

DLMSO

May 13, 1998

MEMORANDUM FOR: DISTRIBUTION

SUBJECT: Approved Defense Logistics Management System (DLMS)
Change 7, Revised Threshold for Submission of Packaging
Discrepancies (Supply/SDR) (Staffed as Proposed Change
18)

Approved Change 7 to Supply Discrepancy Reporting (SDR) procedures (formerly Report of Discrepancy (ROD)) published in DoD 4000.25-M, DLMS, Volume 2, Chapter 18, and DLAR 4140.55/AR 735-11-2/SECNAVINST 4355.18/AFR 400-54, Reporting of Item and Packaging Discrepancies, is provided as an attachment. This change becomes effective June 1, 1998.

When staffed, this change included a proposal to raise the exception reporting dollar value for packaging discrepancies occurring in high dollar value items, shipments, or packages from \$2,500 to \$5,000. An intermediate dollar value of \$4,000 was found to be acceptable to the Defense Logistics Agency (DLA), Air Force, and Marine Corps, and Navy. The Army did not concur with raising the limit at this time. However, the Army agreed to reconsider raising the limit when information becomes available to measure the impact of such a change.

Addressees may direct their questions to Ellen Hilert, DSN 235-5271 or 703-275-5271, e-mail: ellen_hilert@hq.dla.mil. Others may direct questions/comments to their Service/Agency designated representative.

/s/

JAMES A. JOHNSON
Director
Defense Logistics Management
Standards Office

Attachment

DISTRIBUTION:
SDR Focal Points (Primary/Alternate)

cc:
DLMS Supply PRC
DUSD(L/MDM)
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Approved DLMS Change 7
Revised Threshold for Submission of Packaging
Discrepancies

1. ORIGINATOR:

a. Service/Agency: DLMSO/DLA

b. Originator: Ellen Hilert, SDR System Administrator,
DLMSO, 703-767-6117, DSN 427-6117, or e-mail:
ellen_hilert@hq.dla.mil.

2. FUNCTIONAL AREA: Supply (SDR Procedures)

3. REQUESTED CHANGE:

a. Title: Revised Threshold for Submission of Packaging
Discrepancies.

b. Description of Change: This change revises SDR
procedures to revise the value threshold of packaging
discrepancies above which receivers will prepare and report such
discrepancies. This change supports the DoD Stock Readiness
(SR) Program, including Care of Supplies in Storage (COSIS).
(Note: This change does not impact optional submission of SDRs
to the DLA and the General Services Administration (GSA)
regardless of dollar value.)

c. Procedures: Make the following change to DLAR 4140.55
(et al), page 7 identified in ***bold italic type***.

2. Packaging Discrepancies. See enclosure 4
for listing of typical types.

a. Any unsatisfactory condition resulting
from improper packaging which causes or
renders the item, shipment, or package to be
vulnerable to any loss, delay, or damage when
the estimated or actual cost of correction
exceeds \$50 **\$100**. (EXCEPTION: When the
value of the item, shipment, or package is
\$2500 or over, an SF 364 will be submitted
regardless of the estimated or actual cost to
correct the packaging discrepancy.)

4. REASON FOR CHANGE: This change is necessary for

maintaining the bottom dollar value threshold for preparing packaging SDRs consistently in line with the varying costs of burdened labor against the Defense Working Capital Fund (formerly the Defense Business Operating Fund) and Direct Appropriation Funds. The \$50 bottom threshold value has been in place for over 15 years without change, and, as set up as a fixed dollar figure, has outlived its usefulness and credibility. Few packaging discrepancies can now be performed for a cost of less than \$50 dollars, forcing receiving activities to prepare more reports.

5. ADVANTAGES/DISADVANTAGES:

a. Advantages: This change will keep procedures consistent with the cost of doing business. According to published numbers, \$50 in FY80 equals \$88.23 in FY97. Using a 1.0224% inflation figure, the \$88.23 becomes \$101.73 in FY03.

b. Disadvantages: None identified.

6. IMPACT:

a. Requires modification of Service/Agency implementing procedures.

b. Implementation:

(1) Effective June 1, 1998.

(2) The above change is formatted in accordance with the SDR joint publication. Equivalent changes will be incorporated in the DLMS.