



DEPARTMENT OF THE NAVY
SPACE AND NAVAL WARFARE SYSTEMS COMMAND
4301 PACIFIC HIGHWAY
SAN DIEGO, CA 92110-3127

SPAWARINST 4440.12A
4.0
11 Apr 2016

SPAWAR INSTRUCTION 4440.12A

From: Commander, Space and Naval Warfare Systems Command

Subj: MANAGEMENT OF OPERATING MATERIALS AND SUPPLIES,
GOVERNMENT FURNISHED PROPERTY, AND INVENTORY

Ref: (a) SPAWAR 11016.3-M, CH-1
(b) DoD 7000.14-R, Department of Defense Financial
Management Regulation
(c) SPAWARINST 4443.1
(d) DON memo 7000 Ser FMO/22 of 14 Apr 14
(e) SECNAVINST 4440.33A
(f) DoD Instruction 5000.64 of 19 May 2011
(g) SECNAVINST 4440.34
(h) Joint Issuance DLAI 4145.4/AR 740-3/AFJMAN 23-125(IP)/
NAVSUPINST 4400.100A/MCO 4450.15A, Stock Readiness
(i) OPNAVINST 4030.1B
(j) NAVSUP P-485, Volume III
(k) NAVSUP P-723
(l) SECNAVINST 7320.10A
(m) SECNAVINST 4855.3C
(n) SPAWAR Contracts Policy and Procedures Manual
(o) Federal Acquisition Regulation
(p) Navy Marine Corps Acquisition Regulation Supplement
(q) Defense Federal Acquisition Regulation Supplement
(r) SPAWAR Operating Materials and Supplies
Business Process Blueprint
(s) SECNAVINST 5200.42
(t) DoDM 4140.01, Volume 2, DoD Supply Chain Materiel
Management Procedures: Demand and Supply Planning
Manual of 10 February 2014

Encl: (1) Definitions

1. Purpose. To establish guidelines and assign responsibilities to manage Operating Materials and Supplies (OM&S), Government Furnished Property (GFP), and Inventory within Space and Naval Warfare Systems Command (SPAWAR). For the purpose of this instruction, GFP includes equipment and material provided to the contractor, also known as Government Furnished Equipment and Government Furnished Material. Inventory includes Depot, Performance Based Logistics-Organic

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(PBL-O), and Mini Stock Point (MSP) material. This instruction does not include the Plant, Property, and Equipment categories of General Equipment, Minor Property, and Sub-Minor Property addressed in reference (a).

2. Cancellation. SPAWARINST 4440.12

3. Scope. This instruction applies to SPAWAR, Program Executive Office (PEO) Command, Control, Communication, Computers, and Intelligence, PEO, Enterprise Information Systems, PEO Space Systems, and Fleet Readiness Directorate (FRD), along with associated Program Managers, Warfare (PMWs), field activities, SPAWAR Systems Center Atlantic (SSC LANT), SPAWAR Systems Center Pacific (SSC PAC).

4. Background. Government audit reports and the National Defense Authorization Act for Fiscal Year (FY) 2010, Section 1003, which mandate fully auditable DoD financial statements by FY 2017, identified the need for improved management, control, categorization, financial, and physical accountability of OM&S, GFP, and Inventory. Historically, identification and management of physical assets procured and utilized within a program's life cycle has varied based on sponsor/owner and holding activity. This instruction addresses these challenges and provides proper categorization, reporting requirements, and reduction of assets within SPAWAR. Proper care and handling of assets is essential to ensure stock readiness and availability to the Fleet. Enclosure (1) provides definitions for terms used within this instruction.

5. Policy. This instruction requires that SPAWAR will:

a. Change terms used to identify categories of all material and equipment from Sponsor and Government Owned Material (SOM/GOM) to the proper financial accounting terms of OM&S, GFP, and Inventory as defined in reference (b), volume 4, chapter 4.

b. Ensure all SPAWAR OM&S will be procured, inventoried, managed, and reported in the Navy Enterprise Resource Planning (ERP) System. Navy ERP is SPAWAR's Accountable Property System of Record (APSR) per references (c) and (d). All OM&S purchased by SPAWAR, owned by SPAWAR, or located at a SPAWAR activity (including owned by other Navy commands, other services or Combatant Commanders) will be accounted for and recorded in Navy ERP.

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c. Use the consumption method of accounting for the procurement and management of SPAWAR OM&S in Navy ERP. For purposes of classifying OM&S, the terms "consume," "consumed," or "consumption" refer to a financial state in Navy ERP per reference (e). An item of supply or material is considered to be consumed when it is used or installed in a next higher assembly such that it no longer has a unique financial value (e.g., the item's value is absorbed into the value of the next higher assembly, it is issued into a Pre-Expended Bin status, or it is found missing during inventory). An item is also considered financially consumed when it is no longer owned or held by SPAWAR.

d. Use Account Assignment Category "Q" in Navy ERP to identify OM&S and include it on all procurement requests (PRs) for OM&S unless a written waiver to use the Purchases Method of Accounting is granted by Deputy Assistant Secretary of the Navy, Financial Operations.

e. Use Unique Material Masters on all PRs for SPAWAR OM&S procurements. The previous practice of using a generic material master when completing PRs for OM&S is not authorized.

f. Refrain from entering and tracking within the APSR the following as OM&S: classified material, Foreign Military Sales (FMS) material, hazardous material, communications security equipment, software (internal use or as delivered), demilitarized material or other returned material pending assessment, triage or disposition.

g. Refrain from tracking Contractor Acquired Property within the APSR per reference (f).

h. Provide written justification and approval from the SPAWAR 4.0 Director of Logistics and Fleet Support for use of any SPAWAR Automated Information System for Inventory Management (IM) or Warehouse Management other than Navy ERP.

i. Use Material Condition Code/Batch assignments in Navy ERP which drive the assignment of valuation types Ready For Issue (RFI), Ready For Issue Future (RFIF), Not Ready For Issue (NRFI), and Excess, Obsolete, and Unserviceable/Excess Obsolete Material Ready for Issue (EO&U/EOMR).

Batch to valuation type combinations permitted in Navy ERP

Batch	Valuation Type	GL Account
A	RFI	1511.2000—Operating materials and supplies held for use (MHFU)
B	RFI	
C	RFI	
D	RFI	
E	RFIF	1512.2000—Operating materials and supplies held in reserve for future use (MHFFU)
J	RFIF	
K	RFIF	
L	RFIF	
Q	RFIF	
F	NRFI	1514.2000—Operating materials and supplies held for repair (remanufacturing/carcass) (MHFR)
G	NRFI	
M	NRFI	
R	NRFI	
H	EOMR	1513.1000—Operating material and supplies—Excess, obsolete, or unserviceable
P	EOMR	
S	EOMR	

NOTE: Material Condition Code (MCC)/General Ledger Account (GLA) relationships in Navy ERP may differ from the MCC/GLA account relationships in reference (b), volume 4, chapter 4.

j. Minimize material on-hand while also maximizing redistribution of on-hand material to fill Fleet end-use requirements or otherwise dispose of items to reduce storage costs as required per reference (e).

k. Plan for and implement Item Unique Identification (IUID) per reference (g).

l. Properly provide for the uniform care of supplies in storage (COSIS), per reference (h), and ensure material is properly packaged per both reference (i) and reference (j). Provide prompt reporting of property which has been lost, damaged, or destroyed utilizing reference (k).

m. Categorize tangible items held for sale, in the process of production for sale, or which will be consumed in the production of goods for sale or in the provision of services for a fee as Inventory as defined per reference (b), Volume 4, Chapter 4. Assets at activities funded to act as inventory

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control points or perform depot repair for an inventory control point such as a PBL-O, MSP, or depot workload are considered Inventory. Inventory is visible in the Navy ERP IM module via the Commercial Asset Visibility System.

n. Comply with the requirements of reference (l) personal property procedures.

o. Plan for and implement a Product Data Reporting and Evaluation Program (PDREP) per reference (m).

6. Responsibilities. The following responsibilities are assigned to ensure effective control and management of OM&S, GFP, and Inventory:

a. SPAWAR Finance (1.0) will:

(1) Provide financial policy, guidance, and training to the financial management community at SPAWAR.

(2) Serve as the central point of contact for the Assistant Secretary of the Navy (Financial Management and Comptroller) on financial reporting requirements for property owned and managed by SPAWAR.

(3) Process SPAWAR's financial reporting of OM&S automatically via feed from Navy ERP to the Defense Departmental Reporting System.

(4) Ensure that management of OM&S is meeting Financial Improvement and Audit Readiness (FIAR) requirements.

b. SPAWAR Contracts (2.0) will:

(1) Provide SPAWAR with contracting policies and procedures for the documentation, accountability, and management of GFP. Document GFP within new contracts and contract modifications, as required per reference (n).

(2) In collaboration with SPAWAR 4.0, incorporate GFP and IUID training into Contracting Officer's Representative (COR) training efforts.

(3) Assign GFP management responsibilities to COR by designation letter with notification of requirement.

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(4) Require the Contracting Officer and COR to frequently communicate with Defense Contract Management Agency and contractor GFP personnel on GFP requirements and related contractor performance.

(5) Properly structure contracts to capture categorization of property per reference (b), volume 4, chapter 4, as defined by program offices.

(6) Per reference (o), 45.102, prior to furnishing Government property to the contractor, the Contracting Officer will ensure that each of the requirements are addressed as follows and documented in the contracting file.

Element 1: In the Government's best Interest
Element 2: Overall Benefit
Element 3: Government Assumption of Risk
Element 4: Government Requirements cannot
Otherwise be met

(7) The Contracting Officer will insert Government Property clause 52.245-1 only in contract types defined in reference (o), 45.107.

(8) Per reference (o), 45.107 and reference (p), 245.107 and 211.274-6, when reference (o), 52.245-1 is included in a contract, the Contracting Officer will ensure that all required GFP clauses are included.

(9) Per reference (p), 5245.103-73, utilize the GFP Compliance Checklist to measure compliance with requirements.

(10) Utilize the fillable electronic "Requisitioned Government Furnished Property" (RGFP) and/or "Scheduled Government Furnished Property" (SGFP) forms in solicitations and awards per reference (q), PGI 245.103-72, when GFP is anticipated.

(11) Prepare modifications to execute transfers of Government property accountability between existing contracts per reference (q) PGI 245.103-71.

(12) Ensure contractor reports GFP to the IUID Registry per reference (q) 252.211-7007.

c. SPAWAR Logistics and Fleet Support (4.0) will:

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(1) Provide logistics oversight, policy, and training to the SPAWAR logistics community, ensuring adherence to references in this instruction for OM&S, GFP, and Inventory which is owned/sponsored, managed, procured and/or held by SPAWAR.

(2) Serve as central point of contact for internal and external activities on SPAWAR logistics matters related to OM&S, GFP, Inventory, Packaging, Handling, Storage and Transportation (PHS&T), PDREP, PBL-O, MSP, and IUID.

(3) Develop/collect metrics and collaborate with PEOs, FRD and other SPAWAR personnel to obtain, consolidate, and provide reports to external activities as required per references (e) and (g). Provide additional detailed guidance/clarification for reports, as needed.

(4) Collaborate within the SPAWAR claimancy to implement IUID policy. As the SPAWAR IUID champion, review and provide initial approval/signature for IUID plans per references (e) and (g).

(5) Provide policy, guidance, and process to SPAWAR to comply with reference (m). Collect and provide SPAWAR PDREP reporting metrics to the PDREP Configuration Management Board.

(6) Collaborate with SPAWAR Corporate Operations (8.0) to ensure reference (r) is updated to reflect current processes in the APSR.

(7) In collaboration with SPAWAR 2.0, incorporate GFP and basic IUID training into COR training efforts.

(8) Periodically review OM&S inventory and GFP records in Navy ERP to ensure compliance with SPAWAR business practices and FIAR.

d. SPAWAR Corporate Operations (8.0) will:

(1) Serve as the Command Property Official (CPO) and act as the single point of contact for SPAWAR property accountability and management.

(2) Designate Deputy Command Property Officials (DCPOs) and Accountable Property Officials (APOs) in writing at the appropriate levels throughout SPAWAR per references (a) and (s).

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(3) Incorporate OM&S, GFP, and Inventory reviews into command inspection plans, ensuring activities are compliant with all facets of this instruction.

(4) In collaboration with SPAWAR 4.0, ensure reference (r) is updated to reflect current processes in the APSR.

(5) Assist in the development of procedures, workflows, and training in order to define SPAWAR business processes and to successfully capture OM&S, GFP, Inventory, and associated costs for future Construction in Progress assembly in the APSR.

(6) Periodically review property records and transactions in Navy ERP to ensure compliance with SPAWAR business processes and FIAR efforts.

e. PEOs and FRD will:

(1) Collaborate with respective Assistant Program Executive Officer for Logistics and FRD Logistics Lead to ensure Program Managers (PMs) report OM&S to SPAWAR 4.0.

(2) Ensure all PMWs under their cognizance that own OM&S review all OM&S categorized as MHFFU not less than annually to validate continued need per reference (e).

f. Program/Project Managers within SPAWAR will:

(1) Identify a single point of contact as the representative for efforts supporting OM&S management and semi-annual reporting as directed in reference (e).

(2) Identify and properly categorize OM&S and GFP to SPAWAR 2.0 for inclusion on purchase requests in the APSR per reference (b), volume 4, chapter 4.

(3) Identify point of contact to support PDREP requirements per reference (m).

(4) Consider the approved acquisition objective when calculating total OM&S inventory objective levels required to support program requirements.

(5) Maximize the use of direct cite funding to procure OM&S instead of reimbursable funding. Certain exceptions are noted in reference (r).

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(6) Review and validate reports from holding activities and SPAWAR 4.0 to support reporting requirements.

(7) Proactively minimize on-hand material/equipment by directing holding activities to retain only levels required to execute the program's mission per reference (t).

(8) Review all OM&S categorized as MHFFU not less than annually to validate continued need per reference (e).

(9) Ensure after 24 months, if an item is still in stock, regardless of GL account, it will be moved to the category of EO&U. Once re-categorized to EO&U, it must be disposed of within 180 days. Either a disposal plan or justification for continuing to hold this material will be developed and provided to SPAWAR 4.0. Ensure holding activities redistribute or dispose of EO&U within 180 days of establishment to this category, in the following order of precedence:

(a) Application to other specific program requirement shortfalls.

(b) Offer to supply system or transfer to redistribution sites to fill Fleet requirements.

(c) Offer to FMS programs.

(d) Transfer to the local Defense Logistics Agency Disposition Services, formerly known as the Defense Reutilization and Marketing Office.

(10) Support the SPAWAR CPO with the oversight, training and adherence to policy for OM&S, GFP, and Inventory which is owned, sponsored, managed, procured, and or held by the program/project office.

g. Holding activities (including SSC LANT and SSC PAC)
will:

(1) Designate APOs in writing at all levels as required to serve as the subject matter expert and arbiter of issues at their level of appointment per references (a) and (s). This person is responsible for implementing the requirements of this instruction and reference (f) within their activity.

(2) Identify and properly categorize OM&S and GFP within purchase requests in the APSR.

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(3) Establish accountable records and maintain and track OM&S and GFP held or managed by holding activities in Navy ERP. For GFP, this requirement will not be enforced until the APSR has been configured to capture requisite data.

(4) Ensure entry of Inventory (Depot, PBL-O and MSP) records into the owner's Business Logistics Application as stipulated by written agreement.

(5) Properly classify OM&S by GL account as MHFU, MHFR, MHFFU, or EO&U in accordance with reference (e) as coordinated with the PM/owner.

(6) Minimize OM&S on-hand, dispose of material no longer required, and maximize re-distribution to the Fleet.

(7) Collaborate with SPAWAR 4.0 to ensure reporting is completed in accordance with reference (e), (g), and (l).

(8) Review all OM&S categorized as MHFFU not less than annually with the owner (the command and/or activity that holds title to the OM&S) to validate continued need per reference (e).

(9) Ensure after 24 months, if an item is still in stock, regardless of GL account, it will be moved to the category of EO&U. Once re-categorized to EO&U, it must be disposed of within 180 days. Either a disposal plan or justification for continuing to hold this material will be developed and provided to SPAWAR 4.0.

(10) Institute and execute a plan/program for conducting and documenting physical inventories, location surveys and random spot checks of property per reference (k). Per reference (l), physical inventories will be documented and maintained until the next physical inventory is completed. Documentation will include the following:

(a) The asset listing as of the physical inventory date.

(b) The physical inventory count including book-to-floor and floor-to-book findings and the procedures followed.

(c) Adjustments made and the documentation supporting the resolution of adjustments.

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(d) Signatures of those who conducted the physical inventory and of the APO.

(11) Conduct wall-to-wall inventories for all locations no less than once every three years. In addition, all controlled material must be inventoried annually. Activities will maintain no less than a 98 percent accuracy rate for wall-to-wall inventories and location surveys regardless of which method is used (location survey or sampling). Copies of inventories, surveys, and random spot checks will be maintained by holding activities as Key Supporting Documentation (KSD). Wall-to-wall inventory results will be submitted to SPAWAR 4.0 and the CPO who signs and retains certifications of completion.

(12) During physical inventories, holding activities will review elements associated with COSIS and provide familiarization training on COSIS, per reference (h).

(13) Provide reports when requested by SPAWAR 4.0 and CPO to include those required to satisfy requirements of references (e) and other requests for information. SPAWAR 4.0 will initiate requested reports, collaborate with holding activities and owners and forward to requesting activities.

(14) Utilize PDREP in accordance with reference (m) to record, collect, retrieve, and analyze supplier performance data. Supplier performance data will include Product Quality Deficiency Report discrepancies, Supply Discrepancy Reports, Receipt Inspection, Material Inspection Results, Contract Delivery Performance, Contract Award Data, Supplier Audits, Supplier Survey Data, Non-Conforming Materials, Premature Material Failures, Naval Bulletins, Special Quality Data, and other relevant supplier information.

(15) Provide ongoing orientation, familiarization, and training to personnel working with OM&S, GFP, Inventory, PDREP, IUID, and PHS&T (to include COSIS) sufficient to ensure that the requirements of this instruction are met.

(16) Utilize trigger events from reference (g) to update the IUID registry. Entry to the IUID Registry and update requirements of the Registry are defined within enclosure (1) and carefully reviewed by each activity to ensure they update the Registry as required and do not update the Registry unnecessarily.

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(17) Ensure prompt reporting for missing, lost, stolen, or recovered items utilizing a DD Form 200, Financial Liability Investigation of Property Loss, per reference (k).

(18) Work with Contracting Officer/CORs to document and track GFP movement to or from a contractor in either basic contracts or contract modifications.

(19) Maintain KSDs for procurement; proper receipt, stow, and issue practices; disposal plans/procedures; and inventory practices in support of FIAR requirements. Authorized standard KSD forms are DD 250, DD 1348, DD 1149, packing slip, and administrative/dummy receipt.

(a) Ensure receipt and acceptance documentation indicates quantity received, by circling quantity, material condition, a wet/digital signature and date, and the printed or stamped name on the hard copy receipt. Hard copy receipts must be physically or electronically retained. Receipt and issuance transactions will be recorded within five business days of physical delivery. In the case of frustrated material, it may take longer to record the receipt.

(b) Ensure actual quantity disposed of or issued matches the quantity in the shipment documentation. Commands must provide documentation proving consumption, issuance, loss, or damage occurred and was entered into the APSR.

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

8. Forms. The RGFP and SGFP forms are available on the DoD Procurement Toolbox website at:
<http://dodprocurementtoolbox.org/site/detail/id/26>
DD Forms 200, 250, 1149, and 1348 are available on the DoD Forms Management Program website at:
<http://www.dtic.mil/whs/directives/forms/dd/ddforms0001-0499.htm>



DAVID H. LEWIS

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DEFINITIONS

Approved Acquisition Objective (AAO). Per: DoD 4140.1-R Volume 2. The quantity of an item authorized for peacetime and wartime requirements to equip and sustain U.S. and Allied Forces, according to current DoD policies and plans. This quantity may be found in acquisition documentation.

Accountable Property Official (APO). Per: DoDI 5000.64. An individual who, based on his or her training, knowledge, and experience in property management, accountability, and control procedures, is appointed by proper authority to establish and maintain an organization's accountable property records, systems, and/or financial records in connection with Government property, irrespective of whether the property is in the individual's possession.

Care of Supplies in Storage (COSIS). Per: DLAI 4145.4/AR 740-3/AFJMAN 23-125(IP)/NAVSUPINST 4400.100A/MCO 4450.15A. A program composed of a set of processes and procedures whose purpose is to ensure that material in storage is maintained in ready-for-issue condition or to prevent uneconomic deterioration of material. With proper COSIS, supplies and equipment in storage will be preserved and maintained in an issuable condition through inspection and actions taken to correct any forms of deterioration and to restore packaging to RFI condition. COSIS includes the in-storage visual inspection, minor repair, preservation, and packing of material, and all intra-depot material movement to perform those tasks. Note: COSIS does not include the cost to repair the asset, unless minor repair is accomplished within the one-hour routine COSIS action.

Contractor Acquired Property (CAP). Per: FAR 45.101. Property acquired, fabricated, or otherwise provided by the contractor for performing a contract and to which the Government has title.

Command Property Official (CPO). Per: SPAWAR 11016.3-M CH-1. The CPO acts as the single point of contact for property matters, including command property accountability, program management, and oversight for the SPAWAR Claimancy and is designated by the SPAWAR Commander.

Deputy Command Property Official (DCPO). Per: SPAWAR 11016.3-M CH-1. The DCPO reports directly to the CPO and assists the CPO

Enclosure (1)

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with property matters for the SPAWAR Claimancy by providing subject matter expertise, coordinating the collection of data for property related data calls, and performing oversight to ensure policies for accountable property are followed.

Equipment. Per: FAR 45.101. A tangible item that is functionally complete for its intended purpose, durable, nonexpendable, and needed for the performance of a contract. Equipment is not intended for sale and does not ordinarily lose its identity or become a component part of another article when put into use. Equipment does not include material, real property, special test equipment, or special tooling.

Excess. Per: FMR Volume 4, Chapter 4. Excess inventory or OM&S (serviceable and unserviceable) is the amount of inventory or OM&S above the sum of the AAO and inventory retained for economic and/or contingency purposes.

Government Furnished Property (GFP). Per: FAR 45.101. Property in the possession of, or directly acquired by, the Government and subsequently furnished to the contractor for performance of a contract. Government-furnished property includes, but is not limited to, spares and property furnished for repair, maintenance, overhaul, or modification. Government-furnished property also includes contractor-acquired property if the contractor-acquired property is a deliverable under a cost contract when accepted by the Government for continued use under the contract.

Government Property (GP). Per: FAR 45.101. All property owned or leased by the Government. Government property includes both GFP and CAP. Government property includes material, equipment, special tooling, special test equipment, and real property. Government property does not include intellectual property and software.

Inventory. Per: FMR, Volume 4, Chapter 4. Tangible items held for sale, in the process of production for sale, or which will be consumed in the production of goods for sale or in the provisions of services for a fee.

Item Unique Identification (IUID). Per: SECNAVINST 4440.34. An element of the DoD Unique Identification (UID) program that addresses tangible personal property. It is one technology product in a comprehensive system for marking items delivered to and managed by the Department of Defense with a Unique Item Identifier (UII) in accordance with procedures outlined in

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ISO/IEC 16022, Error Correction Code 200 compliant two-dimensional data matrix. It is a system that globally and unambiguously distinguishes one item from another.

IUID Registry. Per: SECNAVINST 4440.34. The IUID Registry captures, retains, and provides current and historical data regarding uniquely identified tangible items enabling net-centric data discovery, correlation, and collaboration in order to facilitate effective and efficient accountability and control of DoD assets and resources in support of DoD business transformation and warfighter mission fulfillment. The IUID Registry is the central repository of IUID information and serves as an acquisition gateway to identify:

- a. What the item is
- b. How and when it was acquired
- c. The initial unit cost of the item
- d. Current custody (government or contractor)
- e. How it is marked

Requests for additional information on the Registry and IUID should be emailed to SPAWAR Supply Chain Management at scm-spawar@navy.mil.

Material. Per: FAR 45.101. Property that may be consumed or expended during the performance of a contract, component parts of a higher assembly, or items that lose their individual identity through incorporation into an end-item. Material does not include equipment, Special Tooling, and Special Test Equipment.

Material Held as Excess, Obsolete, and Unserviceable (EO&U). Per: SECNAVINST 4440.33A. "Excess OM&S" are OM&S stocks that exceed the amount expected to be used in normal operations because the amount on hand is more than can be used in the foreseeable future and that do not meet management's criteria to be held in reserve for future use. "Obsolete OM&S" are OM&S that are no longer needed due to changes in technology, laws, customs, or operations. "Unserviceable OM&S" are OM&S that are physically damaged and cannot be consumed in operations. Designation as Material Held as Excess, Obsolete, and Unserviceable indicates that the owner is ready to relinquish title to the property, either by transferring it to another organization for use, transferring it to the Navy Working Capital Fund to become inventory held for sale, transfer or sale under a Foreign Military Sales agreement, or disposal.

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Material Held for Repair or Remanufacture (MHFR). Per: SECNAVINST 4440.33A. Materials and supplies that are not in usable condition, but can be economically repaired (supply condition codes F, G, M or R). The objective is to rebuild items as an alternative to procuring new items or use as a rotating source of supply. Once rebuilt, the items will be categorized as Material Held for Use or Material Held in Reserve for Future Use as appropriate.

Material Held for Use (MHFU). Per: SECNAVINST 4440.33A. OM&S in supply condition codes A, B, C, or D to be consumed in normal operations within the next 24 months.

Material Held in Reserve for Future Use (MHFFU). Per: SECNAVINST 4440.33A. OM&S stocks may be maintained because they are not readily available in the market or because there is more than a remote chance that they will eventually be needed, although not necessarily in the normal course of operations, or in excess of 24 months. Material designated as Material Held in Reserve for Future Use will meet the criteria set forth in paragraph 46 of SECNAVINST 4440.33A. Per table 4-2 of SECNAVINST 4440.33A, Material Held in Reserve for Future Use includes all material in supply condition codes E, J, K, L, and Q, as well as material in supply condition codes A through D that is above the approved acquisition objective and is retained for economic or contingency purposes.

Per OPNAVINST 4440.26A, material held in this category includes, but is not limited to, material resulting from:

- a. Economic order quantity buys
- b. Life of type buys
- c. Diminishing Manufacturing Sources and Material Shortage (DMSMS) buys
- d. Foreign Military Sales
- e. Material procured, staged, kitted and transshipped for projects at Naval shipyards or installation sites
- f. Material removed from decommissioned vessels determined by the PM to be required to support remaining Fleet assets
- g. Not ready for issue material held for repair through PBL contracts/agreements with Naval Inventory Control Point

Operating Material and Supplies (OM&S). Per: SECNAVINST 4440.33A. DoD defines OM&S as tangible personal property to be consumed in normal operations. DON OM&S is comprised of material such as replacement parts, components, assemblies, and residual assets that are to be consumed in normal operations but

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are not held for sale. OM&S shall be categorized as Material Held for Use, Material Held in Reserve for Future Use, Material Held for Repair or Remanufacture, or Material Held as Excess, Obsolete and Unserviceable.

Owner. Per: SECNAVINST 4440.33A. The command and/or activity that has title to the OM&S. The owner also has reporting responsibility to financial statements and disposition authority. Custodians should report back to the owning activity before disposing of an asset.

Packaging, Handling, Storage, and Transportation (PHS&T). Per: Defense Transportation Regulation 4500.9R Volumes 1 & 2. An element of Integrated Logistics Support which includes resources and procedures to ensure that all equipment and support items are preserved, packaged, packed, marked, handled, transported, and stored properly for short- and long-term requirements. It includes material-handling equipment and packaging, handling and storage requirements, and pre-positioning of material and parts. It also includes preservation and packaging level requirements and storage requirements (for example, sensitive, proprietary, and controlled items). It involves establishment of critical parameters and constraints (e.g., width, length, height, component and system rating, and weight). One consideration under PHS&T is COSIS.

Performance Based Logistics (PBL) Mini Stock Point. Per: PBL Guidebook, P. 50. A Contractor/Organic activity provides the storage and requisition processing of DoD-owned material. The DoD requires full inventory accountability and retains requirements determination and execution; the Contractor receives requisitions, stores and issues material, and may also repair the material. These are normally Firm Fixed Price or Fixed Price Incentive Fee contracts.

Performance Based Logistics-Organic (PBL-O). Per: PBL Guidebook, P. 50. An arrangement is made with an organic activity (normally via Memorandum of Agreement) to procure, repair, stock, and issue Government-owned material. The Service retains requirements determination and execution, and requires accountability for Government assets and full range requisition processing. The organic activity handles configuration management, normal provisioning channels for update, and performs no fault testing and limited repair.

Personal Property. Per: DODI 5000.64. All property (systems/equipment, materials, and supplies) except real

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property (land and improvements to facilities), and records of the Federal Government.

Physical Inventory. Per: DODI 5000.64. The verification of property existence, location, and quantity. The process may also involve verifying additional information, performing reconciliations, and modifying the accountable property records.

Plant Equipment. Per: PGI 52.245-1. Personal property of a capital nature (including equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items) for use in manufacturing supplies, in performing services, or for any administrative or general plant purpose. It does not include special tooling or special test equipment.

Product Data Reporting and Evaluation Program (PDREP). Per: SECNAVINST 4855.3C. Provides DON compliance for processing and managing supplier performance information. The PDREP and associated Automated Information System is the single authorized DON database used to record, collect, retrieve, and analyze supplier performance data.

Special Test Equipment (STE). Per: FAR 2.101. Special test equipment means either single or multipurpose integrated test units engineered, designed, fabricated, or modified to accomplish special purpose testing in performing a contract. It consists of items or assemblies of equipment including foundations and similar improvements necessary for installing special test equipment, and standard or general purpose items or components that are interconnected and interdependent so as to become a new functional entity for special testing purposes. Special test equipment does not include material, special tooling, real property, or equipment items used for general testing purposes, or property that with relatively minor expense can be made suitable for general purpose use.

Special Tooling (ST). Per: FAR 2.101. Special tooling means jigs, dies, fixtures, molds, patterns, taps, gauges, and all components of these items, including foundations and similar improvements necessary for installing special tooling, and which are of such a specialized nature that without substantial modification or alteration their use is limited to the development or production of particular supplies or parts thereof or to the performance of particular services. Special tooling does not include material, special test equipment, real property, equipment, machine tools, or similar capital items.

Unique Item Identifier (UII). Per: SECNAVINST 4440.34.
A globally unique and unambiguous string of machine readable and alpha-numeric characters. The UII serves to distinguish individual items from other like and unlike items.

Unique Material Master (UMM). Per: SPAWAR OM&S Blueprint.
A unique/specific material record used for OM&S purchases.