May 29, 2014

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

SUBJECT: Approved Defense Logistics Management Standards (DLMS) Change (ADC) 1095,
             Enhanced Guidance for Submitting Supply Discrepancy Reports (SDRs) for Item
             Unique Identification (IUID) Discrepancies

    The attached change to DLM 4000.25, Defense Logistics Management System, is approved.
Discrepancy code narrative names are effective July 1, 2014. The target date for system edits to
enforce appropriate discrepancy reporting is December 2015. Staggered implementation is
authorized; Components may implement sooner to coincide with implementation of ADC 1030.
SDR PRC members are required to actively monitor for implementation of this ADC and provide
implementation dates when they become available.

    Addressees may direct questions to Ms. Ellen Hilert, DOD SDR System Administrator, 703-
767-0676 or DSN 427-0676, e-mail: ellen.hilert@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 (DOD common access card
restricted).

                                        DONALD C. PIPP
                                        Director
                                        Defense Logistics Management
                                        Standards Office

Attachment
As stated

cc:
ODASD (SCI)
IUID Working Group

Attachment to ADC 1095
Enhanced Guidance for Submitting Supply Discrepancy Reports (SDRs) for Item Unique Identification (IUID) Discrepancies

1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION:

   a. Technical POC: Ms. Ellen Hilert, DOD SDR System Administrator, 703-767-0676 or DSN 427-0676, e-mail: ellen.hilert@dla.mil

   b. Functional POC: Ms. Ellen Hilert, DOD SDR System Administrator, 703-767-0676 or DSN 427-0676, e-mail: ellen.hilert@dla.mil

2. FUNCTIONAL AREA:

   a. Primary/Secondary Functional Area: Receipt Processing

   b. Primary/Secondary Functional Process: SDR preparation for serially-managed/tracked materiel

3. REFERENCES:

   a. DOD Instruction 4140.01, DOD Supply Chain Materiel Management Policy, December 14, 2011

   b. DODM 4140.01, DOD Supply Chain Materiel Management Procedures, February 10, 2014

   c. DLM 4000.25, DLMS, Volume 2, Supply

   d. DOD Instruction 8320.04, Item Unique Identification (IUID) Standards for Tangible Personal Property (Draft)

   e. ADC 1030, Implementation of DOD Item Unique Identification (IUID) Supply Policy in DLMS Shipment Status and Associated Supply Discrepancy Report Procedures, dated February 21, 2013

4. APPROVED CHANGE(S): Significant revisions resulting from staffing are highlighted.

   a. Overview of Change: This change provides amplifying guidance for the preparation of SDRs for discrepancies involving unique item data discrepancies for serially-managed/tracked materiel. This specifically refers to missing or mismatched Unique Item Identifiers (UIIs) and/or serial numbers where required for item unique identification or tracking under a Unique Item Tracking (UIT) program. SDR discrepancy code definitions are modified to better conform to the current guidance.

b. Background:

  (1) IUID Policy. DOD policy is that the Components use the UII to enhance life-cycle management of assets and provide more accurate asset valuation, to achieve unqualified audit opinions on the Property, Plant and Equipment, and Operating Materiels and Supplies portions of DOD Financial Statements. The UII will serve as a common key in financial, property accountability, acquisition, supply, maintenance, and logistics systems. For an NSN to be managed under the DOD IUID Supply Policy, the item must have a unique item level traceability requirement at some point in its lifecycle. See DOD Instruction 8320.04 (Reference 3.d.) for specific criteria. Pending full implementation of IUID, tracking may be based upon the serial number alone. Items associated with a UIT program fall under DOD IUID Supply Policy. ADC 1030 (Reference 3.e.) provides specific business rules for reporting discrepancies involving mismatched or missing UIIs and/or serial numbers.

  (2) IUID Indicator. The Federal Logistics Information System (FLIS) will be updated to support a new data field to identify the IUID Indicator. This new data element is a yes/no indicator to provide enterprise-wide visibility of IUID applicability for NSN items. Pending FLIS modernization, the IUID Indicator is available through web-services using the DLA Logistics Information Service Master Data Capability (MDC).

  (3) SDR Reporting. Upon review of the last 12 months of SDR data, the DOD SDR System Administrator found a high occurrence of misunderstanding regarding the desired use of U-series discrepancy codes. The U-series discrepancy codes, with the exception of U11 (materiel unidentifiable), are intended for discrepancies associated with the unique identification of materiel rather than generic materiel identification (i.e., the UII or serial number of a specific instance of the item is missing or mismatched to supporting documentation rather than a missing part number). The U-series discrepancy codes, with the exception of U11, are only authorized for use when the item is managed or tracked by its UII or serial number.

c. Requested change in detail:

  (1) Revise DLMS SDR guidance to clarify appropriate reporting and improve visibility of SDRs associated with noncompliant shipments of serially-managed/tracked materiel.

   (a) Revise narrative guidance to clearly state that the IUID discrepancies are applicable to the unique item identification. This includes shortage, overage, and wrong item discrepancies where the materiel involved requires IUID, as well as mismatched or missing UII or serial numbers where there is no quantity discrepancy. Missing and mismatched materiel identification of non-serially managed/tracked materiel, such as part number and NSN, must be reported under more appropriate discrepancy codes (e.g., packaging (labeling/marking), documentation, or technical data) without inclusion of a U-series discrepancy code. However, the U-series discrepancy codes are not to be used for missing UII(s) on the shipment status until IUID supply policy procedures have been implemented by the shipper.

   (b) Reword the U-series discrepancy code definitions to highlight their applicability to the unique item identifier or serial number discrepancies (removing the more generic reference to "data").

(2) Enhance management report selection criteria to include a user option to select all IUID-related discrepancies in a single query. This new category will include all U-series discrepancies minus the U11 (which is used to report unidentifiable materiel and is not specifically related to IUID).

(3) In conjunction with full IUID Supply Policy implementation, Component receiving/discrepancy reporting systems must develop a systemic interface to identify the IUID Indicator. This will allow receiving and discrepancy reporting applications to facilitate correct procedures associated with serially managed/tracked materiel. This includes prompting the user for inclusion of the UII and/or serial number when a shortage, overage, or wrong item is discovered/reported and the IUID indicator is Y (yes). Conversely, IUID discrepancy codes (U-series codes minus Discrepancy Code U11) should not be employed for materiel that is not serially managed/tracked.

    d. Revisions to DLM 4000.25 Manuals:

    (1) Revise DLM 4000.25, Volume 2, Supply, Chapter 17, as shown in Enclosure 1.

    (2) Revise DLM 4000.25, Appendix 3, Supply Discrepancy Report Relevant Data Elements, as shown in Enclosure 2.

    e. Transaction flow: Standard SDR transaction flows apply.

    f. Alternatives: None identified.

    g. Proposed DLMS Change (PDC) 1095 Staffing Response/Comment Resolution:

	Originator	**Response/Comment**	**Disposition**
1.	DLA	DLA concurs with the PDC. Sustainment has indicated a system change will be needed in our TQ process area.	Noted.
2.	Air Force	AF concurs with comments: ILS-S does not need to do any coding changes if all they are doing is procedural updates on the use of the U-series discrepancy codes. Therefore no coding required; however, if DLMSO were to change the criteria to restrict the U-series usage to IUID managed assets only, we would then need to change code to accomplish this.	Noted. While this change does primarily focus on procedures, there are minor table updates for improved text names associated with IUID-related discrepancy codes, and there is intent for SDR applications to ensure proper procedures are followed by users.
3.	Army	Concur	Noted.
4.	Navy	Concur	Noted.

	Originator	Response/Comment	Disposition
5.	Marine Corps	Concur	Noted.
6.	USTRANSCOM	Concur	Noted.

5. REASON FOR CHANGE:

　　a. This change seeks to standardize use of SDR discrepancy codes for discrepancies involving serially-managed/tracked materiel resulting in mismatched/missing UIIs or serial numbers. This will better align the Component's usage of U-series discrepancy codes with the expectations under DOD Supply Policy.

　　b. This will provide more accurate reporting and data collection of IUID-related discrepancies using the WebSDR tool set.

　　c. The first column heading in Table C17.T1. SDR Decision Matrix: Discrepant IUID Data (IUID Indicator Y) is revised to read "Procurement Source" (rather than New Procurement) to be more inclusive (e.g., for receipt of reparables from contractor repair).

6. ADVANTAGES AND DISADVANTAGES:

　　a. Advantages (tangible/intangible): This change provides improvement to the overall SDR system by reducing the occurrence of originators using incorrect discrepancy codes. It will enable more accurate reports to be generated regarding the actual number of SDRs that involve serially-managed items. It will accomplish these improvements with minimal impact to transaction processing and Component SDR systems.

　　b. Disadvantages: None identified.

7. ADDITIONAL COMMENTS TO CONSIDER: The Components need to better align use of IUID information with DOD Supply Policy. As DOD-wide implementation of IUID grows, there needs to be a higher level of confidence in reporting the numbers of actual IUID-related discrepancies using the SDR tool set.

8. ESTIMATED TIME LINE/IMPLEMENTATION TARGET: Discrepancy code narrative names are effective July 1, 2014. The target date for system edits to enforce appropriate discrepancy reporting based upon the FLIS IUID indicator is December 2015. Staggered implementation is authorized; Components may implement sooner to coincide with implementation of ADC 1030.

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

10. IMPACT:

    a. New DLMS Data Elements: None.

    b. Changes to DLMS Data Elements: Modification of text names associated with U-series of discrepancy codes as detailed in Enclosure 2.

    c. Automated Information Systems (AIS): Table updates are required for discrepancy code definitions in Component SDR applications. Integration with the MDC for identification of IUID requirements is required for Component SDR applications for development of systemic editing for appropriate reporting procedures.

    d. DLA Transaction Services:

        (1) Requires revision to DOD WebSDR to update code lists for SDR discrepancy code definitions displayed for SDR input and management report selection. (Implementation July 1, 2014.)

        (2) Requires the addition of new management summary report selection category (within the discrepancy code drop box) for "All IUID Discrepancies" to include all U-series discrepancy codes minus Discrepancy Code U11. (Implementation by December 2014.)

        (3) Requires interface with the MDC for identification of IUID required items to prompt users for inclusion of the IUID and/or serial number when reporting a shortage, overage, or wrong item receipt and the IUID Indicator is Y. A system edit for on-line input must be established to ensure that IUID discrepancy codes (U-series codes minus Discrepancy Code U11) are not be used for materiel that is not serially managed/tracked (IUID Indicator is N). (Implementation by December 2015.)

    e. Non-DLA Logistics Management Standards Publications:

        (1) May require update to internal Component guidance for processing of SDRs for serially-managed materiel based upon UII and/or serial number.

        (2) Specific training on IUID-related discrepancy reporting is required for SDR submitter and action activity personnel.

Enclosure 1

Revise DLM 4000.25, Volume 2, Chapter 17, Supply Discrepancy Reporting, as shown. Changes are identified by *bold red italics*.

"C17.3.8. Discrepancies in Item Unique Identification (IUID) Data

       C17.3.8.1. Report supply-related discrepancies involving IUID under DoD IUID Supply policy, including but not limited to Unique Item Tracking (UIT) programs, or as contractually required. Pending full transition to DoD IUID Supply policy using the unique item identifier (UII), SDRs identifying discrepancies in ~~IUID data~~ *unique identification* will be prepared citing both UII and/or corresponding serial number, when both are available. Applicability under DoD IUID Supply Policy is identified by NSNs with IUID Indicator Yes (Y). *For missing or mismatched unique item identification of items that are DoD serially-managed/tracked, use the applicable U-series discrepancy code (see Table C17.T1.). Report missing or mismatched materiel identification unrelated to IUID (e.g. missing or mismatched part number or NSN) using the applicable packaging (labeling/marking), documentation, technical data, or wrong item discrepancy code(s).* Report quality-related deficiencies involving IUID, e.g., improperly constructed unique item identifier within the 2D data matrix, using Product Quality Deficiency Report (PQDR) procedures under DLA Regulation 4155.24, et al.

       C17.3.8.2. In order to facilitate reporting of discrepancies, particularly those involving discrepancies where inclusion of the IUID information is required/desirable, the SDR submission process should be integrated with the receiving process allowing receipt data to be captured once and reused. IUID discrepancies may be related to the packaging label, including automated information technology (AIT) readable content; the item marking, including AIT readable marks; supply documentation; the due-in record; and/or a mismatch between the item and any of these. When reporting an IUID mismatch (including shortage, overage, and incorrect item) the IUID content may be specifically identified as applicable to items received or not received using the IUID Received/Not Received Indicator. If no indicator is provided, the UII and/or serial number will be interpreted as applicable to the materiel received. Pending integrated capability to support IUID reporting in SDRs, remarks text may also be used to clarify the specific mismatched data. Additionally, attachment files may be uploaded/transmitted to DoD WebSDR to identify UIIs and/or serial numbers.

       C17.3.8.3. Discrepancies involving missing or mismatched ~~IUID data~~ *unique identification* identified during receipt of new procurement materiel (including direct vendor delivery (DVD)) must be reported prior to acceptance. Materiel may be placed in a suspended condition pending resolution. Discrepancies that result in incorrect information within the IUID registry at DLA Logistics Information Service must be reported by the receiving activity for corrective action. Pending development of procedures for direct routing of SDRs to DLA Logistics Information Service, send an email to the DLA Logistics Information Service IUID Help Desk (iuid.helpdesk@dla.mil). Missing IUID content in DLMS transactions will not be reported for stock shipments pending full transition to DoD IUID Supply Policy procedures except as applicable to UIT programs.

C17.3.8.4. SDRs prepared for a mismatch with no discrepancy in quantity or stock number received should include the UII and/or serial number identifying the mismatch. That is, identify the UII and/or serial number for item(s) received that do not correspond to the shipment status, as well as the UII and/or serial number for the expected item(s) NOT received. Cite the IUID discrepancy code.

C17.3.8.5. SDRs prepared for a shortage of items identified by IUID Indicator Y should include the UII and/or serial number for the item(s) NOT received based upon comparison with the shipment status. Cite the applicable discrepancy code for the shortage and the IUID discrepancy code.

C17.3.8.6. SDRs prepared for an overage of items identified by IUID Indicator Y should include the UII and/or serial number for the extra item(s) received based upon comparison with the shipment status. Cite the applicable discrepancy code for the overage and the IUID discrepancy code.

C17.3.8.7. SDRs prepared for receipt of an incorrect item where the item received is identified by an NSN with a IUID Indicator Y should include the UII and/or serial number for the wrong item. Cite the applicable discrepancy code for the incorrect item receipt and the IUID discrepancy code.

C17.3.8.8. Table C17.T1 provides a decision matrix for when an SDR is required based on missing or mismatched IUID data during receipt processing.

Table C17.T1. SDR Decision Matrix: Discrepant IUID Data (IUID Indicator Y)

New Procurement Source (IUID contractually required)	Approved UIT	Wrong Item Received w/IUID Indicator Y	Missing UII on item or packaging	Mismatch UII with shortage/ overage	Mismatch UII no shortage/ overage	Create SDR	SDR Action Code[1]
Y	Y/N	N	N	Y	N	Y	1A or 2A
Y	Y/N	N	N	N	Y	Y	1A
Y	Y/N	N	Y	N	N	Y	1A
Y	Y/N	N	N	N	Y	Y	1A
Y	Y/N	N	Y	N	N	Y	1A
Y/N	Y/N	Y	Y/N	Y/N	Y/N	Y	1A or 2A
N	N	N	N	N	Y	Y	3B
N	N	N	N	Y	N	Y	1A or 2A
N	N	N	Y	N	N	N	No SDR
N	Y	N	N	N	Y	Y	1A
N	Y	N	N	Y	N	Y	1A or 2A
N	Y	N	Y	N	N	Y	1A or 3B

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[1] SDR Action Codes are selected by the submitter based upon the desired response to the SDR. Codes identified in Table C17.T1 are:

    1A   Disposition instructions for discrepant materiel requested; financial action not applicable.
    2A   Disposition of materiel and financial adjustment (credit) requested.
    3B   Discrepancy reported for corrective action and trend analysis; no reply required."

Enclosure 2

Revise DLM 4000.25, Volume 2, Appendix 3, Supply Discrepancy Report Relevant Data Elements. Changes are identified by *bold red italics*.

DISCREPANCY CODES

Item **Unique Identification** *(IUID) of Serially-Managed/Tracked Materiel* **and Unidentifiable Materiel**

U01   Unique identification ~~data~~ *(UII/serial number)* on label missing, damaged, or unreadable.

U02   Unique identification ~~data~~ *(UII/serial number)* on item missing, damaged, or unreadable.

U03   Unique identification ~~data~~ *(UII/serial number)* on supply documentation missing, damaged, or unreadable.

U04   Unique identification ~~data~~ *(UII/serial number)* not provided on shipping notice.

U05   Non-conformance to unique identification requirements under terms of contract

U06   Multiple containers without separate unique identification ~~data~~ *(UII/serial number)* listings

U07   Mismatch between *u*nique *i*dentification ~~data~~ *(UII/serial number)* on item and label.

U08   Mismatch between unique identification ~~data~~ *(UII/serial number)* on item or packaging marks/labels and the associated shipping documentation.

U09   Mismatch between unique identification ~~data~~ *(UII/serial number)* on item or packaging marks/labels and the associated due-in/shipping notice.

U10   Mismatched or missing unique identification *(UII/serial number)* discovered upon opening a sealed pack.

U11   Materiel unidentifiable; stock number missing or damaged

U12   Duplicate unique identification *(applicable to UII only)*