



**DEFENSE LOGISTICS AGENCY  
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May 10, 2016

**MEMORANDUM FOR SUPPLY DISCREPANCY REPORT (SDR) PROCESS REVIEW  
COMMITTEE (PRC) MEMBERS**

**SUBJECT:** Proposed Defense Logistics Management Standards (DLMS) Change (PDC) 1092,  
DLMS Supply Discrepancy Report (SDR) Interface with the Security Cooperation  
Enterprise Solution (SCES) (Supply/SDR)

We are forwarding the attached proposed change to Defense Logistics Manual (DLM) 4000.25, Defense Logistics Management Standards, for evaluation and submission of a single coordinated DOD Component position. It is the responsibility of the Component SDR PRC representatives to ensure full coordination of the proposal within their Component.

Request you review the attached proposed change and provide your comments/concurrence to Defense Logistics Management Standards Office not later than **15** days from the date of this memorandum. If non-concurrence is provided, please provide an alternate method to meet the requirement being addressed. Expedited staffing is required to meet the current implementation target date of June 6, 2016 for the SCES WebSDR interface.

Addressees may direct questions to [DLMSO\\_SDR@dla.mil](mailto:DLMSO_SDR@dla.mil), Ms. Ellen Hilert, DOD SDR System Administrator, e-mail: [ellen.hilert@dla.mil](mailto:ellen.hilert@dla.mil), or Ben Breen, SDR Alternate, e-mail: [benjamin.breen@dla.mil](mailto:benjamin.breen@dla.mil). All others must contact their Component designated Supply PRC representative or SDR Subcommittee representative available at: <https://www2.dla.mil/j-6/dlms0/CertAccess/SvcPointsPOC/allpoc.asp>.

DONALD C. PIPP  
Director  
Defense Logistics Management  
Standards Office

Attachment  
As stated

cc:  
ODASD (SCI)

# Attachment to PDC 1092

## DLMS Supply Discrepancy Report (SDR) Interface with the Security Cooperation Enterprise Solution (SCES)

### 1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION:

a. **Technical POC:** Julianne Kerr, Defense Security Cooperation Agency (DSCA), DSCA/IT/SCES, [julianne.kerr@dscamilitary.mil](mailto:julianne.kerr@dscamilitary.mil), 571-372-3422

b. **Functional POC:** Brent Pearlstein, DSCA/IT/SCES, [brent.pearlstein@dscamilitary.mil](mailto:brent.pearlstein@dscamilitary.mil), 703-601-3748

### 2. FUNCTIONAL AREA:

a. **Primary/Secondary Functional Area:** Supply/SDR

b. **Primary/Secondary Functional Process:** Security Assistance

### 3. REFERENCES:

a. [Security Assistance Management Manual](#) (E-SAMM C6.4.10), Supply Discrepancies

b. [DLM 4000.25](#), Volume 2, Chapter 17, Supply Discrepancy Reporting

c. [Implementation Conventions \(ICs\)](#) for DLMS 842 A/W Standard SDR Follow-up, Correction, Cancellation, and Reconsideration Request, and DLMS 842 A/R, Standard SDR Reply

### 4. REQUESTED CHANGE(S):

a. **Brief Overview of Change:**

(1) This change supports implementation of the information exchange for Security Assistance SDRs by establishing an interface between DOD WebSDR and SCES for the Navy deployment of SCES. The change accommodates DLMS 842A/W and DLMS 842A/R routing with SCES. The change is necessary to distinguish functionally between SDRs transmitted by SCES and those transmitted by the Supply Discrepancy Reporting Automation (SDR-A) system used by the Air Force for automated processing of Security Assistance SDRs.

(2) This PDC also serves as documentation of the SCES SDR process for the initial Navy deployment, upon approval of the Limited Deployment Decision (LDD). At LDD, the use of the DLMS 842 transactions will be limited in functionality, but is the baseline against which future improvements that leverage DLMS transactions related to SDR and Product Quality Deficiency Report (PQDR) processing will be made through the SCES change process. Anticipated SCES improvements are discussed in the PDC to provide stakeholder awareness. Any SCES changes will consider the ultimate goal of using SDR-A as the Tri-Service solution for Security Assistance for SDR/PQDR processing.

**b. Background:**

(1) The legacy case execution systems, Army Centralized Integrated System for International Logistics (CISIL), Navy Management Information System for International Logistics (MISIL), and Air Force Security Assistance Management Information System (SAMIS), in addition to Case Management Control System (CMCS), Defense International Finance System (DIFS), and the Foreign Military Sales (FMS) functionality in Program Budget Accounting System - Order Control (PBAS-OC), are being incrementally replaced by the SCES sponsored by the Defense Security Cooperation Agency (DSCA). The first increment is the Navy deployment that will replace MISIL. SCES is a Tri-Service solution and its mission is to improve the speed and agility of FMS case execution processes, improve accessibility and transparency of information for the United States Government (USG) and international customers, and realize cost efficiencies through potential savings in labor and information technology (IT) costs in FMS case execution. SCES will provide the logistics management and accounting reporting capabilities needed for the execution of FMS cases including Building Partner Capacity (BPC) cases, presidential drawdowns, and leases. SCES will integrate with the IT systems of the Military Services and other Defense agencies in support of providing these capabilities. The two major SCES components are the Enterprise Resource Planning (ERP) and the Data Management and Reporting Solution (DMRS).

(2) SDR-A is a robust tool developed by the Air Force Security Assistance and Cooperation Directorate for managing SDRs throughout their life cycle. SDR-A supports DLMS 842A/W and 842A/R transaction sets. While SDR-A is targeted as a Tri-Service solution for managing Security Assistance SDRs, the SCES Increment 1 schedule does not support the time needed to adapt SDR-A for use by SCES ERP. Consequently, both SCES ERP and SDR-A will send transactions to WebSDR until such time as there is a single solution established for managing all Security Assistance SDRs.

(3) Product Data Reporting and Evaluation Program Automated Information System (PDREP-AIS) is the Department of the Navy program that supports requirements regarding the reporting, collection and use of supplier performance information identified in the FAR, DFAR and Navy regulations. PDREP provides for Navy management of the supply chain, ensuring the on-time delivery and first time quality of materials for both critical and non-critical applications. PDREP promotes continuous process improvement for increased material readiness and decreased deficiency issues, providing an overall cost savings to DOD and the Navy.

(4) SCES will implement the following functions related to SDRs for both contract procurement and reimbursable orders for the initial deployment:

(a) Receive FMS-unique Document Identifier Code (DIC) XDN (A-J) SDR from FMS purchasers via Transaction Services.

(b) Create a Return Materiel Authorization (RMA) to represent the SDR and associate with original requisition (sales order) within SCES ERP. The RMA is an Oracle ERP document that is used by SCES to capture the SDR data that is linked to the original Sales Order using the COTS functionality.

(c) Provide the ability for the USG personnel to enter/update SDR data elements in SCES ERP. Among other required elements, the SDR document type will be assigned in SCES on the RMA to designate whether the SDR is a DLA Distribution Center shipment to the customer (Type 7) or direct vendor shipment to the customer (Type 6). The action activity RIC will be manually entered in the ERP in order to appropriately direct the SDR to the ICP or the shipping activity as applicable under DLMS guidance (e.g., Army directed shipments are always directed to the ICP regardless of the document type code).

(d) Format and transmit the SDR to WebSDR using DLMS 842A/W for transmission to the action activity.

(e) Subsequent to transmission of the original SDR, SCES will support transmission of DLMS 842A/W transactions formatted SDR Correction, SDR Follow-up, SDR Cancellation, Request for Reconsideration (2<sup>nd</sup> request for disposition), and Contested SDR(3<sup>rd</sup> request for disposition).

(f) Receive and process the SDR reply from WebSDR using DLMS 842A/R from the action activity.

(g) Process the related financial transactions (credit/debit) received from the source of supply resulting from the adjudication of the SDR.

(h) Provide visibility of SDR status to FMS purchaser via a feed from SCES to the Security Cooperation Information Portal (SCIP).

(5) The following SCES functional/system improvements are anticipated as part of the future Navy Full Deployment Decision (FDD):

(a) Capture FMS SDR Adjustment Reply Codes in SCES ERP to report the results of the SDR adjudication process to the FMS purchaser and to support transportation reimbursement processing.

(b) Capture the data elements associated with product quality deficiencies on the SCES ERP RMA document. This supports the future goal of transmitting the PQDRs using the DLMS 842P transaction.

(c) Process outbound 842 A/R for SDR reply rejection back to the action activity. Pending implementation, the International Logistics Control Office (ILCO) will communicate via phone or email to obtain a corrected response from the action activity.

(d) Provide visibility of SDR status to FMS purchaser using FMS-unique DIC XDM (8-9) transaction via Transaction Services.

(e) Incorporate Standard Long Line of Accounting (SLOA) in the 842A/W. Note that incorporation of SLOA will address all affected DLMS transactions.

**c. Requested Change in Detail:**

(1) Update DLMS SDR implementation conventions to allow for identification of SCES as a submitting system. The submitting system is identified in association with the submitting system control number (refer to the DLMS 842A/W IC 2REF03/0700).

(2) Establish an interface between WebSDR and SCES for processing of SDR transactions.

(3) The following procedures will be employed by SCES for transmission of SDRs to WebSDR for continued processing as indicated by transaction content.

(a) The SDR submitter will be identified by the DoDAAC of the Service ILCO processing the SDR on behalf of the SDR customer. For SCES Increment 1, this is Navy Supply Systems Command Weapon Systems Support (NAVSUP WSS) FMS SCES DoDAAC=N66722 (associated with Routing Identifier Code (RIC) NCT) (the newly assigned SCES DODAAC and RIC).

(b) The submitting system will be identified as "SCES".

(c) WebSDR will recognize the submitting system as SCES for return of the SDR reply. WebSDR will need to differentiate between ILCO-submitted SDRs prepared using other systems ((PDREP-AIS, Air Force Security Assistance and Cooperation Directorate SDR Automation (SDR-A), or WebSDR) and return only those SDRs prepared via SCES to that system.

(d) SCES will capture DLMS SDR data elements and implement data validations that are required to transact with WebSDR and PDREP-AIS (future) without error.

(4) DSCA and the Service ILCOs will review this DLMS change during the design for future SCES increments 2 and 3, and the requirements will be updated accordingly to address missing functionality (e.g., ILCO rejection capability) and any Service unique requirements.

**d. Revisions to DLM 4000.25 Manuals:**

(1) Revise DLMS implementation conventions as shown:

#	Location	Change Table for 842A/W Standard SDR, Follow-up, Correction, Cancellation, & Reconsideration Request	Reason
1.	DLMS Introductory Note	<u>Add PDC 1092 to DLMS Introductory notes:</u>  <b><i>- PDC 1092, DLMS SDR Interface with Security Cooperation Enterprise System (SCES)</i></b>	To identify DLMS changes included in the implementation convention.
2.	2/REF03/0700	<u>Revise DLMS Note as shown:</u>  <b>Description</b> <b>DLMS Note:</b> Use to identify the generating-system associated with the SDR report control number identified in the REF01: <ul style="list-style-type: none"> <li>• <b><i>WEBSDR - The DoD WebSDR control number must be perpetuated to all transactions once assigned</i></b></li> <li>• <b><i>ISDR - Distribution Standard System (DSS) Incoming SDR</i></b></li> <li>• <b><i>ADRS - DSS Automated Discrepancy Reporting System</i></b></li> <li>• <b><i>BSM - DLA Enterprise Business System (EBS) (formerly Business System Modernization)</i></b></li> <li>• <b><i>LMP - Army Logistics Modernization Program)</i></b></li> <li>• <b><i>NAVSEA-PDREP - Product Data Reporting and Evaluation Program Automated Information System (Navy-sponsored multi-Service use)</i></b></li> <li>• <b><i>D035K - Air Force Stock Control System</i></b></li> <li>• <b><i>ESS - Air Force Enterprise Solution-Supply</i></b></li> <li>• <b><i>ILCO - Air Force Security Assistance and Cooperation Directorate SDR-Automation (SDR-A)</i></b></li> <li>• <b><i>SCES - Security Cooperation Enterprise System</i></b></li> <li>• <b><i>GSA - GSA Vision system</i></b></li> </ul>	Updates system list to clarify use, remove obsolete applications, and add SCES.  (Bold italics show updates; obsolete content is not shown due to reformatting)

#	Location	Change Table for 842A/R Standard SDR Reply	Reason
1.	DLMS Introductory Note	Add PDC 1092 to DLMS Introductory notes:  <b><i>- PDC 1092, DLMS SDR Interface with Security Cooperation Enterprise System (SCES)</i></b>	To identify DLMS changes included in the implementation convention.
2.	2/REF03/0700	Revise DLMS Note as shown:  <b>Description</b> <b>DLMS Note:</b> Use to identify the generating-system associated with the SDR report control number identified in the REF01:  <ul style="list-style-type: none"> <li>• <b><i>WEBSDR - The DoD WebSDR control number must be perpetuated to all transactions once assigned</i></b></li> <li>• <b><i>ISDR - Distribution Standard System (DSS) Incoming SDR</i></b></li> <li>• <b><i>ADRS - DSS Automated Discrepancy Reporting System</i></b></li> <li>• <b><i>BSM - DLA Enterprise Business System (EBS) (formerly Business System Modernization (BSM))</i></b></li> <li>• <b><i>LMP - Army Logistics Modernization Program</i></b></li> <li>• <b><i>NAVSEA-PDREP - Product Data Reporting and Evaluation Program Automated Information System (Navy-sponsored multi-Service use)</i></b></li> <li>• <b><i>D035K - Air Force Stock Control System</i></b></li> <li>• <b><i>ESS - Air Force Enterprise Solution-Supply</i></b></li> <li>• <b><i>ILCO - Air Force Security Assistance and Cooperation Directorate SDR-Automation (SDR-A)</i></b></li> <li>• <b><i>SCES - Security Cooperation Enterprise System</i></b></li> <li>• <b><i>GSA - GSA Vision system</i></b></li> </ul>	Updates system list to clarify use, remove obsolete applications, and add SCES.  (Bold italics show updates; obsolete content is not shown due to reformatting)

**e. Proposed Transaction Flow:** The figure below depicts the system flow for a typical Document Type 6 scenario (the ICP as action activity) for the SCES initial Navy deployment. Note that Document Type 7 SDRs for non-Army directed shipments (the DLA Distribution Center as action activity) (not shown) are passed to the distribution center with an information copy to the source of supply. These SDRs may result in multiple replies to SCES, including an interim reply from the distribution center (e.g., recommending credit) and a final reply from the ICP. Credit may also be provided as a result of issue reversal and this will be communicated by the distribution center reply.

(1) An SDR FMS-unique DIC XDN (A-J) file that communicates routine SDR data is submitted by the FMS purchaser from within the SCIP or using Transaction Services' Automated Message Exchange System (DAMES) via the International Logistics Communication Network (ILCS). The SDR DIC XDN will route as a pass through from Transaction Services to SCES. SCES receives the SDR DIC XDN and establishes an RMA against the original materiel order in the SCES ERP. The RMA is an ERP document that represents the SDR and holds the SDR information required to generate the DLMS 842A/W. Alternatively, the FMS purchaser may notify the ILCO of an SDR on a Standard Form (SF) 364, e.g., via email. In this situation,

the ILCO will manually establish the RMA in the ERP on behalf of the FMS purchaser in the ERP.

(2) Information required by the DLMS 842 A/W is manually updated on the RMA by the Navy ILCO as part of the SDR validation using screen forms in the ERP for that purpose. Once completed and validated, the ILCO will flag the RMA for transmission to WebSDR (using Transaction Set Purpose Code 00). SCES ERP will transmit the DLMS 842A/W to WebSDR for dissemination to action activity (shipper or ICP). WebSDR transmits the SDR to action activity for disposition (not shown).

(3) Pending future enhancements to SCES to support automated transmission of PQDRs, Navy SDRs that identify a product quality deficiency will be manually entered into PDREP for Navy-managed materiel or into WebSDR for DLA-managed materiel, as is done currently. The target architecture is to leverage the DLMS 842 A/W for transmitting SDRs to WebSDR and the DLMS 842P for transmitting PQDRs to PDREP-AIS (via Transaction Services).

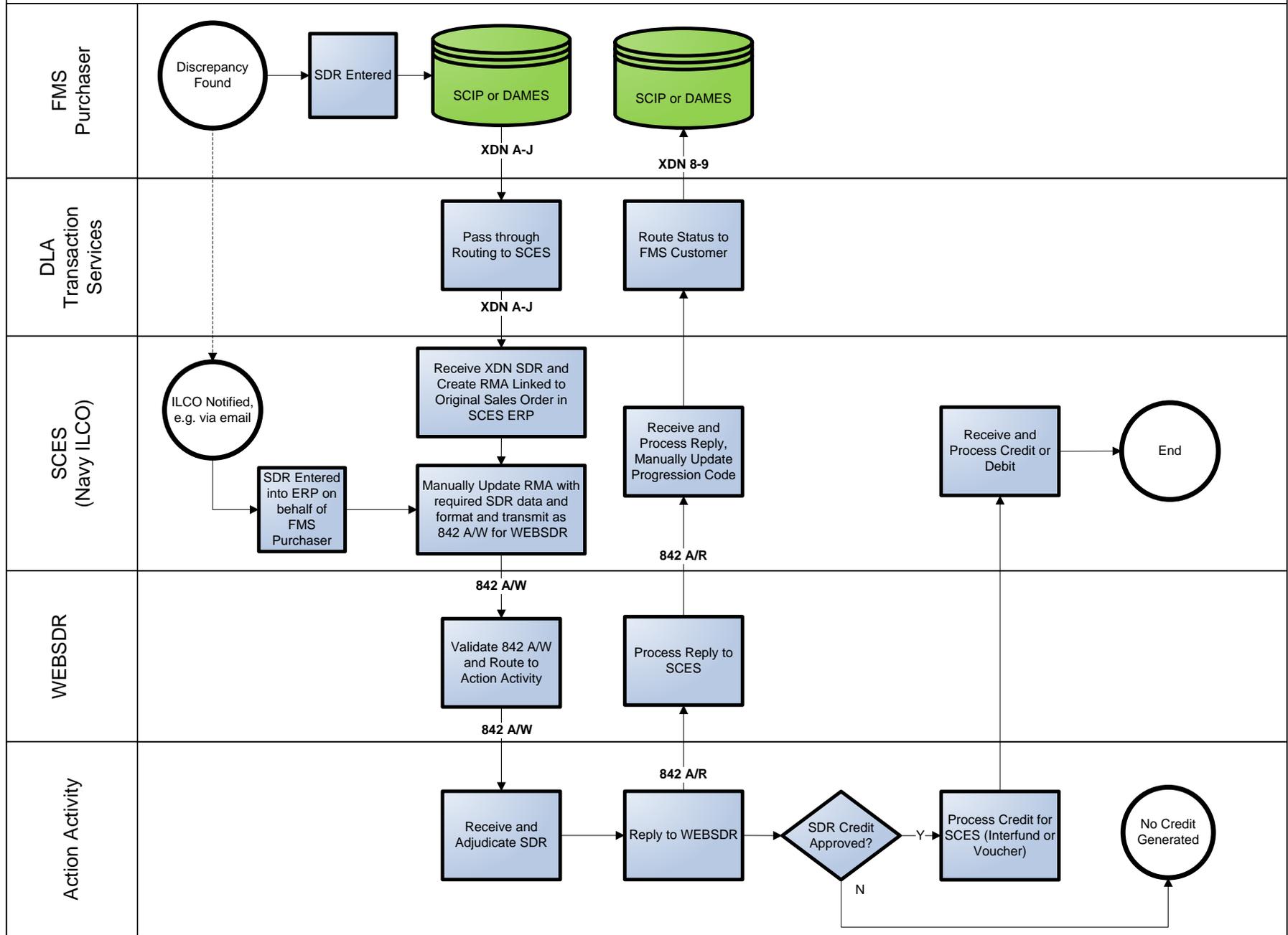
(4) The action activity provides DLMS 842A/R SDR Reply to WebSDR. The Navy ILCO will manually update the internal progression code (Navy only) in response to the 842A/R in SCES ERP and use it to track status of the adjudication process. Results of the adjudication of the SDR may trigger a DLMS 842A/W Follow-up or resubmission to WebSDR. Based on the DLMS 842A/R and other factors, the ILCO will manually approve or deny the SDR in SCES ERP as indicated by the progression code. The action activity initiates a credit transaction for an approved SDR, e.g., via an Interfund Logistics Bill transaction (DLMS 810L) or by creating a manual voucher, that results in the financial posting of a credit or debit transaction in SCES ERP. This is accomplished by creating an invoice against the original sales order within SCES ERP.

(5) DLMS 842A/R action activity reply codes are stored in the SCES ERP. In addition, FMS SDR Adjustment Reply Codes (ARCs) A-E Series and F-Series ARCs will also be stored in SCES ERP. Action activity reply codes are updated automatically by SCES in response to the 842A/R. The FMS SDR ARCs are used to report the outcome of the adjudication process to the FMS purchaser and alert Defense Finance and Accounting Service (DFAS) when a transportation reimbursement is owed to the FMS purchaser. When a transportation reimbursement is owed, DFAS will move funds to the customer's holding account managed within the SCES ERP. The intent is to automate the assignment of FMS ARC A-E Series codes that result in a financial adjustment in the SCES ERP, e.g., based on receipt of credit/debit invoice. The F-Series codes will be manually assigned in the SCES ERP.

(6) SDR status is provided as FMS-unique DIC XDM (8-9) records to the international customer via Transaction Services. Visibility of status is also provided back to SCIP using daily extracts from SCES DMRS (not shown in the figure). SDRs are also reported on the Quarterly DD645 Customer Bill.

SCES SDR Flow Navy Increment

Phase



f. **Alternatives.** SCES has the requirement to accept SDR information from the purchaser and communicate using DLMS transactions. This PDC documents the administrative details associated with the current implementation plan. No alternatives have been identified.

**5. REASON FOR CHANGE:** SCES must implement the DLMS 842A/W and 842A/R in order to be DLMS compliant and automate SDR processing and DOD reporting for the Navy SCES deployment.

**6. ADVANTAGES AND DISADVANTAGES:**

a. **Advantages:** DLMS compliance, automation of integration with WebSDR, leveraging of the capabilities with SDR data elements in the DLMS data standard once fully supported by SCES.

b. **Disadvantages:** Perpetuation of legacy non-standard DICs XDN and XDM transactions since most international customer systems will not be DLMS compliant in the foreseeable future.

**7. ASSUMPTIONS USED OR WILL BE USED IN THE CHANGE OR NEW DEVELOPMENT**

a. Navy ILCO will continue to enter PQDRs manually into PDREP and WebSDR as until changes can be made to fully automate the data transfers using the DLMS 842P.

b. No interim state issues are foreseen during the period where new cases are in SCES and current cases that have not been converted to SCES remain in MISIL, as there are no overlapping cases/SDRs. SDRs for SCES cases will be interfaced to WebSDR whereas SDRs on MISIL cases will continue as manual entry into WebSDR.

**8. ESTIMATED TIME LINE/IMPLEMENTATION TARGET:** June 6, 2016 for initial deployment of SCES.

**9. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE:** SCES required an Analysis of Alternatives (AoA) to identify cost and benefits to include compliance with SFIS and DLMS. This specific PDC is part of meeting the compliance requirement for the Program and no separate cost analyses were conducted.

**10. IMPACT:**

a. **New DLMS Data Elements:** There are no new data elements associated with this change.

b. **Revised DLMS Data Elements:** The acceptable values for SDR submitting systems are updated as shown above.

c. **Automated Information Systems (AIS)**: WebSDR and PDREP-AIS are the primary systems that are impacted by SDR and PQDR for the SCES interface.

d. **Transaction Services**: WebSDR changes as identified above including development of the SCES interface and recognition of the new submitting system value. SCES must be added to the management report submitting system query function. WebSDR will identify SDRs entered via SCES to the appropriate Service for management reports based upon the service/agency code in the submitter DoDAAC and document number.

e. **Non-DLA Logistics Management Standards Publications**: Internal guidance must be updated as appropriate.