May 21, 2009

IN REPLY
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DLMSO

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Defense Logistics Management Systems (DLMS) Supply Discrepancy
Report (SDR) Subcommittee Meeting 09-01, April 27-28, 2009

The attached minutes of the DLMS SDR Meeting 09-01 are forwarded for your
information and action as appropriate.

The Defense Logistics Management Standards Office point of contact is Ms. Ellen Hilert,
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S. DAVID WALKER, Maj, USAF
For DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment

cc:
DUSD(L&MR)SCI
Attendees
SDR Subcommittee (US/SA)
Supply PRC

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May 21, 2009

IN REPLY
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MEMORANDUM FOR RECORD

SUBJECT: Defense Logistics Management Systems (DLMS) Supply Discrepancy
              Report (SDR) Subcommittee Meeting 09-01, April 27-29, 2009

Purpose: The Defense Logistics Management Standards Office (DLMSO) hosted the subject meeting held at the KGS Building, Fairfax, Virginia. Specific discussion topics are noted below. A list of attendees is shown at Enclosure 1. All meeting handouts and briefing materials are available on the SDR subcommittee Web page (refer to the meeting agenda): http://www.dla.mil/j-6/dlmso/Programs/Committees/Supply/supplySDR.asp.

Brief Summary of Discussion: Ms. Ellen Hilert, DoD SDR System Administrator, facilitated discussion. **Action Items** identified below are to be worked within 30 days of this memorandum unless otherwise noted.

Review of Meeting Topics:

a. Status update on WebSDR Implementation. Ms. Hilert provided an overview of WebSDR implementation status. WebSDR continues to experience challenges that must be worked with limited DAASC programming resources and similar resource constraints with Services and Agencies. Outstanding issues include:

Near-term support for development of interfaces with Component systems
- Air Force retail transition system
- Air Force IM legacy
- Lockheed Martin Corporation
- GSA
- DoD EMALL

DAASC Task List
- New encryption requirements driving related enhancements
- BRAC mandated changes
- Refine management reports, ad hoc queries, canned queries
- Info copy distribution to all parties identified
- Backlog of approved changes and program enhancements (high priorities include improving the forwarding function and establishing timeframes and on-line guidance for follow-ups)
- Complete testing for PQDR interface with PREP

- Add capability to send attachments electronically
- Develop access roles and levels automation in support of reports access
- Upgrade IUID functionality

      b. Status of SDR Management Reports and Query Capability. Mr. Tim Holloway, DAASC provided a demonstration of the SDR Management Reports capability. Ms. Hilert emphasized that the reports can be reviewed from several vantage points to include Submitter, Action Activity, Owner/Manager and Shipper. She said that the most reliable choices are Submitter and Action Activity. Although Owner/Manager and Shipper are also available, many of the Component systems are not passing this information or passing erroneous information. The Reports function allows users to get current status or a complete history of a particular SDR and is a tool to improve future customer support that would result in fewer SDRs. She also indicated that all Components should think about what is required for reports and identify changes/additions to DLMSO. A definition the of selection by SDR Status Codes, as defined in the Reports Function, was passed out to the group and is available on the SDR subcommittee Web page (refer to the meeting agenda – Item 2). Those SDRs with an Action Code of 1H (No reply required. Information only.) and 3B (Discrepancy reported for corrective action and trend analysis. No reply required.) are included in Status Code Number 4 (Validated/Disposition Provided). Requests for access to the Reports Functions should be forwarded to the DAASC POC, Dawn Kohlbacher. Access is currently restricted for two reasons: we are still in the process of validated the report processing rules and accuracy; and, other than the current method of restriction by specific user ID, we do not have procedures for ensuring the users only have access to the appropriate level of information (e.g. some users/contractors sites should not have total DoD level access). Several changes will be made to the Reports and will be available in the near future. They include: the selection drop box list of Q Discrepancies will be broken out by 2 and 3 digit codes; the ability to export a report to a spreadsheet; and the ability to search by mixed and unknown materiel identification and by FSC. A query which results in more than 1000 records will produce an error message which indicates only first 1000 records will be shown. In the future a capability will be designed to allow a user to request a batch report overnight which will show all records. In the interim, the user can make the query smaller by restricting the date range or adding additional selection criteria. Ms. Hilert wants to provide the ability to search on CIIC Code, but emphasized it must be controlled and asked for suggestion on how this can be done. **ACTION: ALL COMPONENTS** provide ideas on how the CIIC search can be limited and controlled. She also asked that committee members prioritize changes required so that the most important ones can be done first. **BUSINESS RULE CLARIFICATION:** The effectiveness of the management reports is dependant upon the accuracy of the information contained in the SDR transactions. Ms. Hilert emphasized that reply activities must be able to update discrepancy codes when the original code was identified in error (e.g. customer selected discrepancy code and customer remarks are inconsistent). The reply must also carry vendor shipment data when the customer didn't properly identify that the shipment as a direct vendor delivery (e.g. site document type 6 and minimally identify the contract number, shipment number, and vendor CAGE). In addition, systems must be able take in a 3 discrepancy codes. Some systems do not allow these capabilities and she said she would emphasize this requirement in the DLMS manual. **DECISION:** It was decided that on the

Report Detail only Discrepancy Codes that have SDRs will be displayed. The ability to search by wrong item materiel identification will be added.

      c. Cancellation of SDR Joint Component Instruction/Regulation/Manual. Ms. Hilert again briefed the committee on her plan to rescind the Joint Regulation on SDRs and replace it with DLMS Manual, Volume 2, Chapter 17. However, she said that Washington Headquarters will not allow the regulation to be cancelled without coordination by all Components. She will start the coordination process and hopes that all concur in the cancellation. She stressed that it is inefficient to expend resources to maintain two sets of SDR publications and the current regulation is very out of date. **Subsequent to the meeting,** Ms Hilert was authorized to update the DLMS manual chapter with previously approved DLMS changes. The manual had not been updated in the past year pending transition to a Defense Logistics Manual which will be more responsive to revisions.

      d. SDRs associated with Passive RFID Discrepancies. ADC 217. This ADC identifies new passive RFID (pRFID) discrepancy codes in the packaging/marking (300) series which is used to identify discrepant or missing pRFID on material and to identify reader problems/issues which interfere with pRFID processing of DoD receiving organizations. The procedures in the ADC support the monitoring of vendor performance. After implementation of the ADC, DLA was flooded with pRFID SDRs, to include 16,000 in March 2009. A DLA-sponsored study to determine the causes of the high volume indicate that there are many roote causes to the problems encountered. The issues include: pFRID documentation may be confusing to suppliers and some have difficulty finding the documentation; DLA depots have sent invalid SDRs for missing tags when the DLA AIT failed to recognize a properly tagged shipment; DLA may have implemented imprecise RFID business rules; some suppliers have disregarded the requirement; and Receiving Reports/Advance Shipment Notices (ASN) are submitted/received after the shipment. Recommendations on improving the RFID implementation include: provide suppliers with easily understandable RFID requirements summary; establish time requirements for submission of ASN; request RFID tag vendors include "RFID" acronym on tags to better locate tags; and resolve reporting incongruities between depots. DLMSO is also supporting the DDC on concept development for a system change to hold back and re-check SDRs for missing ASN for 24-48 hours to allow time for the ASN to process.

      e. Army Interface – Status Update. Ms. Marsha Mcelroy-Paxton briefed the committee on the status of the Army Interface with WebSDR. Currently there is a one-way interface with WebSDR and the Army Electronic Product Support (AEPS) System for reports only. LMP has not programmed an interface with WebSDR and the changes required to implement the DLMS SDR format will not be reviewed again until 2011. In the interim, most changes to the AEPS application have been frozen. This leaves the interface between Army and WebSDR at an inefficient standstill for an extended period of time. Ms. Hilert suggested that this issue be raised at the monthly DLA, AMC meeting. She also suggested the Army explore other solutions that don't require major enhancements to AEPS. For example, is it possible to implement a two-way UDF interchange between AEPS and WebSDR? **ACTION: Army** explore other alternatives to improving the AEPS/WebSDR interface.

f. Planning for Encryption of SDR E-mail Traffic. Ms. Hilert said that WebSDR SDRs have been designated for Official Use Only (FOUO) since 2006 and the encryption of FOUO e-mail has been required by DLA in 2008. On March 25, 2009 the DLA security office reviewed WebSDR and confirmed that SDRs meet OPSEC criteria for unclassified FOUO and therefore require encryption. The DLA security office has agreed to allow the continued operation of WebSDR until the e-mail SDR can be encrypted. The plan is to begin encryption for specific high volume DoD email users in July, 2009. In addition a message center approach will be developed which will allow e-mail users to access SDRs from their in-box account within the message center. Key information will be displayed in the subject line so that users can better prioritize workload prior to opening each SDR. A user can select SDRs for review or initiate further action directly from the message center. DAASC will have to adopt a dual transmission type: encrypted SDRs vs. "you've got mail" message. Encrypted SDRs will carry full data content plus a hyperlink to message center to facilitate web-based processing. Users without encryption capability will receive notification with a hyperlink indicating SDR e-mail is available in a new external web repository. There may also be an alternative reply format with limited content, such as document number and reply code with a POC. Significant areas of concern include a new communication approach for very low volume users that report discrepancies via the DLA Customer Interaction Center (CIC) which may require SDRs and replies to be mailed or place a increased burden on the CIC. Another concern is distribution copies of SDR for e-mail addresses that are not registered with DAASC to receive encrypted e-mails. DAASC is working on a POA&M to be completed in the near future.

g. Use of WebSDR for Vendor Performance – intersection with WAWF advance planning to improve data quality. Ms. Hilert said that OSD is inquiring about the ability of WebSDR to capture the appropriate data elements to allow the monitoring of vendor performance on new procurement and direct vendor deliveries. The control numbers that are required to associate the discrepancy with a specific shipment are: Contract Number (Procurement Instrument/Instruction Identification (PIIN); Shipment Number; CLIN/SLIN; Call/Order Number Supplemental Procurement Instrument Identification Number (SPIIN). All of these data elements are available in different systems, but the system interfaces do not support the capture of the data for return to DoD WebSDR. Ms. Hilert indicated she would document data elements requirements.

h. Update on IUID Workshop – Impact on SDR Reporting. Mr. Dale Yeakel, contractor support to DLMSO provided an update on the status of IUID. He said there have been several OSD/SCI lead logistics workshops to identify requirements that can be used as the framework for documenting and developing detailed business rules to enable use of IUID in logistics transactions/processes. Meetings have be held during March on Receipt and Discrepancy Reporting; Issue and Inventory. Discussion topics for additional workshops starting May include different levels of management intensity (e.g. inventory by unique item identifier (UII)) and development of a FLIS code to specify applicable IUID requirements; transition business rules on how to handle legacy controlled items that require a IUID but do not have one; reconciliation process to address UII mismatches at various levels; and determining the operational cost at the distribution depots. The logistics requirements/business rules will be developed through workshops and iterative, collaborative DLMS Process Review Committee proposed DLMS change (PDC) process. Champions from the Components will be identified to

document specific requirements to submit as PDCs. All DoD Components need to participate actively in the PDC development, coordination, and approval process. The PDC/ADC process will take place throughout FY 09 and FY 10. Systems changes and training requirements will be based on the OSD logistics policy and ADCs. There are several proposed new SDR requirements as a result of the use of IUID in the logistics processes. The scope of items may be expanded to include classified/sensitive (including Nuclear Weapons Related Material (NWRM), Army, Ammunition and Explosives (AA&E), and critical safety items. The UII will need to be systemically perpetuated on the SDR from the discrepant receipt regardless of the type of discrepancy (not just UII mismatch). Some UII discrepancies will require items to be received in a suspended condition pending resolution and certain items will have new time frames for SDR processing. Mr. Yeakel said that policy continues to evolve and that the latest policies and information on IUID can be found at: http://www.acq.osd.mil/dpap/pdi/uid/index.html.

   i. Base Realignment and Closure (BRAC) Impact on SDR Procedures. Jim Weiner, DDC J6-N briefed the committee on changes to SDR procedures as a result of BRAC 2005. Mr. Weiner provided an overview of the Navy and Air Force SDR process under BRAC. For the Navy, the industrial customer will not have the resources to submit SDRs, so the DLA Supply Department (former ship yard and Fleet Industrial Support Center (FISC) employees) will continue to submit and respond to SDRs as they have in the past. However the system for submitting SDRs will become DSS. The point of sale will be the physical exchange of the material. There are two touch points for submission of the SDR; the receipt into the industrial activity and the issue to the "Artisan." DSS will be changed to support the submission of customer (type 6 and 7) SDRs. WebSDR will be required to provide info copies to the Product Data Reporting and Evaluation Program (PEDREP) and the Joint Deficiency Reporting System (JDRS) of reports and responses which will be used to trigger a replacement demand signal from MAT/MRPII. These changes are targeted for Jan 2011. Ms. Hilert emphasized that a PDC must be submitted to document these changes in the SDR procedures.   She also offered the following comments;   Slide 4, scenario 2A will require DAASC to send two info copies; one to the Owner/Manager and another one (party to receive) to PEDREP/JDRS.; Slide 5, scenario 3a could be supported by a new discrepancy code to identify a customer return which will result in exchanging one asset for another. The Air Force/DLA issue process in a two step procedure. The Air Force purchases materiel using an FB document number and resells to the industrial customer using an M-series document number. As a result, denials are on the M document numbers. The new process will require the Air Force to submit an SDR to DLA for material denied so credit can be processed. The depot will validate the SDR and forward to the ICP recommending credit. A change proposal is also needed to document WebSDR requirement to furnish additional info copies for forwarded SDRs and action activity responses. The implementation date is schedule for Aug 2009. **ACTION: DLA** (in coordination with the Military Service) submit PDCs to document revised SDR procedures under Air Force and Navy BRAC.

   j. DLA Continuous Process Improvement Initiative (CPI) Overview. Ms. Esther Wade, DLA HQs J-3, provided the group with an overview of the DLA SDR CPI. Ms. Wade told the committee that the DLA Process Review began in April 2008 with representatives from the Services, the DDC, the Supply Center, DLMSO, and was lead by a Master Black Belt. They review identified gaps in the SDR process; initiated corrective actions and used the Lean Six

Sigma Process to work through issues. The team focused on routing, response, finance and other areas, which included training for SDR processers and customers. Several process improvements have been implemented to include providing clear guidance for the return of wrong item shipments. The way ahead includes conducting Rapid Improvement Events to: establish guidance on closing SDRs and establishing measurable segments with the SDR process.

k. Proposed DLMS Changes

(1) DRAFT PDC 314, GSA Directed Shipments. This PDC will establish procedures for processing and providing financial resolution/reimbursement for SDRs for total non-receipt of GSA directed shipments where proof of delivery to a CCP is available. Ms. Hilert indicated this PDC is ready to be staffed with all Components; however she is waiting for GSA agreement to proceed.

(2) PDC 331, Procedures for Prepositioned Materiel Receipt (PMR) and Shipment Status for Retrograde and Directed Discrepant/Deficient Materiel Returns. This PDC, which is under development, establishes business rules and resulting modifications to the DLMS 856R, Materiel Returns Shipment Status and the 527D, PMR to discretely identify a reason for a materiel return, require a matching PMR, and shipment status to the receiving activity. The PDC supports passive RFID and item unique identification requirements; has wide applicability including exchange of Depot Level Repairable (DLR), other retrograde shipments, Product Quality Deficiency Report (PQDR) exhibits, and discrepant materiel directed back on an SDR reply. Ms. Hilert indicated that this PDC will require feedback from all Components.

(3) PDC 336 Revised Business for NWRM SDRs. This PDC, which is under development, will provide guidance for SDR preparation of controlled/sensitive items inclusive of NWRM.   At the time of the meeting, OSD/DLIS and the NWRM community had not determined how unclassified NWRM would be identified, causing a delay in publishing procedures based upon the OSD NWRM policy memo. The PDC will specify 24 hour reporting criteria and response time for SDRs (with an additional 15 days for expanded response if additional research is required). The 24 hour reporting time standard for receipt of controlled/sensitive items by Security Assistance customers (wrong item and misdirected shipments) has been established and expanded to include shortage, overage and UII/serial number missing/mismatched. In addition responses must be provided within 24 hours. Ms. Hilert indicated that the Components may want to provide comments on the timeframes when the PDC is released for staffing.

l. Recent DLMS Approved Changes

(1) ADC 293, Revised Time Standards, Codes and Procedures for Reporting and Processing of Supply Discrepancies. This approved change adjusts time standards; updated SDR action and reply codes; added wrong item Controlled Inventory Item Code and Demilitarization Code to the SDR format and improved documentation.

(2) ADC 317, Revised Business Rules for Transshipper-Prepared SDRs. This approved change supports the submission of transshipper prepared SDRs to report shipping/packaging errors. USTRANSCOM coordinated a May 9, 2009 (later slipped to May 11) implementation date for aerial ports. Two new SDR actions codes will be implemented to distinguish SDRs requiring expedited response to resolve frustrated freight problems and those requiring no response, but which may be used by the action activity to correct shipping/packaging errors, recoup money from noncompliant vendors and identify trends. A time standard of 5 days has been established for SDRs requesting expedited response (Action Code 3A). DLMSO has recommended an expanded use of Action Code 3B (Discrepancy reported for corrective action and trend analysis. No reply required) beyond transshipper activities. Until system changes can be made to the receiving applications, DAASC will transmit email reports to DLA ICPs and Distribution Depots (with a copy to the Defense Distribution Center (DDC). Standard rules for SDR distribution will remain in effect for all other Services. A sample of the monthly "Canned Report" that will be available for the transshipper prepared SDRs was provided by DAASC. During the discussion about DSS creation of Consolidation and Containerization Point (CCP) SDRs, it was noted that the system doesn't have capability to provide user-originated remarks. A systems change will be required in DSS to allow specific remarks to replace the pre-programmed "canned" remarks currently used. Ms. Hilert agreed to provide to all attendees a list DoDAACs for currently identified Aerial Ports.

m. Unimplemented DLMS Approved Changes

(1) ADC 256, WebSDR Transaction Edits: Forwarding and Follow-up Timeframes. This ADC provides three new edits to improve data quality and enforce existing business rules. Follow-up transactions will be edited to ensure that an appropriate time has elapsed before follow-ups can be submitted. Replies forwarding the original report to a new action activity may not be used to forward the Distribution Depot Receipt SDRs from the Material Owner to the Source of Supply. Replies requesting forwarding of the SDR to a new action activity may not be used to forward historical or other record types which lack full data content necessary to establish a basic SDR report transaction.

(2) ADC 268, Inclusion of Product Quality Deficiency Report (PQDR) Report Control Number (RCN) on security Assistance SDR Quality Related Reply. The ADC requires resolution of PQDRs provided via an SDR reply to the submitting ILCO, to identify the associated PQDR RCN as a cross reference to the PQDR identification used by the ICP/IMM.

n. Other Discussion Topics.

(1) Debit/Credit Processing for Customers with Deleted DoDAACs. In response to discussion during the meeting, Ms Hilert subsequently asked the DLMSO Chair to contact the DoDAAC PRC and the Finance PRC to investigate the assignment of "replacement" DoDAACs and preferred procedures for issuing debit/credit to DoDAACs with effective deletion flags. The example identified during our SDR meeting for AF where a replacement DoDAAC was identified in a text area of the DoDAAC table was a rare exception (due to an error in the

issuing of that DoDAAC), and there is no policy or expectation for a replacement DoDAAC to be identified in the DoDAAC table. The Air Force does not what a "replacement" DoDAAC to be used for debit/credit. Ms. Hilert asked the Finance PRC to provide official policy on how to handle this situation. **ACTION:** Finance PRC to respond.

      (2) New PDC on Field Length for Remarks. Ms. Janet Hooper, DSCC, discussed a PDC she is planning to write that would expand the field length for remarks on the SDR DLMS transactions. The original intent was to have one PDC to expand the remarks field on all transactions however, after the discussion, it was recommended that Ms. Hooper would write a PDC that would apply to Response remarks only. **ACTION:** DLA submit a PDC.

      (3) Date of Preparation in WebSDR. Ms. Anita Smith, AFSAC discussed an issue regarding the date that is used in WebSDR as the preparation date for transactions submitted after the initial SDR, e.g., follow-ups. The same date is used for subsequent transactions as is used for the original report. It was decided that the date used for each additional submission should be the transaction date in the EDI transaction. Ms Smith will submit a PDC which documents the change. **ACTION: AFSAC** submit a PDC.

      (4) Proof of Shipment (POS) for FMS SDRs. Ms. Smith discussed the fact that FMS customers have a year to submit an SDR. Many carriers keep POS documents for 90 days so they are not available when the SDR is submitted. Ms. Hilert said she believes that some carriers send an EDI transaction (214) to GTN which could be used to satisfy POS. Other options may be available. She said she would ask the DLMSO transportation specialist to provide guidance.

      o. Wrap-up. Ms. Hilert expressed gratitude to the participants for their contribution of making this a successful and informative meeting. The next Committee meeting will be scheduled at a later date. Telephonic meetings will continue most Wednesdays at 9:00 a.m. on the DLMSO call-in number (703-767-5141) (DSN 427) with topics/participation from the Components as needed.
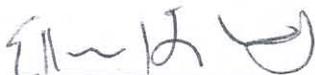
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