



OFFICE OF THE SECRETARY OF DEFENSE

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



DEFENSE LOGISTICS
STANDARD SYSTEMS OFFICE

DLSSO-B

14 JUN 1988

SUBJECT: DoD Joint Physical Inventory Working Group (JPIWG) Meeting,
10-12 May 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
Director, Defense Logistics Agency
ATTN: DLA-OS
Comptroller, Defense Logistics Agency
ATTN: DLA-CF

1. The enclosed memorandum for record, dated 10 June 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(2)	Comments on DASD(L)SD draft letter
3b(2)	Significant objections to PMCL 114A
3d(2)	Quality control and causative research procedures

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

1 Encl

cc:
DASD(L)SD

JAMES R. LEWIS
Chief
Distribution Standard
Systems Branch



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10 JUN 1988

MEMORANDUM FOR RECORD

SUBJECT: DoD Joint Physical Inventory Working Group (JPIWG) Meeting,
10-12 May 1988

1. The subject meeting was hosted by the Army Materiel Command at Headquarters, AMC, Alexandria, VA. The meeting was convened at 0800 on 10 May 1988. The agenda is at enclosure 1. The attendees are listed at enclosure 2.
2. The minutes of the 16-18 March 1988 meeting were reviewed and approved without correction. Attendees were provided a copy of the Defense Supplies and Security Control portion of the National Defense Authorization Act for Fiscal Year 1989, May 4, 1988, which incorporates the requirement for a comprehensive study by the Secretary of Defense to determine the effectiveness of DoD procedures for ensuring security and control for supplies at DoD depots. Additional requirements include: reporting the theft or loss of any ammunition, destructive device, or explosive material from DoD stocks to the Secretary of the Treasury within 24 hours after the discovery of theft or loss and ensuring that materiel accountability and inventory accuracy are mandatory elements in military and civilian personnel performance for responsible individuals.
3. The following topics were discussed by the group:
 - a. Topic 1. Draft DASD(L) letter to the Components.
 - (1) Discussion: Attendees were provided a copy of a draft letter to the Components, subject: Physical Inventory Control Policy. DASD(L)SD intends to issue this letter to implement the clarification of the policy on reversals of physical inventory adjustments within 90 days to remain in effect until PMCL 114A is published as a formal MILSTRAP change. The letter also includes a discussion of the concept of placing materiel accountability at the storage activity and should alleviate some of the concerns about PMCL 114A when it is staffed.
 - (2) Disposition: The group was requested to provide comments/recommendations on the proposed letter directly to Mr. Yeakel.

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b. Topic 2. PMCL 114A

(1) Discussion:

(a) DLA has been assigned management responsibility for the National Defense Stockpile. DLA requested that the National Defense Stockpile be added to the exclusions in paragraph A.2.

(b) A discrepancy exists between the definition of postcount validation in MILSTRAP definitions and terms and the postcount validation requirements in Figure 7-1. The reference in definitions and terms to an \$800.00 limit will be deleted and replaced with a reference to Figure 7-1.

(c) The concept of reconciling active records monthly and all records annually will be incorporated into paragraph F.2.

(d) The definitions of inter-Service and intra-Service for the purposes of the Inventory Control Effectiveness (ICE) Report will be clarified in paragraph I.1.

(e) The sample population to be used for the annual random statistical sample will consist of all items with a recorded location (zero balance with location and quantity greater than zero).

(f) PMCL 114A will be restaffed within the next two to three months. Significant changes being made to the physical inventory program were identified for highlighting in the proposed change concept/rationale portion of the PMCL.

(2) Disposition: PMCL 114A will include the above exclusion, corrections and recommendations. The importance of expediting responses to the restaffing of PMCL 114A was emphasized. Attendees were asked to identify significant objections within their Components to DLSSO-BI as soon as possible. It is hoped that objections can be resolved prior to the preparation of written comments by the Components.

c. Topic 3. DoDI 4140.35

(1) Discussion: DoDI 4140.35, Physical Inventory Control for DoD Supply System Materiel, June 30, 1987, contained a significant new requirement for the annual random statistical sample and a record accuracy goal for the ammunition ICE report. Attendees were not aware of any current implementation plans for these requirements since PMCL 114A will provide detailed procedures.

(2) Disposition: The issue was deferred pending staffing of PMCL 114A.

d. Topic 4. DoD Physical Inventory Control Program Plan

(1) Discussion:

(a) Formalization of the DoD Quality Control Program is one objective of the Physical Inventory Control Program Plan, August 1987. The alternatives for incorporating quality control program procedures in MILSTRAP are to (1) initiate a new chapter within MILSTRAP containing all process quality control procedures applicable to MILSTRAP or (2) include quality control procedures in the existing MILSTRAP chapters that address the applicable processes.

(b) Expansion and improvement of the causative research program is another objective of the Physical Inventory Control Program Plan. A comprehensive definition of what causative research should consist of is needed. Initiatives are already underway within the Components using artificial intelligence in the causative research process.

(2) Disposition: Attendees were requested to provide a copy of their current quality control and causative research procedures to DLSSO-BI as soon as possible and not later than 15 July 1988.

e. Topic 5. Below Wholesale Inventory Policy

(1) Discussion: The Logistics Systems Analysis Office (LSAO) Below Wholesale Inventory Policy (BWIP) study recommendations were discussed.

(a) The recommendation that DASD(L) define below wholesale inventory in DoDI 4140.35 and MILSTRAP based on definitions in DoDD 4140.44 was accepted by the Components. The Components agreed that the policy contained in DoDI 4140.35 will be extended to the intermediate level of inventory only and not to the consumer level of inventory.

(b) The recommendation that DASD(L) include an option to treat collocated wholesale and below wholesale stocks based on the predominant stock at the activity was rejected by the Components. Collocated wholesale and below wholesale stocks will be treated in accordance with the procedures for wholesale stocks.

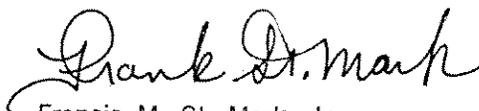
(c) Implementation of the remaining LSAO recommendations will be determined by the individual Components.

(2) Disposition: DoDI 4140.35 will be revised to define the intermediate level of inventory and to include the basic policies and procedures applicable to the intermediate level of inventory. The Components will develop and implement specific procedures to comply with DoDI 4140.35.

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4. The meeting was adjourned at 1100 on 12 May 1988. The next meeting, tentatively scheduled for September 1988, will be hosted by the Navy. Details will be provided as soon as they are available. Special thanks and best wishes to Major Bob Patterson for his contributions as a member of the JPIWG since 1985.

2 Encl



Francis M. St. Mark, Jr.
Chairperson
DoD Joint Physical Inventory
Working Group

AGENDA

DoD JPIWG MEETING

10-12 MAY 1988

<u>TIME</u>	<u>DATE</u>	<u>TOPIC</u>
0800-0830	10 MAY	ADMINISTRATIVE COMMENTS REVIEW/APPROVE MINUTES FROM MAR 88 MEETING
0830-0930		INTERIM IMPLEMENTATION OF REVERSAL POLICY STORAGE SITE ACCOUNTABILITY
0930-1200		PMCL 114A/ICE REPORT
1200-1300		LUNCH
1300-1600		PMCL 114A/RESTAFFING
0800-1130	11 MAY	PMCL 114A
130-1230		LUNCH
1230-1400		IMPLEMENTATION OF DoD I 4140.35
1400-1600		QUALITY CONTROL CAUSATIVE RESEARCH
0800-1030	12 MAY	BELOW WHOLESALE INVENTORY POLICY
1030-1130		CLOSING COMMENTS