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**DEFENSE LOGISTICS AGENCY**  
**HEADQUARTERS**  
8725 JOHN J. KINGMAN ROAD, SUITE 2533  
FT. BELVOIR, VIRGINIA 22060-6221

IN REPLY  
REFER TO

DLMSO

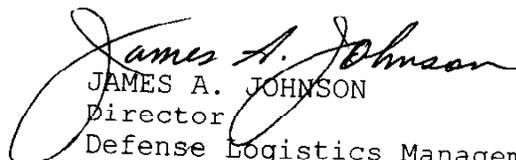
MAY 19 1999

MEMORANDUM FOR: DISTRIBUTION

SUBJECT: Joint Physical Inventory Working Group (JPIWG)  
Meeting, April 12-13, 1999

The attached minutes of the JPIWG Meeting are forwarded for your information and appropriate action.

The Defense Logistics Management Standards Office point of contact is Ms. Mary Jane Johnson, (703) 767-0677, DSN 427-0677, or e-mail: maryjane\_johnson@hq.dla.mil.

  
JAMES A. JOHNSON  
Director  
Defense Logistics Management  
Standards Office

Attachment

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cc:  
DUSD(L)MDM (Ms. Sherry McNeil)  
DoD IG (Mr. Frank Sonsisni)  
DoD Supply Process Review Committee

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May 19, 1999

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DLMSO

MEMORANDUM FOR RECORD

SUBJECT: Joint Physical Inventory Working Group (JPIWG)  
Meeting, April 12-13, 1999

**Purpose:** The Defense Logistics Management Standards Office (DLMSO) hosted a JPIWG meeting April 12-13, 1999, at the DLA Headquarters Complex, Ft. Belvoir, VA. The primary focus of this meeting was to discuss Inventory Control Effectiveness (ICE) Report submission; the DoD record accuracy goal for general supplies; and proposed improvements to the physical inventory process. The agenda is at Enclosure 1. A list of attendees is at Enclosure 2.

**Brief Summary of Discussion:** Ms. Mary Jane Johnson, JPIWG Chair, provided opening remarks and facilitated discussion of agenda items below:

a. **ICE REPORT.**

(1) Army, Navy, and Marine Corps 1998 ICE report submissions are up to date. DLA and Air Force are delinquent. The need for complete and timely ICE reports was addressed at the February and November 1998 JPIWG meetings, and reiterated at this meeting. DUSD(L)MDM requested that DLA provide any data available to date, and that Air Force provide status on their ICE report submission problems and an anticipated fix date.

(2) DLA indicated that data comparisons, used to validate the consistency and accuracy of the dollar value elements of the physical inventory measures, indicate problems with the DSS, distribution MIS and/or associated interface. It is unlikely DLA will be able to reconstruct the FY98 physical inventory dollar value data but will provide all other applicable data, (e.g., denial, location survey, location reconciliation, receipt processing, etc.). DLA continues to work with systems, financial, distribution and supply analysts to isolate the problem(s) and expedite corrective action(s).

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(3) DLA suggested a revision to the ICE report to differentiate warehouse denials from owner bounceback denials. Warehouse denials occur when assets are not physically on-hand despite a storage activity record reflecting available assets. Warehouse denials are indicative of physical inventory inaccuracies. Bounceback denials occur when the storage activity receives a materiel release order for which the storage activity recorded on-hand balance is insufficient. Bounceback denials are indicative of Owner/ICP and storage activity database incompatibilities. The JPIWG chair asked that DLA submit a change proposal for the suggested revision.

**ACTION:**

- (1) DLA and Air Force will continue efforts to resolve reporting problems. Request DLA and Air Force keep DLMSO and DUSD(L)MDM apprised of the their ICE submission problems and corrective actions.
- (2) DLA will submit a proposed change through their Supply Process Review Committee representative to pursue clear identification of warehouse vs. bounceback denials in the ICE report format.

**b. GENERAL SUPPLIES INVENTORY RECORD ACCURACY GOAL.** At DLA's request, the DLA operations Research and Resource Analysis Office (DORRA) evaluated and documented the DLA Sampling Plan reflecting the records accuracy goals for general supplies (Enclosure 3). The records accuracy goals were developed as an annual reporting requirement by the JPIWG at the February 1998 meeting, and revised at the November 1998 meeting. Prior to the meeting, DLMSO provided the DORRA documentation to the JPIWG and to Mr. Frank Sonsini, DoD Inspector Generals (IG) Office, for review and approval/comment by May 8, 1999 (**NOTE:** Subsequent to the meeting, the Chair gave Mr. Sonsini an extension. A DoD IG response is anticipated by May 21, 1999.). Should the IG review result in disapproval, or significant comments/concerns, DLMSO will convene a JPIWG meeting to address the concerns and request DoD IG and DORRA participation. In-depth discussion of the Annual Records Accuracy Goal Sampling plan was deferred pending the results of the DoD IG review. However some preliminary discussions took place as follows:

(1) The group reaffirmed their previous decision to remove the Controlled Inventory Item Coded (CIIC) categories of "Classified and Sensitive" and "Pilferable" as separate subpopulations providing there is no opposition voiced as a result of the DoD IG review. DLMSO had expressed concern that removing CIIC items that require complete annual physical inventories from the sub-

populations and including them in a single "overall" measure might overstate the accuracy of inventory. Also, due to the significance of CIIC items and requirement to physically inventory them annually, DLMSO anticipated that a separate CIIC annual report may be necessary if they are removed from the approved sub-population. However, the consensus of the group was that the removal of the CIIC items as separate categories would have minimal impact on the measure for the remaining subpopulations. By default, the CIIC items would be included in the sampling methodology as they would fall into one of the other subpopulations. There is currently no DoD requirement for an annual report on CIIC items. If a Service requires such a report, they should identify their requirement to DLA.

(2) The group addressed the need to rename the category units of issue (UIs) "not equal to each" to more accurately portray the intent that it addresses units of issue that may be difficult to measure. DLA provided the group with a list of UIs "not equal to each" which was developed at a May 1997 DLA inventory sampling workshop for their review (Enclosure 4).

(3) The Records Accuracy Goals agreed upon by the JPIWG, pending DoD IG approval, is at Enclosure 5.

**ACTION:** Request the JPIWG review the UI list provided for UIs "not equal to each" and provide any recommended additions and/or deletions, with rationale, to DLMSO by June 7, 1999. Request the group also consider revising the title "UIs Not Equal to Each" to "UIs Which May be Nondefinitive or Difficult to Measure" and provide concurrence, or an alternative, by June 7, 1999.

**c. MILSTRAP CHAPTER 7 AS REVISED BY AMCL 8A AND THE RECORDS ACCURACY GOAL.** The JPIWG Chair previously provided the group a draft copy of the revised chapter 7 for review prior to incorporation in MILSTRAP Formal Change 5. DLA provided comments which were reviewed during the meeting. The DLA comments, with disposition reached, are at Enclosure 6.

**ACTION:** The JPIWG chair will incorporate DLA recommended revisions in chapter 7, or staff as proposed changes, as identified in Enclosure 6.

**d. AMCL 8A INVENTORY PRIORITIZATION MODEL.** The group discussed the current MILSTRAP (AMCL 8A) requirement for an inventory prioritization model resident at the distribution depot that uses variable characteristics identified by the owner to prioritize items for physical inventory. DLA indicated that the current requirement would result in a cumbersome and inflexible process that would not be responsive to an owner's changing priorities. The group

agreed to a proposed change to this concept which would place responsibility for the prioritization model with the owner. The owner would select and prioritize items for inventory based on a prioritization technique determined by each Service. The owner would request these inventories using a DJA transaction with a Type Physical Inventory Code of "I". The owner and depot would negotiate projected workload at least once annually, (prior to each Fiscal Year). The depot would then schedule these inventories in accordance with the inventory prioritization requirements of paragraph B10.

**ACTION:** The JPIWG Chair agreed to draft a Proposed DLMS Change as discussed and provide it to the group for electronic review and comment, prior to submission to the Supply PRC for formal staffing. The chair will footnote the related section in MILSTRAP chapter 7 to highlight that it is being reconsidered, and that the distribution depot has not programmed the current requirement. This is to preclude unnecessary Service programming of a requirement that will likely change in the near future.

e. **PROPOSED DEFENSE LOGISTICS MANAGEMENT SYSTEM (DLMS) CHANGE (PDC) 19, STORAGE ACTIVITY ON-HAND ASSET BALANCE DATA SHARING.** PDC 19 designates the storage activity on-hand balance as the authoritative source value under the data sharing concept. This change is of interest to the JPIWG as it supports DoD policy and intent to implement a single item inventory record. The chair noted that Components recently expressed enthusiastic interest in data sharing as an alternative to transactional data interchange at the Integrated Product Team for implementation of commercial standards. In light of the keen interest in data sharing, a followup for responses to PDC 19 was sent to the Supply Process Review Committee (PRC), March 30, 1999, with replies due April 30, 1999. The chair asked the JPIWG to coordinate any comments they may have regarding PDC 19 with their supply PRC representative.

f. **ACTIVITY REVIEWS/SITE VISITS.** The group discussed combining a JPIWG meeting with a site visit to an inventory activity(ies). Significant changes have occurred in the inventory area in recent years, to include DLA assuming responsibility for most DoD depots, and transfer of inventory accountability to the custodial depot. In view of the role the JPIWG plays in drafting policy and procedures for physical inventory, first hand knowledge of current inventory operations is essential.

**ACTION:** Request JPIWG representatives provide DLMSO, by June 30, 1999:

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- (1) Nominations for site locations for a visit in the October/November 1999 timeframe.
- (2) Specific purpose/goals of the visit to assist the group in preparing for the visit, and to assist the selected host site by advising them of the JPIWG area(s) of interest.

**g. NAVY QUESTIONS/CONCERNS.** Navy asked the following questions related to MILSTRAP Chapter 7 and AMCL 8A:

(1) When do the Components want Document Identifier (DI) Code DZK, Transaction History Submittal, to accompany DI Code DZH, Location Reconciliation Request, when Navy is storing materiel? Some initial responses were provided at the meeting. Recommend Navy continue to work directly with the Components as required to finalize these requirements.

(2) Navy questioned the MILSTRAP requirement that location reconciliation requests will be prepared on a specific day each year. The group agreed that some flexibility in arranging for location reconciliation by agreement between the storage activity and the Components was warranted, with a fallback to the specific day cited in MILSTRAP when no such agreement was negotiated.

**ACTION:** DLMSO agreed to draft a proposed DLMS change as discussed for review by the JPIWG prior to submission to the Supply PRC representatives for formal staffing.

(3) Controlled Inventory Item Code (CIIC) 7. Navy addressed that CIIC 7 requires no controls for storage, yet a gain or loss must be researched as stringently as controlled items which have strict storage security requirements. Navy, as well as most of the group, felt there was a disconnect between these requirements. DLMSO agreed to research this issue.

**ACTION:**

(1) Subsequent to the meeting, in response to Navy's concern, research of historical files revealed the following: In the mid-1980s, Operation RETREAD, a joint U.S. Custom Service - DoD Inspector General investigation confirmed that the Defense disposal system is a source of supply for arms traffickers. The investigation also revealed that a large percentage of supply items were coded incorrectly. In May 1987, to improve and tighten controls over DoD items that require demilitarization, the Deputy Secretary of Defense recommended that a Controlled Inventory Item Code (CIIC) be assigned to Munitions List Items to preclude automatic physical inventory write-off and require causative research on those items missing from inventory (Enclosure 7). In February 1992, the Assistant Secretary of Defense (Production and Logistics) issued a memorandum providing guidance for items coded

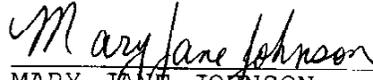
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CIIC 7 (Enclosure 8). This guidance requires complete causative research for CIIC 7 item adjustments with an extended dollar value greater than \$2,500; and sample causative research for discrepancies with a value from \$.01 to \$2,500. A copy of DoD 4100.39-M, Federal Logistics Information System Procedures Manual, Chapter 4, Table 61, Controlled Inventory Item codes is at Enclosure 9.

(2) In light of the results of the historical research, and providing there are no objections from DUSD(L)MDM or the JPIWG, the JPIWG Chair will make an administrative change to MILSTRAP Chapter 7, Figure 7-1, Minimum Research Requirements for Potential or Actual Physical Inventory Adjustments, to clearly identify that CIIC 7 is included in the footnote 9 guidance on when complete vs. sample causative research is required.

  
MARY JANE JOHNSON  
Chair, DoD JPIWG

APPROVE:  
JAMES A. JOHNSON  
Director, DLMSO



Enclosures

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**JPIWG AGENDA  
APRIL 12-13, 1999  
Headquarters Complex, Ft. Belvoir VA**

<b>TOPIC</b>		<b>LEAD</b>
	Opening Remarks	<b>DLMSO</b>
<b>1</b>	<b>ICE REPORT SUBMISSION.</b> Request status of DLA and Air Force ICE Report Submission	<b>DLMSO</b>
<b>2</b>	<b>GENERAL SUPPLIES INVENTORY RECORDS ACCURACY GOALS</b> a. Status of DORO/DoD IG review of Revisions Suggested at Nov 98 JPIWG Meeting.  b. Further evaluation of Nov 98 recommendation to remove subpopulations for "classified and sensitive" and "pilferable".  c. Category D has a placeholder for specifying what Unit of Issues (UIs) other than each will be included. Request representatives identify what UIs were intended to be cited. Can we just say "UI not equal to each" so that all other UIs are included, rather than specify certain UIs?	<b>DLMSO</b>  <b>JPIWG</b>  <b>DLA</b>
<b>3</b>	AMCL 8A Chapter 7 for incorporation in Formal Change 5 to MILSTRAP Comment Review (Comments received from DLA).	<b>JPIWG</b>
<b>4</b>	Develop Proposed Change to modify criteria for the AMCL 8A Inventory Prioritization Model (Reference AMCL 8A, chap 7, par B10c(5)).	<b>JPIWG</b>
<b>5</b>	Proposed DLMS Change 19, Storage Activity On-Hand Asset Balance Data Sharing.	<b>DLMSO</b>
<b>6</b>	Discuss possible locations for next JPIWG meeting to be conducted in conjunction with a Staff Assistance Visit. Discuss purpose/goal of staff assistance visit.	<b>JPIWG</b>
<b>7</b>	Navy questions/concerns related to MILSTRAP Chapter 7 and AMCL 8A.	<b>NAVY</b>

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**INVENTORY RECORD ACCURACY**

**Joint Physical Inventory Working Group (JPIWG)**  
**SAMPLING PLAN**  
**FOR**  
**DLA SUPPLY DEPOTS OPERATING UNDER THE DEPOT**  
**STANDARD SYSTEM (DSS)**

**BACKGROUND.** In 1996, DLA initiated a project to develop a statistically valid system that could generate and report the results of random statistical sample inventories to determine record accuracy. The result of that project was a process using the DLA Operations Research and Resource Analysis Office (DORRA), DLA's standard automated depot operating and reporting system, (DSS), and the Management Information System (MIS). During 1997 and 1998, sample inventories were conducted at DSS depots based on a scheme involving four simultaneous sampling structures that produced inventory accuracy statistics overall and for sub-populations using four dimensions (item characteristics) of interest to DLA: Controlled Inventory Item Code (CIIC), unit price, extended value, and item requisition activity. As a result of these inventories, statistically valid statements could be made at the depot level about the inventory accuracy behavior of the following sub-populations: unit price > \$100, unit price < \$100, CIIC controlled items (classified, sensitive, pilferable), CIIC uncontrolled items, extended dollar value > \$1 K, extended dollar value < \$1 K, items with requisition activity, and items without requisition activity.

In a series of workshops at DLA, and in meetings of the JPIWG in 1997 and 1998, a new sampling structure was proposed using more strata and more dimensions than the process originally developed by DORRA. The proposed structure focused more on an efficient method of obtaining an overall population statistic than on obtaining sub-population statistics, as was done previously. The consensus that was reached by the JPIWG members was for a cascading, hierarchical sampling structure containing eight dimensions in six strata. Items would be assigned to a strata based on a hierarchy of characteristics (e.g. unit price would place an item before date of last inventory) with the remaining population falling or cascading into subsequent strata. By definition, the strata are mutually exclusive, which means that while an item could easily be classified into several strata, it may only be placed into one based on the hierarchy. It was felt that this new structure would provide a more comprehensive view of record accuracy by addressing more of the factors affecting inventory accuracy, and would provide greater sampling efficiency than the interim procedure implemented by DORRA.

**MODIFIED JPIWG SAMPLING SCHEME.** The inventory stratification sub-populations approved by the JPIWG in March 1998 with accuracy standards published April 8, 1998 by the Under Secretary of Defense (Materiel and Distribution Management) by memorandum, Subject: Inventory Record Accuracy Standards are:

CATEGORY                      SUB-POPULATION

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- A CIIC Classified and Sensitive
- B Unit price > \$1,000
- C CIIC Pilferable
- D Unit of issue not equal to each (or other discrete measures)  
OR on-hand balance > 50 and extended value <\$50,000  
OR requisition activity > 50
- E Date of last inventory > 24 months  
AND on-hand balance < 50
- F All other materiel not meeting the above criteria

Due to existing requirements concerning mandatory inventories for CIIC Classified, Sensitive and Pilferable items, JPIWG Categories "A" and "C" are excluded from this sampling plan as separate strata. This leaves a seven dimension, four strata sampling structure.

**SAMPLE SIZE CALCULATION.** This sampling plan uses the procedure described in section 5.7 of Scheaffer, Mendenhall, and Ott (1990), Elementary Survey Sampling, fourth edition, PWS\_Kent Publishing Company to determine sample size and to allocate sample proportions. This procedure applies to estimating proportions when the stratum variances and sampling costs are not the same among the strata. Although the actual sampling costs do not vary significantly, we are using the cost as a weighting factor to control the allocation of sample among the strata. This insures that no stratum receives such a small sample that the stratum error bound becomes unreasonably large. This is particularly important when the behavior of stratum characteristics are of interest. The proportionality factor (allocation fraction) for each stratum is defined such that:

$$w_i = \frac{n_i}{n} = \frac{N_i \sqrt{\frac{p_i q_i}{c_i}}}{\sum_{k=1}^L N_k \sqrt{\frac{p_k q_k}{c_k}}}$$

- where
- $w_i$  = proportionality factor for stratum  $i$
  - $i, k$  = stratum numbers
  - $L$  = total number of substrata
  - $n_i$  = sample size for stratum  $i$
  - $n$  = total sample size
  - $c_i$  = cost factor for stratum  $i$
  - $c_k$  = cost factor for stratum  $k$
  - $N_i$  = population of stratum  $i$

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$N_k$  = population of stratum  $k$

$N$  = total population

$p_i$  = estimated proportion for stratum  $i$

$p_k$  = estimated proportion for stratum  $k$

$q_i = 1 - p_i$

$q_k = 1 - p_k$

The total sample size,  $n$ , is defined as:

$$n = \frac{\sum_{i=1}^L N_i^2 \frac{p_i q_i}{w_i}}{N^2 \left(\frac{B}{Z}\right)^2 + \sum_{i=1}^L N_i p_i q_i}$$

where

$B$  = is the error bound (4%)

$Z$  = standard normal variate for the desired confidence Interval

(CI = 95%,  $Z = 1.96$ )

The CI and error bound of 95% and 4% respectively are specified by Approved MILSTRAP Change Letter 8 (AMCL 8) for random statistical inventory sampling.

Once a stratum sample size is determined, the estimated bound on the error of estimation for the stratum ( $B_i$ ) can be determined from the formula:

$$B_i = Z \sqrt{\frac{p_i q_i (N_i - n_i)}{(n_i - 1) N_i}}$$

The variables are as previously defined. The actual (as opposed to estimated) error bound can be computed once the sample results are known by substituting the observed values for  $p$  and  $q$  back into the formula. Using a  $Z$  value of 1.96 will compute a two-sided confidence interval while using a  $Z$  value of 1.645 will compute a one-sided confidence interval of the form  $p > p_0$ . DLA is interested in the one-sided confidence interval because, compared to the two-sided with the same sample size, it provides a lower bound on the record accuracy with a smaller error.

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The error bound for the population as a whole can be determined from the formula:

$$B = Z \sqrt{\frac{\sum_{i=1}^L N_i^2 \frac{(p_i q_i)(N_i - n_i)}{(n_i - 1)N_i}}{N^2}}$$

For the purposes of this sampling, the estimated inventory accuracy proportion for all strata except B (unit price > \$1,000) will be set to 0.5 initially for sample size determination because we lack any experience in sampling those characteristics. The strata B estimated proportion will be set conservatively to 0.7 because our prior sampling based on unit price (> \$100) yielded accuracies between 69% and 96%. The weighting factors ("cost") in the sample size formula will be adjusted to yield computed stratum error bounds less than 5% for category B and progressively larger error bounds for subsequent strata < 10%.

**DEPOTS TO BE SAMPLED.** Each of the following DSS depots will be sampled:

### EAST

Anniston, AL  
Albany, GA  
Cherry Point, NC  
Columbus, OH  
Jacksonville, FL  
Mechanicsburg, PA  
New Cumberland, PA  
Norfolk, VA  
Richmond, VA  
Tobyhanna, PA  
Warner Robins, GA

### WEST

Barstow, CA  
Corpus Christi, TX  
San Diego, CA  
Hill / Ogden, UT  
Oklahoma City, OK  
Puget Sound, WA  
Red River, TX  
Tracy, CA  
Sharpe, CA

**SAMPLE SIZES.** The strata populations, sample sizes, and error bounds are listed as an attachment - DSS Depot Sample Sizes. In the case of Albany, GA and Barstow, CA, the strata using the Date of Last Inventory (DOLI) does not appear because there was no population that fell into that strata. Other data shown on the charts includes the estimated initial accuracies, and the weighting factors (sampling cost) used to control the apportionment of sample.

**SAMPLE STATISTICS.** The Variable Line Item Accuracy (VLA) statistics and stratifications specified in AMCL-8 and those for the Inventory Control Effectiveness (ICE) Report will be produced for each strata. In addition, each depot's aggregate population accuracy statistic will be reported with and without the published accuracy tolerances specified in the referenced April 8, 1998 OSD memo. The aggregate accuracy will then be recomputed as a one-sided statistic.

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## DSS DEPOT SAMPLE SIZES

DEPOT: Anniston, AL  
STRATA: JPIWG  
CI: 95%  
BOUND: 4%

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	6188	0.7	1.5	420	4.24%
UI not "EA" or Bal > 50	8972	0.5	6	332	5.29%
DOLI > 24 months	4944	0.5	4	224	6.41%
Remainder	13848	0.5	100	126	8.73%
	33952			1102	

DEPOT: Albany, GA  
STRATA: JPIWG  
CI: 95%  
BOUND: 4%

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	3520	0.7	0.3	393	4.28%
UI not "EA" or Bal > 50	6818	0.5	2	322	5.34%
Remainder	10151	0.5	13	188	7.10%
	20489			903	

DEPOT: Barstow, CA  
STRATA: JPIWG  
CI: 95%  
BOUND: 4%

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	15846	0.7	4	443	4.21%
UI not "EA" or Bal > 50	9658	0.5	4	295	5.63%
Remainder	42288	0.5	100	258	6.09%
	67792			996	

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DEPOT: Cherry Point, NC  
STRATA: JPIWG  
CI: 95%  
BOUND: 4%

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	19000	0.7	1	340	4.83%
UI not "EA" or Bal > 50	13100	0.5	1	255	6.09%
DOLI > 24 months	17203	0.5	5	150	7.99%
Remainder	25170	0.5	20	110	9.37%
	74473			855	

DEPOT: Columbus, OH  
STRATA: JPIWG  
CI: 95%  
BOUND: 4%

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	10225	0.7	1	459	4.10%
UI not "EA" or Bal > 50	55028	0.5	50	381	5.01%
DOLI > 24 months	3846	0.5	1	188	6.99%
Remainder	136218	0.5	500	298	5.68%
	205317			1326	

DEPOT: Corpus Christi, TX  
STRATA: JPIWG  
CI: 95%  
BOUND: 4%

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	6407	0.7	7	428	4.20%
UI not "EA" or Bal > 50	3370	0.5	8	230	6.25%
DOLI > 24 months	3490	0.5	10	213	6.52%
Remainder	8159	0.5	200	111	9.28%
	21426			982	

DEPOT: San Diego, CA

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STRATA: JPIWG  
CI: 95%  
BOUND: 4%

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	79787	0.7	15	469	4.14%
UI not "EA" or Bal > 50	29001	0.5	8	254	6.13%
DOLI > 24 months	37620	0.5	20	209	6.78%
Remainder	116116	0.5	400	144	8.19%
	262524			1076	

DEPOT: Hill/Ogden, UT  
STRATA: JPIWG  
CI: 95%  
BOUND: 4%

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	51183	0.7	2	471	4.12%
UI not "EA" or Bal > 50	31135	0.5	5	198	6.96%
DOLI > 24 months	37518	0.5	9	178	7.35%
Remainder	58896	0.5	75	97	9.99%
	178732			944	

DEPOT: Jacksonville, FL  
STRATA: JPIWG  
CI: 95%  
BOUND: 4%

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	35068	0.7	12	484	4.06%
UI not "EA" or Bal > 50	19402	0.5	15	262	6.02%
DOLI > 24 months	22252	0.5	20	260	6.05%
Remainder	55332	0.5	500	129	8.65%
	132054			1135	

DEPOT: Mechanicsburg, PA  
STRATA: JPIWG

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CI: 95%  
 BOUND: 4%

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	15417	0.7	1	<b>435</b>	4.25%
UI not "EA" or Bal > 50	94683	0.5	70	<b>348</b>	5.25%
DOLI > 24 months	39546	0.5	20	<b>272</b>	5.93%
Remainder	156725	0.5	600	<b>197</b>	7.00%
	306371			<b>1252</b>	

DEPOT: New Cumberland, PA  
 STRATA: JPIWG  
 CI: 95%  
 BOUND: 4%

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	25476	0.7	2	<b>362</b>	4.69%
UI not "EA" or Bal > 50	132327	0.5	60	<b>375</b>	5.06%
DOLI > 24 months	51909	0.5	20	<b>255</b>	6.13%
Remainder	115913	0.5	500	<b>114</b>	9.21%
	325625			<b>1106</b>	

DEPOT: Norfolk, VA  
 STRATA: JPIWG  
 CI: 95%  
 BOUND: 4%

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	114049	0.7	15	<b>476</b>	4.11%
UI not "EA" or Bal > 50	49233	0.5	6	<b>355</b>	5.19%
DOLI > 24 months	61472	0.5	20	<b>243</b>	6.29%
Remainder	180222	0.5	500	<b>142</b>	8.25%
	404976			<b>1216</b>	

DEPOT: Oklahoma City, OK  
 STRATA: JPIWG  
 CI: 95%

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BOUND: 4%

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	43730	0.7	1	425	4.34%
UI not "EA" or Bal > 50	35890	0.5	2	269	5.96%
DOLI > 24 months	65255	0.5	30	126	8.76%
Remainder	30540	0.5	10	102	9.74%
	175415			922	

DEPOT: Puget Sound, WA

STRATA: JPIWG

CI: 95%

BOUND: 4%

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	20484	0.7	15	344	4.81%
UI not "EA" or Bal > 50	12284	0.5	15	225	6.49%
DOLI > 24 months	8978	0.5	11	192	7.01%
Remainder	53333	0.5	300	218	6.64%
	95079			979	

DEPOT: Red River, TX

STRATA: JPIWG

CI: 95%

BOUND: 4%

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	17382	0.7	10	391	4.50%
UI not "EA" or Bal > 50	27632	0.5	50	304	5.60%
DOLI > 24 months	248	0.5	0.05	86	8.59%
Remainder	60482	0.5	400	235	6.39%
	105744			1016	

DEPOT: Richmond, VA

STRATA: JPIWG

CI: 95%

BOUND: 4%

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STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	24055	0.7	1	<b>451</b>	4.19%
UI not "EA" or Bal > 50	99133	0.5	50	<b>287</b>	5.79%
DOLI > 24 months	46215	0.5	20	<b>211</b>	6.75%
Remainder	312477	0.5	500	<b>286</b>	5.80%
	481880			<b>1235</b>	

DEPOT: **Sharpe, CA**  
 STRATA: **JPIWG**  
 CI: **95%**  
 BOUND: **4%**

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	39757	0.7	4	<b>377</b>	4.61%
UI not "EA" or Bal > 50	86728	0.5	40	<b>283</b>	5.83%
DOLI > 24 months	34090	0.5	10	<b>223</b>	6.56%
Remainder	312660	0.5	500	<b>289</b>	5.77%
	473235			<b>1172</b>	

DEPOT: **Tracy, CA**  
 STRATA: **JPIWG**  
 CI: **95%**  
 BOUND: **4%**

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	20089	0.7	0.05	<b>328</b>	4.93%
UI not "EA" or Bal > 50	130759	0.5	6	<b>213</b>	6.73%
DOLI > 24 months	35954	0.5	0.5	<b>203</b>	6.88%
Remainder	193057	0.5	10	<b>244</b>	6.28%
	379859			<b>988</b>	

DEPOT: **Tobyhanna, PA**  
 STRATA: **JPIWG**  
 CI: **95%**  
 BOUND: **4%**

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STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	19048	0.7	5	<b>438</b>	4.25%
UI not "EA" or Bal > 50	6126	0.5	1.5	<b>280</b>	5.73%
DOLI > 24 months	8714	0.5	10	<b>154</b>	7.85%
Remainder	18497	0.5	100	<b>104</b>	9.63%
	52385			<b>976</b>	

DEPOT: Warner Robins, GA  
 STRATA: JPIWG  
 CI: 95%  
 BOUND: 4%

STRATA	POPULATION EST ACC		WEIGHT	sample size	error bound
	Ni	p	ci	ni	
UP > \$1000	69832	0.7	3	<b>355</b>	4.76%
UI not "EA" or Bal > 50	28082	0.5	1	<b>270</b>	5.95%
DOLI > 24 months	57496	0.5	10	<b>175</b>	7.42%
Remainder	74852	0.5	50	<b>102</b>	9.74%
	230262			<b>902</b>	

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*30 days*

intensive management for reasons of low cost or little readiness implications, and therefore we can accept a variance between the count and recorded on-hand balance.

The variable line item accuracy tolerances we developed are as follows:

- Unit Price greater than \$1000 - 0%
- Classified/Sensitive/Pilferable Items - 0%
- Unit of Issue not Equal to Each OR On-Hand Balance greater than 100 OR NSN Activity greater than 50 - 10%
- Date of Last Inventory greater than 12 months AND On-Hand Balance between 50 and 100 - 5%
- All other material - 0%

For purposes of the sample, a Unit of Issue not equal to each includes the following:

Assembly	AY	Foot	FT	Pound	LB	Thousand	MX
Assortment	AT	Gross	GR	Set	SE	Thousand Cubic Feet	MC
Board Foot	BF	Group	GP	Shot	SO	Ton	TN
Book	BK	Hundred	HD	Square Foot	SF	Troy Ounce	TO
Cubic Foot	CF	Kit	KT	Square Yard	SY	Yard	YD
Cubic Meter	CZ	Meter	MR	Strip	SP		
Cubic Yard	CD	Ounce	OZ	Ten	TE		
Dozen	DZ	Outfit	OT	Thirty-six	TS		
Fifty	FY	Package	PG	Twenty-four	TD		
Five	FV	Pair	PR	Twenty-five	TF		

**ACTION ITEM**

7. Incorporate the above variable line item accuracy rates into the current DORO model or develop a new sample model based on the above criteria. If statistically valid, recalculate the overall accuracy from the previous samples based on the new variable line item accuracy standards. OPR: DORO

If DORO development of the new model or recalculation of the original sample cannot be accomplished by August 30, 1997, we decided that the next semi-annual sample inventory would be based on the original model. This allows DORO time to determine the appropriate mathematical and statistical means to achieve the variable line item accuracy standards set forth above. With the final objective complete, Mr. Soisson thanked all in attendance for their participation.

Submitted by: *Steven C. Soisson* JUN 2 1997  
 Steven C. Soisson

*for* Distribution Facilities Specialist

Approved by: *Carolyn S. Farley* JUN 2 1997  
 Carolyn S. Farley

*for* Chief, Asset Management

2 Attachments

**DISTRIBUTION:**

- DDRE-DD
- DDRW-DD
- DORO
- Attendee List

Enclosure 4

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**GENERAL SUPPLIES RECORDS ACCURACY GOALS  
HIERARCHIAL STRATIFICATION SUB-POPULATIONS AND ASSOCIATED  
RECORD ACCURACY GOALS AND TOLERANCE LEVELS**

<b>CATEGORY</b>	<b>MUTUALLY EXCLUSIVE SUB-POPULATIONS</b>	<b>RECORDS ACCURACY GOAL</b>	<b>TOLERANCE</b>
<b>A</b>	UNIT PRICE $\geq$ \$1,000	95%	0%
<b>B</b>	UNITs OF ISSUE WHICH MAY BE NONDEFINITIVE OR DIFFICULT TO MEASURE <sup>1</sup> OR (ON-HAND BAL > 50 AND EXTENDED VALUE < \$50,000) OR NSN ACTIVITY (# transactions affecting balance in one year) > 50	90%	10%
<b>C</b>	DATE OF LAST INVENTORY > 24 MONTHS AND ON-HAND BALANCE < 50	93%	5%
<b>D</b>	ALL OTHER MATERIEL NOT MEETING ABOVE CRITERIA	95%	0%

95% confidence Level

**- 4% Bound**

Annual reporting requirement for submission with the 4th quarter fiscal ICE Report (data may be obtained throughout the fiscal year).

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<sup>1</sup> *Applicable units of issue will be specified here.*

April 12-13, 1999 JPIWG Meeting

Enclosure 5

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**DLA COMMENTS TO CHAPTER 7 FOR INCORPORATION OF AMCL 8A**  
**and the RECORDS ACCURACY GOALS IN FORMAL CHANGE 5 TO MILSTRAP**

(Received via Mar 16, 99 E-mail)

**AND DISPOSITION REACHED AT APRIL 12-13, 1998 JPIWG MEETING**

Mary Jane: For the record, my (DLA) comments to subject are as follows:

1. Para B10a, page 7-5: This paragraph leads the reader to believe we have done nothing to implement a sampling program. I believe we should recognize that we have developed a sampling stratification (with related goals and tolerances) that meets the logistic community's requirement to validate record accuracy. As such, believe the paragraph should read:

"A stratified, hierarchical inventory sample will be accomplished at least once annually for the purpose of validating the accuracy of the accountable record. The results of the sample will be reported in accordance with the stratification and tolerances cited in paragraph B12e and Id. (The DoD IG is in the process of developing a statistical sampling methodology to meet the Chief Financial Officer Act of 1990)."

Paragraph Id does not exist --- we would have to agree on what data regarding the annual sample should be reported on the ICE and include it in Chapter 7. Until then, we could reference only paragraph B12e.

**JPIWG DISPOSITION: Concur with revised paragraph except delete reference to paragraph Id. The intent is that the goal will be submitted at the time the 4<sup>th</sup> quarter ICE report is due, but not as a part of the report. Revised paragraph will be incorporated in Formal Change 5 to MILSTRAP.**

---

2. Para B11, page 7-7: parenthetical reference to page 7-32 should be changed to 7-33.

**JPIWG DISPOSITION: Concur. Editorial correction.**

---

3. Para B12e, page 7-8: Categories A and C should be removed. This was agreed to in our last JPIWG. We would not have separate categories for controlled items although those items would be included in the sample population and we would report the results of the annual controlled item inventories separately.

**JPIWG DISPOSITION: Concur based on decision at the Nov 98 JPIWG meeting which was confirmed at the Apr 99 JPIWG meeting.**

---

4. Para C3c, page 7-9: change the first sentence to read: "Storage activities will initiate the scheduled random statistical sample inventory to meet the Departments requirement to validate the accuracy of the supply.....".

**JPIWG DISPOSITION: Concur. Editorial correction.**

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Enclosure 6

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5. Para C6f, page 7-12: not sure how we missed this all these years but.....the parenthetical statement, "(includes receipt of DI code DJA for an item with no positive balance on the storage activity's quantitative balance record)", is in conflict with the AMCL 8A changes to Appendix B7, para d. Appendix B7 changes introduce Management Code R for use with a DJA and is defined as "Rejected. No record of stock number or no record of ownership." That means when we get a DJA and there is either no record of the stock number or no positive balance for that owner, we can reject the DJA back to the requestor (owner) with a Management Code R. However, paragraph C6f states that we should send a D8A with zero quantity --- can't do both. Believe the Mgmt Code R is a better response. The D8A with zero would indicate to the requestor that there is no adjustment needed to their records and they would maintain whatever balance they currently have recorded until such time as a reconciliation or denial would drop them to zero. With the Management Code R, they would know we have NO Balance for them and could use this information to make the decision to adjust their records to zero.

**JPIWG DISPOSITION: JPIWG Chair will draft a DLMS Change proposal for staffing this recommendation.**

---

6. Para D1, page 7-13: references to page 7-32 should be changed to 7-33.

**JPIWG DISPOSITION: Concur. Editorial correction.**

---

7. Para D8a(1), page 7-15: should be changed to read: "Reverse the issue, adjust the storage activity record on-hand quantitative balance to zero, and transmit a DI Code D9A for the adjusted quantity to the owner attempting to issue the materiel, citing denial Management Code 1, 2, 3, or 4, and a DI Code D9A to any other owners affected by the denial loss, citing denial Management Code Q."

**JPIWG DISPOSITION: Concur. DLMSO will include revision in Formal Change 5 as an administrative change to correct an oversight.**

---

8. Para I2b(1)(a), page 7-25: in lines directed for shipment we include A5\_MRO, A5J DRO, A4\_ referral order but we do not include A2\_ (redistribution). Shouldn't we?

**JPIWG DISPOSITION: Concur. DLMSO will include revision in Formal Change 5 as an administrative change to correct an oversight.**

---

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9. Para I2c(4), page 7-28: in the ICE report we include the number of adjustments from other than physical inventory (D8/9Bs) but we do not include the number of reversals from other than inventory adjustments. Shouldn't we?

**JPIWG DISPOSITION: JPIWG Chair will review and either incorporate in Formal Change 5 or draft a DLMS Change proposal for staffing this recommendation.**

---

10. Para I2c(8), page 7-30: in the ICE report we include the monetary value of gains and losses from location reconciliation and end of day, but we don't include the monetary value of reversals of those gains and losses. We do for inventory adjustments.....shouldn't we for accounting adjustments?

**JPIWG DISPOSITION: JPIWG Chair will review and either incorporate in Formal Change 5 or draft a DLMS Change proposal for staffing this recommendation.**

---

Thanks for the opportunity,

*Linda*

Linda Pavlik, DLSC-LDA  
DSN 427-2536  
FAX 427-2528  
email: Linda\_Pavlik@hq.dla.mil

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WASHINGTON, D.C. 20301



4 MAY 1987

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
 ASSISTANT SECRETARY OF DEFENSE (PRODUCTION AND  
 LOGISTICS)  
 DEPUTY UNDER SECRETARY OF DEFENSE (TRADE SECURITY POLICY)  
 DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT: Controls for Critical Munitions Items

Operation RETREAD, a joint U.S. Customs Service - DoD Inspector General investigation, confirmed that the Defense disposal system is a source of supply for arms traffickers.

A partial audit of seven weapon systems revealed that 43 percent of the items checked had been coded incorrectly. Moreover, of 51 DoD investigative files and U.S. Customs Service cases reviewed, legal action had been taken on only seven cases, resulting in four convictions, two debarments, and one dismissal for lack of evidence.

The large percentage of incorrect codings and the relatively small number of indictments clearly indicate the need to improve and tighten internal controls and to provide better policy guidelines. While a number of steps have already been taken to enhance controls, procedures, and policies, additional initiatives are required for both the disposal and the supply systems to control access to and pilferage of critical or sensitive Munitions and Strategic List items. The assignment of a controlled item code to particularly critical items, including those known to be sought by countries whose actions are not in the best interest of the United States (e.g., F-14 parts), should result in added physical security. The assignment of a sensitivity code would also preclude the automatic write-off of these items by computers, thereby requiring causative research for inventory losses of critical components and spare parts.

Accordingly, the enclosed plan identifies actions necessary to eliminate the problems discussed above and other actions required to safeguard Munitions and Strategic List items in the supply and the disposal systems from pilferage, theft, illegal sales, or transfers.

I have asked the DoD Inspector General to continue to monitor this area to ensure that appropriate actions are being taken.

Please advise me of the results of your actions by the end of May.

*William H. Taft, IV*  
 William H. Taft, IV

Enclosure

070

Enclosure 7

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PRODUCTION AND  
LOGISTICS  
(L/SD)

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-8000

1 FEB 1992

MEMORANDUM FOR OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
(INSTALLATIONS, LOGISTICS AND ENVIRONMENT)  
OFFICE OF THE ASSISTANT SECRETARY OF THE NAVY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)  
OFFICE OF THE ASSISTANT SECRETARY OF THE AIR FORCE  
(ACQUISITION)  
EXECUTIVE DIRECTOR, TECHNICAL AND LOGISTICS SERVICES,  
DLA

SUBJECT: Controls for Munitions List Items (MLI)

In May 1987, to improve and tighten controls over DoD items that are coded as requiring demilitarization, the Deputy Secretary of Defense recommended that a controlled inventory item code (CIIC) be assigned to MLI. The assignment of a CIIC will preclude automatic physical inventory write-off and require causative research to be conducted on those items missing from inventory. The CIIC 7 was redefined to enforce the physical inventory and causative research of certain MLI.

To ensure uniform application of CIIC 7 the following guidance is provided:

a. The CIIC 7 is assigned to unclassified items with a Demilitarization (DEMIL) Code other than A, B, or Q. Items requiring demilitarization that are currently assigned CIIC U (Unclassified), will be changed to CIIC 7 and any new item entering the Federal Catalog System which has a demilitarization code other than A, B, or Q, and which under existing definitions would be assigned CIIC U, will now be assigned CIIC 7.

b. Items assigned CIIC 7 should not be classified, sensitive or pilferable; therefore, CIIC 7 items are subject to noncontrolled physical inventory requirements, may be stored in general purpose storage, and do not require additional handling or transportation.

Enclosure 8

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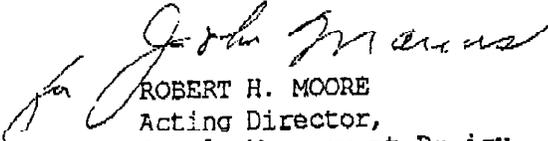
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2

c. Complete causative research shall be conducted on all adjustments (gains and losses) with an extended value greater than \$2,500. Sample causative research in lieu of complete causative research for discrepancies with a value from \$.01 to \$2,500 may be accomplished to serve as a deterrent to fraud, waste or abuse and to identify systemic inventory and security problems. Suspected fraud, waste or abuse will require causative research and an official Financial Liability Investigation Of Property Loss report.

The above guidance provides policy to strengthen the control and accountability of weapon systems spare parts in the supply system and will ensure a correlation between items assigned a DEMIL code and a CIIC. The policy also ensures a commensurate degree of visibility and management for items requiring demilitarization, whether the item is in the disposal or supply system.

DoD Components that are currently in the process of determining whether their MLIs are properly DEMIL and CIIC coded, are hereby granted a one year waiver from causative research requirements for discrepancies with a value from \$.01 to \$16,000. The waiver only applies to DEMIL coded items with a CIIC of "U" or "7." This waiver is effective immediately and ends one year from the date of this memorandum.

  
ROBERT H. MOORE  
Acting Director,  
Supply Management Policy

cc: Cdt Marine Corps

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**CHAPTER 4  
TABLE 61  
CONTROLLED INVENTORY ITEM CODES**

A table of codes indicating the security classification and/or security risk or pilferage controls for storage and transportation of DoD assets. These codes and the explanation of each code are as follows:

a. **CLASSIFIED ITEMS CODE:** A code indicating the materiel requires protection in the interest of national security in accordance with the provisions of DoD 5200.1-R, Information Security Program.

<b>CODE</b>	<b>EXPLANATION</b>
A	Confidential - Formerly Restricted Data
B	Confidential - Restricted Data
C	Confidential
D	Confidential - Cryptologic
E	Secret - Cryptologic
F	Top Secret - Cryptologic
G	Secret - Formerly Restricted Data
H	Secret - Restricted Data
K	Top Secret - Formerly Restricted Data
L	Top Secret - Restricted Data
O	Item contains naval nuclear propulsion information; disposal and access limitations are identified in NAVSEAINST C5511.32. Store and handle in a manner which will preclude unauthorized access to this material.
S	Secret
T	Top Secret
U	Unclassified
7	Item assigned a Demilitarization Code other than A, B or Q for which another CIIC is inappropriate. The loss, theft, unlawful disposition, and/or recovery of an item in this category will be investigated in accordance with DoD 4000.25-2-M and DoD 7200.10-M.
9	This code identifies an item as a Controlled Cryptographic Item (CCI). CCI is described as secure telecommunications or information handling equipment, associated cryptographic component, or other hardware item which performs a critical COMSEC function. Items so designated are unclassified but controlled, and will bear the designation "Controlled Cryptographic Item or CCI."

**Enclosure 9**

**CHAPTER 4**  
**TABLE 61**  
**CONTROLLED INVENTORY ITEM CODES**

NOTE: Codes for Department of Energy (DOE) Special Design and Quality-Controlled items under management control of the Defense Special Weapons Agency (DSWA) (identified by CAGE Code 87991) in the Defense Logistics Services Center FLIS data base will be assigned and processed in accordance with DOE-DSWA TP 100-1, Supply Management of Nuclear Weapons Materiel.

b: SENSITIVE ITEMS CODE: 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 high value, highly technical or of a hazardous nature; and small arms, ammunition, explosives and demolition material.

<b>CODE</b>	<b>EXPLANATION</b>
1	Highest Sensitivity (Category I) - Nonnuclear missiles and rockets in a ready-to-fire configuration (e.g., Hamlet, Redeye, Stinger, Dragon, LAW, Viper) and explosive rounds for nonnuclear missiles and rockets. This category also applies in situations where the launcher (tube) and the explosive rounds, though not in a ready-to-fire configuration, are jointly stored or transported.
2	High Sensitivity (Category II) - Arms, Ammunition and Explosives.
3	Moderate Sensitivity (Category III) - Arms, Ammunition and Explosives.
4	Low Sensitivity (Category IV) - Arms, Ammunition and Explosives.
5	Highest Sensitivity (Category I) - Arms, Ammunition and Explosives with a physical security classification of Secret.
6	Highest Sensitivity (Category I) - Arms, Ammunition and Explosives with a physical security classification of Confidential.
8	High Sensitivity (Category II) - Arms, Ammunition and Explosives with a physical security classification of Confidential.
Q	A drug or other controlled substance designated as a Schedule III, IV, or V item, in accordance with the Controlled Substance Act of 1970. Other sensitive items requiring limited access storage.
R	Precious Metals, a drug or other controlled substance designated as a Schedule I or II item, in accordance with the Controlled Substance Act of 1970. Other selected sensitive items requiring storage in a vault or safe.
\$	This code identifies Nuclear Weapons Use Control (UC) Ground Equipment which is CIIC unclassified but may require special controls. Use Control Ground Equipment is described as recorders, verifiers, adapters, power supplies, cables, programmers, monitors, controllers, code processors, power converters, computers and data modules which perform a Nuclear Weapon Use Control Function.

NOTES: CIIC \$ is not a valid input code for FLIS. This code is unique to DNA system only.

**CHAPTER 4  
TABLE 61  
CONTROLLED INVENTORY ITEM CODES**

Items coded 5, 6, or 8 will be stored and transported in accordance with the provisions of DoD 5100.76-M or DoD 5200.1-R, Information Security Program, whichever is more stringent.

Small Arms weapon components, such as silencers, mufflers and noise suppression devices will be treated as Category II items. (Reference: DoD 5100.76-M, Appendix A, paragraph C1 (ARMS (Category II), page A-2

Small Arms major subparts, such as frame(s) and recerver(s), will be treated as Category II items. (Reference: DoD 5100.76-M, Chapter 4, page 4-2 Table 1)

Barrels and Major Subassemblies WILL be protected as Category IV Arms. (Referencr: DoD 5100,76-M, Chapter 4, page 4-2. Table 1)

*Generally, only arms, rockets, explosive rounds, mines and projectiles that have an unpackaged weight of 100 pounds or less shall be categorized as sensitive. (Reference: DoD 5100.76-M, Appendix A, Paragraph A I.)*

c. **PILFERAGE CODE:** A code indicating the material has a ready resale value or civilian application for personal possession and, therefore, is especially subject to theft.

- J Pilferage - Pilferage controls may be designated by the coding activity to items coded U (Unclassified) by recording the item to J.

Coding activities may further categorize pilferage items by using the following codes:

<b>CODE</b>	<b>EXPLANATION</b>
I	Aircraft engine equipment and parts
M	Handtools and shop equipment
N	Firearms
P	Ammunition and explosives
V	Individual clothing and equipment
W	Office machines
X	Photographic equipment and supplies
Y	Communication/electronic equipment and parts
Z	Vehicular equipment and parts

NOTE: See volume 12, Data Record Number (DRN) 2863 for format and definition.