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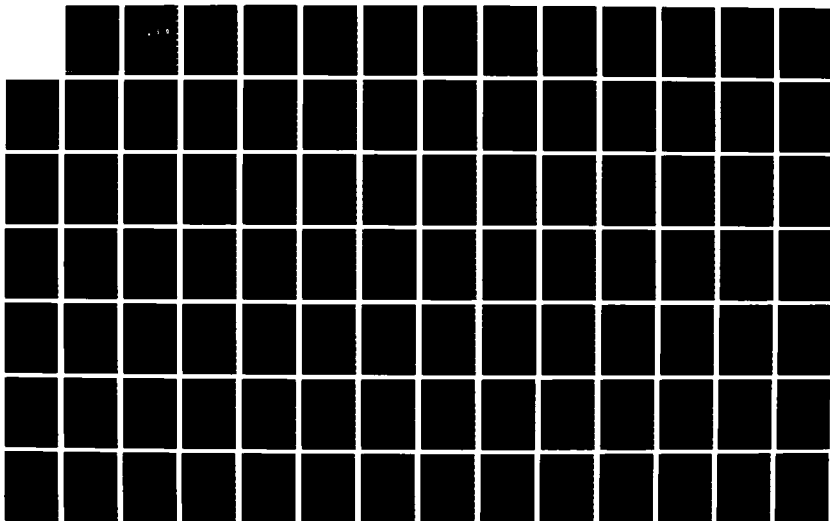
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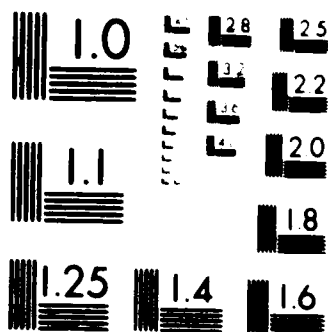
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THESIS

AN ANALYSIS OF THE REQUISITIONING PROCESS
FOR DOT STANDARD STOCK MATERIAL
AT THE NAVAL POSTGRADUATE SCHOOL,
MONTEREY, CALIFORNIA

by

Richard Gavin Poston

December 1986

Thesis Co-Advisors:

D. Boger
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An Analysis of the Requisitioning Process for DOD Standard
Stock Material at the Naval Postgraduate School,
Monterey, California

by

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Submitted in partial fulfillment of the
requirements for the degree of

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ABSTRACT

This thesis examines the requisitioning process for DOD standard stock material utilized at the Naval Postgraduate School (NPS). The analysis uses a generic model of the requisitioning process developed by the author and derived chiefly from select portions of official Naval Supply publications. This model serves as a reference point in examining the process at both the Naval Postgraduate School and the Naval Supply Corps School. It was found that several barriers exist that prevent the NPS supply department from requisitioning standard stock material in the most efficient and productive manner. The thesis concludes by describing these barriers and by providing recommendations for improving the requisitioning process flow at NPS.

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I. INTRODUCTION

A. BACKGROUND

This research project is part of a study commissioned by the Superintendent, Naval Postgraduate School (NPS) in order to gain a better understanding of the internal supply support policies and procedures utilized by the base supply department. A concurrent study [Lodge, 1986] discusses the procurement or open purchase process for all requirements within the permissible purchase authority of \$25,000. This project examines the requisitioning process for all standard stock items managed within the Department of Defense supply system.

The length of the requisitioning process affects the mission of NPS in that faculty and staff need to obtain their required supplies in a timely manner. The Superintendent views prompt, accurate supply support as essential to achieving the overall mission of NPS.

B. RESEARCH QUESTIONS

1. Primary Research Question

How can the requisitioning process at NPS be improved with respect to shortening the time period from customer requisition input to ultimate receipt of material?

2. Subsidiary Research Questions

What are the various stages or steps involved in the paperwork processing flow for each requisition? What specific action occurs at each stage? Could any step in this flow be modified to provide for increased efficiency or effectiveness? What effect does the priority or urgency of need assigned to each requisition have?

C. SCOPE

This analysis includes a review of the requisition process at NPS for all standard stock transactions. This includes items orders from Government Services Administration (GSA), Navy, or other DOD activities. Open purchase requirements were not included.

This study focuses upon the flow of paperwork during the various stages of processing to ultimate material receipt. This thesis represents a case study with an emphasis on areas where efficiency can be improved and identification of externalities which may limit increases in efficiency. In addition, special emphasis is placed upon the requirements determination portion of the process.

D. METHODOLOGY

The methodology mainly entails reviews and analyses of primary source documents from NPS historical records and

interviews with supervisory and nonsupervisory personnel within the requisition processing branch.

The methodology also utilizes comparisons between a generic system model, the actual NPS process, and the process used at the Navy Supply Corps School (NSCS) in Athens, Georgia. The generic model was constructed from adapting select portions of official Navy Supply publications. Information relating to the requisitioning process at NSCS was obtained through a research visit.

E. ORGANIZATION OF THE STUDY

Chapter II provides a generic model for the organization and requisition process flow of a small ashore supply department. Chapter III describes the requisition process flow at NPS. In Chapter IV, the requisition stages are examined at NSCS. An analysis comparing the model, NPS, and NSCS is presented in Chapter V. Special emphasis is placed upon those differences which, if enacted by NPS, would promote greater efficiency or effectiveness. The study conclusions and recommendations are discussed in Chapter VI.

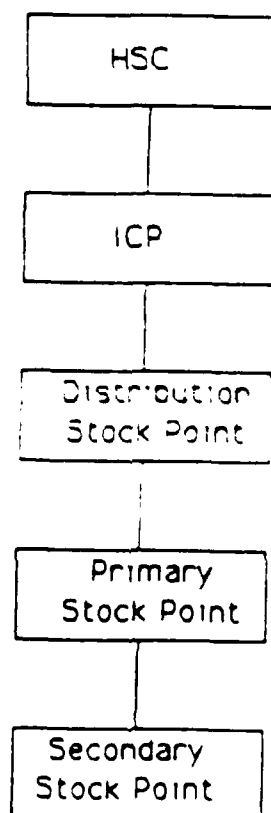


Figure 2.1 Supply System Support Hierarchy
Source: Adapted from NAVSUP Manuals Vols. I and II

1. Reporting Requirements

The distribution and stock points may be further categorized as either reporting or nonreporting activities. [NAVSUP VOL II, para. 21051] Briefly, reporting activities are replenished by the cognizant supply demand control point or ICP as a result of demands or volume recorded on the activity's stock status reports. A nonreporting activity is replenished as a result of direct requisitions and/or shipment requests that the nonreporting activity submits to its supply source. For the reporting activities, replenishment stock material is routinely provided based upon that activity's recorded historical data. The nonreporting activities, which normally represent smaller, lower volume stock points or depots, are wholly responsible for requisitioning replacement stock from their supply source.

2. Hardware Systems Command

With respect to supply inventory management, the Naval Supply Systems Command (NAVSUP) functions as the top echelon. Rear Admiral E. K. Walker, Jr., Commander, Naval Supply Systems Command, recently referred to NAVSUP as ". . . the worldwide TYCOM that provides supply support to all fleet units." [Walker, 1986]

Among the multiple responsibilities assigned, NAVSUP is specifically charged with: [NAVSUP VOL I, para 11062]

- (1) Administering the Navy Stock Fund
- (2) Providing the integrated or interservice material management program under which wholesale supply support is provided to the Navy by the Defense Logistics Agency (DLA) and Government Services Administration (GSA) and to other services by the Navy
- (3) Performing Navy servicewide supply management functions and policies, storage, and issue procedures except for material specifically assigned to other commands for centralized inventory control.

For the purpose of this thesis, the only relevant HSC is NAVSUP.

3. Inventory Control Points

The Inventory Control Points (ICPs) occupy the next level in the hierarchy of system supply support. They serve to provide overall program support functions as directed by NAVSUP or another HSC [NAVSUP VOL I, para. 11062]. This support typically includes inventory management for assigned weapons systems and related equipment as well as selected nonweapons material. In addition, the ICPs manage certain secondary or nonprincipal related items that may not be an integral part of other equipment (e.g., binoculars). The designated reporting activities previously discussed normally are replenished from ICP managed stocks of material. The ICPs are typically Navy, DLA, or GSA controlled.

4. Distribution Points

Various distribution points represent the third echelon. The primary mission of distribution points is to provide system stock for support of any designated primary stock point [NAVSUP VOL II, para. 21051-3]. All distribution points are reporting activities. In addition, distribution points may be assigned to supply any of the following:

- (1) Secondary stock points in the immediate area
- (2) Overseas secondary stock points
- (3) Fleet units
- (4) Yard and district craft.

The Naval Supply Center (NSC) Oakland, CA, functions as a distribution point.

5. Primary Stock Points

Primary stock points are the next level of support. These stock points, which are all reporting activities, provide stock for designated secondary stock points as well as for their own consumption [NAVSUP VOL II, para. 21051-4]. They may also support:

- (1) Fleet units
- (2) Yard craft.

6. Secondary Stock Points

Secondary stock points occupy the fifth echelon. These stock points are usually nonreporting activities. In

addition to carrying stock for internal consumption, they may support any assigned yard craft or aircraft. Significantly,

secondary stock points are all shore activities which are not classed as a reserve stock point, a distribution point, or a primary stock point. Secondary stock points determine their own routine replenishment and, as a result of this determination, submit shipment requests or requisitions to a designated supply source. [NAVSUP VOL II, para. 21051-5]

The Naval Postgraduate School (NPS) supply department is classified as a secondary stock point.

Figure 2-2 represents the echelons of support that are applicable for the scope of this model. NSC Oakland functions as the distribution point and is charged with supporting the NPS supply department or secondary stock point. Hence, there is no primary stock point applicable for this model. In addition, the NPS supply department is also classified as a nonreporting activity.

B. MODEL ORGANIZATION

NAVSUP has provided standardized organizational charts for each level of activity under their cognizance. These charts range in scope and depth from the complex ICP to the more streamlined organization of a secondary stock point. Within the secondary stock points, standardized organizational charts are provided for both "large" and "small" supply departments. Figures 2-3 and 2-4 are charts for large and small departments, respectively.

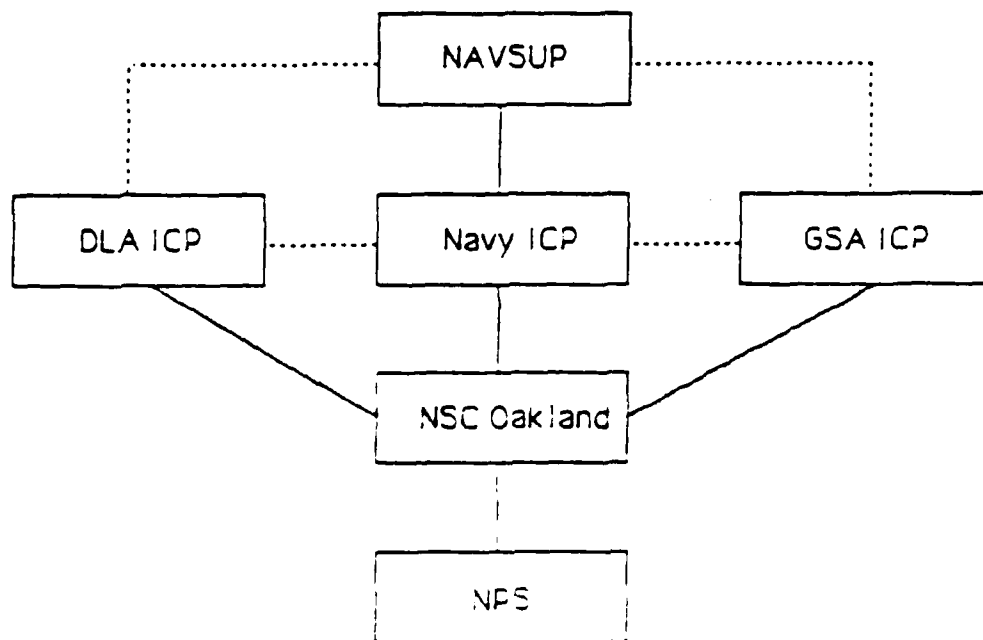
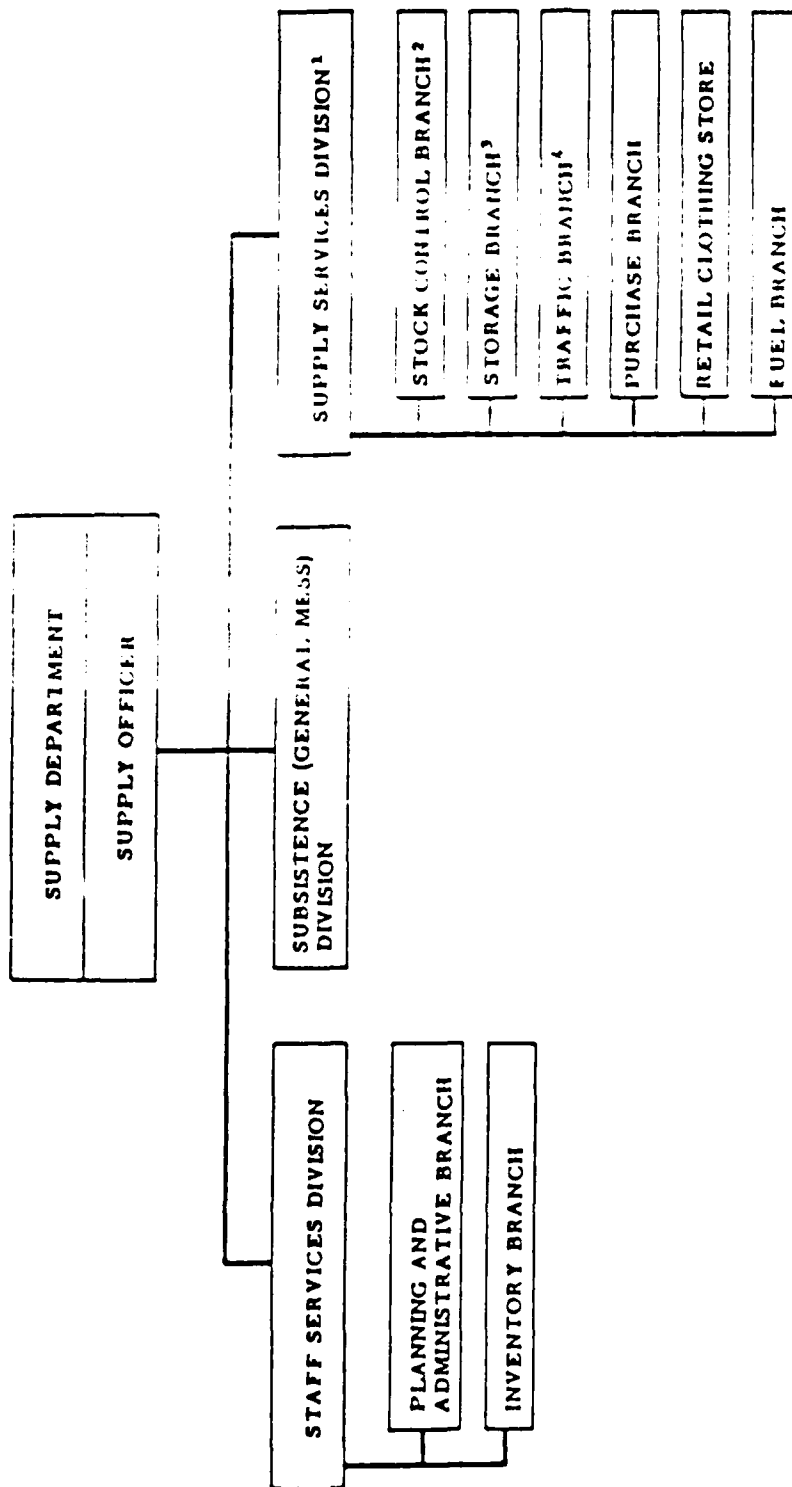


Figure 2.2: Supply System Support Hierarchy for NPS
Source: Adapted from NAVSUP Manuals Vols. I and II



As required locally:

¹ Volume of workload may require individual control and material divisions.

² Includes issue control, disposal (less salvage and scrap), technical, and receipt control (naval material) functions.

³ Includes shop stores and salvage and scrap functions.

⁴ Includes receipt control (purchase material) functions.

Figure 2.4: Organization for a Small Supply Department

Source: NAVSUP Manual Vol. I

NAVSUP provides no clear dividing point that differentiates between these two choices. Instead, NAVSUP states that: ". . . activities with limited supply workloads and personnel complements should use the simplified structural organization and the standard functional statements . . ." [NAVSUP VOL I. para. 11065]. This model uses the simplified chart as its organizational foundation.

C. REQUISITION PROCESS FLOW MODEL

The requisition process flow or continuum for standard stock requirements is, by necessity, adapted from guidance contained within both NAVSUP Manual Volume II, Supply Ashore, and NAVSUP Publication 485 (P-485), Afloat Supply Procedures. Although P-485 might seem to be an unlikely authoritative source for an ashore supply department, it contains far more current details relating to each of the steps along the continuum. Much of the information in Volume II is dated or no longer applicable. For example, many routine forms discussed no longer exist and sections on local procurement procedures have been superseded by newer publications or instructions.

There is a general consensus among those ashore supply department and key NAVSUP personnel interviewed that P-485 is most representative of current specific procedures and policies. In answering an inquiry which questioned the

practicality of using Volume II as a singular reference source for ashore activities, RADM Walker acknowledged that Volume II was in the process of "a complete rewrite" [Walker, 1986] in order to make it a relevant user document.

Given that there is no absolute singular authoritative source, the continuum of events outlined in Figure 2-5 represents what may be referred to as generally accepted requisitioning process procedures. In short, this model does not attempt to provide a definitive source, but rather, includes those specific steps that would be normally expected in a small supply department of a nonreporting, secondary stock point nature.

1. Customer Input/Requisition

Upon receipt of a request from a customer for any required standard stock materials, the supply department model has three available options in fulfilling the requirement:

- (1) Provide from on-hand assets
- (2) Submit or refer the request to the applicable supply or distribution point (e.g., NSC Oakland)
- (3) Procure directly from a commercial source.

Procedures relevant to the NPS model for procurement from commercial sources are the subject of a separate thesis [Lodge, 1986] and will not be included in this model.

Military Standard Requisitioning and Issue Procedures (MILSTRIP) govern requisitions for most material from the

Stock Records/
Requirements
Determination

Stock Records/
Requisitioning

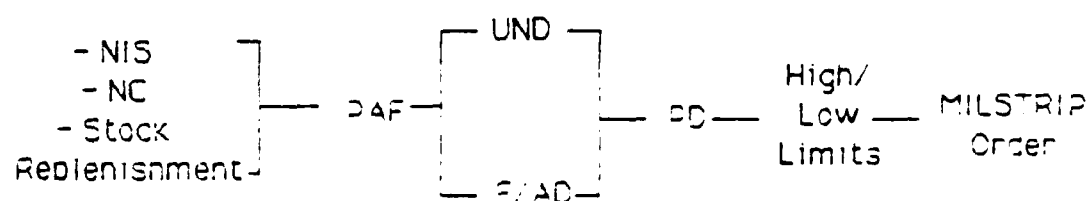


Figure 2.5: Overview of Stock Records Requisitioning Phase

Navy supply system, DLA, and GSA. Items not included are:

[NAVSUP P-485, para. 3022)

- (1) Fuel or bulk lubricants
- (2) Most standard forms and publications
- (3) Library related materials
- (4) Industrial plant equipment
- (5) Communication security equipment
- (6) Nuclear ordnance
- (7) Presentation silver.

MILSTRIP procedures for standard stock material are based upon the use of one of the following specially coded, authorized forms:

- (1) DOD Single Line Item Requisition System Document-Manual DD 1348
- (2) DOD Single Line Item Requisition System Document-Mechanical (DD 1348M)
- (3) Single Line Item Consumption/Requisition Document-Manual (NAVSUP 1250-1).

An example of the form that is utilized throughout this work, DD 1348, is found in Figure 2-6. The actual requisitioning process begins when any one of those forms, as applicable to each local supply department, is received by the supply department for action. The choice of forms is a matter of preference by each supply department.

2. Issue Control/Initial Processing

Issue control, a section of the stock control branch, receives and then routes the requisition to other

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Figure 2.6: DD 1348 Requisition Form
Source: NAVSUP Manual P-485

Source: NAVSUP Manual P-485

sections. This section also provides the chief interface between the supply department and the customer.

a. Initial Processing

The issue section first conducts a thorough review of the requesting form to ensure that all required data elements are included. In addition, this section ascertains from the indicated Urgency of Need Designator (UND) the relative urgency that the customer assigns to this material. The UND, which is described in greater detail later, helps to determine the handling priority of the requisition throughout the process. The issue section also maintains records of requisition and issue documents and provides status, as requested, to the customer.

b. Liaison Function

The issue section is the principle point of contact between the customer and supply department with respect to providing supply status information and processing special expediting requests. At this early stage, the issue section, after reviewing the requesting form, either forwards the request to the stock records section or obtains more information from the customer.

3. Stock Records/Requirements Determination

The stock records section answers several key questions. First, is the material on-hand and available for issue? Second, if the material is not in stock (NIS) how

will it be ordered? Third, at what point should material previously not carried (NC) be considered as a regular stocked item? Finally, how is routine stock replenishment managed? This phase is often referred to as requirements determination.

a. Material On-Hand

After the customer's requisition form, a DD 1348, is received, it is reviewed to ensure that the price and National Stock Number (NSN) are current. The NSN is a 13 digit number, assigned by DLA, which identifies each specific item in the United States defense supply system. The supply clerk or storekeeper then compares the requested quantity to the on-hand balance listed on the applicable stock record card (NAVSUP 1114) and fills in the location of the material on the DD 1348.

The storekeeper then annotates on the DD 1348 whether the material requested is classified Selected Item Management (SIM) or non-SIM. SIM items are those relatively small percentage of items which, based primarily upon frequency of demand criteria, account for a majority of issue requests. The material is then issued and a receipt signature is obtained from the customer. The issued quantity is then posted to the NAVSUP 1114.

b. Material NIS

The storekeeper first verifies the correctness of the DD 1348 as before. If a zero balance is determined when the DD 1348 is compared to the NAVSUP 1114, the storekeeper still annotates the location and designation as either a SIM or non-SIM item on the DD 1348. The DD 1348 is then forwarded to the stock records requisitioning or ordering section.

c. Material NC

Once again, the storekeeper first verifies the DD 1348. Since the material is NC, a NAVSUP 1114 is not available. After indicating on the DD 1348 that the material is NC, it is forwarded to the stock records requisitioning section.

d. Routine Stock Replenishment

An implication of this process is that stock replenishment excludes any NC material. Routine stock replenishment is normally initiated as a result of regularly scheduled inventories, periodic reviews of NAVSUP 1114s, or unscheduled inventories such as those carried out of remaining like parts following each issue. For example, NAVSUP P-485 requires the storekeeper to verify, by actual count, the remaining balance of designated non-SIM items immediately following each issue.

In short, stock replenishment is initiated by the requirements determination personnel usually via a NAVSUP 1250-1 or DD 1348. After the appropriate reorder quantity is entered and other blocks such as location and SIM or non-SIM are completed, the requisition form is forwarded to the requisitioning or ordering section.

4. Stock Records/Requisitioning

This phase in the process relates to the actual ordering of material by the supply department in order to replenish stock or satisfy a NIS or NC customer requirement.

a. Procurement Action File (PAF)

Most requisitions to the distribution or primary stock point originate from input, usually DD 1348s or NAVSUP 1250-1s, provided by requirements determination personnel via a Procurement Action File (PAF). The PAF functions as the "in basket" for the requisitioning personnel. However, before anything may be ordered, an appropriate priority must be assigned to each requisition.

b. Priority Designators (PDs)

The determination of Priority Designators (PDs) is a vital part of MILSTRIP procedures. These PDs, which range from a low of 15 to a high of 1 determine the timeframe within which the requirement usually will be processed within the supply system [NAVSUP P-485, para. 3045]. Standards for assigning these PDs are delineated in

the Uniform Material Movement and Issue Priority System (UMMIPS). UMMIPS authorizes assignments of PDs based upon the requisitioner's Urgency of Need Designator (UND) and Force Activity Designator (F/AD).

During the initial processing by issue control, the relative urgency of a requirement was derived from the UND. Table 2.1 is a listing of UND alpha codes and their descriptions.

TABLE 2.1
URGENCY OF NEED CLASSIFICATIONS

<u>UND</u>	<u>DEFINITION</u>
A	(1) Requirement is immediate. (2) Without the material needed, the activity (e.g., NPS) is unable to perform one or more of its <u>primary</u> missions.
B	(1) Requirement is immediate, or it is known that such requirement will occur in the immediate future. (2) The activity's ability to perform one or more of its primary missions will be impaired until the material is received.
C	(1) Requirement is routine.

Source: Adapted from NAVSUP P-485, para. 3047

The F/AD affixes a level of military importance to the requisitioning activity. Table 2.2 provides a listing of F/ADs and their descriptions.

TABLE 2.2
FORCE ACTIVITY DESIGNATOR CLASSIFICATION

<u>F/AD</u>	<u>DEFINITIONS (NOT INCLUSIVE)</u>
I	(1) U.S. Forces in combat (2) Declared emergencies (3) As approved by the Secretary of Defense
II	(1) U.S. forward deployed forces (2) U.S. Forces within 90 days of deployment (3) As approved by specified Naval Commanders
III	(1) All other U.S. Forces operating outside of the U.S. (2) U.S. Forces maintained in readiness states prior to D + 30 (3) Repair activities providing direct logistic support for D + 30 readiness forces
IV	(1) U.S. Forces maintained in readiness states between D + 30 and D + 90 (2) Repair activities providing direct logistic support between D + 30 and D + 90
V	(1) All other U.S. Forces or activities

Source: Adapted from NAVSUP P-485, para. 3046

The activity's UND, together with its F/AD, determines the PD. Table 2.3 illustrates this relationship.

TABLE 2.3
RELATIONSHIP OF UND AND F/AD TO PRIORITY DESIGNATORS

<u>UND</u>	<u>F/AD</u>				
	I	II	III	IV	V
	Priority Designators				
A	01	02	03	07	08
B	04	05	06	09	10
C	11	12	13	14	15

Source: NAVSUP P-485, para. 3048

As a F/AD V activity, NPS is limited to the lowest possible PDs within each UND category. These priorities, in turn, result in much longer UMMIPS supply system processing time standards or standard delivery dates. For example, the UMMIPS standard for a PD of 08, the highest available to NPS, is still 12 days. All other NPS requisitions will meet UMMIPS standards if provided within 31 days by the distribution point. Although both PD 10 and PD 15 have a 31 day delivery standard, those items with PD 10 usually arrive sooner as they receive a higher precedence during shipping. For example, a PD 10 item may be sent via

priority mail instead of the standard parcel post priority of a PD 15.

c. High and Low Limits

The high limit is the maximum amount of any specific material allowed to be on-hand or on order to meet current operating objectives. A low limit, or recorder point, for a stocked item indicates the need to initiate immediate replenishment action. Proper management of the correct high and low limits, especially for the high usage SIM items, is a critical element of the stock records requisitioning section.

High and low limits for these vital SIM items are listed in NAVSUP P-485 [NAVSUP P-485, para. 6025] in terms of varying endurance levels. These levels are quantities required to be available or on order to sustain operations for a specified period without receiving replenishment stock.

d. MILSTRIP Ordering

This essentially completes the stock records requisitioning phase. At this point, the storekeeper assigns a document number to each requisition form and subtracts the total cost from the amount of funds available in the ledger or Operating Target (OPTAR) log. Copies of the now completed requisition form are then distributed to the customer, the storekeeper responsible for posting to the

NAVSUP 1114, and receipt control personnel. The original requisition is then provided via hand carry, mail, or Naval message to the distribution point.

In summary, Figure 2-5 presents an overview of the stock records requisitioning phase. The stock records requirement determination provides input to the PAF via stock card balances or customer needs. The priority designator is derived from the combination of the Urgency of Need Designator and the Force Activity Designator. This priority designator, in turn, determines the relative precedence in which the requisition will be processed, filled, and shipped by the distribution point. Lastly, if the required item is a high usage SIM item, the applicable high and low limits must be considered. The requisition request is then forwarded to the supply activity after the actual requisition form NAVSUP 1250-1, DD 1348, or DD 1348M is completed in accordance with current MILSTRIP procedures.

5. Receipt Control

The receipt control section for Naval material establishes and maintains files for future expected receipts from various supply sources. In addition to receiving requisitions, receipt control may serve to initiate follow-up requests to the issuing supply activity in order to obtain shipment status on overaged or urgently required material. They also provide delivery status and

other information, as requested, from the issue control section. Finally, receipt control is responsible for making both a quantity and quality inspection of material received.

6. Follow-up

A follow-up is simply an inquiry as to the current supply status of a previously submitted requisition. Follow-ups are often initiated by the receipt control section or generated through issue control at the request of a customer. Stock records storekeepers may initiate follow-ups when, after reviewing the lll4s, they determine that some requested material is overdue. Follow-ups may be submitted at any point after sending the original requisition subject to UMMIPS time constraints. These will be discussed shortly.

Most follow-ups are processed through Naval messages or by special cards containing alpha-numeric codes. Informal follow-ups via telephone are normally conducted for extremely urgent material. Follow-up replies are then returned from the supply source to the requestor in like form.

A review of the outstanding requisitions by issue control or stock record storekeepers usually precedes internally generated follow-up requests. For example, priority 08 requisitions should be reviewed weekly.

Priority 10 and 15 requisitions should be reviewed at least quarterly.

Several restrictions apply to follow-up requests, especially for relatively low priority designators such as 08, 10, and 15. For a typical requisition, a follow-up is permitted only after the UMMIPS decreed time standards have elapsed. For PDs of 08, 10, and 15, follow-ups may be submitted no earlier than 12, 31, or 31 days, respectively. Further, if some status has been previously received, follow-ups must be delayed for 6 days from the date of last status receipt for a PD 08 and 13 days for a PD 10 or 15. Thus, UMMIPS severely controls not only the relative precedence in ordering and shipping but also in the follow-up information flow.

7. Storage and Delivery/Pickup

This phase provides for the preservation and security of material received from other supply sources as well as ultimate customer receipt. Upon receipt from receipt control, the material is stowed in an orderly manner that facilitates quick identification with respect to future pickup by the customer. For a typical small supply department, this would likely include one large warehouse for bulk stock and a smaller centralized facility where customers may come to obtain the ordered material or to pick up stock that has been requested on a "walk-through" basis.

D. AN EXAMPLE OF MODEL FLOW

First, the customer provides a requisition for a dozen mechanical pencils, NSN 7520-00-164-8950, with a DD 1348. An issue control storekeeper ascertains the correctness of the DD 1348. If the information on the form is incomplete or incorrect, the storekeeper returns the form to the customer. If the DD 1348 is completed correctly, the storekeeper notes that the UND is a routine "C" and forwards the DD 1348 to the stock record storekeeper.

This storekeeper verifies through the applicable stock record card that the pencils are NIS. Had the material been in stock, the DD 1348 would have gone to the warehouse or storage and delivery section. From there, the pencils would be pulled from stock and either held for pickup or delivered to the customer. The storage storekeeper would then forward a copy of the completed transaction to the stock records storekeeper in order for the mechanical pencil stock card, NAVSUP 1114, to be properly annotated. However, for an NIS item, the storekeeper notes the warehouse location of the item and designates the pencils, based upon recorded usage data, as a SIM or non-SIM item. The DD 1348 is then passed to the stock records requisitioning section for a routine replenishment order.

The requisitioning storekeeper receives the DD 1348 from the PAF. The storekeeper assigns an appropriate PD which is

derived from the F/AS and UND. Other required blocks on the DD 1348 are completed. In the case of a SIM item such as pencils, the storekeeper will order up to the high limit. For a non-SIM item, the storekeeper would only order the customer's required amount. This storekeeper mails or transmits via message the completed DD 1348 to NSC Oakland. Finally, a copy of the requisition is provided to the stock records storekeeper for annotation on the NAVSUP 1114 and to receipt control for their incoming receipt file.

The receipt control storekeeper periodically checks the incoming file for any overdue requisitions. In our example, the pencils have now been on order for 35 days. The storekeeper then initiates a follow-up request via MILSTRIP message to NSC Oakland in order to obtain availability and/or shipment status. NSC Oakland responds that the pencils were just shipped through the mail. Two days later, the pencils are received and the storekeeper completes a quality and quantity check on the requisition. A copy of the receipt document is also forwarded to the stock records storekeeper.

Receipt control releases the pencils to the warehouse or storage storekeeper. This storekeeper stows the excess SIM high level material into its proper location and pulls the customer's request for either pickup or routine delivery by delivery storekeepers. A copy of the document signed by the

customer is then forwarded to the stock records storekeeper so that the balance on the NAVSUP 1114 may be adjusted to reflect this recent issue.

III. REQUISITIONING AT THE NAVAL POSTGRADUATE SCHOOL

The requisitioning process at NPS is examined in this chapter. First, the mission of NPS and scope of the supply department is discussed. Next, the supply department organization is described. A detailed description of the inventory methodology employed by NPS is provided here. Finally, the requisitioning process is discussed. The process begins with the submission of a requisition by the customer and ends with the actual material receipt.

A. NPS MISSION AND SCOPE

The NPS primary mission, according to the 1986 academic catalog, is

to conduct and direct the advanced education of commissioned officers, and to provide such other technical and professional instruction as may be prescribed to meet the needs of the naval service; and in support of the foregoing, to foster and encourage a program of research in order to sustain academic excellence.

The NPS supply department supports about 1,850 students, 900 faculty and staff, and 200 nonstudent military personnel. In addition, support is provided to nearly 670 personnel who work in nearby tenant commands.

During the period from September 1985 through September 1986, 3,482 total stock requisitions were processed. Of this total, 1,810 or 52 percent were initiated by the

material division and 1,672 or 48 percent by the control division. The NPS supply department functions as a secondary stock point with NSC Oakland serving as the singular distribution point for NPS.

B. NPS ORGANIZATION

The NPS supply department organizational chart is depicted in Figure 3-1. This discussion is limited to relevant sections within the control and material divisions that actually participate in the requisitioning process.

1. Issue Control

The issue control section serves as the primary point of contact between the customer and the supply department with respect to requisitioning and material. In addition to their various technically-related responsibilities, they act as customer services for the supply department. For example, they provide the current status for an outstanding requisition and initiate follow-ups at the customer's request. In addition, issue control receives, sorts, and routes all supply requisitioning paperwork, maintains outstanding and completed requisition files, performs MOVs, provides technical screening actions for requisitions, and prepares requisitions for message transmittal.

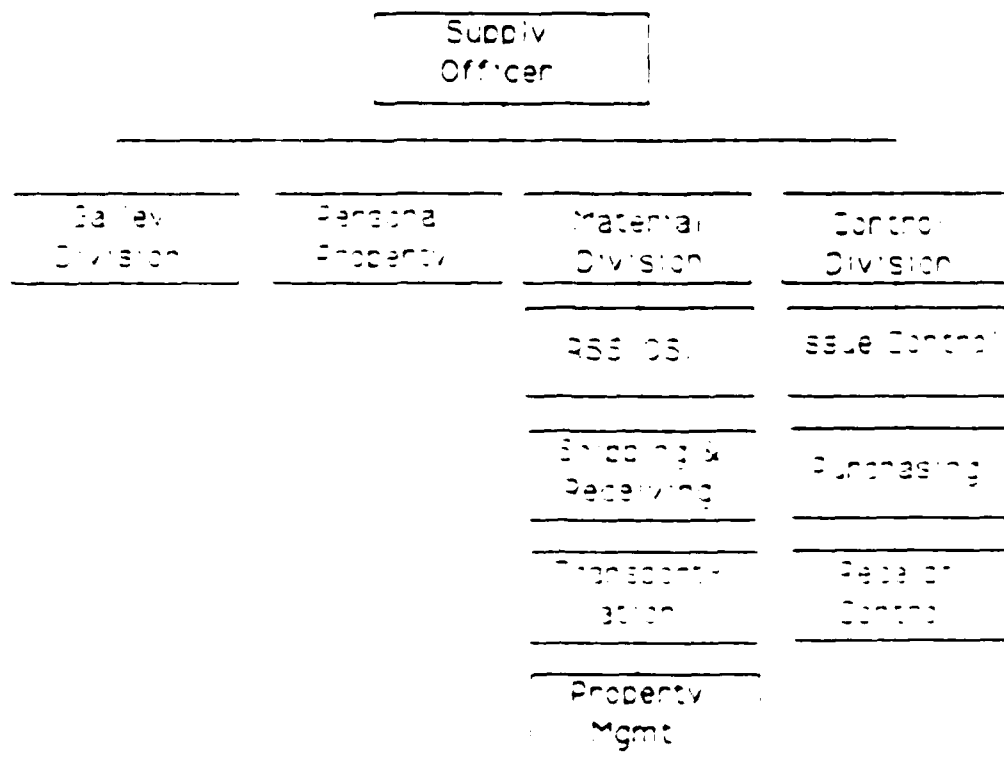


Figure 3-1 NPS Supply Department Organization
 Source: NPS Supply Department

2. Purchasing and Receipt Control

The purchasing section performs all open purchases of non-NSN or urgently required NIS standard stock material, the receipt control section supports purchasing by maintaining appropriate files including the PAF, certifying and submitting invoices for payment, initiating follow-ups, and serving as the customer's point of contact for open purchases.

3. Ready Supply Store (RSS) and Office Supply Issue Room (OSI)

According to NAVSUP Manual Volume II, a Ready Supply Store (RSS) functions as a retail outlet of standard stock items and is physically located at one command (e.g., NPS, yet materially supported and accountable to another command (e.g., NSC Oakland). An RSS is established with the approval of NAVSUP and typically includes a distribution center providing supply support for one or more smaller stock points. The distribution center for NPS is NSC Oakland.

The purpose of an RSS is to provide more economical material support for these smaller stock points. For example, rather than submit hundreds of requisitions for relatively small quantities of high usage supplies, an RSS operation permits the stock points to order fewer, but larger, quantities of fast moving items. Thus, by satisfying customer needs from a large pool of available

material, the higher costs required to receive, store, and issue materials in small quantities are negated.

Using our example of mechanical pencils from Chapter II, the stock point would order, via an RSS, two case lots in one requisition in lieu of 24 individual requisitions. In short, an RSS operation provides an activity the opportunity to give its customers greater convenience by offering a wider range and depth of material than they otherwise could afford. At NPS, the supply department manages and is accountable to NSC Oakland for the material stock located at the NPS RSS.

The Hardware Systems Command (HSC), NAVSUP, through the Fleet Material Support Office (FMSO) in Mechanicsburg, PA, provides funding for all RSS operations. FMSO allocates funds to each distribution center that supports one or more RSS operations. The amount allocated by FMSO is directly proportional to the total amount of RSS sales supported by that particular distribution point with respect to other distribution points. For instance, if NSC Oakland's three RSS outlets accounted for 8 percent of the total Navy RSS sales, then NSC Oakland would receive 8 percent of the yearly grant from FMSO in order to provide range and depth support to its three RSS outlets.

Since funding support for RSS outlets stems from NAVSUP, it is important to note that NAVSUP places

constraints upon what types of material may be carried in an RSS. For example, only NSN items are allowed to be part of an RSS inventory. Items assigned local stock numbers that may not yet be available in the supply system are not eligible RSS items as they cannot be included in either FMSO or the distribution center's Economic Order Quantity (EOQ) model. As a result of this constraint, many new items of desirable "brand name" merchandise not tied to a specific NSN are not permitted to be stocked in an RSS outlet. Other implications of this constraint are discussed later.

NSC Oakland distributes their RSS funds on the basis of both current sales and inventory levels of each supported RSS. Unlike the FMSO allocation which is made once or twice during a fiscal year, NSC Oakland provides funds or seeks to recapture funds on a monthly basis.

NSC Oakland monitors the financial status of the RSS outlets through a four step process. First, NSC Oakland determines the authorized inventory level for each month of all RSS outlets. This is accomplished by computing the average monthly sales from the prior twelve months and multiplying this figure by the allowed endurance level. This endurance level is a monthly stockage level based upon the distance from the distribution center to the RSS. This endurance level concept is designed to help offset variances in material delivery times for those RSS outlets further

from the distribution center. For RSS activities near the vicinity of the distribution center, this is generally one month. The NPS endurance level is 2.5 months. Second, the actual inventory of each RSS is determined from a monthly computerized printout. This printout, NAVCOMPT 2154, is a cumulative total of the weekly reports, or UE19G printouts, which list all NPS transactions. Third, the NSC budget analyst divides the current average monthly sales into the current inventory which yields a current endurance level. Finally, the allowed endurance inventory level is subtracted from the current endurance level to yield an over under authorized inventory figure. If over stocked, the RSS must then:

- (1) Stop requisitioning
- (2) Sell more items
- (3) Turn in excess or overaged stock for credit.

To illustrate, consider how the NPS RSS financial report for the period from 1 through 31 August 1986 was derived. The average monthly sales for the period July 1985 through July 1986 totaled \$13,238.41. This figure multiplied by the allowed endurance level of 2.5 months resulted in an authorized inventory level for August 1986 of approximately \$33,000.00. The actual inventory amount of \$59,394.64 was then obtained from the NAVCOMPT 2154 form. The current average monthly sales figure of \$13,238.41 was

then divided into the actual inventory level of \$59,394.69 resulting in a current month endurance level of nearly 4.5. The authorized endurance level of 2.5, when subtracted from the current endurance level of 4.5, resulted in a +2 month overage. In short, for August 1986, NPS exceeded the authorized inventory amount by two months. That is, instead of carrying 2.5 months of stock on hand, NPS was holding or had ordered 4.5 months of stock.

The OSI is an extension of the RSS concept. In brief, an OSI is provided to issue routine office or clerical supplies in less than case lot amounts. The RSS normally fills requisitions in case lots or greater for clerical items. The OSI inventory is obtained entirely from RSS stocks. The OSI operator requisitions replacement stock from the RSS outlet in much the same manner as any other RSS customer. Although not sanctioned in any NAVSUP manuals, the OSI is established at NPS as a convenience measure for customers.

4. Shipping and Receiving

This section prepares excess or overage material for turn-in to NSC Oakland and provides basic packing and preparation for shipping non-NSN material. It also serves as the central receiving point for NPS. Receiving personnel receive and then sort for further distribution NSN material, non-NSN items, and open purchase deliveries. There are two

exceptions to this receiving process. First, material received via U.S. Mail is initially handled and distributed by issue control. Secondly, material ordered by purchasing, utilizing a Blanket Purchase Order (BPO), may be picked up directly from the vendor by the requesting department.

C. REQUISITION PROCESS

1. Customer Input

The process begins when the customer submits a DD 1348 for any NSN or non-NSN material except when the OSI will be utilized. A local form, NPS 4400, as shown in Figure 3-2, is used to requisition items from OSI.

Additional forms are required for multiple open purchase and RSS requisitions. Figure 3-3 is a Standard Form 36 which provides room for more descriptive data when ordering several items from the same vendor. A NAVFAC 11014 Material Requirements/Issue Document Form, as depicted in Figure 3-4, may precede the DD 1348 when used to requisition multiple items from RSS. The mechanics of this process are discussed later.

2. Initial Processing

The initial processing stage is dependent upon whether the requisition is for non-NSN, OSI, RSS, NC NSN or NIS NSN materials. The non-NSN processing flow is the subject of a related thesis [Lodge, 1986] and will not be discussed here.

OFFICE SUPPLIES, TURN-IN OR REQUEST
11 ND NPS 4400/1 (5-69)[illegible]

Figure 3.2: NPS 4Q(0) Form
Source: NPS Supply Department

STANDARD FORM 30 JULY 1949 GENERAL SERVICES ADMINISTRATION GSA GEN. REG. NO. 101 (REV. 1-18-19)		CONTINUATION SHEET		OFFICE OF THE SECRETARY		PAGE	
NAME OF PERSON OR CONTRACTOR		ADDRESS		DATE		PAGE	
SARGENT WELCH COMPANY, INC., 1617 E. BAIL ROAD, AUBURN, LA 9,001				10/27/1953		1	
ITEM NO.	QUANTITY / SERVICES	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT		
0001	3404 LENS, DOUBLE CONVEX, 15 CM FL	12 EA	\$ 10.20	0.85	\$		
0002	3409 LENS, DOUBLE CONVEX, 30 CM FL	12 EA	10.20	.85			
0003	3414 LENS, DOUBLE CONVEX, 50 CM FL	12 EA	12.60	1.05			
0004	3428 LENS, DOUBLE CONCAVE	12 EA	12.60	1.05			
0005	3437 LENS, DOUBLE CONCAVE	12 EA	15.60	1.30			
0006	3627 SPECIAL ADAPTER KIT	1 EA	131.60				
TOTAL					\$	192.80	
Upon receipt deliver to Supply Department, Code 4201, Bldg 221, Room 102.							

Figure 3.3 GSA Standard Form 30
Source NPS Supply Department

MATERIAL REQUIREMENT/ISSUE DOCUMENT (FORM 11014-1) **NOTE:** This is the Carbon Required paper. For all required number of copies listed below.

1. **CLASS/STOCK OR PART NUMBER** 2. **DESCRIPTION OF MATERIAL** 3. **UNIT COST** 4. **QUANTITY** 5. **ORDER DOCUMENT NO. (PRTS or M. and S.)** 6. **TOTAL COST**

7. **DATE ISSUED** 8. **DATE RECEIVED** 9. **DATE SHIPPED** 10. **DATE DELIVERED**

11. **CLASS/STOCK OR PART NUMBER** 12. **DESCRIPTION OF MATERIAL** 13. **UNIT COST** 14. **QUANTITY** 15. **ORDER DOCUMENT NO. (PRTS or M. and S.)** 16. **TOTAL COST**

17. **CLASS/STOCK OR PART NUMBER** 18. **DESCRIPTION OF MATERIAL** 19. **UNIT COST** 20. **QUANTITY** 21. **ORDER DOCUMENT NO. (PRTS or M. and S.)** 22. **TOTAL COST**

23. **CLASS/STOCK OR PART NUMBER** 24. **DESCRIPTION OF MATERIAL** 25. **UNIT COST** 26. **QUANTITY** 27. **ORDER DOCUMENT NO. (PRTS or M. and S.)** 28. **TOTAL COST**

29. **CLASS/STOCK OR PART NUMBER** 30. **DESCRIPTION OF MATERIAL** 31. **UNIT COST** 32. **QUANTITY** 33. **ORDER DOCUMENT NO. (PRTS or M. and S.)** 34. **TOTAL COST**

35. **CLASS/STOCK OR PART NUMBER** 36. **DESCRIPTION OF MATERIAL** 37. **UNIT COST** 38. **QUANTITY** 39. **ORDER DOCUMENT NO. (PRTS or M. and S.)** 40. **TOTAL COST**

41. **CLASS/STOCK OR PART NUMBER** 42. **DESCRIPTION OF MATERIAL** 43. **UNIT COST** 44. **QUANTITY** 45. **ORDER DOCUMENT NO. (PRTS or M. and S.)** 46. **TOTAL COST**

47. **CLASS/STOCK OR PART NUMBER** 48. **DESCRIPTION OF MATERIAL** 49. **UNIT COST** 50. **QUANTITY** 51. **ORDER DOCUMENT NO. (PRTS or M. and S.)** 52. **TOTAL COST**

53. **CLASS/STOCK OR PART NUMBER** 54. **DESCRIPTION OF MATERIAL** 55. **UNIT COST** 56. **QUANTITY** 57. **ORDER DOCUMENT NO. (PRTS or M. and S.)** 58. **TOTAL COST**

59. **CLASS/STOCK OR PART NUMBER** 60. **DESCRIPTION OF MATERIAL** 61. **UNIT COST** 62. **QUANTITY** 63. **ORDER DOCUMENT NO. (PRTS or M. and S.)** 64. **TOTAL COST**

65. **CLASS/STOCK OR PART NUMBER** 66. **DESCRIPTION OF MATERIAL** 67. **UNIT COST** 68. **QUANTITY** 69. **ORDER DOCUMENT NO. (PRTS or M. and S.)** 70. **TOTAL COST**

71. **CLASS/STOCK OR PART NUMBER** 72. **DESCRIPTION OF MATERIAL** 73. **UNIT COST** 74. **QUANTITY** 75. **ORDER DOCUMENT NO. (PRTS or M. and S.)** 76. **TOTAL COST**

77. **CLASS/STOCK OR PART NUMBER** 78. **DESCRIPTION OF MATERIAL** 79. **UNIT COST** 80. **QUANTITY** 81. **ORDER DOCUMENT NO. (PRTS or M. and S.)** 82. **TOTAL COST**

83. **CLASS/STOCK OR PART NUMBER** 84. **DESCRIPTION OF MATERIAL** 85. **UNIT COST** 86. **QUANTITY** 87. **ORDER DOCUMENT NO. (PRTS or M. and S.)** 88. **TOTAL COST**

89. **CLASS/STOCK OR PART NUMBER** 90. **DESCRIPTION OF MATERIAL** 91. **UNIT COST** 92. **QUANTITY** 93. **ORDER DOCUMENT NO. (PRTS or M. and S.)** 94. **TOTAL COST**

95. **CLASS/STOCK OR PART NUMBER** 96. **DESCRIPTION OF MATERIAL** 97. **UNIT COST** 98. **QUANTITY** 99. **ORDER DOCUMENT NO. (PRTS or M. and S.)** 100. **TOTAL COST**

Figure 3.4: NAVFAC 11014 Form
Source: NPS Supply Department

a. Material Identification

To assist the customer in identifying what NSN material is available in OSI and RSS stocks, the NPS supply department periodically issues catalogs for both outlets. In addition to both nomenclature and NSN sequence listings of the nearly 800 RSS and 200 OSI items, both catalogs provide detailed ordering instructions. For reasons which will become apparent later, it is essential that the customer utilize the catalog(s) prior to preparing requisition documents.

b. OSI Material

A customer requiring OSI material normally submits a NPS 4400 form to issue control via the guardmail. Issue control simply routes the NPS 4400 form to the RSS warehouse, building 349. RSS personnel then hand this form to the OSI designated clerk for further action. Because of the reliance upon the guardmail system, it may take two to three days before the OSI clerk has the request in hand. For urgent requirements, a customer may walk through an NPS 4400 form direct to OSI during open hours and thereby forego the slower routine process involving the guardmail.

c. RSS Material

After determining that required material was available from RSS stocks, the customer would submit either a DD 1348 for each single line item desired or a NAVFAC

11014 for multiple requests. As with OSI requests, these forms would first be routed to issue control via guardmail. The customer does have the option to walk through more urgent requests in order to avoid the delays inherent in the guardmail system. However, both routine and urgent requests must be routed through the comptroller from issue control. This process is discussed shortly.

Other than OSI, which summarizes and bills using departments on a monthly basis, all other material requests, including walk-throughs, are filled on a "cash-and-carry" basis. That is, funds must be charged or obligated by the requesting department at the time of the material request or, in the case of using a NAVFAC 11014 form for multiple RSS items, prior to delivery of the material.

Departments obligate funds for material with a DD 1348. In the event a single line item of material is requested, the DD 1348 also serves as the obligation or funding document. However, for OSI material or for multiple RSS requests when a NAVFAC 11014 form is used, a separate DD 1348 is required. This DD 1348 would include a total dollar or Money Value Only (MVO) amount for the requested material. As previously indicated, OSI bills its customers on a monthly basis while all other transactions are cash-and-carry.

The sole exception to the RSS cash-and-carry policy is the public works department. In short, public works is billed each Friday for material received during that week. Public works then has until the following Tuesday to provide payment with a MVO DD 1348.

At this point in the requisitioning process we may assume that issue control has either a DD 1348 for a single line item of RSS stock or a multiple RSS request NAVFAC 11014 form.

Issue control then logs the date and time of each specific DD 1348 and forwards it to the comptroller. The comptroller, after ensuring that the requesting department has enough funds, subtracts the requisition dollar amount from the department's available balance. After stamping and initialing the DD 1348, the comptroller then returns it to issue control. Upon receipt, issue control again logs in the date and time received and forwards the requisition to RSS.

In the event a NAVFAC 11014 form is utilized, issue control simply routes this form to RSS. RSS personnel then pull the available material and call the department and inform it of the requisition's total amount. The department must then prepare a MVO DD 1348 for that amount and forward it to issue control. Upon receipt, issue control initiates the previously described financial accounting process.

After the stamped and initialed MVO DD 1348 is received by RSS, the material is delivered.

Specific times for each step in this initial processing stage can not be estimated precisely. It takes between five and seven working days for each routine requisition to arrive at issue control, flow through the comptroller shop, return to issue control, and then arrive at the ultimate RSS destination. Each of these four steps may take 1.5 days.

d. NC NSN Material

Our third example relates to a customer's request for NSN material that is NC in the RSS inventory. In this case, the customer provides a DD 1348 to issue control via the guardmail. Upon receipt, issue control first ascertains from the RSS catalog whether the material is carried in the RSS inventory. If it is carried in RSS and RSS is not included as the destination in block "A" of the DD 1348, issue control returns the request to the customer for retyping. The same happens if a request for non-NSN material is received and it is determined by issue control that this material is available in the supply system.

Issue control screens each DD 1348 request to verify the accuracy of the price, quantity, and other select data elements. Issue control then routes the DD 1348

through the controller as previously discussed. Following this process, the DD 1348 is passed to another storekeeper within issue control for eventual ordering of the material.

e. NIS NSN Material

Our last example of the initial processing flow concerns a NIS NSN or stocked item. In some instances the customers may call OSI or RSS and find out that the required material is NIS. Normally, a department will forward a DD 1348 for a single RSS line item, a NAVFAC 11014 form, or an NPS 4400 form for OSI supplies to issue control. If a DD 1348 is used, issue control routes it through the comptroller and eventually to RSS. If the NPS 4400 or NAVFAC 11014 form is utilized, issue control distributes to OSI or RSS as appropriate.

After receiving the appropriate forms, RSS or OSI personnel may verify that some or all of the required material is NIS. If NIS, the specific item requisition, now annotated NIS, is returned to the customer via issue control. The customer has the following three available options at this point:

- (1) Withdraw the requisition and resubmit when new stock arrives
- (2) Order the material via open purchase
- (3) Order the material for Direct Turnover (DTO). This process is discussed next.

Ordering an item DTO is similar to the process of requesting items that have NSNs but are NC. The only difference in that process, which was described earlier, is that the customer must attach the NIS certificate or annotated requisition copy provided by either OSI or RSS personnel to the new DD 1348. This NIS verification precludes issue control storekeepers from re-screening the DD 1348 for RSS or OSI availability. Prior to forwarding the DD 1348 through the comptroller, issue control personnel check the NSN of the item and ascertain the Acquisition Advice Code (AAC).

These AACs help to provide guidance to issue control personnel in determining available options for ordering NIS material for DTO to the customer. A few of the more commonly used AACs are provided in Table 3.1.

Finally, the requisition accounting process in the case of a DD 1348 for a NIS NSN item differs from the flow for other requisitions. Recall that with an NPS form 4400 for OSI items or a NAVFAC 11014 form for RSS material the customer is charged for only material that was received. OSI customers are billed monthly while RSS customers need to forward an MVO DD 1348 after the RSS clerk informs them of the total price of the requisition awaiting delivery. However, DD 1348s that are submitted for single RSS line items are processed through the comptroller before arriving

TABLE 3.1
ACQUISITION ADVICE CODES

<u>CODE</u>	<u>DESCRIPTION</u>
G	Items available from GSA
H	Item is centrally procured but not stocked.
I	Item is listed on a supply schedule. Purchasing to place orders to vendors for direct delivery.
J	Buy on demand. Minimum order required before procurement action is taken.
K	Centrally stocked for overseas only. Local purchase authorized.
L	Local purchase authorized.

Source: Adapted from NAVSUP P-485

at RSS. In other words, the comptroller has already adjusted the OPTAR funds of the requesting department even though the material might be NIS at RSS.

At this point, the customer could simply request to order the material DTO and attach the old DD 1348 with the NIS verification to a new DD 1348. In this manner, they would not be charged twice for the same requisition. If, however, the department wants to recoup the funds, it must specifically request such recoupment and send the DD 1348 back to issue control. Issue control would then forward the DD 1348 to the comptroller who would then make the necessary adjustment.

2. Material Control and Issuing

This section features a discussion of how each customer's requisition is filled from on-hand stock at NPS. This stage assumes that the initial processing flow is complete and that the requisition has now arrived at RSS for action by either RSS or OSI personnel. Actual requisitioning by issue control storekeepers for DTO material or by RSS personnel for RSS/OSI material is described in Section 4 of this chapter.

a. OSI

An NPS Form 4400 is utilized for OSI. This form arrives from issue control via guardmail to RSS. At RSS, they are separated from DD 1348s and NAVFAC 1064s and

passed to the OSI clerk, whose office is in the RSS warehouse. This clerk, who has other RSS recordkeeping responsibilities as well, takes these NPS 4400 forms to the OSI outlet in Herrmann Hall. There, the clerk pulls from stock and bags the available items. The customer may then pick up the order during OSI open hours as listed in Table 3.2.

TABLE 3.2

OSI HOURS OF OPERATION

Tuesdays: 0830-0930 Pickup orders previously submitted
0930-1030 Pickup all orders

Thursdays: 1300-1330 Pickup orders previously submitted
1330-1430 Pickup all orders

Source: NPS OSI catalog

Urgent walk-through requests are processed within any of these times. However, orders submitted earlier are filled first. In addition, those requests for five or fewer line items are served ahead of others waiting in line.

The OSI clerk lines through any NIS item and then extends and totals each NPS 4400 form using current prices. The customer does have an option to forward a NAVFAC 13014 form to RSS while marking "hold until filled"

for any OSI NIS item. The customer departs with the merchandise and a copy of the now completed NPS 4400 form. The clerk maintains file copies of these completed forms and bills each user near the end of each month. Payment must then be made via an MVO DD 1348.

Inventory control of OSI items is maintained by the clerk through NAVSUP 1114s. In short, the OSI clerk annotates all receipts or issues and other expenditures for each line item on its specific card. Also noted on the NAVSUP 1114s are high and low limits. Briefly, a high limit for an item represents the total number issued for a three month period. A low limit is established as one-half of this computed high limit.

b. RSS

Either a NAVFAC 1114 form or DD 1348 is used for RSS material. Both forms arrive to RSS from issue control. Material requested on both forms is pulled and staged at the delivery area in the warehouse. Since the DD 1348 has already cleared the comptroller, this material is now considered approved for delivery to or pickup by the customer. Material ordered via NAVFAC 11014 is held at a staging area near the delivery section until the comptroller-approved MVO DD 1348 is received by RSS. Urgent walk-throughs are accepted, provided the MVO DD 1348 has been approved by the comptroller.

If an item ordered by a DD 1348 is NIS, RSS personnel annotate NIS on the DD 1348 and return it to the requesting department. The customer must then consider the various options available as previously discussed. If a NAVFAC 11014 form is used, the clerk lines through the NIS items and extends and totals each NAVFAC 11014 form using current prices. The material is then staged for delivery until the MVO DD 1348 is received.

Inventory control for RSS material is also maintained by utilizing NAVSUP 1114s. RSS personnel annotate all receipts and issues or other expenditures for each line item. As with OSI, high and low limits are included on these cards.

4. Requisitioning

Actual requisitioning of NSN items from NSC Oakland is performed by issue control personnel for NIS or NC stock items or by RSS for stock replenishment or stock establishment. First, however, the process by which OSI obtains stock is discussed.

a. OSI

Although a member of the RSS/OSI section of the material branch, the OSI clerk functions independently of RSS. In essence, OSI is just another customer of RSS. That is, in order to obtain any replenishment stock from RSS, the

OSI clerk must follow the same procedures as would any other customer.

As an extension outlet of RSS, OSI manages \$4,800 in stock. In short, the comptroller debits consuming departments for OSI material and validates the MVO DD 1348. The OSI clerk then posts the amount of the MVO DD 1348 in a financial log book. In turn, OSI uses these funds to order stock from RSS. Other than compiling the monthly billing charges for departments using OSI items, the OSI clerk has no other financial interface with customers. It is essential that the value of stock on hand plus pending bills not exceed the allowed total of \$4,800.

b. NIS/NC

As previously stated, issue control personnel requisition NSA material that is NIS or NC. In general, requests for material that are NIS or NC usually carry a higher degree of urgency.

After completing a thorough technical screen of the customer's DD 1348, including determining if any AAC is applicable, issue control routes the DD 1348 through the controller. The DD 1348 is then distributed as follows:

- (1) Original: Material outstanding file at issue control
- (2) Yellow copy: RSS historical demand file
- (3) Green copy: Comptroller retains
- (4) Pink copy: Customer retains.

This distribution facilitates monitoring by both issue control and receiving. In addition, it provides RSS with data that may aid in eventually bringing that item, if previously NC, into stock. This is discussed in greater detail shortly.

The issue control storekeeper then keypunches the requisition and, after obtaining approval from the supervisor, submits the requisition for message transmissions to NSC Oakland or GSA. Issue control orders on a daily or near-daily basis.

A significant step in this process is the assignment of a PD by the storekeeper. According to Table 2.3, NPS must, as a F/AD V activity, restrict its PDs to 08 for UND "A", 10 for UND "B", and 15 for UND "C". Those are all relatively low PDs. However, issue control still enjoys greater flexibility than RSS in the assignment of PDs. The discussion of RSS requisition follows.

c. RSS

RSS requisitions material for either stock establishment or stock replenishment purposes. Stocking establishment procedures are discussed first.

Whenever three yellow copies of separate DD 1348s for the same item accumulate in the historical demand file at RSS, that item becomes a candidate for inclusion in the regular RSS stock inventory. At that point, the RSS

clerk forwards the three yellow copies to the RSS supervisor. If these DD 1348s are from different departments, therefore representing a greater number of potential users, the supervisor will likely approve the item for at least temporary stocking.

The supervisor establishes a NAVSUP 1114 with an initial high limit, based upon a total of the DD 1348s, and a low limit, based upon one-half of the projected high limit. These limits will be subject to space/storage availability at the RSS warehouse. The supervisor then includes this new item in future RSS catalogs. This new item then requires either one demand or hit in one month or two hits in six months in order to be maintained as a RSS item.

Stock replenishment action is initiated whenever an item arrives at the designated low limit on the NAVSUP 1114 or in response to a forecasted demand. An example of such a forecasted demand would be an increase in forms or supplies due to the arrival of a new class of students. New orders are computed to attain the designated high limit or satisfy the projected increased demand for an item.

After a decision to reorder an item is made, the RSS clerk adds this item to a local form, NPS 4442, or Shop Stores Replenishment Record. This form, as shown in Figure 3.5, enables the clerk to keep a running tally of those RSS items that need to be reordered. For example, suppose that

SUPPLY DEPARTMENT
CODE 4242
RSS 2031 EXT. 2394

[illegible]

OPTAR TOTALS 90 \$ _____ 9% \$ _____ ALL OTHERS \$ _____

1 1 270 0000 4443/1 1-0-0

67

in pulling ten customer requests as listed on the NAVFAC 11014, the RSS clerk determines that three items need to be reordered. Those items would be included on the NPS 4442 form. The current julian date and a requisition series number which identifies this requisition to NSC Oakland as an NPS RSS requirement are included on this form. This requisition number is then noted on the NAVSUP 1114 as a record of a "due in".

RSS actually orders the items listed on the NPS 4442 forms once a week. To this end, the RSS clerk simply keypunches a set of requisition cards. These cards are then reviewed by a person other than the keypuncher to ensure accuracy. This requisition deck is then duplicated and the original deck forwarded to the NPS communication department for message release.

Two factors are critical in this RSS requisitioning process. First, all RSS requisitions are restricted to a PD of just 15 as per the governing instruction, NSC Oakland Instruction 7000.2G of 28 July 1983. Second, all requisitions must be submitted direct to NSC Oakland even though some of these items may be managed by GSA or DLA and not stocked by NSC Oakland.

Mr. John Bolster, RSS supervisor at NPS, estimates that NSC Oakland stocks, at best, only 25 percent of the RSS requisitions forwarded by NPS. Those items not

stocked at NSC Oakland are then referred to other agencies, namely GSA or DLA, for action. Eventually, most requirements are filled. However, these numerous referral actions, when coupled with the mandatory PD of 15, often result in lengthy delays prior to material receipt. In addition to the PD constraint, the NPS RSS operation must also endeavor to stay within the acceptable financial boundaries as determined by NSC Oakland. Although NPS regularly operates on an overstocked status, NSC Oakland has yet to formally restrict the influx of requisitions from NPS.

5. Receiving

The material receiving section, located in the RSS warehouse, accomplishes all receiving of NSN type material. When material arrives, receiving personnel immediately separate the RSS material from the NIS/NC DTO items that were requisitioned by issue control. In brief, all materials that have a "JZ" code in blocks 46-47 of the packing copy of the DD 1348 indicate RSS material.

Receipts identified as RSS items are opened, inspected, and processed solely by RSS personnel. Upon receipt, RSS clerks match the receipt and outstanding documents and also annotate the NAVSUP 1114 with a new on-hand balance. The material is then stowed at the location indicated on the NAVSUP 1114.

Receipts identified as DTO items are delivered to the customers, usually within three working days. Receiving will determine the destination from its file copy of the DD 1348. Upon delivery or pickup by the customer, receiving obtains signature receipt and then forwards a copy of this receipt to issue control. Issue control then removes their retained copy of the DD 1348 from the outstanding file and shifts it to a completed file. Receiving retains a signed copy of the receipt document.

5. Follow Up

RSS uses follow-up procedures that are designed primarily to recoup funds in lieu of obtaining the current status of a requisition. In short, the RSS office clerk initiates a cancellation request for those outstanding requisitions over 90 days. The objective is to recoup those funds and apply them elsewhere. This includes purchasing the required material via open purchase, if necessary.

Issue control initiates follow-ups at the request of the customer. Routine follow-ups of other outstanding requisitions are usually not initiated.

IV. REQUISITIONING AT THE NAVY SUPPLY CORPS SCHOOL

In this chapter, the requisitioning process at the Navy Supply Corps School (NSCS), located in Athens, Georgia, is examined. The overall mission of NSCS and scope of the supply department is discussed first. The supply department organization is then described. Finally, the requisitioning process is discussed. This process begins with the submission of a requisition and ends with the actual material receipt by the customer.

A. NSCS MISSION AND SCOPE

The NSCS primary mission is to provide continuous working knowledge of the DOD supply system for newly commissioned supply corps officers. In addition, NSCS offers specific refresher courses for supply officers and senior enlisted supply personnel returning to sea duty.

As of October 16, 1986, the NSCS supply department was providing service for 838 personnel. Of this total, 323 were students, 281 staff, and 234 represented nearly tenant commands. During the period from September 1985 through September 1986, 2,869 stock requisition requests were processed. The NSCS supply department functions as a secondary stock point while NSC Charleston and the nearby Atlanta GSA office serve as distribution points for NSCS.

B. NSCS ORGANIZATION

The NSCS supply department organizational chart is presented in Figure 4-1. The entire department is comprised of only 10 personnel--one for each block in the organizational chart.

The two senior members have multiple responsibilities. For example, the supply officer serves primarily as the command planning officer. The supply department head job is a collateral duty and serves mainly as the authorization, approval point for requisitions. The leading chief or supervisor is the functional head of the department. This incumbent is responsible for coordinating all personal property shipments, open purchases, and requisitions for NSN material. In addition, the position is responsible for all claims investigations resulting from personal property shipments. The security, communications, personal property, open purchasing, and transportation personnel are not discussed here as they do not have responsibilities for NSN requisitions.

Requisitions control is responsible for managing the required NSN requis. on files. In addition, material shipment requests and transfers of material to salvage are initiated here.

The issue control person provides the technical research of requisitions in order to ascertain system availability

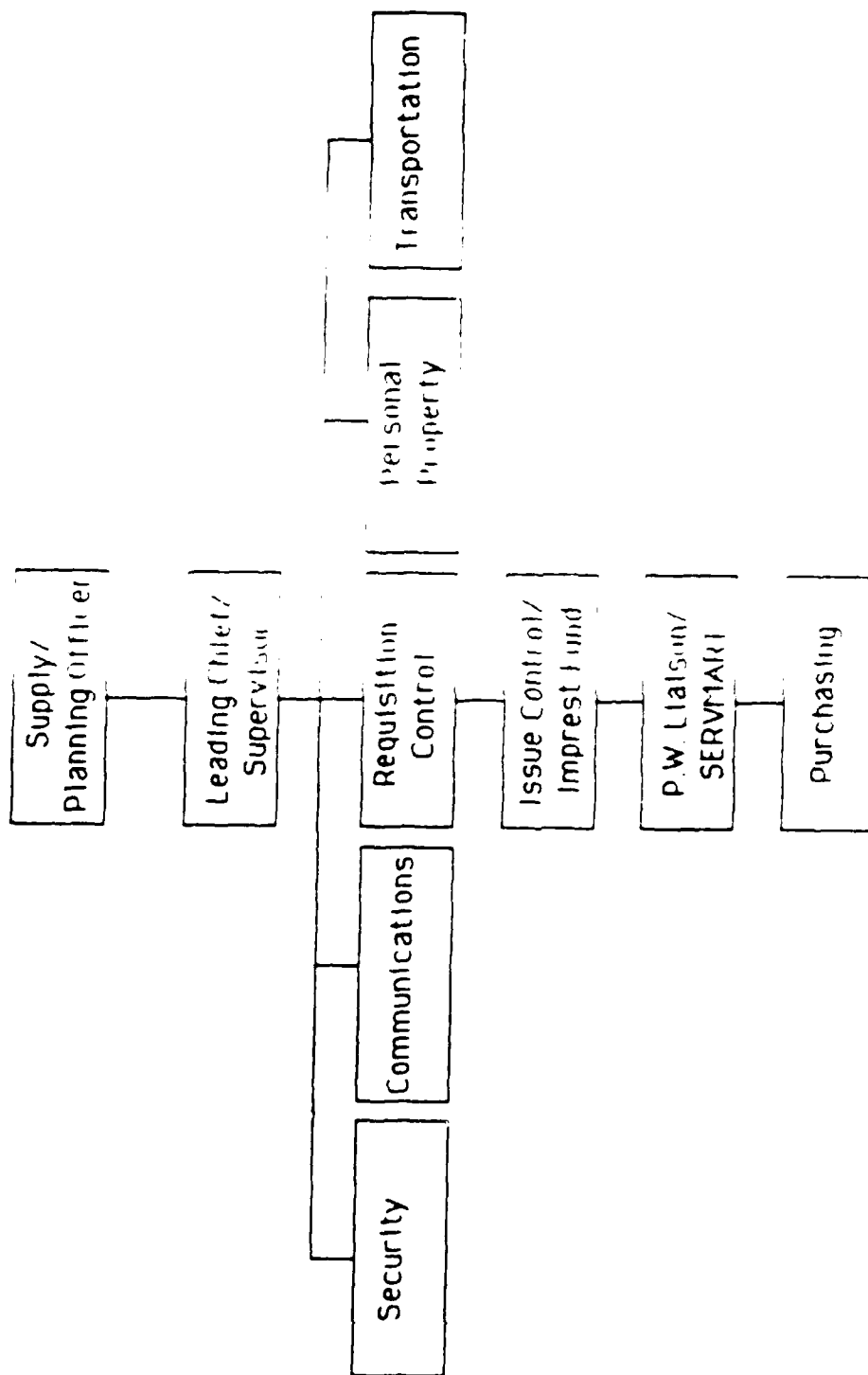


Figure 4.1: NSCS Supply Organizational Chart
Source: NSCS Position Right Document

and correct stock numbers and price. Issue control also provides the bulk of typing for requests for materials series as the Imprest Fund coordinator.

The public works liaison person does all the initial paperwork, including technical screening, and the public works person then makes the necessary arrangements for the customer's request. The liaison person also provides for their requirements. This person is also responsible for the receipt of the materials and the delivery of the materials to the customer. The liaison person also provides the necessary information to the customer regarding the status of their request. The liaison person also provides the necessary information to the customer regarding the status of their request.

4.2.2.2. Customer Input

The process begins when the customer submits either a local form, NSC 420, for a local NIB request, or a 111348 for NIB material not carried in the SERVMART, or another local form, NSC 420, for a request for materials stocked in the SERVMART.

In order to facilitate the request process, NSC uses preprinted NSC 420, 111348, and NSC 420 forms as shown in Figures 4.2 and 4.3. The customer only fill such essential items as NIB, date of issue, quantity, priority, and job order number (NSC 420). The job order number serves simply to expedite delivery of

1000

NAME AND ADDRESS OF APT. NO. _____
 NAME OF REAL ESTATE _____ USED ON ILL. P. OR JOB NO. _____
 COLOR _____ SIZE _____ ADD. & SERIAL _____
 ASA CONTRACT NUMBER _____ PART OR F. NOT ABOVE NO. _____
 *UG. *INAL. *S. *PT. IN. *REMARKS _____

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CHICAGO, ILLINOIS 60637

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material upon receipt as it identifies a specific requesting division. The only additional items required on the NSCS 4235 forms are suggested source(s) of supply and any specific item descriptions. The NSCS Schoolmart form is similar to the DD 1348 with respect to filling in required information.

2. Initial Processing

The leading chief performs a quick initial screen to ensure both completeness and correctness of each request. Occasionally an open purchase request is returned if the material is available in the supply system unless adequate supporting justification is provided. The chief also notes the UIC for each requisition. Those having a higher urgent priority will be processed first.

This initial processing by the chief is based upon the assumption that the material is not available at the local SERVMART or, in this case, Schoolmart. A SERVMART is a self-service store which is stocked and managed or operated by an ashore activity. SERVMART's mission is to provide a ready supply of relatively low cost, high usage items required by parent and tenant activities [NAVSUP VOL 11, para. 25680]. The underlying purpose of SERVMART is to provide more economical and timely support through a self-service operation instead of requiring an activity to requisition, receive, stow, and issue each specific material

request. In addition, the SERVMART concept allows the customers to prepare and submit a single document for many individual items instead of a separate requisition for each item requested.

The NSCS SERVMART currently contains 104 line items and is open Monday, Wednesday and Friday from 1:00 p.m. to 4:00 p.m. At NSCS, the local Schoolmart requisition form serves as a multiple NSN SERVMART request form. Thus, a critical element of this initial processing is that the customer has already determined from checking the locally prepared list of available SERVMART items that their material is not carried in SERVMART.

In describing the requisition flow at NSCS, we assume that the required material is either NC, NIS, or on-hand. A fourth possibility, stock replenishment, is discussed last.

3. Issue/Requisition Control

a. Material NC

This stage begins when the NSCS requirement not carried in SERVMART is passed from the chief to requisition control.

For a non-NSN requirement, this storekeeper provides additional in-depth assistance in identifying material to a specific NSN whenever possible. For example, the storekeeper uses publications such as the Navy Afloat Shopping Guide (AFG) and GSA catalogs in order to obtain

NSNs for many non-NSN requests. This extra step in attempting to cross reference non-NSN requests to specific NSNs is rarely necessary as the bulk of customers (e.g., staff supply officers) are familiar with what is available in the supply system. The point here is that NSCS issue/requisition control personnel serve to assist and not just to regulate the flow of NSCS 4235 forms.

For an NSN requirement, the storekeeper begins with a close audit of the DD 1348. An infrequent and random comparison of the request with the current supply system microfilm is made to confirm correctness of the stock number, unit of issue, price, and total price extension. Now again, given the expertise and system familiarity of most of the customers, this step rarely reveals any errors. Thus, auditing of DD 1348s at this stage is given little emphasis. Finally, the storekeeper notes the assigned priority on the DD 1348.

Given that an NSN requirement has been identified or confirmed, the same storekeeper writes the customer's serial or job order number from the DD 1348 (blocks 40-43) into a requisition log. Since the NSCS comptroller performs the accounting functions for requisitions, this serial number serves to aid in the pickup/delivery of received material. The request is now ready to be formally requisitioned.

b. Material NIS

The customer, after arriving at SERV MART with a completed shopping list or NSCS Schoolmart form, may find that one or more items are NIS. In this case, the customer would only take and be charged for those items received. The customer would not be required to submit an additional requisition for NIS material. Instead, the SERV MART storekeeper is responsible for initiating a stock replenishment order--if one has not already been submitted--for each NIS item. Normally, an item is already on order to be replenished if NIS. The SERV MART storekeeper then notifies the customer and even informally "saves" the material when it eventually arrives. When the SERV MART storekeeper receives the formerly NIS material the customer prepares a requisition on the NSCS Schoolmart shopping list and then picks up the material.

Two important points need to be considered here. First, paperwork is kept to a minimum. The NSCS-unique SERV MART accounting method, which is discussed later, is designed to promote greater efficiency through fewer requisition documents from multiple sources and few price adjustments. For example, suppose four different requests for mechanical pencils arrived at SERV MART. If these pencils were NIS, SERV MART would place a stock replenishment order and then notify those customers when the pencils

arrived. In this manner, only one actual requisition is required by the SERVIMART operator instead of four separate requisitions representing each customer. The SERVIMART storekeeper then receives one shipment and saves additional time by working with only one requisition in both the outstanding and completed files. Secondly, for all SERVIMART orders, the customer proceeds directly to SERVIMART. There is no interface or time delay between the customer and issue control or the computer.

c. Material Demand

If the customer has a material demand, the customer material is placed on the SERVIMART shopping list. At the end of each month, the SERVIMART storekeeper issues the material as listed on the SERVIMART Shoppingmart shopping list form as appropriate. All copies of this form are forwarded to the computer at the end of each month. The computer then makes the necessary adjustments to the various customer requisition files.

d. Stock Replenishment

Since all material requisitions are processed through SERVIMART, this storekeeper has the responsibility to ensure that material is available to the customer. At the end of each month, this storekeeper must check the material items at least once to ensure that the material is reconciled with the actual inventory.

and low quantity limits, based upon prior usage data, are included on these cards. However, rather than wait until SERV MART material drops beneath the designated low limit, the storekeeper places a reorder when the on-hand balance falls below the safety level.

This safety level is defined as one-half the quantity between the high and low limits. Thus the safety level always falls between the high and low limit. For example, suppose our mechanical pencils had a high limit of 24 and a low limit of 14. The storekeeper would initiate a reorder at the safety level of $19 \quad 24 - 14 = 10 \div 2 = 5 + 14$

To reorder, the SERV MART storekeeper fills out a requisition indicating the SERV MART job or work control number in blocks 40-43. Funding for these reorders is a function of a combination of reimbursements for sales as provided from customers' departments and a small quarterly OPTAR grant of about \$2,000. This is used to increase range and depth of SERV MART material. Once again, the comptroller manages these funds at NSCS.

4. Requisitioning

Actual requisitioning occurs via a DD 1348 for NC items or stock replenishment. At this point either the issue requisition control storekeeper or assistant issue control Imprest Fund storekeeper types up the requisition using proper MILSTRIP message format. The requisition(s) is

then transmitted to NSC Charleston for action. At this time, the comptroller is forwarded a copy of the DD 1348.

For GSA managed items, NSCS simply telephones requisitions into the local Atlanta office. A telephone request to GSA usually results in material receipt within four days whereas a message request usually takes from 10 to 20 days until the material is received. Copies of the actual requisition are then maintained in the material outstanding file. In addition, the SERVMART requester notes the requisition serial number on each material NAVSUP 1114.

The PD, or Priority Designator, is an integral part of the requisitioning stage. Usually priorities of 04-08 are forwarded via priority mail while lower PDs are sent via ground post or bulk rates. NSCS currently affixes PDs based on the F/AD of III. This translates to a PD of 03 for UND "A", 04 for UND "B", and 13 for UND "C" requirements. In addition, this relatively high F/AD suggests a quicker turn-around time for many requisitions.

Inventory Control

Inventory control is another duty of the SERVMART. When material is received, sorted, and stowed in the SERVMART stock, material receipts from SERVMART stock are entered on NAVSUP 1114s and the material is then issued. When issued material receipts are

organized by the job or work control number indicated in blocks 40-44 of the DD 1348. The customer is then called for material pickup.

Copies of receipt documents for all material are forwarded to the issue control/requisition storekeeper. The storekeeper attaches a copy of the receipt to the card in the material outstanding file and refiles the DD 1348 in the material completed file. The SERVIMART storekeeper also calls customers who had previously requested NIS material and informs them to stop by with a new Schoolmart shopping list form to receive their material.

6. Follow-Up

Follow-ups are usually initiated as a result of an internal Material Obligation Validation (MOV). A MOV is a procedure whereby the supply department validates the need for all DD 1348's in the outstanding file in order to help reduce waste and requisition duplication. This is usually accomplished by the supply department sending a local form to all customers having outstanding requisitions. The customer merely confirms that such a requirement is still valid. NAVSUP requires a complete MOV at least quarterly. NSCS does a MOV monthly. Thus, whenever a valid overaged outstanding requisition is spotted by the issue/requisition control storekeeper, a formal message follow-up is initiated.

Follow-ups are not normally necessary. Since NSCS uses the higher PDs of 03, 06, and 13 because of their FA/D III designation, material generally arrives much more quickly than with PDs associated with lower FA/Ds. As a result, fewer requisitions are usually in the outstanding file. Follow-ups, when required, are prepared by the issue/requisition control storekeeper and transmitted via message.

D. AN EXAMPLE OF THE REQUISITION PROCESS FLOW

First, a customer determines that the material is on hand. The customer next prepares an NSCS Schoolmart shopping list and simply obtains the material at SERVMART. The storekeeper saves all Schoolmart lists and forwards them to the comptroller so that appropriate adjustments are made. The storekeeper notes each issue on the NAVSUP 1114. When the on-hand balance is at or falls below the safety level, the storekeeper initiates a reorder.

Alternatively, suppose that there is a requirement from a customer for a NC item or a simple reorder from the SERVMART storekeeper. The leading chief first reviews the DD 1348 for completeness and correctness of each request. Normally this screening is completed by 9:30 a.m. The chief passes the requests to the issue/requisition control storekeeper who verifies the correct unit of issue, price, and total cost. Ideally, this stage is completed by

11:00 a.m. Prior to 2:00 p.m. daily, all requisitions are then typed and annotated in the requisition log. The typed message requisitions are then passed to the supply officer for approval. At the same time, a copy of the DD 1348 is used for inclusion in the material outstanding file and another copy of the DD 1348 is forwarded to the comptroller. By 3:00 p.m. the requisition message is approved and given to communications for transmittal.

The SERVIMART storekeeper receives all material. If the material is NC, the storekeeper calls the customer for pickup. If it is SERVIMART material it is promptly stowed. If necessary, the storekeeper notifies the customer that some NIS material has arrived. Copies of all material receipts are forwarded to the issue/requisition control storekeeper. These receipts are attached to DD 1348s in the material outstanding file and then placed in the material completed file.

V. ANALYSIS AND RECOMMENDATIONS

The requisitioning process employed by the model, NSCS, and NPS are compared in this chapter. The objective of this chapter is to examine each stage of all three independent processes of the model, NSCS, and NPS and provide recommendations, where applicable, that would aid in improving the efficiency or effectiveness of the requisitioning process at NPS.

Supply department organization is discussed first. The requisitioning processes are then analyzed. The requisitioning process begins with the submission of a requisition by a customer and ends with the actual material receipt. Each recommendation provided is preceded by a brief description of the current practice and followed by a discussion relevant to that recommendation.

A. SUPPLY DEPARTMENT ORGANIZATION

NAVSUP Manual Volume I, Introduction to Supply, provides standard organizations for large and small supply departments (Figures 2-3 and 2-4). Volume I does not provide explicit criteria for departments in determining which structure to adapt.

Both NSCS and NPS supply departments use the small organizational chart as their guide. However, NPS operates

with the supply services division segmented into individual control and material divisions.

Recommendation 1: Restructure, when approved as required by NAVSUP, the NPS supply department as proposed in Figure 5-1. Such a restructuring would likely facilitate improved management coordination and control within divisions containing either NSN or non-NSN support objectives and requirements.

The current organizational structure does not facilitate effective control and communication between issue control and RSS. Both branches are in separate divisions and operate under different supervisors. Though both branches order NSN type material, there is obvious disagreement as to the role and mission of each branch with respect to the other. From a strictly organizational standpoint, it seems practical that both branches be combined to function under the same supervisor who would then be responsible for initiating all NSN type requisitions and fulfilling all the NSN stock requirements for NPS customers. All non-NSN requirements would then be satisfied by the purchase branch.

Currently, a customer's requirement is filled by either RSS or OSI of the material division, or by NSN requisition or open purchase of the control division. Note that both RSS and issue control may initiate NSN stock requisitions under the current division of responsibility.

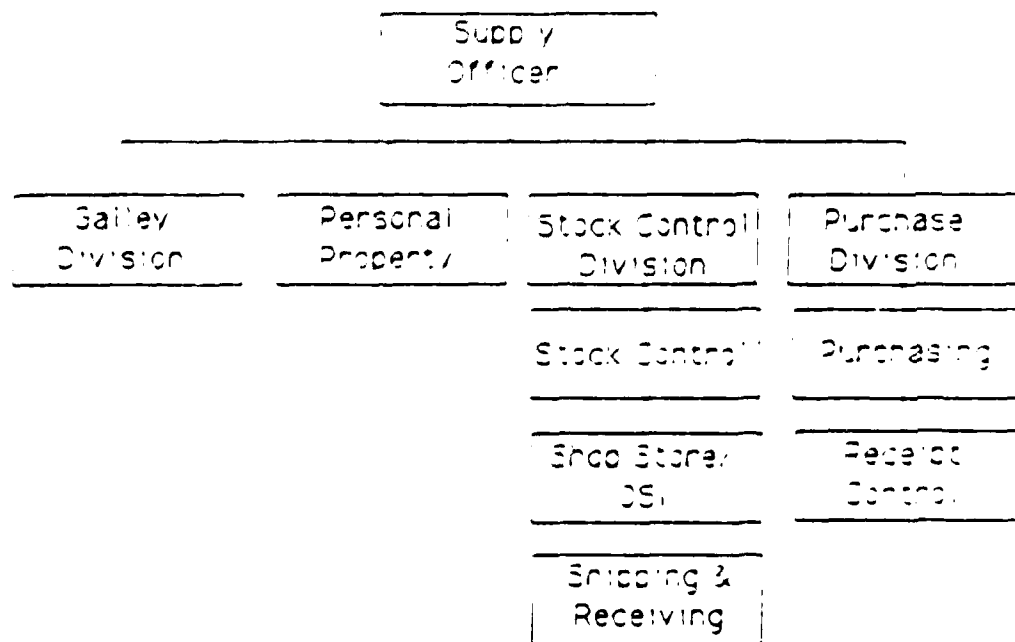


Figure 5.1. Proposed Organization Structure for NPS Supply Department

The RSS of the material division is charged with carrying high usage consumables among its nearly 800 stocked items. Also, issue control should limit the bulk of their requisitions to ordering standard stock items not carried by RSS. In this manner RSS would build accurate historical data and, if warranted, bring the item into stock at RSS.

However, instead of being the exception, issue control initiated 48 percent of all NSN requisitions during FY 85. RSS personnel believe that many of these requisitions are initiated as a result of lax or improper screening by issue control. In other words, since all non-RSS designated requests are first screened by issue control, RSS personnel suggest that there is a tendency for issue control to simply order material without closely examining each document. The point here is that the NPS supply department does not utilize the RSS operation to its maximum extent.

Under the proposed organizational structure depicted in Figure 5-1, the former supply services division is divided into separate NSN and non-NSN support divisions. The stock control division would assume issue control and property management duties while the shipping/receiving and transportation functions would also be combined. Such a reorganization would be in keeping with NAVSUP's directive to eliminate or combine with other related units those units

having fewer than five personnel, including a supervisor [NAVSUP Manual Volume I, para. 11050(5)].

B. REQUISITION PROCESS

The currently employed requisition process at NPS in which issue control and RSS satisfy NSN stock requirements is complex and cumbersome. Since issue control is funded from NPS DFTARs and RSS by NSC Oakland, the two branches use different financial/accounting procedures and have varying paperwork requirements. Such differences are not compatible with providing the best possible support service to the NPS customer.

Recommendation 2: NPS buy out the current inventory of RSS stocked items from NSC Oakland using a one-time supplemental grant and convert the RSS operation into a Shop Stores operation.

Shop Stores and SERVMARTS are similar to RSS outlets except that Shop Stores and SERVMARTS are established and supported by the same command. The only difference between a Shop Store and SERVMART is that SERVMARTS are customer walk-in stores and Shop Stores are not. A SERVMART necessitates additional billets in order to provide additional security for the exposed inventory. However, a Shop Stores operation at NPS would require no additional billets and yet free the NPS RSS outlet from the NSC Oakland imposed priority, fiscal, stock, and

requisitioning constraints. The effects of relaxing these four constraints are discussed next.

First, a Shop Store's requisition priority would be limited to those PDs allowed within the assigned F/AD. (Refer to Table 2.3.) For example, NSCS, since it operates within F/AD III, uses PDs from 13-03 depending upon the urgency of need. NPS issue control utilizes priorities 15-08 for their requisitions. The NPS RSS is limited solely to a PD of 15.

Second, the NPS RSS financial inventory and on-order dollar amount is limited by sales totals and allowed depth levels as discussed in Chapter III. However, the dollar value for RSS requisitions is registered on NSC Oakland's management control form, UE19G, when filled and not when received by NPS. This means that significant dollar amounts may be counted for material en route to NPS and not yet actually on hand.

Third, under the Shop Stores stock concept, non-NSN items may be stocked whenever a continuing requirement for any item not yet available as an NSN item is validated. In short, the activity may stock, within reason, any item that supports its mission.

Fourth, with respect to requisitioning, all RSS requisitions must be submitted directly to NSC Oakland. If NSC Oakland does not carry the material, then the

requisition is referred to the appropriate holding activity. Keep in mind that a priority 15 requisition is unlikely to receive immediate attention throughout this pipeline. Many common consumables are carried solely by specific DLA supply centers or distribution points. A requisition from Shop Stores may be sent directly to any of these DLA activities or GSA centers. In addition, there is no singular point of contact established at NSC Oakland for resolving RSS related questions or problems.

This recommendation is a preferred alternative to amending the NSC Oakland governing procedures for the following reasons. First, given the relatively inexpensive amount of the RSS inventory (approximately \$60,000) and the number of rules and regulations involved, it is argued that it is easier to change the method of operation. Second, any change in NSC Oakland procedures would also affect other NSC Oakland RSS-funded operations. Third, a change to the Shop Stores method would enable NPS management to be totally accountable and responsible for providing all NSN stock support. The following recommendations assume that a Shop Stores outlet has replaced the RSS operation.

1. Customer Input

Currently, any one of four forms may be used by the customer to requisition material. Additionally, a MVO DD

1348 is required in some cases to pay for previous or pending issues.

Recommendation 3: Customer input be limited to one of three available pre-printed forms depending upon whether the requirement is non-NSN, NSN and stocked in Shop Stores, or NSN and not carried in Shop Stores.

For example, a pre-printed DD 1348--similar to that used by NSCS--could be used in conjunction with a GSA Standard Form 16 for non-NSN purchase requests. A pre-printed, local form similar to that of the NSCS Generalmart form or either the IPS local form 4400 or the NAVFAC 11011- could be used for all Shop Stores requirements or ISI requests. Finally, a pre-printed DD 1348 would be practical for any not-carried NSN item (e.g., items not in the Shop Stores catalog). Such pre-printing of forms can be easily accomplished by any Navy Forms and Publications Office. The forms would likely cause less confusion among users and save the storekeeper time in processing the requisition.

2. Initial Processing

NSN requisitions are currently routed directly to RSS or process through issue control.

Recommendation 4: Shop Stores personnel receive and process all NSN requisitions. Issue control personnel process all non-NSN requisitions.

To compile accurate historical data, shop order personnel must process all NSN requests. Such processing would help to ensure that Shop Stores and RSS requests are the basis for obtaining all NSN material. Initial processing in this manner would likely make orders via issue control more of an exception rather than the 40 percent of orders experienced under RSS.

Issue control storekeepers still need to ensure the completeness and correctness of each non-NSN request. Additionally, all open purchase requests need to be entered in order to determine if material is available in the supply system unless adequate supporting justification is provided.

Current processing requires that, in virtually all cases, either issue control or RSS receives notification of the customers request that funds have been obligated for the material. Issue control requires the comptroller's approval for each request while RSS requires a separate MVO DD 1348 for purchases.

Recommendation 5: Forward documents to the comptroller for obligation purposes after issuance of any material or concurrent with any actual requisition to a distribution center.

Adoption of this recommendation could save between five and seven working days for each requisition. Recall that each of the steps to issue control--processing with the

comptroller, return to issue control, and arrival at RSS-- may take 1.5 days each. Quite simply, each department should be entrusted to keep good OPTAR records and thus eliminate such dysfunctional delays. This would also eliminate the extra processing time in resolving price adjustment differences. Customer requests for recoupment of funds would be eliminated since the customers would be charged for only those items issued or ordered and not for any pending NIS requisitions. In addition, Shop Stores could be allotted a nominal amount of OPTAR funds (e.g., \$1,000-\$1,500 per quarter, in order to temporarily absorb any additional costs incurred due to pricing errors on the customer's requisition document. Shop Stores would then recoup these funds from that department's next OPTAR grant.

3. Material Control and Issue

The current hours of operation of OSI afford little flexibility for many users of these clerical type supplies. Emergency or immediate requirements can seldom wait more than one afternoon.

Recommendation 6: That the OSI be open daily, preferably for at least one hour in the early morning (e.g., 0800-0900).

OSI items are vital to the mission. In addition, walk-through emergency requests should be

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warehouse may not be practical due to the lack of available transportation, time, or inclement weather.

Adoption of Recommendation Five would expedite this material issue portion. A customer's request would be received, pulled, totaled, and delivered within the time previously required for initial processing alone. However, there may be instances when an item is temporarily NIS.

Recommendation 7: That Shop Stores personnel be responsible for ordering material that is NIS. In addition, each customer be notified immediately so that the customer may initiate an open purchase request, if warranted.

This recommendation would not only save the customer's time (e.g., returned requests) but would also serve as an incentive measure for Shop Stores to keep the inventory levels current and accurate. Note that the onus for reordering material that is NIS is lifted from the customer unless the customer chooses to submit an open purchase request in lieu of waiting for NIS stock to arrive.

4. Requisitioning

A key element in the actual requisitioning process is the assignment of a PD. Since this PD is, in part, derived from the F/AD, assignment to a specific F/AD is important. NPS issue control personnel now operate in F/AD V.

RECOMMENDATION 8: Obtain permission from NAVSUP to operate in, at least, F/AD IV. This would allow NPS PDs to be increased from 08, 10, and 15 to a minimum under F/AD IV of 07, 09, and 14.

The receipt in a timely manner of common consumables for staff and simple hardware items for public works is essential to support the mission of NPS. NSCS, an organization with a related mission, currently operates under F/AD III and is thus able to utilize PDs of 03, 06, or 13.

RSS must submit all their requisitions to NSC Oakland. Issue control forwards the bulk to their requisitions to NSC Oakland and, occasionally, directly to GSA via MILSTRIP messages.

Recommendation 9: Shop Stores personnel requisition material directly from those distribution centers which are known to manage or stock that material.

Valuable time is lost if requisitions are referred from one activity to another--especially for relatively low priority items. When storekeepers are aware of items that are not carried at NSC Oakland, requisitioning directly to those activities which do hold the merchandise would expedite the material receipt process.

Recommendation 10: Communicate orders for GSA material directly to the Stockton, CA, distribution center via telephone.

GSA offers a service whereby, after filing an application to receive specialized customer supply center services (GSA Form 3525), the activity may then order material via telephone or with a simple multi-requisition form that may be mailed direct to the GSA distribution center. NSCS maintains that material ordered by telephone generally arrives--even for lower priority requisitions--within one working week. Since many clerical and hardware items, necessary to accomplish the NPS mission are provided from GSA, it is especially important that these requisitions be filled promptly.

5. Receiving

Receiving is currently handled in an effective and efficient manner. However, with the adaptation of the Shop Stores concept, there would be no immediate way for receiving personnel to determine whether the material was ordered by Shop Stores or by issue control. In order to afford some distinction, a special two digit alpha code in blocks 46-47 of the DD 1348 or other means to identify material must be selected at the time of each requisition.

6. Follow Up

Follow-ups for all NSN material are rarely initiated.

Recommendation 11: Initiate follow-ups on a periodic and continuous basis.

Follow-ups to the distribution centers are essential in order to avoid situations where a customer's OPTAR funds are obligated for requisitions when the material status is unknown. Frequent follow-ups via MILSTRIP messages help to discern material in backorder status or even "lost" requisitions. In either case, the customer could then place an open purchase request if there was an immediate need for the material.

VI. CONCLUSION

The requisitioning process for standard stock materials established at NPS includes those items requisitioned through RSS and issue control. Although both branches serve as means to obtain NSN material, the procedures and paperwork flow for each vary significantly.

The requisitioning process at NPS can be improved with respect to shortening the time period from customer input to material receipt. Such an improvement would largely be a function of:

- (1) A division of Labor and responsibility between NSN and non-NSN material procurement within the NPS supply department.
- (2) Altering the primary method of ordering NSN materials from the present RSS outlet to a Shop Stores operation.

Other recommendations which are designed to enhance efficiency and effectiveness largely stem from the adaptation of these two major elements.

It may be concluded that while the analysis in Chapter V did not include all barriers to a more efficient and effective requisitioning process, several specific barriers do exist. Elimination of these barriers will require supply department management attention and control in implementing the recommendations provided in Chapter V.

APPENDIX

GLOSSARY OF ACRONYMS AND FORMS

ACC Acquisition Advice Code

AFG Afloat Shopping Guide

DD 1348 DOD Single Line item Requisition Document-Manual

DD 1348M DOD Single Line Item Requisition Document-Mechanical

DLA Defense Logistics Agency

DOD Department of Defense

DTO Direct Turnover

F/AD Force Activity Designator

FMSO Fleet Material Support Office

GSA Government Services Administration

HSC Hardware Systems Command

ICP Inventory Control Point

MILSTRIP Military Standard Requisitioning and Issue Procedures

MVO Money Value Only

MOV Material Obligation Validation

NAVPAC 11014 Naval Facility Material Requirements/Issue
Document

NAVSUP Naval Supply Systems Command

NAVSUP 1114 Stock Record Card

NAVSUP 1250-1 Single Line Item Consumption-Requisition
Document

NC Not Carried

NIS Not In Stock

NSC Naval Supply Center

NSCS Navy Supply Corps School

NSCS Schoolmart Local Form Serving as SERVMART Shopping
List

NSCS 4225 Local Open Purchase Request Form

NPS Naval Postgraduate School

NSN National Stock Number

OSI Office Supply Issue

OPTAR Operating Target

P-485 NAVSUP Publication 485; Alfloat Supply Procedures

PAP Procurement Action File

PD Priority Designator

RADM Rear Admiral

RSS Ready Supply Store

TYCOM Type Commander

UMMIPS Uniform Material Movement and Issue Priority System

UND Urgency of Need Designator

VOL I NAVSUP Manual; Introduction To Supply

VOL II NAVSUP Manual; Supply Ashore

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