

USASACP 12-12

**UNITED STATES ARMY SECURITY  
ASSISTANCE COMMAND**



**SUPPLY DISCREPANCY REPORT (SDR)  
STANDARD FORM (SF) 364  
CUSTOMER PAMPHLET**

DEPARTMENT OF THE ARMY  
U.S. ARMY SECURITY ASSISTANCE COMMAND  
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SUPPLY DISCREPANCY REPORT (SDR)  
STANDARD FORM (SF) 364  
CUSTOMER PAMPHLET

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**PURPOSE:** This pamphlet is intended to be used solely as a guide for security assistance customers to assist in determining a valid claim, and to provide assistance with the preparation of the SF 364 to file a claim against a discrepant shipment. This information contained in this pamphlet does not supersede any official document, Letter of Offer and Acceptance or current regulation.

\*This pamphlet supersedes U.S. Army Security Assistance Command Pamphlet (USASACP) 12-12 dated 1 December 2002.

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## CHAPTER 1

## GENERAL INFORMATION

1-1. Reporting Discrepancies. Despite strenuous effort, the U.S. supply system does not always achieve its objective of providing its customers precisely what they order and having it reach them in good condition. When such a situation exists, it is called a discrepancy. The security assistance customer of the U.S. Government (USG) will report all discrepancies by preparing a Standard Form (SF) 364, Supply Discrepancy Report (SDR) (formerly referred to as a Report of Discrepancy), and submitting it to:

U.S. Army Security Assistance Command  
ATTN: Applicable Central Case Manager  
54 M Avenue, Suite 1  
New Cumberland, PA 17070-5096

U.S. Europe Command Regional Operations Case Management Division,  
datafax number 717-770-7908

U.S. Central Command Regional Operations Case Management Division,  
datafax number 717-770-7516

U.S. Pacific Command/U.S. Southern Command Regional Operations Case Management  
Division, datafax number 717-770-7909

1-2. Billing Discrepancies. Billing discrepancies pertaining to erroneous administrative accessorial charges or erroneous financial mathematical calculations should be brought to the immediate attention of the applicable U.S. Army Security Assistance Command (USASAC) central case manager as indicated in the address above. See DoD 7000.14R, Volume 15 (DoD Financial Management Regulation, Security Assistance Procedures).

1-3. Types of Discrepancies. The following types of discrepancies are reported on the SF 364:

a. Overage. A physically received quantity which is in excess of the quantity ordered or indicated on the shipping document. This does not include requisitioned quantities which are adjusted by the source of supply to conform to standard unit pack quantities or minimum buy contracts.

b. Duplicate shipment. The shipment of identical materiel in the same quantity, and under the same document number as materiel requisitioned and already received by the customer.

c. Wrong item (also referred to as incorrect item).

(1) An item received in lieu of the item requisitioned. This is an erroneous item shipped due to shipper error and not an intended interchangeable/substitute item. Every effort should be made to identify the incorrect item(s) received. Photographs of the incorrect item received should be provided, as well as related shipping documentation, DD Form 1348-1a "DoD Single Line Item Release/Receipt Document," DD Form 250 "Materiel Inspection and Receiving Report," DD Form 1155 "Order for Supplies or Services/Request for Quotations Number" or DD Form 1149 "Requisition and Invoice/Shipping Document" should be reviewed and wrong item information/description annotated on SF 364.

(2) Customers receiving shipments containing incorrect items which are identified as classified/sensitive materiel and/or arms, arms parts or explosives, must report the discrepancy within 24 hours of discovery regardless of dollar value for disposition. Where estimated dollar values are unknown or fall below the minimum criteria, report using SDR Action Requested Code 1A "Disposition instructions for discrepant materiel requested; financial action not applicable."

d. Shortage. The quantity received is less than the quantity ordered, billed or indicated on the shipping document.

e. Total nonreceipt. Items for which billings have been received but no record can be found indicating receipt of materiel by the freight forwarder or at the final in-country destination.

f. Product quality (item) deficiency. A defect or nonconforming condition which limits or prohibits the product from fulfilling its intended purpose. Included are deficiencies in design, specification, materiel, manufacturing, workmanship or functional failures during receipt testing.

g. Damaged or improperly packed shipment. Materiel received in a damaged condition (i.e., corrosion, broken, parts missing) as a result of improper preservation, packing, marking, loading, handling, storage prior to release from initial USG shipping activity or partial or total marring of the appearance or usability of the materiel for its intended purpose.

h. Insufficient shelf-life. Shelf-life is the total period of time beginning with the date of manufacture, cure, assembly, or pack that an item may remain in the combined wholesale (including manufacture) and retail storage system and still remain suitable for issue and/or use by the end user. Shelf-life is not to be confused with service-life, which is a measurement of anticipated average or mean life of an item. An SDR cannot be submitted for service-life.

i. Misdirected materiel. Report, using SDR discrepancy code "M1" when materiel, regardless of value, is improperly addressed and shipped to the wrong activity. Properly addressed materiel incorrectly shipped to the wrong activity while under USG-controlled transportation is reportable as a transportation discrepancy. The document number assigned to the SDR will be the document number from the shipping documentation of the misdirected shipment received. (If the customer requisitioned materiel which was not received, it must be reported on a separate SDR for total nonreceipt using the document number for the requisitioned materiel). Customers who received misdirected shipments should identify the location of the discrepant materiel and the country reporting the receipt (which may differ from the intended customer). Customers are required to report misdirected controlled inventory, arms, arms parts and explosives within 24 hours of discovery.

j. Billing errors. A discrepancy related to duplicate or multiple billing per individual shipment or a single billing with no ship line. Such billing discrepancies are reportable to the International Logistics Control Office on an SDR. Price verification or challenges are not reportable on an SDR.

k. Financial discrepancy. A discrepancy related to administrative and/or accessorial charges. These discrepancies will be processed by the Defense Finance and Accounting Service-Indianapolis (DFAS-IN) Center, ATTN: DFAS-IN/F (followed by the country code in parenthesis), 8899 East 56<sup>th</sup> Street, Indianapolis, IN 46249. See paragraph 1-1 for additional reference.

## CHAPTER 2

SUPPLY DISCREPANCY REPORT (SDR)  
SUBMISSION AND PROCESSING REQUIREMENTS

The USG takes corrective action or provides reimbursement to the Security Assistance (SA) customer for discrepancies that are determined to be the responsibility of the USG. A discrepancy, other than a billing error, that occurs after materiel title passes to the SA customer is not a discrepancy for which the USG is responsible. The following represents a list of SDR processing requirements which should assist you in better understanding the USG SDR processing system:

a. Defense Transportation System (DTS) transportation discrepancies. Transportation type discrepancies for SA shipments processed through the DTS are not reportable as an SDR. These generally include shipments with Delivery Term Codes (DTC) 6, 7, 8 and 9; DTC 5 shipments to Foreign Military Sales (FMS) purchaser freight forwarders are transported in USG/DoD-procured transportation, they are also DTS. However, claims against carriers are submitted processed as indicated in paragraph b below.

b. Title transfers at initial point of shipment. The USG is not liable for damages or loss to the items incurred after transfer of title irrespective of whether transportation is purchaser-procured (normally DTC 4) or DoD/USG-procured (DTCs 5, 9, 7, aka "DTS." Any discrepancy that occurs prior to release from a USG/DoD shipping activity is "shipper discrepancy." Any discrepancy that occurs after release from a USG/DoD shipping activity is a "carrier discrepancy." If it is a shipper discrepancy, USG responsibility is possible and an SDR should be submitted to USASAC. If it is a carrier discrepancy, responsibility normally does not rest with the USG and an SDR should not be submitted. This is because title to the materiel passes to the SA customer when it is picked up by an inland carrier with no discrepancies noted by the carrier's representative (usually the driver) at the initial USG/DoD shipping activity (depot or DoD vendor). Carrier discrepancies come in the two ways described below:

(1) If overseas DTS delivery is involved (DTCs 7 or 9), U.S. Military Representatives in purchaser country will submit Transportation Discrepancy Reports on behalf of purchaser in order to obtain any credit possible for the purchaser's Foreign Military Financing (FMF) account from any carrier involved in the delivery (carrier liability is limited; this is the reason FMS purchasers are encouraged to purchase commercial insurance for high dollar items bought under the FMS program).

(2) If delivery to FMS purchaser CONUS-located country representatives or freight forwarders is involved, one of two actions must be taken by the purchaser, the purchaser's country representative or the purchaser's freight forwarder. If DTC 4 (e.g., collect commercial bill of lading) delivery is involved, the SA customer's representative or freight forwarder should initiate a claim for reimbursement directly against the carrier; USG/DoD shipper only needs to identify the carrier and furnish proof of shipment. The claim is between the purchaser and the carrier/freight forwarder and should not be reported on an SDR. If DTC 5 prepaid transportation is involved, the purchaser, purchaser's country representative or purchaser's freight forwarder must send a memorandum or letter to the shipping activity which will request that the shipper submit a claim against the carrier on behalf of the FMS purchaser. Any proceeds will go to the FMS purchaser's FMF account.

c. Loss (total nonreceipt). The customer will advise the freight forwarder to review shipping status of materiel and initiate tracer action with the carrier, prior to submitting an SDR for nonreceipt. The freight forwarder will determine if the materiel was received from the shipper. If materiel was received, they will respond to the customer with that information.

(1) If materiel was not received, the freight forwarder must provide documentation to the customer verifying the materiel was not received at the freight forwarder's warehouse on the requisition and transportation control numbers that apply. The customer will submit the SDR to USASAC and attach the documentation received from the freight forwarder. **The SDRs received without this documentation will be returned as incomplete unless an exception has been granted.**

(2) The USG will provide the customers evidence which shows the USG has shipped or released the materiel in question to a commercial carrier. The SDR will be returned to the customer along with copies of the shipping documentation advising the customer to notify the freight forwarder to initiate a claim against the carrier on behalf of their government or for DTC 5 deliveries, to send a memorandum or letter to the shipper requesting that a claim be processed against the carrier on behalf of the purchaser (see paragraph b(2) above). If evidence of shipment cannot be provided, a credit adjustment will be issued for the dollar value of the original debit bill.

d. The Supply Tracking and Repairable Return-Personal Computer (STARR-PC) SDR Management Module is used to prepare, submit, follow-up and resubmit SDRs and to track the status of SDRs once established with the USG. The STARR-PC SDR status changes are more current because the update changes are sent daily to the STARR-PC. The STARR-PC system creates an electronic version of the SF 364 which is transmitted to the USG database through the Defense Automatic Addressing System Center. The FMS customer is also required to submit a follow-on hard copy of the SF 364, with any attachments, to the country desk officer at USASAC-New Cumberland.

e. The Defense Security Cooperation Agency (DSCA) has established a website known as the Security Cooperation Information Portal (SCIP). This portal enables international customers, customer agents and USG personnel, with appropriate permissions, to view FMS case, line, requisition and SDR-level information obtained daily from all U.S. Military Departments. Current SDR information and all historical SDR information are provided. A section has been established on the USASAC International Customers Assistance Website to provide SCIP related information. It is located under the SA Resources/Links section of the website, and can be accessed at: <http://www.usasac.army.mil/fmscustomers/scipinfo.html>. Included are applicable DSCA Policy Memorandums, User Handbooks and tutorials for accessing and using SCIP. It will be updated as additional information becomes available, and will serve as a central point for distributing SCIP related information to our U.S. Army FMS customers.

f. Dollar value submission criteria. The Letter of Offer and Acceptance (LOA) establishes the minimum dollar limit for submission of SDRs for discrepancies. All discrepancies less than \$200 **are not reportable** for SA cases prepared after 1 June 1992 and less than \$100 for cases prepared prior to 1 June 1992. Customers receiving shipments containing incorrect items which are identified as classified/sensitive materiel and/or arms, arms parts or explosives, must report the discrepancy within 24 hours of discovery regardless of dollar value for disposition. Where estimated dollar values are unknown or fall below the minimum criteria, report using SDR Action Requested Code 1A "Disposition instructions for discrepant materiel requested; financial action not applicable."

g. Timeframe for submission. Claims for discrepant shipments must be received in USASAC within the timeframes cited in the LOA. **Discrepancies must be filed within 1 year from date of passage of title (date shipped)**, with the exception of a claim for nonshipment/nonreceipt of an entire lot (which must be received within 1 year from passage of title or billing, whichever is later). Consideration will be given to latent defects on a case-by-case basis if the criteria in paragraph h below are met.

h. Latent defects. The definition of "latent defect" is: A flaw or other imperfection in an article discovered after delivery to the customer. Such defects are inherent weaknesses which normally are not detected by examination or routine test, but which are present at time of manufacture. **Latent defects apply only to the operability of the item.**

(1) For a problem to qualify as a "latent defect," the customer must provide evidence that a receipt inspection was performed and the defect could not have been determined at that time and that the defect is present for reasons other than deterioration or damage incurred during storage or handling.

(2) Once these conditions are met, the customer should submit an SDR clearly marking it as a "latent defect." The SDR must be accompanied by detailed deficiency data to include as a minimum the information in Item 10d on page 3-3 of this pamphlet. In addition photographs, test data and related documentation must be submitted. Successful resolution of the SDR depends on the completeness of the information provided, the customer's adherence to the criteria for latent defects and the timeliness of the SDR submission after discovery of the latent defect.

i. Quality deficiencies. For product quality deficiencies, the SA customer **must** provide evidence that a receipt inspection was performed and the defect could not be detected at that time and that the defect is present for reasons other than deterioration or damage incurred during storage or handling. The date of the receipt inspection should be provided on the documentation and the documentation should be in English and include photographs of the deficient item(s). Quality deficiencies include deficiencies in design, specification materiel, manufacture and workmanship.

j. Replacement requisitioning. As a general rule, the SF 364 will not be submitted for replacement of materiel; but the replace/repair option remains an alternative available to the item manager/program manager or contractor when this represents the most reasonable solution. In most cases, credit will be issued to satisfy claims on valid discrepancies. Materiel that is still required must be requisitioned utilizing a current SA case.

k. Partial shipments. Each SDR will be submitted for one shipment or partial shipment. Claims submitted against more than one shipment or partial shipment utilizing a single SF 364 will be returned without action. **Partial shipments cannot be consolidated for reporting purposes.**

l. Mailing hard copy SDRs. When sending hard copy SDRs via the mail, forward the original and at least two legible copies of the SF 364 to USASAC.

m. Supporting documentation. We recommend you provide two copies of the supporting documents, photographs and the applicable release/receipt document which accompanied the materiel (DD Form 1348-1a "DoD Single Line Item Release/Receipt Document," DD Form 250 "Materiel Inspection and Receiving Report," DD Form 1155 "Order for Supplies or Services/Request for Quotations Number" or DD Form 1149 "Requisition and Invoice/Shipping Document"). The SDRs submitted involving receipt of materiel (i.e., shortage, overage, damage, wrong item, duplicate shipment, misdirected shipment, quality or shelf-life) should be accompanied by release/receipt (shipping) documents.

n. Timeframe for billing discrepancies. Claims for billing discrepancies should be submitted no later than 1 year from the date of the billing transaction that caused the discrepancy.

o. Requests for reconsideration. When an initial SDR reply is unacceptable to the SA customer, the SDR request for **reconsideration must be received in USASAC within 45 days** of the date of the initial reply. Substantiating documentation to include information that was not filed, the original SDR should be attached to the "Reconsideration Request" to justify reopening the SDR. This resubmittal may be by letter or message and does not require preparation of another SF 364.

p. Contested SDRs. When the second SDR reply is unacceptable to the SA customer, the customer may "contest" the SDR by resubmitting it a second time, clearly marking it as "Contested SDR." This resubmittal with substantiating documents **must be received in the USASAC within 45 days** of the date of the second reply. **A contested SDR cannot be appealed.** The reply is "Final."

q. Whenever materiel is directed for return to USG custody, the purchasing country will be instructed to reshipe the materiel using the same document number under which the materiel was originally shipped. The country will be advised that they must return the materiel to USG custody within 180 days from date of approval/instructions. However, the time standard allowed for the return of wrong item controlled/sensitive materiel or unidentified materiel is 30 days from date of USASAC disposition instructions. The USASAC shall monitor directed returns and follow-up with customers where controlled/sensitive materiel has not been returned. In those instances when materiel is to be returned to the U.S. at USG expense, every effort will be made to utilize the DTS for the return movement. Provide the Service/Agency Transportation Account Code (TAC) chargeable to return the discrepant materiel to the appropriate USG activity or other designated location (Army-sponsored SDR returns use TAC BIII). In lieu of the TAC, the action activity may provide commercial package carrier account information. In addition, the Source of Supply (SoS) shall provide reimbursement for packing, crating, handling for directed returns under Defense Logistics Management Systems (DLMS), Volume 3, Military Standard Billing and Fund Transfer Procedures. The SoS shall also provide reimbursement for in-country transportation of the original shipment to the SA customer (when a directed return applies) under procedures prescribed by DoD 5105.38-M, as amended. When appropriate, the action activity may direct the submitter to return an exhibit of the discrepant materiel. The activity requesting this action will pay for exhibit shipment costs. The USASAC will furnish DD Form 1348-1a for materiel to be returned. A copy of the SDR and DD Form 1348-1a should be included with returned materiel and annotated as an "SDR RETURN." Upon evidence of materiel being returned, a credit adjustment will be processed for the return of the discrepant materiel if previously authorized. This evidence releases the customer of liability for the materiel. If an extension to the 180 days is required due to extenuating circumstances, a request for extension must be sent to USASAC prior to the suspense date. Then, USASAC will contact the supply source to request the additional time and will advise the customer of approval or disapproval of the extension.

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r. The SDR correspondence. All correspondence associated with SDR processing between the SA customer and the USG will be directed to/from USASAC (the International Logistics Control Office).

## CHAPTER 3

INSTRUCTIONS FOR PREPARATION OF  
STANDARD FORM (SF) 3643-1. Instructions for Preparation of the SF 364:

a. Item 1. Date of preparation: Use month, day and four-position year format.

b. Item 2. Report number: The control number of the SDR consists of one-alpha character to identify the initiating office in country, four-numeric characters for number control and two-alpha characters for the purchaser country and three to six alphanumeric characters of the SA master and line item case designator (i.e., A0010-SS-KBA/KBD or A0010-SS-KBA/001). Suffix code R added to the report number indicates the purchaser has asked for reconsideration of the report disposition. Suffix code C added to the report number indicates the purchaser has contested the USG decision on a request for reconsideration.

c. Item 3. To:

Army: U.S. Army Security Assistance Command  
ATTN: Applicable Central Case Manager  
54 M Avenue, Suite 1  
New Cumberland, PA 17070-5096

Air Force: Air Force Security Assistance Center  
ATTN: AFSAC/COSD  
5490 Pearson Rd  
Wright-Patterson AFB, OH 45433-5332

Navy: Commanding Officer  
Naval Inventory Control Point  
ATTN: Code P75112C  
700 Robbins Avenue, Building 4B  
Philadelphia, PA 19111-5095

d. Item 4. From: Complete name and mailing address of the SA purchaser (consignee). The "in-the-clear" address will be entered.

e. Item 5a. Shipper's name: Name and address of the shipper. When the shipper is a vendor/contractor, the name of the Government activity which directed shipment (consignor) of the item will be entered.

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f. Item 5b. Number and date of invoice: Number and date of vendor's invoice or shipper's bill number. Attach copy of invoice to the SF 364.

g. Item 6. Transportation document: Enter the type of transportation document Government Bill of Lading (GBL), Commercial Bill of Lading (CBL), manifest, waybill, insured/ certified U.S. Postal Service or Transportation Control and Movement Document and the identifying number assigned to such document. This is a mandatory entry when shipment received was made via traceable means (e.g., GBL or CBL). When shortages are involved, the following statement should be included in Item 12: "Shortage has been verified as not being transportation related."

h. Item 7a. Shipper's number: Enter shipment number (when more than one shipment is made under a contract or requisition) and the contract/document number (e.g., contract or purchase order). Include the shipment date to distinguish multiple shipments from a contractor source. Only one document number will be reported on each SF 364 identified by suffix or shipment date.

i. Item 7b. Office administering contract: Name, address, and zip code of the Contract Administration Office which directed/arranged shipment.

j. Item 8. Requisitioner's number: Enter the requisitioning activity's number (e.g., document number on purchase request, including suffix). The applicable requisition document number is mandatory in all instances, even though a contract/purchase order is involved. Only one requisition document number will be included on each SF 364. In instances where there are multiple shipments against the same requisition (document number), identify the discrepant shipment by suffix code or shipment date.

k. Item 9a: National Stock Number (NSN)/part number and nomenclature: If item received is different from item shown on shipping documents, or different from item ordered, each item should be shown on a separate line. This will clearly depict what item was ordered and what item was received. For serial numbered principle items, sets, kits and outfits, list the item individual serial number first, followed by the discrepancies applicable to that serial number. (Note: Sets, kits and outfits showing an assembly order number, the assembly order number should also be listed.)

l. Item 9b. Unit of issue: Unit of issue as billed or indicated on shipment document for each item listed in Item 9a.

m. Item 9c. Quantity shipped/billed: Enter quantity of item shipped or billed. If code C1 is applicable, enter the quantity and the supply condition code (see DoD 4000.25-2-M, Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP) or DLMS, Volume 2, Chapter 14) of the item shipped (e.g., 980A as shown on shipping document).

- n. Item 9d. Quantity received: Enter the quantity of item received.
- o. Item 10a. Discrepant quantity: Enter the discrepant quantity. If code C1 is applicable, enter the quantity and the supply condition code (see DoD 4000.25-2-M, MILSTRAP or DLMS, Volume 2, Chapter 14) of the item received. If total quantity received is classified under more than one condition code, enter separately each partial quantity so classified, followed by the applicable condition code (e.g., 960A, 20F).
- p. Item 10b. Discrepancy unit price: Enter the unit price as billed or shown on shipping document.
- q. Item 10c. Discrepancy total cost: The total value of discrepant materiel (10a x 10b).
- r. Item 10d. Discrepancy code: Nature of the discrepancy using the discrepancy codes listed in enclosure 6 of the latest version of Defense Logistic Agency Instruction (DLAI) 4140.55, Reporting of Supply Discrepancies (see Appendix A). If a condition exists that is not listed, code Z1 should be entered and the discrepancy described in Item 12, Remarks. Note: For product quality deficiencies, the SA customer must provide evidence that a receipt inspection was performed and the defect could not be detected at that time and that the defect is present for reasons other than deterioration or damage incurred during storage or handling. Quality deficiencies include deficiencies in design, specification materiel, manufacture and workmanship. The submitter may identify latent defects and quality deficiencies which result in a safety hazard. A detailed description of the complaint may be provided if needed to supplement discrepancy codes. In addition, provide photographs, test data and related documentation, if available. When reporting product quality deficiencies or expired shelf-life, enter the following information under Item 12, Remarks, when known:
- (1) Manufacturer's name and Commercial and Government Entity Code (if available).
  - (2) Contract/purchase order number if not shown in Item 7a.
  - (3) Date manufactured, date cured, date assembled, date packed (apply one as appropriate) and expiration date for Type I (nonextendible) shelf-life items and inspection or test date for Type II (extendible) shelf-life items. Include the date overhauled/rebuilt if pertinent.
  - (4) Lot/batch or serial number.
  - (5) Location of materiel.
  - (6) Name, address and telephone number of point of contact.

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- (7) Nature of complaint stating in detail why materiel is unsatisfactory.
- (8) The item condition: New, repaired or overhauled.
- (9) Operating time at failure.
- (10) The end item the deficient item works on or with.
- (11) Estimated cost of repair.
- (12) Provide a copy of the serviceable tag if applicable.

s. Item 11. Action code: Enter requested action enclosure 5 of latest version of DLAI 4140.55 (see Appendix C) or from codes listed on the face of the SF 364. If action is other than that covered by listed action code, code 1Z should be used and requested action defined in Item 12, Remarks. Action codes 1D, 1E or 1F will not be used on reports prepared on SA shipments. Materiel still required must be requisitioned using a current SA case.

t. Item 12. Remarks: Any supplemental information to clarify the discrepancy, specific data such as appearance, lot/ batch number, manufacture/packaging date, inspector should be entered here. Telephone number (DSN/commercial) of the individual to be contacted for additional information, if different than what is entered in Item 14a, should be specified. If medical materiel requiring refrigeration or frozen storage is involved, the information requested on the special instruction sheet which is included with shipments of such materiel should be provided. Photos should also be provided if they would assist the shipping activity in determining the cause of the discrepancy. When the SDR reports materiel shortage, the following statement is required in Item 12: "Shortage has been verified as not being transportation related."

u. Item 13. Funding and accounting data: Not applicable.

v. Item 14a. Typed or printed name, title and telephone number of preparing official: Self-explanatory.

w. Item 14b. Signature of country representative: Self-explanatory.

x. Item 15. Distribution addresses for copies: Not applicable.

There is no requirement for entries by the SA customer in the remaining sections (the reverse) of the SDR, SF 364.

3-2. Timing of SDR Preparation and Submission. It is important that SDRs are prepared and submitted as promptly as possible. The SDRs for materiel discrepancies received at USASAC after the time limits outlined in Chapter 2 will be denied. Suggested guidelines which may be used in SDR preparation/submission are:

a. Prepare an SDR as soon as it is clearly established that a discrepancy exists which is the responsibility of the USG.

b. Receipt of shipping status indicates that the materiel has been released, normally to the freight forwarder. A thorough investigation should be conducted prior to submitting an SDR. Materiel may be delayed at any point in transit: carrier, freight forwarder, port of entry, etc. Upon receipt of shipping status, allow sufficient time for physical receipt of the materiel before submitting an SDR.

c. Forward the original and at least two legible copies of each SDR to USASAC by the most expedient means possible to minimize transit time.

3-3. Documents Which Should Accompany the SDR. In order to facilitate the processing of SDRs submitted by SA customers and to permit their rapid and definitive resolution, it is imperative that copies of pertinent documents be forwarded to USASAC with the SDR. Examples of "pertinent documents" for various types of SDRs are provided below:

a. Shipping documents for SDRs involving shortage or excess shipment, receipt of materiel in damaged or deficient condition, receipt of expired shelf-life materiel or receipt of wrong materiel.

b. The SA delivery listing reflecting erroneous billings.

c. Photographs of materiel for SDRs involving damaged, defective or mislabeled materiel. Provide photographs of materiel in the condition they were received. Annotate all photographs provided with the SDR. State whether they are "the item requisitioned," "the correct item received" or "when they are used to identify missing parts." Provide clear identification of the missing parts and include NSNs whenever possible. Also, when reporting a broken item, a picture of the item with the break clearly marked is helpful.

d. Photographs of labels identifying lot, batch and cure date. Including enlarged, readable pictures of the label on the item and also the outside label can facilitate processing as they often include the contract number, manufacturer, etc.

e. Technical manual number and edition date. When reporting missing items, an enlarged, readable copy of pertinent drawings showing the discrepancy will facilitate processing.

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- f. All documents referenced in Item 12 of the SF 364, such as message, letter, etc.
- g. Deficiency data for quality or condition SDRs.

## CHAPTER 4

## RETURN OF DISCREPANT MATERIEL

4-1. Disposition of Discrepant Materiel. As a general rule, the Security Assistance customer should retain SDR materiel until receipt of disposition instructions from USASAC (the International Logistics Control Office.) When the U.S. Army directs the return of discrepant materiel to USG custody, the following steps will be followed:

a. Disposition instructions will be provided to the customer via letter or memorandum with copies of a DD Form 1348-1a containing shipping instructions for the return of the incorrect items, duplicate shipments, unacceptable substitutes, defective materiel, damaged or quality deficient items to a Continental United States depot.

b. The customer will place one copy of the DD Form 1348-1a inside the package/container and insert two copies in a waterproof envelope securely attached to the outside of the package/container. If this paperwork is not properly attached and gets torn off of the package during transit, it may delay or prevent credit from being given. Also, ensure the carrier records the Military Standard Requisition and Issue Procedures document number from the DD Form 1348-1A in the carrier's bill of lading and invoice in order for them to obtain reimbursement on the Collect Commercial Bill of Lading (CCBL).

c. Do not consolidate or combine discrepant materiel returns into one package. Each requisition number must be returned individually in accordance with the disposition instructions provided by USASAC.

d. Customers are limited to 180 days from the date of the disposition instructions to return the materiel to USG custody. In some cases when a return is directed by a contractor, a shorter suspense might be imposed by the contractor. However, the time standard allowed for the return of wrong item controlled/sensitive materiel or unidentified materiel is 30 days from date of the USASAC dispositions instructions. The USASAC shall monitor directed returns and follow-up with customers where controlled/sensitive materiel has not been returned.

e. If materiel is not returned within the specified timeframe, the SDR will be cancelled for noncontrolled/nonsensitive materiel, thereby absolving the USG of any further responsibility.

f. Except where otherwise indicated, all disposition instructions found in DD Forms 1348-1a advise the customer to return discrepant materiel to either Fleet Industrial Supply Center (FISC), Norfolk, VA, or Defense Distribution Depot San Joaquin, CA (DDJC), on a CCBL. For payment of the overseas carrier selected by the customer, DoD Transportation personnel at FISC Norfolk or DDJC will convert the CCBL to a GBL.

g. The customer must ensure that the carrier selected understands that payment will be in the form of a GBL or an Electronic Data Interchange payment if the carrier has an account with the Powertrack System. Payment will not be by check or cash. If an overseas carrier is unwilling to accept a GBL as payment or does not have a Powertrack account for delivery of discrepant materiel to either FISC Norfolk or DDJC, that carrier must not be chosen. Charges generated due to delays caused by carrier refusal to accept a GBL will be assessed against the customer. Also, credit may not be given to the customer if carrier delays cause the 180-day limit to be exceeded.

h. If the customer cannot locate a carrier that will accept a GBL upon delivery of discrepant materiel to FISC Norfolk or DDJC, the customer should contact its USASAC Central Case Manager (CCM) for assistance. The USASAC has access to specialists at the Surface Deployment and Distribution Command who can assist in finding an approved carrier.

4-2. Reimbursement of Returned Materiel. When the customer country accomplishes the disposition instructions as directed, the country must send notification or mail a copy of the signed DD Form 1348-1a to USASAC to obtain reimbursement for the materiel returned. Upon receipt of the signed DD Form 1348-1a, the CCM will request any financial adjustments required. The adjustments will appear on the country's quarterly billing statement (DD Form 645) under the case and line that the materiel was ordered against.

## CHAPTER 5

REPAIR AND RETURN SUPPLY DISCREPANCY REPORTS (SDR)  
MAINTENANCE SUPPORT ARRANGEMENTS (MSA)

5-1. The U.S. Army always uses its best efforts to ensure that the customer is provided with quality service. However, when an asset has been repaired and returned under an MSA contract and the customer determines the item was not properly repaired, the customer must include an Equipment Inspection and Maintenance Worksheet, DA Form 2404, or its equivalent, along with the SDR.

5-2. Adherence to the MSA process procedures for returning materiel to a U.S. source of repair will greatly reduce the possibility of lost or misdirected materiel. However, when this happens there are steps that a customer should take to facilitate processing and filing an SDR for MSA materiel:

a. Nonreceipt or loss of asset at a USG repair facility: When an asset is being returned to a USG facility for repair and is reported as not being received by the repair facility, the customer will provide documentation containing evidence the materiel was delivered to and accepted by the repair facility.

b. Nonreceipt or loss of asset at a contractor repair facility: When an asset is being returned to a contractor's facility for repair and is reported as not being received by the contractor, the customer will provide documentation containing evidence the materiel was delivered to and accepted by the contractor's repair facility. The USG will use its best efforts on behalf of the customer to obtain appropriate restitution from the contractor; however, there is no liability on the part of the USG if the contractor fails to make restitution.

## APPENDIX A

## SUPPLY DISCREPANCY REPORT (SDR) PROGRESSION DATE CODES

## SDR Progression Date Codes

		Dispo/Sen Dispo	No Dispo	Non Receipt (to Depot)	Charged to
A	Hard copy received at USASAC (3 days to get it loaded in CISIL).	3	3	3	USASAC CCM
B	Add'l 12 days to get SDR processed and moved to next Date Code.	12	12	12	USASAC CCM
C	SDR sent to supply source.	50	50		Supply Source
D	Non-Receipt SDR sent to the shipping depot for proof of shipment.			25	Shipping Depot
E	Date returned to USASAC by the supply source/shipping depot.	15	15	15	USASAC CCM
F	Date returned to USASAC by the supply source with debit/credit authorized.				N/A
G	Date USASAC forwards request for additional information to country per supply source request.	60	60		Country
I	Date USASAC receives additional information from country or shipping depot and forwards to supply source.	30	30		Supply Source
J	Date supply source responds to additional information with their proposed settlement of SDR (other than disposition instructions).	15	15		USASAC CCM
K	Date disposition instructions received from supply source.	15			USASAC CCM
L	Date USASAC forwards disposition instructions to country.	180/30			Country
N	Date USASAC receives evidence that country is returning materiel and forwards to supply source.	15			USASAC CCM
O	Date SDR held at USASAC for policy decision from a higher authority or package prepared for SDR Review Board.				USASAC CCM
P	Date supply source authorizes billing adjustment and sends request for billing adjustment to DFAS.	60	60	60	DFAS
Q	Date irresolvable SDR sent to USASAC-NC finance office for credit processing.	45	45		USASAC RM
R	Date write-off (SDR less than \$300) sent to USASAC-NC finance office.	45	45		USASAC RM
W	Billing adjustment (image bill) posted.	14	14	14	USASAC CCM
X	Date FK record processed at USASAC.	14	14	14	USASAC CCM
Y	Date completion notice forwarded by USASAC to country. (Country has 45 days to request reconsideration, and additional 45 days to contest if they don't accept the reconsideration response).				
Z	Records are automatically moved to Date Z after 2 years at Date Y.				

STANDARD FORM (SF) 364 REPORT OF DISCREPANCY  
(CURRENTLY KNOWN AS SUPPLY DISCREPANCY REPORT)

<b>REPORT OF DISCREPANCY (ROD)</b> <input type="checkbox"/> SHIPPING <input type="checkbox"/> PACKAGING				1. DATE OF PREPARATION		2. REPORT NUMBER			
3. TO (Name and address, include Zip Code)				4. FROM (Name and address, include Zip Code)					
5a. SHIPPER'S NAME				5b. NUMBER AND DATE OF INVOICE		6. TRANSPORTATION DOCUMENT NUMBER (GBL, Waybill, TCN, etc.)			
7a. SHIPPER'S NUMBER (Purchase Order/Shipment, Contract, etc.)		7b. OFFICE ADMINISTERING CONTRACT			8. REQUISITIONER'S NUMBER (Requisition, Purchase Request, etc.)				
9. SHIPPING, BILLING, AND RECEIPT DATA					10. DISCREPANCY DATA				11.
NSN/PART NUMBER AND NOMENCLATURE (a)		UNIT OF ISSUE (b)	QUANTITY SHIPPED/ BILLED (c)	QUANTITY RECEIVED (d)	QUAN- TITY (a)	UNIT PRICE (b)	TOTAL COST (c)	CODE (d)	AC- <sup>2</sup> TION CODE

12. REMARKS (Continue on separate sheet of paper if necessary)

1 DISCREPANCY CODES	2 ACTION CODES	
<p><b>CONDITION OF MATERIAL</b> C1 - In condition other than that indicated on release/receipt document C2 - Expired shelf life C3 - Damaged parcel post shipment</p> <p><b>SUPPLY DOCUMENTATION</b> D1 - Not received D2 - Illegible or mutilated D3 - Incomplete improper or without authority (Only when receipt cannot be properly processed)</p> <p><b>MISDIRECTED MATERIAL</b> M1 - Addressed to wrong activity</p> <p><b>OVERAGE/DUPLICATE SHIPMENTS</b> O1 - Quantity in excess of that receipt document O2 - Quantity in excess of that requested (Other than unit of issue pack) O3 - Quantity duplicates shipment</p> <p><b>PACKING DISCREPANCY</b> P1 - Improper preservation P2 - Improper packing P3 - Improper marking P4 - Improper unitization</p>	<p><b>PRODUCT QUALITY DEFICIENCIES</b> Q1 - Deficient material (Applicable to Grant Aid and FMS shipments only)</p> <p><b>SHORTAGE OF MATERIAL</b> S1 - Quantity less than that on receipt document S2 - Quantity less than that requested (Other than unit of issue pack) S3 - Non-receipt of parcel post shipments</p> <p><b>ITEM TECHNICAL DATA MARKINGS (i.e., Name Plates, Log Books, Operating Handbooks, Special Instructions, etc.)</b> T1 - Missing T2 - Illegible or mutilated T3 - Precautionary operational markings missing T4 - Inspection data missing or incomplete T5 - Serviceability operating data missing or incomplete T6 - Warranty data missing</p> <p><b>WRONG ITEM (Identify requested item as a separate copy in Item 9 above)</b> W1 - Incorrect item received W2 - Unacceptable substitute</p> <p><b>OTHER DISCREPANCIES</b> Z1 - See remarks</p>	<p>1A - Disposition instructions requested (Reply on reverse)</p> <p>1B - Material being retained (See remarks)</p> <p>1C - Supporting supply documentation requested</p> <p>1D - Material still required expedite shipment (Not applicable to FMS)</p> <p>1E - Local purchase material to be returned at supplier's expense unless disposition instructions to the contrary are received within 15 days (Reply on reverse) (Not applicable to FMS)</p> <p>1F - Replacement shipment requested (Not applicable to FMS)</p> <p>1G - Reshipment not required. Item to be re-requisitioned.</p> <p>1H - No action required. Information only</p> <p>1Z - Other action requested (See remarks)</p>

13. FUNDING AND ACCOUNTING DATA	
14a. TYPED OR PRINTED NAME, TITLE, AND PHONE NUMBER OF PREPARING OFFICIAL	14b. SIGNATURE

15. DISTRIBUTION ADDRESSEES FOR COPIES
--

STANDARD FORM (SF) 364 REPORT OF DISCREPANCY  
(CURRENTLY KNOWN AS SUPPLY DISCREPANCY REPORT)

16. FROM:	17. DISTRIBUTION ADDRESSEES FOR COPIES
-----------	--

18. TO:	Use window envelope to mail this document. Insert name and address, including Zip Code, starting one typing space below the left dot. Each address line must NOT extend beyond right dot. Address must not exceed four single space typing lines.
---------	---

19. IN ACCORDANCE WITH NOTICE OF DISCREPANCY ON FACE OF THIS FORM:

a. MATERIAL <input type="checkbox"/> HAS BEEN <input type="checkbox"/> WILL BE SHIPPED DOCUMENT NUMBER	b. <input type="checkbox"/> NO RECORD OF SHIPMENT, RESUBMIT REPORT TO PROPER OFFICE UNDER APPROPRIATE REGULATION.
c. <input type="checkbox"/> AN ADJUSTMENT IN BILLING HAS BEEN/WILL BE PROCESSED AS A: <input type="checkbox"/> CREDIT <input type="checkbox"/> DEBIT	d. <input type="checkbox"/> INVOICE/BILL ATTACHED e. <input type="checkbox"/> PROOF OF DELIVERY (Parcel Post Shipments) OR EVIDENCE OF SHIPMENT ENCLOSED.

f.  AN ADJUSTMENT IN BILLING FOR THE REPORTED DISCREPANCY WILL NOT BE PROCESSED FOR THE FOLLOWING REASON WHICH IS CITED IN THE INDICATED REGULATION.

(1) REASON FOR NOT PROCESSING	(2) PRESCRIBING REGULATION
(a) DISCREPANCY WAS NOT REPORTED WITHIN THE TIME FRAMES ALLOWED AND/OR	(a) CHAPTER 5 OF THE GSA HANDBOOK, DISCREPANCIES OR DEFICIENCIES IN GSA OR DOD SHIPMENTS, MATERIAL, OR BILLINGS (FPMR 101-26.8)
(b) DOLLAR VALUE DOES NOT MEET THE CRITERIA PRESCRIBED IN THE REGULATION OR AGREEMENT INDICATED IN 19f(2)	(b) CHAP. 2 AND/OR 7 OF DOD 4000.25-7-M, MILITARY STANDARD BILLING SYSTEM (MILSBILLS) AND/OR DD 1513, U.S. DOD OFFER AND ACCEPTANCE, AS APPLICABLE.

20. THE FOLLOWING DISPOSITION IS TO BE MADE OF THE REFERENCED MATERIAL

a. <input type="checkbox"/> PROCESS FOR DISPOSAL IN ACCORDANCE WITH SERVICE/AGENCY DIRECTIVES.	b. <input type="checkbox"/> REPRESENTATIVE WILL CALL FOR DISCUSSION CONCERNING DISPOSITION IN:	DAYS
c. <input type="checkbox"/> RETAIN MATERIAL AT NO CHARGE.	d. <input type="checkbox"/> MATERIAL WILL BE PICKED UP IN :	DAYS
e. <input type="checkbox"/> SHIP MATERIAL (Specify Location): (1) <input type="checkbox"/> GBL APPROPRIATION CHARGEABLE: (2) <input type="checkbox"/> CHARGES COLLECT-VIA: <input type="checkbox"/> FREIGHT <input type="checkbox"/> EXPRESS <input type="checkbox"/> PARCEL POST (3) <input type="checkbox"/> PARCEL POST LABEL ATTACHED (4) <input type="checkbox"/> FREIGHT PREPAID		
(\$ _____ postage advanced herewith. NOTE: Please enclose postage. Material cannot be returned Parcel Post collect.)		

f.  OTHER (Specify)

21. <input type="checkbox"/> IF MATERIAL IS STILL REQUIRED, SUBMIT NEW REQUISITION	22. <input type="checkbox"/> REPLACEMENT WITH SATISFACTORY MATERIAL WILL BE MADE ON OR BEFORE:	DATE
--	--	------

23. REMARKS (Continue on separate sheet of paper if necessary)

24a. TYPED OR PRINTED NAME AND PHONE NUMBER OF PREPARING OFFICIAL	24b. SIGNATURE	24c. DATE
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## APPENDIX C

## TYPE OF DISCREPANCY CODES

The following codes are used to provide a description of the discrepant condition. Preprinted codes on the face of the SF 364 may be supplemented from this list of codes. Use of the expanded list of codes is encouraged to clearly identify the discrepant situation and reduce the need for narrative descriptions:

**Condition of Materiel**

- C1 In a condition other than shown on supply document or on the supporting inspection/test certificate.
- C2 Expired shelf-life.
- C3 Damaged U.S. Postal Service shipment. (The SA customers are authorized to use this code for all types of damaged shipments.)
- C4 Materiel received stripped of parts or components (cannibalized). Applicable to materiel returns or repairs only.
- C5 Incomplete item received. Do not use for incomplete sets/kits/outfits. (See S9.)

**Supply Documentation**

- D1 Supply documentation not received with materiel.
- D2 Supply documentation illegible or mutilated.
- D3 Supply documentation incomplete, improper or without authority. (Only when receipt cannot be properly processed.)

**Billing/Financial Discrepancies**

- B1 Requisitioned materiel received. No record of billing.
- B2 Duplicate billing.
- B3 Wrong amount billed.
- F1 Financial discrepancy involving SA surcharge.

**Misdirected Materiel**

- M1 Materiel improperly addressed and shipped to wrong activity.

**Overage, Duplicate or Receipt of Canceled Materiel**

- O1 Quantity received is more than quantity shown on the supply document.
- O2 Quantity received is more than quantity requested plus variance, if applicable (other than unit of issue or unit of pack).
- O3 Quantity duplicates shipment.
- O4 Materiel received after cancellation.
- O5 Concealed overage discovered in a sealed shipping container
- O6 Overage due to unit of issue/unit of pack incompatibility. (Use only when requisition specified no unit of issue/unit of pack variance).

**Packaging Discrepancy**

- P1 Improper preservation.
- P2 Improper packing.
- P3 Improper markings.
- P4 Improper unitization (includes palletization and containerization).

**Product Quality (Item) Deficiency**

- Q1 Product quality deficiency.
- Q2 Quality deficiency, contractual noncompliance.
- Q3 Design deficiency, item requires change in design.
- Q4 Contracting deficiency, specification and/or technical data deficient.
- Q7 Safety hazard.
- Q8 Latent defect.

**Shortage or Nonreceipt**

- S1 Quantity received less than quantity indicated on supply documentation.
- S2 Quantity received is less than quantity requested minus variance, if applicable (other than unit of issue or unit of pack).
- S3 Total nonreceipt of U.S. Postal Service shipment.
- S5 Total nonreceipt (SA only).
- S6 Shortage due to unit of issue/unit of pack incompatibility. (Use only when requisition specified no unit of issue/unit of pack variance.)
- S7 Shortage or nonreceipt of an item in a multipack or sealed shipping container.
- S9 Incomplete sets/kits/outfits. Do not use to report cannibalization of secure storage and retrieval information, components of end item or basic issue item. (See C4.)

**Technical Data Markings (Name Plates, Log Books, Operating Handbooks, Special Instructions)**

- T1 Technical data markings missing.
- T2 Technical data markings illegible or mutilated.
- T3 Precautionary operational markings missing.
- T4 Inspection data missing or incomplete.
- T5 Serviceability operating data missing or incomplete.
- T6 Warranty data missing.
- T7 Missing part number on bare item.
- T8 Incorrect part number.
- T9 Operating handbooks, log books, and/or special instructions missing.

**Incorrect (Wrong) Item**

- W1 Incorrect item received.
- W2 Unacceptable substitute received.
- W3 Incorrect item received, but not identifiable to a National stock number or part number.
- W4 Misidentified item received.
- W5 Mixed stock received.

**Other Discrepancies**

- Z1 Other discrepancy - see remarks.

## APPENDIX D

## ACTION CODES

The following codes are used to provide a description of the action requested by the initiator of the Supply Discrepancy Report:

CODE	EXPLANATION
1A	Disposition instructions requested.
2A	Disposition of materiel and financial adjustment (credit) requested.
1B	Materiel being retained.
2B	Materiel being retained. Financial adjustment (debit) requested.
1C	Supporting supply documentation requested.
2C	Technical documentation/data requested.
1G	Reshipment not required. Item to be re-requisitioned.
1H	No action required. Information only.
2J	Financial adjustment requested.
2K	Evidence of shipment requested.
2L	Request billing status.
1Z	Other action requested (see remarks).

10 February 2009

USASACP 12-12

The Proponent for this Pamphlet is the Directorate for Program Operations (AMSAC-PO). You are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms), directly to: Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-PO-LS-PM, 54 M Avenue, Suite 1, New Cumberland, PA 17070-5096.

FOR THE COMMANDER:



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