



**DEFENSE LOGISTICS AGENCY
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September 12, 2016

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

SUBJECT: Proposed Defense Logistics Management Standards (DLMS) Change (PDC) 1181A, Implementing the Cause Code for Supply Discrepancy Reports (SDRs) and Developing a Data Exchange Between WebSDR and Past Performance Information Retrieval System-Statistical Reporting Next Generation (PPIRS-SR NG) for Contractor Noncompliance SDRs (Supply/SDR)

We are forwarding the attached proposed change to Defense Logistics Manual (DLM) 4000.25, 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 as it replaces PDC 1181 in its entirety and provide your comments/concurrence to Defense Logistics Management Standards Office not later than **30** days from the date of this memorandum. If non-concurrence is provided, please provide an alternate method to meet the requirement being addressed.

Addressees may direct questions to DLMSOSDR@dla.mil, Ms. Ellen Hilert, DOD SDR System Administrator, e-mail ellen.hilert@dla.mil, or Mr. Ben Breen, e-mail 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>

HEIDI M DAVEREDE
Director
Defense Logistics Management
Standards Office

Attachment
As stated
cc:
ODASD(SCI)
OUSD(AT&L) PDI
DOD PQDR Committee

Attachment to PDC 1181A
**Implementing the Cause Code for Supply Discrepancy Reports (SDRs) and
Developing a Data Exchange between WebSDR and Past Performance
Information Retrieval System-Statistical Reporting Next Generation
(PPIRS-SR NG) for Contractor Noncompliance SDRs**

1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION:

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2. FUNCTIONAL AREA:

- a. **Primary/Secondary Functional Area:** Supply Discrepancy Reporting
- b. **Primary/Secondary Functional Process:** DOD WebSDR Processing

3. REFERENCES:

- a. [ADC 1005](#), SDR Distribution to the Defense Contract Management Agency (DCMA), June 17, 2013.
- b. [Defense Logistics Management Standards \(DLMS\) Supply Discrepancy Reporting \(SDR\) Process Review Committee \(PRC\) 15-01 Meeting minutes, June 3, 2015](#)
- c. [DLM 4000.25](#), DLMS, Volume 2, Appendix 7.28, Supply Discrepancy Report Relevant Data Elements
- d. [DLM 4000.25](#), DLMS, Volume 2, Appendix 8, Formats Index
- e. [DLM 4000.25](#), DLMS, Volume 2, Supply, Chapter 17, Supply Discrepancy Reporting
- f. [ADC 1052](#), DOD Web Supply Discrepancy Report (WebSDR) Processes Enhancement and Interface with Electronic Document Access (EDA) System, May 3, 2013
- g. [ADC 222](#), Discrepancy Disposition/Status (Reply) Code Revisions, January 9, 2007

4. REQUESTED CHANGE(S): This PDC replaces PDC 1181 in its entirety to incorporate additional requirements.

a. **Brief Overview of Change:**

(1) This change requires all Components to assign a cause code identifying contractor/vendor noncompliance (when applicable as the reason for the discrepancy) on the final SDR reply by the item manager (action activity). The cause code will trigger transmission of SDR data from WebSDR via a new interface for use in evaluating vendors' performance in PPIRS-SR. WebSDR will determine if the SDR record removed, updated, or added the contractor noncompliance Cause Codes CN, CS, or CP and will send the updated record to PPIRS-SR.

(2) This change will require the item manager (action activity) to provide a final reply to an SDR that will be closed when assigning a cause code identifying contractor/vendor noncompliance as the reason for the discrepancy. Currently, the item manager (action activity) does not always provide a final reply (i.e., information only SDRs).

(3) This change also requires the Defense Contract Management Agency (DCMA) to return the SDR to the responsible item manager (action activity) using a 300-series forwarding reply code when DCMA has received the SDR for action (Reference 3.a.). The item manager (action activity) will prepare the final reply to the SDR.

(4) This change documents new procedures for SDRs that originate in Product Data Reporting and Evaluation Program (PDREP) and identify a Navy or Marine Corps activity as the action activity. When the Navy or Marine Corps forwards the action copy of the SDR to DCMA using the 501 forwarding code, PDREP must send the 501 forwarding reply code transaction to WebSDR. WebSDR will then route the transaction to the DCMA DoDAAC identified in the 501 forwarding reply code.

(5) This change updates procedures approved under ADC 1005.

(6) This change also documents data exchange requirements for transmission of SDR data for contractor/vendor evaluation under PPIRS-SR.

(7) This change documents the SDR challenge process, which will leverage the current PQDR challenge process in PPIRS-SR.

b. Background:

(1) The cause code data element is available for use in the DLMS 842A/R SDR Reply and is currently only being used by DLA. DLA uses this data element to identify contractor noncompliance as well as other causes for the discrepancy. DLA previously incorporated SDRs as a method of evaluating a vendor's performance for making a best value determination prior to award when the cause code field on an SDR was populated with a contractor/vendor noncompliance (fault) code. The use of contractor noncompliance Cause Codes (CN-Contractor noncompliance, CP-Contractor noncompliance packaging, and CS-Contractor noncompliance (subcontractor) reflected negatively on a vendor's score in DLA's Automated Best Value System (ABVS). The ABVS was unique to DLA and incorporated several other factors besides SDRs (e.g., PQDRs and on-time delivery) when determining a vendor's performance. These factors were provided to acquisition specialists to use as a tool when evaluating an offer from a contractor/vendor. However, not all SDRs (i.e., info only SDRs) submitted to the item manager (action activity) were updated internally with the appropriate cause code so they could update ABVS.

(2) DLA retired ABVS in March 2014 and replaced it with the DOD-mandated system, PPIRS-SR. However, when DLA transitioned from ABVS to PPIRS-SR as the system to use for vendor performance, SDRs were no longer included as criteria for evaluation of a vendor's performance. Furthermore, because there was no standard SDR data element being used for all Components to determine contractor/vendor noncompliance (fault), PPIRS did not use SDRs as evaluation criteria for any DOD Component. During the SDR Process Review Committee (PRC) held in April 2015 at Fort Belvoir (Reference 3.b.) the topic of incorporating SDRs as an evaluation criteria factor was presented to all DOD Components. After discussion with those in attendance and several teleconferences with the PPIRS-SR/PDREP team, a

consensus was reached to incorporate SDRs as evaluation criteria in determining vendors' performance. This topic was briefed to Ms. Sumpter (OSD DPAP) at the PPIRS-SR Quality Working Group (QWG) meeting in June 2015. The PPIRS-SR QWG was receptive to including SDRs as evaluation criteria in determining vendors' performance and agreed the change should be documented in a PDC.

(3) ADC 1005 updated procedures to allow DCMA to electronically receive the SDR for action. Subsequent to ADC 1005 being published, it was noted that DCMA should also have the authority to update the SDR to indicate the discrepancy was caused by vendor noncompliance, when noncompliance was determined based on DCMA's investigation. Upon receipt of the SDR, DCMA may delegate authority to a different DCMA DoDAAC than the one initially identified on the SDR. When DCMA delegates this authority, PDREP will treat this scenario as an "internal forwarding" action, and will not update the DCMA DoDAAC to identify the second DCMA DoDAAC on an SDR reply. This is because the DCMA DoDAAC shown on the SDR is populated by interface with Electronic Document Access (EDA) (or may be added by the item manager (action activity) for contracts not available in EDA) and is, therefore, based upon the contract and should not be revised to reflect a supporting activity (Reference 3.f).

(a) ADC 1005, SDR Distribution to DCMA (Reference 3.a.) provides procedures for DOD WebSDR dissemination of action copies for DCMA investigation when directed by the action activity reply. When DCMA receives the SDR for action, DCMA will provide the appropriate disposition reply code based on their investigation and return the SDR to the responsible item manager (action activity). It is now recognized that the DCMA reply must also include the 300-series forwarding reply code in order to trigger transfer of the action back to the item manager (action activity) in both WebSDR and action activity systems.

(b) Under standard procedures, PDREP uses Historical SDRs (Transaction Set Purpose Code 49) to identify SDRs originating in PDREP and identifying a Navy or Marine Corps action activity. The Historical designation is interpreted by WebSDR to mean that no additional dissemination of the transaction is needed because the SDR will be worked internally in PDREP. DCMA also uses PDREP, and the SDR Administrator determined that when the SDR is transferred to DCMA for action by a PDREP user, the forwarding Reply Code 501 must be sent to WebSDR by PDREP using a standard reply transaction (Transaction Set Purpose Code 11) to update the database and metrics table to reflect the most current data, rather than keeping this action internal to PDREP. WebSDR will generate the outgoing transaction to transfer action to DCMA.

(4) After further discussions with the PPIRS-SR QWG it was determined that SDRs will be recorded in the quality module of PPIRS-SR. Similar to the PQDR challenge process, PPIRS will use the first position of the replying activity DoDAAC to determine the Component providing the contractor noncompliance code for the applicable SDR record. The SDR community will leverage the existing challenge process within PPIRS-SR to route SDR challenges based on the PPIRS-SR Service/Agency code to the current PQDR challenge focal points identified by PPIRS-SR for each Component. Leveraging this existing process will reduce additional programming logic within PPIRS-SR and ensure vendor challenges are routed to the correct Component's challenge focal point. This process is consistent with DPAP's desire to ensure that vendors do not have to determine where to route their challenges.

c. Requested Change in Detail:

(1) When the item manager (action activity) determines contractor noncompliance, the applicable cause code will be included in the final SDR reply for materiel shipped by a contractor/vendor under a contract issued by the item manager (action activity). The cause code may be entered via WebSDR direct input (reply screen) or via DLMS 842A/R Standard SDR Reply (Transaction Purpose Set Code 11) citing the cause code (Qualifier GY at 2/LQ01/4650). This requirement specifically impacts SDRs identified by SDR Document Type 6 (direct vendor delivery to customer), Document Type 9 (procurement source receipt by DLA Distribution Center), Document Type P (procurement source receipt by storage activity other than DLA Distribution Center), and vendor shipments reported using Document Type W (discrepancy reported by transshipper while materiel is in-transit). In addition, any SDR containing a procurement instrument identifier (PIID)¹ (inclusive of PIID call/order number) will be eligible for contractor evaluation, regardless of document type.

(2) The item manager (action activity) reply must be provided for identification of contractor/vendor noncompliance even when the SDR would not otherwise require an item manager Action Activity/Manager reply (e.g., SDRs containing Action Code 1H (information only) or Action Code 3B (reported for corrective action and trend analysis). The cause code is not authorized to be applied by the storage activity/distribution center. This code is only authorized to be added by the item manager (action activity) or by DCMA (when the SDR has been forwarded to DCMA for action).

(3) If the SDR is forwarded to DCMA for action, DCMA is authorized to add the appropriate contractor/vendor noncompliance cause code based on their investigation. However, DCMA must forward the SDR to the appropriate item manager (action activity) for final disposition. DCMA will provide the appropriate disposition reply code and cause code (if warranted) based on their investigation. Then, DCMA will forward the SDR to the responsible item manager (action activity) using the 300-series forwarding reply code. Note that DCMA must always provide the appropriate disposition reply in conjunction with the 300-series forwarding reply code regardless of whether or not contractor noncompliance is determined. The 300-forwarding reply code dictates the structure of the reply transaction requiring the action activity to be identified as the item manager (action activity rather than the original submitter) and will trigger the appropriate transfer of action in WebSDR and the receiving Component item manager (action activity) system.

(a) In some instances, the DCMA DoDAAC identified as the Contract Administration Office (CAO) in the contract will delegate authority to another DCMA Field Office to actually provide administrative support for the contract due to geographic reasons. If the original DCMA office that received the SDR for action, forwards the SDR to another DCMA DoDAAC for investigation, this action will occur internal to PDREP and will not be reported to WebSDR. PDREP will show the DCMA CAO DoDAAC when replying to the item manager (action activity) for this SDR. This internal forwarding action within PDREP will not change the replying DCMA DoDAAC on the outgoing transaction sent to WebSDR. This will ensure WebSDR metrics and database are in alignment with the contract.

¹ [ADC 1161](#) Update Uniform Procurement Instrument Identifier (PIID) Numbering System in the Federal/DLMS Implementation Conventions and DLMS Manuals

(b) When the Navy or Marine Corps using PDREP forwards the action copy of an SDR to DCMA using the 501 forwarding code, PDREP must send the outgoing reply transaction with Reply Code 501 to WebSDR. SDR Reply Code 501 is not authorized for use on SDRs formatted as Historical (Transaction Set Purpose Code 49). Instead, WebSDR will support the requested forwarding action and send the transaction to the DCMA DoDAAC identified in the transaction. This process allows WebSDR and the internal WebSDR metrics table to reflect the most current information and ensures a standard process.

(4) The temporary workaround authorized in ADC 1005 to forward the SDR to the DCMA default email account for determination of the appropriate office is withdrawn. If a DCMA DoDAAC is not available on an SDR citing Reply Code 501, WebSDR will reject the transaction for missing or invalid DoDAAC with a Reply Code 944, with remarks from WebSDR “No DCMA DoDAAC available”. This procedure will eliminate the need to rely on transactions not addressed to a specific DCMA DoDAAC to be transmitted via email.

(5) The applicable cause code values for this change are shown below.

CN - Contractor Noncompliance. Materiel received by the storage site, customer, transshipper (e.g., Consolidation and Containerization Point (CCP) or aerial port) is not in accordance with the contract requirements (e.g., shortage, wrong item, missing item unique identification (IUID), missing documentation, etc.).

CP - Contractor Packaging Noncompliance. Materiel received by the storage site, customer, transshipper (e.g., CCP or aerial port) with packaging/labeling that is not in accordance with the contract requirements (e.g., materiel damaged as a result of inadequate packing, missing passive radio frequency identification (pRFID) tag, noncompliant wood packaging material, etc.).

CS - Contractor Noncompliance (Subcontractor). Materiel received by the storage site, customer, transshipper (e.g., CCP or aerial port) is not in accordance with the contract requirements (e.g., shortage, wrong item, missing item unique identification (IUID), missing documentation, etc.) and was determined to be a subcontractor/vendor fault.

Staffing Note: Use of the Cause Code CS is optional; replying activities may choose to use the Cause Code CN or CP in lieu of CS.

(6) Transaction Services will develop a mechanism (web service or other process deemed by the trading partners to be the most efficient) to transmit the SDR data from WebSDR for use in PPIRS-SR. SDRs selected for this transmission must contain Cause Code CN, CP, or CS only. Data content for the transmission is identified in Enclosure 2.

(7) Contractors may submit challenges to SDR findings of noncompliance via PPIRS-SR. If a vendor challenges the findings within 14 days of the challenge being posted, the record in PPIRS-SR will automatically be withdrawn and not count against the vendor until a response to the challenge is received. However, if the vendor submits a challenge after the record is posted in PPIRS-SR for more than 14 days, the record will remain within PPIRS-SR until a response to the challenge is received.

(a) After initial determination of contractor/vendor noncompliance, subsequent research may find that contractor/vendor noncompliance is not applicable, (e.g., in response to a contractor challenge). When this occurs, the item manager (action activity) must provide a new SDR reply containing Reply Code 151 (replacement/revised disposition/status;

prior response is superseded) (Reference 3.g.) and no cause code (or a replacement cause code not associated with the contractor noncompliance).

(b) After further discussions with the PPIRS-SR QWG it was determined that SDRs will be recorded in the quality module of PPIRS-SR. Similar to the PQDR challenge process, PPIRS will use the first position of the replying activity DoDAAC to determine the Component providing the contractor noncompliance code for the applicable SDR record. PPIRS-SR will then assign a one-digit PPIRS Service/Agency code to the SDR record in PPIRS. For example, if the SDR record showed DoDAAC N00391 provided the final reply on the SDR citing a vendor noncompliance cause code, PPIRS-SR would interpret this to be a Navy activity and assign the appropriate PPIRS Service/Agency Code N to the SDR record. The PPIRS Service/Agency code is used internally to PPIRS-SR to facilitate the routing of a challenge from the vendor.

(c) DLA currently provides PPIRS with a unique code for each procurement office DoDAAC cited in DLA Procurement Instrument Identifiers (PIID or PIID call order number where applicable). DLA provides the unique codes so that PPIRS-SR can route vendor challenges directly to the applicable DLA supply chain point of contact (POC). After discussions with the PPIRS and the DLA challenge team POCs, it was determined that DLA wants PPIRS to leverage this existing process for challenges applicable to SDRs. Additionally, PPIRS will assign a default Service/Agency Code D for DLA routing when the contract issuing activity DoDAAC does not have an assigned code. Challenges associated with these are routed to a general email box accessible by all DLA challenge team focal points.

(d) PPIRS-SR will assign a one-digit PPIRS Service/Agency code based on the DoDAAC of the Component providing the final reply. For DLA replies, this will be the procurement activity DoDAAC.

(8) Item managers (action activity) must be prepared to respond to contractor challenges. PPIRS-SR will disseminate challenges to designated focal points based upon the responding item manager (action activity). Additionally, PPIRS-SR will break down DLA challenges based upon the procurement activity DoDAAC so they can be forwarded to the appropriate supply chain as described above.

(9) DCMA has a timeframe of 25 days to respond to the action copy of the SDR when identified via the SDR reply code of 501 as the action activity. After 25 days, the original submitter may initiate a follow-up (Transaction Set Purpose Code 45) to DCMA.

(10) Submitting systems must be able to recognize the DCMA DoDAAC as the current action activity based upon the use of the Reply Code 501 and address follow-ups (Transaction Set Purpose Code 45) to DCMA accordingly.

(11) DCMA will use a reply transaction (Transaction Set Purpose Code 11) to provide results of their investigation to the item manager (action activity). This reply transaction must contain a 300-series reply code and must be addressed to the applicable item manager (action activity).

(12) DSS must not close the SDR when the item manager (action activity) uses a 501 forwarding reply code to transfer action to DCMA. Also, DSS will reflect the SDR to be updated to an interim response (DSS internal ROD Status I), when a 501 forwarding reply code is used by the item manager (action activity) to transfer action to DCMA.

(13) When DCMA replies using the 300-series reply code to transfer action to the item manager (action activity), DSS must not close the SDR based on this reply. The SDR in DSS must reflect an interim response status (DSS internal ROD Status I).

d. Revisions to DLM 4000.25 Manuals:

(1) DLM 4000.25, Volume 2, Chapter 17 revisions (procedures) are shown at Enclosure 1.

(2) DLMS Implementation Convention (IC) revisions (transactions) as shown.

| # | Location | Change Table for 842A/R SDR Reply | Reason |
|----|------------------------|--|--|
| 1. | DLMS Introductory Note | <p><u>Add PDC 1181A to DLMS Introductory note:</u></p> <p>- PDC 1181A, Implementing the Cause Code for SDRs and Developing a Data Exchange Between WebSDR and Past Performance Information Retrieval System-Statistical Reporting Next Generation (PPIRS-SR NG) for Contractor Noncompliance SDRs</p> | To identify DLMS changes included in the DLMS. |
| 2. | 2/LQ01/4650 | <p><u>Revise DLMS note for existing Code "GY".</u></p> <p>GY Cause of Loss DLMS Note: 1. Use to identify the <i>cause code when providing owner/manager final disposition. This is a DLA unique data element and is not applicable to other Components. Must use when the discrepancy.</i></p> <p><i>2. Use is optional except when applicable to SDR Document Type 6, 9, P, or W (for vendor shipment) and the validated discrepancy is attributed to the fault of the contractor. When this is determined, the owner/manager must cite the applicable Cause Code: CN - Contractor Noncompliance CP - Contractor Packaging Noncompliance CS - Contractor Noncompliance (Subcontractor)</i></p> <p><i>3. Also, use to identify the Cause Code when providing DCMA interim reply to the owner/manager for contractor noncompliance.</i></p> <p>4. A data maintenance action was approved in version 5030. The approved code/name is "DCC - Cause Code".</p> | Remove DLA unique reference. |

e. Proposed Transaction Flow:

- (1)** Item manager (action activity) awards a contract to a contractor/vendor for materiel to be delivered at a storage site, directly to the customer, consolidation and containerization Point (CCP) or aerial port.
- (2)** Materiel arrives and upon receiving the shipment of materiel, it is determined there is a supply discrepancy.
- (3)** The storage site, customer, CCP, or aerial port creates an SDR containing the PIID based on receiving non-conforming materiel.
- (4)** The item manager (action activity) receives the SDR and upon research determines vendor noncompliance, the item manager (action activity) will reply to the SDR using the Cause Code CN, CP, or CS.
- (5)** If the item manager (action activity) receives the SDR and upon research determines the contract was administered by DCMA, the item manager (action activity) may forward the action copy of the SDR to DCMA using Reply Code 501, "SDR assigned to DCMA for investigation."
- (6)** WebSDR will send a copy of the reply to the submitter (customer, distribution center/storage activity, or transshipper).
- (7)** DSS will update the SDR to an interim response (DSS internal Report of Discrepancy (ROD) Status I) in DSS.
- (8)** DCMA researches and investigates the discrepancy and, if applicable, inputs the appropriate cause code if the investigation determines the SDR was a result of contractor/vendor/subcontractor noncompliance.
- (9)** DCMA forwards the SDR to the appropriate Component using the 300-series forwarding reply code).
- (10)** The item manager (action activity) performs research and determines the SDR was a result of contractor/vendor/subcontractor noncompliance.
- (11)** The item manager (action activity) in the SDR final reply will include or update the contractor noncompliance code (CN, CP, or CS) if provided by DCMA.
- (12)** DSS will update the SDR to reflect disposition was received (DSS internal ROD Status D) in DSS.
- (13)** Distribution Center personnel will take the appropriate action on the SDR per the disposition instructions and close the SDR in DSS (DSS internal ROD Status C).
- (14)** Transaction Services will capture the SDR record containing the contractor/vendor noncompliance code (CN, CP, or CS) on a daily basis.
- (15)** Transaction Services will transmit the SDR records containing the Cause Code CN, CP, or CS and other required SDR data elements for PPIRS-SR use on a daily basis.

(16) PPIRS-SR will include the SDR data as evaluation criteria for vendor performance.

(17) If the vendor challenges an SDR being closed out as noncompliance, and the item manager (action activity) determines the vendors challenge is valid, the item manager (action activity) will generate a replacement SDR reply including Reply Code 151 and no contractor noncompliance cause code.

(18) WebSDR will determine if the SDR record removed, updated, or added the contractor noncompliance Cause Codes CN, CS, or CP, and will send the updated record to PPIRS-SR.

(a) WebSDR must be able to determine the absence of the cause code in the SDR reply containing Reply Code 151 as the cause code being removed and will send the updated record to PPIRS-SR.

(b) WebSDR must be able to determine if the cause code was updated to include Cause Codes CN, CS, or CP based on the SDR reply code containing Reply Code 151 and will send the updated record to PPIRS-SR.

(c) WebSDR must be able to determine if the Cause Code CN, CS, or CP was added based on the SDR reply code containing Reply Code 151 and will send the updated record to PPIRS-SR.

(d) WebSDR must be able to distinguish between cause codes input by DCMA and the item manager (action activity). WebSDR will only transmit SDR reply codes generated by the item manager (action activity) containing Cause Code CN, CP, or CS to PPIRS-SR.

(19) PPIRS-SR will need to update the vendor's performance rating based on the Cause Code CN, CP, or CS being removed, updated, or added on the SDR record.

f. Alternatives:

(1) Require each Component to provide SDR data to PPIRS-SR. This would require each Component to develop an interface/data exchange with PPIRS-SR and would not be efficient or cost effective.

(2) In the absence of the cause code, WebSDR would have to develop a complex logic based on the SDR document type code, existing SDR reply codes, and discrepancy codes to determine what type of data to feed to PPIRS. This approach would not be efficient or cost effective as it would require extensive programming in WebSDR and the results might not be accurate, leading to challenges by the contractor.

5. REASON FOR CHANGE: This change will provide a consistent data element location to signify contractor/vendor/subcontractor noncompliance on SDRs. It will also establish a DOD data exchange mechanism between WebSDR and PPIRS-SR for evaluation of contractor performance.

6. ADVANTAGES AND DISADVANTAGES:

a. **Advantages:** Using the cause code as an SDR data element on the final reply by the item manager (action activity) will allow SDR data records to have a standard data element to signify contractor/vendor/subcontractor noncompliance as the cause of discrepancy. Developing a data exchange between WebSDR and PPIRS-SR will allow for a consistent and standard mechanism to update a contactors/vendors performance. Acquisition specialists responsible for awarding contracts will now be able to make best value decisions based on vendor's performance inclusive of supply discrepancies.

b. **Disadvantages:** Requires additional reply transactional exchange for SDRs provided for information only.

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

DEVELOPMENT: This proposed change does not determine the weight or algorithmic criteria factor that SDRs will be given in PPIRS-SR. The PPIRS-SR Quality Working Group (QWG) is the authority on how SDRs will be weighted in PPIRS-SR.

8. ADDITIONAL COMMENTS TO CONSIDER:

a. The process described in this DLMS change requires the PIID (formerly contract number) to be present in the SDR. Therefore, contractor shipments using a document number as the controlling number for the materiel movement without reference to an associated PIID will not be captured for use in vendor performance. The volume of contractor shipments identified by a document number alone is not known.

Staffing Note: Item manager (action activity) must ensure that the procurement instrument (PIID) are provided for all vendor shipments, even when not captured in the associated receipt or provided by the submitter.

b. DLA currently assigns fault using a variety of cause codes. After further consideration, Components may choose to use these codes at their discretion. Use of these codes will not impact the contractor/vendor evaluation process. The expanded cause code values are identified in Logistics Data Resources Management System (LOGDRMS) <https://www.dlms.dla.mil/LOGDRMS/DLMSQualifier/Details/E4CCB333-F6B2-45FB-845E-343A89FE238A>

9. **ADDITIONAL FUNCTIONAL REQUIREMENTS:** PPIRS-SR QWG will determine how to apply the SDR data to the PPIRS algorithm to effect the vendors' performance in PPIRS-SR.

10. ESTIMATED TIME LINE/IMPLEMENTATION TARGET:

a. Components are requested to implement the use of cause codes within six months of the date of the approved change.

b. WebSDR interface supporting PPIRS-SR is to be completed within six months of the date of the approved change.

11. **ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE:** Not available at this time.

12. IMPACT:

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

b. **Changes to DLMS Data Elements:** Revise the data element Cause Code (Qualifier GY) in LOGDRMS.

(1) Revise the data element definition:

Summarizes the underlying cause of the ~~customer~~ complaint (Supply Discrepancy Report (SDR), Storage Quality Control Report (SQCR), Product Quality Deficiency Report (PQDR)). Only one cause code may be used per complaint under DLMS. For SDRs the cause code is optional except when applicable to contractor shipments and the validated discrepancy is attributed to the fault of the contractor. Contractor noncompliance must be identified by Cause Codes CN, CP, or CS.

(2) Revise the definition for Cause Codes CN and CP:

CN Contractor noncompliance (~~prime contractor~~)

CP Contractor *packaging* noncompliance (~~packaging contractor~~)

(3) Add DLM 4000.25 Volume 2 as the code source. The original source of this data element was DLA Handbook 4140.4, "Customer Depot Complaint System," April 1, 1996.

c. **Automated Information Systems (AIS):**

(1) Component AIS

(a) Each Component system generating a final reply by the item manager (action activity) signifying contractor noncompliance must be updated to implement the use of the cause code and ensure that an outgoing transaction is provided to WebSDR regardless of the SDR action code.

(b) Item manager (action activity) must ensure they have procedures and access to available information in place to respond to contractor SDR challenges forwarded to the existing PPIRS focal point.

(2) Navy

(a) PDREP-AIS must be modified to transmit the DCMA reply using a 300-series forwarding reply code and identifying the item manager (action activity) is identified as the transaction-to address.

(b) PDREP-AIS or PPIRS-SR must be updated to accept the data exchange interface.

(c) PPIRS-SR will need to be updated to accept SDR data for contractor evaluation.

(3) DSS will update the SDR to an interim response (DSS internal ROD Status I) in DSS when the item manager (action activity) forwards the SDR to DCMA using the 501 reply code. The SDR will remain in an interim response status (DSS internal ROD Status I) when DCMA replies to the item manager (action activity) using the 300-series forwarding reply code.

d. Transaction Services:

(1) Develop a mechanism (web service or other process deemed by trading partners to be the most efficient) to transmit the SDR data from WebSDR for use in PPIR-SR on a daily basis using data listed at Enclosure 2.

(2) Revise WebSDR reply screen to allow input of the cause code. For initial implementation, a drop box selection option should include CN – Contractor Noncompliance, CP – Contractor Packaging Noncompliance, and CS – Contractor Noncompliance (subcontractor).

(3) WebSDR will reject Historical SDRs (Transaction Set Purpose Code 49) containing Reply Code 501. WebSDR will use Reply Code 938 (Transaction rejected. Missing or invalid transaction set purpose code) and include the appropriate narrative remarks.

(4) WebSDR will reject reply transactions from DCMA that do not contain a 300-series forwarding reply code. WebSDR will use Reply Code 927 (Transaction rejected. Missing or invalid disposition/reply code) and include the appropriate narrative remarks.

(5) Management reports must be updated to separate the designation of cause codes by DCMA and the item manager (action activity). The reports must not override the cause code input by DCMA, but rather include additional columns to indicate the cause code input by DCMA, the item manager (action activity), and if the (action activity) item manager updated the cause code based on receiving a challenge from a vendor which resulted in the Cause Code CN, CP, or CS, being removed.

(6) WebSDR will need to inform PPIRS-SR of any SDR record which was previously sent to PPIRS-SR as being closed out citing Cause Code CN, CS, or CP if these codes have been removed, updated, or added.

e. Non-DLM 4000.25 Series Publications:

(1) DOD Components will need to update their internal policies and procedures to require the SDR final reply by the item manager (action activity) to include the cause code when the research determines the SDR is a result of contractor/vendor noncompliance.

(2) Establish policy to link vendor evaluations/performance ratings to SDRs and TDRs (when applicable).

13. PROPOSED DLMS CHANGE 1181 STAFFING RESPONSE/COMMENT RESOLUTION:

| | Originator | Response/Comment | Disposition |
|----|-------------------|-------------------------|--------------------|
| 1. | Army | Concur as written. | Noted. |
| 2. | Marine Corps | Concur as written. | Noted. |

| | | | |
|----|----------------|---|---|
| 3. | Air Force | Concur with no comments. | Noted. |
| 4. | DLA | Concur with no comments. | Noted. |
| 5. | Navy | <p>Concur with comments.</p> <p>1. Data in appendix AP8.56, how does this data set then inform the receiving IT system what to do with the data vice just update or add data, if the vendor cause code is changed to a NOT liable code at some point after it was initially considered liable? Probably need a "add, update, or delete" field to tell the receiving system to either add/update an existing PPI record or to remove one altogether.</p> <p>2. Challenged PQDRs are sent to the item manager (challenge POC) identified by the service designator code even if not the issuing agency. If the Navy writes up the PQDR, the Navy POC will get the challenge. The challenge POC then works offline with the procuring activity to correct the PQDR, as you mention below. If the PQDR is corrected/updated it then gets sent to the source database/clearing house (i.e. PDREP or JDRS), which in turn sends it to PPIRS.</p> <p>Most other quality challenges work the same way as PQDRs. Since most quality records including PQDRs have been fully vetted, challenge POCs usually do not go into their source databases and make the change there. Requests for changes/corrections/updates are sent to and come back from the responsible Screening or Action Points at the procuring activities.</p> <p>Is this is going to work the same way with SDRs. Who can effect changes/updates and how? Would Sherry McGowen, the challenge POC at the Navy be able to log into WebSDR and make an update if provided objective evidence, or will she have to go through the offline process? If WebSDR sends to a clearing house (ex. PDREP), will all or any of the challenge POCs be able to log into the database there and effect change?</p> | <p>1. Noted, PDC updated to ensure WebSDR will need to determine if a cause code has been removed, added, or updated.</p> <p>2. Noted, PDC has been updated to reflect the SDR challenge process as discussed with Navy PPIRS-SR. DLA team, and PDREP team.</p> |
| 6. | GSA | No comments Received. | |
| 7. | US TRANSCOM | USTRANSCOM abstains. | Noted. |

| | | | |
|----|------|---|---|
| 8. | DCMA | <p>DCMA concurs with the following comments:</p> <p>1. It is our understanding that the PDREP system should be ready to route the SDRs to the applicable CMOs when action copies of SDRs are forwarded to DCMA. The expectation at this point would be that the action SDRs would flow to the CMO DRPM. The DRPM would then forward the SDR to the appropriate QAS for investigation and reply through the PDREP system. This will be a new application of the PDREP system for DCMA and will likely require deficiency report policy update/clarification, expanded PDREP system access and training. As for the DCMA Packaging Specialist role, the system is supposed to provide information copies of packaging related SDRs on DCMA managed contracts. We have not seen this functionality in PDREP to date. The DCMA Packaging Specialists will provide packaging technical assistance in the SDR investigation but would not have an action role in the process.</p> <p>2. One additional note on the PDC, the AP8.56 Appendix 8.56, WebSDR Contractor Noncompliance Data Extract, the data element shown as the Vendor-Assigned Shipment Number shows the field length Min/Max as 7/7. Per the DFARS Appendix F, the last shipment from a contractor on a contract gets a "Z" added to the end of the shipment number and the resulting number is 8 characters. The field length for the shipment number should be shown as Min/Max of 7/8.</p> | <p>Noted.</p> <p>1. WebSDR will transmit all SDRs identifying action or distribution to DCMA to PDREP. PDREP has responsibility for notifying the packaging specialist when applicable. DCMA must coordinate with the Navy for internal PDREP procedures.</p> <p>2. The field length identified in the WebSDR extract (Enclosure 2) for the vendor-assigned shipment number has been increased to show Min/Max of 7/22 to align with the DLMS Dictionary.</p> |
|----|------|---|---|

Enclosure 1, Defense Logistics Manual (DLM) Chapter Revisions

Revise DLM 4000.25, Defense Logistics Management Standards, Volume 2, Chapter 17, Supply Discrepancy Reporting, as shown.

Changes are identified by ***bold red italics*** and strike-through text. Intervening text between updated paragraphs is not shown.

C17.3.12.1.2. Replies. Action activities will reply to SDRs by submission of a DLMS 842A/R to WebSDR or via direct WebSDR input. SDR replies will indicate the appropriate disposition, (e.g., acknowledgment of the report, disposition of the materiel, validation of the report with authorization of financial adjustment, and/or instructions for repackaging, repair or other types of corrective action). SDR replies must contain the appropriate discrepancy code consistent with all information provided by the customer. This may require updating of the discrepancy codes used by the customer to assign the appropriate discrepancy code for the scenario described in the SDR remarks. The action activity will identify the disposition/status using the appropriate Reply Code (Appendix 7.28). ***Action activities may include the applicable cause code in the SDR to provide better visibility of the underlying reason for the SDR. When an SDR is passed for action to the DCMA CAO, the interim reply from DCMA will include the SDR cause code when contractor/vendor noncompliance is determined. When an SDR is validated to determine that the discrepancy is the result of contractor/vendor noncompliance, the owner/manager SDR reply must be provided (regardless of SDR action code) and must include the applicable cause code. Upon subsequent determination that contractor/vendor noncompliance is not applicable, (e.g., in response to a contractor challenge), the owner/manager must provide a new SDR reply containing Reply Code 151 (prior response is superseded) and no cause code (or a replacement cause code not associated with the contractor noncompliance).***³ Action activities will ensure that inappropriate reply codes are blocked from use when responding to transshipper SDRs (Document Type Code W). Shipment information applicable to direct vendor deliveries, new procurement, etc., must be completed by the action activity where incomplete or inaccurate on the original report. This includes identification of the shipping activity or vendor (by CAGE), ***PIID***, and identifying shipment numbers. DLMS compliant applications must also ensure that direct vendor delivery shipments are identified by Document Type Code 6 on the SDR reply, regardless of what the customer originally designated.

(Intervening text not shown)

C17.3.13.2. Time Standards for SDR Response. Responsible action activities will reply to all SDRs received within the following time standards. Interim responses will be provided when extenuating circumstances necessitate additional processing time.

(Intervening text not shown)

C17.3.13.2.9. DCMA will respond to SDRs forwarded for action within 25 calendar days.⁴

(Intervening text not shown)

³ Refer to PDC 1181A.

⁴ Ibid.

C17.3.20. Defense Automatic Addressing System (DAAS) SDR Processing

(Intervening text not shown)

C17.3.20.2. WebSDR will edit SDR transactions prior to passing/routing to ensure minimal standards of acceptability.⁵ Reject to the generating activity SDR and follow-on transactions that do not meet the following conditions:

(Intervening text not shown)

C17.3.20.2.20. WebSDR will reject Historical SDRs (Transaction Set Purpose Code 49) containing Reply Code 501 (SDR assigned to DCMA for investigation). SDRs forwarded to DCMA must be processed using a reply transaction through WebSDR in order to maintain visibility of the transfer of action. WebSDR will use Reply Code 938 (Transaction rejected. Missing or invalid disposition/reply code) and include the appropriate narrative remarks.⁶

C17.3.20.2.21. WebSDR will reject any SDR reply from DCMA that does not contain a 300-series forwarding reply. Use of the 300-series reply code is required to maintain visibility of the transfer of action back to the item manager (action activity). WebSDR will use Reply Code 927 (Transaction rejected. Missing or invalid disposition/reply code) and include the appropriate narrative remarks.⁷

(Intervening text not shown)

C17.3.20.8. DAAS will prepare and transmit the WebSDR Contractor Noncompliance Data Extract as an automated interface in support of contractor evaluation by Past Performance Information Retrieval System-Statistical Reporting Next Generation (PPIRS-SR NG). SDR records will be selected based upon inclusion of an SDR cause code indicating contractor/vendor noncompliance (Cause Codes CN, CP, or CS) in the final reply by the owner/manager. WebSDR will transmit any SDR record that was previously sent to PPIRS-SR as being closed out citing Cause Code CN, CS, or CP if these codes have been removed, updated, or added to PPIRS-SR. Applicable data content for transmission is identified in Appendix 8.56. Transmission will occur on a daily basis containing only those SDRs validated since the previous transmission.⁸

⁵ Refer to ADC 452, Implementation of DOD WebSDR Automated SDR Rejection Capability.

⁶ Refer to PDC 1181A.

⁷ Ibid.

⁸ Ibid.

Enclosure 2, Interface Data Requirements

- a. Update Appendix 8, Formats Index, to list Appendix AP8.56, WebSDR Contractor Noncompliance Data Extract.
- b. Add new Appendix AP8.56 as a hyperlink to the Appendix 8, Formats Index.

AP8.56 APPENDIX 8.56

WEBSDR CONTRACTOR NONCOMPLIANCE DATA EXTRACT⁹

| Data Element Name | A=Alpha N=Numeric | Field Length Min/Max | M=Mandatory O=Optional |
|--|----------------------|-------------------------|---------------------------|
| Submitting Activity (DoDAAC) | A/N | 6/6 | M |
| SDR Document Type | A/N | 1/1 | M |
| Customer Preparation Date (YYYYMMDD) | N | 8/8 | M |
| Action Activity (DoDAAC assigning Cause Code) | A/N | 6 | M |
| DoD WebSDR Control Number | N | 11/11 | M |
| Contract Administration Office | A/N | 6/6 | M |
| Procurement Instrument Identifier (PIID) (Contract Number) | A/N | 13/19 ¹⁰ | M |
| Vendor Commercial and Government Entity (CAGE) Code ¹¹ | A/N | 5/5 | M |
| Action Activity Reply Date (YYYYMMDD) | N | 8/8 | M |
| Materiel Identification: | A/N | (variable) | M |
| National Stock Number | | 13/13 | |
| Part Number | | 32 | |
| Manufacturer's CAGE Code | | 5 | |
| LSN/Other Materiel Identification | | 13/25 | |
| Cause Code | A | 2/2 | M |

⁹ Refer to PDC 1181A.

¹⁰ Refer to ADC 1161, Update Uniform Procurement Instrument Identifier (PIID) Numbering System. Note: If only the PIID call/order number is available, it will be provided in this data field.

¹¹ Populated by the shipper field in WebSDR.

| Data Element Name | A=Alpha N=Numeric | Field Length Min/Max | M=Mandatory O=Optional |
|---|----------------------|-------------------------|---------------------------|
| Quantity Discrepant (not included when Document Type W) | N | 1/7 | O |
| Discrepancy Code 1 | A/N | 2/4 | M |
| Discrepancy Code 2 | A/N | 2/4 | O |
| Discrepancy Code 3 | A/N | 2/4 | O |
| Contract Line/Subline Item Number | A/N | 4/6 | O |
| Call/Order Number | A/N | 4 ¹² | O |
| Vendor-Assigned Shipment Number | A/N | 7/22 | O |
| Disposition Reply Code 1 | N | 3/3 | M |
| Disposition Reply Code 2 | N | 3/3 | O |
| Disposition Reply Code 3 | N | 3/3 | O |
| Document (Requisition) Number (only included when Document Type 6) | A/N | 14/14 | O |
| Document Number Suffix | A/N | 1/1 | O |

¹² Refer to ADC 1161, Update Uniform PIID Numbering System. The call/order number will only be provided as a discrete data field when populated with the legacy four-position data element. Otherwise, the PIID call/order number will be reflected in the PIID data field.