



OFFICE OF THE SECRETARY OF DEFENSE  
WASHINGTON, DC 20301-1000



DEFENSE LOGISTICS  
STANDARD SYSTEMS OFFICE  
CAMERON STATION  
ALEXANDRIA, VA 22304-6100

81 MAR 1988

DLSSO-B

SUBJECT: DoD Joint Physical Inventory Working Group (JPIWG) Meeting,  
16-18 March 1988

TO: Commander, U.S. Army Materiel Command  
ATTN: AMCSM-M/AMCRM-F  
Commander, Naval Supply Systems Command  
ATTN: SUP 06/SUP 01  
Commander, Air Force Logistics Command  
ATTN: AFLC-DSS/AFLC-ACF  
Commandant of the Marine Corps  
ATTN: LPP/FDA  
Executive Director, Supply Operations, DLA  
ATTN: DLA-OS  
Comptroller, Defense Logistics Agency  
ATTN: DLA-CF

1. The enclosed Memorandum for Record, dated 30 March 1988, is forwarded for your information. Your attention is directed to the paragraphs listed below for action by the Components.

<u>Paragraph</u>	<u>Subject</u>
3a	ICE report
3d(2)	Location Survey
8	Next JPIWG meeting

2. The DLSSO-BI point of contact is Mr. F. St. Mark, (202) 274-6062 (AUTOVON 284-6062).

1 Encl

cc:  
OASD(L/SD)

JAMES R. LEWIS  
Chief  
Distribution Standard  
Systems Branch

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MEMORANDUM FOR RECORD

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1. The subject meeting was hosted by DLA at Headquarters, DLA, Cameron Station, Alexandria, VA. The meeting convened at 0900 on 16 March 1988. The attendees are listed in enclosure 1.

2. The minutes of the 20-22 January 1988 meeting were reviewed and approved with the following correction:

DLSSO requested that it be noted that paragraph 4 was inadvertently omitted from the minutes of the 20-22 January 1988 meeting. Paragraph 4 should have contained tentative information concerning the 16-18 March 1988 meeting. The minutes will be changed to correct this omission.

3. The agenda for subject meeting is at enclosure 2.

a. The DoD JPIWG Chairperson convened the meeting at 0900 16 March 1988. Attendees were provided a copy of the DASD(L) letter to the Service Assistant Secretaries and Director, DLA, dated 3 March 1988, subject: Inventory Control Effectiveness (ICE) Report. The letter contains a report schedule to assure timely reporting of ICE data. It is imperative that ICE data be submitted on time and contain a complete analysis of performance data. Effective with the first quarter FY 88 report, DLSSO will advise DASD(L) whenever Components' reports are not submitted on time and delay preparation and submission of the consolidated report. Significant external interest in the ICE report by Congress and the General Accounting Office (GAO) continues.

b. The DoD JPIWG Chairperson discussed, briefly, two current DLSSO initiatives related to the JPIWG.

(1) Weapons Systems Management ties the essentiality or criticality of individual items to identified weapons systems. Implementation of this concept is an ongoing project for the Components. The Modernization of the Defense Logistics Standard Systems (MODELS) will include the WSM application.

Encl 1

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(2) The implementation of MODELS will require the conversion of all DLSS transactions to electronic data interchange (EDI) formats. Attendees were encouraged to take advantage of the MODELS EDI training sessions being offered by Logistics Management Institute (LMI) in coordination with DLSSO to all Components to prepare for Component review of proposed MODELS EDI transactions.

c. The DLA member advised the JPIWG that DLA has been assigned management responsibility for the National Defense Stockpile. The \$15 million stockpile inventory was formerly managed by the General Services Administration. DLA intends to request that the National Defense Stockpile be excluded from DoDI 4140.35, Physical Inventory Control for DoD Supply System Materiel.

d. The next order of business was discussion of Proposed MILSTRAP Change Letter (PMCL) 114A, Revised Procedures for Physical Inventory Control.

(1) Paragraph E, Reversal of Inventory Adjustments, has been clarified to specify control features required for processing reversals. Additional emphasis to require proper documentation to support all reversals will be added to paragraphs E and E2.

(2) Paragraph F, Location Audit Program, will be reorganized to place the descriptions of the Location Survey and Location Reconciliation programs and the procedures before the explanation of the program errors. Efforts by the Navy and the Air Force to implement and analyze sample location survey programs are underway. The Navy and the Air Force have been requested to provide DASD(L/SD) details of their proposals in support of a waiver from current MILSTRAP requirements for a 100% annual location survey. Results of the sample location survey programs will be reviewed by the JPIWG for consideration.

(3) The issue of establishing materiel accountability at the storage site will impact certain procedures addressed in PMCL 114A. DLSSO-BI will review PMCL 114A and identify specific areas affected. The need for a definition of accountable record was discussed. The DoD JPIWG Chairperson drafted a definition for incorporation into DoD 5160.65, Single Manager for Conventional Ammunition. However, since the definition is not presently defined in MILSTRAP and has not been staffed through the DLSS process, the recommended definition was withdrawn. DLSSO-BI will provide the draft definition for consideration by the JPIWG.

4. The next order of business was a briefing by the Logistics Systems Analysis Office (LSAO) on the ICE report study. The purpose of the study was to provide a basis for improving physical inventory control effectiveness reporting within DoD. LSAO recommended that DoD clearly specify sources/types of data to be reported and that resolution performance data be included in the ICE report. As a followup staff support to the ICE report study, LSAO provided proposed ICE report formats, definitions, and instructions incorporating the study recommendations and DLSSO/OASD(L/SD) suggestions for consideration by the JPIWG.

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5. The next order of business was a briefing by the DLSSO MODELS program administrator. The implementation of MODELS will result in: (1) elimination of the restrictions imposed by the use of 80 card column data processing techniques, (2) reduction or elimination of much of the hard copy documents now required, and (3) more flexibility in implementing systems changes. Additional future benefits are anticipated as a result of using the more sophisticated technologies planned for MODELS, including online processing. MODELS processing will use several processing centers similar to the current Defense Automatic Addressing Systems (DAAS) in a configuration not yet determined.

6. On 17 March, the DLA Depot Operations Support Office, located in Richmond, VA, presented briefings to the JPIWG on the Integrated Materiel Complex (IMC) at Mechanicsburg, PA, and the Automated Warehousing and Retrieval System (AWARES) at Defense Depot Richmond, VA (DDR).

a. The IMC is scheduled for testing in November 1989. The IMC consists of a newly constructed highrise warehouse with crossovers to three additional existing warehouses. The system uses onboard radio operated automatic guided vehicles. Some features of IMC include a receiving operation keyed to scannable tote numbers; location determination based on cube and popularity code; bin packing keyed to scannable tote numbers with box size computed automatically; and determination of shipment mode after packing and bin/pallet consolidation.

b. The AWARES has been operational at DDR since 1982. AWARES is a real time man to materiel system using radio link data transmission and bar code technology. The receiving function is not part of AWARES; all incoming materiel, including bin replenishments, must pass through the AWARES induction point for location assignment. A paperless selection process is achieved through the use of onboard computer terminals which also allow immediate correction of errors encountered during the selection process. The most significant operational improvement realized through AWARES is increased selection productivity. After the AWARES briefing, attendees toured the AWARES operation of DDR.

7. The remaining order of business was discussion of the proposed ICE report formats. The following changes to ICE reporting have been proposed:

a. Inter-Service and intra-Service data will be reported separately for general supplies;

b. Warehouse denials and in-line/bounceback data will be reported separately and totaled to compute the percent of materiel denials;

c. Both total inventory variances and major inventory variances will be reported as well as a total inventory variance rate and a major inventory variance rate;

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d. Both physical inventory adjustments and "other" inventory adjustments (automatically posted inventory adjustments for which no physical inventories were performed) will be reported separately and totaled to compute the gross adjustments;

e. Total reversals and total record imbalances (gross adjustments plus total reversals) will be reported;

f. The statistical sample inventory will be stratified by \$ value and unit variances; and

g. "High-risk" and "low-risk" ammunition item data will be reported separately. A definition for these categories will be developed from codes currently used for ammunition identification.

8. The Army agreed to host the next JPIWG meeting. The next meeting was tentatively scheduled for the week of 9 May 1988. Details will be provided under separate cover as soon as they are available. The Air Force member pointed out that due to the number of interruptions experienced at the last two meetings held in the Washington, DC, metropolitan area, it seems more productive to hold the meetings outside of the metropolitan area. The members present agreed.



Frank M. St. Mark, Jr.  
E. Anderson  
DoD Joint Physical Inventory  
Working Group

AGENDA  
DoD JPIWG Meeting  
16-18 March 1988

<u>TIME</u>	<u>DATE</u>	<u>TOPIC</u>
0900-0930	16 Mar	Administrative Comments Review/Approve Jan 88 Meeting Minutes
0930-1200		PMCL 114A
1200-1300		Lunch
1300-1500		LSAO/ICE Report
1500-1600		MODELS Briefing
0730-1700	17 Mar	DDRV Tour, Richmond, VA
0800-1200	18 Mar	PMCL 114A
1200-1300		Lunch
1300-1600		PMCL 114A