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MCO 8015.3A
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JUL 27 2012

MARINE CORPS ORDER 8015.3A

From: Commandant of the Marine Corps
To: Distribution List

Subj: MARINE CORPS CLASS V(W) PHYSICAL INVENTORY CONTROL PROGRAM (PICP)

Ref: (a) SECNAV M-5210.1
(b) DOD 4140.1-R, "DOD Supply Chain Materiel Management Regulation,"
May 23, 2003
(c) DLM 4000.25, "Defense Logistics Management System (DLMS),"
June 5, 2012
(d) DLM 4000.25-2, "Military Standard Transaction Reporting and
Accountability Procedures (MILSTRAP)," June 13, 2012
(e) MCO P4400.151B
(f) DODM 5100.76, "Physical Security of Sensitive Conventional Arms,
Ammunition, and Explosives (AA&E)," April 17, 2012
(g) MCO 5530.14A
(h) MIL-STD-129, "DOD Standard Practice Military Marking for Shipment
and Storage," September 19, 2007

Encl: (1) Marine Corps Class V(W) Physical Inventory Control Program (PICP)

1. Situation. The Class V(W) Physical Inventory Control Program (PICP) provides Inventory Accuracy/Accountability guidance, policy development, compliance oversight and trend analysis, with the standard of continually maintaining the Department of Defense (DOD) inventory accuracy standards.

2. Cancellation. MCO 8015.3.

3. Mission. This Order provides policy and procedural guidance in the implementation of a Marine Corps Class V(W) PICP for the Marine Corps Class V(W) conventional ammunition to include the Inventory Compliance Evaluation process. Enclosure (1) of this Order provides processes and procedures to achieve the DOD inventory accuracy standards.

4. Execution

a. Commander's Intent and Concept of Operations

(1) Commander's Intent. The intent of this Order is to provide the procedures to assist in achieving the inventory accuracy standard set forth by the Department of Defense. The desired end state is a formal Marine Corps Class V(W) PICP that provides accurate inventories to the supervisors of storage activities that store Class V(W), in order to provide them the ability to refine processes and conduct training in areas of concern before there are significant impacts on the level of inventory accuracy.

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JUL 27 2012

(2) Concept of Operations. This Order pertains to the sustainment and compliance of the Marine Corps Class V(W) PICP, and addresses the responsibilities and tasks associated with maintaining a Marine Corps Class V(W) PICP.

b. Subordinate Element Mission. Supervisors of Marine Corps Class V(W) supporting storage activities are required to implement and comply with the intent of the references and the content of this Order.

5. Administration and Logistics

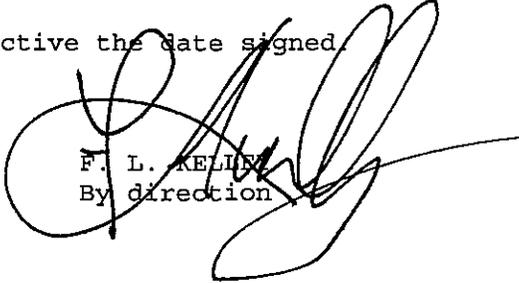
a. Recommendations concerning the contents of the Order may be forwarded to the Commander, Marine Corps Systems Command, 2200 Lester Street, Quantico, VA 22134-6050 (Attn: PM Ammo) via the appropriate chain-of-command.

b. Developers, owners, and users of all Marine Corps information systems have the responsibility to establish and implement adequate operation and information technology controls including records management requirements to ensure the proper maintenance and use of records, regardless of format or medium, to promote accessibility and authorized retention per the approved records schedule and reference (a). Records created as a result of this Order, regardless of media and format, shall be managed per reference (a).

6. Command and Signal

a. Command. This Order is applicable to the Marine Corps Total Force.

b. Signal. This Order is effective the date signed.



F. L. KELLY
By direction

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MCO 8015.3A
JUL 27 2012

RECORD OF CHANGES

Log completed change action as indicated.

Change Number	Date of Change	Date Entered	Signature of Person Incorporated Change

JUL 27 2012

TABLE OF CONTENTS

<u>IDENTIFICATION</u>	<u>TITLE</u>	<u>PAGE</u>
Chapter 1	INTRODUCTION TO THE MARINE CORPS CLASS V(W) PICP.....	1-1
1.	Purpose.....	1-1
2.	Background.....	1-1
3.	Resources.....	1-1
4.	Affected Activities.....	1-1
5.	PICP Elements.....	1-1
6.	Inventory Requirements.....	1-2
7.	Records Filing Requirements.....	1-2
8.	Inventory Accuracy Standards.....	1-3
Chapter 2	PHYSICAL INVENTORY.....	2-1
1.	Physical Inventory.....	2-1
2.	Inventory Plan.....	2-1
3.	Physical Inventory Process.....	2-1
4.	Physical Inventory Errors.....	2-1
5.	Physical Inventory Error Causes.....	2-2
6.	Random Sampling.....	2-3
7.	Generating the Random Sample Inventory using OIS-R.....	2-3
8.	Conducting the Random Sample Inventory.....	2-14
9.	Semi-Annual Inventory.....	2-15
10.	End-of-Year Inventory.....	2-16
11.	Fiscal Year Inventory Completion.....	2-17
12.	Updating the Date of Last Inventory (DOLI).....	2-17
13.	Corrective Action.....	2-18
Figure 2-1	OIS-R - AMAR Selection Process.....	2-4
Figure 2-2	OIS-R - AMAR Selection Process-Asset Selection.....	2-4
Figure 2-3	OIS-R - AMAR Selection Process-Location Selection.....	2-5
Figure 2-4	OIS-R - AMAR Selection Process-Records Count.....	2-6
Figure 2-5	OIS-R - AMAR Selection Process-Run File.....	2-7
Figure 2-6	OIS-R - AMAR Selection Process-Report Generation.....	2-8
Figure 2-7	OIS-R - AMAR Sample Selection Process.....	2-9
Figure 2-8	OIS-R - AMAR Sample Selection Process-Stratification...	2-10
Figure 2-9	AMAR Sample Size Converter Worksheet.....	2-11
Figure 2-10	Sample Size Determination Table.....	2-11
Figure 2-11	OIS-R - AMAR Selection Process-Sample Size.....	2-12
Figure 2-12	OIS-R - AMAR Selection Process-Complete.....	2-13
Figure 2-13	OIS-R - AMAR Asset Report.....	2-14
Chapter 3	LOCATION SURVEY.....	3-1
1.	Location Survey.....	3-1
2.	Location Survey Requirement.....	3-1
3.	Location Survey Process.....	3-1
4.	Location Survey Errors.....	3-2
5.	Location Survey Error Causes.....	3-2
6.	Corrective Action.....	3-3

JUL 27 2017

TABLE OF CONTENTS

<u>IDENTIFICATION</u>	<u>TITLE</u>	<u>PAGE</u>
Chapter 4	QUALITY CONTROL.....	4-1
1.	Quality Control.....	4-1
2.	Process Reviews.....	4-1
3.	Process Review Accuracy.....	4-1
4.	Automated Data Entry Process.....	4-2
5.	Automated Data Entry Process Errors.....	4-2
6.	Automated Data Entry Process Error Causes.....	4-3
7.	Issue Process.....	4-3
8.	Issue Process Errors.....	4-4
9.	Issue Process Error Causes.....	4-4
10.	Receipt Process.....	4-4
11.	Receipt Process Errors.....	4-5
12.	Receipt Process Error Causes.....	4-5
13.	Corrective Action.....	4-6
Chapter 5	RESEARCH PROCESS.....	5-1
1.	Research.....	5-1
2.	Storage Activity Record Keeping.....	5-1
3.	Corrective Action.....	5-1
4.	Postcount Validation.....	5-1
5.	Pre-Adjustment Research.....	5-1
6.	Causative Research.....	5-1
7.	Timeliness of Research.....	5-2
8.	Inventory Adjustments.....	5-2
9.	Vouchering.....	5-3
10.	Investigations.....	5-3
11.	Certificate of Research Completion.....	5-4
12.	Processing the Certificate of Research Completion.....	5-4
13.	Completion of Research Actions.....	5-4
Chapter 6	PHYSICAL INVENTORY CONTROL PROGRAM MANAGEMENT.....	6-1
1.	Physical Inventory Control Program (PICP) Management...6-1	6-1
2.	Quality Assurance Team (QAT).....	6-1
3.	Data Collection Worksheets.....	6-1
4.	Completing Data Collection Worksheets.....	6-2
5.	PICP Management Reporting Tool (MRT).....	6-2
Chapter 7	MONTHLY INVENTORY REVIEW REPORT.....	7-1
1.	Monthly Inventory Review Report (MIRR).....	7-1
2.	Monthly Inventory Review Report Activities.....	7-1
3.	Monthly Inventory Review Report Process.....	7-1
4.	Corrective Action.....	7-1

TABLE OF CONTENTS

<u>IDENTIFICATION</u>	<u>TITLE</u>	<u>PAGE</u>
Chapter 8	INVENTORY COMPLIANCE EVALUATION.....	8-1
1.	Inventory Compliance Evaluation.....	8-1
2.	Objective.....	8-1
3.	Evaluation Criteria.....	8-1
4.	Discrepancies.....	8-2
5.	Command Responsibilities.....	8-2
APPENDIX A	SAMPLE INVENTORY PLAN.....	A-1
Figure A-1	Sample Inventory Plan.....	A-1
APPENDIX B	PICP SAMPLE DATA COLLECTION WORKSHEETS.....	B-1
Figure B-1	Physical Inventory Data Collection Worksheet.....	B-1
Figure B-2	Location Survey Process Data Collection Worksheet.....	B-2
Figure B-3	Automated Data Entry Process Data Collection Worksheet.....	B-3
Figure B-4	Issues Process Data Collection Worksheet.....	B-4
Figure B-5	Receipts Process Data Collection Worksheet.....	B-5
Figure B-6	Location Survey Worksheet.....	B-6
APPENDIX C	PICP SAMPLE CERTIFICATES.....	C-1
Figure C-1	Certificate of Inventory Completion.....	C-1
Figure C-2	Certificate of Research Completion.....	C-2
Figure C-3	Certificate of Fiscal Year Inventory Completion.....	C-3
APPENDIX D	PICP AMAR SAMPLE SIZE CONVERTER WORKSHEET.....	D-1
Figure D-1	AMAR Sample Size Converter Worksheet.....	D-1
APPENDIX E	ACRONYMS.....	E-1
1.	Acronyms.....	E-1

Chapter 1

Introduction to the Marine Corps Class V(W) PICP

1. Purpose. Inventory accuracy is defined as the consistency to which the data in the inventory accounting system is in agreement with the physical inventory in the supply chain. The PICP will provide, as its core physical inventory function, a random statistical sampling plan to provide the supervisor of the activity storing Class V(W) a continual picture of inventory accuracy throughout the course of the year. This involves a paradigm shift from verifying inventory accuracy at a specific point in time to continuously measuring inventory accuracy over extended periods of time. The immediate benefit gained is an ability to continuously refine processes and conduct training in areas of concern before they have significant impacts on the level of inventory accuracy.

2. Background. Reference (b) establishes the requirement for each Department of Defense (DOD) Component to institute and maintain a PICP for its classes of supply. References (c) and (d) provide procedures, performance objectives and reporting requirements for the DOD component's PICP.

3. Resources

a. Commander Marine Corps Systems Command (COMMARCORSYSCOM), Program Manager for Ammunition's (PM Ammo) public website:
<http://www.marcorssyscom.usmc.mil/am/ammunition>.

b. Marine Ammunition Knowledge Enterprise (MAKE) website:
<https://www.make.usmc.mil>. The MAKE is a central repository for ammunition logistics information. A user account is required for storage activities participating in the PICP. Access may be requested utilizing the PM Ammo public website listed in paragraph 3a, above.

c. The PICP Management Reporting Tool (MRT) will assist supervisors in identifying those human, procedural, or system errors that affect inventory accuracy. The PICP MRT can be accessed via the MAKE. An activity manager account is required for storage activities participating in the PICP. Access may be requested utilizing the PM Ammo public website listed in paragraph 3a, above.

d. Naval Forms Online (NFOL) public website:
<http://navalforms.daps.dla.mil/web/public/home>. All NAVMC 11840 series forms required for use by the PICP can be downloaded at this website.

4. Affected Activities. This Order is applicable to all Marine Corps Class V(W) supporting storage activities utilizing the Ordnance Information System - Retail (OIS-R). The only exemptions are Marine Corps Logistics Base Barstow, Marine Corps Mountain Warfare Training Center Bridgeport, Marine Corps Logistics Base, Albany, Marine Corps Security Force units and Marine Corps storage activities that are part of the Navy's PICP.

5. PICP Elements. The PICP is comprised of seven elements:

a. Physical Inventory. This is the physical inventory requirements (random sampling, semi-annual, and end-of-year) and the methods for accomplishment of the PICP.

3006 7 9 JUL

MCO 8015.3A

JUL 27 2012

b. Location Survey. This survey is a physical verification of the location in storage to the storage activity's Asset Record.

c. Quality Control. This is the verification of automated data entry to the Daily Transaction Report (DTR) and issues/receipts to the physical Class V(W) being shipped/received by the storage activity. Quality control will assist supervisors in identifying those human, procedural, or system errors that adversely affect inventory accuracy.

d. Research Process. These are the actions required and documented to determine the cause of accountability errors when the physical count or location survey does not match the storage activity's Asset Record. The purpose of research is to identify, and evaluate the cause of inventory discrepancies with the aim of eliminating repetitive errors. Research requirements, and requirements for adjustments, will be conducted as described in reference (e).

e. PICP Management. These management functions are provided through the MAKE using an online MRT developed to support the PICP. This process will allow the creation of aggregate Marine Corps wide inventory accuracy reports and provide historical data for analysis.

f. Monthly Inventory Review Report (MIRR). The MIRR evaluates the storage activity's reported inventory data against known configurations of Ammunition & Explosives (A&E) line items and condition codes (C/C) on a monthly basis. This is completed in order to identify and correct potential discrepancies in identification and C/C classification in order to improve the inventory accuracy and safety of the Class V(W) stockpile.

g. Inventory Compliance Evaluation. This process will evaluate the execution of the PICP to include Class V(W) accounting and management, and ensure the affected activities have met the DOD Inventory Accuracy Standards.

6. Inventory Requirements. Each activity will develop a fiscal year inventory plan that meets the requirements established in reference (e). The inventory plan will be documented in standard naval letter format and maintained on file for three years per reference (a), SSIC 4440. The following requirements will be adhered to when developing the inventory plan:

a. A location survey of all line item locations will be conducted at least once each fiscal year.

b. All line items will be physically inventoried not less than once each fiscal year, and more frequently if the need is indicated.

c. All line items will be physically inventoried semi-annually each fiscal year for Security Risk Category I and II non-nuclear missiles and rockets, and more frequently if the need is indicated.

7. Records Filing Requirements. All inventory records will be kept in accordance with references (a), (c) and (e). These records include but are not limited to, inventory count sheets, master asset printouts, Ammunition Management Accountability Review (AMAR) printouts, DD 1348-1A's, PICP Data Collection Worksheets (NAVMC 11840 series), PICP Certificates, voucher files and supporting documents used to verify the inventory. The files will be maintained by year and sampling period.

JUL 27 2012

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8. Inventory Accuracy Standards. The Marine Corps minimum physical inventory accuracy standard is 95 percent, while the location survey accuracy standard is a minimum of 98 percent as mandated by the references. Accuracy is determined by the following formula:

$$(\text{Total Correct}/\text{Sample Size}) \times 100 = \text{Accuracy Percent}$$

$$\text{Example: } (78/80) \times 100 = .975 \times 100 = 97.5\%$$

Chapter 2

Physical Inventory

1. Physical Inventory. Storage activities are required to conduct physical inventories in accordance with the references. This Order will focus on the continuous assessment of inventory accuracy through the use of random sampling while meeting the minimum established inventory requirements.
2. Inventory Plan. The inventory plan is the activity supervisor's written plan to maintain positive control of assets and ensure the DOD inventory accuracy standards are maintained during the fiscal year. An example plan is provided in Appendix A. The inventory plan will support fiscal year inventory requirements as set forth in this Order and any additional inventory efforts as determined by the activity supervisor.
3. Physical Inventory Process. A physical inventory consists of verifying each line item's identifying attributes, container markings in accordance with reference (e), location, and quantity between the storage activity's Asset Record and the physical assets in storage.
 - a. Identifying Attributes. Class V(W) materiel asset line items are identified by the following attributes:
 - (1) Department of Defense Identification Code (DODIC).
 - (2) National Stock Number (NSN)/National Item Identification Number (NIIN).
 - (3) Lot Number (if applicable).
 - (4) Serial Number (if applicable).
 - (5) Condition Code (C/C).
 - b. Location. The location verification consists of checking the physical location of the assets as compared to the activity's Asset Record. This includes separate location identifiers such as staging areas, magazines, and grids, if applicable.
 - c. Quantity. Quantity is the verification of the physical asset count against the recorded quantity on the storage activity's Asset Record; this is to include in-process documentation. In-process documentation that falls outside the authorized processing times will not be cause to remove the noted error.
 - d. Asset Record. The Asset Record is the official accountable record at the storage activity showing the balance of assets that the activity is accountable for maintaining. Class V(W) Asset Records are normally resident on OIS-R.
4. Physical Inventory Errors. The following physical line item identifying attribute errors that do not match what is maintained on the storage activity's Asset Record will be identified on NAVMC 11840, the Physical Inventory Data Collection Worksheet, (Appendix B-1).

- a. Location. The item is not physically located in the designated storage location as identified on the Asset Record.
- b. DODIC. Asset Record DODIC does not match physical material or container marking.
- c. NSN/NIIN. Asset Record NSN/NIIN does not match physical material or container marking.
- d. Condition Code. The physical material or container marking C/C does not match the Asset Record.
- e. Quantity. The physical material or container marking quantity does not match the Asset Record.
- f. Lot Number. Asset Record Lot Number does not match physical material or container marking, to include all required characters of the Lot Number.
- g. Serial Number. Asset Record Serial Number does not match physical material or container marking.

5. Physical Inventory Error Causes. Each identified error will have an error cause determined. The total errors should match the total error causes. The following categories or error causes will be used:

- a. System Error. A system error results when the storage activity's Asset Record accounting system has created an error that cannot be explained. This does not include user errors.
- b. Document Not Posted. Document outside authorized processing time has not been posted to the storage activity's Asset Record.
- c. Source Document Error. Incorrect information on the source document resulting in an erroneous entry in the storage activity's Asset Record to include the misidentification of an asset.
- d. Data Entry Error. A data entry error results when the information posted to the storage activity's Asset record does not correspond to the source documentation.
- e. Duplicate Document Posted. Error due to a document that was posted two or more times to the storage activity's Asset Record.
- f. Erroneous Reversal Posted. Error due to a transaction that was reversed from the storage activity's Asset Record without supporting documentation.
- g. Physical Processing Incomplete. Error caused due to incomplete document processing in the storage activity's Asset Record.
- h. Erroneous Quantity. Error due to the incorrect quantity found during the physical inventory of the storage location when matched to the storage activity's Asset Record.
- i. Erroneous Adjustment. Error due to an adjustment being posted to the storage activity's Asset Record with no supporting documentation.

971 15 JUL

- j. Theft. An error due to the actual theft of a line item.
- k. Materiel Work Order/Location Change. Error caused due to physical movement of material or incomplete Materiel Work Order processing.
- l. Other. Error cause does not meet category criteria provided above. If this error cause is utilized, justification must be forwarded by email to PM Ammo at alft@usmc.mil for inclusion into the NAVMC 11840.

6. Random Sampling

a. Under the PICP, the fiscal year inventory requirement is satisfied through use of random sampling. Random sampling provides the activity supervisor continuous oversight of the inventory while enhancing physical security. Semi-annual inventories for Security Risk Category I and II non-nuclear missiles and rockets will be conducted separately from the random sampling program. The purpose of random sampling is to:

- (1) Provide oversight of the inventory and immediate feedback to supervisors on issues affecting inventory accuracy.
- (2) Enhance physical security by not requiring physical inventories according to a fixed schedule or targeting a specific NSN/NIIN.
- (3) Accomplish the physical inventory requirements established in references (c) and (e).

b. The activity supervisor will determine whether the random sampling program will be conducted on a weekly or bi-weekly (every other week) basis and include the sampling frequency in the inventory plan. Weekly random sampling returns the best results as it provides more frequent feedback to the supervisor on possible issues affecting inventory accuracy. The chosen random sampling program will remain in effect for the entire course of the fiscal year in order to establish consistent data in the MRT for trend analysis.

c. The random sampling program will be conducted utilizing the AMAR selection process in OIS-R. If alterations to the AMAR are made, e.g., removal of quantities, a copy of the original must be maintained on file.

7. Generating the Random Sample Inventory using OIS-R

- a. Select "Asset Control" (See figure 2-1).
- b. Select "Inventory" (See figure 2-1).
- c. Select "AMAR selection" (See figure 2-1).

AMAR SELECTION ?

*Action: Transaction Date: Cog:

Storage Location ?

001
002
003
004
005
008

Entry Directions

1. Selection Action and press Accept.
Cog is optional.

2. Select Storage Location and
press Submit.

PageId: oisinv003u st1

Figure 2-3.--OIS-R - AMAR Selection Process-Location Selection

- e. "Select All" for storage locations (See figure 2-3).
- f. Select "Submit" (See figure 2-3).

AMAR SELECTION ?

*Action: Transaction Date: Cog:

Storage Location ?

001
002
003
004
005
008

v1.00-018 x

1070 Records found.

Entry Directions

1. Selection Action and press Accept.
Cog is optional.
2. Select Storage Location and press Submit.

PageId: oisinv003u.st1

Figure 2-4.--OIS-R - AMAR Selection Process-Records Count

g. Select "OK" when total records are found (See figure 2-4).

AMAR SELECTION ?

*Action: Transaction Date: Cog:

Storage Location ?

001
002
003
004
005
008

RUN FILE

! Do you wish to run file?

Entry Directions

1. Selection Action and press Accept.
Cog is optional.

2. Select Storage Location and
press Submit.

PageId: oisrv003u s

Figure 2-5.--OIS-R - AMAR Selection Process-Run File

h. Select "Yes" when asked to run file (See figure 2-5).

AMAR SELECTION ?

*Action: Transaction Date: Cog:

Storage Location ?

001
002
003
004
005
008

In Progress

Please wait. AMAR Selection is in progress....

Entry Directions

1. Selection Action and press Accept.
Cog is optional.
2. Select Storage Location and press Submit.

PageId: oisinv003u st1

Figure 2-6.--OIS-R - AMAR Selection Process-Report Generation

- i. Wait while AMAR Selection report generates (See figure 2-6).

AMAR SELECTION [?]

AMAR Sample Selection
 AMAR Selection
 Determine Inventory Requirements
 Input Inventory Count
 Inventory Adjustment
 Inventory Completion
 Inventory Schedule
 Inventory Selection
 Inventory Verification

Storage Location: [?]

001
 002
 003
 004
 005
 008

Select All Deselect All

Entry Directions
 1. Selection Action and press Accept.
 Cog is optional.
 2. Select Storage Location and press Submit.

Submit Reset Close

PageId: oisimv003u.st1

Figure 2-7.--OIS-R - AMAR Sample Selection Process

- j. Select "Logistics Services" (See figure 2-7).
- k. Select "Asset Control" (See figure 2-7).
- l. Select "Inventory" (See figure 2-7).
- m. Select "AMAR Sample Selection" (See figure 2-7).

AMAR SAMPLE SELECTION		?
	<u>Num Line Items</u>	<u>Sample Size</u>
High Stratification:	436	
Moderate Stratification:	617	
Low Stratification:	17	

AMAR Selection Generated: 06/13/2007 @ 09:31 by RUIZGG

Entry Directions 1. Enter Sample Size and press Submit	Submit	Clear	Close
---	---------------	--------------	--------------

PageId: oisrw005u.stl

Figure 2-8.--OIS-R - AMAR Sample Selection Process-Stratification

n. Once the AMAR Sample Selection screen is displayed (See figure 2-8), use NAVMC 11849, the AMAR Sample Size Converter Worksheet (See figure 2-9) to determine the required samples. Storage activities can download NAVMC 11849 from the NFOL website.

o. Transfer the three stratification numbers (High, Moderate, Low) totals from the AMAR Sample Selection screen in OIS-R (See figure 2-8) to the NAVMC 11849 (See figure 2-9) in cells B4, B5, and B6 respectively.

p. The three levels of stratifications from the AMAR Sample Selection screen in OIS-R will be added together automatically, then using Table 1 from the NAVMC 11849 (See figure 2-10), select the weekly or biweekly sample program to find your sample size requirement. Use the next highest line item total if your total falls between two values. Transfer the resulting sample size from Table 1 to the NAVMC 11849 (See figure 2-9) in cell B8.

NAVMC 11849 (02-12) (EF)

Print Form

AMAR Sample Size Converter Worksheet								
Cells	A	B	C	D	E	F	G	H
1					Table 1			
2					Weekly		Biweekly	
3					Line Items	% of Total Line Items	Required Stratification Sample Size	Total Line Items
4	High Stratification:				100	9	100	16
5	Moderate Stratification:				200	18	200	31
6	Low Stratification:				400	27	400	47
7	Total Line Items:				600	36	600	63
8	Required Sample Size:				800	46	800	79
9	Actual Sample Size:				1000	55	1000	94
10	<div style="border: 1px solid black; padding: 5px; display: inline-block;">Only fill in these cells</div> <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-left: 20px;">Auto Populated cells</div> <div style="font-size: 48px; text-align: center; letter-spacing: 10px;">SAMI</div>				1200	64	1200	110
11					1400	73	1400	126
12					1600	82	1600	141
13					1800	91	1800	157
14					2000	100	2000	173
15					2200	109	2200	188
16					2400	119	2400	204
17					2600	128	2600	220
18					2800	137	2800	236
18					EXAMPLE:			
19	High Stratification:	436	41%	27	3000	146	3000	251
20	Moderate Stratification:	617	58%	37	3200	155	3200	267
21	Low Stratification:	17	2%	2	3400	164	3400	283
22	Total Line Items:	1070	100%		3600	173	3600	298
23	Required Sample Size:	64			3800	182	3800	314
24	Actual Sample Size:			66	4000	191	4000	330
25					4200	201	4200	346
26					4400	210	4400	361
27					4600	219	4600	377
28					4800	228	4800	393
29					5000	237	5000	408
30					5200	246	5200	424
31					5400	255	5400	440
32					5600	264	5600	455
33					5800	274	5800	471
Steps to Complete:								
<p>1. Transfer the number of line items from OIS-R AMAR Sample Selection Process by stratification into cells B4, B5, and B6 respectively.</p> <p>2. Look up the total line items (cell B7) under column E or G as the activity's chosen sampling plan dictates. Round to the next highest value and transfer the corresponding number in column F or H to cell B8. EXAMPLE: If your activity has 1070 total line items, under the activity's chosen sampling plan, you would round to the higher number, in this case 1200, and transfer either 64 or 110 into cell B8 as the sample size.</p> <p>3. The worksheet will calculate the required sample size automatically by stratification, transfer the values in D4, D5, and D6 respectively back to the OIS-R AMAR Sample Selection Process into the Sample Size column for the final sample selection.</p> <p>Note: The actual sample size may be greater than the required sample size. When the required sample sizes are determined, they are rounded to the higher number to ensure the minimum required sample size is achieved.</p>								

Reset Form

Adobe LiveCycle Designer ES2

Figure 2-9.--AMAR Sample Size Converter Worksheet

JUL 27 2012

Sampling Period	Total Line Items															
	100	200	400	600	800	1000	1200	1400	1600	1800	2000	2200	2400	2600	2800	
Weekly	9	18	27	36	46	55	64	73	82	91	100	109	119	128	137	
Biweekly	16	31	47	63	79	94	110	126	141	157	173	188	204	220	236	
	3000	3200	3400	3600	3800	4000	4200	4400	4600	4800	5000	5200	5400	5600	5800	
Weekly	146	155	164	173	182	191	201	210	219	228	237	246	255	264	274	
Biweekly	251	267	283	298	314	330	346	361	377	393	408	424	440	455	471	

Figure 2-10.--Sample Size Determination Table

AMAR SAMPLE SELECTION ?

	<u>Num Line Items</u>	<u>Sample Size</u>
High Stratification:	436	27
Moderate Stratification:	617	37
Low Stratification:	17	2

AMAR Selection Generated: 06/13/2007 @ 09:31 by RUIZGG

Entry Directions

1. Enter Sample Size and press Submit

PageId: oisinv005u.stl

Figure 2-11.--OIS-R - AMAR Selection Process-Sample Size

q. The NAVMC 11849 will calculate the required sample size for each stratification. Transfer the data in cells D4, D5, and D6 respectively back to the AMAR Sample Selection screen in OIS-R, placing them into the appropriate "Sample Size" block (see figure 2-11).

r. Once the required sample sizes have been entered, select "Submit".

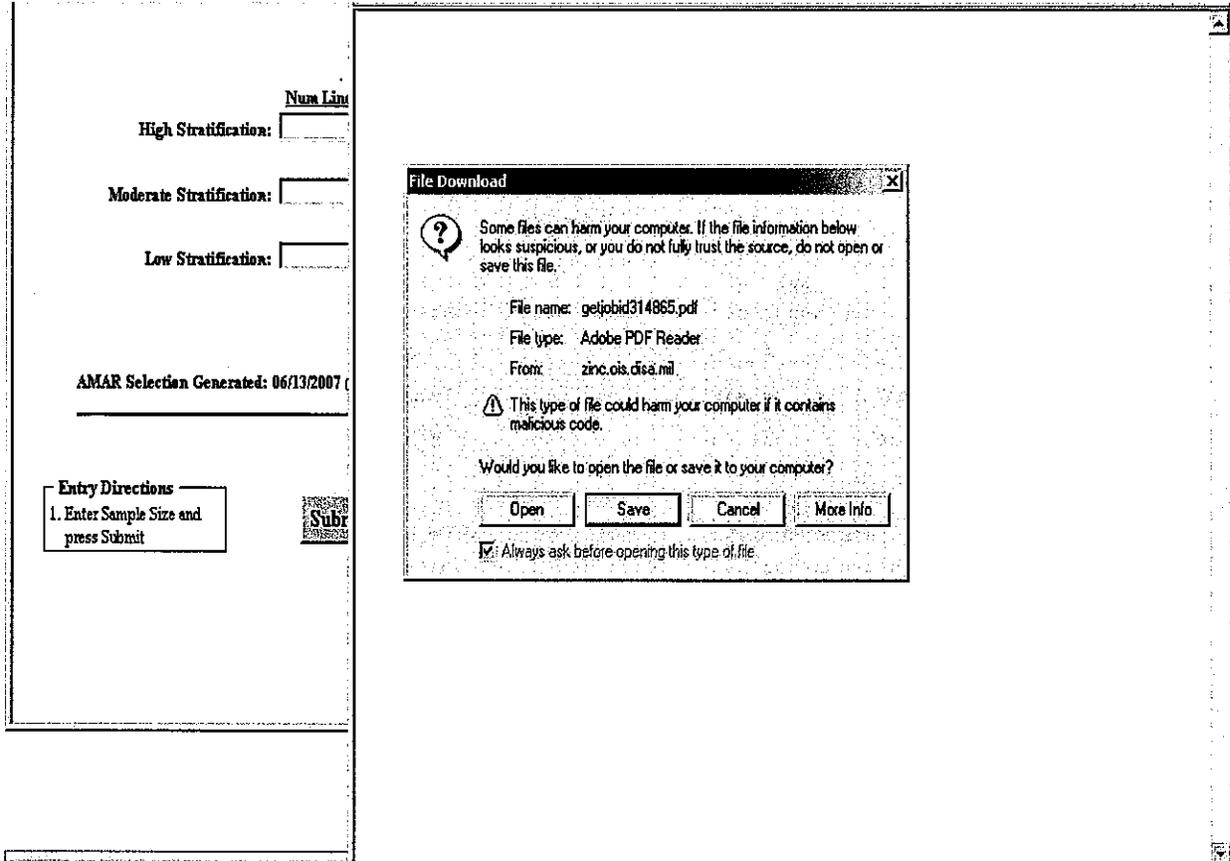


Figure 2-12.--OIS-R - AMAR Selection Process-Complete

s. Once the file is generated in a PDF format, save file (See figure 2-12).

MMQQ50/AMMO SUPPLY PT QUANTICO VA
 AMAR Asset Report By DODIC/NIIN
 Time 09:34:26
 High Stratification

Date 06/13/2007

Storage Location 011

ACC/

DODIC	NIIN	Cog	Own	Purp	C/C	CDC	M/E/N	Grid	OIS Total	Lot/Serial	Nomen	Count
M028	009281948	0T	3			A			1	GOI-142	DEMOLITION	_____
M981	010380444	0T	3			B ZAAAZZ			45	DUW87J001-002	CHARGE DEM	_____
CPO8	CPO000618	0T	3			A			18	DCI030603-1	DATA SHEET	_____

Storage Location 08B

ACC/

DODIC	NIIN	Cog	Own	Purp	C/C	CDC	M/E/N	Grid	OIS Total	Lot/Serial	Nomen	Count
M050	LL0001298	0T	3			A			62	NAX98G001-001	EXPLOSIVE	_____

Storage Location 08C

ACC/

DODIC	NIIN	Cog	Own	Purp	C/C	CDC	M/E/N	Grid	OIS Total	Lot/Serial	Nomen	Count
M0A8	FB1000408	0T	3			A			234	ENB03G003-001	DET ASSEMB	_____

Storage Location 12B

ACC/

DODIC	NIIN	Cog	Own	Purp	C/C	CDC	M/E/N	Grid	OIS Total	Lot/Serial	Nomen	Count
G881	001338244	0T	3			A			32	LS-83H005-004	GRENADE HA	_____
G581	001338244	0T	4			A A			1050	LS-83H005-004	GRENADE HA	_____
E0D2	E0D000002	0T	3			A			1	NONE-E0D2	CTG 37MM	_____

Storage Location 15A

ACC/

DODIC	NIIN	Cog	Own	Purp	C/C	CDC	M/E/N	Grid	OIS Total	Lot/Serial	Nomen	Count
M028	009281948	0T	4			A A			3	APW-2-80	DEMOLITION	_____

Page 1 of 3

Figure 2-13.--OIS-R - AMAR Asset Report

t. Review and print the AMAR Asset Report (See figure 2-13) in order to conduct the random sampling inventory.

u. After the report is generated, close out of OIS-R as required.

v. After printing the AMAR Asset Report, maintain a copy of the original unaltered report for Inventory Compliance Evaluation.

8. Conducting the Random Sample Inventory

a. Generate the AMAR Asset Report.

b. Locate the line item on the AMAR Asset Report in the designated storage location. If the line item cannot be located as designated on the AMAR Asset Report the item is marked as having a possible location error.

c. Once located, the line item identifying attributes are compared with the AMAR Asset Report. All errors noted in the line item identifying attributes are marked as possible material identification errors.

d. Compare the line item quantity to the AMAR Asset Report and mark discrepancies as a possible quantity error.

e. Reconcile the completed AMAR Asset report against the storage activity's Asset Record. For each error noted, indicate the cause of the error where possible on the NAVMC 11840, the Physical Inventory Data Collection Worksheet (Appendix B-1). Once completed, the NAVMC 11840 will be attached to the AMAR Asset report. Conduct causative research as necessary to resolve location, material identification errors, and quantity errors. Causative Research will be done in accordance with Chapter 5 of this Order.

f. The NAVMC 11840 (Appendix B-1) allows the activity to capture required data from the reconciliation of the AMAR Asset Report against the storage activity's Asset Record to update the PICP MRT on the MAKE website. The Physical Inventory Data Collection Worksheet may be downloaded and completed electronically via the NFOL website.

g. Once the AMAR reconciliation, causative research, and the NAVMC 11840 have been completed, attach all documentation to a NAVMC 11846, Certificate of Inventory Completion (Appendix C-1) and provide it to the storage activity's supervisor for validation. This certification of the random sample inventory provides the storage activity's supervisor an opportunity to review the results of the inventory. Complete the NAVMC 11846. The NAVMC 11846 may be downloaded and completed electronically via the NFOL website.

h. Enter the random sample inventory results from the NAVMC 11840 into the PICP MRT on the MAKE website to determine the inventory accuracy rating for the random sample inventory. Chapter 6 of this Order provides instructions on how to complete the PICP MRT process.

i. Update the Date of Last Inventory (DOLI) at the lot/serial level for each sampled line item using the Asset Maintenance function in OIS-R. This is a critical step for tracking which line items have received an inventory for the year and will be used to determine the end-of-year inventory requirement. Detailed instructions on updating the DOLI using OIS-R can be found in paragraph 12, below.

9. Semi-Annual Inventory. Per references (f) and (g), a semi-annual physical inventory is required on all Security Risk Category I and II non-nuclear missiles and rockets during the current fiscal year.

a. The semi-annual inventory is conducted by querying the storage activity's OIS-R database for all items that have a Controlled Inventory Item Code (CIIC) of "1, 2, 5, 6 or 8". Export and print the results.

b. The resulting line items will receive a semi-annual physical inventory at the times designated by the storage activity supervisor in the fiscal year inventory plan.

c. Reconcile the completed semi-annual inventory against the storage activity's Asset Record. For each error noted, indicate the cause of the error where possible on the Physical Inventory Data Collection Worksheet (Appendix B-1). Once completed, the worksheet will be attached to the semi-

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JUL 27 2012

annual inventory. Conduct causative research as necessary to resolve location, material identification errors, and quantity errors. Causative Research will be done in accordance with Chapter 5 of this Order.

d. Once the semi-annual inventory reconciliation, causative research and the NAVMC 11840, Physical Inventory Data Collection Worksheet have been completed, attach to a NAVMC 11846, Certificate of Inventory Completion (Appendix C-1) and provide it to the storage activity's supervisor for validation. This certification of the semi-annual inventory provides the storage activity's supervisor an opportunity to review the results of the inventory. Complete the NAVMC 11846. The NAVMC 11846 may be downloaded and completed electronically via the NFOL website.

e. Enter the semi-annual inventory results from the NAVMC 11840 (Appendix B-1) into the PICIP MRT on the MAKE website to determine the inventory accuracy rating for the random sample inventory. Chapter 6 of this Order provides instructions on how to complete the PICIP MRT process.

f. Update the DOLI at the lot/serial level for each inventoried line item using the Asset Maintenance function in OIS-R. This is a critical step for tracking which line items have received an inventory for the fiscal year and will be used to determine the end-of-year inventory requirement. Detailed instructions on updating the DOLI using OIS-R can be found in paragraph 12, below.

10. End-of-Year Inventory. The end-of-year inventory is used to close out the fiscal year inventory requirement for line items that have not been inventoried by either the random sampling inventory or the semi-annual inventory process.

a. The end-of-year inventory is conducted by querying the storage activity's OIS-R database for all items that do not have a type "B" DOLI previous to the beginning of the current fiscal year. Export the query and print the results.

b. The resulting line items not having a current type "B" DOLI will receive a physical inventory at this time.

c. Reconcile the completed end-of-year inventory against the storage activity's Asset Record. For each error noted, indicate the cause of the error where possible on the NAVMC 11840, Physical Inventory Data Collection Worksheet (Appendix B-1). Once completed, the worksheet will be attached to the end-of-year inventory. Conduct causative research as necessary to resolve location, material identification errors, and quantity errors. Causative Research will be done in accordance with Chapter 5 of this Order.

d. Once the end-of-year inventory reconciliation, causative research, and the NAVMC 11840 have been completed, attach to a NAVMC 11846, Certificate of Inventory Completion (Appendix C-1) and provide it to the storage activity's supervisor for validation. This certification of the end-of-year inventory provides the storage activity's supervisor an opportunity to review the results of the inventory. Complete the NAVMC 11846. The NAVMC 11846, may be downloaded and completed electronically via the NFOL website.

e. Enter the end-of-year inventory results from the NAVMC 11840, (Appendix B-1) into the PICP MRT on the MAKE website to determine the inventory accuracy rating for the random sample inventory. Chapter 6 of this Order provides instructions on how to complete the PICP MRT process.

f. Update the DOLI at the lot/serial level for each inventoried line item using the Asset Maintenance function in OIS-R. This is a critical step for tracking which line items have received an inventory for the year. Detailed instructions on updating the DOLI using OIS-R can be found in paragraph 12, below.

11. Fiscal Year Inventory Completion. The fiscal year inventory is certified using the Certificate of Fiscal Year Inventory Completion (Appendix C-3).

a. The NAVMC 11848, Certificate of Fiscal Year Inventory Completion is completed once the following actions are confirmed for the current fiscal year:

- (1) Location surveys completed for all storage locations.
- (2) All random sample inventories have been completed.
- (3) Semi-annual inventory on Security Risk Category I and II non-nuclear missiles and rockets has been completed.
- (4) The end-of-year inventory has been completed.
- (5) All causative research and pre-adjustment have been completed on all inventory adjustments.
- (6) All Missing, Lost, Stolen or Recovered (MLSR) reporting actions completed.

b. The NAVMC 11848, Certificate of Fiscal Year Inventory Completion, is a checklist for the storage activity supervisor to ensure that the storage activity is in compliance with the references. The NAVMC 11848 may be downloaded and completed electronically via the NFOL website.

c. Adjusted value is the monetary difference between all gains and all losses for the fiscal year.

12. Updating the Date of Last Inventory (DOLI)

- a. Select "Applications" from the OIS-R Main Menu.
- b. Select "Asset Maintenance".
- c. Select "Asset Maintenance Process".
- d. Enter the DODIC, NIIN/Cog, Lot Number and Serial Number data of the line item. Select "Accept".

JUL 27 2012

e. The specific Lot Number may be entered. Leaving the Lot Number blank will cause OIS-R to list all the Lot Numbers for the NIIN/Cog combination. Select and update each lot separately. Do not select multiple lots, this will cause all assets of those lots selected to be unreserved in OIS-R. All assets will then have to be placed back into reservation and all documentation must be printed again.

f. Enter Serial Number (if applicable). For serialized items, when working with a single serial number, simply enter that serial number in the first serial number block. If working with multiple serial numbers there are two options:

(1) Leave the serial number blocks blank. If the serial numbers are left blank, the next screen will list all the serial numbers for that DODIC/NIIN/Cog and lot number combination.

(2) Serial Number Range. Enter the beginning and ending serial numbers in the range of serial numbers being worked with. If a beginning and ending serial number is entered, the next screen will list all serial numbers for that lot number that fall into that range of serial numbers. For example, entering the beginning serial number 100001 and ending serial number 100600 will list all serial numbers that fall in between 100001 and 100600.

g. Highlight all Lot Numbers and Serial Numbers you need to update.

h. Select "Mark." This will cause an exclamation point (!) to appear in the 'Sel' column of the highlighted items. Then select "Accept."

i. Enter the new date in the "DOLI" block, "B" in the "Type Inv" block, and the quantity in the "Qty OH" block. The quantity entered should match the quantity on-hand. Then select "Accept Change."

j. After selecting "Accept," an Information Message dialog box will appear informing you of the document number generated by OIS-R for this transaction. Select "OK."

k. Select "Apply."

l. Select "Close."

13. Corrective Action. Corrective action is the research required to determine the cause of the error and then, completion of the appropriate action to update the storage activity's Asset Record to correct the error noted during the conduct of the PICP. Corrective action can consist of reversing inaccurate transactions and processing them correctly. If the noted errors involve incorrect completion of the source document, those changes can be made immediately. When discovering ammunition that does not match the information on the source document, the transaction will have to be reversed out of the Asset Record and prepared correctly. Corrections may involve updating the storage activity's Asset Record to reflect the current status of the line item, an example is condition code. Performing corrective action does not remove the notation of the original error in the process and will be reflected on the appropriate NAVMC 11840 series Data Collection Worksheets.

JUL 27 2012

Chapter 3

Location Survey

1. Location Survey. The purpose of the location survey is to conduct the physical verification of all storage locations. The storage activity will verify that the physical assets in all storage locations, other than actual quantity, are recorded on the storage activity's Asset Record with the correct identifying attributes and the container markings are in accordance with reference (h).

2. Location Survey Requirement. The fiscal year requirement will be satisfied through quarterly location surveys. The number of storage locations to be surveyed will be divided throughout each quarter of the fiscal year. Location surveys will be performed on storage locations involved in re-warehousing operations after they have been completed. For re-warehousing operations, the Before Balance On-hand (BBOH) and the After Balance On-hand (ABOH) annotated on the Materiel Work Order (MWO) will suffice for this requirement.

a. Storage Locations. Storage locations are defined as magazines, hard stands, and ready service lockers in their entirety, to include individual magazine grids if in use. A Location Survey will be conducted on all empty storage locations identified on the storage activity's Asset Record.

b. Line Item Locations. A line item location is defined as the individual line item's location within a storage location. Each serialized item is considered a line item location; e.g., one lot or serial number within a storage location is defined as a line item location.

c. Location Survey Percentage. The location survey percentage will consist of the number of line items without error divided by the total line items surveyed multiplied by 100 percent; e.g., 98 correct/100 surveyed x 100 = 98 percent.

d. Scheduling. The storage activity's supervisor will establish the schedule appropriate to local workload and personnel availability in accordance with the storage activity's fiscal year inventory plan.

3. Location Survey Process. Location Surveys are reconciled from the storage location to the Asset Record. This is in order to discover any potential assets in the storage area that are not on the storage activity's Asset Record. The below steps will be done to complete the Location Survey process:

a. The survey begins by recording the identifying attributes listed in Chapter 2 of this Order for the physical assets found in the storage location by line item. This will be accomplished on the NAVMC 11845, Location Survey Worksheet (Appendix B-6). The NAVMC 11845 may be downloaded and completed electronically via the NFOL website.

b. During the conduct of the Location Survey, the Ammunition Magazine Data Card (NAVMC 10765A) associated with the line item in the storage location being surveyed, will be reviewed for completeness and accuracy against the physical identifying attributes of the line item in the storage location. Validating the quantity is not a requirement during this process.

JUL 27 2012

c. The recorded identifying attributes of the line item and the storage location the line item is found in are then compared to the storage activity's Asset Record to ensure information is properly recorded on the Asset Record for that storage location.

d. All errors will be identified on the NAVMC 11841, Location Survey Process Data Collection Worksheet (Appendix B-2). The NAVMC 11841 may be downloaded and completed electronically via the NFOL website.

e. All completed NAVMC 11841, Location Survey Process Data Collection Worksheets will be reported into the PICP MRT on the MAKE website to determine the storage activity's inventory accuracy rating for the Location Surveys conducted. Chapter 6 of this Order provides instructions on how to complete the PICP MRT process.

f. The NAVMC 11845 and Asset Record printouts used to verify the location survey will be maintained on file with the NAVMC 11841 for a period as directed in reference (a). The file will be maintained in fiscal year and location sequence.

4. Location Survey Errors. The following physical line item identifying attribute errors that do not match what is maintained on the storage activity's Asset Record will be identified on the Location Survey Process Data Collection Worksheet (Appendix B-2).

a. Physical Location. The item is not physically located in the designated storage location as identified on the Asset Record.

b. Asset Record Location. The item is not on the Asset Record, but is present in a storage location.

c. DODIC. Physical material or container marking does not match Asset Record or is missing from container.

d. NSN/NIIN. Physical material or container marking does not match Asset Record or is missing from container.

e. Lot Number. Physical material or container marking does not match Asset Record or is missing from container.

f. Serial Number. Physical material or container marking does not match Asset Record or is missing from container.

g. Condition Code. Condition of physical material does not match the Asset Record.

h. Ammunition Magazine Data Card. The information found on the header field of the NAVMC 10765A does not match the physical identifying attributes of the line item or is missing required information.

5. Location Survey Error Causes. Each identified error will have an error cause determined. The total errors should match the total error causes. The following categories or error causes will be used:

a. System Error. A system error results when the storage activity's Asset Record system has created an error that cannot be explained. This does not include user errors.

b. Document Not Posted. Document outside authorized processing time has not been posted to the storage activity's Asset Record.

c. Source Document Error. Incorrect information on the source document resulting in an erroneous entry in the storage activity's Asset Record.

d. Data Entry Error. A data entry error results when the information posted to the storage activity's Asset Record does not correspond to the source documentation.

e. Physical Storage Location Error. Physical storage location errors can occur when an item listed on the storage activity's Asset Record is located in the wrong storage location or missing, but the discrepancy is not attributable to data entry error or unprocessed documentation.

f. Incorrect/Missing Factory Marking. Incorrect physical marking errors from production not marked in accordance with reference (h), such as DODIC, NSN, Lot number, Serial number, and C/C. The error is caused when the information is incorrect, illegible, or missing from the physical assets or containers in the storage location.

g. Incorrect/Missing Local Marking. Incorrect physical marking errors applied at the local activity due to non-standard packaging, such as DODIC, NSN, Lot number, Serial number, and C/C. The error is caused when the information is incorrect, illegible, or missing from the physical assets or containers in the storage location.

h. Materiel Work Order/Location Change. Error caused by physical movement of materiel or incomplete Materiel Work Order processing.

i. Inaccurate/Incomplete Ammunition Magazine Data Card. The NAVMC 10765A is missing required information or was not properly completed by ASP personnel.

j. Other. Error cause does not meet category criteria provided above. If this error cause is utilized, justification must be forwarded by email to PM Ammo at alft@usmc.mil for inclusion into the NAVMC 11841.

6. Corrective Action. Corrective action is the research required to determine the cause of the error and then, completion of the appropriate action to update the storage activity's Asset Record to correct the error noted during the conduct of the PICP. Corrective action can consist of reversing inaccurate transactions and processing them correctly. If the noted errors involve incorrect completion of the source document, those changes can be made immediately. When discovering ammunition that does not match the information on the source document, the transaction will have to be reversed out of the Asset Record and prepared correctly. Corrections may involve updating the storage activity's Asset Record to reflect the current status of the line item, an example is condition code. Performing corrective action does not remove the notation of the original error in the process and will be reflected on the appropriate NAVMC 11840 series Data Collection Worksheets.

Chapter 4

Quality Control

1. Quality Control. The purpose of quality control is to assist supervisors in discovering those human, procedural or system errors that adversely affect inventory accuracy. The PICP accomplishes this through process reviews and inventories. All quality control programs will ensure that the following process reviews are included and documented in a Quality Control Plan:

a. Warehousing/Storage Process. This includes checks of storage practices, material identifying attributes in storage, quantity accuracy, materiel work orders, and re-warehousing projects.

b. Automated Data Entry Process. This includes the verification of the daily receipt, issue, inventory and adjustment transaction source documentation (to include Notices of Ammunition Reclassifications (NARs)) against data entered into the storage activity's Asset Record.

c. Issue Process. The issue process consists of a validation of the stored material prepared for issue/shipment by a disinterested individual. This includes documentation accuracy, accuracy of stock selection, physical material identifying attributes, quantity accuracy, processing timeliness, packaging, and marking accuracy of outgoing issues/shipments.

d. Receipt Process. The receipt process consists of a validation of receipted material prepared for return to a storage location by a disinterested individual. This includes documentation accuracy, physical material identifying attributes, quantity accuracy, and processing timeliness.

e. Inventory Management Process. This includes random sample, semi-annual and end-of-year inventories, location surveys, research process, the MIRR process, PICP management, and adjustments to the storage activity's Asset Record.

2. Process Reviews. Inventory accuracy is affected by the entire system of controls that are in place to regulate the receipt, issue, and management of physical assets. Quality control for the PICP will examine the processes for receipts, issues, automated data entry, warehousing/storage, and inventory management in order to determine the level of accuracy at which they function. This is in order to find those processes that are deficient and erode the accuracy of the storage activity's inventory. Process reviews will be done at least once annually by the storage activity to determine if improvements can be accomplished to improve the overall accuracy of the inventory. It is recommended that the process reviews be conducted quarterly by the subject matter experts located at the storage activity.

3. Process Review Accuracy. Processes should function at a minimum of 95 percent accuracy. Accuracy is determined by the following formula.

$$(\text{Total Correct}/\text{Sample Size}) \times 100 = \text{Accuracy Percent}$$

$$\text{Example: } (78/80) \times 100 = .975 \times 100 = 97.5\%$$

4. Automated Data Entry Process

a. This review consists of a verification of the physical source documentation against the DTR generated in OIS-R. The purpose of this process review is to verify all transactions are entered completely and accurately on the storage activity's Asset Record by comparing each transaction's physical source document to the DTR.

b. The sample size is 100 percent of all transactions entered into the storage activity's Asset Record. The entire population of data entered is reviewed for accuracy. The frequency of review is recorded daily utilizing NAVMC 11842, Automated Data Entry Process Data Collection Worksheet (Appendix B-3). All errors will be identified on the Automated Data Entry Process Data Collection Worksheet. NAVMC 11842 may be downloaded and completed electronically via the NFOL website.

c. All completed NAVMC 11842 will be reported on a weekly basis into the PICP MRT on the MAKE website to determine the accuracy rating for the storage activity's Automated Data Entry Process. Chapter 6 of this Order provides instructions on how to complete the PICP MRT process.

5. Automated Data Entry Process Errors. The following identifying attributes from the source documentation must match the activities DTR generated from OIS-R. All errors will be identified on the NAVMC 11842, (Appendix B-3).

- a. Condition Code.
- b. Document Identifier.
- c. Document Number.
- d. Location.
- e. Lot Number.
- f. DODIC.
- g. NSN/NIIN.
- h. Quantity.
- i. Serial Number.
- j. Activity Account Code/Purpose Code.
- k. Document not posted on the DTR.
- l. Notice of Ammunition Reclassification (NAR) not posted on DTR.
- m. Document is posted multiple times.
- n. Transaction with no supporting documentation.
- o. Ammunition Defect Code.
- p. Cognizance Code.

- q. Signatures.
- r. Unit Identification Code (UIC) To/From.
- s. Dates.
- t. Issue Reservation.

6. Automated Data Entry Process Error Causes. Each identified error will have an error cause determined. The total errors should match the total error causes. The following categories or error causes will be used:

a. System Error. A system error results when the storage activity's Asset Record system has created an error that cannot be explained. This does not include user errors.

b. Data Entry Error. A data entry error results when the information posted to the storage activity's Asset Record does not correspond to the source documentation.

c. Erroneous Reversal Posted. An unjustified transaction was reversed from the storage activity's Asset Record.

d. Source Document Error. Incorrect information on the source document resulting in an erroneous entry in the storage activity's Asset Record.

e. Source Document Posting Error. A document posting error occurs when the existing source document or NAR has not been posted to the storage activity's Asset Record and is found during the DTR reconciliation process.

f. Document Incomplete. Document not processed in storage activity's Asset Record due to missing required data.

g. Other. Error cause does not meet category criteria provided above. If this error cause is utilized, justification must be forwarded by email to PM Ammo at alft@usmc.mil for inclusion into the NAVMC 11842.

7. Issue Process

a. This review consists of a verification of the issue documentation against the physical material being issued to a supported unit or being prepared for shipment to another storage activity by a disinterested individual. The purpose of this process review is to verify accurate material selection, quantity, packaging and marking for shipments leaving the storage activity.

b. The total sample size is variable and determined by the storage activity supervisor, with a minimum requirement of 25 percent of the population. The population is all issue transactions. The frequency of review is daily, utilizing NAVMC 11843, Issues Process Data Collection Worksheet (Appendix B-4). All errors will be identified on the NAVMC 11843. The NAVMC 11843 may be downloaded and completed electronically via the NFOL website.

c. All completed NAVMC 11843 will be reported on a weekly basis into the PICP MRT on the MAKE website to determine the accuracy rating for the storage activity's Issue Process. Chapter 6 of this Order provides instructions on how to complete the PICP MRT process.

8. Issue Process Errors. The following errors will be identified on the NAVMC 11843, Issue Process Data Collection Worksheet (Appendix B-4).

a. NSN/NIIN. The NSN or NIIN on the documentation does not match the NSN or NIIN actual item being issued.

b. Condition Code. The C/C of the item is not correct with respect to the condition of the ammunition or NAR and annotated on the documentation.

c. Lot Number. The lot number of the ammunition is not present and/or legible on the documentation and material packaging.

d. Serial Number. The serial number on serialized items is not present and/or legible on the documentation and material packaging.

e. Quantity. The document quantity does not reflect the actual physical quantity.

f. Document Number. The document number is not correct as annotated on the original source documentation.

g. Signature. The appropriate signatures are not on the shipping documentation.

9. Issue Process Error Causes. Each identified error will have an error cause determined. The total errors should match the total error causes. The following categories of error causes will be used:

a. Misidentified Material. The physical material was not identified correctly when prepared for shipment or is the wrong physical material all together selected from storage.

b. Erroneous Count. The physical quantity is not in accordance with the source documentation.

c. Document Incomplete. If any of the following document attributes are missing on the shipping documentation: NSN/NIIN, Condition Code, Lot Number, Serial Number, Quantity, Document Number, or Signatures.

d. Other. Error cause does not meet category criteria provided above. If this error cause is utilized, justification must be forwarded by email to PM Ammo at alft@usmc.mil for inclusion into the NAVMC 11843.

10. Receipt Process

a. This review consists of a verification of the receipt documentation against the physical material being received from a supported unit or another storage activity by a disinterested individual. The purpose of this process review is to verify accurate accounting and material identifying attributes for shipments being received at the storage activity.

b. The total sample size is variable and determined by the storage activity supervisor, with a minimum requirement of 25 percent of the population. The population is all receipt transactions. The frequency of review is daily utilizing NAVMC 11844, Receipts Process Data Collection Worksheet (Appendix B-5). All errors will be identified on the NAVMC 11844. The NAVMC 11844 may be downloaded and completed electronically via the NFOL website.

c. All completed Receipts Process Data Collection Worksheets will be reported on a weekly basis into the PICP MRT on the MAKE website to determine the accuracy rating for the storage activity's Receipt process. Chapter 6 of this Order provides instructions on how to complete the PICP MRT process.

11. Receipt Process Errors. The following errors will be identified on the NAVMC 11844, Receipt Process Data Collection Worksheet (Appendix B-5).

a. NSN/NIIN. The NSN or NIIN on the documentation does not match the NSN or NIIN actual item being received.

b. Condition Code. The C/C of the item is not correct with respect to the condition of the ammunition or NAR and annotated on the documentation.

c. Lot Number. The lot number of the ammunition is not present and/or legible on the documentation and material packaging.

d. Serial Number. The serial number on serialized items is not present and/or legible on the documentation and material packaging.

e. Quantity. The document quantity does not reflect the actual physical quantity.

f. Document Number. The document number is not correct as annotated on the original source documentation.

g. Signature. The appropriate signatures are not on the shipping documentation.

12. Receipt Process Error Causes. Each identified error will have an error cause determined. The total errors should match the total error causes. The following categories of error causes will be used:

a. Misidentified Material. The physical material was not identified correctly when received from a supported unit or received from another storage activity shipment; or is the wrong physical material altogether.

b. Erroneous Count. The physical quantity is not in accordance with the source documentation.

c. Document Incomplete. If any of the following document attributes are missing on the shipping documentation: NSN/NIIN, Condition Code, Lot Number, Serial Number, Quantity, Document Number or Signature.

d. Other. Error cause does not meet category criteria provided above. If this error cause is utilized, justification must be forwarded by email to PM Ammo at alft@usmc.mil for inclusion into the NAVMC 11844.

13. Corrective Action. Corrective action is the research required to determine the cause of the error and then, completion of the appropriate action to update the storage activity's Asset Record to correct the error noted during the conduct of the PICP. Corrective action can consist of reversing inaccurate transactions and processing them correctly. If the noted errors involve incorrect completion of the source document, those changes can be made immediately. When discovering ammunition that does not match the information on the source document, the transaction will have to be reversed out of the Asset Record and prepared correctly. Corrections may involve updating the storage activity's Asset Record to reflect the current status of the line item, an example is condition code. Performing corrective action does not remove the notation of the original error in the process and will be reflected on the appropriate NAVMC 11840 series Data Collection Worksheets.

Chapter 5

Research Process

1. Research. This chapter discusses the processes associated with research actions and inventory adjustments which allow the storage activity supervisor to determine types of errors and actions to reduce future occurrences. This may include process changes or additional training for personnel.

2. Storage Activity Record Keeping. Per reference (c), storage activities shall maintain Asset Records for all material on hand regardless of the ownership code and cognizance code. Storage activities shall maintain Daily Transaction Reports and source documentation to support the storage activity's Asset Records. Maintenance of these records shall provide the capability to detect theft or diversion of material and improve the ability to determine the cause of inventory variances for corrective action. Records disposition will be maintained in accordance with references (a) and (e).

3. Corrective Action. Corrective action is the research required to determine the cause of the error and then, completion of the appropriate action to update the storage activity's Asset Record to correct the error noted during the conduct of the PICP. Corrective action can consist of reversing inaccurate transactions and processing them correctly. If the noted errors involve incorrect completion of the source document, those changes can be made immediately. When discovering ammunition that does not match the information on the source document, the transaction will have to be reversed out of the Asset Record and prepared correctly. Corrections may involve updating the storage activity's Asset Record to reflect the current status of the line item, an example is condition code. Performing corrective action does not remove the notation of the original error in the process and will be reflected on the appropriate NAVMC 11840 series Data Collection Worksheets.

4. Postcount Validation. Postcount validation is a comparison of the physical count with potential recorded balances or another count with consideration of transactions that have occurred recently. The purpose of postcount validation is to determine the validity of the count. Postcount research ends when the accuracy of the count has been verified or when any necessary recounts have been taken. In no case will actual inventory adjustments be processed against items without required preadjustment research having been performed.

5. Pre-Adjustment Research. Pre-adjustment research is a review of potential discrepancies which involves the consideration of recent transactions and verification of catalog/technical data. The purpose of pre-adjustment research is to determine the correct balance. Pre-adjustment research ends when the balance has been verified or the adjustment quantity determined.

6. Causative Research. The purpose of causative research is to identify, analyze, and evaluate the cause of inventory discrepancies with the aim of eliminating repetitive errors.

a. This research identifies administrative errors made, which may preclude the need to investigate and/or process an inventory gain or loss transaction to the storage activity's Asset Record. More importantly,

causative research helps to identify procedural deficiencies which can then be corrected to prevent waste or theft, and to improve supply support. Causative research also helps determine which type of inventory adjustment (gain/loss) transaction is required to update the storage activity's Asset Record.

b. Causative research benefits must be weighed against the time required to perform the research. Timely adjustment of the storage activity's Asset Record is necessary to dispose of excesses and replenish deficiencies. Consequently, inventory adjustment transactions to the storage activity's Asset Record may be processed prior to the conclusion of causative research and completion of the required inventory adjustment voucher package per reference (e).

c. It is always possible to adjust the storage activity's Asset Record by means of an inventory adjustment transaction; however, this method will not be used until the required research into the cause of the variance has been conducted.

d. An investigation of discrepancies (e.g., inventory gains and losses) consisting of (as a minimum) a complete review of all transactions is required. This review will include supporting documentation, catalog change actions, shipment discrepancies, and unposted or rejected documentation occurring since the last complete inventory, the last location reconciliation which included quantity, or back one year, whichever is sooner.

e. Causative research ends when the cause of the discrepancy has been discovered or when, after review of the transaction(s), no conclusive findings are possible.

7. Timeliness of Research. Timely research completion of potential inventory adjustment vouchers is essential. Delays in research only increase the complexities of adequate research and reduce the probability of conclusive findings.

a. Pre-adjustment research must be completed within two calendar days from the initiation of scheduled or unscheduled inventories. This is in line with MLSR reporting requirements contained in reference (g).

b. Causative research must be completed within 30 calendar days from the date the inventory adjustment transaction was processed in the storage activity's Asset Record.

8. Inventory Adjustments. If it is deemed necessary to adjust the storage activity's Asset Record, an inventory voucher will be prepared using the DOD Single Line Item Requisition System Document (DD Form 1348) or the NAVMC 11847, Certificate of Research Completion (Appendix C-2). The inventory adjustment transaction will be processed in the storage activity's Asset Record within five working days. One of the following inventory adjustment transactions will be processed by the storage activity updating their Asset Record:

a. An inventory gain/loss adjustment (D8A/D9A) will be used to increase or decrease ammunition on the Asset Record, which previously was physically unaccounted for during a physical inventory. Each inventory adjustment increase/decrease will contain an explanatory note and will be approved by the Commanding Officer (CO) or designated representative.

JUL 27 2012

b. An administrative gain/loss adjustment (D8B/D9B) will be used to record gains/losses on the Asset Record resulting from clerical or mechanical accounting errors, which are not subject to correction by reversal of the original transaction. The administrative gain/loss adjustment must contain a complete explanation and is approved by the CO or designated representative thereof.

c. A miscellaneous gain/loss adjustment (D8Z/D9Z) will be used to record gains/losses on the Asset Record not as a result of conducting a physical inventory. The miscellaneous gain/loss adjustment must contain a complete explanation and is approved by the CO or designated representative.

9. Vouchering

a. Approval by the base/battalion CO or the CO's designated representative, with certain exceptions, is required on all inventory adjustment vouchers. Exceptions in which the CO's designated representative cannot approve an inventory adjustment voucher are as follows:

(1) All inventory adjustments involving line items with a CIIC of "1, 2, 5, 6 or 8.

(2) All inventory adjustments with a dollar value over \$2500.00.

b. If the CO appoints a designated representative, the appointment will be in writing. The designee will be an individual in the operational chain of command between the CO and the individual responsible for the management of the storage activity. The appointment letter will specify any inventory adjustment voucher limitations not to exceed authorizations established above.

c. The inventory adjustment voucher file will contain all inventory adjustment documents, reports of investigations, and the MLSR documentation per reference (g). The file will be maintained in document number or document number within DODIC sequence.

d. The inventory adjustment voucher file will be retained in accordance with references (a), (c) and (e).

10. Investigations

a. In accordance with reference (g), a thorough investigation will be conducted in all matters involving missing, lost, stolen or recovered A&E to determine the circumstances and to correct responsibilities as appropriate. Inventory and accountability losses must be investigated thoroughly. Before any loss can be attributed to an inventory or accountability discrepancy, it must be determined through investigation that the loss was not the result of theft or misappropriation. Under no circumstances will investigative reports for A&E identify "inventory" or "accounting" error as a probable cause for missing A&E until a NCIS or command investigation so indicates.

b. Investigations will be conducted per the Manual of the Judge Advocate General (JAG Manual), Chapter II, and reference (e).

11. Certificate of Research Completion. The purpose of NAVMC 11847, Certificate of Research Completion (Appendix C-2), is to provide a single reference certificate identifying each case where research was required to resolve a quantity error against the storage activity's Asset Record in the physical inventory process and to capture the subsequent results. The NAVMC 11847 serves as the voucher transaction approval record and will be completed for all inventory adjustment actions identified on the OIS-R inventory adjustment retrieval. The NAVMC 11847 may be downloaded and completed electronically via the NFOL website.

12. Processing the Certificate of Research Completion. The NAVMC 11847 is initiated when a quantity error has been identified against the storage activity's Asset Record. At this point, the error is only a suspected inventory adjustment to the storage activity's Asset Record. Research will determine the true nature of the error. If after all research is completed, and there is no inventory adjustment required, the NAVMC 11847 may be discarded.

a. Activity Details and Identifying Attributes. The top section of the certificate consists of the identifying attributes of the line item in question and the activity details. The Document Number is a locally managed numerical sequence by activity DODAAC, Julian date, and serial number from 1 to 9999 indicating the number of research actions conducted at the activity resulting in a voucher being conducted (example: MMHQ5012930001).

b. Research Action Taken. The middle section of the certificate contains a series of check blocks indicating what causative research actions occurred in the attempt to resolve the discrepancy. Not all blocks need to be checked for each research action. For example, a transaction history retrieval might indicate a double posting of a document that resolves the inquiry prior to other actions being conducted.

c. Narrative and Certification Action. The bottom section of the certificate contains the narrative circumstances and findings of the causative research including the resolution of the error and what type of inventory adjustment is required to be processed in the storage activity's Asset Record. The person conducting the research will print their name and sign the certificate, certifying that all the research has been completed. Included are printed name and signature blocks for the CO or designated representative, to approve the inventory voucher and for the storage activity's supervisor to verify that the inventory adjustment transaction has been processed in the storage activity's Asset Record, should an inventory adjustment be required.

13. Completion of Research Actions. Once the pre-adjustment research, causative research, the NAVMC 11847, and the storage activity's Asset Record adjustments have been completed; all inventory count sheets, master asset sheets, logbooks, DD 1348-1A's, AMAR asset reports, appropriate NAVMC 11840 series Data Collection Worksheets, the NAVMC 11847, and any other documents used in the causative research will be filed and maintained in an inventory adjustment voucher file for a period of two years after the inventory adjustment transaction was processed against the storage activity's Asset Record. If a command investigation was conducted during the causative research, then the investigation will be retained for 5 years from the date of the CO's final endorsement.

Chapter 6

Physical Inventory Control Program Management

1. Physical Inventory Control Program (PICP) Management. The purpose of PICP management is to monitor and analyze the results of the PICP. Results of the analysis can be used by activity supervisors for process improvement, new process development, or targeted training.
2. Quality Assurance Team (QAT). The QAT duties will be described by the storage activity supervisor and should be included in the storage activity's Standard Operating Procedures. When assigning personnel to the QAT, the supervisor must ensure they are independent of the process areas in which they conduct their reviews. All recommendations will be made to the storage activity supervisor. The following are considered essential parts of the QAT mission:
 - a. Monitor Participation. The QAT is responsible for validating the various NAVMC 11840 series data collection worksheets and certificates used for the PICP and ensuring the information is entered into the PICP MRT located on the MAKE website.
 - b. Process Reviews. Conduct reviews of in-place procedures to ensure the processes discussed in this Order are being conducted correctly.
 - c. Process Improvement Recommendations. These recommendations are often the result of process reviews. The QAT examines noted errors and discrepancies to make recommendations on process improvements or areas that require more detailed training.
 - d. Training Evaluation. Conduct reviews of the storage activity's training program and make recommendations for improvement.
 - e. Quality Control. Conduct process reviews of the issues, receipts, and automated data entry in accordance with Chapter 4 of this Order.
 - f. Causative Research. Ensure causative research is completed in accordance with Chapter 5 of this Order.
3. Data Collection Worksheets. Samples of the NAVMC 11840 series data collection worksheets and certificates used by the PICP can be found in Appendixes B through D and can be downloaded and completed electronically via the NFOL website.
 - a. Information Collection. When completed, the data collection worksheets contain all the information required to update the storage activity's PICP MRT profile. These worksheets can also be used during the storage activity's process reviews and inspections.

b. Worksheet Format. The worksheets are arranged in seven day increments. The week should begin with Monday and run through Sunday. It is understood that under normal conditions only five days on the worksheet will contain data and the last two days will not have values entered. Each vertical column represents a single day's activity in conducting the process review. If using the Electronic Form of the NAVMC 11840 series from NFOL, those fields requiring manual data entry have a blue background. The remaining fields requiring calculations are automated and locked for convenience.

4. Completing Data Collection Worksheets. This example will use the NAVMC 11842, Automated Data Entry Process Data Collection Worksheet. All data collection worksheets follow a similar procedure:

a. Begin at the top of the first day's column and enter the Julian date for that day.

b. Enter the number of transactions for the day. Generally, all source documentation processed during the day is set aside for review at the end of the day when the DTR is generated in OIS-R. This source documentation includes but is not limited to issues, receipts, NARs, and inventory vouchers. Source documentation is any document that provides the authority to adjust the storage activity's Asset Record.

c. Each source document is then compared to the DTR to ensure accurate data entry and completion of the transaction. Annotations are made for each error noted on the data collection worksheet by category listed. This can be as simple as a tick mark for each noted error in the block provided or if using the Excel versions by keeping a running tally of the whole number in the cell.

d. Error causes are marked in the blocks provided. The total errors identified should match the total error causes.

e. Take corrective action on identified errors.

f. File all information relating to this process in accordance with the references.

g. Report findings on a weekly basis utilizing the PICP MRT on the MAKE website.

5. PICP Management Reporting Tool (MRT). The purpose of the PICP MRT is to assist the storage activities in tracking trends and capturing statistics to aid in process improvements. In addition, it provides PM Ammo with a method for determining the level of inventory accuracy and trend analysis for Marine Corps supporting storage activities.

a. MAKE Access. A MAKE account and PICP MRT access approval are required to perform PICP entry functions in the PICP MRT. Access may be requested by visiting the PM Ammo website at:
<http://www.marcorsyscom.usmc.mil/am/ammunition>

b. Activity Manager. Each activity that performs the functions of the PICP and reports using the PICP MRT will have two or more activity managers assigned. The activity managers will be responsible for reporting all PICP data into the PICP MRT on the MAKE website. Activity managers must request access to the PICP MRT, as stated in paragraph 5a above.

c. PICP MRT Data. The PICP MRT will provide a user interface via a web browser for activity managers to manage data relating to execution of the PICP. The data will be maintained for historical purposes and used to generate reports for individual storage activities and all Marine Corps storage activities by the ICP.

JUL 27 2012

Chapter 7

Monthly Inventory Review Report

1. Monthly Inventory Review Report (MIRR). The purpose of the MIRR is to evaluate the storage activity's reported inventory data against known configurations of A&E line items and condition codes. The goal is to identify and correct potential discrepancies in identification and C/C classification in order to improve the inventory accuracy and safety of the Class V(W) stockpile.
2. Monthly Inventory Review Report Activities. All storage activities performing the PICP are required to perform the functions of the MIRR. In addition, the MIRR is distributed to activities that store Marine Corps Class V(W) ammunition, including Single Manager for Conventional Ammunition Depots, Naval ships, and other storage facilities.
3. Monthly Inventory Review Report Process. Monthly lot and serial number inventories are received from all storage activities and compiled late in the second or early in the third week of each month. The resultant inventory is then programmatically compared to an authoritative database of all known DODIC, NSN, Lot, and a limited list of serial number configurations, which includes current C/C and pertinent NAR information. Those inventory entries that do not match the database entries, less records that have previously been added to a 6-month exclusion list of accepted variations, become the basis of each storage activity's MIRR. For each activity that has identified MIRR errors, relevant information is placed into a spreadsheet and distributed to the identified storage activity's points of contact.
 - a. MIRR Distribution. PM Ammo, or designated representative, will distribute the MIRR to each of the storage activities with possible findings by the 16th of each month.
 - b. MIRR Compliance. Storage activities which receive a MIRR have 5 business days from the time of receipt to review the findings and provide a response to PM Ammo and the originator of the MIRR. The response shall clearly define the problem and the corrective action taken, if any.
 - c. MIRR Discrepancies. PM Ammo, or designated representative, reviews the storage activity's responses and assists in resolving any outstanding discrepancies.
4. Corrective Action. Corrective action is the research required to determine the cause of the error and then, completion of the appropriate action to update the storage activity's Asset Record to correct the error noted during the conduct of the PICP. Corrective action can consist of reversing inaccurate transactions and processing them correctly. If the noted errors involve incorrect completion of the source document, those changes can be made immediately. When discovering ammunition that does not match the information on the source document, the transaction will have to be reversed out of the Asset Record and prepared correctly. Corrections may involve updating the storage activity's Asset Record to reflect the current status of the line item, an example is condition code.

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Chapter 8

Inventory Compliance Evaluation

1. Inventory Compliance Evaluation. This chapter details the inventory compliance oversight and trend analysis methodologies used during the Class V(W) Inventory Compliance Evaluation. PM Ammo is responsible for publishing the evaluation guide used to standardize the method of analyzing current processes and procedures.
2. Objective. The Inventory Compliance Evaluation shall be conducted as directed by this Order on a biennial (every other year) basis. The evaluation reviews the storage activities PICP to ensure the activity has met the DOD Inventory Accuracy Standards. This evaluation consists of three elements:
 - a. Physical Inventory (AMAR).
 - b. Location Survey.
 - c. Evaluation Guide.
3. Evaluation Criteria
 - a. Physical Inventory. The evaluated activity must meet the DOD standard of 95 percent accuracy. The Supporting Activity will generate a "weekly" type AMAR and provide a NAVMC 11849, AMAR Sample Size Converter Worksheet contained in Appendix D for analysis.
 - (1) Grading. Grading will consist of the number of line items without error divided by the total line items inventoried multiplied by 100 percent. For example: 67 correct/70 inventoried x 100 = 95.7 percent.
 - (2) Error Defined. An error is a discrepancy between the physical count or marking of material against the activity's Asset Record. A container without a marked quantity will be considered suspect material and recorded as an error. The following types of errors will be noted during the conduct of the Physical Inventory:
 - (a) Condition Code. This will be verified if the physical condition of the round does not match the Asset Record.
 - (b) DODIC.
 - (c) NSN.
 - (d) Lot Number and Serial Number (if applicable).
 - (e) Quantity/Unit of Issue.
 - (3) The evaluators will not open containers.
 - b. Location Survey. The evaluated activity must meet the DOD standard of 98 percent accuracy. Each line item (lot/serial number by C/C) is considered a location. The Location Survey will be conducted on 10 percent of the total line items throughout magazines randomly selected from the AMAR; rounded up.

(1) Grading. Grading will consist of the number of line items without error divided by the total line items surveyed multiplied by 100 percent. For example: 98 correct/100 surveyed x 100 = 98 percent.

(2) Error Defined. An error is a discrepancy between the physical marking of material or location against the activity's Asset Record. Additionally, an error could include a discrepancy between the Ammunition Magazine Data Card (NAVMC 10765A) associated with the line item and its physical identifying attributes. The following types of errors will be noted during the conduct of the Location Survey:

(a) Physical Location. Item found in physical location not on the Asset Record.

(b) Asset Record. Item found on the Asset Record with no physical assets.

(c) Unit of Issue. Verification of mismatches in the unit of issue that may result in a quantity variance will be reviewed.

(d) Condition Code.

(e) DODIC.

(f) NSN.

(g) Lot Number and Serial Number (if applicable).

(h) Ammunition Magazine Data Card. Incomplete or inaccurate information on the NAVMC 10765A.

c. Evaluation Guide. The evaluated activity must meet 80 percent accuracy.

4. Discrepancies. Evaluation discrepancies will consist of deviations from established orders and directives. It is the primary goal of the evaluation to ensure that all personnel are aware of their specific responsibilities and functions.

5. Command Responsibilities

a. Program Manager for Ammunition. Will publish a yearly evaluation schedule via naval message. Additionally, PM Ammo will provide personnel to conduct the Inventory Compliance Evaluations as indicated within this Order. The evaluation personnel will:

(1) Provide the Command Activity with a documented evaluation of the discrepancies noted during the conduct of Inventory Compliance Evaluation.

(2) Provide the Evaluation Guide for Commands to refer to in maintaining an effective PICP. In addition, the Evaluation Guide will be maintained on the MAKE website under the PICP section.

b. Supporting Activities. Will ensure appropriate personnel are available for the conduct of the Inventory Compliance Evaluation. The activity will provide the Ammunition Management Accountability Review (AMARs) to include the AMAR Sample Size Converter Worksheet used to create the AMAR.

APPENDIX A

SAMPLE INVENTORY PLAN



UNITED STATES MARINE CORPS
 AMMUNITION COMPANY
 XXX SUPPLY BATTALION
 COMBAT LOGISTICS REGIMENT XX
 CAMP XXXXX, XX XXXXX-XXXX

8000
 Ops/PICP
 26 Jun XX

From: Officer in Charge, Ammunition Supply Point
 To: Distribution List

Subj: Physical Inventory Control Program (PICP) Inventory Plan

Ref: (a) MCO 8015.3A
 (b) MCO 5530.14A

Encl: (1) Inventory Sheet

1. Purpose. The PICP Inventory Plan is the Officer in Charge's (OIC's) written plan to maintain the inventory accuracy of assets within their control, publish the schedule for the Physical Inventory Control Program (PICP) and ensure the Department of Defense (DOD) inventory accuracy goals are maintained during the year.

2. Background. The PICP Inventory Plan provides guidance for the Ammunition Supply Point (ASP) to conduct and meet the requirements of reference (a). The physical inventory plan will be documented and maintained on file for three fiscal years. The physical inventory plan is designed to meet six of the elements of the PICP per reference (a). They are as follows:

- a. Physical Inventory.
- b. Location Survey.
- c. Quality Control.
- d. Research Process.
- e. PICP Management.
- f. Monthly Inventory Review Report.

3. Scope. This policy is applicable to the Ammunition Supply Point.

4. Execution

a. Physical Inventory. A physical inventory consists of verifying each line item's identifying attributes, location, and quantity between the physical assets in storage and the Asset Record. See reference (a) for the definitions and detailed list of required identifying attributes that must be validated. There are three types of Physical Inventories that will be conducted throughout the Fiscal Year (FY), they are:

Figure A-1.--Sample Inventory Plan

Subj: Physical Inventory Control Program (PICP) Inventory Plan

(1) Ammunition Management Accountability Review (AMAR). The Inventory section will conduct a weekly AMAR. The Records section will generate the random sample via the Ordnance Information System-Retail (OIS-R) using the process established in reference (a), the first business day of the work week. Upon completion of the weekly AMAR, it will be reconciled against the Asset Record in OIS-R; all findings will be annotated on a NAVMC 11840, Physical Inventory Data Collection Worksheet found in reference (a), this will be utilized to post the results via the PICP Management Reporting Tool (MRT) resident on the Marine Ammunition Knowledge Enterprise (MAKE).

(2) Semi-Annual Inventory. Per reference (b), a semi-annual physical inventory is required on all Category I ammunition during the current FY.

(a) The semi-annual inventory for Security Risk Category I and II non-nuclear missiles and rockets is conducted by querying the Asset Record for all items that have a CIIC of "1, 2, 5, 6 or 8".

(b) The semi-annual inventory will be conducted in the months of June and September of each FY.

(c) Upon completion of the semi-annual inventory, it will be reconciled against the Asset Record in OIS-R; all findings will be annotated on a NAVMC 11840, Physical Inventory Data Collection Worksheet found in reference (a). This will be utilized to post the results via the PICP MRT resident on the MAKE.

(3) End of Year Inventory. The end of year inventory is used to close out the annual inventory requirement.

(a) During the month of September but no later than the 258th Julian day each FY, the Records section will query the OIS-R database for all items that have a Day of Last Inventory (DOLI) previous to the beginning of the current FY. The resulting line items will receive an annual physical inventory at this time and their DOLI will be updated utilizing the asset maintenance function in OIS-R.

(b) Upon completion of the end of year inventory, it will be reconciled against the Asset Record in OIS-R; all findings will be annotated on a NAVMC 11840, Physical Inventory Data Collection Worksheet found in reference (a). This will be utilized to post the results via the MRT resident on the MAKE.

(4) After each type of inventory is completed, reconciled and all required research is completed, the Records section will complete a NAVMC 11846, Certificate of Inventory Completion for each inventory. In September of each FY, the Records section will compile the inventories from the FY and prepare a NAVMC 11848, Certificate of Fiscal Year Inventory Completion as found in reference (a). The FY inventory completion package will contain all documentation to support the required 100 percent inventory of all assets on the Asset Record. This package will be provided to the OIC for review and certification no later than ten business days after the end of the FY.

Figure A-1.--Sample Inventory Plan--Continued

Subj: Physical Inventory Control Program (PICP) Inventory Plan

b. Location Survey (LOCAT). The location survey is the physical verification of each storage location against the recorded locations in the asset record. There are currently XX storage locations within the ASP. At a minimum, the Inventory section will conduct a LOCAT of XX storage locations (Ready Service Lockers (RSL's) are considered individual storage locations) per quarter, utilizing the NAVMC 11845, Location Survey Worksheet per reference (a) and complete the NAVMC 11841, Location Survey Process Data Collection Worksheet per reference (a). This will be utilized to post the results via the PICP MRT on the MAKE.

c. Quality Control. ASP subject matter experts will meet quarterly to recommend revisions of policies and procedures for PICP execution. These revisions will be based on historical trends identified by the PICP. Each process should function at a minimum of 95 percent accuracy, with Location Surveys at 98 percent. The following processes will be reviewed:

- (1) Warehousing/Storage Process.
- (2) Automated Data Entry Collection.
- (3) Issues Process.
- (4) Receipt Process.
- (5) Inventory Management Process.

d. Automated Data Entry Collection. This will be accomplished by verifying the physical source documents against the Daily Transaction Report (DTR) in OIS-R. 100 percent of all transactions entered into the asset record will be verified. The Records section will conduct a daily audit of all automated data utilizing the NAVMC 11842, Automated Data Process Data Collection Worksheet per reference (a). This will be utilized to post the results via the PICP MRT on the MAKE.

e. Issues Process. This review consists of a verification of the issue documentation against the physical material being shipped to a supported unit or being prepared for shipment to another storage activity. For each Issue, the Issues section will check 100 percent of the original issue documents against the physical assets being issued. In addition, the Issues section will annotate any errors on the NAVMC 11843, Issue Process Data Collection Worksheet per reference (a) and submit it to the Records section the first business day of the following work week for validation. This will be utilized to post the results via the PICP MRT on the MAKE.

f. Receipts Process. This review consists of a verification of the receipt documentation against the physical material being received from a supported unit or being receipted from another storage activity. For each Receipt, the Storage section will check 100 percent of the original issue documents against the physical assets being issued. In addition, the Storage section will annotate any errors on the NAVMC 11844, Receipt Process Data Collection Worksheet per reference (a) and submit it to the Records section the first business day of the following work week for validation. This will be utilized to post the results via the PICP MRT on the MAKE.

Figure A-1.--Sample Inventory Plan--Continued

Subj: Physical Inventory Control Program (PICP) Inventory Plan

6. Research Process. The Records section has the responsibility to conduct all causative research, pre-adjustment research and completion of all the individual process data collection worksheets utilized per reference (a). These will be utilized to post the results via the PICP MRT resident on the MAKE. If any errors for the above process cannot be resolved within two business days, the OIC will be notified for additional guidance as warranted. All research action will be captured on a NAVMC 11847, Certificate of Research Completion and retained with the voucher package.

7. PICP Management. The PICP MRT located on the MAKE is the process in which error types and causes will be captured for trend analysis. The Records section, at the beginning of the work week, will log into the PICP MRT and input the previous week's error types and causes for all processes and inventories utilizing the individual process data collection worksheets utilized in accordance with reference (a).

8. Monthly Inventory Review Report (MIRR). The MIRR will be sent to the Records section via email by PM Ammo NLT the 3rd week of each month. It is the responsibility of the Records section to correct all discrepancies in the MIRR within 5 business days. If it is determined by Records section personnel that the error in question was not administrative in nature, the error will be sent to the Inventory section for validation. Once all validation, research and corrections have been completed, the Records section will submit all findings and corrections to PM Ammo and a courtesy copy to the Officer in Charge. Items requiring immediate attention will be corrected and reported within 48 hours from receipt of MIRR under the same process.

9. Any questions regarding the PICP Inventory control plan are to be directed to the OIC or SNCOIC at the Ammunition Supply Point.

I. M. OIC

Copy to:
Officers & SNCO's
Records Section
Inventory Section
Issues Section
Segregation Section
Storage Section

Figure A-1.--Sample Inventory Plan--Continued

APPENDIX B

PICP SAMPLE DATA COLLECTION WORKSHEETS

NAVMC 11840 (02-12) (EF)

Print Form

Physical Inventory Data Collection Worksheet		
Purpose:	To verify accurate accounting, the storage location and the materiel identifying attributes match the Asset Record.	
Point of Sample:	Storage Activity Records Section.	
Frequency:	As Required	
Population:	All Line Items on the Asset Record	
Required Sample Size:	As selected by the Inventory Sample Selection Process	
Source of Sample:	OIS-R	
Inventory Sample Selection		
Inventory Type (Check type)	<input type="checkbox"/> AMAR	<input type="checkbox"/> End-of-Year <input type="checkbox"/> Semi-Annual
Sample Selection Date	Start: _____ End: _____	Totals
Actual Sample Size		
Total Errors Noted		
Accuracy Percentage 1-((Total Errors Noted/Actual Sample Size) x 100)		
Error Quantity Noted per Category		
Location		
DODIC		
NSN / NIIN		
Condition Code		
Quantity		
Lot Number		
Serial Number		
Error Causes		
System Error		
Document Not Posted		
Source Document Error		
Data Entry Error		
Duplicate Document Posted		
Erroneous Reversal Posted		
Physical Processing Incomplete		
Erroneous Quantity		
Erroneous Adjustment		
Theft		
Material Work Order/Location Change		
Other		

Reset Form

Adobe LiveCycle Designer ES2

Figure B-1.--Physical Inventory Data Collection Worksheet

NAVMC 11841 (02-12) (EF)

Print Form

Location Survey Process Data Collection Worksheet	
Purpose:	To verify that the physical assets are recorded in the correct storage locations and to ensure all assets stored at the activity are on the Asset Record
Point of Sample:	Storage Activity Storage Section.
Frequency:	Annual for each storage location
Population:	All storage locations
Required Sample Size:	100% of storage locations
Source of Sample:	All storage locations
Physical Storage Location	
Storage Location Number	
Survey Date	
Number Line Items in Location	
Total Errors Noted	
Accuracy Percentage $1 - ((\text{Total Errors Noted} / \text{Number Line Items}) \times 100)$	
Error Quantity Noted per Category	
Physical Location	
Asset Record Location	
DODIC	
NSN / NIIN	
Lot Number	
Serial Number	
Condition Code	
Ammunition Magazine Data Card	
Error Causes	
System Error	
Document Not Posted	
Source Document Error	
Data Entry Error	
Physical Storage Location Error	
Incorrect/Missing Factory Marking	
Incorrect/Missing Local Marking	
Material Work Order/ Location Change	
Inaccurate/Incomplete Ammunition Magazine Data Card	
Other	

SAMPLE

Reset Form

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Figure B-2.--Location Survey Process Data Collection Worksheet

NAVMC 11842 (02-12) (EF)

Print Form

Automated Data Entry Process Data Collection Worksheet							
Purpose:		To verify all transactions are entered completely and accurately on the Asset Record.					
Point of Sample:		Storage Activity Records Section					
Frequency:		Daily					
Population:		All transactions					
Sample Size:		All transactions					
Source of Sample:		Daily Transaction Report and all supporting documentation					
Day of the Week							
Date							Weekly Totals
Number of Daily Transactions							
Total Errors Noted							
Accuracy Percentage $1 - ((\text{Total Errors Noted} / \text{Number of Transactions}) \times 100)$							
Error Quantity Noted Per Category							
Condition Code							
Document Identifier							
Document Number							
Location							
Lot Number							
DODIC							
NSN / NIIN							
Quantity							
Serial Number							
Activity Account Code / Purpose Code							
Document not posted on the DTR							
NAR not posted on the DTR							
Document is posted multiple times							
Transaction with no supporting documentation							
Ammunition Defect Code							
Cognizance Code							
Signatures							
UIC To / From							
Dates							
Issue Reservation							
Error Causes							
System Error							
Data Entry Error							
Erroneous Reversal Posted							
Source Document Error							
Source Document Posting Error							
Document Incomplete							
Other							

SAMPLE

Reset Form

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Figure B-3.--Automated Data Entry Process Data Collection Worksheet

Print Form

Issues Process Data Collection Worksheet								
Purpose:		To verify all accurate materiel selection, accounting and materiel identifying attributes for shipments leaving the storage activity.						
Point of Sample:		Storage Activity Issues Section						
Frequency:		Supervisors Determination, with a minimum requirement of 25%						
Population:		All outgoing shipments						
Sample Size:		Variable as determined by Supervisor						
Source of Sample:		In Progress Issues						
Day of the Week								
Date								Weekly Totals
Number of Issue Transactions								
Total Errors Noted								
Accuracy Percentage $1 - ((\text{Total Errors Noted} / \text{Number of Issue Transactions}) \times 100)$								
Error Quantity Noted Per Category								
NSN / NIIN								
Condition Code								
Lot Number								
Serial Number								
Quantity								
Document Number								
Signature								
Error Causes								
Misidentified Material								
Erroneous Count								
Document Incomplete								
Other								

Reset Form

Figure B-4.--Issues Process Data Collection Worksheet

JUL 27 2012

NAVMC 11844 (02-12) (EF)

Print Form

Receipts Process Data Collection Worksheet							
Purpose:		To verify accurate accounting and materiel identifying attributes for shipments being received at the storage activity.					
Point of Sample:		Storage Activity Storage Section					
Frequency:		Supervisors Determination, with a minimum requirement of 25%					
Population:		All incoming shipments					
Sample Size:		Variable as determined by Supervisor					
Source of Sample:		In Progress Receipts					
Day of the Week							
Date							Weekly Totals
Number of Receipt Transactions							
Total Errors Noted							
Accuracy Percentage <small>1 - ((Total Errors Noted / Number of Receipts Transactions) x 100)</small>							
Error Quantity Noted Per Category							
NSN / NIIN							
Condition Code							
Lot Number							
Serial Number							
Quantity							
Document Number							
Signature							
Error Causes							
Misidentified Material							
Erroneous Count							
Document Incomplete							
Other							

Reset Form

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Figure B-5.--Receipts Process Data Collection Worksheet

APPENDIX C

PICP SAMPLE CERTIFICATES

NAVMC 11846 (02-12) (EF)

Print Form

Certificate of Inventory Completion					
Activity:			Period Beginning Date:	Period Ending Date:	
Scheduled Sampling Period:	End-of-Year Inventory Period:	Semi-Annual Security Risk Category I and II non-nuclear missiles and rockets Inventory Period:			
Physical Inventory Data					
Totals	Number Line Items	Required Sample Size	Actual Sample Size	Total Errors Noted	Accuracy Percentage <small>1-(Total Errors Noted/Actual Sample Size) x 100</small>
Error Breakdown					
Totals	Location	Material Identifying Attributes		Quantity	
<input type="checkbox"/> Pre-adjustment research completed on all inventory adjustments resulting from this sampling.					
<input type="checkbox"/> Causative Research initiated on all inventory adjustments resulting from this sampling.					
<input type="checkbox"/> Missing, Lost, Stolen, or Recovered (MLSR) reports completed on applicable items.					
<input type="checkbox"/> This document, Physical Inventory Data Collection Worksheet, inventory count sheets, master asset sheets, logbooks, DD 1348-1A's, AMAR Asset Report and any other documents used to verify this physical inventory will be filed and maintained for a period of two fiscal years plus the current year.					
Quality Assurance Team Leader:					
Records Supervisor:			Records Supervisor Signature		
I certify that the above Random Sampling Inventory sampling has been completed and the information is true and correct to the best of my knowledge.					
Supervisor Name					
Supervisor Signature					

Reset Form

Adobe LiveCycle Designer ES2

Figure C-1.--Certificate of Inventory Completion

3105 7 8 JUL

MCO 8015.3A
JUL 27 2012

NAVMC 11848 (02-12) (EF)

Print Form

Certificate of Fiscal Year Inventory Completion				
Activity:		Date Completed:	Fiscal Year:	
The following totals were noted during the conduct of the PICIP and posted to the PICIP MRT. Activity may use report from MAKE / PICIP MRT to retrieve totals.				
Total Number of Samples Conducted:	Total Number of Samples Below 95% Accuracy:	Average Accuracy Rating of all Samples from MRT:	Percent of samples meeting 95% Requirement: $1 - \left(\frac{\text{Samples Below 95\%}}{\text{Total Number of Samples}} \right) \times 100$	
The following adjustment totals were completed during the Fiscal Year and entered into the Asset Record. Activity should use the Inventory Adjustment Retrieval within OIS-R to populate.				
All Gains Performed:	Gain Value:	All Losses Performed:	Loss Value	Adjusted Value:
The below listed steps were completed during conduct of the physical inventory.				
<input type="checkbox"/> Location survey conducted on all Class V storage locations.				
<input type="checkbox"/> All Non-Category I Class V have received a 100% fiscal year physical inventory.				
<input type="checkbox"/> All Security Risk Category I and II non-nuclear missiles and rockets have received a 100% semi-annual physical inventory.				
<input type="checkbox"/> All Pre-adjustment research completed on all inventory adjustments.				
<input type="checkbox"/> All Causative Research completed on all inventory adjustments.				
<input type="checkbox"/> All Missing, Lost, Stolen, or Recovered (MLSR) reports completed on applicable items.				
<input type="checkbox"/> This document, inventory count sheets, Data Collection Worksheets, master asset sheets, logbooks, DD1348-1A's, AMAR Asset Reports and any other documents used to verify this fiscal year inventory will be filed and maintained for a period of two fiscal years plus the current year.				
I certify that the above fiscal year inventory requirements have been completed and are true and correct to the best of my knowledge.				
Supervisor Name				
Supervisor Signature				

Reset Form

Adobe LiveCycle Designer ES2

Figure C-3.--Certificate of Fiscal Year Inventory Completion

APPENDIX D

PICP AMAR SAMPLE SIZE CONVERTER WORKSHEET

NAVMC 11849 (02-12) (EF)

Print Form

AMAR Sample Size Converter Worksheet												
Cells	A	B	C	D	E	F	G	H				
1					Table 1							
2					Weekly		Biweekly					
3					Line Items	% of Total Line Items	Required Stratification Sample Size	Total Line Items	Sample Size	Total Line Items	Sample Size	
4	High Stratification:				100	9	100	16				
5	Moderate Stratification:				200	18	200	31				
6	Low Stratification:				400	27	400	47				
7	Total Line Items:				600	36	600	63				
8	Required Sample Size:				800	46	800	79				
9	Actual Sample Size:				1000	55	1000	94				
10	<div style="border: 1px solid black; padding: 5px; display: inline-block;">Only fill in these cells</div> <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-left: 20px;">Auto Populated cells</div> <div style="font-size: 48px; opacity: 0.5; text-align: center;">SAMPLE</div>				1200	64	1200	110				
11					1400	73	1400	126				
12					1600	82	1600	141				
13					1800	91	1800	157				
14					2000	100	2000	173				
15					2200	109	2200	188				
16					2400	119	2400	204				
17					2600	128	2600	220				
18					EXAMPLE:				2800	137	2800	236
19					High Stratification:	436	41%	27	3000	146	3000	251
20	Moderate Stratification:	617	58%	37	3200	155	3200	267				
21	Low Stratification:	17	2%	2	3400	164	3400	283				
22	Total Line Items:	1070	100%		3600	173	3600	298				
23	Required Sample Size:	64			3800	182	3800	314				
24	Actual Sample Size:			66	4000	191	4000	330				
25					4200	201	4200	346				
26					4400	210	4400	361				
27					4600	219	4600	377				
28					4800	228	4800	393				
29					5000	237	5000	408				
30					5200	246	5200	424				
31					5400	255	5400	440				
32					5600	264	5600	455				
33					5800	274	5800	471				
Steps to Complete												
<p>1. Transfer the number of line items from OIS-R AMAR Sample Selection Process by stratification into cells B4, B5, and B6 respectively.</p> <p>2. Look up the total line items (cell B7) under column E or G as the activity's chosen sampling plan dictates. Round to the next highest value and transfer the corresponding number in column F or H to cell B8. EXAMPLE: If your activity has 1070 total line items, under the activity's chosen sampling plan, you would round to the higher number, in this case 1200, and transfer either 64 or 110 into cell B8 as the sample size.</p> <p>3. The worksheet will calculate the required sample size automatically by stratification, transfer the values in D4, D5, and D6 respectively back to the OIS-R AMAR Sample Selection Process into the Sample Size column for the final sample selection.</p> <p>Note: The actual sample size may be greater than the required sample size. When the required sample sizes are determined, they are rounded to the higher number to ensure the minimum required sample size is achieved.</p>												

Reset Form

Adobe LiveCycle Designer ES2

Figure D-1.--AMAR Sample Size Converter Worksheet

APPENDIX E

ACRONYMS

A&E.....Ammunition and Explosives
AMAR.....Ammunition Management Accountability Review
PM Ammo.....Program Manager for Ammunition
ASP.....Ammunition Supply Point
C/C.....Condition Code
CIIC.....Controlled Inventory Item Code
Cog.....Cognizance Code
DODAAC.....Department of Defense Activity Address Code
DODIC.....Department of Defense Identification Code
DOLI.....Date of Last Inventory
DTR.....Daily Transaction Report
MAKE.....Marine Ammunition Knowledge Enterprise
MIRR.....Monthly Inventory Review Report
MLSR.....Missing, Lost, Stolen, or Recovered
MRT.....Management Reporting Tool
NAR.....Notices of Ammunition Reclassification
NIIN.....National Item Identification Number
NSN.....National Stock Number
O/C.....Owner Code
OIS-MC.....Ordnance Information System - Marine Corps
OIS-R.....Ordnance Information System - Retail
P/C.....Purpose Code
PICP.....Physical Inventory Control Program
QAT.....Quality Assurance Team