

NAVSUP P-724 Rev 8, CONVENTIONAL ORDNANCE STOCKPILE MANAGEMENT

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CHAPTER SIX

INVENTORY ACCOUNTABILITY OF NAVAL AMMUNITION

SECTION 1: INVENTORY ACCOUNTABILITY OF NAVAL AMMUNITION OVERVIEW, POLICIES AND RESPONSIBILITIES

Ref: (a) OPNAVINST 8015.2 Series
(b) NAVSUP P-723
(c) DOD 4000.25-2-M
(d) NAVSEAINST 8020.14 Series
(e) MCO P4400.151 Series

6.1.1. Purpose.

This chapter provides the policy and assigns responsibility for achieving and sustaining naval ammunition inventory accuracy performance objectives. It also provides inventory management procedures that ordnance-reporting activities must follow in order to achieve a high level of ammunition accountability.

6.1.2. Background.

The integrity of our stockpile and the accuracy of our inventory records are the basis for ordnance positioning, fleet support, readiness assessment, requirements determination and ordnance acquisition programs. It is essential that inventory control processes be effectively and diligently employed to achieve ordnance inventory accountability, safety, and security.

6.1.3. Scope and Applicability.

- a. Material Inclusions. This chapter applies to material in any condition held in naval inventory records or in contracted custody, that is classified as explosive ordnance, inert ordnance and ordnance containers/packaging items designated as reusable. This chapter does not apply to nuclear weapons, ballistic missiles, or biological and chemical weapons.
- b. Command and Activities. This chapter is applicable to all activities reporting naval ammunition into the Conventional Ammunition Integrated Management System (CAIMS) and Marine Corps Ammunition Accounting and Reporting System (MAARSII).

6.1.4. Policy.

- a. Reference (a) directs and provides guidance for the establishment of an inventory accountability program by major commands whose subordinate activities or units store ordnance. The methodology of the physical inventory program as well as basic Navy policies regarding the responsibilities of Inventory Accuracy Officers (IAOs)/designated Ordnance Officers in maintaining controls over material inventories as prescribed in reference (b). This chapter defines Naval Operational Logistics Support Center (NOLSC-AMMO) responsibilities and procedures for monitoring inventory accuracy metrics for all activities holding naval ammunition and for compiling statistics in accordance with the policy cited in reference (a).

b. Reference (c) additionally provides procedures regarding in transit and disputed receipts of ammunition transactions and establishes the requirements for the proper receipt of ammunition. Commanding Officer, NOLSC-AMMO is authorized to certify and approve adjustments up to 0.1% of the Navy ordnance inventory as represented in the Conventional Ammunition Integrated Management System (CAIMS). Values greater than this requires Commander, Naval Supply System Command (COMNAVSUPSYSCOM) certification.

c. Inventory Accuracy Performance Indicators have been developed to represent the degree to which central and/or local stock records adequately portray actual quantities, purpose and condition codes of ordnance assets on hand at selected sites. Accuracy is evaluated for total stock or by selected ordnance stock strata (such as cognizance (COG) symbol, risk category, commodity group, Federal Supply Class (FSC), or magazine).

6.1.5. Responsibilities.

NOLSC-AMMO:

(1) Develops and issues ordnance accountability and inventory accuracy monitoring policy and procedures for Navy ammunition in accordance with references (a) through (c).

(2) Designates a Data Integrity Officer to oversee the Naval Ordnance Inventory Accuracy Program.

(3) Conducts periodic Inventory Accuracy Forums (IAFs) for discussion of ordnance accountability and inventory accuracy related matters.

(4) Coordinates with the Single Manager for Conventional Ammunition (SMCA) to ensure Naval ordnance in SMCA activities meet inventory accuracy requirements delineated in reference (a).

(5) Monitors ordnance activity compliance with physical inventory, location audit and location reconciliation scheduling and performance requirements.

(6) Provides inventory management inspection personnel in support of the Department of Navy (DON) Shore Station Explosive Safety Program as described in reference (d).

(7) On an exception basis, conducts ordnance Ammunition Management and Accountability Review (AMAR) visits to assist ordnance handling and storage activities in identifying and resolving process deficiencies and improving ammunition inventory accuracy, data quality and accountability.

(8) Coordinates with Marine Corp Systems Command (MARCORSYSCOM) to ensure Navy activities holding OT COG assets meet inventory accuracy requirements delineated in reference (e).

SECTION 2: INVENTORY ACCURACY MANAGEMENT PROCEDURES.

- Ref:
- (a) OPNAVINST 8015.2 Series
 - (b) DOD 4000.25-2-M
 - (c) COMDTINST M8000.2
 - (d) DOD Directive 4140.1-R
 - (e) NAVSUP P-805
 - (f) NAVSUP P-807
 - (g) OPNAVINST 3100.6G
 - (h) OPNAVINST 5530.13 Series
 - (i) MCO 4340.1 Series
 - (j) NAVSUP P-723

- Attachments:
- (6-1) Ordnance Inventory Accountability Performance Checklist
 - (6-2) Inventory Schedule/Unscheduled Summary (NOLSC-AMMO Form 724/3)
 - (6-3) ANSI/ASQC Standard Q3 Table
 - (6-4) AMAR Asset Report by DODIC/NIIN
 - (6-5) Manual Count Card (NOLSC-AMMO Form 724/4)
 - (6-6) Gain/Loss and/or Causative Research Checklist

6.2.1. Introduction.

- a. The provisions of this section are applicable to all activities reporting naval ammunition into Conventional Ammunition Integrated Management System (CAIMS). The Naval Operational Logistics Support Center (NOLSC-AMMO) is responsible for monitoring inventory accuracy metrics for all activities holding naval ordnance and for compiling statistics in accordance with the policy cited in reference (a).
- b. Various informational aids are available to assist individual activities in monitoring their own inventory management processes. A checklist has been developed to aid Commanding Officers in conducting inventory management self-assessments of their ordnance operation. It is named the Ordnance Inventory Accountability Performance Checklist and is available on the NOLSC-AMMO website, accessible via Non-Classified Internet Protocol Router Network (NIPRNet) at <http://www.ois.disa.mil>. Locate by selecting Asset Profile; Publication; OPNAVINST 8015.2A, Enclosure (2). A copy of the checklist is also provided in Attachment (6-1). In accordance with reference (a), all naval activities that procure, manage, store or use Navy owned conventional ammunition shall prepare this checklist monthly and retain for a period of three years.
- c. Another inventory accountability checklist designed for daily use by Ordnance Officers is available at the same NOLSC-AMMO website location and is titled Inventory Management Guidelines for Ordnance Officers. Additionally, command specific In transit, Out-Of-Balance, Ammunition Transaction Report (ATR) errors and Periodic Lot Reporting (PLR) status is available on a password protected Secret Internet Protocol Router Network (SIPRNet) website at <https://www.ssg.navy.smil.mil>. To request a password for SIPRNet access you may call 717-506-1089 or submit a request via email to csc@ssg.navy.mil. For SIPRNet System establishment, contact the Defense Information System Agency (DISA) at 717-506-1089.

d. This secure website can also be accessed from NOLSC Ammunition Management Office, Pacific (AMMOPAC) San Diego, CA and NOLSC Ammunition Management Office, Atlantic (AMMOLANT) Norfolk, VA. These various reports allow commands to perform self-assessments by monitoring key ordnance inventory accountability metrics. Detailed information and assistance in resolving specific inventory management problems can be obtained at respective AMMO by phoning 1-800-600-AMMO.

6.2.2. Inventory Accuracy Standards.

- a. The ordnance inventory standard for record-to-record accuracy is the number of accurate CAIMS line items compared to total population, based on quantity/count, and expressed as a percentage.
- b. Standards established at the station/ship or record-to-magazine level are based on the following ROLMS station line item attributes: Quantity/Count, Material Identification (Cognizance (COG), National Stock Number (NSN), Ownership/Purpose/Activity Classification Code, Condition Code, and Serial/Lot Numbers), and Material Stowage (building/grid)).
- c. Inventory accuracy standards are established for each of three risk-based groups of the conventional ordnance inventory, and described in the following table:

Table 6.2.1: Ordnance Inventory Accuracy Standards

INVENTORY ACCURACY STANDARDS					
Risk Based Inventory Groups		Location Reconciliation	Station Line Item Record Accuracy		
No.	Elements	Record to Record	Count	Material ID (COG, C/C, Lot, Serial number, NSN, NALC)	Location (Bldg./Grid)
I	<u>HIGH RISK</u> CIICs: 1, 2, 5, 6, 8, S	99.5%	100%	100%	100%
II	<u>MODERATE RISK</u> CIICs: 3, 4, 9, A, B, C, D, P, 7, U ~ all explosives not in High Risk group	99.5%	95%	95%	95%
III	<u>LOW RISK</u> CIICs: J, 7, U, Blank ~ all inert other than C or S	99.5%	92%	92%	92%

d. Although the inventory accuracy standards established above are different for each risk group, the overall inventory accuracy goal is 95% in conformance with paragraph C7.2.12.4 of reference (b). Overall inventory accuracy is computed by dividing the number of correct attributes (count, material identification, and stowage location) by the sample size in each risk group, multiplying the result of that calculation by the percent each risk group weighs to total sample population, and adding the three resultant sums.

e. The magazine-to-record location survey accuracy standard is 98%.

6.2.3. Physical Inventory, Sampling and Reconciliation Requirements.

a. Scheduled Inventories. All CAIMS/MAARS reporters shall prepare and maintain a local record of all physical inventories scheduled at the beginning of each fiscal year. Additionally, all activities shall conduct scheduled physical inventories on all items for which they are accountable as specified below, USCG units will follow inventory requirements in accordance with reference (c).

(1) Category I (Controlled Inventory Item Codes (CIICs) 1, 5, 6): 100 percent physical inventory conducted semi-annually.

(2) Category II, (CIICs 2, 8, and S): 100 percent physical inventory conducted annually.

(3) All other ammunition/ordnance inventory: Either 100 percent physical inventory conducted annually or an annual statistical estimation sampling process that provides a reasonable assurance that the property accountable records meet applicable inventory accuracy standards with a 95 percent level of confidence (maximum margin of error of 2 percent).

b. Mandatory Sampling. Naval shore activities identified as Stock Points for Sampling (SPS) by NOLSC-AMMO shall conduct weekly random Statistical Process Control (SPC) sampling of the activity's total ordnance inventory for other than CAT I and CAT II (High Risk) material. Section 6 of this chapter provides guidance on SPC sampling procedures.

c. Depleted uranium rounds. 100% inventory annually. Applicable Navy Ammunition Logistics Code (NALC)/National Item Identification Numbers (NIINs) that are reportable to CAIMS are:

A675/001934227 A675/010876742 A676/011853265

A979/011363623 A979/012512582 A983/012197970.

d. Unscheduled Inventories are required when any of the following occurs:

(1) Warehouse Denial (Refusal). When material is on record but is not found in the location during material movements (i.e., issuing material).

(2) Bounce Back. When a stock point rejects a requisition referred by NOLSC-AMMO or NOLSC AMMO Office, the stock point must conduct a physical inventory if the transaction history analysis does not resolve the discrepancy.

(3) Anytime a location/magazine is compromised. A 100% inventory for that location must be completed within 24 hours. A location/magazine is considered compromised anytime there is evidence of an unauthorized entry.

e. All naval activities will perform periodic magazine-to-record location surveys in accordance with reference (b) requirements. Record-to-magazine checks must be accomplished as a separately evaluated process through either random sampling or as part of a wall-to-wall inventory.

f. Location Reconciliation. Annual location reconciliation (Retail Ordnance Logistics Management (ROLMS) to CAIMS record-to-record comparison) is required to ensure local records match the master CAIMS database. Activities will send Balance Transactions (“B and T” transactions for ATR reporters and “DZH” transactions for Transaction Item Reporting (TIR) reporters) to NOLSC-AMMO for all records to allow a comparison between ROLMS on-hand balances and the CAIMS database. NOLSC-AMMO and the respective activity will coordinate completion of the required record reconciliation. Record reconciliation is required under the following conditions:

(1) Annually. SPS activities will balance records according to the schedule provided by NOLSC-AMMO. All other activities will schedule their annual record-to-record comparison with NOLSC-AMMO on a mutually agreeable basis. Review paragraph 2.3.21 for additional reconciliation ATR reports.

(2) Upon notification by NOLSC-AMMO of an Out-of-Balance (OOB) transaction.

(3) When the Ordnance Inventory Accountability Performance Checklist item for OOB records indicates CAIMS to ROLMS record-to-record accuracy is less than the established standard.

g. In accordance with reference (a), in the event of a change of accountable officer or change of command, activities will conduct a physical inventory as described in 6.2.3 A (1) and (2) above, regardless of the length of time since the most recent inventory(s).

6.2.4. Inventory Process.

a. Scheduled Inventory Procedures. Scheduled inventories are conducted on an annual schedule and it is highly recommended that the command Inventory Accuracy Officer (IAO)/designated Ordnance Officer act as the inventory coordinators. In general, inventories will be conducted either on a location basis or by CIIC grouping. At least five working days prior to the scheduled inventory start date, the inventory coordinator should provide locations/CIIC groups selected for inventory-to-inventory personnel. Whenever possible, freeze all transactions (issues, receipts, restows, condition code changes, etc.) impacting selected locations/CIIC groups from the day counting begins until pre-adjustment research is completed. Obtain in process or in-float transactions not processed prior to the inventory start date and hold for reconciliation. The Ordnance Officer or designated representative approves emergency transactions for munitions in frozen locations/CIIC groups and ensures copies of those transactions are provided to the inventory coordinator for later reconciliation. If the location/CIIC group is not frozen, provide a copy of all unprocessed transactions affecting those locations/CIIC groups to the inventory coordinator for reconciliation when the first count is complete.

b. Unscheduled Inventories. Conduct unscheduled inventories on either a location or a NIIN basis, depending on the type of inventory. Unscheduled inventories, for example, will usually require counting the NIIN within a specific location, while special inventories will usually require counting the entire NIIN (in all locations).

c. A sample Inventory Summary Sheet is included in Attachment (6-2). This form may be used for both scheduled and unscheduled inventories. Fill in blocks as appropriate.

(1) Distribution. Provide a copy of the inventory schedule to organizational components processing receipts, issues, disposal orders, re-identifications, and catalog changes.

(2) Changes to schedule. Provide schedule changes to distribution as they occur.

d. Random selection of Station Line Items (SLI) for inventory or sampling purposes. ROLMS provides an automated program for randomly selecting Station Line Items (SLI) for inventory or sampling purposes. Because of the random selection feature, the use of this program is highly recommended when taking manual counts. At the present time, the program does not allow inventory selection by location or by individual SLI, and can not be used in conjunction with scanning equipment because ROLMS only allows scanning by entire location. A future revision will incorporate these changes to allow enhanced sampling flexibility. As an additional note, all SLIs in the ROLMS database are subject to random selection, regardless of ownership code, and are subject to scoring for inventory accuracy purposes. To utilize the automated program, follow these procedures:

(1) From the Main Menu, select Applications

(2) Select AMAR

(3) Select AMAR Selection Process

(4) Select Asset records with Balances Greater than Zero and All COGs

(5) Select Accept

(6) Select Close when the program finishes processing

(7) Select AMAR Sample Selection Process

(8) The screen will display the total number of activity SLIs by risk group (High, Moderate and Low stratification)

(9) For wall-to-wall inventories, type the total number of SLIs in each stratification (High, Moderate and Low) in the corresponding *Sample block, and skip to step (12);

(10) For Annual Estimation Sampling, use the ANSI/ASQC Standard Q3 Table, Attachment (6-3), determine the appropriate sample size. Use the table as follows:

(a) Select the appropriate Lot Size from the Q3 Table using the number of SLIs shown in the corresponding stratification group. As an example, if the number of SLIs in the High stratification block is 200, the Lot Size from the Q3 Table will be 151 to 280 because it falls within that range. Next select the appropriate Nominal Limiting Quality (LQ) Percent. Use column 0.5 for High Risk, column 5.0 for Moderate Risk and column 8.0 for Low Risk material. The numbers represent the allowable error percentage subtracted from 100 percent.

(b) Next select the point in the Q3 Table where the Lot Size and LQ Percent intersect. Using the example of 200 SLIs for High Risk, the n value equals 100% (meaning 100% of all 200, so sample size = 200) and the Ac value equals 0 (meaning 0 errors are allowed). Another example: If there were 510 Moderate stratification SLIs, Lot Size is 501 to 1,200 and LQ Percent is 5.0 (95% accuracy). Using the Q3 Table, the n value is 80 and the Ac value is 1, so sample size = 80 with 1 (one) allowable error. Once the sample size has been determined from the Q3 Table for each risk stratification, enter the n value in the corresponding *Sample block and go to step (12).

(11) For Weekly Sampling, enter the appropriate risk stratification sample size in the corresponding *Sample block

(12) Once the desired sample size(s) has been entered, select Accept

(13) Select appropriate printer if more than one is available and print the AMAR Asset Report

(14) Select Close

(15) Collect and review the AMAR Asset Report by DODIC/NIIN (inventory/sample count sheets). An example is shown in Attachment (6-4).

e. Non-ROLMS Activities. Use the Manual Count Card, Attachment (6-5) for taking manual counts. The use of other locally developed applications or programs is acceptable. Annotate the appropriate management data in the blocks provided.

f. (1) AA&E Key and Lock or Access Control Custodians shall not have access to modify the official ammunition record. Afloat units shall comply where shipboard manning levels support.

(2) Segregation of Duties. In accordance with reference (d), duties such as receiving, posting transactions to records, issuing material; etc., are to be divided among the work force to the maximum extent possible, so that no single individual may adversely effect the accuracy and integrity of the inventory. As applicable to this chapter, inventory/sampling counters shall not have access to inventory quantities nor any other attribute data applicable to the inventory or sample being taken. It is highly recommended that the IAO/designated Ordnance Officer, retain strict control of all count sheets. These individuals should be independent of the personnel whose primary duties include receiving, warehousing and issuing items being counted, as well as of those personnel responsible for maintaining the accuracy of the stock records, whether automated or manual. Ideally, for a manual count (non-scanner) process, inventory personnel assignments should consist of:

(a) Inventory Coordinator/assistant(s) to record inventory results on count sheets

(b) Warehouseman/magazine personnel to locate and determine count and material identification of material by location

(c) Stock Control representative to conduct reconciliation research, if required

(d) If personnel from outside the weapons activity are used for inventory purposes refer to NAVSEA OP-5, paragraph 2.3.3 for required safety training of these personnel.

6.2.5. Time Frames for Processing Inventories.

- a. Scheduled Inventories. Complete scheduled inventories within thirty calendar days of the start date.
- b. Unscheduled Inventories. Complete unscheduled inventories within fifteen calendar days of the start date.
- c. Purpose of Time Frames. Timely processing of inventories is essential for accurate reconciliation of physical counts and in-process transactions with record balances. Delays in completion of the inventory can contribute to bouncebacks, warehouse refusals, adversely affect replenishment actions, and distort stratification and budget review efforts.

6.2.6. Physical Count Procedures.

NOTE: *The person in possession of the AMAR Asset Report will provide as little information (NALC, Condition Code, Grid) as possible to allow the inventory counter to find the material. The counter will then call out the desired management data for comparison by the inventory representative with the SLI information shown on the AMAR Asset Report.*

- a. Manual First Count Procedures Using AMAR Asset Report, Attachment (6-4). To the maximum extent possible, process all unfinished business, including issues, receipts and re-stows for locations being inventoried. Inventory Team proceeds to inventory/sample location(s). Inventory counters will visually verify inventory management data written or typed on the material condition tags, bar code labels (if attached) and container stenciling for each Station Line Item (SLI) called out by the IAO or assistant, for each location.
- b. The inventory coordinator or assistant will record (on the AMAR Asset Report) all differences noted between the inventory management data on the material condition tag, bar code and stenciling, and the ROLMS data shown on the count sheets. In accordance with enclosure (1) of reference (a), the following inventory management attributes must be checked for correctness:

- (1) COG
- (2) NSN
- (3) Ownership Code
- (4) Purpose Code
- (5) Activity Classification Code
- (6) Condition Code
- (7) Serial/Lot Number
- (8) Location (Bldg./Grid)
- (9) Quantity

The inventory counter will initial and date the AMAR Asset Report for all differences identified.

c. Manual First Count Procedures using the Manual Count Card, Attachment (6-5). Enter the appropriate management data for those ordnance items selected for inventory/sampling on the count card(s). Follow the procedures discussed in paragraph 6.2.6 (a) above for conducting inventory/sample.

d. Optical Scanning Method.

(1) Activities with the capability to use optical scanning techniques will scan all locations and items within a magazine.

(2) Identify any discrepancies or problems encountered during scanning and take corrective action.

(3) The ROLMS Inventory Verification program will automatically provide two (2) listings: one for items that match the stock record and the other for items that do not match. For matches, the date of inventory on the lot/serial record is updated to the current inventory date.

e. Other First Count Procedures. Whichever method is utilized, use the quantity on the material condition tags, bar code labels and stenciling for the first count except when the container has been opened and a physical count can be accomplished. Sealed boxes should not be opened if there is no evidence of tampering. For open containers, seal the container with traceable seals, issue to segregation, change ordnance to the appropriate condition code per references (e) and (f), and notify stock control of the changes made. After all SLIs have been inventoried, any differences will be reviewed and compared with in-float documentation that may explain the reason for a difference. It is highly recommended that material condition tags, bar code labels, stenciling and ROLMS/stock records **NOT** be changed until a more thorough review has been conducted to determine the correct material identification of SLIs with differences. **Never assume the ROLMS/stock record is correct.**

NOTE 1: *All in-float documentation must be processed within the following timeframes, in accordance with paragraph 6f (3) of reference (a)*

NOTE 2: *Prior to performing work or opening a container in a magazine, refer to NAVSEA OP-4 and NAVSEA OP-5 for operations permitted inside a magazine.*

(1) All transactions for Categories I and II items (Security Risk Codes 1, 2, 5, 6, 8, and S), and Urgent NARs will be reported within 24 hours after completion of the event.

(2) Major ammunition on/offloads, or at sea evolutions including cross-decks by T-AE/AOE/AS (Cargo load); CV/LHA/LHD/LPD/LPH (Mission Load) and Maritime Prepositioning Ships (MPS) with Prepositioned War Reserve (PWR) stocks will be reported within 72 hours (three working days).

(3) All other transactions will be reported with 48 hours (two working days) after completion of the event. If the in-float documentation has not been processed within these standards, the difference is counted as an error. Refer to paragraph 2.1.4 of this publication for in-float documentation processing standards.

f. Second and Subsequent Counts. For items where any of the nine attributes from the first count do not match the stock record data, and there are no in-process or in-float transactions to resolve the discrepancy, conduct second and subsequent counts in accordance with paragraph 6.2.7. Prepare new count forms for second and subsequent counts if necessary. Do not use optical scanning for second and subsequent counts. Accept count when it agrees with the record balance (ROLMS) or when any two counts agree. During second counts, it may be necessary to move and/or de-palletize ordnance to validate the quantity on the material condition tag, bar code label, and stenciling. If de-palletization is required, re-palletize in accordance with appropriate MIL-STD.

g. Storage Discrepancies. When the count is complete, correct all discrepancies as appropriate, (i.e.; material condition tag errors, bar code label errors, stenciling errors or stock record errors).

6.2.7. Inventory Reconciliation Procedures.

a. The reconciliation process occurs after the first inventory count is completed. Reconciliation is performed to verify accuracy of stock record inventory management data, and, if required, to bring stock records into agreement with physical count information. For discrepancies on items other than Controlled Inventory Items with an adjustment of less than \$1,000, the stock record may be adjusted without conducting pre-adjustment research as long as in-process receipts/issues are considered prior to posting adjustments. For all other discrepancies, pre-adjustment and/or causative research will be conducted.

b. Pre-Adjustment Research (PR) Procedures.

(1) PR is limited to a review of in-float documentation (rejected, un-posted or duplicate documents) and 60 days transaction history (i.e. receipts, issues, location changes, NARs processed, etc.). Further research may be conducted prior to completion of the inventory if it can be completed within the required time frame for processing the inventory.

(2) Conduct a second count for O/P/ACC, COG, Condition Code, NIIN, lot/serial, or quantity mismatches on the following:

(a) Controlled Inventory Items

(b) Items (other than explosive) with potential adjustment greater than \$1,000.

NOTE: For quantity discrepancies, review in-float documents before taking a second count. When review does not resolve mismatch, conduct a second count.

(3) Even though not included in inventory accuracy computations, review documentation and perform second counts for service-life-expiration/Maintenance Due Date (MDD) or Type Container Codes (TCC) mismatches to determine corrective action.

(4) If a discrepancy exists after the second count and in view of in-float documents, inventory personnel will:

(a) Check inventory count computations to determine if a discrepancy exists between count quantity and computation.

(b) Check for offsetting inventory adjustments. If count was conducted by magazine, review adjustments that may have resulted from other inventories in other magazines.

(c) Identify temporary locations that were not considered. Search receiving and transfer areas for material in transit to the location.

(5) Request a third count when adjusted first and second counts do not agree and the second count does not agree with the stock record. If the item is CAT II III, IV, or I (Controlled Inventory Item Code (CIICs) 1, 2, 3, 4, 5, 6, 7, 8, 9, A, B, C, D, P, S and U (explosive)), check all known locations to resolve the discrepancy.

(6) End PR when the stock record quantity is verified or the adjustment quantity is determined. Reconcile each NIIN and/or location within 30 calendar days from start of inventory.

NOTE: *If the inventory is conducted by magazine, do not hold the adjustment until all known locations for a discrepant NIIN are inventoried; report the adjustment based on location level reconciliation results.*

(7) When PR cannot resolve the record/count discrepancy, adjust the stock record with a physical inventory gain or loss. Attachment (6-6) provides a sample Gain/Loss worksheet.

6.2.8. Physical Inventory Adjustment Procedures.

a. Adjust stock point records when the discrepancy between the count and the record was not resolved during PR. Update the stock record with the date of inventory. Schedule causative research, when required.

b. Correct offsetting adjustments between condition codes with a condition code transfer instead of a physical inventory gain or loss. Process a gain or loss only when actual counts do not agree. If the true condition of the material is questionable and cannot be verified prior to completion of the inventory, the material will require sentencing as outlined in references (e) and (f) for proper condition determination. References (e) and (f) additionally provides guidance regarding the selection of the appropriate Condition Code and Defect Code. Incorporating the appropriate Defect Code will assist in the determination of corrective action.

c. Process corrections for lot/serial number mismatches with a lot/serial number change to reflect the accepted inventory count.

d. Process a location change to reflect the actual location when location mismatch occurred.

e. For Arms, Ammunition and Explosive (AA&E) losses, immediately initiate an in-depth investigation to determine the circumstances surrounding the loss or theft and to assign responsibility when applicable. Thoroughly investigate all inventory losses and accounting errors. Attribute a loss to an inventory or accounting error only if an investigation determines that the loss did not result from theft or misappropriation. As soon as a loss or recovered item is discovered, prepare a message in OPREP-3 Navy Blue format in accordance with references (g) and (h), or a MLSR for USMC managed ordnance (OT COG) in accordance with reference (i), when applicable. If loss or gain result of receipt process, or if discovered during routine inventory (and pallet still banded, or traceable seal unbroken) submit Supply Discrepancy Report. (See Section 3 of this Chapter for OPREP reporting criteria.)

f. Documentation, such as physical inventory counts and physical inventory PR packages in support of inventory adjustments, must be readily available since they provide an audit trail to support the adjustment posted to stock records. Retain records for two years when an adjustment was processed. Include, as a minimum, the following data in the physical inventory adjustment file:

- (1) Controlled Inventory Item Code
- (2) Inventory cutoff date
- (3) Inventory cutoff date quantity
- (4) AMAR Asset Report (count sheets), inventory count cards or inventory list
- (5) Unit price
- (6) Extended dollar value of cutoff quantity
- (7) In-float transactions
- (8) Adjusted quantity and rationale
- (9) Date adjustment processed
- (10) Extended dollar value of adjustment
- (11) Other adjustments initiated (copies)
- (12) Date inventory completed, and
- (13) Causative research requirement

g. Report inventory adjustments (i.e., gains, losses, condition code transfers) via ATR or TIR to CAIMS/NAVAMMOLOGCEN and MAARS II/MARCORSYSCOM (PM Am mo) for OT COG assets as required. When the inventory is complete, report physical inventory count transactions to report the date of inventory and quantity.

- (1) Report gains discovered during a physical inventory with a Transaction Item Reporting (TIR) Document Identifier (DOCID) of D8A or Ammunition Transaction Reporting (ATR) Source Code of GANPI.
- (2) Report gains resulting from shipment overages that are identified during the receipt or segregation process with TIR DOCID of D8Z or an ATR Source Code of GANOT.
- (3) Report losses discovered during a physical inventory and which are not explained by shrinkage, theft, contamination, deterioration, major fire, enemy action, or Act of God with a TIR DOCID of D9A or ATR Source Code of LOSPI.
- (4) Report losses resulting from shipment shortages that are identified during the receipt or segregation process with TIR DOCID of D9Z or ATR Source Code of LOSOT.

(5) Report decreases resulting from shrinkage, theft, contamination, or deterioration with a TIR DOCID of D9G or ATR Source Code of LOSDE.

(6) Report decreases resulting from major fire, enemy action, or Act of God with a TIR DOCID of D9H or ATR Source Code of LOSMD.

6.2.9. Causative Research Requirements.

a. Causative research is an in-depth investigation to identify why a physical inventory adjustment occurred. It is performed when pre-adjustment research cannot resolve the discrepancy. Correct all errors or problems identified by causative research and take action to prevent their recurrence.

b. Conduct causative research after the physical inventory is completed and adjustments are processed to the stock point record. Complete causative research within 45 days from the date on which the adjustment processed to the stock point record.

c. Adjustments requiring causative research:

(1) Adjustments on Controlled Inventory Items, regardless of dollar value.

(2) Adjustments with an extended value greater than \$2500 on sonobuoys.

(3) Adjustments on inert unclassified items with an extended value greater than \$16,000 or adjustments with a quantity variance greater than 25% and an extended value greater than \$5,000 (quantity variance is the difference between the quantity on record and the quantity inventoried).

(4) Adjustments on CIIC 7 items with Net Explosive Weight (NEW) greater than or equal to 10 pounds.

d. Activities will maintain a listing, personal computer file, or register of all potential discrepancies and physical inventory adjustments generated during the fiscal year that required causative research. The listing/file/register will include the following information:

(1) Type of inventory

(2) Date of inventory

(3) COG

(4) NSN

(5) Date of adjustment

(6) Ownership/Purpose Code/Activity Classification Code

(7) Condition Code

(8) Security Risk Code

- (9) Document number
- (10) Adjustment quantity or potential adjustment quantity avoided
- (11) Date of adjustment/date causative research completed
- (12) Dollar value of adjustment
- (13) Corrective actions.

6.2.10. Causative Research Procedures.

- a. Review all transactions that occurred up to one year before the adjustment or back to the previous inventory, whichever occurred first. If the adjustment is \$100,000 or greater or is a controlled inventory item, review transactions up to two years old. See Attachment (6-6) for a sample causative research checklist/worksheet.
- b. Research all transactions used to update ROLMS/CAIMS records, (i.e., catalog change actions and un-posted, rejected, or duplicate documents) that may have caused the discrepancy. Begin by analyzing transactions posted to the stock record and end by validating processed source or supporting documents.
- c. Review all supporting documentation (i.e., count cards, research listings) used to conduct the physical inventory.
- d. If results indicate that un-posted documents, duplicate documents, erroneous quantities, or data entry errors caused the adjustment, reverse the original inventory adjustment and correct the erroneous transaction. Supporting documentation must be retained for two years.
- e. The IAO and/or key management personnel affected by, or responsible for, the errors will review causative research results quarterly.
- f. When causative research is completed:
 - (1) If reason for the loss or gain has not been established, submit a DD Form 200, Financial Liability Investigation of Property Loss (FLIPL) to NOLSC-AMMO (Code 413.4); copy to MARCORSYSCOM (PM Ammo) for OT COG material. If prior OPREP-3 Navy Blue message was submitted, annotate the DD Form 200 or SDR, as applicable, with the OPREP-3 Date-Time-Group (DTG) and forward as informational copy to OPNAV (Code N41). MLSR accountability number (for USMC OT COG ammunition) should be annotated on the DD Form 200. See section 6.5 of this chapter for complete FLIPL guidance.
 - (2) When the discrepancy is caused by a shipper (issuing stock point) error, complete a SF 364, Supply Discrepancy Report (SDR), and send copies to NOLSC-AMMO (Code 413.4). If prior OPREP3 Navy Blue message was submitted, annotate the Date-Time-Group (DTG) of the OPREP-3 message or MLSR accountability number (for USMC OT COG ammunition) on the SF 364. Route the DD Form 200 and the SF 364 through the activity security officer. Instruction for completing and processing the SF 364 and DD Form 200 can be found in 4 and 5 respectively of this chapter.

g. Causative research packages are retained for two years. Packages include transaction records that were reviewed, a checklist of actions taken, required approval signature(s), copies of the OPREP-3 message submitted in accordance with references (g) and (h), MLSR submitted in accordance with reference (i) and the FLIPL report, (DD Form 200) as applicable.

6.2.11. Physical Inventory Adjustment Reversal Procedures.

a. Reversals of physical inventory adjustments may be made only if all three of the following conditions are met and the reversal action has been reviewed and approved by appropriate organizational levels.

(1) The original transaction (i.e., physical inventory adjustment) can be identified.

(2) If an inventory adjustment was taken between the original adjustment date and the reversal date, a reversal is permitted only when a misprocessed or unprocessed transaction, not apparent when the original adjustment was taken, is subsequently identified (i.e., material found in unrecorded location).

(3) Documentation (i.e., cards, inventory research listings, transaction history) is available to support the conclusion that the adjustment was erroneous.

b. Reversals may be taken within two years of the date the inventory adjustment was posted (if the above conditions are met). Transactions occurring within two years of the original adjustment for controlled inventory items and items with adjustments greater than \$100,000 must be reviewed as outlined in paragraph 6.2.12. All other transactions and documents within two years of the original adjustment may be reviewed if the resources are available.

c. Reverse physical inventory adjustments using Increase/Decrease - Reverse Physical Inventory Adjustment (D8A/D9A) transactions or for ATR Reporters, SC/SJ Gain/Loss Reversal transactions. Do not reverse adjustments using a complimentary transaction (i.e., never reverse a loss with a gain, use a D9A reversal transaction (ATR reporter use SJ - reversal of loss); never reverse a gain with a loss, use a D8A reversal transaction (ATR reporter use SC - reversal of gain)).

d. Do not process reversals solely based on previous offsetting adjustments.

6.2.12. Inventory Adjustment Review/Approval Criteria.

a. When causative research is completed, both resolved inventory adjustments and inventory adjustment reversals must be reviewed.

b. Table 6.2.2 below shows organizational review and approval level requirements. These requirements apply both to adjustments resulting from an inventory and to adjustments that are non-inventory related (are automatically generated and must be manually reviewed to determine validity i.e., warehouse denials).

c. Approval levels depend on two factors: (1) whether the adjustment relates to control and (2) the dollar value of the adjustment.

Table 6.2.2: Review/Approval Levels for Inventory Adjustments & Reversals

Organizational Level for Review/Approval	Inert/Unclassified	Sonobuoys	Controlled Inventory Item
Supervisor Ammo Accounting/Inventory Coordinator*	\$50,000 or less	Up to \$2,500	N/A
Executive Officer/IAO*/ Weapons Officer*	\$100,000 or less	\$100,000 or less	N/A
Commanding Officer/Officer-in-Charge	\$100,000 or more	\$100,000 or more	All

* or equivalent

6.2.13. Location Survey Procedures.

- a. An annual survey of each location is required. Items within storage areas in which a wall-to-wall physical inventory was performed do not require a separate location survey; the location inventory should identify and resolve material found in unrecorded locations. The CNO goal for location survey accuracy is 98%.
- b. In accordance with reference (b), location surveys may be accomplished by either performing a complete survey of all locations or by using a statistical sampling methodology. If conducting a location survey by sampling, the procedures employed must afford the opportunity for every location to have an equal chance of selection. Large activities may choose to perform location surveys by sampling the same number of locations as were selected during the annual estimation sample. Smaller activities may choose to perform location surveys by sampling on the same percentage basis as were the number of SLIs selected for sampling during the annual estimation sample, compared to overall inventory. (Example: Moderate Risk Lot size = 500, SLI sample size based on 95% accuracy rate = 50, so percent sampled = 10% (50/500.) Perform location survey on 10% of storage locations.
- c. Retain location survey cards/listings for one year. Retain location survey reports for two years.

6.2.14. Location Reconciliation Procedures.

- a. Reconciliation between local stock records resident in manual files or ROLMS and wholesale records resident in the CAIMS is required on an annual fiscal year basis to identify and correct discrepancies between stock point and NOLSC-AMMO records. Activity reconciliation schedules and Actual Cutoff Dates (ACDs) are published by NOLSC-AMMO at the start of the fiscal year for SPS activities. Non-SPS activities will schedule their individual annual record-to-record comparison.

Stock points should process all change notice actions prior to the reconciliation data to minimize the generation of Storage Item Correction Transactions (DIC DZB). Reconciliation data is required of each TIR and ATR Activity.

b. TIR stock points generate asset status (DZA or DZH) and Serial/Lot Item Tracking (SLIT) (BG1/BG2) transactions after the close of business on the scheduled cutoff date for all purpose and condition code assets for the following ammunition COGs: 2D, 2E, 2T, 4T, 6T, 8E, 8S, 8T and 8U. Card Column 72 of the DZA or DZH may either be blank, contain an "A", or, may contain "L" for UADPS activities. Full level (TIR) ROLMS activities are required to send their reconciliation via File Transfer Protocol (FTP) server. The IP address is 153.249.139.227. Each activity is required to have their own user ID and password. TIR UADPS activities should send their reconciliation through email, FTP or on a diskette (TXT FORMAT).

c. All reporting ATR activities will generate ATR reconciliation transactions ("B and T") after close of business on the scheduled cutoff date for all ACC and condition assets for the following ammunition COGs: 2D, 2E, 2T, 4T, 6T, 8E, 8S, 8T and 8U. The daily transactions and reconciliation transactions will be transmitted to CAIMS, on-line AUTODIN or ATR message. Activities will resume normal ATR processing only after ensuring CAIMS has received all reconciliation transactions.

d. Rejected TIR transactions will be returned to the activity on DZG, BG1 or BG2 reject transactions. Rejected ATR transactions will be identified and returned. Out-of-Balance asset records between CAIMS and local records are identified and researched by the reporting activity to resolve the out-of-balance condition. Activity research will include a comparison of quantity and technical (catalog) data (i.e., unit of issue and physical security/pilferage code) for each reportable NIIN, O/P/ACC and Condition Code. For items under Serial Lot Item Tracking (SLIT) reporting, the reconciliation will match lot/serial number, quantity, service-life-expiration/MDD, TMDC and TCC. TIRs that CAIMS did not process will be resubmitted to balance the activities' assets represented in CAIMS.

e. NOLSC-AMMO will notify stock points when all reconciliation transmissions are received and routine reporting can resume. Reporting activities will provide via message or telephone, the number of balance transactions that have been forwarded and Date/Time Group (DTG) of applicable transmissions.

6.2.15. Location Error Reconciliation Procedures.

The reconciliation will identify the following errors:

- (1) Type I – CAIMS record with on hand balance but no corresponding ROLMS/stock point record.
- (2) Type II – ROLMS/stock point record with on hand balance, but no corresponding CAIMS record.
- (3) Type III - Quantity discrepancy between ROLMS/stock point record and CAIMS record.
- (4) Type IV - Catalog data discrepancy, including invalid National Stock Numbers (NSNs), invalid O/P/ACCs, invalid CIICs, and invalid Condition Codes.

6.2.16. Reconciliation Monitoring Procedures.

- a. For errors returned to the stock point for research, correction (and resubmission, if appropriate), NOLSC-AMMO will monitor responses and initiate appropriate follow-ups.
- b. Stock points will take required actions on returned errors within three working days. If additional time is required, the stock point will coordinate with NOLSC-AMMO.

6.2.17. Reconciliation Error Correction Procedures.

Stock point correction efforts apply to Type III (quantity mismatches) and Type IV technical (catalog) errors.

- (1) Type III (quantity mismatch) errors: NOLSC-AMMO requests on hand balances and/or transaction histories for records with quantity mismatches. NOLSC-AMMO and the reporting activity will work together to resolve the discrepancy.
- (2) If the discrepancy remains unresolved after the transaction review:
 - (a) Update the record with the stock point balance when the item is inert unclassified and the dollar value of the out of balance quantity is \$1,000 or less.
 - (b) Update the record with the stock point balance when the item has undergone an inventory within the last 90 days and the item is not a controlled inventory item.
 - (c) Request a physical inventory for any quantity discrepancy involving controlled inventory items regardless of when last inventoried, inert unclassified items with out of balance quantities greater than \$1,000, and items with no physical inventories performed within the past 90 days. If the inventory does not resolve the error, adjust the record to the stock point reported balance.
 - (d) Stock points without the capability to send automated transaction histories to NOLSC-AMMO will review the transaction history for missing transactions to resolve the discrepancy.
- (3) Type IV (Catalog) Errors. Reconcile technical data errors individually.
- (4) SLIT Reconciliation. NOLSC-AMMO and the activity will perform SLIT reconciliation and update/correct records to match stock point assets.
- (5) Location Reconciliation Report. For each reporting activity, NOLSC-AMMO will maintain statistics and provide timely reports.

6.2.18. Reporting Loss/Gain Procedures. (OPREP3 NAVY BLUE MLSR, SDR, FLIPL)

a. In accordance with reference (h), unique MLSR message report is now cancelled, such incidents will now be reported using OPREP-3 Navy Blue message format. This action eliminates a special message format used only for MLSR incidents and makes incident reporting format consistent throughout the Navy. OPREP-3 Navy Blue and MLSR messages must be submitted within 48 hours after the loss or recovery of material is established. It will be used as the initial report for a gain/loss of high-risk arms, ammunition, and explosive (AA&E) and classified material. (See Section 6.3.2. for the OPREP-3 process, Section 6.3.4. for OPREP-3 Navy Blue message format, and reference (b) for MLSR reporting format of USMC OT COG ammunition). The following ordnance items must be reported:

- (1) One or more missile or rocket rounds
- (2) Over 5,000 rounds of ammunition smaller than 40mm (or 20,000 rounds of .38 caliber); five rounds or more of 40mm and larger ammunition
- (3) Any fragmentation, concussion, or high explosive grenades including artillery or ground burst simulators, or other type of simulator or device containing explosive material
- (4) One or more mines (antipersonnel and antitank)
- (5) Demolition explosives including detonation cord, blocks of explosives (C-4), and other explosives in this category.
- (6) For USMC ordnance, use the ordnance criteria specified in reference (h).

b. Activities should submit Unit SITREP in accordance with reference (g) as appropriate.

c. In accordance with ref (j), the Supply Discrepancy Reporting program is a reporting and resolution system and a tool to measure the quality of shipper performance and customer support. A strong SDR program contributes significantly to improvements in inventory accuracy and accountability. See section 6.4 for complete SDR procedures.

- (1) SDR's must be submitted for shortages or overages in shipment of controlled inventory item coded ammunition, or explosives, regardless of dollar value within 24 hours of discovery. All other discrepancies:
- (2) CONUS destinations; 90 calendar days from date of shipment.
- (3) US Government overseas destinations; 150 calendar days from date of shipment.

d. Use the DD Form 200, FLIPL (previously "Report of Survey") to summarize causative research results and identify trends/problems in financial and/or supply procedures. Review/approval levels are the same as those for inventory adjustments/reversals. Although gains are not included on the DD Form 200, Navy requires their inclusion. Substitute "gain" for

"loss" in block 3 of the form. See section 6.5 for complete FLIPL procedures. DD Form 200 is required for:

- (1) Loss, gain or destruction of a sensitive or classified item
- (2) Pilferable item adjustment equal to or greater than \$2,500
- (3) Any loss with suspicion of theft, fraud or negligence, or
- (4) Any unresolved causative research adjustment.

A FLIPL (DD Form 200) or SDR (SF 364,) is required as the final documentation for the gain/loss.

6.2.19 Availability of Forms.

All NOLSC-AMMO forms and attachments may be duplicated from this publication or may be obtained from NOLSC-AMMO.

Ordnance Inventory Accountability Performance Checklist

For the Month of: _____

Prepared: _____
(Date)

Station Line Items Inventoried and/or Sampled
(Wall-to-wall and Self-assessment data combined if/as necessary)

High Risk (CAT I & II)	This Month	Year to Date
SLI Inventoried or Sampled	_____	_____
SLI with errors	_____	_____
Accuracy Percentage	_____	_____ [Minimum Standard 100%]

Medium Risk (CAT III & IV)	This Month	Year to Date
SLI Inventoried/Sampled	_____	_____
SLI with errors	_____	_____
Accuracy Percentage	_____	_____ [Minimum Standard 95%]

Low Risk (CAT Other)	This Month	Year to Date
SLI Inventoried/Sampled	_____	_____
SLI with errors	_____	_____
Accuracy Percentage	_____	_____ [Minimum Standard 92%]

Inventory Adjustments (Materiel Gains & Losses)

	CAT I & II	CAT III & IV	Other
# of adjustments:	_____	_____	_____
[# of documents processed during the month: ATR reporters, # of GANPI/LOSPI; TIR reporters, # of D8A/D9A]			
# items being reconciled:	_____	_____	_____

In-transits - Materiel Shipped, but Activity Receipt Not on File

Total # of DA/DF records: _____ Dollar Value: _____

DA/DF records > 90 days old: _____ Dollar Value: _____

[Minimum Standards for > 90 days = 0]

**Out-of-Balance Records
(Quantity Mismatch, ROLMS to CAIMS Total Asset Visibility)**

of OOB records: _____ % of total activity records: _____ **[Minimum Standards < 0.5%]**

Date of latest ROLMS to CAIMS reconciliation: _____
(TIR activities, annual DZH/A; ATR activities, yearly B&T) **[Minimum Standards = annually]**

**Periodic Lot Reporting
(Quality control/ammo reclassification tracking capability)**

Monthly transmittal completed: YES / NO Msg DTG: _____
(Due between the 1st – 8th of each month)

Ammunition Transaction Reporting

Has a notification of missing/suspended ATRs
been received (by e-mail/FAX/NavMsg): YES / NO

If yes, ECD: _____

Last ATR submitted: ATR# _____ Msg DTG: _____

Remarks:

Ordnance Officer's Signature/Date

Attachment (6-1)

Single Sampling Plans Indexed by Nominal Limiting Quality (LQ)

Lot Size		Nominal Limiting Quality in Percent (LQ)									
		0.5	0.8	1.25	2.0	3.15	5.0	8.0	12.5	20	32
16 to 25	<i>n</i> A c	→	→	→	→	→	100% 0	17 <i>u</i> 0	13 0	9 0	6 0
25 to 50	<i>n</i> A c	→	→	→	100% 0	100% 0	28 <i>u</i> 0	22 0	15 0	10 0	6 0
51 to 90	<i>n</i> A c	→	→	100% 0	50 0	44 0	34 0	24 0	16 0	10 0	8 0
91 to 150	<i>n</i> A c	→	100% 0	90 0	80 0	55 0	36 0	26 0	18 0	13 0	13 1
151 to 280	<i>n</i> A c	100% 0	170 0	130 0	95 0	65 0	42 0	28 0	20 0	20 1	13 1
281 to 500	<i>n</i> A c	280 0	220 0	155 0	105 0	80 0	50 0	32 0	32 1	20 1	20 3
501 to 1,200	<i>n</i> A c	350 0	255 0	170 0	125 0	125 1	80 1	50 1	32 1	32 3	32 5
1,201 to 3,200	<i>n</i> A c	430 0	280 0	200 0	200 1	125 1	125 3	80 3	50 3	50 5	50 10
3,201 to 10,000	<i>n</i> A c	450 0	315 0	315 1	200 1	200 3	200 5	125 5	80 5	80 10	80 18
10,001 to 95,000	<i>n</i> A c	500 0	500 1	315 1	315 3	315 5	315 10	200 10	125 10	125 18	80 18
95,001 to 150,000	<i>n</i> A c	800 1	500 1	500 3	500 5	500 10	500 18	315 18	200 18	125 18	80 18
150,001 to 500,000	<i>n</i> A c	800 1	800 3	800 5	800 10	800 18	500 18	315 18	200 18	125 18	80 18
> 500,000	<i>n</i> A c	1250 9	1250 5	1250 10	1250 18	800 18	500 18	315 18	200 18	125 18	80 18

u When *n* exceeds the lot size, use 100% inspection with zero acceptance number.

→ Nominal LQ implies less than one nonconforming item in the lot. Use first available plan for higher LQ.

Attachment (6-3)

**N49935/NAVAL OPERATIONAL LOGISTICS SUPPORT CENTER MECHANICSBURG PA
AMAR Asset Report by DODIC/NIIN
Low Stratification**

Bldg. 407

<u>DODIC</u>	<u>NIIN</u>	<u>COG</u>	<u>O/ACC/ PURP</u>	<u>C/C</u>	<u>CDC</u>	<u>M/E/N</u>	<u>GRID</u>	<u>ROLMS</u>	<u>TOTAL</u>	<u>SERIAL</u>	<u>LOT/ NOMEN</u>	<u>COUNT</u>
	000388195	2E	G	A					1	RMHC-3-MCA-68	ROCKET MOT	_____
	000390720	2T	K	A					7	NONE	CASE, 3 INC	_____
	008550743	2T	G	A					2	002-69	PROJECTILE	_____
A924	011163923	2E	G	A					1	UNKNOWN499350001	DUMMY CART	_____
A931	013715435	2E	A	A					4	GLN95A001-003	DUMMY CART	_____
B472	001695421	2T	K	A					1	UNKNOWN499350001	DUMMY CART	_____
E962	011274086	2E	H	H	HHWZZZ				1	ABB91G001-067	BOMB, PRACT	_____
E969	004015967	2E	G	H	HFNZZZ				1	UNKNOWN49935001	BOMB, PRACT	_____
F017	010881054	2E	G	B	ZAAZZZ				1	HDY85K018-001	BOMB, PRACT	_____
F782	012828343	2E	G	A					1	MTV97E003-007	FIN ASSEMB	_____
FW26	006092344	2E	G	A					1	NONE	CUP, SUPPOR	_____
FW31	008866486	2E	G	A					1	NONE	PLUG, PROTE	_____
H663	001113432	2E	G	A					1	DEL85C001-007	WARHEAD, 2.	_____
M474	011871074	2T	K	H	JLS50				1	NONE	CONTAINER	_____
M483	000930098	2T	K	H	JLS50				1	NONE	CONTAINER	_____
NW97	010052230	4T	G	A					1	NONE	TARGET, MIN	_____
PY78	013014619	8E	G	A					1	1002027	GUIDED MIS	_____
R562	012453913	6T	G	A					1	WSY-290	ARMING DEV	_____

Attachment (6-4)

NAVSUP P-724, CONVENTIONAL ORDNANCE STOCKPILE MANAGEMENT

MANUAL COUNT CARD

BLDG _____ DATE _____ COUNTER SIGNATURE _____

COG	NSN	NALC	* SC	* UI	* O/P/A	* CC	LOCATION	LOT/SERIAL NUMBER	EXP/MDD	QUANTITY	REMARKS

* SC = SECURITY/PILFERAGE CODE
 UI = UNIT OF ISSUE
 O/P/A = OWNERSHIP/PURPOSE/ACTIVITY CLASSIFICATION CODE
 CC = CONDITION CODE

GAINS/LOSSES AND/OR CAUSATIVE RESEARCH CHECKLIST/WORKSHEET

NALC _____ NSN _____ Nomen _____ CC _____

COG _____ U/I _____ CIIC Code _____ OC/PC/ACC _____ Location _____

Adj Qty _____ Adj Date _____ Unit Price _____ Ext \$ Value _____

Documentation required (as applicable):

- ___ Transaction History > 360 days (> 2 years if over \$100,000)
- ___ Count sheets/cards
- ___ Receipt and issue documentation
- ___ Supply Discrepancy Reports (SDRs)
- ___ Exception reports
- ___ Change notice actions (NAR changes)
- ___ Other research listings _____

Research areas:

- ___ ATR/TIR number and DOCIDs
- ___ Erroneous receipt/issue posting
- ___ Receipt shortages (SDR completed)
- ___ Duplicate receipts
- ___ Missing receipt postings
- ___ Location adds and deletes
- ___ Restows/Scanner discrepancies
- ___ Gain/loss due to segregation
- ___ Condition code changes
- ___ Disposal documents
- ___ In-transits
- ___ LOT/NIIN reservations
- ___ Serial/Lot number history
- ___ Exceptions deleted
- ___ Other inventory adjustments

Physical count qty: _____ Doc Nbr: _____
Issue after cutoff: _____ Inv Cat (H/M/L risk) _____
Receipt after cutoff: _____ Qty reversed: _____
Stock record balance: _____ Date reversed: _____
Gain/Loss: _____

Resolved discrepancy? (Y/N) _____ (If no, complete DD Form 200)

OPREP-3 Navy Blue Message DTG _____ (if required)

MLSR number (OT Cog) _____ (if required)

Causative researcher: _____ (if required)

SECTION 3: SPECIAL INCIDENT REPORTING (OPREP-3 NAVY BLUE) PROCEDURES

Ref: (a) OPNAVINST 5530.13 Series
(b) MCO 4340.1 Series
(c) OPNAVINST 3100.6G

Attachments: (6-7) OPREP-3 Navy Blue Message Format

6.3.1 Introduction.

- a. The provisions of this section are applicable to all Navy activities receiving, holding, or shipping ammunition. The Naval Operational Logistics Support Center (NOLSC-AMMO) is responsible for monitoring inventory accuracy and providing policy and procedures to in support of inventory accuracy to all activities reporting naval ammunition into CAIMS.
- b. Missing, Lost, Stolen, or Recovered (MLSR) ammunition is both an inventory accuracy issue as well as security issue. It is incumbent on a Navy receiving, holding, and shipping activities to maintain adequate precautions to safeguard ammunition. This section identifies the notification process concerning MLSR ammunition and provides procedures for reporting it to appropriate authorities.

6.3.2 OPREP-3 Navy Blue Process.

- a. In accordance with reference (a), unique MLSR message report is now cancelled, such incidents will now be reported using OPREP-3 Navy Blue message format.
- b. Investigation concerning MLSR ammunition should follow causative research procedures set forth in section 6.2.
- c. This change is not applicable to Marine Corps OT COG ammunition. Receivers, holders, and shippers of OT COG will continue to utilize MLSR procedures outlined in reference (b).

6.3.3 OPREP-3 Navy Blue Reporting Timeframes.

OPREP-3 Navy Blue message is to be submitted within 48 hours of incident discovery with follow ups submitted as appropriate until situation is concluded. Voice report is not required.

6.3.4 OPREP-3 Navy Blue Message Format.

- a. OPREP-3 Navy Blue message format is identified per reference (c), pages 2-153 thru 2-156, and is as follows:

(1) ACTION ADDEES: "CNO WASHINGTON DC//N09N3//"
"NAVSURFWARCENDIV
CRANE IN//4044//"

(2) INFO ADDEES: AS APPROPRIATE

(3) FLAGWORD LINE: "FLAGWORD/NAVYBLUE/MLSR/"

(4) GENTEXT LINE: "GENTEXT/INCIDENT IDENTIFICATION AND DETAILS/MLSR/"

(5) RMKS SECTION WILL CONTAIN DATA IN PARAGRAPHS ACC THRU GGG AS IDENTIFIED IN ATTACHMENT.

EXAMPLE MESSAGE

QUOTE

FM USS NEVERSAIL
TO CNO WASHINGTON DC//N09N3//
NAVSURFWARCENDIV CRANE IN//4044//
INFO (AS APPROPRIATE)
BT
UNCLAS (OR AS APPROPRIATE)

MSGID/OPREP-3NB/NEVERSAIL/001/FEB//
FLAGWORD/NAVYBLUE/MLSR//
TIMELOC/020001ZFEB00/NORFOLK VA/INIT//
GENTEXT/INCIDENT IDENTIFICATION AND DETAILS/MLSR//

RMKS/
ACC:N12345/USS NEVERSAIL
RPT:2000/007-INITIAL
AAA: VIRGINIA
BBB: A-93-12-20
CCC: 1.(1)ARMS (2)MISSING (3)M60 MACHINE GUN, 1 EA (4)SACO INC.
(5)765432 (6)1005-00-726-5661 (7)MACHINE GUN M603 (8) 6,630.00 (9)2
(10) ORD MAG 4LC-103
2. (1) AMMUNITION (2)MISSING (3)20MM CARTRIDGE, 5001 EA
(4)HONEYWELL INC. (5)B400 (6)1305-00-028-6529 (7) CARTRIDGE, 20MM
(8)800.00 (9)3 (10) ORD MAG 4LC-103
DDD: ACCOUNTABILITY: YES, LT W.T. DOOR, SSN:123-45-6789
EEE: INVESTIGATION: NCIS NOTIFIED, S/A I.M.HARD, CASE OPENED 00-01-13
FFF: SUMMARY: DURING INVENTORY OF ORD MAG 4LC-03 ON 01FEB00 ASSETS
COULD NOT BE LOCATED. MACHINE GUN AND AMMUNITION WERE IN SEPARATE
BOXES BOUND BY METAL STRAPS. STRAPS WERE BROKEN, NO SUPPORTING
DOCUMENTATION. INVESTIGATION INTO CAUSE IN PROGRESS. DOCUMENT NUMBER
IS N60034-0012-B1328
GGG: POC: LT JOHN DOE, COMBAT SYSTEMS OFFICER, DSN 123-4567, COMM (123)
456-7890//

DECL (AS APPROPRIATE)
BT
UNQUOTE ---

ATTACHMENT (6-7)

SECTION 4: SUPPLY DISCREPANCY REPORT (SDR) PROCEDURES

Ref: (a) SECNAVINST 4355.18A
(b) DOD 4500.9-R
(c) SECNAVINST 4855.5A
(d) SECNAVINST 4855.3A
(e) DOD 5200.1-R
(f) NAVSUP P805/807

Attachments: (6-8) Instructions for Submitting (SF) 364 SDR
(6-9) Instructions for SDR Reply
(6-10) Shipping and Packaging Discrepancy Codes
(6-11) Action Codes

6.4.1. INTRODUCTION

a. The SDR Program is a discrepancy reporting and resolution system and, a tool to measure the quality of shipper performance and customer support. A strong SDR program contributes significantly to improvements in inventory accuracy and accountability. This chapter implements reference (a) and describes Navy policy and procedures for reporting and resolving shipping (item) and packaging SDRs.

b. Activities should use SDR data to identify trends that warrant further investigation. When SDRs are repeatedly rejected or denied by the shipping activity, the receiving activity should analyze the reasons for such rejections. Investigation may reveal that material loss or damage is actually occurring within the activity after material receipt. Shippers causing high numbers of SDRs should be contacted to determine possible mutual actions to reduce discrepancies.

c. The mailing address for all ammunition SDR program matters is:

COMMANDING OFFICER
NAVAL OPERATIONAL LOGISTICS SUPPORT CENTER
ATTN: Code 34
5450 CARLISLE PIKE, P.O. BOX 2011
MECHANICSBURG, PA 17055-0735

6.4.2. SCOPE

a. The SDR applies to the identification, reporting and resolution of discrepant shipments of material occurring in the Department of Defense (DOD) Logistics System when the shipping (item) and packaging discrepancies are attributable to a shipper (issuer) error.

b. Shipments of new production material and reworked material are included in this system. Also included are discrepancies on material received from contractors. Other Supply Officer (OSO, Navy to Navy) transfers, Material Turned Into Stores (MTIS) and to Defense Redistribution and Marketing Service (DRMO).

c. Discrepancies reportable as SDRs occur before the material is placed into the Transportation System. Discrepancies that occur while the shipment is in-transit (i.e., are the fault of the carrier) are reportable on a Transportation Discrepancy Report (TDR), SF 361, in accordance with reference (b), Defense Transportation Regulation, Part II, Cargo Movement (<http://www.transcom.mil/j5/pt/dtr.html>).

d. Excluded from SDR reporting are:

(1) Shipping discrepancies found while the material is in storage with the exception of short shipment and wrong item discrepancies discovered upon opening a sealed container or vendor's pack.

(2) Discrepancies involving local base or station deliveries to or return from internal or satellite activities.

(3) Transportation discrepancies to the extent covered by reference (b).

(4) Product quality deficiencies to the extent covered by reference (c), Product Quality Deficiency Report Program.

6.4.3. GOALS

a. The goals of the SDR program are to highlight breakdowns in the physical distribution process and to resolve customer complaints. The following performance goals have been established for incoming SDRs:

(1) Number of valid SDRs is 0.5% of issues. A valid SDR is one that is accepted for processing (meets submission criteria) and the shipper accepts liability for the discrepancy.

(2) 100% processed on time. SDRs processed on time are those SDRs for which responses have been accomplished within 30 days of receipt.

6.4.4. RESPONSIBILITIES

a. Naval Operational Logistics Support Center.

(1) Manage the Material-in-Transit (MIT) SDR processing function, identify problems, and ensure corrective action is taken as appropriate.

(2) Coordinate with, and when requested, assist respective Program Offices, Procurement Contracting Officers (PCO), and Contract Administration Offices (CAO), with ammunition SDRs.

(3) Ensure that incoming SDR data is used to identify problem areas and ensure that corrective action is initiated.

(4) Develop, review, and update SDR policies and procedures.

(5) Provide technical assistance to Navy activities as required and act as the Navy focal point for contested ammunition SDRs.

b. Major Claimants.

(1) Monitor compliance of subordinate activities with the SDR program and initiate corrective action as required.

(2) Evaluate the effectiveness of the program and recommend SDR procedure changes to NOLSC-AMMO.

c. Navy Weapon Stations/SMCA.

(1) Designate a central control point for out going SDRs to avoid duplicate submissions and enable compliance with SDR program requirements. The Receiving Division is normally the most logical choice for this task. Responsibilities should include trend analysis, identification of problem shippers or in-house receiving problems, OPREP-3 Navy Blue submission and initiating corrective action as appropriate. Other functional areas within a command should provide information and documents to the SDR submission central point as required.

(2) Designate a central control point for all incoming SDRs. This organization will determine internal processing actions required to resolve individual SDRs; ensure integrity between the stock record, magazine quantity, identify problems in the pick, pack, and shipment processes and initiate corrective action and provide SDR responses within the required time frames. This responsibility should be assigned to the Inventory Accuracy Officer (IAO).

(3) Respond to requests from the NOLSC-AMMO for investigations on SDRs.

(4) Evaluate the effectiveness of the program and recommend SDR procedure changes to NOLSC-AMMO.

d. Navy Ships and Shore Activities.

(1) SDRs are mandatory. Failure to submit SDRs will jeopardize inventory accuracy and accountability.

(2) Activities should use SDR data to identify problem areas that warrant further investigation; determine the cause(s) and solution(s); and implement action to reduce discrepancies.

(3) Activities will conduct special inventories in all instances after an adjustment is processed which will affect the inventory record.

6.4.5. DOLLAR VALUE SUBMISSION THRESHOLDS

Report all discrepancies involving Controlled Inventory Items regardless of dollar value.

6.4.6. TIME SUBMISSION AND PROCESSING THRESHOLDS

For shortages or overages in shipments of Controlled Inventory Items report within 24 hours of discovery.

(1) All other discrepancies:

(a) CONUS destinations: 30 calendar days from date of receipt.

(b) U.S. Government overseas destinations: 45 calendar days from the date of receipt.

(2) Shipping activities will respond to SDRs within 30 calendar days from date of receipt.

6.4.7. CONTROLLED INVENTORY ITEMS

a. These are items designated as having characteristics that require them to be identified, accounted for, secured, segregated, or handled in a special manner to ensure their safeguard or integrity. Controlled inventory items in descending order of degree of control normally exercised are:

(1) Classified Items - Material that requires protection in the interest of national security in accordance with reference (e), Information Security Program. CIIC: A, B, C, D, E, F, G H, K, L, O, S, T and U.

(2) Sensitive Items - Material which requires a high degree of protection and control due to statutory requirements or regulations, such as narcotics and drug abuse items; precious metals; items which are of a high value, highly technical, or hazardous nature and small arms, ammunition, explosives, and demolition material. CIIC: 1, 2, 3, 4, 5, 6, 8, 9, N, P, Q and R.

(3) Pilferable Items - Material having a ready resale value or application to personal possession and which is readily subject to theft. CIIC: 7, I, J, M, V, W, X, Y and Z.

b. Action activities will report SDRs for Controlled Inventory items to the Inventory Accuracy Officer (IAO) and the Security Officer who should be involved in further actions to resolve the discrepancy.

c. An investigation will be conducted immediately and, at a minimum, include an analysis of:

(1) Physical inventory/transaction ledger research.

(2) Custodian ledgers.

(3) Research of shipping documentation.

(4) Tracing the material movement from the stowage location to the shipping area and a search of shipping area.

d. If the SDR investigation results in suspected theft, an OPREP-3 Navy Blue will be submitted in addition to contacting the Naval Criminal Investigative Service (NCIS).

e. The Commanding Officer, the IAO, the Physical Inventory Division Director or designated accountable officer will review all findings and approve action and final disposition of the SDR.

6.4.8. MISSING, LOST, STOLEN OR RECOVERED (MLSR) REPORTS

Incidents involving missing, lost, stolen, or recovered Controlled Inventory Items in the supply system must be reported in accordance with section 6.3.

6.4.9. SDR STANDARD FORM (SF) 364

a. General. The SDR, Standard Form (SF) 364, or its equivalent electronic/automated mode is the means by which activities report shipping (item) and packaging discrepancies that are attributable to shipper (issuer) error. The SDR form is an official document used to support adjustments of inventory records for the consignee and shipper.

b. The Standard Form SF-364 with the "Report of Discrepancy" title will continue to be used until revised or replaced. Correction of the form name is not required. The additional or expanded discrepancy, action, and disposition/reply codes included in this publication are not preprinted on the SF-364. To avoid confusion, users should include the unclassified short form description of any non-preprinted codes in Block 12 of the SF-364.

c. Standard Form 364 can be obtained through Navy supply channels in accordance with NAVSUP P-2002D, Navy Stock List of Publications and Forms (www.nll.navsup.navy.mil/nll.cfm) under SF 364-5C, S/N 0102-LF-203-6450 and SF 364-1C (Back), S/N 0102-LF-203-6410 and, from GSA under National Stock Number 7540-00-159-4442. ORIGINAL REPORT Indicate whether Shipping (Issuing) Discrepancy or Packaging Discrepancy or both by placing an "X" in appropriate box(s) at top of form. Mailing envelopes will be conspicuously marked "SF 364."

6.4.10. SDR FOLLOW-UPS, CORRECTIONS, AND CANCELLATIONS

a. At the top of the original report, annotate the appropriate word ("Follow-up", "Correction", or "Cancellation") and the date the follow-up, correction, or cancellation is prepared. Forward the revised document to the same distribution addresses as the original report.

b. Where there is any change to the point of contact information provided in Block 14a of the original SF 364, enter the new point of contact name and telephone number(s).

c. For corrected or canceled SDRs, the initiator will provide clarifying data in the "Remarks" block. Include the signature, date, DSN number, full commercial telephone number, and E-mail address, if available, for the person preparing the revised report.

6.4.11. OUTGOING SDR GUIDANCE (SDR Submitter).

- a. Receiving activities are responsible for submitting SDRs correctly and within the prescribed time frames. SDRs for material received will include a copy of the receiving document, i.e., DD1348-1, DD 250, etc., with receipt date annotated, unless the shipper failed to provide the document. Any information or documents that will help the shipping activity resolve the SDR should be forwarded with the SDR.
- b. Prior to submitting an SDR, research the transaction ledger, receipt documents, and exception listings. Conduct a search of frustrated material, the receiving area, former storage locations and a spot inventory to see if material has been received. If the material has been received and the receipt has not been processed, process the receipt.
- c. Activities receiving discrepant material that has been purchased and shipped direct from a manufacturer will submit SDRs to Naval Operational Logistics Support Center (NOLSC-AMMO).
- d. When available, photographic/pictorial evidence of the discrepancy will be provided.
- e. Activities preparing SDRs will maintain a control system. This control may be accomplished in either a manual or automated mode and will contain a record of all SDRs. A file containing retained SDR, SDR reply and SDR follow-up copies, copies of pertinent shipping documents and a control log for SDR number assignment and status entries (i.e., "completed, canceled, follow-up due (date)") will meet the minimum requirement for a manual SDR control system.

The record will contain, at the minimum, the following data:

- (a) SDR report number
- (b) Date SDR was submitted
- (c) Action addressee
- (d) Requisition and/or contract number
- (e) NSN - include cognizance symbol
- (f) Extended money value
- (g) Discrepancy cited
- (h) Action requested
- (i) Date reply received
- (j) Follow-up date

f. Retain closed SDR case files for a period of two fiscal years after the reply is received from the shipping activity. Maintain separate case files for each fiscal year. Records can be maintained either in an electronic or paper form. Open SDRs will be retained in a suspense file pending resolution.

6.4.12. DISPOSITION OF MATERIAL.

- a. Receiving activities will request disposition instructions from NOLSC-AMMO, per paragraph 4.4.2.d (Afloat) and 5.6.7 (Ashore) of this publication.
- b. A copy of the SDR and DD Form 1348-1A will be included with the returned material and annotated "SDR RETURN".
- c. If the material is still required, submit new MILSTRIP documentation.

6.4.13. SUBSEQUENT ACTION.

- a. SDR Cancellation. If the submitter discovers that an outgoing SDR was invalid, a copy of the original SDR will be annotated with the word "CANCELED", clarifying data will be placed in the remarks block (block 12) with date and signature of the person submitting the canceled SDR and forwarded to the shipping activity.
- b. SDR follow-ups. Activities preparing SDRs will monitor outstanding SDRs and submit follow-up SDRs if no response is received within the designated time period. Follow-up action will be taken by stamping a copy of the SDR with "FOLLOW-UP" (1st, 2nd, 3rd, etc., annotated) and resubmitting to the shipping activity. Submit the first follow-up 60 days after date of original SDR. Submit the second and subsequent follow-ups at 30-day intervals. If the SDR Point of Contact (POC) has changed at the time a follow-up is submitted, the new POC and telephone number will be annotated in block 12. (If using electronic SDR, follow-ups will be submitted automatically.)
- c. Request for Write-Off. If no reply has been received after six months from the submission date of the SDR to Navy activities may request authority from NOLSC-AMMO to close the SDR.
- d. Request for Reconsideration.

(1) When a reply to a SDR is considered unsatisfactory, the initiator should first contact the shipping activity for reconsideration. If the resolution is still unsatisfactory after contacting the shipping activity, the SDR initiator will submit a contested SDR to NOLSC-AMMO for determination.

(2) Contested Reports

(a) When a Navy reporting activity does not concur with a reply in response to an SDR reconsideration action, it will forward a copy of the report and all supporting correspondence/documents identifying the conflict or concern, to NOLSC-AMMO for review and final decision.

(b) If the SDR involves another Service/Agency, NOLSC-AMMO will contact the appropriate Service/Agency focal point for resolution. The action focal point office will review all data relating to the problem and provide a response to the submitter with information to all concerned activities. Focal point decisions will be rendered within 45 days of receipt of the request and will be final.

6.4.14. PERSISTENT NON-RESPONDING ACTIVITY REPORT.

a. Repeated non-responses to SDRs and follow-ups may indicate a problem with transmission of SDRs or receipt of responses. Submitters should contact the shipping activity to investigate and resolve the problem.

b. Cases of persistent non-response to SDRs (90 days and older) by a specific activity should be reported to the NOLSC-AMMO IAO by submitting a “Persistent Non-responding Activity Report” and supporting documentation. This report (Table 6.4.1) is submitted when an activity requires NOLSC-AMMO assistance in obtaining SDR responses from a Navy, other service or agency/activity that has consistently and intentionally failed to respond to initial and follow-up SDRs. NOLSC-AMMO will initiate action to resolve the continuous lack of response.

TABLE 6.4.1. PERSISTENT NONRESPONDING ACTIVITY REPORT

To:
 Commanding Officer
 NOLSC-AMMO
 Attn: Code 03
 5450 Carlisle Pike, P.O. Box 2011
 Mechanicsburg, PA 17055-0735

From:
 Submission Date:
 POC:
 DSN:
 E-mail:

NON-RESPONDING ACTIVITY:
 POC:
 DSN:
 E-mail:

This form will be submitted as needed to NOLSC-AMMO, Code 03, for a persistent non-responding activity. The submitting activity will include steps taken to contact the action activity to work out any problem that is delaying the process. Attach current copies of SDR follow-ups for SDRs 90 days and older.

SDRs	90-120 Days Old	121-150 Days Old	151-180 Days Old	181-240 Days Old	241-360 Days Old
Number Unresolved					
\$ Value Unresolved	\$	\$	\$	\$	\$
Number Awaiting Disposition Of Material					
\$ Value Awaiting Disposition Of Material	\$	\$	\$	\$	\$

Dollar Value: The dollar value of a SDR is found in Block 9C of the SDR Form SF 364. For discrepancies involving wrong material, the dollar value of the item requisitioned is used for the dollar value of the SDR. Round dollar value to nearest whole dollar.

6.4.15. Incoming SDR Guidance (SDR Recipient).

a. The shipping activity will initiate resolution of the SDR. Responsibility may be transferred or action coordinated with another organization in order to complete SDR processing. The shipping activity is any activity that is required to take action as a result of an SDR and may include Weapons Stations, Defense Depots, other issuing activities, Inventory Control Points /Integrated Material Managers (ICP/IMM), Contract Administration Offices, Packaging Control Points.

(1) For shipments of Navy-owned material between Navy activities, the activity that shipped the material is the action activity.

(2) For shipments direct from a commercial contractor, the Procuring Contract Office is responsible for researching and resolving the SDR.

For Defense Logistics Agency (DLA) owned material issued by a Defense Depot, the action activity is the issuing Defense Depot.

b. All SDR responses to submitters will be accomplished by completing the reverse side of the SF 364. Responses should be accomplished within the prescribed time frames specified in 6.4.6.2.

6.4.16. ACTION ACTIVITY ACCOUNTABILITY.

Action Activities responding to SDRs are responsible for:

(a) Verification of action activity

(b) Control and retention of incoming SDRs

(c) Screening SDRs

(d) Performing investigative research

(e) Resolving SDRs

(f) Responding to submitters within the prescribed time frames

(g) Taking action to prevent recurrence

6.4.17. CONTROL AND RETENTION OF INCOMING SDRS

a. SDR Control System.

(1) All activities receiving SDRs will maintain a control system containing a record of all incoming SDRs, their status, and their disposition. Records can be maintained either in an electronic or paper form.

(2) The record will contain, at the minimum, the following data:

- (a) SDR report number.
- (b) SDR date.
- (c) SDR submitter.
- (d) Requisition and/or contract number.
- (e) NSN - including cognizance symbol.
- (f) Extended money value.
- (g) Discrepancy cited.
- (h) Action requested.
- (i) Response date.
- (j) Response
- (k) Follow-up date.

b. Incoming SDR record retention requirements.

(1) Retain SDRs pending further action (open SDRs) in a suspense file until resolved and closed.

(2) Closed SDR Files.

(a) Retain SDR closed case files two years from the date of SDR completion.

(b) Maintain separate SDR files for each fiscal year.

c. Screening Incoming SDRs

(1) Verify the SDR meets the submission time frame and dollar value criteria.

(2) Ensure the SDR includes all the information necessary for processing.

(3) Forward misdirected incoming SDRs to the appropriate shipping activity and notify the submitter of the forwarding action.

(4) Shipping activities should consider overall customer service implications before automatically rejecting a SDR for noncompliance with time and dollar value submission thresholds. While these standards are established based on the economic costs of SDR processing and the ready availability of transaction records, there may be instances when it is appropriate to waive the thresholds and process the SDR.

d. Verification. Shipping activities will review all discrepancy reports received for applicability against materiel under their cognizance. If materiel cognizance is not applicable, forward the SDR to the appropriate shipping activity and notify the submitter.

6.4.18. INVESTIGATIVE RESEARCH AND RESOLUTION.

a. Quantity Discrepancies:

(1) Review shipping documentation. Determine if weight, cube, or number of pieces shipped support or deny the SDR.

(2) Review transaction ledger from BA date. Determine if any erroneous gains or losses were processed, potentially attributable to the discrepancy that supports the SDR.

(3) Conduct a Physical inventory. Determine if an out-of-balance condition exists to support the SDR.

b. Inventory Adjustments:

(1) SDRs often indicate out-of-balance records.

(2) Process inventory adjustments based upon an incoming SDR investigative research results.

(3) When the SDR involves return shipment of the material, a check is again required when the material is returned.

c. Information only SDRs are used to cite Fleet sentencing issues:

(a) Condition code other than indicated on receipt document

(b) Supply documentation missing/illegible/mutilated

(c) Packaging discrepancies

(d) Item technical data/markings missing/incomplete

d. Maintenance Due Date (MDD).

(1) Inspect on-hand material to identify additional non-conforming material (expired or expiring MDD that does not meet prescribed mission capable periodicity). For non-conforming material, request disposition guidance from the appropriate operational commander.

(2) Should investigation result finding of extension guidance, include extension authority in the SDR response.

e. Report of Damaged Material

(1) If circumstances indicate that the damage resulted from a transportation-type discrepancy, reject the SDR and advise the submitting activity to submit a TDR, SF 361.

(2) If circumstances indicate that the damage is not transportation related, advise the submitting activity to request disposition from NOLSC-AMMO.

f. Overage/Duplicate Shipment. Review CAIMS transaction history and conduct physical inventory to determine actual on-hand quantity. If quantity discrepancies are discovered as a result of physical inventory, conduct inventory adjustments in accordance with 6.2.8.

g. Shortage in Shipment. Review CAIMS transaction history and conduct physical inventory to determine actual on-hand quantity. If quantity discrepancies are discovered as a result of physical inventory, conduct inventory adjustments in accordance with 6.2.8.

h. Review CAIMS computed on-hand balances for each stock number and conduct physical inventory to determine actual on-hand quantities.

6.4.19. PROBLEMATIC RESPONSE PROCESSING.

a. In cases where unusual or special circumstances exist or where research may not result in a conclusive answer or the complaint may seem questionable, etc., judgment calls are necessary and should be based on sound reasoning with command concurrence.

b. Disputes between activities should be worked out between activity management – going up the chain of command if necessary.

6.4.20. SDR DISTRIBUTION AND SUPPORTING DOCUMENTATION

a. The determination of distribution is based upon the shipment type, origin of the shipment, path of shipment (e.g. via FFT courier), the affected service or agency, and the submitter's Chain of Command as determined by their Immediate Superior In Command (ISIC). A copy of the SDR will be included with material returns in addition to the SDR file for tracking and auditing.

b. SDR's should include as much supporting documentation as necessary to support and assist the shipping activity in identifying and reconciling the discrepancy. Such documentation may include:

- (1) Copy of other reports submitted in association with the discrepancy
- (2) Copy of shipping tag(s) and document(s)
- (3) Photographs
- (4) PDT7200 scanner reports
- (5) Internal tracking documents
- (6) MILSTRIP status messages
- (7) CAIMS transaction history and whenever possible.

6.4.21. SDR DISTRIBUTION.

a. NAVY. For all Controlled Inventory Items and supplies, send SDR to the command directing release of the material, with copy to address below:

Commanding Officer
Naval Operational Logistics Support Center
ATTN Code 34
5450 Carlisle Pike, P.O. Box 2011
Mechanicsburg, PA. 17055-0735

b. MARINE CORPS. For all Controlled Inventory Items and supplies originating from Marine Corps activities:

Commander (Code 808-1)
Marine Corps Logistics Bases
814 Radford Boulevard
Albany, GA 31704-1128

Copy to:
Commanding Officer
Naval Operational Logistics Support Center
ATTN Code 34
5450 Carlisle Pike, P.O. Box 2011
Mechanicsburg, PA. 17055-0735

c. For research, development, test, and evaluation (RDT&E) material for which inventory management has not been established (AFMAN 23-110):

Commander
Air Force Materiel Command
ATTN: LGT
4375 Chidlaw Road, Suite 6
Wright-Patterson AFB, OH 45433-5006

Note: RDT&E material are those items acquired under Air Force contracts whose contract number on the shipping container is prefixed with F04611, F04690, F04701, F04703, F04704, F08606, F08635, F19630, F33615, F33657, or F40600.

6.4.22. Packaging Discrepancies

a. DOD Components and GSA have designated activities to act as control points to monitor packaging discrepancies for their respective Service/Agency. SDRs for packaging discrepancies must be forwarded to the control activity. Specific distribution according to Service/Agency and type of shipment is provided below.

(1) Navy to Navy Shipment

(a) Initial action to shipping activity.

(b) Copy to appropriate Navy Packaging Control Point

(2) Contractor/Vendor Shipments (Contact NOLSC-AMMO for assistance)

(a) Initial action to Administrative Contracting Office (ACO).

(b) Copy to applicable Contract Administration Office (CAO) (block 10 of DD Form 250, Material Inspection and Receiving Report).

b. DOD-Directed Shipments

ARMY - For all shipping and packaging discrepancies initiate action to the Army activity directing release of the material (i.e., the requisition routing identifier code (RIC) located in positions 4-6), with copy to activity listed below.

Headquarters, U.S. Army Operations Support Command
ATTN: NAVSUPDET, CDR Henri Chase
1 Rock Island Arsenal
Rock Island IL 61299-6000

NOTE: SDRs for the former of Aviation component of Aviation and Troop Command (ATCOM) (RIC B17) and the former Missile Command (MICOM) (RIC B64) should be sent to the Aviation and Missile Command (AMCOM). SDRs for the former Troop component of U.S. Army Aviation and Troop Command (ATCOM)(RIC B12)) should be submitted to Soldier Systems Command (SSCOM).

c. AIR FORCE

(1) Air Force points of contact (POC), including arms, will be the applicable item manager as contained in AFMAN 23-110, Vol. 1, Part 2, Chap 2 or Air Force Material Command Maintenance Engineering Management Assignment (T>O>00-25115); or as identified in Standardization Directory SD-1 (FSC Class Area Assignment).

(2) The following POCs apply to packaging discrepancies applicable to Air Force management items that are stored at and are issued from DLA depots located at Hill, Tinker, McClellan, Kelly, and Robins AFBs.

Table 6.4.2. DLA and AIR Force Mailing Addresses for SDRs

Packaging SDRs will be reported to the Following DLA activities:	Information copies of packaging SDRs will be provided to the following Air Force activities.
<p>DDOU-XID Building 845 7537 Wardleigh Road Hill AFB, UT 84056-5734</p> <p>DDOO-XI 7401 2nd Street, Suite 108 Tinker AFB, OK 73145-9013</p> <p>DDMC-XA 2031 Idzorek Street McClellan AFB, CA 95652-1621</p> <p>DDST-XP Building 1534 280 Dover Street Kelly AFB, TX 78241-54444</p> <p>DDWG/VA 450 5th Street Robins AFB, GA 31098-1887</p>	<p>75ABW/LGTP 7530 11th Street Hill AFB, UT 84056-5707</p> <p>72 ABW/LGTP 7516 Sentry Boulevard Suite 202B Tinker AFB, OK 73145-8912</p> <p>77 ABW/LGTP 4443 Dudley Blvd McClellan AFB, CA 95652-1418</p> <p>76 LG/LGTP 401 Wilson Blvd Building 1572, Door 1B Kelly AFB, TX 78241-5340</p> <p>78 ABW/LGTP 455 Byron Street, Bldg.. 376 Robins AFB, GA 31098-1860</p>

INSTRUCTIONS FOR SUBMITTING (SF) 364 SDR

1. Block 1 - Date of Preparation. Use month, day and four-digit year format.
2. Block 2 - Report Number. SDR report number consists of the submitting activity's UIC, followed by the last two digits of the calendar year, followed by a four-digit serial number (e.g., the first SDR written by AOC Det. Sewells Point in calendar year 2003 would have a report number of N3030003-0001).
3. Block 3 – To; Name, Address, ZIP Code and DOD Activity Address Code (DODAAC) and/or Routing Identifier Code (RIC) (if assigned), and attention symbol/code of shipping. The shipping activity is based on the origin of the shipment (reference SDR Distribution) and is located in positions 67-69 of the DD 1348-1A.
4. Block 4 – From. DODAAC and/or RIC (if assigned), name, address and ZIP code of the reporting activity.
5. Block 5a - Shipper's Name.
6. Block 5b - Number and Date of Invoice. Not used.
7. Block 6 - Transportation Document. Enter the type of transportation document, Government Bill of Lading, Commercial Bill of Lading, manifest, waybill, insured/certified U.S. Postal Service or transportation control and movement document and the identifying number assigned to such document. This is a mandatory entry when the shipment received was made via traceable means, e.g., GBL, CBL. For U.S. SDRs (only), for discrepancies involving shortages, include the following statement in Block 12 "Shortage has been verified as not being transportation related."
8. Block 7a - Shipper's Number. Not used.
9. Block 7b - Office Administering Contract. Name, address and ZIP code of the Contract Administration Office (CAO) which directed/arranged shipment.
10. Block 8 - Requisitioner's Number. Enter the document number from the DD 1348-1A.
11. Block 9a - NSN/Part Number and Nomenclature. If item received is different from item shown on shipping documents, or different from item ordered, show each item on a separate line. For serial numbered principal items, sets, kits and outfits, list the item individual serial number first, followed by the discrepancies applicable to the serial number.

Note: For sets, kits and outfits showing an assembly order number, the assembly order number should also be listed.
12. Block 9b - Unit of Issue. Enter unit of issue as indicated on the shipping document for each item listed in Item 9a. (Not applicable to packaging discrepancies.)
13. Block 9c - Quantity Shipped. Enter quantity of item shipped. When code C1 is applicable, enter the quantity and the ammunition condition code (in accordance with reference (f)).

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14. Block 9d - Quantity Received. Enter quantity actually received.
15. Block 10a - Discrepant Quantity. Enter the discrepant quantity. If code C1 is applicable, enter the quantity and the supply condition code of the item received. If total quantity received is classified under more than one condition code, enter separately each partial quantity so classified, followed by the applicable condition code, i.e. 960A, 20F.
16. Block 10b - Discrepancy Unit Price. Enter the unit price shown on shipping document or the unit price shown on the ML-N, if no shipping price is available.
17. Block 10c - Discrepancy Total Cost. For shipping-type discrepancies, enter the total value of material (10a x 10b). For U.S. SDR packaging deficiencies enter total cost for corrective packaging of all discrepant items. For SDRs reporting both a packaging and a shipping discrepancy on the same item, enter on separate lines both the total value of the material and the total cost for corrective packaging.
18. Block 10d - Discrepancy Code. Nature of the discrepancy using the listed discrepancy codes found in Attachment (6-10). If a condition exists that is not listed, use Code Z1 and provide and unclassified description in Block 12, Remarks. When discrepancy Code C2, Expired Shelf Life (MDD), is applicable, enter the expiration date in Block 12.
NOTE: *Currently reviewing the Discrepancy Codes listed on the SF 364.*
19. Block 11 - Action Code. Enter requested action/action taken by SDR initiator from listed action codes in paragraph Attachment (6-11). If action is other than covered by listed action codes, use Code 1Z and provide an unclassified action request in Block 12.
NOTE: *Currently reviewing the Action Codes listed on the SF 364.*
20. Block 12 – Remarks: General Conditions. Only unclassified remarks will be provided. Use for any supplemental information when the combination of discrepancy codes and action codes needs clarification; when discrepancies need explanation; and when a breakdown of cost to report, in terms of labor man-hours and materials, is required. Specific data such as appearance, lot/batch number, manufacture/packaging date, inspector number and inspection date, probable cause of improper packaging, and suggested corrective action should be entered here. Provide photos where it would assist in determining the cause/validity of the discrepancy/deficiency.
21. Block 13 - Funding and Accounting Data. Not used.
22. Block 14a - Typed or Printed Name. Title and Phone Number of Preparing Official. Include both full commercial, DSN and facsimile communication numbers and E-mail address, if available.
23. Block 14b - Signature. Self-explanatory.
24. Block 15 - Distribution Addressees for Copies. Enter other addressees to receive a copy of the SDR.

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INSTRUCTIONS FOR REPLY

Action activities will use the reverse side of the SF 364 to reply to the customer as follows:

1. Block 16 - From. Enter name, DODAAC/UIC and/or RIC (if assigned) and address of the activity preparing the reply.
2. Block 17 - Distribution Addressees for Copies. Enter addressees (including DODAAC/UIC and/or RIC (if assigned) receiving copies of the reply in addition to addressees listed in Block 18. (same as 15 above)
3. Block 18 - To. Enter address, including DODAAC/UIC and/or RIC (if assigned), of the activity indicated in Block 4.
4. Block 19. Not used.
5. Block 20. Not used.
6. Block 21. Enter an X.
7. Block 22. Not used.
8. Block 23 - Remarks: General Conditions. Only unclassified remarks will be provided. Enter any clarification or information necessary for a complete reply. Enter corrective action taken to preclude future packaging discrepancies and/or record the appropriate SDR disposition/status code listed in paragraph 6.4.6A. If additional explanation is necessary, attach to SDR on plain bond paper.
9. Block 24a - Typed or Printed Name and Phone Number of Preparing Official. Name of individual authorized to provide an SDR response. Include both DSN and full commercial telephone numbers.
10. Block 24b - Signature. Self-explanatory.
11. Block 24c - Date. Month, day and four-digit year.

ATTACHMENT (6-9)

SHIPPING AND PACKAGING DISCREPANCY CODES

A. CONDITION OF MATERIAL

1. C1 In a condition other than shown on supply document or on the supporting inspection/test certificate.
2. C2 Expired shelf life (MDD).
3. C3 Damaged U.S. Postal Service shipment.
4. C4 Material received stripped of parts or components (cannibalized).
5. C5 Incomplete item received. Do not use for incomplete sets/kits/outfits. See Code S9 for more amplification.

B. SUPPLY DOCUMENTATION.

NOTE 1: Report only when the receipt cannot be properly processed.

NOTE 2: Ensure that supposedly missing or incomplete supply documentation is not located or concealed in another part of the shipment.

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

C. LUMBER

1. L1 Moisture exceeds allowable percentage.
2. L2 Not treated in accordance with specification.
3. L3 Product off grade.
4. L4 Improper size.
5. L5 Improper tally.
6. L6 Improper or no grade mark on product.
7. L7 Rotten product.
8. L8 Splits, excessive wane, scant, or not end trimmed (one or all).

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D. MISDIRECTED

M1 Material improperly addressed and shipped to wrong activity.

E. OVERAGE, DUPLICATE, OR RECEIPT OF CANCELED MATERIAL

1. O1 Quantity received is more than quantity shown on the supply document.
2. O2 Quantity received is more than quantity requested plus variance, if applicable (other than unit of issue or unit of pack).
3. O3 Quantity duplicates shipment. Discrepancy code 03 is cited when a shipment is received which corresponds exactly to a previous shipment but was ordered only once.
4. O4 Material received after cancellation.
5. O5 Concealed overage discovered in a sealed shipping container.
6. O6 Overage due to unit of issue/unit of pack incompatibility (Use only when requisition specified no unit of issue/unit of pack variance).

F. PACKAGING DISCREPANCY

NOTE 1: Any packaging discrepancy viewed as potentially hazardous, or resulting in damaged material which may endanger life, impair combat or deployment operations or affect other material, will be reported immediately to the shipping activity, contracting office and control point by the quickest communication medium to enable the shipper to take immediate corrective action.

NOTE 2. SDRs submitted due to improper unitization that creates hazards or potential damage will be accompanied by copies of the issue documents.

NOTE 3. If the packaging problem has potential for system wide effects, provide the packaging control point with the SDR, SDR reply and all documentation available including a POC.

1. P1 Improper preservation.
 - a. P101 Cleaning inadequate, incorrect, or omitted.
 - b. P102 Preservative inadequate, incorrect, or omitted.
 - c. P103 Barrier material inadequate, incorrect, or omitted.
 - d. P104 Unit pack cushioning inadequate, incorrect, or omitted.
 - e. P105 Unit container inadequate, incorrect, omitted or oversized.

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- f. P106 Desiccant incorrect, improperly located, or omitted.
 - g. P107 Tape/closure of unit container incorrect or inadequate.
 - h. P108 Hazardous materials not removed as required.
 - i. P109 Improper preservation of hazardous materials.
 - j. P110 Level of protection excessive or inadequate.
 - k. P111 Minimum protection not applied (material returns).
 - l. P112 Non-conformance to specified requirements for preservation (explanation required).
 - m. P113 Electrostatic/electromagnetic device preservation inadequate or omitted.
 - n. P114 Concealed preservation defect found in storage.
2. P2 Improper packing.
- a. P201 Container inadequate, incorrect, or oversized.
 - b. P202 Intermediate container inadequate, incorrect, oversized, or omitted.
 - c. P203 Exterior container inadequate, incorrect, oversized, or omitted.
 - d. P204 Blocking and bracing inadequate, incorrect, or omitted.
 - e. P205 Cushioning inadequate, incorrect, or omitted.
 - f. P206 Level of protection excessive or inadequate.
 - g. P207 Container deteriorated.
 - h. P208 Skids incorrect or omitted.
 - i. P209 Improper packing of hazardous materials.
 - j. P210 Non-conformance to specified requirements for packing (explanation required).
 - k. P211 Improper foam-in-place.

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- d. P404 Multiple consignees in single consignee consolidation container.
- e. P405 Protective covering/wrapping inadequate, improper, or omitted.
- f. P406 Contents of multi-pack container inadequately packaged, stuffed or missing unit packs.

G. SHORTAGE OR NONRECEIPT

NOTE 1: *Applies to discrepancies where the quantity received is less than that ordered or shown on the shipping document or total non-receipt of item(s) shipped. Transportation-type shortages are reportable as TDRs.*

NOTE 2: *Shortages on SEAVAN/container that are source loaded and move under shipper's load and count, and arrive at destination with original seal(s) intact, are considered a shipping-type discrepancy.*

- 1. S1 Quantity received less than quantity indicated on supply documentation.
- 2. S2 Quantity received is less than quantity requested minus variance, if applicable (other than unit of issue or unit of pack).
- 3. S6 Shortage due to unit of issue/unit of pack incompatibility. (Use only when requisition specified no unit of issue/unit of pack variance.)
- 4. S7 Shortage or non-receipt of an item in a multi-pack or sealed shipping container.
- 5. S8 Concealed shortage discovered upon opening a sealed container.
- 6. S9 Incomplete sets/kits/outfits. Do not use to report cannibalization of SSRI, COEI,

H. TECHNICAL DATA MARKINGS (NAME PLATES, LOG BOOKS, OPERATING HANDBOOKS, SPECIAL INSTRUCTIONS)

NOTE 1: *Report missing and/or incomplete item technical data, e.g., name plate, operating handbook, logbook, precautionary markings, warranty data, engineering drawings and associated lists, specifications, standards process sheets, manuals, technical reports, and catalog item identifications, and related information.*

- 1. T1 Technical data markings missing.
- 2. T2 Technical data markings illegible or mutilated.
- 3. T3 Precautionary operational markings missing.
- 4. T4 Inspection data missing or incomplete.

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5. T5 Serviceability operating data missing or incomplete.
6. T6 Warranty data missing.
7. T7 Missing part number on bare item.
8. T8 Incorrect part number.
9. T9 Operating handbooks, log books, and/or special instructions missing.

I. INCORRECT ITEM

NOTE 1: *Unless the original requisition cited a Military Standard Requisitioning and Issue Procedures (MILSTRIP) advice code limiting the request to a specific item, a SDR should not be submitted when an activity receives an acceptable substitute.*

NOTE 2: *Describe in detail the problem encountered with material received and provide as much documentation as possible so that the shipping activity can take corrective action, especially if it could be a system wide problem.*

1. W1 Incorrect item received.
2. W2 Unacceptable substitute received.
3. W3 Incorrect item received, but not identifiable to an NSN or part number.
4. W4 Misidentified item received.
5. W6 Incorrect item discovered upon opening a sealed container.

J. OTHER DISCREPANCIES

1. Z1 Other discrepancy - see remarks. Z1 requires an explanation statement in Block 12. "Remarks" of the SDR.
2. Z2 Repetitive discrepancy. Z2 must be used in combination with any of the above discrepancy codes that occur repeatedly, including those that fall below the minimum dollar value threshold for reporting. Provide documented evidence of previous occurrences to the shipping activity.
3. Z3 Receipt not due-in.
4. Z4 No record exists for document number cited on supply document.

ACTION CODES

The following codes are used to provide a description of the action requested by the initiator of the SDR. Multiple codes may be used on a single report. Preprinted codes on the face of the SF 364 may be supplemented from this list of codes. These codes are authorized for use in all reporting formats.

1. 1C Supporting supply documentation requested
2. 2C Technical documentation/data requested
3. 1D Material still required; expedite shipment.
4. 2F Material being held for disposition instructions.
5. 1G Reshipment not required. Item to be re-requisitioned
6. 1H No action required. Information only
7. 1Z Other action requested (see remarks)
8. 2Z Additional information is being submitted off-line. (Applicable for use with electronic SDR submission only.)

SECTION 5: FINANCIAL LIABILITY INVESTIGATION OF PROPERTY LOSS (FLIPL) PROCEDURES (DD FORM 200)

Ref: (a) NAVSUP P-723

Attachments: (6-12) DD Form 200
(6-13) DD Form 200 Preparation Instructions

6.5.1. Purpose.

A FLIPL will be used to report and account for the following types of adjustments:

- (1) An unresolved physical inventory adjustment that meets the causative research criteria cited in paragraph 6.2.9.
- (2) An unresolved physical inventory adjustment when research has determined that theft, fraud or negligence is suspected.
- (3) A FLIPL will be completed within 45 calendar days after the completion of causative research if the causative research has failed to yield the cause of the material gain or loss.
- (4) Attachment (6-12) is a sample DD Form 200. Attachment (6-13) provides specific guidance for preparing the DD Form 200. To obtain DD Form 200 electronically go to the web site: <http://forms.daps.dla.mil/order/>

6.5.2. Responsibility and Procedure for Completing the DD Form 200.

a. Causative Researcher.

- (1) A position assigned/designated by the Reviewing Authority.
- (2) Completes blocks 1-11 of DD Form 200 for all unresolved adjustments meeting the criteria cited in paragraph 6.2.9.
- (3) Passes DD Form 200 to the Reviewing Authority after completion of blocks 1-11.

b. Reviewing Authority.

- (1) Designated in writing by the Approving Authority to review blocks 1-11 of DD Form 200 and complete block 12. This person is usually the Supervisor Ammunition Accounting/Inventory Coordinator.
- (2) May have final approval/disapproval of DD Form 200 when so delegated by the Approving Authority only for adjustments for adjustments that are less than \$50,000; there is no evidence of theft, fraud or negligence; or the item is not sensitive, classified or pilferable.
- (3) When appropriate, passes DD Form 200 on to the Appointing Authority.

c. Appointing Authority.

(1) Designated in writing by the Approving Authority to review the DD Form 200 for accuracy and compliance with policy. This person is usually the Executive Officer (may be delegated to the IAO/Weapons Officer).

(2) Designates a Financial Liability Officer and/or appoints a Financial Liability Board, when circumstances allow, to conduct an investigation when fraud, theft, or negligence is suspected.

(3) Completes block 13 of DD Form 200. Provides final approval/disapproval for DD Form 200 when delegated to do so by the Approving Authority for adjustments less than \$100,000; where theft, fraud, or negligence is not involved; and the item is not a Controlled Inventory Item.

(4) The Appointing Authority may agree or disagree with the findings and recommendations as presented. If he/she agrees and there is no personal liability noted or recommended, the Appointing Authority will sign Block 13 and forward to the Approving Authority. If he/she does not agree or believes personal liability is suspect, he/she will make separate recommendations to the Approving Authority.

6.5.3. Approving Authority.

a. Reviews and approves/disapproves all DD Forms 200 for:

(1) All unresolved adjustments for classified, sensitive, and pilferable items.

(2) All unresolved adjustments due to theft, fraud, or negligence.

(3) All other unresolved adjustments of \$100,000 or greater.

b. Completes block 14 of the DD Form 200. This responsibility may be delegated to the Appointing Authority in accordance with section 6.5.2.C.above. The Approving Authority is usually the Commanding Officer.

c. The Approving Authority must have no direct accountability for the discrepant items.

d. Acts as Appointing Authority or designates one in writing.

e. Makes determination to either relieve involved individuals from responsibility and/or accountability or approve assessment of financial liability.

f. Forward all FLIPLs that demonstrate pecuniary liability due to theft, fraud, or negligence to the Judge Advocate/Counsel for review prior to taking final action.

g. Once finalized forward all DD Forms 200 to the Causative Researcher for file.

6.5.4. Financial Liability Officer.

- a. Designated in writing by the Appointing Authority to perform an investigation to assign responsibility for gain, loss or damage when there are repetitive losses, evidence of fraud, theft or negligence, large dollar value losses, etc. This person shall be a commissioned/warrant officer, enlisted E-7 through E-9, a civilian GS-9 or above, or the Appointing Authority.
- b. Shall not be the Accountable Officer or have any direct interest in the property being surveyed.
- c. Function is investigative only (examines evidence, interviews witnesses, examines damaged material, etc.) and does not review or approve the DD Form 200. Reports the results of the investigation (findings and recommendations) to the Appointing Authority using block 15 of the DD Form 200. Supports recommendations with actual facts.
- d. Reports results of the investigation within 30 calendar days after completion of causative research. If delays are encountered and a report is not made within the 30 days, a written explanation for the delay will be provided to the Approving Authority.
- e. Findings and recommendations are administrative and not judicial, therefore, the reports are purely advisory. The Financial Liability Officer's opinions do not constitute final determinations or legal judgments, and his/her recommendations are not binding upon the Appointing and Approving Authorities.
- f. Exercises proper control over material recovered during the investigation.
- g. Consults with the Appointing Authority, legal Counsel, Judge Advocate, or any other individual/officer, as appropriate.
- h. Findings should sustain or refute the statements made in blocks 9 and 10 and any affidavits or certificates that are part of the report.
- i. Provides the individual or activity involved with a copy of the DD Form 200 to inform them of their rights when gross negligence or personal responsibility is established.
- j. The Financial Liability Officer is not relieved from duty until final action has been taken.

6.5.5. Financial Liability Board.

- a. Members are selected by the Appointing Authority for the specific purpose of conducting the investigation with more resources than a single officer would be able to provide. Members shall be commissioned officers, warrant officers, enlisted E-7 and above, or civilian employees GS-9 and above.
- b. The board is administrative and not judicial, therefore, the report of the board is strictly advisory and does not constitute final determinations or legal judgments, and their recommendations are not binding upon the Appointing and Approving Authorities. The primary purpose of the board is to assist the Financial Liability Officer in relieving the Commanding Officer from the administrative requirements involved.

c. Responsibilities are the same as those of the Financial Liability Officer cited in paragraph 6.3.6.

6.5.6. Accountable Officer.

a. Reviews all DD Forms 200 and completes block 17. If there is ordnance management oversight by a Regional Commander, the Regional IAO may oversee subordinate sites and provide clarification and general guidance. In cases where a subordinate site does not have an IAO/Weapons Officer, the Regional IAO (at the discretion of the Regional Commander) may sign block 17 as the Accountable Officer.

b. Oversees the maintenance and administration of the stock record accounts and ensures all inventory adjustments are documented.

c. Reviews all DD Forms 200 and acts as project manager to identify/correct factors contributing to inventory inaccuracies.

6.5.7. No Evidence of Personal Responsibility.

a. DD Form 200 must document unresolved discrepancies that indicate no personal responsibility. The research conducted during the FLIPL investigation is an extremely critical phase. The evidence and data presented in the causative research package and the impartial review by the Appointing Authority develop the actual facts and circumstances. For unresolved differences that indicate no personal responsibility, the FLIPL is utilized to relieve Accountable/Responsible Officers from accountability.

6.5.8. Evidence of Personal Responsibility.

a. DD Form 200 must also document unresolved discrepancies that indicate evidence of personal responsibility.

(1) Criminal investigations must be initiated when research reveals evidence of theft. The Director, Naval Criminal Investigative Service will be notified and criminal proceedings initiated.

(2) When research indicates evidence of negligence or abuse and the alleged individual responsible does not admit responsibility, a Financial Liability Officer will be appointed and will work with the Accountable Officer to obtain and document the facts and circumstances of the gain or loss. The Financial Liability Officer will document all facts in a report for the Commanding Officer on whether or not an individual should be held responsible for the loss.

(3) Legal counsel and the activity's Commanding Officer must be consulted before statements are taken from anyone, whether subject or witness.

(4) If the individual involved is a military member, guidance should be obtained from the local Navy legal counsel or the Command's Staff Judge Advocate General.

(5) If the individual involved is civilian, the cognizant civilian personnel office (in concert with the legal counsel) will provide guidance to determine the appropriate disciplinary action.

(6) If the results of the criminal investigation have proven personal liability for theft of government property, the physical inventory adjustment should be reversed. The DD Form 200 will then substantiate processing of a survey transaction, authorizing the write-off of material due to theft.

6.5.9. Approval Levels

a. Completed and approved FLIPLs are financial documents and will support entries made to activity records for adjusting discrepancies which were disclosed after causative research. Table 6.5.1 below illustrates the reviewing, appointing, and approval criteria, however, the Commanding Officer of the activity has full responsibility to ensure FLIPLs are completed as required.

Table 6.5.1. DD Form 200 Review and Approval Levels

DD Form 200 Block No.	Sensitive/Pilferable/Classified (All)	Items Involving Theft, Fraud or Negligence (All)	All Others Exceeding Causative Research Threshold (\$ > 16,000)
11	Causative research analyst	Causative research analyst	Causative research analyst
12 Reviewing Authority	Supervisor Ammo Accounting/ Inventory Coordinator	Supervisor Ammo Accounting/ Inventory Coordinator	Supervisor Ammo Accounting/Inventory Coordinator (NOTE 1)
13 Appointing Authority	Executive Officer/Weapons Officer/Inventory Accuracy Officer	Executive Officer/Weapons Officer/Inventory Accuracy Officer	Executive Officer/Weapons Officer /Inventory Accuracy Officer (NOTE 2)
14 Approving Authority	Commanding Officer/Officer-in-Charge	Commanding Officer/Officer-in-Charge	Inventory Accuracy Officer/ Weapons Officer/ Commanding Officer/ Officer-in-Charge (NOTE 3)
17 Accountable Officer	Inventory Accuracy Officer/Weapons Officer	Inventory Accuracy Officer/Weapons Officer	Inventory Accuracy Officer/Weapons Officer

NOTE 1: When authorized by the Approving Authority, may approve adjustments for less than \$50,000 when theft, fraud or negligence is not involved and item is not sensitive, classified or pilferable.

NOTE 2: When authorized by the Approving Authority, may approve adjustments for less than \$100,000 when theft, fraud or negligence is not involved and item is not sensitive, classified or pilferable.

NOTE 3: When authorized by the Approving Authority, the IAO or the Weapons Officer may approve adjustments for less than \$100,00 when theft, fraud or negligence is not involved and the item is not sensitive, classified or pilferable.

6.5.10. Reporting Requirements.

Copies of FLIPLs will be retained locally at the accountable activity. A copy of each FLIPL resulting from theft, fraud, or negligence will be sent to the Security Officer at the activity.

6.5.11. Retention of Accountable Documentation.

a. Audit capability is required for a period of time following the processing of documents and data. It is necessary that records in support of inventories and actions directly affecting inventories be readily available to provide an audit trail to facilitate future inventory reconciliations, causative research, and FLIPLs.

b. All naval shore and afloat activities will retain the following records:

(1) Source documents that include only accountability change documents such as receipts, issues, shipments, transfers and condition code changes. Retain for at least two years.

(2) ROLMS historical files or manual transaction ledgers will be retained for at least two years.

(3) Physical inventory documentation that includes inventory counts, adjustments and reconciliation results. Retain for at least two years.

(4) Causative research documentation and findings including back-up documentation that directly pertains to an individual physical inventory adjustment that was resolved and/or remains unresolved. Retain for two years.

(5) FLIPLs to substantiate all unresolved physical inventory adjustments equal to or greater than causative research threshold. Retain for two years.

FINANCIAL LIABILITY INVESTIGATION OF PROPERTY LOSS								
PRIVACY ACT STATEMENT								
AUTHORITY: 10 USC 2775; DoD Directive 7200.11; EO 9397.				ROUTINE USE(S): None.				
PRINCIPAL PURPOSE(S): To officially report the facts and circumstances supporting the assessment of financial charges for the loss, damage, or destruction of DoD-controlled property. The purpose of soliciting the SSN is for positive identification.				DISCLOSURE: Voluntary; however, refusal to explain the circumstances under which the property was lost, damaged, or destroyed may be considered with other factors in determining if an individual will be held financially liable.				
1. DATE INITIATED (YYYYMMDD)		2. INQUIRY/INVESTIGATION NUMBER			3. DATE LOSS DISCOVERED (YYYYMMDD)			
4. NATIONAL STOCK NO.		5. ITEM DESCRIPTION			6. QUANTITY	7. UNIT COST	8. TOTAL COST 0	
9. CIRCUMSTANCES UNDER WHICH PROPERTY WAS (X one) (Attach additional pages as necessary)					<input type="checkbox"/> LOST	<input type="checkbox"/> DAMAGED	<input type="checkbox"/> DESTROYED	
10. ACTIONS TAKEN TO CORRECT CIRCUMSTANCES REPORTED IN BLOCK 9 AND PREVENT FUTURE OCCURRENCES (Attach additional pages as necessary)								
11. INDIVIDUAL COMPLETING BLOCKS 1 THROUGH 10								
a. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)				b. TYPED NAME (Last, First, Middle Initial)		c. DSN NUMBER		
				d. SIGNATURE		e. DATE SIGNED		
12. (X one)		RESPONSIBLE OFFICER (PROPERTY RECORD ITEMS)			REVIEWING AUTHORITY (SUPPLY SYSTEM STOCKS)			
a. NEGLIGENCE OR ABUSE EVIDENT/SUSPECTED (X one) <input type="checkbox"/> YES <input type="checkbox"/> NO		b. COMMENTS/RECOMMENDATIONS						
c. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)				d. TYPED NAME (Last, First, Middle Initial)		e. DSN NUMBER		
				f. SIGNATURE		g. DATE SIGNED		
13. APPOINTING AUTHORITY								
a. RECOMMENDATION (X one) <input type="checkbox"/> APPROVE <input type="checkbox"/> DISAPPROVE		b. COMMENTS/RATIONALE				c. FINANCIAL LIABILITY OFFICER APPOINTED (X one) <input type="checkbox"/> YES <input type="checkbox"/> NO		
d. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)				e. TYPED NAME (Last, First, Middle Initial)		f. DSN NUMBER		
				g. SIGNATURE		h. DATE SIGNED		
14. APPROVING AUTHORITY								
a. RECOMMENDATION (X one) <input type="checkbox"/> APPROVE <input type="checkbox"/> DISAPPROVE		b. COMMENTS/RATIONALE				c. LEGAL REVIEW COMPLETED IF REQUIRED (X one) <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> N/A		
d. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)				e. TYPED NAME (Last, First, Middle Initial)		f. DSN NUMBER		
				g. SIGNATURE		h. DATE SIGNED		

DD FORM 200, OCT 1999

PREVIOUS EDITION IS OBSOLETE.

DD FORM 200 Preparation Instructions

BLOCK	NAME	DESCRIPTION
1	Date Initiated	Enter date DD Form 200 was initiated.
2	Inquiry	Enter investigation number, when applicable.
3	Date Discovered	Enter year, month and day the loss/gain was discovered.
4	National Stock Number (NSN)	Enter NSN or part number of discrepant item.
5	Item and Description	Enter item's NALC, nomenclature, serial and/or lot number and security code.
6	Quantity	Enter number of units and unit of issue (e.g., 2 each).
7	Unit Cost	Enter cost per unit from storage activity record, if known.
8	Total Cost	Enter dollar amount (multiply block 6 by block 7).
9	Circumstances	Check relevant block (add, "gain when applicable). Enter complete statement of facts, answering "who", "what" and "how". Include date/place of incident, name, grade, social security number of person(s) involved. Add helpful data (e.g., transaction or contract numbers and identify as exhibit 1, exhibit 2, etc).
10	Correction/Preventative Actions	Enter recommendations to correct situation and prevent future occurrences. Include financial liability officer's suggestions when one has been appointed.
11	Signature Signed	Enter name, address, DSN, signature/date of person who conducted causative research.
12	Reviewing Authority	Enter name, address, DSN, signature/date of person who reviewed blocks 1-11. When authorized and there is no suspicion of theft, fraud or negligence or the item is not sensitive, classified or pilferable, may be final approval for adjustments that are less than \$50,000.

Attachment (6-13)

BLOCK	NAME	DESCRIPTION
13	Appointing Authority	Enter name, address, DSN, signature/date signed. When authorized and when there is no suspicion of theft, fraud or negligence and the item is not sensitive, classified or pilferable, may me final approval for adjustments that are less than \$100,000.
14	Approving Authority	Enter name, address, DSN, signature/date signed. Must sign all DD Forms 200 when there is suspicion of theft, fraud or negligence; or the item is sensitive, classified or pilferable; or the adjustment is \$100,000 or greater. Otherwise, the Approving Authority may be delegated to the Appointing Authority.
15a	Findings	Enter findings and recommendations only when evidence of fraud, theft or negligence is obtained.
15b	Dollar Value	Use standard price of item to determine amount of loss or gain. (Complete only when evidence of fraud, theft or negligence is obtained).
15c	Monthly Basic Pay	To be completed by supervisor of individual charged, when appropriate.
15d	Financial Liability	To be completed by Financial Liability Officer, when appropriate.
16	Individual Charged	To be completed by Financial Liability Officer, when appropriate.
17	Accountable Officer	Enter name, address, DSN, signature/date signed. Enter document number of adjusted transaction.

Attachment (6-13)

SECTION 6: STATISTICAL PROCESS CONTROL (SPC) SAMPLING

Ref: (a) OPNAVINST 8015.2 Series

Attachment: (6-14) Sampling Definitions

6.6.1. Introduction.

Reference (a) directs all naval shore activities identified as Stock Points for Sampling (SPS) by Naval Operational Logistics Support Center (NOLSC-AMMO) to conduct weekly random Statistical Process Control (SPC) sampling of the activity's total ordnance inventories other than CAT I or CAT II (High Risk) material. Additionally, there is nothing in reference (a) that precludes any other ordnance handling or storage activity from conducting SPC sampling if they so desire.

6.6.2. Purpose of SPC Sampling.

The accuracy of our inventory records is the basis for ordnance positioning, fleet support, and readiness assessment. It is essential that inventory accuracy and control processes be effectively and diligently employed to achieve ordnance inventory accountability, safety, and security. The nature of inventory inaccuracies and the cost of counting and reconciliation require the approach used in the taking of physical inventories be more efficient and effective than the 100% wall-to-wall total item count. Available inventory resources must be directed to those discrepancies and inventory items for which the maximum returns will be derived from the resources applied. Emphasis must shift from correcting accountability errors during the inventory process to improving the processes that result in accountability errors.

6.6.3. Objectives.

Objectives of sampling and SPC and its application to ordnance inventory management are to:

- (1) Provide a more efficient and revealing depiction of station inventory accuracy.
- (2) Provide a diagnostic tool to help managers identify inventory processes that need refinement and make better decisions regarding the use of limited ordnance handling and storage resources.
- (3) Enhance workforce awareness regarding the importance of quality control initiatives and promote participation in sound inventory management practices.

6.6.4. Designation of Stock Points for Sampling (SPS).

NOLSC-AMMO will designate certain naval activities as SPS on an annual basis, usually in October. SPS determination is based upon the rationale that activities with a large number of Station Line Items (SLI) managed, and/or that process a high volume of transactions, are more at risk of encountering inventory discrepancies and would, therefore, receive the greatest benefit from process control through SPC sampling. Criteria for selection, based on Conventional Ammunition Integrated Management System (CAIMS) data at the end of the fiscal year is as follows:

Must meet all three of the following criteria:

- (a) Inventory valuation minimum \$25 million
- (b) 1250 or more CAIMS line items
- (c) 2400 or more CAIMS transactions.

or

- (d) All activities with inventory valuation of \$45 million or greater.

b. A list of SPS activities will be posted on the NOLSC-AMMO website at <http://www.ois.disa.mil>, under Inventory Accuracy (IA) Sampling. Activities added or deleted from the list as a result of the annual review will be notified by naval message.

6.6.5. SPS Designation Appeal.

If an activity disagrees with the decision designating it as a SPS, an oral or written appeal may be made to NOLSC-AMMO Code 034 providing a logical explanation of why the activity should be removed from the list. If the matter is not resolved through this effort, an appeal may be made to CNO (N411) for final decision.

6.6.6. Sampling Programs.

a. An Excel-based SPC spreadsheet application and User's Guide have been developed by NOLSC-AMMO for use by any ordnance handling activity that either must or desires to conduct weekly sampling. The application is available for download and use from the website discussed in paragraph 6.6.4.B above. The application processes user-input sampling results and automatically calculates all of the necessary statistical parameters to produce summary statistics and control chart graphics.

NOTE: *The use of this specific product is highly recommended, but not mandatory. Commercial products or locally developed applications may be used instead. Whatever product is used it must produce a statistically accurate, reportable process average, as well as associated control limit values.*

b. Random samples by SLI are produced in the Retail Ordnance Logistics Management System (ROLMS) by using the Ammunition Management Accountability Review (AMAR) selection process. Procedures for use are described in section 6.2.4. Samples from any non-ROLMS activities must be selected by other means, ensuring the integrity of the randomness of the draw. For purposes of reducing workload, a sample may be bounded by location to the level of magazine or building (for automated sampling, once Automated Identification Technology (AIT) and ROLMS software changes have been made to incorporate these features). If this is done, however, the locations must be scheduled so that each asset or SLI is subject to a similar probability of inspection on an annual basis.

6.6.7. Process Control.

a. SPC is the use of statistics to analyze a process. The process output is measured using sampling techniques. The results of the output measurement establish a centerline value or process average. The variability of the output measurement establishes the level of predictability or "control" of the process. The range of operation falling between the Upper Control Limit (UCL) and Lower Control Limit (LCL) is the expected statistical result of the process unless a fundamental process change occurs. Such a fundamental process change is known as a "special cause" of variation.

b. Variations in results falling in the expected range (between UCL and LCL) are the predictable results of the process as it is. This expected variation is caused by "common causes" of variations. In short, the process as designed and carried out can be expected to continue producing similar results unless process change is instituted. SPC analysis, therefore, is used to determine the "common causes" and (less often) "special causes" of variation in order to improve inventory management processes. Control charts allow managers to monitor the impact of process changes on process results. See Attachment (6-13) for a list of common SPC definitions.

6.6.8. Sampling Procedures.

a. For activities with more than 2400 SLIs, a minimum of 20 (moderate risk) and 20 (low risk) items will be sampled each week. For activities with less than 2400 SLIs, a minimum of 10 (moderate risk) and 10 (low risk) items will be sampled each week. Automated activities should use the AMAR selection process procedures discussed in paragraph 6.2.4 to determine the number of ROLMS SLIs there are by risk group. (This sampling process is only for a record-to-materiel check.) Use the inventory count procedures described in paragraph 6.2.6 to conduct the sample. When the inventory is complete, input the results to the SPC application, recording the number and kind of errors found, if any, by material risk group. After taking samples and recording the results for 13 weeks, the SPC spreadsheet will establish a centerline (average process value) and upper and lower control limits, which require evaluation.

b. In the event the displacement between the centerline value and either control limit exceeds 15 percentage points, additional samples will need to be taken until the offset attained is less than 15 percent.

c. In the event the centerline value is calculated to be below 85 percent, the activity will perform an analysis of the sample data to determine whether the deficiencies are generalized across the entire risk group or whether trends are discernable in the data (i.e., data that points to specific root causes or specific characteristics of the locations sampled). Results of the analysis will be provided with the next scheduled sampling report and corrective actions initiated as follows:

(1) If the failure is determined to be generalized, or if specific areas of vulnerability cannot be isolated, sampling for the respective risk group will be curtailed and a wall-to-wall inventory will be completed no later than 180 days following the month for which the less than 85% average was reported.

(2) If the analysis indicates a discernable pattern of deficiencies, sampling will be continued and a corrective action plan developed and executed to address the specific vulnerabilities identified. The corrective action plan will be reported in the next scheduled sample report and actions associated with it in subsequent reports until acceptable levels of accuracy are achieved.

d. In either case, all corrective actions will be completed within 180 days of the month in which the less than 85 percent average was reported, or until an accuracy mark of 90 percent or above is achieved.

e. Recommendation regarding 15-point rule - The real criteria is whether or not each risk group average meets the CNO goal assigned (100% High risk, 95% Moderate risk and 92% Low risk). Therefore, if an activity's centerline value (average) meets or exceeds the CNO goal (for the associated risk group), there is no need to take additional samples, regardless of whether or not the lower control limit is in excess of 15 points. On the other hand, if the risk group centerline value is below goal, activities should increase sample size because this will yield more information and increase the chance of getting up to goal prior to the requirement for a wall-to-wall inventory. How much sample size should be increased depends on how far the centerline value is below goal and the number of SLIs being managed. As a general rule of thumb, the following guidance is recommended:

(1) If an activity is within 5% of goal - increase sample size by 10.

(2) If an activity is between 5% and 12% of goal - increase sample size by 20.

(3) If an activity is greater than 12% from goal (but not below 75%) - increase sample size by 30.

f. Recommended guidance regarding wall-to-wall inventories is:

(1) Conduct immediately if accuracy is below 75% (for 13-week sample average).

(2) If 13-week sample average is between 75% and 83%, allow 13 weeks to improve to above 83%.

(3) If 13-week sample average is between 83% and 90%, allow 13 weeks to improve to above 90%.

(4) If 13-week sample average is between 90% and goal, allow 13 weeks to improve to goal. (Notice, therefore, that an activity with 77% inventory accuracy may be allowed up to 39 weeks to achieve goal, but only if sample results show steady improvement. If any improvement wicket weren't met, then a wall-to-wall inventory would be required for any particular risk group).

NOTE 1: *These are only recommendations intended to assist activities in achieving mandatory inventory accuracy goals, while at the same time minimizing the impact on available resources. The recommendations are based on a reasonable expectation of achievement through sampling, but they do not have a concrete statistical basis. This is so because inventory accuracy is not calculated based on sampling results, especially over short periods of analysis. As an example, a 13-week average may be 85%, but the real average may actually be 74%. Since 85% is within the control limits, increasing sample size will probably not yield enough error correction to improve accuracy fast enough. In fact, the immediate effect of increasing sample size will be a more accurate measurement of true inventory accuracy, so in this case an activity may see inventory accuracy go down to 80% - although in reality that represents an improvement from the real original 74%. This example highlights the limitations of sampling.*

NOTE 2: *It should be recognized that one of the most critical elements of SPC, is the research necessary to uncover why errors are being made. In other words, what process deficiencies allowed the error to occur? Activities need to conduct post count validation, pre-adjustment research, and in some cases, causative research, as described in section 2 of this chapter to identify process failures. It is only through this kind of detailed analysis, and the subsequent process changes and work force training, which an activity can expect SPC to be of any value.*

6.6.9. Sample Reporting.

All SPS activities will submit their sampling results to NOLSC-AMMO on a monthly basis by the 5th day of the following month. The report will be submitted electronically in the format identified by NOLSC-AMMO. The report will include summary statistics on the preceding month's sampling results for Moderate and Low risk ordnance, as well as the results of any high risk (CAT I or CAT II) wall-to-wall inventory results, annual estimation sampling results, or location survey results.

6.6.10. Documentation.

All self-assessment sampling documentation will be maintained by the Inventory Accuracy Officer (or other designated representative) in station files, subject to audit by internal and external command inspections, audits, or reviews for a minimum of 2 years.

6.6.11. Sampling Validation.

To validate sampling data results for moderate and low risk material, SPS activities must also perform either a 100% physical inventory or an annual estimation sample as discussed in paragraph 6.2.3.a (3). Results should be forwarded to NOLSC-AMMO with the next monthly sample results.

Sampling Definitions

a. Attributes. The following criteria will be evaluated in determining if the condition and markings of ordnance materiel is accurate when compared with its respective station line item inventory record:

- (1) COG
- (2) NSN
- (3) Ownership Code
- (4) Purpose Code
- (5) Activity Classification Code (ACC)
- (6) Condition Code
- (7) Serial/Lot Numbers
- (8) Location (Bldg./Grid)
- (9) Quantity

b. Common Variance. Revealed in the scattering of data (points) within the control chart bounds of the upper and lower control limits. Such variance is common to "in-control" processes, and is typically caused by factors that can be difficult to isolate/change: procedures, equipment limitations, workers' aptitude, etc.

c. Control Chart. A chart that depicts process data plotted over a period of time. Imposed on the chart are upper and lower (control) limits drawn on either side of the process (data) average which may also be labeled as the "centerline", or mean.

d. Control Limits. Statistical bounds above (upper control limit) and below (lower control limit) the centerline, used to differentiate between common and extraordinary variance, warranting separate and distinct actions.

e. Extraordinary Variance. Revealed in the plotting of data (points) outside of the control chart bounds of the upper and lower control limits. Such variance is usually easy to eliminate, and is generally caused by special circumstances: equipment failure, the addition of a new worker, receipt of bad materiel, etc.

f. In-Control Data. Control chart data points that plot inside the area bounded by the upper and lower control limits.

g. In-Control Process. A control chart that contains data points, all of which plot inside the area bounded by the upper and lower control limits.

Attachment (6-14)

h. Inventory Accuracy Indicators. Sample or reported statistical indicators of the estimated degree to which local stock records adequately portray the actual quantities, purpose, and conditions of ordnance assets on hand at selected sites. Accuracy can be evaluated for total stock or by selected ordnance stock strata (such as Controlled Inventory Items Code (CIIC) risk category, cognizance symbol, commodity group, or magazine/stowage site). Indicator definitions are:

(1) Station Line Item (SLI) Record Accuracy. Measured by comparing physical inventory counts to posted Retail Ordnance Logistics Management System (ROLMS) stock record data at the cognizance, national stock number (NSN), ownership/ purpose/activity classification code (ACC), condition code, quantity, location (bldg./grid), lot/serial number level. Differences in any of the seven data elements are recorded. The number of SLIs without errors divided by the total number of SLIs reviewed multiplied by 100 equals the accuracy percent. Example: 482 SLIs with NO errors/500 SLIs reviewed X 100 = 96.4%.

NOTE: *In ordnance sampling, this value is the rate of accuracy by risk group. Overall inventory accuracy is calculated on a weighted basis. See section 6 for details.*

(2) Location Reconciliation/Record-to-Record Accuracy: Comparison of ROLMS asset and serial lot data to the corresponding Conventional Ammunition Integrated Management System (CAIMS) record. If the records do not agree they are considered to be "Out of Balance" (OOB) and must be corrected by the activity with the assistance of NOLSC-AMMO.

i. Inventory Groups. Three separate segments, or groups, of the ordnance inventory will be assessed. Each of the groups will be considered an individual lot, subject to separate inspection samplings.

j. Inventory Group Line Item Composition by CIIC

(1) High Risk - (CAT I/II) CIICs 1, 2, 5, 6, 8 and S

(2) Moderate Risk - (CAT III/IV) CIICs 3, 4, 9, A, B, C, D, P, 7 (explosive) and U (explosive)

(3) Low Risk - (Other) Blank CIIC, J, 7 (inert) and U (inert)

k. Ordnance Accountability. The duty of accounting for material that is or has been in the custody of an activity. Accountability includes:

(1) Responsibility for ordnance custody, care, receipt, storage, and issue.

(2) Safeguarding and re-warehousing.

(3) Physical inventory and research.

(4) Location survey/reconciliation.

Attachment (6-14)

(5) Quality control checks.

(6) Discrepancy report initiation, research, and resolution.

(7) Investigation and assessment of financial liability for loss, damage, and destruction of government property.

(8) Appropriate actions to ensure that the physical on hand quantity and the total item property record are in agreement.

l. Ordnance Assessment Profile. A NOLSC-AMMO-maintained suite of information products, activity specific ordnance accountability, metrics included, which can be referenced at the NOLSC-AMMO website.

m. Out-of-Control Data. Control chart data points that plot outside the area bounded by the upper and lower control limits.

n. Physical Inventory. The physical count of ordnance in storage at a stock point for the purpose of verifying the balance reflected in the accountable recorded stock balance. A physical inventory consists of physical counts, post-count validation, pre-adjustment research, and causative research.

o. Magazine-to-Record. The physical inventory of an entire storage location against an activity's accountable record (generally referred to as a wall to wall). For example, an entire magazine may be inventoried and compared to ROLMS.

p. Record-to-Magazine. The comparison of ROLMS asset records to actual magazine assets by verifying one or more SLIs from an activity's accountable record. For example, a sample of SLIs within ROLMS is selected and verified by physical count.

q. Record-to-Record Accuracy. This is a comparison of ROLMS asset and serial lot data to the corresponding CAIMS record. If the records do not agree, they are considered to be "OOB" and must be corrected by the activity with the assistance of NOLSC-AMMO.

r. Sampling Methodology. Statistical process control (SPC) refers to the use of control charts to analyze processes.

s. Self-Assessment. As defined within the context of this enclosure, the use of SPC methodology to self-monitor the accuracy of inventory management processes.

t. Standards. The standards identified in paragraph 9 of reference (a) and paragraph 6.2.3 of this chapter are applicable.

u. Station Line Item. The accountable record within ROLMS uniquely identified by a combination of cognizance symbol, NSN/NALC, condition code, owner/purpose/ACC, lot/serial number, quantity and location (building/grid).

v. Variance. The amount of variability, or degree of difference, among data. Every process has some variance. For SPC purposes, variability is separated into two distinct categories: common and extraordinary.

Attachment (6-14).

SECTION 7: INVENTORY ACCURACY OFFICER (IAO) DESIGNATION, DUTIES AND RESPONSIBILITIES

Ref: (a) NAVSUP P-723

6.7.1. Purpose.

The purpose of this section is to specify the roles and responsibilities of the Inventory Accuracy Officer (IAO) at Naval ordnance storage activities.

6.7.2. Scope.

There are many different functions that contribute to the accuracy, or inaccuracy, of inventory and financial records. Accordingly, it is necessary to designate the IAO with the broad responsibility of identifying problem areas and assisting in the development of corrective programs to ensure the integrity and accuracy of inventory records. Inventory accuracy covers such a broad spectrum of responsibilities; therefore, all duties and responsibilities may not be specifically listed in this chapter. Each activity will have its own unique circumstances and areas that need oversight. The IAO will need to tailor and focus attention on those areas as appropriate.

6.7.3. IAO Designation.

All SPS activities shall designate an IAO in writing, responsible for reviewing, evaluating, and improving accountability procedures and inventory record accuracy. Additionally, SPS activities shall forward the IAO's name, code, Defense Switched Network (DSN) and commercial telephone numbers, and email address to Naval Operational Logistics Support Center (NOLSC-AMMO), Code 034, at the beginning of each fiscal year. Activities holding OT COG assets will forward IAO information to Commander, Marine Corps Systems Command, Program Manager (MARCORSYSCOM (PM Ammo)), Quantico, VA. IAO designation, although not mandatory, is recommended for all ordnance-handling activities with an inventory valuation of \$5 million or greater.

6.7.4. Role.

For SPS activities with a combined inventory value of \$100 million or greater, it is highly recommended that the IAO be a permanent, full-time position filled by a naval officer in the rank of lieutenant or above, or by a civilian, GS-12 or above. At naval ordnance activities with less than \$100 million in combined inventory, the position may be a part-time or collateral duty as circumstances warrant. The rank/grade of the IAO at those storage activities with a combined inventory value less than \$100 million should be consistent with the broad expertise required of the position. Contact NOLSC-AMMO, Code 034, if there are any questions regarding dollar value of inventory.

6.7.5. Organizational Structure.

In accordance with reference (a), to the extent practicable, the IAO should function as direct staff to the Commanding Officer or to the Weapons Officer. If the position is not established as direct staff:

(1) The IAO must be allowed direct access to the Commanding Officer/Weapons Officer. This relationship must be clearly established with a dotted line relationship on the organization chart. The IAO should be a position that is independent of stock control, item management, storage, physical inventory, and material accounting functions. However, if this is not possible due to resource constraints, it is the responsibility of the Commanding Officer to ensure that appropriate checks and balances are in place so the incumbent can provide an independent assessment without compromise.

(2) If the IAO is assigned as a collateral duty, the IAO responsibilities must take top priority over the other duties as assigned. The IAO will function in the capacity of a project manager. As such, the authority of the IAO will extend across department/division lines and encompass all aspects of the organization whose work affects the accuracy of the inventory records. The IAO will be accorded the cooperation and assistance of personnel at all levels of those departments/divisions.

6.7.6. Duties.

Some specific duties of the IAO are included below, but this list may not be all inclusive of what is required to maintain inventory record integrity.

(1) Review management reports and listings as they apply to inventory accuracy to ensure performance goals are met and to identify problem areas and possible trends that indicate problem areas are developing.

(2) Initiate quality control checks to identify problems in various areas such as receiving, requisition processing, exception processing, causative research, etc. It is recommended that quality control checks be done, as a minimum, on a quarterly basis.

(3) Give attention to the accuracy of ordnance data and transaction documentation, compliance of procedures affecting inventory records with regulations and directives, and the validity and propriety of inventory accounting documents.

(4) Give special attention to the nature and frequency of inventory adjustments with a view towards determining and correcting their causes. This includes:

(a) Review and approve adjustments and their reversals, when appropriate, in accordance with the thresholds established in paragraph 6.2.12.

(b) Require causative research on any adjustment, which in his/her judgement so warrants, even though the adjustment does not meet the causative research criteria established in section 2 of this chapter.

(5) Submit reports to chain of command as required by this publication.

(6) Coordinate with appropriate internal and external sources to identify process/systemic problems and develop and implement corrective actions for identified problems.

(7) Elevate any unresolved procedural and/or systemic problems to chain of command after all possible internal solutions have been exhausted.

- (8) Participate in those projects and evaluations that may have impact upon inventory accuracy of records. Examples include major re-warehousing efforts, revisions to receiving/receipt control procedures, etc.
- (9) Verify, at least semi-annually, that physical inventory procedures as described in this publication are followed. Particular attention will be paid to procedures involving reversals to prior inventory adjustments, and the propriety of those reversals.
- (10) Oversee and be actively involved in all activity sampling and inventory functions. Review inventory adjustments to determine the accuracy and adequacy of inventory, reconciliation and research procedures.
- (11) Review and approve reversals to inventory adjustments made after 90 days (see section 6.2.11 for further guidance on reversals).
- (12) Ensure source documents and other such actions that are necessary to provide a ready capability for auditing the accuracy of the inventory records are maintained in accordance with established procedures.
- (13) Review and approve (when appropriate) all Financial Liability Investigation of Property Loss reports (DD Forms 200), in accordance with section 5 of this chapter.
- (14) Interact with NOLSC-AMMO to improve the accuracy of the wholesale ordnance (CAIMS) Master Data Files (MDF) and the comparability of that file with the storage activity's retail (ROLMS) records.
- (15) Ensure that all OPREP-3 and Missing, Lost, Stolen or Recoverable (MLSR) reports are completed in accordance with sections 2 and 3 of this chapter.
- (16) Ensure that all receipts and issues are reported properly in accordance with sections 2 and 3 in order to avoid material in transit write-offs by NOLSC-AMMO.
- (17) Maintain a Supply Discrepancy Report (SDR) management program (formerly RODs) that ensures that all SDRs are generated and tracked in accordance with section 3. It is highly recommended that a local database be established in order to track incoming and outgoing SDRs. Also, ensure that all incoming SDRs are resolved and a proper response is provided to the initiating activity.
- (18) Maintain an inventory accuracy program that interfaces with all aspects of inventory accuracy, such as, monitoring receipt dues management, stock in transit, warehouse refusals, causative research procedures, location audit program, and scheduled/unscheduled physical inventories. Conduct trend analysis and investigation of problem areas; and take necessary actions to ensure resolution of problem areas are implemented.
- (19) Review and analyze sampling and wall-to-wall inventory results in order to identify any discernable trends. Review activity metrics and activity data posted to the Ordnance Assessment Portfolio (OAP) on the NOLSC-AMMO secure website.

6.7.7. Responsibilities.

Each activity has its own unique situations and areas of responsibility. It is the IAO's job to address any uncommon issues as they occur and seek guidance, both internal and external to the command, in order to bring about appropriate resolution.

SECTION 8: EXPLOSIVE SAFETY INSPECTIONS (ESISs) AND AMMUNITION MANAGEMENT ACCOUNTABILITY REVIEWS (AMARs)

Ref: (a) OPNAVINST 8015.2 Series
(b) NAVSEAINST 8020.14 Series

6.8.1. Introduction.

Reference (a) requires the incorporation of random statistically valid inventory accuracy samples as a component of the Explosive Safety Inspection (ESI) program. Additionally, it established Inventory Management (Program 15) as an ESI Pillar.

6.8.2. Activity Selection for ESIs.

a. The Explosive Safety and Security Offices (ESSO), Atlantic and Pacific, are responsible for scheduling ESIs for shore-based CONUS and OCONUS activities. A list of activities scheduled to receive ESIs can be found in reference (b), enclosure (2). On a quarterly basis, Naval Operational Logistics Support Center (NOLSC-AMMO) personnel provide input to the ESSOs regarding which activities will receive all, or part of, a Program 15 inspection.

b. Criteria used are:

(1) Is the activity scheduled for an ESI by either ESSOLANT or ESSOPAC? NOLSC-AMMO will not send personnel to an activity not on an ESSO ESI list.

(2) Does the activity have a recent history of poor inventory management performance?

(3) What kind of ordnance and what operations are conducted at the activity (i.e. Facility Category)?

(4) What is the dollar valuation and workload throughput of the ammunition stored and handled by the activity? In general, to receive an Inventory Accuracy (element four) assessment on an ESI, the activity must manage at least \$5 Million in inventory based upon CAIMS asset records. If NOLSC-AMMO is unable to provide resources to support a scheduled ESI, ESSOLANT or ESSOPAC personnel will conduct the Program 15 inspection. To view a quarterly list of activities scheduled for an ESI with NOLSC-AMMO participation, activities may go to the NOLSC-AMMO unclassified website at <http://www.ois.disa.mil>, then select Utilities, OIS, Data Integrity, ESI Schedule.

6.8.3. ESI Preparation Assistance.

The following tools are available to assist activities in preparation for an ESI, as well as for monitoring daily and/or periodic operations:

(1) The Program Evaluation Guide found in enclosure (6) of reference (b)

(2) The Inventory Management Guidelines for Ordnance Officers checklist available on the NOLSC-AMMO unclassified website shown above

(3) The Ordnance Inventory Accuracy Performance Checklist, also found on the NOLSC-AMMO unclassified website shown above and as Attachment (6-1) in Section 2 of this Chapter.

6.8.4. ESI Process.

a. Inspecting personnel responsible for evaluating an activity's inventory management program during an ESI will use the Program 15 Inventory Management evaluation guide from enclosure (6) of reference (b). Most activities will be evaluated on elements one through four. These elements are:

- (1) Unserviceable Material Management
- (2) Program Management
- (3) Notice of Ammunition Reclassification (NAR) Management
- (4) Inventory Accuracy.

b. Element five is Supply Class V (W) Ammo Accounting and applies to USMC ground inspections only. Activities should be prepared to quickly provide requested reports and historical documentation in support of the inventory management process review.

c. For the Inventory Accuracy portion (Element 4) of Program 15, a sample will be pulled and evaluated in accordance with the procedures described in paragraphs 6.2.3 through 6.2.6 of this chapter. In-float documentation will be reviewed and given consideration in error computation as long as applicable document processing time standards are met.

d. In general, technical assist visits in preparation for an ESI will not be scheduled within 90 days of the inspection.

6.8.5. ESI Scoring.

a. Specific guidance for rating an activity during an ESI is provided in reference (b), enclosure (1). In general, ESI inspectors rate all Pillar Programs and other evaluated Programs as either Satisfactory or Unsatisfactory. If any pillar program fails, the activity receives an overall unsatisfactory rating. Additionally, if the command receives unsatisfactory evaluations in any three or more programs, the activity will receive an overall unsatisfactory rating.

b. For Program 15, elements one through three are evaluated by the inspector(s) on the basis of whether or not the command is managing its inventory in a safe and secure manner.

c. For Program 15 element four, a random sample methodology will be used and errors recorded. For this element, the ESI team will recommend an unsatisfactory rating if any two of the following three situations occur:

- (1) Overall inventory accuracy is determined to be below 90%

(2) Custodial (count) accuracy is determined to be below 95%

(3) If the activity receives a majority of non-conformances relative to meeting the CNO goals for High, Moderate and Low risk material for Station Line Item (SLI) Record Accuracy as shown in Table 6.2.1. Additionally, if an activity receives an overall inventory accuracy score below 85%, the team will determine whether or not the command should fail element four based on the nature of the errors discovered.

d. Overall inventory accuracy is computed by dividing the number of correct attributes (count, material identification, and stowage location) by the sample size in each risk group, multiplying the result of that calculation by the percent each risk group weighs to total sample population, and adding the three resultant sums.

e. For scoring Element Four, inspectors will only record one error per SLI, regardless of how many errors are found (per SLI). The order of error assessment is count, material identification and then location. All errors will be provided to the activity for research and resolution. Activities may also update the Date of Last Inventory (DOLI) file in Retail Ordnance Logistics Management System (ROLMS) with the date of the ESI.

NOTE: *Every SLI in ROLMS is subject to random sampling, regardless of ownership code, and if selected, will be included in the inventory accuracy analysis computation.*

f. An activity will not necessarily fail Program 15 if it fails any single element. The assigned inspectors will evaluate all aspects of Program 15 inventory management before making an overall SAT or UNSAT assessment.

g. ESI results are posted on the NOLSC-AMMO classified website at <https://www.ssg.navy.smil.mil>. Authorized personnel may request access by phoning 1-877-962-3365, and applying for a password as instructed.

6.8.6. Ammunition Management Accountability Review (AMAR) Procedures.

a. The purpose of the AMAR program is to enhance station magazine to ROLMS, and ROLMS to CAIMS inventory accuracy. It evaluates procedural compliance in asset management, receipt, issue and other functional areas and conducts tailored training where required. AMARs are intended to review day-to-day standard operating procedures and as such no advance preparation is needed.

b. AMARs are on-site reviews scheduled on an exception basis. They are primarily targeted at activities whose inventory management processes are suspect, or for activities receiving an unsatisfactory rating in Program 15 on an ESI. AMARs are not automatically scheduled. Upon receipt of a request, an assessment will be made to determine whether or not other resources may be more productive (or available) in helping to correct identified deficiencies. Major Claimants, Type Commanders, Regional Commanders, Commanding Officers or their designated representatives may request an AMAR.

c. Activities scheduled for AMARs should be prepared to expeditiously provide any and all requested data to NOLSC-AMMO prior to team arrival, and assist with travel and lodging logistics as necessary.

SECTION 9: AMMUNITION IN-TRANSIT ADMINISTRATION

Ref: (a) OPNAVINST 8015.2 Series
(b) OPNAVINST 3100.6 Series
(c) MCO 4340.1 Series
(d) NAVSUP P-723

6.9.1. Introduction.

a. One of the primary factors negatively impacting ordnance inventory accountability/accuracy is tracking ordnance while in transit because the true status and location of the in-transit ordnance is not readily identifiable. In-transits affect a significant percentage of our most critical ordnance during major Battle Group on-loads and off-loads, and can disable efforts to respond to a contingency deployment. Proper and timely receipt and issue processing of Naval ordnance is also essential to ammunition stockpile management.

b. The Conventional Ammunition Integrated Management System (CAIMS) and Marine Corps Ammunition Accounting and Reporting System II (MAARS II) for OT COG assets, are designed to track all ammunition throughout the life cycle until expended, lost, or issued to demilitarization or disposal. For CAIMS and MAARS II systems to maintain total asset visibility, ammunition must be correctly issued by one activity and receipted for at another. Accordingly, special management attention and discipline is required to ensure that in-transit ordnance is closely monitored and controlled.

c. An in transit occurs when either an issue and corresponding receipt transaction do not match, or an issue is posted, or a receipt is processed, without a matching transaction within CAIMS and/or MAARS II. In accordance with reference (a), in-transits become overaged if not resolved within 90 days. This section provides procedures for researching and correcting material identified in CAIMS as being in transit. This section does not address in-transits resulting from new production or initial delivery. For OT COG managed assets only, activities should receipt for the amount shipped vice the quantity on the DD Form 1348-1A and submit a Supply Discrepancy Report (SDR) (formerly Report of Discrepancy (ROD)) to the shipping activity. For all Navy managed assets, activities shall report the quantity on the DD Form 1348-1A as discussed in 3.3.5 (Ashore) and 4.2.2 (Afloat).

6.9.2. Naval Operational Logistics Support Center (NOLSC-AMMO) In Transit Administration Procedures.

a. NOLSC-AMMO monitors all in-transit documents and disputed receipts and sends email, Streamlined Automated Logistics Transmission System (SALTS) and Naval messages for unmatched issues "DA", unmatched issues to activities for further transfer "DF", and disputed receipt "DR" transactions. These in transit messages will be sent to the activity that appears to owe transaction reports with an information copy to other affected activities.

b. NOLSC-AMMO monitors in-transit responses to ensure appropriate transaction reporting actions are taken, and assists with resolution of in-transits and disputed receipts to include the following:

- (1) Send follow-up messages, as required.
- (2) Review shipping documents submitted.
- (3) Provide advice for correcting discrepancies and assist activities by posting appropriate adjustments when the activity is unable to do so.

6.9.3. General In Transit Administration Procedures.

- a. Reference (a) requires that all in-transit material remain accountable to the issuing activity until properly receipted.
- b. Activities shall assign responsibility and monitor actions to ensure that all in transit correspondence is answered in a timely manner.
- c. In accordance with reference (a), activities must maintain comprehensive records for all issues and receipts, including DD Form 1348-1As, and retain for two years.
- d. Activities will ensure training is conducted to correct document processing errors that are found to cause in transits.

6.9.4. Issuing Activity In Transit Administration Procedures.

- a. The issuing activity contacts the intended receiving activity and tries to resolve discrepancies.
- b. The issuing activity ensures that accurate replies to requests for information are provided to NOLSC-AMMO or Marine Corps System Command, (Program Manager for Ammunition) (MARCORSYSCOM (PM Ammo)) for OT COG assets, within ten days. If unable to respond within ten days, the issuing activity shall request an extension and provide an estimated completion date, not to exceed thirty days.
- c. The issuing activity adjusts records as agreed to by the receiving activity and/or NOLSC-AMMO or MARCORSYSCOM for OT COG assets. Initiate and submit an OPREP-3 Navy Blue message or MLSR for Marine OT COG assets in accordance with section 6.3.

6.9.5. Receiving Activity In Transit Administration Procedures.

- a. The receiving activity reports the document number, National Item Identification Number (NIIN), and quantity from the shipping documents via Ammunition Transaction Reporting/Transaction Item Reporting (ATR/TIR). If discrepancies are identified during receipt inspection, the receiving activity contacts the shipping activity and attempts to resolve discrepancies. If unable to resolve, the receiving activity submits a SDR in accordance with section 6.4.
- b. In order to correct NIIN discrepancies, the receiving activity processes re-identification of stock transactions. For ATR reporters, process transaction types "D"/"C" and source code "REIDN". For TIR reporters, process DOCID D8J/D9J. Perpetuate original document number.

NOTE: *The adjustment transactions are not on the total document quantity, only the difference between the DD Form 1348-1A quantity and the physical quantity.*

c. In order to correct quantity discrepancies, the receiving activity processes shipment adjustments. For ATR reporters, if more material was received than was reported on the DD Form 1348-1A, process transaction type "C" and source code "GANOT". If less material was received than was reported on the DD Form 1348-1A process transaction type "J" and source code "LOSOT". Perpetuate original document number and submit an SDR.

d. For TIR reporters, if more material was received than was reported on the DD Form 1348-1A, process shipment gain transaction DOCID "D8Z". If less material was received than was reported on the DD Form 1348-1A, process shortage in shipment transaction DOCID "D9Z". Perpetuate original document number and submit an SDR.

e. The receiving activity ensures that replies to requests for information are provided to NOLSC-AMMO within five days. If unable to respond within five days, the activity requests an extension and provides estimated completion date, not to exceed thirty days.

6.9.6. In Transit Message Notification Procedures.

a. Notification of unmatched issue(s) and disputed receipt(s) will be sent to the assigned activity for corrective action(s) needed to resolve applicable in transit(s). NOLSC-AMMO will send in transit notifications via email or SALTS. If response is not received, follow up notification will be sent via naval message. In transit correspondence response is for addressee action unless NOLSC-AMMO is notified otherwise.

b. Each activity must respond by submitting the requested transaction data by notifying NOLSC-AMMO via Naval message, SALTs, email, fax, or documented telephone conversation.

6.9.7. In Transit Corrective Action Procedures.

a. If the activity issued/received the in transit material and did not report via ATR or TIR, the activity will submit ATR/TIRs as appropriate.

NOTE: *Most in transit errors are caused by incorrect document numbers, Julian dates, NIIN/Navy Ammunition Logistics Code (NALC) and quantities.*

b. If research reveals incorrect data was submitted on an ATR/TIR, the activity reverses the invalid transaction and resubmits the correct receipt/issue.

c. If material was received/issued correctly, the activity provides ATR serial number and ATR/TIR date that the transaction was submitted to NOLSC-AMMO.

d. If material was never received/issued, the activity responds with the document number in question, annotated with Not Received/Not Issued, as appropriate.

6.9.8. Adjustments of Unmatched In Transit Documents.

- a. NOLSC-AMMO will process/correct CAIMS data, or will notify customers of required ATR/TIR entries necessary to eliminate the in transit. Unresolved documents will be processed by NOLSC-AMMO for final inventory adjustment in CAIMS.
- b. A cycle of messages is sent for unmatched issues after thirty days, fourteen days for disputed receipts, with follow-up action at sixty days and proof of shipment or receipt at ninety days.
- c. After one hundred fifty days, NOLSC-AMMO will prepare a final probable match comparison for all unmatched issue and receipt documents at the NIIN level. The total number of unmatched issue assets must equal the total number of disputed receipt assets closed without adjustment. This closure will have a net effect of zero to the inventory. The audit trail of research will be annotated in CAIMS (remarks on each document).
- d. The remaining unmatched issues or disputed receipts without an offsetting probable match will be included in the group "requesting authority to adjust". These documents will be identified to the assigned activity Inventory Accuracy Officer (IAO) or Weapons Officer as candidates for write-off.

6.9.9. Activity Adjustment Procedures.

- a. Activities shall follow the procedures for inventory reconciliation, adjustments and causative research as discussed in paragraphs 6.2.7 through 6.2.10, as applicable, to document any record adjustments made as a result of in transit research.
- b. After 180 days, all in transit adjustments processed will be certified at the appropriate management level consistent with the commodity involved and the value of the adjustment as specified in Table 6.2.2. The following certification will be included by the activity closing out the in-transit document:

"I certify required follow-up and other attempts to reconcile the \$(insert dollar value) in unmatched issue and/or receipt documents adjusted during (month/year), have been performed, and documentation of these efforts and applicable OPREP-3, MLSR, FLIPL and/or SDR are available for review and audit."
- c. Individual certification is not required for each document adjusted; however, itemization of documents which total the value in the adjustment certification must be attached to the adjustment document.
- d. Documentation to support all causative research and related reconciliation efforts performed will be retained for review and/or audit as appropriate. Records will be retained consistent with existing record retention and disposition requirements.

6.9.10. Common Causes for In-transits and Lessons Learned.

Table 6.9.1 is a checklist that provides the most common causes of in transit errors. This checklist can be used when researching in transit errors or as a training aid to help prevent future in-transit problems.

Table 6.9.1 In-transit Error Checklist

Intransit Causes	Amplification
Document number not being perpetuated.	Julian date has been altered. Document UIC Identification has been changed. Digits have been missed. Alpha "O" used instead of numerical zero. Number has been transposed.
Documents have been combined.	
Actual receipt has different NALC/ NIIN than indicated on the DD1348-1A.	
Actual receipt is different quantity than indicated on the DD1348-1A.	
Issues or receipts have been duplicated.	
Material destined for FFT not accurately reported.	
Incorrect disposal transaction code.	Issues have been reported to an activity rather than DISPL.
Missing receipt or issue transaction.	Some activities that are listed as reporters do not report.