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IN REPLY  
REFER TO DLMSO

August 13, 2008

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE MEMBERS

SUBJECT: Approved Defense Logistics Management System (DLMS) Change (ADC) 293, Revised Time Standards, Codes, and Procedures for Reporting and Processing of Supply Discrepancies (Supply/SDR) (Staffed as PDC 316)

The attached change to DOD 4000.25-M, Defense Logistics Management System (DLMS) and DLAI 4140.55, AR 735-11-2 SECNAVINST 4355.18A, AFJMAN 23-215, Reporting of Supply Discrepancies, is approved for implementation. The updated DLMS Supplement will be posted to the DLMSO Web site <http://www.dla.mil/j-6/dlms0/elibrary/TransFormats/formats.asp> within 10 days from the above date for implementation planning. All Components should update the text name associated with Action Code 1A within 30 days. Defense Automatic Addressing System Center (DAASC)/WebSDR data/transaction changes are to be made within 90 days of publication. Time standard changes are effective upon publication in the DLMS manual. All other changes are authorized for phased implementation.

Addressees may direct questions to the Defense Logistics Management Standards Office, point of contact, Ms. Ellen Hilert, Chair, Supply Process Review Committee, at 703-767-0676; DSN 427-0676; or, e-mail: [Ellen.Hilert@dla.mil](mailto:Ellen.Hilert@dla.mil). Others must contact their Component designated representative.

DONALD C. PIPP  
Director  
Defense Logistics Management  
Standards Office

Attachment

cc:  
SDR Committees (U.S. & SA)  
ODUSD(L&MR/SCI)

**ADC 293**  
**Revised Time Standards, Codes, and Procedures for Reporting and  
Processing of Supply Discrepancies**

**1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION:**

**a. Functional POC for AF Recommendations:** Air Force Pentagon, 703-588-8963, [safiapx.workflow@pentagon.af.mil](mailto:safiapx.workflow@pentagon.af.mil)

**b. Functional POC for DoD SDR System Administrator Recommendations:** Defense Logistics Management Standards Office (DLMSO), Ms. Ellen Hilert, Chair, Supply Process Review Committee and DoD SDR System Administrator, 703-767-0676; DSN 427-0676; or, e-mail: [Ellen.Hilert@dla.mil](mailto:Ellen.Hilert@dla.mil).

**2. FUNCTIONAL AREA: Supply/SDR**

**3. REFERENCE:**

**a.** DOD 4000.25-M, Defense Logistics Management System (DLMS) Manual, Vol. II, Chapter 17 ([http://www.dla.mil/j-6/dlmso/elibrary/manuals/dlms/msw/v2/v2c17\\_chg5.doc](http://www.dla.mil/j-6/dlmso/elibrary/manuals/dlms/msw/v2/v2c17_chg5.doc)).

**b.** AR 735-11-2/DLAI4140.55/SECNAVIST 4355.18A/AFJMAN 23-215, Reporting of Supply Discrepancies, August 6, 2001.

**c.** DLMSO memorandum dated April 9, 2008, subject DLMS SDR Committee Meeting 08-1, March 25-26, 2008. As discussed during the SDR Committee meeting, reference 3.b above is outdated and redundant to the 3.a, which prescribes procedures for reporting and processing SDRs under the DLMS. It is planned that the Joint Service Regulation/Instruction be cancelled in favor of a single publication consistent with other DLMS processes and current OSD guidance for maintaining publications. As with other DLMS changes which revise SDR guidance, this change is formatted using the DLMS manual. All changes will be applied to the SDR joint publication during reissuance if a decision is made to continue its maintenance.

**d.** SDR Continuous Process Improvement Initiative Lean Event Kickoff, July 29-31, 2008.

**4. REQUESTED CHANGE/BACKGROUND:**

**a. Description of Change:** This change identifies revisions to SDR procedures and time standards for customers (SA and U.S.), International Logistics Control Offices (ILCOs), and action activities including Distribution Depots (DDs) and Inventory Control Points/Integrated Item Managers (ICPs/IMMs). Revisions subsequent to staffing are **highlighted yellow**.

**(1) Time Standards.** Multiple options for modifying time standards for various SDR-related actions were included in the proposed change. The options and Component comments are identified in Enclosure 1.

(2) **SDR Code Lists.** SDR action and reply code updates are provided to support the updated/clarified business rules (identified under subparagraphs 4.b. Procedures (2) and (3).)

(3) **SDR Transaction Exchange.** SDR transaction data elements are added for Controlled Inventory Item Code for the wrong item received and Demilitarization Code for the requisitioned item and the wrong item received. Refer to Enclosure 2.

(4) **DLMS Manual Presentation of SA Procedures.** In addition to the changes requested by the USAF and the DoD SDR System Administrator, an initial effort has been made to accommodate the request of the ILCOs during the Committee meeting to consolidate guidance for SDRs submitted by Security Assistance (SA) customers. A new section is inserted at the conclusion of the chapter to mirror the approach used in the joint Service instruction. Refer to Enclosure 3.

**b. Procedures:**

(1) **Time Standard Changes/Options** are identified in Enclosure 1 with rational and Component comments. The approved revisions are incorporated in context in the DLMS Chapter 17 at Enclosure 3.

(2) **SDR Action Requested Code 1A** is revised so that language clearly supports requesting disposition of materiel when no financial adjustment is necessary or would have been authorized, e.g., discrepant value may fall below the minimum dollars for SA SDRs: Code 1A, Disposition instructions *for discrepant materiel* requested; *financial action not applicable.*

(3) **FMS supporting documentation** is updated to specifically identify a requirement for photographs of wrong items received.

(4) **CIIC/DEMIL Code.** The submitting system or DAAS will populate the CIIC code for the wrong item received and the Demilitarization Code for the requisitioned item and the wrong item received based upon cataloged information provided by DLIS **for all SDR types and all transaction purpose codes, including replies.** These fields will be added to DoD WebSDR screens during web input and will be included when transactions are forwarded. As soon as feasible, DAAS will update these data elements on all ~~original~~ SDR transactions and subsequent transmissions of the 842A/W.

**(5) Transaction Content Associated With Misdirected FMS Shipments.** In order to facilitate processing of misdirected shipment SDRs, DLA requested clarification of the location of the discrepant material, especially the FMS Country Code for the country which received the material (when different from that of the requisitioning country). No change to the SDR transaction is required since the requested information is already carried in SDR transaction exchange as implemented in the Air Force SDR-A and DoD WebSDR. DoD procedures are clarified by this change. Component SDR applications must ensure that they recognize the available information.

**(a)** The FMS Country Code applicable to the submitter of the SDR is carried in the DLMS transaction. It is identified at LQ01/1050 Qualifier 85 and is provided for FMS customers using both system-generated SDRs and web-input SDRs and forwarded to the action activity. When the SDR is prepared for a misdirected shipment this will be the country

reporting the receipt regardless of the country to which the shipment was intended. **Staffing note:** The DLMS transaction carries the FMS Country Code as assigned under MILSTRIP (as used within the ILCO and Customer SDR Control Number fields). This is not the International Organization for Standardization (ISO) country code used internally by SAP applications.

(b) The location of discrepant materiel is also further clarified in the SDR. At this time, this data element is only available for system-generated SDRs (currently Air Force only, but planned for future use by all Services) The Material Storage Location is identified in the DLMS 842A/W at 2/REF01/2600 Qualifier M1 as follows:

ICD = In-country depot  
FFD = Freight forwarder  
USG = US government facility  
CON = Contractor facility

(6) **Information Only SDRs.** This change provides clarification of business rules for SDRs submitted using Action Code 1H, No action required. Information only. This is to insure that all Components review and respond to these as appropriate for the discrepant situation, regardless of customer coding.

(7) **Material Identification.** The material identification of the wrong item received is not currently perpetuated to the reply. In order to associate the CIIC/DEMIL coding with the material directed for return when other than the materiel requisitioned, the mapping for material identification of the wrong item received is added to the reply format. This includes ability to indicate that the identification of the wrong item received is unknown. DAAS/WebSDR may perpetuate from the report pending Component implementation.

(8) **Miscellaneous.** Revisions to remove outdated information and other administrative updates have been included in the updated DLMS manual chapter.

## 5. REASON FOR CHANGE:

a. The Air Force Security Assistance Policy Office conducted a Lean Initiative effort to develop ways to improve the efficiency of the SDR process. The intent of the effort was to concentrate on improving the AF internal process and further discuss ways to improve the process DoD-wide. The current SDR process is often slow, manpower intensive and poorly perceived by the foreign customers as indicated by the metrics presented at the Security Cooperation Deputies Forum. Each level of a SDR was evaluated: Original Submittals, Reconsideration SDRs, and Contested SDRs. Through monthly video/teleconferences, several areas were identified for each level where the processing times could be reduced or eliminated entirely.

b. The SDR System Administrator has identified changes discussed during the reference 3c. meeting and as well as other revisions to fill gaps discussed during DLA continuous process review meetings. The inclusion of the CIIC and DEMIL Codes will help action activities prioritize processing and make available information which would otherwise require manual queries.

c. Subsequent to staffing, DLA identified a need for materiel location for Security Assistance misdirected shipments. These SDRs are based upon the document number of the

requisitioned/shipped item, so the FMS country receiving material intended for another customer in a different country, needs to be provided.

d. Subsequent to staffing, during the SDR Continuous Process Improvement Lean Event (reference 3.d), the Air Force Security Assistance Command (AFSAC) identified a need to systemically indicate that controlled/sensitive material has been directed for return. This will be used to prevent the SDR-A system for FMS SDRs from automatically closing an SDR if the country has failed to return the material as directed within the allowable time standard. In order to insert the CIIC codes on the reply transaction it was necessary to also identify the wrong item(s) received. The SDR-A rule will use the CIIC code for the material directed for return (as requisitioned or wrong item received). If the material is not assigned an NSN or the NSN is not known, the material will be treated under the rules for controlled/sensitive items

## 6. ADVANTAGES AND DISADVANTAGES:

a. **Advantages (tangible/intangible):** These changes will promote timelier resolution of discrepancies thus increasing customer satisfaction. These changes update documentation where needed for better understanding of business rules.

b. **Disadvantages:** None identified other than programming/documentation updates are difficult with resource constraints.

## 7. IMPACT: Components using automated SDR programs should ensure that transactions containing revised data content do not reject pending full implementation of these changes.

- a. System changes, as appropriate, to ensure timely processing.
- b. System changes to accept those SDRs which are otherwise valid, but are submitted outside time standards without sufficient justification. These shall be subject to review, and may be accepted without financial compensation.
- c. System changes, as appropriate, to ensure that SDRs coded as “information only” are subject for review.
- d. Management report processing to monitor for timely processing as defined in the updated procedures.
- e. System changes to send/receive CIIC and DEMIL Codes (all transactions), and wrong item identification (reply format). DAAS/WebSDR transaction processing to insert CIIC and DEMIL Codes during transaction processing. DAAS/WebSDR may also perpetuate the wrong item information from the original report, pending Component system changes to output the material identification on the reply format. Components must ensure automated systems to not reject replies containing this information).
- f. The Navy SDR System (NSDRS) must be updated to accept all three reply codes.
- g. System changes to recognize existing data fields for misdirected SA shipments.

## Enclosure 1 - Recommended Time Standard Revisions **with Comments and Disposition Matrix.**

This enclosure identifies time standard and administrative updates as recommended by the USAF and additional changes recommended by the DoD SDR System Administrator. Conflicting recommendations are identified as Option A and B. All changes are identified as applicable to the DLMS manual documentation format. Component comments and resolution are shown below each section. Refer to Enclosure 3 for changes in context. Changes from existing procedures are identified in *bold italics*.

**The original proposal text is shown below -- the comment resolution and updates resulting from staffing are discussed in the matrix below each proposal section.**

### **1. Time Standard Change for Submission of Original SDRs by U.S. Forces/U.S Trading Partners and SA Customers.**

**DoD SDR System Administrator Recommendation:** Reduce **non-SA** submission time standards by 30 days and accept late submissions for information only. Systems employing automatic rejection based upon late submission are to be reworked to better support customers and allow conversion to information only processing. **Customer applications shall be able to receive and accept replies for information only SDRs.** Include wrong item and misdirected shipments within 24 hour submission criteria for critical/sensitive discrepancies.

- An SDR shall be submitted by receiving activities and/or transshipment activities as soon as possible but not later than the time standards listed below. SDRs not meeting the reporting criteria or time standards specified in this guidance and do not present sufficient justification shall be *processed for information only* ~~denied~~.
- Discrepant shipments of controlled inventory items, arms, arms parts, ammunition, and explosives: report within 24 hours of discovery: shortage, overage, *wrong item, misdirected shipment. This includes stock numbered materiel with a catalogued Controlled Inventory Item Code (CIIC) code indicating the item is identified as classified or sensitive. In addition, pilferable codes associated with arms and ammunition are also included (codes N and P).*
- All other discrepancies:
  - CONUS Destinations. **60** (vice 90) calendar days from date of shipment.
  - Overseas Destinations. **120** (vice 150) calendar days from the date of shipment
- Exception. Time limits do not apply to shortage/overage and wrong item discrepancies discovered upon opening a sealed vendor pack.
- Late Submission. When circumstances prevent compliance with the above time standards, e.g., response to a tracer action reveals a supposed transportation discrepancy to be a shipping/packaging discrepancy, the reasons for delay shall be using a brief clear-text explanation. If appropriate, the responsible activities will honor the discrepancy report. Reporting activities are required to

send SDRs to report a shipping or packaging discrepancy even after the above submission time standard has elapsed. If lacking justification, action activities will ~~normally~~ **process for information only and** use such SDRs ~~only~~ in the system evaluation and correction process.

- Time Standards for SDR Submission by SA Customers. Discrepancy report preparation and submission time by the SA purchaser is limited to the time Standard cited in the United States of America Department of State Letter of Offer and Acceptance, and amendments thereto, as explained in DoD 5105.38-M. ***However, SA customers receiving misdirected shipments or shipments containing incorrect items which are identified as classified/sensitive materiel, and/or arms, arms parts, or explosives, must report within 24 hours of discovery regardless of dollar value for disposition***

**DLMSO RATIONALE:** The current time standards were established over two decades ago. With the advances in information technology, most SDRs are submitted electronically. Nearly all customers have access to an automated SDR processing systems or internet-based applications such as DoD WebSDR. The reduced time standard is still generous to U.S. forces which are required to process receipt acknowledgement to Inventory Control Points/Integrated Materiel Management (ICP/IMM)-directed shipments within 5 days of receipt and exceptions are authorized for specific scenarios such as sealed vendor packs. Late submissions are to be processed for information to better track trends and take corrective action. Due to their sensitivity, receipt of wrong items and misdirected shipments of controlled inventory must also be reported within 24 hours of discovery, even by SA customers. Clarification for determining which items fall into this category is now included in the guidance.

#	Submitter	Comments for Time Standard Revision 1.	Disposition
1.	Army	Latent defects are not discussed for "Time Standards for SDR Submission by SA Customers (AMCOM)	Time standards for latent defects are not discussed in this publication because they fall under the terms of the LOA.
2.		Do not agree to reduce submission time standards by 30 days and accept late submissions as info only. We would still have to research. We could not just close. (TACOM/CECOM)	There was no intent to accept late submissions for information without research.  <u>Late Submission.</u> When circumstances prevent compliance with the above time standards, e.g., response to a tracer action reveals a supposed transportation discrepancy to be a shipping/packaging discrepancy, the reasons for delay shall be included using a brief clear-text explanation. If appropriate, the responsible activities will honor the discrepancy report. Reporting activities are required to send SDRs to report a shipping or packaging discrepancy even after the above submission time standard has elapsed. If lacking justification, action activities will <del>normally</del> <b>process for use in reporting metrics, information and corrective action, if appropriate.</b> use such SDRs <del>only</del> in the system evaluation and <del>correction process.</del> <b>The source of supply shall not be considered responsible for financial resolution on late submission SDRs unless shipment history is</b>

			<i>available and the circumstances warrant such action.</i>
3.	USAF	DoD SDR System Administrator Recommendation: Change first sentence to include USG . . . “Reduce USG submission time standard . . .”	Accepted. Sentence corrected.
4.	DLA	Believe the DoD system Administrator Recommendation will be a good fit for DLA.  With everything that is currently going on in the SDR program, I am concerned about the option to accept late submissions for information only. The action activity will not take action and the information only report will be closed. Is there a way to request action instead of information only?	See reworded paragraph under Army comments resolution above.
5.	USASAC	Classified/Sensitive Items must be reported within 24 hrs discovery. Concur, However must stress time constraints to FMS customers. Compliance may be an issue  Waive minimum submission criteria \$100-200 for "critical/sensitive" SDRs only. Maintain \$200.00 minimum criteria for all other type discrepancies.	Understood that some reports are manual and will not reach ILCO or action activity as quickly as desired.  Concur for submission to obtain disposition instructions. Policy will not mandate credit for material be provided, however, action activities may provide credit based upon validated discrepancy as compensation and to encourage submission.

## **2. Time Standard Change for Action Activity Response to Original SDRs.**

**a. Option A. USAF recommendation:** Reduce routine response time to **45** (vice 55) calendar days from date of receipt of report by action activity.

**USAF RATIONALE:** The current time standards were established over two decades ago. With the advances in information technology, the information required to resolve SDRs should be readily available through automated means from our Action Activities.

**b. Option B. DoD SDR System Administrator Recommendation:** Establish separate time standards for DDs and ICPs/IMMs, allowing **30** days for DD and **20** for ICP when both parties are involved in research and resolution decisions. This reduce overall response time by 5 days when both Distribution Depot and ICP/IMM processing is required. When all processing is accomplished by a single action activity processing the time standard will be **30** days. Shorten response time for critical/sensitive discrepancies to **20** (vice 30) calendar days.

- Time Standards for SDR Response. Responsible **action** activities shall reply to all SDRs received within the following time standards. ~~Provisions for interim responses are provided under responsible activity response to an SDR above.~~ **Interim responses shall be provided when extenuating circumstances necessitate additional processing time.**



- Discrepant controlled inventory items, arms, arms parts, ammunition, and explosives (shortage/overage/wrong item/misdirected): *Total response time, to include sequential processing by multiple action activities when necessary, shall not exceed 20 (vice 30) calendar days.*
- *Distribution Depots shall respond to SDRs submitted to the shipping activity within 30 calendar days. Where processing by the ICP/IMM is required to provide financial resolution and/or materiel disposition, responses from Distribution Depots shall be identified as recommendations pending processing by the supply source.*
- ~~○ Thirty calendar days from date of receipt of reports for DoD shipping activities responding to the ILCO concerning SA nonreceipt SDRs~~
- The Army's Non-Army Managed Items Product Support Integration Directorate (NAMI-PSID) researching discrepancies resulting from lateral redistribution orders on total asset visibility (TAV) shipments shall respond with recommended disposition to DLA within 30 (vice 55) calendar days.
- *ICP/IMMs shall respond to SDRs submitted to the supply source where Distribution Depot research is not required, within 30 calendar days. ICP/IMMs shall review recommendations provided by Distribution Depots and provide financial resolution and/or materiel disposition within 20 calendar days. Where sequential processing by Distribution Depot and ICP/IMM is required total processing time shall not exceed 50 days.*
- *Action activities receiving SDRs inappropriately shall make every effort to forward to the correct action activity within 5 calendar days. This time may extend total processing time beyond the 50 day processing time.*

**DLMSO RATIONALE:** SDRs are often processed by multiple action activities and sufficient time must be allowed for each individual location. An established time Standard for each action activity will better support performance tracking and recognizes the reality of how electronic SDRs are processed. Response time for selected critical/sensitive discrepancies should be prioritized for quicker resolution. Reducing response time further would not produce better results since processing time is already well outside the currently authorized 55 days, especially when multiple action activities are involved.

#	Submitter	Comment for Time Standard Revision 2.	Disposition
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6.	Army	<p>There is no automated process within LMP to retrieve historical history on requisitions that is currently automatically inputted on SDRs. (See Wholesale Page within AEPS). This will increase processing time of SDRs. Therefore, the current response time Standard should not be decreased. (AMCOM)</p> <p>Army approves Option A. The 45 days is an across the board and the process should be determined by the Action Officer, and not by indicating number of days for actions. (TACOM/CECOM)</p> <p>Although advanced technology has enhanced the research process in terms of verifying shipping status, the sheer volume of SDRs assigned to a single SDR manager may preclude faster response times for all assigned SDRs. In addition, offline coordination efforts between Army IMMCs and Army Single Stock Fund sites/shipping depots, which can take up to a week or more depending upon the circumstances, may have not been factored in the proposed response times.</p>	<p>The 45 day option is not sufficient time as an overall time standard for DoD. However, as a compromise, the split 50 day processing time standard will only be applied to SDRs formally submitted to the depot for action (since this does not apply to Army-directed shipment, this compromise should work at this time and allow for evaluation.)</p> <p>Revised wording will be: "Distribution Depots shall respond to SDRs submitted directly to the shipping activity within 25 calendar days. Responses from Distribution Depots shall be identified as recommendations pending processing by the supply source or finance center if applicable to the Service/Agency processing rules.</p> <p>ICP/IMMs shall respond to SDRs submitted directly to the supply source within 50 calendar days. Where sequential processing by Distribution Depot and ICP/IMM is required total processing time shall not exceed 50 days."</p>
		<p>Para 2b, NAMI-PSID researching discrepancies resulting from lateral redistribution orders...within 30 (vice 55) calendar days:"</p> <p>Recommend a code be implemented in the DoD WebSDR system/DAAS which will identify a Lateral Redistribution Order (LRO) SDR. Data mapping will be required to transmit the code from the DoD WebSDR system to the Army AEPS system (or LMP) and other service's systems.</p> <p>Reason: At the outset, all SDRs accepted into the Army AEPS system either globally or from the DoD WebSDR system are unidentifiable to a LRO SDR. LRO SDRs accepted for processing by the NAMI-PSID in the Army AEPS system are incorporated into a mix of other types of SDRs which could involve a significant volume of SDRs. Only when an SDR manager begins research on each assigned SDR does the LRO identity become known. Without an identifying code, the requirement for 30 days response time for LRO SDRs will be severely impacted. (NAMI)</p>	
7.	USAF	<p>ILCO concurs with the various processing times, not to exceed 50 days, outlined in option B. ILCO will revise suspense as required based on 504 transactions.</p>	<p>Accepted as requested by DLA.</p>
8.	USN	<p>Response for: 2. Answer: Option B</p>	<p>Accepted as requested by DLA.</p>
9.	DLA	<p>Option B, however I am concerned with allowing the DSCs 20 days and the depots 30 days to respond...is it possible to allow each activity equal response time, 25/25 per activity.</p>	<p>Accepted as requested by DLA.</p>

**3. Time Standard Changes for Customers Requesting Reconsideration of the SDR Reply.**

**a. DoD SDR System Administrator Recommendation:** Establish a requirement to submit non-SA requests for reconsideration within 45 calendar days from date of action activity response.

**DLMSO RATIONALE:** There is no current time standard for U.S. forces and non-SA trading partners. It is not necessary or reasonable to permit requests for reconsideration that are not timely.

**b. SA Customers Option A. USAF Recommendation:** Reduce current standard for SA customers to request reconsideration to reach the ILCO in 30 (vice 90) calendar days from the date of the ILCO reply to the customer.

**USAF RATIONALE for # 3-6:** The current time standards were established over two decades ago. With the advances in information technology as well as the abundance of freight carriers worldwide, we no longer need to ‘add-in’ extra time for mailing or locating a carrier. With SDR Automation, the FMS customer no longer has to wait for several days to weeks to receive their disposition instructions/shipping documents for the return of materiel. As with their replies, they can receive all the necessary documents within a few hours, drastically reducing the time required to receive notification and actually turn-in the materiel. The reduced time limit for exhibit items is necessary because exhibit items usually involve a limited contractor warranty. The goal of this reduction is to insure that the materiel is returned to the contractor within the shortest amount of time possible so as not to jeopardize the warranty coverage.

**c. SA Customers Option B. DoD SDR System Administrator Recommendation:** Reduce current standard for FMS customers to request reconsideration to reach the ILCO in 45 (vice 90) calendar days from the date of the ILCO reply to the customer.

**DLMSO RATIONALE for Option B:** A consistent number of days for both U.S. and FMS customers requesting reconsideration is recommended as a better approach. The drastic reduction from 90 days to 30 may be perceived as too harsh by our SA customers.

#	Submitter	Comments for Time Standard Revision 3.	Disposition
10.	Army	Is this paragraph in compliance with the Letter of Offer/Acceptance? (AMCOM)  Para 3. Army approves Option B as recommended by the DOD SDR System Admin. Consistent number of days for both US and FMS customers. (TACOM/CECOM)	Per DSCA, this time standard is not specifically identified in the LOA.  Option B is accepted based upon consensus.
11.	USAF	ILCO concurs with 45 day time limit for resubmission of SDRs as outlined in SA Customers Option B	Accepted

12.	USN	Response for: 3. Answer: Option B	Accepted
13.	DLA	Option A	This time standard can be re-evaluated at a later date to determine if further reduction is appropriate.
14.	DFAS	DFAS prefers option B as less drastic. The drastic AF option to reduce from 90 days to 30 may be perceived as too harsh by our SA customers.  The final target being to get the process to not less than 30 days, since we may never get to the point where everyone is using DLMS. It is further suggested that 60 days may be more reasonable with a later reductions to 45 or 30 as more external legacy systems are replaced with DLMS compliant transactions.	Comments reviewed. Even without DLMS/electronic submission, 45 days is adequate to
15.	DLMSO	DLMSO proposed establishing a requirement to submit non-SA requests for reconsideration within <b>45</b> calendar days from date of action activity response.	Since no negative comments were received, this change is accepted.
16.	USASAC	Request for Reconsideration 45 days vs 90 Concur	Accepted

#### **4. Time Standard Changes for ILCO Processing of Requests for Reconsideration.**

**a. Option A. USAF Recommendation:** Reduce the current standard for the ILCO to process and forward requests for reconsideration to the action activity to **15 calendar days** (vice 30 days).

**USAF RATIONALE:** The current time standards were established over two decades ago. With the advances in information technology we no longer need to ‘add-in’ extra time for mailing. With the availability of data contained in the SDR Automation tool database, the information required to review the SDRs and determine their validity as a resubmission, is readily available, thus reducing the time required by the ILCO.

**b. Option B. DoD SDR System Administrator Recommendation:** Reduce the current standard for the ILCO to process and forward requests for reconsideration to the action activity to **20 calendar days** (vice 30 days).

**DLMSO RATIONALE:** Although mailing time has been reduced by use of automated applications, not all the Service ILCOs are using the SDR Automation tool database, so reducing the DoD standard to 15 days may be premature. Instead 20 days is recommended as a more appropriate reduction. Air Force may use 15 days as an internal goal.

#	Submitter	Comments for Time Standard Revision 4.	Disposition
17.	Army	Army approves Option B as recommended by the DOD SDR System Admin. Same reasoning as DLMSO rationale. (TACOM/CECOM)	Option B is accepted.
18.	USAF	ILCO concurs with reducing the time allowed for ILCO to process and forward requests for reconsideration to 20 days as outlined in Option B.	Accepted.
19.	USN	Option B	Accepted.
20.	DLA	Option B	Accepted.

**5. Time Standard Changes for SA Contested Reconsideration Decision (2<sup>nd</sup> Request for Reconsideration).**

**a. Option A. USAF Recommendation:** Reduce time Standard for 2<sup>nd</sup> request reach the ILCO within **30 calendar days** (vice 90) from the date of the ILCO reply to the request for reconsideration.

**b. Option B. DoD SDR System Administrator Recommendation:** Reduce time Standard for 2<sup>nd</sup> request reach the ILCO within **45 calendar days** (vice 90) from the date of the ILCO reply to the request for reconsideration.

**DLMSO RATIONALE:** A consistent number of days for all requests for reconsideration, to include SA 2<sup>nd</sup> request, is recommended as a better approach. The drastic reduction from 90 days to 30 may be perceived as too harsh by our SA customers.

#	Submitter	Comments for Time Standard Revision 5.	Disposition
21.	Army	Para 5. Army approves Option B as recommended by DOD SDR System Admin. Same rationale as DLMSO. (TACOM/CECOM)	Option B accepted.
22.	USAF	ILCO concurs with 45 day time limit for second resubmission (contested) of SDRs as outlined in Option B.	Accepted.
23.	USN	Option B	Accepted.
24.	DLA	Option B	Accepted.
25.	USASAC	"Second Request for Reconsideration" 45 days vs 90 (no longer using	Accepted.

	"Contested"). Concur	
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**6. Time Standard Changes for DoD Component Processing of SA 2<sup>nd</sup> Request for Reconsideration (Contested Reconsideration Decision).**

**a. Option A. USAF Recommendation:** Reduce time Standard for DoD Component processing of contested reconsideration decisions to **30** days (vice 60) . Require SDR and supporting documentation to be forwarded *electronically* (vice by letter) to the DoD Component.

**b. Option B. DoD SDR System Administrator Recommendation:** Reduce time Standard for DoD Component processing of contested reconsideration decisions to **50** days (vice 60).

**DLMSO RATIONALE:** Additional time may be needed for processing SDRs at ICPs/IMMs where there may be multiple documents to review. Instead of cutting processing time in half, a standard consistent with the original SDR processing is recommended (eliminating mailing time).

#	Submitter	Comments for Time Standard Revision 6	Disposition
26.	Army	Para 6. Army approves the Option B as recommended by the DOD SDR Admin. Same rational as DLMSO. (TACOM/CECOM)	Option B accepted.
27.	USAF	ILCO concurs with reducing the time for DOD processing of contested reconsideration to 50 days as outlined in Option B	Accepted.
28.	USN	Option B	Accepted.
29.	DLA	Option B	Accepted.

**7. Time Standard Changes for Return of Materiel.**

**a. USAF Recommendation:** Reduce time Standard for return of materiel to **120** (vice 180) calendar days from date of approval/instructions.

**b. USAF Recommendation:** Insert an additional time Standard for directed return of an exhibit requiring that the exhibit be returned to US Government custody within **90** calendar days from the date of instructions.

**a. DoD SDR System Administrator Recommendation:** Document a time Standard for return of materiel by US Forces and non-SA trading partners at **90** calendar days for CONUS/**120** calendar days for OCONUS from date of SDR reply. Document that failure to return materiel as directed will result in subsequent billing.

#	Submitter	Comments for Time Standard Revision 7.	Disposition
30.	Army	<p>Para 7 - "Time Standard Changes for Return of Materiel." - The word "exhibit" should be replace with the word "asset or materiel", throughout the entire Proposed Change 316. (AMCOM)</p> <p>Para 7. Army approves the USAF recommendation of 120 days. (TACOM/CECOM)</p> <p>Para 7a. The DOD SDR System Admin Recommendation of 90 calendar days for CONUS and 120 for OCONUS from date of reply for return of materiel by US Forces and non-SA partners is acceptable. (TACOM/CECOM)</p>	<p>Exhibit is correct, since it refers to a sample of the discrepant material received, vice the entire shipment. This is more commonly used for PQDRs, but is also authorized for SDRs.</p> <p>Refer to DSCA comment line below.</p>
31.	USAF	<p>7a – Special Note: Remove this paragraph entirely for Security Assistance materiel returns. Per direction from SAF/IAPX, we cannot reduce the materiel return time Standard from 180 to 120 days until a change has been made to the LOA terms and conditions. Rather than delay publication of other changes in this document, request this be removed and processed as a separate change when LOA changes have been approved.</p> <p>7b – Insert an additional time Standard for directed return of a Security Assistance exhibit requiring that the exhibit be returned to US Government custody within 90 calendar days from the date of instructions</p>	<p>Accepted.</p> <p>Accepted.</p>
32.	USN	Response for: 7. Answer: a. DoD SDR System Administrator Recommendation	Refer to DSCA comment line below.
33.	DLA	Option A, DoD SDR Administrator Recommendation, the failure to return statement will encourage customers to comply with instructions, along with providing better controls in return of materiel.	Refer to DSCA comment line below.
34.	DSCA	Preliminary comment: Non-concur with revising the time Standard for return of SA materiel from 180 days to 120 days (for standard returns) and from 180 days to 90 days (for exhibit items). DSCA recently non-concurred with the Air Force's proposal to revise the LOA Standard Terms and Conditions to reflect these time standards. The Air Force later withdrew their proposal. The revised time standards should not be included in the Joint Reg and/or DLMS Manual as they will conflict with the LOA Standard Terms and Conditions. The time Standard for return of all types of materiel by SA customers should remain 180 days.	<p>Since not possible to change LOA at this time, the compromise to establish a separate rule for wrong item controlled materiel and unidentified materiel is accepted. By request of the Army ILCO, the time standard shall be based upon the date of the ILCO reply to the customer (vice USG approval of the return).</p> <p>As a result of the July 30, 2008 CPI meeting, a comparable separate</p>

		Subsequent to further discussion with DLA and DLMSO, the following revision was mutually recommended as consistent with this specific procedure change:; “SA customers receiving misdirected shipments or shipments containing incorrect items which are identified as classified/sensitive materiel, and/or arms, arms parts, or explosives, must report within 24 hours of discovery regardless of dollar value for disposition.” DSCA plans to revise Chapter 6 of the SAMM to include this requirement as it has been directed from high levels. To further implement this requirement, it has also been recommended that the time standard allowed for the return of “classified/sensitive” discrepant materiel, be decreased from 180 days to 30 days from date of USG approval of the return.	rule is established for U.S. SDRs where controlled/sensitive wrong and unidentified materiel is reported to require return within 30 days.  In addition, a requirement is established for supply sources and ILCOs to monitor for the directed return of controlled/sensitive materiel and follow-up when not received.
35.	USASAC	The time allowed for return of materiel (120 vs 180). Concur  Exhibit returns 90 days. Concur	Will remain at 180 per DSCA comment. Exception for controlled/sensitive material added.  Accepted



## Enclosure 2, General Comment Resolution

#	Reference	Submitter	Comment	Disposition
36.	Separate section of DLMS manual for SA procedures	Army	Agree that a separate section of the DLMS Manual be devoted specifically to SA. (TACOM/CECOM)	Done - see updated manual chapter.
37.	General	DLA	DSCC concurs with PDC 316.	
38.	SDR Codes	USN	Navy SDR is currently under blackout pending the ERP implementation. Adding new reply codes to NSDR would impact the ERP implementation effort.	This proposal modifies the text explanation for an existing rely code, but does not change it's original intent within the automated system.
39.				
40.	Transactions	DLA	Concur with requested change paragraph 4, (5) population of CIIC codes for wrong item... SCR submitted - BTW-08-035. CIIC and DEMIL both required.	
41.		USASCA	CIIC/DEMIL Code Populated in WEBSDR - Concur	
42.	General	USTRANSCOM	Abstains	
43.	Chapter 17 Revisions:	USAF	C17.3.10.3.1 - For the purpose of clarity and to avoid any possibility of confusion, the last sentence should be changed to read " <b>For Non-SA customers</b> materiel not returned as directed within 90 calendar days (if CONUS) or 120 days (if OCONUS) of the SDR reply will be billed.	Concur - done
44.			C17.5.1 – Change second sentence to read “Based upon United States of America Letter of Offer and Acceptance (LOA) agreements, SA customers will use SDRs to report all supply, billing/financial, <b>transportation</b> , and product quality discrepancies associated with SA shipments as defined in paragraph C17.1.7., Types of Discrepancies.  This change is recommended in accordance with paragraph C17.1.7.2 of this regulation and for purpose of clarity.	Rejected - instead of adding to this paragraph, the reference to transportation will be removed from C17.1.7.2.
45.			C17.5.1.4.2 – <b>Special Note:</b> The ILCO does not take issue with the decision to provide no reimbursement to the FMS customer for low	Dollar criteria is policy issued by DSCA. Supply Sources

		dollar incorrect items received. We understand that this is in accordance with regulation. However, we believe that failure to provide credit will discourage the FMS customer from reporting these types of discrepancy as they will be required to expend their manpower and resources to return the materiel for zero compensation.	may choose to provide credit on validated claims.
46.		<p>C17.5.1.5.1 – Change second sentence to read as originally written “The country will be advised that they must return the materiel to U.S. Government custody within <b>180</b> days from the date of approval/instructions.</p> <p>Per email 10 Jun 08 email from SAF/IAPX we are not presently permitted to reduce the materiel return time Standard from 180 to 120 days. The reference to the 90 day time Standard for exhibit returns should remain as written.</p>	Concur - Instead a new statement will be added for wrong item controlled inventory and unidentified materiel to expedite return.
47.		C17.5.1.7 – Move last sentence of paragraph that reads “ <b>Incorrect item SDRs must provide supporting documentation to include photographs of the wrong item received</b> ” to the end of paragraph C17.5.1.1	Concur - done
48.		C17.5.1.13.1 – Change fifth sentence to read “The ILCO shall convert the request for reconsideration to electronic transmission and forward to the appropriate DoD ICP/IMM or GSA action activity for reconsideration with <b>20</b> calendar days of receiving the request for reconsideration from the customer. Change is requested in accordance with Enclosure 1, paragraph 4, option B on which ILCO concurs.	Concur -done
49.		ILCO also non-concurs with the change to paragraph which allows designated recipient 45 days to respond and then allows an additional 45 days if shipping depot is unable to respond and forwards the SDR to the SOS. Recommend this be changed to 50 days total processing time in accordance with Enclosure 1, paragraph 6, option B on which ILCO concurs.	The intent here is not to penalize the new action activity when time was lost because the SDR was submitted to an incorrect action activity. However, there is validity in considering the overall 50 days as applicable for SDRs sent to the supply source vice the shipper (e.g. for DLA, Navy, or AF-directed shipments). Further consideration will be given to this rule.
50.		C17.5.1.13.2 – Change sixth sentence to read “The ILCO shall convert the request to electronic transmission and forward the SDR, with appropriate advice code, within <b>20</b> calendar days to the appropriate focal point who shall review all the information and send the ILCO the final decision within <b>50</b> calendar days from the date of receipt of the ILCO information. Changes are requested in accordance with Enclosure 1, paragraph 4, option B and paragraph 6, option B on which ILCO has concurred.	Concur -done

51.			C17.5.2.1.2 – Change second sentence to read “Reject discrepancy reports which <b>fail to meet SA time and dollar standards or</b> do not contain required data unless such data is readily available at the ILCO.	Concur - revised to read: Reject discrepancy reports which fail to meet SA time and dollar standards ( <b>with exception of those which require disposition instructions for wrong item received or misdirected shipments</b> ) or do not contain required data, unless such data is readily available, at the ILCO.
52.	Editorial	DFAS	Replace “material” with “materiel”. Replace “timeframe” with “time frame” Remove unnecessary apostrophes in acronyms.	Concur - done (“time frame” changed to “time standard”)
53.	New Reply Code 152, Response provided is pending further processing of the supply source.  A new reply code was requested to indicate that a DD reply is a recommendation pending SoS processing. This code was intended for use by depots responding to SDRs on behalf of DLA.	DLMSO	Due to the pending Continuous Process Improvement (CPI) event for routing rules, and programming impact on systems to recognize that this code is the equivalent of an interim reply, DLMSO is holding this change for further discussion. Without programming changes, this code would not have the desired effect on FMS SDRs since SDR-A would not block transmission of the DD recommended financial action reply codes. If further analysis validates the requirement in conjunction with other changes, it will be assigned to the 500-series.	Reply code addition removed from ADC.
54.	Latent defects	USASAC	Additional documentation required for submittal of Latent Defect SDRs. Highly Concur	

Enclosure 3, SDR Transaction Revisions

Item	Location	Revision to 4030 842A/W	Reason
1.	DLMS Introductory Notes	<u>Add ADC 293 to DLMS Introductory note 5:</u>  <i>- ADC 293, Revised Time Standards, Codes, and Procedures for Reporting and Processing of Supply Discrepancies</i>	To identify DLMS changes included in supplement.
2.	2/LQ01/1050	<u>Add qualifier FD.</u>  <b>FD Demilitarization Code</b>	Provides coded sets of instructions assigned to weapons or munitions which define the requirements for removal of the military characteristics of a weapon or munitions and the type of demilitarization needed to meet those requirements. This is to be used in SDR processing to better recognize priority and process rules where discrepant conditions are identified. This will be available for misdirected items to help make with disposition decisions.
3.	2/LQ01/3340	<u>Add qualifier EQ and FD with respective DLMS notes.</u>  <i><b>EQ Controlled Inventory Item Code</b></i> <i><b>DLMS Note:</b></i> <i>Use to identify the CIIC associated with the wrong item received.</i> <i><b>FD Demilitarization Code</b></i> <i><b>DLMS Note:</b></i> <i>Use to identify Demilitarization Code associated with the wrong item received.</i>	Captures the same information for the wrong item received as provided for the requisitioned item.  DAASC will need to identify in the WebSDR as Wrong Item CIIC and Wrong Item DEMIL Code since the same qualifiers are used in the previous LQ segment where associated with the requisitioned item.

Item	Location	Revision to 4030 842A/R	Reason
1.	DLMS Introductory Notes	<u>Add ADC 293 to DLMS Introductory note 5:</u>  <i>- ADC 293, Revised Time Standards, Codes, and Procedures for Reporting and Processing of Supply Discrepancies</i>	To identify DLMS changes included in supplement.
2.	2/LQ01/1050	<u>Add qualifier FD:</u>  <b>FD Demilitarization Code</b>	Provides enhanced visibility of material requiring additional levels of control and handling.

3.	2/ NCD03/2300	<p><u>Revise DLMS Note to support identification of multiple incorrect items on the reply transaction.</u></p> <p>350 Assigned Identification  <b>DLMS Note:</b> <del>For all transactions, site numeric 1 to satisfy ANSI requirements.</del> Use as a counter to satisfy ANSI syntax. Cite numeric 1, EXCEPT where additional NCD loops are used to provide disposition for incorrect (wrong) item(s) received. In these instances, increase incrementally by 1 for each wrong item. Each wrong item and associated CIIC/DEMIL codes are identified in separate NCD loops. Currently a maximum of two wrong items may be identified.</p>	Allows for multiple iterations of the NCD loop so that more than one wrong item can be identified.
4.	2/REF01/2600	<p><u>Open the REF segment at 2600 for identification of wrong item(s) received.</u></p> <p><b>XA Substitute National Stock Number</b>  <b>DLMS Note:</b>  1. Use to identify the incorrect (wrong) item received by NSN.  2. For XA: WebSDR field length = 13</p> <p><b>XB Substitute Manufacturer's Part Number</b>  <b>DLMS Note:</b>  1. Use to identify the incorrect (wrong) item received by part number. If neither part number nor the NSN are identified enter the word "UNKNOWN" as the reference information field (REF02). If description is provided, include in REF03.  2. For XB: WebSDR field length = 32</p>	Allows for specific identification of wrong items received so that response can properly identify those items with associated CIIC/DEMIL code.
5.	2/N101/2800	<p><u>Open N1 segment to identify the CAGE associated with incorrect part number received.</u></p> <p><b>SU Supplier/Manufacturer</b>  <b>DLMS Note:</b>  1. Use with REF01 XB to identify the CAGE code of the manufacturer of the incorrect (wrong) item received.</p>	Provides capability to identify part numbered items. Without the CAGE, part number does not uniquely identify material.
6.	2/N103/2800	<p><u>Add qualifier</u></p> <p><b>33 Commercial and Government Entity (CAGE)</b></p>	Required for use with N101 above.
7	2/LM/3330 and	<u>Open both LM and LQ segments</u>	Provides enhanced visibility of material requiring additional levels

	2/LQ01/3340	<p>Add qualifier EQ and FD with respective DLMS notes to 2/LQ01/3340.</p> <p><b><i>EQ    Controlled Inventory Item Code</i></b>  <b><i>DLMS Note:</i></b>  <i>Use to identify the CIIC associated with the wrong item received.</i></p> <p><b><i>FD    Demilitarization Code</i></b>  <b><i>DLMS Note:</i></b>  <i>Use to identify Demilitarization Code associated with the wrong item received.</i></p>	<p>of control and handling.  Captures the same information for the wrong item received as provided for the requisitioned item.</p>
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**Enclosure 4, DLMS Manual, DoD 4000.25-M, Volume 2 (as of Change 5 with ADC 282).** In addition to changes identified in Enclosure 1, administrative updates are also highlighted. Where Option A and B are included in Enclosure 1, only Option B is shown in this version (but will be revised if Option A is approved).

## C17. CHAPTER 17.

### SUPPLY DISCREPANCY REPORTING

#### C17.1 GENERAL

C17.1.1. Purpose. This chapter establishes information requirements for reporting and processing of Supply Discrepancy Reports (SDRs) (formerly referred to as Reports of Discrepancy (RODs)). The SDR is a tool used to report shipping or packaging discrepancies attributable to the responsibility of the shipper, (including Government sources, contractors/ manufacturers or vendors) and to provide appropriate responses and resolution. The purpose of this exchange is to determine the cause of such discrepancies, effect corrective action, and prevent recurrence.

C17.1.2. Standard SDR Transactions. Under DLMS, the SDR shall be considered a common logistics information exchange to be integrated with transaction processing through DAASC. The DoD approved standard for electronic transmission of SDRs is the DLMS Supplement (DS) to 842A Federal Implementation Convention (IC), Discrepancy Report, an ASC X12-compliant variable-length transaction format for the purpose of communicating deficiency/discrepancy information. Multiple DS are provided to support different SDR related functions. The 842A/W, Standard SDR, shall be employed for transactional exchange of initial reports and associated follow-on actions. The 842A/R, DoD SDR Reply, shall be employed for transactional exchange of the SDR reply by the action point. The DSs for SDRs are available via the IC/DS page of the DLMSO Web.

C17.1.3. DoD WebSDR. The DoD WebSDR is a DAASC-maintained system which facilitates transaction exchange that provides a web-based entry method. This WebSDR application is an effort to automate the SF 364 SDR paper form and transition to the DoD standard described above. It brings the SDR into an integrated transactional environment, supporting both direct input (under Component business rules) and transaction exchange originating within Component applications. The WebSDR system facilitates communication and interoperability between U.S. Military and Federal Agencies and the International Logistics Control Office (ILCO) on behalf of the Security Assistance (SA) customer. It controls routing of web submissions and logistics transactions according to business rules using any-to-any translation to support unique and standard transaction formats following the DS 842A/W and 842A/R. It supports information exchange between the customer, the ICP/IMM, and the shipper, and other interested parties. It encompasses new report submission, correction/modification, cancellation, follow-up, requests for reconsideration, and forwarding of SDR resolution responses, in addition to the capture of report and response management statistics. The WebSDR process reduces manual SDR form creation and eliminates dual entry where multiple Component systems are used. It shall provide an automated process for tracking SDR response information. Data collected shall enable DoD to identify trends, establish volume and dollar values of SDRs, bring management attention to problems with shipping activities as necessary, and improve the requisitioning and distribution process within logistics operations. This provides an effective means to report, resolve and measure discrepancies related to pipeline performance. Ultimately, the goal is to incorporate SDR

metrics within other logistics response measurements in support of perfect order fulfillment. Computer-based training for DoD WebSDR is available on the DLMSO Web.

C17.1.4. DoD Component members of the SDR Subcommittees (U.S. and SA) of the DoD Supply Process Review Committee are identified on the SDR Subcommittee page of the DLMSO Web.

C17.1.5. Applicability. These SDR procedures are applicable to the DoD Components and external organization elements as defined in Volume 1, Chapter 1. This includes shipments made from Working Capital Funds (WCF) and non-WCF funded activities, SA shipments made under the International Logistics Program, personal property shipments, and shipments received from commercial sources.

C17.1.6. Exclusions. The following types of discrepancies are excluded from the provisions of this publication:

C17.1.6.1. Discrepancies found while materiel is in storage. Short shipment and wrong item discrepancies discovered upon opening a sealed vendor pack may be reported by U.S. Government customers only. Materiel in storage in sealed vendor's packs which is later discovered to have been shipped with discrepancies relating to Item Unique Item Identification (IUID) data. These may be reported as SDRs and are not subject to submission time standards. Refer to IUID discrepancies below.

C17.1.6.2. Discrepancies involving local deliveries to, or returns from, internal or satellite activities. This exclusion is not applicable to on-site Distribution Depot (DD) shipments.

C17.1.6.3. Discrepancies involving shipments of privately-owned vehicles.

C17.1.6.4. Discrepancies involving shipments on requisitions or purchase orders from personnel services activities citing non-appropriated funds.

C17.1.6.5. Transportation discrepancies covered by DoD 4500.9-R, Defense Transportation Regulation, Part II, Cargo Movement, Chapter 210, Transportation Discrepancy Report (TDR), except as specifically permitted under SA procedures in this chapter.

C17.1.6.6. Product quality deficiencies to the extent covered by Joint DLAR 4155.24, et. al., Product Quality Deficiency Report Program, except as specifically permitted under SA procedures in this chapter.

C17.1.6.7. Discrepancies involving personal property shipments, with the exception of packaging discrepancies relative to personal property.

C17.1.6.8. Billing discrepancies, except as specifically permitted under SA procedures in this chapter. Price verifications and/or challenges are not reportable on an SDR.

C17.1.7. Types of Discrepancies

C17.1.7.1. Supply Discrepancy. Supply discrepancy is a general term used to describe any variation in goods received from data shown on any authorized shipping document which is not the result of a transportation discrepancy or product quality deficiency. Supply discrepancies include both shipping and packaging discrepancies.



C17.1.7.1.1. Shipping (Item) Discrepancy. A shipping discrepancy is any variation in quantity or condition of goods received from what shown on the authorized shipping documents, to include incorrect or misdirected materiel, receipts of cancelled requirements, and/or improper or inadequate technical or supply documentation, which is not the result of a transportation error or product quality deficiency. Discrepancies involving IUID are reportable under shipping discrepancy criteria.

C17.1.7.1.2. Packaging Discrepancy. A packaging discrepancy is any unsatisfactory condition due to improper or inadequate packaging (including preservation, packing, marking, or utilization) which causes the item, shipment, or package to become vulnerable to loss, delay, damage, or unnecessary expense to the U. S. Government, such as excessive packing. Discrepancies involving passive radio frequency identification (pRFID) are reportable under packaging discrepancy criteria.

C17.1.7.2. Transportation Discrepancy. A transportation discrepancy is any variation in quantity or condition of materiel received from that shown in the piece count by type of pack on the bill of lading or governing transportation document and other deficiencies in transportation when discrepant materiel is not involved. These discrepancies involve motor, air, water, rail and small package commercial carriers (excludes USPS shipments which are lost or damaged). ~~These are reportable on an SDR only by a SA customer. All others~~ Follow TDR policy found in the Defense Transportation Regulation, Part II, Cargo Movement (DoD 4500.9-R). TDRs are entered and distributed under the Electronic Transportation Acquisition (ETA) system at <https://eta.sddc.army.mil/>.

C17.1.7.3. Product Quality Deficiency. A product quality deficiency is a defective or non-conforming condition which limits or prohibits the item from fulfilling its intended purpose. These include deficiencies in design, specification, materiel, manufacturing and workmanship. These are reportable on an SDR only by a SA customer. All others follow PQDR policy found in DLAR 4155.24/AR 702-7/SECNAVINST 4855.5B, AFR 74-6, Product Quality Deficiency Report Program. Quality deficiencies reported via SDR will be investigated within the ICP/IMM under procedures associated with Product Quality Deficiency Reports.

C17.1.7.4. Billing Discrepancy. Billing discrepancies are those discrepancies related to duplicate or multiple billing per individual shipment, or a single billing with no ship line, which are reportable to the ILCO on an SDR by SA customers only. Within U.S. Government channels, the billing discrepancy will be processed under Volume 5, Finance. This means the ILCO shall convert the discrepancy to the appropriate DS 812R, Request for Adjustment of Non-Fuel Billing, or DLSS/Military Standard Billing System Document Identifier FAE.

C17.1.7.5. Financial Discrepancies. Financial discrepancies are those discrepancies related to administrative and accessorial charges. The ILCO, ICP/IMM, or GSA shall forward to DFAS-DE/I for processing all financial discrepancies received directly from a SA purchaser. Responses to these will be returned to the ILCO. Only financial discrepancies related to SA purchases are reportable on an SDR.

## C17.2. POLICY

C17.2.1. Use of SDR. The DoD Components shall use the SDR to report shipping or packaging discrepancies attributable to the responsibility of the shipper (including contractors/manufacturers or vendors) and to provide appropriate responses. The purposes of this

exchange are to determine cause of such discrepancies, effect corrective action, and prevent recurrence.

C17.2.2. Electronic Communication. Components are encouraged to maximize the use of electronic reporting and response with the goal of paperless processing of supply discrepancies. Until electronic reporting is universally available, SDRs and associated responses may be reported via hard-copy SF 364, ROD; by electronic means, to include automated discrepancy reporting systems and electronic data interchange; customer service help lines; email; or any other manner acceptable to the submitter and recipient. All manner of reporting must meet the criteria described in this publication. SDRs shall be submitted in accordance with Component-specific guidance via appropriate automated systems or via the internet-based DoD WebSDR available from the DAAS home page at: <https://www.daas.dla.mil/daashome/>. While exceptions may be permitted, the DoD goal is that paper submission of SDRs will be phased out once full implementation of transaction exchange *under DLMS* has been achieved.

C17.2.3. Documentation Maintenance. The SF 364 (or the electronic version DS 842A/W) and the action activity's response (or electronic DS 842A/R) shall be used to support adjustments to inventory and financial accounting records and shall be maintained as required.

C17.2.4. Receivers of discrepant materiel shall use the SDR to:

C17.2.4.1. Report shipping discrepancies, packaging discrepancies, and discrepancies or nonreceipt of United States Postal Service (USPS) shipments.

C17.2.4.2. Modify, cancel, or follow-up on a previously submitted report.

C17.2.4.3. Request reconsideration of a response.

C17.2.4.4 *Security Assistance customers may use to* contest the decision stated in a *reconsideration* response.

C17.2.4.4. Provide information copies of the report to interested parties.

C17.2.5. Responsible action activities as identified in this chapter and Appendix 3 shall use to:

C17.2.5.1. Notify the report initiator of interim status or resolution of the SDR.

C17.2.5.2. Request additional information on incomplete submissions.

C17.2.5.3. Reroute/*forward* the SDR to the appropriate party.

~~C17.2.5.4. Request additional information on incomplete submissions.~~ *Forward recommendations to the supply source for determination of financial resolution or materiel disposition.*

C17.2.5.5. Provide information copies of the response to interested parties.

C17.2.6. Non-Receipt of Shipments. Non-receipts, shipped by traceable means such as Government or Commercial Bill of Lading, shall not be reported using the SDR, unless the non-receipt is for other than a transportation discrepancy, or for damaged items shipped via modes other than USPS. SDRs shall not be submitted for non-receipt of shipments made by traceable USPS registered, insured, or certified mail until appropriate tracer action has been completed. If tracer action results confirm non-receipt, then submit an SDR and include results of the tracer action. Customers without

automated access to in transit visibility information should contact the ICP/storage activity to determine which shipments are traceable. (Not applicable to SA customers.)

#### C17.2.7. Interface with Other Materiel Management Functions ~~(For Future Planning)~~.

C17.2.7.1 Under DLMS, discrepancy processing may be used to trigger other standard materiel management functions. IMMs should plan to use the SDR response to establish a due-in record for return of discrepant materiel under Chapter 12, Due In and Advanced Shipment Information. ~~By DLMS enhancement, ICPs/IMMs may~~ **shall** use the Advance Receipt Information (ARI) **(also known as Prepositioned Materiel Receipt (PMR))** to advise **storage** activities to which ~~storage activity~~ a return is directed under Chapter 12 (refer to DS to 527D, Due-In/Advance Receipt/Due Verification).

C17.2.7.2 By **future** DLMS enhancement **pending further coordination**, IMMs may use the materiel release order/materiel receipt confirmation (MRO/MRC) to direct and record return of discrepant materiel located at DoD shipping depots under Chapter 4, Requisitioning, (refer to DS to 940R, Materiel Release). IMMs may use materiel returns supply status to re-direct the return of discrepant materiel received at other locations under Chapter 5, Status Reporting (refer to DS to 870M, Materiel Returns Supply Status). When returning discrepant materiel, by DLMS enhancement, shipping activities (other than DoD shipping depots) may prepare shipment status for materiel returns as described under Chapter 5 (refer to DS to 856R, Shipment Status Materiel Returns). DLMS enhancements must be coordinated prior to implementation.

C17.2.8. Discrepancy Reports Relating to Interchangeability/ Substitutability (I&S) or Quantity Unit Pack (QUP) Issues. Incorrect item SDRs shall not be submitted for authorized substitution. The DoD Components and GSA shall follow the policy of automatic shipment of an item, unless the requisition contains an appropriate advice code in accordance with Chapter 4, limiting the request to a specific item. Therefore, incorrect item SDRs shall not be submitted for authorized substitutions. Similarly, quantities may be adjusted to the quantity unit pack, unless restricted by the appropriate advice code in the customer requisition. Such adjustments resulting in quantity variance are not reportable as discrepant.

C17.2.9. Responsibility for Costs Incurred Due to Discrepancies in Returned Materiel. U.S. Government activities returning materiel are cautioned that the returning activity may be held responsible for costs incurred by the receiving activity when discrepancies are reported and validated in accordance with this publication. This includes returns made in violation of prescribed procedures, returns exhibiting packaging discrepancies, and returns of reparable items unaccompanied by required technical data. Recoupment action by the ICP against the initiator may include all cost reimbursable actions performed by the receiving activity such as repackaging, marking, and disposal.

C17.2.10. Multiple Requisitions. Multiple requisitions received under a consolidated shipment cannot be combined for discrepancy reporting purposes. Individual SDRs must be submitted for each discrepant requisition received in the shipment. An exception to this is authorized for Consolidation and Containerization Points (CCPs)/transhippers. Refer to guidance for CCP-originated SDRs below.

C17.2.11. Combining Item and Packaging Discrepancies. When both item discrepancies and packaging discrepancies are noted on the same shipment, both types of discrepancy shall be included on the same report.

C17.2.12. Government Furnished Materiel (GFM). By agreement, contractors receiving GFM shall comply with U.S. Government SDR procedures provided herein. Discrepancies related to GFM

which do not meet minimum dollar value criteria below, may be reported for information only, as a means of notifying the shipper/IMM of the discrepant condition.

### C17.3. PROCEDURES

#### C17.3.1. Original Submission of SDR

C17.3.1.1. Discrepancy Identification. The receiving activity, or transshipment activity noting packaging deficiencies on shipments in transit, shall prepare an SDR when one or more of the conditions described under reporting criteria exist.

C17.3.1.1.1. ***Pending improved processing techniques, it is required that DLMS SDRs identify the SDR type by using the SDR document type code available from the DLMS Data Element Dictionary/Directory. This is a one position code used to describe the type of discrepant report and the type of shipment involved, e.g. depot shipment to the customer (Type 7), or direct vendor shipment to the customer (Type 6).***

C17.3.1.1.2. Identify the discrepancy using the discrepancy code available from the DLMS Data Element Dictionary/Directory. Use up to three codes to describe the discrepancy. If no coding exists to adequately describe the discrepancy, select code Z1 and use a clear-text description. The goal of the initial SDR submission is to provide as much relevant information as possible to the action activity, so that they can take timely action to correct the problem and provide a timely response and disposition to the customer.

C17.3.1.2. Shipment Information. SDRs must contain a document number. Identify the original requisition document number when known, otherwise a constructed document number is required. A constructed document number identifying the receiving Distribution Depot (DD) is required for DD receipts reported electronically including new procurement receipts. Additional information, such as transportation numbers (TCN, bill of lading number, etc.) or procurement information (procurement instrument number, line item number, vendor shipment number) shall be provided in accordance with the DS/SF 364.

#### C17.3.1.3. Requested Action.

***C17.3.1.3. 1*** The SDR originator must indicate what action has been taken concerning the discrepant materiel and the desired response from the responsible activity. Use the appropriate discrepancy action code available from DLMS Data Element Dictionary/Directory. If no coding exists to adequately describe the action taken or requested disposition, select Code 1Z and use a clear-text description.

***C17.3.1.3. 2*** ***When an SDR is submitted using Action Code 1H, No action required. Information only, a reply transaction from the action activity is not required, but when provided, it shall be accepted by the customer application. Systemically, this may be interpreted to mean that customer applications may auto-close these SDRs, but must allow them to re-open automatically to process a reply transaction if one is provided.***

C17.3.1.4. Shipping Documentation. Retain shipping and associated documentation to provide a copy if requested. Do not mail hard-copy documentation if data is otherwise accessible to the responsible action activity.

#### C17.3.2. Reporting Criteria

C17.3.2.1. ***U.S. Forces and participating non-SA SDRs*** fall under the reporting criteria based upon dollar value and/or condition cited below.

C17.3.2.1.1. ***GSA and DLA Directed Shipments Dollar Value Criteria.*** Optionally, recipients of DLA and GSA directed shipments may submit an SDR for all types of shipments regardless of dollar value. ***Otherwise***, report ~~all other~~ discrepant shipments when they meet the conditions and value criteria cited below.

C17.3.2.1.1. ***Contractor/Manufacturer or Vendor Shipments.*** Report discrepant shipments from contractors/manufactures or vendors that meet conditions cited below regardless of dollar value.

C17.3.2.2. ***SA SDRs. DoD action activities shall recognize the ILCO's determination whether SA SDRs fall within submission time standards and*** dollar limitations contained in the United States of America Department of State Letter of Offer and Acceptance controlling the case, or any other sales agreement with an SA purchaser. ***Once accepted by the ILCO and forwarded to the responsible action activity***, further evaluation for time Standard and dollar criteria is not ~~required~~ ***appropriate.***

### C17.3.2.3. Condition of Materiel

C17.3.2.3.1. ***Condition Misrepresented.*** Report when the condition of an item valued in excess of \$100 per line-item is found to be other than shown on the shipping document, or, in the case of subsistence, on supporting inspection/test certificates or records. Use the hazardous materiel discrepancy code when applicable.

C17.3.2.3.2. ***Hazardous Materiel.*** Report discrepant receipt of hazardous materiel under the appropriate H-series discrepancy code. Use in place of the C-series codes for condition/shelf-life discrepancies when a hazardous item is received in a condition other than shown on the supply document or on the supporting inspection/test certificate. Report receipt of hazardous item requiring repair and lack of a Materiel Safety Data Sheet (MSDS) in Hazardous Materiel Information Resource System (HMIRS). Also use to report receipt of a non-radioactive item classified as radioactive, or non-hazardous item classified as hazardous.

C17.3.2.3.3. ***Missing Part.*** Report materiel received for repair which has been cannibalized of nonexpendable parts or components (including cannibalization of nonexpendable Basic Issue Item (BII) or nonexpendable Supply System Responsibility Item (SSRI) without the authorization of the inventory manager when the total value of the missing item(s) is in excess of \$100). Expendable BII and SSRI are not subject to these procedures.

C17.3.2.3.4. ***Expired Shelf Life.*** Report receipt of materiel for which the shelf life either has expired (Type I non-extendible item) or the inspect/test date has lapsed (Type II extendible item), regardless of dollar value. Use the hazardous materiel discrepancy code when applicable.

C17.3.2.3.4.1. For Type I DoD and GSA managed items: submit an SDR.

C17.3.2.3.4.2. For Type II DoD-managed items: prior to submitting an SDR, access the DoD Shelf-Life Extension System (SLES) through the DoD Shelf-Life

Program website at: <https://www.shelflife.hq.dla.mil/default.asp> or through the shelf life program secure site if you have a .mil address.

C17.3.2.3.4.2.1. Type II items requiring laboratory test: query the DoD Quality status Listing (QSL) to determine if the specified Type II item listed as having passed the required laboratory testing and has been extended. Items that are listed on the QSL as passed may be extended and remarked accordingly if the item has been stored in accordance with its storage standard. For items not on the QSL, prior to submitting an SDR, contact the DLA CALL CENTER at 1-877-DLA-CALL if the shipment originated from a DLA Storage Activity.

C17.3.2.3.4.2.2. Type II items requiring visual inspection: query the Materiel Quality Control Storage Standards for the specified Type II item, perform visual inspection in accordance with the items storage standard, and extend and remark if the item has been stored in accordance with its storage standard. If the item fails the visual inspection, dispose of as required by local procedures.

C17.3.2.3.4.3. For Type II GSA-managed shelf-life-items: prior to submitting an SDR, contact the GSA Shelf-Life HOTLINE at 1-209-547-8634 to determine if the inspect/test date has been extended.

C17.3.2.4. Canceled Requisitions. An SDR is required when materiel received is valued in excess of \$100 per line-item for canceled requisitions. Confirmation of the cancellation must be on file. The submitter should request disposition instructions for unwanted materiel. Exception: an SDR must be submitted when controlled inventory items are received on previously canceled requisitions regardless of dollar value.

C17.3.2.5. Documentation. Report when supply documentation is missing, incomplete, or improperly prepared regardless of dollar value.

#### C17.3.2.6. Overage/Shortage, Nonreceipt, or Duplicate Discrepancies

C17.3.2.6.1. Overage/Shortage. An item overage or shortage discrepancy occurs when the quantity received is greater or less than that shown on the shipping document. This type of variance is not evident on delivery but is discovered when the article of freight, as described on the transportation document, is opened and the contents are checked. Report DoD shipper overages or shortages valued in excess of \$100 per line item, except for controlled inventory items which are reported regardless of dollar value. Customers may use a clear text description to indicate that erroneous or conflicting MRA information was previously submitted.

C17.3.2.6.2. Concealed Overage/Shortage. U.S. Government customers shall report overages or shortages discovered while opening a sealed vendor pack regardless of dollar value or shipper. These reports must contain, if available, the contract number from the packaging, the lot number, and original document number. A constructed document number should be provided when the original number is not known. When using a constructed document number in an SDR, include fund code and credit-to/bill-to DoDAAC, if different from that in the document number, to ensure that credit/billing is appropriate.

C17.3.2.6.3. Quantity Variances. Quantity variances on receipts from procurement authorized by the terms of the contract are not reportable as discrepant.

C17.3.2.6.4. QUP Variances. Report quantity variance due to incompatibility of unit of issue between documentation and materiel received. Automatic adjustment for unit pack is allowable by policy, unless the requisition contains an appropriate advice code, in accordance with Chapter 5, restricting the quantity.

C17.3.2.6.5. Exceptions to Reporting Overage/Shortage. For U.S. Government customers, this does not include transportation discrepancies as follows:

C17.3.2.6.5.1. Overages or shortages of boxes, packages, or loose articles of freight in a commercial/Government-owned/leased shipping container (commonly called SEAVAN), Military SEAVAN (MILVAN), a Military Sealift Command SEAVAN (MSCVAN or MILVAN), Roll-on/Roll-off (RORO) trailer, or CONEX.

C17.3.2.6.5.2. Overages or shortages of freight (packaged or loose), upon delivery by a carrier, found to be in excess of the quantity of articles recorded on the bill of lading or transportation document covering the shipment.

C17.3.2.6.5.3. Average Net Weight Lotting System. DLA's subsistence commodity will use the average net weight lotting system when shipping perishable specification freeze and chill items. Actual weight received may differ from actual weight requisitioned or shown on the supply documentation. Do not submit a discrepancy report if the number of cases/containers received agree with the number shown on supply documentation, and actual weight received is within weight range variation.

#### C17.3.2.6.6. Total Nonreceipts

C17.3.2.6.6.1. Report non-receipt of items shipped via traceable means, e.g., GBL or CBL, registered, insured, certified USPS, or small package carrier shipments, regardless of dollar value only when it has been determined the non-receipt is not the result of a transportation discrepancy. In all cases, U.S. Government customers must have received supply/shipment status and employed materiel follow-up procedures. It is strongly recommended that the customer check for requisition status on Web VLIPS, for POS data on DSS MRO Tracker or on the Global Transportation Network, or check SDR status in the DOD WebSDR system before creating an SDR for total non-receipt. This may preclude the need for an SDR or may enable the action activity to resolve the problem more quickly.

C17.3.2.6.6.2. SA customers reporting non-receipt are required to provide documentation from the freight forwarder indicating that no materiel has been received on the requisition and transportation control numbers that apply. The ILCO shall deny and return as incomplete any SDRs that do not have the documentation attached.

C17.3.2.6.6.3. An SDR is required when items valued in excess of \$100 dollars per line-item, reported shipped by non-traceable USPS (i.e., not shipped registered, insured, certified mail) are not received or are received in a damaged condition.

C17.3.2.6.7. Duplicate Shipments. Report duplicate shipments regardless of dollar value.

C17.3.2.7. Materiel. Report when materiel, regardless of value, is improperly addressed and shipped to the wrong activity. Properly addressed materiel incorrectly shipped to the wrong activity while under U.S. Government-controlled transportation is reportable as a transportation

discrepancy. ***The document number assigned to the SDR will be the document number from the shipping documentation of the misdirected shipment received. (If the customer requisitioned material which was not received, it must be reported on a separate SDR for total non-receipt using the document number for the requisitioned material). Misdirected shipments received by Security Assistance customers identify the location of the discrepant material and the country reporting the receipt (which may differ from the intended customer). All customers (U.S. and SA) are required to report misdirected controlled inventory, arms, arms parts, and explosives within 24 hours of discovery.***

#### C17.3.2.8. Packaging Discrepancies

C17.3.2.8.1. Improper Packaging. Report any unsatisfactory condition resulting from improper packaging which causes the item, shipment, or package to be vulnerable to any loss, delay, or damage according to the specific conditions cited. Unless otherwise indicated, the minimum dollar value reporting criteria is when the estimated/actual cost of correction exceeds \$100; or the value of the item, shipment, or package is \$2500 or over, regardless of the estimated or actual cost to correct the packaging discrepancy. This may include loss or damage to the item, shipment, or package except when a report is otherwise required by DoD 4500.9-R, Defense Transportation Regulation, Part II, Cargo Movement. Where encoded information on the SDR is not sufficient, the submitter should provide detailed descriptions of how the materiel was packaged, as well as the actual damages incurred to the materiel. The submitter should also include when available the estimated cost of correction of packaging on the initial SDR.

C17.3.2.8.2. Mission or Life Endangering. Report packaging discrepancies regardless of dollar value resulting in damaged materiel which may endanger life, impair combat or deployment operations, or affect other materiel, immediately to the shipping activity, contracting office, or control point by the quickest communication medium to enable the shipper to take immediate corrective action. Submit a formal SDR within 24 hours of the initial report.

C17.3.2.8.3. Hazardous Materiel (includes ammunition and explosives). Report any packaging discrepancy, regardless of dollar value, if a potentially hazardous condition could result or if damage or an unsatisfactory condition has occurred involving any hazardous materiel. This includes improper identification markings of items and packaging and/or unitized loads. Use hazardous materiel discrepancy codes when applicable.

C17.3.2.8.4. Excessive Packaging. Report excessive packaging by contractors that result in additional costs to the U.S. Government, regardless of dollar value.

C17.3.2.8.5. Improper Packing. Report any type of inadequate or improper packing to include incorrect blocking or bracing, oversized or incorrect container, and inadequate closure, resulting in an unsatisfactory condition or damage. Report when materiel is not packed in required reusable container regardless of dollar value.

C17.3.2.8.6. Personal Property. Report packaging discrepancies involving shipments of personal property not conforming to specifications. Packaging discrepancy reports on personal property shipments shall be prepared at ocean and aerial terminals only.

C17.3.2.8.7. Delay or Additional Costs. Report packaging discrepancies resulting in delay or additional packaging costs at aerial or water terminals or at consolidation and containerization points. The activity responsible for operating the terminal or port of



embarkation/debarkation will be responsible for the preparation and submission of an SDR on discrepancies noted on shipments moving through the activity.

C17.3.2.8.8. Improper Packaging of Customer Returned Materiel. DDs shall send an SDR to the materiel owner for packaging discrepancies related to customer returned materiel or inter-depot transferred materiel. The materiel owner is responsible for funding packaging costs associated with preparing materiel for storage and reissue. Packaging discrepancies occurring in materiel returns are subject to recoupment action at the discretion of the materiel owner. If the packaging is so bad that the item must be disposed, the shipper may be required to reimburse the receiver for any packing required to effect the shipment and the cost of turn in to DRMO. The DD shall always include the estimate of the costs of repackaging or disposal on the initial SDR submission, in the remarks section and complete the appropriate data element entries for electronic submission.

C17.3.2.8.9. Wood Packaging Materiel (WPM). Report WPM which is not consistent with the international standards for the regulation of WPM transiting international borders and Department of Agriculture regulation governing importation of regulated WPM. Compliant WPM must display certification marking as prescribed in reference. Use discrepancy code P215 and provide remarks as applicable. Also see guidance for CCP-originated SDRs below.

C17.3.2.8.10. Repetitive Packaging Discrepancies. Include Discrepancy Code Z1, Repetitive Discrepancy, with the other specific packaging discrepancy code(s) to report repetitive packaging discrepancies that impose a significant burden on receiving or transshipment activities. Total costs to correct packaging should be included in the SDR.

C17.3.2.8.11. Improper Preservation. Report any type of inadequate or improper preservation or physical protection resulting in an unsatisfactory condition or damage. Report improper preservation of any materiel identified as being electrostatic/electromagnetic (ES/EM) sensitive, regardless of the dollar value.

C17.3.2.8.12. Improper Marking. Prepare an SDR to report any omitted, incomplete, illegible or misplaced markings. Report improper identification of containers, or items which require opening the container, or result in improper storage of the materiel, regardless of cost. Improper marking includes discrepancies related to passive radio frequency identification (pRFID) tags as follows:

C17.3.2.8.12.1. Report all missing, damaged, or unreadable pRFID tags when such tags are required by contract provisions, DoD policy, or specified by prior shipment notice/status reflecting pRFID content. Report duplication of tag identification associated with a previously processed receipt.

C17.3.2.8.12.2. SDRs may be used to report a tag read formatted for DoD use, but which does not relate to an advance shipment notification containing pRFID content when such advance shipment notification is required by contract provisions or DoD policy.

C17.3.2.8.13. Improper Unitization. Report improper unitization that includes inadequate wrapping/strapping or lack of unitization where appropriate, resulting in an unsatisfactory condition or damage. Report multiple consignees in a single consignee consolidation container as improper unitization.

C17.3.2.8.14. Latent Packaging Discrepancies. Prepare a late SDR for materiel found in storage with latent preservation and packaging discrepancies. Confine these reports to stocks which constitute a problem resulting from a particular specification, preservation, or packaging method. Reports relative to packaging discrepancies found in storage will be annotated "not incident to shipment."

C17.3.2.9. Quality Related Issues Identified During DD Receipt. Three-position Q-series discrepancy codes have been developed to accommodate materiel owners with special programs requiring immediate visibility and notification of quality deficient (or potentially deficient) materiel received at the DD. These codes are applicable for reporting to ICP/IMMs via the SDR process, based upon special inspection requests by the materiel owner. These reports are contingent upon pre-existing receipt restriction requirements which identify the NSN and specific actions the materiel owner expects the DD to perform. Some of the specific programs which require reporting of quality-related concerns for receipts, including new procurement and customer returns, are: Product Quality Deficiency Report exhibits, items identified as Customer Return Improvement Initiative (CRII) items, Critical Safety Items, items that failed under use, and items requiring First Article Testing.

C17.3.2.10. Technical Data. Report missing and/or incomplete item technical information, e.g., name plate, operating handbook, logbook, precautionary markings, warranty data, engineering drawings and associated lists, specifications, standards process sheets, manuals, technical reports, catalog item identifications, and related information that are missing, illegible, incomplete and/or incorrect regardless of dollar value. When reparable items are returned and the appropriate historical information/documentation, operator/maintenance logbooks, engine oil analysis, etc., as required by Government regulations, and/or technical manuals are not included, the receiving activity shall submit an SDR regardless of dollar value. Any additional costs incurred by the repairing depot/arsenal because of the missing data will be charged to the originating activity. Submitter will ensure that the specific description of what documentation is missing is included in the remarks section.

#### C17.3.2.11. Incorrect Item

C17.3.2.11.1. Report incorrect or misidentified materiel or unacceptable substitutes regardless of dollar value. However, unless the requisition contains an appropriate advice code in accordance with Chapter 4, limiting the request to a specific item, automatic shipment of an interchangeable or substitute item is allowed by policy. See I&S guidance above. ***Report wrong item receipts of controlled inventory, arms, arms parts, and explosives within 24 hours.***

C17.3.2.11.2. Incorrect item discrepancies discovered while opening a sealed vendor pack shall be reported regardless of dollar value or shipper. These reports must contain the contract number from the packaging and, if available, the lot number and the original document number. A constructed document number will be provided when the original number is not known. When using a constructed document number in an SDR, include fund code and credit-to/bill-to DoDAAC to ensure that credit/billing is appropriate. When known, include identity of the incorrect item received in the discrepancy report.

C17.3.2.12. Repetitive or Other Discrepancies. Report repetitive discrepancies, regardless of dollar value, or when any other condition of an item not listed herein, unless listed specifically under exclusions, at time of receipt.

C17.3.3. SDRs Resulting from Redistribution Orders (RDOs). When a DD receives an RDO from another DD and the materiel is short, over, wrong, or quality deficient, the receiving DD will:

C17.3.3.1. RDO Shortage. Prepare the SDR to report shortage and use Action Code 1D (materiel still required). The shipping DD will receive the action copy; the ICP will receive an information copy. The DD receiving the SDR will treat as priority and conduct inventories as appropriate. If the inventory confirms an over balance, the DD will respond using Disposition/Status (Reply) Code 123 (materiel will be reissued at no charge) citing inventory conducted and verified shipment error. If the inventory confirms correct balance or the balance is short, the DD will reply with Disposition/Status (Reply) Code 126 (materiel not available for reshipment) or 701 (SDR rejected) citing inventory conducted and no overage was discovered; no materiel will be shipped, OR, inventory conducted and shortage was identified; loss adjustment recorded on DD accountable record, no materiel will be shipped.

C17.3.3.2. RDO Overage. Prepare the SDR to report overage using Action Code 1B (materiel being retained). The shipping DD will receive the action copy; the ICP will receive an information copy. The DD receiving the SDR will treat as priority and conduct inventories as appropriate. If the inventory confirms an over-shipment error, the shipping DD will respond with Disposition/Status (Reply) Code 137 annotating that inventories were conducted and balances were adjusted to show correct on hand balance. If inventory confirms no over-shipment was made, the shipping DD will respond with Disposition/Status (Reply) Code 701 (SDR rejected) citing inventory conducted and on-hand balances are correct.

C17.3.3.3. RDO Wrong Item. Prepare the SDR to report receipt of wrong item using Action Code 1D (materiel still required). The shipping DD will receive the action copy; the ICP will receive an information copy. The DD receiving the SDR will treat as priority and conduct inventories on both the wrong item that was shipped and the correct item that was not shipped. No DD will request or authorize return or movement of wrong materiel received as an RDO; the ICP/IMM will make all materiel movement decisions. If the inventory confirms an overage of the correct NSN, the shipping DD will respond using Disposition/Status (Reply) Code 123 (materiel will be reissued at no charge) citing inventory conducted and shipment error confirmed; materiel will be shipped to correct shipment error. If the inventory fails to confirm an overage of the correct NSN, but an inventory of the wrong NSN reveals a shortage, the shipping DD will reply using Disposition/Status (Reply) Code 126 (materiel not available for shipment) citing inventories conducted on both NSNs confirm shipment error; accountable record corrected; no materiel will be shipped. ***Report wrong item receipts of controlled inventory, arms, arms parts, and explosives within 24 hours.***

C17.3.3.4. RDO Quality-Related Issues. Prepare an SDR when quality-related issues are noted upon receipt, or when materiel received on the RDO must be suspended prior to stow. The action copy will be sent to the ICP/IMM using Action Code 1A (disposition instructions requested). The ICP/IMM will respond to the receiving DD with disposition instructions, to include condition code change requirements where appropriate. (Refer to quality-related issues above.)

#### C17.3.4. Materiel Returns

17.3.4.1. Discrepancy Greater Than \$100. CONUS and OCONUS activities receiving materiel returns (excess or redistributed materiel, or repairable materiel, including returns from FMS customers) shall submit an SDR for discrepancies specified above regardless of condition

when the dollar value is equal to or greater than \$100 per line-item. Discrepancies pertaining to controlled inventory items shall be reported by SDR regardless of dollar value or condition.

17.3.4.2. Exception for Returns Between U.S. Activities. When the materiel return shipments are classified as unserviceable and uneconomically repairable upon receipt, the receiving activity shall report to the shipping activity. The report shall include materiel return document number, quantity, and an explanation of condition classification.

C17.3.5.. Discrepancies Resulting from Lateral Redistribution Orders (LROs) on Total Asset Visibility (TAV) Shipments. An exception from normal routing exists for SDRs entered via DoD WebSDR on LROs for TAV shipments between DLA and the Army's Non-Army Managed Items Product Support Integration Directorate (NAMI-PSID) (RIC AJ2).

C17.3.5.1. All SDRs submitted for DLA directed LROs where the item is managed by DLA, owned by NAMI (RIC AJ2) and shipped from an Army CONUS site, will be sent to NAMI for investigation, with an information copy to DLA (RIC SMS). NAMI will research the discrepancy and forward recommended disposition to DLA for final action. ~~DLA will hold the information copy for not longer than 55 calendar days pending receipt of the recommended disposition from NAMI.~~ **The NAMI action activity shall provide recommended disposition to DLA within 25 days.** After ~~55~~ 25 calendar days have elapsed and NAMI recommended resolution has not been received, DLA will follow up for recommended disposition.

C17.3.5.2. Upon receipt of recommended disposition, DLA will review and provide final decision to the customer, along with an information copy to NAMI. DLA shall be responsible for reversing all credits previously paid, issuing debits to the requisitioner, and deleting activities from the TAV process due to poor performance, in coordination with NAMI.

C17.3.5.3. If Army shipped the wrong item or an overage, NAMI shall be responsible to provide the customer with disposition instructions and/or directions for returning the item back to Army. If the item is to be retained by the customer, NAMI shall be responsible for financial actions as appropriate. DLA shall not reimburse the shipper for wrong item or over shipments of Army issues relative to TAV.

C17.3.6. Distribution Depot Receipt Not Due In. DDs shall report receipt of unscheduled materiel from new procurement to the owner/IMM, regardless of condition of materiel, as a discrepancy. Other unexpected materiel receipts, including returns and/or redistributions which are not ICP/IMM directed, and unscheduled returns to/from maintenance, may be reported by prior direction of the owner/IMM.

C17.3.6.1. New procurement materiel with other applicable discrepancies, e.g., missing receiving report/DD Form 250, improper packaging, shall be placed in SCC L pending resolution. Exception: discrepant Critical Safety Item (CSI) materiel shall be placed in SCC J regardless of whether it is new procurement or returned materiel. Initial SDR will include estimated costs of disposal or repackaging in the remarks section and complete the appropriate data element entries for electronic submission.

C17.3.6.2. If other than new procurement, the SDR should show receipt in SCC K when the actual condition cannot be determined. Materiel returned with other identified discrepancies, e.g., without associated technical data, shall also be reported as indicated under the appropriate discrepancy category. Returns of excess materiel which is not ICP/IMM directed is

subject to recoupment of costs associated with disposal or repackaging costs incurred by the distribution depot.

#### C17.3.7.. Reutilization and Marketing Shipment Discrepancies

C17.3.7.1. Dollar Value Greater Than \$100. Receiving activities shall submit an SDR for discrepancies specified above in shipments to and from DRMOs when the dollar value is greater than \$100 per line-item.

C17.3.7.2. Exception. Activities shall submit a discrepancy for overages and shortages in shipments of controlled inventory items regardless of dollar value.

C17.3.8. Discrepancies in IUID Data. Report discrepancies involving IUID under Unique Item Tracking (UIT) program requirements or as contractually required under IUID program policy. Discrepancies may be related to the packaging label, including automated information technology (AIT); the item marking, including AIT; supply documentation; the due-in record; and/or a mismatch between the item and any of these. The elements which may comprise unique identification are: unique item identifier (UII), UII type, issuing agency code, enterprise identifier (or manufacturer's CAGE), part number (original or current), serial number, and batch/lot number. The application of these elements will vary according to multiple factors such as the type of item and the specific contract requirements. Discrepancies identified during receipt of new procurement materiel must be reported prior to acceptance. Materiel may be placed in a suspended condition pending resolution. Discrepancies which resulted in incorrect information within the IUID registry at DLIS must be reported and corrective action taken.

C17.3.9 Consolidation and Containerization Points (CCP)/Transshipper-Originated SDRs including Noncompliant Wood Packaging Materiel (WPM).

C17.3.9.1 The CCP shall prepare a SDR to report packaging discrepancies as described above. In particular, CCPs shall notify ICPs that their OCONUS WPM shipment is not in compliance with DoD 4140.01-M-1 and ISPM 15 requirements. The expiration of the DoD Pest Free mark and the requirement to use the IPPC stamp to indicate WPM compliance brings the requirement to remediate all noncompliant WPM destined for OCONUS. WPM shipments can be remediated by repackaging or by use of a heat chamber. SDRs shall be prepared for noncompliant shipments received by the CCPs. Noncompliant shipments will not be held for disposition. Shipments on noncompliant pallets will immediately be re-palletized onto compliant wood pallets. Boxes, crates, etc will be sent to a remediation area through use of DSS Packing, Packaging, Preservation & Marking (PPP&M) process, and placed in a hold status of "W" until remediation is completed. SDRs will be generated for both pallet replacements and box/crate rebuilds. This type of SDR does not require a response from the supply source, but is provided so that the supply source may take appropriate action with the Component shipper or vendor. The SDR will be auto-closed in the DSS, based on the P215 discrepancy code (indicating noncompliant WPM), and will not be reopened. The POC may be contacted if SDR was sent to the wrong supply source. Labor and materiel to remediate will be charged to CCP Cost Code.

C17.3.9.1.1 Data Content. CCPs and other transshippers may follow this guidance for data content. SDRs shall be identified by Document Type code W and will include the number and type of discrepant pieces. The Transportation Control Number (TCN) will be the primary reference number for operational processes. If the shipment is received at the CCP without a TCN, one will be assigned in accordance with the DTR. CCP SDRs at the shipment level may include

multiple items, or there may not be due-in or documentation available. Therefore, the CCP shall generate a document number based upon the CCP DoDAAC if multiple documents are included or the original document number is unavailable. Multiple document numbers, when available, will be recorded in the SDR remarks. Materiel identification may be identified as “UNKNOWN” or “MIXED” (multi-pack or other consolidation of different items). When this occurs quantity and UI will be left blank. When possible, the shipper will be perpetuated from the due-in notification (e.g. 856A) or shipping documentation.

#### C17.3.10. Follow-Up on Original SDR

C17.3.19.1. When the action activity does not respond to an SDR within the prescribed time Standard specified in this chapter, the reporting activity ~~or the I LCO, acting on behalf of the SA customer,~~ shall submit an SDR identified as a ~~query (follow-up) on a previously submitted report.~~ Prior to submitting a follow-up, the reporting activity ~~or I LCO~~ must first attempt to ascertain the status of the SDR using the DoD WebSDR query function. If there is no record of an action activity reply, a follow-up should be submitted. Follow-ups must be directed to the last identified action activity when the original SDR was forwarded by the original recipient. Cite the SDR report number of the original report. For transactional exchange, include the DAAS-assigned control number when known. Follow-up transactions ~~may~~ **should** include all data that was in the previous SDR submission. POC information for the follow-up and the follow-up date are required. A narrative entry is required to provide clarification for the follow-up.

C17.3.9.2. If no response is received to the follow-up within 30 calendar days, the originator contact the Defense Distribution Center (DDC) for DD shipments or the source of supply (SOS) to request assistance. ***Off line communication with the action activity is recommended because electronic processing errors may have impeded timely response to the SDR and subsequent follow-up.*** DDC or SOS will ensure that a response with disposition or interim status is provided within 30 calendar days.

#### C17.3.10. Responsible Action Activity Response to an SDR

##### C17.3.10.1. Procedures

C17.3.10.1.1. Processing. Responsible action activities shall process all discrepancy reports under the policies and procedures set forth in this publication and the DoD Component implementing regulations. Responsible action activities include all activities required to take action on a reported discrepancy. Action activities shall consider the associated MRA during validation of SDRs. Conflicting information will be investigated as appropriate.

C17.3.10.1.2. Interim Replies. Interim replies may be used to inform the submitter that an SDR has been forwarded to another organization for investigation or resolution. Responsible activities must provide an interim reply where a final reply cannot be provided within the established time standards. Failure to meet the established time standards must be caused by reasons outside the control of the ICP/IMM or GSA. Such interim replies shall indicate when additional status will be provided. Identify the interim disposition/status using the appropriate disposition/status (reply) code available from DLMS Data Element Dictionary/Directory. If no coding exists to specifically identify the reasons for the delay, indicate Code 137 and provide a clear-text explanation. Supplemental information is provided in accordance with the DS/SF 364.

C17.3.10.1.3. Replies. Responsible activities shall reply to SDRs by submission of a DS 842AW or other approved SDR response format indicating the appropriate disposition, e.g., acknowledgment of the report, disposition of the materiel, validation of the report with authorization of financial adjustment, and/or instructions for repair or other types of corrective action. Identify the interim disposition/status using up to three codes disposition/status (reply) codes available from the DLMS Data Element Dictionary/Directory. If no coding exists to specifically identify the reasons for the delay, indicate Code 137 and provide a clear-text explanation. Supplemental information is provided in accordance with the DS/SF 364.

C17.3.10.1.4. Denials. SDRs not meeting the reporting criteria or time standards specified in this chapter or not including sufficient justification, shall be **considered for information only** or denied, **as appropriate**. The responsible **action** activity will use the SDR response and cite the appropriate disposition/status (reply) code.

C17.3.10.1.5. DoD ICP/IMM, Shipping Depot, or GSA Actions. The ICP/IMM, shipping depot, or GSA shall:

C17.3.10.1.5.1. Review all SDRs received for processing and determine proper course of action based on available supply records and the results of investigation. **This includes SDRs which the customer has reported as requiring no action (Action Code 1H).**

C17.3.10.1.5.2 Send the SDR response to include disposition instructions as needed to the customer or the ILCO for SA SDRs. The responsible activity shall provide a point of contact for each SDR response.

C17.3.10.1.5.3 Based upon validated SDR, request that DFAS **or integrated financial** process authorize adjustment/credit in accordance with Volume 5, Finance.

C17.3.10.1.5.4 Provide signed evidence of shipment to the ILCO for SA SDR for nonreceipt of materiel. If this documentation cannot be provided, appropriate credit is required.

C17.3.10.1.5.5 Provide documentation to the ILCO that is matched to the quantity shipped for SA SDRs for concealed shortages. Examples of such documentation are those containing size, total weight, and cube accepted by the carrier. Credit is denied if the documentation, in conjunction with the unit weight, supports shipment of the total quantity billed. Otherwise, appropriate credit for the differences is required.

C17.3.10.3. Disposition of Materiel. Use the SDR response as an action reply for those discrepant conditions requiring disposition instructions to the reporting activity, e.g., overages, damages (USPS), deficient materiel (SA), or erroneous or misdirected materiel.

C17.3.10.3.1. Returning Discrepant Materiel. When discrepant materiel is directed to be returned, the responsible activity shall direct the customer to reshipe the materiel using the same document number under which the materiel was originally shipped. **The SoS shall provide reimbursement for packing, crating, handling, and transportation for directed returns under DLMS Vol 3/MILSLLS procedures.** ~~In those instances where returns are at Government expense, Every effort will be made to~~ Use the Defense Transportation System (DTS) for the return movement **is encouraged. As an alternative to providing transportation reimbursement,** the responsible **action** activity ~~must~~ **may** provide the transportation account code (TAC) chargeable for the transportation

services and supporting information, e.g., the bill of lading number, *or provide small package carrier account information*. In those cases where an exhibit of the discrepant materiel is directed for return, the activity requesting this action will pay for exhibit shipment costs. Action activities will furnish DD Form 1348-1A for materiel to be returned. A copy of the SDR and the shipment document should be included with returned materiel and annotated as a "SDR RETURN." **For Non-SA customers, materiel not returned as directed within 90 calendar days (if CONUS) or 120 days (if OCONUS) of the SDR reply will be billed.**

C17.3.10.4. Corrective Action for Packaging Discrepancies. Responsible activities shall immediately investigate reported discrepancies and take action to prevent their recurrence. An indication of what corrective action is required will normally be included in the SDR reply within the specified time limits and directed to the initiator with an information copy to the appropriate control point. For shipments of ammunition, explosives, or other hazardous materiel, the Department of Defense or GSA responsible activities must provide reports of corrective action in all cases. Wherever possible, use the discrepancy status or disposition code to show the corrective action. Less preferably, briefly summarize the corrective action in the narrative portion of the SDR. A corrective action statement may be recorded on a separate document if additional space is required. Statements of corrective action shall also be sent when requested by the SDR initiator or upon special request of the control point. For contractor originated shipments, investigating activities shall send an information copy of the results of their investigation to the responsible procurement activity or commodity command. Reports of corrective action must not be delayed pending final determination of the contracting officer when reimbursement is warranted. Report final actions when completed. When a Contract Administration Office investigating activity finds corrective or preventive action is outside the scope of contract administration and requires action by the procuring activity, the SDR and investigation report shall be forwarded to the procuring activity for action, with information copies to the appropriate control point and the initiator.

C17.3.10.5. Corrective Action for Noncompliant WPM. Action activities in receipt of SDRs reporting WPM non-compliance under generic packaging discrepancy codes, must reassign the discrepancy code to P215 on their responses. This will support mandatory tracking and trend analysis using automated SDR applications. In the event the shipment becomes frustrated, the action activity will provide instructions for corrective action in order to bring the shipment into conformance or otherwise direct remedial action. Corrective actions and options shall be based upon the circumstances of the quarantined/frustrated shipment, value and priority of the shipment, access to the shipment by DoD personnel, and location of the consignee. Alternatives include:

- C17.3.10.5.1. Inspection, certification, and marking of compliant WPM,
- C17.3.10.5.2. Replacement of the WPM,
- C17.3.10.5.3. Consignee pick-up of the materiel only, or
- C17.3.10.5.4. Return to origin or designated location.

C17.3.10.5.5. Repacking and disposal costs associated with noncompliant WPM receipts shall be the responsibility of the owner of the stock directing shipment (i.e. last identified shipper or item manager). Photographic evidence may be requested to substantiate a claim for the recoupment of funds expended in bringing the shipment into compliance. Where applicable, the reporting activity may submit an SF 1080, Voucher for Transfers between Appropriations and/or Funds.



## C17.3.11. Time Standards

### ~~C17.3.11.1. General~~

C17.3.11.1.1. Submitting SDRs and SDR Responses. This section provides standard time standards for submission of SDRs and SDR responses. Time limits for reporting discrepancies relating to contractor warranties are prescribed in individual warranty clauses and/or contracts. These time limits override other time limits specified in this chapter. Time limits do not apply to those IUID discrepancies which must be reported to ensure the IUID registry and/or owner records are properly maintained.

C17.3.11.1.2. Time Standards for SDR Submission by Non-SA Customers. An SDR shall be submitted by receiving activities and/or transshipment activities as soon as possible but not later than the time standards listed below. SDRs not meeting the reporting criteria or time standards specified in this guidance and do not present sufficient justification shall be ***processed for information only denied***.

C17.3.11.1.2.1. Discrepant Controlled Inventory Items, Arms, Arms Parts, Ammunition, and Explosives. ~~For shortages or overages in shipments of controlled inventory items arms, arms parts, ammunition, and explosives:~~ Report discrepancies within 24 hours of discovery for shortage, overage, ***wrong item, misdirected shipment. This includes stock numbered materiel with a catalogued Controlled Inventory Item Code (CIIC) code indicating the item is identified as classified or sensitive. In addition, pilferable codes associated with arms and ammunition are also included (codes N and P) in this category.***

### ~~C17.3.11.1.2.2. All other discrepancies:~~

C17.3.11.1.2.2. CONUS Destinations. ~~90~~ **60** calendar days from date of shipment.

C17.3.11.1.2.3. Overseas Destinations. ~~150~~ **120** calendar days from the date of shipment

C17.3.11.1.2.4 Exception. Time limits do not apply to short shipment and wrong item discrepancies discovered upon opening a sealed vendor pack

C17.3.11.1.2.5 Late Submission. When circumstances prevent compliance with the above time standards, e.g., response to a tracer action reveals a supposed transportation discrepancy to be a shipping/packaging discrepancy, the reasons for delay shall be using a brief clear-text explanation. If appropriate, the responsible activities will honor the discrepancy report. Reporting activities are required to send SDRs to report a shipping or packaging discrepancy even after the above submission time standard has elapsed. If lacking justification, action activities will normally ***process for use in reporting metrics, information and corrective action, if appropriate. use such SDRs only in the system evaluation and correction process. The source of supply shall not be considered responsible for financial resolution on late submission SDRs unless shipment history is available and the circumstances warrant such action.***

C17.3.11.1.3. Time Standards for SDR Response. Responsible ***action*** activities shall reply to all SDRs received within the following time standards. ~~Provisions for interim responses~~

~~are provided under responsible activity response to an SDR above. Interim responses shall be provided when extenuating circumstances necessitate additional processing time.~~

**C17.3.11.1.3.1** Discrepant controlled inventory items, arms, arms parts, ammunition, and explosives (shortage/overage/wrong item/misdirected): **Total response time, to include sequential processing by multiple action activities when necessary, shall not exceed 25 days. Wrong item receipts identified as controlled/sensitive and unidentified items shall be returned to the designated location within 30 days of the SDR reply. Supply sources shall monitor for the return and follow-up with the SDR submitter if materiel is not returned.**

**C17.3.11.1.3.2** Distribution Depots shall respond to SDRs submitted directly to the shipping activity within **25 ~~30~~ calendar days. Responses from Distribution Depots shall ~~may~~ be identified as recommendations pending processing by the supply source or finance center if applicable based upon Service/Agency business rules.**

**C17.3.11.1.3.3.** ICP/IMMs shall respond to SDRs submitted directly to the supply source within **50 ~~30~~ calendar days. ICP/IMMs receiving recommendations of Distribution Depots shall review and provide financial resolution and/or materiel disposition within ~~20 calendar days.~~ Where sequential processing by Distribution Depot and ICP/IMM is required total processing time shall not exceed 50 days.**

**C17.3.11.1.3.3.** Action activities receiving SDRs inappropriately shall make every effort to forward to the correct action activity within 5 calendar days. Customers should be aware that misrouting of SDRs may extend total processing time beyond the authorized 50 day processing time.

~~C17.3.11.4.1. Thirty calendar days from date of receipt of reports for DoD shipping activities responding to the ILCO concerning SA nonreceipt SDRs~~

~~C17.3.11.4.2. Thirty calendar days from date of receipt of reports by the action activity when associated with shipments of controlled inventory items.~~

~~17.3.11.4.3. Otherwise, 55 calendar days from date of receipt of report by the action activity.~~

~~C17.3.11.4.4. An additional 15 calendar days from the date of receipt of the response are allowed the ILCO when SA discrepancies are involved.~~

## C17.3.12. Distribution of SDRs

### C17.3.12.1. General

C17.3.12.1.1. Requirements. US customers shall submit SDRs for initial action in accordance with Appendix 3. For items requiring special handling and/or reporting, such as controlled inventory items, the responsible activity will make additional distribution of the report as required. The submitter shall provide a copy of the Serious Incident Report, or other Component-required report, regarding controlled inventory items believed to be stolen, lost, or unaccounted for.

C17.3.12.1.2. Use of the Electronic SDR. Where access to an electronic SDR and associated supply information are available, hard-copy documents shall not be mailed unless

requested by the action activity. Exceptions to this include information not readily available to the responsible/action activity and photographic/pictorial evidence of the discrepancy. Where access to an automated discrepancy reporting system is not available, forward the SDR with attached shipping/billing documents to each responsible activity and information addressee.

C17.3.12.1.3. Return to Contractor. When discrepant materiel is directed for return to a contractor, enclose a hard-copy SDR including disposition instructions. No statement adversely affecting the Government's claim shall be shown on any documentation returned to the contractor.

#### C17.3.12.2. Transfers of IMM Responsibilities

C17.3.12.2.1. Logistics Reassignment. Under the logistics reassignment procedures, IMM responsibility for an item may have been transferred to another DoD Component after the date of shipment. In these instances, a single discrepancy reported on a requisition line-item may require action and/or reply from two different DoD Components (e.g., shipper's IMM/ICP and Gaining Item Manager (GIM)). For example, on receipt of an incorrect item, one DoD Component could be responsible for the investigation (shipping activity) and the initiation of a billing adjustment (shipper's IMM/ICP) for the item billed (but not received), and the GIM would be responsible for providing disposition instructions for the erroneous materiel.

C17.3.12.2.2. Response Coordination. It is not the responsibility of the SDR initiator to forward copies of the SDR to all parties involved. Instead, it shall be the responsibility of the shipping activity or Losing Item Manager (LIM) to coordinate with the GIM for an appropriate response/disposition to the submitter.

C17.3.13. Contested Decisions for Non-SA Related Discrepancies. When the SDR originator does not concur with a reply/disposition received in response to an SDR, they shall forward the SDR indicating a contested decision. Requests for reconsideration pertaining to DD shipments shall be forwarded to the shipping depot; all others shall be forwarded to the SOS. ***Requests for reconsideration must be submitted within 45 calendar days from date of action activity response.*** Cite the SDR report number of the original report. For transactional exchange, include the DAAS-assigned control number when known. Requests for reconsideration transactions require all data that was in the previous SDR submission. In addition, a narrative entry is required to provide justification for reconsideration. POC information for the new submission and submission date is required. An SDR must be in a closed status before a request for reconsideration can be submitted (this means the action activity reply to the SDR must be recorded within the applicable Component application). The designated recipient of the request for reconsideration shall review all data relating to the problem and provide a response to the reporting activity with information to all concerned parties within 45 calendar days. When the shipping depot is unable to respond to the contested SDR, the depot will forward the SDR to the SOS for resolution (when the SDR is forwarded, the 45 days for processing and evaluation will begin when the SDR is received by the SoS). The resulting decision shall be final.

C17.3.14. Correction and Modification/Update of Original Report. When the originator wishes to modify status or requested action concerning a previously submitted SDR, a new transmission of the SDR may be used to accomplish this. Indicate that the SDR is a modification or correction and forward to all parties who received the original submission. Cite the nonconformance report number of the original report. Include the WebSDR-assigned control number when known. Do not duplicate information from the original report except as indicated in the DS. Provide POC information. A brief narrative description of the revision must be included. Significant errors, such as

an incorrect original requisition document number must be corrected by canceling the original SDR and submitting a new report.

C17.3.15. Cancellation of an Original Report. When an SDR originator discovers a previously reported SDR is not valid or appropriate for any reason and should be withdrawn, a SDR cancellation must be prepared to cancel the original. Forward to all parties that received the original submission. Cite the original report number and the WebSDR-assigned control number when known. Do not duplicate detail information from the original report except as indicated in the DS. Provide POC information. ~~If encoded information does not adequately describe the reason for the cancellation, a brief narrative description may be included.~~ ***A brief narrative description of the reason for cancellation should be included.*** The originator may submit a revised SDR under a new nonconformance report number.

C17.3.16. GSA Shipments. On shipments from GSA shipping activities or directed by GSA from a contractor/vendor (regardless of dollar value), GSA will investigate and, when appropriate, credit the account cited on submission of SF 1080, Voucher for Transfer Between Appropriation and/or Funds. Reference to the SDR by its nonconformance report number is acceptable as supporting documentation.

C17.3.17. Consignor Replies on Industrial Plant Equipment (IPE) Packaging Deficiencies. Consignor (shipper) replies on industrial plan equipment (IPE) packaging deficiencies which Defense Supply Center Richmond has previously funded for packaging, crating and handling (PC&H) will provide necessary documents to transfer or reimburse funds for any required corrective action. Handling for PC&H is based on specified requirements for IPE in MIL-HDBK 701, Military Standardization Handbook Blocking, Bracing, and Skidding of Industrial Plant Equipment, and MIL-STD 107, Military Standard Preparation and Handling of Industrial Plant Equipment.

C17.3.18. Follow-up on Credit Adjustments on SDRs. 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 and 60 calendar days has elapsed, the SDR submitter should consult the bill-to finance office for verification. When nonreceipt of credit is confirmed, the financial office shall submit a request for billing adjustment as prescribed by DLMS Volume 5, Finance.

C17.3.19. MRA. ICPs shall monitor for discrepancies reported on MRAs, (DS to 527R) to ensure identified discrepancies have been properly reported.

#### C17.3.20. DAAS SDR Processing

C17.3.20.1. Under DLMS, SDRs shall be integrated with standard logistics transaction processing through DAAS. DAAS shall perform the following actions:

##### C17.3.20.1.1. Pass/route SDR transactions

C17.3.20.1.1.1. Generate and route an information copy of SDRs reporting packaging discrepancies associated with USAF-directed shipments to the USAF packaging office.

C17.3.20.1.1.2. Route the action copy of SDRs reporting distribution depot receipt pf PQDR exhibits (Discrepancy Code Q11) to the materiel owner by

agreement with DLA. For USAF owners this process will use an electronic (email-based) interface with the USAF processing system for product quality.

C17.3.20.1.2. Edit SDR transactions in accordance with business rules specified below.

C17.3.20.1.3. Provide translation capability to support a variety of communications methods for exchanging computer-readable SDR transactions.

C17.3.20.1.4. Maintain historical records of SDRs and associated transactions.

C17.3.20.1.5. Provide access to SDR information via Web Visual Logistics Information Processing System (WEBVLIPS).

C17.3.20.1.6. Provide ad-hoc queries and management reports.

C17.3.20.1.7. Maintain the DoD WebSDR as a value-added service to support submission, reply, and other functions related to SDR processing.

C17.3.20.2. DAAS shall edit SDR transactions prior to passing/routing to ensure minimal standards of acceptability. Reject to the generating activity SDR and follow-on transactions that do not meet the following conditions:

C17.3.20.2.1. SDR transactions must contain valid values as appropriate to the transaction purpose: discrepancy code, action code, and disposition/status code. Reject with Disposition/Status Code (Reply) 915, 916, or 927.

C17.3.20.2.2. SDR must include materiel identification. Materiel identification may consist of the NSN, manufacturer's part number and manufacturer's CAGE, or manufacturer's part number and a description. Where wrong item discrepancies are reported, materiel identification of the wrong item must be included. Wrong item received may be identified as previously indicated or by description alone (citing "UNKNOWN" as the wrong item part number). Reject with Disposition/Status (Reply) Code 931.

C17.3.20.2.3. SDRs reporting materiel received is not in the correct condition must include valid condition codes to identify the received conditions. Only valid condition codes shall be permitted. Reject with Disposition/Status (Reply) Code 928.

C17.3.20.2.4. SDRs coded to indicate narrative is required must provide applicable narrative. Reject with Disposition/Status (Reply) Code 924.

C17.3.20.2.5. SDRs must include minimal point-of-contact information to include name and phone/email. Reject with Disposition/Status (Reply) Code 920 or 921.

C17.3.20.2.6. Only valid DoDAACs and Routing Identifiers will be permitted. Reject with Disposition/Status (Reply) Code 929.

C17.3.20.2.7. Quantity fields will only allow entry of numeric values. Reject with Disposition/Status (Reply) Code 917 or 918.

C17.3.20.2.8. SDR replies coded to indicate that a ship-to/mail to address or additional information is associated with the reply, must include the specified additional address or information as transaction data fields or must include narrative remarks. Reject with Disposition/Status (Reply) Code 930.

C17.3.20.3. DAAS will edit SDR submissions via DoD WebSDR at the point of entry to improve the accuracy of the data content. All of the above criteria apply. In addition, web-specific functionality includes:

C17.3.20.3.1. The SDR submission process will be facilitated by the auto-population of data content based upon the shipment and cataloging data available to DAAS.

C17.3.20.3.2. Address information will be retrieved based upon DODAAC and routing identifiers. User generated updates to initiator's address are permitted and will be passed to the receiving system for information, but will not impact SDR processing.

C17.3.20.3.3. SDR replies coded to indicate that an address or additional information is associated with the reply, must include the specified additional address or information.

C17.3.20.4. DAAS shall provide the support to SDR transaction exchange to facilitate DLMS processes.

C17.3.20.5.. DAAS shall facilitate appropriate distribution when the action party receiving the initial distribution employs the Distribution/Status (Reply) Code 504 indicating the SDR must be forwarded to a new action activity. When the new action activity is a DD, the original SDR will be retransmitted to the designated DD. The customer will receive notification of interim status.

C17.3.20.6. DAAS shall facilitate appropriate distribution when the action party receiving the initial distribution employs distribution status codes in the 300 series indicating that the SDR must be sent to the SOS for disposition. The SDR reply will be sent to the designated SOS and to the SDR initiator for notification of interim status.

C17.3.20.7. DAAS will respond to DAAS-directed rejected reply transactions indicating no matching original report or information copy of the SDR is found in the automated application (Reply Code 926), by providing an information copy of the original report to the activity which rejected the reply. Unmatched requests for an information copy will be returned by DAAS reject (Reply Code 926) to the sending organization. (ADC 225 implementation pending). DAAS will create and forward an information copy of the DLA source of supply for all customer SDRs based upon the storage site reply where an information copy was not previously provided (ADC 225A).

C17.3.20.8. DAAS shall provide information copies of SDRs in accordance with Component business rules and as designated by the initiator. |

C17.3.20.9. DLA Enterprise Business System (EBS) will receive an information copy of all SDRs routed to DD for initial action where EBS is the SOS.

C17.3.20.10. All parties receiving an information copy of the original SDR as designated by the initiator or by a Component business rule will receive a copy of all changes, cancellation, and replies associated with the SDR.

## C17.4. MANAGEMENT EVALUATION

C17.4.1 Purpose. 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, DoD Components shall require, as a minimum, semi-annual summary reporting to an appropriate headquarters for review and analysis. The DoD Components unable to support the full scope of the required data collection under legacy systems shall incorporate this reporting requirement under business system modernization efforts. Data collected must be sufficient to enable monitoring activities to:

C17.4.1.1. Identify trends

C17.4.1.2. Establish volume and dollar values of SDRs.

C17.4.1.3. Bring management attention to problems with shipping activities as necessary.

C17.4.1.4. Prevent recurrence of discrepancies.

C17.4.2. IMM/ICP Summary Reporting. As a minimum, the IMM/ICP and shipping activities must have visibility of detail/summary reports that show:

C17.4.2.1. The number of SDRs received during a particular time Standard by shipping activity, dollar value, and discrepancy type. Reports will measure compliance with SDR submission time standards.

C17.4.2.2. The number of SDRs responses processed during a particular time Standard by action activity, dollar value, and discrepancy type. Reports will show a breakdown of SDR actions taken to include dollar value of credit authorized and reshipped materiel. Reports will measure compliance with SDR processing time standards and show age of ongoing investigations.

C17.4.3. Receiving Activity Reporting. As a minimum, the U.S. Government receiving activity and the ILCO must have visibility of detail/summary reports that show:

C17.4.3.1. The number of SDRs prepared during a particular time Standard by shipping activity, dollar value, and discrepancy type. Reports will measure compliance with SDR submission, processing, and follow up time standards.

C17.4.3.2. Responses received from the responsible action activity, and dollar values recovered, either in the form of reshipped materiel or credit received.

## **C17.5 SECURITY ASSISTANCE (SA) DISCREPANCY REPORTS**

***C17.5.1 This section provides specific procedural guidance relevant to the processing of SA SDRs. Based upon United States of America Letter of Offer and Acceptance (LOA) agreements, SA customers will use SDRs to report all supply, billing/financial, and product quality discrepancies associated with SA shipments as defined in paragraph C17.1.7, Types of Discrepancies. Detailed***

*descriptions of supply discrepancies are provided beginning in paragraph C17.3.2. In addition to the standard data content, SA SDR shall include the location of the discrepant material (In-country depot, freight forwarder, US government facility, or contractor facility) and the country which received the discrepant material.* SA discrepancy reports below dollar limitations contained in the United States of America Department of State Letter of Offer and Acceptance controlling the case, or any other sales agreement with an SA purchaser, shall not be accepted by the ILCO for processing by the DoD Components unless a valid justification for the submission is also provided.

*C17.5.1.1 All SA SDRs will be submitted directly to the ILCO identified in Appendix 3, SDR Distribution, for initial screening and processing in accordance with this manual and DoD 5105.38-M, Security Assistance Management Manual (SAMM). SDRs may be forwarded via SF 364, Report of Discrepancy, or authorized electronic/automated formats. Incorrect item SDRs must provide supporting documentation to include photographs of the wrong item received.*

*C17.5.1.2 As appropriate, SDRs will be forwarded for further processing to DoD ICP/IMM, shipping depot, or GSA. Total nonreceipt SDRs will normally be forwarded directly to the shipping depot. All responses to discrepancy reports will be returned to the ILCO.*

*C17.5.1.3 ICP/IMM or depot action activities will provide the SDR reply using the DLMS standard SDR transactions via DoD WebSDR as described in paragraph C17.1.2 and C17.1.3. ~~ensure the reverse side of the original SF 364 is fully completed and the original copy of the report returned to the ILCO bearing the original signature of the individual responsible for preparation of the reply.~~ Pending full DLMS implementation other authorized electronic/automated format equivalent to the SF 364 may also be used to include, at a minimum, the requisition document number, the report number (item 2 of the SF 364), point of contact, and pertinent information from the data blocks on the reverse side of the SF 364 or the expanded code lists available from the DLMS Data Element Dictionary/Directory.*

#### *C17.5.1.4 Time Standards*

*C17.5.1.4.1 Time Standards for SDR Submission by SA Customers. Discrepancy report preparation and submission time by the SA purchaser is limited to the time standards cited in the United States of America Department of State Letter of Offer and Acceptance, and amendments thereto, as explained in DoD 5105.38-M.*

*C17.5.1.4.2 SA customers receiving misdirected shipments or shipments containing incorrect items which are identified as classified/sensitive materiel, and/or arms, arms parts, or explosives, must report within 24 hours of discovery regardless of dollar value for disposition. Where estimated dollar values are unknown or fall below the minimum criteria, report using SDR Action Requested Code 1A. Disposition instructions for discrepant materiel requested; financial action not applicable.*

*C17.5.1.4.3 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 and again upon return from the 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.*



**C17.5.1.4.4** Response time standards for the action activity are as specified in paragraph C17.3.11.1.3, Time Standards for SDR Response.

**C17.5.1.5 Disposition of Discrepant Materiel.**

**C17.5.1.5.1 Incorrect item.** Whenever materiel is directed for return to U.S. custody, the purchasing country will be instructed to reshipe the materiel using the same document number under which the materiel was originally shipped. The country will be advised that they must return the materiel to U.S. Government (USG) custody within **180 ~~120~~** days from date of approval/instructions. **However, the time standard allowed for the return of wrong item controlled/sensitive materiel or unidentified materiel is 30 days from date of the ILCO reply. The ILCO shall monitor directed returns and follow-up with customers where controlled/sensitive materiel has not been returned.** In those instances when materiel is to be returned to the United States at USG expense, every effort will be made to utilize the DTS for the return movement. Provide the Service/Agency transportation account code (TAC) chargeable to return the discrepant materiel to the appropriate U.S. Government activity or other designated location. **In lieu of the TAC, the action activity may provide commercial package carrier account information. In addition, the SoS shall provide reimbursement for packing, crating, handling for directed returns under DLMS Vol 3/MILSBLLS procedures. The SoS shall also provide reimbursement for in-country transportation of the original shipment to the SA customer (when a directed return applies) under procedures prescribed by DoD 5105.38-M, as amended.** When appropriate the action activity may direct the submitter to return an exhibit of the discrepant materiel. The activity requesting this action will pay for exhibit shipment costs. **The exhibit shall be returned to US Government custody within 90 calendar days from the date of instructions.** Action activities **or the ILCO** will furnish DD Form 1348-1A for materiel to be returned. A copy of the SDR and DD Form 1348-1A should be included with returned materiel and annotated as an SDR RETURN. Upon evidence of materiel being returned, a credit adjustment will be processed for the return of the discrepant materiel if previously authorized. This evidence releases the SA customer of liability for the materiel.

**C17.5.1.5.2** Discrepant SA materiel not being returned to the stocks of the Department of Defense or GSA, or retained, or sent to disposal by the foreign government at the direction of the ILCO, shall be turned in to the nearest U.S. accountable military activity (regardless of the DoD Component responsible for the materiel). This is in accordance with the governing regulation serving as the authority for the turn-in. The local U.S. military activity shall take the materiel up in stock as a gain to inventory and determine if materiel is required or is in excess to requirements. If materiel is required, it shall be retained. If excess to requirements of the local military activity, the materiel must be reported under Chapter 12.

**C17.5.1.6** The DoD shipping activity will retain paper copy of the SA shipping documentation (signed carrier's receipt and shipping document) at the shipping site for a period of 2 years following the shipping date. After this point, the paper records will be retired to the appropriate Federal Records Center for a period of 28 years. The stored records must be segregated by country and the container marked accordingly. Billing documentation will be retained by the Military Departments and DoD agencies as specified in MILSBILLS and DoD 7000.14-R, Vol. 15, Department of Defense Financial Management Regulation (Security Assistance Policy and Procedures).

**C17.5.1.7** Incorrect item SDRs are not permitted for authorized substitution, unless the substitute item does not meet fit, form, or function standards. DoD Components and GSA follow the policy of automatic shipment of an interchangeable item unless the requisition contains an appropriate

advice code, in accordance with DoD 4000.25-1-M, Military Standard Requisitioning and Issues Procedures (MILSTRIP), appendix B-15, or DoD 4000.25-M, Defense Logistics Management System (DLMS), Vol 2, Supply, limiting the request to a specific item. Similarly, quantities may be adjusted to the unit pack quantity, when appropriate, unless restricted by the appropriate advice code in the customer requisition. Such adjustments resulting in quantity variance are not reportable as discrepant.

**C17.5.1.8** When an SDR is initiated for nonreceipt, the SA customer is required to provide documentation from the freight forwarder indicating that no materiel has been received on the requisition and transportation control numbers that apply. The ILCO will deny any nonreceipt SDRs received that do not have this documentation attached. The ILCO will return these SDRs to the customer as incomplete.

**C17.5.1.9** The report initiator will indicate on the SDR what action is requested. Typical requested actions are listed by code on the SF 364 and an expanded list is available from the DLMS Data Element Dictionary/Directory.

**C17.5.1.10 SDR Followup.** When the action activity does not respond to an SDR within the prescribed time Standard specified in this chapter, the ILCO, acting on behalf of the SA customer shall submit an SDR follow-up. Prior to submitting a follow-up, the ILCO must first attempt to ascertain the status of the SDR using the DoD WebSDR query function. If there is no record of an action activity reply, a follow-up should be submitted. Follow-ups must be directed to the last identified action activity when the original SDR was forwarded by the original recipient. Cite the SDR report number of the original report. For transactional exchange, include the DAAS-assigned control number when known. Follow-up transactions ~~may~~ **should** include all data that was in the previous SDR submission. POC information for the follow-up and the follow-up date are required. A narrative entry is required to provide clarification for the follow-up.

**C17.5.1.11** If no response is received to the follow-up within 30 calendar days, the ILCO may contact the Defense Distribution Center (DDC) for DD shipments or the source of supply (SOS) to request assistance. ***Off line communication with the action activity is recommended because electronic processing errors may have impeded timely response to the SDR and subsequent follow-up.*** DDC or SOS will ensure that a response with disposition or interim status is provided within 30 calendar days.

**C17.5.1.12 Cancellation of an Original Report.** When an SDR originator discovers a previously reported SDR is not valid or appropriate for any reason and should be withdrawn, a SDR cancellation must be prepared to cancel the original. The ILCO via WebSDR will forward to all parties that received the original submission. Cite the original report number and the WebSDR-assigned control number when known. Do not duplicate detail information from the original report except as indicated in the DS. Provide POC information. ***A brief narrative description of the reason for cancellation should be included.*** The originator may submit a revised SDR under a new nonconformance report number.

**C17.5.1.13 Contested Decisions and Requests for Reconsideration.** These procedures allow the report originator to voice disagreement with disposition decisions. The SA purchaser has recourse through the ILCO to the ICP/IMM or GSA and, if still not satisfied, to the ILCO's Service focal point.

**C17.5.1.13.1 Requests for Reconsideration.** The SA purchaser may ask the U.S. Government to reconsider the disposition for a reported supply discrepancy. Purchasers must send a

written request to the ILCO within ~~45~~ 90 calendar days from the date of the ILCO reply to the customer concerning disposition, as provided by the responsible action activity. Use the nonconformance number associated with the original report. When the customers ask for reconsideration, the ILCO shall add a Suffix Code R to the SDR number. The ILCO shall convert the request for reconsideration to electronic transmission and forward to the appropriate DoD ICP/IMM or GSA action activity for reconsideration within ~~20~~ 30 calendar days of receiving the request for reconsideration from the customer. If relevant information is not accessible by the responsible activity, the ILCO may forward supporting documentation. ***The designated recipient of the request for reconsideration shall review all data relating to the problem and provide a response to the reporting activity with information to all concerned parties within 45 calendar days. When the shipping depot is unable to respond to the contested SDR, the depot will forward the SDR to the SOS for resolution (when the SDR is forwarded, the 45 days for processing and evaluation will begin when the SDR is received by the SoS).***

***C17.5.1.13.2 Second Request for Reconsideration (Contested Reconsideration Response) Reconsideration Decisions for SA-Related Discrepancies.*** SA customers may further contest the ICP/IMM or GSA decision given after the request for reconsideration. To do so, the customer must send a written request to the ILCO within ~~45~~ 90 calendar days from the date of the ILCO reply to the request for reconsideration. The customer must indicate why the ICP/IMM or GSA decision is not satisfactory. Cite the nonconformance number on the original SDR. The ILCO shall add a suffix code C to the report number which will be used in all references to the SDR. The ILCO shall convert the request to electronic transmission and forward the SDR, with an appropriate advice code, within ~~20~~ 15 calendar days to the appropriate focal point who shall review all the information and send the ILCO the final decision within ~~50~~ 60 calendar days from the date of receipt of the ILCO information. If relevant information is not accessible by the focal point, the ILCO may forward supporting documentation. The ILCO shall ensure all interested parties receive the SDR resolution

#### ***C17.5.1.14 Follow-up on Credit Adjustments on SDRs.***

***C17.5.1.14.1 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 60 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 materiel occur within a reasonable period (e.g., not longer than 45 days after the ILCO provides the action activity the initial notice with evidence of discrepant materiel return).***

***C17.5.1.14.2 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.***

***C17.5.1.15 Product Quality.*** Report product quality deficiencies relative to SA shipments only. However, the SA customer must provide evidence that a receipt inspection was done and the defect could not be detected at that time and that the defect is present for reasons other than deterioration or damage incurred during storage or handling. Quality deficiencies include deficiencies in design, specifications materiel, manufacture, and/or workmanship. The submitter must identify by

discrepancy code latent defects and quality deficiencies that result in a safety hazard. Include the following information in the SDR, as applicable: manufacturer's name; contract/purchase order number; date of manufacture, pack, or expiration; lot/batch number; location of materiel; point of contact information (if other than the preparing official); along with a detailed description of the complaint if needed to supplement encoded information. In addition, provide photographs, test data, and related documentation. When submitting a latent defect discrepancy code on the SDR, the report must include substantiating documentation to validate the latent defect such as the applicable test report used to identify the latent defect. Latent defects must be submitted to the ILCO with substantiating documentation. Following is a list of potentially applicable forms of substantiating documentation:

**C17.5.1.15 .1.** Receipt tests conducted and test reports (including test equipment model, serial number and software version), or documentation of receipt tests not conducted, and justification for tests not conducted.

**C17.5.1.15.2.** Subsequent tests conducted and results including test equipment model, serial number, and software version along with test readings.

**C17.5.1.15.3.** Justification that initial receipt inspection and testing could not have detected the deficiency.

**C17.5.1.15.4.** Documentation of storage and handling of the item since receipt including type of storage.

**C17.5.1.16 Billing Discrepancy. Billing discrepancies reported to the ILCO on an SDR shall be converted to the appropriate DS 812R, Request for Adjustment of Non-Fuel Billing, or DLSS/Military Standard Billing System Document Identifier FAE.**

**C17.5.1.17 . Financial Discrepancies. Financial discrepancies reported to the ILCO on an SDR shall be forwarded to DFAS-DE/I for processing.**

**C17.5.1.17 Management Evaluation.** As a minimum, the ILCO must have visibility of detail/summary reports that reflect:

**C17.5.1.17.1** The number of SDRs received during a particular time Standard by customer with breakdown by shipping activity reflecting dollar value and discrepancy type. Reports will measure customer compliance with SDR submission time standards and ILCO compliance with SDR processing time standards.

**C17.5.1.17.2** Reports will reflect a breakdown of SDR action activity response reflecting actions taken to include dollar value of credit authorized and reshipped materiel.

## **C17.5.2. Responsibilities**

### **C17.5. 2.1. The ILCO will:**

**C17.5. 2.1.1.** Complete initial SDR screening in accordance with this manual and DoD 5105.38-M.

**C17.5. 2.1.2.** Review all SDRs received for processing and determine proper course of action based on available case history data. Reject discrepancy reports which fail to meet SA time and dollar standards (with exception of those which require disposition instructions for wrong item received or misdirected shipments) or do not contain required data, unless such data is readily

*available, at the ILCO. Forward SDRs to the appropriate ICP/IMM, shipping depot, or GSA action activity.*

*C17.5. 2.1.3. Reject duplicate SDRs, except those which are resubmitted to request reconsideration of previous decision.*

*C17.5. 2.1.4. Review all requests for reconsideration which contest a reconsideration decision (2<sup>nd</sup> request for reconsideration). Reject those requests which lack sufficient justification or which were not received within the established time standards.*

*C17.5. 2.1.5. Process to the SA customer initial acknowledgment of receipt of SDR replies and/or denials.*

*C17.5. 2.1.6 Report the disposition of SDRs applicable to materiel and services to the DFAS-DE/I as required in the DoD 7000.14-R, Vol 15.*

*C17.5. 2.1.7. Review SDR replies from action activities for completeness and reject those which do not specify necessary information, e.g. disposition instructions for discrepant materiel.*

*C17.5. 2.1.8. Maintain records of all SA-related discrepancy reports to completion.*

*C17.5. 2.2. The DoD ICP/IMM, shipping depot, or GSA will:*

*C17.5. 2.2.1. Review all SDRs received for processing and determine proper course of action based on available supply records and the results of investigation.*

*C17.5. 2.2.2. Furnish properly completed SDRs to the ILCO for further processing to the SA customer. The action activity shall cite the appropriate disposition/status code as provided in DLMS Data Element Dictionary. Pending full DLMS implementation, the action activity may use reverse side of the SF 364 or electronic equivalent using the appropriate blocks.*

*C17.5. 2.2.3. Based upon validated SDR, request that DFAS authorize adjustment/credit in accordance with MILSBILLS or the DLMS, Vol 7, Finance.*

*C17.5. 2.2.4. Provide signed evidence of shipment to the ILCO when nonreceipt of materiel is involved. If this documentation cannot be provided, appropriate credit is required.*

*C17.5. 2.2.5. Provide documentation which is matched to the quantity shipped for concealed shortages. Examples of such documentation are those which contain size, total weight, and cube accepted by the carrier. Credit is denied if the documentation, in conjunction with the unit weight, supports shipment of the total quantity billed. Otherwise, appropriate credit for the difference is required.*