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July 29, 2016

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

**SUBJECT: Approved Defense Logistics Management Standards (DLMS) Change (ADC) 1221,  
Mandatory Supply Discrepancy Report (SDR) for DLA Distribution Center Receipts  
with no Prepositioned Materiel Receipt (PMR) (Supply/SDR)**

The attached change to DLM 4000.25, Defense Logistics Management Standards, is approved for implementation.

Addressees may direct questions to [DLMSO\\_SDR@dla.mil](mailto:DLMSO_SDR@dla.mil), Ms. Ellen Hilert, DOD SDR System Administrator, e-mail: [ellen.hilert@dla.mil](mailto:ellen.hilert@dla.mil), or Mr. Ben Breen, SDR Alternate, e-mail: [benjamin.breen@dla.mil](mailto:benjamin.breen@dla.mil). All others must contact their Component designated Supply PRC representative or SDR Subcommittee representative available at: <https://www.dlmso.dla.mil/CertAccess/SvcPointsPOC/allpoc.asp>.

**HEIDI M. DAVEREDE**  
Director  
Defense Logistics Management  
Standards Office

Attachment  
As stated

cc:  
ODASD (SCI)

## ADC 1221

# Mandatory Supply Discrepancy Report (SDR) for DLA Distribution Center Receipts with no Prepositioned Materiel Receipt (PMR)

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

a. **Technical POC:** DLA HQ, J-345 IM, Troy Brown, Telephone COMM: 709-767-3979, email: [troy.brown@dla.mil](mailto:troy.brown@dla.mil)

b. **Functional POC:** DLA HQ, J-345 IM, Troy Brown, Telephone COMM: 709-767-3979, email: [troy.brown@dla.mil](mailto:troy.brown@dla.mil)

### 2. FUNCTIONAL AREA: Supply

a. **Primary/Secondary Functional Area:** SDR and PMR

b. **Primary/Secondary Functional Process:** Due-in and Receiving

### 3. REFERENCES:

a. [DLM 4000.25-2](#), Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP), Chapter 4

b. [DLM 4000.25](#), Defense Logistics Management Standards (DLMS), Volume 2, Chapter 12 and Chapter 17

c. [Approved DLMS Change \(ADC\) 158](#), Requirement for Prepositioned Materiel Receipt (PMR) Transactions, dated June 27, 2005

d. [DLAI 4145.4](#), et al, Joint Service Instruction for Stock Readiness, dated November 9, 2012

### 4. APPROVED CHANGE(S):

a. **Brief Overview of Change:** This change establishes a requirement for DLA Distribution Centers to send an SDR to the owner/manager when the distribution center processes a receipt without a PMR, for materiel owned by that organization. This change is applicable to all types of procurement and non-procurement source receipts. Additionally, DOD WebSDR will prepare and disseminate a monthly report delineating SDRs prepared by DLA Distribution Centers indicating lack of a PMR.

#### b. **Background:**

(1) MILSTRAP, Chapter 4, C4.3.1 (Reference 3.a.) directs owners and managers of materiel to use a PMR to provide maintenance and storage activities advance notification of materiel due in.

(2) DLMS Volume 2, Chapter 17 (Reference 3.b.) directs that new procurement receipts without a “due in” (PMR) be reported as a discrepancy and other unexpected receipts may only be reported as discrepant by prior direction of the owner/manager. This guidance is based upon ADC 158 (Reference 3.c.) signed in June 2005 with a staggered implementation because Component legacy systems could not be modified at the time to provide a PMR and the generation of SDRs for no PMR would provide little or no gain. This was 11 years ago and the intent was that Component systems would eventually be updated to provide a PMR. However, due to lingering Component system and process deficiencies, DLMS guidance to expand the SDR requirements to all receipts was deferred.

(3) DLA Distribution currently requires DLA Distribution Centers to generate an “information only” SDR when the distribution center receipts for materiel without a PMR and no other discrepancy applies, regardless of the type of shipment (procurement and non-procurement source). DLA Distribution implemented this process change in the summer of 2014 to provide feedback to owning ICPs when materiel arrives at a distribution center without PMR.

(4) DLAI 4145.4 (Reference 3.d.) (Page 16, Table 5) identifies a requirement for generating an “information only” SDR when missing a PMR is the only discrepancy for Service Owned receipts. This ADC aligns the DLMS guidance with the DLA Instructions.

**c. Approved Change in Detail:**

(1) Document the requirement for DLA Distribution Centers to submit an informational SDR using Discrepancy Code Z3 (distribution center receipt not due-in) and Action Code 3B (discrepancy reported for corrective action and trend analysis; no reply required) when the depot receipts materiel and no discrepancies other than no PMR are noted. The SDR is required regardless of the type of shipment. Discrepancy Code Z3 will continue to be used in conjunction with other discrepancies and other action codes when applicable.

(2) Generate a monthly report from WebSDR to be e-mailed to designated Component representatives listing SDRs containing Discrepancy Code Z3 (as first, second, or third discrepancy code value). WebSDR will distribute this report automatically to the Army, Navy, Air Force, Marine Corps, and DLA SDR Process Review Committee (PRC) primary and alternate members, as well as any other designated representative. With the exception of DLA, each Component will receive only SDRs addressed to that Component. The DLA report will contain a separate “Other” section for any SDRs that cannot be attributed to DLA or the listed Military Services. WebSDR will format the report in the same manner as the standard WebSDR management report detail level display (planned enhancements to the detail level listing should also be applied to this report). Data content will be comparable to the detail level listing to include the WebSDR control number and all Service-assigned control numbers, submitter, the action activity, document number/suffix, procurement data when applicable, discrepancy codes, action code, reply codes, and relevant dates. The “No PMR” report will be run by the fifth of the month to include SDRs generated in the prior month.

**Staffing Note:** DLMSO will provide Supply and SDR PRC primary/alternate member contact information to Transaction Services for establishing the initial distribution list. Components may provide additional POCs to DLMSO and Transaction Services at any time.

**d. Revisions to DLM 4000.25 Manuals:**

(1) Revise DLM 4000.25, Volume 2, Chapter 17, Supply Discrepancy Reporting:

“C17.3.6. Distribution Center Receipt with no Due In. *DLA* Distribution Centers will report receipt of unscheduled materiel from new procurement **and non-procurement sources** to the owner/~~IMM~~**manager**, regardless of condition of materiel, as a discrepancy. ~~Other unexpected materiel receipts, including returns and/or redistributions that are not ICP/IMM directed, and unscheduled returns to/from maintenance, may be reported by prior direction of the owner/IMM.~~”

(intervening text not shown)

“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 must 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 must 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 must incorporate this reporting requirement under business system modernization efforts. The DoD WebSDR management reports and canned queries may be used to supplement internally prepared reports. ***To facilitate management evaluation and corrective action, WebSDR will prepare and disseminate focused content reports to DoD Component representatives for specific areas requiring additional attention. Focused content reports include several reports highlighting discrepancies identified by transshippers and a report listing DLA Distribution Centers SDRs indicating lack of a prepositioned materiel receipt (PMR).*** DoD Components and USTRANSCOM must monitor SDR program performance applicable to transshipper SDRs. DCMA must monitor reported discrepancies applicable to procurement source shipments. 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.

C17.4.1.5. Measure quality and responsiveness of action activities.

C17.4.1.6. Assess vendor performance to ensure compliance with contract requirements, identify and correct recurring issues, and incorporate SDR metrics during consideration of future contract awards.

C17.4.1.7. Promote timely QAR performance to prevent delays in processing of procurement source receipts.”

(2) Revisions to DLM 4000.25, DLMS, Volume 2, Chapter 12, Due-In and Advance Receipt Information, and Chapter 13, Materiel Receipt

(a) Administrative update. Make an administrative update throughout Chapters 12 and 13 to change “Advance Receipt Information (ARI)” to “Prepositioned Materiel Receipt (PMR)”. This administrative update will also affect the title of Chapter 12. ARI was DLMS terminology for PMR, but DLMS procedures are being updated to reflect PMR to remove the disconnect between the DLMS and MILSTRAP manuals.

(b) Revise DLM 4000.25, Volume 2, Chapters 12 and 13 as noted:

“C12.3.1. Due-In Information Requirements. ~~IMMs~~ **Owners/managers** will provide maintenance and storage activities with due-in information for scheduled materiel receipts by providing them with ~~ARI~~ **PMR** transactions. For due-ins from procurement instrument sources, IMMs will include applicable contract information and packaging data, to facilitate the receiving process and reduce the need for hard copy contracts at the receiving activity. As part of the contract information, the IMM will include indicators identifying whether the contract required unique identification (UID) or passive Radio Frequency Identification (pRFID). ***If the owner/manager fails to generate a PMR for DLA Distribution Center receipt, the distribution center will submit a Supply Discrepancy Report to the owner/manager.***”

(intervening text not shown)

“C13.2.8.2.8.11. Receipts Not Due-In (no ~~ARI~~ **PMR** file exists). ***When a PMR is not available, the receiving activity will report the receipt using documentation, packaging, and other information, as available. DLA Distribution Centers will prepare an SDR to report the lack of a PMR to the manager (as the only discrepancy or in combination with other identified discrepancies). The distribution center will identify the SDR as informational or otherwise indicate requested action.***

(intervening text not shown)

“C13.2.8.2.10.1.1. No ~~ARI~~ **PMR** File Exists. ***When a PMR is not available, the receiving activity will report the receipt using documentation, packaging, and other information, as available. DLA Distribution Centers will prepare an SDR to report the lack of a PMR to the manager (as the only discrepancy or in combination with other identified discrepancies). The distribution center will identify the SDR as informational or otherwise indicate requested action.*** When inspection of inter-DoD Component receipts reveals materiel to be SCC H and no ~~ARI~~ **PMR** file exists, automatically ship discrepant materiel valued at less than \$500 per item direct to the DLA Disposition Services activity except as specified in these procedures, or take other automatic disposal action based on criteria issued by the DoD Components. This includes expired Type I shelf-life materiel which has passed the expiration date regardless of value. When taking automatic disposal action, cite SCC H and Management Code M or T in the Receipt Transaction, in addition to the discrepant receipt management code, for the discrepant quantity. To establish an audit trail when materiel is condemned upon receipt and shipped

directly to DLA Disposition Services, cite the disposal turn-in document number in the Receipt Transaction in addition to the original document number.”

(3) Revise DLM 4000.25-2 MILSTRAP, Chapter 4, Receipt and Due-In:

“C4.3.1. Owners/Managers will transmit advance notification of scheduled materiel receipts to maintenance and storage activities. Use PMRs, prepared in the appendix AP3.38 or AP3.39 format and identified by DICs in the DU or DW series, for this purpose. *If the owner/manager fails to generate a PMR for DLA Distribution Center receipts, the distribution center will submit a Supply Discrepancy Report to the owner/manager. The distribution center will identify the SDR as informational or otherwise indicate requested action.*”

(intervening text not shown)

“C4.9.2.5.11. Procurement Receipts Not Due-in= (No PMR/~~due is recorded~~). *When a PMR is not available, the receiving activity will report the receipt using documentation, packaging, and other information, as available. DLA Distribution Centers will prepare an SDR to report the lack of a PMR to the manager (as the only discrepancy or in combination with other identified discrepancies). The distribution center will identify the SDR as informational or otherwise indicate requested action.* See C4.9.2.5.3. and C4.9.2.5.4. for processing receipts of misdirected shipments and overages/duplicate shipments, for which PMRs are not normally available.”

(intervening text not shown)

“C4.9.3.3.11. Receipts Not Due-In (no PMR/~~due in recorded~~). *When a PMR is not available, the receiving activity will report the receipt using documentation, packaging, and other information, as available. DLA Distribution Centers will prepare an SDR to report the lack of PMR to the owner (as the only discrepancy or in combination with other identified discrepancies). The distribution center will identify the SDR as informational or otherwise indicate requested action.*

e. **Transaction Flow:** Standard SDR process applies. For non-procurement source receipts, the SDR will be sent to the owner for action and a distribution copy will be provided to the shipping activity when available.

f. **Alternatives:** None identified.

**5. REASON FOR CHANGE:** The PMR is important to support Financial Improvement and Audit Readiness (FIAR) requirements for “Rights and Obligation” and assists the distribution center in receipting materiel into the correct ownership, which supports materiel accountability. The use of an informational SDR will assist owners/managers in monitoring their performance on generating PMRs and potentially identify problem areas. This policy change documents a DLA-directed requirement for distribution centers to generate informational SDRs.

## 6. ADVANTAGES AND DISADVANTAGES:

a. **Advantages:** The use of SDRs will provide improved visibility of the frequency of materiel arriving at DLA Distribution without a PMR from each activity. This will allow owners/managers to target and improve the generation of a PMR prior to shipment of materiel.

b. **Disadvantages:** Some Components still have issues in fully complying with MILSTRAP requirements for generating a PMR due to resource constraints, higher priority system changes, and use of legacy systems. Use of SDRs to identify missing PMRs requires an expenditure of resources by DLA, the owner/manager, and potentially, the shipping activity, that may not be effective in correcting this situation.

## 7. ESTIMATED TIME LINE/IMPLEMENTATION TARGET:

a. The DLA Distribution Standard System (DSS) implemented a system change on April 24, 2016 that systemically searches for a PMR during receipt processing and prompts the user for generation of an SDR if no PMR is found. Minor update is needed to use Discrepancy Code 3B (rather than the currently used Action Code 1H (no action required; information only)). This change should occur no later than three months after approval of this change.

b. Estimated completion date for the new WebSDR report is six months from approval of this change.

## 8. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH

**IMPLEMENTATION OF THIS CHANGE:** Generating informational SDRs for no PMR will assist in identifying and quantifying the amount of materiel being inducted without a PMR. Use of a PMR in the receipt process allows for a faster induction time and assists in ensuring that materiel is placed in the proper ownership. Reducing errors in receipting materiel in the proper ownership is a cost avoidance savings. Correcting ownership mistakes is a time consuming endeavor by the materiel owner and DLA Distribution Centers to conduct research and subsequent generation of a ship in-place materiel release order.

## 9. IMPACT:

a. **New DLMS Data Elements:** None.

b. **Changes to DLMS Data Elements:** None.

c. **Automated Information Systems (AIS):** Minor update to DSS to use the more appropriate Action Code 3B to denote the discrepancy reported for corrective action and trend analysis; no reply required.

d. **Transaction Services:** WebSDR will be required to generate and disseminate monthly report for SDRs identify missing PMRs (Discrepancy Code Z3) as described above.

e. **Non-DLM 4000.25 Series Publications:** Internal Component guidance may need to be updated.

**10. PROPOSED DLMS CHANGE (PDC) 1221 STAFFING RESPONSE/COMMENT  
RESOLUTION:**

	<b>Originator</b>	<b>Response/Comment</b>	<b>Disposition</b>
1.	DLA	Concur	Noted.
2.	Navy	Concur	Noted.
3.	Marine Corps	Concur	Noted.
4.	Army	<p>Concur</p> <p>CECOM concurs with PDC 1221, Mandatory SDR for DLA Distribution Center Receipts with no PMR with the management WEB SDR reports improvements which will allow the fault recognition, assist management improve Due-in (PMR) reporting. Materiel identification and better receipt processes will also help improve our supply chain effectiveness and cost avoidance.</p>	Noted.