

**MILSTRAP AMCL 8A**  
**REVISED PROCEDURES FOR PHYSICAL INVENTORY CONTROL**

Make the following changes to DoD MILSTRAP. Changes are identified by bold italics:

**1. TABLE OF CONTENTS:** Replace the chapter 7 entries with the following:

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| CHAPTER 7 - PHYSICAL INVENTORY CONTROL . . . . .                               | 7-1  |
| A. General . . . . .   | 7-1  |
| B. Policy . . . . .  | 7-2  |
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**2. ACRONYMS and ABBREVIATIONS:** Revise as follows:

- a. Change the definition of "APO" to read: "Deleted. See AO."
- b. Add "AO" as "Accountable Office."
- c. Add "ROD" as "Report of Discrepancy."
- d. Add "SDAF" as "Special Defense Acquisition Fund."
- e. Add "UMMIPS" as "Uniform Materiel Movement and Issue Priority System."

**3. REFERENCES.** Delete DoD Instruction 4140.35 as reference (t) and DoD Directive 4155.1 as reference (x) and substitute the following:

- (t) ***DoD Instruction 4140.60, "DoD Materiel Management,"***  
***3 January 1993.***

- (x) DoD Directive 5010.38, "Internal Management Control Program,"  
14 April 1987.

**4. DEFINITIONS.** Make the following revisions:

- a. Change the following definitions as indicated:

**"CUSTODIAL RECORD.** Deleted"

**"RESEARCH, PHYSICAL INVENTORY.** An investigation of potential or actual discrepancies between physical count and recorded balances. The purpose of research is to determine the correct balance and determine the cause of discrepancies. There are three types of research:

a. **Postcount Validation.** A comparison of physical count with ~~potential~~ recorded balances or another count, with consideration of transactions that have occurred recently. The purpose of postcount validation is to determine the validity of the count. Postcount validation research ends when the accuracy of the count has been verified or when any necessary recounts have been taken (see Figure 7-1).

b. **Preadjustment Research.** A review of potential discrepancies, which involves consideration of recent transactions and verification of catalog data. The purpose of preadjustment research is to determine the correct balance. Preadjustment research ends when the balance has been verified or the adjustment quantity determined.

c. **Causative Research.** An investigation of discrepancies (i.e., gains and losses) consisting of (as a minimum) a complete review of all transactions to include supporting documentation, catalog change actions, shipment discrepancies, and unposted or rejected documentation occurring since the last completed inventory, ~~the last location reconciliation which included quantity, or back one year,~~. The purpose of causative research is to identify, analyze, and evaluate the cause of inventory discrepancies with the aim of eliminating repetitive errors. Causative research ends when the cause of the discrepancy has been discovered or when, after review of the transactions, no conclusive findings are possible."

- b. Add the following new definitions:

**"MATERIEL.** All items (including ships, tanks, self-propelled weapons, aircraft, etc., and related spares, repair parts, and support equipment, but excluding real property, installations, and utilities)

necessary to equip, operate, maintain, and support military activities without distinction as to its application for administrative or combat purposes. (See also equipment; personal property.) (Publication 1 (reference (b)).)"

**"MAJOR INVENTORY VARIANCE.** Total dollar value of the item overage or shortage for the stock number exceeds \$5000 or a variance of any value for controlled items."

**"MATERIEL ACCOUNTABILITY.** The act of safeguarding, answering for, and exercising proper quantitative and physical controls over DoD material, supplies, and equipment in the care and custody of DoD activities."

**"PROPERTY ACCOUNTABILITY RECORD.** The official record for tangible personal property, including inventory, owned by the Department of Defense which is maintained to identify the quantity of an item on hand, unit price, location, physical condition, receipt, issue, authorized stock number, item description, etc."

**"TOTAL ITEM PROPERTY RECORD.** The record or record set maintained by the IMM that identifies the quantity, condition, and value of the item assets for each organizational entity having physical custody of these assets. The total item property record includes, as a minimum, materiel that is due in, in transit, in organic wholesale repair facilities, in a contractor's custody, on loan, on hand in wholesale distribution centers, on hand at retail activities, and for reported assets in the custody of users."

5. Chapter 7. Revise chapter 7 as indicated in Enclosure 2.

6. Chapter 4. Revise chapter 4, paragraph F1b, and add paragraph F3 to read:

"b. Date materiel is turned over by the carrier to the designated receiving activity to date of posting to the ~~onhand balance of owner/manager record file~~ total item property record."

"3. Recording asset receipts and making asset records visible from the point of inspection and/or acceptance normally shall be accomplished within 24 hours (holidays and weekends excepted). The accounting and finance office shall be notified of the item receipt within the 24-hour period."

7. APPENDIX A INDEX: Delete the entry for appendix A5 and add the following:

PAGE

|              |  |       |
|--------------|--|-------|
| "APPENDIX A5 | Inventory Control Effectiveness Report,<br>(General Report). . . . . | A5-1  |
| APPENDIX A6  | Inventory Control Effectiveness Report<br>(Ammunition). . . . .      | A6-1" |

8. **Appendix A.** Delete the current appendix A5 and add new appendixes A5 and A6 as indicated in Enclosures 3 and 4.

9. **Appendix B1.** Delete the entries for DI Codes DJB and DKA and revise the DI Code DJA entry to read as follows:

| <u>"CODE</u> | <u>DOCUMENT TITLE</u>         | <u>EXPLANATION</u>   |
|--------------|-------------------------------|--|
| DJA          | Physical Inventory<br>Request | From owner/manager to initiate, followup on, or cancel a physical inventory. From storage activity to cancel a physical inventory, advise of no record (stock or part number) and to respond to a followup." |

10. **Appendix B3.** Revise as indicated in Enclosure 5.

11. **Appendix B7, paragraph c.** Revise and add new entries as indicated below:

| <u>"CODE</u> | <u>APPLICABLE<br/>DI CODES</u> | <u>DEFINITION</u>  |
|--------------|--------------------------------|--|
| 0            | D8B, D9B                       | Gain/Loss resulting from end-of-day processing.                                      |
| P            | D8B, D9B                       | Gain/Loss resulting from location reconciliation.                                    |
| Q            | D9_                            | Loss resulting from a materiel release denial on another owner's/manager's materiel. |
| 0            | All DI codes                   | Reserved for future DoD assignment.  |

| <u>CODE</u> | <u>APPLICABLE<br/>DI CODES</u> | <u>DEFINITION</u>   |
|-------------|--------------------------------|---|
| 1           | D9A                            | Adjustment based on materiel denial.<br>Stock exhausted; unsuccessful storage<br>activity search has been made.   |
| 2           | D9A                            | Adjustment based on materiel denial.<br>Materiel not available in condition<br>requested. Unsuccessful storage activity<br>search has been made.  |
| 3           | D9A                            | Adjustment based on materiel denial.<br>Materiel not available in shelf life, or<br>for subsistence in date packed/expiration<br>date requested.  |
| 4           | D9A                            | Adjustment based on materiel denial.<br>Materiel not available in type pack<br>(overseas or domestic) requested<br>(subsistence only) or specified lot number<br>cannot be released (ammunition only).<br>Unsuccessful storage activity search has<br>been made." |

12. Appendix B7, paragraph d. Delete the assignments for DI Codes DJB and DJK and revise the paragraph to read as follows:

"d. **PHYSICAL INVENTORY RELATED TRANSACTIONS.** Management codes are assigned for use in record position 72 of DI Code DJA Physical Inventory Requests as indicated below:

| <u>CODE</u> | <u>APPLICABLE<br/>DI CODES</u> | <u>DEFINITION</u>  |
|-------------|--------------------------------|--|
| A thru L    | Appropriate<br>DI codes        | Reserved for assignment by Service/Agency<br>managing the item; not assigned by DoD. |
| M           | DJA                            | Recount requested.   |
| N           | DJA                            | Inventory canceled.  |
| O thru Q    | DJA                            | Reserved for future DoD assignment.  |

| <u>CODE</u> | <u>APPLICABLE<br/>DI CODES</u> | <u>DEFINITION</u>  |
|-------------|--------------------------------|--|
| R           | DJA                            | <i>Rejected. No record of stock number.</i>  |
| S thru W    | DJA                            | Reserved for future DoD assignment.  |
| X           | DJA                            | <i>Followup on unscheduled inventory request<br/>when no adjustment or completion<br/>transaction received within 20 days.</i> |
| Y           | DJA                            | Response to followup when inventory<br>already complete.   |
| Z           | DJA                            | Exception data entered in remarks or<br>followed by separate correspondence.   |
| 0 thru 9    | DJA                            | Reserved for future DoD assignment."   |

13. **Appendix B18.** Delete the operation codes matrix and revise the code definitions as indicated in Enclosure 6.

14. **Appendix B31.** Add new appendix B31, "TYPE LOCATION RECONCILIATION REQUEST" as indicated in Enclosure 7.

15. **Appendix C Index.** Revise the entries for appendixes C17 and C19 and ~~add new entries for delete~~ appendixes C62 through C65; **add new appendix C62** as follows:

**"PAGE**

Appendix C17 Reserved

Appendix C19 Reserved

Appendix C60 Transaction History Request . . . . . C60-1

**Appendix C62 Inventory Prioritization Information** C62-1"

16. **Appendix C4.** Revise the following entries as indicated:

| <u>FIELD LEGEND</u>                                  | <u>RECORD<br/>POSITIONS</u> | <u>ENTRY AND INSTRUCTIONS</u>   |
|--|-----------------------------|---|
| Routing Identifier<br>(To)                           | 4-6                         | Enter RI Code of activity to which this transaction is being forwarded.   |
| Type of Physical<br>Inventory/Transaction<br>History | 7                           | Enter appropriate type of physical inventory/transaction history code.  |
| Day of Year  | 73-75                       | Enter ordinal date of the calendar year on which the adjustment is processed by the initiating activity.                      |
| Supply Condition                                     | 71                          | Enter supply condition code of inventory balance being affected. Leave blank for DI Code D8A when no adjustment is required." |

17. **Appendix C16.** Revise the following entries:

| <u>"FIELD LEGEND</u>         | <u>RECORD<br/>POSITIONS</u> | <u>ENTRY AND INSTRUCTIONS</u>  |
|------------------------------|-----------------------------|--|
| Routing Identifier<br>(TO)   | 4-6                         | Enter RI Code of the activity to which the transaction is being forwarded.   |
| Blank                        | 35-38                       | Leave blank.   |
| Blank                        | 61-64                       | Leave blank.   |
| Routing Identifier<br>(From) | 67-69                       | Enter RI Code of the activity from which the transaction is being forwarded. |

**FIELD LEGEND****RECORD  
POSITIONS****ENTRY AND INSTRUCTIONS**

Supply Condition

71

Enter the applicable supply condition code of the item to be counted when Type of Physical Inventory/Transaction History Code L, **N** and **P** is entered in record position 7; otherwise, leave blank."

18. Appendix C17, Physical Inventory Notification. Delete.

19. Appendix C19, Physical Inventory Count. Delete.

20. Appendix C59, Location Reconciliation Request. Delete note 1 and revise record positions 7 and 25-34 entry as follows:

| <b><u>"FIELD LEGEND</u></b>                            | <b><u>RECORD<br/>POSITION(S)</u></b> | <b><u>EXPLANATION AND INSTRUCTIONS</u></b>   |
|--|--------------------------------------|--|
| Enter Type<br>of Location<br>Reconciliation<br>Request | 7                                    | Enter code from appendix B31 which indicates type of reporting being accomplished. |
| Quantity   | 25-34                                | Enter quantity, preceding significant digits with zeros."                          |

21. Appendix C60. Change the title to Transaction History Request and revise the following entries as indicated:

| <b><u>"FIELD LEGEND</u></b>      | <b><u>RECORD<br/>POSITIONS</u></b> | <b><u>ENTRY AND INSTRUCTIONS</u></b>   |
|----------------------------------|------------------------------------|--|
| Transaction History<br>Timeframe | 25-31                              | Enter data specifying the period for which transaction history is being requested. |
|                                  | (25-28)                            | Enter transaction history start date.  |



(29-31)

Enter the total number of  
prior days transaction history  
required.

Blank

61-64

Leave blank. "

**22. Appendixes C62 through C65. Delete appendixes as indicated in AMCL 8, dated 25 Mar 91, attachments 7 through 10.**

**23. Appendix C62. Add new appendix as indicated in Enclosure 8.**

# CHAPTER 7

## PHYSICAL INVENTORY CONTROL

### A. GENERAL

This chapter provides procedures, performance objectives, and reporting requirements for maintaining accurate records of the physical inventory, conducting physical inventory counts, and reconciling record variance for materiel within the supply system of the Department of Defense.

**1. Applicability.** Basic elements of the physical inventory control program prescribed by this chapter apply to the Military Departments and the Defense Agencies, hereafter referred to as DoD Components, and establish:

a. Uniform procedures, based on existing DoD policy, for maintaining accurate records, conducting physical inventories and location surveys/reconciliations, researching inventory discrepancies and causes for adjustments, performance reporting, and for quality control of work processes prescribed by the DoD Physical Inventory Control Program.

b. Management control of all DoD wholesale supply system materiel to include:

- (1) principal items,
- (2) packaged petroleum, oil, and lubricants,
- (3) secondary items regardless of whether assets are purchased with stock fund or procurement appropriations,
- (4) ammunition,
- (5) forms and publications, and
- (6) subsistence.

c. Reporting procedures necessary to measure the effectiveness of physical inventory control in the DoD supply system.

## 2. Exclusions

a. These procedures are not applicable to bulk petroleum; complete ships, aircraft, ballistic missiles, nuclear weapons, space vehicles; assets located at contractor-owned and/or contractor-operated facilities which are not maintained on the DoD wholesale property accountability records; Industrial Plant Equipment reportable to the Defense Industrial Plant Equipment Center; National Security Agency/Central Security Service assets; and National Defense Stock Pile assets. Loaned materiel and materiel in transit will be accounted for in accordance with chapter 4 of this manual and Service/Agency procedures.

b. Physical inventory control procedures for bulk petroleum are contained in DoD 4140.25-M (reference (r)).

c. Nuclear weapons for which DoD has custodial responsibility. Inventories are in accordance with JCS Pub 6 (reference (s)), Volume II, Joint Reports; Part 4, Nuclear Weapons Reports; Section 5, Stockpile Inventories and Inventory Reports.

## B. POLICY

DoD policy is contained in **DoD Instruction 4140.60** (reference (t)).

1. **Purpose.** The purpose of the DoD physical inventory control process is to:

a. Ensure materiel accountability is properly executed within the DoD;

b. Ensure accurate property accountability records for the physical inventory are maintained in support of customer requirements and readiness by performing physical inventories and location surveys/reconciliations;

c. Identify and help resolve problems in supply system work processes affecting property accountability records by performing quality control of the work processes; and

d. Identify repetitive processing errors and maintain accurate records for supply system transactions generated within the ~~wholesale~~

supply system by researching and reconciling property accountability record imbalances and potential discrepancies.

## **2. Philosophy**

a. The dynamic nature of the physical inventory control function and the cost of counting and reconciling records requires that the approach be more selective than the "100 percent wall-to-wall total item count" concept. Available inventory resources must be directed toward those potential and actual discrepancies, controlled inventory items, and weapon system critical items for which the maximum returns will be derived from the resources which are applied.

b. A fundamental requirement of inventory integrity is to implement the technical capability that provides for the total item property record which includes a single shared asset balance maintained by the distribution (depot) center.

3. Asset Management. A single total item property record shall be shared to provide materiel asset information. The total item property record shall, as a minimum, include materiel that is due in, intransit, in organic maintenance facilities, in a contractor's custody, on loan, onhand in distribution centers, reported onhand at retail activities, and for reported assets in the custody of users. The record or record set shall identify the quantity, condition, and value of the item assets for each organizational entity having physical custody of these assets.

4. Maintaining Property Accountability/Responsibility. The property accountability responsibility for segments of the total item property record may be delegated to, but not shared by, one or more organizational entities. However, asset balance information for a particular segment (such as the storage activity balance for an item) will be shared, duplicative records will not be maintained.

a. The Distribution (Depot) Center maintains the property accountability record for all materiel in storage and is responsible, as a minimum, for materiel custody, care, receipt, storage, and issue; safeguarding and rewarehousing materiels; physical inventory and research; location survey/reconciliation; quality control checks; supply discrepancy report initiation, research and resolution; investigating and assessing financial liability for loss, damage, and destruction of Government property; and appropriate actions necessary to ensure that the

duplicate transactions. For unresolved mismatched quantities, the owner/manager will update the affected record onhand balance with the storage activity's closing onhand balance. The mismatched quantity (gains and losses) shall be adjusted with a DI Code D8B/D9B, Inventory Adjustment Increase/Decrease (Accounting Error) transaction.

(4) Owners/managers will request assistance from the distribution (depot) center to isolate causes of record imbalances to maintain transaction level integrity. The distribution (depot) center assistance should focus on data transmission, e.g., lost transactions, etc.

**6. Reconciling Total Item Property Records with Financial Records.** Owning Services/Agencies shall reconcile total item property records and financial records as prescribed by DoD 7220.9-M (reference (2)), chapter 34, to ensure compatibility of the total inventory value reflected by these records and associated reports.

**7. Item Management/Control.** DoD materiel is managed and controlled by stock number and supply condition code and by type of pack and date packed/expiration date for subsistence; therefore, physical inventories shall be conducted and the results reported to owners/managers by stock number and supply condition code and by type of pack and date packed/expiration date for subsistence.

**8. Storage Activity Record Keeping.** Storage activities shall maintain quantitative balance records for all materiel on hand regardless of ownership. Storage activities shall maintain transaction histories to support the balance records. Maintenance of these records shall provide the capability to detect theft or diversion of materiel and improve the ability to determine the cause of inventory variances for corrective action.

**9. Inventory Prioritization.** DoD Components shall select and prioritize items for inventory for which they are accountable as follows:

a. **Inventory Sampling.** (The DoD is in the process of developing a statistical sampling methodology to meet both the Chief Financial Officer Act of 1990 and the Department's requirement to validate the accuracy of property accountability records.)

b. Complete inventories shall be accomplished as follows:

(1) **Controlled Inventory Items.** The following controlled inventory items (identified in DoD 4100.39-M (reference (nn)) require complete physical inventory and do not qualify for use of a random statistical sampling approach:

- (a) **Top secret.**
- (b) **Narcotics, drug abuse items, and alcohol.**
- (c) **Category I nonnuclear missiles and rockets (semiannually in accordance with DoD 5100.76-M (reference (dd))).**
- (d) **Precious metals.**
- (e) **Small arms.**
- (f) **Radioactive items.**
- (g) **Inert nuclear ordnance materiel.**
- (h) **Other items that may be designated by OSD or the DoD Component.**

(2) If ammunition or subsistence is subjected to complete inventory, physical inventory and location survey may be conducted concurrently.

(3) Controlled inventory items not subject to annual complete physical inventory must be subjected to annual random statistical sampling. Acceptable statistical sampling techniques are widely prescribed and may be used so long as every item included in the population has an equal probability of being selected in the sample. The statistical sampling technique must provide reasonable assurance (as a minimum) that the property accountability records are accurate with a 95 percent level of confidence, accuracy level of 85 percent, and a maximum margin of error of 2 percent. If the sample inventory results do not satisfy the above criteria, complete physical inventory of the population from which the sample was selected, will be performed.

c. Inventories for items not designated for complete inventory under subparagraph B.9.b. shall be accomplished as a result of:

(1) Total or partial materiel release denials (spot inventory--see sub paragraph C.4.b. and appendix B, Type of Physical Inventory/Transaction History Code E.

(2) Location reconciliation variances. ~~On an annual basis, each Component will ensure that 90 percent of the dollar value of location reconciliation variances are subject to physical inventory.~~

(3) Location survey errors.

(4) Owner/manager ~~or AG~~ request (special inventory); or

(5) Selection based on a physical inventory prioritization system that considers characteristics such as weapon system significance; recorded inventory quantity and dollar value; demand quantity, value, and frequency; proximity of anticipated replenishment action; forecasted replenishment quantity and value; and period of time since last inventory. *The prioritization system shall be run (as a minimum) quarterly and the results shall be used for scheduling items for physical inventory. Owners/managers shall provide quarterly updates to the variables on the second Thursday of the second month of each quarter. Updated variables will be provided in DI Code DZL, Inventory Prioritization Information, prepared in appendix C62 format. If no updates are received from the owners/managers, the storage activity will use the prior quarter's values.* Items selected for inventory through the use of selection systems/models shall not be given priority over items in subparagraphs B.8.a., B.8.b., B.8.c(1), B.8.c(2), and B.8.c(3).

**10. Potential Discrepancies.** Potential discrepancies between the actual physical count of materiel and the property accountability record onhand balance shall be researched and resolved in accordance with figure 7-1 (see page 7-34) either by:

a. Correctly posting supply transactions (e.g., receipts, issues, adjustments, etc.) discovered during the research process that were previously incorrect or unposted resulting in the record imbalance; and/or

b. Posting an inventory adjustment to correct the record imbalance.

**11. Accuracy and Performance Goals.** The acceptable DoD accuracy and performance goals are as follows:

- a. Materiel Denial Goal: Not greater than 1 percent.
- b. Receipt Processing Performance Goal: 90 percent stored and posted within MILSTRAP, chapter 4, time standards.
- c. Location Audit Program Goal:
  - (1) Location Survey Accuracy:
    - (a) 97 percent - General Supplies.
    - (b) 98 percent - Ammunition.
  - (2) Location Reconciliation Accuracy:
    - (a) 97 percent - General Supplies.
    - (b) 98 percent - Ammunition.
- d. Property Accountability Record Accuracy Goal: 95 percent - Ammunition.

### **C. PHYSICAL INVENTORY PROCEDURES**

**1. Inventory Program Accomplishment.** *Storage activities will monitor program accomplishment throughout the fiscal year to ensure that the requirements of paragraph B.8. are met.*

**2. Preinventory Planning.** The potential for count inaccuracies will be reduced by conducting preinventory planning to include:

a. Actions to ensure location integrity by correcting such situations as unbinned/loose materiel; questionable identity of materiel in location; and single locations containing multiple supply condition codes or stock numbers, inadequately labeled shelf-life items (date of manufacture/assembly/pack or date of expiration/inspection/test, as appropriate); and/or materiel lots stored in a single location.

b. Document cleanup to ensure to the extent possible that receipts, adjustments, transaction reversals, and other transactions are posted to the property accountability record and that in-process receipts



are stored in location prior to the established physical inventory cutoff date.

### 3. Scheduled Inventories

a. **Storage activities** will initiate all scheduled inventories based on item characteristics, specifically the controlled inventory item code and any other category codes designated by DoD Components that require physical inventory not less than once each fiscal year, with DI Code DJA, Physical Inventory Requests, prepared in the appendix C16 format, using Type of Physical Inventory/Transaction History Code G.

b. **Storage activities** will initiate all scheduled inventories based on selection and prioritization model criteria with DI Code DJA requests, using Type of Physical Inventory/Transaction History Code I.

c. **Storage activities** will initiate the scheduled random statistical sample inventory to meet the Chief Financial Officers Act of 1990 and the Departments requirement to validate the accuracy of the supply records with DI Code DJA requests using Type of Physical Inventory/Transaction History Code N. The OASD will publish the quarter to conduct the annual statistical sample inventory.

d. Owners may initiate a scheduled random statistical sample inventory of line items owned to determine the overall accuracy of their records with DI Code DJA, using Type of Physical Inventory/Transaction History Code L. **Storage activities may also initiate a scheduled random statistical sample inventory of line items in storage to determine the overall accuracy of their records with DI Code DJA, using Type of Physical Inventory/Transaction History Code P.**

e. **Storage activities may initiate scheduled inventories as a result of onhand balance mismatches between the locator and property accountability records with DI Code DJA, using Type of Physical Inventory/Transaction History Code M.**

### 4. Unscheduled Inventories

a. **Owners, AOs, and storage activities** will initiate special inventories using DI Code DJA transactions, prepared in the appendix C16 format. If an inventory has not been taken within the past 90 calendar days, cite Type of Physical Inventory/Transaction History Code C, J, or K in the transaction. If an inventory has been taken within the past 90

calendar days, an effort will be made to construct a transaction history and from it determine what the item balance should be or what discrepancy may have caused an imbalance. Only when these efforts fail to produce satisfactory results will special inventories be generated. In this case, cite Type of Physical Inventory/Transaction History Code H in the DI Code DJA transaction. The procedure for restricting special inventories may be waived when the inventory manager has recorded backorders for the item involved.

b. **Storage activities** will initiate spot inventories as a result of a total or partial materiel denial on classified and sensitive items regardless of value, pilferable items when the value of the variance is greater than \$100, and for noncontrolled items variances greater than \$5000 ~~or greater than 10 percent of the beginning dollar value of the record onhand quantity~~. These requests will cite Type of Physical Inventory/Transaction History Code E.

c. Storage activities shall accomplish all requests for spot inventories.

## 5. Canceling Inventories

a. When conditions exist which preclude accurate completion of an inventory which has been established, the inventory will be canceled by the storage activity or the owner/manager. Conditions which may require cancellation include, but are not limited to, catalog changes, rewarehousing of materiel under inventory, insufficient resources, insufficient time to meet established inventory timeframes to notify other affected owners/managers, and acts of God.

b. When an owner/manager cancels an inventory, the owner/manager will notify all affected storage activities using a DI Code DJA Physical Inventory Request citing Management Code N.

c. When a storage activity cancels an inventory, or when an owner/manager requests cancellation of an inventory, the storage activity will notify **the requesting** owners using the DI Code DJA Physical Inventory Request citing Management Code N. When a canceled inventory is required to meet annual inventory schedule requirements, it must be rescheduled by the storage activity within the current fiscal year. When a spot inventory (Type of Physical Inventory/Transaction History Code E) is canceled, it must be rescheduled within 15 calendar days.

## 6. Conducting, Recording, and Reporting the Inventory

a. Physical inventory procedures at storage activities will provide the required asset-to-record accuracy with positive control of materiel and documentation which are infloat, including materiel release orders, receipts, condition transfers, catalog and other data changes, etc.

b. The storage activity may reduce the volume of infloat accountable documents, during the period required for an item count, by suspending the issue of low priority materiel release transactions from items undergoing inventory. However, materiel will be released for items undergoing inventory when such release is necessary to meet the order/ship timeframes prescribed by **DoD Instruction 4140.60 (reference (t))**, to include the recognition of the RDD. The storage activity may also reduce the volume of infloat accountable documents by deferring routine supply condition code changes, providing the chapter 5 control requirements are complied with.

c. Storage activities will complete physical inventories and transmit the appropriate DI Code D8A/D9A Inventory Adjustments to the owner/manager within 30 calendar days subsequent to the PICD for scheduled inventories and within **15** calendar days subsequent to the PICD for unscheduled inventories.

d. The storage activity will compare the adjusted count with the balance maintained by the storage activity to determine the potential variance and initiate postcount validation and preadjustment research as required under section D.

e. Immediately upon completion of postcount validation and preadjustment research, the storage activity will record the count and date of last inventory on the storage activity quantitative balance record.

f. When no adjustment is required (includes receipt of DI code DJA for an item with no positive balance on the storage activity's quantitative balance record), the storage activity will update the storage activity record with the date of last inventory and transmit a DI Code D8A with zero quantity **for each line item** to the owner/manager to indicate completion of the inventory. The owner/manager will update the date of last inventory using the adjustment transaction date.

g. When the storage activity record reflects more than one owner for commingled materiel, the storage activity will apply all gains and losses to the wholesale manager. The storage activity will prorate any losses that cannot be applied to the wholesale manager among all owners having balances. Storage activities will not consider foreign owner balances in the prorating process. Foreign owner and SDAF balances will not be altered unless they are the only remaining balances for reporting a loss. Resolution of these losses will be in accordance with DoD Security Assistance Program policy.

h. The storage activity will process DI Code D8A/D9A adjustments by line item, and by each date packed/expiration date and type of pack for subsistence, to update the storage activity quantitative balance record and each owner/manager record. When more than one transaction is being submitted for a single stock number, submit all transactions for the stock number simultaneously.

~~i. Services/Agencies shall require the use of the DI Code D8A/D9A adjustments to update the property accountability record for materiel under their ownership.~~

7. **Reconciling Manual Records for Controlled Items.** When manual records are maintained for control of assets in secured storage, the storage activity, as a minimum, will reconcile these records at the time of inventory with the corresponding storage activity records and physical counts of materiel.

#### 8. **Following Up for Physical Inventory Report**

a. When the owner/manager has requested an unscheduled inventory and no adjustment or completion transaction has been received within **20** calendar days of the date of the request, the owner/manager will initiate a followup using a DI Code DJA request which cites Management Code X in record position 72 and duplicates the remaining data from the DI Code DJA transaction which established the inventory.

b. The storage activity will respond to the owner/manager followup within 5 calendar days by providing the appropriate adjustment, completion, or cancellation transaction. If an adjustment or completion transaction was previously submitted and a followup is received, the storage activity will reply by submitting a DI Code DJA with Management Code Y to the owner/manager.

c. If the storage activity does not have a record of the owner/manager original DI Code DJA request, the storage activity shall process the DI Code DJA with Management Code X as an original DI Code DJA.

#### **D. RESEARCH OF POTENTIAL OR ACTUAL PHYSICAL INVENTORY ADJUSTMENTS**

1. **Policy.** DoD Components will ensure that potential or actual adjustments are researched in accordance with the value of the adjustment and type of item involved. The DoD criteria for this research are set forth in figure 7-1 (see page 7-34) and will be used as the basis for selective research for supply system materiel. A reduction of the volume of erroneous adjustments can only be achieved by conducting specified degrees of research before posting the adjustment transaction. More stringent research requirements may be imposed by DoD Components based upon the limits of resources available and upon specific asset control problems. However, in no case will adjustments be processed against items without required preadjustment research having been performed (see figure 7-1, page 7-34).

2. **Objectives.** Analysis of inventory adjustments is vital in order to:

- a. Identify failures in the control systems so improvements can be made.
- b. Reduce similar discrepancies in the future.
- c. Ensure that the proper adjustment was made.
- d. Evaluate indicators of trends or system problems for corrective action.
- e. Detect negligence, abuse, or theft of materiel. Known or suspected negligence, abuse, or theft will be researched in accordance with DoD 7200.10-M (reference (cc)) and figure 7-1 (see page 7-34).

3. **Timeliness of Research.** Timely completion of the research of potential adjustments is essential. Delay only increases the complexities of adequate research and reduces the probability of conclusive findings.

a. Storage activity preadjustment research must be completed and the physical inventory adjustment/completion action posted to the owner/manager record within 30 calendar days from the PICD for scheduled inventories and **15** calendar days from the PICD for unscheduled inventories.

b. The storage activity must complete mandatory causative research within **90 45** calendar days from the date the adjustment transaction was posted. Sample causative research must be completed within **90 45** calendar days from the date the sample causative research listing is created.

**4. Transaction History Requests.** For intra-Service/Agency (or inter-Service/Agency, based on agreement of the DoD Components involved) reconciliation, the owner/manager may request transaction history for analyzing inventory discrepancies.

a. The owner/manager will request the history using a DI Code DZJ Transaction History/Custodial Balance Request, prepared in the appendix C60 format, citing in record position 7 the appropriate type of physical inventory/transaction history code from appendix B3. Transaction history will consist of all transactions affecting the balance **for the requested timeframe.**

b. The storage activity will provide the transaction history data using the DI Code DZK, Transaction History Transmittal, prepared in the appendix C61 format. Transmit the history using the media specified by the type of media code (see appendix B17) entered in record position 60 of the DI Code DZJ request.

**5. Error Classification Coding.** Causes of potential/actual inventory adjustments are determined by research. Causes will be classified, analyzed, and evaluated so action may be taken to correct situations that are causing the errors. Error classification codes will be entered in positions 63-65 of DI Code D8A/D9A Inventory Adjustment Transactions. <sup>1/</sup> For analysis and evaluation, error conditions will be identified to the operation in which they occurred (e.g., receiving,

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<sup>1/</sup> **The Integrated Materiel Manager may use the error classification codes in record positions 63-65 in DI Codes D8B/D9B Inventory Adjustment Transactions (Accounting Errors) pending the establishment of single shared asset balances (See paragraphs B.2. and B.3.).**

issue, etc.) and classified by type within each operation. For reporting purposes, each operation and each error type have been identified by an alphabetic or numeric code as shown in appendix B18. The error classification system is structured to provide the Services/Agencies the latitude to amplify the DoD defined error classifications; however, DoD Components will summarize internally defined error classifications to the appropriate DoD classification for all reports provided to higher authorities, auditors, etc.

## **6. Error Cause Feedback and Correction**

a. ~~When fifty or more adjustments equal to or greater than the causative research threshold occur in a quarter for a given storage activity,~~ the storage activity will provide a quarterly summary of the **inventory causative** research results -- as reported by the error cause code -- and provide feedback to the commander of the storage activity concerned. As a minimum, the activity will provide a summary of the number and value of adjustments by error cause codes.

b. Storage activities will use this information in conjunction with other local indicators to identify and correct recurring errors in their operations (e.g., through initiation of training, increased frequency of quality control checks, and other actions as required).

**7. Controlled Inventory Item Adjustments.** Unresolved physical inventory adjustments for all classified and sensitive items regardless of value, and for pilferable items when the adjustment is in excess of \$2,500, as prescribed by DoD 7200.10-M (reference (cc)), will be referred to security officials of the storage activity at which the adjustment occurred to determine whether there is culpability or when fraud, waste, or abuse is suspected (see figure 7-1, page 7-34).

**8. Materiel Release Denials.** MILSTRIP (reference (h)) prescribes DoD standard document formats, data codes, and criteria for the preparation and processing of materiel release denials at storage activities and inventory control points.

a. Upon initiation of a materiel release denial citing Management Code 1, 2, 3, or 4, storage activities will:

(1) Reverse the issue, adjust the storage activity record onhand quantitative balance to zero, and transmit a DI Code D9A for the adjusted quantity to the owner/manager citing denial Management Code 1, 2, 3, or 4.

(2) Initiate a spot inventory as required under paragraph C.4(b) of this chapter.

(3) If the inventory results in positive reporting of assets, reverse all or part of the loss that was taken prior to processing any inventory gain transaction and transmit a DI Code D9A reversal to the owner/manager.

b. If an inventory can be accomplished without delaying the processing of the Materiel Release Order beyond the prescribed UMMIPS timeframes (see DoD Instruction 4140.60 (reference (t))), it may be conducted prior to processing a denial transaction.

#### **E. REVERSAL OF INVENTORY ADJUSTMENTS**

Reversal of DI Code D8A/D9A Inventory Adjustments is a required capability which must be implemented with proper controls and supported by proper documentation. (See appendix C, introduction, paragraph 3.b., for processing adjustment reversals.) Procedures for reversing adjustments will contain, as a minimum, the following control features:

**1. Posted/Unposted Source Documents.** Reversals required to correct inventory records when posting previously unposted or incorrectly posted supply transactions (e.g., receipts, issues, etc.), regardless of age, are limited to those transactions that can be properly documented to reference the specific transaction document number(s) that will be processed to offset the reversal.

**2. Inventory Adjustment Corrections.** Reversals required to correct physical inventory adjustments which were made based on incorrect/incomplete information are limited to two years from the date of the original adjustment. All reversals must be properly documented.

**3. Limitations.** Reversals will not be processed solely on the basis of a previous offsetting physical inventory adjustment.



**4. Reporting Requirements.** Reversals against transactions processed within the adjustment reporting period will be separated and identified to report:

- a. Gross adjustment during the current period,
- b. Reversal of prior quarters' adjustment transactions,
- c. Reversal of current quarters' adjustment transactions, and
- d. Total value of net adjustments during the current period (i.e., value of net gains added to value of net losses).

#### **F. LOCATION AUDIT PROGRAM**

Each DoD Component will implement a location audit program which will consist of both a location survey and a location reconciliation.<sup>2/</sup> The DoD acceptable accuracy goals are provided in paragraph B.9.c. The DoD Components may impose more stringent standards internally. The location audit program is subject to the quality control checks delineated in Section H., Quality Control Program. Errors will be subject to validation and research before they are counted as an error. Location audit program results will be reported in the ICE Report as prescribed in paragraph F.1.h. and F.2.b(10). Only one error per surveyed location and one error per location reconciliation line item with discrepancies is to be reported; however, DoD Components will collect and analyze all type III errors (see paragraphs F.1.h(3) and F.2.b(10)(c)) by element.

##### **1. Location Survey**

a. Location survey requires a physical verification, other than actual count, between physical assets and recorded location data to ensure that all assets are properly recorded. When a discrepancy is identified during the location survey program (type I or type II error (see paragraphs F.1.h(1) and F.1.h(2))), the storage activity will conduct prompt research and determine the need for a special inventory (DI Code DJA request with Type of Physical Inventory/Transaction History Code K). In some instances, location survey and physical inventory will be

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<sup>2/</sup> *The location reconciliation process will not be required with the establishment of single shared asset balances (see paragraphs B.2. and B.3.).*

conducted concurrently for ammunition ~~and subsistence~~. When location survey and physical inventory are conducted concurrently, both the physical inventory and the location survey performance statistics will be reported separately in the ICE Report.

b. Location survey will be accomplished at each storage activity not less than once each fiscal year, ~~and more frequently if the need is indicated~~ by (1) performing complete location survey of all locations; (2) using a statistical sampling methodology that ensures all locations are included in the sample and has a probability of selection; or (3) a combination of complete and statistical sampling.

c. A location survey will be conducted in both the gaining and losing storage areas following the accomplishment of rewarehousing projects. A location survey conducted as a result of rewarehousing projects may be considered to have satisfied the annual survey requirement for the area surveyed.

d. The proper sequence of operating a location survey requires the comparing of assets in storage locations with locator records. This sequence of operation is important to detect assets in unrecorded locations.

- e. As an objective, it is desirable to identify items to inventory lots or segments. Lots/segments will be of a manageable size (number of items) to permit location survey in a minimum time period, to ensure maximum uninterrupted service to customers, and to obtain the greatest degree of accuracy from the location survey.

f. Items within a lot/segment which have been subject to a complete item inventory will be considered to have satisfied the annual survey requirement when the entire lot/segment is located in a clearly designated, coterminous warehouse space. These inventoried lots/segments may be excluded from the complete survey for the fiscal year in which they were counted; however, the location survey performance statistics will be reported in the ICE Report.

g. When permanent locations are reserved for items, recorded locations which are unoccupied will be identified and/or verified during the location survey.

h. To measure the accuracy of the results of the location survey, discrepancies will be classified in one of the three categories

listed below. Only one error per stock number per location is charged when locator delete, or locator establish, or locator record correction is required for the same location. When the stock number and actual assets differ, the discrepancy will be classified as a locator establish action only.

(1) Locator record deleted. The removal or change of a locator record when there is a recorded location but there are no physical assets -- unless the location is being held open for new receipts. (Type I location survey error.)

(2) Locator record established. The recording of locations when assets are physically found in storage and no locator records exist, or when the recorded stock number disagrees with the materiel in the location. (Type II location survey error.)

(3) Locator record corrected. Changes to the locator record when physical materiel characteristics differ from any of the following data elements (Type III location survey error):

(a) Unit of issue.

(b) Supply condition code.

(c) Controlled inventory item code (see DoD 4100.39-M (reference (nn)), Volume 10, Table 61). Verification of the code will consist of ensuring that assets are stored in areas providing the degree of security commensurate with the assigned code.

~~(d) Shelf life code.~~

(e) Date packed/expiration date for shelf-life materiel.

(f) Type of pack code (for subsistence only). (See MILSTRIP (reference (h)), appendix B23.)

(g) Lot number or serial number (for ammunition only).

(h) Completeness and accuracy of magazine data card (for ammunition only).

i. To ensure accuracy of property accountability records, special inventories should be performed when assets are found in an erroneous or unrecorded location or when there are mismatches in the unit of issue that may result in a quantity variance.

## **2. Location Reconciliation <sup>3/</sup>**

a. Location reconciliation requires a match between storage activity records and owner/manager records in order to identify and to correct situations when there is: (1) an owner/manager record with no corresponding storage activity record, (2) a storage activity record with no corresponding owner/manager record, (3) common elements of data that do not match, and (4) quantity discrepancies. Mismatches will be researched and special inventories conducted when required to effect corrective action.

b. To measure the accuracy of the results of the location reconciliation program, discrepancies will be classified in one of the four categories listed below (report only one error per location reconciliation request or unmatched accountable error):

(1) Owner/manager record reflects balance for storage activity; no location reconciliation transaction received. (Type I location reconciliation error.)

(2) Location reconciliation transaction received from storage activity; no corresponding owner/manager record. (Type II location reconciliation error.)

(3) Mismatch on any of the following data elements (Type III location reconciliation error):

(a) Unit of issue.

(b) Ownership/Manager Identifier.

(c) Controlled inventory item code (see DoD 4100.39-M reference (nn)), Volume 10, Table 61).

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<sup>3/</sup> The location reconciliation process will not be required with the establishment of single shared asset balances (see paragraphs B.2. and B.3.).

(d) Type of pack code (subsistence only).

(e) Shelf-life code.

(f) Date packed/expiration date (subsistence only).

(4) Quantity discrepancy. (Type IV location reconciliation error.)

c. Location reconciliation will be accomplished by DoD Components in accordance with the following guidance:

(1) Owners/managers and storage activities will reconcile all records annually. The annual reconciliation will be accomplished at the close of business on the second Tuesday of the month in accordance with paragraph F.2.c(3).

(2) Storage activities will prepare location reconciliation request transactions by line item, and by type of pack and date packed/expiration date for subsistence, for each stock number regardless of the balance (including zero balances). Location reconciliation requests will be identified by DI Code DZH, prepared in the appendix C59 format, using Type of Location Reconciliation Request Code 2 in record position 7, and transmitted to the owner/manager. Storage activities preparing DI Code DZH requests will assure that consecutive transaction numbers by RI code are assigned to location reconciliation requests for control purposes.

(3) All owner/manager and storage activity records (active and inactive records, including zero balances) will be reconciled not less than once each fiscal year. Location reconciliation requests will be prepared on the second Tuesday of the month indicated in the following schedule and transmitted prior to the 15th day of the scheduled month.

| Service or Agency | Preparation Date  | Transmission Date |
|-------------------|-------------------|-------------------|
| Army              | 2nd Tuesday - Jan | 15 Jan            |
| Navy              | 2nd Tuesday - Mar | 15 Mar            |
| Marine Corps      | 2nd Tuesday - May | 15 May            |
| Air Force         | 2nd Tuesday - Jul | 15 Jul            |

(4) In processing location reconciliation requests, owners/managers will match the requests to the owner/manager records. When a mismatch is programmatically unresolved, DI Code D8B/D9B will be processed to adjust the owner/manager records. All Type I, II, and IV mismatches will be resolved as follows:

(a) Research of owner/manager active and historical records.

(b) Research of storage activity active/historical record (DI Code DZJ, Transaction History Request, citing Type of Physical Inventory/Transaction History Code X).

(c) Request physical inventory (DI Code DJA, using Type of Physical Inventory/Transaction History Code J).

(d) If the above actions fail to resolve the mismatch, the DI Code D8B/D9B transaction will remain on the owner/manager records.

(5) A physical inventory is not required under the following conditions, except when the mismatch involves classified or sensitive items, or pilferable items when the extended dollar value of the variance is greater than \$100.

(a) The owner/manager record may be adjusted without special inventory when the extended value of the variance is \$5,000 or less and 10 percent or less of the beginning value of the variant owner/manager record for Type IV, errors (see paragraph F.2.b(4)).

(b) The owner/manager record may be adjusted without special inventory when the extended value of the variance is \$5,000 or less for Type I and Type II errors (see paragraph F.2.b(1) and F.2.b(2)).

(6) When a discrepancy is identified during the location reconciliation program, transmit the following transactions, as appropriate, to the submitting activity:

(a) DI Code DZG Transaction Reject, as prescribed in chapter 9, prepared in the appendix C58 format.

(b) *DI Code DZB Storage Item Data Correction, as prescribed in chapter 10, prepared in the appendix C53 format.*

## G. RETENTION OF ACCOUNTABLE DOCUMENTATION

Audit capability is required for a period of time following the processing of documents and data and completion of the research effort. The following retention criteria will apply:

1. **Source Documents.** Retain original source documents or facsimiles, i.e., microform (microfilm, microfiche), **Compact Disk-Read Only Memory (CD-ROM)**, etc., for at least two years. Where source documents are produced, these include only accountability change documents such as receipts, issues, shipments, transfers, supply condition code changes, and inventory and financial adjustments. Retain source documents providing evidence of shipment to Foreign Military Sales recipients for two years from date of materiel shipment.

2. **Transaction Histories.** Retain registers, records, files, tapes, and data for at least two years in a format useful for audit trail purposes. Automated inventory control systems will be designed to facilitate the printout of transaction histories which indicate the date the last physical inventory was conducted for each item.

3. **Adjustment Research.** Retain backup documentation that directly pertains to individual cases of physical inventory adjustment research efforts for at least two years.

4. **Annual Statistical Sample.** Retain the annual statistical sample inventory line item detail data for at least two years.

## H. QUALITY CONTROL

1. **Goals and Objectives.** DoD Components will establish a quality control program at each owner/manager and storage activity which encompasses the objectives of DoD Directive 5010.38 (reference (x)), and the physical inventory objectives contained in **DoD Instruction 4140.60 (reference (t))**. Portions of the program can be accomplished during ongoing practices within inventory processes. Quality control results will assist management in identifying those human, procedural, or system

errors which adversely affect record accuracy and in achieving better control over physical materiel and warehousing practices. Within the scope of this quality control program, those work processes directly related to the control of physical materiel will be monitored for attained quality levels and performance evaluated on improvements, not numerical goals. Accordingly, all quality control programs will include reviews to assess the accuracy/quality of the following work processes:

a. Warehousing practices -- to include checks of storage practices, stock rotation, shelf-life management, identification of materiel in store, mixed stock, location accuracy and rewarehousing projects.

b. Receiving practices -- to include checks of documentation, materiel identity, quantity, and supply condition code; checks for processing timeliness; and verification of daily input data to the location system.

c. Issuing practices -- to include checks of legibility of issue documents; accuracy of stock selection as to identity, quantity unit of issue, shelf life, supply condition code, and type of pack (subsistence only); marking of outgoing shipments; and release to carriers.

d. Validity of automated data -- to include checks of receipt, issue, and adjustment transaction data entries against input documentation.

e. Inventory practices -- to include checks of inventory counts, location surveys, location reconciliation corrective actions, causative research, and adjustments at both the owner/manager and storage activities.

f. Catalog practices -- to include checks of catalog change processing, accuracy, and timeliness, using the affected recorded locations as the universe.

g. Locator file updates -- to include checking the accuracy of changes posted to the locator file (e.g., all additions, deletions, and changes of unit of issue, supply condition code, shelf life, etc.).

h. Report of discrepancy processing -- to include checks for processing timeliness and checking the accuracy of ROD initiation,



followup and reply, investigative research including identification and correction of supply errors, adjustment of accountable and financial records, and preparation of reports of survey.

i. Logistics reassignment processing -- checks to determine if the logistic reassignment actions were completed; e.g, LIM/GIM records were changed to reflect decapitalization/transfer, LIM directed the storage activity to change the decapitalized/transferred assets to GIM ownership, the storage activity effected and advised the LIM of the change, and the LIM initiated action to resolve any quantity variances.

j. Suspended asset processing -- to include checks of the timeliness in reclassifying suspended (Supply Condition Codes J, K, L, Q, and R) materiel.

**2. Assignment of Responsibility.** Whenever possible, quality control checks of these work processes will include identification of the individual performing the tasks. This will facilitate the placement of responsibility for appraising and improving quality with each manager within the chain of command.

**3. Command Emphasis.** Continued command management emphasis and review of performance are essential for the success of the quality control program. Command managers must ensure effective organizational interrelationships among the functional elements concerned with the physical inventory control program such as: comptroller, data systems, transportation, warehousing, maintenance, quality control, and supply management. The quality control program will include provisions for initiation of corrective action when acceptable quality levels are not met.

## **I. INVENTORY CONTROL EFFECTIVENESS REPORTING**

**1. General.** Each DoD Component will prepare a DD Form 2338, Inventory Control Effectiveness Report, as formatted in appendix A5, for general supplies for each quarterly period ending December 31, March 31, June 30, and September 30 for all materiel for which the Component ~~is the~~ **owner/manager maintains the property accountability record**. Army, Navy, and Air Force will also prepare an ICE Report, as formatted in appendix A6, for their service peculiar ammunition. Army will prepare a separate report for the SMCA. DoD Components will:

~~a. Report items for which the reporting Component is the owner/manager but are stored at other Components' storage activities under the inter Service column. Items for which the reporting Component is the owner/manager and are stored at the reporting Component's storage activities will be reported under the intra Service column.~~

b. Include a narrative analysis identifying trends, accomplishments, significant comments on internal system performance, description of problems, actions in process or taken to correct the problem and "get-well" dates if the problem is not corrected at the time the ICE Report is submitted. Problems in reporting ICE data should also be highlighted in the ICE Report until the problem(s) is corrected.

c. Reflect inventory control performance for all DoD wholesale supply system assets of principal and secondary items, including package fuels, less all materiel exclusions listed in **DoD Instruction 4140.60 (reference (t))**.

d. Submit an original and one copy to the Director, Defense Logistics Management Standards Office (DLMSO), 6301 Little River Turnpike, Suite 220, Alexandria, VA 22312-3508, not later than 75 calendar days following the end of the reported quarter. The above reporting requirement has been assigned Report Control Symbol DD-P&L(Q) 935.

**2. ICE Report Preparation Instructions for General Supplies.** The following instructions are provided for preparing the Inventory Control Effectiveness Report.

**a. Report Heading/Columns**

(1) **Reporting Organization.** Enter the name of the reporting DoD Component.

(2) **Quarter Ending.** Enter the applicable fiscal quarter; 1st, 2nd, 3rd, or 4th. Data entered for the report lines and subcolumns under this column heading reflect only activity occurring during the applicable quarter.

(3) **Fiscal Year to Date.** Enter the applicable fiscal year.

(4) **Columnar Entries.** Data entered for the report lines and subcolumns under this column heading reflect cumulative fiscal-year-

to-date activity. ~~Components will report data separately for inter Service and intra Service storage activities.~~

b. **PART I. Performance**

(1) **Materiel Denials**

(a) Lines Directed for Shipment. Enter the total number of line items directed for shipment **(A5\_MRO, A5J DRO, A4\_referral order)** ~~for component owned wholesale assets.~~

(b) Total Materiel Denials. Enter the total materiel denials (sum of total and partial denials, and warehouse refusals). Include denial transactions classified by denial Management Codes 1, 2, 3 (subsistence only), 4, 5, 6, and 7 (see appendix B7) in the total.

(c) Materiel Denial Rate. Compute this figure by dividing the total denials by the line items directed for shipment and multiplying by 100.  $\{(1)(b) / (1)(a) \times 100\}$  The DoD performance goal for the materiel release denial rate is not greater than one percent.

(2) **Receipt Processing Performance**

(a) Receipts **Posted and Stored**. Enter the total number of line item receipts **posted and stored** to the **total item property record**.

(b) Receipts **Posted and Stored** on Time. Enter the total number of line item receipts which were effectively posted and stored within the MILSTRAP timeframes. Both **storing and posting** actions are considered complete when the item is in the storage location, or available for issue, and the quantity is posted to the **total item property record**.

(c) On Time Receipt Rate. Compute this figure by dividing the total number of receipts **posted and stored** on time by the total number of receipts and multiplying by 100.  $\{(2)(b) / (2)(a) \times 100\}$  The DoD performance goal for **posting and storing** receipts on time is 90 percent.

(3) **Location Audit Program**. Reflects the results of the location survey (ratio of accurate storage activity locator records to

storage activity locations surveyed) and the location reconciliation <sup>4/</sup> (ratio of valid storage activity location records to inventory manager's records). ~~Location survey data will be reported by the storage activity in the intra Service column.~~

(a) Locations Surveyed. Enter the number of storage activity locations surveyed.

(b) Survey Errors. Enter the total number of location discrepancies as defined in paragraph F.1.h. of this chapter (report only one error per stock number per location).

(c) Survey Accuracy. Compute this figure by dividing the locations with discrepancies by the total locations surveyed multiplying by 100, and subtracting the result from 100 percent.  $\{100 - ((3)(b) / (3)(a) \times 100)\}$  The DoD goal for location survey accuracy is 97 percent.

(d) Locations Reconciled. Enter the total number of location records reconciled (i.e., the sum of ~~stock numbers line items~~ on the Inventory Manager's record and ~~stock numbers line items~~ which were not on the Inventory Manager's record but were on the storage activities' records).

(e) Reconciliation Errors. Enter the total number of discrepant location records as defined in paragraph F.2.b. (count one error per location reconciliation request (~~stock number/supply condition code line item~~) or unmatched Inventory Manager's record).

(f) Reconciliation Accuracy. Compute this figure by dividing the number of discrepancies by the number of records reconciled, multiplying by 100, and subtracting the result from 100 percent.  $\{100 - ((3)(e) / (3)(d)) \times 100\}$  The DoD goal for location reconciliation accuracy is 97 percent.

## c. PART II. Physical Inventory and Adjustments

### (1) Physical Inventories.

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<sup>4/</sup> The location reconciliation process will not be required with the establishment of single shared asset balances (see paragraphs B.2. and B.3.).

(a) Number of Scheduled and Unscheduled Inventories Completed. Enter the total number of line items inventoried (scheduled and unscheduled). Each supply condition code for a stock number at each storage activity is a line item.

(b) Number of Inventories with Variances. Enter the total number of line items inventoried (scheduled and unscheduled) which had an inventory variance.

(c) Inventory Variance Rate. Reflects the percent of line items inventoried which had an inventory variance. Compute this figure by dividing the lines with an inventory variance by the total line items inventoried and multiplying by 100.  $\{((1)(b) / (1)(a)) \times 100\}$

(d) Number of Inventories with Major Variances. Enter the total number of line items inventoried (scheduled and unscheduled) which had a major inventory variance (overage or shortage exceeding \$5,000) and all variances on controlled items.

(e) Major Variance Rate. Reflects the percent of line items inventoried which had major inventory variances. Compute this figure by dividing the lines with a major inventory variance by the total line items inventoried and multiplying by 100.  $\{((1)(d) / (1)(a)) \times 100\}$

**(2) Number of Adjustments from Other Than Physical Inventories. 5/**

(a) Number of Location Reconciliation Adjustments. Enter the number of location reconciliation adjustments (DI Code D8/9B).

(b) Number of End of the Day Processing Adjustments. Enter the number of end of the day processing adjustments (DI Code D8/9B).

(c) Total. Absolute total of adjustments from other than physical inventories.  $\{(2)(a) + (2)(b)\}$

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5/ The end of day process and location reconciliation process will not be required with the establishment of single shared asset balances (see paragraphs B.2. and B.3.).

(3) **Total Adjustments.** Enter the sum of number of inventories with variances and the number of adjustments from other than physical inventories.  $\{(1)(b) + (2)(c)\}$

(4) **Number of Reversals of Inventory Adjustments**

(a) Number of Gain Reversals. Enter the number of gain reversals of inventory adjustments.

(b) Number of Loss Reversals. Enter the number of loss reversals of inventory adjustments.

(c) Total. Absolute total of inventory reversals (gains and losses).

(5) **Monetary Value**

(a) Average Value of Inventory. Enter the average value of onhand assets as reflected on financial records for the 12 months prior to the report cutoff date (i.e., current quarter plus last three quarters).

(b) Record Value of Items Inventoried. Enter the extended value prior to actual inventory of line items inventoried (scheduled and unscheduled) during the reporting period.

(c) Value of Inventory Adjustments

[1] Physical Inventory Adjustments

[a] Gains. Enter monetary value of gains resulting from inventory less the monetary value of gain reversals (from current and prior quarters) processed during the report period.

[b] Losses. Enter monetary value of losses resulting from inventory less the monetary value of loss reversals (from current and prior quarters) processed during the report period.

[c] Gross Adjustments.  $\{(5)(c)[1][a] + (5)(c)[1][b]\}$

[2] Reversals -- Current Quarter

[a] Gains. Enter the total monetary value of decreases to the record balances as a result of reversing gain adjustments processed during the reporting period. Compute the FY to Date value for reversal of current quarter gains by adding the Quarter Ending value for reversal of current quarter gains to the prior quarter FY to Date value of reversal of current quarter gains. [text deleted]

[b] Losses. Enter the total monetary value of increases to the record balances as a result of reversing loss adjustments processed during the reporting period. Compute the FY to Date value for reversal of current quarter losses by adding the Quarter Ending value for reversal of current quarter losses to the prior quarter FY to Date value for reversal of current quarter losses.

[c] Total. Absolute total of reversals of current quarter gains and losses. {[2][a] + [2][b]}

[3] Reversals -- Prior Quarters

[a] Gains. Enter total monetary value of decreases to record balances as a result of reversing gain adjustments reported in prior quarters. Compute the FY to Date value for reversal of prior quarters gains by adding the quarter ending value for reversal of current quarter gains to the prior quarter gains.

[b] Losses. Enter total monetary value of increases to record balances as a result of reversing loss adjustments reported in prior quarters. Compute the FY to Date value for reversal of prior quarters' losses to the prior quarter FY to Date value for reversal of prior quarters' losses.

[c] Total. Absolute total of reversals of prior quarter gains and losses. {[3][a] + [3][b]}

[4] Total Reversals. The total of reversals of current quarter and prior quarter gains and losses. {[2][c] + [3][c]}

[5] Total Record Imbalances. The total of gross adjustments and total reversals. {[1][c] + [4]}

**(6) Gross Adjustments as a Percent of:**

(a) Average Value of Inventory. Divide the total value of gross adjustments by the average value of inventory and multiply by 100.  $\{((5)(c)[1][c] / (5)(a)) \times 100\}$

(b) Value of Items Inventoried. Divide the total value of gross adjustments by the record value of items inventoried and multiply by 100.  $\{((5)(c)[1][c] + (5)(b)) \times 100\}$

**(7) Total Record Imbalances as a Percent of:**

(a) Average Value of Inventory. Divide the value of the total record imbalances by the average value of inventory.  $\{((5)(c)[5] / (5)(a)) \times 100\}$

(b) Value of Items Inventoried. Divide the value of the total record imbalances by the record value of items inventoried.  $\{((5)(c)[5] / (5)(b)) \times 100\}$

**(8) Monetary Value of Location Reconciliation 6/**

(a) Value of Line Items Reconciled. Enter the extended value of line items reconciled during the reporting period.

(b) Location Reconciliation Adjustments

[1] Gains. Enter the monetary value of gains resulting from reconciliation during the period.

[2] Losses. Enter the monetary value of losses resulting from reconciliation during the period.

[3] Total. Absolute total of location reconciliation gains and losses.  $\{(8)(b)[1] + (8)(b)[2]\}$

**(9) Monetary Value of End of the Day Processing 6/**

(a) Gains. Enter the value of gains resulting from end of the day processing.

---

6/ The end of day process and location reconciliation process will not be required with the establishment of single shared asset balances (see paragraphs B.2. and B.3.).



(b) **Losses.** Enter the value of losses resulting from end of the day processing.

(c) **Total.** Absolute total of end of the day processing gains and losses.  $\{(9)(a) + (9)(b)\}$

### **3. ICE Report Preparation Instructions for Ammunition**

#### **a. Report Heading/Columns**

(1) **Reporting Organization.** Enter the name of the reporting DoD Component.

(2) **Quarter Ending.** Enter the applicable fiscal quarter, 1st, 2nd, 3rd, or 4th. Data entered for the report lines and subcolumns under this column heading reflect only activity occurring during the applicable quarter.

(3) **Fiscal Year To Date.** Enter the applicable fiscal year. Data entered for the report lines and subcolumns under this column heading reflect cumulative fiscal year to date activity.

(4) **Columnar Entries.** Report data separately for high-risk items (Controlled Inventory Item Codes 1, 2, 5, 6, and 8) and low-risk items (Controlled Inventory Item Codes 3, 4, U, and P).

#### **b. PART I. Performance**

(1) **Materiel Denials.** Complete as described in paragraphs I.2.b(1)(a), I.2.b(1)(b), and I.2.b(1)(c). For ammunition, include denial transactions classified by denial Management Codes 1, 2, 5, 6, and 7 (see appendix B7) in the total. Components will report denials separately for low-risk and high-risk items.

(2) **Receipt Processing Performance.** Complete as described in paragraphs I.2.b(2)(a), I.2.b(2)(b), and I.2.b(2)(c). The DoD goal for **posting and storing** ammunition receipts on-time is 90 percent.

(3) **Location Audit Program.** Complete as described in paragraphs I.2.b(3)(a), I.2.b(3)(b), I.2.b(3)(c), I.2.b(3)(d), and

I.2.b(3)(f). The DoD goals for location survey accuracy and location reconciliation accuracy for ammunition are 98 percent. <sup>7/</sup>

**c. PART II. Physical Inventory and Adjustments**

**(1) Physical Inventories.**

(a) Number of Scheduled and Unscheduled Inventories Completed. Enter the total number of line items inventoried (scheduled and unscheduled). Each supply condition code for a stock number at each storage activity is a line item.

(b) Number of Inventories with Variances. Enter the total number of line items inventoried (scheduled and unscheduled) which had an inventory variance.

(c) Inventory Record Accuracy. Reflects the percent of lines inventoried without an inventory variance. Compute this figure by dividing the lines with an inventory variance by the total lines inventoried and multiplying by 100, and subtracting the result from 100 percent.  $\{100 - ((1)(b) / (1)(a)) \times 100\}$  The DoD inventory record accuracy goal for ammunition is 95 percent.

**(2) Number of Inventory Adjustments from Other Than Physical Inventories.** Complete same as paragraph I.2.c(2).

**(3) Total Inventory Adjustments.** Complete same as paragraph I.2.c(3).

**(4) Number of Reversals of Inventory Adjustments.** Complete same as paragraph I.2.c(4).

**(5) Monetary Value.** Complete same as paragraphs I.2.c(5)(a) through I.2.c(5)(c)[5].

**(6) Gross Adjustments As a Percent of:** Complete same as paragraphs I.2.c(6)(a) and I.2.c(6)(b).

---

<sup>7/</sup> *The location reconciliation process will not be required with the establishment of single shared asset balances (see paragraphs B.2. and B.3.).*

(7) **Total Record Imbalances As a Percent of:** Complete same as paragraphs I.2.c(7) (a) and I.2.c(7) (b).

(8) **Monetary Value of Location Reconciliation.** <sup>8/</sup> Complete same as paragraphs I.2.c(8) (a) through I.2.c(8) (b) [3].

(9) **Monetary Value of End of the Day Processing.** <sup>8/</sup> Complete same as paragraphs I.2.c(9) (a) through I.2.c(9) (c).

---

<sup>8/</sup> *The end of day process and location reconciliation process will not be required with the establishment of single shared asset balances (see paragraphs B.2. and B.3.).*

**MINIMUM RESEARCH REQUIREMENTS  
FOR POTENTIAL OR ACTUAL PHYSICAL INVENTORY ADJUSTMENTS**

| CONDITION OF DISCREPANCY  | REQUIRED RESEARCH        |                           |                       |
|---|--------------------------|---------------------------|-----------------------|
|   | Post Count<br>Validation | Preadjustment<br>Research | Causative<br>Research |
| 1. $\leq \$1,000$   | NO                       | NO                        | NO                    |
| 2. $> \$1,000$ but $\leq \$5,000$   | YES                      | NO                        | NO                    |
| 3. $> \$5,000$ but $\leq \$16,000$ OR<br>> 10 percent unit variance and<br>between \$1,000 and \$16,000 | YES                      | YES                       | SAMPLE                |
| 4. $> \$16,000$ OR > 25 percent<br>unit variance and $> \$5,000$  | YES                      | YES                       | YES                   |
| 5. Controlled Inventory Item  | YES                      | YES                       | YES 9/                |
| 6. Suspected Fraud, Waste, or<br>Abuse  | YES                      | YES                       | YES                   |
| 7. Annual Statistical Sample<br>for all variances $> \$100$   | YES                      | YES                       | YES                   |

Figure 7-1

---

9/ Sample causative research in lieu of complete causative research for pilferable item discrepancies with a value from \$.01 to \$2,500 may be accomplished to serve as a deterrent to fraud waste or abuse and to identify systemic inventory and security problems. Causative research will be conducted on all adjustments (gains and losses) of classified and sensitive items regardless of dollar value of item or extended dollar value of adjustment. Causative research will be conducted on all adjustments (gains and losses) of pilferable items with an extended value greater than \$2,500, and all adjustments with an extended value of greater than \$16,000 or greater than 25 percent unit variance and greater than \$5,000.

# APPENDIX A5

| INVENTORY CONTROL EFFECTIVENESS REPORT                               |                                       |
|--|---------------------------------------|
| REPORTING ORGANIZATION _____   | GENERAL SUPPLIES _____                |
| PART I. PERFORMANCE  | QUARTER ENDING _____ FY _____ TO DATE |
| 1. MATERIEL RELEASE DENIALS  |                                       |
| a. LINES DIRECTED FOR SHIPMENT                                       | _____                                 |
| b. TOTAL MATERIEL RELEASE DENIALS                                    | _____                                 |
| c. MATERIEL DENIAL RATE (1b/1a)x100                                  | _____                                 |
| 2. RECEIPT PROCESSING  |                                       |
| a. RECEIPTS POSTED AND STORED  | _____                                 |
| b. RECEIPTS POSTED AND STORED ON TIME                                | _____                                 |
| c. ON TIME RECEIPT RATE (2b/2a)x100                                  | _____                                 |
| 3. LOCATION AUDIT PROGRAM  |                                       |
| a. LOCATIONS SURVEYED  | _____                                 |
| b. SURVEY ERRORS   | _____                                 |
| c. SURVEY ACCURACY 100-((3b/3a)x100)                                 | _____                                 |
| d. LOCATIONS RECONCILED  | _____                                 |
| e. RECONCILIATION ERRORS   | _____                                 |
| f. RECONCILIATION ACCURACY 100-((3e/3d)x100)                         | _____                                 |
| PART II. PHYSICAL INVENTORIES AND ADJUSTMENTS                        |                                       |
| 1. PHYSICAL INVENTORIES  |                                       |
| a. NO. OF SCHEDULED AND UNSCHEDULED INVENTORIES COMPLETED            | _____                                 |
| b. NO. OF INVENTORIES WITH VARIANCES                                 | _____                                 |
| c. INVENTORY VARIANCE RATE (1b/1a)x100                               | _____                                 |
| d. NO. OF INVENTORIES WITH MAJOR VARIANCES (>5000)                   | _____                                 |
| e. MAJOR VARIANCE RATE (1d/1a)x100                                   | _____                                 |
| 2. NO. OF INVENTORY ADJUSTMENTS FROM OTHER THAN PHYSICAL INVENTORIES |                                       |
| a. LOCATION RECONCILIATION   | _____                                 |
| b. END OF DAY PROCESSING   | _____                                 |
| c. TOTAL (2a+2b)   | _____                                 |
| 3. TOTAL INVENTORY ADJUSTMENTS (1b+2c)                               |                                       |
| 4. NO. OF REVERSALS OF INVENTORY ADJUSTMENTS                         |                                       |
| a. NO. OF GAIN REVERSALS   | _____                                 |
| b. NO. OF LOSS REVERSALS   | _____                                 |
| c. TOTAL (4a+4b)   | _____                                 |
| 5. MONETARY VALUE (\$000)  |                                       |
| a. AVERAGE VALUE OF INVENTORY  | _____                                 |
| b. RECORD VALUE OF ITEMS INVENTORIED                                 | _____                                 |

|  |       |
|--|-------|
| c. VALUE OF INVENTORY ADJUSTMENTS            |       |
| (1) PHYSICAL INVENTORY ADJUSTMENTS           |       |
| (a) GAINS                                    | _____ |
| (b) LOSSES                                   | _____ |
| (c) GROSS ADJ. (5c(1)(a)+5c(1)(b))           | _____ |
| (2) REVERSALS - CURRENT QUARTER              |       |
| (a) GAINS                                    | _____ |
| (b) LOSSES                                   | _____ |
| (c) TOTAL (5c(2)(a)+5c(2)(b))                | _____ |
| (3) REVERSALS - PRIOR QUARTERS               |       |
| (a) GAINS                                    | _____ |
| (b) LOSSES                                   | _____ |
| (c) TOTALS (5c(3)(a)+5c(3)(b))               | _____ |
| (4) TOTAL REVERSALS                          |       |
| (5c(2)(c)+5c(3)(c))                          | _____ |
| (5) TOTAL RECORD IMBALANCES                  |       |
| (5c(1)(c)+5c(4))                             | _____ |
| -----  |       |
| 6. GROSS ADJUSTMENTS AS A PERCENT OF         |       |
| a. AVERAGE VALUE OF INVENTORY                | _____ |
| (5c(1)(c)/5a)X100                            | _____ |
| b. VALUE OF ITEMS INVENTORIED                | _____ |
| (5c(1)(c)/5b)X100                            | _____ |
| -----  |       |
| 7. TOTAL RECORD IMBALANCES AS A PERCENT OF   |       |
| a. AVERAGE VALUE OF INVENTORY                | _____ |
| (5c(5)/5a)X100                               | _____ |
| b. VALUE OF ITEMS INVENTORIED                | _____ |
| (5c(5)/5b)X100                               | _____ |
| -----  |       |
| 8. MONETARY VALUE OF LOCATION RECONCILIATION |       |
| a. VALUE OF ITEMS RECONCILED                 | _____ |
| b. VALUE OF GAINS                            | _____ |
| c. VALUE OF LOSSES                           | _____ |
| d. TOTAL (8b+8c)                             | _____ |
| -----  |       |
| 9. MONETARY VALUE OF END OF DAY PROCESSING   |       |
| a. VALUE OF GAINS                            | _____ |
| b. VALUE OF LOSSES                           | _____ |
| c. TOTAL (9a+9b)                             | _____ |
| -----  |       |

# APPENDIX A6

## INVENTORY CONTROL EFFECTIVENESS REPORT

### AMMUNITION

REPORTING ORGANIZATION \_\_\_\_\_

#### PART I. PERFORMANCE

|  | QUARTER ENDING _____ |           |       | FY _____ TO DATE |           |       |
|--|----------------------|-----------|-------|------------------|-----------|-------|
|  | LOW-RISK             | HIGH-RISK | TOTAL | LOW-RISK         | HIGH-RISK | TOTAL |

##### 1. MATERIEL RELEASE DENIALS

- LINES DIRECTED FOR SHIPMENT \_\_\_\_\_
- TOTAL MATERIEL RELEASE DENIALS \_\_\_\_\_
- MATERIEL DENIAL RATE (1b/1a)x100 \_\_\_\_\_

##### 2. RECEIPT PROCESSING

- RECEIPTS POSTED AND STORED \_\_\_\_\_
- RECEIPTS POSTED AND STORED ON TIME \_\_\_\_\_
- ON TIME RECEIPT RATE (2b/2a)x100 \_\_\_\_\_

##### 3. LOCATION AUDIT PROGRAM

- LOCATIONS SURVEYED \_\_\_\_\_
- SURVEY ERRORS \_\_\_\_\_
- SURVEY ACCURACY 100-((3b/3a)x100) \_\_\_\_\_
- LOCATIONS RECONCILED \_\_\_\_\_
- RECONCILIATION ERRORS \_\_\_\_\_
- RECONCILIATION ACCURACY 100-((3e/3d)x100) \_\_\_\_\_

#### PART II. PHYSICAL INVENTORIES AND ADJUSTMENTS

|  | QUARTER ENDING _____ |           |       | FY _____ TO DATE |           |       |
|--|----------------------|-----------|-------|------------------|-----------|-------|
|  | LOW-RISK             | HIGH-RISK | TOTAL | LOW-RISK         | HIGH-RISK | TOTAL |

##### 1. PHYSICAL INVENTORIES

- NO. OF SCHEDULED AND UNSCHEDULED INVENTORIES COMPLETED \_\_\_\_\_
- NO. OF INVENTORIES WITH VARIANCES \_\_\_\_\_
- PROPERTY ACCT. RECORD ACCURACY 100-((1b/1a)x100) \_\_\_\_\_

##### 2. NO. OF INVENTORY ADJUSTMENTS FROM OTHER THAN PHYSICAL INVENTORY

- LOCATION RECONCILIATION \_\_\_\_\_
- END OF DAY PROCESSING \_\_\_\_\_
- TOTAL (2a+2b) \_\_\_\_\_

##### 3. TOTAL INVENTORY ADJUSTMENTS (1b+2c) \_\_\_\_\_

##### 4. NO. OF REVERSALS OF INVENTORY ADJUSTMENTS

- NO. OF GAIN REVERSALS \_\_\_\_\_
- NO. OF LOSS REVERSALS \_\_\_\_\_
- TOTAL (4a+4b) \_\_\_\_\_

##### 5. MONETARY VALUE (\$000)

- AVERAGE VALUE OF INVENTORY \_\_\_\_\_
- RECORD VALUE OF ITEMS INVENTORIED \_\_\_\_\_

|  |       |
|--|-------|
| c. VALUE OF INVENTORY ADJUSTMENTS            |       |
| (1) PHYSICAL INVENTORY ADJUSTMENTS           |       |
| (a) GAINS                                    | _____ |
| (b) LOSSES                                   | _____ |
| (c) GROSS ADJ. (5c(1)(a)+5c(1)(b))           | _____ |
| (2) REVERSALS - CURRENT QUARTER              |       |
| (a) GAINS                                    | _____ |
| (b) LOSSES                                   | _____ |
| (c) TOTAL (5c(2)(a)+5c(2)(b))                | _____ |
| (3) REVERSALS - PRIOR QUARTERS               |       |
| (a) GAINS                                    | _____ |
| (b) LOSSES                                   | _____ |
| (c) TOTALS (5c(3)(a)+5c(3)(b))               | _____ |
| (4) TOTAL REVERSALS                          |       |
| (5c(2)(c)+5c(3)(c))                          | _____ |
| (5) TOTAL RECORD IMBALANCES                  |       |
| (5c(1)(c)+5c(4))                             | _____ |
| -----  |       |
| 6. GROSS ADJUSTMENTS AS A PERCENT OF         |       |
| a. AVERAGE VALUE OF INVENTORY                | _____ |
| (5c(1)(c)/5a)X100                            | _____ |
| b. VALUE OF ITEMS INVENTORIED                | _____ |
| (5c(1)(c)/5b)X100                            | _____ |
| -----  |       |
| 7. TOTAL RECORD IMBALANCES AS A PERCENT OF   |       |
| a. AVERAGE VALUE OF INVENTORY                | _____ |
| (5c(5)/5a)X100                               | _____ |
| b. VALUE OF ITEMS INVENTORIED                | _____ |
| (5c(5)/5b)X100                               | _____ |
| -----  |       |
| 8. MONETARY VALUE OF LOCATION RECONCILIATION |       |
| a. VALUE OF ITEMS RECONCILED                 | _____ |
| b. VALUE OF GAINS                            | _____ |
| c. VALUE OF LOSSES                           | _____ |
| d. TOTAL (8b+8c)                             | _____ |
| -----  |       |
| 9. MONETARY VALUE OF END OF DAY PROCESSING   |       |
| a. VALUE OF GAINS                            | _____ |
| b. VALUE OF LOSSES                           | _____ |
| c. TOTAL (9a+9b)                             | _____ |
| -----  |       |



## APPENDIX B3

### TYPE OF PHYSICAL INVENTORY/TRANSACTION HISTORY CODES

**NUMBER OF CHARACTERS:** One

**TYPE OF CODE:** Alphabetic/Numeric

**EXPLANATION:** Used in physical inventory/transaction history documents to identify the type of inventory being conducted/requested, or to identify requests for/transmission of custodial balances/transaction history.

**RECORD POSITION:** 7

| <u>CODE</u> | <u>DEFINITION</u>   |
|-------------|---|
| A through B | Reserved for future DoD assignment.   |
| C           | <i>Special inventory, all supply condition codes. Initiated by owner, accountable officers, or storage activity.</i>          |
| D           | <i>Special inventory, all supply condition codes. Initiated by owner as a result of end of day processing imbalances.</i>     |
| E           | Spot inventory due to denial (all supply condition codes). Initiated by the storage activity or owner as a result of denials. |
| F           | Reserved for future DoD assignment.   |

| CODE        | DEFINITION   |
|-------------|--|
| G           | Scheduled inventory. Inventory to be conducted within a specified period of time according to an established plan on controlled items and all other items or categories designated by the DoD Component. |
| H           | Special inventory, all supply condition codes. Initiated by owner when an inventory is necessary and the date of last inventory is less than 90 days.  |
| I           | <b>Scheduled inventory, all supply condition codes. Initiated by storage activity based on selection and prioritization system model criteria.</b>   |
| J           | Special inventory, all supply condition codes. Initiated by <b>owner</b> as a result of location reconciliation errors.  |
| K           | Special inventory, all supply condition codes. Initiated by storage activity as a result of location survey errors.  |
| L           | <b>Scheduled inventory, specified supply condition codes. Initiated by owner for a random statistical sample inventory.</b>  |
| M           | <b>Special inventory, all condition codes. Initiated by storage activity as a result of onhand balance mismatches between the locator and property accountability records.</b>                           |
| N           | <b>Scheduled inventory, specified supply condition codes. Initiated by storage activity for the annual statistical sample inventory.</b>   |
| O           | Reserved for future DoD assignment.  |
| P           | <b>Scheduled inventory, specified supply condition codes. Initiated by storage activity for a random statistical sample inventory.</b>   |
| Q through V | Reserved for future DoD assignment.  |
| W           | Automatic submission of transaction history from storage activity to owner/manager.  |

| CODE        | DEFINITION   |
|-------------|--|
| X           | Storage activity transaction history requested by owner/<br>manager or transaction history response from storage<br>activity to owner. |
| Y           | Reserved for future DoD assignment.  |
| Z           | Reserved for future DoD assignment.  |
| 0 through 9 | Reserved for future DoD assignment.  |

# APPENDIX B18

## ERROR CLASSIFICATION CODES

**NUMBER OF CHARACTERS:** Three

**TYPE OF CODE:** Alphabetic/Numeric

**EXPLANATION:** Provides processing activities a means of mechanically identifying the causes for errors which resulted in potential/actual inventory adjustments, accounting adjustments,<sup>1/</sup> and the processing operations in which they occurred.

**RECORD POSITIONS:** Entered in record positions 63-65 of inventory adjustment transactions (DI codes D8A/D9A and D8B/D9B).

### A. PURPOSE

1. The physical inventory program error classification codes provide a standard means for Services/Agencies to classify the causes of actual/potential adjustments for subsequent analysis, evaluation, and corrective action.

2. The error classification code is a required entry on MILSTRAP documentation for use in preparing reports and for providing evaluation data to higher authority in standard error classification categories.

### B. CODE STRUCTURE

---

<sup>1</sup> *The Integrated Materiel Manager may use the error classification codes in record positions 63-65 in DI Codes D8B/D9B Inventory Adjustment Transactions (Accounting Errors) pending the establishment of single shared asset balances (see paragraphs B.2. and B.3.).*

The following explanation applies to the error classification code structure:

1. **First Position**. The first character is the operation code which will be numeric or alphabetic and will identify the operation during which the error occurred and not the operation in which the error was detected. Code assignment for the first character is controlled by DoD and may not be assigned by the Services/Agencies. The following operation codes are assigned as the first character in the error classification code:

**CODE    OPERATION**

0    Not assigned; reserved for  
future assignment by DoD.

1    Receiving.

2    Issue.

3    Physical Inventory.

4    Cataloging Changes.

5    Logistics Reassignments.

**CODE    OPERATION**

6    Warehousing/Rewarehousing.

7    Location Survey.

8    Other.

9    Not assigned; reserved for  
future DoD assignment.

A-Z    Not assigned; reserved for  
future DoD assignment.

2. **Second Position**. The second character is the type of error code which is alphabetic or numeric and identifies the type of error which occurred. Code assignment for the second character is controlled by DoD and may not be assigned by the Services/Agencies. The following type of error codes are assigned as the second character in the error classification code:

**CODE**

**LEGEND**

**DEFINITION**

A

System/  
Program Error

***Property accountability record*** was not correctly updated by a valid transaction because system failed or program contained a logic error.

| <u>CODE</u> | <u>LEGEND</u>                | <u>DEFINITION</u>  |
|-------------|------------------------------|--|
| B           | Document Not Posted          | Physical processing was completed but transaction update of the <b>property accountability record</b> was not effected.  |
| C           | Source Document Error        | Error in the source document NSN, quantity, unit of issue, condition, type of pack, lot number, ownership/purpose, and/or location (routing identifier code) caused erroneous update of <b>property accountability record</b> .                            |
| D           | Data Entry Error             | Input transaction did not match source document NSN, quantity, unit of issue, condition, type of pack, lot number, ownership/purpose, and/or location (routing identifier code) and caused erroneous update of the <b>property accountability record</b> . |
| E           | Rejected Document Not Posted | Transaction was rejected during processing and was not reinput to update the <b>property accountability record</b> .   |
| F           | Duplicate Document Posted    | Same transaction updated the <b>property accountability record</b> more than once.   |
| G           | Reversal Document Not Posted | <b>Property accountability record</b> was updated by a transaction processed to completion and required transaction reversal was not processed.  |
| H           | Erroneous Reversal Posted    | Prior action to reverse a transaction which updated the <b>property accountability record</b> was taken in error.  |
| I           | Not Assigned                 |  |
| J           | Misidentified/Mixed Materiel | Assets in storage location were identified by incorrect/multiple stock number, unit of issue, supply condition, shelf-life, type of pack, lot number, or ownership/purpose.  |

| <u>CODE</u> | <u>LEGEND</u>                                | <u>DEFINITION</u>   |
|-------------|--|---|
| K           | Duplicate<br>Physical<br>Processing          | Transaction updated the <b>property accountability record</b> once but materiel physically processed more than once.  |
| L           | Wrong Materiel<br>Selected                   | Materiel selected did not match transaction which updated the <b>property accountability record</b> (i.e., wrong stock number, quantity, unit of issue, supply condition, type of pack, lot, ownership/purpose, and/or location was physically selected). |
| M           | Materiel<br>Selected From<br>Wrong Location  | Storage location from which materiel was selected did not match storage location cited in the transaction.  |
| N           | Physical<br>Processing Not<br>Complete       | Transaction updated the <b>property accountability record</b> but physical processing of materiel was not completed.  |
| O           | Not assigned                                 |   |
| P           | Erroneous<br>Denial                          | Denial processed in error. Materiel found after denial was submitted.   |
| Q           | Materiel Not<br>Stored/Stored<br>Incorrectly | Materiel was not stored in finite location or placed in finite location when processing the storage transaction.  |
| R           | Infloat<br>Document<br>Control Error         | Erroneous data posted to the <b>property accountability record</b> because infloat documents were not considered or were not available.   |
| S           | Erroneous<br>Count                           | Materiel incorrectly counted.   |
| T           | Erroneous<br>Adjustment<br>Posted            | Prior action to adjust the <b>property accountability record</b> was taken in error.  |

| <u>CODE</u> | <u>LEGEND</u>                         | <u>DEFINITION</u>  |
|-------------|---------------------------------------|--|
| U           | Catalog Change<br>Not Posted          | Transaction resulted in erroneous update of the <b>property accountability record</b> because the <b>property accountability record</b> was not updated by catalog change transaction. |
| V           | Erroneous<br>Catalog Change<br>Posted | Erroneous data posted to <b>property accountability record</b> due to error in catalog change transaction, (e.g., wrong unit of issue to or from, etc.).                               |
| W           | Bin Tag/<br>Locator Label<br>Error    | Bin tag/locator label missing, incomplete, or reflected erroneous data for assets in storage location.   |
| X           | Theft                                 | Inventory adjustment attributed to probable theft.   |
| Y           | No Conclusive<br>Findings             | Cause for the inventory discrepancy count be determined.   |
| Z           | Not Assigned                          | Reserved for future DoD assignment.  |
| 0-9         | Not Assigned                          | Reserved for future DoD assignment.  |

3. Third Position. The third character may be assigned by each Service/Agency to internally amplify the error classification. Numeric and alphabetic code assignments in this position will be controlled by each individual Service/Agency for their internal use.



# APPENDIX B31

## TYPE OF LOCATION RECONCILIATION REQUEST <sup>1/</sup>

NUMBER OF CHARACTERS: One

TYPE OF CODE: Numeric

EXPLANATION: Used to identify the type of location reconciliation request.

RECORD POSITION: 7

| <u>CODE</u> | <u>DEFINITION</u>                       |
|-------------|---|
| 1           | End of day processing.                  |
| 2           | Annual location reconciliation request. |

---

<sup>1</sup> The end of day processing and location reconciliation process will not be required with the establishment of single shared asset balances (see Chapter 7, paragraphs B.2. and B.3.).

# APPENDIX C62

## INVENTORY PRIORITIZATION INFORMATION

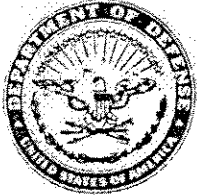
| <u>FIELD LEGEND</u>               | <u>RECORD<br/>POSITION(S)</u> | <u>ENTRY AND INSTRUCTIONS</u>  |
|-----------------------------------|-------------------------------|--|
| Document Identifier (DI) Code     | 1-3                           | Enter DI Code DZL.   |
| Routing Identifier (RI) Code (To) | 4-6                           | Enter the RI code identifying the depot to which the transaction is being forwarded.   |
| Blank                             | 7                             | Leave blank.   |
| National Stock Number (NSN)       | 8-22                          | Enter the NSN for which information is being provided, or only the Federal Supply Classification (FSC) if the information applies to all items in the FSC, or leave blank if the information is default values. Values will not be provided for more than 15 FSCs. |
| Procurement Lead Time (PLT)       | 23-26                         | Enter the PLT, expressed in months, for the NSN, FSC, or the default value. Owners may use Order Ship Time.  |
| Months To Procurement (MTP)       | 27-29                         | Enter the MTP, expressed in months, for the NSN, or the default value. Owners may use months until next order.   |

**FIELD LEGEND****RECORD  
POSITION(S)****ENTRY AND INSTRUCTIONS**

|                                      |       |   |
|--------------------------------------|-------|---|
| Essentiality Code<br>(EC)            | 30-32 | Enter the EC (or USAF Mission Item EC or USMC Combat Essentiality-Criticality Code) applicable to the NSN.                                    |
| Weighting Factor<br>1 ( $W_1$ )      | 33-35 | Enter the value of the weighting factor applicable to the Annual Demand Frequency (ADF) for the NSN, FSC, or default. Not to exceed 100.      |
| Weighting Factor<br>2 ( $W_2$ )      | 36-38 | Enter the value of the weighting factor applicable to the Annual Demand Quantity (ADQ) for the NSN, FSC, or default. Not to exceed 100.       |
| Weighting Factor<br>3 ( $W_3$ )<br>- | 39-41 | Enter the value of the weighting factor applicable to the Annual Demand Dollar Value (ANDOL) for the NSN, FSC, or default. Not to exceed 100. |
| Weighting Factor<br>4 ( $W_4$ )      | 42-44 | Enter the value of the weighting factor applicable to the EC Value (ECV) for the NSN, FSC, or default. Not to exceed 100.                     |
| Weighting Factor<br>5 ( $W_5$ )      | 45-47 | Enter the value of the weighting factor applicable to the PLT for the NSN, FSC, or default. Not to exceed 100.                                |
| Weighting Factor<br>6 ( $W_6$ )      | 48-50 | Enter the value of the weighting factor applicable to the MTP for the NSN, FSC, or default. Not to exceed 100.                                |

**FIELD LEGEND****RECORD  
POSITION(S)****ENTRY AND INSTRUCTIONS**

|   |       |   |
|---|-------|---|
| Blank                                     | 51-61 | Leave blank.  |
| Date                                      | 62-66 | Enter the date prepared.  |
| Routing<br>Identifier (RI)<br>Code (From) | 67-69 | Enter RI code identifying the<br>owner preparing the transaction. |
| Blank                                     | 70-80 | Leave blank.  |



OFFICE OF THE SECRETARY OF DEFENSE

6301 LITTLE RIVER TURNPIKE, SUITE 210  
ALEXANDRIA, VA 22312 5044



DEFENSE LOGISTICS  
STANDARD SYSTEMS OFFICE  
DLSSD

16 DEC 1989

MEMORANDUM FOR "SEE DISTRIBUTION"

SUBJECT: Defense Logistics Standard Systems Change Procedures

In our memorandum of 17 November 1989, "Moratorium on Changes to the Defense Logistics Standard Systems," we advised you of the Deputy Assistant Secretary of Defense (Logistics) decision to place a moratorium on changes to Defense Logistics Standard Systems (DLSS). We also advised that proposed changes should continue to be forwarded to the responsible DoD DLSS Administrator until procedures, which fully incorporated the moratorium requirements, were developed. This memorandum provides those procedures.

All proposed changes to DLSS will be submitted to the appropriate Service/Agency DLSS Focal Point for review. The DLSS Focal Point will review each change to ensure that it is adequately explained and justified as well as functionally appropriate. For the most part, DLSS Focal Points will then forward changes passing these initial tests to their Modernization of Defense Logistics Standard Systems (MODELS) Functional Working Group (FWG) Representative for further processing as enhancements to the MODELS. DLSS Focal Points without representation on the MODELS FWG will forward their changes to this office.

If the proposed change is critical and the DLSS Focal Point believes the proposal should be incorporated in the current DLSS, the Focal Point will forward the change to the DoD DLSS Administrator. For purposes of these procedures, critical changes are those which: (1) correct operational deficiencies, (2) satisfy congressional requirements, or (3) are directed by the Office of the Assistant Secretary of Defense. The Focal Point will also forward changes which do not require staffing; that is, administrative changes, to the DoD DLSS Administrator.

All critical changes will be reviewed within the Defense Logistics Standard Systems Division and forwarded, with an evaluation and recommendation, to the Director, Supply Management Policy for approval or disapproval. Upon approval, the DoD DLSS Administrator will take all necessary actions to incorporate the change in the

Page 2

SUBJECT: Defense Logistics Standard Systems Change Procedures

appropriate DLSS and to keep the Chairman, MODELS FWG fully informed. If disapproved, the Chairman, MODELS FWG will consider the proposed change as an enhancement to be incorporated in the MODELS.

Change proposals currently being staffed will be processed to the completion stage including the establishment of an implementation date. Any proposal requiring restaffing will be subject to the criteria established for the moratorium.

My point of contact for matters pertaining to this memorandum is Mr. James Lewis, telephone number (202) 274-6062 or 284-6062 (AV).



HORACE E. PERDIEU

Director

Defense Logistics Standard  
Systems Division

Attachments:

1. DLSS Listing
2. MODELS FWG Representatives

cc:

DASD (L) SD  
DASD (L) TP  
DASD (P) CPA  
DC (MS) AP  
DAASO

Distribution:

Commander, General Materiel and Petroleum Activity  
ATTN: STRGP-FM  
Commanding Officer, Navy Petroleum Office  
ATTN: NPO 20  
Deputy Chief of Staff, Logistics and Engineering, USAF  
ATTN: AF/LEYSE  
Commandant of the Marine Corps  
ATTN: LPS-1

Page 3

SUBJECT: Defense Logistics Standard Systems Change Procedures

Commandant, U.S. Coast Guard  
ATTN: G-ELM-2  
Commander, Defense Fuel Supply Center  
ATTN: DFSC-O (DLA/DFSC Committee Member)  
Director, Finance and Accounting, OASA(FM)  
ATTN: SAFM-FAP-A  
Commander, Navy Accounting and Finance Center  
ATTN: NAFC-5212  
Commander, Air Force Accounting and Finance Center  
ATTN: AFAFC/XSMM  
Commandant of the Marine Corps  
ATTN: FDF-21  
Director, Defense Logistics Agency  
ATTN: DLA-CFS  
Director, National Security Agency  
ATTN: N44  
Deputy Comptroller For Finance, General Services Admin.  
ATTN: BCTN  
Commander, U.S. Army Materiel Command  
ATTN: AMCSM-MSM  
Commander, Navy Accounting and Finance Center  
ATTN: NAFC 633  
Commander, Air Force Logistics Command  
ATTN: AFLC-DSTTI  
General Services Administration  
Federal Supply Services  
ATTN: FCRL-R  
Director, Defense Nuclear Agency  
ATTN: FCL  
Director, Defense Communications Agency  
ATTN: H322  
Director, Defense Logistics Agency  
ATTN: DLA-OSC  
Commander, U.S. Army Security Affairs Center  
ATTN: AMSAC-MP-R  
Commander, Naval Supply Systems Command  
ATTN: SUP 074  
Commanding General  
Marine Corps Logistics Base, Albany  
ATTN: 819  
Commander, U S. Army Materiel Command  
ATTN: AMCPP-PS

Page 4

SUBJECT: Defense Logistics Standard Systems Change Procedures

Commander, Naval Supply Systems Command

ATTN: SUP 04729

Directorate of Contracting and Manufacturing Policy, U.S. Air Force

ATTN: SAF/AQCO

Commandant of the Marine Corps

ATTN: LBO

Director, Defense Logistics Agency

ATTN: DLA-PP

Commander, Naval Supply Systems Command

ATTN: SUP 0323

Deputy Chief of Staff, Logistics and Engineering, U.S. Air Force

ATTN: LEYSP

Director, Defense Logistics Agency

ATTN: DLA-CM

Deputy Chief of Staff, Logistics and Engineering, U.S. Air Force

ATTN: LE-1

Commander, U.S. Army Materiel Command

ATTN: AMCIM-SP

Director, Defense Logistics Agency

ATTN: DLA-ZSA



LIST OF DEFENSE LOGISTICS STANDARD SYSTEMS

| <u>Title</u>   | <u>Publication Number</u> |
|--|---------------------------|
| Military Standard Requisitioning and Issue Procedures (MILSTRIP)   | DoD 4000.25-1-M           |
| Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP)                                   | DoD 4000.25-2-M           |
| Military Supply and Transportation Evaluation Procedures (MILSTEP)   | DoD 4000.25-3-M           |
| Military Standard Contract Administration Procedures (MILSCAP)   | DoD 4000.25-5-M           |
| DoD Activity Address Directory (DoDAAD) System   | DoD 4000.25-6-M           |
| Military Standard Billing System (MILSBILLS)   | DoD 4000.25-7-M           |
| Military Assistance Program Address Directory (MAPAD) System   | DoD 4000.25-8-M           |
| Defense Automatic Addressing System (DAAS)   | DoD 4000.25-10-M          |
| International Logistics Communications System (ILCS)   | DoD 4000.25-10-M          |
| Department of Defense Logistics Data Element Standardization and Management Program (DoD LOGDESMAP) Procedures | DoD 4000.25-13-M          |
| Military Standard Transportation and Movement Procedures (MILSTAMP) (Moratorium was effective September 1987.) | DoD 4500.32-R             |
| Procedures for the Management of Petroleum Products (Military Standard Petroleum System (MILSPETS))            | DoD 4140.25-M             |

## FUNCTIONAL WORK GROUP PARTICIPANTS

28 NOVEMBER, 1989

| <u>S/A</u>      | <u>NAME</u>         | <u>PHONE</u>                                       | <u>REMARKS</u> | <u>MSG/POSTAL ADDRESS</u>  |
|-----------------|---------------------|--|----------------|--|
| <u>MEMBERS:</u> |                     |  |                |  |
| DLSSD           | JAMES LEWIS         | AV284-6062<br>CML(202)274-6062<br>FAX(202)274-1986 | CHAIRMAN       | DLSSO CAMERON STA VA//DLSSD-B//<br>Director, Defense Logistics Standard Systems Division<br>ATTN: DLSSD-B<br>6301 Little River Tpk<br>Suite 210<br>Alexandria, VA 22312-5044 |
| LMI             | DON EGAN            | AV287-2127<br>CML320-2000<br>FAX(301)320-5617      | Contractor     | Logistics Management Institute<br>6400 Goldsboro Rd<br>Bethesda, MD 20817-5886   |
| DLSSD           | GERALD PHILLIPS     | AV284-6062<br>CML(202)274-6062<br>FAX(202)274-1986 | COORDINATOR    | DLSSO CAMERON STA VA//DLSSD-B//<br>Director, Defense Logistics Standard Systems Division<br>ATTN: DLSSD-B<br>6301 Little River Tpk<br>Suite 210<br>Alexandria, VA 22312-5044 |
| DAASO           | WILLIAM STRICKLER   | AV986-6395<br>CML(513)296-6395<br>FAX(513)296-5758 | PRIMARY        | DAASO GENTILE AFS OH//DAASO-VLL//<br>Chief, Defense Automatic Addressing Systems Office<br>ATTN: DAASO-VLL<br>Gentile AFS, Dayton, OH 45444-5320                             |
| AF              | JOE COOK            | AV787-8562<br>CML(513)257-8562<br>FAX(513)257-3337 | PRIMARY        | AFLC WRIGHT PATTERSON AFB OH//SYC//<br>AFLC LMSC/SY<br>ATTN: J. COOK<br>WRIGHT PATTERSON AFB, OH 45433-5001  |
| AF              | MURDOCK MCRAE       | AV225-1015<br>CML(202)695-1015<br>FAX(202)694-0569 | ALTERNATE      | HQ USAF WASHINGTON DC//HQAF-LE-I//<br>CSAF HQ USAF<br>Pentagon Rm 4E289<br>ATTN: AF/LE-I<br>Washington, DC 20330-5000  |
| AF              | MAJ EDWARD HOEFT    | AV225-1015<br>CML(202)695-1015<br>FAX(202)694-0569 | ALTERNATE      | HQ USAF WASHINGTON DC//HQAF-LE-I//<br>CSAF HQ USAF<br>Pentagon Rm 4E289<br>Washington, DC 20330-5000   |
| JS              | LTC(P) C. GUILLIAMS | AV227-4711<br>CML(202)697-4711<br>FAX(202)697-2024 | PRIMARY        | JS WASHINGTON DC//J-4/SMD//<br>Office of Joint Staff,<br>ATTN: JS J-4/SMD-SMOB<br>Pentagon Rm 2D822<br>Washington, DC 20318-4000   |

ATT. 2

# FUNCTIONAL WORK GROUP PARTICIPANTS

| <u>S/A</u> | <u>NAME</u>         | <u>PHONE</u>  | <u>REMARKS</u> | <u>MSG/POSTAL ADDRESS</u>  |
|------------|---------------------|---|----------------|--|
| MC         | BETH HARTUNG        | AV224-1074<br>CML 694-1074<br>FAX(202)697-3854        | PRIMARY        | CMC WASHINGTON DC//LPS-1//<br>Commandant of the Marine Corps<br>ATTN: LPS-1<br>Washington, DC 20380-0001   |
| MC         | CAPT BYRON STEBBINS | AV567-6651<br>CML(912)439-6651<br>FAX(912)439-6713    | ALTERNATE      | CG MCLB ALBANY GA//804-1//<br>Office of the Deputy Commander<br>Marine Corps Logistics Base<br>ATTN: MCLB 804-1<br>Albany, GA 31704-5000                       |
| DMA        | M. K. LIBRIZZI      | AV356-9264<br>CML285-9264<br>FAX285-9396              | PRIMARY        | BULKDMA/DMA SC FAIRFAS VA//SGD//<br>DMA Systems Center<br>ATTN: SGD<br>12100 Sunset Hills RD Suite 200<br>Reston, VA 22090-3207                                |
| DMA        | FAYE CHIPPEAUX      | AV356-9264  | ALTERNATE      | SAME AS ABOVE  |
| DLA        | ROBERT VITKO        | AV284-6191<br>CML(202)274-6191<br>FAX(202)274-3830    | PRIMARY        | DLA CAMERON STA VA//DLA-OSC//<br>Director<br>Defense Logistics Agency<br>ATTN: DLA-OSC<br>Cameron Station<br>Alexandria, VA 22304-6100                         |
| DLA        | MARGUERITE MARTIN   | AV284-6191<br>CML(202)274-6191<br>FAX(202)274-3830    | ALTERNATE      | DLA CAMERON STA VA//DLA-OSC//<br>(SAME AS ABOVE)   |
| ARMY       | JOHN MILLIKEN       | AV284-9479<br>CML(202)274-9479<br>FAX(202)274-5451    | PRIMARY        | CDRAMC ALEXANDRIA VA//AMCSM-MSW//<br>Commander<br>U.S. Army Materiel Command<br>ATTN: AMCSM-MSW<br>5001 Eisenhower Avenue<br>Alexandria, VA 22333-0001         |
| ARMY       | BARBARA WATTS       | AV745-4102<br>FAX(606)293-3352                        | ALTERNATE      | CDRMBSA LEXINGTON, KY//AMXMD-SM//<br>Commander<br>US Army Material Readiness Support Activity<br>ATTN: AMXMD-SM<br>Lexington, KY 40511-5101                    |
| NAVY       | DONNA FELIX         | AV225-4459/60<br>CML(202)695-4460<br>FAX(202)746-6237 | PRIMARY        | COMNAVSUPSTSCOM WASHINGTON DC//SUP-04713//<br>Commander, Naval Supply Sys Command<br>Crystal Mall III, Rm 805<br>ATTN: Code 04713<br>Washington, DC 20376-5000 |

# FUNCTIONAL WORK GROUP PARTICIPANTS

| <u>S/A</u> | <u>NAME</u>         | <u>PHONE</u>  | <u>REMARKS</u> | <u>MSG/POSTAL ADDRESS</u>   |
|------------|---------------------|---|----------------|---|
| NAVY       | SANDY BURRESS       | AV225-4451<br>CML(202)695-4451/58<br>FAX(202)695-5829 | ALTERNATE      | COMNAVSUPSYSCOM WASHINGTON DC//SUP-04141//<br>Commander, Naval Supply System Command<br>Crystal Mall III<br>ATTN: Code 04141<br>Washington, DC 20376-5000 |
| USTC       | MAJ MAUREEN CROOKS  | AV576-6885<br>CML(618)576-6885<br>FAX(AV)576-6823     | PRIMARY        | * USCINTRANS SCOTT AFB IL//J3/J4-LPI//<br>Commander<br>U.S. Transportation Command<br>ATTN: J3/J4-LPI<br>Scott AFB, IL 62225-7001                         |
| USTC       | MAJ DEBRA MATSON    | AV567-3823<br>CML(618)256-3823<br>FAX(AV)576-6823     | ALTERNATE      | * USCINTRANS SCOTT AFB IL//J3/J4-LPI//<br>Commander<br>U.S. Transportation Command<br>ATTN: J3/J4-LPI<br>Scott AFB, IL 62225-7001                         |
| DLSC       | * KENNETH ABBOTT    | AV932-4130<br>CML(616)961-4130<br>FAX(616)961-4265    | PRIMARY        | DLSC BATTLE CREEK MI//DLSC-ZBB(ZT)//<br>Commander, DLSC<br>Federal Center<br>ATTN: DLSC-ZBB(ZT)<br>74 N. Washington St<br>Battle Creek, MI 49016-3084     |
| DLSC       | MRS. D. AYN SHIPE   | AV932-4130  | * ALTERNATE    | (SAME AS ABOVE)   |
| CG         | WILLIAM WHITTINGTON | CML267-0659<br>FAX(202)267-1982                       | PRIMARY        | COMDT COGARD WASHINGTON DC//G-ELM-2//<br>Commandant, United States Coast Guard<br>Attn: G-ELM-2<br>2100 Second Street<br>Washington, DC 20593-0001        |
| CG         | TERRY JAEGER        | CML267-0655<br>FAX(202)267-1982                       | ALTERNATE      | COMDT COGARD WASHINGTON DC//G-ELM-2//<br>(SAME AS ABOVE)  |
| GSA        | ROBERT WEEKS        | CML557-8500<br>FAX(703)557-0956                       | PRIMARY        | GSA FSS CENTRAL OFFICE ARLINGTON VA//FPS//<br>General Services Administration<br>Federal Supply Service<br>ATTN: FPS<br>Washington, DC 20406              |
| GSA        | EDWARD KIRK         | CML557-0800<br>FAX(703)557-0956                       | ALTERNATE      | GSA FSS CENTRAL OFFICE ARLINGTON VA//FPS//<br>(SAME AS ABOVE)   |
| FAA        | * J. DeLISLE        | CML(405)680-5030<br>FAX(405)680-4840                  | PRIMARY        | FAA AERONAUTICAL CEN OKLAHOMA CITY OK<br>MIKE MONBONEY AERONAUTICAL CENTER<br>FAA DEPT (AAC-413)<br>Post Office Box 25082<br>Oklahoma City, OK 73125      |

OBSERVERS:

| <u>S/A</u> | <u>NAME</u>      | <u>PHONE</u>                                       | <u>MSG/POSTAL ADDRESS</u>   |
|------------|------------------|--|---|
| ARMY       | KATHLEEN SCHULIN | AV227-1542<br>CML(202)697-1542<br>FAX(202)694-7328 | DA WASHINGTON DC//DALO-SWP-S//<br>HQ, Department of the Army<br>DCSLOG<br>ATTN: DALO-SWP-S<br>Pentagon, RM 1D573<br>Washington, DC 20310-0546                                       |
| MTMC       | TOM BURROWES     | AV289-1570<br>CML(202)756-1570<br>FAX(202)756-2140 | CDRMTMC FALLS CHURCH VA//MTXA//<br>Commander<br>Military Traffic Management Command<br>ATTN: MTXA<br>5611 Columbia Pike<br>Falls Church, VA 22041-5050                              |
| MSC        | C. MOSIER, JR    | CML(202)433-7761                                   | COMSC WASHINGTON DC//N61//<br>Commander<br>Military Sealift Command<br>ATTN: N61<br>Washington, DC 20398-5100t Command  |
| DLSSD-AM   | VIRGINIA SLACHTA | AV284-6062   | DLSSO CAMERON STA VA//DLSSD-AM//<br>Director, Defense Logistics Standard Systems Division<br>ATTN: DLSSD-AM<br>6301 Little River Turnpike<br>Suite 210<br>Alexandria, VA 22312-5044 |

\* Changes to specific data field



PRODUCTION AND  
LOGISTICS  
(L/MPM)

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-8000

8 1 DEC 1992

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Implementation of Approved Military Standard Changes  
(AMCLs)

In light of the Corporate Information Management (CIM) initiative to develop standard DoD wide logistics systems, the Services/Agencies have expressed increased concerns regarding the continued effort to implement outstanding Defense Logistics Standard Systems (DLSS) AMCLs in the existing unique Service/Agency systems. Accordingly, representatives from OASD, the Joint Logistics Systems Center (JLSC), the Defense Distribution Systems Center (DDSC), and the Defense Logistics Management Standards Office (DIMSO) met December 16, 1992, to discuss the implementation of outstanding AMCLs.

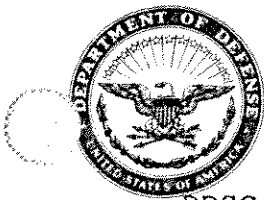
As a result of this meeting, the JLSC, DDSC and DIMSO will undertake a review of all open AMCLs and prepare recommendations on whether changes should be implemented in the legacy systems or deferred for implementation in migration systems being developed under the CIM effort. Based on the review results, this office will provide guidance on the implementation of outstanding AMCLs by March 31, 1993.

Due to the reevaluation of the scheduled AMCL implementation dates, the next Defense Logistics Standard Systems Status Review will not be published until after March 31, 1993.

Additionally, in order to commit resources to the standard system modernization effort, it is imperative that additional proposed changes to the legacy systems be expressed as migration or target CIM requirements whenever possible. Only urgently needed critical changes which impact on operational readiness or accountability and control should be recommended for proposed changes to the existing systems. The DIMSO point of contact is Mr. James Johnson, (703) 274-4701, DSN 284-4701, extension 400.

  
Jeffrey A. Jones  
Director, Materiel and  
Resource Management Policy

DEFENSE LOGISTICS AGENCY  
HEADQUARTERS  
CAMERON STATION  
ALEXANDRIA, VIRGINIA 22304-6100



DDSC-ED and JLSC/MMS


1 JUL 1993


IN REPLY  
REFER TO

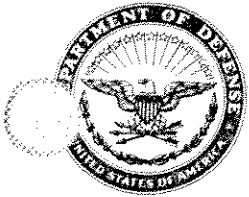
SUBJECT: Implementation Strategy for Approved Mil Standard  
Change Letter 8 (AMCL 8)

TO: DLMSO (ATTN: JPIWG Chairman)

1. Reference: DDSC/JLSC meeting, 1 July 1993.
2. A coordinated approach to implementing AMCL 8 was discussed at the referenced meeting. A two phase approach is recommended. The first phase would entail implementing the minimum requirements of AMCL 8 by DDSC and JLSC. The second phase would implement the total requirements of AMCL 8. The following steps are recommended for this approach:
  - a. The Joint Physical Inventory Working Group (JPIWG) identify acceptable minimum requirements for implementing AMCL 8.
  - b. The DDSC/JLSC would coordinate with the Central Design Activities (CDAs) to assess the costs and other impacts of implementing the minimum and the total requirements.
  - c. The DDSC/JLSC, based upon the CDA analysis, would develop plans and milestones for implementation. Options include partial/total legacy system implementation. The optimum approach will be based on CDA analysis, implementation scheduling, and costs.
3. Request the JPIWG provide to DDSC-ED and JLSC/MMS the minimum requirements for initial implementation. The response should be as close to system change request format as possible in order to facilitate processing (through CDAs) and ensure a clear understanding of JPIWG expectations.
4. The DDSC/JLSC are planning monthly meetings to address interface issues. We hope to have the JPIWG requirements identified for the August meeting.
5. The DDSC POC is Mr. Hank Marrangoni, DDSC-ED, DSN 284-3195. The JLSC POC is Mr. David Fink, JLSC/CIP, DSN 785-0747.

  
CHARLES W. STRONG, JR.  
Chief, Specialized  
and Functional  
Analysis Division

  
HANK MARRANGONI  
Deputy Program Manager  
Defense Distribution  
Systems Center



DEFENSE LOGISTICS AGENCY  
HEADQUARTERS  
CAMERON STATION  
ALEXANDRIA, VIRGINIA 22304-6100



IN REPLY  
REFER TO

DLMSO

8 JUL 1993

SUBJECT: Implementation Strategy for Approved MILSTRAP Change  
Letter (AMCL) 8A, Physical Inventory Control

TO: Defense Distribution Systems Center  
ATTN: DDSC-ED  
Joint Logistics Systems Center  
ATTN: JLSC-MMA

1. Reference: Joint DDSC/JLSC letter, 2 July 1993, SAB.
2. This is an interim response to the above referenced letter. During the 21-25 June 1993, Joint DoD Joint Physical Inventory Working Group (JPIWG)/Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP) Focal Point meeting, three minimum requirements for initial implementation of AMCL 8A within the core Corporate Information Management (CIM) migration systems (i.e., Distribution Standard System and Materiel Management Standard System) were identified:
  - a. Materiel accountability at the distribution (depot) center, thereby, requiring the distribution (depot) center to process DI Code D8A/D9A (Inventory Adjustment Increase/Decrease (Physical Inventory) transactions to the owner/manager.
  - b. AMCL 8A cancelled the DI Code DKA (Physical Inventory Count) transaction, therefore, DI Code DKA must not be considered for the core migration systems.
  - c. End of the day processing which requires the owner/manager and distribution (depot) center to match all active records (i.e., change in record quantities) daily with DI Code DZH (Location Reconciliation Request) (type of DI Code DZH code 1) transaction.

Also, it should be noted that AMCL 8A established a new transaction (DI Code DZL (Inventory Prioritization Information)) that requires an owner/manager/distribution (depot) center interface.

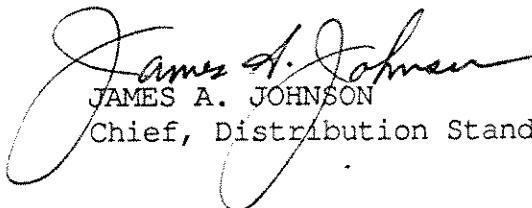


DLMSO PAGE 2

SUBJECT: Implementation Strategy for Approved MILSTRAP Change  
Letter (AMCL) 8A, Physical Inventory Control

3. Since a firm date has not been set for the August DDSC/JLSC meeting that will address interface issues, this interim response is provided as a "heads up" of what the DDSC and JLSC can expect from the JPIWG. Also, AMCL 8A is expected to be distributed to the DoD Components on or about 15 July 1993. It specifically identifies both the end of day and location reconciliation processes as not being required when single shared asset balances between the owner/manager and distribution (depot) center exist.

4. The DLMSO POC is Mr. Frank St. Mark, Chairperson, DoD JPIWG, DSN 284-4701 (Ext. 411).

  
JAMES A. JOHNSON  
Chief, Distribution Standards

cc:  
OASD (L) LSD/MRM