



DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
2000 NAVY PENTAGON
WASHINGTON, DC 20350-2000

OPNAVINST 8015.2C CH-1
N4
29 Dec 2015

OPNAV INSTRUCTION 8015.2C CHANGE TRANSMITTAL 1

From: Chief of Naval Operations

Subj: CONVENTIONAL ORDNANCE INVENTORY MANAGEMENT

Encl: (1) Revised Enclosure (1)

1. Purpose. To clarify enclosure (1), paragraphs 2b(4)(b) and 2c(4), as they pertain to inventory requirements mandated by a change in accountable officer or command.
2. Action. Remove enclosure (1) of the basic instruction and replace with enclosure (1) of this change transmittal.

A handwritten signature in black ink, appearing to read "P. H. Cullom", is positioned above the typed name.

P. H. CULLOM
Deputy Chief of Naval Operations
(Fleet Readiness and Logistics)

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OPNAV INSTRUCTION 8015.2C

From: Chief of Naval Operations

Subj: CONVENTIONAL ORDNANCE INVENTORY MANAGEMENT

Ref: (a) DLM 4000.25-2, Military Standard Transaction Reporting and Accountability Procedures, December 2012
(b) DoD 4140.01, DoD Supply Chain Material Management Procedures: Operational Requirements, February 2010
(c) OPNAVINST F3100.6J
(d) NAVSUP P-724
(e) OPNAVINST 5530.13C
(f) OPNAVINST 5530.14E
(g) DoD 5100.76-M, Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives (AA&E), April 2012
(h) OPNAVINST 8020.14A
(i) NAVSUP P-801
(j) NAVSUP P-805
(k) OPNAVINST 4520.1B
(l) OPNAVINST 8026.2C
(m) OPNAVINST 1500.76C
(n) NAVEDTRA 135C

Encl: (1) Inventory Standards
(2) Glossary of Acronyms and Terms

1. Purpose

a. To provide policy regarding the accountability for conventional ordnance inventory.

b. To assign responsibilities for achieving and sustaining conventional ordnance inventory accuracy.

c. To establish conventional ordnance inventory accuracy and inventory effectiveness performance objectives.

d. To implement requirements and procedures contained in references (a), (b), (c), (d), and (e).

e. This revision updates several references, adds enclosure (1) for class V material management, and changes a number of responsibilities previously assigned to the Naval Supply Systems Command (NAVSUPSYSCOM) and Naval Education and Training Command (NETC), while adding responsibilities to NAVSUPSYSCOM Global Logistics Support-Ammunition (NAVSUP GLS-AMMO) and ship masters. This instruction is a complete revision and should be reviewed in its entirety.

2. Cancellation. OPNAVINST 8015.2B.

3. Background

a. The integrity of the Nation's conventional ordnance stockpile and the accuracy of inventory records provide the basis for decisions affecting acquisition and distribution necessary to support warfighting and training. Conventional ordnance (also referred to as class V material) inventory accuracy and inventory effectiveness are critical to determine warfighting readiness and include knowledge of ownership, quantity, location, condition status and special security requirements.

b. Acronyms and definitions for terms used within this instruction are contained in enclosure (2).

4. Scope. The policies and processes contained in this instruction are applicable to:

a. All material, regardless of supply material condition code, held in naval inventory records or in contracted custody and classified as ammunition, inert weapons or components, and ordnance containers or packaging items designated as reusable (hereafter referred to as conventional ordnance). This instruction does not apply to nuclear weapons, ballistic missiles or biological and chemical weapons.

b. All naval activities that manufacture, maintain, receive, issue, store or ship conventional ordnance, including sonobuoys.

c. All government and contractor personnel involved with naval conventional ordnance production, operational logistics

support, and life cycle and information systems management are included under the provisions of this instruction.

d. All activities responsible for reporting transactions to the Ordnance Information System (OIS). This includes all major claimants or commands, type commanders, and regional commands with subordinate commands and activities that handle or store conventional ordnance for the purpose of inventory accuracy oversight, corrective action, and training. Shore activities with large customer bases, high throughput and or large amounts of stock under management are designated as primary stock points with special inventory requirements as stated within this instruction.

5. Policies

a. Per reference (a), naval commands and activities shall maintain Department of Defense (DoD) conventional ordnance inventory goals of: 98 percent or higher for item record and location and 95 percent or higher for property accountability record accuracy.

b. An inventory accountability program shall be established and monitored by each command or activity having custody of conventional ordnance per references (a) and (b), and this instruction.

c. Periodic inventories and routine inspections shall be conducted per references (a) and (b). Inventories shall be conducted on a routine basis established by the activity or when a need arises to perform an unscheduled inventory such as when there has been a warehouse denial, a bounce back, compromised magazine, change of accountable officer, change of command, or upon knowledge of an adverse inventory accuracy or inventory effectiveness condition.

d. Performance will be measured for conventional ordnance inventory accuracy and inventory effectiveness using standards identified in reference (d). Assessment of performance shall be identified within a formal command audit or inspection such as an explosives safety inspection (ESI), shipboard explosives safety inspection (SESI), or when subjected to an independent

inventory accountability review. Inventory management is a critical aspect for complying with the Department of the Navy's (DON) explosives safety management program.

e. Statistical sampling may be conducted during inspections or accountability reviews to ensure the accountable and custodial records meet the minimum DoD level of confidence standards. Statistical sampling goals are: a minimum of 95 percent in the level of confidence for property accountability records, accuracy level of 95 percent, and a maximum margin of error of 2 percent.

f. OIS-Wholesale (OIS-W) is the total conventional ordnance property record for the Navy. OIS-W provides the complete range of data to support requirements determination, ordnance acquisition decisions, and operational logistics.

g. Security is the first line of defense for physical inventory control and accountability. All naval activities and units included in the scope of this instruction shall comply with the physical security standards per references (e), (f), and (g). Contractors are required to provide similar layers of protection for safeguarding DoD titled conventional ordnance while in their custody.

h. All subordinate directives entailing conventional ordnance accountability procedures must comply with this instruction.

6. Responsibilities

a. Office of the Chief of Naval Operations (OPNAV), Director, Logistics Programs and Business Operations Division (OPNAV N41) through the OPNAV Ordnance Programs and Policies Branch (OPNAV N411) shall:

(1) Establish ordnance management policy, objectives and standards to include periodic updating of this instruction.

(2) Serve as resource sponsor for conventional ordnance inventory management functions and activities.

(3) Review Navywide ordnance inventory accountability performance trends.

b. Commander, Naval Supply Systems Command
(COMNAVSUPSYSCOM) shall:

(1) Assist OPNAV (N41) and OPNAV (N411), program executive offices and acquisition program managers in monitoring and reporting inventory accuracy and inventory effectiveness statistics and trends.

(2) Serve as the technical authority for the Navy's conventional ordnance inventory management program and publish appropriate documents necessary to provide definitive technical direction and procedures for implementing Navy's policy in managing DoD titled conventional ordnance per references (a) and (b).

(3) Include accountability program resource requirements as part of the annual program objective memorandum (POM) budget submissions.

(4) Define requirements and coordinate development of an automated information system (AIS) and automated information technology (AIT) hardware, database, and applications to support ordnance inventory accountability. Develop integrated logistics support plans for all ordnance inventory management related to AIS, AIT, and software packages.

(5) Coordinate with NETC to develop and implement formal ordnance accountability and inventory management training for proficiency certification of officer, enlisted, government civilian, and contractor personnel working within the naval ordnance community.

(6) Monitor conventional ordnance related course materials and curricula for currency and accuracy.

(7) Delegate NAVSUP GLS AMMO to serve as the Navy's technical authority and technical warrant for conventional ordnance inventory management.

c. NAVSUP GLS AMMO shall:

(1) Serve as the Navy's point of contact for matters involving conventional ordnance inventory management and accountability; notices of ammunition reclassification (NAR);

ammunition information notice (AIN); overhead fire (OHF) information; receipt, segregation, storage, and issue (RSS&I) procedures; conventional ordnance sentencing; and information involving conventional ordnance in the custody of a naval activity, but not owned by the Navy.

(2) Provide policy interpretation, technical expertise, procedural guidance, and advice to OPNAV, Naval Air Systems Command, Naval Sea Systems Command, Marine Corps Systems Command, Navy and Marine Corps commands, and activities on matters involving conventional ordnance inventory management.

(3) Establish criteria to monitor compliance for conventional ordnance inventory management located ashore and afloat.

(4) Provide technical direction and procedures through instructions, manuals and publications as necessary to amplify Navy policy for conventional ordnance inventory management, cataloging, implementation of NARs, AINs, OHFs, execution of RSS&I functions, and in the sentencing of conventional ordnance.

(5) Conduct periodic forums to discuss ordnance inventory accuracy and inventory effectiveness trends, statistics and related matters.

(6) Coordinate with Chief of Naval Personnel (CHNAVPERS) and the respective claimants to define training requirements for personnel assigned to conventional ordnance inventory management billets.

(7) Formalize through an agreement with the single manager for conventional ammunition and other military service stock points where Navy-owned ordnance is positioned to ensure naval conventional ordnance meets inventory management requirements delineated in this instruction.

(8) Coordinate with acquisition program executive offices and program managers, Naval Ordnance Safety and Security Activity (NAVORDSAFSECACT) to ensure OIS inventory accountability requirements are established for conventional ordnance during acquisition logistics and safety program planning.

(9) Conduct conventional ordnance inventory management and accountability assessments as they relate to explosives safety during an ESI or SESI per reference (h). Provide NAVORDSAFSECACT with recommendations to update applicable program evaluation guides pertaining to explosives safety program 15 for ESI and programs 10 and 13 for SESI.

(10) Monitor and continually provide inventory accuracy and inventory effectiveness statistics via the ordnance assessment portfolio for individual naval commands and units to include:

(a) Per references (a) and (b), monitor compliance with physical inventory, random sampling, location audit and location reconciliation scheduling, and performance requirements.

(b) In-transits and reconciliation of aged unmatched issue and disputed receipt transactions.

(11) Develop, compile, and maintain a corporate level information system to collect information which can be used to develop accountability performance statistics and identify trends.

(12) Provide sustainment training to naval commands and activities on OIS-Retail (OIS-R), Retail Ordnance Logistics Management System (ROLMS) and related AIT use.

(13) Schedule and conduct ammunition management accountability reviews when negative ammunition management trends are detected, as requested and as resources permit.

(14) Establish and update annually a list of naval conventional ordnance stock points required to perform monthly statistical process control sampling.

(15) Establish and manage programs pertaining to conventional ordnance reporting, NAR, AIN, OHF, cataloging, and technical data management through references (d) and (i).

(16) Develop and provide guidance through reference (j), on how to sentence conventional ammunition.

(17) Provide custodians with disposition or demilitarization instructions for excess, surplus, and unserviceable conventional ordnance per references (k) and (l).

d. Commander, Naval Sea Systems Command, through NAVORDSAFSECACT, shall:

(1) Coordinate with NAVSUP GLS AMMO to ensure naval activities are compliant with ammunition accountability and inventory management as part of the DON Explosives Safety Management Policy Program per reference (h).

(2) Establish inventory management as a pillar program within the ESI and an area of compliance for SESI programs.

(3) Ensure inventory accuracy and inventory effectiveness performance assessments are included in the ESI and SESI programs.

e. NETC shall:

(1) Following receipt of training course, curricula, and training materials supporting conventional ordnance inventory management from COMNAVSUPSYSCOM per reference (m), deliver training and perform course oversight per reference (n).

(2) Incorporate into formal training, validated and resourced training requirements from requirement and resource sponsors.

(3) Include conventional ordnance inventory accuracy, inventory effectiveness, and sentencing subjects in advancement examinations for ammunition related ratings (e.g., aviation ordnanceman, gunner's mate, and fire controlman).

f. CHNAVPERS shall ensure conventional ordnance accountability billets are coded for prerequisite training prior to being filled.

g. Major claimants and commands shall:

(1) Establish and monitor the performance of subordinate commands responsible for conventional ordnance inventory accountability.

(2) Issue guidance for attaining inventory performance standards. Include at a minimum:

(a) Compliance with physical inventory, location audit, and location reconciliation scheduling and performance requirements.

(b) Reconciliation of aged unmatched issue and disputed receipt transactions.

(c) A need for timely and accurate transaction reporting; reconciliation of out-of-balance inventories in ROLMS, OIS-R, OIS-W, receipt and issue processing times; periodic lot reporting; suspended ammunition transaction reports; and reporting of missing, lost, stolen, or recovered (MLSR) conventional ordnance using the operational report (OPREP-3) Navy Blue or situation report (SITREP) formats.

(d) Ordnance inventory accuracy and inventory effectiveness accountability assessments in command inspection checklists.

(e) Sufficient funding in POM budget submissions to support ordnance accountability objectives as an inherent part of the command's military mission.

(f) Means used to monitor station compliance with inventory accuracy officer assignments and responsibilities.

(g) Means used to monitor the status within the ordnance assessment portfolio and remedial action taken by subordinate commands to ascertain positive performance trends are being maintained.

(h) Request ammunition management accountability reviews, as required, to provide assessment, corrective action, and remedial training to activities with substandard inventory accuracy performance.

h. Commanding officers, officers in charge, and ship masters shall:

(1) Implement policies, guidance, and procedures directed in this instruction.

(2) Comply with establishing security layers per references (e), (f), and (g), for preventing the loss of conventional ordnance.

(3) Report all instances of MLSR conventional ordnance via an OPREP-3 Navy Blue or SITREP per references (c) and (e).

(4) Establish and conduct an internal command accountability performance monitoring program to help manage inventory accuracy and inventory effectiveness performance using enclosure (1).

(5) Assign well-qualified and trained officers or equivalent grade level civilians to the inventory accuracy officer billet as applicable.

(6) Conduct local training programs and utilize formal training to ensure that local magazine custodians, record keepers and managers have the proper skills, knowledge, and understanding for maintaining local inventory accuracy and accountability.

(7) Ensure the handling, storage, reporting, management, and distribution of conventional ordnance complies with references (c) through (j), and this instruction.

(8) Conduct periodic internal assessments of the command's conventional ordnance inventory program to ensure compliance with DoD and Navy inventory policies and processes.

(9) Be cognizant that a conventional ordnance accountability review can be initiated by other agencies such as the Government Accountability Office, Navy Inspector General or Naval Audit Service.

(10) Ensure AIN, NAR, and OHF actions are completed and reported as required by reference (d).

(11) Obtain guidance for disposing of excess surplus or unserviceable conventional ordnance per references (k) and (l).

(12) Adhere to guidance contained in reference (h), if in possession of or transporting waste military munitions.

i. Acquisition or in-Service program managers and Navy contracting activities shall:

(1) Include provisions for AIS and AIT technology in contracts involving new production or repair of conventional ordnance material.

(2) Ensure contractor accounting and reporting performance by contractual clause or incentives and monitoring.

(3) Ensure access to prime and subcontractor facilities to enable the government to conduct security and accountability surveys, inspections, and investigations if required.

(4) Notify NAVSUP GLS AMMO of current and developing contracts involving the acquisition, testing, maintenance, or utilization of Navy ordnance material.

(5) Ensure conventional ordnance is cataloged and reclassified when necessary per reference (d).

7. Records Management. Records created as a result of this instruction, regardless of media and format, shall be managed per Secretary of the Navy (SECNAV) Manual 5210.1 of January 2012.

8. Reports Control. Reporting requirement contained within subparagraph 6g(2) is exempt from reports control per SECNAV Manual 5214.1 of December 2005, part IV, subparagraphs 7g and 7j.



P. H. CULLOM
Deputy Chief of Naval Operations
(Fleet Readiness and Logistics)

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INVENTORY STANDARDS

1. Per reference (d), the minimum conventional ordnance inventory management and reconciliation standards are:

Security Risk Category	<u>Inventory Groups</u> Controlled Inventory Item Code (CIIC)	Inventory		Custodial	Location Survey	Location Reconciliation
		Accuracy	Effec- tiveness			
I and II	<u>High Risk</u> 1, 2, 5, 6, 8, S	100%	85%	100%	98%	99.5%
III and IV	<u>Moderate Risk</u> 3, 4, 7, 9, A, B, C, D, P, U (All explosives not in high risk group)	95%	85%	95%	98%	99.5%
U	<u>Low Risk</u> 7, J, U, Blank (All inert other than C or S)	95%	85%	95%	98%	99.5%

2. Physical inventory or sampling requirements are as follows:

a. Banded or Sealed Containers. Where items are containerized (banded or sealed), the inventory must consist of a 100 percent count as reflected by the number of items listed on the container. Any evidence of tampering must be cause for a container to be opened and a 100 percent count taken of the container's contents. Inventory records must be retained for a minimum of 2 years.

b. Scheduled Inventories. All OIS-R and ROLMS reporters must prepare and maintain a local record of all physical inventories scheduled at the beginning of each fiscal year. Additionally, all commands and activities must conduct scheduled physical inventories on all items for which they are accountable. For automated users, these inventories must be entered into OIS-R or ROLMS to update the date of last inventory and to facilitate resolution of any pre-adjustment and causative research issues. All inventory management and sampling program details are described in references (d), (e) and (g) for monthly, quarterly, semi-annual, and annual requirements.

(1) Monthly. Unit level activities having custody of security risk category (SRC) I missiles and rockets must conduct a 100 percent physical count by serial number.

(2) Quarterly. Unit level activities having custody of SRC II or III missiles and rockets must conduct a 100 percent physical count by serial number.

(3) Semi-annual. Installation and non-unit level activities having custody of SRC I (CIICs of 1, 5 and 6) and SRC II and SRC III missiles and rockets must conduct a 100 percent count by serial number.

(4) Annual

(a) All activities storing SRC II conventional ordnance (CIICs 2, 8 and S) must conduct a 100 percent physical inventory of those items annually.

(b) All activities storing any other conventional ordnance (moderate or low-risk) must conduct either an annual random sample or a 100 percent physical inventory annually. Use of the annual random sample is encouraged per reference (d). The results are statistically valid and can be obtained with less effort. Eligible statistical process control (SPC) designated activities may continue to substitute their monthly SPC sampling for the annual random sampling process per reference (d), paragraph 13.10.6.

c. Unscheduled Inventories. Unscheduled inventories are required by all activities when any of the instances listed in subparagraphs 2c(1) through 2c(4) occur.

(1) Warehouse and magazine inventory discrepancy.

(2) Order denial or bounce back.

(3) Compromised magazine.

(4) Change in accountable officer and change of command requires a 100 percent physical inventory or count of SRC I (CIICs 1, 5, and 6) and SRC II (CIICs 2, 8 and S) conventional ordnance. The inventory of all moderate or low risk conventional ordnance must be completed using either a random sampling or 100 percent physical inventory. Per paragraph 2b(4), random sampling is the preferred method, and eligible SPC designated activities must continue to substitute their monthly SPC sampling for the random sampling process per reference (d),

paragraph 13.10.6. These inventory(s) must be completed regardless of the length of time since the last inventory(s).

d. Special Inventories. Activities are required to conduct targeted inventories whenever it receives knowledge of an adverse inventory accuracy or inventory effectiveness condition, per reference (d). The assigned inventory accuracy officer must consult with NAVSUP GLS AMMO in developing an investigative approach prior to conducting the investigation and subsequent monitoring actions.

e. SPC Monthly Sampling. NAVSUP GLS AMMO must designate naval activities to perform periodic inventories using the SPC method, vice the wall-to-wall inventory method. Non-designated activities must contact NAVSUP GLS AMMO if they believe the SPC monthly sampling method would improve their inventory accuracy and inventory effectiveness measurements.

f. Location Surveys. Naval activities storing conventional ordnance must conduct a location survey once per fiscal year.

(1) Surveys can be conducted concurrently with other physical inventories or processes that require entry into magazines or storage locations.

(2) Details for conducting location surveys are described in reference (d).

g. Location Reconciliations. Required annually for all OIS-R and ROLMS users to ensure that the local OIS-R or ROLMS records match the OIS-W database. Details for conducting location reconciliations are provided in reference (d). Activities will perform location reconciliations when:

(1) Scheduled by NAVSUP GLS AMMO.

(2) Submitting the annual balance and total report.

(3) Notified by NAVSUP GLS AMMO of an out-of-balance (OOB) transaction. Each command must:

(a) Verify the location of assets by the national inventory identification number.

(b) Perform a complete location reconciliation whenever OOB records exceed the established standard of less than 0.5 percent as a percentage of total records (number of OOB records divided by the total activity records obtained from OIS-W).

GLOSSARY OF ACRONYMS AND TERMS

Acronyms

AIN	ammunition information notice
AIS	automated information system
AIT	automated information technology
CHNAVPERS	Chief of Naval Personnel
CIIC	controlled inventory item code
COMNAVSUPSYSCOM	Commander, Naval Supply Systems Command
DoD	Department of Defense
DON	Department of the Navy
ESI	explosives safety inspection
MLSR	missing, lost, stolen or recovered
NAR	notice of ammunition reclassification
NAVSUP GLS AMMO	COMNAVSUPSYSCOM Global Logistics Support Ammunition
NAVSUPSYSCOM	Naval Supply Systems Command
NETC	Navy Education and Training Command
NIIN	National Item Identification Number
NAVORDSAFSECACT	Naval Ordnance Safety and Security Activity
OHF	overhead fire
OIS	Ordnance Information System
OIS-R	Ordnance Information System-Retail
OIS-W	Ordnance Information System-Wholesale
OOB	out-of-balance
OPNAV	Office of the Chief of Naval Operations
OPNAV N41	Logistics Programs and Business Operations
OPNAV N411	Ordnance Programs and Policy
OPREP	operational report
POM	program objective memorandum
RSS&I	receipt, segregation, storage, and issue
ROLMS	Retail Ordnance Logistics Management System
SESI	shipboard explosives safety inspection
SITREP	situation report
SLI	station line item
SRC	security risk category

Terms

1. Ammunition Management Accountability Review. On-site reviews and technical assistance conducted by NAVSUP GLS AMMO and scheduled on an exception basis. They are used to target activities whose inventory management processes are suspect or for activities receiving an unsatisfactory rating in program 15 on an ESI or program 10 or 13 of a SESI. Ammunition management accountability reviews may also be specifically requested by major claimants, type commanders, regional commanders or commanding officers.

2. Annual Random Sample. A sample that can be used once each fiscal year in lieu of conducting a 100 percent physical inventory. The purpose of the annual random sample is to provide activities an option to avoid a labor intensive 100 percent physical inventory effort for moderate-risk and low-risk material while still complying with minimum DoD inventory directives. Inventory accuracy, inventory effectiveness and custodial accuracy scoring applies.

3. Bounce Back. When a stock point rejects a requisition referred by NAVSUP GLS AMMO, and transaction history analysis does not resolve the discrepancy, a complete inventory for that specific material shall be conducted at all locations where records indicate the material is stored.

4. Class V. The military class of supply that consists of ammunition and explosives.
 - a. Class V(A) is ammunition, explosives, inert weapons, and inert components procured for use by Navy and Marine Corps aviation units.

 - b. Class V(W) is ammunition, explosives, inert weapons, and inert components procured for use by Marine Corps ground units.

5. Compromised Magazine. Anytime a location or magazine is compromised, a 100 percent physical inventory for the compromised location shall be completed within 24 hours after having knowledge of the compromise. A location or magazine is considered compromised anytime there is evidence of, or substantial opportunity for, an unauthorized entry (e.g., magazine left unlocked and unattended).

6. Conventional Ordnance. Ammunition and inert components needed to complete an all-up-round configuration or to supplement the storage, shipment, and handling of an ammunition item. It is subdivided into class V(A) for air delivered and class V(W) for ground delivered.
7. Custodial Accuracy. The quantity matching exactly on OIS-R and ROLMS, on the material condition code tag (DD forms 1574, 1575, 1576, 1577, or 1577-2) if used, on the bar code, and on any stenciling.
8. Custodial Accuracy Scoring. The custodial accuracy score will be calculated as the number of sampled items with zero quantity errors divided by the total number of items sampled, times 100 percent.
9. Explosives Safety Inspection (ESI) Sampling. During an ESI, all activities will receive an assessment of their inventory management and ordnance accountability processes. Those activities specifically designated by NAVSUP GLS AMMO as statistical process control monthly sampling activities shall receive a sampling assessment as well. The sampling assessment uses a random sample taken from the statistical process control monthly sampling activity using standard inventory accuracy and inventory effectiveness attributes and scoring to quantitatively assess the inventory accuracy and inventory effectiveness health of the activity.
10. Inventory Accuracy. Those attributes that allow an activity to maintain accountability of ordnance assets. Inventory accuracy attributes are: National Item Identification Number (NIIN); quantity; condition code; and location (magazine level).
11. Inventory Accuracy Scoring. An overall inventory accuracy score will be calculated as follows: for each item sampled during an inventory, the NIIN, quantity, condition code, and location (magazine level) must exactly match on OIS-R or ROLMS, on the material condition code tag (DD forms 1574, 1575, 1576, 1577, or 1577-2) if used and on the bar code. The NIIN and quantity must also exactly match any stenciling on the ordnance or container. Partially filled containers must be marked as "light boxes" and if not, will be considered a quantity stenciling error. Any mismatches for these four attributes on

either OIS-R or ROLMS, the material condition code tag, the bar code or stenciling will cause the sampled item to be considered an inventory accuracy error. Each sampled item, for overall inventory accuracy purposes, is either correct or in error. Multiple mismatches for a single item will be recorded as one overall inventory accuracy error for that item. The overall inventory accuracy score will be calculated as the number of sampled items with zero errors divided by the total number of items sampled times 100 percent.

12. Inventory Groups. Three separate segments, or groups, of the ordnance inventory are assessed. Each of the groups is considered an individual lot, subject to separate inspection samplings. Inventory group line item composition by security risk category (SRC) and controlled inventory item code (CIIC):

- a. High Risk. SRC I and II; CIICs of 1, 2, 5, 6, 8, and S.
- b. Moderate Risk. SRC III and IV; CIICs of 3, 4, 9, A, B, C, D, P, 7 (explosive), and U (explosive).
- c. Low Risk. SRC U; CIICs of J, blank, 7 (inert), and U (inert).

13. Inventory Effectiveness. Those attributes that allow an activity to more effectively manage ordnance assets. Inventory effectiveness attributes are serial number or lot number, ownership code and location (grid level).

14. Inventory Effectiveness Scoring. An overall inventory effectiveness score shall be calculated as follows: for each item sampled during an inventory, the serial number or lot number and ownership code must exactly match on OIS-R or ROLMS, on the material condition code tag (DD forms 1574, 1575, 1576, 1577, or 1577-2) if used, and on the bar code. The serial number or lot number must also exactly match any stenciling on the ordnance or container. Any mismatches for these two attributes on either OIS-R or ROLMS, the material condition code tag, the bar code or stenciling will cause the sampled item to be considered an inventory effectiveness error. The item must be in the exact location to the level used by the activity (grid, stack height). Each sampled item, for overall inventory effectiveness purposes, will either be correct or in error. Multiple mismatches for a single item will be recorded as one

overall inventory effectiveness error for that item. The overall inventory effectiveness score will be calculated as the number of sampled items with zero errors divided by the total number of items sampled times 100 percent.

15. Location. Location can be considered to various levels of granularity (i.e., magazine, building, grid level or stack level). Basic inventory accuracy measurement includes location to the magazine or building level. Inventory effectiveness takes into account finer measurements within the magazine or building.

16. Location Reconciliation (Record-to-Record). This is an annual reconciliation performed by all OIS-R and ROLMS activities and is required to ensure that the local OIS-R or ROLMS record matches the OIS-W database. OIS-R and ROLMS activities must send balance transactions ("B and T") for ammunition transaction report and "DZH" transactions for transaction item report to NAVSUP GLS AMMO for all records. NAVSUP GLS AMMO will compare OIS-R and ROLMS on-hand balances with the OIS-W database.

17. Location Reconciliation Scoring. The location reconciliation score is calculated as the number of records or asset line items where OIS-R or ROLMS and OIS-W quantities matched divided by the number of OIS-W records to asset line items held for the activity, expressed as a percentage.

18. Location Survey. A location survey must be conducted once per fiscal year by all naval activities storing ordnance and can be conducted concurrently with other physical inventories or processes that require entry into magazines or storage locations to the maximum extent practicable. The purpose of a location survey is to identify material that resides in ordnance storage locations but which is not found on local records. If the material is not on record, it is a location survey hit. If the material is on record but has any number of errors in other inventory accuracy or inventory effectiveness attributes (location, quantity, etc.) this is not a location survey finding although the activity must resolve all inventory accuracy and inventory effectiveness discrepancies.

19. Location Survey Scoring. A representative sample of occupied locations will be determined and that number of locations will be randomly investigated during the year. The number of locations sampled without a location survey hit divided by the total number of sampled locations times 100 percent will be the location survey accuracy for the year.

20. Major Claimants and Commands. Senior in the chain of command delegated by Chief of Naval Operations to exercise primary management of resources, echelon 2 commands. For ordnance management, major claimants are the activities authorized to participate in the training and testing requirement or noncombat expenditure allocation process and receive and suballocate naval ordnance. They include geographic fleet commands, numbered fleet commands, systems commands, type commands, marine forces commands, marine aircraft wings, group commands, and immediate superior in command.

21. Ordnance Information System-Wholesale (OIS-W) Line Item. The inventory record within OIS-W uniquely identified by a combination of: quantity, NIIN, Navy ammunition logistics code, condition code, owner, purpose, and activity classification code.

22. Ordnance. Ammunition and related inert components (i.e., containers, fins, lugs, and launchers). For the purposes of this instruction, ordnance includes material assigned a supply cognizance symbol 0T, 2D, 2E, 2T, 4E, 4T, 6T, 6Z, 8E, 8T, 8S or 8U.

23. Ordnance Accountability. A state or condition of being able to accurately determine and report the quantity, location, condition, ownership, custody and other inventory status information of ordnance material that is, has been, or is in transit to the custody of an activity per the requirements and standards set forth by this instruction. Accountability includes:

- a. Responsibility for ordnance custody, care, receipt, storage and issue.
- b. Safeguarding and re-warehousing.
- c. Physical inventory and research.

- d. Location survey and reconciliation.
- e. Quality control checks.
- f. Discrepancy report initiation, research, and resolution.
- g. Investigation and assessment of financial liability for loss, damage and destruction of government property.
- h. Appropriate actions to ensure that the physical on hand quantity and the total item property record are in agreement.

24. Physical Inventory. The physical count of ordnance in storage at a stock point for the purpose of verifying the balance reflected in the accountable recorded stock balance. A physical inventory consists of physical counts, post-count validation, pre-adjustment research and causative research.

a. Magazine-to-Record. The physical inventory of an entire storage location against an activity's accountable record (generally referred to as a wall-to-wall) (i.e., an entire magazine is inventoried and compared to the command's OIS-R or ROLMS records).

b. Record-to-Magazine. The comparison of OIS-R or ROLMS records to actual magazine assets by verifying one or more station line item (SLI) from an activity's accountable record (i.e., a sample of SLIs within OIS-R or ROLMS is selected and verified by physical count).

c. Record-to-Record Accuracy. This is a comparison of OIS-R or ROLMS asset and serial lot data to the corresponding OIS-W record. If the records do not agree, they are considered to be out-of-balance and must be corrected.

25. Sentencing. The action of assigning an ammunition condition code and defect codes following an inspection of the item and specific guidance contained in the NAR.

26. Ships. Surface and subsurface vessels which include all classes of fleet combatants (United States Ship) and vessels assigned to Military Sealift Command (United States Naval Ship) to include leased and chartered vessels.

27. Shipboard Explosives Safety Inspection (SESI) Sampling.

During a SESI, all ships and submarines will receive an assessment of their inventory management and ordnance accountability processes. This process will be completed by NAVSUP GLS AMMO inspectors. No more than 80 ammunition line items will be sampled. These results will be recorded in the SESI report.

28. Station Line Item (SLI). The accountable record within OIS-R or ROLMS that is uniquely identified by a combination of NIIN, Navy ammunition logistics code, condition code, owner code, purpose code, activity classification code, lot number, serial number, quantity, and location (building and grid).

29. Statistical Process Control Monthly Sample. A sample that is conducted on a recurring basis (high, moderate, and low-risk material) and which is primarily used to evaluate the effectiveness of ordnance accounting processes at the activity level and to provide management indicators of process errors requiring attention. Statistical process control monthly sampling can also serve to meet the required inventory accuracy and inventory effectiveness sampling requirements under certain circumstances, accomplishing both a process control and inventory accuracy and inventory effectiveness monitoring function.

30. Targeted Inventory. An investigative inventory designed to seek the cause and understand the scope of process failures so that records can be corrected for the ordnance items that were negatively impacted.

31. Wall-to-Wall Physical Inventory. A 100 percent sample of items within one or more designated locations. Wall-to-wall physical inventories are specified for high-risk (SRCs I and II) material per the inventory standards in enclosure (1), upon relief of the accountable officer or commanding officer, and anytime when a location or magazine has been compromised. Wall-to-wall physical inventories can also be performed at the end of each fiscal year for all other materials (moderate and low-risk) as an option to performing an annual random sample. Inventory accuracy, inventory effectiveness and custodial accuracy scoring applies.

32. Warehouse Denial (Refusal). When material is on record but is not found in the indicated location during material movements (i.e., issuing material), a complete inventory for that specific material must be conducted at all locations where records indicate the material is stored.

33. Unit Level. Units are activities that use conventional ordnance as the end user. A security department located on an installation would be a unit.