



SUSTAINMENT

## OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

3500 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3500

### MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE

SUBJECT: Approved Defense Logistics Management Standards Change 1414A, Implementation of the Distribution Center Number in the Defense Logistics Management Standards 940R Materiel/Disposal Release Order Transaction

The Defense Logistics Management Standards change, as outlined in the attachment, is approved for implementation.

Addressees may direct questions to Ben Breen, e-mail: [DEDSO.SDR@dla.mil](mailto:DEDSO.SDR@dla.mil). Others must contact their designated Process Review Committee representative available at <https://www.dla.mil/Defense-Data-Standards/Committees/Contacts/>.

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

Attachments:  
As stated

cc:  
OUSD(C)  
DLA J6D

# **Approved Defense Logistics Management Standards Change 1414A Implementation of the Distribution Center Number in the Defense Logistics Management Standards 940R Materiel/Disposal Release Order Transaction**

**1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION:** Defense Logistics Agency (DLA), Logistics Operations, Steven Nace, (571) 477-4194, [Steven.Nace@dla.mil](mailto:Steven.Nace@dla.mil).

**2. REASON FOR CHANGE:** Changes from the proposed to approved change are identified in **green shade text**.

## **a. Bottom Line Up-Front:**

(1) This approved change replaces Proposed Defense Logistics Management Standards (DLMS) Change (PDC) 1414 (Implementation of the Distribution Center Number in the DLMS 940R Materiel/Disposal Release Order) in its entirety. This change incorporates a new qualifier, AEM, Distribution Center Number (DCN), in the DLMS 940R Materiel Release Order (MRO)/Disposal Release Order (DRO) transaction to associate the physical location of specific suspended discrepant materiel with the MRO. The new qualifier addresses a critical gap in the DLMS 940R Materiel Release transaction received at DLA Distribution Centers intended for specific suspended discrepant related materiel. This change must be implemented by other storage activities that process MRO/DROs for discrepant materiel.

(2) This change also requires DoD storage activities to prepare a DLMS 945A Materiel Release Denial and send it to the source of supply for Supply Discrepancy Reports (SDR) when the MRO/DRO containing the SDR DCN does not match any of the DCNs on the storage activity accountable record.

## **b. Background:**

(1) Adding the DCN to the DLMS 940R, and into the DLA Warehousing Management System (WMS) logic, will ensure the correct suspended discrepant materiel is selected during the pick process resulting in less human error. This advantage does not apply to Distribution Centers that continue to use DLA Distribution Standard System (DSS).

(2) This change will ensure that only the exact item associated with an SDR within a DLA Distribution Center is picked when directed by the Inventory Control Points (ICP). This will drastically reduce the potential for mis-picks of materiel not intended for release under a specific 940R MRO/DRO transaction. This advantage does not apply to Distribution Centers that continue to use DSS.

### 3. CHANGE IN DETAIL:

#### a. Technical Details:

(1) This change authorizes a new qualifier, AEM, DCN, in the DLMS 940R MRO/DRO transaction to assist with the suspended discrepant materiel located at a storage activity. The DCN will assist with the identification and physical location of specific discrepant materiel suspended on an SDR awaiting a release order.

(2) The DCN will be unique and will not exceed 20 alpha numeric character values.

(a) For DLA Distribution, the DCN will not exceed 15 alphanumeric characters and consist of the SDR Type, Date, Sequence Number and Warehouse, associated to specific supply discrepancy or quality deficient materiel located in DLA Distribution Centers. The format of the DCN by character position is:

DCN: 9 2021 001 001 1SDS

Character Position	Value	Description
1	9	SDR Type
2-5	2021	Calendar Year
6-8	001	Julian Date
9-11	001	Sequence Number
12-15	1SDS	DLA Facility Plant

(b) Other Components may use the same or a different syntax that does not exceed the 20 alpha numeric character limitation. The DCN must be unique and must correlate to the warehouse location where the discrepant materiel is located.

(3) The ICP may populate the DCN in the DLMS 940R transaction when directing the storage activity to release the discrepant or product quality deficient materiel. Pending full implementation of this change, Components will cite the DCN provided by the storage activity via the SDR process in the exception data of the MRO/DRO. Once implemented, Components will be able to use qualifier AEM in location 2/N901/0400 of the DLMS 940R Materiel Release transaction.

(a) When the DCN in the MRO/DRO transaction matches with a discrepant or product quality deficient materiel center number, the warehouse system of record can direct their personnel to the exact location and complete the pick process successfully.

(b) Components may provide the DCN in the MRO when directing the release of discrepant materiel suspended on an SDR. For Product Quality Deficiency Report (PQDR) exhibits suspended on an SDR at a storage activity, the MRO/DRO will contain the DCN provided by the storage activity in addition to the PQDR report control number (RCN).

(4) DoD storage activities will prepare a DLMS 945A Materiel Release Denial and send it to the source of supply for SDR exhibits when the MRO/DRO containing the SDR DCN does not match any of the DCNs on the storage activity accountable record.

**b. Revised Transaction Flow:** When materiel is discrepant or product quality deficient, the storage activity will follow the SDR/PQDR process and suspend the materiel awaiting resolution. A DCN will be generated by the warehouse system of record and assigned to the SDR. The DCN will need to be associated with the location of the discrepant materiel to ensure it is matched correctly with the release order. The storage activity may provide the DCN to the materiel owner ICP via the SDR process. The ICP will then populate the DCN in the MRO/DRO (either in the exception data or in the N9 segment). The warehouse system of record will match the release order and the location of the discrepant/product quality deficient materiel and direct personnel to the exact location to complete the pick process. Upon successful pick process, the storage activity will complete the order fulfillment process.

**4. IMPLEMENTATION TARGET:** DLA will move ahead with the implementation upon approval. Implementation and rollout of WMS will be conducted on a site-by-site basis in line with the current DLA WMS implementation schedule.

## **5. TECHNICAL IMPACT:**

**a. Additions or Changes to Data Elements:** Incorporate new qualifier AEM, see Enclosure 2 for details.

**b. Automated Information Systems (AIS):** The following AISs at a minimum must be updated to reflect the procedures as described above upon approval:

- Product Deficiency Reporting and Evaluation Program (PDREP)
- General Services Administration (GSA) Vision
- DLA Warehouse Management System (WMS)
- Army Logistics Modernization Program (LMP)
- Air Force Security Assistance and Cooperation (AFSAC)
- Air Force Stock Control System Wholesale D035K
- Air Force Integrated Logistics System Supply (ILS-S)
- DLA Enterprise Business System (EBS)
- Other supply systems directing MRO/DROs

**c. Defense Automatic Addressing System (DAAS):** Incorporate new qualifier AEM, DCN, as stated in Enclosure 2.

## **6. PUBLICATION/POLICY IMPACT:**

### **a. Defense Logistics Manual (DLM) 4000.25:**

(1) DLM 4000.25 Volume 2, Supply Standards and Procedures, Chapter 4 Requisitioning. See Enclosure 1.

(2) DLM 4000.25 Volume 2, Supply Standards and Procedures, Chapter 16 Disposition Services. See Enclosure 1.

(3) DLM 4000.25 Volume 2, Supply Standards and Procedures, Chapter 17, Supply Discrepancy Reporting. See Enclosure 1.

(4) DLM 4000.25 Volume 2, Supply Standards and Procedures, Chapter 21, Stock Readiness Program. See Enclosure 1.

(5) DLM 4000.25 Volume 2, Supply Standards and Procedures, Appendix 2.6, Management Codes. See Enclosure 1.

**b. Non-DLM 4000.25 Publications:** There are no known non-DLM publications that require changes. However, DoD Components may need to update any local procedures as necessary to reflect the changes documented in this change.

**7. ASSUMPTIONS:** This change is intended to be implemented at each DLA Distribution Center in parallel with the implementation of DLA WMS. Distribution Centers that continue to use the DSS will not be using this functionality.

**8. FINANCIAL IMPROVEMENT AND AUDIT REMEDIATION (FIAR), MATERIAL WEAKNESSES, AND AUDIT-RELATED INFORMATION:**

**a. Notices of Findings and Recommendations (NFR):** DLA-FIN-2021-WCF-044 (ADVANA NFR ID: DLANFR-3977) - This change addresses the recommendations under Notice of Finding (NFR) FIN-2021-WCF-044 pertaining to proper traceability and evidential matter of supply discrepancy reports (SDR).

**b. Corrective Action Plan (CAP) References:** DLA-FIN-2021-WCF-044-01 (ADVANA CAP Key: DLACAP-6555).

**c. Other FIAR, Material Weakness, and Audit-Related Information:** N/A

**9. END-TO END TESTING REQUIREMENTS:** N/A

**10. REFERENCES:** Defense Logistics Manual (DLM) 4000.25, Volume 2, Supply Standards and Procedures.

**11. PROPOSED DLMS CHANGE (PDC) 1414A RESPONSE/COMMENT RESOLUTION:**

	Component	Disposition	Response/Comment
1.	DLA	Concur.	As noted.
2.	Navy	<p>Concur with comment.</p> <p>Comments:</p> <p>1. Language within the PDC implies the Supply Discrepancy Report (SDR) Distribution Center Number (DCN) will be <b>required</b> for <b>all</b> Material Release Orders (MROs) or Disposal Release Orders (DROs). SUP 0441 objects to the DCN being mandatory for all MRO/DROs. Instead, the SDR DCN should be optional and only utilized if the system component generating the MRO or DRO requests shipment of a specific asset or assets linked to an SDR DCN. If the system component does not require shipment of a specific asset or assets linked to an SDR DCN, the DCN shall not be required in the MRO/DRO. The following language changes are requested:</p> <p>a. 3.a.(3). : The ICP <del>will</del><b>may</b> populate the DCN in the DLMS 940R transaction when directing the storage activity to release the discrepant or product quality deficient material. <b>The SDR DCN is only required when the system component generating the MRO/DRO requires shipment of a specific asset or assets. If the DCN is not provided, the shipping activity will fulfill the order using any available asset the meets the criteria of the MRO/DRO.</b> Pending full...(continues on with no further suggested change)</p> <p>b. 3.a.(3).(b): Components <del>are required to</del><b>may</b> provide the DCN...</p> <p>c. Enclosure 1, A, C4.7.14.1.4: ...account number. When directing material release orders to DLA, the material owner ICP <del>must</del><b>may</b> include the distribution center number (DCN), provided by the storage activity via the SDR process. <b>The DCN is only required when the system component generating the MRO/DRO requires shipment of a specific asset or assets. If the DCN is not provided, the shipping activity will fulfill the order using any available asset the meets the criteria of the MRO/DRO.</b></p> <p>d. Enclosure 1, A, C4.7.14.1.5: <b>For DLA ONLY</b>, MROs directing the return...</p>	<p>DEDSO Response:</p> <p>Updated as requested and agreed upon based on meeting with Navy on April 13<sup>th</sup>, 2023.</p>

	Component	Disposition	Response/Comment
		<p>e. Enclosure 1, A, C4.7.14.1.8: MROs directing the return of SDR exhibits <del>will</del> <b>may</b> include the....</p> <p>2. Per 3.a.(3).(b), when a Product Quality Deficiency Report (PQDR) is linked to the suspended material, the PQDR Report Control Number (RCN) and DCN are both required qualifiers. For Navy, the PQDR RCN is a redundant qualifier since the SDR DCN would sufficiently specify the intended material to be shipped via the MRO/DRO transaction. As noted by DEDSO (B. Breen) this would likely not be used by systems other than DLA. Therefore, the PQDR RCN should be designated as optional.</p>	
3.	Air Force	Concur.	As noted.
4.	Army	No response.	No response
5.	USMC	Concur.	As noted.
6.	DAAS	Concur.	As noted.
7.	USTRANSCOM	No response.	No response.
8.	GSA	No response.	No response.

## ENCLOSURE 1

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

Make the following changes to Volume 2. Additions are shown in **red bold italics**. Deletions are shown by double strikethrough text.

#### A. Volume 2, Chapter 4 Requisitions

##### C4.7.14. Preparing MROs

*(Preceding text not shown)*

C4.7.14.1.4. MROs directing return of discrepant/deficient materiel to vendors at vendor expense will include identification of the carrier and the carrier account number. **When directing materiel release orders to DLA, the materiel owner ICP may include the distribution center number (DCN), provided by the storage activity via the SDR process.**

C4.7.14.1.5. MROs directing the return of PQDR exhibits **may** include **both the DCN provided by the storage activity and** the PQDR report control number (RCN), if available.<sup>1</sup>

**C4.7.14.1.8. MROs directing the return of SDR exhibits will include the SDR distribution center number (DCN), if available.**

##### C4.7.17.4. Storage Activity Denials for **SDR and** PQDR Exhibits.

C4.7.17.4.1. ~~DLA s~~ Storage activities will prepare the DLMS 945A Materiel Release Denial and send it to the source of supply for **SDR and** PQDR exhibits when the MRO containing the **SDR DCN or** PQDR RCN does NOT match any of the **DCNs or** RCNs on the storage activity ~~RCN table at MRO allocation~~ **accountable record**.

C4.7.17.4.2. When the DLMS 940R MRO contains the **SDR DCN or** PQDR RCN and the **DCN or** RCN DOES match an **DCN or** RCN on the storage activity ~~RCN table~~ **accountable record**, but the **DCN or** RCN in the bin location is not the expected **DCN or** RCN for the MRO, the ~~DLA~~ storage activity will prepare a DLMS 945A MRD.

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<sup>1</sup> ADC 1169, DLA Distribution Center Denial Scenarios Associated with Product Quality Deficiency Report (PQDR) Exhibits.



## B. Volume 2, Chapter 16 Disposition Services

### C16.4. SOURCE OF SUPPLY AND STORAGE ACTIVITY INTERFACE FOR DISPOSAL RELEASE ORDERS

C16.4.1.1. DLMS 940R DROs directing the disposal of **Supply Discrepancy Report (SDR) or** Product Quality Deficiency Report (PQDR) exhibits ~~will~~ **may** include the **SDR distribution center number (DCN) or** PQDR report control number (RCN), if available. **If the SDR is associated with a PQDR exhibit, the 940R DRO must contain both the DCN and RCN.**

#### C16.4.4. Release Denial.

C16.4.4.2. Disposal Release Denials for **Supply Discrepancy Report (SDR) and** Product Quality Deficiency Reports (PQDR) Exhibits.

C16.4.4.2.1. ~~DLA~~ **S** storage activities will prepare the DLMS 945A Materiel Release Denial and send it to the source of supply for **SDR and** PQDR exhibits when the DRO containing the **SDR DCN or** PQDR RCN does NOT match any of the **DCNs or** RCNs on the storage activity ~~RCN table~~ **accountable record** at DRO allocation.

C16.4.4.2.2. When the DLMS 940R DRO contains the **SDR DCN or** PQDR RCN and the **SDR DCN or** RCN DOES match an RCN on the storage activity ~~RCN table~~ **accountable record**, but the **DCN or** RCN in the bin location is not the expected **DCN or** RCN for the DRO, the ~~DLA~~ storage activity will prepare a DLMS 945A Disposal Release Denial.

## C. Volume 2, Chapter 17 Supply Discrepancy Reporting

*(Preceding text not shown)*

### C17.3. PROCEDURES

C17.3.12.1.4.2. DLA Distribution Center Returns and Transfers to DLA Disposition Services. SDR disposition instructions to DLA disposition centers may direct disposal or shipment of discrepant/deficient materiel to another location (e.g., return to a vendor) using the appropriate SDR reply code. This type of SDR disposition must be provided concurrent to transmission of the DLMS 940R Materiel Release Order, **which includes the option to add the corresponding distribution center number (DCN)**, in accordance with MILSTRIP procedures in DLM **4000.25** Volume 2 for clear audit history for inventory reporting. The DLMS MRO supports discrete identification of the carrier and the carrier account number to allow systemic recognition

of this information and ensure the appropriate party is charged for the transportation of the nonconforming materiel.<sup>2</sup>

#### D. Volume 2, Chapter 21, Stock Readiness Program

*(Preceding text not shown)*

C21.4.9.3. In order to transfer ownership of the suspended materiel to the manager, the owner will provide a DLMS 940R Materiel Release Order (MRO) to the distribution center. The MRO must be formatted for shipment-in-place and should reflect the full quantity identified on the ~~SQCR~~ **SDR**. Upon processing of the associated receipt, the presence of the **distribution center number (DCN)** ~~SQCR control number~~ in the PMR will trigger the generation of a correction to the ~~SQCR~~ **SDR** data by the distribution center. The ~~SQCR~~ **SDR** correction will cite Action Code 4B and indicate the quantity transferred to ownership of the manager. Upon successful processing of the receipt for the nonconforming materiel, the manager will provide credit to the owner under MILSBILLS procedures.

#### E. Volume 2, Appendix 2.6 - Management Codes

AP2.6.2. ISSUE RELATED TRANSACTIONS. Management codes are assigned for use in MILSTRAP issue related transactions (DIC D7 Issues, DG Backorders, and DHA Demands) and MILSTRIP transactions (DIC Code A4 Referral Orders, A5 Materiel/Disposal Release Orders, A6 Materiel/Disposal Release Denials, ACJ Disposal Release Cancellations, AE6 Supply status, AEJ Disposal Supply Status, AFJ Disposal Release Follow-ups, AGJ Reply to Disposal Release Cancellations, AKJ Disposal Release Cancellation Follow-ups, ARJ, ARK, and ARL Deposal Release Confirmations), and related release documentation (when applicable), as indicated below:

CODE	APPLICABLE DICS	EXPLANATION
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Q	A6	Denied. Storage activity unable to match materiel release order to identified reference numbers for stock in storage. Requested stock cannot be released. (1) Unable to match the protection document number and job order number. Applicable to DLA Navy industrial activity support agreement. <sup>5</sup> (2) Unable to match to the DTID Number. Applicable to DLA Disposition Services. (3) Unable to match requested <b>Supply Discrepancy Report (SDR) distribution</b>
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<sup>2</sup> Refer to ADC 1164, Revise DLMS 940R Materiel Release and DLMS 945A Materiel Release Confirmation for Carrier Account Data Associated with Directed Return of Discrepant/Deficient Materiel and Procedures for use of the DLMS 940R when Directing Shipment of Discrepant/Deficient Materiel via Supply Discrepancy Report.

*center number (DCN) or* Product Quality  
Deficiency Report (PQDR) exhibit report  
control number (RCN) to storage activity  
record or physical location.

## ENCLOSURE 2

Revise EDI X12 Implementation Convention (IC) as shown:

Additions are identified by ***bold italics***.

#	Location	DLMS 940R 4030 Materiel/Disposal Release Order Transaction	Reason
1.	DLMS Introductory Note	Add ADC 1414A to DLMS Introductory note 7: <b><i>- ADC 1414A, Implementation of the Distribution Center Number (DCN) in the DLMS 940R Materiel/Disposal Release Order Transaction</i></b>	To identify DLMS change included in the DLMS IC
2.	2/N901/0400	Add new qualifier and DLMS note as follows: <b><i>AEM Distribution Center Number</i></b> <b><i>DLMS Note:</i></b> <b><i>1. Must be used by the materiel owner ICP to identify the Distribution Center Number (DCN) in N902 when directing storage activities to release discrepant/quality deficient materiel.</i></b> <b><i>2. Perpetuate value from the DLMS 842A/W, 2/REF02/0700 with Qualifier NN in 2/REF01/0700.</i></b> <b><i>3. DCN must not exceed 20 alphanumeric characters.</i></b>	New qualifier to incorporate the distribution center number into the DLMS 940R to associate the physical location of a specific discrepant or product quality deficient materiel with the MRO.