controlled materials or products under amended DMS Reg. 1, except that the DO-B5 symbol may be used for this purpose if extension of customers' symbols is not feasible. All prime and subcontractors producing Class B products are "self-authorizing consumers".

Example: A prime or subcontractor receiving DO Rating and Allotment No. DO A6 (for Ammunition Production):

Identifies his ACMO's:	A6 3Q61 or B5 3Q61
Specific Delivery Date Required:	26 August 1961
Certification:	Certified for national defense use under DMS Reg. 1
Signature:	Authorized Official

D. All Contractors

Each prime consumer and self-authorizing consumer placing a rated order for a Class A or a Class B product or placing an ACM order must furnish his supplier with a statement reading substantially as follows:

> "You are required to follow the provisions of DMS Reg. 1 and of all other applicable regulations and orders of BDSA in obtaining controlled materials and other products and materials needed to fill this order."

A. General

1. Products containing controlled materials are classified, as Class A or Class B, in accordance with the designation contained in the "Official Class B Product List", issued by the Business and Defense Services Administration. No informal changes in the designation of products are authorized and all changes in the classification of products must be officially approved by the BDSA. The reclassification of a product for a single military department may have serious effects upon the activities of the other departments, and for this reason, conflicts of interest will be resolved before submission of a request to the BDSA.

2. This instruction establishes the procedure to be followed within the Department of Defense and associated agencies for (a) requesting changes in the official classification of a product where circumstances warrant such action, and (b) securing determinations on the classification of a specific product where the "Official Class B Product List" is not clear on the subject.

3. Requests to have the production of an individual manufacturer treated as an exception to the general product classification are different from requests for a general product reclassification; the procedure for handling individual exceptions is in Section 3-7.1. An adjustment in allotments may be necessary when either kind of change is approved, and this process is outlined in Section 3-7.2.

B. Requests

1. The great variety of industrial production and the difficulty of adequately describing or listing each item combine to initiate questions on the classification of some products. Contractors will raise questions with the DMS operating elements and those elements will have additional questions when deciding whether the Department of Defense has jurisdiction to request the submission of DMS-4A applications or to issue allotments for the production of certain products. Each DMS operating element receiving or initiating questions on the classification of products will, if possible, determine by reference to the latest "Official Class B Product List" whether the product is a Class A or Class B product. Where no satisfactory determination can be made, each question will be submitted on DD Form 552 (Exhibit 1).

2. DMS operating elements may sponsor requests for the reclassification of a product where special production factors support a conclusion that the handling of the product will be facilitated by a change in classification. Completed DD Form 552 will be submitted when product reclassification is sponsored.

3. DMS operating elements desiring a product classification determination or sponsoring a product reclassification will supply the pertinent information on DD Form 552 and submit the required copies to their respective DMS Officers in the military departments or associated agencies. These DMS Officers will, where the request is deemed appropriate, furnish an original and one copy to the Department of Defense Product Classification Office.

4. Where urgency demands the use of a telephone request to initiate action and avoid delay, such request will be followed up with the prompt submittal of the specified number of copies of DD Form 552.

C. Department of Defense Product Classification Office

1. The Priorities Branch, Office of the Assistant Secretary of Defense (Installations and Logistics), is designated the central office within the Department of Defense for the clearance of all requests dealing with the classification of products under DMS.

2. The Priorities Branch will coordinate all requests with the interested military departments and staff offices of the Office of the Assistant Secretary of Defense (Installations and Logistics), and will be responsible for negotiations with BDSA.

D. Departmental DMS Officers

1. The DMS Officers in the respective military departments and associated agencies will be the focal point for the submission and screening of DD Forms 552 initiated within their DMS operating elements and will be responsible for the forwarding of the screened requests to the Department of Defense Product Classification Office.

2. The DMS Officers will notify the appropriate operating element when product classification decisions or determinations are made and will be responsible for supplying their operating elements with the data contained in the "DMS Product and Material Classification Bulletins" as outlined in paragraph E below.

E. Notice of Product Changes or Determinations

1. The Department of Defense Product Classification Office will communicate the results of each product classification decision to the DMS Officer by indicating the results on and returning DD Form 552.

2. The Department of Defense Product Classification Office will also publish an interim guide called "DMS Product and Material Classification Bulletin", in order to keep all DMS operating elements advised of changes and determinations until the "Official Class B Product List" can be supplemented or republished to reflect the action taken. It should be noted that industry may petition the BDSA directly for product reclassification and the interim guide will reflect these decisions as well as those initiated by requests within the Department of Defense operating elements.

Exhibit 1:

DEPARTMENT OF DEFENSE CLASSIFICATION OF PRODUCTS UNDER DEFENSE MATERIALS SYSTEM	PRODUCT NAME AND SUFFICIENT DESCRIPTION TO IDENTIFY

1. REQUEST FOR PRODUCT CLASSIFICATION DECISION *(A decision on whether the product named and described above is, or is to be treated as, a Class A or Class B product is requested on the basis of the following information and for the reasons noted herein)*

2. RECOMMENDATION BY THE REQUESTING DEPARTMENT OR ASSOCIATED AGENCY

OPERATING ELEMENT DESIRING DECISION	REQUESTING DEPARTMENT OR ASSOCIATED AGENCY	
	SIGNATURE	DATE

3. RECOMMENDATIONS BY OASD *(I & L)*

4. PRODUCT CLASSIFICATION DECISION BY OASD *(I & L)*

☐ A PRODUCT ☐ B PRODUCT ☐ CONTROLLED MATERIAL

DATE OF DECISION	SIGNATURE

DD FORM 1 MAY 54 552 REPLACES EDITION OF 1 JUL 51, WHICH IS OBSOLETE.

Manufacturer Exceptions

A. General

1. The BDSA has recognized that special production factors may make it advisable to except an individual producer of a Class A product from the general DMS rules applicable to all Class A product producers and to make such producer subject to the rules applicable to Class B product producers. The advisability of the reverse of this, applicable to Class B products, is also recognized.

2. Requests for individual exceptions to the general classification of products must be officially approved by BDSA and this instruction outlines the procedures to be followed in the handling of such requests.

B. Class A Producer - Requesting Class B Treatment

1. A Class A product manufacturer may be producing, at the same time and in the same plant, a much larger volume of B products. Such a manufacturer may request that his entire production be handled under the rule governing Class B product production.

2. Class A product manufacturers receiving approval from the civilian control agencies permitting them to treat their entire production under the rules governing Class B production would notify the appropriate DMS operating elements of the Department of Defense and other customers of the approval, and request that their requirements be dropped from future computations.

C. Class B Producer - Requesting Class A Treatment

1. A Class B product manufacturer may request that his production be handled under the rules governing Class A product production.

2. Requests of this nature must (1) state that exception is requested under Section 15 of DMS Reg. 1, (2) adequately describe the product, (3) indicate the percentage of the contractor's total production, in the plant or plants involved, which is being produced for direct military use, and (4) any other supporting information that is pertinent to the request.

3. Generally, the BDSA is not disposed to approved such requests and favorable consideration will be extended only (1) when the production in the facility involved is not scheduled for other important users, (2) when the class of products involved is not being considered for scheduling action, and (3) when a potential benefit to military production can be shown and such benefit would not be possible under regular rules.

D. Procedure for Processing Requests for Exceptions from DMS Regulations

1. Department of Defense contractors requesting an exception from the provisions of the DMS regulations will be advised to file their requests directly with BDSA but the DMS operating elements of the Department of Defense and associated agencies may endorse or sponsor such requests where a benefit to military production is anticipated.

2. Under an operating agreement between the BDSA and the Department of Defense, the BDSA will coordinate requests received from Department of Defense contractors with the Office of the Assistant Secretary of Defense (Installations and Logistics) prior to approval as follows:

a. In routine cases a copy of the request for exception will be transmitted for Department of Defense comments and recommendations.

b. In cases requiring special attention the request for exception may be communicated by telephone.

3. The Office of the Assistant Secretary of Defense (Installations and Logistics), upon receipt of an exception transmittal from BDSA, will coordinate the request with the interested military department(s) and will prepare the appropriate comments and recommendations for transmittal to BDSA.

E. Notice of Exceptions Granted

The Department of Defense Product Classification Office (see Section 3-7, paragraph C) will be advised by the BDSA when an exception is granted to a Department of Defense contractor and that office will keep the DMS Officers and DMS operating elements periodically advised of such action by means of the "DMS Product and Material Classification Bulletins".

* F. Only exceptions granted to contractors after 1 December 1959 are valid.

Allotment Adjustments

A. General

1. When products are reclassified, where a producer is granted an exception, or where product classification errors are discovered, the DMS operating elements within the Department of Defense and associated agencies will (a) issue allotments to that portion of their prime contractors whose products have been reclassified to Class A 1/ and (b) receive any returns of unused allotments from prime contractors whose products have been reclassified to Class B. These actions are necessitated by the provisions of DMS which require the issuance of allotments to Department of Defense prime contractors producing Class A products for it and prohibit the issuance or use of allotments by contractors producing Class B products.

2. The DMS operating elements within the Department of Defense and associated agencies are required to keep posted on the classification or reclassification of products in order to fulfill their allotment responsibilities (see Section 3-7).

3. This instruction outlines the procedures governing the adjustment of allotments due to product reclassification.

B. Changes to Class A Products

1. When a product has been changed from Class B to Class A, each DMS operating element will be responsible for (a) determining if there are any outstanding contracts with prime contractors for such product, (b) notifying such contractors, if any, of the product classification change, and (c) issuing allotments to those contractors. 1/

2. Allotments to prime contractors, in these instances, will be supported by the submission of DMS-4A forms requested from the primes or by such other information as is deemed sufficient to justify the issuance of a quantitative allotment covering the required production.

C. Changes to Class B Products

1. When a product has been changed from Class A to Class B, DMS operating elements may receive unused allotments returned by such prime contractors.

2. Allotment returns made by these contractors will be properly posted to the respective controlled materials accounting ledgers in accordance with Section 5.

D. Correction of Errors in Classification of Products

DMS operating elements will follow the general procedures outlined above in correcting errors in the classification of products.

1/ Except for "small orders" or "distributor orders" (see Section 3-4.7).

A. General

1. DMS Reg. 1, Schedule 1, establishes the forms and shapes of steel, copper, aluminum, and nickel alloys that are designated controlled materials and certain BDSA M-Orders governing the basic materials also describe these controlled materials. The BDSA decides which shapes and forms shall be controlled materials and must approve all changes.

2. Experience has indicated that there may be special circumstances which necessitate the elimination or addition of certain forms and shapes to the controlled materials list, or their redefinition. These changes may have significant effect upon Department of Defense requirements, allocations, and allotments, or may have practically none. This instruction outlines the general considerations involved.

B. Effect on Requirements, Allocations, and Allotments

1. Some changes will have such a minor effect on over-all operations that no special action is required. Examples of this would be the redesignation of a Class A product to a controlled material, or the redesignation of a controlled material to a Class A product. The total programming data of the Department of Defense would be affected very little; allocation balances would be generally adequate to absorb any new allotments that would be necessary, and returns of allotments would eliminate outstanding balances. Requirements, in these instances, would be redetermined as quickly as feasible in regular requirements data submissions. Requests for supplemental allocation could be made, if necessary, by the operating elements at any time.

2. Other changes might have such substantial effects that special transitional procedures would be necessary to avoid confusion. An example of this occurred when non-nickel bearing stainless steel was reincorporated in stainless steel as a controlled material, requiring action to change advance allocations and outstanding allotments.

C. Special Procedures

Special procedures will be issued as sub-parts to this Section 3-8 whenever BDSA makes controlled materials changes which have a significant effect upon priorities and allocations operations within the Department of Defense and associated agencies.

This Instruction covered the changes in controlled materials made in the DMS revision of 1 December 1959 and the transitional procedures.

A. General

1. The civilian control agencies may take special action to exempt certain forms and shapes of controlled materials from the operation of general DMS rules without removing them from the list of controlled materials contained in DMS Reg. 1, Schedule I.

2. Certain exemptions of this kind, i.e., for imported, used, or "conversion" steel, were made under the Controlled Materials Plan for special reasons, but the Defense Materials System, the successor to the Controlled Materials Plan, did not adopt these exemptions.

B. Special Instructions

Special instructions will be issued as sub-parts of this Section 3-9 for any controlled materials or portions of controlled materials exempted from the general rules of the DMS.

A. General

Special DMS procedures may be approved by the civilian control agencies and the Department of Defense to govern specific DMS operations in designated departments, agencies or DMS operating elements.

B. Requests for Special DMS Procedures

Requests for the establishment of special procedures for use within the Department of Defense and associated agencies will be submitted to the Priorities Branch, Office of the Assistant Secretary of Defense (Installations and Logistics), for the presentation of a coordinated proposal to the civilian control agencies.

C. Establishment of Special DMS Procedures within Department of Defense

The sub-parts of this Section 3-11 will outline and establish all special DMS procedures approved for operations within the Department of Defense and associated agencies. The instructions issued as sub-parts will govern the operation of the special procedures as approved.

Aircraft Program - Processing of DMS-4A's

1. All Army, Navy, and Air Force prime contractors, supplying Class A products 1/ on A1 (Aircraft Program) contracts, will be instructed to file DMS-4A applications with Bureau of Naval Weapons General Representative - Central District, Aeronautical Systems Division, or the Army Representative at Wright-Patterson Air Force Base, Ohio, Attn: LMJAM.

2. The staff at the Joint Aeronautical Materials Activity (JAMAC) will use the regular procedure (Section 3-4) for processing DMS-4A applications under the DOD Aircraft Program except that each contractor will be instructed by letter (see Exhibit 1 of this Section) to comply with the following:

a. Submit an original and one copy of a consolidated Form DMS-4A for total controlled material requirements for production, concurrent and non-concurrent spares, tooling, research and development, etc., for fulfillment of his A1 contracts. This application will include materials to support the civil air carrier aircraft program under PAM Section 3-11.3.

b. Submit an original and one copy of Format A, "DMS Requirements Forecast and Allotment Usage" (Exhibit 2 of this Section), completed in accordance with the instructions contained in Exhibit 3 of this Section.

c. Those contractors filing in accordance with this paragraph will receive one allotment of materials and a DO-A1 rating and allotment number to cover the total plantwide production for the Aircraft Program.

3. In identifying allotments to Class A product producers in the A1 Program, the full DO rating and allotment number will be used as set forth in Section 3-4.4.

4. The necessary follow-up action will be taken in those instances where DMS-4A applications have not been received as requested from contractors holding substantial contracts.

1/ Except distributors and small order suppliers (PAM Section 3-4.7).

Exhibit 1: Instructions for Filing DMS-4A Applications

JOINT AERONAUTICAL MATERIALS ACTIVITY
(JAMAC)
WRIGHT-PATTERSON AIR FORCE BASE, OHIO

3 July 1961

ADDRESS REPLY TO:
JOINT AERONAUTICAL
MATERIALS ACTIVITY
ATTENTION: ASDJAM/Mr. V. Boda/dht

SUBJECT: Form DMS-4A Filing Procedure for the First Quarter 1962 and the Three Subsequent Quarters

TO: All Prime Contractors holding rated contracts with the Air Force (except C2 Construction), Army A1 Only as provided in paragraph 2, Civil Air Carrier, Airframe, Engine, and Propeller Manufacturers, Bureau of Naval Weapons (BuWeps) and/or Aviation Supply Office (ASO) as provided in paragraph 4. Major Air Commands, all BuWeps Industrial and Experimental Activities and all Air Force Materiel Areas and Depots

1. Form DMS-4A application for "Total Requirements" of controlled materials required in the first quarter 1962 and the three subsequent quarters to support Air Force (except C2), Army A1, Civil Air Carrier, BuWeps and/or ASO contracts as provided in paragraph 4, are to be filed with this Activity not later than 1 September 1961. Contractors who have received an allotment for the first quarter 1962 and subsequent quarters need not refile if there is no need for adjustment of quantities previously allotted and there is no requirement for material for the fourth quarter of 1962. Contractors who submit a revised application will file a total restatement of controlled materials required to meet the latest planned production schedule as of 15 August 1961.

2. One Form DMS-4A application in duplicate will be submitted to the Activity assigned allotment jurisdiction for your facility for the A1 program with combined requirements for Air Force, BuWeps, Army and Civil Air Carrier procurement. A single allotment will be issued. This procedure applies to the A1 program only and provides for the continuation of a consolidated allotment procedure.

3. A separate application in duplicate, will be submitted for each Air Force program other than A1 in support of Air Force contracts. Applications for allotments to support these programs will be submitted to the Aeronautical Systems Division (ASRCTR), Wright-Patterson Air Force Base, Ohio.

4. Applications for allotments to support BuWeps A3, A4, A7 and C9 programs will be submitted to Bureau of Naval Weapons Fleet Readiness Representative, Central, Wright-Patterson Air Force Base, Ohio. Instructions for filing applications for allotments to support all other BuWeps programs should be obtained from Chief, Bureau of Naval Weapons, Code PID-26, Navy Department, Washington 25, D.C.

5. Each Form DMS-4A application filed by Prime Contractors (except military installations) should be accompanied by Format A in duplicate. Refer to "Instructions for the Preparation of Format A." In accordance with paragraph 2f of these instructions, contractors will file a Format A covering allotment usage for the second quarter 1961, together with a Format A covering allotment requirements forecast for the first quarter 1962, whether or not a revised Form DMS-4A application is submitted.

6. APPLICATIONS FOR ALLOTMENT OF CONTROLLED MATERIALS FOR DX RATED CONTRACTS.

The above instructions will apply to DX rated contracts for DX rated programs except that:

a. The contractor will file a separate Form DMS-4A application for materials which support a DX rated contract.

b. Separate Format A will be submitted.

c. The appropriate Activity will issue separate allotments for contracts which have been assigned DX ratings.

7. SPECIAL INSTRUCTIONS FOR CONTRACTORS PRODUCING CIVIL AIR CARRIER-TYPE AIRCRAFT. The Form DMS-4A and Format A will include requirements of controlled materials necessary to support production of Civil Air Carrier-Type Aircraft and related component parts, including aircraft spare parts required by the airlines. Airframe, engine and propeller producers will file directly with the allotting Activity and include requirements for all subcontractors producing Class A products. In this manner, requirements will be developed and allotments issued following the same allotment channels established for military production.

8. Schedule I of the DMS Regulation 1, amended 1 December 1959, designates non-nickel bearing stainless steel and aluminum molten metal, foil, powder, flake and paste as controlled materials. Steel castings and nickel-alloy castings became non-controlled materials. Future Form DMS-4A applications should reflect these additions and deletions.

9. On the basis of the revised application final allotments will be issued for the first quarter 1962 and interim advance allotments for the subsequent quarters requested. Allotments previously issued for these quarters will be automatically cancelled upon receipt of a revised application. The new allotment will be issued approximately 25 October 1961.

10. The first quarter 1962 Form DMS-4A applications and Format A should be received by the appropriate Activity not later than 1 September 1961.

JOINT AERONAUTICAL MATERIALS ACTIVITY:

E. J. DROZDZ
Commander, USN

U.S. GOVERNMENT PRINTING OFFICE: 1961 O—608114

DEPARTMENT OF DEFENSE
PRIORITIES AND ALLOCATIONS MANUAL
ISSUED BY: ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS & LOGISTICS)
P. A. M.

Exhibit 2: Format A

"FORMAT A"

DMS REQUIREMENTS FORECAST AND ALLOTMENT USAGE

(1) NAME AND ADDRESS OF FACILITY	(2) NAME AND PHONE NUMBER OF OFFICIAL RESPONSIBLE FOR REPORT	(3) PROCURING SERVICE	DATE OF REPORT
		(4) PROGRAM SYMBOL	CALENDAR QUARTER QTR 19__

(7) CHECK APPROPRIATE BLOCK Requirements Forecast ☐ Allotment Usage ☐	(8) Item 10 Carbon Steel Tons	(9) Item 20 Alloy Steel Tons	(10) Item 30 Stainless Steel Lbs	(11) Item 40 Brass Mill Products Lbs	(12) C	50	(14) Item 70 Aluminum Lbs	(15) Item 80 Nickel Alloys Lbs
(16) PRODUCTION MODEL AND CONTRACT NUMBER								
(17) SUB-TOTAL								
(18) SPARES								
(19) TOOLING								
(20) RESEARCH AND DEVELOPMENT								
(21) MODIFICATION								
(22) CIVIL AIR CARRIER								
(23) TOTAL								

Exhibit 3: Format A Instructions

INSTRUCTIONS FOR THE PREPARATION OF FORMAT A

1. General

a. Format A has been developed to provide, on a quarterly basis, a means of reporting (1) Requirements Forecast and (2) Allotment Usage in terms of production, spares, civil aircraft, and non-production applications.

b. Format A is to be submitted as two separate reports (1) Requirements Forecast supports the first quarter reported on the DMS-4A application which is filed along with these two reports. (NOTE: The DMS-4A need not be filed if there is no need for adjustment of quantities previously allotted and there is no requirement for the material in the fourth period covered by DMS-4A. However, Format A must be submitted as a "Requirements Forecast" in such cases.) and (2) Allotment Usage is filed on a past, closed quarter showing actual usage.

c. The data are used to support the computing, screening and allotting procedures required of the allotting agency under DMS Regulation 1.

d. The Format A reports are to be submitted by the prime consumer as defined under DMS Regulation 1 upon request of JAMAC.

c. Since Section I of DMS-4A is not required, reporting of quantities of production items to be produced as related to each type of controlled material is provided for when Format A is filed as a Requirements Forecast (see Paragraph "2i - Line 16").

2. Detailed Instructions

a. Block (1) NAME AND ADDRESS OF FACILITY. Self-explanatory.

b. Block (2) NAME AND PHONE NUMBER OF OFFICIAL RESPONSIBLE FOR REPORT. Self-explanatory.

c. Block (3) PROCURING SERVICE. Enter the name of the military service with whom prime contracts are held. If contracts are held with both the Air Force and the Bureau of Aeronautics, for other than the A1 Program, separate reports should be submitted for each procuring service.

d. Block (4) PROGRAM SYMBOL. Enter the DO rating program symbol applicable to your contracts. Separate reports shall be prepared for each program symbol. All contracts assigned the same program symbol with the same procuring service should be consolidated. However, all contracts assigned the A1 Program symbol should be consolidated and submitted as a single report.

e. Block (5) DATE OF REPORT. Enter the date the report is prepared.

f. Block (6) CALENDAR QUARTER. Enter the calendar quarter applicable to the information being reported in accordance with the schedule dates shown below. It is to be noted that the allotment usage data pre-dates the requirements forecast data by three quarters, e.g. the requirements reported submitted on December 1, 1959, should cover the prime consumer's allotment needs for the second calendar quarter of 1960 while the usage report will cover the actual allotment usage for the third calendar quarter of 1959.

Submit reports as follows:

Due Date	Forecast Requirements	Allotment Usage
March 1	3Q CY following the date	4Q CY preceding the date
June 1	4Q CY " " "	1Q CY " " "
Sept. 1	1Q CY " " "	2Q CY " " "
Dec. 1	2Q CY " " "	3Q CY " " "

g. Block (7) This block is used to indicate the type of information being reported, i.e., whether the information represents usage of allotments for the calendar quarter specified in Block (6), or represents a materials requirements forecast for the calendar quarter specified in Block (6), whether or not accompanied by a DMS-4A application.

h. The headings of columns (8) through (15) identify the controlled materials and units of measure for which data are to be reported. When Format A is filed to report Allotment Usage entries in these columns will be taken from allotment records representing actual usage. If such records do not segregate usage for spares, modification, etc., the prime consumer will report separately such usage on the basis of his best estimate identifying estimated figures by appending "E" to the entry.

i. Line (16) PRODUCTION, MODEL AND CONTRACT NUMBER. Use this line only when Format A is submitted as a Requirements Forecast. Enter on a single line a model designation and applicable contract number for each scheduled production item. Enter in columns (8) through (15) the quantity of materials required for such production. Beside each contract number enter, in parenthesis, the number of items to be produced from the materials quantity shown in columns (8) through (15). If the number of items to be produced is different for any column, parenthetical entry beside the material quantity must be made.

j. Line (17) SUBTOTAL. When Format A is submitted as a Requirements Forecast enter on this line in each of columns (8) through (15) the total of the line (16) entries. When Format A is submitted as an Allotment Usage report (Line (16) data not to be reported) enter on Line (17) in columns (8) through (15) the quantities of each material used for production items during the closed quarter being reported.

k. Line (18) SPARES. Enter in columns (8) through (15) the quantities of material forecast or used, as appropriate, for the production of all spare parts that are Class A products, including any "Captive B" portions.

l. Line (19) TOOLING. Enter in columns (8) through (15) the quantities of material forecast or used, as appropriate, to support the fabrication of special jigs, dies, and fixtures essential to the production of specific models of military end items. (NOTE: Prime consumers who obtain controlled materials for MRO by using the DO-D9 allotment number are not required to make entries for this program segment.)

m. Line (20) RESEARCH AND DEVELOPMENT. Enter in columns (8) through (15) the quantities of material forecast or used, as appropriate, to support the fabrication of Class A products, or controlled materials used as such, to be incorporated in research and development items.

n. Line (21) MODIFICATION. Enter in columns (8) through (15) the quantities of material forecast or used, as appropriate, to support production of Class A products, including any "Captive B" portions necessary for conversion, modification or retrofit program.

o. Line (22) CIVIL AIR CARRIER. Enter in columns (8) through (15) the quantities of material forecast or used, as appropriate, to support the production of civil air carrier aircraft and their component parts, including spare parts, under an authorized DO-A1 rating.

p. Line (23) TOTAL. Enter in columns (8) through (15) the sum of the entries reported for Lines (17) through (22).

3. Supply of Forms

Sample copies of Format A may be obtained from the allotting agency. The contractor is authorized to reproduce the forms as required.

4. Submission Dates

Prime consumers shall submit requirements in accordance with the schedule in Paragraph f. under Detailed Instructions above, unless otherwise advised by the allotting activity.

Bureau of Budget Approval Number
22-R173

Aircraft: Civilian Transport (FAA)

A. Introduction

In accordance with an agreement between the Federal Aviation Agency, the Department of Defense, and the Office of Civil and Defense Mobilization, support of the air carrier aircraft listed in the FAA approved schedules and concurrent spares will be included under the Defense Materials System (DMS). The departmental Joint Aeronautical Materials Activity (JAMAC) will be the primary agency to deal with the aircraft producers. The producers will file their applications for an allotment as prescribed in Section 3-11.1, and will receive a single consolidated allotment for the A1 program.

B. Procedure

1. Responsibility for approval of the schedule of aircraft to be considered essential for the domestic (and export) requirements of the civil air transportation system rests with the Federal Aviation Agency. These schedules do not include personal-type planes produced for private-use purchasers. Department of Defense participation in the establishment of such schedules is effected through Air Force, Army and Navy participation in the coordination procedure. The approved schedules will be furnished to the Assistant Secretary of Defense (Installations and Logistics) for guidance in submitting materials requirements for the production of aircraft.

2. Claimant responsibility for requirements of controlled materials is placed with the Department of Defense for new aircraft under the approved schedules, concurrent and replenishment spares for airline operation. These requirements will be developed at JAMAC in cooperation with the aircraft producers and representatives of FAA.

3. Specific instructions will be issued to the air carrier airframe, engine and propeller producers regarding the filing of DMS-4A applications (see Exhibit 3 of Section 3-11.1).

4. The DMS-4A's will be screened in accordance with established procedure.

5. After screening the applications, consolidated allotments of controlled materials and the A1 rating authority for other production materials will be issued to the companies producing airframes, engines and propellers for aircraft on the approved civilian and military production schedules.

6. JAMAC will not be required to maintain separate ledger accounts for these civilian air carrier aircraft allocations and issuances. The accounting records and reports will be made in accordance with Section 5 of this Manual.

2. When DSA directs procurement by another military department, the purchasing element will include the necessary controlled materials in its requirements, and issue ACM orders or allotments under the regular procedures.

3. Controlled materials or Class A products will be issued by DSA stock points to DoD stock requisitioning activities without charge to the allotment accounts of the stock requisitioning activity.

4. Withdrawals of controlled materials or Class A products by agencies other than requisitioning activities of the DoD and associated agencies, or by them for contractors, will be accompanied by allotments (DMS-10) as provided in PAM Section 3-11.7, paragraph C.

5. The procuring element of the military departments requesting DSA to procure an item will identify its request with a DO or DX rating (e.g., DO-A2) as provided in PAM Section 3-3.2.

Exhibit 1:

Defense Supply Agency Centers are:

Defense Clothing & Textile Supply Center, Philadelphia, Pa.

Defense Medical Supply Center, Brooklyn, N.Y.

Defense Industrial Supply Center, Philadelphia, Pa.

Defense General Supply Center, Richmond, Va.

Defense Electronic Supply Center, Dayton, Ohio

Defense Subsistence Supply Center, Chicago, Ill.

Defense Automotive Supply Center, Detroit, Mich.

Defense Petroleum Supply Center, Washington, D. C.

Defense Construction Supply Center, Columbus, Ohio

Inventory Withdrawals from Government-Owned Warehouses

A. General

1. A duplication has been experienced in the process of submitting requirements, making allocations and using allotments when military industrial installations secure controlled materials from government-owned warehouses or supply systems. This duplication may occur (1) where such warehouses and industrial installations submit separate requirements based upon usage or withdrawals, (2) where separate allocations are made to both based upon total usage or withdrawals, and (3) where allotments are required by such warehouses in every instance before withdrawals are made to fill the needs of a military industrial installation.

2. This instruction outlines alternate methods to prevent duplication in requirements, allocations and allotments when controlled materials withdrawals are made from government-owned warehouses. DMS operating elements within the Department of Defense and associated agencies are required to re-examine relevant outstanding instructions to their warehouses and supply systems to eliminate duplications in these instances.

3. A separate instruction governs the stocks of Single Managers (see Section 3-11.4).

B. Warehouses Not Receiving Allocations or Making Controlled Materials Purchases

A government-owned warehouse or supply system which does not receive allocations or purchase controlled materials from commercial suppliers will not submit requirements, request allocations or require an allotment in making a withdrawal to fill the needs of a military industrial installation. Warehouse inventories and purchases are governed from other points in these instances.

C. Warehouses Receiving Allocations and Making Controlled Materials Purchases

1. A government-owned warehouse or supply system which receives allocations and makes purchases of controlled materials from commercial suppliers will be required to submit requirements data and will require allocations for use in replenishment of stocks. The allocations are expended when authorized controlled materials orders are placed upon commercial suppliers. Allocations will be accounted for as provided in Section 5.

2. Allotments will not be requested or accepted from consuming elements within the established area of activity to cover the warehouse withdrawals of controlled material. Allotments will be requested and accepted, however, from consuming elements outside the warehouse area of activity to cover those controlled materials withdrawals.

3. Where allotments are received from consuming elements outside the established area of activity, such allotments may be used in placing authorized controlled material orders on commercial suppliers to replenish those withdrawals from inventory. Separate allotment accounting ledgers, in addition to those governing regular allocations, will be used to record these allotment receipts and expenditures. These separate ledgers are necessary since the allotments received are in addition to regular allocations. The monthly reports on the usage of allocations must exclude these receipts and expenditures to avoid a duplication in the reported usage of allocations.

D. Warehouses Not Receiving Allocations But Making Controlled Materials Purchases

1. A government-owned warehouse or supply system which does not receive periodic allocations but makes purchases of controlled materials from commercial suppliers will not be required to submit requirements data but will require an allotment from military industrial installations requesting withdrawals since the receipt of such allotment would be the only authority for placing an authorized controlled materials order.

2. The allotments received will establish limits upon the placement of ACM orders with commercial suppliers. Accounting ledgers to record the receipt and use of allotments will be established but reports on the use of these allotments in placing ACM orders will not be made because a duplication in allocation expenditures would occur in the office receiving such report.

Number	Title	Date of Revision
4	Introduction	
4-1	Delegation of Authority	
4-2	Distribution of DMS-4C Applications Exhibit 1 - Form DMS-4C	
4-3	Screening and Reviewing DMS-4C Applications	
4-4	Issuance of Ratings, and Allotments or Self-Authorization for Construction Exhibit 1 - Form DMS-13	
4-4.1	Production Equipment for a Construction Project Exhibit 1 - Rating for Production Equipment in a Construction Project	
4-4.2	Revoked	
4-4.3	Military Housing and Title VIII Housing	
4-4.4	Revoked	
4-4.5	Revoked	
4-5	Adjusting Allotments for Construction Exhibit 1 - Form DMS-14	
4-6	Placing ACM Orders for Direct Procurement of Controlled Materials	
4-7	Special Procedures for Construction	
4-7.1	Revoked	
4-7.2	Army-Air Force Construction	
4-7.3	Offshore Construction Exhibit 1 - Allotment Certificate - Offshore Exhibit 2 - Rating Certificate - Offshore	
4-8	Construction Machinery for Construction Projects Exhibit 1 - List of Construction Machinery	
4-8.1	Private Contractors	
4-8.2	U. S. Projects	
4-8.3	Offshore Projects Exhibit 1 - Rating Certificate for Foreign Contractors Exhibit 2 - Authorization Letter for U.S. Contractors	
4-9	Private Industrial Expansion Cases	
4-10	Revoked	
4-11	Revoked	

1. Amended Defense Materials System (DMS) Regulation 1, issued by the Business and Defense Services Administration, includes the DMS rules for construction with certain important changes and major simplifications. DMS Reg. 2 is revoked. The amended DMS Reg. 1 defines a construction project as a Class A product, and the same general rules apply to production and construction contractors.

2. The basic DMS simplification affects construction as well as production contractors: they will not reallot controlled materials. The requirement, however, for use of rating and allotment numbers by all military contractors is continued and made mandatory.

3. DMS Reg. 1, Direction 1, "Self-Authorization Procedure for MRO Needed by Certain Contractors", continues the self-authorization procedure for priorities assistance by which construction contractors may obtain maintenance, repair, and operating supplies and installation materials (referred to collectively as "MRO") needed to enable them to fill construction schedules for rated orders for construction.

4. Other Sections of this Manual contain instructions which apply also to construction (e.g., Sections 3, 5, and 14). General rules for DOD operation under DMS, set forth in PAM Section 3, will be followed (e.g., claimancy, allotment jurisdiction, etc.), but this Section 4 will continue to provide the special instructions for construction.

A. Source and Nature of Priorities and Allocations Authority for Construction

1. The authority of the Department of Defense to take appropriate action for authorized construction programs under Acts of Congress, or Executive Orders, is either contained in them or is conveyed through another agency by Delegation of Authority. Priorities and allocations authority for construction purposes is conveyed by delegation to the Department of Defense. The delegation is specific in content and indicates the area of authority which may be exercised, the source of the authority, and limitations on its application and successive delegation. The delegation includes priorities and allocations authority for construction projects within the authority of the Department of Defense, by or for the account of the Department of Defense, Navy construction, Army construction, Air Force construction, including but not limited to projects of an industrial nature financed by the military departments; housing on military reservations, and all military housing under Public Laws 345 and 1020 (Title VIII), whether on or off military bases and reservations; Military Command construction; Federally funded Air and Army National Guard facilities; construction for the National Aeronautics and Space Administration; and construction for other associated agencies of the Department of Defense for which the Department of Defense has claimant responsibility. This does not include construction for which the Secretary of the Army is claimant.

B. Delegations by the Department of Defense

1. The Secretary of Defense has delegated all of the authorities and powers contained in BDSA Delegation 1, as amended, to the Assistant Secretary of Defense (Installations and Logistics) with the power to make successive delegations. The Assistant Secretary of Defense (Installations and Logistics) may delegate all or certain portions of the authority contained in the delegation.

2. Persons to whom BDSA Delegation 1 priorities and allocations authority has been delegated by the Assistant Secretary of Defense (Installations and Logistics), are generally authorized to further delegate it to the appropriate military departments, associated agencies of the Department of Defense or to their authorized agents, or to such other Government agencies as may be specifically designated. However, no further delegation of BDSA Delegation 1 authorities may be made to other Government agencies unless specifically authorized by BDSA.

3. Under the terms of BDSA Delegation 1, the authorities delegated by it for Department of Defense construction purposes may only be exercised in conformance with (a) quantitative limitations of responsible agencies (e.g., OCDM Program Determinations); (b) BDSA orders, regulations and instructions; and (c) policy directives of the Assistant Secretary of Defense (Installations and Logistics). Issuances in this Manual for construction are based on BDSA Delegation 1, and constitute the policy directives of the Assistant Secretary of Defense (Installations and Logistics) to govern all use of the priorities and allocations authority delegated under it for construction within the Department of Defense and its associated agencies. Each user of Department of Defense construction priorities and allocations authority must therefore conform to the provisions of this Manual as one of the conditions of his delegation of authority.

A. Projects Requiring Allotments

1. The local representative of the Department of Defense operating elements concerned will distribute Form DMS-4C, "Application for Allotment for Construction", (Exhibit 1 to this Section 4-2), and will request their prime contractors to use them for construction projects within the authority of the Department of Defense. The DMS-4C is an application form on which the contractor's proposed construction schedule and the controlled materials needed to meet it are submitted. (The Form DMS-4C Instructions contain special instructions for production machinery and equipment for Department of Defense construction projects.) The contractor should not be required to provide data already available to the processing element.

2. Prime contractors shall be required to submit their DMS-4C applications as soon as the project plans and contracts are sufficiently firm to make it feasible. Contractors may file DMS-4C applications for additional allotments, if necessary, at any time after the submission of an initial application. If advance, or more detailed estimates of requirements are needed, Form DMS-4S may be requested (Exhibit 2 to Section 3-4.1).

3. Prime contractors will be advised to include in their controlled materials requirements on Form DMS-4C, the controlled materials requirements of their subcontractors, including those subcontractors producing Class A products for either the prime or Class A product subcontractors. Their controlled materials requirements will also include those controlled materials for the production of any Class A product, component or sub-assembly and any Class B product which the applicant will make for incorporation in the project.

4. No controlled materials requirements for production of any Class B product, other than those mentioned in paragraph 3 above, are to be included on DMS-4C applications unless an exception has been granted (see Section 3). Installation materials necessary for production equipment foundations, and for extension of utilities to the production equipment will be included when installation of equipment is part of the project.

B. Projects Requiring Authority for Self-Authorization

1. DMS-4C applications are not mandatory where the special procedure for small construction projects is used (see Section 4-4).

2. Department of Defense requirements for controlled materials, however, will include such projects. DMS-4S (Exhibit 2 to Section 3-4.1) may be used to secure statements of requirements from contractors if necessary.

Exhibit 1:

Budget Bureau No. 41-R1587.4

FORM DMS-4C (7-17-59)

U.S. DEPARTMENT OF COMMERCE
BUSINESS AND DEFENSE SERVICES ADMINISTRATION

DEFENSE MATERIALS SYSTEM

APPLICATION FOR ALLOTMENT FOR CONSTRUCTION

Check one: ☐ INITIAL ☐ SUPPLEMENTAL

INSTRUCTIONS - Submit original and two (2) copies to the Government Agency to which application is made and retain one (1) copy. Read instructions on reverse of this form before filling out this application.

1. Name and mailing address of person to whom inquiries should be directed for further information *(Street, City, Zone, State)*

SPECIMEN

Title

Telephone no.

2. Date received (for Government use only)

3. Control number

4. Contract and/or project number

5. Name and address of Allotting Agency to which application is submitted

6. Name and address of applicant *(Street, City, Zone, State)*

7. State specifically major product, service, or other use of project

8. Name and location of project *(Street, City, Zone, State)*

9. Description of project *(Check one)*:
(1) ☐ New
(2) ☐ Addition or alteration
(3) ☐ Other *(Specify)* _____

10. Total cost of project

Section I - PROPOSED CONSTRUCTION SCHEDULE - See instructions for applications submitted to Atomic Energy Commission and Department of Defense.

Line No.	Item (a)	Construction (b)	Production equipment and machinery installations (c)
1	Starting date, actual or proposed		
2	Percent complete at date of this application		
3	Date proposed for completion		

Section II - ALLOTMENT OF CONTROLLED MATERIALS REQUESTED - See instructions

Item No.	Controlled material (a)	Unit of measure (b)	Item No. (c)	Total for entire project (sum of cols. (e), (f), (g), (h) and requirements beyond first year) (d)	For shipment by mill; warehouse, or other supplier in: ___Qtr. 19___ (e)	___Qtr. 19___ (f)	___Qtr. 19___ (g)	___Qtr. 19___ (h)
10	Carbon steel *(including wrought iron)*	SHORT TONS						
20	Alloy steel *(except stainless)*							
30	Stainless steel	POUNDS						
40	Copper and copper-base alloy brass mill products							
50	Copper wire mill products							
60	Copper and copper-base alloy foundry products and powder							
70	Aluminum							
80	Nickel alloys							

SPECIMEN

COMPLETE CERTIFICATION ON REVERSE

USCOMM-DC 8100-P

SPECIMEN

GENERAL INSTRUCTIONS

(a) Before submitting Form DMS-4C, applicants must be familiar with the provisions of DMS Reg. 1, as amended, and the definitions of controlled materials included in that regulation.

(b) An application for an allotment of controlled materials for construction must be submitted on Form DMS-4C when the person undertaking such construction is requested to do so by an Allotting Agency. Construction projects for which application on Form DMS-4C may be requested by an Allotting Agency consist of construction projects of, or for the account of, the Department of Defense or the Atomic Energy Commission.

(c) Applications for an increase in an allotment or other revision may be submitted at any time. Such supplemental applications must be accompanied by a letter stating the reasons for the increase in allotment or requested revision.

(d) Attach to each copy of Form DMS-4C a copy of all supporting information.

(e) Where space on the form is insufficient, use separate sheets properly identified for the section and item for which supplementary information is furnished.

HOW TO FILL OUT THIS FORM

Heading - Indicate in the appropriate square whether you are submitting:

(a) An initial or a supplemental application. An initial application is one for the total amounts of controlled materials for which an allotment is requested for the construction of the project specified in Item 7.

(b) A supplemental application is one for an additional allotment of controlled materials for the construction of the project covered by this application.

Item 1 - Enter name and mailing address of person to whom inquiries should be directed for further information (not necessarily the owner or contractor).

Item 2 - For Government use only.

Item 3 - Make no entry on initial applications.

Item 4 - Enter the contract and/or project number for this construction project, if any.

Item 5 - Enter name and address of Allotting Agency to which this application is submitted.

Item 6 - Name and address of applicant if different from Item 1.

Item 7 - State specifically the principal use for which this project is intended, for example: landing field; barracks; production of ammunition.

Item 8 - Enter name and location of project. If street and city are not applicable give other specific location information.

Item 9 - Check appropriate square. Enter brief description if square (3) is checked.

Item 10 - Enter total estimated cost of the project. This should include, in addition to material, labor, etc., building equipment and production equipment and machinery essential to the project. Do not include the value of land and the cost of personal property such as office furniture and equipment, trucks, etc. For non-industrial construction, production equipment and machinery should include the equipment that is required to fulfill the specific purpose of the project.

Construction machinery for use in constructing a project should not be included.

Section I - PROPOSED CONSTRUCTION SCHEDULE

For applications submitted to the Atomic Energy Commission where construction is for the account of AEC this Section should not be completed. For all other applications, including those submitted to agencies of the Department of Defense, follow the instructions below:

Line 1, column (b) - State month and year for starting construction.

Line 1, column (c) - State month and year for starting installation of equipment and machinery.

Line 2, column (b) - State approximate percent of estimated construction costs (Item 10) represented by value in place at time this application is submitted.

Line 2, column (c) - State approximate percent of estimated cost of production equipment represented by value in place at time this application is submitted.

Line 3, column (b) - State month and year proposed for completion of construction.

Line 3, column (c) - State month and year proposed for completion of installation of machinery and equipment.

For applications submitted to agencies of the Department of Defense, include only production equipment and machinery which is included in your construction contract(s) (Item 4). When the contract does not include any production equipment and machinery, enter N.A. (not applicable) in Column (c). Production equipment as used herein includes construction machinery to be installed in the project for use as production equipment. Do not include in this application any construction machinery for use as such in constructing the project.

Section II - ALLOTMENT OF CONTROLLED MATERIALS REQUESTED

Column (c) - Copy the item number to avoid errors resulting from misalignment on carbon copies.

Column (d) - This column must show totals of entries in columns (e), (f), (g), and (h) plus entries on additional sheets showing quarterly requirements beyond the first year for projects of longer than one year's duration. On initial applications, this column must show totals for the complete project.

You must include in your request for an allotment of controlled materials those controlled materials which:

(1) You will use in construction of the project covered by this application.

(2) You need for the production of any Class A product component or subassembly which you make for incorporation in the project covered by this application.

(3) You need for the production of any Class B product which you make for incorporation in the project covered by this application but not for those you purchase.

(4) Are needed by your suppliers of Class A products (including construction services) in all degrees of remoteness for incorporation in the project covered by this application.

If you are submitting an application for an increase in allotment of controlled materials to carry out the construction schedule shown in Section I, show only the additional quantities of controlled materials that are needed.

Columns (e) through (h). In the column headings, specify the calendar quarter. For a longer period than four quarters, submit additional columns on other sheets. In each column, enter appropriate quantities of each controlled material required for delivery in each quarter from controlled material suppliers.

Section III - Certification - The undersigned company and the official executing this certification on its behalf hereby certify that the information contained in this application is correct and complete to the best of their knowledge and belief.

_____ By _____
(Name of applicant) *(Signature of authorized official)*

_____ _____
(Date) *(Title)*

The U.S. Code, Title 18 (Crimes and Criminal Procedure), Section 1001, makes it a criminal offense to make a wilfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction. The individual company information reported on this form is for use in defense mobilization activities. The unauthorized publication or disclosure of individual company information is prohibited by law, and persons having access to such information are subject to fine and imprisonment for unauthorized disclosure.

1. The careful processing of all DMS-4C applications for construction projects is a major responsibility of controlled materials allotting units within the Department of Defense and is essential to the successful operation of the Defense Materials System.

2. The allotments of controlled materials issued by a DMS operating element for construction will not exceed the authority allocated by Department of Defense DMS allocation determinations for any given quarter. It is essential that all Form DMS-4C applications be carefully screened and reviewed to assure that allotment requests are kept to the minimum required to maintain and complete authorized construction schedules. In particular, the Form DMS-4C applications will be screened 1/ as required, to determine:

a. That the construction project for which the Form DMS-4C is filed is one for which the DMS operating element has established an approved construction schedule under an authorized program.

b. That all pertinent data has been entered on the application form and that it has been certified by the signature of an official of the owner or prime contractor.

c. Necessity for initiating and transmitting appropriate letter where basic data is incomplete.

d. That the request for material in the Form DMS-4C is not inconsistent with the construction schedule. Examine carefully the applicant's construction schedule to determine whether the materials and products requested are for a "target" schedule or for actual construction. In verifying the construction schedule through the existing evaluation devices available, it should be determined that the quantities of materials requested are the minimum quantities needed and to be scheduled for delivery in the quarters required. Materials shall not be allotted except as required at the site or to be incorporated in the project in the quarters for which the allotments are valid.

e. Consider the contractor's inventory position, if known, and question any large requests which seem to be designed for building up inventory beyond amounts required for the schedule.

3. On the basis of the processed Form DMS-4C, "Application for Allotment for Construction", the DMS operating element will issue Form DMS-13, "Allotment of Controlled Materials (Construction)", as explained in Section 4-4 of this Manual.

1/ The Department of Defense DMS operating elements should process first those applications which include requirements for DX programs and for the current and succeeding calendar quarters, so that ratings and allotments may be issued in time to enable prime contractors and all their subcontractors to place their authorized controlled material orders within the lead times specified by BDSA regulations and orders.

All contracts for construction for which the Department of Defense is claimant will be rated. 1/ Allotments to cover any controlled materials required will be issued for those contracts over $100,000; authority for self-authorization will be issued in lieu of allotments for those which do not exceed $100,000.

A. Projects Requiring Allotments

1. Allotments of controlled materials are made to prime contractors, on the basis of the screened and reviewed Form DMS-4C applications, except as provided in B below. Operating elements of the Department of Defense will make allotments to their prime contractors for construction projects if the quantities of controlled materials required do not exceed the allocation authority available under the quantitative allocations made to them. If allocation authority is available or can be made available by supplementary allocations requested and received from higher echelons, the allotting office will prepare Form DMS-13, "Allotment of Controlled Material for Construction", (Exhibit 1 to this Section 4-4).

2. All allotments of controlled materials made by operating elements of the Department of Defense for approved construction projects will carry the appropriate rating and allotment number, and in addition, may be further identified by three additional groups of digits, as follows:

a. Two digits identifying the issuing Department of Defense operating element;

b. Three digits identifying the sub-programs of the operating element; and

c. Three digits identifying the schedule of the individual construction prime contractor.

For example: The DO rating and allotment number to be shown in Item 6 of a Form DMS-13 being issued by the Corps of Engineers, Department of the Army, to a construction prime contractor building an approved air base would be made up as follows:

DO-C2	DO rating and program code symbol Department of Defense Construction Program
03	Identifying the DMS operating element - Corps of Engineers
212	Identifying an air base construction program for the Department of the Air Force
156	Schedule number assigned to the prime contractor's construction schedule.

The full DO rating and allotment number would be written: DO-C2 03 212 156.

3. The screened quantities of each controlled material required for delivery by calendar quarters, for the construction schedule, will be entered in Section I of the Form DMS-13. In order to comply with the requirement of not issuing allotments in excess of the allocation authority available to the allotting office, it will be necessary for each operating element to establish procedures to ensure that the quantities to be allotted on Form DMS-13 are actually subtracted from the appropriate allocation balances in the allotting office before the Form DMS-13 is issued to the construction prime contractor.

4. The original of the Form DMS-13 will be dispatched to the construction prime contractor and a copy will be retained by the allotting office in a file together with the related Form DMS-4C.

1/ See Section 2-3, and Section 14.

5. The accounting, recording, and reporting procedures for construction projects for which allotments are issued will be in accordance with the standard provisions for DMS as set forth in Section 5.

B. Projects Requiring Authority for Self-Authorization

1. The departments and associated agencies are authorized to place C2 rated orders for construction, without issuing a DMS-13 making allotments, for any individual construction project having an initial contract cost of $100,000 or less. 1/

2. Operating elements of the Department of Defense must furnish each contractor performing construction services pursuant to this "small construction project procedure" with a statement reading substantially as follows:

> "The construction project covered by this rated order is acquired pursuant to DMS Reg. 1. You are hereby made a self-authorizing consumer as defined in Section 3(g) of that Regulation and are required to use the self-authorization provisions of Section 9 in obtaining controlled materials, as well as products and materials other than controlled materials, needed to fill this rated order."

3. A copy of this authorization will be placed in the file of the appropriate allotting office.

4. When rated orders are placed for construction projects under this authorization, there will be no charge against allotment accounts by the DMS operating elements (see Section 5-4).

1/ This includes Corps of Engineers Repair and Utilities Construction, formerly under the C7 program.

Exhibit 1:

FORM DMS-13
(7-17-59)

U.S. DEPARTMENT OF COMMERCE
BUSINESS AND DEFENSE SERVICES ADMINISTRATION

DEFENSE MATERIALS SYSTEM
ALLOTMENT OF CONTROLLED MATERIALS (CONSTRUCTION)

Check one: ☐ INITIAL ☐ INCREASE

1. TO: *(Name and address of person to whom communication is directed)*

SPECIMEN

2. Control number

3. Government contract no. and/or project no.

4. Identification of project

5. Rating and allotment number
☐ DO Rating ☐ DX Rating

6. Name of Allotting Agency

Section I - ALLOTMENT OF CONTROLLED MATERIALS

Item No.	Controlled material (a)	Unit of measure (b)	Item No. (c)	___ Qtr. 19___ (d)	___ Qtr. 19___ (e)	___ Qtr. 19___ (f)	___ Qtr. 19___ (g)
10	Carbon steel *(including wrought iron)*	Short tons					
20	Alloy steel *(except stainless)*						
30	Stainless steel	Pounds					
40	Copper and copper-base alloy brass mill products						
50	Copper wire mill products						
60	Copper and copper-base alloy foundry products and powder						
70	Aluminum						
80	Nickel alloys						

SPECIMEN

ALLOTMENT OF CONTROLLED MATERIALS AND RATING

You are hereby allotted the above quantities of controlled materials for delivery in the quarters specified. The quantities must be added to any previous allotments for this construction project after taking into account reductions made on either Form DMS-12 or Form DMS-14.

The DO Rating or DX Rating and Allotment Number specified in Item 5 are assigned to the above construction project. The use of the rating and allotment number is subject to the provisions of DMS Reg. 1, as amended, and all other applicable BDSA regulations and orders.

Except in the case of Department of Defense construction, the rating hereby assigned must be used by you or extended by you to subcontractors to obtain production equipment which will be physically incorporated into the completed construction project. In the case of Department of Defense construction a separate authorization will be made for this purpose by the Department of Defense.

Signature of authorized official, Title, Date

SPECIMEN

SEE INSTRUCTIONS ON REVERSE SIDE

USCOMM-DC 6104-P

HOW TO USE YOUR ALLOTMENT AND RATING

SPECIMEN

1. DMS Reg. 1 requires that you use the allotment authority transmitted by this signed Form DMS-13 when you buy controlled materials to fill rated orders for the construction project specified in Item 4.

2. In placing Authorized Controlled Material (ACM) orders for delivery during a specified quarter required to fill a DO rated order, use your allotment number from Item 5, together with a reference to the quarter in which delivery is required. For example: C-2-3Q59 "Certified for National Defense Use under DMS Reg. 1" - and your signature and date. In placing Authorized Controlled Material (ACM) orders for delivery during a specified quarter required to fill a DX rated order, use your allotment number and the letters DX from Item 5, together with a reference to the quarter in which delivery is required. For example: C-2-3Q59-DX "Certified for National Defense Use under DMS Reg. 1" - and your signature and date.

3. Do not make allotments to your suppliers or subcontractors for the Class A products (including construction services) they provide for you to fill rated orders. Instead, you must place rated orders for this purpose as explained in paragraph 5 of these instructions.

4. The total of the controlled materials covered by ACM orders placed under paragraph 2 and a reasonably estimated aggregate of the controlled materials required by your suppliers of Class A products (including construction services) under paragraph 3, shall not exceed the total amounts of controlled materials allotted to you in Section I. The allotment made to you on this form is subject to being increased or decreased by the agency indicated in Item 6, and you may decrease the allotment by making returns of your allotments of controlled materials which are excess to your requirements and the requirements of all your Class A products suppliers (including construction services).

5. To place a rated order for Class A products (including construction services), for products other than Class A products, or for materials other than controlled materials you must use the rating shown in Item 5. For example: DO-C-2 or DX-C-2 "Certified for National Defense Use under DMS Reg. 1." - and your signature and date.

Production Equipment for a Construction Project

1. This Issuance outlines the methods for handling a contractor's application for production machinery and production equipment, when an authorized construction contract includes the procurement and installation of production machinery and production equipment by the prime contractor to fulfill the terms of his contract.

2. The contractor will include on his DMS-4C application his requirements for production machinery and equipment and installation materials. 1/ (Production equipment may include construction-type equipment to be used in the completed construction project.) This portion of the DMS-4C will be screened on the basis of the factual knowledge of the contractor's needs. The Department of Defense DMS operating element having delegated authority to do so will:

* a. Issue the C2 rating to the contractor in letter form (Exhibit 1 to this Section 4-4.1) for procurement of the required production equipment. (See program definitions.) ~~If the requirements for production equipment include metalworking machines under BDSA Order~~ M-41, where relevant, the urgency standing (~~from the~~ Numerical Preference List), the name of the ~~production~~ contractor, and the contract number on which ~~the metal~~working machine's output will be used, ~~must be included~~ in the letter of authorization at the time ~~the rating is assigned (see Section 6-3 for details)~~. C7

* b. Issue the C2 rating to the contractor for construction-type machinery and equipment to be used as production equipment in the completed construction project, in letter form (Exhibit 1), for procurement of the required equipment. (See program definitions.)

* c. Issue the C2 rating and any necessary controlled materials allotment for construction-type materials 1/ required for installation purposes in accordance with the procedures for the C2 Construction Program contained in Section 4-4 of this Manual.

3. When the construction project is outside the United States or its territories, the Department of Defense operating element having delegated authority to do so will process contractor's (foreign or Stateside) requests for production machinery, production equipment and necessary installation materials in accordance with the procedures outlined in Section 4-7.3 of this Manual.

1/ For the purposes of this procedure, construction-type materials required for installation purposes are defined as materials necessary for production equipment foundations and for extension of utilities from power lines to the production equipment. Machine controls and devices are considered to be part of the production equipment.

Exhibit 1:

Name of Official and
Name and Address of
Prime Contractor

Date:

By authority of the Business and Defense Services Administration, the right is hereby
* assigned to apply the rating and allotment number DO- 1/ C2 to deliveries on your purchase order(s) for production machinery and production equipment required by you for completion of the construction contract(s) or order(s) identified below:

Contract Number	Dollar Value of the Equipment

You may apply this rating on your purchase order(s) for the items of production machinery and production equipment authorized above by placing the following certification as prescribed in DMS Reg. 1.

* DO- 1/ C2 Certified for national defense use under DMS Reg. 1.

Signature and Title of Authorized Official

1/ Or DX, if eligible under PAM Section 14.

Military Housing and Title VIII Housing

A. By agreement with and authority of the Office of Civil and Defense Mobilization, the Business and Defense Services Administration, and Housing and Home Finance Agency, all military housing and all housing on or off military bases and reservations under Title VIII of the National Housing Act as provided in Public Laws 345 and 1020, 84th Congress, is the claimant responsibility of the Department of Defense. It is included as a part of the Department of Defense C2 Construction Program and all allotments of controlled materials therefor are controlled by the Department of Defense under DMS procedures.

B. The designated representative of the Department of Defense operating elements concerned will:

1. Distribute application Form DMS-4C to prime contractors and/or "sponsors" of military housing and all housing covered by Title VIII of the National Housing Act - Armed Services Housing Mortgage Insurance under Public Laws 345 and 1020 in accordance with the procedures contained in Section 4-2 of this Manual;

2. Process application Form DMS-4C from prime contractors and/or "sponsors" in accordance with the procedures contained in Section 4-3 of this Manual;

3. Issue allotments of controlled materials on Form DMS-13, or use the "small construction project procedure", in accordance with the procedures contained in Section 4-4 of this Manual.

C. Wherever desirable or necessary, the advice and counsel of the local Housing and Home Finance Agency representative may be secured in completing arrangements with the "sponsor" of the Title VIII housing project for the submission of the Form DMS-4C application. However, the completion of the construction project remains under the control and jurisdiction of the Department of Defense and the responsibility thereto cannot be transferred.

After DMS operating elements have made allotments to their prime contractors, contractual, design or specification changes, or other circumstances may require adjustments in construction schedules and in the related allotments of controlled materials. This action may be initiated by a revised DMS-4C application from the construction contractor, or a rescheduling of the project by the DMS operating element.

1. If an increased allotment is necessary, the operating element allotting office will issue a Form DMS-13 (Exhibit 1 to Section 4-4). Such Form DMS-13 will show only the amount of increase in the allotment, not a revised total allotment.

2. If a decrease in the allotment of controlled materials is necessary, the allotting office will issue a Form DMS-14, "Allotment Decrease (Construction)" (Exhibit 1 to Section 4-5). In effecting a decrease in allotments, the contractors will conform to the provisions of DMS Reg. 1 and the instructions contained on Form DMS-14. A follow-up on the return of the acknowledgment certification on the reverse of the Form DMS-14 signed by the prime contractor may be provided to insure his compliance with the decrease in allotment.

Exhibit 1:

FORM DMS-14
(7-18-69)

U.S. DEPARTMENT OF COMMERCE
BUSINESS & DEFENSE SERVICES ADMIN.

DEFENSE MATERIALS SYSTEM

ALLOTMENT DECREASE (CONSTRUCTION)

1. TO: *(Name and address of person to whom communication is directed)*

SPECIMEN

2. Control number

3. Government contract no. and/or project no.

4. Identification of project

SPECIMEN

5. Rating and allotment number

☐ DO Rating ☐ DX Rating

6. Name of Allotting Agency

Section I - DECREASE IN ALLOTMENT OF CONTROLLED MATERIALS

Item No.	Controlled material (a)	Unit of measure (b)	Item No. (c)	___Qtr. 19___ (d)	___Qtr. 19___ (e)	___Qtr. 19___ (f)	___Qtr. 19___ (g)
10	Carbon steel *(including wrought iron)*	Short tons					
20	Alloy steel *(except stainless)*						
30	Stainless steel	Pounds					
40	Copper and copper-base alloy brass mill products						
50	Copper wire mill products						
60	Copper and copper-base alloy foundry products and powder						
70	Aluminum						
80	Nickel alloys						

DECREASE OF ALLOTMENT OF CONTROLLED MATERIALS

The quantities of controlled materials shown in Section I must be subtracted from any previous allotments to obtain the net allotment for the construction project identified in Item 4.

SEE INSTRUCTIONS AND SIGN CERTIFICATION ON REVERSE SIDE OF THIS FORM.

Signature of authorized official, Title, Date

SPECIMEN

USCOMM-DC 6108-P

INSTRUCTIONS

1. Your allotment of controlled materials has been reduced by the amounts shown in Section I.

2. The proper method for making any necessary adjustments in outstanding orders or allotments is shown in DMS Reg. 1, as amended.

SPECIMEN

SIGN ONE (1) COPY BELOW AND RETURN WITHIN TEN (10) DAYS TO THE ALLOTTING AGENCY INDICATED IN ITEM 6

ACKNOWLEDGMENT CERTIFICATION

The undersigned acknowledges receipt of allotment decrease and has:

(A) Adjusted the allotment accounts to show this reduction;
(B) When adjustment in the account has resulted in an allotment balance smaller than that required to support outstanding charges, the undersigned has:

(1) Cancelled or reduced outstanding authorized controlled material orders, if possible;
(2) Reduced outstanding rated orders placed with self-authorizing consumers producing Class "A" products.

SPECIMEN

_____ By _____
(Name of applicant) *(Signature of authorized person)*

_____ _____
(Date) *(Title)*

The U.S. Code, Title 18 (Crimes and Criminal Procedure), Section 1001, makes it a criminal offense to make a wilfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction. The individual company information reported on this form is for use in defense mobilization activities. The unauthorized publication or disclosure of individual company information is prohibited by law, and persons having access to such information are subject to fine and imprisonment for unauthorized disclosure.

FORM DMS-14 (7-18-59) USCOMM-DC 6105-P

1. This Part explains how Department of Defense construction activities may be authorized to place Authorized Controlled Material Orders (ACMO's) for the direct procurement of controlled materials to be used in (C2) construction projects.

2. Elements of the Department of Defense to which allocations of controlled materials for (C2) construction purposes have been made may make further allocations, or may make allotments on Form DMS-13 to their subordinate activities as a prime contractor or to contractors as a prime contractor. In addition, they may buy controlled materials as such, issuing to themselves a DMS-13 for accounting purposes to support the deduction from their allocations records. Any Department of Defense element which purchases controlled materials for (C2) construction purposes must have a Form DMS-13 or appropriate action document in its purchase order file to substantiate each such purchase.

3. Upon the basis of the Form DMS-13 authorization, purchase orders for the controlled materials for (C2) construction purposes become Authorized Controlled Material Orders when identified and certified as in the following example:

C2 3Q61 Certified for national defense use under DMS Reg. 1.

These ACMO's may be issued to the controlled materials supplier under regular procurement procedure. However, in buying controlled materials directly from controlled materials producers, ACMO's must be placed in accordance with the lead time provisions in DMS Reg. 1, Schedule III.

This Part contains, in separate sub-parts, special procedures which have been approved by the Assistant Secretary of Defense (Installations and Logistics), and other appropriate agencies, for specific operations in designated departments, agencies, or operating elements. Each issuance covering a special procedure will, in general, explain the necessity for the procedure, the measures approved and by whom, and state the specific operating procedures, or variances from standard procedures, which have been approved.

Army - Air Force Construction

General

The following procedure provides DMS accounting and reporting methods for the C2 Construction Program in the Department of the Army, without affecting the availability of data on the status of controlled material issuances for construction performed by the Corps of Engineers for the Air Force and other construction performed by the Army.

1. The Assistant Secretary of Defense (Installations and Logistics) will not issue separate allocations to the Department of the Army for C2 construction to be performed for the Air Force. The Department of the Army and Corps of Engineers may consolidate allocation accounts for the C2 Program.

2. The Corps of Engineers will, however, account for the use of controlled materials for the C2 Construction Program in two parts:

   a. Construction performed by the Army Corps of Engineers for the Air Force.

   b. Construction performed for the Army.

3. The Department of the Army will not be required to report to the Assistant Secretary of Defense (Installations and Logistics) the separate use of the C2 Program authority. Reports on the status of controlled material issuances for Corps of Engineers construction for the Air Force will be furnished by Plans and Schedules Branch, Procurement Planning and Production Division, Deputy Chief of Staff for Logistics, only upon special Air Force requests.

Offshore Construction
(Construction Outside the
United States and its Territories)

A. General

1. Under DMS Reg. 1, as amended, both United States and foreign contractors who need materials from the U. S. for performance of military offshore construction contracts in foreign areas will be given the preferential treatment by U. S. suppliers accorded similar construction contracts performed in the U. S. For purposes of this procedure, the term "United States" includes the United States, its Territories and Insular Possessions, and the term "offshore" includes all other areas.

2. All shipments leaving the U. S. by commercial ships are subject to the export licensing regulations of the Department of Commerce.

3. A different procedure from that used for military construction performed in the U. S. must be followed to obtain construction materials and equipment from the U. S. for use by foreign contractors. The rating and allotment authority cannot be granted by means of the Form DMS-13 to a foreign contractor because, unlike a U. S. contractor, he may not apply or extend a rating or place Authorized Controlled Material Orders pursuant to an allotment. It is therefore necessary to have a special procedure to assist foreign contractors who must buy construction materials and equipment in the U. S. to complete approved construction schedules under contract with the U. S. Army, Navy, or Air Force in a foreign area.

B. Procedure for United States Contractors

1. Wherever Department of Defense offshore construction contracts are being performed by contractors who are U. S. nationals with established places of business in the U. S., the military departments will process construction applications and issue allotments in accordance with the provisions of DMS Reg. 1 and other relevant Parts of Section 4 of this Manual.

2. An application filed with the Bureau of Foreign Commerce on Form BFC-419, Export License Application, covering orders of U. S. contractors for military offshore construction, will be given priority when the program identification assigned by the Department of Defense is shown in Box 12 of the form, e.g., "C2 by U. S. Army Engineers" or "C2 by U. S. Navy Bureau of Yards and Docks", together with a brief statement indicating the U. S. military end use abroad.

C. Procedure for Foreign Contractors

1. Screening against Contract Requirements - When foreign contractors, i.e., construction companies with established places of business outside of the U. S., must buy materials in the U. S. to perform or complete a military offshore construction contract, the military department under whose jurisdiction the construction contract is being performed will designate and authorize the representative who is responsible for: (1) determining that the quantities of materials needed and ordered from the U. S. are not inconsistent with the construction contract and schedule, and (2) issuing the appropriate certificate pursuant to sub-paragraphs 2 and 3 below on each order placed on a U. S. supplier.

2. To Obtain Controlled Materials - If the foreign contractor's proposed purchase is for controlled materials from the U. S., the designated representative of the military department concerned:

a. Requests authority to allot quantities of controlled materials needed to fill a foreign contractor's purchase order from the designated DMS Controller, in accordance with departmental procedures, to ensure that the totals are within the limits of its allocation authority. The DMS Controller will charge the requested quantities of controlled materials against the allocation balance, and authorize the designated representative to prepare a "DMS Allotment Certificate for Offshore Construction" (Exhibit 1 to this Section 4-7.3) which is an Authorized Controlled Material Order valid on a U. S. supplier;

b. Signs the "DMS Allotment Certificate for Offshore Construction" and forwards it to the contractor, supplier, or exporter.

3. To Obtain Equipment and Materials Other than Controlled Materials - If the foreign contractor's proposed purchase is for equipment or materials other than controlled materials from the U. S., the designated representative of the military department concerned:

a. Checks the amounts of the foreign contractor's needs contained in his purchase order in accordance with departmental procedures to ensure that the totals and required delivery dates are consistent with the construction schedule;

b. Prepares a "Rating Certificate for Offshore Construction" (Exhibit 2 to this Section 4-7.3) which will rate 1/ an authorized purchase order of the foreign contractor for equipment or materials other than controlled materials and will be valid on a supplier in the U. S.:

(1) If for construction materials (other than controlled materials), indicates "DO-C2" as the rating and allotment number on the rating certificate; 2/

(2) If for production equipment (other than of construction machinery type) to be installed in the completed construction project, indicates "DO-C2" on the rating certificate; 2/

(3) If for construction machinery, follows instructions in Section 4-8.3 ("Construction Machinery for Offshore Construction Projects");

Note: Separate certificates will be prepared when ratings are issued for both construction materials and production equipment.

c. Signs the "Rating Certificate for Offshore Construction" and forwards it to the contractor, supplier or exporter.

4. Accounting Procedure - The standard Department of Defense DMS accounting and reporting procedures in Section 5 of this Manual are to be followed in the recording and reporting of allotments made for offshore construction performed by foreign contractors.

5. Export License - Applications filed with the Bureau of Foreign Commerce on Form BFC-419, Export License Application, covering orders of foreign contractors performing under U. S. military offshore construction contracts, will be given preferential treatment by BFC export licensing officers if the program identification is shown in Box 12 of the form. Applications which do not furnish evidence of U. S. military offshore construction requirements will be routinely processed and may be subjected to unnecessary delays and possible rejection.

1/ The use of a rating to acquire products not rateable under BDSA Reg. 2, or under any other order or regulation of BDSA is prohibited (see Section 2-1, General Rules of DO Rating System).
2/ Substitute "DX" for "DO" if eligible under PAM Section 14.

Exhibit 1: Allotment Certificate for Offshore Construction

Name and Address of Prime Contractor _____

Case No. _____

Date _____

Contract No. _____

The following is a certification of an Authorized Controlled Material Order on supplier(s) in the United States or its Territories for the above-named contractor.

Item No.	Controlled Material	Purchase Order Identification Description	Allotment	Delivery Required Qtr 19	Qtr 19
(Use no. from DMS-13)	(As listed in Schedule I DMS Reg. 1)	(In mill-order detail)	(Specify tons or pounds)		

C2 1/ Certified for national defense use under DMS Reg. 1.

_____
Signature of Authorized Official

Notice to Contractor or Agent: COPIES OF THIS CERTIFICATE MUST ACCOMPANY ORDER ON U. S. OR TERRITORIAL SUPPLIER AND APPLICATION FOR EXPORT LICENSE.

1/ Or "C2-DX" if eligible under PAM Section 14.

Exhibit 2:

Rating Certificate
for Offshore Construction

Name and Address of Contractor

Case No.

Date

Contract No.

By authority of the Business and Defense Services Administration, the rating and allotment number indicated below is hereby assigned for the purchase of the following items:

Quantity	Description	Required Delivery Date
	(Give enough detail to identify purchase order.)	

DO- 1/ C9 Certified for national defense use under DMS Reg. 1.

Signature of Authorized Official

Notice to Contractor or Agent: COPIES OF THIS CERTIFICATE MUST ACCOMPANY ORDER ON U. S. OR TERRITORIAL SUPPLIER AND APPLICATION FOR EXPORT LICENSE.

1/ Substitute DX for DO if eligible under PAM Section 14.

A. General

The civilian control agencies decided to retain a simplified Defense Materials System: (1) to provide preferential treatment for current Department of Defense and Atomic Energy Commission hard goods procurement programs, and (2) to provide a materials allocations system in operation for use in the event of increased mobilization. These objectives are supported by the Department of Defense.

B. Rules Governing Department of Defense Operations under DMS

1. The Department of Defense will comply with the rules established for the Defense Materials System:

a. Submitting requirements data as requested by OCDM;
b. Issuing ACM orders, authorizing allotments as appropriate and applying ratings; and
c. Maintaining allotment accounts, as required.

2. The priorities and allocations authority delegated to the Department of Defense in BDSA Delegation 1, and redelegated to the military departments and operating elements, will be administered within the limitations established in that delegation. Exhibit 1, Section 2-1 of this Manual, explains these limitations as applied to the rating of certain procurement contracts. The use of allotment authority is subject to the same limitations.

3. The procuring element of the Department of Defense will use its allotment authority on every purchase order or contract (regardless of source of funds):

a. In placing ACM orders for the direct purchase of controlled materials; or
b. In making allotments of controlled materials for Class A products; or
c. In placing orders for Class A products acquired from distributors; or "small orders" when the prime contractor is established as a "self-authorizing contractor" (see Section 3-4.7 of this Manual); or
* d. In placing orders for controlled materials or Class A products from GSA
* (FSS) or against a schedule based on a GSA contract with a supplier. 1/

4. No contract or order for a Class B product will be accompanied by an allotment unless an exception is granted by BDSA (see Section 3-3.1).

5. Allotments of controlled materials will be issued only in the amounts needed by the contractor to be put into his working inventory or into production in the quarters covered by the allotment.

6. Within allocation authority available, advance allotments will be issued as early as practicable in amounts needed to support all authorized production scheduled by the contractor.

7. Military contractors (and industrial establishments of the Department of Defense) will be instructed not to make allotments to their subcontractors.

8. If, after screening an application for controlled materials, there is insufficient allocation authority available, no allotment may be made until the allocation balance is supplemented (by returns from contractors, by a transfer of allocations within the jurisdiction of the element, or by additional allocation from a higher echelon).

9. Controlled materials will be allotted, in case of a shortage, on the basis of the relative urgency of the procurement items and the contractors' urgent needs, so as to ensure the maximum effective use of all that is available.

- -

* 1/ Neither ACM nor rated orders will be placed, but the estimated material will be included
* in requirements and "charged off" allotment accounts when orders are placed. (See Section
* 3-4.7, paragraph E.)

A. General

This Section 4-8 describes the methods for getting ratings for construction machinery to be used in connection with construction projects. It contains, in sub-parts, the procedures to be used in applying rating and allotment numbers to direct procurement, the procedure to be used by contractors to get the right to apply a rating and allotment number to their purchases, and applying the rating to purchases of foreign contractors in the United States. (See Section 2-4.2 for construction machinery to be used as production equipment.)

B. Definitions

"Construction machinery" means any type of construction machinery and equipment as listed in BDSA Order M-43A and published for convenient reference in Exhibit 1 to this Section 4-8.

Exhibit 1:

Bits, air-drill, removable
Bituminous equipment:
  Asphalt plants
  Distributors
  Heaters
  Kettles
  Mixers
  Pavers
  Spreaders, aggregate
Blades (cutting edges): grader, dozer, scraper, snow plow
Buckets, concrete equipment
Buckets and dippers for cranes, shovels, or draglines
Catch basin cleaners
Chutes, concrete equipment
Concrete equipment:
  Batchers and batch plants
  Bins
  Curb and gutter machines
  Cutting machines, except masonry
  Dryers, aggregate
  Finishers
  Forms, metal, reusable
  Graders, sub and fine
  Heaters
  Jacks, slab-raising
  Mixers, including mortar
  Pavers
  Spreaders
  Towers
  Vibrators
Cranes, shovels, and draglines:
  Cranes, construction
  Cranes, locomotive and rail-truck mounted
  Cranes, railway, wrecking
  Crane, shovel, and dragline attachments
  Draglines, construction
  Draglines, walking
  Pile drivers and hammers
  Shovels, power
Crushing, screening, and washing equipment (portable):
  All types, except food
Derricks, except oil and gas well
Discs, wheel-mounted or harrow, construction
Dredging machinery, except dredge pipe
Drilling equipment:
  Augers, earth, power-driven
  Pipe pushers, power-driven
  Tools, air, contractors
Flushers, street
Graders:
  Elevating
  Pull-type
  Self-propelled
  Maintainers
Grader-mounted equipment
Grapples, crane
Haulage, units, off-highway:
  Rear-dump trucks
  Wheel tractors 70 hp. and over
Hoists, contractors
Hoppers, concrete equipment
Loaders:
  Bucket, elevating
  Elevating, shoulder-type
  Tractor-mounted
Placers, concrete equipment
Rock drills, air, including drifters and stoppers
Rollers and compactors, all types
Rippers, rooters, and scarifiers, drawn
Scrapers, self-propelled and pull
Snow plows, all types
Sweepers and leaf collectors, self-propelled and drawn
Teeth: bucket, ripper, and scarifier
Tractors, crawler
Tractor-mounted equipment:
  Dozers, power-control units, cranes, shovels, side-booms, back-hoes loaders, scarifiers, winches, and draglines
Traffic line marking equipment
Trailers, construction, off-highway:
  Bottom, rear, and side dump, crawler or wheel-type
  Logging arches
Trenchers, all types
Well points, construction
Wheels, crawler

Private Contractors

A. General

1. Private contractors performing construction by or for the account of the Department of Defense, approved and authorized by an operating element of the Department of Defense under DMS Reg. 1, may not use the rating assigned to such authorized construction schedules to purchase construction equipment for use on construction. BDSA Delegation 1 does not permit the Department of Defense to issue a rating to a private contractor to purchase construction equipment for use on an authorized construction project in the United States (except Hawaii and Alaska). (See Section 4-8.2 for direct military procurement for such use.)

2. If a contractor needs a rating to secure delivery of construction machinery or equipment to complete or perform under his authorized construction project contract, a BDSAF-138 may be filed in accordance with the procedures and under the criteria of Section 7 of this Manual.

U. S. Projects

A. General

BDSA Delegation 1 to the Secretary of Defense prohibits use of the authority therein delegated to apply or assign the right to apply ratings and allotment numbers or symbols to purchase orders or contracts for direct procurement of construction machinery for use on construction in the United States (except in Alaska and Hawaii). BDSA may authorize use of a rating in the D series for this purpose if it approves an application therefor on Form BDSAF-138. (Section 4-8.3 covers construction machinery for offshore construction projects.)

B. Definition

"Construction machinery" (or equipment) is defined in Section 4-8 of this Manual.

C. Applications for D Rating

Military departments and associated agencies may apply to BDSA on Form BDSAF-138, (Exhibit 1 to Section 7-2) in accordance with the general and specific instructions in Section 7-1 of this Manual for permission to apply a rating in the D series on their purchase orders or contracts for direct procurement of construction machinery for use on construction in the United States (except in Alaska and Hawaii).

D. Criteria

1. In addition to the criteria in Section 7-1, military departments and associated agencies will, before forwarding Forms BDSAF-138, assure themselves that the required equipment:

a. Is essential to completion of the project;

b. Is so specialized that substitute equipment cannot be used, or, if substitute equipment can be used, that none is available;

c. Cost is reasonable as related to the cost of the project; and

d. Will be used on the project for a period of sufficient duration to justify its purchase.

Offshore Projects

A. General

This Issuance brings together the rules for rating construction machinery for offshore construction projects. The terms "offshore" and "foreign contractor" have the same meaning herein as in Section 4-7.3 of this Manual. "Construction machinery" is defined and listed in Section 4-8.

B. Rating 1/

1. Operating elements designated by the military departments and associated agencies will apply the rating and allotment number DO-C9 to their own purchases of construction machinery for offshore use.

2. Operating elements may, under the conditions specified in paragraph C below, give DO-C9 to foreign contractors for the same purpose. A form like Exhibit 1 to this Section 4-8.3 will be given to foreign contractors to forward with their orders for the construction machinery they are purchasing.

3. Operating elements will assign to United States contractors the right to apply the rating and allotment number DO-C9 to their purchases of construction machinery for offshore use under the criteria of paragraph C. An authorization letter like Exhibit 2 to this Section 4-8.3 will be used to assign to United States contractors the right to apply the rating and allotment number DO-C9.

C. Criteria

Operating elements will determine that the criteria below exist before applying the rating and allotment number DO-C9 to purchase orders of foreign contractors or assigning to United States contractors the right to apply the rating and allotment number DO-C9 for offshore construction.

a. Title to the construction machinery will vest in the United States at time of purchase, at some time during the contract, or upon completion of the contract. (This includes all construction machinery which is to be installed in military offshore construction projects.)

b. In addition, for construction machinery to be used in constructing the project, ratings will not be authorized unless Department of Defense reserve machinery is not available.

c. Construction by troops is not practical; the contractor is fully utilizing existing available machinery in the area; and the construction machinery cannot be obtained in time without use of the rating and allotment number.

1/ Substitute "DX" for "DO" if eligible under PAM Section 14.

Exhibit 1:

Name of Official and
Name and Address of
Contractor

Case No. _____

Date: _____

Contract No. _____

The following construction machinery is hereby rated DO-C9 1/ for purchase from supplier(s) in the United States:

Quantity	Description	Required Delivery Date	Purchase Price

DO-C9 1/ Certified for national defense use under DMS Reg. 1.

_____
Signature of Contracting Officer

Notice to Contractor or Agent: COPIES OF THIS CERTIFICATE MUST ACCOMPANY ORDER ON U. S. SUPPLIER AND APPLICATION FOR EXPORT LICENSE.

1/ Substitute "DX" for "DO" if eligible under PAM Section 14.

Exhibit 2:

Name of Official and
Name and Address of
Contractor

By authority of the Business and Defense Services Administration, the right is hereby assigned to apply the rating and allotment number DO-C9 1/ to your order(s) for the construction machinery below:

Quantity	Description	Required Delivery Date	Purchase Price

You may apply this rating and allotment number on your purchase order(s) for the items of construction machinery authorized above by placing the following certification as prescribed in DMS Reg. 1 on the order(s).

"DO-C9 1/ Certified for national defense use under DMS Reg. 1."

Signature of Authorized Official

Title

1/ Substitute "DX" for "DO" if eligible under PAM Section 14.

A. General

Preferred construction under the Defense Materials System includes only construction projects of the Department of Defense (C2 Program) and the Atomic Energy Commission (E Programs), or projects sponsored by these agencies. The Business and Defense Services Administration, an Allotting Agency for private industrial expansion, may allot controlled materials and assign the DX or DO-D5 rating and allotment number to construction projects supported by the Department of Defense or AEC, as appropriate.

B. Sponsoring Construction Projects

1. Some construction projects, not eligible for C2 rating and allotment, may be of sufficient importance to Department of Defense programs to justify Department of Defense support. Operating elements may accept DMS-4C applications (Exhibit 1 to Section 4-2 of this Manual) for sponsorship to BDSA.

2. The following criteria should be applied to an application for assistance to a privately-owned construction project, before it is sponsored by any element of the Department of Defense.

a. At the time of the beginning of construction, reconstruction, erection, or installation of the facility, there is an actual or potential shortage of facilities available to the Department of Defense for the production of the material or service to be produced or performed by the facility.

b. The material or service to be produced with the proposed facility is required in whole or in part by a program of the Department of Defense, or is necessary for production of a material or service directly required by the Department of Defense, or is otherwise necessary to programs of the Department of Defense.

c. Construction, reconstruction, erection, or installation of the facility cannot be completed in accordance with the proposed or established construction schedule without the requested allotments of controlled materials and rating authority; and further, if not completed in accordance with the construction schedule, it will cause delay in the production of a material or rendering of a service necessary to programs of the Department of Defense.

3. If the construction project appears to warrant support of the Department of Defense under the foregoing criteria, military departments 1/ or associated agencies will forward a memorandum justifying such support, together with the DMS-4C application, to the Office of the Assistant Secretary of Defense (Installations and Logistics).

4. The Office of the Assistant Secretary of Defense (Installations and Logistics) will forward an approved application to BDSA with a recommendation for preferential treatment of the project. Applicants granted preferential treatment will receive a "D5" rating and allotment number from BDSA. The Office of the Assistant Secretary of Defense (Installations and Logistics) will inform the sponsors of actions taken.

C. Spot Assistance

Requests for priorities assistance to obtain bottleneck materials or equipment, as distinguished from requests for project sponsorship, will be submitted in accordance with the procedure in Section 7-2 or Section 7-3 of this Manual.

1/ Army - DCS/Log; Navy - ONM; Air Force - AFMPP

Number	Title	Date of Revision
5	Introduction	
5-1	Allocations Exhibit 1 - OCDM Form 3 - Allocation from OCDM Exhibit 2 - DD Form 529 - DOD Allocation	
5-2	Increase, Decrease or Transfer of Allocations Exhibit 1 - DD Form 530-1 - Transfer of Allocations in DOD Exhibit 2 - OCDM-176 - Transfer of Allocations to OCDM	
5-3	Return of Allocations Exhibit 1 - DD Form 530 - Return of Allocations	
5-4	Allotments and ACM Orders	
5-5	Increase or Decrease in Allotments and ACM Orders	
5-6	Consumer Accounting and Allotment Returns Exhibit 1 - Form DMS-12 - Applicant's Returns	
5-7	Department of Defense DMS Ledger Accounts Exhibit 1 - DD Form 524 - DOD Ledger Sheet	
5-8	Reporting Allocations, Allotments and ACM Orders Placed, and Unused Balances Exhibit 1 - DD Form 492 - DOD Reports Exhibit 2 - Form OCDM-123 - I&L Report to OCDM	

A. Purpose and Scope of this Section

1. The purpose of the procedures in this Section of the Manual is to ensure within the Department of Defense the basis for a uniform method for establishing and maintaining records and accounts under the Defense Materials System.

2. This Section 5 covers procedures for accounting and reporting, by all elements of the Department of Defense and associated agencies, on DMS allocations, allotments, and issuance of authorized controlled material orders.

B. Relationship of DMS Accounting and Reporting to the Operation of DMS

1. The operation of the Defense Materials System is based on records and accounts. Authority to buy steel, copper, aluminum, and nickel alloys is allocated among claimant agencies, and each establishes its "DMS account" with its allocation as the opening balance. In the Department of Defense, this authority is reallocated to operating elements, and within these elements may be further allocated. The authority is used, as distinct from being reallocated to using elements, when allotments are made to consumers, or purchase orders for controlled materials are placed. Each allocating and allotting level keeps its own controlled material bankbook -- its DMS account.

2. Manufacturers are also required to keep DMS books very similar to those of a Department of Defense element.

3. The records and accounts make DMS enforceable; since there are always two records of each transaction -- one by the issuer and one by the recipient -- a compliance check can be made (see Section 10).

C. General Rules

1. It is the policy of the Department of Defense to comply with the accounting and recordkeeping requirements of the Defense Materials System.

2. The posting of entries must be accurate; all the subsequent transactions are dependent upon being able to rely on the accounting records. For this reason, the following two rules are established:

a. Posting Identification - All documents serving as posting media on the ledger accounts will be rubber stamped. The stamp will indicate that the ledger accounts were posted and will also identify by initials the person or persons making the posting.

b. Conformance Between Ledgers - Comparable entries in all ledgers will be reviewed by the DMS accounting staff of each activity as frequently as necessary to assure conformance.

3. Deviations from the DMS accounting and reporting requirements may not be made unless an exception is granted by the Office of the Assistant Secretary of Defense (Installations and Logistics), with OCDM or BDSA concurrence where necessary. Where an exception is granted, it will be incorporated in this Section 5 if of a general nature. An exception for a special procedure will be incorporated in the relevant Section of this Manual.

D. Relationship of DMS Accounting Procedures to Required Reports

Detailed procedures and forms for maintaining DMS accounts and making reports have been established in the Department of Defense. In general, the procedure prescribed in the remainder of this Section is the basis for the following reports:

1. DMS operating elements under the direct jurisdiction of the military departments will prepare and furnish to the proper military department, consolidated reports for each calendar quarter of allocations received, allotments issued for each procurement claimant program, and unissued balances.

2. DMS operating elements under the direct jurisdiction of the Office of the Assistant Secretary of Defense (Installations and Logistics), as well as DMS Officers of the military departments, will prepare and furnish to the Office of the Assistant Secretary of Defense (Installations and Logistics) consolidated reports containing the same data.

3. The Office of the Assistant Secretary of Defense (Installations and Logistics) will consolidate these reports and will use the information obtained, together with forecasts of requirements previously submitted, in requesting or reconciling allocations of controlled materials from OCDM.

4. The Office of the Assistant Secretary of Defense (Installations and Logistics) will transmit consolidated reports to OCDM thereby accounting for the use of allocation authority given to the Department of Defense by OCDM in the form of Program Determinations.

A. General

The Program Determinations of the Office of Civil and Defense Mobilization which allocate controlled materials to the Department of Defense, are the bases for establishing DMS accounts. At the time a Determination is made, OCDM prepares an accounting document to implement it. Similarly, the reallocation of materials among military departments and associated agencies is implemented by issuance of accounting documents by the Department of Defense Priorities Controller. (See Section 3-2 for a more complete description of these steps.) This Section 5-1 deals with the preparation and distribution of the accounting documents.

B. Allocating Controlled Materials

1. Office of the Assistant Secretary of Defense (Installations and Logistics)

a. The Priorities Controller of the Department of Defense will receive, from OCDM, OCDM Form 3 (Exhibit 1), allocating quantities of controlled materials to the Department of Defense by specified calendar quarters, pursuant to the OCDM Program Determination. The Department of Defense Priorities Controller will check OCDM Form 3 for consistency with the OCDM Program Determination and if not consistent will initiate proper adjustments.

b. The quantities of controlled materials allocated to the Department of Defense on OCDM Form 3 will be recorded by the Priorities Controller in a general controlled materials ledger.

c. The Department of Defense Priorities Controller will prepare DD Form 529, Allocation Determination (Exhibit 2), advising the military departments and associated agencies of the quantities of controlled materials allocated to them for each calendar quarter. These determinations, which will be directed to the DMS Officers of the military departments and associated agencies for referral to their Priorities Controllers, will be signed by the Department of Defense Priorities Controller.

d. The quantities of controlled materials allocated to the military departments and associated agencies on DD Form 529 will be recorded by the Department of Defense Priorities Controller in a subsidiary controlled materials ledger for each department or associated agency.

e. After completion of all recording transactions and verification that allocations issued do not exceed allocations received, the Department of Defense Priorities Controller will forward copies of the Allocation Determination, DD Form 529, to the addressees.

2. The Military Departments and Associated Agencies

a. The military departments and associated agencies will distribute the controlled material allocations received for each calendar quarter among their DMS operating elements and will issue Allocation Determinations accordingly, showing net quantities allocated. DD Form 529, Allocation Determination, or similar allocation form 1/ will be used for this purpose. The data shown in these Allocation Determinations will be recorded by each department and associated agency in a general controlled materials ledger and in subsidiary controlled materials ledgers for their DMS operating elements.

b. The DMS operating elements of the military departments and associated agencies will distribute the controlled materials allocations received for each calendar quarter among their authorized DMS allotting or procuring elements and will issue Allocation Determinations accordingly, showing quantities allocated. DD Form 529, Allocation Determination, will be recorded by each DMS operating element in a general controlled materials ledger and in subsidiary controlled materials ledgers for the authorized DMS allotting or procuring elements.

c. The authorized DMS allotting or procuring elements of the military departments and associated agencies will record the allocations received by Allocation Determinations in a general controlled materials ledger and/or in an allotment ledger as allocations received.

1/ Reference to the DD Form 529 will be deemed a reference to a "similar form" in the rest of this Section. Note that the DMS-10 is an allotment (not an allocation) form, and may be used only for allotment to a prime consumer (including an activity of the Department of Defense which acts as a prime consumer).

Exhibit 1:

ODCM Form 3 (Supersedes Form ODM-DF-917 dated August 1958 10-21-54, which MAY be used.)

FOR INTERNAL USE ONLY

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF DEFENSE AND CIVILIAN MOBILIZATION
INCREASE OR DECREASE
ALLOTMENT OF CONTROLLED MATERIALS

Date | Control No.
Program Determination No.
Approved by
TO: (Agency or Division) | PASCA No. | Prepared by | Verified by

Explanation

Item No. (a)	Controlled Materials (b)	Unit of Measure (c)	Qtr. (d)	Program Determination (e)	Less: Net Balances (f)	Net Increase (g)	V	Net Decrease (h)	V
10	Carbon Steel (including wrought iron)	Short tons							
60	Foundry Products and Powder	Pounds							
70	Aluminum	Pounds							
80	Nickel Alloy	Pounds							

This form is used by the Office of Civil and Defense Mobilization as advice of an allotment. The data is recorded in the master DMS accounts for the Department of Defense, maintained by the Department of Defense Priorities Controller.

Posted by | Verified by | Date

PLEASE DETACH AND RETURN IMMEDIATELY

TO: Office of Defense and Civilian Mobilization
Washington 25, D. C.

Control No.
PASCA No.

This will confirm receipt of Advice of Allotment of Controlled Materials

Agency or Industry Division

Date

Signature of Authorized Officer

ODCM RC 29958

Exhibit 2:

DEPARTMENT OF DEFENSE **ALLOCATION DETERMINATION**	ALLOCATION (*Check One*) ☐ INITIAL OR INCREASE ☐ DECREASE	DETERMINATION NUMBER DATE

TO:	FROM:

DETERMINATION STATEMENT

If the "Initial or Increase" in allocation box is checked, you may place Authorized Controlled Materials orders or issue allotments of controlled materials to prime consumers to the extent specified below for each controlled material and calendar quarter.

If the "Decrease" in allocation box is checked, your previous allocations of controlled materials are reduced to the extent specified below for each controlled material and calendar quarter.

ITEM NO. a	CONTROLLED MATERIAL b	UNIT OF MEASURE c	___QTR___ d	___QTR___ e	___QTR___ f	___QTR___ g
10	CARBON STEEL(*Including wrought iron*)	SHORT TONS				
20	ALLOY STEEL (*Except stainless*)	SHORT TONS				
30	STAINLESS STEEL	POUNDS				
40	COPPER & COPPER-BASE ALLOY BRASS MILL PRODUCTS	POUNDS				
50	COPPER-WIRE MILL PRODUCTS	POUNDS				
60	COPPER & COPPER-BASE ALLOY FOUNDRY PRODUCTS & POWDER	POUNDS				
70	ALUMINUM	POUNDS				
80	NICKEL ALLOYS	POUNDS				

This form is used by the Department of Defense Priorities Controller to transmit to the DMS Officer of each military department and associated agency the quarterly allocation of controlled materials for their programs. It is also used to transmit allocations within military departments to each DMS operating element and by them to their allotting office.

FURTHER PROVISIONS

Please sign carbon copy attached and return to Priorities Controller.	ISSUED BY (*Priorities Controller*)
RECEIVED BY (*Signature*)	
TYPED NAME AND TITLE	
DATE	DATE

DD FORM 1 JAN 60 529 REPLACES EDITION OF 1 AUG 58, WHICH MAY BE USED.

A. General

After appropriate DMS accounts and ledgers are established, all increases or decreases in available balances must be reflected. Among the things which will affect a balance on hand is an allocation increase or decrease which may result from a new Program Determination of OCDM, from a transfer of materials between departments, or a transfer within a department.

B. Increases or Decreases

1. Increases or decreases in previous allocations of controlled materials for a calendar quarter will be made on DD Form 529, Allocation Determination (prepared by the office issuing the allocation), by indicating in the appropriate box at the head of the form whether the determination covers an increase or a decrease. In such cases, the quantities shown on DD Form 529 will represent only the amount of increase or decrease in the previous allocation and not a new net total of allocations.

Note: DD Form 529 is so designed that initial allocations (for instance: for an additional calendar quarter) and increases in previous allocations may be shown on the same form. A separate DD Form 529 must be used to show decreases.

2. The increases or decreases shown on DD Form 529 will be recorded at each successive level in the established DMS ledger accounts.

C. Transfers

1. Except as provided in paragraph 3 below, each transfer of controlled material allocations between military departments and/or associated agencies will require Office of the Assistant Secretary of Defense (Installations and Logistics) approval. Such approval of transfers will be obtained by the military departments and associated agencies by "Notice of Transfer of Controlled Materials Allocations" form, DD Form 530-1 (Exhibit 1).

2. Upon Office of the Assistant Secretary of Defense (Installations and Logistics) approval of a transfer, the Priorities Controller will forward a signed copy of the Notice to the interested parties, advising them that the transfer is approved and the corresponding records will be adjusted accordingly at each level affected by the transfer.

* 3. An exception to the procedure in the preceding paragraphs has been authorized for transfers between Army, Navy, and Air Force accounts maintained at Joint Aeronautical Materials Activity (JAMAC). These transfers do not require prior Office of the Assistant Secretary of Defense (Installations and Logistics) approval, but copies of transfer actions will be forwarded through channels to departmental Priorities Controllers, and to Installations and Logistics, so that affected records may be adjusted.

4. Transfers of allocations from the Department of Defense to OCDM will be made by the Office of the Assistant Secretary of Defense (Installations and Logistics) on Form OCDM-176, Transfer of Allotment of Controlled Materials (Exhibit 2), in accordance with the claimant agency accounting instructions of OCDM, and the established DMS ledger accounts will be adjusted accordingly.

Exhibit 1:

DEPARTMENT OF DEFENSE NOTICE OF TRANSFER OF CONTROLLED MATERIALS ALLOCATIONS	TO:	DATE

INSTRUCTIONS: Send 3 copies of this form to Priorities Controller of above organization.

FROM: Procurement (Claimant) Program	FROM: *(Name of organization)*
TO: Procurement (Claimant) Program	TO: *(Name of organization)*

ITEM NO. a	CONTROLLED MATERIAL b	UNIT OF MEASURE c	___QTR___ d	___QTR___ e	___QTR___ f	___QTR___ g	___QTR___ h
10	CARBON STEEL *(Including wrought iron)*	SHORT TONS					
20	ALLOY STEEL *(Except stainless)*	SHORT TONS					
30	STAINLESS STEEL	POUNDS					
40	COPPER & COPPER-BASE ALLOY BRASS MILL PRODUCTS	POUNDS					
50	COPPER-WIRE MILL PRODUCTS	POUNDS					
60	COPPER & COPPER-BASE ALLOY FOUNDRY PRODUCTS & POWDER	POUNDS					
70	ALUMINUM	POUNDS					
80	NICKEL ALLOYS	POUNDS					

JUSTIFICATION FOR TRANSFER

BY *(Signature and title of person preparing this form)*	TRANSFER APPROVED AND RECORDED
	BY: *(Priorities Controller)*
DATE	DATE

DD FORM 1 JAN 60 530-1 REPLACES EDITION OF 1 AUG 58, WHICH MAY BE USED. G49680

Exhibit 2:

FOR INTERNAL USE ONLY

Executive Office of the President
Office of Civil and Defense Mobilization

DEFENSE MATERIALS SYSTEM

TRANSFER OF ALLOTMENT OF CONTROLLED MATERIALS

Date

OCDM Accounting Staff No.

TO: Office of Civil and Defense Mobilization
Washington 25, D.C.

FOR ACCOUNT OF AND TRANSMITTAL TO:

From (Agency or Division)

By _____
Signature

Date | Title

Explanation (State reason for transfer and specify program symbol or product code, where applicable)

Item No. (a)	Controlled Materials (b)	Unit of Meas. (c)	(d)	____ Quarter 19____ (e)	____ Quarter 19____ (f)	____ Quarter 19____ (g)	____ Quarter 19____ (h)	____ Quarter 19____ (i)
10	Carbon Steel (Including Wrought Iron)	Short Tons						
20	Alloy Steel (Except Stainless)	Short Tons						
30	Stainless Steel	Lbs.						
40	Copper and Copper-base Alloy Brassmill Products	Lbs.						
50	Copper Wire Mill Products	Lbs.						
60	Copper and Copper-base Alloy Foundry Products and Powder	Lbs.						
70	Aluminum	Lbs.						
80	Nickel Alloys	Lbs.						

PLEASE DETACH AND RETURN IMMEDIATELY

TO: Office of Civil and Defense Mobilization
Washington 25, D.C.

Program Accounting Staff No.

This will confirm receipt of advice of Transfer of Allotment of Controlled Materials.

_____
Agency or Division

_____ By _____
Date Signature

Form OCDM-176
April, 1959

(Supersedes Form ODM-147, which may not be used).

GPO 823386

A. General

An unused allocation is wasted authority. Each allocating level should keep its DMS accounts under constant review to avoid having authority "die on the vine". Each higher echelon, with its broader knowledge of where material is needed, should encourage prompt returns of excess balances so that the Department of Defense may use every advantage of the flexibility permitted in distribution of allocations.

B. Return of Allocations

1. Approximately on the 10th day of each month, the DMS operating elements of the military departments and associated agencies will review their controlled materials ledgers, as well as anticipated requirements of allotment, and determine whether excess allocation balances are available.

2. Excess balances of controlled materials for a calendar quarter will be returned to the element of the Department of Defense or associated agency which issued the Allocation Determination under which the allocation was received. However, the Office of the Assistant Secretary of Defense (Installations and Logistics) will accept returns of unused allocations for a current calendar quarter only up to the 15th day of the third month of that quarter. The military departments and associated agencies may establish earlier cut-off dates on such returns of unused allotment authority from their operating elements, if desired. The Return of Allocations form, DD Form 530 (Exhibit 1), will be used for this purpose and the quantity of controlled materials for each quarter returned will be recorded in the general and appropriate subsidiary controlled material or allotment ledgers.

3. Returned controlled material allocations for a quarter may be reallocated by Allocation Determination, after recording the allocation in the established DMS ledger account or they may be reused to place authorized controlled materials orders or issue allotments to prime consumers.

4. Excess DMS allocations at the Office of the Assistant Secretary of Defense (Installations and Logistics) level will be returned by the Priorities Controller to the OCDM on Form OCDM-176.

Exhibit 1:

DEPARTMENT OF DEFENSE
RETURN OF CONTROLLED
MATERIALS ALLOCATIONS

TO:

DATE

INSTRUCTIONS: Send 2 copies of this form to the appropriate Priorities Controller.

FROM: *(Name of organization)*

PROCUREMENT *(Claimant)* PROGRAM

ITEM NO. a	CONTROLLED MATERIAL b	UNIT OF MEASURE c	___QTR___ d	___QTR___ e	___QTR___ f	___QTR___ g	___QTR___ h
10	CARBON STEEL *(Including wrought iron)*	SHORT TONS					
20	ALLOY STEEL *(Except stainless)*	SHORT TONS					
30	STAINLESS STEEL	POUNDS					
40	COPPER & COPPER-BASE ALLOY BRASS MILL PRODUCTS	POUNDS					
50	COPPER-WIRE MILL PRODUCTS	POUNDS					
60	COPPER AND COPPER-BASE ALLOY FOUNDRY PRODUCTS & POWDER	POUNDS					
70	ALUMINUM	POUNDS					
80	NICKEL ALLOYS	POUNDS					

REMARKS

BY *(Signature and title of person preparing this form)*

RETURN APPROVED AND RECORDED

BY *(Priorities Controller)*

DATE

DATE

DD FORM 1 JAN 60 530

REPLACES EDITION OF 1 AUG 58, WHICH MAY BE USED.

A. General

An allocation is a paper transaction, distributing DMS authority within the Department of Defense and associated agencies. The authority is used when self-authorization authority is granted or an allotment is issued to a consumer (prime contractor producing a Class A product, or Department of Defense industrial activity), or when an ACM (authorized controlled material) order is placed by a procuring office.

B. Accounting for Allotments and ACM Orders

1. The authorized DMS allotting elements of the military departments and associated agencies will generally issue allotments of controlled materials to prime consumers on Form DMS-10, Allotment of Controlled Materials - Production (Exhibit 1 to Section 3-4.4), or on Form DMS-13, Allotment of Controlled Materials - Construction (Exhibit 1 to Section 4-4), and authorized procuring elements will place ACM orders within the quantities of controlled materials available.

2. The quantities of controlled materials used each calendar quarter by issuance of allotments to prime consumers and by placement of ACM orders will be recorded as "issued" (except as provided in C below) in an allotment ledger set up by claimant program, and in the general controlled materials ledger. A single copy of Form DMS-10 or of Form DMS-13, or a copy of the action document, may be used by an activity placing ACM orders as a posting medium.

3. An "activity" of an associated agency or department (e.g., an arsenal) may be considered a prime consumer and may be allotted controlled materials within available allocation balances for quantities expected to be put into production or for working inventory. Such activity then assumes the status of a prime consumer to the extent of such allotments and must comply with the DMS accounting requirements for consumers established by the BDSA. 1/ DMS allotments made on Form DMS-10 or Form DMS-13 to an activity of a military department or associated agency will be recorded in the appropriate DMS allotment ledger accounts and in the general controlled material ledger as "issued" and the unused allocation balances will be reduced accordingly.

C. Exception to Accounting Procedure for Small Orders

1. ACM Orders and Class A Products - Allotting elements will not make separate charges against allotment accounts for individual ACM orders or purchase orders for Class A products when the cost does not exceed $2,500 in the case of each order, or each kind of controlled material required to fill such order would not exceed the quantity limitations stipulated (see Section 3-4.7).

2. Construction Projects - Elements responsible for construction allotments will not make separate charges against allotment accounts for small construction projects when the initial contract cost does not exceed $100,000 (see Section 4-4).

NOTE: An estimated aggregate will be charged off as "issued" by the Priorities Controller, Office of the Assistant Secretary of Defense (Installations and Logistics), and deducted from the totals to account for the above small order exceptions in each final quarterly Department of Defense report to OCDM.

D. Special Procedure for Class A Products Purchased from Distributors

Class A products will be purchased from distributors by placing rated orders, without making allotments, regardless of the size of the order (see Section 3-4.7). An estimate of

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1/ See PAM Section 5-6.

the controlled materials required to fill each such individual order will be deducted from the allotment accounts of the appropriate operating element unless such orders qualify under C above.

* E. Orders from GSA or Against GSA Schedule

* An estimate of controlled materials required to fill Class A product or controlled materials
* orders placed with GSA or against GSA schedules, will be deducted from allotment accounts unless
* such orders fall within the limits of C above. No ratings or allotments will be made (see Section
* 3-4.7).

A. General

After initial allotments have been issued to a prime consumer, they may have to be adjusted. Contractual or specification changes, a supplementary application for allotment of additional controlled materials, or other circumstances may require adjustment in a production or construction schedule and/or in the allotment of controlled materials, or in an outstanding authorized controlled material order.

B. Increases or Decreases

1. If the adjustment requires an increase in an allotment, it will be issued to the prime consumer on Form DMS-10, Allotment of Controlled Materials - Production, or on Form DMS-13, Allotment of Controlled Materials - Construction. The quantities shown on either form will represent the amount of increase in the previous allotment and not the revised total allotment. A single copy of Form DMS-10 or of the action document may be used as a posting medium to cover an additional authorized controlled material order.

Note: An exception to this procedure has been authorized for the Joint Aeronautical Materials Activity (JAMAC). (See Section 3-11.1.)

2. If the adjustment requires a decrease in an allotment, the decrease will be issued to the prime consumer on Form DMS-11, Allotment Decrease - Production (Exhibit 1 to Section 3-4.6), or on Form DMS-14, Allotment Decrease - Construction (Exhibit 1 to Section 4-5). The quantities shown on either form will represent the amount of decrease in the previous allotment. A single copy of a Form DMS-11 or of the action document may be used as a posting medium to cover a decrease or cancellation of an authorized controlled material order.

3. The increases or decreases in DMS allotments or in authorized controlled material orders will be recorded in the established DMS ledger accounts (see Section 5-7).

A. General

1. Military establishments performing production or construction operations which receive allotments of controlled materials for such purposes are "prime consumers" or "prime contractors" under the DMS regulations. These establishments, like private industrial contractors, are responsible for establishing accounting records covering the receipt and use of allotments and are obligated to return excess allotments promptly to their respective allotting elements.

2. All other Parts of Section 5 deal with records and reports of allocations, reallocations, and allotments to contractors. This Issuance is primarily for the guidance of those elements of the Department of Defense, such as arsenals and shipyards, which perform the functions of contractors. These same instructions are approved by BDSA for prime consumers or prime contractors on the detail required in establishing allotment accounting records.

B. Allotment Accounting Records

Military establishments, as well as other consumers or contractors, engaged in production or construction activities receiving allotments for the placement of authorized controlled materials orders (ACM's), are required to set up allotment accounts to maintain a record of the receipts and use of those allotments as follows:

1. No complicated allotment accounting system is required in establishing the basic accounting records under DMS, but the basic allotment records must show receipt and use data in the following detail:

a. Kind of controlled material.

b. Allotment identification symbols involved.

c. Unit of measure (tons or pounds).

d. Calendar quarter applicable.

e. Quantity of allotments received.

f. Quantities charged off for subcontractors.

g. Quantities ordered direct from controlled material suppliers (ACM's).

h. Allotment balances.

i. Transaction dates and posting references.

2. The allotment accounting system illustrated below is designed to provide the basic data required. More elaborate systems may be used if needed to supplement the basic data for related purposes. Different methods, such as use of ledger sheets instead of cards, may be adopted if they provide the required data.

S A M P L E

DMS ALLOTMENT ACCOUNTING CARD

Allotment Identification	Controlled Material	Unit of Measure	Quarter
A3	Carbon Steel	Tons	4 Q 61

	Date of Entry (1)	Reference (2)	Allotments Received (3)	Allotments Used: Charged off for Subcontractors (4)	Allotments Used: Orders Placed (5)	Allotment Balance (6)
1	July 15	Received Allotment (BuWeps)	500			500
2	23	Charge-off for X Co. (self-authorizing)		60		440
3	24	ACMO placed Y Steel Co.			100	340
4	24	Charge-off for Z Co. (self-authorizing)		10		330
5	26	ACMO placed W Whse			10	320
6	Aug 15	Return of Allotment (BuWeps)	(100)			220
7	16	Cancellation in part X Co.		(20)		240
8	17	Received Allotment (BuShips)	300			540

EXPLANATION: Figures in parenthesis ( ) denote red ink entries.

A. This sample allotment record is adequate for posting all the information necessary to account for the receipt and use of all allotments under the same program symbol.

B. Sample illustrates accounting entries on a single allotment record card for: one allotment symbol, one kind of controlled material, and one calendar quarter.

C. Separate allotment record cards are used for (1) each different allotment symbol, (2) each kind of controlled material in which you received an allotment, and (3) each calendar quarter for which an allotment is valid.

3. Separate allotment records (on separate allotment accounting cards, if used) are to be established when:

a. Different allotment symbols are received - If two different allotments of the same kind of controlled material are received, one identified with the symbol A4 and the other identified B9, establish a separate account for allotments received and used under each symbol. However, if another allotment bearing the A4 is received for the same material for use in the same calendar quarter, no new material account need be opened.

b. Different kinds of controlled material are allotted - If an allotment is received for more than one kind of controlled material, for example, carbon steel and aluminum, set up a separate allotment account for each.

c. Allotment covers more than one calendar quarter - If allotments of any one material are received designating specific quantities for use in two or more quarters, establish a separate account for each quarter.

One allotment account card is adequate when accounting for only one kind of controlled material applicable to only one allotment symbol for one calendar quarter.

4. Entries in controlled materials accounts must be made by all persons receiving allotments, to reflect the status of those accounts on as current a basis as possible. (Example of entries are contained in the Sample Accounting Card above.)

a. Each separate receipt of allotments is to be recorded in the allotment account.

b. Each separate use of allotments by placement of ACM's is to be recorded.

c. Estimated aggregate entries will be used to record charge-offs for self-authorizing consumers.

d. Each allotment received must be a separate entry, identifying the source, but may be on the same accounting record when it is for the same kind of controlled material under the same allotment identification symbol for use within the same calendar quarter. (First and eighth line entry on Sample Accounting Card.) Each allotment received is a credit entry in an allotment account.

e. Debit entries are made (1) when authorized controlled materials orders (ACM's) are placed, and (2) estimated quantities of materials required by subcontractors are charged off. (Second, third, fourth, and fifth line entries on Sample Accounting Card.)

f. Return entries are made as deductions where allotments are returned to the person from whom they were received. (Sixth line entry on Sample Accounting Card.) When a subcontract is cancelled, your account may be credited. (Seventh line entry.)

g. Cancellation entries are made as deductions when allotments are cancelled or reduced by the person who made the allotment.

h. The same unit of measure shown in the allotment as received should generally be used in making entries of receipts, deductions, returns, and cancellations. (Note that the carbon steel and alloy steel accounts are normally in tons while the other six kinds of controlled materials accounts are in pounds.)

C. Allotment Returns

Military industrial establishments, as well as private contractors, are required to return excess allotments promptly so that others in need of additional allotment authority may utilize the materials reserved in the controlled materials set-asides. The set-asides of steel, copper, aluminum, and nickel alloys are established to enable holders of DMS allotments to obtain deliveries of those materials, and the failure to return excess allotments promptly may deny deliveries to others in need of additional allotment authority. The following rules are applicable in making allotment returns:

1. DMS Reg. 1 requires consumers that have been allocated substantially more than is needed to return the excess promptly.

2. Allotment returns should be made to the allotting element or person from whom the allotment was received.

3. Excess or unused allotments of controlled materials will be returned on Form DMS-12, Applicant's Return of Allotment(s) (Exhibit 1), or by letter when such form is not available. The allotment identification symbols, quarter, and kind of controlled material involved in each return must be indicated.

4. The Department of Defense and associated agency allotting elements will adjust their established DMS ledger accounts to reflect the receipt of allotment returns. (See Section 5-7.)

D. Reissuance of Returned Allotments

Any Department of Defense element receiving returned allotments of controlled materials may use them for deliveries in the quarter for which they are valid after recording the transactions in the appropriate DMS allotment accounts.

Exhibit 1:

Budget Bureau No. 41-R1596.4

FORM DMS-12
(7-17-59)

U.S. DEPARTMENT OF COMMERCE
BUSINESS AND DEFENSE SERVICES ADMINISTRATION

DEFENSE MATERIALS SYSTEM

APPLICANT'S RETURN OF ALLOTMENT(S)

(See Instructions on reverse side)

1. Control number
2. Rating and allotment number initially assigned
3. Contract number(s)
4. Name and address of Allotting Agency to which the allotment is returned
5. Name and address of applicant *(Street, City, Zone, State)*
6. Product(s) or construction project for which materials were allotted
7. Name, address, and title of applicant's representative
8. State briefly reason for return of allotment(s)

SPECIMEN

Section I - RETURN OF ALLOTMENT OF CONTROLLED MATERIALS

Item No.	Controlled material (a)	Unit of measure (b)	Item No. (c)	___ Qtr. 19___ (d)	___ Qtr. 19___ (e)	___ Qtr. 19___ (f)	___ Qtr. 19___ (g)
10	Carbon steel *(including wrought iron)*	Short tons					
20	Alloy steel *(except stainless)*						
30	Stainless steel	Pounds					
40	Copper and copper-base alloy brass mill products						
50	Copper wire mill products						
60	Copper and copper-base alloy foundry products and powder						
70	Aluminum						
80	Nickel alloys						

SPECIMEN

Section II - Certification - The undersigned company and the official executing this certification on its behalf hereby certify that the information contained herein is correct and complete to the best of their knowledge and belief.

_____ *(Name of applicant)* By _____ *(Signature of authorized person)*

_____ *(Date)* _____ *(Title)*

The U.S. Code, Title 18 (Crimes and Criminal Procedure), Section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction. The individual company information reported on this form is for use in defense mobilization activities. The unauthorized publication or disclosure of individual company information is prohibited by law, and persons having access to such information are subject to fine and imprisonment for unauthorized disclosure.

USCOMM-DC 6103-P

INSTRUCTIONS

SPECIMEN

Form DMS - 12 is to be used by all applicants making a return of allotment of controlled materials to Allotting Agencies from which they have received allotments.

Applicants making a return of allotment on Form DMS-12 shall prepare three (3) copies of the form, keep one, and send the original and one copy to the agency to which the return is made.

Item 1 - Enter the Control Number shown on the form on which you obtained an allotment, part or all of which you are now returning.

Item 2 - Indicate the rating and allotment number received by you as indicated on the allotment form that you received.

Item 3 - Enter contract number(s) if available to you.

Item 4 - Enter the name and address of the Allotting Agency to which the allotment is returned.

Item 5 - Enter the name and address of the applicant who is returning the allotment.

Item 6 - Enter the name or description of the product(s) or construction for which materials were allotted.

Item 7 - Enter the name, address, and title of the applicant's representative.

Item 8 - State reason for return of allotment(s) such as: change in specification or schedule, rejection by mill because of lead time, etc.

Section I

Columns (d) through (g) - Enter appropriate calendar quarters in column headings. Enter the quantities of allotments of controlled materials being returned to the agency indicated in item 4.

SPECIMEN

A. General

The basic working documents for the DMS accounting system are the ledgers on which all transactions must be entered. These provide running records of balances available for allocations and/or allotment, and will be used to ascertain that no authorized controlled material orders are placed or allotments issued to prime consumers in excess of controlled materials allocation authority received for a given calendar quarter. The ledger sheets will also provide the data required for reports.

B. General Controlled Materials Ledger

A general controlled materials ledger will be established at each point where DMS allocations are reallocated, allotments of controlled materials are issued to prime consumers or authorized controlled material orders are placed. It will consist of a separate ledger sheet, such as DD Form 524 (Exhibit 1), for each controlled material. Entries will be made on the corresponding ledger sheet for each controlled material, as follows:

1. The quantities of controlled materials allocations received for each calendar quarter by Allocation Determination will be posted from the Allocation Determination document in the allocation column for each corresponding quarter.

2. A decrease in DMS allocations, either by a new DD Form 529, or by return or transfer, will be posted in red ink in the allocation column for the corresponding quarter.

3. The quantities of controlled materials allotted to prime consumers, or ordered on authorized controlled material orders, for a calendar quarter will be entered in the issued column for the corresponding quarter, except as provided for in Section 5-4, paragraph C.

4. A decrease in or return of an allotment issued to a prime consumer, or of an authorized controlled material order, will be posted in red ink in the issued column for the corresponding quarter.

5. Opening or new balances will be entered in the balance column, with each entry or group of entries in the allocation or issued column. An entry in red ink in the allocation column will be deducted from the previous balance in the "balance" column.

An entry in red ink in the issued column will be added to the previous balance in the "balance" column.

Note: For reporting purposes, total entries in red ink will be deducted from total of other entries in same column to obtain net figures.

C. Budget Ledger

A budget ledger may be established at such points where reallocations are made to DMS operating elements to assure that reallocations issued do not exceed allocations received. It will consist of a separate ledger sheet, such as DD Form 524, for each controlled material. Entries will be made on the corresponding ledger sheet for each controlled material, as follows:

1. The quantities of controlled material received for each calendar quarter, as posted in the allocation column for the quarter on the corresponding general controlled materials ledger sheet, will be posted in the allocation column for each corresponding quarter.

2. A decrease in, return or transfer of, DMS allocations received will be posted in red ink in the allocation column for the corresponding quarter.

3. The quantities of controlled material reallocated to DMS operating elements for a calendar quarter will be entered in the issued column for the corresponding quarter.

4. A decrease in, return or transfer of, an allocation issued to a DMS operating element will be posted in red ink in the issued column for the corresponding quarter.

5. Opening or new balances will be entered in the balance column with each entry or group of entries in the allocation or issued column. An entry in red ink in the allocation column will be deducted from the previous balance. An entry in red ink in the issued column will be added to the previous balance.

Note: For reporting purposes, total entries in red ink will be deducted from total of other entries in same column to obtain net figure.

D. Subsidiary Ledgers

Subsidiary controlled materials ledgers will be established and maintained for each DMS operating element to which DMS allocations have been issued. These ledgers will be used to ascertain that authorized controlled material orders placed and allotments issued to prime consumers by DMS operating elements do not exceed controlled materials allocations issued to them. They will consist of a separate ledger sheet, such as DD Form 524, for each DMS operating element and controlled material allocated. Entries will be made on the corresponding ledger sheet for each DMS operating element and controlled material, as follows:

1. The quantities of controlled material allocated by Allocation Determination for each calendar quarter to the DMS operating element will be posted in the allocation column for each corresponding quarter.

2. A decrease in, return or transfer of, DMS allocations or allotments issued to the DMS operating element will be posted in red ink in the allocation column for the corresponding quarter.

3. The quantities of controlled material reported by a DMS operating element as having been used for a calendar quarter will be entered in the issued column for the corresponding quarter. A decrease in the cumulative issued figure will be posted in red ink in the issued column for the corresponding quarter.

4. Opening or new balances will be entered in the balance column with each entry or group of entries in the allocation or issued column. An entry in red ink in the allocation column will be deducted from the previous balance. An entry in red ink in the issued column will be added to the previous balance.

Note: For reporting purposes, total entries in red ink will be deducted from total of other entries in same column to obtain net figure.

E. Allotment Ledger

1. Allotment ledgers will be established at those points within the DMS operating elements where controlled materials are allotted to prime consumers or where authorized controlled materials orders are placed. These will consist of a separate ledger sheet, such as DD Form 524, for each program and for each controlled material. Entries will be made on the corresponding ledger sheet for each program and controlled material, as follows:

a. The quantities of controlled material allotted to prime consumers or ordered on authorized controlled material orders for a program and calendar quarter will be entered in the issued column for the corresponding quarter, except as provided for in Section 5-4, paragraph C. A single copy of Form DMS-10, Form DMS-13, or of the action document, may be used as a posting medium to cover authorized controlled material orders placed.

b. A decrease in or return of an allotment issued to a prime consumer, or of an authorized controlled material order, will be posted in red ink in the issued column for the corresponding quarter.

Note: For reporting purposes, total entries in red ink will be deducted from total of other entries in same column to obtain net figure.

2. The quantities of controlled materials recorded in the issued column for each quarter on the allotment ledger sheet will be concurrently recorded in the issued column for each corresponding quarter on the appropriate general controlled materials ledger sheet.

F. Master Ledger Accounts - Assistant Secretary of Defense (Installations and Logistics)

The Department of Defense Priorities Controller will establish and maintain the following ledgers to record issuances by program, as reported by the military departments and associated agencies.

1. A general program ledger - This will consist of a separate ledger sheet, such as DD Form 524, for each controlled material and claimant program. The quantities of controlled material reported by the military departments and associated agencies as having been issued for a program and calendar quarter will be entered in the issued column for the corresponding quarters.

2. Subsidiary program ledgers will be established and maintained for each military department and associated agency to which an Allocation of Controlled Materials has been issued. These will consist of a separate ledger sheet, such as DD Form 524, for each organization, controlled material and claimant program. The quantities of controlled material reported by the organization as having been issued for a program and a calendar quarter will be entered in the issued column for the corresponding quarter.

Supersedes Section 5-7, Exhibit 1, of 1 December 1959

DATE JUN 1 1961

EXHIBIT: 1
AMENDMENT:

Section 5-7

DEPARTMENT OF DEFENSE

RECORD OF DMS ALLOCATIONS AND ALLOTMENTS

NAME OF PROGRAM	CONTROLLED MATERIAL	
PROGRAM NUMBER	UNIT OF MEASURE	ITEM NUMBER

DATE a	POSTING REFERENCE b	_____ QUARTER OF 19_____			_____ QUARTER OF 19_____			_____ QUARTER OF 19_____		
		ALLOCATION c	ISSUED d	BALANCE e	ALLOCATION f	ISSUED g	BALANCE h	ALLOCATION i	ISSUED m	BALANCE n

DD FORM 1 APR 61 524

PREVIOUS EDITIONS OF THIS FORM MAY BE USED.

E49956

INSTRUCTIONS

1. Prepare separate record sheet for each class of controlled material allocated to you, by completing heading boxes of form. The classes of controlled materials and their item numbers are listed below, together with the units of measure in which they will be recorded on this form. If the record is for a Single Claimant program, enter program name and number in the appropriate heading boxes.

2. "Date" column is for entering posting date.

3. "Posting Reference" column is for entering any identifying number or description affixed to a form being recorded, such as DMS Allocation Decision No. 60, Journal Voucher No. 230, etc.

4. In column headings enter calendar quarters for which DMS allocations have been received. Use additional sheets where necessary.

5. "Allocation" column: Enter quantity of controlled material allocated to you for each calendar quarter specified in heading of form.

6. "Issued" column is for posting controlled material allotments issued to prime consumers or authorized controlled material orders placed.

7. "Balance" column is to reflect appropriate balance after each entry or group of entries in the "Allocation" or "Issued" column.

8. A decrease, return of excess, or transfer of allocation will be posted in red ink in the "Allocation" column. The new balance entered in the "Balance" column must reflect a reduction by amount of decrease, return of excess, or transfer.

9. A return of or a decrease in allotment issued or authorized control material orders placed will be posted in red ink in the "Issued" column. The new balance entered in the "Balance" column must reflect an increase by amount of return or decrease.

10. For reporting purposes, total entries in red ink will be deducted from total of other entries in same column to obtain net figure.

11. List of classes of controlled materials, item numbers and units of measure: 1/

ITEM NO. *a*	CONTROLLED MATERIAL *b*	UNIT OF MEASURE *c*
10	Carbon Steel *(including wrought iron)*	Short Tons
20	Alloy Steel *(except stainless)*	Short Tons
30	Stainless Steel	Pounds
40	Copper and Copper Base Alloy Brass Mill Products	Pounds
50	Copper Wire Mill Products	Pounds
60	Copper & Copper-base Alloy Foundry Products and Powder	Pounds
70	Aluminum	Pounds
80	Nickel Alloys	Pounds

1/ Further breakdowns may be required in any class if necessary.

1. By the dates requested, the operating elements of the military departments and associated agencies will forward to the DMS Officer of their department or agency, a cumulative monthly report showing for each controlled material and each calendar quarter, allocations received, issuances by claimant program, and unused balances as of the end of the preceding calendar month. A separate entry for issuances to DX programs is required. Amounts reported as allocations will be developed from the general controlled materials ledger. Amounts reported as issued will be developed from the allotment ledger.

Note: Where an activity of a military department or an associated agency was given allotments of controlled materials on Form DMS-10 or Form DMS-13 and to that extent assumed the status of a prime consumer, the further use of such allotments by the activity must not be included in the report. Excess or unused allotments must be returned by prime consumers as described in Section 5-6 of this Manual.

2. The DMS Priorities Controller of each military department or associated agency will consolidate the reports and will prepare and forward consolidated monthly reports on DD Form 492 (Exhibit 1), Allotments and Authorized Controlled Material Orders, to the Department of Defense Priorities Controller by the 15th day of each month. Report Control Symbol DD-I&L(M)156 has been assigned to these reporting requirements.

3. A "final" report is required every third month to close out the books for the preceding quarter. All allotment transactions after the end of a calendar quarter, such as returns of allotments by prime consumers, will be recorded and included in a final report prepared as of the close of business on the last day of the month following the end of the quarter.

4. The Department of Defense Priorities Controller will prepare and forward a report to OCDM by the 20th day of each month on Form OCDM-123 (Exhibit 2). Two months out of three, the reports to OCDM will only reflect Department of Defense total allocations received, issuances, and balances of each controlled material and each calendar quarter involved. Allotment issues by program will be reported to OCDM when the final report outlined in paragraph 3 is received and final summary report on a given quarterly period is prepared. Concurrently, copies of the final summary report will be furnished interested offices.

DEPARTMENT OF DEFENSE
PRIORITIES AND ALLOCATIONS MANUAL
ISSUED BY: ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS & LOGISTICS)
P. A. M.

Exhibit 1:

DEPARTMENT OF DEFENSE
REPORT OF ALLOTMENTS AND AUTHORIZED CONTROLLED MATERIAL ORDERS
(CUMULATIVE)

CONTROLLED MATERIAL		REPORT CONTROL SYMBOL		
		REPORT FOR MONTH ENDING		
ITEM NUMBER	UNIT OF MEASURE	DAY	MONTH	YEAR

TO:

FROM: *(Reporting Activity)*

		___ QTR ___ a	___ QTR ___ b	___ QTR ___ c	___ QTR ___ d	___ QTR ___ e	___ QTR ___ f
ALLOCATIONS RECEIVED							
ISSUANCES BY PROGRAM: AIRCRAFT	A-1						
MISSILES SYSTEMS	A-2						
SHIPS	A-3						
TANK-AUTOMOTIVE	A-4						
WEAPONS	A-5						
AMMUNITION	A-6						
ELECTRONICS AND COMMUNICATIONS EQUIPMENT	A-7						
MILITARY BUILDING SUPPLIES	B-1						
PRODUCTION EQUIPMENT	B-9						
DOD CONSTRUCTION	C-2						
DOD MRO	C-3						
CERTAIN MUNITIONS LIST ITEMS FOR COMMERCIAL EXPORT	C-4						
CANADIAN MILITARY	C-5						
CERTAIN DIRECT DEFENSE NEEDS OF FOREIGN NATIONS	C-6						
CONTROLLED MATERIALS FOR SINGLE MANAGERS	C-8						
MISCELLANEOUS *(Including A-8, A-9, B-2, & B-3)*	C-9						
TOTAL ISSUANCES							
UNUSED BALANCES							
PORTION OF "TOTAL ISSUANCES" ISSUED FOR DX PROGRAMS							

PREPARED BY

DATE	TYPED NAME AND TITLE	SIGNATURE

DD FORM 1 DEC 60 492 PREVIOUS EDITIONS OF THIS FORM MAY BE USED. H26582

Exhibit 2:

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF CIVIL AND DEFENSE MOBILIZATION

CLAIMANT AGENCY REPORT OF ALLOTMENT STATUS

Page 1 of 1 Pages

(1) Controlled material

Unit of measure _____

Instructions: To be submitted in duplicate (2) by Claimant Agencies to the Office of Civil and Defense Mobilization within 8 working days after the last day of each month.

(2) DMS item No.

(3) Date prepared

(4) Claimant Agency reporting DEPARTMENT OF DEFENSE

(5) For period ended (specify date)

(6) The following is a cumulative report of allotments of the controlled material specified above, issued to prime consumers, summarized by programs:

For the Claimant Agency _____ (Signature) Priorities Controller (Title)

Program Number (7)	Name of Program (8)	Qtr. 19___ (9)	Qtr. 19___ (10)	Qtr. 19___ (11)	Qtr. 19___ (12)	Qtr. 19___ (13)
A-1	Aircraft					
A-2	Missiles Systems					
A-3	Ships					
A-4	Tank-Automotive					
A-5	Weapons					
A-6	Ammunition					
A-7	Electronics & Communications Equipment					
B-1	Military Building Supplies					
B-9	Production Equipment					
C-2	DOD Construction					
C-3	DOD MRO					
C-4	Certain Munitions List Items					
C-5	Canadian Military					
C-6	Certain Foreign Direct Defense Needs					
C-8	Controlled Materials for Single Managers					
C-9	Miscellaneous					
	Small Order					
(14) Total allotments used						
(15) Allotment balances						
(16) Net allotments received						

This space for use by OCDM

Received	Checked	Posted						

Form OCDM April 1959 – 123 (Supersedes Form ODM-91, which may NOT be used.)

Number	Title	Date of Revision
6-1	Revoked	
6-2	Revoked	
6-3	Purchase Orders under BDSA Order M-41, "Metalworking Machines - Delivery" Exhibit 1 - List of Metalworking Machinery	

Exhibit 1: Metalworking Machines Classification Group

FSC Groups

3411	Boring Machines
3412	Broaching Machines
3413	Drilling Machines
3414	Gear Cutting and Finishing Machines
3415	Grinding Machines
3416	Lathes
3417	Milling Machines
3418	Planers
3419	Miscellaneous Machine Tools
3441	Bending and Forming Machines
3442	Hydraulic and Pneumatic Presses
3443	Mechanical Presses, Power Driven
3444	Manual Presses (Arbor, Straightening, Forcing and Assembly)
2445	Punching and Shearing Machines
3446	Forging Machinery and Hammers (not including Forging Presses)
3447	Wire and Metal Ribbon Forming Machines (not including Roll Forming 3441 96 00)
3448	Riveting Machines (not including Power Driven Hand Riveting Machines)
3449	Miscellaneous Secondary Metal Forming and Cutting Machines

U. S. GOVERNMENT PRINTING OFFICE : 1968 O - 299-079

q

A. Purpose

The purpose of this instruction is to explain how contracts and orders for deliveries of metalworking machines will be rated under BDSA Order M-41, as amended May 24, 1963.

B. Cancellation

The Numerical Preference List, utilized in the past, is cancelled.

C. Definitions

1. "Metalworking machine" means any new, non-portable, power-driven item of plant equipment which is listed in Exhibit 1 of this Section 6-3, and has a producer's list price for the basic machine itself of $1,000 or more. The producer's list price for the basic machine itself means the sale price at which the producer's catalog or other price publication lists the basic machine, exclusive of the motor, motor drive, or any attachments therefor, unless the motor, motor drive, or attachments are initially built into the basic machine itself, as an integral part thereof, in which case the producer's list price for the basic machine shall be the sale price at which the producer lists the machine as an assembled unit. The term "metalworking machine" includes all fixtures, equipment, and tooling covered by the original purchase order which are required to be delivered with the basic machine to make it usable in production for the purposes intended. It does not include replacements, spare parts or equipment, or extra tooling.

2. "Size" includes all of those dimensions or variations of a particular type of metalworking machine which can be used interchangeably for production purposes. Size classification shall be that used by each producer on the effective date of BDSA Order M-41, as amended, unless he is hereafter authorized to use a different classification. Producers may apply for such permission by letter to BDSA.

D. Procedure

1. Effective with the issuance of the amended BDSA Order M-41, contracts and orders for deliveries of metalworking machines as defined above will be rated under the rules governing rated orders as set forth in Section 2 of this Manual.

2. Producers are required to accept DO rated orders up to 60% of their scheduled monthly production and provided that the rated orders are received at least three months prior to the first day of the month in which delivery is requested. Producers may reject DO rated orders if scheduled rated orders represent 60% or more of their scheduled monthly production or if not received in sufficient time to allow for the lead time described above. Producers must also accept and schedule DX rated orders without regard to the limitation on production or lead time. In other words, DX rated orders are ex-quota and ex-lead time.

E. Overriding Provision

All instructions contained in this Manual which are contrary to the above are superseded and cancelled.

Exhibit 1:

All types of the following classifications are included herewith:

Ammunition machinery
Balancing machines
Beading machines
Boring machines
Brakes
Broaching machines
Buffing machines
Centering machines
Chamfering machines
Cut-off machines
Die-sinking machines
Drilling machines
Duplicating machines
Extruding machines
Filing machines
Forging machines
Forging rolls
Gear-cutting machines
Gear-finishing machines
Grinding machines
Hammers
Headers
Key-seating machines
Lapping machines
Lathes
Levelers
Marking machines
Measuring and testing machines
Milling machines
Nibbling machines
Oil-grooving machines
Pipe-flanging-expanding machines
Planers
Polishing and buffing machines
Presses
Profiling machines
Punching machines
Reaming machines
Rifle and gun working machines
Riveting machines
Rolling machines
Sawing machines
Screw and bar machines
Shapers
Shearing machines
Slotters
Swagers
Tapping machines
Threading machines
Upsetters

Number	Title	Date of Revision
7	Introduction	
7-1	Criteria for Requesting Special Assistance	
7-2	Processing BDSAF-138	
	Exhibit 1 - Form BDSAF-138	
	Exhibit 2 - Instructions for BDSAF-138	
	Exhibit 3 - Official Signature on Requests	
7-2.1	Programs of Highest National Priority	
7-3	Improving Deliveries of Metalworking Machines	
	Exhibit 1 - Metalworking Machines Code Groups	

A. Purpose and Scope

1. The instructions and procedures in this Section provide the means for requesting "special priorities assistance" from BDSA when the regular procedures of the rating system and DMS will not obtain delivery of materials[1/] on time.

2. Special assistance may be requested to expedite direct defense and defense-supporting research and development, production and construction. Applications for allotment and rating for private industrial construction projects will be processed in accordance with Section 4-9.

B. BDSA Action

The Business and Defense Services Administration (BDSA), in addition to informal action, may take one or more of the following actions in response to a request for special priorities assistance:

1. Issuance of a directive. A directive is a mandatory order issued to a specific supplier ordering him to produce and/or ship a specific item or material by a specific date. These directives take precedence over authorized controlled material orders, DX and DO rated orders, and unrated orders, unless a contrary instruction is included in the directive.

2. Issuance of a DX rating. The DX rating is issued on a case-by-case basis to break a bottleneck by giving a specific order precedence over outstanding DO rated and unrated orders.

3. Improvement of delivery dates or diversions of metalworking machines (production equipment).

4. Assistance in placement of rated orders or authorized controlled material orders.

5. Issuance of ratings in the "D" series for purchase orders not rateable by DoD.

6. Issuance of allotments of controlled materials in the "D" series from a special allocation.

7. Rearrangement of a supplier's production or delivery schedule -- covered in PAM Section 12.

1/ See Section 1-4 for definition.

A. Purpose and Scope

This Issuance sets forth the criteria applicable to the different kinds of special assistance which may be requested on a BDSAF-138.

B. General Criteria for Sponsoring Any Request

Sponsorship of a BDSAF-138 constitutes a representation that failure to grant special priorities assistance will result in a delay in the timely completion of research and development, production, construction, or in the rendering of a service, essential to the DoD and associated agencies.

1. Prior to sponsoring a request for special priorities assistance the military departments, DSA, and associated agencies will determine that the application contains, as a minimum, a clear demonstration that:

a. The applicant's product is related and important to a DoD or associated agency program.

b. The applicant is unable to obtain, or divert materials or equipment from other production to meet the DoD or associated agency program requirements.

c. The applicant has been unable to obtain, from any source, the required material in the minimum practicable quantity and at the latest practicable date to meet the requirements of the DoD or associated agency program involved.

d. The material, for which assistance is being requested is, in fact, the bottleneck.

e. Failure to receive the material on the date specified will cause a delay in an essential DoD or associated agencies program.

C. Additional Criteria for Requesting Directive or DX Rating

The following additional criteria must be met before sponsoring a request for directive action or DX rating:

1. Substitution is not possible.

2. The program affected is of high relative military urgency and production will actually be interrupted if the material is not obtained on the date(s) specified.

3. Without the material on the application the producers inventory will not sustain the necessary production.

D. Criteria for Requesting Assistance in Placing Rated or ACM Orders

A request from any DoD prime or subcontractor, whether a Class A or Class B producer, will be considered for sponsored assistance in placing an authorized controlled material (ACM) order for delivery in a quarter for which he has received allotment authority. Similarly, a request from a supplier may be sponsored if he is having difficulty in placing a rated order for other-than-controlled materials in support of a rated contract.

E. Criteria for Sponsoring Requests in Support of Direct Defense Orders Which May Not be Rated by DoD

1. When a DO rating and/or allotment number is required to get delivery of an item to a defense contractor or element of DoD, and the rating or allotment number may not be issued by DoD under the terms of BDSA Delegation 1, the case may be sponsored by the Office of the Assistant Secretary of Defense (Installations and Logistics) for BDSA action.

2. These requests must contain sufficient information to establish only two facts: 1/ that the contractor or the procurement office needs assistance in getting delivery of the item(s) by a certain date, and that not meeting the required delivery date would have an adverse effect on a DoD schedule, regardless of the urgency of the schedule. Requests for directive or DX rating assistance will be processed in accordance with paragraph C above. A request from a military department or associated agency for authority to rate an item listed in Exhibit 1, Section 2-1 will so state in Block 19(g) of the BDSAF-138.

F. Criteria for Sponsoring Requests in Support of Defense-Related Orders

1. A request from a person who does not have a rated contract may be sponsored by the Office of the Assistant Secretary of Defense (Installations and Logistics) if it is determined to be directly related to approved military or Atomic Energy programs. These cases must meet the criteria of paragraph B or C as appropriate. Requests from contractors for special priorities assistance to break a bottleneck on a private construction project 2/ will be processed only if assistance is necessary to enable the contractor to complete the construction project in time to meet an authorized defense procurement or production schedule which cannot otherwise be met.

1/ Special criteria for sponsoring construction machinery cases are in Section 4-8.2.
2/ Special criteria for sponsoring defense-related construction projects are in Section 4-9; for defense needs of friendly foreign countries, in Section 13-2.

A. Purpose and Scope

1. The purpose of this Issuance is to establish procedures for processing BDSAF-138 "Request for Special Priorities Assistance" (Ex. 1) for overcoming shortages of materials 1/ and equipment affecting defense programs. Requests for assistance for metalworking machines will be processed in accordance with the instructions in Section 7-3.

B. General Rules for Processing BDSAF-138 Applications

1. Each operating level should take expeditious action to review the BDSAF-138 and forward it immediately to the next appropriate office. In case the request is determined to be incomplete the additional information should be obtained in the most expeditious manner.

2. All possible action will be taken and all available resources used to resolve problems which have generated requests for special priority assistance. Among the possible actions is use of the rescheduling authority for certain programs (see Section 12-2).

3. Classified information will not be entered on applications forwarded to BDSA. If classified information is required the word "CLASSIFIED" will be inserted on the form and the data forwarded by memorandum.

C. Preparation of Request

1. Requests for priorities assistance may be prepared by a prime or subcontractor, a supplier, or by any responsible office in the DoD or an associated agency.

2. BDSA requires an original and two copies of BDSAF-138. For cases transmitted through the Office of the Assistant Secretary of Defense (Installations and Logistics) an extra copy is required.

3. In no case should a contractor be required to submit more than an original and seven copies.

4. The first government office receiving a BDSAF-138 for sponsorship will determine that the form has been prepared in accordance with the detailed instructions contained in Exhibit 2 of this Section. Any necessary corrections or additions will be made on all copies before forwarding to the next echelon.

D. Processing through Channels

1. BDSAF-138 cases will be transmitted through channels in accordance with departmental, Defense Supply Agency or associated agency instructions.

2. Each echelon will review the case for correctness and validity of the request from its knowledge of the over-all program affected. Detailed instructions on processing and endorsing these applications are contained in Exhibit 2 of this Section.

3. Designated offices in Army, Navy, Air Force, and Defense Supply Agency will assign departmental case numbers and act as sponsors to BDSA for cases requiring assistance to meet rated contract schedules. Cases for metal working machines, items on order board scheduling and cases requiring DOD sponsorship as directly related to approved military or AEC programs will be endorsed, if justified, to the Office of the Assistant Secretary of Defense (Installations and Logistics). The designated offices are: Army, ODCSLOG, PEMA Execution Division, Industrial Support Branch, Materials Section 2/; Navy, Hdqtrs, Naval Material Command, Supply Support Division, Materials and Priorities Branch (NAVMAT 0424); Air Force, DCS/Systems and Logistics, Priorities and Allocations Branch (AFSPDIP), and Defense Supply Agency, Executive Directorate for Procurement and Production; Production, Quality and Reliability Division, Industrial Mobilization Branch.

4. BDSAF-138 cases will be forwarded by the designated offices to the Priorities Office, BDSA together with a self-addressed acknowledgement card form GA-46 for each case. Authorized signatures are furnished BDSA through the Office of the Assistant Secretary of Defense (Installations and Logistics) as explained in Exhibit 3.

5. The Office of the Assistant Secretary of Defense (Installations and Logistics) has informed BDSA that the following requests for assignment of a DO rating in the "D" series may be processed by BDSA without further DoD concurrence:

a. In view of an interagency agreement cases endorsed by BDSA and the Canadian Government are to be accepted as sponsored by DoD.

b. Central Intelligence Agency requests will be submitted direct to BDSA and will be considered by BDSA to have DoD sponsorship.

6. Applicants unable to determine the appropriate military department or associated agency with which to file, but who consider their activity essential to defense programs, may file their requests for special priorities assistance directly with BDSA. BDSA will coordinate such requests with the Office of the Assistant Secretary of Defense (Installations and Logistics) before taking action on them.

7. Other BDSAF-138 cases from associated agencies require DoD sponsorship and should be submitted to the Office of the Assistant Secretary of Defense (Installations and Logistics) for action and referral to BDSA. For this purpose the U.S. Coast Guard operates as an element of the Navy. The designated offices of the associated agencies are: National Aeronautics and Space Administration (NASA), Procurement Office, and Federal Aviation Agency (FAA), Defense Requirements Officer, Installation and Material Service.

8. Unresolved conflicts between requests involving more than one department or agency will be referred by the Priorities Representatives concerned to the Office of the Assistant Secretary of Defense (Installations and Logistics).

9. The office acting as sponsor will perform the necessary follow-up with BDSA, including the securing of other departmental concurrences when needed, and securing action notices for advice to submitting elements.

E. Resolution of Conflicts, Referred by BDSA.

1. When BDSA advises the Office of the Assistant Secretary of Defense (Installations and Logistics) that a conflict exists at the producer level, the relevant information will be relayed to the designated offices of the departments or agencies concerned for verification of the required delivery date and the urgency of the program. This information will be furnished OASD (I&L) within 48 hours. Under exceptional circumstances, an earlier reply may be necessary. If a conflict still exists, it will normally be resolved by the position of the end item on the Master Urgency List. Special conditions or circumstances, e.g. Cuban Crisis, Vietnam, etc., may, at time, warrant overriding the Master Urgency List. If the affected department or agency believes this to be the case, the facts justifying that position should be presented to OASD (I&L) for resolution.

2. When BDSA requests a sequence of deliveries because of many conflicts for rated orders for a given item within a plant, the same procedure will be followed and the time interval determined according to the circumstances involving the request.

1/ See Section 1-4 for definition.
2/ DCS/LOG with the approval of OASD (I&L) has authorized the Office of Chief of Engineers and Headquarters, U.S. Army Materiel Command, to submit routine special assistance cases direct to BDSA.

Exhibit 1:

FORM BDSAF-138
(REV. 1-67)

U.S. DEPARTMENT OF COMMERCE
BUSINESS AND DEFENSE SERVICES ADMINISTRATION

FORM APPROVED: BUDGET BUREAU NO. 41-R1607.5

FOR BDSA USE ONLY

Case No.

Received

Routed to

Division

REQUEST FOR SPECIAL PRIORITIES ASSISTANCE

(TO BE FILED WITH SPONSORING GOVERNMENT AGENCY)
READ INSTRUCTIONS ON REVERSE SIDE
(Typewrite or print in ink)

1. TO: *(Fill in name and address of appropriate Sponsoring Govt. Agency)*

2. (a) Applicant's name and complete address *(Street, City, State & Zip code)*

(b) Telephone No. _____ (Include Area Code) (c) Ref. No. _____

3. Description of product or class of products to be delivered, or service rendered by Applicant through use of item(s) shown in (5).

4. How will item(s) shown in (5) be used? *(Check)*

☐ As Production Material ☐ For Construction Project
☐ As Capital Equipment ☐ As Maintenance, Repair and Operating Supplies

5. MATERIAL OR ITEM(S) FOR WHICH APPLICANT REQUESTS ASSISTANCE TO OBTAIN OR EXPEDITE DELIVERY.

Indicate quantity *(Lbs., ft., pcs.)* (a)	Description *(As appearing in Applicant's purchase order with additional information, such as: model, part, die number, etc.)* (b)	Approximate dollar value of quantity shown (c)

6. (a) Applicant's purchase order number to Supplier and date

(b) Rating on Applicant's purchase order. If none, so state. If controlled material order, show allotment symbol and delivery quarter.

(c) Date Applicant's purchase order accepted by Supplier

7. (a) Supplier's name and complete address *(Street, City, State and Zip code)*

(b) Contact's name _____

(c) Telephone number _____ (Include Area Code)

(d) Supplier's shop order number

(e) If Supplier is an agent or distributor, give producer's name and address. *(Provide name and telephone number, including Area Code, of person to contact and supplier's purchase order number, if known)*

Fold Here

8. Shipment Schedule of materials or item(s) shown in (5) - Supplier to Applicant

(a) Shipment(s) required by Applicant	Month Year							
	No. of units							Total units
(b) Supplier's present shipment promise	Month Year							
	No. of units							Total units

9. To whom will product or service shown in (3) be shipped or rendered. *(Give complete name and address of applicant's customer to whom product or service will be rendered.) (Street, City, State and Zip code)*

10. If known, identify the Government program, end item, and contract number for which Applicant's product or service is required by customer.

11. Purchase order or contract number of applicant's customer

Date _____

12. Rating on customer's purchase order

13. Date Applicant accepted customer's purchase order

USE CONTINUATION BLOCK OR SEPARATE SHEET, IF NECESSARY, FOR ANSWERS TO 14, 15 AND 16 BELOW

14. Reasons given by Supplier for inability to meet Applicant's required shipment date(s), including interfering rated orders or programs, if known.

15. List at least two other Suppliers contacted. *(If none contacted, explain why)*

Date (a)	Name and complete address (b)	Best quoted shipment date(s) and other pertinent data (c)

16.

(a) Is quantity shown in 5(a) entire amount on purchase order listed in 6(a)? ☐ Yes ☐ No

(b) Is the same material also on order from another supplier? *(If "Yes," explain)* ☐ Yes ☐ No

(c) Does the Applicant have an inventory of the material shown in 5? ☐ Yes ☐ No

(d) If answer to (c) above is yes, state number of days of production the inventory will support. _____

(e) State minimum leadtime *(Number of days the material in 5 must be received before Applicant can ship to Customer).* _____

17. CERTIFICATION - The undersigned Applicant and the official executing this certification on its behalf, hereby certify that the information contained in items (2) to (16) inclusive of this form, as supplemented by any information attached hereto and similarly signed, is correct and complete to the best of their knowledge and belief.

_____ **Name of applicant** By _____ **Signature and typed name of authorized official**

_____ **Date** _____ **Title**

The U.S. Code, Title 18 (Crimes and Criminal Procedure), Section 1001, makes it a criminal offense to make a wilfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction. The individual company information reported on this form is for use in defense mobilization activities. The unauthorized publication or disclosure of individual company information by Government personnel is prohibited by law, and such personnel having access thereto are subject to fine and imprisonment for unauthorized disclosure.

GPO : 1967 O - 242-894 USCOMM-DC 32635-P66

FOR USE OF GOVERNMENT DEPARTMENT OR AGENCY ENDORSING THIS REQUEST (FIELD)

18. (a) Coordination or other action taken	By whom	Date
(b) Coordination or other action taken	By whom	Date
(c) Coordination or other action taken	By whom	Date

FOR USE OF GOVERNMENT DEPARTMENT OR AGENCY SPONSORING THIS REQUEST (HEADQUARTERS ONLY)

19. (a) Name of Sponsor (b) Sponsor's Address

(c) Sponsor's Case Reference No.	(d) Name of person handling case in Sponsor's office	Telephone No.

(e) Sponsor's program or service to be benefitted by Applicant's product or service (item (3) on first page)	(f) Recommendation

(g) Statement of urgency of particular program or service and Applicant's part in it. Also, extent to which failure to obtain requested assistance will adversely affect the program or service.

(h)

Signature of sponsor's authorized official — Title

Type name of authorized official — Date

INSTRUCTIONS FOR FILING FORM BDSAF-138

Requests for Special Priorities Assistance may be filed:

A. When the regular procedures of the Defense Materials System and Priorities will not obtain delivery of materials[1] in time to meet required delivery schedules in support of authorized national defense programs,[2] and

B. To request assistance in placing rated or authorized controlled materials (ACM) orders.

Applicants are required to demonstrate that reasonable efforts have been made to locate at least two alternative sources of supply prior to requesting special priorities assistance on Form BDSAF-138.

Agency. In the event the Allotting Agency cannot be determined, the application may be filed with the **Priorities Office, BDSA, U.S. Department of Commerce, Washington, D.C. 20230.**

COPIES TO BE FILED - The applicant should file an original and five (5) copies of this form with the appropriate Allotting Agency.

APPLICATIONS FOR PRIORITY RATING TO OBTAIN CAPITAL/PRODUCTION EQUIPMENT - Prime and subcontractor applications for a priority rating to obtain capital/production equipment for the performance of a rated order or contract for a Department of Defense procurement must be filed on Department of Defense Form DD-691,

Fold Here

Fold Here

WHERE TO FILE - Each BDSAF-138 must be sponsored by an Allotting Government Agency.[3] Complete forms should be filed with the Government agency having jurisdiction over the contract.

Department of Defense - File with local Defense Contract Administration Services Office or plant representative.

Atomic Energy Commission - File with appropriate Field Office.

General Services Administration - File with the contracting officer in the Regional Office or the Headquarters Office in Washington, D.C., whichever issued the contract.

Federal Aviation Agency - File with the Defense Requirements Officer, Installation and Materiel Service, Federal Aviation Agency, Washington, D.C. 20553. Applications relating to the Civil Air Carrier Aircraft Production Program should be directed to FAA through the Joint Aeronautical Materials Activity, Wright-Patterson Air Force Base, Dayton, Ohio 45433.

If the applicant is a sub-contractor, he should contact his customer to ascertain the appropriate Allotting Government Application for Rating for Production Equipment, in accordance with the instructions on that form. AEC contractors do not use Form DD-691 - contact appropriate AEC Field Office.

SPECIAL INSTRUCTIONS

If the space in any block is insufficient for a clear and complete statement of the information called for, use the **"continuation"** space provided or a separate sheet or letter with a copy attached to each copy of the form. Identify each such statement with the block number concerned.

Entries in block 5 must be restricted to those appearing on a single purchase order of the applicant, except in those instances where "special priorities assistance" is requested for additional purchase orders that have been placed with the same supplier for the same material or item in which case such purchase orders may be combined on one application; however, each purchase order number must be identified and the quantities and rating on each purchase order must be shown separately.

If disclosure of the use to which the particular customers will put applicant's product is prohibited by security regulations, give a general description in block 10 and enter "classified."

[1] "Material" is defined in BDSA Reg. 2 as any raw, in process, or manufactured commodity, equipment, component, accessory, part, assembly, or product of any kind.

[2] "National defense programs" mean programs for military and atomic energy production and construction, and military assistance to any friendly foreign nation and directly related activities. Research and development for national defense programs are also included.

[3] "Allotting Government Agency" means the Department of Defense, the Atomic Energy Commission, BDSA, or other Government agencies or subdivisions thereof which may be designated as such by the Office of Emergency Planning to make allotments for authorized national defense programs. DMS Reg. 1, Schedule II, lists the Allotting Agencies which have been designated to make allotments for specified programs.

"Person" means any individual, corporation, partnership, association, or any organized group of persons, and includes any agency of the United States Government or any friendly foreign government.

CONTINUATION

(Identify each statement with the block number concerned)

Exhibit 2: Instructions for BDSAF-138

A. Scope of a BDSAF-138 Application

Each BDSAF-138 request will be restricted to:

1. One applicant.

2. One type of material (steel, copper, aluminum, electrical equipment, component).

3. One general product class of material (structural steel, steel plates, steel pipe, HR bars, copper wire, mill products, etc.)

4. One supplier.

5. One purchase order, except in those instances where assistance is required on additional purchase orders that have been placed with the same supplier for the same material or item. When two or more purchase orders or items meet the requirements of 1, 2, 3 and 4 above and are included on a single request, the following information must be furnished:

a. Each purchase order number and rating.

b. Required and promised delivery dates (identified by purchase order number) for each item.

B. Block Instructions for Preparation of BDSAF-138

The following instructions should be used as a guide in reviewing and completing applications for priorities assistance:

Block 1. Enter the name of the appropriate Defense Contract Administration Services Office, Departmental Plant Representative or other office administering the contract.

Block 3. Describe in this block the specific product or service for which the item(s) listed in Block 5 are needed. If the applicant is a prime contractor Block 3 will contain the end-item to be delivered to the Government. A subcontractor will identify the subassembly or component being supplied to his customer.

Block 5. The description in column (b) must be adequate to permit identification by those offices responsible for processing 138 cases. Part numbers must be accompanied by an adequate word description including model, part, die number, specification, etc.

Blocks 6 (a),(b) & (c). Enter in these blocks the specified data relating to the purchase order placed by the applicant on his supplier. The date shown in (c) shall be the date of acceptance by the producing mill or plant and not the date of acceptance by a local representative.

Blocks 7 (a),(b),(c),(d) & (e). Enter appropriate information regarding supplier of items listed in Block 5. The producers shop order number should be furnished in (d) if at all possible to facilitate identification of the order by the supplier when called by BDSA. When the name in (a) is not the actual producer of the item(s) listed in Block 5, the name of the producer should be listed in 7(e) and his shop order number in 7(d).

Block 8(a). Information furnished in this block should indicate the applicant's very latest need date for item(s) listed in Block 5 to meet his customer's delivery schedule.

Block 8(b). Enter date(s) supplier has promised to make delivery of item(s) listed in Block 5.

Block 9. Enter name and address of customer who ordered the item(s) or service listed in Block 3.

Block 10. If known, a subcontractor should indicate the end-item the prime contractor is furnishing and the contract number. Prime contractors need not use this block.

Blocks 11, 12 and 13. The information supplied in these blocks must relate to the contract or order received by the applicant for the item(s) listed in Block 3.

Block 14. Detailed information explaining the reasons given by the producer for his inability to meet the required delivery date(s) will assist in determining the nature of the problem and the type of assistance required. Information regarding interfering rated orders will be included when it is not possible to divert from unrated orders in accordance with BDSA Regulations.

Block 17. Applicant (other than Government) will make no entries beyond this point.

Block 18(a). The signature of an authorized representative of the office first sponsoring a request for special assistance will certify to the need and provide justification that the requested assistance of all other materials, assemblies, major components, and tools, is necessary to meet required deliveries and that the form has been screened for validity and completeness of information.

Blocks 18(b) and (c). Signatures in these blocks is a representation that the form has been screened for completeness and validity of information and need for assistance.

Blocks 19(a), (b), (c), (d) and (f). These blocks shall only be completed by the Washington, D.C. office responsible for sponsoring the case to BDSA.

Block 19(e). Identify the authorized program being supported by the request.

Block 19(g). Indicate the urgency of the program listed in Block (e) including, if appropriate, the Master Urgency List Category and position of item(s) within the category.

Block 19(h). Signature of representative authorized to sponsor case to BDSA.

Exhibit 3: Official Signature on Requests for Special Assistance

Each person who is to be designated an authorized official of an organizational element of a Department shall transmit in duplicate Form GA-326 properly executed to the Office of the Assistant Secretary of Defense (Installations and Logistics).

In the transmittal to the Office of the Assistant Secretary of Defense (Installations and Logistics), the authorized official being replaced should be indicated so that his authorization can be voided. No organizational element should have more than four (4) authorized persons, a lesser number if possible.

Where it becomes necessary to designate a person for a particular program or for limited time periods, it should be so stated in the transmittal.

Form GA-326
(6-8-55)

U.S. DEPARTMENT OF COMMERCE
BUSINESS AND DEFENSE SERVICES ADMINISTRATION

OFFICIAL SIGNATURE FOR FORM BDSAF-138

Signature of official who is authorized to sign Form BDSAF-138 requests for priorities assistance.

Agency or Department

Organizational Unit

Name typed | Signature

Title typed | Date

Comm-DC-71860

Programs of Highest National Priority

A. Purpose

This Part establishes a policy for the resolution of delivery conflicts affecting the programs of highest national priority. The scope of the Department of Defense's DX rating and allotment authority for these programs is contained in PAM Section 14.

B. General

Special assistance requests (138's) to BDSA are not needed for issuance of DX ratings for the programs determined to be of the highest national priority, but may be required for improving delivery dates (1) of orders already identified DX, (2) of materials not subject to ratings, or (3) to resolve conflicts between DX rated orders (see paragraph C below). The procedure of PAM Section 7-2 will be followed to assure that all available assistance is requested to support these programs, identified in the DOD Master Urgency List as Brick-Bat .01. Expeditious handling of cases is required.

C. Policy for Resolution of Conflicts

1. The DOD programs of highest national priority (Brick-Bat .01) are given automatic industrial priority over all other programs by rating contracts and purchase orders "DX" which takes precedence over "DO" ratings. ACM orders for these programs are identified with the DX symbol (see PAM Section 14). It is the DOD policy to keep all programs on schedule, and to adjust deliveries so as to expedite any bottleneck item, but only to the extent that there is no interference with required deliveries for the highest priority programs. In the event that adjustment cannot be made without delaying the scheduled progress of a Brick-Bat .01 program, the case will be handled as follows:

Delivery conflicts between DX rated orders for these programs and DX rated orders issued by BDSA to break bottleneck situations for other DOD and Atomic Energy Commission programs will be resolved in favor of Brick-Bat .01 programs by issuance of a directive by BDSA or by the departments in the exercise of their delivery scheduling authority as provided for in PAM Section 12-2 (DD 598 procedure). Conflicts for deliveries of controlled materials will be similarly resolved in favor of Brick-Bat .01 programs by departmental or BDSA action. A conflict between two programs, both of which are designated as of highest national priority (i.e., listed in Brick-Bat .01), that cannot be resolved by interdepartmental agreement will be referred to the Secretary of Defense, through established channels, as a matter of urgency (see PAM Section 8-1).

A. General

This Section 7-3 sets forth the procedures for requesting advancement of delivery dates on orders for metalworking machines. Requests for advancement of delivery dates on orders for other production equipment and scientific and technical equipment will be processed in accordance with the procedures set forth in Section 7-2.

B. Definitions

1. "Metalworking machines" are those items of equipment included in Federal Supply Classification Code Groups 3411 through 3419, and 3441 through 3449 (see Exhibit 1).

2. "Idle metalworking equipment" is Department of Defense owned equipment which is no longer required at the present location for the purpose authorized or provided.

C. Policies

1. Before requesting advancement of delivery dates on orders for metalworking machines, operating elements of the Department of Defense and associated agencies will attempt to resolve these problems by:

a. Utilization of resources under their control. (This includes prearranged diversions within the quota of the requesting department.)

b. Use of idle equipment from Defense Industrial Plant Equipment Center (DIPEC) or civilian sources.

c. Investigation of more extensive subcontracting, or alternate sources for procurement of the metalworking machine(s) under question.

2. Assistance of other military departments and Department of Defense associated agencies will be sought by direct communication.

3. Operating elements of the Department of Defense and associated agencies will not approach manufacturers of metalworking machines to obtain advancement of delivery dates.

D. Procedure

When idle equipment is not available, and other resources cannot be used, the procedures set forth below will be followed to secure improved deliveries of metalworking machines:

1. Department of Defense and associated agencies will designate liaison representatives and advise the OSD representative of their names, rank, positions, and extensions. These departmental and agency liaison representatives will:

a. Ascertain that requests are for advancement of delivery dates on orders for metalworking machines and that such requests comply with the policies specified in C, 1 through C, 3 above.

b. Determine that all Forms BDSAF-138, "Request for Special Priorities Assistance", (Exhibit 1 to Section 7-2) for such requests are properly completed and otherwise in order. This will include but is not limited to the following:

(1) The words "MILITARY DIVERSION" will be typed or stamped at the top center of the Form BDSAF-138.

(2) A departmental case number will be typed in the heading directly under the title "Form BDSAF-138, Revised."

(3) The unclassified nickname Brick-Bat or Cue-Cap will be typed or stamped in the heading directly under "U. S. Department of Commerce". If the program or item for which the metalworking machine is needed is not on the DoD Master Urgency List, indicate "Not in Brick-Bat or Cue Cap".

(4) Ascertain that the contracting officer or his representative has signed Item 18(a).

(5) Ascertain that Item 18(b) has been signed by a representative of the sponsoring DMS operating elements and the following statement has been inserted in this block by him: "No equipment is available from other military sources and an investigation reveals no suitable substitutes are immediately available."

(6) Type in the following statement in Item 19(g): "No suitable substitute equipment is available in DIPEC to satisfy this request."

(7) The departmental or associated agency representatives will sign in 18(c).

(8) Forward an original and two copies of the Form BDSAF-138 to the designated OSD Representative, Installations and Logistics.

2. The Assistant Secretary of Defense (Installations and Logistics) will designate an OSD Representative who will:

a. Review all Forms BDSAF-138 that departmental and associated agency representatives submit to him.

b. Sign in Item 19(h).

c. Forward the original and two copies to Priorities Office, BDSA.

d. Receive from the Priorities Office, one copy of Form BDSAF-138, marked with the BDSA Case Number.

e. Receive and distribute copies of diversion directives or other action notification to the requesting departmental or associated agency representatives and to representatives of the other affected departments or agencies.

E. Conflicts

1. In the case of conflicting deliveries of Department of Defense orders which cannot be otherwise resolved, departmental representatives may appeal to the Director, Production Services, Office of the Assistant Secretary of Defense (Installations and Logistics), for a decision. In such cases, all departmental representatives involved will furnish complete justification of the positions taken by them on behalf of their departments.

2. The OSD Representative will inform the representatives of the departments and agencies concerned of the decisions of the Director, Production Services.

3. Such decisions, if not satisfactory to the departments or agencies concerned, may be appealed to the Deputy Assistant Secretary of Defense (Installations and Logistics) for Materiel, Office of the Assistant Secretary of Defense (Installations and Logistics).

The criteria for sponsoring assistance in placement of rated and ACM orders are included in PAM Section 7-1; the procedure, in Section 7-2.

The criteria for sponsoring requests for ratings and allotments are included in PAM Section 7-1; the procedure, in Section 7-2.

Number	Title	Date of Revision
8	Introduction	
8-1	Use of Military Urgencies	
8-1.1	Preference List - BDSA Order M-41	

An expression of relative urgencies is necessary when military procurement cannot proceed at the desired rate. Any limitation of procurement, whether in budgets, in available materials, or in industrial capacity, requires decisions as to what takes precedence.

The Assistant Secretary of Defense (Installations and Logistics) has established a Military Urgencies System for a uniform expression of the degree of precedence to be given to competing production and construction programs. Through the mechanics of this System, the military departments express, the Assistant Secretary of Defense (Installations and Logistics) and the Joint Chiefs of Staff integrate and recommend, and the Secretary of Defense approves the precedence to be given to production and construction to support strategic plans.

The documents conveying the decisions are classified, and will not be published as Manual Issuances.

This Section 8 contains a description of the System so that its relationship to other priorities and allocations activities may be understood.

A. Military Urgencies System

The general Department of Defense system for establishing relative military urgencies is set forth in Department of Defense Directive 4410.4. Department of Defense Instruction S-4410.3 governs the part of this system dealing with urgencies for current procurement, and establishes the criteria for five military urgency categories to which the time-phased requirements of the military departments are to be identified for the purpose of aiding in the resolution of interdepartmental conflicts for production resources.

B. Implementation - DOD Master Urgency List (MUL)

1. An official (Classified) Department of Defense Master Urgency List, including Canadian and National Aeronautics and Space Administration items, is approved by the Secretary of Defense on the recommendations of the Assistant Secretary of Defense (Installations and Logistics) and the Joint Chiefs of Staff. This List is used as a guide for the purpose of expediting materials and most production equipment. ~~It is also used as a general guide by the military departments for the formulation of the metalworking equipment Numerical and Alphabetical Preference List under BDSA Order M-41, as amended~~. C7

2. The Department of Defense Master Urgency List includes the items and quantities of those items in the three highest urgency categories that require special attention. Components that need special attention to support the quantities specified on the List, take the same urgency as the item(s) in which they will be physically incorporated. The time-phased requirements for all other items in procurement programs fall into one of the lower urgency categories in accordance with the established criteria.

3. The Department of Defense Master Urgency List is reviewed annually, and interim changes are made as necessary.

C. Identification of Urgencies

1. There is an agreement with BDSA to identify papers and conversations concerning the five military urgency categories with the following nicknames: Brick-Bat .01, Brick-Bat other than .01, Cue-Cap, Dry-Day, and Elk-Ear.

2. In order to utilize existing organizations and procedures in all expediting activities, the appropriate nickname for the urgency category, together with the "Identification Number" or "Relative Priority Number" from the Master Urgency List, will be designated on the following forms as indicated below:

Form	Block	Action Agency
Dept. of Commerce Form GA-3	a. Heading - Immediately following Case No.	Assistant Secretary of Defense (Installations and Logistics)
	b. D - Immediately following "Justification".	Assistant Secretary of Defense (Installations and Logistics)
DD Form 448 (MIPR)	8	Military departments.
NASA Form 523	8	National Aeronautics and Space Administration.
BDSAF-138	26(c)	Military departments or interested DOD agencies.

3. Neither the urgency category designations nor their nicknames will be used on industrial paper (contracts, purchase orders, etc.).

4. Formal requests for special assistance will be appropriately identified and handled in accordance with procedures established in this Manual.

D. Resolution of Conflicts

1. Interdepartmental conflicts concerning materials, machine tools, metalworking equipment and other related production equipment that cannot be resolved by position on the Master Urgency List, will be presented for resolution to the Assistant Secretary of Defense (Installations and Logistics) in accordance with established procedures by the military departments concerned. Conflicts that cannot be resolved by the Assistant Secretary of Defense (Installations and Logistics) will be referred to the Secretary of Defense for resolution.

2. Conflicts for production resources between the programs of the Atomic Energy Commission and the Department of Defense will be settled in the following manner:

a. The Atomic Energy Commission (Special Assistance Branch) and the individual service concerned will take the case up directly with one another and try to arrive at an equitable solution.

b. If a, above, does not result in resolution, the case will be promptly referred to the Staff of the Assistant Secretary of Defense (Installations and Logistics). Both parties will furnish all the necessary facts to substantiate fully their case. Should the nature of the related Atomic Energy Commission program be highly classified, the Assistant Secretary of Defense (Installations and Logistics) and the Military Liaison Committee of the Atomic Energy Commission will be fully informed and the service concerned furnished the essential pertinent facts. If the Atomic Energy Commission considers the case an emergency, the Assistant Secretary of Defense (Installations and Logistics) will complete action within 48 hours after receipt.

c. Cases not resolved through staff action of the Office of the Assistant Secretary of Defense (Installations and Logistics) will be referred to the Assistant Secretary of Defense (Installations and Logistics) and the Deputy General Manager of the Atomic Energy Commission who will consult jointly with such other officials as necessary in order to arrive at a satisfactory solution.

Numerical Preference List
BDSA Order M-41

Since the revised BDSA Order M-41 dated May 24, 1963, eliminates the need for order board scheduling and delivery of metalworking machines, the Numerical Preference List, utilized for this purpose in the past, is hereby cancelled.

See revised Section 6-3 of this Manual for procedure for rating contracts and orders under BDSA Order M-41, as amended.

U. S. GOVERNMENT PRINTING OFFICE : 1963 O - 707-089

Number	Title	Date of Revision
9	Introduction Exhibit 1 - Department of Commerce Field Offices Exhibit 2 - Current Regulations, Orders and Notices	
9-1	Order Clearance Procedure	
9-1.1	Revoked	
9-1.2	Mobilization Orders	
9-2	Interpretations and Exceptions	
9-2.1	Revoked	
9-2.2	Revoked	
9-2.3	Revoked	
9-2.4	Interpretation - BDSA Reg. 2, Sales of Surplus Materials	
9-2.5	Revoked	
9-3	Orders Requiring Applications or Reports Exhibit 1 - List	

The Business and Defense Services Administration's Orders and Regulations relate to the general field of industrial operations. These orders and regulations have the force of law and govern the business transactions in the fields they cover, and therefore have the greatest effect on procurement by the Department of Defense.

Under the general heading of "Orders and Regulations", the BDSA publishes:

1. BDSA Regulations, which state general policies and rules for priorities and allocations. These general provisions govern all transactions within the area of BDSA's jurisdiction unless a more specific issuance states the contrary. 1/

2. DMS Regulations, which state the specific rules governing the metal-using portions of industry, under the Defense Materials System.

3. M-Orders, which state specific provisions as to the use of particular materials, or the operations of defined segments of industry.

4. Interpretations, which state the effect and intent of a provision in an Order or Regulation.

The Department of Defense, in performing its functions of procurement, is vitally concerned with the rules and procedures established in the BDSA Orders and Regulations, first to see that their provisions are adequate to channel material into Department of Defense procurement items (see Part 1 of this Section), and then to operate the implementing procedures which give Department of Defense procurement its preferred status (e.g., Sections 2 and 3 of this Manual). The Department of Defense participates in the development of BDSA Orders and Regulations through the Office of the Assistant Secretary of Defense (Installations and Logistics).

Printed copies of BDSA Orders and Regulations are received and distributed within the military departments and associated agencies. Copies are available at the Department of Commerce Field Offices (see Exhibit 1). Exhibit 2 lists BDSA Orders and Regulations for the convenience
* of Department of Defense personnel. A "Digest of Regulatory Material and of Industry Reporting
* Forms Sponsored by BDSA" is published periodically by the Department of Commerce.

1/ In cases of apparent conflict, an interpretation may be requested (see Section 9-2).

Exhibit 1: List of Department of Commerce Field Offices

Printed copies of BDSA Orders and Regulations are available from the following offices:

ALBUQUERQUE, N. MEX.
U.S. Courthouse
* (Phone: Chapel 7-0311, Ext. 2386)

ATLANTA 3, GA.
* 4th Floor, Home Savings Bldg.
* 75 Forsyth St., N.W.
(Phone: Jackson 2-4121, Ext. 6000)

BOSTON 10, MASS.
Room 230, 80 Federal St.
(Phone: Capitol 3-2312)

BUFFALO 3, N.Y.
504 Federal Bldg.
117 Ellicott St.
(Phone: TL. 3-4216)

CHARLESTON 4, S.C.
Area 2 Sergeant Jasper Bldg.
West End Broad St.
* (Phone: 722-6551)

CHEYENNE, WYO.
207 Majestic Bldg.
16th & Capitol Ave.
(Phone: 634-2731)

CHICAGO 6, ILL.
Room 1302, 226 West Jackson Blvd.
(Phone: Andover 3-3600, Ext. 743)

CINCINNATI 2, OHIO
809 Fifth Third Bank Bldg.
36 E. Fourth St.
(Phone: Dunbar 1-2200, Exts. 345 & 346)

CLEVELAND 1, OHIO
4th Floor Federal Reserve Bank Bldg.
E. 6th St. & Superior Ave.
(Phone: Cherry 1-7900)

DALLAS 1, TEX.
Room 3-104 Merchandise Mart
500 South Ervay St.
* (Phone: Riverside 8-5611, Ext. 3287)

DENVER 2, COLO.
142 New Custom House
19th & Stout St.
(Phone: Keystone 4-4151, Ext. 598)

DETROIT 26, MICH.
438 Federal Bldg.
(Phone: Woodward 3-9330, Ext. 510)

GREENSBORO, N. C.
Room 407 U.S. Post Office Bldg.
(Phone: Broadway 3-8234)

* HONOLULU 13, HAWAII
* 202 International Savings Bldg.
* 1022 Bethel St.
* (Phone: 59931, Ext. 464)

HOUSTON 2, TEX.
* 5102 Federal Bldg.
* 515 Rusk Ave.
* (Phone: Capitol 8-0611, Ext. 231)

JACKSONVILLE 2, FLA.
* 512 Greenleaf Bldg.
* 204 Laura St.
* (Phone: Elgin 4-7111, Ext. 546)

KANSAS CITY 6, MO.
Room 2011, 911 Walnut St.
(Phone: Baltimore 1-7000)

LOS ANGELES 15, CALIF.
Room 450, Western Pacific Bldg.
1031 S. Broadway
(Phone: Richmond 9-4711, Ext. 1261)

MEMPHIS 3, TENN.
212 Falls Bldg.
22 N. Front St.
(Phone: Jackson 6-3426)

MIAMI 32, FLA.
408 Ainsley Bldg.
14 N.E. First Ave.
(Phone: Franklin 7-2581)

MINNEAPOLIS 1, MINN.
Room 304 Federal Bldg.
110 South Fourth St.
* (Phone: 339-0112)

NEW ORLEANS 12, LA.
1508 Masonic Temple Bldg.
333 St. Charles Ave.
* (Phone: 529-2411, Ext. 6547)

NEW YORK 1, N.Y.
61st Floor Empire State Bldg.
350 Fifth Ave.
(Phone: Longacre 3-3377)

PHILADELPHIA 7, PA.
Jefferson Bldg.
1015 Chestnut St.
(Phone: Walnut 3-2400, Ext. 591)

* PHOENIX 25, ARIZ.
* New Federal Bldg.
* 230 N. 1st Ave.
* (Phone: 261-3285)

PITTSBURGH 22, PA.
* 1030 Park Bldg.
* 355 Fifth Ave.
* (Phone: Grant 1-0800, Ext. 785)

PORTLAND 4, ORE.
217 Old U.S. Courthouse
520 S.W. Morrison St.
(Phone: Capitol 6-3361, Ext. 421)

RENO, NEV.
1479 Wells Ave.
* (Phone: Fairview 2-7133)

RICHMOND 19, VA.
* 2105 Federal Bldg.
* 400 North 8th St.
* (Phone: 649-3611, Ext. 2413)

* ST. LOUIS 3, MO.
* 2511 Federal Bldg.
* 1520 Market St.
(Phone: Main 1-8100, Ext. 2241)

SALT LAKE CITY 1, UTAH
222 S.W. Temple St.
(Phone: Davis 8-2911, Ext. 341)

SAN FRANCISCO 11, CALIF.
Room 419 Customhouse
555 Battery St.
(Phone: Yukon 6-3111)

SAVANNAH, GA.
235 U.S. Courthouse & Post Office Bldg.
125-29 Bull St.
(Phone: Adams 2-4755)

SEATTLE 4, WASH.
809 Federal Office Bldg.
909 First Ave.
* (Phone: Mutual 2-3300, Ext. 492)

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* Changed material.

U.S. GOVERNMENT PRINTING OFFICE : 1962 O - 655866

Exhibit 2: Regulations, Orders, and Notices of BDSA

BDSA Regulation 1 - Ratification of Previous (NPA) Actions

BDSA Regulation 2 - Basic Rules of the Priorities System
- Direction 1 - Revoked
- Direction 2 - Revoked
- Direction 3 - Revoked
- Direction 4 - Electronic Components - Sequence of Deliveries
- Direction 5 - Revoked
- Direction 6 - Revoked
- Direction 7 - Limitations on Use of Ratings for Nickel
- Direction 8 - Acceptance or Rejection of DX Rated Orders

BDSA Regulation 3 - Operations of the Priorities and Allocation System between Canada and the United States

BDSA Regulation 4 - Revoked

BDSA Regulation 5 - Appeals

BDSA Regulation 6 - Transfer of Quotas and Ratings; Transfer of a Business as a Going Concern

BDSA Regulation 7 - Interpretations of BDSA Orders and Regulations

BDSA Regulation 8 - Compliance and Enforcement Procedures

DMS Regulations:

DMS Regulation 1 - Basic Rules of the Defense Materials System (DMS) as amended 1 December 1959
- Direction 1 - Self-Authorization Procedure for MRO
- Direction 2 - Small Order Procedure for Allotting Agencies
- Direction 3 - Controlled Materials Producers and Distributors

M-Orders:

- M-1A - Iron and Steel
  - Direction 1 - Steel Strike Special Procedures
- M-1B - Nickel Alloys
- M-5A - Aluminum
- M-11A - Copper and Copper Base Alloys
- M-17 - Electronics Components or Parts
- M-41 - Metalworking Machines - Delivery
  - Direction 1 - Special Rules for Urgency Standing Numbers 1-30
- M-43A - Construction Machinery - Distribution

Notices:

- BDSA Notice 1 - Revoked
- BDSA Notice 2 - Signature of Official BDSA Actions

A. General

It is essential that the Department of Defense continue active participation in the development and review of all Business and Defense Services Administration (BDSA, formerly NPA) priorities and allocations actions in order to evaluate their effect upon military procurement programs. It is important that close analysis be given to proposed changes to determine their effect on current procurement and their effectiveness as work-in procedures in the event of a limited or full mobilization.

B. Department of Defense - BDSA Agreement

1. The BDSA Order Clearance Officer is responsible for the circulation and clearance, prior to final issuance, of all proposed BDSA priorities and allocations orders, regulations and changes thereto. An agreement has been reached with that office that the Department of Defense will be furnished with clearance drafts of proposals whenever additions, amendments or revocations to BDSA priorities and allocations orders and regulations are presented for final clearance or publication.

2. The BDSA Order Clearance Officer will supply the Office of the Assistant Secretary of Defense (Installations and Logistics), Attn: Chief, Priorities Branch, with 15 copies of any formal proposal to change BDSA priorities and allocations orders and regulations.

3. At least 5 working days shall be allowed, from the date of receipt in Installations and Logistics for circulation, to the closing date, for the submission of written comments to enable the Department of Defense to review the document and formulate a position.

4. The Department of Defense position on each order clearance proposal will be prepared in writing and the communication delivered to the BDSA Order Clearance Officer, as explained in C below.

5. Unresolved objections of the Department of Defense will be brought to the attention of the BDSA Order Clearance Officer and if no resolution to a conflict is forthcoming, a request may be made by the BDSA Order Clearance Officer or the Department of Defense that a conference between all interested parties be held before final publication of the proposed action.

C. Development of Formal Department of Defense Position

1. The Office of the Assistant Secretary of Defense (Installations and Logistics), Priorities Branch, will be responsible for the development of a unified Department of Defense position on all proposals, based upon the advice of the military departments, associated agencies and the Office of the Assistant Secretary of Defense (Installations and Logistics) staff. This branch will represent the Department of Defense in all order clearance matters, with the assistance of technical representatives whenever required.

2. The Office of the Assistant Secretary of Defense (Installations and Logistics), Priorities Branch, will be responsible for the distribution of all circulated proposals within the interested offices of Installations and Logistics and to the military departments. Each military department will be supplied with 3 copies of all circulated proposals through designated priorities and allocations officers. Associated agencies of the Department of Defense will be notified of the proposed change and, if affected, will be supplied with one copy.

3. Interested offices will be advised of the results of any Installations and Logistics - BDSA negotiations.

D. Sponsoring an Amendment

Any element of the Department of Defense may sponsor an amendment in an existing order or regulation by addressing a memorandum, through channels, to the Office of the Assistant Secretary of Defense (Installations and Logistics), Priorities Branch. The change requested should be supported and justified by such actual case data as can be accumulated to strengthen the proposal. The Priorities Branch will secure any necessary coordination within the Department of Defense, to assure that the interests of all affected offices are represented, and will sponsor the request to BDSA. If BDSA concurs, a published amendment will be issued in the Federal Register.

Mobilization Orders

A. General

It is necessary for the Department of Defense to participate in the development and review of all BDSA priorities and allocations orders and regulations, including mobilization orders, before final approval in order to evaluate their effect upon military procurement programs and mobilization plans.

B. Participation in Development of BDSA Mobilization Orders and Regulations

1. BDSA has established a program to develop the orders and regulations to be used in a future mobilization. Their plan is to prepare for administration the necessary stand-by orders and regulations and to maintain them in readiness for use in the future. The orders and regulations are to be developed and reviewed by people who have a thorough understanding of the problems involved so far as their own department or agency is concerned.

2. The Priorities Branch of the Office of the Assistant Secretary of Defense (Installations and Logistics) will be responsible for distributing Proposed Mobilization Orders to the military departments. Each department has designated one person to be responsible for the review of these orders.

3. The Priorities Branch will inform the BDSA of Department of Defense interests and suggestions on these proposals. The experience and judgment of personnel presently engaged in requirements and supply operations under BDSA orders and regulations, including the Defense Materials System, should be utilized in determining the military departments' interests, and their positions on these proposals. However, the position to be taken generally on these proposals will make it clear that the Department of Defense reserves its right to propose alternatives at the time of a mobilization, depending upon the then-existing circumstances.

4. The Department of Defense point of view will be represented to the BDSA Stand-by Order Clearance Committee by the Office of the Assistant Secretary of Defense (Installations and Logistics) representative to that Committee and a report of action taken will be furnished the representatives designated.

C. Procedure

1. The departments are authorized to reprint the documents in order to accomplish necessary distribution. Within the limitations of the time allowed, it is recommended that comments be secured from persons concerned with requirements or supply activities, staff or operational, that would be affected by the proposed order. All extra copies should be destroyed after study.

2. Each document circulated will request written comments before a specified closing date. The closing date for comments to be filed will, in all instances, be the maximum time possible for consideration before the Department of Defense comments have to be filed with BDSA.

3. In cases where the comments filed by the military department, interested agencies and offices indicate that there may be a conflict of interests, or misunderstanding, or lack of information on any points under consideration, a meeting will be called to consider the point, reach a common conclusion, or examine the pro's and con's of alternatives.

4. As BDSA clears proposed mobilization orders and sets them up in stand-by status, their texts will be incorporated appropriately with the mobilization planning documents of the Department of Defense.

A. General

After an order or regulation has been issued by BDSA, its effect on operations of the Department of Defense may indicate the necessity for (a) an interpretation to clarify scope and intent, or (b) an exception to some of its provisions. This Issuance establishes procedure for obtaining interpretation and exceptions for Department of Defense operations.

B. Interpretations

1. Types and Scope

a. BDSA Reg. 7, "Interpretations of (BDSA) NPA Regulations and Orders", provides the exclusive means for the issuance of legally binding published or unpublished interpretations of the scope and effect of BDSA orders and regulations.

b. Published interpretations by BDSA will be issued in the Federal Register, printed, and distributed like orders and regulations. This kind of interpretation is issued when it is considered of wide interest, and the general public is bound by it.

c. An unpublished interpretation is issued by BDSA directly to a person on a specific transaction and is not applicable to other than that specific transaction. BDSA will regard as official only those interpretations of its orders or regulations which are issued by it in the manner described in BDSA Reg. 7. Unpublished interpretations will be regarded by BDSA as official only when signed by the Administrator or Deputy Administrator of BDSA, or by the General Counsel, the Associate General Counsel, or an Assistant General Counsel of BDSA.

d. Interpretations of BDSA orders and regulations made by anyone in the Department of Defense will afford no protection to a contractor. Where questions arise, either from contractors or elements of the military departments, and require an interpretation of BDSA orders and regulations, the procedure below should be followed to obtain an official interpretation.

2. Requesting an Interpretation

a. BDSA Reg. 7 provides that contractors shall file requests for interpretations with the claimant agency to which an order or regulation directs communications. Except as specifically provided in such orders and regulations, contractors may apply direct to BDSA for interpretation.

b. Any element of the Department of Defense may request, through channels to the Office of the Assistant Secretary of Defense (Installations and Logistics), Priorities Branch, clarification of a provision in an order or regulation for itself, or for a contractor. The request should state whether the problem is a specific one on one case only or whether it reflects a general condition. The request must be based on an actual, not a hypothetical, situation.

c. The Priorities Branch will secure any necessary coordination and will request either a published or unpublished interpretation from BDSA on the point in question.

d. To settle the question presented, BDSA may issue an interpretation and publish it in the Federal Register, or send an unpublished "letter" interpretation to the Assistant Secretary of Defense (Installations and Logistics). In either case, the official interpretation will be transmitted immediately through channels to the initiating office.

e. Any BDSA interpretation of general interest to the Department of Defense will be publicized in this Manual, either in the particular section covering the subject to which it refers, or as a sub-part to this Section 9-2.

C. Exceptions

1. Sponsoring an Exception for the Department of Defense

Any element may sponsor an exception to a provision of an order or regulation for the Department of Defense as a whole or for any part of the Department of Defense, if it is necessary for proper performance of a required function. The procedure to be followed is the same as that in B above for interpretations, except that if it is necessary for the exception to be published, BDSA will amend (or issue a direction to) the affected order or regulation. An exception granted any element of the Department of Defense will be issued either with the particular subject to which it refers or as a sub-part to this Section 9-2.

2. Sponsoring an Exception for a Military Contractor

The provisions of an order or regulation may have an adverse effect on performance under a military contract. A request from a contractor for relaxation of a restrictive provision will be sponsored only if there is no known available alternative which can meet the problem. Individual requests from contractors which are sponsored by a department, will be submitted to BDSA by the Office of the Assistant Secretary of Defense (Installations and Logistics).

Interpretation - BDSA Reg. 2
Sales of Surplus Materials

1. The official BDSA ruling of the applicability of DO ratings to the sale of surplus government materials is quoted below for information and immediate use in the conduct of such sales.

> "It is not the intention of (BDSA) NPA Regulation 2, as amended, that a DO or DX rating may be applied by a purchaser to a sale by any division of the Department of Defense of any material or product acquired or made by it for use and not for sale. Therefore, assuming that materials or products offered for sale by any of the military departments are of such nature, their disposal as surplus property is not subject to a DO or DX rating by the buyer either for the purpose of requiring the division to sell or of determining as among several prospective buyers who shall in fact be entitled to purchase such material or product. This is so regardless of whether the sale is made under competitive bidding or otherwise. It is to be understood that this interpretation does not depend upon the fact that a particular statute or a regulation of the disposal agency may require that such sales be made only under competitive bidding."

Interpretation - Meaning of "Promptly"

BDSA has issued the following:

"The words "prompt" and "promptly" have reference to the dispatch with which an act is performed and signify more celerity than is implied in the term "within a reasonable time". It has also been said that "prompt" means ready and quick to act as occasion demands, responding instantly. We believe the foregoing explains what is meant by the words "prompt" or "promptly" when used without special qualification or definition in BDSA orders and regulations. When the words "prompt" or "promptly" are used, they are intended to convey the existence of a degree of urgency which requires action forthwith. No such question arises when a word is specifically defined in an order, as for example in Section 6 of Order M-5A which states that "for the purpose of this section the word "promptly" shall mean as soon as possible".

"Provisions in BDSA orders which require an act to be performed within a certain length of time, e.g., five days, are intended to make appropriate allowance for the exigencies of the situations to which they are applicable. We believe it would be unsound to attempt to define "promptly" by arbitrary reference to such a time limitation."

Interpretation - BDSA Reg. 2
Data Requirements under Government Contracts

The following Interpretation clarifies the question as to whether the Business and Defense Services Administration (BDSA) views the furnishing of "data" as the furnishing of services in which case the preference rating assigned to a defense contract could not be applied or extended to data items without specific authorization from BDSA for each rated order placed, as set forth in BDSA Reg. 2, Sec. 7(b).

"The tangible items, hereafter enumerated, which are referred to as "data" are included within the meaning of "materials" as defined in the Defense Production Act of 1950, as amended. Sec. 702 thereof (Definitions) states, "As used in this Act - (b) the word 'materials' shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes." While the definition of "materials" contained in Sec. 2(b) of BDSA (formerly NPA) Reg. 2 does not specifically include the word "information", it does include "product". We interpret "product" for this purpose as including such tangible articles as instruction manuals and the like. This interpretation is supported by reference to List A of the Regulation which enumerates excluded items. The articles in question do not appear in List A.

"It follows, therefore, and this interpretation supersedes anything to the contrary, that the preference rating assigned to a Government contract is applicable to all tangible items for which the contract calls including, in addition to the basic equipment, those other enumerated tangible items such as, but not limited to, instruction manuals, engineering drawings, testing procedures and apparatus, spare parts and manufacturers' lists thereof, which are required under the rated contract to provide for the installation, operation and repair of the basic equipment to be procured thereunder."

U.S. GOVERNMENT PRINTING OFFICE: 1962 O - 624511

A. General

1. Certain M-Orders of the BDSA contain provisions which require that specified applications or reports be filed in connection with the administration of the particular order.

2. Exhibit 1 to this Section 9-3 is a check list of BDSA orders and related applications or report forms required therein which elements of the Department of Defense are required to file unless excepted as described in B below. The listing of application and report forms is restricted to those which are required by BDSA orders; it does not include application or report forms which are distributed on mailing lists with a covering letter stating the filing requirements.

3. Reports may also be required pursuant to M-Orders without being specified in them. While this Issuance will not necessarily list such reports, the procedure in B below for requesting and publicizing exceptions is to be used.

4. The military departments will take such implementing actions as are necessary to comply with these application and reporting requirements of BDSA M-Orders, supplementing this Issuance with instructions on centralized reporting or channelling of applications required by Department of Defense Directives, Instructions, and/or departmental procedures.

B. Exceptions

1. The provisions of BDSA M-Orders generally require that all persons (requiring production materials or priorities assistance) -- manufacturers, producers, suppliers, users, etc. -- file the forms specified to apply for permission to buy or sell, etc., or to report use, stocks on hand, etc. However, as many of the orders provide for exceptions to the filing requirements (for example: Where certain quantitative limits are not exceeded), reference must be made by the military departments to the applicable BDSA order to determine whether the circumstances require the specified forms to be filed or fall within an exception contained in the terms of the order.

2. BDSA Notice 2 defines and prescribes the signature required on official actions of BDSA. "Exceptions", beyond those contained in orders and regulations, are included, and a deviation from the application or reporting prescribed in an order -- time of submission, form, or content -- constitutes an "exception".

3. Requests for exceptions to reporting requirements of BDSA orders will be submitted through departmental and Office of the Secretary of Defense Report Control channels to the Priorities Branch, Office of the Assistant Secretary of Defense (Installations and Logistics), with specific justification for each exception requested.

4. Exceptions to application or reporting requirements specified in BDSA orders granted by BDSA to an element of the Department of Defense will be incorporated in an Exhibit to this Section 9-3 at such time as exceptions become effective.

Exhibit 1:

Related Order No.	Title of Form	Form No.
M-1A	Steel Producers Monthly Report of Shipments and Past Due Orders	NPAF-17
	Steel Producers Monthly Production Directive Report	NPAF-100
	Steel Castings: Producers Monthly Report of Shipments, Unfilled Orders and Operating Rate	NPAF-118
M-5A	Aluminum Suppliers: Monthly Report of Shipments, Past Due Orders and Stocks	NPAF-122
M-11A	Copper Controlled Materials Producers Program Report	NPAF-84
	Copper Forms and Products: Report of Operations	**

** Report on Form NPAF-83 required under authority of the Defense Production Act but not specifically required by Order M-11A.

Number	Title	Date of Revision
10	Introduction	
10-1	Principal Areas of Compliance Responsibility Exhibit 1 - Interagency Agreement	
10-2	DMS Analysis and Review	
10-2.1	DMS Administrative Audit - Check List	
10-2.2	DMS Comprehensive Audit - Check List	
10-2.3	DMS Audit Reports	
10-3	DMS Audits of Private Industrial Establishments	
10-3.1	Audits of Selected Airframe and Aircraft Component Plants	

1. The Business and Defense Services Administration has delegated priorities and allocations authority to the Department of Defense in BDSA Delegation 1, 1/ which permits certain redelegations within the Department of Defense. Under the terms of this delegation, each user of Department of Defense priorities and allocations authority must conform to the provisions of BDSA regulations and orders and to such priorities and allocations policies and procedures as may be issued in this Manual by authority of the Assistant Secretary of Defense (Installations and Logistics) to implement rules issued by BDSA. The policy of the Department of Defense is to ensure that all the activities under its jurisdiction comply with the priorities and allocations functions and responsibilities delegated to the Secretary of Defense under the Defense Production Act.

2. To support priorities and allocations, there are two basic types of compliance action necessary requiring an analysis and review of (a) operations and methods, and (b) accounts and records. These two types of compliance action and the areas of compliance responsibility are discussed in further Parts of this Section.

3. Each administrative element having responsibility for the operation and administration of priorities and allocations in a given area has an inherent parallel responsibility for compliance activity in the same area. Normally each priorities and allocations echelon within the Department of Defense will assure itself of compliance by the administrative or operating activities under its jurisdiction using priority authority. However, where circumstances warrant or in accordance with the requirements of OCDM or BDSA, any allocating element after appropriate clearance, may make or request an analysis and review of any element to which it transmits priorities and allocations authority.

4. Nothing in the above general rules shall be construed as prohibiting the Office of the Assistant Secretary of Defense (Installations and Logistics) and the military departments from fulfilling their respective responsibilities under the terms of the applicable delegation of priority authority.

1/ See Section 1-5.

A. Agency Responsibilities

1. Business and Defense Services Administration

The BDSA is the agency primarily responsible for ensuring compliance by agencies to which it delegates authority, with the rules of the DO rating system, DMS, special allocations, M-Orders and BDSA regulations. Also, the BDSA is the agency primarily responsible for ensuring compliance by private industrial establishments with its rules, regulations and orders. The BDSA has an Enforcement Attorney to handle industrial violations. Reports of contractors' non-compliance will be made to BDSA; Department of Defense activities will themselves take no compliance action with respect to a private industrial establishment.

2. Office of the Assistant Secretary of Defense (Installations and Logistics)

The Office of the Assistant Secretary of Defense (Installations and Logistics) is the Department of Defense agency responsible for ensuring compliance by the Department of Defense and its delegates with the policies and procedures for use of such priorities authority, including DMS, as it administers under BDSA rules. The Office of the Assistant Secretary of Defense (Installations and Logistics) retains over-all responsibility for assuring compliance with its delegations, with its general policies and procedures, and with quantitative allocation directives. The Department of Defense will not engage in a program of industrial compliance, other than within its own industrial establishments, except by agreement between the Office of the Assistant Secretary of Defense (Installations and Logistics) and the BDSA. Procedures for conducting approved compliance programs will be issued as Parts of this Section 10.

3. Departments and Associated Agencies

Primary responsibility for ensuring compliance with priorities and allocations policies and procedures by agency personnel is delegated by the Assistant Secretary of Defense (Installations and Logistics) to the Secretaries of the departments and to the heads of the associated agencies. Each military department and associated agency has responsibility for a compliance program in accordance with procedures in Section 10 of this Manual. To simplify compliance administration within the Department of Defense, it is urged that each operating element be subject to a local internal audit which would detect and correct most potential compliance problems prior to formal compliance audits.

B. Interagency Agreement

The above interagency responsibilities are reflected in a formal Agreement of 8 March 1952 which is appended as Exhibit 1 to this Section 10-1. This Agreement was confirmed by BDSA and the Office of the Assistant Secretary of Defense (Installations and Logistics) as applicable to their respective continuing activities, with the following modifications in the Agreement and in the existing procedures. 1/

1. References to NPA, changed to BDSA.

2. References to Munitions Board, changed to Office of the Assistant Secretary of Defense (Installations and Logistics).

3. References to CMP, changed to DMS.

4. Department of Defense Owned and Operated Activities

a. Timing and frequency of audits assuring conformance with DMS procedures and regulations will be at the discretion of the military departments.

1/ Note that Department of Defense compliance instructions and general procedures are subject to BDSA concurrence under paragraph II,e, of the Interagency Agreement.

b. Compliance reviews will be made in accordance with the procedures contained in each sub-part of Section 10-2 applicable to the activity being reviewed; however, they may be performed by personnel assigned for this special operation, or they can be made an adjunct of other regularly scheduled audit or inspection operations by the departments.

c. Reports to Installations and Logistics of compliance reviews will be submitted as provided in the following amendment of II(h) of the Agreement:

> The Office of the Assistant Secretary of Defense (Installations and Logistics) agrees to furnish a quarterly report to the Enforcement Attorney of the Business and Defense Services Administration, not later than the 10th day of the month following each calendar quarter, of the Department of Defense industrial installations audited during the quarter. It is further agreed, however, that where an audit discloses serious non-compliance on the part of any such industrial installation, or where any other reason appears to exist which indicates the need for prompt action or intervention by BDSA in order to assure compliance with its orders and regulations, an interim report will be furnished.
>
> Reports will be submitted by the departments and associated agencies, listing audits made of their subordinate activities, as prescribed in Section 10-2. Audits will be scheduled and reported as necessary to assure that affected activities are aware of, and comply with, priorities and allocations policies and procedures.

5. Private Industrial Establishments

Special instructions will be issued in sub-parts of Section 10-3 to cover any BDSA-Assistant Secretary of Defense (Installations and Logistics) agreements under which an element of the Department of Defense is responsible for the compliance activity in, or audit of private industrial establishments.

Exhibit 1:

I. Problem Presented:

a. The problem of material distribution remains acute and will continue to be one of the major problems during the defense effort. As a vehicle for the distribution of certain critical materials, the Controlled Materials Plan has again been put into effect. In order to assure the success of this plan, all industrial establishments concerned with its operations must adhere strictly to the regulations, and maintain proper and adequate records. Deviation by any one participant in the distribution under the plan will be at the expense of all others. Accordingly, periodic review of operations under the plan becomes necessary. This is to be accomplished by means of quarterly audits of principal consumers of controlled materials under the supervision and policy direction of the Compliance Division, National Production Authority. However, to facilitate the carrying out of the audit program, it has been agreed that the Munitions Board will coordinate the development of a compliance program for Department of Defense military industrial activities and certain private industrial activities concerned with CMP operations. In assuming this responsibility the Munitions Board will secure the necessary implementation by the proper authorities of the Department of Defense to assure that the program in question is initiated and carried out in accordance with the policy direction and objectives of the Compliance Division, NPA, which has the primary responsibility for compliance investigations involving orders and regulations of the NPA. It is further agreed more specifically as indicated below.

II. Agreement:

a. The Munitions Board agrees to furnish the Compliance Division, NPA, a list of all Department of Defense industrial activities in the continental United States whose operations are subject to the Controlled Materials Plan and agrees to arrange for audits of these installations on a continuing basis in accordance with policies and instructions of the Compliance Division, NPA. In the case of military activities, it will be unnecessary for copies of audit reports to be forwarded to the Compliance Division, but such reports are to be accessible at all times and made immediately available to the Compliance Division upon request. Appropriate steps will be taken to assure that audits of military installations are not undertaken by personnel on duty with such installations, but by outside personnel, particularly assigned for this undertaking, and to provide at least a spot review of the audit reports for conformance with requirements established or approved by the Compliance Division, NPA.

b. The Munitions Board agrees to provide the Compliance Division, NPA, for approval by the latter, a list of aircraft manufacturers which will be subject to CMP audits by the Department of Defense. Prior approval will be obtained in the case of additions to or deletions from the approved list. Two copies of each audit report will be provided the NPA, one to be sent to the cognizant Commerce Department Regional Office, and one copy to the Compliance Division, NPA, Washington 25, D. C.

c. Except as provided in paragraph (b) above, the Compliance Division, NPA, retains its right and authority to audit the operations of any manufacturing or industrial concern whether it be engaged in whole or in part in defense production. The Munitions Board agrees that audits of such concerns will not be undertaken by the Department of Defense personnel without prior approval of the Compliance Division, NPA, which will determine in each instance whether the audit shall be undertaken jointly or by one or the other of the parties to this agreement.

d. The Compliance Division reserves the right to investigate any complaint of non-compliance with orders and regulations of the NPA which might be brought to its attention and reserves unquestionably the right of NPA to determine what, if any, enforcement or punitive action shall be taken in any case of violation. Where a

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1/ Confirmed for BDSA and Office of the Assistant Secretary of Defense (Installations and Logistics) with modifications. (See Section 10-1)

complaint involves any of the listed Department of Defense industrial activities, or any plant on the approved list of aircraft manufacturers, the Compliance Division, NPA, agrees to consult with the Munitions Board before undertaking any such investigation.

e. The Munitions Board agrees to obtain the concurrence of the Compliance Division prior to issuance of its manual of instructions or other media for the dissemination of instructions for conducting CMP audits, such concurrence not to bear on any matters strictly within the purview of the Munitions Board, in its relations with defense installations, and of no concern to NPA.

f. The Munitions Board agrees that Department of Defense responsibility in conducting certain CMP audits under this agreement extends not only to those regulations of the NPA which constitute the Controlled Materials Plan, but to any order or regulation of the NPA affecting the operations of the subject under compliance check. Arrangements will be made to supply the Munitions Board with NPA orders and regulations presently in effect, and amendments or revocations as issued.

g. The Munitions Board agrees to take whatever steps are necessary to properly implement this agreement and to provide the Compliance Division, NPA, with copies of directives or other actions which it may take or may be taken by cognizant bureaus or activities.

h. The Munitions Board agrees to furnish a monthly report to the Compliance Division, NPA, not later than the 10th day of the succeeding month, of Department of Defense industrial installations audited during the month.

i. The Munitions Board and the Compliance Division, NPA, will designate personnel in their respective offices so as to establish liaison and provide for any necessary collaboration with regard to their mutual interest in the operations of CMP auditing.

III. Termination of Agreement:

a. Either the Compliance Division, NPA, or the Munitions Board, may cancel this agreement upon giving notice sixty (60) days in advance of cancellation.

Witness the signatures of the contracting parties this 8th day of March 1952.

Henry H. Fowler	J. D. Small
Henry H. Fowler, Administrator	John D. Small, Chairman
National Production Authority	Munitions Board

A. Organization of Section 10-2 and Sub-Parts

1. Section 10-2 contains a statement of general policies and procedures for DMS audits, and has three sub-parts, which are applicable to conducting such audits:

10-2	Pertinent to all DMS audits.
10-2.1	Administrative Audits - This part shall be used as the basis for making all administrative audits.
10-2.2	Comprehensive Audits - This part shall be used as the basis for all comprehensive audits.
10-2.3	Report Writing - This part is applicable to all DMS audits. It prescribes the format and sequence of presentation in DMS audit reports.

2. The appropriate part or parts of this procedure will be used wherever they are applicable to the review being made.

B. Purpose and Method of a DMS Audit

1. The purpose of a DMS audit is to determine if an activity is conforming to the provisions of the Defense Materials System in its operation so that, where necessary, operations or methods may be promptly changed to assure future compliance.

2. This type of audit can be best accomplished by using the planned spot-check audit technique outlined in this Section. While isolated discrepancies may escape detection when this method is used, experience has demonstrated that this is an effective and practical technique for evaluating the over-all effectiveness of the DMS operations and methods in use at a given activity.

3. The intent of a DMS audit is to test the over-all effectiveness of systems or methods of operations. But where significant discrepancies are found in any initial spot-check, the auditor will enlarge the sample and explore all discrepancies found to determine their cause so that appropriate measures may be taken to prevent recurrence. Sufficient instances should be included in the report to illustrate the nature and prevalence of discrepancies and to serve as a basis for the conclusions and recommendations of the auditor. The auditor is not limited to the specific checks outlined in this Section but is expected to improvise such additional checks and analyses as he may deem necessary to reveal adequately situations and conditions requiring improvement.

C. Responsibility for DMS Audits

1. Each military department will have primary responsibility for initiating and scheduling DMS audits of all military activities which it operates and whose operations come under the DMS, such as activities which:

a. Distribute allocations and allotments;

b. Place controlled materials orders;

c. Are consumers of controlled materials;

d. Maintain inventories of controlled materials.

In addition to those DMS activities for which it has primary responsibility, a military department may collaborate with another military department in the DMS review of a military DMS activity in which they have a joint interest. Administrative or management responsibility assigned to one department for a joint agency includes DMS audit responsibility.

2. In accordance with Section 10-1, enforcement of private industry's compliance with DMS regulations is the responsibility of BDSA. Therefore, military departments may neither initiate nor authorize DMS audits of their contractors or subcontractors except in collaboration with BDSA in those specific instances where BDSA and the Office of the Assistant Secretary of Defense (Installations and Logistics), representing the Department of Defense, have agreed to a specific joint review or a joint review program.

3. The Assistant Secretary of Defense (Installations and Logistics) acts for the Secretary of Defense in matters relating to priorities and allocations. Within the Office of the Assistant Secretary of Defense (Installations and Logistics), these functions are vested in the Priorities Branch, which maintains liaison with BDSA and OCDM with respect to DMS accounting and control operations.

4. Audits of Department of Defense DMS accounting ledgers and records at any activity having DMS records may be made by representatives of the OCDM, Assistant Secretary of Defense (Installations and Logistics), Headquarters of the military departments, Technical Service, Bureau, or Air Force Commands. The following provisions, designed to prevent overlapping or duplication of effort by different organizations, represent agreements between OCDM, BDSA, Office of the Assistant Secretary of Defense (Installations and Logistics), and the departments on auditing DMS operations and accounts.

a. The OCDM Program Accounting staff has agreed to clear with, and notify, the Office of the Assistant Secretary of Defense (Installations and Logistics) in advance of any audits of Department of Defense DMS accounts to be conducted by that organization.

b. Department of Defense agrees to acceptance of certain responsibilities, as follows:

(1) The Priorities Branch, Office of the Assistant Secretary of Defense (Installations and Logistics), will be responsible for audits of Department of Defense DMS accounts and records established and maintained at the offices of DMS officers of each of the military departments and those associated agencies that report directly to Installations and Logistics.

(2) The staff levels of the military departments and associated agencies that report directly to Installations and Logistics will be responsible for the analysis and review of DMS accounts and records established and maintained at their technical service, bureau and command levels and any other offices that report to them.

(3) Audits of DMS accounts and records will not be made by the above outside their areas of responsibility without clearance through appropriate channels.

(4) Reasonable notice as to time and place will be given to the affected elements in advance of any DMS audit.

D. Types of Audits

1. Audits of Department of Defense activities shall cover both DMS operations and accounts. These audits shall be either administrative or comprehensive.

a. Administrative audits are those designed to insure compliance with DMS operating and accounting procedures by a limited audit of essential records and methods.

b. Comprehensive audits are those designed to provide a searching analysis of all DMS operating and accounting procedures. Specifically, a comprehensive audit includes all of the areas covered by an administrative audit and additionally provides for a detailed examination of all associated accounting records and supporting documents.

2. The administrative audit procedure is detailed in Section 10-2.2 of this Manual. Routine audits of DMS activities normally shall be of the administrative type. The frequency of these audits shall be determined by the appropriate service Secretary or his designated representative.

3. The comprehensive audit procedure is detailed in Section 10-2.3 of this Manual. A comprehensive audit will be performed at the direction of the Assistant Secretary of Defense (Installations and Logistics), the appropriate service Secretary or his designated representative, or, if in the opinion of the auditor, circumstances revealed by the administrative audit indicate that such additional audit is necessary.

E. Scheduling the DMS Audit

Except in unusual circumstances, DMS audits will be scheduled in advance. The Commanding Officer of the activity to be audited will be notified in writing, through channels, of the anticipated date on which the audit will start. This courtesy is desirable in order to permit the personnel of the activity to arrange their work schedules so that the audit will not interfere with their other responsibilities, as well as to assure the auditor that a member of top management, as well as key DMS operating personnel, will be available for necessary discussions.

F. Beginning the DMS Audit

On arrival at the activity, the auditor will make his presence known to the Commanding Officer of the activity and learn who has been designated as the person having over-all authority for the DMS operations of the activity. After appropriate courtesy calls and clearances, the auditor will proceed with the DMS review in accordance with the appropriate parts of this Section.

G. Concluding the DMS Audit

Before leaving the activity, the auditor should discuss his findings with representatives of local top management and assure himself that they appreciate the need for close compliance with DMS regulations and procedures and the importance of any significant discrepancies found which may need corrective action or closer supervision.

H. Reports of Completed Audits

1. Each military department and associated agency that reports directly to Installations and Logistics will address a memorandum five days following the end of each calendar quarter to the Priorities Branch, Office of the Assistant Secretary of Defense (Installations and Logistics), listing the (a) name, (b) address, and (c) date of completion of review, of each Department of Defense activity audited during the calendar quarter under these procedures. This will enable the Assistant Secretary of Defense (Installations and Logistics) to comply with the terms of the amended paragraph II(h) of the Interagency Agreement (Section 10-1). The Priorities Branch will consolidate the departmental memoranda for submission to BDSA by the 10th day of the month following each calendar quarter.

2. An interim report will be submitted where a departmental audit discloses that a military industrial installation is in serious non-compliance, or where any other reason appears to exist which indicates the need for prompt action or intervention by BDSA in order to assure compliance with its orders and regulations.

DMS Administrative Audit
Check List

AUDITOR(S) _____ (Name) _____ DATE(S) OF VISIT _____

_____ _____

ACTIVITY _____ DATE OF LAST DMS AUDIT _____

_____

NATURE, SCOPE AND FUNCTION OF ACTIVITY
(Allocating or Allotting Office, Consumer, or Warehouse Operation)

PERSONNEL CONNECTED WITH DMS

PRINCIPAL DMS SATELLITES SUPPORTED

DMS PROGRAMS INVOLVED	CONTROLLING TECHNICAL SERVICE, BUREAU, COMMAND, AGENCY OR OFFICE
_____	_____
_____	_____
_____	_____

A. DMS Accounting

The DMS auditor should make a series of spot-check examinations of the activity's DMS accounting ledgers. These spot checks should generally be made in the current quarter and preceding quarter with spot checks made of figures in advance quarters. In each of the spot checks, avoid duplication of items checked so that the cumulative small samples will result in a fairly comprehensive over-all sample. The following analyses will indicate whether the activity is in good shape, and whether a more complete audit is advisable.

A-1 Describe DMS Accounting System.

A-2 Are proper ledger postings made?

A-3 Trace samples of DMS allocations to control ledger. (Note any time lag.) List discrepancies:

A-4 Trace samples from DMS control ledger to DMS allocation files. List discrepancies:

* A-5 Review samples of procurement documents to determine if DO or DX ratings are properly certified thereon, and that contractors were instructed to apply for controlled material allotments for Class A products.

a. Trace authority for DX ratings and cite improper uses:

A-6 Trace samples of basic documents to allotment ledgers:

a. Cite deviations:

A-7 Examine unused allotment balances on DMS allotment ledgers to see if they are realistic with respect to possible use in the appropriate quarter.

A-8 Examine the DMS accounting ledgers for the quarter preceding the current quarter to determine the amount of unused allotment balances at the close of the quarter. Cite unreasonably large balances.

A-9 Determine what part of the organization and the level of personnel is charged with screening 4A applications. Is this function handled in the proper organizational element and by personnel who are qualified to make these determinations?

A-10 With respect to screening 4A applications:

a. Determine how such changing factors as lead time, production schedules and bills of material are taken into consideration.

b. What provision is made for identifying duplicate requests and eliminating "B" products? (See Section 3-3.1, Allotment Jurisdiction of Department of Defense.)

c. Are all major A product contractors filing 4A's?

A-11 Check allotment reports to allotment granting agency for accuracy and method.

A-12 Describe and comment on method of recording issues of DMS materials through Shop Stores.

A-13 Check latest file of DMS accounting instructions:

a. Are they current?

b. Is there any apparent difficulty being encountered in compliance or understanding?

A-14 Was any necessary action taken as a result of last previous DMS audit? Was such action effective?

B. <u>DMS Requirements Analysis</u>

It is of paramount importance that the materials requirements computations used by the Department of Defense be accurate. Section 3-2 of this Manual describes the DMS requirements process, and Section 3-3 explains the relationship of requirements and allotments. The auditor may not have the necessary professional and engineering knowledge to verify the computations; however, he can and should verify the method used in computing materials requirements. The following analyses will usually show whether materials requirements are being computed on a realistic basis.

R-1 Ascertain the basis of requirements computation. Summarize your findings, indicating whether the method used appears realistic:

R-2 Determine whether requirements are reviewed at reasonable intervals, and the allotment granting authority kept informed of any possible changes.

R-3 In general, are stocks of DMS items increasing or decreasing? For those Federal Stock Groups containing the greatest number of DMS items, obtain the group money value report of inventories and issues for last three quarters:

R-4 Are there any substantial quantities of DMS material on hand at the activity that are not being reported to the appropriate inventory manager?

DMS Comprehensive Audit
Check List

AUDITOR(S) (Name) _____ DATE(S) OF VISIT _____

_____ _____

ACTIVITY _____ DATE OF LAST DMS AUDIT _____

_____

NATURE, SCOPE AND FUNCTION OF ACTIVITY
(Allocating or Allotting Office, Consumer, or Warehouse Operation)

PERSONNEL CONNECTED WITH DMS

PRINCIPAL DMS SATELLITES SUPPORTED

DMS PROGRAMS INVOLVED

_____
_____
_____

CONTROLLING TECHNICAL SERVICE, BUREAU, COMMAND, AGENCY OR OFFICE

_____
_____
_____

A. DMS Accounting

The DMS auditor should proceed as in the Administrative Audit, making a series of spot-check examinations of the activity's DMS accounting ledgers to determine the adequacy and accuracy of the ledgers. These spot checks should generally be made in the current quarter and preceding quarter with spot checks made of figures in advance quarters. In each of the spot checks, avoid duplications of items checked so that the cumulative small samples will result in a fairly comprehensive over-all sample. The Comprehensive Audit will include the factors of an Administrative Audit, and will expand into those areas outlined below as indicated by the results of the spot checks.

A-1 Describe DMS Accounting System. (Prepare or obtain flow chart as supporting document.)

A-2 Are ledgers posted in ink?

A-3 Are "credit" entries posted in red ink?

A-4 Is there a separate column for "Allocations" (or "Allotments"), "Issues", and "Balance"?

A-5 Is a daily or continuous balance maintained?

A-6 Describe system of accounting for "allotments honored". Are forms and methods used satisfactory?

A-7 Samples of entries posted under each category shall be checked for arithmetical accuracy.

A-8 Trace samples of DMS allocations or allotments to DMS control ledger (note any time lag). List discrepancies:

A-9 Trace samples from DMS control ledger to DMS allocation or allotment files. List discrepancies:

A-10 Trace samples of basic documents in accordance with flow chart (A-1) to allotment ledgers:

a. Evidence of too much time lag?

b. Where are basic documents filed?

c. Do basic issue documents bear indication of program to be charged?

* * d. Are DX issuances supported by proper authority, and identified in ledger entries?

e. After posting to allotment ledger, are basic documents stamped, initialed or otherwise annotated to indicate that such recording had been performed?

f. Cite deviations from flow chart:

A-11 Are conversion tables used to convert to DMS units? Check accuracy of computations from basic documents.

A-12 On the basis of the entries examined for the previous checks, note particularly if entries for receipts and issues were posted routinely with equal promptness. List and comment on any delay in posting which tends to create or maintain a distorted balance, such as consistently posting issues more promptly than receipts or vice versa:

A-13 Examine unused allotment balances on DMS allotment ledgers to see if they are realistic with respect to possible use in the appropriate quarter. Tabulate the allotment balance shown for each controlled material, which probably could not be used to procure controlled material during the quarter in which the allotments are valid. Be sure to date the tabulation:

A-14 Examine the DMS accounting ledgers for the quarter preceding the current quarter to determine the amount of unused allotment balances at the close of the quarter. List at least the five largest unexpended allotment balances, showing the total amount received, the amount remaining unexpended and the percentage relationship. List any significant unused balances returned in the last fifteen working days of the quarter:

A-15 Request explanations of any significant unused or unusable balances being particularly alert to the following possible causes:

a. Overstatement of requirements.

b. Failure to allow for procurement and production lead time.

c. Failure to make prompt returns.

d. Improper time phasing of requirements.

e. Failure of producers to apply for allotments.

A-16 Describe procedure in effect to make adjustments to the DMS records in the event that inventory quantities actually issued are greater or less than the quantities indicated on the original request document.

A-17 Check Purchase Order files to determine which DMS items have been purchased locally. Cross check these items to Inventory Records to determine stock status.

A-18 Determine what part of the organization and the level of personnel is charged with screening 4A applications. Is this function handled in the proper organizational element and by personnel who are qualified to make these determinations?

A-19 With respect to screening 4A applications:

a. Determine how such changing factors as lead time, production schedules, and bills of material are taken into consideration.

* b. What provision is made for identifying duplicate requests, separating DX from DO schedules, and eliminating "B" products?

c. Have efforts been made to get contractors to file, and to include all controlled materials needed for current schedules? (See Section 3-4.3, Screening and Reviewing Applications.)

d. Comment on your findings, giving specific examples of any weakness in the method of operation.

A-20 Are all required reports being made in accordance with established schedules?

A-21 Check allotment reports to allotment granting agency:

a. Do quantities shown on report agree with those on ledger?

b. Is the method employed in the report consistent with the requirements of the agency?

A-22 Describe and comment on method of recording issues of DMS materials through Shop Stores:

A-23 Check latest file of DMS accounting instructions:

a. Are they current?

b. Is there any apparent difficulty being encountered in compliance or understanding?

A-24 Was any necessary action taken as a result of last previous DMS audit? Was such action effective?

A-25 Are re-allocations made to dependent activities?

A-26 How are the re-allocated quantities determined?

A-27 Is the determination realistic?

A-28 How are unused re-allocations recaptured?

B. DMS Requirements Analysis

It is of paramount importance that the materials requirements computations used by the Department of Defense be accurate. Section 3-2 of this Manual describes the DMS requirements process, and Section 3-3 explains the relationship of requirements and allotments. The auditor may not have the necessary professional and engineering knowledge to verify the computations; however, he can and should verify the method used in computing materials requirements. The following analyses will usually show whether materials requirements are being computed on a realistic basis.

R-1 Ascertain the basis of requirements computation. Summarize your findings indicating whether the method used appears realistic:

R-2 Determine whether requirements are reviewed at reasonable intervals, and the allotment granting authority kept informed of any possible changes.

R-3 Check DMS stock status elements reported to the inventory manager as follows:

a. What is reported as planned requirements?

b. How are material issues recorded?

c. Verify expected receipts.

R-4 Request spot check of inventory on at least twenty sample items against stock status. List discrepancies, if any, and reasons therefor.

R-5 In general, are stocks of DMS items increasing or decreasing? For those Federal Stock Groups containing the greatest number of DMS items, obtain the group money value report of inventories and issues for the last three quarters.

R-6 List inventory quantities by Federal Stock Groups for those items carried in accounts which are not regularly reported to an inventory manager.

DMS Audit Reports

A. Writing DMS Audit Reports

1. The ultimate value of a DMS audit is dependent on the usefulness of the auditor's reports. DMS audit reports should be:

a. Written clearly and concisely;

b. Be readily susceptible to consolidation or extraction.

2. Three principles should be kept in mind in writing DMS audit reports:

a. Confine the findings to significant facts. Do not burden the report with details regarding isolated discrepancies unless they are illustrative of a significant trend.

b. Conclusions should follow logically from the findings cited in the report.

c. For each discrepancy reported, the auditor should recommend remedial action.

B. Format of DMS Audit Reports

1. All DMS audit reports will be written in letter form, from activity charged with authority for conducting audit to activity convening such audit, in the sequence given in the following outline:

Subject: Administrative/Comprehensive Defense Materials System (DMS) Audit # _____ of _____ (name of activity being audited and location).

Reference: (a) Authorization for Audit

Par. 1 This paragraph will contain a statement indicating the time and place of the DMS audit and the names of the auditor or auditors. This paragraph will also contain the name of the Commanding Officer and of the heads of departments concerned with the maintenance of DMS records.

Par. 2 "Personnel" - This paragraph will include a list of names and positions of personnel most directly concerned with maintenance of DMS records and accounts in the activity being audited.

Par. 3 "DMS Programs Administered" - This paragraph will contain a list of DMS programs of the activity audited.

Par. 4 "Conclusions" - This will be a concise summary of the auditor's considered opinion with regard to:

a. Adequacy and accuracy of the DMS records maintained;

b. Adequacy of operating procedures for DMS activities;

c. Activity's inventory position;

d. Requirements computation and submission.

Par. 5 "Recommendations" - This paragraph will contain detailed recommendations made as a result of the audit, including necessity for follow-up.

Par. 6 "Findings"

a. This paragraph will include a brief description of the DMS accounting procedures utilized by the activity being audited and will contain a brief description of checks made during the audit. Significant points leading to conclusions and to each recommendation should be indicated in this section.

b. "Inventory Position" - This paragraph will indicate, for major stocking points, the inventory position and transaction totals for FSC Groups of material in which most DMS items are found. This paragraph should contain appropriate comments regarding analysis of trends reflected in transaction totals or inventory balances for these groups.

2. To facilitate filing and storage of DMS audit reports, all reports will be typed on standard size paper (8" x 10½") and will be fastened in bookturn form.

The Interagency Agreement, Exhibit 1 to Section 10-1, provides that the Department of Defense will secure the concurrence of the Business and Defense Services Administration before making any audit of private industrial establishments.

Where agreement is negotiated permitting the Department of Defense to audit private industrial establishments, special instructions and procedures will be issued in sub-parts of this Section 10-3.

Audits of Selected Airframe and Aircraft Component Plants

A. General

Department of Defense authority to conduct Material Control DMS Audits in selected airframe and aircraft component plants has been continued by the Business and Defense Services Administration. The authority granted to conduct DMS audits in privately-owned aircraft plants is limited to the individual plants named in the list approved by BDSA. The BDSA, by approving the list of plants subject to Department of Defense audit, has agreed to refrain from conducting independent DMS audits of these facilities. However, the BDSA has reserved the right to investigate any complaint of non-compliance of BDSA orders and regulations to determine the type of enforcement action, if any, to be taken, but it has been agreed that, where a complaint involves any of the plants on the approved list, the BDSA will consult with the Office of the Assistant Secretary of Defense (Installations and Logistics), Priorities Branch, before further investigation or action is recommended.

B. Administration

The Army, Navy, and Air Force staffs at the Joint Aeronautical Materials Activity (JAMAC), Wright-Patterson Air Force Base, Ohio, will continue to administer the aircraft audit program under the general direction of the Assistant Secretary of Defense (Installations and Logistics).

C. Policy Guidance

The following general policies will be observed in the exercise of audit authority over the designated aircraft plants:

a. DMS audits will be limited to the airframe and aircraft component plants named on the list approved by BDSA.

b. Proposals for the addition or deletion of plants on the approved list will be forwarded to the Office of the Assistant Secretary of Defense (Installations and Logistics), Attn: Priorities Branch, for review and clearance with BDSA. Prior approval of BDSA will be obtained on all proposed changes before audit action is taken. (See F and G below.)

c. Performance of audits will be guided by the "MC-DMS Audit Manual".

d. Drafts of proposed changes to the "Manual", cited in c. above, and of all proposed operational instructions or directives which modify approved implementation of this audit program will be forwarded to the Office of the Assistant Secretary of Defense (Installations and Logistics), Attn: Priorities Branch, for review and clearance with BDSA. Approval by BDSA is required prior to issuance.

D. Scope and Frequency of Audits

The scope of the DMS audits to be performed in the private aircraft plants has been considerably reduced by the revocation of BDSA orders and regulations which restricted material inventories.

The timing and frequency of audits will be at the discretion of responsible Technical Service, Bureau and Command staffs.

E. Audit Reports

1. Detailed audit reports are no longer generally required, and a letter notification to the Office of the Assistant Secretary of Defense (Installations and Logistics) of each audit is deemed adequate.

2. An appraisal of the results of each audit summarized in the words "satisfactory" or "unsatisfactory" will be made in the letter notification to Installations and Logistics. These appraisals may be amplified by written narrative where appropriate. An explanation of an "unsatisfactory" rating will be included. Such explanation will contain no classified information.

3. Two copies of each letter notification will be forwarded to the Office of the Assistant Secretary of Defense (Installations and Logistics), Attn: Priorities Branch. One of these copies will be forwarded to BDSA for record purposes or appropriate action to correct an "unsatisfactory" condition.

F. Policy and Criteria Governing Addition of Plants to MC-DMS Audit List

1. The general policy is to restrict the DMS audit program to those plants most essential to the A1 Program. The following policy considerations will govern recommendations for additions to the approved list of plants subject to MC-DMS audits:

a. It must be shown that a DMS audit will result in economies or increased production efficiency in the Aircraft Program. Additions will be recommended only when there is a special need to integrate the objectives of DMS audits with contract administration functions through the media of MC-DMS audits.

b. The institution of DMS audits must not result in discrimination against individual producers who may be major suppliers to the Aircraft Program, but whose production is identified to other industries which are not subject to regular plant audit (e.g., electronics, forgings, etc.).

2. The following criteria will be applied in evaluating proposed additions to the approved list of plants subject to MC-DMS audits:

a. A plant primarily engaged in aircraft, airframe, aircraft engine or propeller production may be recommended for addition to the MC-DMS Audit List under existing statements of justification

When (1) the predominant portion of the plant's production is rated under the Aircraft Program (A1).

b. Plants of prime contractors producing Class A products (other than those shown in a, above) may be recommended for addition to the MC-DMS Audit List only

When (1) the predominant production of the plant is rated under the Aircraft Program (A1); and

* * (2) procurement is administered by an element represented at JAMAC.

c. Plants of prime contractors producing aircraft components may be recommended for addition to the MC-DMS Audit List only

When (1) the predominant production of the plant is devoted to aircraft component production; and

(2) justification is submitted showing economies or production improvement of benefit to the Aircraft Program.

d. Plants under the following categories will not be recommended for addition to the MC-DMS Audit List:

(1) Prime contractors engaged predominantly in civilian production.

(2) Subcontractors.

(3) Suppliers of common components and basic materials.

If significant production difficulties in such plants are believed to be the result of non-compliance with DMS, the facts will be reported to BDSA.

G. Deletion of Plants from Approved Audit List, or Corrections

1. Recommendations for the deletion of plants from the approved MC-DMS Audit List may be proposed at any time. A summary statement of the reasons supporting the request for deletion should be submitted.

2. Any changes in company names, or in addresses, will be reported at once, so that the audit lists maintained at JAMAC, Installations and Logistics, and BDSA will be current and identical.

Number	Title	Date of Revision
11	Introduction	
11-1	Revoked	
11-2	Natural Disaster Areas Exhibit 1 - Definition of "Major Disasters" Exhibit 2 - DMO VII-3, Supplement 1 Exhibit 3 - BDSAF-315	

This Section 11 and its sub-parts will contain the policies, procedures and instructions governing Department of Defense actions under priorities and allocations authority made necessary by emergencies such as work stoppages, and unforeseeable interruptions, which affect production and distribution of materials and products.

A. Purpose

This instruction establishes emergency procedures for expediting priorities and allocations assistance actions to support defense production in natural disaster areas. These procedures provide for cooperation with any local Commerce (BDSA) offices which may be delegated emergency priorities authority after proclamation of a major disaster under P.L. 875, 81st Congress, as amended. (See Exhibit 1 for definition.)

B. Background

The widespread destruction which accompanied the floods in the New England area caused the Office of Defense Mobilization to issue orders which were applicable not only to that disaster but to any subsequent natural disaster which may occur in the continental U. S. The Department of Defense procedures to implement the OCDM priorities order (Exhibit 2: DMO VII-3, Supplement 1) are set forth below.

C. National Policy

Defense Mobilization Order VII-3, Supplement 1, provides that whenever an area is proclaimed a disaster area under the provisions of P.L. 875, the priorities authority of Title I of the Defense Production Act shall be used to help restore damaged or destroyed productive capacity necessary for national defense (see Exhibit 2).

D. Activation, Coverage, and Termination

1. Activation - The procedures set forth below shall be activated within any disaster area by each military department and associated agency (where appropriate) immediately upon the issuance of a proclamation that a natural disaster area exists, if BDSA establishes a local office with special priorities authority in such area. The Assistant Secretary of Defense (Installations and Logistics) will issue a notice to the military departments and associated agencies supplying the specific information necessary to establish local coordination, and defining the areas within the scope of the proclamation.

2. Duration - The procedures shall be continued in effect for such period as BDSA special local procedures are required to assist in rehabilitation efforts and until the Commerce (BDSA) local office is relieved of its special function, but no longer than the period of the natural disaster.

3. Termination - The Assistant Secretary of Defense (Installations and Logistics) will notify the military departments and associated agencies when the "disaster" is terminated in any specified area.

E. Interagency Implementation

1. BDSA Local Representative

(a) Whenever a disaster area is proclaimed under P.L. 875, the Department of Commerce, Business and Defense Services Administration, may designate one or more local offices in the disaster area to handle requests for assistance to restore essential services and rehabilitate industrial production. One or more designated representatives assigned to those local offices will have a special delegation of priorities authority to issue locally those ratings and allotments considered necessary to restore defense production.

(b) The BDSA will advise the Office of the Assistant Secretary of Defense (Installations and Logistics) of these designated offices and representatives, and the notice sent to the military departments and associated agencies (see paragraph D,1 above) will communicate these designations.

2. Extent of Local Assistance

The designated local representative(s) of BDSA will be authorized to take the following actions in relieving disaster conditions:

(a) Take any informal action (i.e., other than priorities assistance) which does not interfere with deliveries under rated orders and is required to alleviate disaster conditions affecting any business or industry in the disaster area.

(b) Take formal priorities actions by the issuance of DO or DX ratings or allotments of controlled materials to assist defense and defense-supporting industry required for the mobilization base, as well as for current rated procurement. Essential services such as power, water, heat, transportation, etc., are eligible for this assistance if they are required for the resumption of current defense production.

(c) DX ratings which would interfere with deliveries of military orders will not be issued until a clearance is obtained from the affected military department or associated agency. Directive actions will not be taken by the BDSA local representative(s), but such requests may be telephoned to the BDSA Washington Office to be processed.

3. Liaison Representative - Department of Defense and Associated Agencies

(a) Each military department and associated agency will designate a person in Washington, D. C., who is familiar with priorities and allocations functions under the Defense Materials System, to serve as a liaison representative in assisting the BDSA in quick processing of special assistance cases.

(b) Each designated liaison representative shall be responsible for obtaining information requested by BDSA, advising where conflicts with urgent military production schedules appear, and negotiating a delivery deferral where the military urgency can be satisfied at a later date.

(c) The names of representatives shall be communicated to the Office of the Assistant Secretary of Defense (Installations and Logistics), Ext. 75258, immediately upon the proclamation of a disaster. The BDSA Washington Office will be notified accordingly.

4. Application Forms

Form BDSAF-315 is a special form for use in disasters to request assistance from the local BDSA representatives (Exhibit 3). Form BDSAF-138 is the regular form used by the Department of Defense (Section 7-2, Exhibit 1) and may also be used under this procedure. Forms are available from the Department of Commerce Field Offices or the designated disaster area offices.

F. Procedure - Disaster Area Assistance

The following summary sets forth the special local procedures in declared natural disaster areas:

1. Capital Equipment other than Machine Tools

(a) The military departments and associated agencies have authority to issue DO ratings for such equipment for military-owned facilities (Section 2, PAM), or DX ratings if eligible under PAM Section 14.

(b) They also have authority to assign the right to apply ratings for equipment which is to be purchased by private contractors, except for construction equipment, in support of military production (Section 2-4.2, PAM, DD Form 691 procedure).

(c) The Department of Defense may sponsor essential facilities for supporting services to be privately-owned that are necessary for military programs (Section 4-9, PAM), or for construction equipment (Section 4-8, PAM). The Assistant Secretary of Defense (Installations and Logistics) has given BDSA blanket sponsorship for such services for natural disaster rehabilitation.

(d) If DO ratings, DX ratings or directives are required for (b) or (c) above or if a DX rating or directive is required for (a) above (for other than a DX program), contractors may file direct with the appropriate BDSA local office on BDSAF-315, "Application for Emergency Rating or Directive Assistance".

2. Machine Tools

The regular Department of Defense procedures governing actions to be taken on improving delivery of machine tools and metalworking machines are not subject to local BDSA action The following procedures remain in force as written:

(a) PAM Section 7-3, "Improving Deliveries of Metalworking Equipment".

(b) PAM Section 6-3, "~~Purchase~~ Sec C7 Orders under BDSA Order M-41 - Metalworking Machines Delivery".

3. Maintenance, Repair, and Operating Supplies (MRO)

(a) The military departments and associated agencies have authority to issue DO-C3 ratings for MRO for their own installations and facilities (Section 2, PAM), or DX-C3 if eligible under PAM Section 14.

(b) Defense contractors have authority to use DO-D9 or DX-D9 ratings and allotments in accordance with Direction 1, DMS Reg. 1 (Section 3-5, PAM).

(c) If DX ratings or directives (for other than DX programs) are required for (a) and (b) above, military installations and contractors may file direct with the appropriate BDSA local office on BDSAF-315.

4. For Construction Materials and Building Equipment

(a) The military departments and associated agencies have authority to issue DO-C2 ratings and allotments for their own construction projects (Section 4, PAM), or DX-C2 if eligible under PAM Section 14.

(b) The military departments and associated agencies do not rate construction projects to be privately-owned (Section 4-9, PAM), but may sponsor them to BDSA (see F,1,(c) above).

(c) Corps of Engineers, Department of the Army, civil works projects, including supporting services, are not rateable by the Department of Defense under existing delegations, but may be sponsored to BDSA if necessary for defense production (see F,1,(c) above).

(d) If DO ratings, DX ratings or directives are required for (b) or (c) above or if a DX rating or directive is required for (a) above (for other than DX programs), contractors may file direct with the appropriate BDSA local office on BDSAF-315.

5. Production Materials

(a) Military departments and associated agencies have authority to issue DO ratings and allotments to their contractors (Sections 2 and 3, PAM), or DX if eligible under PAM Section 14.

(b) If DX ratings (for other than DX programs) or directives are required for (a) above, contractors may file direct with the appropriate BDSA local office on BDSAF-315.

6. Corps of Engineers, Department of the Army, and its contractors engaged in related civil works (e.g., flood relief) activities will request all formal assistance required to carry out rehabilitation operations from the designated BDSA local offices.

7. This is a procedure to provide on-the-spot assistance but does not preclude contractors' processing requests for such assistance under regular procedures. In these instances, Form BDSAF-138 will be filed with the cognizant military offices or associated agency and such forms will be processed through normal channels on an expedited basis under Section 7-2 of this Manual.

Exhibit 1: Public Law 875 - 81st Congress

"To authorize Federal assistance to States and local governments in major disasters, and for other purposes.

Section 2. As used in this Act, the following terms shall be construed as follows unless a contrary intent appears from the context:

(a) "Major disaster" means any flood, drought, fire, hurricane, earthquake, storm, or other catastrophe in any part of the United States which, in the determination of the President, is or threatens to be of sufficient severity and magnitude to warrant disaster assistance by the Federal Government to supplement the efforts and available resources of States and local governments in alleviating the damage, hardship, or suffering caused thereby, and respecting which the governor of any State (or the Board of Commissioners of the District of Columbia) in which such catastrophe may occur or threaten certifies the need for disaster assistance under this Act, and shall give assurance of expenditure of a reasonable amount of the funds of the government of such State, local government therein, or other agencies, for the same or similar purposes with respect to such catastrophe ...."

Exhibit 2:

VII-Prod-DMO-3
Supplement 1
August 27, 1955

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF DEFENSE MOBILIZATION

DEFENSE MOBILIZATION ORDER-VII-3
Supplement 1

SUBJECT: POLICY ON THE CONTROL OF MATERIALS AND FACILITIES BY THE USE OF PRIORITIES AND ALLOCATION AUTHORITY UNDER DISASTER CONDITIONS

By virtue of the authority vested in me by Executive Order 10480 of August 14, 1953, as amended, it is hereby ordered as follows:

1. Controls on the distribution and use of materials and facilities shall be used to assist in providing materials and facilities for the restoration of productive capacity damaged or destroyed by a major disaster as defined and determined under the provisions of Public Law 875, 81st Congress (42 U.S.C. 1855):

a. Whenever the facility to be restored has production orders identified by the symbols A - E.

b. Whenever failure to restore the facility would result in failure to meet a defense delivery schedule.

c. Whenever failure to restore the facility would prevent the provision of a service necessary to meet a defense delivery schedule.

d. When and to the extent that assistance is necessary to restore mobilization base capacity for the production of defense items including materials and services covered by Office of Defense Mobilization expansion goals whether or not such goals remain open.

2. This supplement shall take effect on August 27, 1955.

OFFICE OF DEFENSE MOBILIZATION

Arthur S. Flemming
Director

Exhibit 3: Application for Emergency Rating or Directive Assistance

Form Approved; Budget Bureau No. 41-5550

Form BDSAF-315
(8-30-55)

U.S. DEPARTMENT OF COMMERCE
BUSINESS AND DEFENSE SERVICES ADMINISTRATION

APPLICATION FOR EMERGENCY RATING OR DIRECTIVE ASSISTANCE

BDSA Case No.

Date

1. Applicant's name and complete address *(Street, city, zone, state)*

Telephone No. _____

2. Kind of business

3. Do you have any rated defense orders identified by Symbols A - E?
☐ Yes ☐ No

4. Type of assistance requested *(Check one)* ☐ DO Rating ☐ DX Rating ☐ Directive

5. Material or product for which assistance is requested

Quantity	Description	Purchase Order No.	Value

6. Payment for above materials guaranteed by:

Name

Address

Signature Date

8. Supplier's promised shipping date

Without special assistance	With special assistance

9. Supplier's name

Address

7. Applicant's required delivery date *(be specific)*.....

Telephone No.

Contact

Certification - The undersigned applicant (individual, corporation, partnership, association or other organized group of persons, or agency or unit of government) and the official executing this certification on its behalf, hereby certify that the information contained in Items 1 to 9 inclusive of this form, as supplemented by any information attached hereto and similarly signed, is correct and complete to the best of their knowledge and belief.

Name of applicant By Signature and typed name of authorized official

Date Title

The U.S. Code, Title 18 (Crimes and Criminal Procedure), Section 1001, formerly Section 80, makes it a criminal offense to make a wilfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction. The individual company information reported on this form is for use in defense mobilization activities. Persons who have access to individual company information are subject to penalties for unauthorized disclosure.

GOVERNMENT USE ONLY

Action recommended (_____ Division)

Signature

Title Date

Action approved (Priorities and Directives Office)

Signature

Title Date

Comm-DC 10243

REQUESTS ELIGIBLE FOR RATING OR DIRECTIVE ASSISTANCE

1. Whenever the facility to be restored has production orders identified by the Symbols A - E.
2. Whenever failure to restore the facility would result in failure to meet a defense delivery schedule.
3. Whenever failure to restore the facility would prevent the provision of a service necessary to meet a defense delivery schedule.
4. When and to the extent that assistance is necessary to restore mobilization base capacity for the production of defense items including materials and services covered by Office of Defense Mobilization expansion goals whether or not such goals remain open.

DIRECTIVE

Gentlemen:

You are hereby directed to deliver on or before_____

to_____ the items included in Item 5.
Applicant's name from Item 1

If for any reason you are unable to comply with this directive, communicate immediately with the Business and Defense Services Administration,

_____ Division, Washington 25, D. C.

This action is taken pursuant to Section 101 of the Defense Production Act of 1950, as amended.

AUTHORIZATION	DENIAL
You are hereby authorized to use the Rating Symbol _____ for the procurement of the material(s), item or equipment described in Item 5 of this application.	Your request for priority assistance for the procurement of the items listed in Item 5 is hereby Denied because
This action is taken pursuant to Section 101 of the Defense Production Act of 1950, as amended.	This action is taken pursuant to Section 101 of the Defense Production Act of 1950, as amended.

Form BDSAF-315 (8-30-55) Comm-DC 10243

Number	Title	Date of Revision
12	Introduction	
12-1	Revoked	
12-2	Delivery Scheduling for A1, A2 (AF only), A3 and A4 Programs Exhibit 1 - DD Form 598	
12-3	Rescheduling Production Exhibit 1 - Negotiation Letter to Suppliers	
12-4	Ammunition Steel Exhibit 1 - BDSAF-231 Exhibit 2 - Summary Report Exhibit 3 - Monthly Report	

1. Under BDSA Reg. 2 and DMS Reg. 1, which have the legal effect of freezing production and delivery schedules placed with rating and allotment numbers on a supplier's books, only the customer can change the required delivery date or quantity covered by an ACM or a rated purchase order or contract. Therefore, formal procedures, operated under special delegations of authority, are necessary for anyone other than the original customer to change his order or to change a supplier's production or delivery schedule.

2. It is sometimes necessary to divert deliveries of production materials from the customer who has originally ordered them to one who has an emergency need. This is usually known as "delivery scheduling". Delivery scheduling, however, is a temporary expedient and may not relieve a critical shortage. It may also be necessary to rearrange production schedules to meet the urgent needs of essential items. BDSA has general authority for scheduling delivery or production.

3. BDSA Delegation 1 grants the Secretary of Defense authority to reschedule deliveries of materials for certain Department of Defense programs, and to schedule or reschedule the production and delivery of certain products.

4. Scheduling authority exercised by an element of the Department of Defense will support decisions as to relative urgencies made by the Secretary of Defense and reflected in the Master Urgency List (see PAM Sections 8 and 14) based on realistic needs to meet approved schedules.

5. This Section 12 of the Manual will include the implementing instructions for all special Department of Defense delegations of authority pertaining to production or delivery scheduling.

A. Introduction

It is sometimes necessary to divert deliveries of production materials from the customer who had originally ordered them to one who has an emergency need. A formal procedure, operated under special delegations of authority, is necessary for anyone other than the original customer to change his order. Except as explained in this Section 12, such action may be taken only by BDSA (see Section 7).

B. Authority and Purpose

1. BDSA Delegation 1 grants the Secretary of Defense authority to reschedule deliveries of materials for certain Department of Defense programs. This authority has been redelegated to the Assistant Secretary of Defense (Installations and Logistics), and by him to the Secretaries of Army, Navy, and Air Force in the Aircraft Program (A1); to the Secretary of Air Force in the Air Force portion of the Missiles Systems Program (A2); to the Secretary of Navy in the Ships Program (A3); and to the Secretary of Army in the Tank-Automotive Program (A4).

2. This Section 12-2 states the conditions and limitations regarding the use of the delivery rescheduling authority delegated in Department of Defense Instruction 4405.13.

C. Applicability and Scope

1. This Section 12-2 applies only to programs listed in B,1 above. It does not allow rescheduling of industrial production schedules. Delegated rescheduling authority for the Missiles Systems Program (A2) extends only to orders identified A2, issued by or for the Department of the Air Force. The Department of the Navy for the Ships Program (A3) and the Department of the Army for the Tank-Automotive Program (A4), are restricted in their rescheduling authority to orders issued by or for those departments respectively, except as provided in C,2 below. Rescheduling authority for the Aircraft Program (A1) extends to orders identified A1, issued by all three military departments.

2. Elements of the Department of Defense delegated rescheduling authority may use it on behalf of other elements if requested to do so by a department or agency of the Department of Defense.

D. Criteria for Delivery Scheduling Actions

1. Rescheduling of deliveries may be directed, within the limits of delegated authority, when the following conditions have been met:

a. The desired delivery dates for the material 1/ cannot be met without rescheduling assistance;

b. The military urgency of the procurement item to be benefitted must be equal to, or higher than, that for a procurement item which would be delayed by the rescheduling.

E. Taking Delivery Scheduling Actions

1. The data to be obtained from the materials producer or the affected procurement item contractors shall be restricted in general to that required on BDSAF-138, revised (see Exhibit 1 to Section 7-2).

1/ "Material" means any raw, in process, or manufactured commodity, component, accessory, part, or sub-assembly or product of any kind to be incorporated in an item rated in the above listed programs. As used in this Issuance, the word "material" does not include production equipment of any kind, but does include controlled material as defined in DMS Reg. 1.

2. The rescheduling action determined upon the basis of all available information, including the effect of such proposed rescheduling upon the customer whose receipt of materials is to be delayed, will be taken by preparing DD Form 598, "Instructions for Change in Destination of Shipments", (see Exhibit 1 to this Section 12-2), in triplicate. If necessary, in order to show complete item identification, addresses, or other detailed information, attach a statement or schedule showing such information to each copy of DD Form 598 and complete the form by referring to the schedule attached. In any case the signature of the official delegated authority to take the rescheduling action must be on the DD Form 598. The signed original of DD Form 598 will be sent to the material producer directing him to reschedule delivery of specified material to a named customer(s). A copy of DD Form 598 will be furnished to the benefitted customer(s). The material producer shall advise his deferred customers of their adjusted delivery dates. Any rescheduling actions taken by telephone or telegram shall be confirmed and documented on DD Form 598 within two days.

3. If the material being rescheduled is a controlled material under DMS Reg. 1, delivery must be covered by a valid DMS allotment or authorized controlled material order as required by DMS regulations.

F. Records and Reports

1. Official records and summary data shall be maintained to support all rescheduling action taken pursuant to this authority.

2. Bureau of Budget approval of the reporting requirements of this Directive has been obtained. Such approval does not allow departments to request submission of formal order boards or production schedules.

Exhibit 1:

DEPARTMENT OF DEFENSE

INSTRUCTION FOR CHANGE IN DESTINATION OF SHIPMENTS

DATE OF THIS INSTRUCTION

NAME OF ISSUING MILITARY DEPARTMENT OR AGENCY

DO RATING ASSIGNED

THIS FORM IS NOT TO BE USED IN OBTAINING DATA FROM BUSINESS OR THE PUBLIC

NAME AND ADDRESS

The items listed in Column 1 below have been or are now being produced by you for shipment to the persons named in Column 2. You should continue the production of these items as now scheduled for shipment, but when they have been completed and are ready to ship, you are instructed to ship them to the persons listed in Column 3 instead of the persons listed in Column 2.

Pursuant to the authority granted to the Secretary of Defense by NPA Delegation 1, Supplement 1, as amended, and redelegated to the Military Department or Agency identified above, you are hereby required to make the following changes in the delivery of materials ordered from you under the DO Rating designated above. This instruction is not extendible to your suppliers.

ITEMS BEING PRODUCED 1	PERSONS FOR WHOM ITEMS WERE PREVIOUSLY DESTINED 2	PERSONS TO WHOM ITEMS SHOULD BE SHIPPED AFTER COMPLETION 3

This form is used to divert deliveries of production materials by:

Army, Navy & AF at JAMAC	- Program A1
AFSC	- Program A2 limited
Navy, BuShips	- Program A3
Army, DCS/Log	- Program A4

NOTE: Change authorization to "BDSA Delegation 1"

If shipment is diverted to a DX-rated program, change "DO" to "DX".

INSTRUCTIONS: Show sufficient information on contract and order numbers, item quantities, delivery dates, etc., to clearly identify the specific delivery being rescheduled.

SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL

DD FORM 1 OCT 61 598

C28435

A. General

BDSA regulations require suppliers to accept rated orders according to the date received and if possible to deliver in accordance with dates specified by the customer. In scheduling production accordingly, some items of a less critical nature may be produced in advance or excess of requirements while more critical items, ordered subsequently, remain in short supply. Diversion of deliveries of completed items (see Section 12-2 of this Manual) will relieve temporary shortages for some defense contractors, but the more serious problems affecting critical material(s) must be resolved at the production scheduling level, prior to production. The Department of Defense will not reschedule production; BDSA must take the necessary action for changing production schedules which require deviation from the rules for acceptance of orders and delivery sequence. These restrictions on scheduling activities apply to negotiations by the Department of Defense operating elements to rearrange rated production to accelerate deliveries on orders placed by their contractors; the normal customer-supplier relationship between an element of the Department of Defense and its own prime contractors for its own orders is not affected.

B. Scope of Authority

1. This Instruction governs the procedure for negotiating with a supplier to effect production scheduling of selected materials in his plant. (The term "materials" is defined in Section 12-2.) This Instruction does not cover scheduling of a material by all producers, nor scheduling of metalworking machines (see Section 7-3). This procedure is confined to scheduling within a single producer's plant(s).

2. To assist a supplier in scheduling the production of selected material(s) to provide essential deliveries in the order required by the Department of Defense programs, the BDSA has stated that the Department of Defense can negotiate with a supplier for the scheduling of his production without violating the provisions of BDSA regulations or orders. The military departments and associated agencies of the Department of Defense may perform, directly or through an operating element, the operations indicated in paragraph C below with regard to the scheduling of production of selected materials.

3. The Office of the Assistant Secretary of Defense (Installations and Logistics) may direct a military department or associated agency to initiate negotiations to reschedule production of a product (with the concurrence of the manufacturer) where it is essential to meet an urgent demand for a Department of Defense program.

4. A military department, associated agency, or one of its operating elements may initiate negotiations to schedule production of selected material(s) (with the concurrence of the supplier) where it is essential to meet urgent demands for a particular Department of Defense program on its own initiative, when directed by the Office of the Assistant Secretary of Defense (Installations and Logistics), or if requested by a supplier.

5. Negotiations for scheduling actions by an operating element of the Department of Defense are permitted only with suppliers of materials identifiable to procurement by or for the operating element.

C. Procedure for Production Scheduling

1. On those materials in which a critical shortage occurs, a Department of Defense operating element may obtain from the supplier (with his consent) information concerning his production and delivery schedule or order board for those materials identifiable to the operating element's program. One operating element may authorize another operating element to include its items in a scheduling negotiation providing the items are identifiable to the same claimant program. Reporting requirements contained in this paragraph have been approved by the Bureau of the Budget.

2. An operating element of the Department of Defense may negotiate the establishment or alteration of a supplier's production and delivery schedule(s) for the selected item(s) to meet the requirements of the operating element's programs only, subject to the following conditions:

a. When initiating negotiations for scheduling action, the operating element shall furnish the affected supplier with a letter, conforming in substance to Exhibit 1 of this Section 12-3. The operating element conducting the negotiation will insert its office title in the heading and in paragraph 5.

b. The concurrence of the supplier must be obtained prior to the proposed establishment or proposed alteration of his production schedule.

c. The supplier is not required or authorized to negotiate the scheduling of production which will displace or delay the delivery of any material other than a material identifiable to a program of the operating element conducting the negotiation.

d. The revised schedule of production, if it deviates from the provisions of BDSA Reg. 2, even though agreed to by both parties, is not thereby authorized until the necessary directive is issued by BDSA.

3. After the supplier and the Department of Defense operating element have reached agreement, the following procedure is applicable:

a. The proposed schedule conformed to the present schedule may be prepared in any form satisfactory to the supplier and the operating element. It shall then be signed by both parties to indicate their concurrence.

b. The operating element shall forward four conformed copies of the proposed schedule, together with data on the previous schedule, through departmental special assistance channels to the Office of the Assistant Secretary of Defense (Installations and Logistics), for processing and request to BDSA for directive action.

c. After review and approval, BDSA will issue a single directive on the supplier for the approved schedule submitted for these items identified to the operating element's programs.

Exhibit 1: Negotiation Letter to Suppliers

DEPARTMENT OF THE (NAVY)
(Bureau of Ships)

TO:

Gentlemen:

Pursuant to information received from the Business and Defense Services Administration, as circumstances warrant and subject to the conditions mentioned below, you are permitted to negotiate with this office in rescheduling the production and delivery of products identifiable to contracts issued by or in behalf of this operating element. This rescheduling negotiation will not violate the provision of BDSA Reg. 2, Sections 13, 14, and 15. Such action may be requested by you, by your customer, or be initiated by an operating element of the Department of Defense.

Rescheduling of production may be initiated only with your consent. You are not required or authorized to negotiate the rescheduling of production which will displace or delay the delivery of any product other than a product identified to contracts issued by or in behalf of the operating element of the Department of Defense conducting the negotiation. The revised schedule of production, if it deviates from the provision of BDSA Reg. 2, even though agreed to by both parties, is not authorized unless a directive covering the revised schedule is issued by BDSA.

After an agreement has been reached on the revised schedule of production, you will sign the revised schedule indicating your concurrence. The revised schedule will then be submitted by this office through channels to BDSA in accordance with the procedure established for directive action.

Upon receipt of a directive from BDSA, you are required to comply with Section 15, paragraph (c) of BDSA Reg. 2 by notifying all of your customers whose deliveries have been affected by this action.

The Department of the (Navy), (Bureau of Ships), is authorized to negotiate with manufacturers or suppliers of products procured by or in behalf of the (Bureau of Ships, and Bureau of Supplies and Accounts), and your cooperation in this negotiation will be greatly appreciated.

A. Purpose

This Issuance states the objective to be accomplished by continuing to report on scheduling of ammunition steel, defines what the report is, sets forth the area covered, and the organizational elements involved in the reporting procedure.

B. Objective

The objective of continuing the "Report on Ammunition Steel Scheduling" is to maintain current data on status of ammunition manufacturers' inventory and anticipated use of this critical kind of steel so that the production of ammunition may quickly be adjusted to the required level by means of scheduling production and deliveries. Scheduling action must be based on reported information from contractors as to contract, unit or part, mill product used, and material on order from mills. Scheduling is the method used to spread all available steel mill products required for manufacturing ammunition among contractors in a manner that provides maximum production. Scheduling may be necessary when emergency procurement or sudden new requirements occur, or in case of strikes or plant disasters. The information supplied by this report will provide the basis for necessary action. A further use of the data is in redistributing inventories for contract reduction or termination. Maintenance of the reporting procedure is a mobilization readiness measure.

C. Definition and Scope

1. Summary Report on Ammunition Steel Scheduling is the consolidated data sheet (Exhibit 2) compiled by Ordnance Corps (Ordnance Ammunition Center) and Navy Bureau of Weapons for each mill product from the information furnished by their contractors on BDSAF-231, Report on Ammunition Steel Scheduling (Exhibit 1).

2. Monthly Report on Ammunition Steel Scheduling is the analysis and review data sheet (Exhibit 3) compiled by Ordnance Corps (Ordnance Ammunition Center) and Navy Bureau of Weapons for each mill product from the information furnished by their contractors on BDSAF-213, Report on Ammunition Steel Scheduling.

3. Steel Mill Products for Ammunition: Reports will be required for all contracts for manufacture of pieces, parts, assemblies or end items of ammunition requiring any of the following:

a. Shell or projectile body billet and hot rolled bar steel, 2 7/8" or over.

b. Cartridge case steel (in plate tons).

c. Cold drawn steel.

d. Tubing.

4. These organizational elements of the Department of Defense are involved:

a. Department of the Army:	Deputy Chief of Staff for Logistics; Ordnance Corps; Ordnance Ammunition Center
b. Department of the Navy:	Office of Naval Material; Navy Bureau of Weapons
c. Assistant Secretary of Defense (Installations and Logistics):	Requirements - Materials Evaluation Division; Production - Industrial Readiness & Economic Analysis Division

D. Procedure for Preparing and Submitting Report

1. Mailing BDSAF-231 Forms to Contractors - Army Ordnance Corps, through the Ordnance Ammunition Center, Joliet, Illinois, and Navy Bureau of Weapons, Washington, D. C., will mail the necessary forms to their ammunition contractors with the request that they be completed in accordance with the instructions on the form (Exhibit 1), or as modified, and returned by the 25th of the month preceding the first month to which the report refers.

2. Preparing Consolidated Data Sheet - Schedule

a. Upon receipt of reports from contractors, the mailing activity will prepare a monthly data sheet - schedule, substantially as outlined in Exhibit 3, for each mill product covered by the Form BDSAF-231. (See paragraph C,3 above.)

b. Each quarter the mailing activity will prepare a summary data sheet - schedule, substantially as outlined in Exhibit 2 for each mill product covered by the Form BDSAF-231 (see paragraph C,3 above). This summary data sheet will be submitted quarterly to BDSA. If interim adjustments are required, a new summary data sheet will be submitted as an amended report to BDSA.

c. The information indicated on Exhibit 3 shall be included as the minimum.

d. Classification - Individual BDSAF-231 forms submitted by individual contractors need not be classified, except for classified contracts. The summary report schedule (Exhibit 2) and the monthly data sheet - schedule (Exhibit 3) will be given the lowest classification consistent with applicable security regulations.

3. Submission of Schedules

a. Upon completion of the summary schedule for each mill product (Exhibit 2), it will be submitted in triplicate to Deputy Chief of Staff for Logistics or Office of Naval Material as appropriate for approval and distribution as follows:

(1) One copy to the Iron and Steel Division of BDSA.

(2) One copy to the Assistant Secretary of Defense (Installations and Logistics), Materials Evaluation Division.

b. Upon completion of the monthly report for each mill product (Exhibit 3), it will be submitted in duplicate to Deputy Chief of Staff for Logistics or Office of Naval Material as appropriate for approval and distribution as follows:

(1) One copy to the Assistant Secretary of Defense (Installations and Logistics), Materials Evaluation Division.

4. Frequency of Report

a. BDSA requires the summary report 110 days prior to the beginning of each calendar quarter in which delivery is required, with changes submitted monthly as amended for the intervening months. (Example: Due 10 June for 4Q61.)

b. Assistant Secretary of Defense (Installations and Logistics) requires a copy of each submission.

c. If there are no intervening month amended changes, a negative report is not required.

E. Relation to Special Assistance

1. Any requests for special assistance should be submitted in accordance with instructions in Section 7-2 of this Manual.

2. BDSA will not issue delivery directives on the mills in favor of individual contractors as a result of this summary schedule report, but will use the schedule as a source of data on which to base actions.

F. Report Control

Bureau of the Budget has extended its approval of use of BDSAF-231 for these purposes. Since only courtesy copies of data furnished departmental headquarters are supplied to Installations and Logistics, an OSD report control symbol is not assigned.

Exhibit 1: Report on Ammunition Steel Scheduling

BUREAU OF BUDGET NR. 41-R-1671.4 APPROVAL EXPIRES 31 DECEMBER 1964

Form BDSAF-231
(3-19-53)
R

U.S. DEPARTMENT OF COMMERCE
NATIONAL PRODUCTION AUTHORITY

REPORT ON AMMUNITION STEEL SCHEDULING

READ INSTRUCTIONS BELOW BEFORE COMPLETING THIS FORM

Return report in duplicate (2) not later than the 25th of the month preceding the period covered by this report to:

Item 1. Date of report

Item 2. Report for the six month period beginning with the month of

Item 3. Name of prime contractor

Item 4. Address of prime contractor *(Street, City, Zone, State)*

Item 5. Name of subcontractor

Item 6. Address of subcontractor *(Street, City, Zone, State)*

Item 7. Item of manufacture

Item 8. Gross unit weight; *(Steel required for each piece including waste and scrap)*

Item 9. Contract number

GENERAL INSTRUCTIONS

This report is to be submitted in *duplicate (2)* to the office designated above (upper left corner) by the prime contractor or the subcontractor purchasing the steel mill product listed in Item 10. The report is to be based on information available as of the 15th of each month and should be forwarded in time to reach the recipient not later than the 25th of the month to which the report refers (the month entered in Item 1).

SPECIFIC INSTRUCTIONS

Item 1 - Enter date of submission of report. This must be the date on which the report was prepared; all estimates made on this report must, therefore, be based on information available as of that date (normally 15 days preceding the first month covered by this report).

Item 2 - Enter the first month of the period covered by this report.

Items 3, 4, 5, and 6 - If the report is filed by the prime contractor, fill in Items 3 and 4. If the report is filed by a subcontractor who actually does the buying and processing of the steel mill product indicated in Item 10, then such subcontractor is to fill in Items 3, 4, 5, and 6.

Item 7 - Insert nomenclature of military item of manufacture by the contractor reporting.

Item 8 - Self-explanatory. However, be careful to specify the unit of weight.

Item 9 - Insert the contract number applicable to the military ammunition item.

Item 10 - Check in the appropriate box the type of steel mill product used in the production of the military ammunition item. Check only one box because a separate report must be submitted for each type of steel mill product required for the particular ammunition item. This means that more than one report may be needed for a particular ammunition item.

Item 11 - Show size, grade, and specification of the steel mill product to which this report refers.

Item 12 - Show inventory in net tons of steel of the steel mill product covered by this report. This inventory must be calculated as of the first day of the period covered by this report. A physical inventory must be taken as of the first day of each calendar quarter, and the next monthly report adjusted to conform with such physical inventory.

Item 13 - Report anticipated receipts of the steel mill product covered by the report (in net tons of steel) for each of the 6 months covered by this report; be sure to list the name of each steel producer and your purchase order numbers.

Item 14 - Show any tonnage promised, but not delivered from previous monthly or quarterly allocation. Show month originally promised under "Old Month," and new promise, if any, under "New Month."

Item 15 - Report anticipated consumption in net tons of steel of the steel mill product covered by this report for each of the 6 months covered by this report. Such anticipated consumption (usage) for any month must **NOT** be based on expectation of new equipment unless such equipment is actually on hand and in operation on the date of the submission of the report.

Item 10. Steel mill product used *(Check one box)*

☐ Shell or projectile body billet and bar steel; 2-7/8" or over ☐ Cartridge case steel (In plate tons) ☐ Cold drawn steel ☐ Tubing

Item 11. Size, grade and specification of steel mill product required

Item 12. Inventory in net tons of the steel mill product covered by this report calculated as of the first day of the period covered by this report.

_____ Net tons

Item 13. Anticipated receipts of steel based on commitments by steel producers during each of the six months covered by this report

Name of steel producer (a)	1st Month		2nd Month		3rd Month		4th Month		5th Month		6th Month	
	P. O. No. (b)	Net tons (c)	P. O. No. (d)	Net tons (e)	P. O. No. (f)	Net tons (g)	P. O. No. (h)	Net tons (i)	P. O. No. (j)	Net tons (k)	P. O. No. (l)	Net tons (m)

Item 14. Tonnage overdue from previous orders

Name of steel producer (a)	P.O. No. (b)	Net tons due (c)	Promise of delivery	
			Old month (d)	New month (e)

Item 15. Anticipated consumption of steel by contractor during each of the six months covered by this report

1st Month	2nd Month	3rd Month	4th Month	5th Month	6th Month
_____ Net tons	_____ Net tons	_____ Net tons	_____ Net tons	_____ Net tons	_____ Net tons

Certification - The undersigned company and the official executing this certification on its behalf hereby certify that the information contained in this application or report is correct and complete to the best of their knowledge and belief.

_____ By _____

Name of company Signature of authorized official

_____ _____

Date Title

The U. S. Code, Title 18 (Crimes and Criminal Procedure), Section 1001, formerly Section 80, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction. The individual company information reported on this form is for use in defense mobilization activities. Persons who have access to individual company information are subject to penalties for unauthorized disclosure.

Comm-DC 92587

Exhibit 2:

Summary Report on
Ammunition Steel Scheduling

MILL PRODUCT - (Specify only one)

DATE OF REPORT -

DEPARTMENTAL ELEMENT REPORTING -

Approved (Signature)
ONM - DCS/Log Date

(1) Size	(2) Specs.	(3) Unit Gross Wt. Lbs.	(4) Contractor	(5) Contract No.	(6) Item

(7) Part	(8) Requirements By Months in Tons	(9) Name of Mill Supplier By Months of Quarter	(10) Total Purchase Orders Placed by Months in Tons	(11) Total Qtr P.O. Placed

BDSA SET ASIDE EACH MILL IN TONS

ORDERS PLACED EACH MILL IN TONS

UNPLACED BALANCE EACH MILL SET ASIDE IN TONS

TOTAL BDSA SET ASIDE ALL MILLS IN TONS

TOTAL ORDERS PLACED - IN TONS

TOTAL UNPLACED BALANCE AGAINST SET ASIDE IN TONS

Exhibit 3:

Monthly Report on
Ammunition Steel Scheduling
(Monthly Data Sheet - Schedule)

MILL PRODUCT - (Specify only one)

DATE OF REPORT -

Approved _____ (Signature)
ONM - DCS/Log Date

DEPARTMENTAL ELEMENT REPORTING -

Size	(1) Material Specification	(2) Gross Unit Wt.	(3) Contractor	(4) Contract Number	(5) Item of Mfg.	(6) P.O. No. and Wt. by Suppliers Name	Name	Name

(7) Total Wt. ea. line	(8) Inventory 1st of ____ Month	(9) Estimated receipts + inventory	(10) Consumption (estimated) during month	(11) Estimated inventory 1st day fol month	(12) Inventory expressed in days	(13) Days req'd to complete contract	(14) Tons Req'd/Excess to complete contract

(15) Contract completion date	(16) Remarks .....

Totals where applicable

NOTE: Column (14) should show plus + for excess. Additional columns may be added if needed or requested.

Number	Title	Date of Revision
13	Introduction	
13-1	United States - Canadian Priorities	
13-2	Export Priorities for Defense Production	
13-3	Export of Munitions List Items Exhibit 1 - Munitions List Items	

A. Scope

1. This Section will provide descriptions of the procedures used to obtain priorities assistance, such as DO ratings, controlled material allotments, and placement of rated orders or authorized controlled material orders, for certain international programs of friendly foreign countries affecting the Department of Defense.

2. Priorities assistance for U. S. military construction offshore, i.e., outside continental U. S. and the territories and possessions, is covered in Section 4 of this Manual; for Canada, in Section 13-1; for defense production in friendly foreign countries, including Japan, in Section 13-2; and priorities for export of United States Munitions List items, in Section 13-3.

B. Policy on Priority Support of Certain Foreign Military Production

1. It is Department of Defense policy that approved projects or programs of friendly foreign countries for military production should be afforded priorities assistance on a basis of parity with assistance to production for U. S. military procurement.

2. Only the Department of Defense, for military and defense programs, and the Atomic Energy Commission, for its program and related activities, are claimants under DMS to the Office of Civil and Defense Mobilization. The Office of the Assistant Secretary of Defense (Installations and Logistics), for the Department of Defense, obtains from the responsible agencies the controlled material requirements for their export programs related to the direct defense of friendly foreign nations. As explained in the Parts of this Section, the allotments to suppliers are made by BDSA (including the Canadian Division).

3. Since, under the present policy, the priorities authorities of the Defense Production Act are being used only for those things which are part of or connected directly with the programs of the Department of Defense or the Atomic Energy Commission, BDSA only acts upon a request for priorities assistance sponsored by the Department of Defense or AEC. In the case of the export programs referred to in Section 13 Part 1, the Department of Defense has informed BDSA of its sponsorship of Canadian priorities assistance requests for direct defense needs, and in Section 13 Part 3, the criteria which must be met in cases involving the export of United States Munitions List items to be considered to have Department of Defense sponsorship.

A. General

1. In October 1950, the governments of the United States and Canada agreed to a "Statement of Principles for Economic Cooperation". Pursuant to this agreement, the two nations have coordinated their respective controls over distribution of materials and supplies for their common defense effort. In the United States, BDSA Reg. 3 provides the basis for action on requests from Canadian suppliers for DO ratings and allotments of controlled materials. Appropriate and comparable regulations have been issued in Canada. In the United States, the BDSA is the only U. S. agency having authority to assign DO rating and allotment symbols, and to make allotments of controlled materials to Canadians. The Canadian Division of BDSA effects coordination between the two countries. The Canadian Division uses the rating and allotment symbols C5 and E4 as explained below, for both allotments and rating assistance for Canadian military and atomic energy programs.

2. Pursuant to national policy, steps have been taken to afford, as nearly as possible, to the Canadian military programs, parity of treatment with U. S. military programs. In 1951, the Department of Defense agreed to the use by the Canadian Division of the rating and allotment symbol C5 for the Canadian military programs. This was done so that orders for Canadian military programs would be entitled to preference for controlled materials, and other items, equal to preferences accorded orders for U. S. military programs, identified with A, B, or C rating and allotment symbols. A similar course of action was agreed to by AEC so that Canadian atomic energy programs could receive parity treatment. For this purpose, the Canadian Division uses the rating and allotment symbol E4.

3. The Canadian military programs, while not defined with any great exactness, generally include the same kind of things as the military claimant and procurement programs of the Department of Defense. However, they also include provision for production materials, components, tooling, etc., necessary to be procured from the United States for use in Canada by Canadian firms producing on U. S. military contracts. The controlled materials requirements for the Canadian military program are claimed through the Department of Defense, and the allocation is transferred to the Canadian Division for allotment purposes.

B. Procedure

1. It is not necessary for U. S. military contracting officers to make allotments to their Canadian contractors. The orders should, however, be rated, for identification purposes in Canada, with the appropriate claimant program symbols (as described in Section 2-2 of this Manual).

2. The Canadian contractor, needing to import an item from the United States to produce on his U. S. military contract, files an application for priorities and/or allocation assistance with the Canadian Department of Defence Production in Ottawa. That agency reviews the case and
* if it approves, it recommends the case to the BDSA Canadian Division through the Washington
* office of the Canadian Department of Defence Production. The Canadian Division reviews the case and if it approves, assigns the C5 rating and allotment number, and makes an allotment if necessary, to the Canadian contractor. The contractor then applies the DO-C5 rating to his order, or places his Authorized Controlled Material Order for controlled materials under the symbol C5, making the certification required under BDSA Reg. 3.

3. Where Class A products are being purchased in the U. S., the Canadian contractor obtains an allotment by applying to Ottawa, as explained above, and passes the allotment on to the U. S. supplier in accordance with standard DMS procedures in the United States.

4. Special assistance to U. S. military contractors or agencies, to obtain deliveries from Canadian firms, is arranged by the BDSA Canadian Division in cooperation with the Canadian Department of Defence Production. Applications for such assistance on U. S. military contracts and subcontracts should be processed within the Department of Defense in accordance with the procedures in Section 7 of this Manual.

A. General

This Part covers priorities assistance procedures for direct defense needs of friendly foreign countries other than Canada (see Section 13-1 for Canadian procedure), for production resources needed from the United States under the Department of Defense Offshore Procurement Program (OSP); Weapons Production Program (WPP); Mutual Weapons Development Program (MWDP); and foreign production of military items, whether the items are to be used by the producing country's military forces or furnished to another friendly foreign country under existing international agreements, such as NATO, SEATO, etc.

* B. Policy
*
* United States policy in regard to defense production in friendly foreign countries is to
* assist such countries in becoming self-sustaining from their own regional resources where
* appropriate. If production resources are to be procured in the United States and orders cannot
* be placed in the United States without allotments or priority ratings, priorities assistance
* requests will be sponsored to the Business and Defense Services Administration (BDSA) by the
* Department of Defense.

C. Procedure for Submission

1. U. S. Financed Foreign Military Programs - If production resources must be procured in the United States in support of the OSP, WPP, or MWDP programs, the friendly foreign government or contractor will endeavor to place such orders on United States suppliers. If an order cannot be placed on United States suppliers without an allotment or priority rating, special assistance to obtain an allotment, priority rating and/or placement of the order on United States suppliers may be requested by written memorandum, in duplicate, through appropriate military channels, to the Army Technical Service concerned, Office of Naval Material, Air Force Deputy Chief of Staff/ Systems and Logistics, or offices designated by the above. This memorandum will set forth the circumstances of the case in detail, including the specific information to accomplish a BDSA Form 138, list the United States suppliers who refused the order, and contain a statement that such resources cannot be produced or procured locally or from other than United States sources on time to meet the approved production schedule. If the need and statement are considered valid and the need cannot be satisfied by other means, the Army Technical Service concerned, Office of Naval Material, Air Force Deputy Chief of Staff/ Systems and Logistics, or offices designated by the above, will execute a BDSA Form 138 as specified in Section 7-2 of this Manual, and forward the original and four copies to the Office of the Assistant Secretary of Defense (International Security Affairs), (OASD/ISA).

2. Other Foreign Military Programs - For direct defense needs for other than the OSP, WPP, MWDP, or a coordinated NATO research and development and production project, a friendly foreign government or contractor, through its government (Ministry of Defense), may request special assistance by addressing a memorandum, in duplicate, containing the same information mentioned in 1 above, to the OMA/OASD(ISA)either through the country's Washington, D. C.,
* military office,or to the Defense Representative, North Atlantic and Mediterranean Areas
* (Def.Rep./NAMA), or one of the following Overseas Commands having jurisdiction over the area concerned: CINCPAC, or CINCARIB. The Def. Rep./NAMA or the Overseas Command concerned will review the request and if the request cannot be satisfied from resources available within the area, will execute a BDSA Form 138, as specified in Section 7-2 of this Manual, sign Block 23(a) of all copies and forward the original and four copies to OMA/OASD(ISA).

3. Special assistance cases, involving priorities for defense production for direct defense needs in friendly foreign countries (either paragraph 1 or 2, above), received by the International Cooperation Administration, Department of State; the Bureau of Foreign Commerce, Department of Commerce; and by the BDSA, will be referred directly to the OASD/ISA for appropriate action.

D. Review and Sponsorship

The Office of the Assistant Secretary of Defense (International Security Affairs) will review and coordinate each case. If the case is in order, Block 24 of the duplicate copy of the BDSA Form 138 will be signed by a responsible official of the Office of the Assistant Secretary of Defense (International Security Affairs). This signature will constitute a certification that the conditions outlined in C, above, exist and Department of Defense sponsorship for special assistance is recommended on a parity basis with other United States defense programs. The original and three copies will be forwarded to the Office of the Assistant Secretary of Defense (Installations and Logistics) for sponsorship to BDSA. Appropriate special assistance action will be taken by BDSA in accordance with the procedure set forth in Section 7-2.

E. Export License

Export licenses, where required, will be issued by the Bureau of Foreign Commerce (BFC) for such orders for which ratings or allotments are issued by BDSA, provided the application meets BFC requirements for licensing in all other respects.

1. The export of certain items designated "Arms, Ammunition, and Implements of War", set forth in the "United States Munitions List", is prohibited except upon license issued by the Department of State. The actual listing of the items is contained in the publication "International Traffic in Arms", issued by the Secretary of State, last amended on 1 March 1960, pursuant to the authority of the Mutual Security Act of 1954 and Executive Order No. 10575. Exhibit 1 to this issuance contains a generalized listing of such items. This issuance describes the procedures for licensing and obtaining priorities assistance -- DO ratings and allotments of controlled materials -- for the commercial export of United States Munitions List items. Commercial export includes all export procurement of such items outside of U. S. government agency procurement. It includes orders placed by foreign purchasing missions, or foreign government representatives (including domestic agents of foreign governments) and it includes orders transmitted by foreign offices of U. S. firms.

2. The Department of Defense is assigned claimant responsibility for United States Munitions List items for commercial export to any foreign destination. The Department of Defense presents to the Office of Civil and Defense Mobilization the controlled material requirements for U. S. production of the items that are Class A products. Under the Defense Materials System, it receives the allocation, and transfers it to the Business and Defense Services Administration, where, by agreement, individual cases of allotments and ratings are handled.

3. BDSA receives DMS-4A applications for allotments for Class A products on the United States Munitions List and BDSAF-138 applications for DO ratings for Class B or unclassified product items. BDSA will make the necessary allotment to the U. S. producer or issue the DO rating to the commercial exporter (or procurement mission as appropriate) whenever the application meets the criteria outlined below. The Department of State no longer makes recommendations on each individual case and has instructed the various foreign missions to communicate directly with BDSA on such matters.

4. BDSA will consider applications from friendly foreign nations for Munitions List items to carry Department of Defense sponsorship provided adequate information is available to meet the following criteria:

a. The application indicates the relationship and importance of applicants' product to the defense of friendly foreign military establishments.

b. The applicant is unable to divert materials or equipment from other production to meet the program requirements of the friendly foreign military establishment.

c. The applicant is unable to obtain the required item in the minimum practicable quantity and at the latest practicable date to meet the requirements of the friendly foreign military establishment.

5. In any case where there is need for a definite statement of position by the Department of Defense on the particular United States Munitions List exportation, both BDSA and the State Department have been requested to refer their inquiries to the Office of the Director of Military Assistance, Weapons Production and Sales Division, Office of the Assistant Secretary of Defense (International Security Affairs). The Department of State, Office of Munitions Control, will be available for consultation on significant priorities assistance cases involving such items. The Department of Defense, OASD(ISA), Weapons Production and Sales Division (Code 11, x 78397), will be available to furnish more specific information on the Department of Defense position on an occasional specific case as required.

6. A separate application for export license is required for the export of United States Munitions List items. Application forms are available upon request from the Office of Munitions Control, Department of State, and instructions for filing are contained on the forms.

Exhibit 1:

There follows a generalized listing by categories of the United States Munitions List items set forth in the International Traffic in Arms, issued by the Secretary of State on 1 March 1960, as "Arms, Ammunitions, and Implements of War". The above document should be referred to for details and interpretation of the following generalized listing:

CATEGORY I - Firearms

(a) Non-automatic and semi-automatic firearms, calibers .22 to .50 inclusive, except those using only caliber .22 rim-fire ammunition. Barrels, cylinders and complete breech mechanisms therefor.

(b) Automatic firearms and all components and parts therefor, calibers .22 to .50 inclusive.

(c) Firearms silencers.

CATEGORY II - Artillery and Projectors

(a) Guns over caliber .50, howitzers, mortars, and recoilless rifles.

(b) Military flame throwers and projectors.

(c) Components and parts including, but not limited to mounts and carriages for the articles in paragraphs (a) and (b) of this Category.

CATEGORY III - Ammunition

(a) Ammunition for the arms in Categories I and II of this Section except caliber .22 rim-fire ammunition.

(b) The following components, parts, accessories, and attachments: cartridge cases, powder bags, bullets, jackets, cores, shells (excluding shotgun), projectiles, boosters, percussion caps, fuzes and components therefor, primers, and other detonating devices for such ammunition.

(c) Ammunition belting and linking machines.

CATEGORY IV - Bombs, Guided Missiles, Rockets, Torpedoes, and Mines

(a) Bombs, grenades, rockets, guided missiles, torpedoes, depth charges, land and naval mines, and military demolition blocks and blasting caps.

(b) Apparatus and devices for the handling, control, activation, detection, discharge or detonation of the articles in paragraph (a) of this Category.

(c) Missile powerplants.

(d) Military explosives, excavating devices.

(e) All specifically designed components, parts, and associated equipment for the articles in this Category.

CATEGORY V - Propellants, Explosives, and Incendiary Agents

(a) Propellants for the articles in Categories III and IV of this Section.

(b) Military high explosives.

(c) Military fuel thickeners.

(d) Military pyrotechnics.

CATEGORY VI - Vessels of War and Special Naval Equipment

(a) Warships, amphibious warfare vessels, landing craft, mine warfare vessels, patrol vessels, auxiliary vessels, service craft, floating dry docks, and experimental types of naval ships.

(b) Turrets and gun mounts, missile systems, arresting gear, special weapons systems, protective systems, submarine storage batteries, catapults and other components, parts, attachments and accessories specifically designed for the following types of combatant vessels: battleships, command ships, guided missile ships, cruisers, aircraft carriers, destroyers, frigates, escorts, minesweepers, and submarines.

(c) Submarine and torpedo nets, and minesweeping equipment. Components, parts, attachments and accessories specifically designed therefor.

(d) Harbor entrance magnetic, pressure, and acoustic detection devices, controls and components thereof.

CATEGORY VII - Tanks and Ordnance Vehicles

(a) Military type armed or armored vehicles, military railway trains, and vehicles fitted with mountings for arms.

(b) Military tanks, tank recovery vehicles, half-tracks, and gun carriers.

(c) Military trucks, trailers, hoists, and skids specifically designed for carrying and handling the articles in paragraph (a) of Categories III and IV; military mobile repair shops specifically designed to service military equipment.

(d) Amphibious vehicles.

(e) All specifically designed components, accessories and attachments, including military bridging for the articles in this Category.

CATEGORY VIII - Aircraft and Associated Equipment

(a) Aircraft designed, modified or equipped for military purposes, including but not limited to the following: gunnery, bombing, rocket, or missile launching, electronic surveillance, refueling, aerial mapping, military liaison, cargo carrying or dropping, personnel dropping, military trainers, experimental aircraft, drones, lighter-than-air aircraft, and military helicopters.

(b) Military aircraft engines, other than reciprocating, specifically designed for the aircraft in paragraph (a) of this Category.

(c) Airborne equipment, including but not limited to JATO and airborne refueling equipment, specifically designed for use with the aircraft and engines of the types in paragraphs (a) and (b) of this Category.

(d) Aircraft launching equipment.

(e) Non-expensive balloons in excess of 3,000 cubic feet capacity.

(f) Components, parts, and associated equipment except propellers specifically designed for the articles in paragraphs (a) through (e) of this Category.

(g) Parachutes and complete canopies, harnesses and platforms, and electronic release mechanisms therefor.

CATEGORY IX - Military Training Equipment

(a) Military training equipment includes but is not limited to attack trainers, radar target trainers, radar target generators, gunnery training devices, anti-submarine warfare trainers, target equipment, armament trainers, pilotless aircraft trainers, mobile training units; and military type link trainers, operational flight trainers, flight simulators, radar trainers, instrument flight trainers, and navigation trainers.

(b) Components, parts, attachments and accessories specifically designed for the articles in paragraph (a) of this Category.

CATEGORY X - Protective Personnel Equipment

(a) Body armor, flak suits, and components and parts specifically designed therefor and military helmets.

(b) Partial pressure suits, pressurized breathing equipment, anti-"G" suits, protective clothing for handling guided missile fuel, military crash helmets, liquid oxygen converters used for aircraft and missiles, catapults and cartridge actuated devices utilized in emergency escape of personnel from aircraft.

CATEGORY XI - Military Electronics

(a) Electronic equipment bearing a military designation including radar, jamming, countermeasure, counter countermeasure, underwater sound, doppler and communications-electronic equipment.

(b) Components, parts, accessories and attachments specifically designed for use with the articles in (a) of this Category.

CATEGORY XII - Fire Control Equipment and Range Finders

(a) Fire control, gun and missile tracking and guidance systems infra-red and other night sighting equipment; range, position and height finders and spotting instruments, aiming devices (electronic, gyroscopic, optic, and acoustic), bomb sights, bombing computers, military television sighting units, inertial platforms, and periscopes for the articles of this Section.

(b) Inertial guidance systems, astro compasses, and star trackers.

(c) Components, parts, accessories, attachments, and associated equipment specifically designed for the articles in paragraph (a) of this Category.

CATEGORY XIII - Auxiliary Military Equipment

(a) Aerial cameras and special purpose military cameras and specialized processing equipment therefor; military photointerpretation, sterioscopic plotting, and photogrammetry equipment.

(b) Cryptographic devices (encoding and decoding), and specifically designed components therefor.

(c) Self-contained diving and underwater swimming apparatus and components and accessories specifically designed therefor.

(d) Armor plate.

(e) Concealment and deception equipment, including but not limited to special paints, decoys and simulators; components, parts and accessories specifically designed therefor.

CATEGORY XIV - Toxicological Agents

(a) Chemical agents, including lung irritants, vesicants, lacrimators and tear gases, sternutators and irritant smokes, and nerve gases.

(b) Biological agents adapted for use in war to produce death or disablement in human beings or animals or to damage crops.

(c) Equipment for the dissemination, detection and identification of, and defense against the articles in paragraphs (a) and (b) of this Category.

(d) Components, parts, attachments and accessories specifically designed for the articles in paragraph (c) of this Category.

CATEGORY XV - Helium Gas

Contained Helium and admixtures thereof.

CATEGORY XVI - Classified Material

All material not enumerated herein which is classified from the standpoint of military security.

CATEGORY XVII - Technical Data

Technical data relating to the articles designated in this subchapter as arms, ammunition, and implements of war.

Number	Title	Date of Revision
14	Introduction	
14-1	Programs of Highest National Priority Exhibit 1 - Letter to Contractors	

A. Purpose

This Section 14 contains the policy and procedures governing Department of Defense administration of its DX program priority authority.

B. Definition - DX Program

A "DX Program" consists of items or projects for which the Department of Defense is authorized and required to rate all contracts and orders DX instead of DO (e.g., the "ICBM program").

C. Securing DX Program Priority

1. The Department of Defense is not authorized to use the DX authority for a program unless the Director of the Office of Civil and Defense Mobilization (OCDM) determines it to be eligible for such priority.

2. The Assistant Secretary of Defense (Installations and Logistics), to whom the Secretary of Defense has delegated all his priorities and allocations authority, is responsible for securing OCDM's approval on requests for DX program priority originating within the Department of Defense.

3. The Director of OCDM has stated that he will grant such approval only after NSC review, and/or by direction of the President.

4. When such guidance is received, the Director of OCDM requests the Secretary of Commerce to provide, through the rules of the industrial priority system administered by the Business and Defense Services Administration (BDSA), preference for the designated program(s). This is done by delegating DX program rating authority to the Department of Defense for its use, and instructing BDSA staff to give comparable support to the designated programs by actions outside Department of Defense jurisdiction.

5. Policies and procedures are issued by the Assistant Secretary of Defense (Installations and Logistics), as sub-parts of this Section 14, to govern the use of the DX program rating.

D. Background - DO and DX Ratings

1. All Department of Defense procurement, with very minor exceptions, has been rated "DO". In general, this rating requires acceptance of orders by suppliers capable of filling them, and also requires that non-rated orders be delayed if necessary to meet the required delivery dates on the rated orders. Only Atomic Energy Commission and Department of Defense programs are rated. (See PAM Section 2.)

2. A "DX" rating takes precedence over both DO rated and non-rated orders.

3. A DX rating is used in two ways:

a. By BDSA: To expedite delivery of a "bottleneck" item that is necessary to maintain a program on schedule (PAM Section 7).

b. By DOD: To expedite a whole program predetermined as of highest priority (this PAM Section 14).

4. A "DX" rated order has this primary effect on the supplier: he must schedule it for the required delivery date if he can, displacing first his civilian, and then DO rated orders if necessary.

5. In addition to taking precedence, a DX rated order differs from a DO rated order in several respects:

a. It can be translated into a DX suffix on orders for controlled materials, not otherwise subject to rating identification.

b. It can be used by suppliers for their related maintenance, repair, and operating supplies (MRO), instead of the DO rating.

c. It requires acceptance or notification of reasons for rejection within five calendar days. (No time limit is specified on DO rated orders.)

6. The above statements summarize the DX rules which are binding on suppliers. They are formally issued by BDSA in Regulations (see PAM Section 9).

E. Relationship to Special Assistance and Scheduling Procedure

1. The DX rating will continue to be issued by BDSA on request of the Department of Defense (PAM Section 7) to improve deliveries on "bottleneck" items for other programs.

2. The special assistance procedures in PAM Section 7-2, supplemented by Section 7-2.1, will be followed for DX program cases, rated DX, which need added assistance.

3. The procedure in PAM Section 13-1 continues to apply for assistance in getting deliveries from Canadian sources.

See C7

4. The existing procedures for s~~cheduling delivery of metalworking equipment under BDSA Order M-41 (PAM Section 8-1.1), and for requesting diversions of such equipment (PAM Section 7-3) remain in force~~.

5. Authority for delivery scheduling (PAM Section 12) will be used by the delegate to support DX programs. Rescheduling of orders to support a DX program by delaying orders for other programs that have been rated DX by BDSA will be avoided. If there is no known alternative, the office that sponsored the DX to BDSA will be notified prior to action by the delegate.

A. Purpose

This Issuance establishes the policy and procedure for use of the DX priority rating and allotment authority for the eligible programs.

B. General Policy

1. It is the policy to give the highest industrial priority, the DX rating, to all programs identified on the Department of Defense Master Urgency List as "Programs of the Highest National Priority", Brick-Bat .01. These are "DX Programs".

2. Accordingly, the Department of Defense has been authorized by BDSA to use the DX program priority rating and allotment to support these programs. This DX authority has been delegated by the Assistant Secretary of Defense (Installations and Logistics) to the Secretaries of the Army, Navy, and Air Force in Department of Defense Instruction 4405.12, and to the Administrator of the National Aeronautics and Space Administration. The effect of the DX priority on suppliers is summarized in the Introduction to this Section.

C. Scope

1. The DX programs include research and development, production and procurement, and construction, as described in Brick-Bat .01 on the Department of Defense Master Urgency List.

2. As used in this Manual, priorities support for the above programs includes:

a. For DOD Account: Procurement, research and development, or construction contracts and orders using funds released by the responsible OSD office specifically for these programs, and other procurement in direct support.

b. For Contractors' Account: Contracts and orders for items not procured by the Department of Defense, but for which the Department of Defense has been assigned claimant responsibility for priorities and allocations purposes, are included within the scope of this authority only if their delivery is necessary to the above programs. (For example, test equipment to be owned by the contractor should be rated DX on a DD 691 application only if it is to be used on a contract for a DX program.)

D. DX Ratings

1. Policy to Govern Use of DX Program Ratings

a. All rateable contracts and orders, either new or outstanding 1/ for a DX program will be rated DX, except those calling for delivery of metalworking machinery under BDSA Order M-41.

b. In the event an item or project is added to or deleted from the list of DX programs, affected continuing 1/ contracts and orders will be rerated within 30 days from DO to DX, or DX to DO, as appropriate.

c. The general policies governing Department of Defense use of DO ratings (PAM Section 2-1) as supplemented by the general rules for the Defense Materials System (PAM Section 3-1) are hereby made applicable to issuance of DX ratings.

d. The use of DX as a program rating has been given to the Department of Defense as a device for making the necessary adjustments so that suppliers can meet required delivery dates. Required delivery dates must be specific, and shall be no earlier than necessary to the performance of the master program schedule. This policy will be reflected in programming activities as well as in contracts and orders pursuant thereto. The higher priority of the DX rating must

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1/ Outstanding contracts need not be rerated unless additional deliveries of materials for the contract are contemplated.

not be compromised through specification of delivery dates that are unrealistic or provide unnecessarily short lead time. The value of the DX rating is to be guarded for its real effect: making it possible to telescope those parts of the program where progress toward an earlier success can thereby be advanced. It is emphasized that the DX rating is not a substitute for the best possible advance scheduling, nor for prompt procurement actions.

e. The military departments will require contractors, vendors or other prime suppliers to maintain adequate follow-up on their subcontractors or suppliers to assure that their DX rated orders are placed at the earliest possible times, that the DX rating is extended on such orders as permitted by BDSA Reg. 2 and DMS Reg. 1, and that the DX suffix is used on ACMO's, as required by DMS Reg. 1.

2. Procedures for Giving DX Rating and Allotments, or Placing ACMO's, for DX Programs

a. On new or amended contracts and purchase orders, the DX rating and allotment will be issued under the procedures for issuance of DO ratings prescribed in PAM Section 2, and rating and allotments in PAM Section 3, or 4 (as applicable), substituting "DX" for "DO". These procedures provide, in general, for issuance by Department of Defense operating elements of ratings for all military procurement and for contractors' production equipment required for Department of Defense contract performance, with allotments for Class A product production and Department of Defense construction. They also provide for the placement of authorized controlled materials orders for Department of Defense purchase of controlled materials. On ACMO's, the suffix DX will be added to the allotment number. Separate ACMO's need not be placed for material for these programs provided that the portion of the ACMO to which the DX suffix applies is clearly identified.

b. Ratings and allotments for privately-financed industrial construction are issued by BDSA under the regular procedures for projects sponsored by the Department of Defense. For DX program cases, BDSA will issue the DX rating and allotment number instead of the DO. To uprate such cases already issued a DO-D5 rating and allotment number by BDSA, a letter request, clearly identifying the cases, will be submitted by the sponsoring office through the same channels as the original 4C's. BDSA will authorize the construction contractor to use the DX-D5 rating and allotment number, and the DX suffix on ACMO's, for undelivered construction material.

c. An outstanding 1/ Department of Defense contract or purchase order in support of a DX program will be rerated promptly from DO to DX. 2/ An outstanding order for controlled material will be identified promptly with the DX suffix. All reratings, or identifications of ACMO's, will be made in writing, referencing the original purchase order or contract. The information given must be definite enough so that the person receiving it will know exactly the items affected. Reratings must be signed by an official authorized to issue the ratings.

d. BDSA has discontinued the DMS-M forms, but DX rating and allotment authorizations for DX programs will be issued separately from DO ratings and allotments. This Issuance overrides permission for consolidated allotments pursuant to PAM Section 3-4.5 to the extent that DX program contracts are involved. Contractors will be notified accordingly.

E. Instruction of Contractors

BDSA, the agency responsible for industrial support of defense programs, has amended certain of its rules to make the DX more effective (see Direction 8 to BDSA Reg. 2, and Direction 3 to DMS Reg. 1). The responsibility for educating Department of Defense contractors, however, must be assumed by those responsible for the success of the programs in the Department of Defense. Personal instruction is, of course, the best way to get a new procedure across, and will be required for all major contractors on the DX programs. Attached as Exhibit 1 is a suggested letter which may be used to supplement such instruction.

F. Special Breakout of Controlled Materials for DX Programs

An estimate of the quantities of controlled materials required for DX programs is made each quarter. Beginning with 1st Quarter Cy 1959, separate information on "issuances" for DX programs was submitted, as an added line on the revised DD Form 492, monthly report of allotments and ACMO's, prescribed in PAM Section 5-8.

1/ Outstanding contracts need not be rerated unless additional deliveries of materials for the contract are contemplated.

~~2/ Except for metalworking equipment under M-41.~~ C7

Exhibit 1: Suggested Letter to DX Program Contractors

The DX rating on your contract or purchase order is issued by (issuing office) to support the urgent Department of Defense _____ Program.

The Business and Defense Services Administration (BDSA) has issued certain rules governing the use of "DX" which require, in general, that you, and your suppliers to whom you extend the "DX", must

1. Accept and fill a DX rated order by the required delivery date if it can be done without interfering with deliveries to any DX rated order already scheduled;

2. Give written notification to the person who places a DX rated order, within five consecutive calendar days, of acceptance, or of rejection together with reasons for rejection;

3. Extend any DX rating received from your customers on purchase orders for production materials (other than controlled materials under DMS) needed to produce and deliver;

4. Use the letters "DX" as a suffix on authorized controlled material (ACM) orders you place in support of allotments identified DX, or of DX rated orders, from your customers.

5. Use the DX-D9 rating for MRO required to perform on DX rated orders.

The above is only a summary of the rules for "DX". The full statement of these rules, and the exceptions, is in BDSA (formerly NPA) Reg. 2, and Direction 8; DMS Reg. 1, and Direction 3. These are available at the Department of Commerce (BDSA) Field Office at _____ _____. 1/

If you cannot place your supporting purchase orders or contracts, or cannot obtain satisfactory deliveries or delivery promises using the appropriate DX rating or allotment symbol, additional priorities assistance should be requested immediately. Such assistance may be obtained by processing a Business and Defense Services Administration (BDSA) Form 138. The (Note: Designate the appropriate office where the assistance may be obtained.) will assist you in the preparation of the BDSA Form 138 and furnish the necessary expediting assistance.

(Special paragraph for Class A product or construction contractors to whom consolidated allotments have been made: We are required to issue separate allotments for contracts which support the _____ Program and are assigned a DX rating. It will therefore be necessary for you to separate your future applications which support DX rated contracts from your application for materials needed for DO rated contracts.)

Each prime contractor is urged to pass this information on to his subcontractors or vendors, so that the _____ Program may profit from the priority made available to it as quickly as possible.

1/ Addresses in PAM Section 9-Introduction, Exhibit 1.

Number	Title	Date of Revision
15	Introduction	
15-1	Procedure for Approved Production and Construction Programs Exhibit 1 - List of OCD Regional Directors	

On 26 October 1962, the Director of the Office of Emergency Planning approved certain Civil Defense production and construction programs for DO priorities and allocations support under Title I of the Defense Production Act of 1950, as amended.

This Section 15 and its sub-parts contain the policies, procedures and instructions governing Department of Defense actions required to provide priorities and allocations support for the approved Civil Defense programs.

A. General

Priorities and allocations support under the Defense Production Act has been approved by the Office of Emergency Planning for Civil Defense production and construction programs. The programs are limited to:

1. Procurement by the Federal Government of supplies and equipment for stocking fallout shelters which include: water drums and liners, polyethylene bag liners, containers and packaging materials for food 1/ (see Section 2-4.1), medical kits, and sanitation kits, all procured by the Defense Supply Agency. Such contracts and orders will be rated under applicable rules set forth in Sections 2 and 3 of this Manual. Radiological instruments and spare parts which are being procured by the Office of Civil Defense and the General Services Administration will be rated, in accordance with delegation of authority from the Assistant Secretary of Defense (Installations and Logistics), under applicable rules set forth in Section 2 of this Manual.

2. Procurement and installation of Civil Defense warning and communications systems, financed in whole or in part with Federal funds, which are procured by the Office of Civil Defense and the Defense Communications Agency, will be rated, in accordance with delegation of authority from the Assistant Secretary of Defense (Installations and Logistics), under applicable rules of Section 2 of this Manual. Procurement of these items by State and local governments will be rated on a case-by-case basis utilizing BDSA Form 138 (see Section 7-2, Exhibit 1), using the channels specified in this Section.

3. Construction and equipping of regional protected sites by the Federal Government, being accomplished under the supervision of the Army Chief of Engineers, will be rated and allotments made using the applicable procedures in Section 4 of this Manual.

4. Government construction and equipping of State and local Civil Defense Emergency Operations or Emergency Communications Centers, financed in part with Federal funds, will be rated using the procedure described below.

B. Procedure

1. For construction and equipment contracts for Civil Defense Emergency Operations or Emergency Communications Centers, let by State and local governments, DO ratings and allotments will be made on an individual case basis and only for approved projects under the contributions program.

2. Individual DO ratings and allotments for each project will be issued when a State or local government (1) requests the DO rating and allotment for the project concerned, and (2) demonstrates that delay will be encountered in the completion of the project without the rating and allotment.

3. State or local governments will submit requests for DO ratings and allotments to the appropriate Regional Director, Office of Civil Defense 2/. Regional Directors will review each request and forward it to National Headquarters, Office of Civil Defense, with recommendations concerning the need for the DO rating and allotment of controlled materials for the particular project.

a. If the request is validated by the National Headquarters, OCD, the Office of the Assistant Secretary of Defense (Installations and Logistics) will sponsor the project for a DO-D2 rating and allotment to the Washington Office of the Business and Defense Services Administration, Department of Commerce. If approved, BDSA will issue the DO-D2 rating and allotment directly to the State or local government Contracting Officer making the request.

1/ Ratings for food processing machinery will be obtained by use of DD Form 691 procedure (see Section 2-4.2).

2/ See Exhibit 1 to this Section for List of OCD Regional Directors.

b. If the request is disapproved by the Regional Director, OCD, it will be returned to the State or local government with a statement of the reason for disapproval.

4. State and local governments will make such requests on Form DMS-4C (see Section 4-2, Exhibit 1), which can be obtained from the local Field Offices of the Department of Commerce (see Section 9-Introduction, Exhibit 1). Six copies of the DMS-4C, together with a copy of the contract concerned, will be submitted to the appropriate Regional Director, OCD. Five copies will be submitted to the National Headquarters, OCD.

Exhibit 1: List of OCD Regional Directors

Region One

Mr. Alexander A. Morrissette
Acting Regional Director
DoD Office of Civil Defense
Oak Hill Road
Harvard, Massachusetts
(Phone: GLadstone 6-3231)

Region Two

Mr. Wilbur L. Scarborough
Acting Regional Director
DoD Office of Civil Defense
Olney, Maryland
(Phone: WHitehall 6-6200)

Region Three

Mr. Dial F. Sweeny
Acting Regional Director
DoD Office of Civil Defense
Thomasville, Georgia
(Phone: CAnal 6-1761)

Region Four

Gen. Paul K. MacDonald
Acting Regional Director
DoD Office of Civil Defense
Federal Center
Battle Creek, Michigan
(Phone: WOodward 8-8142)

Region Five

Mr. Leslie T. Holland
Acting Regional Director
DoD Office of Civil Defense
P.O. Box 2935
University Hill Station
Denton, Texas
(Phone: DUpont 2-5491)

Region Six

Mr. Melvin O. Bickal
Acting Regional Director
DoD Office of Civil Defense
Federal Center - Building No. 50
Denver, Colorado
(Phone: SHerman 4-2341)

Region Seven

Mr. Robert G. Efteland
Acting Regional Director
DoD Office of Civil Defense
Naval Auxiliary Air Station
Santa Rosa, California
(Phone: LIberty 2-1680)

Region Eight

Mr. Charles C. Ralls
Regional Director
DoD Office of Civil Defense
Everett, Washington
(Phone: ALpine 9-7191)

☆ U. S. GOVERNMENT PRINTING OFFICE: 1962 O - 666116

This Issuance is an alphabetical listing of the subjects to which there is a reference or for which there is an instruction in the Priorities and Allocations Manual. The subjects are arranged alphabetically, with an alphabetical listing of PAM references or cross references under each subject. The reference to the relevant Issuance in the PAM is by Section and Part. Suggestions for expansion or other improvement of this Subject Index are welcome at any time.

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Introduction

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DD-524	Record of Allocations and Allotments	5-7 (Exhibit 1)
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DD-530-1	Notice of Transfer of Controlled Materials Allocations	5-2 (Exhibit 1)
DD-552	Classification of Products under DMS	3-7 (Exhibit 1)
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DD-691	Application for DO Rating for Production Equipment	2-4.2 (Exhibit 1)
Format A	DMS Requirements Forecase and Allotment Usage	3-11.1 (Exhibit 2)
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Certificate	Rating Certificate for Offshore Construction	4-7.3 (Exhibit 2)
Certificate	C9 Rating for Foreign Contractors	4-8.3 (Exhibit 1)
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DMS-10	Allotment of Controlled Materials (Production)	3-4.4 (Exhibit 1)
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DMS-13	Allotment of Controlled Materials (Construction)	4-4 (Exhibit 1)
DMS-14	Allotment Decrease (Construction)	4-5 (Exhibit 1)
GA-326	Official Signature for BDSAF-138's	7-2 (Exhibit 3)

* U.S. GOVERNMENT PRINTING OFFICE : 1961 O—598005

S/S Pages

Number	Title	Date of Revision
7	Introduction	
7-1	Criteria for Requesting Special Assistance	
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7-3.1	Revoked	
7-4	Revocation (Placing Rated or ACM Orders)	
7-5	Revocation (Sponsoring Requests for Ratings and Allotments)	
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A. Purpose and Scope

1. "Special assistance" is necessary when the regular procedures of the rating system and DMS will not obtain delivery of materials on time for Department of Defense programs, and for defense-related production by producers not permitted to apply ratings to their purchase orders.

2. The instructions and procedures in this Section 7 will be followed in obtaining special priorities assistance from BDSA to expedite direct defense and defense-supporting research and development, production and construction, except that sponsorship of a DMS-4C application for a private industrial construction project will be processed in accordance with Section 4-9 of this Manual.

3. "Material", as defined in BDSA Reg. 2 and used in this Section, means any raw, in process, or manufactured commodity, equipment, component, accessory, part, assembly, or product of any kind.

4. Requests for special assistance, under this Section 7, are requests that BDSA take action that is beyond the delegated authority used by DOD.

B. BDSA Action

The Business and Defense Services Administration may take any one or more of several kinds of actions in response to a request for special priorities assistance. The kinds of actions available to BDSA, in addition to informal action, are:

1. Issuance of a directive requiring a named supplier to produce or deliver a specified item. A directive is a mandatory order issued to a specific supplier ordering him to produce and/or ship a specific material by a specific date. Directives take precedence over authorized controlled material orders, DX rated orders, DO rated orders, and unrated orders, unless a contrary instruction is included in the directive.

2. Issuance of a DX rating on a case-by-case basis to break a bottleneck by giving a specific order precedence over outstanding DO rated orders. All DX rated orders have equal preferential status. Any DX rated order takes priority over DO-rated or unrated orders. DX ratings have no effect on items on List A of BDSA Reg. 2, but are extendible for controlled materials (as defined in DMS Reg. 1) by use of the DX suffix in authorized controlled material (ACM) orders.

3. Improvement of delivery dates or diversions of metalworking machines (production equipment).

4. Assistance in placement of rated orders or authorized controlled material orders.

5. Issuance of ratings in the "D" series for purchase orders not rateable by DOD.

6. Issuance of allotments of controlled materials in the "D" series from a special allocation.

7. Rearrangement of a supplier's production or delivery schedule -- covered in PAM Section 12.

A. Purpose and Scope

This Issuance sets forth the criteria applicable to the different kinds of special assistance which may be requested on a BDSAF-138.

B. General Criteria for Sponsoring Any Request

1. A military department or an associated agency may sponsor a request for special priorities assistance if there is, as a minimum, a clear demonstration of:

a. Relationship and importance of the applicant's product to DOD or associated agency programs;

b. Inability of applicant to divert materials or equipment from other production so as to meet the DOD or associated agency program requirements; and

c. Inability to obtain the required item in the minimum practicable quantity and at the latest practicable date to meet the requirements of the DOD or associated agency program involved.

2. Sponsorship to the BDSA constitutes a representation that failure to grant special priorities assistance will result in a delay in the completion on time of production or construction by or for, or in the rendering of a service essential to, the DOD.

C. Criteria for Requesting Directive or DX Rating

These additional criteria must be met before forwarding a request for directive or DX rating:

1. The item to be expedited is in fact the material which will cause delay of a production schedule if not shipped on the date specified.

2. Substitution is not possible.

3. The program affected is of high relative military urgency and production will be actually interrupted if the material is not obtained on the dates specified.

4. The producer has been unable to obtain assurance of delivery at the required time from any available source.

5. The inventory of the producer cannot sustain the necessary production without delivery of the material.

6. Requests from contractors on private construction projects for directive or DX ratings to break bottlenecks, as distinguished from requests for project sponsorship (for which see Section 4-9), will be processed only if the assistance is necessary to enable the contractor to complete the construction project in time to meet an authorized military procurement or production schedule or research and development programs which cannot otherwise be met.

D. Criteria for Requesting Assistance in Placement of Rated or ACM Orders

The request of any prime or subcontractor of the DOD will be considered eligible for sponsored assistance in placing an authorized controlled material order calling for delivery in a quarter for which he has allotment authority. This applies alike to Class A and Class B product producers. Similarly, the request of a supplier may be sponsored if he is having

difficulty in placing a rated order for other-than-controlled materials in support of his rated contract. Prompt assistance in placement of valid rated or ACM orders will prevent the occurrence of bottlenecks which would require the use of an overriding priority.

E. Criteria for Sponsoring Direct Defense Orders Which DOD May Not Rate

1. If a DO rating and allotment number is necessary to get delivery of an item to a defense contractor or element of DOD, and a rating may not be issued under the terms of BDSA Delegation 1, the case may be sponsored for BDSA action.

2. The BDSAF-138, requesting DO rating, need contain sufficient information to establish only two facts: 1/ that the contractor or the procurement office needs assistance to get delivery of the item(s) requested by a certain date, and that not meeting that delivery date would have an adverse effect on a DOD schedule, regardless of the urgency of the schedule. (If directive or DX rating assistance is required on an urgent contract, see paragraph C above.) The military service or associated agency requesting authority to rate an item listed in Exhibit 1 to Section 2-1 of this Manual, will so state in Block 21 of the BDSAF-138.

F. Criteria for Sponsoring Defense-Related Orders

1. A request from a person who does not have a rated contract may be sponsored only if it supports a defense program. Cases must meet the criteria of paragraph B above to be sponsored for a DO rating and allotment number. 2/

2. If cases meet the general criteria and those of paragraph C above, they may be sponsored for directive or DX assistance.

1/ Special criteria for sponsoring construction machinery cases are in Section 4-8.2.
2/ Special criteria for sponsoring defense-related construction projects are in Section 4-9; for defense needs of friendly foreign countries, in Section 13-2.

A. Purpose and Scope

The purpose of this Issuance is to establish the procedure for overcoming shortages of materials and equipment affecting production or research and development schedules or completion of construction projects in support of defense programs. Metalworking machines are subject to the special instructions in Section 7-3 of this Manual.

B. General Rules for Processing Applications - BDSA Form 138

1. Forms BDSAF-138, "Request for Priorities Assistance" (Exhibit 1), will be submitted as a request for special assistance by the military contractor (or procuring service or agency) unable to obtain a material, as defined in the Introduction to this Section 7, at the time required to meet a rated contract schedule. The BDSAF-138 may be used not only to obtain advancement of delivery dates, but also to obtain assistance in placement of rated or ACM orders.

2. To assure expeditious handling of requests for special priority assistance, each operating level should forward the request immediately, unless the request is incomplete and requires additional data. In such cases the data should be obtained in the most expeditious manner.

3. All possible action will be taken and all available resources will be used to resolve problems which have generated requests for special priority assistance. Among the possible actions is use of the diversion of shipments authority for certain programs (see Section 12-2 of this Manual).

4. Classified information will be excluded from requests forwarded to BDSA. If information required is classified, the word "CLASSIFIED" will be inserted on the form instead of the information requested, and the requested data will be forwarded in a classified memorandum.

C. Preparation of Request

1. BDSAF-138 may be prepared by the contractor or by any responsible office in the Department of Defense or an associated agency.

2. BDSA requires an original and two copies; for cases transmitted through Installations and Logistics to BDSA, an extra copy is required.

3. In no case should a contractor be required to submit more than an original and seven copies.

* 4. The government office first sponsoring a BDSAF-138 will determine that it has been *
* prepared in accordance with the detailed instructions contained in Exhibit 2 to this Section. *
* Any necessary corrections or additions will be made on all copies before forwarding to the *
* next echelon. *

D. Processing through Channels

1. BDSAF-138 cases will be transmitted through channels in accordance with departmental, DSA or associated agency instruction.

2. Each higher echelon will review and consider the validity of the request from its greater knowledge of the over-all program affected. (See Exhibit 2 for detailed instructions on processing and endorsement.)

* 3. Designated offices in Army, Navy, Air Force, and DSA will assign departmental case *
* numbers and act as sponsors to BDSA. These designated offices are: Army, DCS/Log, Procure- *
* ment Programs Branch, Materials Section 1/; Navy, Office of Naval Material, Production *

- -

* Changed material.

1/ DCS/Log has authorized the Office of Chief of Engineers and Headquarters, U. S. Army Materiel Command, to submit routine special assistance cases direct to BDSA.

* Division, Materials Section; Air Force, Directorate of Production, DCS/Systems and Logistics, *
* Production Resources Branch; and Defense Supply Agency, Executive Directorate, Procurement *
* and Production, Production Division, Industrial Mobilization Branch. *

4. Requests for electronic tubes and other components or items, previously handled by the Electronic Production Resources Agency (EPRA), will be processed through departmental or DSA channels in the same manner as other special assistance requests.

5. The designated headquarters offices of Army, Navy, Air Force or DSA will transmit an original and two copies of the BDSAF-138 to the Correspondence and Issuance Staff, BDSA, with one self-addressed acknowledgment card Form AE-169. Authorized signatures are furnished BDSA through the Office of the Assistant Secretary of Defense (Installations and Logistics), as explained in Exhibit 3.

6. The Assistant Secretary of Defense (Installations and Logistics) has informed BDSA that the following requests for assignment of a DO rating in the D series may be processed by BDSA without further Department of Defense concurrence:

a. The Canadian Division, BDSA, will not be required to submit each request for special assistance to the Department of Defense for sponsorship in view of an interagency agreement that a case endorsed by BDSA and the Canadian Government is to be accepted as sponsored by the Department of Defense.

b. The Central Intelligence Agency requests will be submitted direct to BDSA and are considered by BDSA to have sponsorship of the Department of Defense.

c. Missions of friendly foreign countries may submit applications for Munitions List items to the BDSA. BDSA may approve cases which meet the Department of Defense criteria for sponsorship, referring questions to the Assistant Secretary of Defense (International Security Affairs) (see Section 13-3).

d. Applicants unable to determine the appropriate military department or associated agency with which to file, but who consider their activity essential to defense programs, may file their requests for special priorities assistance directly with BDSA. If such an application meets the established criteria, it will be considered as sponsored by the Department of Defense, and BDSA will take the necessary action. When doubt exists, such cases will be referred to the OASD(I&L).

7. Other cases from associated agencies require Department of Defense sponsorship, and should be submitted on BDSAF-138 in original and three copies to the OASD(I&L) for action and
* referral to BDSA. The designated offices of the associated agencies are: National Aeronautics *
* and Space Administration (NASA), Industrial Resources Branch; and Federal Aviation Agency (FAA), *
* Defense Requirements Officer, Installation and Materiel Service. *

* 8. Unresolved conflicts between requests from two or more departments (including DSA) *
* or between a department or DSA and another agency will be referred by the Priorities Represen- *
* tative concerned to the OASD(I&L). *

9. The OASD(I&L) will handle requests from agencies other than the military departments and DSA where Department of Defense sponsorship is required in defense-related or defense-supporting cases, coordinating proposed actions with all interested elements of the Department of Defense and other appropriate agencies, and resolving conflicts. The OASD(I&L) will assign an OASD(I&L) case number, sign as sponsor of or as concurring with the request, and submit cases to the Correspondence and Issuance Staff, Administrative Services Division, BDSA.

10. The office acting as sponsor will perform the necessary follow-up with BDSA, including the securing of other departmental concurrences when needed, and securing action notices for advice to submitting elements.

* E. <u>Resolution of Conflicts Referred by BDSA</u> *
* *
* 1. When BDSA advises the OASD(I&L), Production Support Branch, that a conflict exists at *
* the producer level, the relevant information will be relayed to the designated offices of the *
* departments or agencies concerned for verification of the required delivery date and the urgency *
* of the program. This information will be furnished to OASD(I&L) within 48 hours. Under excep- *
* tional circumstances, an earlier reply may be necessary. If a conflict still exists, it will *
* normally be resolved by the position of the end item on the Master Urgency List. Special *

- -

* Changed material.

* conditions or circumstances, e.g., Berlin contingency, Cuban crisis, etc., may, at times, *
* warrant overriding the Master Urgency List. If the affected department or agency believes *
* this to be the case, the facts justifying that position should be presented to the OASD(I&L) *
* for resolution by appropriate officials. *

* 2. When BDSA requests a sequence of deliveries because of many conflicts for rated *
* orders for a given item within a plant, the same procedure will be followed and the time *
* interval determined according to the circumstances involving the request. *

Exhibit 1:

Form Approved; Budget Bureau No. 41-R1607.1

Form BDSAF-138 (Rev.) (7-2-54)

U.S. DEPARTMENT OF COMMERCE
BUSINESS AND DEFENSE SERVICES ADMIN.

REQUEST FOR PRIORITIES ASSISTANCE

READ INSTRUCTIONS ON REVERSE SIDE

FOR BDSA USE ONLY

Received in BDSA

BDSA Case No.

ROUTED TO:

BDSA Division

1. TO: *(Fill in name and address of appropriate Claimant Agency)*

2. (a) Applicant's name and complete address *(Street, City, Zone, State)*

(b) Telephone No. _____ (c) Ref. No. _____

3. Nature of Applicant's business (e.g., Mfr. of elec. appl., hospital, farmer, etc.)

4. How will item(s) shown in (11) be used? *(Check appropriate principal and subheaded boxes and explain fully in (21).*

- ☐ As Capital Equipment
  - ☐ for replacement
  - ☐ for addition
  - ☐ for stand-by
- ☐ As Production Material
  - ☐ for general inventory
  - ☐ for processing particular order or contract, where cannot draw from general inventory or work in process
- ☐ For Construction Project
  - ☐ for building material
  - ☐ for building equipment
  - ☐ for operating equipment

5. Description of product or class of products to be delivered, or service rendered by Applicant through use of item(s) shown in (11).

6. To whom will product or service shown in (5) be shipped or rendered. If for a particular customer, give correct name and complete address *(Street, City, Zone, State)*.

7. State, if known, use to which particular customer will put Applicant's product or service and his defense or other contract number or the program with which the product or service will be connected.

8. Particular customer's purchase order or contract number, and date.

9. DO rating on particular customer's purchase order.

10. Date Applicant accepted particular customer's purchase order.

11. MATERIAL OR ITEM(S) FOR WHICH APPLICANT REQUESTS ASSISTANCE TO OBTAIN OR EXPEDITE DELIVERY.

Quantity (*lbs., ft., pcs.*) (a)	Description (as appearing in Applicant's purchase order) (b)	Approximate dollar value of quantity shown (c)

12. If Applicant has applied before for assistance to obtain or expedite the item(s) shown in (11), give name of Claimant Agency applied to, date of application, Agency's case or reference number and result.

13. Applicant's purchase order number to Supplier (person who will invoice shipment(s)), and date

14. DO rating on Applicant's purchase order. If none, so state. If controlled materials are involved, show correct allotment symbol and delivery quarter.

15. Date Supplier accepted Applicant's purchase order.

Fold Here

16. (a) Supplier's name and complete address *(Street, City, Zone, State)*

(b) Supplier's telephone number _____

(c) Supplier's shop order number

(d) If Supplier is an agent or distributor, state name and complete address of manufacturer or producer.

17. Shipment Schedule of product shown in (5) - Applicant to customer(s)

(a) Customer's shipment requirements	Month Year							
	No. of units							Total units
(b) Applicant's probable shipment(s) without assistance	Month Year							
	No. of units							Total units

18. Shipment Schedule of materials shown in (11) - Supplier to Applicant

(a) Shipment(s) required by Applicant	Month Year							
	No. of units							Total units
(b) Supplier's present shipment promise	Month Year							
	No. of units							Total units

USE SEPARATE SHEET, IF NECESSARY, FOR ANSWERS TO (19), (20), AND (21) BELOW

19. Reasons given by Supplier for inability to meet Applicant's required shipment date(s).

20. List at least two other Suppliers contacted. *(If none contacted, explain why)*

Date (a)	Name and complete address (b)	Best quoted shipment date(s) and other pertinent data (c)

21. Explain briefly your overall situation, and the use indicated in (4). State clearly whether this request applies to your entire need or to only a portion of a larger procurement program or plan. If the latter, explain its scope, purpose and present status. Explain also efforts to produce or render service through subcontracting or use of other materials or equipment. Give specific reasons to justify rendering of assistance.

22. **CERTIFICATION** - The undersigned Applicant (individual, corporation, partnership, association or other organized group of persons, or agency or unit of government) and the official executing this certification on its behalf, hereby certify that the information contained in items (2) to (21) inclusive of this form, as supplemented by any information attached hereto and similarly signed, is correct and complete to the best of their knowledge and belief.

_____ By _____
Name of applicant — Signature and typed name of authorized official

_____ _____
Date — Title

The U.S. Code, Title 18 (Crimes and Criminal Procedure), Section 1001, formerly Section 80, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction. The individual company information reported on this form is for use in defense mobilization activities. Persons who have access to individual company information are subject to penalties for unauthorized disclosure.

Comm-DC 61423

FOR USE OF BDSA DIVISION OR OTHER GOVERNMENT DEPARTMENT OR AGENCY SPONSORING THIS REQUEST

23. (a) Remarks	By whom	Date
(b) Remarks	By whom	Date
(c) Remarks	By whom	Date
24. Coordination or other action taken	By whom	Date

25. (a) Name of Sponsor (BDSA Division or other Claimant Agency)	(b) Sponsor's Address (If other than BDSA Division)	
(c) Sponsor's Case Reference No.	(d) Name of person handling case in Sponsor's office	Telephone No.

26. (a) Sponsor's program or service to be benefitted by Applicant's product or service (item (5) on first page)	(b) Recommendation

(c) Statement of urgency of particular program or service and Applicant's part in it. Also, extent to which failure to obtain requested assistance will adversely affect the program or service.

(d)

Signature of sponsor's authorized official — Title

Typed name of authorized official — Date

INSTRUCTIONS FOR FILING FORM BDSAF-138, REVISED

General Instructions

WHO MAY FILE – Any person (Individual, Corporation, Partnership, Association or other organized group of persons, or any Agency or Unit of Government) may seek needed delivery assistance from the Business and Defense Services Administration through use of this Form, if he is unable to obtain any item of material or component or piece of equipment at the time he requires it for the production of a product or rendering of a service essential to

(a) a Military or Atomic Energy Commission contract or program, or

(b) prevention of serious delay in completion of an important industrial, public utility or construction program, or

(c) a program or activity deemed essential to the health, safety or welfare of the community, or

(d) the overcoming of an unreasonable, exceptional and proved hardship (such as, where the item needed is to replace equipment destroyed or completely worn out).

Unless the Applicant's situation clearly falls within one or more of the above-stated categories, assistance will be withheld.

WHERE TO FILE – An Applicant should first refer to the list of Claimant Agencies given below to determine the Agency concerned with the Applicant's particular product or service or type of business. He should then complete Block 1 of Form BDSAF-138, Revised, as the address to which to submit his request. The Agency named should act as his Sponsor to BDSA. If unable to determine his sponsoring Agency, or if the Claimant Agency indicates that the application has been misdirected, an Applicant should submit his request to the Business and Defense Services Administration, Washington 25, D.C.

COPIES TO BE FILED – The Applicant shall mail an original and three (3) copies of Form BDSAF-138, Revised, to the appropriate Claimant Agency, except that a Claimant Agency (other than BDSA) may request an Applicant to file additional copies of Form BDSAF-138, Revised, to facilitate its action as his Sponsor.

WHEN FORMS OTHER THAN BDSAF-138, REVISED, ARE TO BE USED – Where another Form is specified for the Applicant's purpose by a particular M-order of BDSA, such other Form should be used instead.

If a Claimant Agency has been providing a Form of its own for application for priorities assistance, such other Form may be used instead.

Applicants from other than the United States, its Territories and Possessions and Canada will, in lieu of BDSAF-138, Revised, use FC-835 (IT-835) and follow the procedures relating thereto as issued by the Bureau of Foreign Commerce and the Mutual Security Agency, respectively. Canadian Applicants will use an appropriate Form of the Canadian Department of Defense Production.

SUBMITTING REQUESTS – If Any Space is Insufficient For a Clear and Complete Statement of the Information Called For, a Separate Sheet or Letter, With a Copy Firmly Attached to Each Copy of the Form, Should be Used With Indication of the Block Number Concerned.

Unless otherwise directed by Specific Instructions below, an Applicant must complete Blocks 2 to 22, inclusive.

Claimant Agencies (other than BDSA) accepting Form BDSAF-138, Revised, from an Applicant will in all cases complete Blocks 23 - 26 before forwarding the original and three (3) copies of the Form, with attachments, to BDSA.

A Claimant Agency, receiving in a letter or other communication information adequate to appropriate completion of Form BDSAF-138, Revised, may submit to BDSA on behalf of the Applicant a request in an original and three (3) copies of this Form, by completing all applicable blocks of the Form, including Blocks 1 and 23 to 26, inclusive, and attaching the original and any copies of the communication received. Should such information be submitted in an established priorities request Form of its own, the Claimant Agency may submit the request by completing Blocks 1 and 2 and 23 to 26, inclusive, on an original and three (3) copies of Form BDSAF-138, Revised, and attaching to these the original and one (1) copy of its own Form.

Specific Instructions

Entries in Block 11 must be restricted to those appearing on a single purchase order of the Applicant.

> If item(s) entered in Block 11 is (are) needed for conduct of an Applicant's overall business and not for completion of a specific order or contract received from a particular customer, Applicant should in
>
> *Block 6* - show the type or class of customers or area or market served
>
> *Blocks 7 to 10, inclusive* - omit entries
>
> *Blocks 17(a) and 17(b)* - omit entries

It is essential that an Applicant provide his Sponsor and the Business and Defense Services Administration with as clear an understanding as he can, not only as to his situation and need, but particularly as to the reasons believed to justify the rendering of the special assistance requested. To this end Block 21 should be completed with care. Failure to furnish complete information may retard or prevent the desired assistance.

If disclosure of the use to which the particular customer will put Applicant's product is prohibited by security regulations, give general description in Block 7, and enter "classified" in Blocks 17(a) and (b).

APPLICATION MUST BE TYPEWRITTEN OR PRINTED IN INK

LIST OF CLAIMANT AGENCIES

Name and Address

Department of Defense, Department of the Navy, Department of the Army, Department of the Air Forces, Associated Agencies of the Department of Defense

Address: Local contracting officer of the appropriate Department or Associated Agency

Department of the Army, Corps of Engineers

Address: District Engineer's office

Atomic Energy Commission

Address: Appropriate operations office

Areas of Interest

Programs of the Department of Defense
Programs of the Atomic Energy Commission
Programs sponsored by the above agencies
Programs of the Business and Defense Services Administration

Exhibit 2: Instructions for BDSAF-138

A. Scope of a BDSAF-138 Application

Each BDSAF-138 request will be restricted to:

1. One applicant.

2. One type of material (steel, copper, aluminum, electrical equipment, component).

3. One general product class of material (structural steel, steel plates, steel pipe, HR bars, copper wire mill products, etc.).

4. One supplier.

5. One purchase order "item", except that two or more "items" which conform to 1, 2, 3, and 4 above, may be included on one request.

6. Where two or more purchase orders or "items" on a purchase order conform to restrictions 1, 2, 3, and 4, Block 13 and Block 18, where necessary, should be marked "See Attachment". The attachment will include the required and promised dates for each item. The schedule for each item must be appropriately labeled with the item identification.

B. Block Instructions for Preparation of BDSAF-138

The following instructions for preparation of BDSAF-138's should be used as a guide in reviewing and completing applications for priorities assistance:

Block 1. Include the name of the Technical Service, Bureau or Command and name and address of the office administering the prime contract.

Block 5. The description in this block should identify the specific product or service for which the items listed in Block 11 are needed. If the applicant is a prime contractor, this block should list the end-item; if a subcontractor, it should identify the sub-assembly or component being supplied to the applicant's customer.

Block 6. Enter in this space the name and address of the customer who ordered the item listed in Block 5.

Block 7. If applicant is a subcontractor, he should indicate here, if known, the end-item which the prime contractor is furnishing. The prime contract number should also be entered, if known. Prime contractors need not use this block.

Blocks 8, 9 and 10. The information supplied in these blocks should relate to the contract or order received by the applicant for the item shown in Block 5.

Block 11. The description in column (b) of this block should be adequate to permit easy identification by those offices responsible for processing expediting cases. Part numbers alone are not sufficient and where used should be accompanied by an adequate word description. Form and shape, size and length, government and commercial specifications should be included where applicable.

Blocks 13, 14 and 15. Enter in these blocks the specified data for the order placed by the applicant on his supplier. The date shown in Block 15 should be the date accepted by the producing mill or plant rather than the date accepted by a local sales office.

Blocks 16(a) and (b). The complete name, address and telephone number of the company from which the item or items listed in Block 11 are being obtained should be entered in this block.

Block 16(c). The producer's shop order number should be furnished if at all possible because it facilitates identification of the order by the supplier when called by BDSA.

Block 16(d). The actual producer of the item listed in Block 11 should be entered here if different from the name listed in Block 16(a). Where an entry is needed in this block, the information supplied in Block 16(c) must be for the producer named in 16(d).

Block 17(a). This block should show the latest delivery requirements of the applicant's customer for the item shown in Block 5.

Block 17(b). This will show when the applicant believes he will be able to ship the item listed in Block 5 based upon his supplier's current delivery promises.

Block 18(a). The information given should be directly related to that shown in Block 17(a).

Block 18(b). This block should show when applicants' suppliers have promised to make shipment of items shown in Block 11. The information required here is directly related to Block 17(b).

Block 19. The information desired in this block is the explanation given by the producer for not being able to meet the required delivery date. The more specific the explanation, the easier it will be to determine the nature of the problem and therefore the type of assistance which will be most beneficial.

Block 21. In addition to the information specifically requested in this block, the applicant should clearly state the nature of the assistance believed necessary to enable supplier to meet required shipping dates.

Block 22. Applicant (if contractor) will make no entries beyond this point.

Block 23(a). The signature of the office first sponsoring a request for special assistance is a representation that receipt of all other materials, assemblies, major components, and tools needed for completion of the contract has been coordinated, and that data on scheduled deliveries have been checked with the contractor.

Block 23(b). The signature of a Technical Service, Bureau, or Command headquarters representative is a representation that the form has been screened for completeness, missing information has been added, and, on cases requesting improved delivery dates, that the urgency of the request is clearly and specifically stated in Block 26(c).

Block 23(c). The signature of the departmental representative is a representation that the need for the requested assistance is valid, and that the urgency statement in Block 26(c) is as stated or modified.

Block 24. Inter- or intra-departmental concurrences in delay of conflicting orders will be entered here.

Block 25. The office responsible for sponsoring the case to BDSA will complete this entry.

Block 26(a). Identify the military program involved.

Block 26(c). Indicate the urgency of the military program involved. Furnish the appropriate urgency category nickname, and the relative priority number if a Master Urgency List item is affected (see Section 8-1 of this Manual).

Block 26(d). Signature of designated official authorized to sponsor cases to BDSA (departmental, EPRA, or OASD(I&L), depending on type of case).

Exhibit 3: Official Signature on Requests for Special Assistance

Each person who is to be designated an authorized official of an organizational element of a Department shall transmit in duplicate Form GA-326 properly executed to the Office of the Assistant Secretary of Defense (Installations and Logistics).

In the transmittal to the Office of the Assistant Secretary of Defense (Installations and Logistics), the authorized official being replaced should be indicated so that his authorization can be voided. No organizational element should have more than four (4) authorized persons, a lesser number if possible.

Where it becomes necessary to designate a person for a particular program or for limited time periods, it should be so stated in the transmittal.

Form GA-326
(6-8-55)

U.S. DEPARTMENT OF COMMERCE
BUSINESS AND DEFENSE SERVICES ADMINISTRATION

OFFICIAL SIGNATURE FOR FORM BDSAF-138

Signature of official who is authorized to sign Form BDSAF-138 requests for priorities assistance.

Agency or Department

Organizational Unit

Name typed _____ Signature _____

Title typed _____ Date _____

Comm-DC-71860

A. General

This Section 7-3 sets forth the procedures for requesting advancement of delivery dates on orders for metalworking machines. Requests for advancement of delivery dates on orders for other production equipment and scientific and technical equipment will be processed in accordance with the procedures set forth in Section 7-2 of this Manual.

B. Definitions

1. "Metalworking machines" are those items of equipment included in Federal Supply Classification Code Groups 3411 through 3419, and 3441 through 3449 (see Exhibit 1).

2. "Idle metalworking equipment" is Department of Defense owned equipment which is no longer required at the present location for the purpose authorized or provided.

C. Policies

1. Before requesting advancement of delivery dates on orders for metalworking machines, operating elements of the Department of Defense and associated agencies will attempt to resolve these problems by:

a. Utilization of resources under their control. (This includes prearranged diversions within the quota of the requesting department.)

b. Use of idle equipment from Defense Industrial Plant Equipment Center (DIPEC) or civilian sources, if the Certificate of Non-Availability (DD Form 1419) has been in effect more than 45 days.

c. Investigation of more extensive subcontracting, or alternate sources for procurement of the metalworking machine(s) under question.

2. Assistance of other military departments and Department of Defense associated agencies will be sought by direct communication.

3. Operating elements of the Department of Defense and associated agencies will not approach manufacturers of metalworking machines to obtain advancement of delivery dates.

D. Procedure

When idle equipment is not available, and other resources cannot be used, the procedures set forth below will be followed to secure improved deliveries of metalworking machines:

1. Department of Defense and associated agencies will designate liaison representatives and advise the OSD representative of their names, rank, positions, and extensions. These departmental and agency liaison representatives will:

a. Ascertain that requests are for advancement of delivery dates on orders for metalworking machines and that such requests comply with the policies specified in C, 1 through C, 3 above.

b. Determine that all Forms BDSAF-138, "Request for Priorities Assistance", (Exhibit 1 to Section 7-2) for such requests are properly completed and otherwise in order. This will include but is not limited to the following:

(1) The words "MILITARY DIVERSION" will be typed or stamped at the top center of the Form BDSAF-138.

(2) A departmental case number will be typed in the heading directly under the title "Form BDSAF-138, Revised". The first two digits of this number will be the service code (as prescribed in DOD Instruction 4140.15) followed by a hyphen and appropriate departmental numbers

(3) The unclassified nickname Brick-Bat or Cue-Cap will be typed or stamped in the heading directly under "U. S. Department of Commerce". If the program or item for which the metalworking machine is needed is not on the DOD Master Urgency List, indicate "Not in Brick-Bat or Cue-Cap".

(4) Ascertain that the contracting officer or his representative has signed Item 23(a).

(5) Ascertain that Item 23(b) has been signed by a representative of the sponsoring DMS operating elements and the following statement has been inserted in this block by him: "No equipment is available from other military sources and an investigation reveals no suitable substitutes are immediately available."

(6) Item 23(c) will be left blank.

(7) Type in the following statement in Item 26(c): "No suitable substitute equipment is available in DIPEC to satisfy this request."

(8) The departmental or associated agency representatives will sign in 26(d).

(9) Forward an original and two copies of the Form BDSAF-138 to the designated OSD Representative, Installations and Logistics.

2. The Assistant Secretary of Defense for Installations and Logistics will designate an OSD Representative who will:

a. Review all Forms BDSAF-138 that departmental and associated agency representatives submit to him.

b. Sign in Item 24.

c. Forward the original and two copies to Correspondence and Issuance Staff, BDSA.

d. Receive from the Correspondence and Issuance Staff, one copy of Form BDSAF-138, marked with the BDSA Case Number.

e. Receive and distribute copies of diversion directives or other action notification to the requesting departmental or associated agency representatives and to representatives of the other affected departments or agencies.

E. Conflicts

1. In the case of conflicting deliveries of Department of Defense orders which cannot be otherwise resolved, departmental representatives may appeal to the Staff Director, Industrial Production Equipment Division, Office of the Assistant Secretary of Defense (Installations and Logistics), for a decision. In such cases, all departmental representatives involved will furnish complete justification of the positions taken by them on behalf of their departments.

2. The OSD Representative will inform the representatives of the departments and agencies concerned of the decisions of the Staff Director, Industrial Production Equipment Division.

3. Such decisions, if not satisfactory to the departments or agencies concerned, may be appealed to the Deputy Assistant Secretary of Defense (Installations and Logistics) for Weapons Acquisition and Industrial Readiness, Office of the Assistant Secretary of Defense (Installations and Logistics).

Exhibit 1: Metalworking Machines Classification Groups

FSC Groups

3411	Boring Machines
3412	Broaching Machines
3413	Drilling Machines
3414	Gear Cutting and Finishing Machines
3415	Grinding Machines
3416	Lathes
3417	Milling Machines
3418	Planers
3419	Miscellaneous Machine Tools
3441	Bending and Forming Machines
3442	Hydraulic and Pneumatic Presses
3443	Mechanical Presses, Power Driven
3444	Manual Presses (Arbor, Straightening, Forcing and Assembly)
3445	Punching and Shearing Machines
3446	Forging Machinery and Hammers (not including Forging Presses)
3447	Wire and Metal Ribbon Forming Machines (not including Roll Forming 3441 96 00)
3448	Riveting Machines (not including Power Driven Hand Riveting Machines)
3449	Miscellaneous Secondary Metal Forming and Cutting Machines

Programs of Highest National Priority

A. Purpose

This Part establishes a policy for the resolution of delivery conflicts affecting the programs of highest national priority. The scope of the Department of Defense's DX rating and allotment authority for these programs is contained in PAM Section 14.

B. General

Special assistance requests (138's) to BDSA are not needed for issuance of DX ratings for the programs determined to be of the highest national priority, but may be required for improving delivery dates (1) of orders already identified DX, (2) of materials not subject to ratings, or (3) to resolve conflicts between DX rated orders (see paragraph C below). The procedure of PAM Section 7-2 will be followed to assure that all available assistance is requested to support these programs, identified in the DOD Master Urgency List as Brick-Bat .01. Expeditious handling of cases is required.

C. Policy for Resolution of Conflicts

1. The DOD programs of highest national priority (Brick-Bat .01) are given automatic industrial priority over all other programs by rating contracts and purchase orders "DX" which takes precedence over "DO" ratings. ACM orders for these programs are identified with the DX symbol (see PAM Section 14). It is the DOD policy to keep all programs on schedule, and to adjust deliveries so as to expedite any bottleneck item, but only to the extent that there is no interference with required deliveries for the highest priority programs. In the event that adjustment cannot be made without delaying the scheduled progress of a Brick-Bat .01 program, the case will be handled as follows.

2. Delivery conflicts between DX rated orders for these programs and DX rated orders issued by BDSA to break bottleneck situations for other DOD and Atomic Energy Commission programs will be resolved in favor of Brick-Bat .01 programs by issuance of a directive by BDSA or by the departments in the exercise of their delivery scheduling authority as provided for in PAM Section 12-2 (DD 598 procedure). Conflicts for deliveries of controlled materials will be similarly resolved in favor of Brick-Bat .01 programs by departmental or BDSA action. A conflict between two programs, both of which are designated as of highest national priority (i.e., listed in Brick-Bat .01), that cannot be resolved by interdepartmental agreement will be referred to the Secretary of Defense, through the OSD "S" Urgency Officer, as a matter of urgency (see PAM Section 8-1).

A. General

This Section 7-3 sets forth the procedures for requesting advancement of delivery dates on orders for metalworking machines. Requests for advancement of delivery dates on orders for other production equipment and scientific and technical equipment will be processed in accordance with the procedures set forth in Section 7-2 of this Manual.

B. Definitions

1. "Metalworking machines" are those items of equipment included in Federal Supply Classification Code Groups 3411 through 3419, and 3441 through 3449 (see Exhibit 1).

2. "Idle equipment" is that Department of Defense owned or controlled equipment, regardless of where located, which is not in current productive use and is not contemplated for use by the owning department within 90 days, excluding (1) equipment installed or designated for currently scheduled production, but not yet in use pending completion of line, and (2) specific machine tools or other related production equipment for maintenance or overhaul of material in current use.

C. Policies

1. Before requesting advancement of delivery dates on orders for metalworking machines, operating elements of the military departments and associated agencies will attempt to resolve these problems by:

a. Utilization of resources under their control. (This includes prearranged diversions within the quota of the requesting department.)

b. Use of idle equipment from Production Equipment Redistribution Inventory (PERI) or civilian sources.

c. Investigation of more extensive subcontracting, or alternate sources for procurement of the metalworking machine(s) under question.

2. Assistance of other military departments and Department of Defense associated agencies will be sought by direct communication.

3. Operating elements of the military departments and associated agencies will not approach manufacturers of metalworking machines to obtain advancement of delivery dates.

D. Procedure

When idle equipment is not available, and other resources cannot be used, the procedures set forth below will be followed to secure diversion of metalworking machines:

1. Military departments and associated agencies will designate liaison representatives and advise the OSD representative of their names, rank, positions, and extensions. These departmental and agency liaison representatives will:

a. Ascertain that requests are for advancement of delivery dates on orders for metalworking machines and that such requests comply with the policies specified in C,1 through C,3 above.

b. Determine that all Forms BDSAF-138, "Request for Priorities Assistance", (Exhibit 1 to Section 7-2) for such requests are properly completed and otherwise in order. This will include but is not limited to the following:

(1) The words "MILITARY DIVERSION" will be typed or stamped at the top center of the Form BDSAF-138.

(2) A departmental case number will be typed in the heading directly under the title "Form BDSAF-138, Revised". The first two digits of this number will be the service code (as prescribed in DOD Instruction 4215.12) followed by a hyphen and appropriate departmental numbers.

(3) The unclassified nickname Brick-Bat or Cue-Cap will be typed or stamped in the heading directly under "U. S. Department of Commerce". If the program or item for which the metal-working machine is needed is not on the DOD Master Urgency List, indicate "Not in Brick-Bat or Cue-Cap".

(4) Ascertain that the contracting officer or his representative has signed Item 23(a).

(5) Ascertain that Item 23(b) has been signed by a representative of the sponsoring Technical Service (Army), Bureau (Navy), or of a comparable level in the Air Force and the following statement has been inserted in this block by him: "No equipment is available from other military sources and an investigation reveals no suitable substitutes are immediately available."

(6) Item 23(c) will be left blank.

(7) Type in the following statement in Item 26(c): "No suitable substitute equipment is available in PERI to satisfy this request."

(8) The departmental or associated agency representatives will sign in 26(d).

(9) Forward an original and two copies of the Form BDSAF-138 to the designated OSD Representative, Installations and Logistics.

c. Receive from the Diversion Section, Metalworking Equipment Division, five copies of the GA-80, "Diversion Work Sheet", containing a list of the possible diversions, and will decide upon the submission of the GA-80 Work Sheet to other services affected.

2. The Assistant Secretary of Defense for Installations and Logistics will designate an OSD Representative who will:

a. Review all Forms BDSAF-138 that departmental and associated agency representatives submit to him.

b. Sign in Item 24.

c. Forward the original and two copies, together with three copies of "Special Assistance Request Receipt", Form SD 336, to Correspondence and Issuance Staff, BDSA.

d. Receive from the Correspondence and Issuance Staff, one copy of Form BDSAF-138, together with two copies of the acknowledgment slip marked with the BDSA Case Number.

e. Receive the original of the GA-80 upon its return from the requesting departmental or agency representative with indicated concurrences or non-concurrences of the representatives of other affected departments or agencies.

f. Sign the original GA-80 and forward to the Diversion Section for action leading to the issuance of a diversion directive by BDSA.

g. Receive and distribute copies of diversion directives to the requesting departmental or associated agency representatives and to representatives of the other affected departments or agencies.

E. Conflicts

1. In the case of non-concurrences, departmental representatives may appeal to the Staff Director, Industrial Production Equipment Division, Office of the Assistant Secretary of Defense (Installations and Logistics), for a reversal of the non-concurrence. In such cases, all departmental representatives involved will furnish complete justification of the positions taken by them on behalf of their departments.

2. The OSD Representative will inform the representatives of the departments and agencies concerned of the decisions of the Staff Director, Industrial Production Equipment Division.

3. Such decisions, if not satisfactory to the departments or agencies concerned, may be appealed to the Director for Production Policy, Office of the Assistant Secretary of Defense (Installations and Logistics).

A. Purpose

1. The purpose of this instruction is to explain how purchase orders for metalworking machines of prime and subcontractors are identified with the necessary information so that deliveries may be scheduled by the producers.

* 2. The urgency standings of the prime contracts in the Numerical Preference List are
* not current; the latest changes in this List were made in July 1959. BDSA has informed the
* Department of Defense that Order M-41 is being amended.

B. Definitions

1. "Metalworking machine" means any new, non-portable, power-driven item of plant equipment which is listed on Exhibit 1 to this Section 6-3, and has a producer's list price for the basic machine itself of $1,000 or more. The producer's list price for the basic machine itself means the sale price at which the producer's catalog or other price publication lists the basic machine, exclusive of the motor, motor drive, or any attachments therefor, unless the motor, motor drive, or attachments are initially built into the basic machine itself, as an integral part thereof, in which case the producer's list price for the basic machine shall be the sale price at which the producer lists the machine as an assembled unit. The term metalworking machine includes all fixtures, equipment, and tooling covered by the original purchase order which are required to be delivered with the basic machine to make it usable in production for the purposes intended. It does not include replacements, spare parts or equipment, or extra tooling.

2. "Service group" means a subdivision of the Department of Defense. For the purposes of BDSA Order M-41, there are deemed to be seven: Ordnance, Army less Ordnance, Bureau of Ordnance (Navy), Bureau of Ships (Navy) Miscellaneous Bureaus and Offices (Navy) [including Bureau of Yards and Docks, Bureau of Supplies and Accounts, Bureau of Medicine and Surgery, USMC, USCG, ONR, MSTS, and NPR], Bureau of Aeronautics (Navy), and Air Force.

C. Changes in Urgency Standings (Inactive)

1. Section 6(c) of BDSA Order M-41 requires that subcontractors obtain the approval of their prime contractor and endorsement of the military department concerned before using the urgency standing assigned to the prime contract. The latest edition of the Numerical Preference List assigns new numbers in some cases. Operating elements are not required to re-endorse the use of a new urgency standing nor is the purchaser required to re-certify such new urgency standing provided he has furnished the information to his producer outlined in D,1 below (see Section 6(e) of BDSA Order M-41).

D. Procedure

The following procedure treats separately the information that must accompany all new prime contract purchase orders for metalworking machines and the determination that adequate information accompanies all new subcontract purchase orders for metalworking machines.

1. Prime Contract Procurement - Operating elements designated by the military departments and associated agencies and prime contractors will give to producers of metalworking machines with reference to their new purchase orders:

a. The name of the service group which placed or sponsored the contract for which the metalworking machine being purchased is to be used.

b. The DO rating assigned.

c. The required delivery date.

d. The urgency standing assigned to the prime contract for which the metalworking machine is to be used (see A,2 above).

e. The name of the prime contractor for whose prime contract the metalworking machine is to be used.

f. The number of the prime contract for which the metalworking machine is to be used.

g. Specifications or other descriptions of the metalworking machine in sufficient detail to enable the producer to place it on his production schedule.

2. Subcontract Procurement - Operating elements designated by the military departments and associated agencies will:

a. Examine all subcontract new purchase orders or applications for ratings submitted to them to determine that they contain the information required by a through g above.

b. Examine all subcontract new purchase orders or applications for ratings submitted to them to determine that they have the approval of their prime contractor.

c. Endorse the new purchase orders or rating authorizations if they are properly prepared, contain the necessary information, and are otherwise in order.

E. Exception (Inactive)

In the event a prime contract is added to the Numerical Preference List and a subcontractor wants to use the urgency standing thereby assigned to schedule a rated purchase order in the production schedule of a producer, the subcontractor must apply to the prime contractor for approval of use of the urgency standing and submission of that application to the proper military department for endorsement.

F. Required Delivery Dates for Reserve Tooling

Required delivery dates on purchase orders or contracts for metalworking machines for reserve tooling must be specified, as required by Section 15 of BDSA Reg. 2. Service purchasers of reserve tooling will require delivery on the nearest open date for rated orders from service purchasers. Service purchasers will place upon all orders for metalworking machines, covered by BDSA Order M-41, for reserve tooling, the following statement:

> "The metalworking machinery on this purchase order is required for reserve tooling and not for current production. Its delivery shall be scheduled on the first open date for orders from service purchasers under the quota of the (Insert name of service group). Thereafter, if the required delivery dates of orders for identical machinery, required for current production, being scheduled for delivery under the quota of the (Insert name of service group) conflict with this order, you shall reschedule delivery of this order. You must notify us of the delivery date to which you reschedule this order."

If a requirement for a metalworking machine for current production ceases to exist but the item is required for reserve, the service purchaser's order for that metalworking machine must be treated as though it were a purchase order for reserve tooling. Service purchasers will notify the builder to that effect at the time the status of the purchase order changes by forwarding to the builder an adaptation of the statement required above on original purchase orders for reserve tooling.

A. Purpose and Scope

The purpose of this Issuance is to establish the procedure for overcoming shortages of materials and equipment affecting production or research and development schedules or completion of construction projects in support of defense programs. Metalworking machines are subject to the special instructions in Section 7-3 of this Manual.

B. General Rules for Processing Applications - BDSA Form 138

1. Forms BDSAF-138, "Request for Priorities Assistance" (Exhibit 1), will be submitted as a request for special assistance by the military contractor (or procuring service or agency) unable to obtain a material, as defined in the Introduction to this Section 7, at the time required to meet a rated contract schedule. The BDSAF-138 may be used not only to obtain advancement of delivery dates, but also to obtain assistance in placement of rated or ACM orders.

2. To assure expeditious handling of requests for special priority assistance, each operating level should forward the request immediately, unless the request is incomplete and requires additional data. In such cases the data should be obtained in the most expeditious manner.

3. All possible action will be taken and all available resources will be used to resolve problems which have generated requests for special priority assistance. Among the possible actions is use of the diversion of shipments authority for certain programs (see Section 12-2 of this Manual).

4. Classified information will be excluded from requests forwarded to BDSA. If information required is classified, the word "CLASSIFIED" will be inserted on the form instead of the information requested, and the requested data will be forwarded in a classified memorandum.

C. Preparation of Request

1. BDSAF-138 may be prepared by the contractor or by any responsible office in the DoD or an associated agency.

2. BDSA requires an original and two copies; for cases transmitted through Installations and Logistics to BDSA, an extra copy is required.

3. In no case should a contractor be required to submit more than an original and seven copies.

4. The office preparing or first receiving a BDSAF-138 will determine that the BDSAF-138 is complete and accurate, including specific data since general statements confuse and delay resolution of problems (see Exhibit 2 for detailed instructions), and make any corrections or additions of information on all copies.

D. Processing through Channels

1. BDSAF-138 cases will be transmitted through channels in accordance with departmental, DSA or associated agency instructions.

2. Each higher echelon will review and consider the validity of the request from its greater knowledge of the over-all program affected. (See Exhibit 2 for detailed instructions on processing and endorsement.)

3. Designated offices in Army, Navy, Air Force, and DSA will assign departmental case numbers and act as sponsors to BDSA.

* 4. Requests for electronic tubes and other components or items, previously handled by the *
* Electronics Production Resources Agency (EPRA), will be processed through departmental or DSA *
* channels in the same manner as other special assistance requests. *

5. The designated headquarters offices of Army, Navy, Air Force or DSA will transmit an original and two copies of the BDSAF-138 to the Correspondence and Issuance Staff, BDSA, with one self-addressed acknowledgment card Form AE-169. Authorized signatures are furnished BDSA through the Office of the Assistant Secretary of Defense (Installations and Logistics), as explained in Exhibit 3.

6. The Assistant Secretary of Defense (Installations and Logistics) has informed BDSA that the following requests for assignment of a DO rating in the D series may be processed by BDSA without further DoD concurrence:

a. The Canadian Division, BDSA, will not be required to submit each request for special assistance to the DoD for sponsorship in view of an interagency agreement that a case endorsed by BDSA and the Canadian Government is to be accepted as sponsored by the DoD.

b. The Central Intelligence Agency requests will be submitted direct to BDSA and are considered by BDSA to have sponsorship of the DoD.

c. Missions of friendly foreign countries may submit applications for Munitions List items to the BDSA. BDSA may approve cases which meet the DoD criteria for sponsorship, referring questions to the Assistant Secretary of Defense (International Security Affairs) (see Section 13-3).

d. Applicants unable to determine the appropriate military department or associated agency with which to file, but who consider their activity essential to defense programs, may file their requests for special priorities assistance directly with BDSA. If such an application meets the established criteria, it will be considered as sponsored by DoD, and BDSA will take the necessary action. When doubt exists, such cases will be referred to the Office of the Assistant Secretary of Defense (Installations and Logistics).

7. Other cases from associated agencies require DoD sponsorship, and should be submitted on BDSAF-138 in original and three copies to the Office of the Assistant Secretary of Defense (Installations and Logistics) for action and referral to BDSA.

8. Conflicts between requests from two or more departments (including DSA) or between a department or DSA and another agency will be referred to the Office of the Assistant Secretary of Defense (Installations and Logistics).

9. The Office of the Assistant Secretary of Defense (Installations and Logistics) will handle requests from agencies other than the military departments and DSA where DoD sponsorship is required in defense-related or defense-supporting cases, coordinating proposed actions with all interested elements of the DoD and other appropriate agencies, and resolving conflicts. The Office of the Assistant Secretary of Defense (Installations and Logistics) will assign an OASD(I&L) case number, sign as sponsor of or as concurring with the request, and submit cases to the Correspondence and Issuance Staff, Administrative Services Division, BDSA.

10. The office acting as sponsor will perform the necessary follow-up with BDSA, including the securing of other departmental concurrences when needed, and securing action notices for advice to submitting elements.

Numerical Preference List
BDSA Order M-41

A. Introduction

1. BDSA Order M-41 requires that, upon determination of the quota for each service group by each manufacturer, the order board scheduling and delivery of metalworking machines will be accomplished in accordance with a Numerical Preference List, alphabetically cross-referenced.

2. Direction 1 to BDSA Order M-41 requires that rated orders of service purchasers identified with urgency standing numbers 1 through 30 on the current Numerical and Alphabetical Preference List will be scheduled for delivery, first and in sequence, within the total percentage reserved for the military.

3. The military departments furnished departmental listings to the Assistant Secretary of Defense (Installations and Logistics) which were consolidated and published in the Numerical and Alphabetical Preference List. The List was distributed by the Business and Defense Services Administration to the producers of metalworking machines.

4. No revision of the Numerical Preference List has been issued since July 1959 when BDSA informed the Department of Defense that M-41 was to be amended. Should a new List be required, instructions will be issued in this Section 8-1.1

Exhibit 2: Authorized Programs

A. The Office of Civil and Defense Mobilization has authorized use of priorities and allocations authority by the Department of Defense for the following programs:

1. Direct Military Procurement

Army procurement, except Civil Works Program; Navy procurement, including Coast Guard; and Air Force procurement.

2. Military Support

In addition, military and Title VIII housing; National Guard construction partially or wholly financed from Federal funds; and civilian transport aircraft.

3. Industrial Support

Production equipment for contractors; construction equipment for Hawaiian, Alaskan and offshore projects.

B. Use of priorities and allocations authority is authorized through the Department of Defense for the following directly related programs administered by associated agencies:

1. NASA procurement and industrial support.

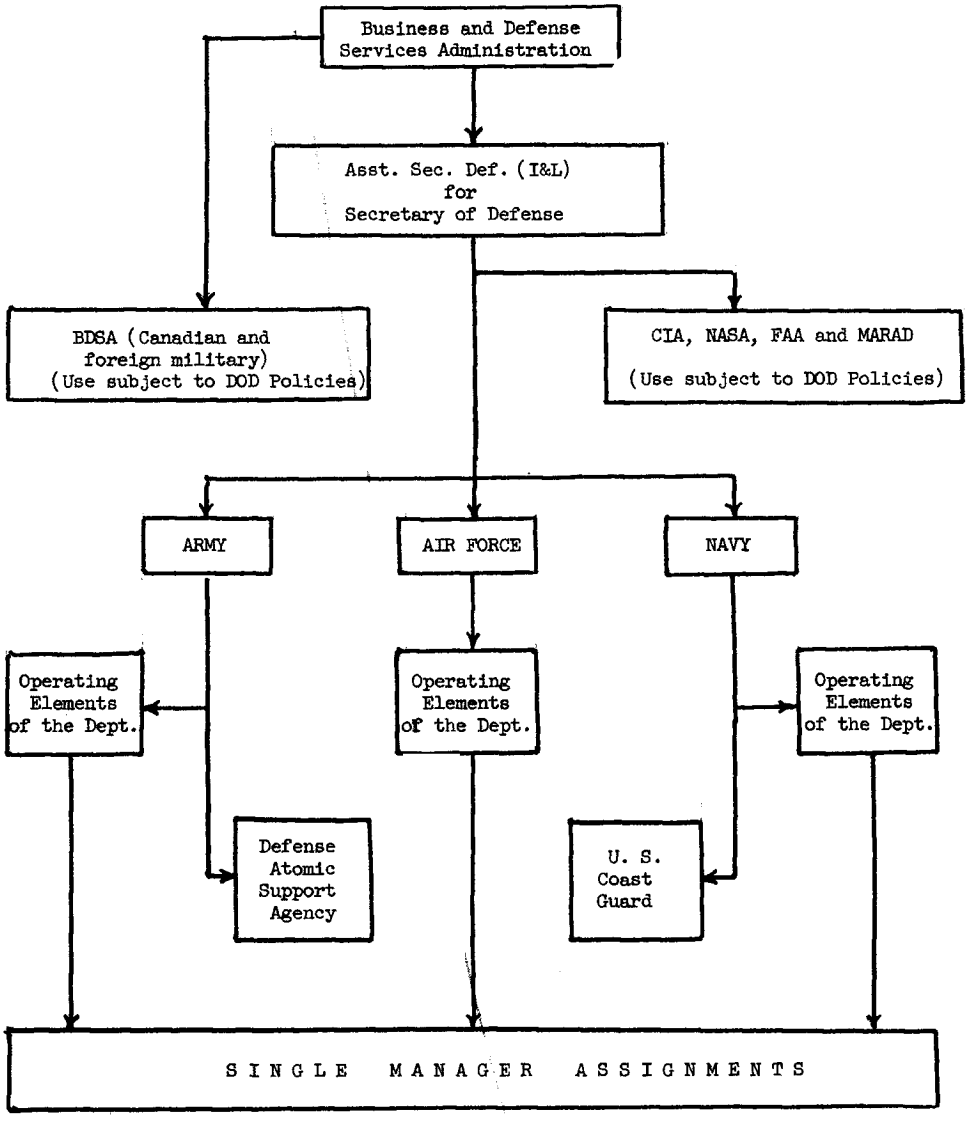
2. CIA - Classified.

3. Airline MRO, and Air Navigation Facilities Programs (FAA).

4. Canadian military program, and direct defense needs of friendly foreign nations (BDSA).

5. Commercial ship construction as designated by OCDM (Maritime Administration).

Exhibit 4:


Business and Defense Services Administration
Asst. Sec. Def. (I&L) for Secretary of Defense
BDSA (Canadian and foreign military) (Use subject to DOD Policies)
CIA, NASA, FAA and MARAD (Use subject to DOD Policies)
ARMY
AIR FORCE
NAVY
Operating Elements of the Dept.
Operating Elements of the Dept.
Operating Elements of the Dept.
Defense Atomic Support Agency
U. S. Coast Guard
SINGLE MANAGER ASSIGNMENTS

Single Manager Procurement

A. General

1. Certain controlled materials and Class A products are or will be assigned to Single Managers. 1/ This part prescribes procedures which continue DOD accountability within quantitative limitations of allocations under DMS. This Issuance covers the procedure for all Single Managers to whom any controlled materials or Class A products are assigned. A descriptive Exhibit will be issued as each such Single Manager becomes operational.

2. Special provisions for purchase and issue of Single Manager stock of controlled materials have been approved by OCDM and BDSA to minimize paper work. Single Managers will be authorized to place ACM orders, using the Claimant Program Symbol C8 within allocation limits for controlled materials purchased as such. The departmental DMS officers will allocate C8 materials only to Single Managers. Single Manager stocks of controlled materials are subject to a general limitation of six months of peacetime operating stock for each individual stock item.

3. Neither the Defense Materials System nor this Manual imposes any restriction on issues of controlled materials or Class A products from Single Manager stock either as to purpose or quantity.

B. Single Manager Requirements and Allocations

1. The Single Managers will estimate requirements for controlled materials and will receive allocations of materials corresponding to their procurement under Single Manager assignments. Requirements will include controlled materials to be purchased as such, and controlled materials for Class A products.

a. Controlled Materials Purchased by Single Managers: Single Managers will estimate quarterly requirements for the C8 program based on anticipated needs for controlled materials stock replenishment, and to support their procurement, without regard to the identity of either the program or activity for which the material will eventually be issued.

b. Class A Products Purchased by Single Managers: Single Managers will estimate quarterly controlled materials requirements for other claimant programs (PAM Section 2-2), based on anticipated needs for Class A product stock replenishment, and to support their procurement.

2. Requirements, identified to C8 and other applicable programs, will be submitted to the DMS Officer of the Department assigned as Single Manager, through established channels.

C. Departmental Requirements

The Department of Defense elements which obtain their Class A products or controlled materials from Single Managers will exclude such items from their regular quarterly estimates of controlled materials requirements.

D. Procedures

1. The Single Manager, in procuring controlled materials as such, will place ACM orders using the C8 allotment symbol. In procuring Class A products, he will issue rated orders, process DMS-4A's, and issue allotments under the regular procedures. Quantities represented by such ACM orders and allotments will be deducted from the quantitative allocation received, and records will be maintained in the manner prescribed by Section 5.

1/ As used in this Issuance, the term "Single Manager" includes reference to the Executive Director and the Agency.

2. When a Single Manager directs procurement by another DMS operating element, that element will include the necessary controlled materials in its requirements, and issue ACMO's or allotments under the regular procedures.

3. Controlled materials or Class A products will be issued by Single Manager stock points to DOD requisitioning activities without charge to allotment accounts by either the requisitioning or the issuing activity.

4. Withdrawals of controlled materials or Class A products by agencies other than Army, Navy, Air Force, or OSD, or by them for contractors, will be accompanied by allotments (DMS-10) as provided in PAM Section 3-11.7, paragraph C.

5. The element requesting a Single Manager to procure an item will identify its request with a DO or DX rating and allotment number (e.g., DO-A2) as provided in PAM Section 3-3.2.

Exhibit 1: Single Manager Coverage and Stock Points - MISA

A. As of 1 January 1961, the Military Industrial Supply Agency (MISA) became operational for certain controlled materials.

1. MISA will procure, stock and issue certain specified controlled materials for all the military departments in the following general categories (for size and specification details and item identification, see Federal Supply Catalog, DOD Section):

Class 95 - Metal Bars, Sheets and Shapes

2. Activities which have been designated as stock points for controlled materials under the cognizance of MISA are listed below:

Naval Supply Centers:
- Bayonne
- Norfolk
- Oakland
- San Diego

Columbus General Depot
Marine Corps Supply Center, Albany
Mobile Air Materiel Area
Naval Weapons Plant, Washington

Naval Shipyards:
- Boston
- Charleston
- Long Beach
- Mare Island
- New York
- Norfolk
- Philadelphia
- Puget Sound
- Portsmouth
- San Francisco

Exhibit 2: Single Manager Coverage - MC&TSA

As of 1 July 1956, the Military Clothing and Textile Supply Agency (MC&TSA) was activated for certain items.

MC&TSA will procure, stock and issue certain specified items for all the military departments in the following general categories which contain some Class A products (for size and specification details and item identification, see Federal Supply Catalog, DOD Section):

FSC 7210 - Household Furnishings

8315 - Notions and Apparel Findings

8340 - Tents and Tarpaulins

8345 - Flags and Pennants

8405 - Outerwear, Men's

FSC 8415 - Clothing, Special Purpose

8455 - Badges and Insignia

8465 - Individual Equipment

8470 - Armor, Personal

Exhibit 3: Single Manager Coverage - MGSA

As of 1 July 1961, the Military General Supply Agency (MGSA) becomes operational for certain items.

MGSA will procure, stock and issue certain specified items for all the military departments in the following general categories which contain one or more Class A products (for size and specification details and item identification, see Federal Supply Catalog, DOD Section):

FSC 3510 - Laundry and Dry Cleaning Equipment

3520 - Shoe Repairing Equipment

3530 - Industrial Sewing Machines and Mobile Textile Repair Shops

3590 - Miscellaneous Service and Trade Equipment

4110 - Self-Contained Refrigeration Units and Accessories

5140 - Tool and Hardware Boxes

5180 - Sets, Kits, and Outfits of Hand Tools

7105 - Household Furniture

7110 - Office Furniture

7240 - Household and Commercial Utility Containers

FSC 7310 - Food Cooking, Baking and Warming Equipment

7320 - Kitchen Equipment and Appliances

7330 - Kitchen Hand Tools and Utensils

7340 - Cutlery and Flatware

7350 - Tableware

7360 - Sets, Kits, and Outfits: Food Preparation and Serving

7490 - Miscellaneous Office Machines

8110 - Drums and Cans

9930 - Memorials; Cemeterial and Mortuary Equipment and Supplies

A. Purpose and Scope

The purpose of this Issuance is to establish the procedure for overcoming shortages of materials and equipment affecting production or research and development schedules or completion of construction projects in support of defense programs. Metalworking machines are subject to the special instructions in Section 7-3 of this Manual.

B. General Rules for Processing Applications - BDSA Form 138

1. Forms BDSAF-138, "Request for Priorities Assistance" (Exhibit 1), will be submitted as a request for special assistance by the military contractor (or procuring service or agency) unable to obtain a material, as defined in the Introduction to this Section 7, at the time required to meet a rated contract schedule. The BDSAF-138 may be used not only to obtain advancement of delivery dates, but also to obtain assistance in placement of rated or ACM orders.

2. To assure expeditious handling of requests for special priority assistance, each operating level should forward the request immediately, unless the request is incomplete and requires additional data. In such cases the data should be obtained in the most expeditious manner.

3. All possible action will be taken and all available resources will be used to resolve problems which have generated requests for special priority assistance. Among the possible actions is use of the diversion of shipments authority for certain programs (see Section 12-2 of this Manual).

4. Classified information will be excluded from requests forwarded to BDSA. If information required is classified, the word "CLASSIFIED" will be inserted on the form instead of the information requested, and the requested data will be forwarded in a classified memorandum.

C. Preparation of Request

1. BDSAF-138 may be prepared by the contractor or by any responsible office in the DOD or an associated agency.

2. BDSA requires an original and two copies; for cases transmitted through Installations and Logistics to BDSA, an extra copy is required.

3. In no case should a contractor be required to submit more than an original and seven copies.

4. The office preparing or first receiving a BDSAF-138 will determine that the BDSAF-138 is complete and accurate, including specific data since general statements confuse and delay resolution of problems (see Exhibit 2 for detailed instructions), and make any corrections or additions of information on all copies.

D. Processing through Channels

1. BDSAF-138 cases will be transmitted through channels in accordance with departmental or associated agency instructions.

2. Each higher echelon will review and consider the validity of the request from its greater knowledge of the over-all program affected. (See Exhibit 2 for detailed instructions on processing and endorsement.)

3. Designated offices in Army, Navy, and Air Force will assign departmental case numbers and act as sponsors to BDSA, except on electronic cases.

4. When a request is for electronic tubes and other components or other items within the jurisdiction of the BDSA Electronics Division, an original and three copies of BDSAF-138 will be forwarded to the Electronics Production Resources Agency (EPRA). EPRA will:

a. Analyze the BDSAF-138 to determine the action necessary to resolve the problem presented by the request, and coordinate its proposed requested action with members or alternates of the EPRA directorate.

b. Reproduce Blocks 26(a), (b), and (c) on a separate sheet if necessary to provide space for inclusion of all necessary and pertinent information to be forwarded to BDSA, attaching a copy of the separate sheet to an original and two copies of the BDSAF-138.

c. The authorized EPRA official will sign the BDSAF-138 as sponsor.

5. The designated headquarters offices of Army, Navy, or Air Force (or EPRA) will transmit an original and two copies of the BDSAF-138 to the Correspondence and Issuance Staff, BDSA, with one self-addressed acknowledgment card Form AE-169. Authorized signatures are furnished BDSA through the Office of the Assistant Secretary of Defense (Installations and Logistics), as explained in Exhibit 3.

6. The Assistant Secretary of Defense (Installations and Logistics) has informed BDSA that the following requests for assignment of a DO rating in the D series may be processed by BDSA without further DOD concurrence:

a. The Canadian Division, BDSA, will not be required to submit each request for special assistance to the DOD for sponsorship in view of an interagency agreement that a case endorsed by BDSA and the Canadian Government is to be accepted as sponsored by the DOD.

b. The Central Intelligence Agency requests will be submitted direct to BDSA and are considered by BDSA to have sponsorship of the DOD.

c. Missions of friendly foreign countries may submit applications for Munitions List items to the BDSA. BDSA may approve cases which meet the DOD criteria for sponsorship, referring questions to the Assistant Secretary of Defense (International Security Affairs) (see Section 13-3).

d. Applicants unable to determine the appropriate military department or associated agency with which to file, but who consider their activity essential to defense programs, may file their requests for special priorities assistance directly with BDSA. If such an application meets the established criteria, it will be considered as sponsored by DOD, and BDSA will take the necessary action. When doubt exists, such cases will be referred to the Office of the Assistant Secretary of Defense (Installations and Logistics).

7. Other cases from associated agencies require DOD sponsorship, and should be submitted on BDSAF-138 in original and three copies to the Office of the Assistant Secretary of Defense (Installations and Logistics) for action and referral to BDSA.

8. Conflicts between requests from two or more departments or between a department and another agency will be referred to the Office of the Assistant Secretary of Defense (Installations and Logistics).

9. The Office of the Assistant Secretary of Defense (Installations and Logistics) will handle requests from agencies other than the military departments where DOD sponsorship is required in defense-related or defense-supporting cases, coordinating proposed actions with all interested elements of the DOD and other appropriate agencies, and resolving conflicts. The Office of the Assistant Secretary of Defense (Installations and Logistics) will assign an OASD(I&L) case number, sign as sponsor of or as concurring with the request, and submit cases to the Correspondence and Issuance Staff, Administrative Services Division, BDSA.

10. The office acting as sponsor will perform the necessary follow-up with BDSA, including the securing of other departmental concurrences when needed, and securing action notices for advice to submitting elements.

Exhibit 1: List of Department of Commerce Field Offices

Printed copies of BDSA Orders and Regulations are available from the following offices:

ALBUQUERQUE, N. MEX.
* U.S. Courthouse
(Phone: Chapel 7-0311, Ext. 386)

ATLANTA 3, GA.
604 Volunteer Bldg.
66 Luckie St., N.W.
(Phone: Jackson 2-4121, Ext. 6000)

BOSTON 9, MASS.
* Room 230
* 80 Federal St.
* (Phone: Capital 3-2312)

BUFFALO 3, NEW YORK
504 Federal Bldg.
117 Ellicott St.
* (Phone: TL 3-4216)

CHARLESTON 4, S.C.
Area 2 Sergeant Jasper Bldg.
West End Broad St.
(Phone: Raymond 2-7771)

CHEYENNE, WYO.
207 Majestic Bldg.
16th St. & Capitol Ave.
* (Phone: 634-2731)

CHICAGO 6, ILL.
Room 1302
226 W. Jackson Blvd.
* (Phone: Andover 3-3600, Ext. 743)

CINCINNATI 2, OHIO
* 809 Fifth Third Bank Bldg.
36 E. Fourth St.
(Phone: Dunbar 1-2200, Ext. 345 & 346)

CLEVELAND 1, OHIO
4th Floor Federal Reserve Bank Bldg.
E. 6th St. and Superior Ave.
(Phone: Cherry 1-7900)

DALLAS 1, TEX.
Room 3-104 Merchandise Mart
500 S. Ervay St.
(Phone: Riverside 8-5611)

DENVER 2, COLO.
142 New Custom House
19th & Stout Sts.
(Phone: Keystone 4-4151, Ext. 598)

DETROIT 26, MICH.
438 Federal Bldg.
(Phone: Woodward 3-9330, Ext. 510)

GREENSBORO, N.C.
Room 407 U.S. Post Office Bldg.
(Phone: Broadway 3-8234)

HOUSTON 2, TEX.
610 Scanlan Bldg.
405 Main St.
(Phone: Capitol 2-7201)

JACKSONVILLE 1, FLA.
425 Federal Bldg.
311 W. Monroe St.
(Phone: Elgin 4-7111)

KANSAS CITY 6, MO.
Room 2011
911 Walnut St.
(Phone: Baltimore 1-7000)

LOS ANGELES 15, CALIF.
Room 450 Western Pacific Bldg.
1031 S. Broadway
(Phone: Richmond 9-4711, Ext. 1261)

MEMPHIS 3, TENN.
212 Falls Bldg.
22 N. Front St.
(Phone: Jackson 6-3426)

MIAMI 32, FLA.
* 408 Ainsley Bldg.
* 14 N.E. First Ave.
* (Phone: Franklin 7-2581)

MINNEAPOLIS 1, MINN.
* 304 Federal Bldg.
* 110 S. 4th St.
* (Phone: Federal 2-3211)

NEW ORLEANS 12, LA.
1508 Masonic Temple Bldg.
333 St. Charles Ave.
* (Phone: 529-2411, Ext. 6117)

NEW YORK 1, N.Y.
61st Floor Empire State Bldg.
350 Fifth Ave.
(Phone: Longacre 3-3377)

PHILADELPHIA 7, PA.
Jefferson Bldg.
1015 Chestnut St.
(Phone: Walnut 3-2400, Ext. 591)

PHOENIX, ARIZ.
419 Ellis Bldg.
137 N. Second Ave.
(Phone: Alpine 8-5851, Ext. 285 & 286)

PITTSBURGH 22, PA.
* 835 Fulton Bldg.
107 Sixth St.
(Phone: Grant 1-5370,
* Ext. 390)

PORTLAND 4, OREG.
217 Old U.S. Courthouse
520 S.W. Morrison St.
(Phone: Capitol 6-3361, Ext. 421)

RENO, NEVADA
1479 Wells Ave.
(Phone: 2-7133)

RICHMOND 19, VA.
Room 309 Parcel Post Bldg.
11th & Main Sts.
(Phone: Milton 4-9471)

ST. LOUIS 1, MO.
910 New Federal Bldg.
1114 Market St.
(Phone: Main 1-8100)

SALT LAKE CITY 1, UTAH
* Room 115
222 S.W. Temple St.
* (Phone: Davis 8-2911, Ext. 341)

SAN FRANCISCO 11, CALIF.
Room 419 Customhouse
555 Battery St.
(Phone: Yukon 6-3111)

SAVANNAH, GA.
235 U.S. Courthouse & Post Office Bldg.
125-29 Bull St.
(Phone: Adams 2-4755)

SEATTLE 4, WASH.
809 Federal Office Bldg.
909 First Ave.
(Phone: Mutual 2-3300, Ext. 496)

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* Changed material.

Exhibit I: PRIORITIES AND ALLOCATIONS SYSTEM (1 JUNE 1961)

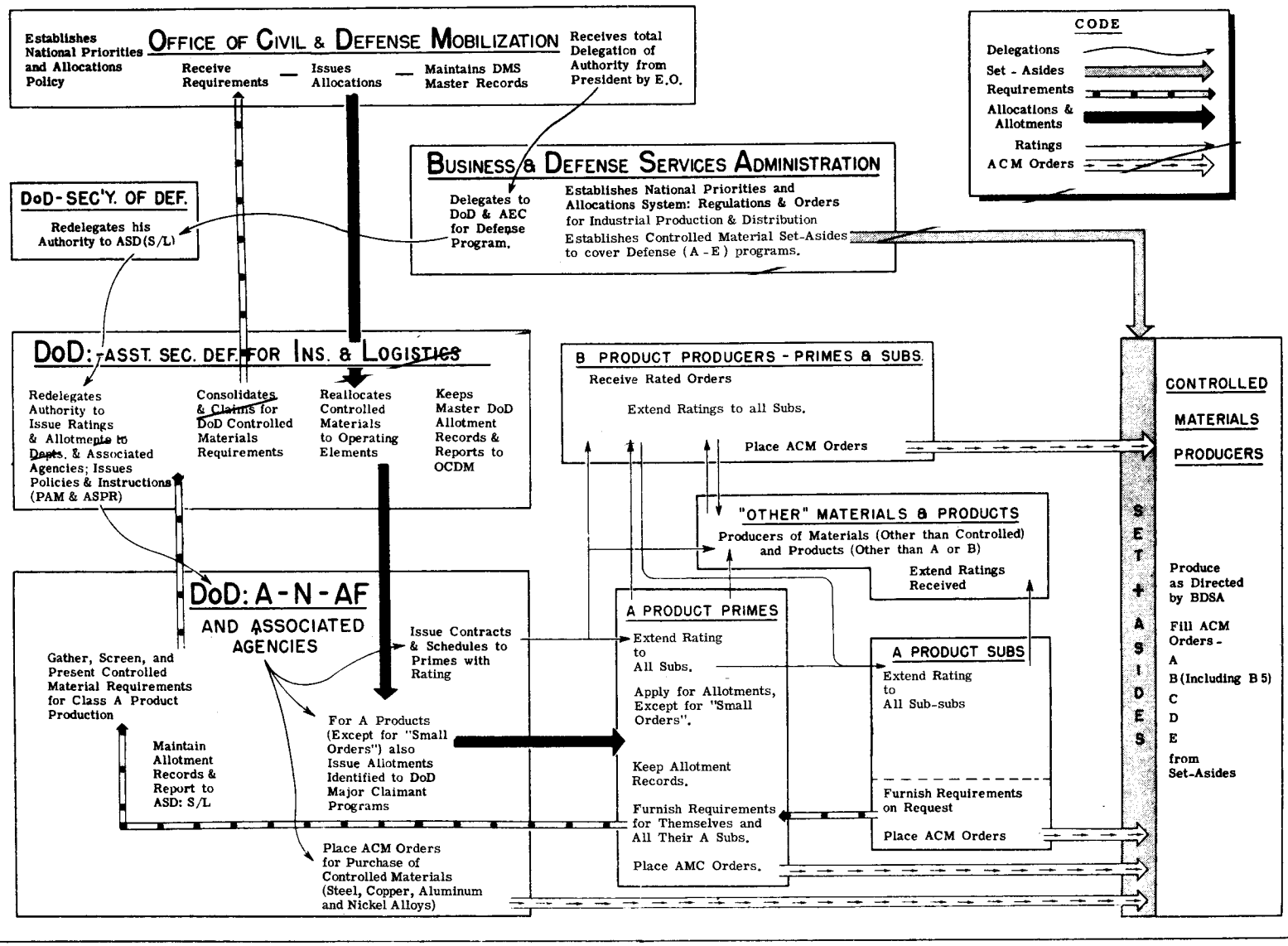

Exhibit 1: Instructions for Filing DMS-4A Applications

JOINT AERONAUTICAL MATERIALS ACTIVITY
(JAMAC)
WRIGHT-PATTERSON AIR FORCE BASE, OHIO

ADDRESS REPLY TO:
JOINT AERONAUTICAL
MATERIALS ACTIVITY
ATTENTION: LMJAM /Mr. V.C.Boda/34122

REPRESENTING:
AMC AERONAUTICAL *
SYSTEMS CENTER AND
BUREAU OF NAVAL WEPS

3 April 1961

SUBJECT: Form DMS-4A Filing Procedure for the Fourth Quarter 1961 and the Three Subsequent Quarters

TO: All Prime Contractors holding rated contracts with the Air Force (except C2 Construction), Army A1 Only as provided in paragraph 2, Civil Air Carrier, Airframe, Engine, and Propeller Manufacturers, Bureau of Naval Weapons (BuWeps) and/or Aviation Supply Office (ASO) as provided in paragraph 4. Major Air Commands, all BuWeps Industrial and Experimental Activities and all Air Force Materiel Areas and Depots

1. Form DMS-4A application for "Total Requirements" of controlled materials required in the fourth quarter 1961 and the three subsequent quarters to support Air Force (except C2), Army A1, Civil Air Carrier, BuWeps and/or ASO contracts as provided in paragraph 4, are to be filed with this Activity not later than 1 June 1961. Contractors who have received an allotment for the fourth quarter 1961 and subsequent quarters need not refile if there is no need for adjustment of quantities previously allotted and there is no requirement for material for the third quarter of 1962. Contractors who submit a revised application will file a total restatement of controlled materials required to meet the latest planned production schedule as of 15 May 1961.

2. One Form DMS-4A application in duplicate will be submitted to the Activity assigned allotment jurisdiction for your facility for the A1 program with combined requirements for Air Force, BuWeps, Army and Civil Air Carrier procurement. A single allotment will be issued. This procedure applies to the A1 program only and provides for the continuation of a consolidated allotment procedure.

3. A separate application in duplicate, will be submitted for each Air Force program other than A1 in support of Air Force contracts. Applications for allotments to support these programs will be submitted to the AMC/Aeronautical Systems Center*(IMBML), Wright-Patterson Air Force Base, Ohio.

4. Applications for allotments to support BuWeps A3, A4, A7 and C9 programs will be submitted to Bureau of Naval Weapons Fleet Readiness Representative, Central, Wright-Patterson Air Force Base, Ohio. Instructions for filing applications for allotments to support all other BuWeps programs should be obtained from Chief, Bureau of Naval Weapons, Code PID-26, Navy Department, Washington 25, D. C.

* Aeronautical Systems Division, AFSC

5. Each Form DMS-4A application filed by Prime Contractors (except military installations) should be accompanied by Format A in duplicate. Refer to "Instructions for the Preparation of Format A." In accordance with paragraph 2f of these instructions, contractors will file a Format A covering allotment usage for the first quarter 1961, together with a Format A covering allotment requirements forecast for the fourth quarter 1961, whether or not a revised Form DMS-4A application is submitted.

6. APPLICATIONS FOR ALLOTMENT OF CONTROLLED MATERIALS FOR DX RATED CONTRACTS.

The above instructions will apply to DX rated contracts for DX rated programs except that:

a. The contractor will file a separate Form DMS-4A application for materials which support a DX rated contract.

b. Separate Format A will be submitted.

c. The appropriate Activity will issue separate allotments for contracts which have been assigned DX ratings.

7. SPECIAL INSTRUCTIONS FOR CONTRACTORS PRODUCING CIVIL AIR CARRIER-TYPE AIRCRAFT. The Form DMS-4A and Format A will include requirements of controlled materials necessary to support production of Civil Air Carrier-Type Aircraft and related component parts, including aircraft spare parts required by the airlines. Airframe, engine and propeller producers will file directly with the allotting Activity and include requirements for all subcontractors producing Class A products. In this manner, requirements will be developed and allotments issued following the same allotment channels established for military production.

8. Schedule I of the DMS Regulation 1, amended 1 December 1959, designates non-nickel bearing stainless steel and aluminum molten metal, foil, powder, flake and paste as controlled materials. Steel castings and nickel-alloy castings became non-controlled materials. Future Form DMS-4A applications should reflect these additions and deletions.

9. On the basis of the revised application final allotments will be issued for the fourth quarter 1961 and interim advance allotments for the subsequent quarters requested. Allotments previously issued for these quarters will be automatically cancelled upon receipt of a revised application. The new allotment will be issued approximately 25 July 1961.

10. The fourth quarter 1961 Form DMS-4A applications and Format A should be received by the appropriate Activity not later than 1 June 1961.

JOINT AERONAUTICAL MATERIALS ACTIVITY:

E. J. DROZDZ
Commander, USN

ARMY REGULATIONS
No. 715-5

HEADQUARTERS,
DEPARTMENT OF THE ARMY
WASHINGTON 25, D.C., *1 June 1961*

DEPARTMENT OF DEFENSE PRIORITIES AND ALLOCATIONS MANUAL (PAM)

1. These regulations publish the Department of Defense Priorities and Allocations Manual (PAM). All agencies acting under redelegation of priorities authority from the Department of the Army will conform to the provisions of this Manual as a condition of their delegation.

2. Each agency to which authority is redelegated by the Department of the Army will take necessary actions to insure conformance. Implementing instructions will follow the spirit and intent of the Manual and copies will be furnished the Deputy Chief of Staff for Logistics (DCSLOG).

3. PAM consists of certain sections and their parts as indicated in the Table of Contents. This Manual should be maintained in looseleaf binders with sections separated by numerical dividers. Instructions which supplement or clarify a PAM Section or Part issued by the Department of the Army, will be keyed to the referenced Section or part, and should be filed with it.

4. Reports of DMS accounting and compliance required by the Manual will be submitted to DCSLOG in accordance with the following schedule:

Section	*Report*	*Due date*
5-3	Return of Controlled Materials Allocations (DD Form 530) (Exempt from reports control by par. 17*a* and AR 335-15).	14th of the last month of the quarter.
5-8	Report of Allotments and Authorized Controlled Material Orders (DD Form 492 (DD S&L (M) 56 has been extended).	10th of each month.
10-2	DMS Compliance Audit Reports of DA activities (Exempt from reports control by par. 17*k*, AR 335-15).	3d of the month following the end of the quarter.

5. Certain forms required by PAM are available in AGO Publications Depot stock and are listed below. Agencies requiring any other forms will submit requests therefor to DCSLOG.

Form No.	*Name (Brief)*
DMS 4A	Application
DMS 4A (Instruction Sheet)	4A Instruction Sheet
DMS 4C	Application
DMS 10	Allotments
DMS 11	Decrease Allotments
DMS 12	Return Allotments
DMS 14-3	Allotment Decrease (Construction)
DD 346	Bill of Materials
DD 347	Bill of Materials
DD 492	Report of Allotments
DD 524	Record of CMP Allocations and Allotments
DD 529	Allocation Determination
DD 530	Return of DMS Allotments
DD 552	Classification of "A" or "B" Products under DMS
DD 691	Request for Rating Authority
BDSAF-138	Request for Priorities Assistance

*This publication supersedes DA Pam 715-5, 18 September 1957, including all changes through C 11, 28 November 1960.

By Order of the Secretary of the Army:

G. H. DECKER,
General, United States Army,
Chief of Staff.

Official:

R. V. LEE,
Major General, United States Army,
The Adjutant General.

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CRD (1)
CLL (1)
CofF (1)
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TSG (15)
CofOrd (350)
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NG: None.
USAR: None.
For explanation of abbreviations used, see AR 320-50.