IN REPLY
REFER TO

June 17, 2013

MEMORANDUM FOR SUPPLY AND SUPPLY DISCREPANCY REPORT PROCESS
REVIEW COMMITTEE (PRC) MEMBERS

SUBJECT: Approved Defense Logistics Management Standards (DLMS) Change (ADC) 1005
SDR Distribution to the Defense Contract Management Agency (DCMA)
(Supply/SDR)

The attached change to Defense Logistics Manual (DLM) 4000.25, Defense Logistics
Management System (DLMS) is approved for implementation beginning approximately
September, 2013. Joint implementation is required between DOD WebSDR and Product Data
Reporting and Evaluation Program - Automated Information System (PDREP-AIS)) for selected
procedures associated with forwarding of SDRs to DCMA for action. Remaining changes are
approved for phased and staggered implementation.

Addressees may direct questions to Ellen Hilert, DOD SDR System Administrator, 703-
767-0676 (DSN 427), e-mail: ellen.hilert@dla.mil_ or Tad DeLaney, SDR Alternate, at
703.767.6885 (DSN 427), email: thomas.delaney@dla.mil. Others must contact their
Component designated Supply PRC representative or SDR Subcommittee representative
available at: www.dla.mil/j-6/dlmso/CertAccess/SvcPointsPOC/allpoc.asp.

DONALD C. PIPP
Director
DLA Logistics Management
Standards Office

Attachment
As Stated

cc:
ODASD(SCI)
DCMA

Attachment to ADC 1005
Supply Discrepancy Report (SDR) Distribution to the
Defense Contract Management Agency (DCMA)

1.   ORIGINATING SERVICE/AGENCY AND POC INFORMATION:

   a. Technical POC: DLA Logistics Management Standards Office; Ellen Hilert, DOD SDR System Administrator, ellen.hilert@dla.mil

   b. Functional POC: DCMA, phone 612-605-4254

2.   FUNCTIONAL AREA:

   a. Primary/Secondary Functional Area: SDR Processing

   b. Primary/Secondary Functional Process: Business rules for creation and distribution of SDRs to DCMA

3.   REFERENCES:

   a. [DLM 4000.25, DLMS, Volume 2, Chapter 17, Supply Discrepancy Reporting](#)

   b. [DLM 4000.25, DLMS, Volume 2, Appendix 3, Supply Discrepancy Report Relevant Data Elements](#)

   c. [Approved DLMS Change 1052](#), DOD Web Supply Discrepancy Report (WebSDR) Processes Enhancement and Interface with Electronic Document Access (EDA) System, dated January 15, 2013

4.   APPROVED CHANGE:

   a. Overview: This change establishes automated procedures for SDR distribution to DCMA. Business rules and WebSDR processing are required to provide information copies of SDRs to DCMA and forward SDR replies, where applicable, to DCMA for investigation. This change addresses the following requirements:

   (1) It provides procedures for DOD WebSDR dissemination of information copies of SDRs to DCMA when so requested by the submitter or action activity.

   (2) It provides procedures for DOD WebSDR dissemination of action copies for DCMA investigation when directed by the action activity reply. This will require WebSDR to identify the DCMA DoDAAC as the current action activity. The DCMA DoDAAC will also be retained as a secondary action activity for management reports and follow-on actions.

   (3) It requires DOD WebSDR and Component SDR applications to block inappropriate submission of new SDRs to DCMA as the initial action activity during SDR input and

authorizes DOD WebSDR to reject any SDR sent to a DCMA as an action activity as a new SDR submission.

    b. Scenario for which the change is used:

        (1) An SDR initiator may be aware that the Contract Administration Office (CAO), such as DCMA, requires visibility of the SDR and identifies DCMA as a distribution copy recipient.

        (2) After initial processing by the Inventory Control Point/Integrated Materiel Manager (ICP/IMM) an SDR may need further investigation by the CAO, such as DCMA. For example, upon receipt of the SDR, the assigned CAO may investigate if a reported packaging discrepancy is due to contractor noncompliance with contract packaging requirements, inadequate contract packaging requirements, or improper handling in transportation.

        (3) Under DLMS procedures, the action activity assigns discrepancy status or disposition (reply) codes, commonly referred to as SDR reply codes (Reference 3. b.), to the SDR reply to inform the submitter of interim or final status/disposition. DOD WebSDR uses selected reply codes to trigger specific actions.

    c. Procedures, transactions, data elements, processing details in use today:

        (1) The action activity (e.g. source of supply (SoS)) may assign SDR reply code to inform the submitter that the SDR has been forwarded to DCMA for action: Reply Code 501, "SDR assigned to DCMA for investigation." However, DOD WebSDR does not currently support systemic forwarding of SDRs by the action activity to DCMA. Action activity personnel communicate with DCMA outside their SDR application. SDRs may be forwarded via personal e-mail.

        (2) DOD WebSDR implemented transmission of distribution copy SDRs transactionally to DCMA (supported by Product Data Reporting and Evaluation Program - Automated Information System (PDREP-AIS)) based upon user identification of DCMA as an information/distribution copy recipient. This was implemented February, 2013 in association with PDC 1005 as a first step toward supporting the requirements identified in this ADC.

    d. Background:

        (1) This approved change supports functionality envisioned for DOD WebSDR during initial design, but never implemented. Failure to provide SDRs electronically or manually to the CAO as required under published SDR guidance contributes to deficiencies identified by the Lean Six Sigma Black Belt Project "Supply Discrepancy Report (SDR) Correction Process - DOD Enterprise Performance Management System (DEPMS) -1112335." This continuous process improvement (CPI) initiative, sponsored by DCMA, focuses on improvement of packaging discrepancies identified during DLA Distribution Depot procurement source receipts and reported by SDR to the applicable materiel owner. The CPI team reiterated the necessity for DCMA packaging specialists to obtain SDR visibility to identify trends and perform analysis on vendor compliance issues related to DCMA administered contracts. Additionally, DCMA representatives must be able to recognize those SDRs requiring DCMA investigation by request

of the contracting Service/Agency. ADC 1005 documents implementation procedures that will route DCMA involved SDRs systemically according to DOD SDR guidance and, ultimately, will impact to the level of improvement to be measured by the CPI team**.**

        (2) DCMA DoDAACs are identified by Service/Agency Code S and ending with A. DCMA Routing Identifier Codes (RICs) are formatted as S-numeric-alpha, where the numeric value is 6, 7, or 8 only.

      e. Approved change in detail:

        (1) DOD WebSDR will send information copies to DCMA via PDREP-AIS when designated by a user. The DCMA DoDAAC may be identified in the SDR database as a distribution copy recipient from the original report, a later transaction from the submitter, an action activity reply, or as the CAO DoDAAC.

           (a) If DCMA is identified based upon the original SDR, a copy of the subsequent reply will also be provided to DCMA. The DCMA DoDAAC may be identified in the SDR by the submitter or action activity (as a distribution copy recipient) pending implementation of the WebSDR interface with EDA (Reference 3.c.), which will systemically update the SDR database with the CAO DoDAAC corresponding to the contract number provided in the SDR. Upon implementation of the EDA interface, WebSDR will be able to provide the information copy to DCMA based upon the identification of a DCMA CAO DoDAAC.

           (b) If the original SDR was not provided to DCMA because the DCMA DoDAAC was not identified on the initial submission, an information copy (Transaction Set Purpose Code 22) will also be provided to DCMA prior to forwarding SDR replies to DCMA. This will ensure that all the submitter information is available to DCMA personnel using PDREP-AIS. WebSDR will prepare transactions for DCMA using the DCMA DoDAAC as the "to address" (1/N101 Qualifier PK Party to Receive Copy) on the forwarded SDR.

        (2) DOD WebSDR will implement procedures to notify DCMA when an SDR requires DCMA investigation. Upon receipt of an SDR reply containing Reply Code 501, "SDR assigned to DCMA for investigation" the following steps apply:

           (a) WebSDR will forward information copies as above (if not previously provided to the DCMA DoDAAC), and forward the reply transaction as an action copy. WebSDR will prepare transactions for DCMA using the DCMA DoDAAC as the "to address" (1/N101/Qualifier ZD Party to Receive Reports) on the forwarded SDR. This will be in addition to providing the reply to the submitter and any other applicable distribution copy recipients.

           (b) In conjunction with the processing of Reply Code 501, DOD WebSDR will identify the DCMA DoDAAC as the "current action activity" (retaining the activity that forwarded the SDR as the "original action activity") and as a "secondary action activity" in the SDR database. Any submitter transactions received after forwarding of the SDR to DCMA as a secondary action activity will be provided to both DCMA and the primary action activity responsible for forwarding the SDR to DCMA.

(c) Where both the submitter and DCMA are supported by PDREP-AIS, it is preferred that only one transaction will be transmitted to PDREP-AIS with DCMA DoDAAC designated as the Party to Receive Reports and the customer designated as the Party to Receive Copy.

(d) **Temporary Work-Around.** If Reply Code 501 is used, but no DCMA DoDAAC is available to DOD WebSDR, the SDR will be forwarded to the DCMA default email account for determination of the appropriate office. The responsible DCMA representative will use WebSDR to create an additional reply transaction repeating all the previous content and insert the applicable DCMA DoDAAC (as a distribution copy recipient pending availability of the CAO DoDAAC data field); off-line forwarding of the SDR is a less desirable option. **Staffing Note:** Use of the default email is intended as a temporary, low volume procedure. In addition to the pre-population of the CAO DoDAAC from EDA under ADC 1052 (Reference 3.c.), WebSDR and the SDR reply transaction will also be enhanced to support the capability to identify the CAO DoDAAC when not pre-populated from EDA.

(e) WebSDR will ensure that both the primary action activity and the submitter receive a copy of the DCMA response. Upon processing of a DCMA reply (if other than an interim response), WebSDR will update the current action to revert back to the original action activity in the SDR database. The DCMA DoDAAC will be retained as a "secondary action activity" for management reports and receipt of any follow-on transactions.

(3) PDREP-AIS will be upgraded as needed to apply the following business rules:

(a) PDREP-AIS will take no action based upon information copy transactions addressed to DCMA. These transactions will be stored and may be used for management reports/queries within PDREP-AIS.

(b) Upon receipt of an SDR reply for action (determined by the "to address designation (1/N101/Qualifier ZD Party to Receive Reports) and Reply Code 501), PDREP-AIS will provide email notification using the designated Deficiency Report Program Manager (DRPM) email account associated with the DCMA DoDAAC.

(c) When a packaging discrepancy is identified (by a P-series discrepancy code), PDREP-AIS will perform additional distribution to the designated DCMA email account for packaging specialist attention.

(d) The PDREP-AIS SDR reply prepared by DCMA will be addressed to the original action activity (by populating the 1/N101/Qualifier ZD Party to Receive Reports with the activity identified by 1/N101/Qualifier 91 Action Party in the SDR reply containing the Reply Code 501). The DCMA DoDAAC will be used to identify the responding activity (using 1/N101/Qualifier 91).

(e) PDREP-AIS will provide historical copies (Transaction Set Purpose Code 49) to WebSDR of SDR replies processed within PDREP-AIS (due to both the action activity and DCMA being PDREP-AIS users).

(4) Pending implementation of ADC 1052 (Reference 3.b.), Services/Agencies responding to SDRs with Reply Code 501 should include the DCMA DoDAAC as a distribution party where feasible. This is not necessary if the submitter has already identified the applicable DCMA DoDAAC. The action activity using WebSDR, can identify DCMA as a distribution copy recipient using the applicable data field on the web screen. Service/Agency applications providing an SDR reply transaction to WebSDR may include the DCMA DoDAAC or RIC as a Party-to-Receive Copy (N101/Qualifier PK). Future implementation of the EDA interface will make it generally unnecessary for SDR personnel to identify DCMA DoDAACs through transactions or web input.

(5) WebSDR will distribute the SDR reply from DCMA to the designated primary action activity and will provide a copy to the original submitter. Component SDR applications must be able to receive incoming reply transactions provided by DCMA. The original primary action activity may also provide an additional response to the SDR submitter when appropriate, e.g., for disposition of materiel or financial resolution.

(6) New SDR submissions must not identify a DCMA activity as the initial action activity. DCMA may be designated as an information copy recipient, and may be identified as the action activity on SDR replies requiring DCMA investigation (Reply Code 501).

(a) DOD WebSDR and Component SDR applications must be modified to alert users to correct an inappropriate identification of a DCMA activity for initial action on a new SDR submission before processing can be completed.

(b) DOD WebSDR will reject any SDR sent to a DCMA activity as a new SDR (Transaction Set Purpose Code 00). WebSDR will reject with Reply Code 929, "*Transaction rejected. Missing, invalid, or unauthorized use of DoDAAC, MAPAC, or RIC.*" and remarks text: "*SDRs cannot be sent directly to DCMA as the initial action activity. Please resubmit your SDR to the responsible Service/Agency action activity (e.g., ICP/IMM). Identify DCMA as a distribution copy recipient.*"

Staffing Note: When originally proposed, this change included long term procedures for formal transfer of an SDR to a secondary activity using "transfer" functionality (Transaction Set Purpose Code 47 Transfer). These procedures are withdrawn at this time due to the complexity and long lead time that would be needed for implementing this functionality among the SDR trading partner systems.

f. **Revisions to DLM 4000.25 Manuals:** See Enclosure 1.

g. **Approved transaction flow:** SDRs identifying a DCMA DoDAAC or RIC will be transmitted to PDREP SDR application. When provided to WebSDR, DCMA SDR replies will be disseminated to all parties associated with the SDR including the submitter and the initial action activity. When forwarding to DCMA is required by Reply Code 501, but the DCMA DoDAAC is not available within WebSDR, the SDR will be forwarded to the DCMA default email account for research and further processing.

h. Alternatives: Implement the transfer functionality using the Transaction Set Purpose Code 47 Transfer.

5. REASON FOR CHANGE:

a. This change clarifies requirements for distribution of SDRs associated with contractor/vendor shipments to the CAO.

b. This change provides automated processing business rules to ensure proper dissemination under DLMS. It formally documents applicable procedures and provides edits to enforce proper submission of SDRs.

6. ADVANTAGES AND DISADVANTAGES:

a. Advantages:

(1) This change will provide SDRs to DCMA representatives so the shipment details can be investigated and the cause of the discrepancy identified. Timely notification of shipment discrepancies should aid in minimizing recurrence of the discrepant condition on future shipments.

(2) The procedures defined in this ADC were specifically designed to minimize impact on implemented Service/Agency SDR applications.

(3) Implementation of this change will ensure ongoing involvement of DCMA for oversight and investigation (where applicable), and directly contribute to the on-time and on-cost delivery of quality products and services to the warfighter while supporting audit readiness.

b. Disadvantages: Due to the lack of generic transfer functionality (Transaction Set Purpose Code 47), unique business rules will be needed to address other scenarios requiring forwarding to a secondary action activity (e.g., wrong item SDRs where different item managers are involved).

7. ADDITIONAL FUNCTIONAL REQUIREMENTS: An additional, more generic, reply code for forwarding SDRs to a contract support office i.e., Administrative Contracting Office (ACO), Procuring Contracting Office (PCO), or CAO (other than DCMA) may be appropriate. Services/Agencies should identify any additional requirements to the SDR System Administrator.

8. ESTIMATED TIME LINE/IMPLEMENTATION TARGET: Joint implementation between DOD WebSDR and PDREP-AIS is authorized beginning approximately September, 2013. At that time, WebSDR should be able to support distribution based upon use of Reply Code 501 to PDREP-AIS (if the DCMA DoDAAC is available) or to the DCMA default email account (if no DCMA DoDAAC is available). Concurrently, PDREP-AIS should be able support incoming and outgoing transactional exchange in support of DCMA SDR processing, as well as email notification to the applicable DRPM and packaging specialist. Delayed implementation is authorized to accommodate WebSDR database and management report update for identification of the current and secondary action activity. Delayed implementation is

authorized for WebSDR and Component SDR application edits required to block use of DCMA DoDAACs/RICs as the primary action activity.

9. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE: Not available.

10. IMPACT:

   a. New DLMS Data Elements: N/A

   b. Changes to DLMS Data Elements: N/A

   c. Automated Information Systems (AIS):

      (1) PDREP-AIS. System changes may be required to support capability to receive incoming SDR replies for DCMA action and prepare outgoing DCMA response; block user identification of DCMA as the initial action activity on new SDRs; and provide email notification to DRPMs and packaging specialists for SDRs requiring action. Query and report functionality may need to be modified.

      (2) Other Component SDR Applications:

         (a) Block user identification of DCMA as the initial action activity on new SDRs.

         (b) Allow action activity personnel to select Reply Code 501 for WebSDR systemic forwarding of SDRs to DCMA.

         (c) Allow inclusion of the DCMA DoDAAC as a distribution copy recipient.

         (d) For Services/Agencies not supported by a Component SDR application, the SDR System Administrator strongly encourages use of DOD WebSDR for direct input of SDR replies requiring DCMA investigation so that transactions may be properly distributed and visibility captured within WebSDR and PDREP-AIS management reports.
Staffing Note: Adoption of this recommendation will necessitate dual input by Army action activities to maintain internal Army records, and input the Army response in WebSDR for systemic forwarding to DCMA. This will be a temporary measure pending full DLMS implementation under the Army Logistics Modernization Program.

   d. DLA Transaction Services:

      (1) Modify DOD WebSDR to support processing rules as described to disseminate SDRs to DCMA for action and prevent/reject inappropriate identification of DCMA as the initial action activity.

      (2) Add capability to identify up to four distribution copy recipients in the SDR database.

(3) Add capability to identify DCMA as a secondary action activity based upon Reply Code 501 and designate DCMA as the current action activity pending DCMA (non-interim) response to the SDR.

(4) Update email distribution tables to allow default forwarding of SDR replies citing Reply Code 501 with no associated DCMA DoDAAC to the designated DCMA email account.

(6) Update processing for WebSDR distribution of corrections and follow-ups after receipt of Reply Code 501 to include both the original (primary) and secondary action activity.

(7) Enhance management reports to employ expanded functionality for recognizing current and secondary action activities.

e. **DCMA:**

(1) Provide/maintain email addresses for DRPM and packaging specialist SDRs for PDREP-AIS SDR distribution to the applicable DCMA office in association with Reply Code 501.

(2) Ensure DRPMs have PDREP-AIS access and training specific to the processing of SDRs.

f. **Non-DLA Logistics Management Standards Publications:** Internal Service/Agency guidance and training may be required.

Enclosure 1, DLMS Manual Revisions

1. DLM 4000.25, Volume 2, Chapter 17, procedures for dissemination of the SDR applicable to contractor/vendor shipments are shown here for reference only (no content changes identified other than administrative update to correct numbering of paragraphs).

    a. Shipments with Shipping/Item Discrepancies:

        "C17.3.10.2.2. <u>DoD Central Procurement and Direct Vendor Delivery</u>. For materiel procured centrally by a DoD Component ICP, distribution shall be as follows irrespective of the point of inspection and acceptance.

        C17.3.10.2.2.1. Initial action to the procuring ICP for internal distribution to the contracting officer or designated personnel.

        C17.3.10.2.2.2. Copy to office administering the contract/purchase order, if different from the purchasing office, except as otherwise prescribed for purchases made from federal supply schedules or GSA open-end contracts below. If not identified on the SDR, the initial action activity may forward as appropriate."

    b. Shipments with Packaging Discrepancies:

        "C17.3.10.8. <u>SDR Distribution for Packaging Discrepancies</u>

        C17.3.10.8.1. Contractor/Vendor Shipments

        C17.3.10.8.1.1. Initial action to the ICP.

        C17.3.10.8.1.2. Copy to Contract Administration Office (CAO). The submitter is encouraged to identify the applicable Defense Contract Management Agency (DCMA) office as a distribution copy recipient when applicable (see block 10 of DD Form 250, Material Inspection and Receiving Report or comparable receiving report). When applicable and not identified by the submitter on the SDR, the initial action activity shall forward the SDR to the DCMA or other applicable CAO. When the contract is administered by the Service or Agency issuing the contract, the ICP is responsible for insuring the CAO has access to the SDR information.

        C17.3.10.8.*1*.3. Copy to Administrative Contracting Office (ACO). The initial action activity shall furnish a copy of the SDR to the ACO (or otherwise provide visibility), if a different organizational entity is involved.

        C17.3.10.8.*1*.4. Copy to Procuring Contracting Office (PCO). The initial action activity shall furnish a copy of the SDR to the PCO (or otherwise provide visibility), if a different organizational entity is involved.

C17.3.10.8.*1*.5. Copy to Component Packaging Monitor. SDRs for Air Force ICP-directed shipments shall be provided to the designated Air Force ICP packaging monitor by DoD WebSDR under Component-unique routing rules."

2. Revise DLM guidance for DOD WebSDR transaction edits as follows. Changes are identified in *bold red italics*.

   a. Revise to enhance SDR action activity edit procedures:

"C17.3.20.2.6. Only valid DoDAACs and RICs will be permitted. Reject with Disposition/Status (Reply) Code 929. *Organizations identified must be authorized for the purpose identified by the transaction. New SDRs directed to DCMA as the initial action activity will be rejected with Reply Code 929 and remarks text indicating that the SDR must be submitted to the responsible Service/Agency action activity (e.g. ICP/IMM) whose the contract performance resulting in the reported discrepancy. DCMA may be identified as a distribution copy recipient.[1]*

   b. Revise to add the new WebSDR edit:

"C17.3.20.3. WebSDR 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:

(Intervening text not shown)

C17.3.20.3.4 New SDR submissions via direct web input will be edited to block identification of a DCMA activity as the initial action activity.[2]"

   c. Revise to insert procedures for Reply Code 501. Renumber paragraphs accordingly.

"C17.3.20.4. DAAS *will* provide the support to SDR transaction exchange to facilitate DLMS processes.

(Intervening text not shown)

C17.3.20.4.3. WebSDR will forward SDR replies containing Reply Code 501 to DCMA for investigation. The SDR database will be updated to show DCMA as a secondary action activity and as the current action activity. The activity forwarding the SDR will be retained as the original action activity. Subsequent to the DCMA reply, WebSDR will reassign the original action activity as the current action activity, and the DCMA DoDAAC will be retained as a secondary action activity. Subsequent to forwarding to DCMA, WebSDR will ensure that both DCMA and the original action activity receive all follow-on transactions.[3]"

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[1] *Refer to ADC 1005.*
[2] *Ibid.*
[3] *Refer to ADC 1005. Delayed implementation authorized for database updates.*

Enclosure 2, Comment Resolution

	Originator	Response/Comment	Disposition
1.	DLA	Concur. Initial nonconcurrence withdrawn. Initial comments: Since Packaging Discrepancies fall under T/Q, it is T/Qs position to non-concur to allow the SDR Action copy to be forwarded to DCMA, only to allow for DCMA to reply back and then the ICP has final disposition authority. This makes no sense to add another layer of sending SDRs to another action activity (DCMA) which will delay in processing of SDRs (particularly Type 9s where we are holding up new procurement and payment to vendors).	Noted. The new capability to forward an SDR to DCMA for action is optional and can only be triggered by the action activity reply containing Reply Code 501. The only mandatory requirement is for DCMA to have visibility of SDRs where the contracts are DCMA administered. The procedures have been modified further since the original staffing to eliminate impact on DLA systems.
2.	Army	Concur.	Noted.
3.	Navy	Concur. PDREP-AIS: Concur. DCMA must identify their preference for finding the SDR they need to work, any reports, and who they'd like emailed upon SDR receipt.	Noted. The ADC has been updated subsequent to original staffing to incorporate responses to mapping and other detail issues concerning the new process.
4.	Air Force	Concur.	Noted.
5.	Marine Corps	Concur.	Noted.
6.	DCMA	Concur. DRPM, packaging specialist, and default DCMA email addresses provided.	Noted.
7.	USTRANSCOM	Abstain. There is no impact to USTRANSCOM system.	Noted.