



DEFENSE LOGISTICS AGENCY
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IN REPLY
REFER TO DLMSO

AUG 18 2008

MEMORANDUM FOR FINANCE PROCESS REVIEW COMMITTEE MEMBERS

SUBJECT: Approved Defense Logistics Management System (DLMS) Change (ADC) 280, Product Quality Deficiencies Report (PQDR)/Supply Discrepancy Report (SDR)/Transportation Discrepancy Report (TDR) Credit Tracking (Finance) (Staffed as PDC 284)

The attached change to DoD 4000.25-M Military Standard Billing System (MILSBILLS) is approved for implementation on 1 February 2010 to allow all systems to implement simultaneously. During staffing of PDC 284, it was noted that failure to implement the proposed changes in Type of Bill Codes by all Components at the same time, could result in transactions failing, if a sending system has implemented the changes and a receiving system has not.

Addressees may direct questions to the DLMSO point of contact, Mr. Robert Hammond, Chair, Finance Process Review Committee, 703-767-2117, DSN 427-2117 or email: robert.hammond@dla.mil. Others must contact their Component designated representative.

DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment

cc:
DUSD (L&MR) SCI



ADC 280
PQDR/SDR/TDR Credit Tracking

1. ORIGINATOR:

- a. **Service/Agency:** Naval Supply Systems Command (NAVSUP) and Defense Logistics Management Standards Office (DLMSO)
- b. **Originators:** NAVSUP, Code 131, DSN 430-5712 and DLMSO, DSN 427-2117

2. FUNCTIONAL AREA:

- a. **Primary:** Financial
- b. **Secondary:** Supply

3. REFERENCE:

- a. DOD 4000.25-7-M, Military Standard Billing System (MILSBILLS)

4. REQUESTED CHANGE:

a. **Title:** Product Quality Deficiencies Report (PQDR)/Supply Discrepancy Report (SDR)/Transportation Discrepancy Report (TDR) Credit Tracking.

b. **Description of Change.** This change to MILSBILLS will allow for better tracking of credits for PQDRs, SDRs and TDRs. There is currently no way to easily capture PQDR/SDR/TDR credits from a financial aspect. There are general codes that exist to capture PQDR/SDR/TDR credits, but they need to be more specific. Capturing these codes on the detail billing record will allow instantaneous identification of a PQDR/SDR/TDR credit issue.

c. **Background:** Deficiencies uncovered in the execution of the Navy PQDR Program, which encompasses a number and variety of users and supporting activities, prompted an examination of the procedures involved in the PQDR Program process. A short-term Process Improvement Working Group and an Executive Steering Committee (ESC) to provide oversight were established by ASN (RD&A) to conduct this examination and provide recommendations on areas for improvement, including designation of a single process owner. The ESC decided that the role of PQDR Process Owner be DoN, established under the direction of the Naval Supply Systems Command (NAVSUP). NAVSUP assigned the direct responsibility of PQDR process ownership within the NAVSUP enterprise to Commander, Naval Inventory Control Point (NAVICP). The Assistant Secretary of the Navy for Research, Development and Acquisition (ASN-RD&A) assigned NAVSUP as the process owner for the Department of Navy (DoN) PQDR process. The Process Owner, with support from the System Commands (SYSCOMs) and involved process stakeholders, will report to the Deputy Assistant Secretary of the Navy for Logistics (DASN-L) who will serve as the ASN(RD&A) lead for quality. One approved improvement initiative under the responsibility of the DoN PQDR Process Owner is the examination, development, and improvement of the restitution process related to material quality deficiency reports. This involves developing and implementing an efficient and effective

process for total visibility, traceability, and measurement of all PQDRs, to include credits. Similar issues exist for tracking credits for SDRs and TDRs.

d. **Procedures.** (STAFFING NOTE. Based upon comments during staffing that implementation of new Type of Bill Codes should be delayed to allow implementation by all components simultaneously, Type of Bill code WU has been left intact for TDRs, SDRs and PQDRs for use until new separate Type of Bill for TDRs, SDRs and PQDRs codes are implemented. Accordingly, a new Type of Bill Code TD has been added for TDRs. In addition, Appendix 3.1 has been modified from the PDC to delete the entry for Billing Advice Code 24, as it was determined that the routing identifier (RI) granting credit would always be the same as the RI in the detailed billing record.)

1. Revise MILSBILLS as indicated in *bold italics*:

CHAPTER 4 - ADJUSTMENT PROCEDURES

C4.2.7.2. Billing offices shall process financial adjustments or claims *citing the applicable Type of Bill Code (QD, WP, WU or TD)* based on the discrepancy report when the discrepancy report is validated and all of the following MILSBILLS or GSA criteria are met:

APPENDIX 2.3. BILLING ADVICE CODES

<u>Code</u>	<u>Description</u>
21	TDR (SF 361) submitted over 60 days ago; adjustment bill not received. Request credit.
24	Reply to Product Quality Deficiency Report (SF 368) indicated <i>adjustment authorized, request refund</i> (Note that this change was made to MILSBILLS in the last reissue without having been formally staffed.)
26	Reply to Supply Discrepancy Report (SF 364) indicated adjustment authorized; however, adjustment billing not received. Request credit status.

APPENDIX 2.5. TYPE OF BILL CODES

<u>Code</u>	<u>Description</u>
QD (Note that this code was added to MILSBILLS in the last reissue without having been formally staffed.)	Bill to refund amount, return to a PQDR. <i>Bill to adjust the amount previously billed due to approval of a PQDR.</i>
<i>WP</i>	<i>Bill to adjust the amount previously billed due to approval of an SDR.</i>
WU	Bill to adjust the amount previously billed due to approval of a discrepancy report. <i>Use until codes QD, WP and TD are implemented.</i>
<i>TD</i>	<i>Bill to adjust the amount previously billed due to approval of a TDR.</i>

APPENDIX 3.1 REQUEST FOR ADJUSTMENT OF NON-FUEL BILLING AND FOLLOW-UP ON REQUEST FOR ADJUSTMENT OF NON-FUEL BILLING

<u>Field Legend</u>	<u>Position(s)</u>	<u>Entry and Instructions</u>
RI Code	4-6	Perpetuate from the detail billing record (DBR) except when Billing Advice Code (BAC) is one of the following:
		24 Enter the RI Code of the office which replied to the PQDR

5. ADVANTAGES AND DISADVANTAGES:

a. Advantages: This change will allow visibility of the disposition of credit for PQDRs, SDRs and TDRs to the requisitioning activity. Unique document identification established for credits would allow traceability and measurement of credits authorized and, more importantly, granted.

b. Disadvantages: None noted.

7. IMPACT:

a. Data Content/Procedures: DoD Components may need to revise Component regulations and/or automated information systems for reporting requirements.

b. Publication: DOD 4000.25-7-M, Military Standard Billing System (MILSBILLS)

c. Implementation: Coordinated implementation will occur on February 1, 2010.