



**DEFENSE LOGISTICS AGENCY  
HEADQUARTERS  
8725 JOHN J. KINGMAN ROAD  
FORT BELVOIR, VIRGINIA 22060-6221**

September 28, 2017

**MEMORANDUM FOR DOD SUPPLY PROCESS REVIEW COMMITTEE (PRC) AND  
JOINT PHYSICAL INVENTORY WORKING GROUP (JPIWG) MEMBERS**

**SUBJECT: Approved Defense Logistics Management Standards (DLMS) Change (ADC) 1247,  
Add Flexibility to the General Supply Accuracy Goals Requirements under  
Inventory Prioritization (JPIWG)**

We are forwarding the attached approved change to DLM 4000.25, Defense Logistics Management Standards, and DLM 4000.25-2, Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP) for immediate implementation. It is the responsibility of the Component Supply PRC representative to ensure full compliance of the approved change within your Component.

Addressees may direct questions to Mr. Rafael Gonzalez, email: [Rafael.Gonzalez@dla.mil](mailto:Rafael.Gonzalez@dla.mil). Others may direct questions to their respective Service or Agency designated JPIWG representative available at <http://www.dla.mil/HQ/InformationOperations/DLMS/committees/>.

**HEIDI M. DAVEREDE  
Program Manager  
Enterprise Business Standards Office**

Attachment  
As stated

cc:  
ODASD (SCI)

**Attachment ADC 1247**  
**Add Flexibility to the General Supply Accuracy Goals**  
**Requirements under Inventory Prioritization**

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

a. **Technical POC:** Mr. Benjamin Wagner, Navy, N3/4 Materiel Control Team, email: [benjamin.wagner1@navy.mil](mailto:benjamin.wagner1@navy.mil)

b. **Functional POC:** Mr. Rafael Gonzalez, DLMS Program Office; (717) 770-6817; DSN 771-6817; email: [rafael.gonzalez@dla.mil](mailto:rafael.gonzalez@dla.mil)

**2. FUNCTIONAL AREA:**

a. **Primary/Secondary Functional Area:** Inventory

b. **Primary/Secondary Functional Process:** General Supply Accuracy Goals

**3. REFERENCES:**

a. [PDC 1247](#), Add Flexibility to the General Supply Accuracy Goals Requirements under Inventory Prioritization, March 3, 2017.

b. [DLM 4000.25 Volume 2](#), Supply Standards and Procedures, Chapter 6, Physical Inventory Control.

c. [DLM 4000.25-2, Military Standard Transaction Reporting and Accountability Procedures \(MILSTRAP\)](#), Chapter 7 Physical Inventory Control.

d. Office of the Under Secretary Defense (OUSD), Memorandum dated October 29, 1997, Establishment of an Inventory Accuracy Standard.

e. [Joint Physical Inventory Working Group \(JPIWG\) Meeting Minutes](#) February 5, 1998.

f. [JPIWG 16-02 Meeting Minutes](#), June 29, 2016

**4. REQUESTED CHANGE(S):**

a. **Brief Overview of Change:** Revise DLM 4000.25, DLMS, Volume 2 (Reference 3.b.) and MILSTRAP (Reference 3.c.) to allow the General Supplies Record Accuracy Goals stratification categories B and C to be optional.

b. **Background:**

(1) The Office of the Under the Secretary of Defense issued a Memorandum dated October 29, 1997 (Reference 3.d.) directing the JPIWG to develop a standard for measuring inventory record accuracy using random statistical sampling. In response to that

memorandum, the JPIWG developed the General Supplies Record Accuracy Goals in February 1998. The JPIWG members initially developed six categories for the General Supply Record Accuracy Goals to include Classified/Sensitive and Pilferable (Reference 3.e.). JPIWG members subsequently refined the goals to comprise only four categories, eliminating separate categories for controlled items.

(2) In 1998, the Navy asked for an exemption from incorporating the Inventory Records Accuracy Goal Category D (national stock number (NSN) activity greater than 50). (Reference 3.e.) Navy indicated that their OCONUS depots, which have NSN activity greater than 50, would have transitioned to DLA before implementing these goals in Navy systems. While the value of inventory that falls in categories B and C for each Service is very low, Services expend significant numbers of labor hours to gather the necessary information for the General Supplies Record Accuracy Goals report. During the June 29, 2016 JPIWG Meeting (Reference 3.f.), working group members discussed whether stratifying inventory into categories B and C was still required. Some members of the working group expressed concern that eliminating these categories would provide less granularity on inventory metrics. The working group reached consensus to keep categories B and C, but make them optional rather than required. In response, the Navy drafted a Proposed DLMS Change (PDC) to make categories B and C optional in DLMS and MILSTRAP procedures.

c. **Requested Change in Detail:** Revise DLM 4000.25 series, Physical Inventory Control requirements for the General Supplies Record Accuracy Goals to make categories B and C optional. This will provide the Services with the reporting flexibility they need, but still provide Agencies more granular inventory metrics as necessary

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

(1) Revise DLM 4000.25, Volume 2, Supply Standards and Procedures, Chapter 6, Physical Inventory Control as follows:

[Preceding text not shown]

C6.2.12.5. General Supplies Record Accuracy Goals.<sup>2</sup> ***DoD Components must send record accuracy goal information to ODASD (SCI) within 30 calendar days after the end of each fiscal year. For the purposes of this report, Categories B and C in Table C6.T1. are optional. The collection of data may occur throughout the year. See Table C6.T1.***

Table C7.T1. General Supplies Record Accuracy Goals Stratification Sub-Populations and Associated Goals and Tolerance Levels

CATEGORY	SUB-POPULATION	GOAL (PERCENT)	TOLERANCE (PERCENT)
A	UNIT PRICE > \$1,000	99	0

Table C7.T1. General Supplies Record Accuracy Goals  
Stratification Sub-Populations and Associated Goals and Tolerance Levels

CATEGORY	SUB-POPULATION	GOAL (PERCENT)	TOLERANCE (PERCENT)
B*	UNITS OF ISSUE THAT MAY BE NONDEFINITIVE OR DIFFICULT TO MEASURE OR <del>(ON-HAND BAL &gt; 50 AND EXTENDED VALUE &lt; \$50,000)</del> OR NSN ACTIVITY (# transactions affecting balance in one year) > 50	95	10
C*	DATE OF LAST INVENTORY > 24 MONTHS AND ON-HAND BALANCE < 50	95	5
D	ALL OTHER MATERIEL NOT MEETING ABOVE CRITERIA	95	0
<p><i>*Categories B and C are optional.</i>            95 percent Confidence Level            +4 percent Bound applicable to each category</p>			

~~<sup>2</sup>Within 30 calendar days after the end of the 4<sup>th</sup> quarter each fiscal year, the DoD Components must send record accuracy goal information to ADUSD (L&MP/SCI). Data may be obtained throughout the year.~~

(2) Revise DLM 4000.25-2, MILSTRAP Chapter 7, Physical Inventory Control as follows:

[Preceding text not shown]

C7.2.12.5. General Supplies Record Accuracy Goals.<sup>2</sup> *DoD Components must send record accuracy goal information to ODASD (SCI) within 30 calendar days after the end of each fiscal year. For the purposes of this report, Categories B and C in Table C7.T1. are optional. The collection of data may occur throughout the year. See Table C7.T1.*

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CATEGORY	SUB-POPULATION	GOAL (PERCENT)	TOLERANCE (PERCENT)
A	UNIT PRICE > \$1,000	99	0
B*	UNITS OF ISSUE THAT MAY BE NONDEFINITIVE OR DIFFICULT TO MEASURE OR <del>(ON-HAND BAL &gt; 50 AND EXTENDED VALUE &lt; \$50,000)</del> OR	95	10

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CATEGORY	SUB-POPULATION	GOAL (PERCENT)	TOLERANCE (PERCENT)
	NSN ACTIVITY (# transactions affecting balance in one year) > 50		
C*	DATE OF LAST INVENTORY > 24 MONTHS AND ON-HAND BALANCE < 50	95	5
D	ALL OTHER MATERIEL NOT MEETING ABOVE CRITERIA	95	0
<p><i>*Categories B and C are optional.</i>            95 percent Confidence Level            +4 percent Bound applicable to each category</p>			

~~<sup>2</sup>Within 30 calendar days after the end of the 4<sup>th</sup> quarter each fiscal year, the DoD Components must send record accuracy goal information to ADUSD (L&MR/SCI). Data may be obtained throughout the year.~~

**5. REASON FOR CHANGE:** During the JPIWG meeting on June 29, 2016, members determined that separate reporting of categories B and C are no longer required and instead optional.

**6. ADVANTAGES AND DISADVANTAGES:**

**a. Advantages:** Removes burden from Services to report categories that are no longer applicable to military services but also allows other Components to continue capturing a more granular inventory metrics as deemed necessary.

**b. Disadvantages:** There are no known disadvantages

**7. ESTIMATED TIME LINE/IMPLEMENTATION TARGET:** Immediately upon the release of the Approved DLMS Change (ADC).

**8. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE:** The Navy requires 33,600 labor hours per year to gather the appropriate information for the General supply Accuracy Goals Categories B and C, to include NAVSEA and NAVAIR. 33,600 hours x \$22.00 basic pay = \$739,200 yearly cost avoidance. This estimate does not include additional savings from other military services.

**9. IMPACT:**

**a. New/Change DLMS Data Elements:** There are no changes or new DLMS data elements required.

**b. Automated Information Systems (AIS):** There is no impact to any DOD Component systems

c. **Defense Automatic Addressing System (DAAS)**: There are no changes to current transaction flows and mappings through DAAS.

d. **Non-DLM 4000.25 Series Publications**: DOD Components should update internal guidance to comply with procedures defined in this DLMS change.

**10. PROPOSED DLMS CHANGE (PDC) 1217 STAFFING RESPONSE/COMMENT RESOLUTION:**

	<b>Originator</b>	<b>Response/Comment</b>	<b>Disposition</b>
1.	US Army (AMC G3/4 Secondary Items Requirements Branch)	Concur without comment.	Noted.
2.	Navy/NAVSUP	Concur without comment.	Noted.
3.	Air Force	Concur without comment.	Noted.
4.	Marine Corps	Concur without comment.	Noted.
5.	DLA	Concur without comment.	Noted.
6.	USTRANSCOM	None	
7.	DAAS	None	