



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

DEC 21 2004

In reply refer to:
I-04/017232-P3-P2

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Supply Discrepancy Report (SDR) Submission and Processing Guidance
(DSCA 04-47)

REFERENCE: DoD 5105.38-M, "Security Assistance Management Manual" dated
October 3, 2003

The purpose of this memorandum is to confirm and clarify the guidance provided in Chapter 6 of the Security Assistance Management Manual (SAMM) as relates to the Letter of Offer and Acceptance (LOA) Standard Terms and Conditions found in Chapter 5 of the SAMM. Per Chapter 6 of the SAMM (C6.4.9.2), SDRs are processed only when the estimated value is \$200 or greater regardless of the type of discrepancy. The minimum value includes the value of the item plus any transportation and handling costs. This guidance is consistent with Section 5.4 of the LOA Standard Terms and Conditions, which states in part "DoD will not accept claims related to items of \$200 or less for overages, shortages, damages, non-shipment, or non-performance". The sentence is intended to merely show examples of SDR types.

We strongly encourage FMS purchasers to submit SDRs for all types of discrepancies regardless of the dollar value so that problems can be documented, but only those that meet or exceed the \$200 minimum dollar value will be reviewed for possible compensation. This information is used to identify possible trends of defective items, specific sources, etc., and provides assistance with metrics calculations.

If you have any questions regarding SDR policy, please contact Ms. Kathy Robinson, DSCA/P3-Policy and Processes Division, (703) 601-4368, e-mail: kathy.robinson@dsca.mil and for questions regarding SAMM policy, please contact Mr. Steve Harris, DSCA/P3-Policy and Processes Division, (703) 604-6611, e-mail: steve.harris@dsca.mil.

A handwritten signature in cursive script, reading "Freda J. Lodge".

Freda J. Lodge
Director
Policy, Plans, and Programs

DISTRIBUTION LIST

DEPUTY ASSISTANT SECRETARY OF THE ARMY
FOR DEFENSE EXPORTS AND COOPERATION
DEPARTMENT OF THE ARMY
ATTN: SAAL-NP

DEPUTY ASSISTANT SECRETARY OF THE NAVY
(INTERNATIONAL PROGRAMS)
DEPARTMENT OF THE NAVY

DEPUTY UNDER SECRETARY OF THE AIR FORCE
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

DIRECTOR, DEFENSE LOGISTICS AGENCY

DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE AGENCY

DIRECTOR, DEFENSE THREAT REDUCTION AGENCY

DIRECTOR, DEFENSE REUTILIZATION AND MARKETING SERVICE

DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY

DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY

DIRECTOR, DEFENSE LOGISTICS INFORMATION SERVICE

DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,
NATIONAL SECURITY AGENCY

DIRECTOR FOR SECURITY ASSISTANCE, DEFENSE FINANCE AND
ACCOUNTING SERVICE - DENVER CENTER

cc: USASAC
NAVICP
AFSAC
DISAM
STATE/PM-RSAT/PPA/RM