



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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IN REPLY
REFER TO

May 23, 2013

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) MEMBERS

SUBJECT: Approved DLMS Change (ADC) 1063, Use of Appropriate Supply Condition Code (SCC) for Receipt of Suspended Critical Safety Items (CSIs) (Supply/SDR)

The attached change to Defense Logistics Manual (DLM) 4000.25, Defense Logistics Management System (DLMS) is approved for implementation. The implementation target is within three months of the release date for this ADC. DLA Distribution must provide the actual implementation date when it becomes available.

Addressees may direct questions to the DLA Logistics Management Standards Office point of contact: Ms. Ellen Hilert, 703-767-0676, DSN 427-0676, e-mail: ellen.hilert@dla.mil; or Ms. Mary Jane Johnson, 703-767-0677; DSN 427-0677, email: mary.jane.johnson@dla.mil. Others must contact their Component designated representative available at: www.dla.mil/j-6/dlmsoc/CertAccess/SvcPointsPOC/allpoc.asp.

DONALD C. PIPP
Director,
DLA Logistics Management
Standards Office

Attachment
As stated

cc:
ODASD(SCI)
SDR Subcommittee (U.S. and Security Assistance)

Attachment to ADC 1063
Use of Appropriate Supply Condition Code (SCC) for Receipt of Suspended Critical Safety Items (CSIs)

1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION: DLA Logistics Management Standards Office; Ellen Hilert, DOD SDR System Administrator, ellen.hilert@dla.mil

2. FUNCTIONAL AREA:

- a. **Primary/Secondary Functional Area:** Receipt Processing
- b. **Primary/Secondary Functional Process:** Supply Discrepancy Reporting

3. REFERENCES:

- a. [DLM 4000.25, Defense Logistics Management System \(DLMS\), Volume 2](#), Chapter 13, Materiel Receipt, and Chapter 17, Supply Discrepancy Reporting
- b. [Approved DLMS Change \(ADC\) 158](#), Requirement for Prepositioned Material Receipt (PMR) Transactions, dated June 27, 2005
- c. [ADC 1022](#), Procedures for Processing Depot Returns (including Receipt, Supply Discrepancy Report (SDR), and Revision to Time Standard for Reclassification of Supply Condition Code J and K Assets), dated October 19, 2012
- d. [DLM 4000.25-2](#), Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP), Appendix 2.5, Federal Condition Code. Following is an excerpt providing definitions for the SCC values discussed in this PDC.

| | | |
|----|----------------------|--|
| “J | SUSPENDED (IN STOCK) | Materiel in stock which has been suspended from issue pending condition classification or analysis, where the true condition is not known. Includes shelf-life Type II materiel that has reached the expiration date pending inspection, test, or restoration. |
| K | SUSPENDED (RETURNS) | Materiel returned from customers or users and awaiting condition classification.” |

4. APPROVED CHANGE(S):

a. **Overview of Change:** This change revises SDR procedures to eliminate an exception authorizing storage activity use of SCC J for suspended CSI resulting from stock screening during receipt processing. SCC J will be replaced by the appropriate use of SCC K in receipt and SDR transactions.

b. Background:

(1) The practice of suspending suspected discrepant CSI receipts at DLA Distribution Depots dates back many years. The DLA/Navy CSI Program Guidance, published in 2002, formally documented an agreement between DLA and the Navy on procedures to be employed at DLA Distribution Depots for receipt of CSI return items applicable to all such items not in the original manufacturer's sealed package. These procedures specifically state: "If the Receipt restriction notice appears the inspector will visually match the receipt restriction message with the data on the material during the bare item inspection. If the Manufacturer's CAGE is not an exact match ... or cannot be validated, then the material will be suspended into condition code "J" and a Supply Discrepancy Report (SDR) prepared..."

(2) By DLA request, the exception for use of SCC J for suspended CSI with receipt restriction discrepancies was perpetuated to SDR guidance published under the DLMS by ADC 158 (Reference 3.b.).

(3) The underlying motivation for using SCC J vice SCC K for suspended CSI was primarily the additional time allowed to complete research and reclassification of the materiel. Prior to ADC 1022 (Reference 3.c.), the reclassification time standard for SCC K was 10 calendar days, while the standard for SCC J was 90 calendar days. The research necessary to provide disposition on suspended CSI would typically require much more time than was allotted under SCC K, and thus the exception was established. Ultimately, ADC 1022 revised the MILSTRAP time standards to apply consistently to SCC J and K by allocating the 50 days for the owner/manager to provide disposition instructions for the suspended materiel and another 30 days for the storage activity to perform the reclassification.

c. Describe Change in Detail: DLA Distribution will modify storage activity procedures to employ SCC K (vice SCC J) for suspended CSI materiel returns and redistribution orders receipts resulting from Inventory Control Point/Integrated Materiel Manager (ICP/IMM) directed stock screening actions. SCC L applies for suspended CSI receipts from a procurement source.

d. Revisions to DLM 4000.25 Manuals:

(1) Revise DLM 4000.25 DLMS Volume 2, Chapter 17, to remove the exception criteria for SCC J and strengthen the requirement to use the appropriate SCC as follows. Changes are identified in *red bold italics*.

"C17.3.2.9. Quality Related Issues Identified During Distribution Depot 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 distribution depot. 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 that identify the National Stock Number (NSN) and specific actions the materiel owner expects the distribution depot to perform. Some of the specific

programs that require reporting of quality-related concerns for receipts, including new procurement and customer returns, are: PQDR exhibits, items identified as customer return improvement initiative (CRII) items, critical safety items (**CSI**), items that failed under use, and items requiring First Article Testing. **Report suspended materiel in the appropriate supply condition code (SCC) under DLMS/MILSTRAP procedures, to include PQDR exhibit receipts in SCC Q and CSI in SCC L for procurement source receipts or SCC K for non-procurement source receipts.**”

“C17.3.6.1. New procurement materiel with other applicable discrepancies, e.g., missing receiving report/DD Form 250, improper packaging, will be placed in Supply Condition Code (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 shall include estimated costs of disposal or repackaging in the remarks section and complete the appropriate data element entries for electronic submission.~~”

(2) Revise DLM 4000.25 DLMS Volume 2, Appendix 3, Supply Discrepancy Report Relevant Data Elements, to improve the narrative explanation for Discrepancy Code Q77.

Q77 New **procurement** receipt, customer return, **or** redistribution order **receipt** ~~to~~ **of** stock screen item identified as a **suspected** critical safety item (CSI) **discrepancy**

- e. **Transaction Flow:** Not applicable. There are no changes to current transaction flow.
- f. **Alternatives:** None identified.
- g. **Proposed Change 1063 Staffing Response:**

| | Service/Agency | Response/Comment | Resolution |
|----|-----------------------|-------------------------|-------------------|
| 1. | DLA | Concur. | Noted. |
| 2. | Army | Concur. | Noted. |
| 3. | Navy | Concur. | Noted. |
| 4. | Marine Corps | Concur | Noted. |
| 5. | Air Force | Concur | Noted. |
| 6. | USTRANSCOM | Abstains. | Noted. |

5. REASON FOR CHANGE: To properly align actual SCC assignment with the intended use under DOD procedures. Materiel must be properly identified for audit readiness.

6. ADVANTAGES AND DISADVANTAGES:

a. **Advantages:** Eliminates an exception process that is no longer needed and promotes appropriate use of SCC J and K. Removes inconsistent business rules within DLMS, MILSTRAP, and SDR procedures.

b. Disadvantages: Requires retraining and may impact programming.

7. ESTIMATED TIME LINE/IMPLEMENTATION TARGET: Target implementation within 3 months of a signed ADC.

8. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE: N/A

9. IMPACT:

a. New DLMS Data Elements: N/A

b. Changes to DLMS Data Elements: N/A

c. Automated Information Systems (AIS): There is impact to the DLA Distribution Standard System; no other known system impact.

d. DLA Transaction Services: N/A

e. Non-DLA Logistics Management Standards Publications: Internal Service/Agency guidance and trading partner agreements must be updated to remove the inappropriate use of SCC J for suspended CSI materiel.