



DEPARTMENT OF THE NAVY
CHIEF OF NAVAL AIR TRAINING
250 LEXINGTON BLVD SUITE 102
CORPUS CHRISTI TX 78419-5041

CNATRAINST 4442.1E
N423
20 Mar 18

CNATRA INSTRUCTION 4442.1E

Subj: T-45 INVENTORY MANAGEMENT CONTROL PROCEDURES

Ref: (a) Federal Acquisition Regulation (FAR Part 52.245-1)
(b) NAVSUP P-485 (Supply Procedures)
(c) COMNAVAIRFORINST 4415.1 Series
(d) COMNAVAIRFORINST 4440.1 Series
(d) COMNAVAIRFORINST 4790.2B
(e) T-45 Contractor Logistics Support Performance Work Statement, Contract N00019-14-D-0011

1. Purpose. To provide contractor personnel with inventory management guidance to manage Government furnished repair parts and consumables in direct support of training aircraft.

2. Cancellation. CNATRAINST 4442.1D

3. Background. This instruction governs Contractor Supply Department inventory management control procedures. This instruction should be reviewed in its entirety. Policies and procedures detailed in this instruction reflect amplified guidance to references (a) through (e).

4. Discussion. The application of effective supply chain management in the inventory, replenishment, and distribution of material is referred to as Inventory Control. An effective inventory control program depends on the proper implementation of inventory management functions for which the contractor is responsible.

5. Contacting Responsibilities.

a. Comply with policy guidance outlined in references (a) through (e) and contract applicable documents.

b. Accurately record all items of government owned material and the assignment of proper stock numbers or Local Identification Control Numbers to part numbered items in Naval Aviation Logistics Command Information System (NALCOMIS).

c. Establish replenishment procedures to satisfy material requirements between regularly scheduled replenishment reviews because of depletion of the on-hand stock balances.

d. Ensure inventory stock level calculations for consumable and repairables are accomplished quarterly per reference (e).

e. Comply with references (a) through (e), and this instruction in the management and control of Government Furnished Property (GFP) property.

f. Maintain and operate pre-expended bins per the references.

g. Manage shelf life material.

h. Ensure allowance changes are processed expeditiously and correctly.

i. Minimize the amount of unauthorized excess material on hand and on order.

j. Ensure inventory control procedures training is accomplished.

k. Ensure inventory levels are maintained and updated in NALCOMIS as the Government approved property management system.

l. Report problems with Optimized Naval Aviation Logistics Command Management Information System (NALCOMIS) to CNATRA immediately.

6. Stock Levels - Repairables

a. Stock levels for repairables will be computed on a quarterly basis utilizing NALCOMIS Allowance Change extract process to generate an Allowance Change Report (ACR). The ACR report will be used to review the recommended Final Acquisition Quantity (FAQ) for repairables.

b. The ACR lists quantities from completed Maintenance Action Forms (MAF) and requisitions and their calculated demands based on turnaround times, constrained averages, and the action

taken code. The Contractor will use the report to compare current FAQ with actual demand when determining whether to increase or decrease current allowances. The following constraints (in days) are to be used:

- (1) Processing Time 1
- (2) Scheduling Time 3
- (3) AWP Time 20
- (4) Repair Time 8
- (5) Turnaround Time (TAT) 20

Note: The ACR only includes TAT for locally repaired assets. The Contractor will need to obtain vendor TAT and use with ACR TAT to determine the correct stock levels for repairables.

c. Repairable Management Report. Identifies repairable candidates for potential allowance increases and decreases. The report will be run in conjunction with ACR processing.

d. Allowance Change Request. When an increase in a repairable allowance is required, request shall be prepared and submitted to the CNATRA Property Administrator for approval. Request shall be retained in an outstanding or completed file. When approval is received, allowance quantities shall be updated in NALCOMIS.

7. Stock Levels - Consumables

a. Stock Levels. Consumable stock level range and depth will be computed on a quarterly basis utilizing the NALCOMIS Pre-Expended Bin (PEB) Demand Process.

Note: The Automated PEB in NALCOMIS will be set on all consumable items

b. Parameters. The following parameters will be used when performing the PEB demand process:

- (1) Month of Stock 1: 03.0

(2) Months of Stock 2: 00.0

(3) Unit Price 1: 0000.00 to 9999.00

(4) Unit Price 2: Blank

(5) Demand Frequency: Average demand: 2.00; Number of
Months Data: 6

c. Automated PEB Demand Frequency Process. This process gathers data from the PEB demand file and calculates PEB high and low limits, flags recommended range adds as candidates for PEBs, and performs other calculations for various automated PEB demand processes. Calculations are based on the number of months of data reporting, the average monthly demand, and PEB unit price ranges. NALCOMIS creates a PEB candidate file that contains PEB demands that are candidates for PEBs. The candidate file also contains the calculated high limits and adjustments that are performed in the batch process. The following PEB demand frequency reports will be run as part of the PEB demand frequency process:

(1) Load PEB Candidates. The batch process runs against the PEB demand file and creates two files of data:

(a) PEB Candidate File. Contains PEB demands against items that are candidates for a PEB inventory. The candidate file contains the calculated limits and adjustments performed in the batch process.

(b) PEB Range File. Contains PEB demand and requisition data up to 12 months depending on the retention months set on the site record.

(c) PEB Candidates High Limit List. Contains PEB items whose calculated high limit is different from the actual high limit, reports number of increases, and the monetary value of increases. Report also includes the number of additional inventory that an adjustment would generate and the total cost of the adjustment.

(d) List of PEB Inventory Items with No Demands. This process generates a list of PEB inventory from the PEB range file with no demands. The list includes date inventory

entered (DIE) to determine if the inventory has been in the system long enough to accumulate demands. The total dollar value of the reported inventory is also calculated. This can be used to determine whether to reduce the high limit.

(e) Adjust PEB High Limits. Process adjusts the high limits and low limits of PEB items. Before actually adjusting high limits, generate a list of PEB candidates to review. The report includes the number of additional inventory an adjustment would generate and the total cost of the adjustment.

Note: The PEB candidates load must be run before adjusting PEB high limits.

(f) Range Adds for Automated PEB and Add to PEB Inventory. Contains a list of PEB demand candidates whose demand is high enough to qualify for inclusion in the PEB.

(g) Qualifying Demands for Single Sites. This process generates a list of qualified PEB candidates to be added as inventory for the PEB organizations/work centers.

(h) Generate a List of PEB Demands at or below Frequency. Report compares the PEB inventory file with the PEB demand file. The list contains all PEB inventory records with demands in the PEB demand file at or below the frequency specified in the parameter. Use this list to determine whether high or low limits need to be adjusted.

(i) Generate a List of PEB Inventories with No Demand for Offload or High Limit Update. The list contains all PEB inventory records with no demand in the PEB demand file within the selection date. Use this list to determine if there are excess PEB inventories that require offloading.

(j) Excess Range and Depth Reports. Calculates excess PEB inventories and generates the following reports:

1. The Excess Range report compares the PEB inventory file with the PEB demand requisition history files. The report lists all PEB inventory records with a matching PEB requisition history record within the selection date. Use the

report to determine whether any PEB inventory items exceed their high limit and determine if offload action is required.

2. The Excess Depth report compares the PEB candidate file with the PEB inventory file. The report lists those matched items that have a high limit in the inventory file greater than the high limit in the PEB candidate file.

(k) The Contractor shall submit a Stock Level Change Request (SLCR) to CNATRA Property Administrator via CNATRA Detachment (DET) for approval when a change to the authorized range or depth of a consumable item is desired per this instruction and the PWS. SLCR's that increase the total value of the inventory by \$5,000 or less may be approved by the Aircraft CLS Contractor.

Note: When R-Supply is implemented, this section will be revised.

8. Repairables Management

a. Repairables Management. Repairables constitute the majority of the site's inventory dollar value, therefore requires intensive management.

b. Repairable Management Reports. The Contractor will use the following reports to assist in the management of repairables.

(1) Organization and Intermediate IOU Reports. Report provides a summary of all current repairable IOU components owed to Supply and the length of time owed. The IOU Summary Report list the number of outstanding IOUs based on the number of days owed.

(2) Due In From Maintenance Status Report (DIFM). Report lists all repairable components inducted into the maintenance repair cycle that have not had a DIFM return processed. The report reflects all components in Family Group Code (FGC) sequence and identifies all outstanding AWP requirements necessary to repair the component. The focus should be on management codes. Examples of management codes are:

(a) SO Supply Officer's stock asset.

(b) OW Owe Status. Owed to supply system for DTO referral or receipt or owed to activity identified in Owed ORG column.

(c) ER EXREP. Expeditious Repair Report. Assets that require expeditious repair by the Intermediate Maintenance Activity.

1. Management Responsibilities

a. Review all EXREP items and then review remaining items by priority.

b. If item is WP/WQ, verify with AWP that status is current.

c. Review for cannibalization possibilities.

d. Ensure all items with "JC" job status are expeditiously processed.

2. The Standard Report. Generates the following two sort sequences:

a. Work Center. Maintenance personnel to validate components, induction status, the Document Date, and Serial Number (DDSNs) generated and outstanding parts on the DDSN use Report.

b. Current Turn-in DDSN. Report is used by supply personnel to validate requisitions generated in support of maintenance actions and the parts ordered against them.

3. Fixed Allowance Analysis Report. Provides a range and depth summary and current stock status of all repairables in relation to their Final Acquisition Quantity (FAQ).

4. Critical Item Status Report. Contains components with an RFI balance equal to or less than the critical quantity. Critical quantity is on hand quantity of one or 25 percent or less of the authorized allowance, whichever is

greater. Reports are used to determine critical levels of stock and to expedite processing of outstanding requisitions. There are four critical item status reports:

a. Critical Level Status Report. Lists stock status and summary of all repairable stock items designated as supply officer assets with Ready for Issue (RFI) quantities of less than or equal to the selected percentage of the FAQ. This report identifies critical shelf stock situations based on a pre-determined ratio of RFI to FAQ.

b. FGC Critical Level Quantity. List FGC at a critical level.

c. RFI On Hand Status Report. Lists items below the selected RFI value.

d. Out of Balance Indicator Report. Lists the items that have out of balance quantities between on hand and on order quantities. This report should be run twice weekly. If either of the comparisons are unequal, an asterisk is placed in the first column of the line item. Storeroom supervisors must strive to keep repairable component balances accurate.

5. Repairable Stock Requisition Status Report. Provides requisition status for all outstanding stock requisitions. When selected, a Range and Depth Summary can be generated instead of the detail report.

a. Range and Depth Summary Report. Provides range and depth statistics for all repairables and outstanding stock requisitions.

6. Repairable Management Data Reports. Report lists repairable management performance for usage and turnaround time for locally processed repairables. A detail and summary report is generated for the following:

a. Detail Report (MR1-1). Lists by Family Group Code (FGC) and the maintenance actions, repair cycle data, final status, quantities, and action taken code.

b. Summary report (MR.-2). Contains allowance totals, constrained averages for repair cycle data, turnaround time, and the average number of Beyond Capability of Maintenance (BCM) items per FGC.

9. Turn Around Time Reports.

a. Summary Turnaround Time Report. Contains total and average time that repair items spent in various stages of the repair cycle.

b. Detailed Turnaround Time Report. Contains the total and average times based on the FGC. The detail report contains the total number of items that were processed and a breakdown of the total number in items various action taken codes and total percentage of repaired items.

10. Outstanding Material Requirement Report. Lists outstanding materiel requirements based on the options selected by the user. This report must be run weekly. The report's available options include:

- a. JCN, non-JCN or all requisitions.
- b. Up to five ORG Codes, all "0" level requisitions or all ORG Codes.
- c. Up to ten Project Codes, all NMCS and PMCS Project Codes, or all Project Codes.

11. I-Level EXREP Report. Daily report, which includes requirements for Shop Replacement Assemblies (SRAs) and Sub-Shop Replaceable Assemblies (SSRAs). Two output reports are to be produced:

a. Priority "1" inductions, when a squadron EXREP exists for the SRA and Priority "2 and 3" inductions for pool critical and stock requirements respectively. Both reports are also available by Work Unit Code (WUC) Summary. Request these reports using the same path as the Squadron EXREP Status Report.

12. One-for-One Exchange of Mandatory Turn-in Repairables (MTR). Contractor management shall enforce one-for-one exchange for all MTR components. Ready for Issue (RFI) components shall

not be issued unless the retrograde is available for turn-in at the time of delivery. The only exceptions are those components listed in the Government approved Remain-In-Place (RIP) and Delayed Turn-In (DTI) retrograde authorized in writing by the Site Manager.

13. Consumable Management Reports. Contactor will run the following NALCOMIS reports to assist in the management of the consumable inventory.

a. PEB/Packup Status Report. Provides a listing of consumable PEB inventory records and current quantities for the PEB. Sorting the report by organization or PEB ID generates a Range/Depth/Financial Summary at the end of the report. This summary report is sorted by COG and lists the depth and range value and percentage as well as the high limit and on-hand quantity.

b. PEB/Pickup Requisition Listing. Provides a listing of outstanding requisitions for replenishing consumable PEB items. Reports can be used by management to measure the capability of issuing to demands made against PEBs and the amount to time it takes to issue to these demands.

c. PEB Effectiveness Report. Report lists number of demands made against a PEB, number of issues made, and number of demands for items that are not carried or not in stock. The report contains the following:

(1) % Gross Effectiveness = issues/demands

(2) % Net Effectiveness = issues/demands - Not Carried

d. PEB Issue Delivery Time Report. Report measures time taken to issue all the demands generated to PEBs within a specific period and calculates total time to issue all demands.

e. PEB TEC Cost Report. Provides a cost analysis of consumable PEB issues and calculates the total expenditures of reported issues and requirements. Following two reports are produced:

(1) Summary Report. Contains number of demands and total PEB expenditures.

(2) PEB Rescreen Report. Contains totals of on-hand quantities and outstanding customer requests.

f. Outstanding Material Requirement Report. Lists outstanding materiel requirements based on the options selected. All outstanding NSN requisitions and part number requisitions will be reviewed weekly to ensure valid supply or procurement status.

14. NALCOMIS Report Schedule and Frequency. The Contractor is responsible for ensuring the following reports are scheduled and action taken if required:

a. Daily Reports

- (1) NMCS/PMCS High Priority Requirement Report
- (2) DIFM Status Report
- (3) O-Level and I-Level EXREP Status Report
- (4) IOU Report and IOU Summary Report
- (5) Critical Level Status Report

b. Weekly Reports

- (1) Aircraft Material Condition Report (AMCR)
- (2) AWP Repair Parts Status Report Summary Report
- (3) AWP Repair Parts Status Report
- (4) Repairable Stock Requisition Status Report (RSRSR) and Range/Depth Summary Report
- (5) Fixed Allowance Analysis Report (Reports 1-5)
- (6) Outstanding Material Status Report
- (7) PEB Status Report
- (8) PEB Requisition Listing

- (9) PEB Effectiveness Report
- (10) PEB Issue Delivery Time Report
- (11) PEB TEC Cost Report
- c. Monthly Reports
 - (1) AWP Component Overage Report
 - (2) Issue Response Time Analysis Report
 - (3) Repairable Management Data Reports
- d. Quarterly Reports
 - (1) Allowance Change Processing (Repairables)
 - (2) PEB Demand Processing (All Reports)

15. Feedback. Contractor feedback and recommendations for changes to this instruction should be submitted to CNATRA N423 and N4233.

S. B. STARKEY
Chief of Staff

Copy to:
CNATRA Website