



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FT. BELVOIR, VIRGINIA 22060-6221

MAR 12 2001

IN REPLY
REFER TO DLMSO

MEMORANDUM FOR: DISTRIBUTION

SUBJECT: Approved Defense Logistics Management System (DLMS)
Change 41, SDR Management Evaluation, Credit
Adjustment Followup Timeframes, SA Requests for
Reconsideration/Contested Reconsideration Timeframes
(Supply/SDR) (Staffed as PDC 63)

The attached change to Supply Discrepancy Report (SDR) guidance (formerly Report of Discrepancy (ROD)) is approved for implementation upon formal publication in the joint Service guidance. Applicable guidance is published in DLAI 4140.55/AR 735-11-2/SECNAVINST 4355.18A/AFJMAN 23-215, Reporting of Supply Discrepancies, and DLMS, Volume 2, Chapter 18.

This change was approved by all Components with revisions as noted during the SDR 01-1 Meeting, February 28-March 1, 2001.

Addressees may direct their questions to Ellen Hilert, DSN 427-0676 or 703-767-0676, e-mail: ellen_hilert@hq.dla.mil. Others may direct questions/comments to their Service/Agency designated representative.

A handwritten signature in cursive script that reads "James A. Johnson".

JAMES A. JOHNSON
Director
Defense Logistics Management
Standards Office

Attachment

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Approved DLMS Change 41
SDR Management Evaluation, Credit Adjustment Followup
Timeframes, SA Requests for Reconsideration/
Contested Reconsideration Timeframes

1. ORIGINATOR:

a. Service/Agency: DLMSO

b. Originator: DoD SDR System Administrator, Ellen Hilert, DSN 427-0676, 703-767-0676, e-mail: ellen_hilert@hq.dla.mil.

2. FUNCTIONAL AREA: Supply/Supply Discrepancy Reporting

3. REQUESTED CHANGE:

a. Description of Change: This change modifies multiple areas of SDR guidance.

(1) Management Evaluation. The management evaluation responsibilities are strengthened to include a semi-annual reporting requirement and specific report content and measurements.

(2) Credit Adjustments on SDRs. The suggested minimum elapsed time for customer follow-ups for credit adjustments is reduced to 30 days. A reasonable followup timeframe where credit has not been received for return of discrepant material is also provided.

(3) Requests for Reconsideration. The "SDR reply date" which is used as a basis for the submission timeframe for SA customer requests for reconsideration is clarified as the date of the ILCO reply to the customer following receipt of disposition from the inventory control point/distribution depot. A timeframe is established for the ILCO to forward the customer's request for reconsideration to the responsible action activity. In addition, a timeframe is established for the ILCO to notify the action activity that extenuating circumstances will necessitate additional time for the customer or ILCO to complete/process the request. This will allow the action activity to retain applicable records that might otherwise have been purged during an extensive delay.

(4) Contested Reconsideration Decisions. A timeframe is specified for ILCO to forward customer's contested reconsideration decision to their Service focal

point.

(5) **SA Time Standards.** Timeframes for actions associated with requests for reconsideration and contested reconsideration as reflected in this approved change are summarized as follows:

Activity	Timeframe (Days)	Action
ILCO	15	Process/forward action activity response to original SDR SA customer
SA Customer	90 (from date of ILCO reply)	Submit request for reconsideration
ILCO	30	Process/forward request for reconsideration to action activity
ILCO	Elapsed 120 (90 + 30 above)	Notify action activity when reconsideration timeframe will exceed 120 days due to extenuating circumstances - allows action activity to retain pertinent documentation
Action Activity (ICP/IMM or GSA)	60	Process/respond to request for reconsideration to ILCO
SA Customer	90	Submit contest reconsideration decision
ILCO	15	Process/forward contested reconsideration decision to ILCO's Service focal point
ILCO's Service Focal Point	60	Process/respond to contested reconsideration decision

b. Procedures: The following paragraphs are worded and numbered in accordance with DLAI 4140.55, published January 21, 1999. Changes are identified in ***bold italics***.

(1) Replace paragraph E.11, Management Evaluation, in its entirety. Renumber as paragraph "F" and renumber subsequent paragraphs accordingly.

"F. Management Evaluation.

1. The supply discrepancy reporting program is designed to promote evaluation, correction, and improvement of logistics operations. To accomplish this objective, discrepancies as specified in this publication must be reported and investigated in accordance with established policies and procedures. DoD Components will institute SDR quality programs that will include periodic reviews to assess the accuracy and quality of work processes applicable to supply discrepancy processing. In addition, Components will require, as a minimum, semi-annual summary reporting to an appropriate headquarters for review and analysis. Components unable to support the full scope of the required data collection under legacy systems will incorporate this reporting requirement under business system modernization efforts. Data collected must be sufficient to enable monitoring activities to:

- a. Identify trends
- b. Establish volume and dollar values of SDRs
- c. Bring management attention to problems with shipping activities as necessary
- d. Prevent recurrence of discrepancies

2. As a minimum, the IMM/ICP and shipping activities must have visibility of detail/summary reports that reflect:

- a. The number of SDRs received during a particular timeframe by shipping activity, dollar value, and discrepancy type. Reports will measure compliance with SDR submission timeframes.
- b. The number of SDRs responses processed during a particular timeframe by action activity, dollar value, and discrepancy type. Reports will reflect a breakdown of SDR actions taken to include dollar value of credit authorized and reshipped material. Reports will measure compliance with SDR processing timeframes and reflect age of ongoing investigations.

3. As a minimum, the U.S. Government receiving activity must have visibility of detail/summary reports that reflect:

- a. The number of SDRs prepared during a particular timeframe by shipping activity, dollar value, and discrepancy type. Reports will measure compliance with SDR submission and followup timeframes.
- b. Responses received from the responsible action activity, and dollar values recovered, either in the form of reshipped materiel or credit received."

(2) Revise Enclosure 7, Security Assistance Guidance, 10. Credit Adjustments on SDRs, as follows:

"10. Credit Adjustments on SDRs.

a. When an action activity has indicated that a credit adjustment has been authorized, reimbursement is normally provided to the fund code and bill-to address cited on the original requisition. When concerned about an apparent nonreceipt of credit, the SDR submitter should consult with his bill-to finance office for verification. Allow a minimum of 60 days from the date of the SDR response before initiating a follow-up action. **To facilitate research of supply, transportation, and financial records, it is suggested that follow-up action for nonreceipt of credit associated with the return of discrepant material occur within a reasonable period (e.g., no longer than 45 days) after the ILCO provides the action activity the initial notice with evidence of discrepant material return.**

b. When nonreceipt of credit is confirmed, the ILCO will submit a request for billing adjustment as prescribed by MILSBILLS (Document Identifier Code FAE and billing advice code 26) or the DLMS, Vol 7, Finance. **Do not send a hardcopy of the SDR or reply, as this may create duplicate work for the finance centers and may cause improper processing of your request."**

(3) Revise Enclosure 7, paragraph 11, Time Standards, as follows:

"11. Time Standards

a. SDR preparation and submission time by the SA customer will be limited to the provisions of the LOA as explained in reference A.5.

b. ILCOs are permitted 15 calendar days from the time of receipt for processing discrepancy reports prior to forwarding to the appropriate ICP/IMM, shipping depot, or GSA action activity. **Upon return of the SDR response from the action activity, ILCOs are permitted 15 calendar days for processing and forwarding to the SA customer.**

c. Response time frames for the action activity are as specified in the basic instruction."

(4) Revise Enclosure 7, paragraph 14, Requests for Reconsideration, as follows:

"14. Requests for Reconsideration. The SA customer may ask the U.S. Government to reconsider the final status for an SDR. Customers must send written requests, to reach the ILCO within 90 calendar days from the SDR ~~reply~~ **date of the ILCO reply to the customer concerning disposition as provided by the responsible action activity.** When the customer asks for reconsideration, the ILCO will add a suffix code R to the SDR number (item 2, SF 364). The ILCO will add its comments and send the SDR, together with all applicable correspondence/information, to the appropriate DoD ICP/IMM or GSA action activity for reconsideration **within 30 days of receiving the request for reconsideration from the customer.** The action activity will review to determine if the request should be honored, initiate any required action, and reply to the ILCO within 60 calendar days from the date of the ILCO correspondence. **ILCOs will notify the ICP/IMM or GSA when extenuating circumstances require additional processing time beyond the 120 days allowed for submission and ILCO**

research. This will allow the ICP to retain applicable documentation for SDR resolution."

(4) Revise Enclosure 7, paragraph 15, Contested Reconsideration Decisions.

"15. Contested Reconsideration Decisions. SA customers may contest the DoD ICP/IMM or GSA decision on a request for reconsideration. To do so, the customer must send written request to reach the ILCO within 90 calendar days from the date of the ILCO reply to the request for reconsideration. The customer must explain why the DoD ICP/IMM or GSA decision is not satisfactory. When the customer contests a DoD ICP/IMM or GSA decision, the ILCO will add a suffix code C to the SDR report number. The suffix code will be used in all references to the SDR. The SDR and all supporting documentation will be forwarded by letter **within 15 calendar days** to the ILCO's Military Service/Agency focal point who will review all the information relating to the problem, see that any needed action is taken, and send the ILCO the final decision within 60 calendar days from the date of the ILCO correspondence. Copies of all information/documentation relating to the request shall be included with all correspondence exchanged between the parties involved."

(4) Revise Enclosure 7, paragraph 17, Credit Adjustments on SDRs.

"17. Credit Adjustments on SDRs. ~~See basic instruction.~~

a. When an action activity has indicated that a credit adjustment has been authorized, reimbursement is normally provided to the fund code and bill-to address cited on the original requisition. When concerned about an apparent nonreceipt of credit, the ILCO should consult with the appropriate finance office for verification. Allow a minimum of 30 days from the date of the SDR response before initiating a follow-up action. To facilitate research of supply and financial records, it is suggested that follow-up action for nonreceipt of credit associated with the return of discrepant material occur within a reasonable period (e.g., no longer than 45 days after the ILCO provides the action activity the initial notice of discrepant materiel return).

b. When nonreceipt of credit is confirmed, the ILCO will submit a request for billing adjustment as prescribed by MILSBILLS (Document Identifier Code FAE and billing advice code 26) or the DLMS, Vol 7, Finance.

(5) Revise Enclosure 7, paragraph 18, Management Evaluation

"18. **Management Evaluation. ~~See basic instruction.~~ General guidance is provided in the basic instruction at paragraph F.1. Components unable to support the full scope of the required data collection under legacy systems will incorporate this reporting requirement under business system modernization efforts. As a minimum, the ILCO must have visibility of detail/summary reports that reflect:**

a. The number of SDRs received during a particular timeframe by

customer with breakdown by shipping activity reflecting dollar value and discrepancy type. Reports will measure customer compliance with SDR submission timeframes and ILCO compliance with SDR processing timeframes.

b. Reports will reflect a breakdown of SDR action activity response reflecting actions taken to include dollar value of credit authorized and reshipped material.

4. REASON FOR CHANGE:

a. This change addresses strengthened management evaluation in compliance with the September 1999 "Plan to Ensure Visibility of In-Transit End Items and Secondary Items" submitted to Congress in accordance with Section 349 of the Strom Thurmond National Defense Authorization Act for Finance Year 1999 and supporting DoD Component implementation plans.

b. This change also addresses concerns elevated by DLA regarding the timely processing of SA SDRs. Recent resolution of aged SDRs has highlighted a need for clarification and additional instructions regarding timely customer follow-up for credit, particularly where credit is dependant upon the return of discrepant material.

c. The term "SDR reply date" as applied to requests for reconsideration of SA SDR responses was open for misinterpretation and is therefore clarified in this change. An additional timeframe for ILCO processing of SA requests for reconsideration is provided to ensure that aged SDRs are forwarded expeditiously to the responsible action activity.

5. ADVANTAGES/DISADVANTAGES:

a. Advantages: Strengthens SDR management evaluation which will contribute to the goal of increased oversight and accountability of intransit material for the purpose of reducing vulnerability of items to fraud, waste, and abuse. Clarifies procedures related to SA SDRs which will contribute to timely processing and reduce problems associated with researching aged shipments and material returns.

b. Disadvantages: None identified.

6. IMPACT:

a. General. Requires modification of current Service/ Agency implementing procedures. May require modification of automated SDR detail/summary report processing and formats.

b. Publications. The above changes are structured in the DLAI 4140.55 publication format. Upon approval, equivalent changes will be incorporated in the DLMS.