



**DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD
FORT BELVOIR, VIRGINIA 22060-6221**

May 14, 2014

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Defense Logistics Management Standards (DLMS) Supply Discrepancy Report (SDR) Process Review Committee (PRC) Meeting 14-02, May 7, 2014

The attached minutes of the SDR PRC Meeting 14-02 are forwarded for your information and action as appropriate.

The DLA Logistics Management Standards point of contact is Ms. Ellen Hilert, DOD SDR System Administrator, (703) 767-0676, DSN 427-0676; or email ellen.hilert@dla.mil.

A handwritten signature in dark ink, appearing to read "Donald C. Pipp", is positioned above the printed name.

DONALD C. PIPP
Director
DLA Logistics Management
Standards Office

Attachment
As stated

DISTRIBUTION:
ODASD(SCI)
Supply PRC Primary/Alternate Representatives
Attendees



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MEMORANDUM FOR RECORD

SUBJECT: Defense Logistics Management Standards (DLMS) Supply Discrepancy Report (SDR)
Process Review Committee (PRC) Meeting 14-02, May 7, 2014

A. Purpose: The Defense Logistics Management Standards Office (DLMSO) hosted a focused topic meeting on quality-related receipt notification SDRs. This meeting was intended as a preliminary discussion of a proposed business rule change that will impact distribution of these SDRs. The proposed flow diagram for these meeting has been updated based upon discussion and is provided as an enclosure. Meeting minutes are available from the SDR PRC Webpage at www.dla.mil/j-6/dlms/Programs/Committees/Supply/supplySDR.asp.

B. Background:

1. When the item manager submits a Stock Screening Request to DLA Distribution locations, all stock under DLA Distribution visibility is screened regardless of ownership. This process is used by the item manager to identify all materiel that is associated with a suspected quality deficiency reported via Product Quality Deficiency Report (PQDR) or subject to some other type of investigation, e.g., counterfeit material/unauthorized product substitution (CM/UPS). DLA Distribution establishes a Receipt Restriction within the Distribution Standard System (DSS) for this materiel to ensure that materiel being received will be screened while the stock screening action is open for materiel in storage. In addition, a Receipt Restriction can be requested by the item manager independent from the Stock Screening Request and these can remain open indefinitely. In cases where the materiel meeting the criteria established for receipt restriction is discovered during receipt, the materiel is suspended, and an SDR "receipt notification" is sent to the material owner. The quality-related three-position Q-series discrepancy codes used on these SDR do not indicate a supply discrepancy, but rather a storage activity receipt of materiel requiring special processing due to a potential quality deficiency. When the owner is different than the manager requesting the screening, and the owner may not understand the underlying reasons for the suspension of their materiel. The owner may have no recourse other than to submit another SDR to the manager, since there are no alternative procedures for the owner to obtain credit or disposition instructions from the manger.

2. DLMSO identified this process as a good candidate for re-engineering, particularly in light of the ongoing initiative to re-engineer the Storage Quality Control Report (SQCR) process. The Stock Screening Request followed by SQCR may similarly result in suspended materiel where the owner is different from the manager requesting the screening action. The SQCR re-engineering initiative was discussed with the Components at the Joint SDR/Stock Readiness Meeting 13-01 and is expected to be ready for staffing shortly as Proposed DLMS Change 1084.

C. Topics Discussed:

1) Stock Screening Request/Receipt Restriction Screens: Ms. Hilert, DOD SDR System Administrator, discussed the need to incorporate sufficient remarks to identify the reason for screening. Because the Stock Screening Request information is perpetuated to the receipt restriction screen used by receiving personnel, and this information may also be perpetuated to the SDR remarks, the guidance should be as informative as possible and written in a way that supports all related uses.

2) SDR Distribution: Ms. Hilert is recommending SDRs containing the three-position Q-series discrepancy codes apply revised routing rules whereby the storage activity identifies the item manager as the action activity and the owner as an information copy recipient. There will be a new Action Code: **4A**, "Owner notification for suspended stock due to Manager screening; Disposition instructions requested from Item Manager (no action by Owner pending Manager response)."

3) Reimbursement to Owner: One of the primary goals for this process is to return quality deficient materiel to the item manager and obtain credit for the current owner. Based upon discussions with DLA during the development of draft PDC 1084, the working assumption is that credit will not be provided based upon the SDR submission, but will instead be provided upon resolution with the completion of the applicable investigation and transfer to item manager ownership. This is not ideal from the owner's perspective and does not mirror DLA processing for some PQDRs which authorize credit up-front.

4) Validation of Three-Position Q-series Discrepancy Codes:

a) The quality-related receipt notification process uses the following code set:

- Q11** Returned or stock screen item, PQDR exhibit deficiency
- Q22** New procurement receipt, customer return, redistribution order or stock screen item quality deficiency, contractual non-compliance
- Q33** Returned, redistribution order, or stock screened item suspected materiel deficiency (DLA Customer Returns Improvement Initiative (CRII) items only)
- Q44** New procurement receipt, customer return, redistribution order or stock screen item contracting deficiency, for specification and/or technical data deficiency
- Q55** Item under investigation
- Q66** Customer return or stock screen item failed under use
- Q77** New procurement receipt, customer return, or redistribution order receipt of stock screen item identified as a suspected critical safety item (CSI) discrepancy

b) Ms. Hilert asked for validation of the above code set, including determination whether any of the codes could be consolidated/eliminated or further clarified. Mr. Jason Kyle, DLA Distribution, suggested that Codes Q22 and Q44 could be combined. He

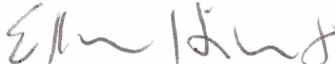
questioned whether separate codes are still needed for SDRs applicable to customer returns improvement initiative (CRII) and critical safety item (CSI) receipt (Codes Q33 and Q77).


Action: DLA Distribution and DLA tech quality team research for consensus on code updates.

c) The original read-ahead materials did not include receipt notification SDRs using Discrepancy Code Q11. The business process is different for these since a separate action may not be needed to transfer ownership to the item manager. Instead, when the PQDR exhibit is directed to the storage activity, it is intended to be receipted to the item manager. However, this is not always the case and some exhibit receipts, e.g. those lacking a preposition materiel receipt (PMR), are receipted to the Service of the returning activity. Ms. Hilert recommended that the routing logic for these also be modified to always direct the SDR to the item manager. Ms. Hilert will evaluate if the Q11 discrepancies should be addressed using a separate Proposed DLMS Change (PDC).

5) Flow Diagram (Enclosure): Ms. Hilert and the participants discussed alternatives and improvements to the draft flow diagram. The Air Force asked for clarification of the follow-up process, particularly whether the recipient of the owner in receipt of the SDR information copy would need to initiate a follow-up. DLA clarified that this would be unlikely now that the DSS has been modified to systemically follow-up on open SDRs. Further discussion also clarified that the document number used for the SDR would likely not be the appropriate document number for processing the credit. Instead, the SDR reply from the item manager will ask the owner to provide the original requisition document number. If not available a constructed document number may be substituted by the owner. **Action:** DLMSO add the follow-up process into the flow diagram and update the flow to reflect the document number requirement for credit processing. This action is completed and reflected in the enclosure.

D. Way Forward: Based upon consensus of those participating in the initial discussion, DLMSO will begin documentation of the PDC. However several key Service representatives were unable to participate in this discussion due to schedule conflicts. DLMSO welcomes any comments, concerns, or questions on the recommended process changes.


ELLEN HILERT
DOD SDR System Administrator

Approved: 
DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

