



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

September 28, 2016

**MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) AND DOD
JOINT PHYSICAL INVENTORY WORKING GROUP (JPIWG) MEMBERS**

**SUBJECT: Approved Defense Logistics Management Standards (DLMS) Change (ADC) 1222,
Revision of DOD Chief Financial Officer's (CFO) Annual Statistical Sample
Inventory Plan Requirements under Inventory Prioritization (Inventory)**

The attached change to DLM 4000.25, Defense Logistics Management Standards, and DLM 4000.25-2, Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP), is approved for immediate implementation.

Addressees may direct questions to Mr. Rafael Gonzalez, email: Rafael.Gonzalez@dla.mil; or Ms. Mary Jane Johnson, email: Mary.Jane.Johnson@dla.mil. Others may direct questions to their Service or Agency designated Supply PRC or JPIWG representative available at <https://www.dlms.dla.mil/CertAccess/SvcPointsPOC/allpoc.asp>.

HEIDI M. DAVEREDE
Director
Defense Logistics Management
Standards Office

Attachment
As stated

cc:
ODASD (SCI)

Attachment to ADC 1222
Revision of Chief Financial Officer's DOD (CFO) Annual Statistical
Sample Inventory Plan Requirements under Inventory
Prioritization

1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION:

- a. **Office:** Defense Logistics Management Standards Office (DLMSO)
- b. **Functional POC:** Mr. Rafael Gonzalez, DLMSO, email: Rafael.Gonzalez@dla.mil, (717) 770-6817; DSN 771-6817

2. FUNCTIONAL AREA:

- a. **Primary/Secondary Functional Area:** Inventory
- b. **Primary/Secondary Functional Process:** Inventory Prioritization

3. REFERENCES:

- a. [Defense Logistics Manual \(DLM\) 4000.25-2](#), Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP)
- b. [DLM 4000.25](#), Defense Logistics Management Standards, Volume 2, Supply Standards and Procedures
- c. [JPIWG 16-01 Meeting Minutes](#), February 25, 2016

4. APPROVED CHANGE(S):

a. **Brief Overview of Change:** Revise MILSTRAP (Reference 3.a.) and DLMS Volume 2 (Reference 3.b.) annual requirement for the DOD Chief Financial Officer (CFO) Annual Statistical Sample Inventory Plan provision to the Joint Physical Inventory Working Group (JPIWG).. This change also documents the current responsibility of DLA to distribute the DOD CFO Annual Statistical Sample Inventory Plan.

b. **Background:**

(1) Current procedures for inventory prioritization require the DOD CFO Annual Statistical Sample Inventory Plan be provided to the JPIWG chair for posting to the JPIWG webpage. Although this requirement was published years ago as part of physical inventory control procedures, it was never implemented and no DOD CFO Annual Statistical Sample Inventory Plan was stored or published in the JPIWG webpage.

(2) The Defense Logistics Agency (DLA) distributes the DOD CFO Annual Statistical Sample Inventory Plan once a year to all Services. Therefore posting this information

to the DLMS website is unnecessary. During the February 25, 2016 JPIWG Meeting (Reference 3.c.), working group members discussed and agreed posting of the DOD CFO Annual Statistical Sample Inventory Plan to the JPIWG webpage is not required. As a result, the JPIWG Chair developed this approved change to remove the reporting requirement from DLM 4000.25-2, MILSTRAP and DLM 4000.25, DLMS, Volume 2.

c. Approved Change in Detail:

(1) Revise current procedures under inventory prioritization to remove the requirement for the CFO Annual Statistical Sample Inventory Plan to be posted on the JPIWG webpage.

(2) Revise procedures under inventory prioritization to document DLA distributes the DOD CFO Annual Statistical Sample Inventory Plan once a year to each applicable centralized Service point of contact. This change documents DLA's responsibility for the distribution of the DOD CFO Annual Statistical Sample Inventory Plan results to all Services.

d. Revisions to DLM 4000.25 Manuals:

(1) Revise DLM 4000.25-2, MILSTRAP, Chapter 7 (Reference C7.2.10.1.2.), CFO Statistical Sample Inventory as shown in the enclosure.

(2) Revise DLM 4000.25, DLMS Volume 2, Chapter 6 (Reference C6.2.10.1.2.), CFO Statistical Sample Inventory as shown in the enclosure.

5. REASON FOR CHANGE: During the JPIWG meeting on February 25, 2016, members determined posting of the DOD CFO Annual Statistical Sample Inventory Plan to the JPIWG webpage is no longer required.

6. ADVANTAGES AND DISADVANTAGES:

a. **Advantages:** Documents the existing process in the DLMS and legacy MILSTRAP manuals.

b. **Disadvantages:** There are no known disadvantages.

7. ESTIMATED TIME LINE/IMPLEMENTATION TARGET: Immediately upon release of the approved DLMS change (ADC).

8. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE: None. This change documents current practice.

9. IMPACT:

a. **DLMS Data Elements**: There are no new DLMS data elements and no changes to existing DLMS data elements.

b. **Automated Information Systems (AIS)**: There is no impact to any systems.

c. **Transaction Services**: There are no changes to current transaction flows and mappings through Defense Automatic Addressing System (DAAS).

d. **Non-DLM 4000.25 Series Publications**: DOD Components must update internal guidance to comply with procedures delineated in this DLMS change.

ENCLOSURE to ADC 1222

A. Revise DLM 4000.25-2, MILSTRAP, Chapter 7 as shown (changes are identified by ***bold, red italics*** or double strikethrough)

[Preceding text not shown]

C7.2.10.1.2.2. ~~Annual~~ ***DoD*** CFO ***Annual*** Statistical Sample Inventory ***Plan*** Guidelines.

C7.2.10.1.2.2.1. The items in storage will be stratified into dollar value categories to minimize the number of items requiring inventory while yielding results with the confidence level and precision required below. The dollar value stratifications used for sample will be included in the CFO Inventory Value Sample Plan for that year.

C7.2.10.1.2.2.2. Every item stored, regardless of owner/manager, within the extended dollar value strata identified in the ~~Annual~~ ***DoD*** CFO ***Annual Statistical*** Sample ***Inventory*** Plan for that year will have an equal probability of being selected in the sample and inventoried.

C7.2.10.1.2.2.3. The sample results will have a 95 percent confidence level and a level of precision within + (plus) or – (minus) 2.5 percent.

C7.2.10.1.2.2.4. DoD CFO ***Annual*** Statistical Sample Inventory Plan. ~~Each year's DOD CFO Annual Statistical Sample Plan will be provided to the Joint Physical Inventory Working Group (JPIWG) Chair for posting to the JPIWG Web Page at: <http://www.dlmso.dla.mil/Programs/Committees/JPIWG/JPIWG.asp>.~~ ***DLA will distribute the results of the DoD CFO Annual Statistical Sample Inventory Plan to each applicable centralized Service point of contact.***

B. Revise DLM 4000.25, DLMS, Volume 2, Chapter 6 as shown (changes are identified by *bold, red italics* or double strikethrough)

[Preceding text not shown]

C6.2.10.1.2.2. ~~Annual~~ ***DoD CFO Annual*** Statistical Sample Inventory ***Plan*** Guidelines.

C6.2.10.1.2.2.1. The items in storage will be stratified into dollar value categories to minimize the number of items requiring inventory while yielding results with the confidence level and precision required below. The dollar value stratifications used for sample will be included in the CFO Inventory Value Sample Plan for that year.

C6.2.10.1.2.2.2. Every item stored, regardless of owner/manager, within the extended dollar value strata identified in the ~~Annual~~ ***DoD CFO Annual Statistical Sample Inventory*** Plan for that year will have an equal probability of being selected in the sample and inventoried.

C6.2.10.1.2.2.3. The sample results will have a 95 percent confidence level and a level of precision within + (plus) or – (minus) 2.5 percent.

C6.2.10.1.2.2.4. DoD CFO Statistical Sample Inventory Plan. ~~Each year's DOD CFO Annual Statistical Sample Plan will be provided to the Joint Physical Inventory Working Group (JPIWG) Chair for posting to the JPIWG Web Page at: <http://www.dlmso.dla.mil/Programs/Committees/JPIWG/JPIWG.asp>.~~ ***DLA will distribute the results of the DoD CFO Annual Statistical Sample Inventory Plan to each applicable centralized Service point of contact.***