



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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IN REPLY
REFER TO J627

June 13, 2011

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE MEMBERS

SUBJECT: Approved Defense Logistics Management System (DLMS) Change (ADC) 430,
Timeframe Change for Security Assistance (SA) Supply Discrepancy Report
(SDR) Requests for Reconsideration (PDC 458)

The attached change to DOD 4000.25-M, Defense Logistics Management System (DLMS) manual, Reporting of Supply Discrepancies, is approved for immediate implementation.

Addressees may direct questions to Ms. Ellen Hilert, Chair, Supply Process Review Committee, email: Ellen.Hilert@dla.mil. Others must contact their Component designated Supply Process Review Committee representative.

A handwritten signature in black ink, appearing to read "Donald C. Pipp".

DONALD C. PIPP
Director
DLA Logistics Management Standards

Attachment
ADC 430

cc:
SDR Committees (U.S./SA)
ODASD(SCI)

ADC 430
Timeframe Change for SA SDR Requests for Reconsideration

1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION:

- a. **Technical POC:** AFSAC/IARGB, DSN 986-1984, (937) 656-1984,
- b. **Functional POC:** AFSAC/IARGB, DSN 986-1984, (937) 656-1984,

2. FUNCTIONAL AREA:

- a. **Primary/Secondary Functional Area:** FMS SDR Submission for Reconsideration
- b. **Primary/Secondary Functional Process:** SDR Exhibits

3. REFERENCES:

- a. DLA Logistics Management Standards Office Memorandum, subject: Approved DLMS Change (ADC) 293, Revised Time Standards, Codes, and Procedures for Reporting and Processing of Supply Discrepancies (Staffed as PDC 316), dated August 13, 2008.
- b. DoD 4000.25-M, Defense Logistics Management System (DLMS) Manual, Volume 2, May 19 2009 Change 5A, C17.5.7.1.
- c. DSCA Memorandum subject: Time Standards for Reconsideration of Supply Discrepancy Reports (SDRs), Policy Memo 10-44, dated October 21, 2010.

4. BACKGROUND:

a. **General.** The time standards used in the reconsideration of SDRs were reduced from 90 calendar days to 45 calendar days effective May 19, 2009. This was established by an ADC that resulted from an SDR Continuous Process Improvement Event conducted in July 2008 (see reference 3.a). With the advances in information technology, it was determined there was no longer a need to add-in extra time for mailing an SDR. The time standard for the initial response to the SDR by the action activity was reduced from 55 days to 50 days (with separate time standards delineated for depot shipments). The Air Force had asserted that a reduced time limit for exhibit items was necessary because exhibit items usually involve a limited contractor warranty. The goal was to insure that the materiel would be returned to the contractor within the shortest amount of time possible so as not to jeopardize the warranty coverage. The revised time standards are governed by DoD 4000.25-M (see reference 3.b). Subsequent to the publication of the ADC, Defense Security Cooperation Agency (DSCA) formally distributed the revised time standard guidance (see reference c).

b. **Intent of the transaction:** To allow the FMS customer sufficient time to submit an SDR for reconsideration after in-country receipt of returned SDR exhibit item.

c. **Scenario for which the transaction is used:** The FMS customer returns an SDR exhibit item to an action activity for evaluation/repair/replace. The action activity determines

either that no discrepancy exists or repairs the item, at no cost, and returns it to the FMS customer. The FMS customer again tests the item and finds it is still discrepant.

d. Procedures, transactions, data elements, processing details in use today: The customer is submitting a request for reconsiderations at 45 days indicating exhibit materiel has not been received in country yet in order to meet the current time standard. Upon receipt and inspection of the item, a correction or cancellation is submitted..

5. REQUESTED CHANGE(S):

a. Requested change in detail: Establish an exception to the 45 day reconsideration timeframe for FMS customers who are receiving a returned exhibit item as a result of their previous SDR submission. This change will re-instate the 90 day reconsideration timeframe where materiel/exhibits must be returned to the customer, thereby allowing additional time for the return-to-customer transportation and the customer's re-evaluation of their returned property. Revisions subsequent to staffing are highlighted in **green**.

b. Proposed procedures: Update the DLMS manual procedures for FMS Requests For Reconsideration as shown below.

(1) **Current** DoD 4000.25-M reads: "***C17.5.7.1. Requests for Reconsideration. The SA purchaser may ask the U.S. Government to reconsider the disposition for a reported supply discrepancy. Purchasers must send a written request to the ILCO within 45 calendar days from the date of the ILCO reply to the customer concerning disposition, as provided by the responsible action activity.***"

(2) **Proposed** change would read: "***C17.5.7.1. Requests for Reconsideration. The SA purchaser may ask the U.S. Government to reconsider the disposition for a reported supply discrepancy. Purchasers must send a Request for Reconsideration to the ILCO within 45 calendar days from the date of the ILCO final reply to the customer concerning disposition, except when materiel/exhibit return to the customer is required subsequent to US Government-directed evaluation/testing/repair. This exception is applicable only when the materiel/exhibit must be re-inspected by the customer to confirm that the reported discrepancy/deficiency has been resolved and, therefore, additional transportation time is necessary for the return shipment. Under this scenario only, the SA purchaser is authorized up to 90 days from the date of the final ILCO reply to submit the Request for Reconsideration to the ILCO. The ILCO shall be responsible for monitoring that requests for reconsideration are submitted within the allowable time standards.***"

c. Alternatives: Not applicable.

6. REASON FOR CHANGE: While the SDR reply is transmitted electronically to the customer, 45 days is not sufficient time for an action activity to physically return exhibit materiel to the FMS customer country and allow the FMS customer to re-inspect and submit the SDR for reconsideration if they disagree with the action activity determination of denial/repair. It is recommended the FMS customer still be allowed a 90 day reconsideration timeframe when materiel return is involved. This will prevent the customer from submitting a request for reconsiderations at 45 days indicating exhibit materiel has not been received in country yet, and that a correction or cancellation will follow upon receipt and inspection of the item. With the reduced 45 day timeline, this precautionary, and often unnecessary paperwork, is the country's

only option to ensure their reconsideration claim can be processed within the regulatory guidelines, if needed, upon receipt of the materiel.

a. Advantages (tangible/intangible): Reduce the number of subsequent contested SDR submissions that may result when the FMS customer is unable to meet the 45 day resubmission timeframe and the resubmission request is denied. Prevent extra workload to process resubmission claims followed by cancellations or corrections because the 45 days is insufficient time to receive and re-inspect materiel.

b. Disadvantages: None known

7. NOTE ANY REGULATIONS OR GUIDANCE: (IF APPLICABLE):

8. ESTIMATED TIME LINE/IMPLEMENTATION TARGET: As soon as possible.

9. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE: This will prevent redundant and unnecessary paperwork by the customers and the ILCOs as the customers will have sufficient time to receive and inspect their materiel, then submit an SDR request for reconsideration if needed. Otherwise, the customers submit the request for reconsideration to beat the clock prior to knowing if the claim is justified or not.

10. IMPACT:

a. New DLMS Data Elements: N/A

b. Changes to DLMS Data Elements: N/A

c. Publications: DLMS and Security Assistance Management Manuals

d. AIS Impact: May impact SDR processing applications with automated time standard edits.

Enclosure, Concurrence and Comment Resolution

| | Organization | Concurrence/Comment | Response |
|----|--------------|--|---|
| 1. | DLA | <p>Concur</p> <p>As previously stated, there is no way to systemically identify these items in EBS, so the burden will be on the ILCO to monitor.</p> <hr/> <p>Initial comments:</p> <p>I have some substantive comments from a SPO for SDRs and what they feel is needed before he can concur (below). Also, there will be system impact on EBS and an SCR will be required.</p> <p>1. System edits would need to be developed to determine if the activity that is requesting reconsideration is actually FMS. Also, edits would need to be developed that would look at the original disposition code and check that against the time the original closure or disposition was provided and then check that against the incoming reconsideration request and determine if it falls within the timeframe allowed. These system edits would need to be developed so that the ILCO office can ensure that the system is not being abused.</p> <p>2. DLA Land and Maritime T/Q SPO sees no system edits in place to monitor the implementation of this process. Furthermore, there is no guidance/policy outlined in this process that describes the responsibility of the ILCO Office to ensure that the customer is receiving exhibits from a previously submitted SDR, thus allowing them to exceed the 45 day limit for reconsideration. This would effectively allow all customers to exceed the 45 day time limit.</p> <p>In conclusion, since there are no system edits in place and no policy offered in this PDC for the ILCO office to ensure criteria is met that allows the customer to exceed the 45 day limit for reconsideration, DLA Land and Maritime T/Q SDR SPO non-concurs to the cited changes outlined in PDC 458.</p> | <p>Noted.</p> <hr/> <p>Response to initial comments:</p> <p>1. DLA does not need additional edits to support this change. The ILCO will be responsible for confirming that the reconsideration request has been submitted within the allowable time standard (for both standard and exception criteria). All FMS requests for reconsideration forwarded by the ILCO to the DoD action activity may be processed as within the allowable time standard.</p> <p>2. Clarification has been added to the DLMS manual procedures stating that it is ILCO responsibility to monitor for compliance with the new time standard.</p> <p>3. The examples provided would not qualify for the exception time standard. Only specific scenarios would be authorized the additional time for submission of the request for reconsideration: (1) item(s) which have been returned by the FMS customer to the U.S. custody by the direction of the DoD action activity and (2) these item(s) require repair or analysis/inspection/corrective action and subsequent return to the FMS customer (vice credit for the item), and (3) the FMS customer must have the returned</p> |

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| | | <p>3. DLA SPO non-concurs to the PDC as written. The number of reconsiderations associated to material returned from exhibit should be minimal. The PDC does not outline a traceable and reliable process to identify these. How would the ILCO identify the material as being returned from an exhibit? I think it would leave all reconsiderations open for the increased timeframe.</p> <p>I have two examples that support the decision to non-concur. One is where the customer has basically stated they will return tires in their time. The second is where only one customer is complaining about the material and is not responsive in returning material. I have attached emails as support.</p> | <p>item(s) in custody in order to verify that that the discrepancy/deficiency has been resolved.</p> <p>(4) Additional clarification has been incorporated in the DLMS manual procedures.</p> |
| 2. | Air Force | Concurs | Noted |
| 3. | Army | Concurs | Noted |
| 4. | USTRANSCOM | Abstains | Noted |
| 5. | USMC | Concurs | Noted |
| 6. | DSCA | Concurs | Noted |