IN REPLY
REFER TO   DLMSO

August 31, 2009

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE MEMBERS

SUBJECT: Approved Defense Logistics Management System (DLMS) Change (ADC) 334, Supply
Discrepancy Report Process for AF Retail Storage Activity Denials (Supply/SDR)
(Staffed as PDC 357)

    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/elibrary/TransFormats/formats.asp within 10 days
from the above date for implementation planning. This change is required for an upcoming Defense
Logistics Agency Enterprise Business System release to support AF industrial sites and BRAC 2005
law.

    Addressees may direct questions to the DLMSO point of contact Ms. Ellen Hilert;
e-mail: Ellen.Hilert@dla.mil. Others must contact their Component designated Supply Process
Review Committee representative.

DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment

cc:
ADUSD(SCI/L&MR)

1. ORIGINATOR:

   a. **Service/Agency:** Defense Logistics Agency (DLA)

   b. **Originator:** DLA Tech Quality

2. FUNCTIONAL AREA: Primary: Supply/Logistics.

3. REFERENCES: ALC Requirements Document (Functional Requirements For DLA'S Implementation of the BRAC Supply, Storage And Distribution (SS&D))

4. REQUESTED CHANGE:

   a. **Description of Change:** This change documents the process by which the AF will identify a supply discrepancy and request credit as the result of storage activity denials (also referred to as warehouse refusal) after DLA assumes SS&D functions at the three Air Logistics Centers. The AF will submit a DLMS EDI 842A/W SDR to DLA in response to a Distribution Standard System (DSS) storage activity denial. This process deviates from standard processing due to the fact that the denial is against AF-owned inventory. This change requires identification of the denial document number in the SDR using the customer-assigned SDR number field. Updates subsequent to staffing are <mark>highlighted</mark>.

   b. **Background:** As the result of the 2005 BRAC decision all retail supply, storage and distribution functions and associated infrastructure supporting AF industrial/maintenance sites will transfer to DLA. The intent of the directive is to significantly improve combat effectiveness while reducing costs by developing a world-class, cost-effective supply chain focused on readiness; taking every opportunity to eliminate waste, reduce touches, reduce cost and improve readiness.

      (**1**) Currently and after SS&D implementation at the ALCs, AF maintenance requests for DLA-managed items are processed in the AF D035K system. Maintenance requests carry a maintenance (M*) document number. The request is put on backorder and D035K generates a new requisition to DLA with an FB* document number. If stock for the requisitioned item is co-located with the customer, DSS processes the MRO and shipment confirmation then washes the inventory to AF ownership automatically which closes out the FB* requisition and triggers billing in EBS. D035K then sources the M* backorder from AF inventory and requests delivery to maintenance. Since inventory was washed to AF ownership without a physical pick or validation, it is possible that DLA sold material that was not actually in depot inventory.

      (**2**) Although the inventory owner typically takes the loss in this situation, the AF requested credit in this scenario due to the fact that inventory is only washed to AF ownership for a brief period of time in order to source the maintenance backorder in D035K. Additionally, the requirement to provide credit for denials was included in the approved AF SS&D Functional Requirements Document as follows: "AR shipment confirmation occurs automatically, so the denial transaction will require a

financial reimbursement to Air Force systems"

c. Procedures.

(1) Functional procedures:

(a) Following normal SDR Document Type 7 (customer originated, depot shipment) SDR processes, the 842A/W SDR new report will be processed through WebSDR at DAASC and routed to DSS for research and credit recommendation. The SDR document number will be the FB* document number originally used by the AF manager for requisitioning the materiel from DLA. Once credit has been recommended in DSS, the SDR will be routed to EBS through WebSDR for credit approval. There are no special criteria related to an allowable time standard for submission of an SDR under this process.

(b) To differentiate the AF SDRs in response to warehouse denials for this process in DSS and EBS, the M* document number (including the suffix code, if applicable) will also be cited in the SDR transaction. This will be the document number used by the AF manager to direct release of the AF-owned materiel presumed to be in storage subsequent the depot reported receipt. The materiel release order document number is constructed with the AF maintenance site M-series identifier in the first six characters of the document number. For the SDR, the M* document number will be carried in the customer-assigned SDR number field (Qualifier F8 in the 842A/W).

1. Within the DSS, any incoming Document Type 7 with an AF FB* document number will be screened for the presence of a customer-assigned SDR number beginning with "M." If found, a system message will be provided to alert depot personnel to validate the SDR by locating the depot denial under the identified M* document number.

2. EBS captures the M* document number in a field on the "Quality Notification," however, there is no logic tied to this field. Unlike in DSS, there is no document history related to the M* document number to match against.

3. The customer-assigned control number must be perpetuated to all subsequent transactions. It can only be changed by the SDR originator.

(c) The quantities passed in the SDR will deviate from the standard convention in order to communicate the desired credit correctly. The shipped quantity will be the quantity received against the FB* document number (MILSTRAP D6U, Receipt (into inventory as a result of requisitioning from another DoD activity) quantity). The quantity received will actually be the quantity issued against the M* document number (D6U, quantity minus MILSTRIP A6_, Materiel Release Denial, quantity). The discrepant quantity will be the denied quantity against the M* document number (A6_ quantity). D035K will be using two discrepancy codes: S4 for total non-receipt/full denials and S1 for shortages/partial denials.

(d) Although SDRs will be communicated in this scenario from D035K to DSS via the DLMS 842A/W, replies will be sent back to the AF via email. Emails will be sent from WebSDR to the initiating DoDAAC email on file (at FOC, FB2065, FB2039, and FB2029 will be participating). An email reply will be provided based upon the depot response (recommendation) under current procedures, and a subsequent email reply will be provided based upon the ICP reply (credit authorized). No email will be provided to the point of contact identified in the body of the SDR.

(2) Revise DoD 4000.25-M, Volume 2, DLMS Manual, Chapter 17, Supply Discrepancy Reporting, as follows:

C17.3.2.6. <u>Overage/Shortage, Nonreceipt, or Duplicate Discrepancies</u>

(Intervening text not shown)

C17.3.2.6.6. SDRs for Air Force Maintenance Denials under BRAC Supply, Storage and Distribution (SS&D) Agreement. SDRs resulting from distribution depot denial of an AF-directed release order for inventory previously requisitioned from DLA and receipted into AF ownership as the result of a "wash" (issue/receipt in-place), shall be reported to the depot for initial action. The SDR shall identify the original requisition document number (under which the materiel was purchased from DLA) and the maintenance denial document number (identified by the AF maintenance site M-series identifier in the first six characters of the document number). The maintenance denial document number shall be carried as the customer-assigned SDR number to facilitate depot research. The discrepancy may reported as total non-receipt (total denial) or as a shortage (partial denial). DLA shall issue credit based upon the depot recommendation and confirmation of prior billing.

(3) Revise DS 842A/W as shown in the table below:

Item #	Location	DS 842A/W Revision	Reason
1.	DLMS Introductory Notes	<u>Add ADC 334 to DLMS Introductory note 5:</u> - ADC 334, Supply Discrepancy Report Process for AF Retail Storage Activity Denials (Supply/SDR)	Identifies DLMS Changes included in the DLMS Supplement
2.	2/REF01/700	<u>Revise DLMS note as follows:</u> **F8 Original Reference Number** **DLMS note:** 1. Use to identify the customer's SDR ~~report~~ number when provided separately. *2. Use to identify the maintenance document number/suffix associated with an SDR resulting from depot denial under DLA/AF BRAC Supply, Storage and Distribution (SS&D) agreement. The number is constructed with the M-series maintenance site identifier in the first six positions of the document number. Refer to ADC 334.* 3. For F8: WebSDR field length = 18	Clarifies the use of the customer SDR number in this process.

Item #	Location	DS 842A/W Revision	Reason

	2/REF/700
	
	REF01
	
	REF03
		Revise DLMS note as follows:
		
		NN Nonconformance Report Number
		DLMS Note:
		Use to identify the originator's SDR report control number. This will be the originator's system assigned number. When SDR was originated using the DoD WebSDR, this will be the web-generated control number. *A WebSDR control number will also be assigned to transactions during processing.* Identify the originating system in REF03 *(see REF03 for values).* *WebSDR will* repeat the REF segment if more than one SDR report control number *is* be provided for the SDR; *Component applications need not repeat all applicable values*.
		
		Description
		DLMS Note: Use to identify the generating-system associated with the SDR report *control* number *identified in the REF01,* e.g.,
		  • *WEBSDR (must use if assigned)*
		  • ISDR & ADRS *(Distribution Depot applications)*
		  • BSM *(indicates DLA EBS)*,
		  • AEPS *(Army),*
		  • NSDRS or PDREP *(Navy applications)*
		  • *D035K & ESS (AF applications)*
		  • *ILCO (Security Assistance application, currently AFSAC only).*
			Clarification.
			
			Adds identification for AF D035K to be implemented under this proposal.
			
			Additionally:
			-Identifies AF Enterprise Solution-Supply (ES-S) to be implemented July 2009.
			-Removes obsolete identification of DLA's Customer Depot Complaint System.
			-Identifies ILCO as the value used for FMS SDRs submitted via 842A/W by the AFSAC SDR portal application (SDR-A).
			
			Note: Maximum field length for application control numbers will be published in the DLMS Supplement upon confirmation.

Item #	Location	DS 842A/R Revision	Reason
Same as above; all changes posted to report will also be perpetuated to the reply.			

    d. DAASC Mapping: No new mapping required, 2/REF01/700=F8 is currently in the DLMS 842A/W

    e. Alternatives:

      (1) 511R: The AF recommended solution was to include the document number that resulted in the denial on a new 511R that would either be free issue or result in credit for the original

requisition.

      (2) 527R: The EBS team suggested the use of the 527R DRA with discrepant quantities to trigger re-issue of material or provide credit.

5. REASON FOR CHANGE: Requirement agreed to by DLA and the AF and 842A/W was deemed to be the most appropriate transaction to meet the requirement.

6. **ADVANTAGES AND DISADVANTAGES:**

   a. Advantages: EBS and DSS will be able to meet requirement to provide credit to the AF for warehouse denials. AF financial issues will be avoided.

   b. Disadvantages: There will be two different processes for submission of SDRs associated with AF BRAC SS&D: (1) denial SDRs will be submitted as above via D035K, (2) all other discrepancy scenarios will be identified by the DSCR detachment working at the distribution depot using DoD WebSDR. The Distribution Depot personnel will perform research to ensure separation of responsibilities between submitter and responder.

7. Implementation:

   a. Testing between AF D035K, DSS, DLA EBS via DAAS/DoD WebSDR is scheduled for the week of July 20, 2009.

   b. Phased implementation is planned with each ALC to rollout the functionality separately: Robins 8/23/2009, Tinker 11/15/2009, Hill 1/31/2010.