



IN REPLY
REFER TO

DEFENSE LOGISTICS AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22304-6100

Copy 7/11/92

ACTION	DDRC	T
CY: HQ FILE		
INFO:		
DDRC-DD		
DDRC-D		
DDPC-R		
DDRC-K		
DDPC-D		

30 OCT 1992

SUPPLY OPERATIONS POLICY AND PROCEDURES
MEMORANDUM NO. 92-21

INVENTORY ACCURACY PROGRAM

1. This memorandum outlines the Inventory Accuracy Program requirements that each Defense Distribution Depot is to accomplish during Fiscal Year 93.
2. If not already in place, establish an Inventory Integrity organization which will be responsible for the accomplishment of location surveys, reclassification actions, physical inventories and systemic analysis.
3. The Distribution Depots operate different systems and have different practices associated with each system. The execution of inventory accuracy programs at individual sites may be tailored to accommodate system differences. Meet the following requirements within the systems you operate:
 - a. Accomplish a 100 percent location survey once annually. Sampling may be used as an alternative; however, if the sampling does not reach 99 percent accuracy, then a 100 percent survey must be accomplished for the failed area.
 - b. Achieve and maintain a locator accuracy of 99 percent.
 - c. Accomplish required inventories in the following priority sequence:
 - (1) Reportable sample inventories:
 - (a) Quarterly STATMAN/VLIA (former Navy sites only).
 - (b) Type Inventory L, "RASS" (Army-owned materiel).
 - (c) Type Inventory H (when implemented, SDS and DWASP sites only).
 - (2) Controlled Items.
 - (3) Inventories as a result of denials.
 - (4) Location reconciliation mismatch inventories.

encl 1

(5) Location survey error inventories.

(6) File maintenance inventories (i.e., locator/balance incompatibilities; balance-by-location to summary balance reconciliation mismatches).

(7) Prioritization models or other sample inventories (e.g., order-of-merit, priority workload bank, STATMAN substrata) will be scheduled so that a minimum of 10 percent of the remaining items not having been subjected to other inventories within the year are inventoried.

d. Complete causative research within 30 days of the date of the adjustment/date of request, or within the timeframe specified by the requestor.

e. Document and categorize causative research results using MILSTRAP Error classification coding, and retain documentation for a minimum of two years.

f. Implement an aggressive and consistent supervisory quality check of all locator records and balances affecting processes.

4. Inventory accuracy and accomplishment statistics are being reviewed closely at all levels. We expect to see a trend that demonstrates continual process improvement. The Inventory Accuracy Program Manager is DLA-OWI, DSN 667-7241.


ROBERT P. MCFARLIN
Brigadier General, USA
Deputy Director for Distribution
Supply Operations

DISTRIBUTION:

Commanders of Defense
Distribution Regions/Depots

cc: Commanders of DLA Supply Centers (Less: DFSC)

NAVSUP
AFMC-LGS
AMC-LG
CMC
DLA-O/OD/OD(B)
DLA-OE/OM/OR/OS/OW/OT/OX/OF



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22304-6100



IN REPLY
REFER TO
MMDO

27 AUG 1993

SUBJECT: Location Survey Accomplishment and Accuracy Rates

TO: Commander, Defense Distribution Region West
Commander, Defense Distribution Region East

1. The guidance provided for location surveys in Supply Operations Policy and Procedure Memorandum 92-21 mandated 100 percent location survey accomplishment annually or use of statistical sampling as an alternative. (Sampled areas that do not meet 99 percent accuracy must be subjected to a 100 percent survey.) In this letter, HQ DLA provides supplemental guidance for accomplishment of location surveys and reporting results.

2. The DLA location survey policy gives sites the latitude to perform 100 percent location surveys or statistical sampling or a combination of the two survey types. Sites that do not have systems generated sampling capability must complete 100 percent wall-to-wall location surveys. Sites with systems generated sampling capability will determine their sampling and wall-to-wall survey requirements based on the accuracy rate projected from the sample survey. For those areas where the accuracy rate is 99 percent, no wall-to-wall survey is required. However, if the projected accuracy is below 99 percent, a wall-to-wall survey must be conducted. The following additional guidance applies when conducting location surveys:

o When performing sample surveys, the lot should include a percentage of bin-to-locator (floor-to-file) record surveys in addition to the systems generated surveys. That is, while doing surveys, the surveyor should randomly choose occupied physical locations and check them against the locator record. (This is the converse of systems generated surveys in which the surveyor is sent to selected locations to check the locator record against the physical location.)

o It is not necessary to conduct location surveys in large, clearly defined, contiguous warehouse areas (such as, rows, aisles, bays) in which each location is unoccupied. Generally, this circumstance will occur in mechanized areas. Non-mechanized areas that similarly have large segments of unoccupied locations also should be excluded from location surveys. -

MMD PAGE 2
SUBJECT: Location Survey Accomplishment and Accuracy Rates

o Warehouses or areas at any site that cannot be subjected to sampling must be subjected to 100 percent survey.

o All surveys, including rework, pre-survey, or otherwise "elective" surveys, must be counted in the accomplishment rate and the accuracy rate. By counting all surveys, the depot will ensure that it is properly reflecting its workload as well as its survey program. (It is possible, and acceptable, that sites will exceed 100 percent survey accomplishment by counting all surveys.)

o Until the implementation of a standard depot system, each site will continue to use the procedures and tools of its legacy system to perform location surveys. (If necessary, the depot may have to recalculate accuracy rates consistent with paragraph 3.b.)

o Locator record deleted (deletes) and locator record established (adds) survey errors should be researched, and when required, a special inventory should be requested to resolve the discrepancy.

o It is not necessary to perform a location survey of items that have been subjected to a complete inventory (e.g., subsistence, small arms, etc.). However, based upon its system capabilities, each site, at its option, may perform location surveys before undertaking complete inventories.

3. After sites perform location surveys, the next step is measuring the results. For HQ DLA review, the sites will measure location accomplishment as well as location accuracy.

a. The Location Accomplishment Rate is measured to monitor performance against a site's annual plan for completing location surveys. (Adjustments to the annual plan can be made quarterly with justification.) Detailed guidance for calculating the Location Accomplishment Rate is enclosed (Enclosures 1 and 2). Also, a revised location survey accomplishment chart for the Monthly Management Review (MMR) is enclosed (Enclosure 3). Beginning with the October 1993 MMR, please reflect location survey accomplishment as indicated in this chart.

b. The Location Accuracy Rate is the percentage of accurate locator records to locations surveyed. The standard for DLA locator accuracy is 99 percent. Locator discrepancies calculated in the accuracy rate are classified in three categories:

Type I: Locator record deleted.

Type II: Locator record established.

MMDD

PAGE 3

SUBJECT: Location Survey Accomplishment and Accuracy Rates

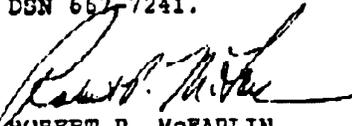
Type III: Locator record corrected.

- (1) Unit of issue.
- (2) Supply condition code.
- (3) Controlled Inventory Item Code (CIIC).
- (4) Date packed/expiration date (shelf-life material).

A detailed explanation of each type of locator discrepancies is enclosed (Enclosure 4). Also, guidance for calculating the locator accuracy rate is provided (Enclosures 5 and 6).

4. As a reminder, all sites must enter the number of locations surveyed and the number of errors in the RCS 26 Report, Elements 148A and 148A2 (DLA-OWO letter, DLA Depot Performance Measurement/Reporting Requirements, dated 22 Jun 1992). Furthermore, the location survey accuracy rates derived from the RCS 26 Report must match the rates reflected in the MMR. This will be a requirement until such time as the MIS is implemented and can provide the automated means to collect survey accuracy statistics from each legacy system. In all likelihood, the accomplishment rate and the accuracy rate will reflect different numbers of location surveys performed. This is to be expected. In the accomplishment rate, HQ DLA is monitoring each site's success in surveying (through sampling or 100 percent surveys) all warehouses and areas. With the accuracy rate, HQ DLA is monitoring both the number of surveys accomplished and the accuracy of those locations. Therefore, the depots should count all surveys performed, including repeated surveys of a location.

5. It is our hope that this guidance will clarify DLA location survey policy. If you have any questions, please contact Carolyn Farley, Inventory Accuracy Team, DSN 667-7241.



ROBERT D. McFARLIN
Brigadier General, USA
Executive Director
Distribution