



**OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE**  
**3500 DEFENSE PENTAGON**  
**WASHINGTON, DC 20301-3500**

**SUSTAINMENT**

**MEMORANDUM FOR SUPPLY DISCREPANCY REPORTING PROCESS REVIEW  
COMMITTEE**

**SUBJECT: Approved DLMS Change 1402, Administrative Update for Supply Discrepancy  
Reporting for Processing Missing Serial Number Discrepancies**

The attached change to Defense Enterprise Data Standards, as outlined in the attachment, is approved for implementation.

Addressees may direct questions to Mr. Ben Breen, e-mail: Benjamin.Breen@dla.mil. Others must contact their designated PRC representative available at <http://www.dla.mil/HQ/InformationOperations/DLMS/allpoc/>

METHOD.LEIGH.E.1098529302  
Digitally signed by  
METHOD.LEIGH.E.1098529302  
Date: 2021.09.03 09:40:32 -04'00'

Leigh E. Method, SES  
Deputy Assistant Secretary of Defense  
for Logistics

cc:  
OUSD(C)  
DLA J6DS

# ADC 1402

## Update for Supply Discrepancy Reporting for Processing Missing Serial Number Discrepancies

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

- a. **Technical POC**: Mr. Ben Breen, DEDSO
- b. **Functional POC**: Mr. James Weiner, DLA J345

### 2. REFERENCES:

- a. Approved DLMS Change 1198, Establishing and Maintaining Accountability for Service Owned Capital Equipment Stored at DLA Distribution Centers, October 16, 2016
- b. Approved DLMS Change 1198A, Establishing and Maintaining Accountability for Service Owned Capital Equipment Stored at DLA Distribution Centers – (Missing Serial Numbers and Remove 867I Issue Transactions), September 6, 2017
- c. Approved DLMS Change 1244, Establishing Visibility of Unique Item Tracking (UIT) Program Items for Service-Owned Assets Stored at DLA Distribution Centers and Corresponding Revisions to Inventory Procedures Related to Capital Equipment, June 7, 2018
- d. DLM 4000.25, Defense Logistics Management Standards (DLMS), Volume 2, Supply Standards and Procedures, Chapter 17 - Supply Discrepancy Reporting

### 3. APPROVED CHANGE(S): Significant changes after staffing are highlighted in **green**.

a. **Brief Overview of Change**: Approved changes to DLM 4000.25. Volume 2, Chapter 17 Supply Discrepancy Reporting (SDR) to modify procedures for processing discrepant items requiring serial number tracking, where the item(s) serial numbers are missing or illegible. Also, this change modifies several discrepancy code narratives, and the title for the U Discrepancy Codes series in Appendix 7.28. This approved change addresses the following:

- (1) Proper discrepancy code and action codes to be used to define when a serial number is required but not present on the materiel.
- (2) Proper disposition response to missing serial number discrepancies.
- (3) Follow up request/response when the initial disposition response does not solve the Discrepancy.
- (4) Remove Discrepancy Code U11 (Materiel unidentifiable; stock number missing or damaged) and replace it with a new Discrepancy Code **Z8** (Materiel unidentifiable; stock number missing or damaged).

(5) Modify the title under the U Discrepancy Codes in Appendix 7.28 as shown in Enclosure 2.

(6) Incorporate policy guidance regarding duplicate serial numbers in chapter 30.

**b. Background:** The Defense Logistics Agency (DLA) implemented changes to serialized processing of Service owned materiel in DLA custody per ADC's 1198, 1198A and 1244 (References 2.a., 2.b., and 2.c.). After implementation, DLA encountered several challenges with the current SDR procedures for missing/illegible serial numbers as the storage activities are not equipped to embed data plates into items when required. As a result, DoD SDR/UIT subject matter experts recommended modifications to the SDR procedures as well as certain discrepancy codes under the U series. These changes will facilitate communication of discrepancies where the human readable serial number is either illegible/missing, or otherwise not in compliance with DoD policy and requires marking.

**c. Approved Change in Detail:** When a UIT program item is received at a DLA distribution center and does not have serial number marking, or the serial number is illegible the following process applies.

(1) The DLA distribution center receiver will submit an actionable SDR to the owning activity, citing Discrepancy Code U13 and other applicable discrepancy code(s) with clarifying remarks.

(2) The owning activity (action activity who received the SDR) will respond to the SDR with the appropriate serial number(s)/UII using one of the **two** following SDR reply codes:

(a) SDR Reply Code 611 (Reidentify unique identification (UII/serial number) and return to stock). This option is available for items that do not required a permanent marking embedded or will be subsequently sent to maintenance. If going into maintenance, DLA Distribution will need to temporarily tag the items.

**1.** If the material owner (action activity) determines they need to send someone to a DLA storage activity to **physically** mark the material; the material owner (action activity) will need to coordinate with the appropriate DLA Distribution Headquarter (HQ) point of contact (POC) to facilitate the site visit.

**2.** DLA Distribution will keep the SDR in an open status, until the items are physically marked. The material owner (action activity) will NOT respond to the SDR using Reply Code 611 until after they have conducted the site visit and physically marked the material.

**3.** Once the items have been physically marked by the material owner (action activity) and the owner (action activity) replies with Reply Code 611, DLA Distribution would follow normal procedures to close the SDR and generate the completion notification.

(b) SDR Reply Code 602 (Item(s) unsuitable; destroy.) This option will require DLA Distribution to temporarily tag the items prior to shipping to DLA Disposition Services.

(3) Upon receipt of the SDR response, the DLA distribution center stock readiness team will process the response by assigning the serial numbers using temporary tags (serial number only).

(4) If the DLA distribution center stock readiness team finds discrepancies with the serial numbers provided by the material owner such as duplicates, the DLA Distribution Center will return the SDR response to the materiel owner for reconsideration and resolution.

**1.** For clarification under Item Unique Identifier (IUID), a duplicate serial number is when two identical items have the same NSN, serial number/UII, and CAGE code.

**2.** Chapter 30 provides additional instructions for duplicate serial numbers.

(5) Upon receipt of the reconsideration, the materiel owner will respond with non-discrepant serial number/UII assignments and send the reply back to the DLA distribution center.

(6) The DLA distribution center stock readiness team will then process the response as indicated in Step 3 above, which completes the process.

(7) Update and modify the definition of the following Discrepancy Codes U11, U12, U13, and add a new discrepancy Code **Z8** as shown in Enclosure 2.

(8) Incorporate policy guidance under chapter 30 regarding duplicate serial numbers. A duplicate serial number refers to two or more items where the NSN, serial number, UII (when available), and manufacturer CAGE code are the same. Therefore, two identical items with the same serial number may not necessarily be a duplicate. DoD Components will report discrepancies at time of receipt using the SDR; storage quality control report (SQCR) for materiel in storage. The material owner (action activity) is responsible for the resolution of the duplicate and must suffix the serial number, as necessary. The material owner will then provide any additional information/instructions to the DLA storage activity to reflect the new serial number in the item marking.

**d. Revisions to Defense Logistics Manuals:**

(1) DLM 4000.25 Volume 2 Chapter 17 Supply Discrepancy Reporting. See Enclosures 1 and 2.

(2) DLM 4000.25 Volume 2 Chapter 30, Procedures For Serially Managed Materiel Requiring Owner Visibility. See Enclosure 1

e. **Approved Transaction Flow**: Standard SDR processing applies.

f. **Alternatives**: None noted.

4. **REASON FOR CHANGE**: Clarify the procedures at a DLA distribution center when a given serialized item's serial number is missing or it is illegible.

5. **ADVANTAGES AND DISADVANTAGES**:

a. **Advantages**: Increased warfighter support and improved SDR performance metrics.

b. **Disadvantages**: None noted.

6. **ASSUMPTIONS USED OR WILL BE USED IN THE CHANGE OR NEW DEVELOPMENT**: None noted.

7. **ADDITIONAL COMMENTS TO CONSIDER**: None noted.

8. **ADDITIONAL FUNCTIONAL REQUIREMENTS**: None noted.

9. **ESTIMATED TIMELINE/IMPLEMENTATION TARGET**: Upon approval.

10. **ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE**: None noted.

11. **IMPACT**:

a. **New/Changes Data Elements**: Update LOGDRMS with the code changes to **SDR** Discrepancy Codes as shown in Enclosure 2.

b. **Automated Information Systems (AIS)**: The following AISs must be updated to reflect the Discrepancy Code Definitions updates identified in Enclosure 2, and procedures as described above upon approval: Product Deficiency Reporting and Evaluation Program (PDREP), GSA Vision, DLA Distribution Standard System (DSS), Army Logistics Modernization Program (LMP), Air Force Security Assistance and Cooperation (AFSAC), Air Force Wholesale DO35K, Air Force Integrated Logistics System Supply (ILS-S) and DLA Enterprise Business System (EBS).

c. **Defense Automatic Addressing System (DAAS)**: Update WebSDR Discrepancy Code Definition as identified in Enclosure 2 upon approval.

d. **Non-DLM Publications**: None.

**12. PROPOSED DLMS CHANGE (PDC) 1402 RESPONSE/COMMENT RESOLUTION:**

	Component	Response/Comment	Disposition
1.	DLA	<p>Concur with comments.</p> <p>Comments:</p> <p>1. While the items identified under the UIT program does not impact DLA from the perspective that DLA does not own or manage items which are under a UIT program. But it may impact some of the reports DLA Distribution provides to the Military Services.</p> <p>2. (4) Removal of Discrepancy Code U11 (Materiel unidentifiable; stock number missing or damaged) and replace it with a new Discrepancy Code W9 (Materiel unidentifiable; stock number missing or damaged).</p> <p>3. (2) The owning activity (action activity who received the SDR) will respond to the SDR with the appropriate serial number(s)/UII using one of the 3 following SDR reply codes:</p> <p>4.As discussed, this morning, I reviewed the draft PDC and concur. I did look at the reply 137 and I think it works. I did make a comment after discussion with DLA Distribution that the following sentence be modified 3.b.(2)(b) removing “HQ”. Site visits are coordinated at the local level. SDR Reply Code 137 (See remarks). The material owner will annotate in the remarks when sending someone to a DLA storage activity to mark the material. The owner will need to coordinate with the appropriate DLA Distribution HQ POC to facilitate the site visit.</p>	<p>Resolved.</p> <p>DEDSO Response:</p> <p>1.As noted.</p> <p>2. Proposed new Discrepancy Code W9 is being replaced with Z8 resulting from discussions to better categorize this discrepancy due to current logic designed/built into DSS for W series wrong item discrepancy codes. (<i>Z8 Materiel unidentifiable; stock number missing or damaged.</i>)</p> <p>3.The appropriate serial number(s)/UII options for SDR reply codes is reduced to 2 from 3. Reply Code 611 will be used after the item is properly marked. Additionally, SDR Reply Code 602 (Item(s) unsuitable; destroy.) This option will require DLA Distribution to temporarily tag the items prior to shipping to DLA Disposition Services.</p> <p>4. As noted.</p> <p>Updates to the DLM Volume 2 Chapter 17 are made to reflect the above changes.</p>
2.	Navy	Concur without comment.	As noted.
3.	Air Force	<p>Concur with comment.</p> <p>Comment:</p> <p>I foresee a problem. If DLA sends a Code 137 to the Depot to add information to the discrepant asset someone in our office could interpret that information as directed to us and the FMS Country. I recommend that DLA makes a new 600 series code to inform the Depot.</p>	<p>Initial non concurrence resolved.</p> <p>DEDSO Response:</p> <p>Reply Code 137 was removed from this change.</p>

	<b>Component</b>	<b>Response/Comment</b>	<b>Disposition</b>
4.	US Army	Concur without comment	As noted.
5.	USMC	Concur without comment.	As noted.
6.	DAAS	Concur with no comments.	As noted.
7.	USTRANS COM	Abstain.	As noted.
8.	GSA	None.	N/A
9.	ODASD(L)	Concur with comment.  Comments: 1. PDC paragraph B.(8). needs clarification – it seems to contradict the previous sentence. 2. Enclosure 1 DLM Volume 2 C30.12.3. Clarify this statement – it seems to contradict the sentence immediately before.	Resolved.  DEDSO Response: 1. Clarification provided in ADC 1402. 2. Clarification provided in ADC 1402.

## Enclosure 1

### Defense Logistics Manual (DLM) 4000.25, Volume 2, Supply Standards and Procedures

Make the following change to Volume 2. Additions are identified by ***bold red italics*** and deletions by double strikethrough text.

#### A. Chapter 17 Supply Discrepancy Reporting

*Preceding text not shown*

C17.3.8.6. To comply with Financial Improvement and Audit Readiness (FIAR) requirements regarding accountability and management of materiel, serially managed items under an active UIT Program requires serialization data and owner visibility. Thus, serially managed items under an active UIT program items received without a serial number will not only require an SDR but will stop the equipment in the supply chain until a serial number is identified and the materiel is marked. If the storage activity cannot determine the serial number using the associated shipment notice and marks/labels on the item or packaging, the storage activity will report the receipt in a suspended condition) and submit the SDR to the owner citing the Discrepancy Code U13 and other applicable discrepancy code(s) with clarifying remarks. The materiel owner is responsible for determining the appropriate serial number(s), ***ensuring no duplicates*** and providing disposition for marking the item. ***Chapter 30 provides instructions on how to identify and resolve serial number duplication scenarios. If DLA Distribution Center find duplicates or other discrepancies with the serial numbers provided by the Owner, the DLA Distribution Center will return the SDR response for reconsideration and resolution.***

***C17.3.8.7. Discrepancies involving missing/illegible serial number markings must be reported at time of receipt via SDR. A data plate is required for all serially managed items destined to remain in the supply chain. Temporary tags are authorized for items intended for disposal or maintenance. The materiel owner is responsible for permanently embedding data plates when required due to the type of item (e.g., small arms/light weapons).***

***C17.3.8.7.1. When a UIT program item is received at a DLA Distribution Center and does not have serial number marking, the following process applies. The DLA Distribution Center receiver will submit an actionable SDR to the owning activity, citing Discrepancy Code U13 and other applicable discrepancy code(s) with clarifying remarks.***

***C17.3.8.7.1.1. The owning activity (action activity who received the SDR) will respond to the SDR with the appropriate serial number(s)/UII using one of the two following SDR reply codes:***

***C17.3.8.7.1.2. SDR Reply Code 611 (Reidentify unique identification (UII/serial number) and return to stock). This option is available for items that do not required a permanent marking embedded into the item or will be***



**subsequently sent to maintenance. If going into maintenance, DLA Distribution will need to temporarily tag the items. If the material owner (action activity) determines they need to send someone to a DLA storage activity to physically mark the material; the material owner (action activity) will need to coordinate with the appropriate DLA Distribution Head Quarter (HQ) point of contact (POC) to facilitate the site visit.**

**C17.3.8.7.1.3. DLA Distribution will keep the SDR in an open status, until the items are physically marked. The material owner (action activity) will NOT respond to the SDR using Reply Code 611 until after they have conducted the site visit and physically marked the material.**

**C17.3.8.7.1.4. Once the items have been physically marked by the material owner (action activity) and the owner (action activity) replies with Reply Code 611, DLA Distribution would follow normal procedures to close the SDR and generate the completion notification.**

**C17.3.8.7.1.5. SDR Reply Code 602 (Item(s) unsuitable; destroy.) This option will require DLA Distribution to temporarily tag the items prior to shipping to DLA Disposition Services. Upon receipt of the SDR response, the DLA Distribution Center stock readiness team will process the response by assigning the serial numbers using temporary tags (serial number only).**

**C17.3.8.7.1.6. If the DLA Distribution Center stock readiness team finds discrepancies with the serial numbers provided by the material owner such as duplicates, the DLA Distribution Center will return the SDR response to the materiel owner for reconsideration and resolution.**

~~Use SDR Disposition Reply Codes 603 (remark and return to stock) and 611 (Reidentify unique identification (U/I/serial number) and return to stock) apply. Upon positive resolution of the missing or mismatched serial number/U/I scenario, two separate dual inventory adjustment transactions are required to update the serial number/U/I and update the SCC of the suspended item to the appropriate SCC.~~

*Re-number paragraphs following C17.3.8.7.*

## **B. Chapter 30 Procedures For Serially Managed Materiel Requiring Owner Visibility**

*Preceding text not shown.*

C30.12.2. Missing serial number. Serially managed items requiring owner visibility that are located in storage without a serial number will stop the equipment in the supply chain until a serial number is identified and the materiel is marked. If the remarking/relabeling exceeds the dollar threshold for pre-authorized corrective action or the storage activity cannot identify the serial number using inventory records and other available information, the storage activity will suspend the item in SCC J and prepare an SQCR. Cite the applicable discrepancy code and provide clarifying remarks with

descriptive information for the item. The materiel owner is responsible for determining the appropriate serial number and providing disposition for marking the item.

***C30.12.3. Duplicate human readable serial number. A human readable serial number is a combination of alpha-numeric characters, forward slashes and dashes that in combination with the item NSN and manufacturer CAGE code, helps uniquely identify a serially managed item. However, a human serial number alone is only unique to the manufacturer and not to the DoD. A duplicate human serial number refers to two or more items where the NSN, serial number, Ull (when available), and manufacturer CAGE code are the same. Therefore, two identical items with the same human readable serial number may not necessarily be a duplicate. DoD Components will report discrepancies at time of receipt using the SDR; storage quality control report (SQCR) for materiel in storage.***

***C30.12.3.1. When a potential duplicate human readable serial number exists, the materiel owner is responsible for resolving any discrepancies pertaining the human readable serial number and/or missing data plates as well as providing the corresponding information to the storage activity for proper marking. The DoD Component will suspend any movement of the materiel pending resolution. Upon confirmation of the duplicate human serial number, the materiel owner may issue a modified human serial number using selected alpha suffix to maintain a historical cross-reference. The Component will permanently inscribe the modified human serial number into the item as required. Temporary tags are authorized for Items destined for disposal or maintenance.***

***C30.13.5.2. Under new procurement, a duplicate human readable serial number will result in contractor non-compliance. DoD Components are responsible for reporting the discrepancy via SDR and coordinate with the manufacturer for resolution of the duplicate human readable serial number(s).***

## Enclosure 2

### Defense Logistics Manual (DLM) 4000.25, Volume 2, Supply Standards and Procedures

Make the following change to Volume 2. Additions are identified by ***bold red italics*** and deletions by double strikethrough text.

#### Appendix 7.28 Supply Discrepancy Report Relevant Data Elements.

##### DISCREPANCY CODES

*Preceding codes not shown*

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

- U01 Unique identification (Ull/serial number) on label missing, damaged, or unreadable
- U02 Unique identification (Ull/serial number) on item missing, damaged, or unreadable
- U03 Unique identification (Ull/serial number) on supply documentation missing, damaged, or unreadable
- U04 Unique identification (Ull/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 (Ull/serial number) listings
- U07 Mismatch between unique identification (Ull/serial number) on item and label
- U08 Mismatch between unique identification (Ull/serial number) on item or packaging marks/labels and the associated shipping documentation
- U09 Mismatch between unique identification (Ull/serial number) on item or packaging marks/labels and the associated due-in/shipping notice
- U10 Mismatched or missing unique identification (Ull/serial number) discovered upon opening a sealed pack
- ~~U11 Materiel unidentifiable; stock number missing or damaged~~
- U12 Duplicate unique identification ***Ull or serial number*** (applicable to ***Ull/serial number*** only)
- U13 Serial number unknown/***missing*** for serially-tracked item.
- U14 Serial number convention invalid.

## Other Discrepancies

- Z1 Other discrepancy - see remarks
- Z2 Repetitive discrepancy (must use in combination with other codes or describe in remarks)
- Z3 Distribution Center receipt not due-in; no prepositioned materiel receipt (PMR)
- Z4 No record exists for document number cited on supply document (not used by distribution center; not applicable to Security Assistance)
- Z5 Immediate resolution/replacement of discrepant item under inter-Service support agreement (restricted use per Service guidance)<sup>1</sup>
- Z6 Report reopened following inappropriate cancellation/completion (must use in combination with other discrepancy codes; must appear as first discrepancy code in transactions )
- Z7 Property not authorized or not acceptable for turn-in to DLA Disposition Services
- Z8 *Materiel unidentifiable; stock number missing or damaged.***

---

<sup>1</sup> Refer to ADC 1062 and 1174. Not authorized for use by DLA Distribution Centers.