IN REPLY
REFER TO   DLMSO

October 24, 2005

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE MEMBERS

SUBJECT: Approved Defense Logistics Management System (DLMS) Change (ADC) 184, Redistribution Order (RDO)-based Supply Discrepancy Reports (SDRs) (Supply/SDR) (Staffed by PDC 177)

The attached change to DOD 4000.25-M, Defense Logistics Management System (DLMS) and DLAI 4140.55, AR 735-11-2 SECNAVINST 4355.18A, AFJMAN 23-215, Reporting of Supply Discrepancies, is approved for implementation. The updated DLMS Supplement will be posted to the DLMSO Web site (http://www.dla.mil/j-6/dlmso/ICs/Default.htm) within 10 days from the above date for implementation planning.

Addressees may direct questions to the Defense Logistics Management Standards Office point of contact, Ms. Ellen Hilert, Chair, Supply Process Review Committee, 703-767-0676, DSN 427-0676, or e-mail: Ellen.Hilert@dla.mil Others must contact their Component designated representative.

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Attachment

cc:
ADUSD(L)SCI
DOD SDR Subcommittee

ADC 184
RDO-based SDRs

1. Originator

    a. Service/Agency: Defense Logistics Agency

    b. Originator: DLA J-3731

2. Functional Area:

    a. Primary: Supply/SDR

3. Requested change

    a. Title: PDC 177, RDO-based SDRs

    b. Description of Change: This change revises SDR business rules for routing SDRs resulting from Redistribution Order (RDO) shipments using the DLMS 842 transaction and the DOD WebSDR for distribution. This change provides new rules for routing action copy to the shipping depot and information copy to the material owner.

    c. Background: Current DLA Distribution Depots Supply Discrepancy Reporting (SDR) Programs do not have the Capability to distinguish between discrepant Redistribution Order (RDO) shipments and discrepant Customer Return Shipments. Therefore, when a Distribution Depot submits a Supply Discrepancy Report for an RDO or a Customer Return, both of these types of Supply Discrepancy reports are sent to the SoS for action. Sending an SDR for an RDO to the SoS instead of the shipping depot for action is an incorrect process and causes unnecessary work for the SoS. Supply Discrepancy Reports for RDOs should be sent to the shipper who is responsible to correct the error, not to the SoS who had nothing to do with the error and cananot do anything about the error except contact the shipper by phone or email to notify the shipper that an error has occurred. This incorrect process has been the cause of inventory accuracy errors which often go undetected until a denial situation occurs. If Distribution Depots do not receive a Supply Discrepancy Report for shipment errors, the errors do not get corrected. This causes inventory accuracy errors to go unnoticed for long periods of time because no formal information is provided to prompt an inventory or inventory adjustment requirement. Receiving Distribution Depots have been totally reliant on phone calls or emails from another shipper or from the SoS (which seldom occur) to find out that they have shipped an overage, shortage or wrong stock.

    d. Procedures:

(1) With the implementation of this change, planned for Defense Distribution Standard System (DSS) increment 6.1, the Distribution Depot will have the capability to

create, distinguish, and properly process an SDR resulting from a Redistribution Order (MILSTRIP A2_). This type of SDR will be identified internally by the Document Type R, Depot Originated, Redistribution Order Receipt, in the DLMS 842 transaction. The SDR will identify the shipping depot as the action activity. This "Type R" SDR will be passed through WebSDR/DAAS via 842 transaction and passed to the Action Activity identified in the transaction as the Distribution Depot shipping activity. Under DSS, it will then be dropped into the workload of the shipping depot. The transaction will also identify the material owner as the recipient of an information copy using a second N1 loop (currently accommodated in the transaction format, but not currently programmed at DAAS/WebSDR). WebSDR/DAAS will send an information copy to the material owner, thus ensuring the material owner is kept in the information loop. Because the owner was designated as an information copy recipient on the original report, DAAS/WebSDR will generate an information copy to the designated owner when any additional transaction exchange for that SDR is passed back and forth between the initiator and action activity (e.g. replies), regardless of whether the reply transaction identifies the information copy recipient.

(2) Exception Procedure: DSS will be programmed to identify the material owner as the intended recipient of the SDR action copy if the discrepant RDO material is suspended in Supply condition codes J, K, L or Q, or if a receiving stock screening discrepancy is identified (DLA unique Q_ series Discrepancy Code e.g., to identify discrepant critical safety items/Customer Returns Improvement Initiative (CRII) is submitted on the SDR). If the material owner receives the action copy, the material owner will be responsible to provide disposition instructions to the submitting Distribution Depot.   The shipper will not be identified as an information copy recipient on these transactions.

(3) Application of the new type R SDR process.   When a DLA Defense Distribution Depot receives a redistribution order (RDO) shipment from another DLA Defense Distribution depot and the material is (1) short shipment, (2) over shipment, (3) wrong material shipment or (4) the receiving depot identifies a DLA unique Q-series discrepancy (*DLA Q-series discrepancy codes are addressed in a separate proposed change under development*) or suspends the material into J, K, L or Q supply condition codes when they submit an SDR, the following processes will apply**:**

(a) Short shipment: The receiving depot will identify what DLA depot shipped the shortage and the quantity short. Receiving Depot will prepare an SDR to report the shortage and use an action code of 1D (Material still required). The shipping depot will receive the action copy and the ICP will receive an info copy. The action copy will go to the shipping depot to notify the shipper that they did not comply with the RDO shipping documentation requirements. The SDR reporting depot (receiving depot) will send an information copy to the ICP to notify the ICP of the error and to provide the ICP with advanced notification of a possible change to their ICP inventory records. (The ICP

has always received an information only copy from receiving depots when shortages of A or F condition material for customer returns or RDO shipments are reported). The reason the ICP receives an information copy for these types of shipments is because receiving depots (the initiator of the SDR) cannot do any thing about the error except report it to the ICP. Therefore no response from the ICP is expected by the SDR submitter (the receiving depot is simply reporting information). There are three reasons why the Shipping depot should receive the action copy and the ICP receive the info copy on an RDO shipment.

First: Per regulation, the DLA depot that shipped the material is responsible to ship material as directed by the applicable shipping documentation (shippers are not authorized to deviate from the shipping requirement without permission from the material owner). If they make a shipping error, they are responsible to correct the error by completing those shipping requirements whenever possible at no extra charge to the material owner.

Second and most important: Per DoD 4000.25-2M, the DLA Distribution Depot's Distribution Standard System (DSS) is the inventory accountable record system which reports inventory record balances from the DLA distribution and storage sites to the ICP inventory systems. In other words, DSS tells the ICP inventory and accounting systems what, how much and where material is stored. It is most important that the DSS inventory record system is corrected at the shipping depot as soon as possible after a mistake is detected to ensure that the DLA accountable record system (DSS) properly reports correct inventory quantities at their storage sites to the ICPs inventory systems.

The third reason that ICP would receive an info copy SDR (not the action copy) is because the Receiving Depot (Depot submitting the SDR) reporting the error cannot do anything about a shortage from a Customer Return or RDO shipment as they were not responsible for the shipment.   They are only the recipient of the shipment error. Therefore no response from the ICP to the initiator or the SDR will resolve the shortage.

Upon receipt of the type R SDR the shipping depot will work the SDR as a priority shipping discrepancy. An inventory will be immediately conducted to determine correct on-hand quantities of the NSN identified on the SDR.

If the inventory identifies an overage, the shipping depot will respond to the initiator of the SDR (the receiving depot) with a response code of 123 (Material will be reissued at no charge). In the comments field shipping depot will prepare an appropriate statement: (example: "Inventory conducted and verified shipment error. Material will be shipped at no charge to correct shipment error and depot on-hand record balance). Shipping Depot will prepare a "ZWT" or an "A5E" shipping document as applicable using the same document number as the original shipment document number with a suffix code. Type of shipment document used by the shipping depot (ZWT or A5E) will be determined by gain adjustments associated with the inventory of the NSN prior to shipment of the material. **(Clarification of use of ZWT versus A5E type shipment document: If shipment error is discovered and material is shipped before a formal**

inventory and balance affecting adjustment occurs, the Depot will use a ZWT transaction –a non balance affecting shipping document transaction to ship the material to the customer. If a formal inventory and inventory adjustment occurs before the shipment error is discovered/corrected, material will be shipped on a A5E shipping document transaction– a balance affecting type shipping document. This balance affecting shipping transaction will offset the earlier inventory adjustment to correct the depots accountable record balance). When the shipping document is prepared, shipping depot will include the following information in the exception data in the body of the shipping document: "Receive this material under Document # _____". (document number identified will be the document number of the original shipment). The addition of this statement on the shipping documentation will notify the receiving depot to receive the material under the initial shipping document number for the PMR/due-in, which is still in the DSS system waiting to be completed/cleared.

If an overage of the correct NSN is not identified during the inventory, the shipping depot will reply to the SDR using response code 126 (material not available for reshipment) or 701 (SDR rejected. See remarks). In the comments block shipping depot will prepare an appropriate statement: (example: "Inventory conducted and no overage was discovered. No material will be shipped. OR "Inventory conducted and a shortage was identified. Loss adjustment recorded on Depot accountable record. No material will be shipped").

ICP will receive an information copy **of all shipping depot responses** for notification of shipment error and/or possible inventory adjustments to the accountable record at the shipping depot. ICP will use this information to make additional redistribution decisions for their material or cancel remaining PMR/Due-in requirements at the receiving depot as applicable.

(b) **Overage:** The receiving depot will identify what DLA depot shipped the overage and the quantity of the over shipment as compared with the shipment document information. Receiving Depot will prepare an SDR to report the overage and use an action code of 1B (Material being retained). The shipping depot (will receive the action copy) and the ICP (will receive an info copy). The action copy will go to the shipping depot to notify the shipper that they did not comply with the RDO shipping documentation requirements (Depot shipment error). The SDR reporting depot (receiving depot) will send an information copy to the ICP to notify the ICP of the error and to provide the ICP with advanced notification of a possible change to their ICP inventory and accounting records. (ICP has always received Information Only copy of SDRs submitted from receiving depots when overages of A or F condition material for customer returns or RDO shipments are reported). The reason the ICP receives an information copy for this type of shipment is because the Receiving Depot (the initiator of the SDR) cannot do any thing about the error except report it to the ICP. Therefore no response from the ICP is expected. There are two reasons why the Shipping depot receives the action copy and the ICP receives the info copy on an RDO shipment.

First: Per regulation, the DLA depot that shipped the material is responsible to ship material as directed by the RDO shipping documentation. If they make an over shipment error, they do not have the authority to create a redistribution order to ship the material back (that is an ICP function), but they must be notified of the error as soon as possible and take corrective action in the form of conducting an inventory and correcting record balances when applicable as quickly as possible. Per DoD 4000.25-2M, the DLA distribution depot's Distribution Standard system (DSS) is the inventory accountable record system which reports inventory balances from the DLA distribution and storage site to the ICP inventory systems. It is most important that the DSS inventory record system is corrected at the shipping depot as soon as possible after a mistake is detected to ensure that the DLA accountable record system (DSS) properly reports correct inventory quantities at their storage sites to the ICPs inventory systems.

The second reason the ICP would receive an info copy (not the action copy) is because the receiving activity submitting the SDR to report the error cannot do anything about an overage of A or F condition material from a Customer Return or RDO shipment as they did not make the shipment. They are the recipient of the discrepant shipment. Therefore no response from the ICP to the initiator of the SDR will resolve the overage.

Upon receipt of the type R SDR the shipping depot will work the SDR as a priority SDR to avoid potential denials due to an unauthorized over shipment or stock. Inventories will be immediately conducted to determine on-hand quantities of the NSN identified on the shipping discrepancy. If inventory identifies an over shipment error, the shipping depot will respond on the SDR using reply code 137 (additional comments provided). In the comments section recommended statement follows: ("Inventory conducted and over shipment was verified. Inventory record adjusted to correct on-hand record balance). If inventory conducted verifies that record balance is correct, shipping depot will use reply code 701 (SDR rejected. See remarks). In the comments area state: ("Inventory conducted and on-hand record balance is correct. SDR is invalid. No evidence of shipment error).

ICP will receive an info copy of all shipping depot responses for notification of shipment error and possible inventory adjustments to the accountable record at the shipping depot as applicable. ICPs will use this information to make additional redistribution decisions for their material.

   (c) **Wrong material shipment:** The receiving depot will identify which DLA depot shipped the wrong material and the discrepant quantity. Receiving Depot will prepare an SDR to report receipt of the wrong material and use an action code of 1D (Material still required) indicating that the correct material is still required. The shipping depot (will receive the action copy) and the ICP (will receive an info copy). The action copy will go to the shipping depot to notify the shipper that they did not comply with the RDO shipping documentation requirements. The SDR reporting depot (receiving depot) will send an information copy to the ICP to notify the ICP of the error and to provide the ICP with advanced notification of a possible change to their ICP inventory records from what they are expecting. (ICPs currently receive an Information only copy from receiving

depots for wrong material shipments when shipments of A or F condition material for customer returns or RDO shipments are reported). The reason the ICP receives an information copy for these types of shipments is because receiving depots (the initiator of the SDR) cannot do any thing about the error except report it to the ICP. Therefore no response from the ICP is expected in the form of disposition instructions. There are three reasons why the Shipping depot receives the action copy and the ICP receives the info copy on an RDO shipment.

First: Per regulation, the DLA depot that shipped the material is responsible to ship material as directed by the RDO shipping documentation. If they make a wrong material shipment error, they are responsible to correct the error by completing those shipping requirements to get the correct material to the designated storage site whenever possible at no extra charge to the material owner.

Second, and most important: Per DoD 4000.25-2M, the DLA Distribution Depot's Distribution Standard System (DSS) is the inventory accountable record system which reports inventory record balances from the DLA distribution and storage sites to the ICP inventory systems. DSS tells the ICP inventory and accounting systems what, how much and where material is stored. It is most important that the DSS inventory record system is corrected at the shipping depot as soon as possible after a mistake is detected to ensure that the DLA accountable record system (DSS) properly reports correct inventory quantities at their storage sites to the ICPs inventory systems for both NSNs involved.

The third reason that the ICP would receive an info copy (not the action copy) is that the receiving activity submitting the SDR to report the error cannot do anything about a wrong material shipment from a Customer Return or RDO shipment as they were not responsible for the shipment. They are only the recipient of the shipment error. Therefore no response from the ICP to the initiator of the SDR will resolve the wrong material issue.

Upon receipt of the type R SDR for a wrong material shipment, the shipping depot will work the SDR as a priority shipping discrepancy. Inventories will be immediately conducted on for wrong NSN that was shipped and the correct NSN that was not shipped. Loss/gain adjustments will be taken for the wrong NSN that was shipped and for the correct NSN not shipped as applicable. If an inventory for the correct NSN shows an overage, the shipping depot will prepare a "ZWT" or an "A5E" shipping document using the same document number as the original shipment document number with a suffix code "A". The type of shipping document used by the shipping depot (ZWT or A5E) will be determined by gain adjustments associated with the inventory of the correct NSN to be shipped prior to shipment of the material. When the shipping document is prepared, the shipping depot will include the following information in the exception data in the body of the shipping document: "Receive this material under Document # _____". (document number identified will be the document number of the original shipment). The purpose and requirement for the above statement on the Shipment documentation is to notify the receiving depot to receive the material under the correct PMR/Due-in document number which is still in the DSS system waiting to be completed/cleared.

Receiving and shipping depots will not request or authorize return or movement of wrong material received at a depot on a type R discrepancy. The ICP will make all material movement decisions for wrong items received and stored at the DLA Distribution Depots.

If an inventory identifies an overage of the correct NSN that should have been shipped, the shipping depot will respond to the initiator of the SDR (the receiving depot) with a response code of 123 (Material will be reissued at no charge). In the comments field the shipping depot will prepare an appropriate statement. (example: "Inventory conducted and verified shipment error. Material will be shipped to correct shipment error).

If inventory of correct NSN does not identify an overage, but an inventory of the wrong material identifies a shortage, the shipping depot will reply to the SDR using response code 126 (material not available for shipment). In the comments block the shipping depot will prepare an appropriate statement. (example: Inventories conducted on both NSNs identified on complaint verify shipment error. However No material will be shipped. Accountable record corrected.

ICP will receive an info copy of all shipping depot responses for notification or shipment error and possible inventory adjustments to the accountable record at the shipping depot as applicable. ICP will use this information to make additional redistribution decisions for their material or to cancel existing PMR/Due-in requirements at the receiving depot as applicable.

Current SDR processes do not have capability to notify an additional ICP if the wrong material shipped belongs to an ICP other than the owner of the material identified on the original shipment documentation. This gap will be addressed and corrected in future systems changes. However the ICP will be notified systemically of an inventory balance correction at the DLA sites as they occur per DoD 4000.25-2M requirements.

(4) For RDO shipments where the Receiving Distribution Depot identifies a DLA unique Q series Discrepancy or where the material is suspended into J, K, L or Q supply condition codes during the receipt process and an SDR is submitted, the following process will apply:

The action copy will be sent to the ICP with an action code of 1A, Disposition Instructions Requested. The ICP will be required to respond to the receiving depot (submitter of the SDR) with disposition instructions as to what the ICP wants done with the suspended material and condition code change requirements as applicable.

  e. Transaction changes

(1) The DLMS 842 transaction will accommodate identification of multiple organizations to receive action and information copies. This will be reflected within the

header N1 loop using the N106 to designate the transaction recipient. The information copy will be distributed according to existing rules using 842, email, or Component format. For DLA ICPs other than BSM, WebSDR/DAAS will send the Information copy to the CDCS/SAMMS ICP system using an S7R transaction. This transaction will use the same format as an S7A transaction except it will contain an S7**R** in the third position to identify the type "R" SDR to the DLA ICP legacy system CDCS/SAMMS. WebSDR will use the following message codes: Message Action Code 'A' Add, and Depot Action Code 'A' Information Only. WebSDR Control Number will be in position 28-38.

      (2) Revise the email format to reflect <u>both</u> the action activity and the information activity and the text name for the new Type R, "Depot Originated, Redistribution Order Receipt."

      (3)   Revise the DLMS Supplements 842A/W, Standard SDR and 842A/R, SDR Reply, as follows:

	Location	**Revisions**	**Reason**
1	**2/1050/LQ01**	D **Court Document Type Code** **DLMS Note:** *Use to identify the Type Document Code. This is a DLA data element used to identify the type of discrepant report and type of shipment involved. Code list **is based upon** DLAH 4140.4, CDCS Handbook.* *Valid entries are:* *6 – SDR; Customer originated, direct vendor delivery* *7 – SDR; Customer originated, depot shipment* *8 – SDR; Depot originated, depot receipt from non-procurement source* *9 – SDR; Depot originated, vendor delivery to depot* ***R– SDR; Depot originated, redistribution order receipt*** *An ANSI data maintenance action will be taken to obtain a more appropriate code for use in a future version/release.*	Updates note to reflect identification of new type of SDR

   f. Alternatives: No alternatives identified at this time

4. Reason for change: DSS currently does not have the capability to correctly identify discrepant RDO shipments or to send them to the correct action activity. This DSS system change will improve SDR processing to send the correct information to DAAS/WebSDR to properly route type R (RDO) SDRs by sending them to the correct action activity. However, it is also important that the owner of the material is kept in the loop by providing them with information copies of the initial SDR and any subsequent replies/disposition information in order to ensure that material owners have adequate information to make inventory adjustments, redistribution decisions and PMR cancellations when applicable. Under new DSS procedures the receiving DD will create SDRs for shortage, overage, incorrect item, and missing technical documentation discrepancies. Wrong items and overages will generally be retained in place using existing business rules. There are no credit/debit actions involved since this is a redistribution based upon a Redistribution Order (MILSTRIP A2_ or DLMS 945/W0506=NI).

This change will improve DAAS/WebSDR processing/business rules by ensuring WebSDR has the capability to always send information copies to any component activity once the initiating activity has identified that an additional party should be included on any responses/replies on the Supply Discrepancy report. The requirement to pass informational copies to additional parties as identified on the initiators SDR is part of the DLAI 4140.55 mandated requirements.

5. Advantages and Disadvantages:

   a. Advantages: This will improve SDR processing allowing DLA systems to trigger specific actions related to RDO discrepancies. Information copy to owner will alert owner to potential action resulting from shipping discrepancy.

   b. Disadvantages: None specifically identified.

6. IMPACT:

   a. Data Content/Procedures: This change will impact future processing of the new type R Supply Discrepancy between DAAS/WebSDR and DLA ADRS/DSS, ISDR/DSS system programs which are planned for implementation in January 2006 for DSS 6.1 increment. It will also impact DLA ICP, CDCS/SAMMS and BSM systems to be implemented in January 2006. This change request will impact DAAS/WebSDR, as it will require changes to WebSDR processing when the DSS system sends Type R transactions reflecting multiple transaction recipients to WebSDR. No impact to Non-DLA Component systems has been identified. Component systems are not required to recognize the Document Type Code, however, it would be useful if this is done during modernization.

   b. Publications: This change will also impact DOD 4000.25-M, DLMS publication and 842A and corresponding DLMS Supplements.