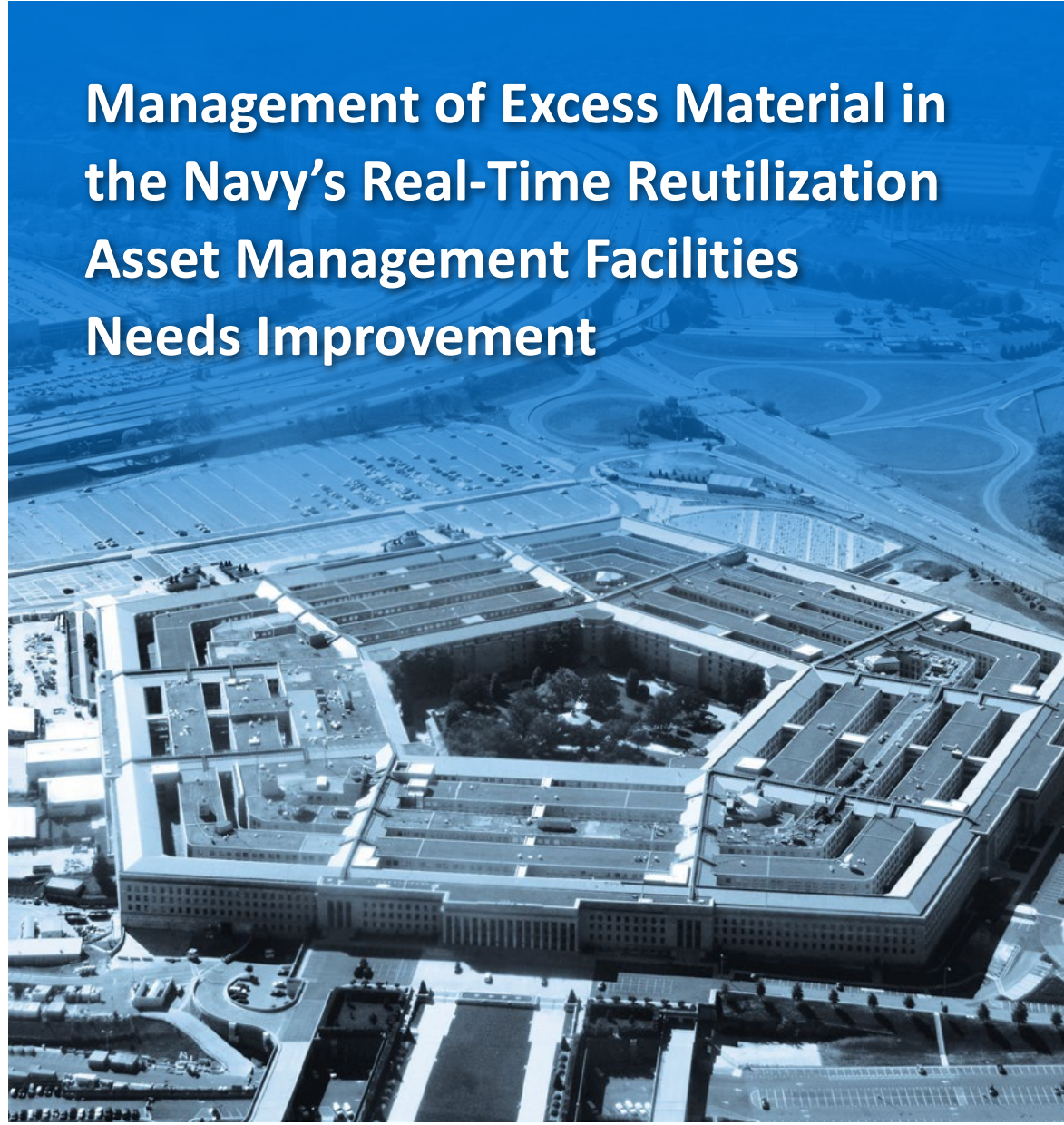




# INSPECTOR GENERAL

*U.S. Department of Defense*

JANUARY 23, 2017



## Management of Excess Material in the Navy's Real-Time Reutilization Asset Management Facilities Needs Improvement

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# Results in Brief

## *Management of Excess Material in the Navy's Real-Time Reutilization Asset Management Facilities Needs Improvement*

January 23, 2017

### Objective

Our audit objective was to determine whether the Navy was effectively managing excess material. Specifically, we determined whether the Navy was identifying and reporting excess<sup>1</sup> material to the wholesale level<sup>2</sup> to ensure the effective use or reuse of that material and to minimize the Navy's cost to store and maintain excess inventory.

For this audit, we focused on the retention of excess consumable material<sup>3</sup> in the Navy Real-Time Reutilization Asset Management (RRAM) facilities. Examples of such material include aircraft damper seals, spring tension washers, and electrical cable assemblies. These RRAM facilities provide a collection, storage, inventory, and redistribution point for excess material. We reviewed whether consumable material held in RRAM facilities for more than 4½ years<sup>4</sup> was justified for retention to minimize the Navy's cost to store and maintain excess material and was reused to offset or defer procurements.

<sup>1</sup> Excess refers to material that exceeds the amount expected to be used in normal operations.

<sup>2</sup> The wholesale level is the highest level of DoD supply, and as such, procures, repairs, and maintains stocks to resupply lower levels of supply, such as the consumer, intermediate, or regional levels.

<sup>3</sup> Consumable material is a supply item normally used for its intended purpose and purchased at the wholesale level.

<sup>4</sup> We reviewed demand supply records between July 2011 and March 2016. We selected this time period for review based on when demand supply records were first available in the Navy Enterprise Resource Planning system and the last transaction posted in the system as of our data request date. We reviewed this time period because the Navy did not have standardized metrics for retaining excess consumable material based on demand.

### Findings

The Navy did not effectively manage excess material stored in 10 of the 12 RRAM facilities.<sup>5</sup> Specifically, the Navy retained excess material that had no demand for more than 4½ years without adequate justification. The Navy did not effectively manage excess material because the Office of the Chief of Naval Operations did not provide clear, comprehensive guidance for the retention, disposition, categorization, and validation of continued need for the excess consumable material in the RRAM facilities. As a result, the Navy potentially incurred unnecessary costs to store and manage 51,039 unique item numbers,<sup>6</sup> valued at more than \$99.6 million, in the RRAM facilities.

Additionally, the Navy did not maximize the use of existing consumable material in the Fleet Logistics Center RRAM facility in Norfolk, Virginia. Specifically, the Navy held consumable material rather than using it to fill requisitions or offset purchases for items such as safety relief valves and valve disks. This occurred because Navy guidance did not require customers to first use the Navy Enterprise Resource Planning<sup>7</sup> system when requisitioning material. As a result, the Navy missed opportunities at the Fleet Logistics Center Norfolk RRAM facility to offset or reduce procurements for 617 unique item numbers valued at \$306,454.

### Recommendations

We recommend that the Chief of Naval Operations develop and implement retention and disposition guidance for excess consumable material in the RRAM facilities that includes, at a minimum, standardized procedures for retaining material

<sup>5</sup> We did not identify any material held with no demand from July 11, 2011, through March 6, 2016, at Yokosuka, Japan, and Pearl Harbor, Hawaii.

<sup>6</sup> This report refers to national item identification numbers as unique item numbers. A national item identification number is a nine-digit number that differentiates supply items.

<sup>7</sup> Navy Enterprise Resource Planning is the Department of the Navy financial system of record that streamlines business operations for financial and supply chain management.



# Results in Brief

## *Management of Excess Material in the Navy's Real-Time Reutilization Asset Management Facilities Needs Improvement*

### **Recommendations (cont'd)**

based on demand, validating material for continued need if the retention decision is not based on demand, and properly categorizing material. In addition, we recommend that the Commander, Naval Supply Systems Command, update policy (Publication 485) to require users requisitioning material to use the Navy Enterprise Resource Planning system before using the alternative methods, which should ensure the Navy maximizes use of excess consumable material available in the Real-Time Reutilization Asset Management facilities.

### **Management Comments and Our Response**

The Deputy Chief of Naval Operations for Fleet Readiness and Logistics, responding for the Chief of Naval Operations, and the Chief of Staff, Naval Supply Systems Command, responding for the Commander, Naval Supply Systems Command, agreed with our findings and recommendations.

The Navy agreed to develop and implement retention and disposition guidance for excess consumable material in the RRAM facilities by November 2017. We will

close this recommendation once we receive and analyze the new policy to ensure that it includes appropriate retention and disposition guidance for excess consumable material in the RRAM facilities.

The Navy also agreed to update its policy (Publication 485) to require users that requisition material to use the Navy Enterprise Resource Planning system before using the alternative methods. An interim change notice addressing the use of the Navy Enterprise Resource Planning system will be issued by March 2017. The Navy informed us that parts of Publication 485 are undergoing revision, and that the updated language will be included in the revisions. The Navy estimates that the revisions to Publication 485 will be finalized by March 2018. We will close this recommendation once we receive and analyze the updated Naval Supply Systems Command Publication 485 to ensure that it addresses our recommendation.

Please see the Recommendations Table on the following page.

## ***Recommendations Table***

<b>Management</b>	<b>Recommendations Requiring Comment</b>	<b>No Additional Comments Required</b>
Chief of Naval Operations	None	A.1
Commander, Naval Supply Systems Command	None	B.1





**INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500**

January 23, 2017

MEMORANDUM FOR THE CHIEF OF NAVAL OPERATIONS  
COMMANDER, NAVAL SUPPLY SYSTEMS COMMAND  
NAVAL INSPECTOR GENERAL

SUBJECT: Management of Excess Material in the Navy's Real-Time Reutilization Asset  
Management Facilities Needs Improvement (Report No. DODIG-2017-043)

We are providing this final report for your information and use. The Navy did not effectively manage excess consumable material stored in 10 of 12 Real-Time Reutilization Asset Management facilities. Specifically, the Navy retained excess consumable material that had no demand for more than 4½ years without adequate justification. Additionally, the Navy did not maximize use of existing consumable material in the Fleet Logistics Center Norfolk, Virginia, Real-Time Reutilization Asset Management facility. We conducted this audit in accordance with generally accepted government auditing standards.

During the audit, we advised the Office of the Chief of Naval Operations and the Naval Supply Systems Command of the deficiencies we identified in the management of excess consumable material stored in Real-Time Reutilization Asset Management facilities. Management agreed with our observations and initiated steps to address our concerns. The actions taken during the audit were fully responsive to our proposed recommendations; therefore, we do not require any additional comments. Although not required to comment, the Acting Deputy Assistant Secretary of the Navy, Expeditionary Programs and Logistics Management, forwarded us the responses of the Chief of Naval Operations and the Commander, Naval Supply Systems Command, without additional comments. We obtained and considered feedback on a discussion draft when preparing the final report.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9077 (DSN 664-9077).

*Jacqueline L. Wicecarver*  
Jacqueline L. Wicecarver  
Deputy Inspector General  
for Audit

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# Introduction

## Objective

We determined whether the Navy was effectively managing excess material.<sup>8</sup> Specifically, we determined whether the Navy was identifying and reporting excess material to the wholesale level to ensure the effective use or reuse of that material and to minimize the Navy's cost to store and maintain excess inventory. See Appendix A for scope and methodology and prior audit coverage.

For this audit, we focused on the retention of excess consumable material<sup>9</sup> in the Navy Real-Time Reutilization Asset Management (RRAM) facilities. We reviewed whether consumable material that has been held in RRAM facilities for more than 4 ½ years was:

- justified for retention to minimize the Navy's cost to store and maintain excess material; and
- reused to offset or defer procurements of new material.

## Background

RRAM facilities provide a collection, storage, inventory, and redistribution point for excess material. According to Naval Supply Systems Command (NAVSUP) website, the RRAM program:

- provides online, real-time<sup>10</sup> visibility of excess material;
- captures demand data<sup>11</sup> for material currently stored in RRAM facilities; and
- increases the reuse of excess material to offset potential procurements of new material.



RRAM facilities provide a collection, storage, inventory, and redistribution point for excess material.

<sup>8</sup> Material refers to 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.

<sup>9</sup> Consumable material is an item of supply (except explosive ordnance and major end items of equipment, such as ships, tanks, and aircraft) normally expended for its intended use. The Defense Logistics Agency provides nearly 100 percent of the consumable material used by the Military Services.

<sup>10</sup> Visibility is the capability to provide users with information on the location, movement, status, and identity of units, personnel, equipment, material, and supplies.

<sup>11</sup> Demand refers to a customer's requisition for an item. Demand data are used to determine the number of times a specific item has been requisitioned and to develop inventory levels. This report refers to the demand for unused material that was available in the RRAM facilities.

## ***RRAM Facilities***

During this review, there were 12 RRAM facilities worldwide, consisting of 27 plants.<sup>12</sup> As of March 4, 2016, according to Navy supply system records, RRAM facilities held excess material valued at nearly \$1.2 billion. Of that amount, approximately \$317.3 million, or 26 percent, represented consumable material purchased through the Defense Logistics Agency (DLA). See Appendix B for details pertaining to the 12 RRAM facilities, the material owners, and the quantity of material. Each RRAM facility is funded by the Navy Command, or multiple Commands, that originally purchased the material from the command's operational and maintenance fund. A flowchart of the RRAM material management process is provided in Appendix C.

## ***Operating Materials and Supplies***

Secretary of the Navy Instruction (SECNAVINST) 4440.33A<sup>13</sup> defines operating material and supplies (OM&S) as physical personal property to be consumed in normal operations. Department of the Navy OM&S includes such material as replacement parts, components, and assemblies,<sup>14</sup> as well as residual assets that are to be consumed in normal operations but are not held for sale. Navy activities<sup>15</sup> can turn in excess OM&S to RRAM facilities for redistribution and reuse by other authorized customers.<sup>16</sup> The Navy has four categories of OM&S (see Table 1).

---

<sup>12</sup> A plant is a sub-unit of an RRAM facility. An RRAM facility may have multiple plants.

<sup>13</sup> SECNAVINST 4440.33A, "Operating Materials and Supplies – Accountability and Management," December 3, 2014, establishes overarching accountability and management policy for OM&S.

<sup>14</sup> A unit consisting of components that have been fit together.

<sup>15</sup> An activity is a unit, organization, or installation performing a function or mission.

<sup>16</sup> According to a NAVSUP official, authorized customers include Navy, Marine Corps, and Coast Guard end-use activities that are funded to procure material for internal consumption, and exclude Navy Working Capital Fund and Foreign Military Sales.

Table 1. Navy Categories of OM&amp;S

Category	Description
Material Held for Use	Material assigned to production jobs or other projects used in normal operations within 24 months.
Material Held in Reserve for Future Use	Material retained for economic and contingency purposes and not readily available commercially, or because there is more than a remote chance it may eventually be needed. Documentation justifying an excess supply will be developed and maintained for review.
Material Held as Excess, Obsolete, and Unserviceable	Material that exceeds the amount expected to be used in normal operations; material associated with requirements not reviewed or validated annually; and material that is outdated or damaged beyond repair.
Material Held for Repair or Remanufacture*	Material not in usable condition, but that can be repaired for less than it costs to procure new material.

\* RRAM facilities do not use this category because material stored in the RRAM facilities must be in usable condition.

## ***Roles and Responsibilities***

The Deputy Assistant Secretary of the Navy, Expeditionary Programs and Logistics Management, provides policy and guidance for material and logistics management of OM&S for all organizations within the Department of the Navy, including the Marine Corps. The Deputy Assistant Secretary of the Navy, Expeditionary Programs and Logistics Management also establishes and co-leads a working group of subject-matter experts to address Navy OM&S issues and assist with developing and managing Service-level OM&S policies and strategies.

The Chief of Naval Operations enforces compliance with DoD guidance and establishes Service-wide guidance for purchasing, managing, reusing, and reporting OM&S. In addition, the Chief of Naval Operations ensures that the responsible Navy activities maximize the reuse of material in stock before buying new items.

Type Commands are owners of material in the RRAM facilities.<sup>17</sup> Type Commands ensure that Navy ships are mission ready and are responsible for staffing, training, and equipping their respective forces. All ships are organized into categories by type.

<sup>17</sup> Material in the RRAM facilities is also owned by Naval Ship Repair Facility and Japan Regional Maintenance Centers in Yokosuka and Sasebo, Japan.

Normally, the Type Command controls the ship during its primary and intermediate training cycles and then it moves under the operational control of a fleet commander.

The Navy's System Commands are the material agencies responsible for the design, construction, and maintenance of military systems, such as ships, aircraft, and weapons. Navy System Commands also own material in the RRAM facilities.

NAVSUP procures and supplies the parts, components, and assemblies that keep Navy forces mission ready. In addition, NAVSUP manages supply chains that provide material for Navy aircraft, surface ships, submarines, and their weapons systems. Furthermore, NAVSUP provides technical support and visibility of RRAM material for all Navy requisitions.

## Review of Internal Controls

DoD Instruction 5010.40<sup>18</sup> requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls. We identified internal control weaknesses in the management of RRAM material. Specifically, the Navy unnecessarily held excess material in the RRAM facilities that had no demand for more than 4½ years. Additionally, the Navy held consumable material rather than using it to fill requisitions or offset purchases. We will provide a copy of the report to the senior Navy officials responsible for internal controls.

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<sup>18</sup> DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

## Finding A

### The Navy Did Not Effectively Manage Excess Material in RRAM Facilities

The Navy did not effectively manage excess material stored in 10 of the 12 RRAM facilities. Specifically, the Navy retained excess material that had no demand for more than 4½ years without adequate justification. The Navy did not effectively manage excess material because the Office of the Chief of Naval Operations did not provide clear, comprehensive guidance for the retention, disposition, categorization, and validation of continued need for the excess consumable material in the RRAM facilities. As a result, the Navy potentially incurred unnecessary costs to store and manage 51,039 unique item numbers,<sup>19</sup> valued at more than \$99.6 million, in the RRAM facilities.

### Navy Held Material Despite Lack of Demand

The Navy retained excess material stored in 10 of the 12 RRAM facilities for more than 4½ years without adequate justification.

The Navy retained excess material stored in 10 of the 12 RRAM facilities for more than 4½ years without adequate justification. We compared material stored in the RRAM facilities to the demand for that material from July 11, 2011, through March 6, 2016,<sup>20</sup> and identified 51,039 unique item numbers, valued at more than \$99.6 million that had no demand for more than 4½ years. This material may have been stored even longer; however, supply records were only available starting in July 2011 when the Navy implemented its Enterprise Resource Planning (ERP)<sup>21</sup> system. See Appendix A for additional information on our methodology.

The Navy provides overarching guidance for managing OM&S. For example, SECNAVINST<sup>22</sup> requires that Navy policies emphasize minimizing the amount of OM&S while balancing risk and operational readiness. In addition, the Office of

<sup>19</sup> This report refers to national item identification numbers as unique item numbers. A national item identification number is a nine-digit number that differentiates supply items.

<sup>20</sup> We reviewed demand supply records between July 2011 and March 2016. We selected this time period for review based on when demand supply records were first available in the Navy ERP system and the last transaction posted in the system as of our data request date. We reviewed this time period because the Navy did not have standardized metrics for retaining excess consumable material based on demand.

<sup>21</sup> Navy Enterprise Resource Planning is the Department of the Navy financial system of record that streamlines business operations for financial and supply chain management.

<sup>22</sup> SECNAVINST 4440.33A.

the Chief of Naval Operations (OPNAV) Instruction (OPNAVINST) 4440.26A<sup>23</sup> requires that Navy activities minimize on-hand OM&S based on several factors, including demand and associated storage costs. Table 2 provides 7 examples of the 51,039 unique item numbers, and the total quantity of stock and dollar value for each of the respective unique item numbers held in RRAM facilities with no demands for more than 4 ½ years.

*Table 2. Examples of Supply Items With No Demand for More Than 4 ½ Years*

Facility	Supply Item	Unique Item Number*	Quantity in Stock	Total Value of Items
North Island, California	Aircraft damper seals	01-555-1244	100	\$796,739
	Clock countdown modules	00-026-1126	132	201,738
Panama City, Florida	Blind rivet	01-256-9763	73,525	792,600
Norfolk, Virginia	Electrical cable assembly	01-040-9268	53	305,372
Beaufort, South Carolina	Self-contained breathing apparatus	01-562-4738	340	237,303
Fife, Washington	Radio frequency cable assembly	01-255-8947	260	212,784
San Diego, California	Spring tension washers	14-040-9524	397	136,937

\* The 7 unique item numbers in Table 2 are only a representation of the 51,039 unique item numbers, valued at more than \$99.6 million that we identified with no demands in more than 4 ½ years.

The Navy held excess material stored in 10 RRAM facilities for more than 4 ½ years with no demand. For the RRAM facilities Yokosuka, Japan, and Pearl Harbor, Hawaii we did not identify any material held with no demand from July 11, 2011, through March 6, 2016. Therefore, the Navy is not minimizing OM&S at 10 of the 12 RRAM facilities and may be missing opportunities to consolidate existing RRAM facilities and reduce associated storage and management costs as required by OPNAVINST 4440.26A.

<sup>23</sup> OPNAVINST 4440.26A, "Operating Materials and Supplies and Government Furnished Material Management," June 5, 2012.

## Inadequate Guidance for Managing RRAM Material

The Navy retained material in RRAM facilities for more than 4½ years because Navy policies did not provide clear, comprehensive guidance for the retention and disposition of RRAM material. Although Navy guidance establishes overarching Navy-wide procedures requiring activities to minimize on-hand OM&S, the guidance does not provide detailed RRAM-specific procedures for:

Navy policies did not provide clear, comprehensive guidance for the retention and disposition of RRAM material.

- retaining material based on demand;
- categorizing material; and
- periodically validating material for continued retention.

### *Navy-Wide Demand Metrics for Storing Material Needed*

Navy guidance and RRAM facility local operating procedures did not provide standardized metrics for retaining excess consumable material based on demand. NAVSUP Instruction (NAVSUPINST) 4440.157B<sup>24</sup> states that excess fleet material should be sent to the nearest RRAM facility and be made available to Navy customers at no charge for as long as demand warrants. However, this Instruction does not explain how demand is measured. NAVSUP officials stated that demand for consumable material held at the RRAM facilities should be reviewed annually; however, the NAVSUP Instruction did not require an annual review of demand.

Navy guidance and RRAM facility local operating procedures did not provide standardized metrics for retaining excess consumable material based on demand.

Although Navy guidance does not require material owners to establish local operating procedures for addressing demand, 4 of the 12 RRAM facilities had local procedures addressing demand. The material owners at the remaining eight RRAM facilities did not have any local operating procedures. Although Yokosuka, Japan, and Pearl Harbor, Hawaii, RRAM facilities did not have local operating procedures addressing demand, we did not identify any material held with no demand from July 11, 2011, through March 6, 2016. Table 3 shows the 12 RRAM facilities and whether they had local operating procedures for assessing whether to retain or dispose of material based on demand.

<sup>24</sup> NAVSUPINST 4440.157B, "Material Turned Into Store," November 9, 2009.

Table 3. RRAM Facilities With Local Operating Procedures for Assessing Material Demand

RRAM Facility	Has Local Operating Procedures	Local Standard Operating Procedure Requirements
San Diego, California	Yes	Reviews material annually for unique item numbers with no demand within the previous 5 years
Fleet Logistics Center, Norfolk, Virginia	Yes	Reviews whether customers requested unique item numbers within previous 3 years <sup>1</sup>
Lakehurst, New Jersey	Yes	Reviews whether material has been used within previous 2 years
Military Sealift Command, Norfolk, Virginia	Yes	Material held for the commercial life expectancy of the ships that may use the material
Panama City, Florida	No	
Sasebo, Japan	No	
Juffair, Bahrain	No	
Beaufort, South Carolina	No	
Fife, Washington	No	
North Island, California	No	
Pearl Harbor, Hawaii <sup>2</sup>	No	
Yokosuka, Japan	No	

<sup>1</sup> As of March 9, 2016, RRAM Fleet Logistics Center Norfolk increased its local standard to monitor demand from 3 to 5 years, after providing the list of material we identified with zero demand in more than 4½ years.

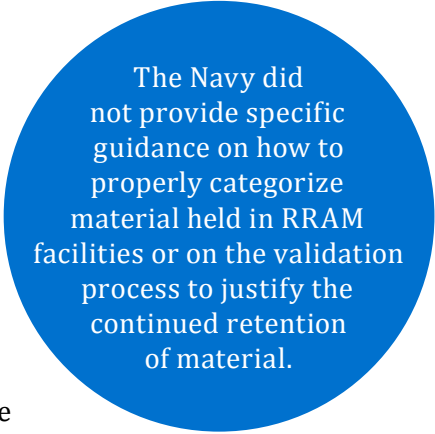
<sup>2</sup> Although Pearl Harbor, Hawaii, did not have local operating procedures, officials there stated that they do not hold material for longer than 90 days.

Without clear, comprehensive Navy guidance standardizing how material owners determine whether to retain or dispose of material in the RRAM facilities, the Navy cannot ensure it is reducing the amount of material it retains relevant to the appropriate level of risk and operational readiness, as required by SECNAVINST 4440.33A. We recommend that the Chief of Naval Operations develop and implement retention and disposition guidance for excess consumable material in the RRAM facilities that includes, at a minimum, standardized procedures for retaining material based on demand.



## ***Guidance Needed for Categorization of Material and Validation of Continued Need***

The Navy did not provide specific guidance on how to properly categorize material held in RRAM facilities or on the validation process to justify the continued retention of material. The Navy describes the RRAM as a collection, storage, inventory, and redistribution point for excess material. A NAVSUP official stated that material held in RRAM facilities is not considered Material Held as Excess, Obsolete, and Unserviceable, but instead is categorized as either Material Held for Use or Material Held in Reserve for Future Use. However, material owners at the RRAM facilities provided varying responses when asked which categories applied to their material. Responses included Material Held for Use; Material Held in Reserve for Future Use; Material Held as Excess, Obsolete, and Unserviceable; or combinations of these three categories. See Appendix D for material owner categorizations of RRAM material.



The Navy did not provide specific guidance on how to properly categorize material held in RRAM facilities or on the validation process to justify the continued retention of material.

The material at RRAM facilities does not qualify as Material Held for Use. According to OPNAVINST 4440.26A, Material Held for Use must be assigned to production jobs or other projects used in normal operations. The Instruction further states that the fleet and other authorized customers may not requisition Material Held for Use. RRAM officials were unable to provide any documentation identifying jobs or projects associated with the unique item numbers we identified as having no demand in more than 4½ years. Furthermore the material we identified as having no demand in more than 4½ years, was available for requisition to all Navy authorized customers that had access to the Navy ERP system.

In addition, Navy Instructions<sup>25</sup> require that all OM&S categorized as Material Held in Reserve for Future Use be documented and available for review, and validated no less than annually for continued need. However, the material owners at 10 of 12 RRAM facilities were unable to provide adequate supporting documentation for the continued need of the unique item numbers we identified as having no demand in more than 4½ years. This occurred because the guidance did not identify a standardized method of validation or the requirement to document the outcome.

<sup>25</sup> SECNAVINST 4440.33A and OPNAVINST 4440.26A.

In addition, the SECNAVINST<sup>26</sup> states that all OM&S categorized as Material Held as Excess, Obsolete, and Unserviceable requires a disposal plan or justification for retaining material for more than 180 days. However, the material owners could not provide either a disposal plan or justification for continued retention of the unique item numbers we identified as having no demand in more than 4½ years. RRAM-specific procedures and guidance for validating and documenting the outcome would benefit material owners in making informed decisions on the proper categorization, retention, and disposition of RRAM material. We recommend that the Chief of Naval Operations develop and implement retention and disposition guidance for excess consumable material in the RRAM facilities that includes, at a minimum, validating material for continued need if the retention decision is not based on demand, and properly categorizing material.

## Potentially Incurred Unnecessary Costs to Store and Manage Excess Material

The Navy is not minimizing OM&S at 10 of the 12 RRAM facilities and potentially incurred unnecessary costs to store and manage 51,039 unique item numbers valued at more than \$99.6 million in the RRAM facilities. By maintaining material that has had no demand for more than 4½ years, the Navy may be missing opportunities to consolidate existing RRAM facilities and reduce associated storage and management costs.

## Recommendation, Management Comments, and Our Response

### ***Recommendation A.1***

**We recommend that the Chief of Naval Operations develop and implement retention and disposition guidance for excess consumable material in the Real-Time Reutilization Asset Management facilities that includes, at a minimum, standardized procedures for retaining material based on demand, validating material for continued need if the retention decision is not based on demand, and properly categorizing material.**

### *Office of the Chief of Naval Operations Comments*

The Deputy Chief of Naval Operations for Fleet Readiness and Logistics, responding for the Chief of Naval Operations, agreed, stating that OPNAV will develop policy in coordination with the Commander, U.S. Fleet Forces Command, the Commander, U.S. Pacific Fleet, and the Systems Commands to develop and implement

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<sup>26</sup> SECNAVINST 4440.33A.

retention and disposition guidance for excess consumable material in the RRAM facilities. The policy will include, at a minimum, standardized procedures for retaining material based on demand, validating material for continued need if the retention decision is not based on demand, and properly categorizing material. The estimated completion date is November 2017.

*Office of the Assistant Secretary of the Navy for Research,  
Development and Acquisition Comments*

Although not required to comment, the Acting Deputy Assistant Secretary of the Navy, Expeditionary Programs and Logistics Management, forwarded us the response of the Chief of Naval Operations, without additional comments. For the full text of the Acting Deputy Assistant Secretary's comments, see the Management Comments section of the report.

*Our Response*

Comments from the Deputy Chief of Naval Operations responding for the Chief of Naval Operations, addressed all specifics of the recommendations. We will close recommendation A.1 once we receive and analyze the new policy to ensure that it includes appropriate retention and disposition guidance for excess consumable material in the RRAM facilities. We expect receipt no later than November 2017.

## Finding B

### The Navy Could Have Made Use of Excess Material

The Navy did not maximize use of existing consumable material in the Fleet Logistics Center (FLC) Norfolk, Virginia, RRAM facility. Specifically, the Navy held consumable material rather than use the material to fill requisitions or offset purchases. In addition, the consumable material that the Navy held in at least three other RRAM facilities<sup>27</sup> could have filled requisitions or offset purchases. This occurred because NAVSUP guidance did not require customers to first use the Navy ERP system when requisitioning material. As a result, the Navy missed opportunities at the FLC Norfolk RRAM facility to offset or reduce procurements for 617 unique item numbers valued at \$306,454.

### Existing Material Not Used to Fill Requisitions

The Navy did not maximize use of existing consumable material in the FLC Norfolk RRAM facility.

The Navy did not maximize use of existing consumable material in the FLC Norfolk RRAM facility. Specifically, the Navy held consumable material rather than use it to fill requisitions or offset purchases. We selected the FLC Norfolk RRAM facility for this analysis because it stored the largest quantity of unique item numbers and the highest total dollar value for material among all RRAM facilities. In addition, we also identified unique item numbers at RRAM facilities at Fife, San Diego, and Military Sealift Command that could have filled requisitions or offset purchases.

The SECNAVINST<sup>28</sup> requires that responsible Navy personnel maximize reutilization of existing material before procuring new OM&S. In addition, the OPNAVINST<sup>29</sup> requires Navy activities to minimize on-hand material by maximizing redistribution of on-hand material available for issue and using automatic requisition sourcing when possible to fill user requirements. Furthermore, NAVSUP's website states one purpose of the RRAM facilities is to maximize excess material to offset potential buys.

We compared material with no demand in more than 4½ years, held at the FLC Norfolk RRAM facility, to purchases made for the same unique item numbers through the Defense Logistics Agency (DLA) within that same time period. Table 4 provides examples of material held by the FLC Norfolk RRAM facility that could have filled requisitions.

<sup>27</sup> RRAM facilities at Fife, San Diego, and Military Sealift Command.

<sup>28</sup> SECNAVINST 4440.33A.

<sup>29</sup> OPNAVINST 4440.26A.

Table 4. Examples of Excess Material Available, but not Used to Fill Requisitions

Supply Item	Unique Item Number	Purchase Quantity	Purchase Amount	Norfolk FLC RRAM Quantity	Missed Savings Amount
Safety relief valve	01-213-1534	2	\$16,853	3	\$16,853
Valve disk	01-462-9989	3	12,731	8	12,731
Metal plate	00-277-8524	1	10,855	7	10,855
Shoe and retainer piston	01-220-0049	1	8,613	1	8,613
Overvoltage absorber	01-525-9443	6	33,998	1	5,666
Sleeve bearing	01-268-0066	8	42,526	1	5,316

### Inadequate Guidance for Requisitioning Material

The Navy did not maximize use of existing consumable excess material because NAVSUP guidance does not require customers to first use the Navy ERP system when requisitioning material. As stated earlier, two Navy Instructions<sup>30</sup> provide overarching guidance requiring maximum reutilization of available material before procurement. However, NAVSUP Publication 485,<sup>31</sup> which provides supply management procedures, allows customers to requisition material through either the Navy ERP system or directly from a contracted source using either an Order for Supplies or Services or the Government Purchase Card. When submitting a requisition in the Navy ERP system, the system is programmed to look first at RRAM material,<sup>32</sup> which is available to the customers to fill the requisition or

offset the purchase. If Navy ERP is not used when submitting

a requisition the Navy misses the opportunity to use existing consumable material.<sup>33</sup> We recommend that the Commander, NAVSUP, update NAVSUP Publication 485 to require users requisitioning material to use the Navy Enterprise Resource Planning system before using the alternative methods, which should ensure the Navy maximizes use of excess consumable material available in the RRAM facilities.

If Navy ERP is not used when submitting a requisition the Navy misses the opportunity to use existing consumable material.

<sup>30</sup> SECNAVINST 4440.33A and OPNAVINST 4440.26A.

<sup>31</sup> NAVSUP Publication 485, Volume 1, Revision 5, "Operational Forces Supply Procedures," February 3, 2016.

<sup>32</sup> Except the U.S. Navy 5th Fleet, according to Navy officials.

<sup>33</sup> The customer is not charged because the material has already been paid for by the RRAM material owners (for example, TYCOM or SYSCOM).

## Potential Cost Savings Missed

The Navy missed opportunities at the FLC Norfolk RRAM facility to offset or reduce procurements for 617 item numbers valued at \$306,454. One purpose of the RRAM program is to maximize using excess material offsetting potential buys. If NAVSUP does not update policy regarding the Navy ERP requisition process, it may continue missing opportunities to reduce unnecessary purchases.

## Recommendation, Management Comments, and Our Response

### ***Recommendation B.1***

**We recommend that the Commander, Naval Supply Systems Command, update Naval Supply Systems Command Publication 485 to require users requisitioning material to use the Navy Enterprise Resource Planning system before using the alternative methods, which should ensure the Navy maximizes use of excess consumable material available in the Real-Time Reutilization Asset Management facilities.**

### *Naval Supply Systems Command Comments*

The Chief of Staff, Naval Supply Systems Command, responding for the Commander, Naval Supply Systems Command, agreed, stating that NAVSUP will update Publication 485 to require users that requisition material to use the Navy Enterprise Resource Planning system before using the alternative methods. An interim change notice will be issued by March 2017. The estimated completion date is March 2018.

### *Office of the Assistant Secretary of the Navy for Research, Development and Acquisition Comments*

Although not required to comment, the Acting Deputy Assistant Secretary of the Navy, Expeditionary Programs and Logistics Management, forwarded us the response of the Commander, Naval Supply Systems Command, without additional comments. For the full text of the Acting Deputy Assistant Secretary's comments, see the Management Comments section of the report.

*Our Response*

Comments from the Chief of Staff, Naval Supply Systems Command, responding for the Commander, Naval Supply Systems Command addressed all specifics of the recommendations. We will close recommendation B.1 once we receive and analyze the updated Naval Supply Systems Command Publication 485 to ensure that it includes appropriate updated language that addresses our recommendation. We expect to receive the interim change notice no later than March 2017 and the updated Publication 485 no later than March 2018.

## Appendix A

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### Scope and Methodology

We conducted this performance audit from November 2015 through September 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### *Interviews and Policies*

We interviewed officials responsible for consumable materials guidance from the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics; Deputy Assistant Secretary of the Navy, Expeditionary Programs and Logistics Management; Office of the Chief of Naval Operations; NAVSUP; and FLC Norfolk. In addition, we interviewed Navy officials to understand whether consumable material in Navy RRAM facilities was:

- justified for retention to minimize the Navy's cost to store and maintain excess material; and
- reused to offset or defer procurements.

We visited:

- NAVSUP, Mechanicsburg, Pennsylvania; and
- Navy RRAM Facility FLC Norfolk.

We reviewed the following Navy policy and guidance to determine whether applicable guidance was followed for managing RRAM inventory. Specifically, we reviewed:

- SECNAVINST 4440.33A, "Operating Materials and Supplies – Accountability and Management," December 3, 2014;
- OPNAVINST 4440.26A, "Operating Materials and Supplies and Government Furnished Material Management," June 5, 2012;
- NAVSUPINST 4440.157B, "Material Turned Into Store," November 9, 2009; and
- NAVSUP Publication 485, Volume 1, "Operational Forces Supply Procedures," February 3, 2016.



### ***Method to Determine Excess Material With No Demand for More Than 4½ Years***

We compared the material stored in the 12 RRAM facilities to the demand for that material from July 11, 2011, through March 6, 2016. RRAM facilities held excess material valued at \$1.2 billion, according to Navy supply system records. Of that material, approximately \$317.3 million was for consumable material purchased through DLA for authorized customers. Of the \$317.3 million, we identified 51,039 unique item numbers, valued at more than \$99.6 million that had no demand for more than 4½ years at 10 of the 12 RRAM facilities. We selected this time period for review based on when demand supply records were first available in the Navy ERP system and the last transaction posted in the system as of our data request date. We reviewed this time period because the Navy did not have standardized metrics for retaining excess consumable material based on demand.

### ***Method to Determine Unnecessary Purchases of Material Held in RRAM Facilities***

We selected the FLC Norfolk RRAM facility for this analysis because it stored the largest quantity of unique item numbers and the highest total dollar value for material among all RRAM facilities. We identified 12,267 unique item numbers held at the FLC Norfolk RRAM facility from the 51,039 unique item numbers with no demand for more than 4½ years. We requested purchase data from DLA Office of Operations Research and Resource Analysis and received purchase data for 2,422 unique item numbers. We compared the 12,267 unique item numbers to purchase data for the 2,422 unique item numbers to determine whether the Navy made unnecessary purchases for material that was held in the FLC Norfolk RRAM facility. Of the 2,422 unique item numbers, we determined the Navy made purchases for 617 unique item numbers valued at \$306,454 that were concurrently held at the FLC Norfolk RRAM facility. In addition, we compared those same purchases to the material held in other RRAM facilities with no demand for more than 4½ years to determine if the Navy could have used RRAM material at other facilities to offset or reduce procurements. We also identified unique item numbers at RRAM facilities at Fife, San Diego, and Military Sealift Command that could have filled requisitions or offset purchases.

## Use of Computer-Processed Data

We relied on computer-processed data from Navy ERP and the DLA Office of Operations Research and Resource Analysis.

- We nonstatistically selected 45 of 39,133 unique item numbers stored in 2 of 11 plants (coded in ERP as 1NNN and 1P7E) at the FLC Norfolk RRAM facility to determine the reliability of the Navy ERP data.
  - We conducted a physical inventory of the 20 unique item numbers in plant 1NNN and 10 unique item numbers in plant 1P7E by comparing the quantities in the inventory records to the items' physical presence in the RRAM facility. In addition, we compared the quantities of 15 different unique item numbers found in the facility, nearest to the 30 unique item numbers we inventoried, to the quantities listed in the ERP inventory records. We did not find any errors during the inventory and determined that the data were sufficiently reliable for the purposes of our review.
- We received requisition data submitted by the Navy for unique item numbers at the FLC Norfolk RRAM facility that had no demand since July 2011 from personnel at the DLA Office of Operations Research and Resource Analysis. To test the accuracy of the data, we observed a NAVSUP official research the requisitions in Navy ERP to ensure their accuracy. We did not identify any errors in the requisition data and determined that the data were sufficiently reliable for the purposes of our review.

## Prior Coverage

No prior coverage has been conducted on the Navy's Management of Excess Material during the last 5 years.

## Appendix B

### RRAM Facilities, Material Owners, and Quantity of Material

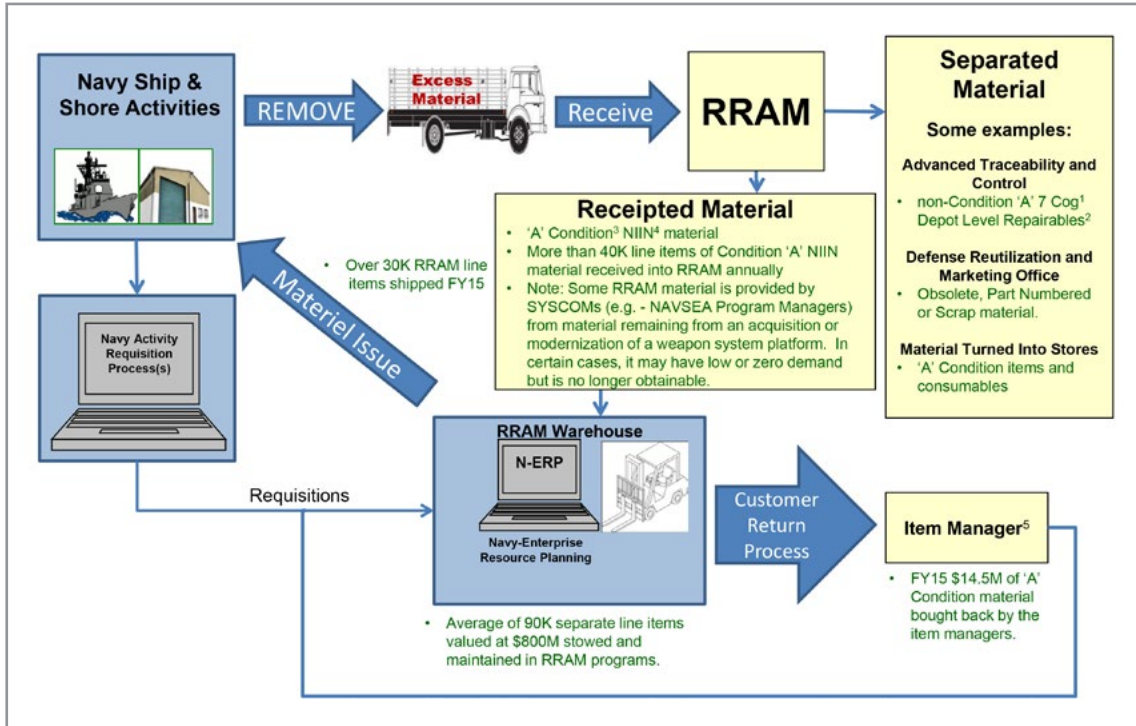
Facility	ERP Plant Code	Material Owner	Number of Unique Items	Total Dollar Value
Juffair, Bahrain	1NC7	Mine Countermeasures Squadron	960	\$1,390,187
Beaufort, South Carolina	ANYK	Naval Air Systems Command	1,222	7,131,821
Fife, Washington	1N31	Naval Air Force, Pacific	23,755	54,167,277
Lakehurst, New Jersey	ANUQ	Naval Air Systems Command	12,027	38,182,744
Fleet Logistics Center Norfolk, Virginia	1NNN	Naval Surface Forces, Atlantic	29,034	65,361,730
	1P6E	Submarine Force, Atlantic	21,648	28,818,157
	1P7E	Submarine Force, Atlantic	700	1,850,192
	1PE9	Naval Surface Forces, Atlantic	8,597	3,317,650
	1PH2	Naval Surface Forces, Atlantic	7,819	2,971,156
	1PVJ	Naval Surface Forces, Atlantic	9,083	15,134,864
	MNAW	Naval Sea Systems Command	429	471,433
MNQ6	Naval Sea Systems Command	32	535,862	
MSC Norfolk, Virginia	XNAR	Military Sealift Command	26,224	13,240,298
North Island, California	ANYJ	Naval Air Systems Command	1,951	13,503,699
Panama City, Florida	MN3Y	Naval Sea Systems Command	68	1,858,959
	MP6B	Naval Sea Systems Command	450	5,030,005
Pearl Harbor, Hawaii	1PYA	Submarine Force, Pacific	169	91,852
San Diego, California	1NB4	Naval Surface Forces, Pacific	2,262	5,367,070
	1NB5	Naval Surface Forces, Pacific	244	1,374,281
	1NTG	Naval Surface Forces, Pacific	65	2,446,830
	1PYH	Naval Surface Forces, Pacific	10,267	52,735,199
Sasebo, Japan	1PB5	Naval Ship Repair Facility and Japan Regional Maintenance Center	98	141,711
	MNEP	Naval Ship Repair Facility and Japan Regional Maintenance Center	1,199	1,018,988
Yokosuka, Japan	1P24	Naval Ship Repair Facility and Japan Regional Maintenance Center	1,220	1,133,478
<b>Totals</b>	<b>24<sup>1</sup></b>		<b>159,523</b>	<b>\$317,275,446<sup>2</sup></b>

<sup>1</sup> No material was held in RRAM Fleet Logistics Center Norfolk plants MP7B, MP8B, and MN5G.

<sup>2</sup> Totals do not equal the actual sum because of rounding.

## Appendix C

### RRAM Material Management Process Overview



Source: Naval Supply Systems Command, Fleet Logistics Center Norfolk.

<sup>1</sup> A cognizance, or Cog, symbol is a two position numeric-alpha code that identifies the Navy supply planner and account where an item is managed. Odd numbered Cogs indicate Navy Working Capital Fund inventory.

<sup>2</sup> Depot Level Repairable is material maintenance or repair requiring the overhaul, upgrading, or rebuilding of parts and assemblies.

<sup>3</sup> Condition Code A material is new, used, repaired, or reconditioned material which is serviceable and issuable to all customers without limitation or restrictions.

<sup>4</sup> A national item identification number is a nine-digit number that differentiates supply items.

<sup>5</sup> An item manager is an individual within an organization who is assigned management responsibility for one or more specific items of material.

## Appendix D

### Material Owner Categorizations of RRAM Material

Facility	Material Held for Use	Material Held in Reserve for Future Use	Material Held as Excess, Obsolete, and Unserviceable
Fleet Logistics Center Norfolk, Virginia		X	
San Diego, California			X
Panama City, Florida		X	X
Sasebo, Japan	X	X	
Juffair, Bahrain		X	
Beaufort, South Carolina	X		
Fife, Washington	X	X	X
Lakehurst, New Jersey		X	X
Military Sealift Command, Norfolk, Virginia	X	X	
North Island, California	X		
Pearl Harbor, Hawaii	X		
Yokosuka, Japan	X		
<b>Total</b>	<b>7</b>	<b>7</b>	<b>4</b>

# Management Comments

## Office of the Chief of Naval Operations



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

4400  
Ser N4/ 16U129052  
16 Dec. 16

From: Deputy Chief of Naval Operations (Fleet Readiness and Logistics) (N4)  
To: Assistant Secretary of the Navy for Navy Research, Development and Acquisition

Subj: OPNAV COMMENT ON DODIG DRAFT AUDIT REPORT D2016--0052,  
"MANAGEMENT OF EXCESS MATERIAL IN THE NAVY'S REAL-TIME  
REUTILIZATION ASSET MANAGEMENT FACILITIES NEEDS IMPROVEMENT"

Ref: (a) DoDIG Draft Audit report D2016-0052. "Management of Excess Material in the  
Navy's Real-Time Reutilization Asset Management Facilities Needs Improvement"

Encl: (1) OPNAV Comments on DODIG Draft Audit Report D2016-0052, "Management of  
Excess Material in the Navy's Real-Time Reutilization Asset Management Facilities  
Needs Improvement"

1. Deputy Chief of Naval Operations, Fleet Readiness and Logistics, concurs with recommendations in reference (a). OPNAV comments are provided in enclosure (1).
2. For any questions, please contact [REDACTED] at [REDACTED], DSN [REDACTED], or e-mail at [REDACTED].

P. H. CULLOM  
Vice Admiral, U.S. Navy

Copy to:  
NAVINSGEN  
OPNAV N412

## Office of the Chief of Naval Operations (cont'd)

### OPNAV COMMENTS ON DODIG DRAFT AUDIT REPORT D2016-0052, "MANAGEMENT OF EXCESS MATERIAL IN THE NAVY'S REAL-TIME REUTILIZATION ASSET MANAGEMENT FACILITIES NEEDS IMPROVEMENT"

#### **DoDIG Draft Audit Report:**

"The Navy did not effectively manage excess material stored in 10 of the 12 Real-Time Reutilization Asset Management (RRAM) facilities. Specifically, the Navy retained excess material that had no demand for more than 4 ½ years without adequate justification. The Navy did not effectively manage excess material because the Office of the Chief of Naval Operations did not provide clear, comprehensive guidance for the retention, disposition, categorization, and validation of continued need for the excess consumable material in the RRAM facilities. As a result, the Navy potentially incurred unnecessary costs to store and manage 51,039 unique item numbers, valued at more than \$99.6 million, in the RRAM facilities."

**Recommendation A.1:** We recommend that the Chief of Naval Operations develop and implement retention and disposition guidance for excess consumable material in the RRAM facilities that includes, at a minimum, standardized procedures for retaining material based on demand, validating material for continued need if the retention decision is not based on demand, and properly categorizing material.

**OPNAV Comments on 8 Dec 16:** Concur. OPNAV will develop policy, in coordination with Commander, U.S. Fleet Forces Command, Commander, U.S. Pacific Fleet, and Systems Commands, to develop and implement retention and disposition guidance for excess consumable material in the RRAM facilities that includes, at a minimum, standardized procedures for retaining material based on demand, validating material for continued need if the retention decision is not based on demand, and properly categorizing material. The guidance will be provided in the revision of OPNAVINST 4440.26A, Operating Materials and Supplies and Government Furnished Material Management. Estimated completion date for revision of OPNAVINST 4440.26A, which is in official tasking, is 29 November 2017. OPNAV will issue interim guidance by 28 February 2017. OPNAV requests this finding remain open as a Material Weakness until such time as OPNAVINST 4440.26A has been updated and reissued.

## Naval Supply Systems Command



DEPARTMENT OF THE NAVY  
NAVAL SUPPLY SYSTEMS COMMAND  
5450 CARLISLE PIKE  
PO BOX 2050  
MECHANICSBURG PA 17055-0791

IN REPLY REFER TO  
7510  
Ser NOIG/16043  
DEC 02 2016

From: Commander, Naval Supply Systems Command  
To: Assistant Secretary of the Navy for Research, Development and Acquisition

Subj: NAVSUP COMMENTS ON DODIG DRAFT AUDIT REPORT D2016-0052,  
"MANAGEMENT OF EXCESS MATERIAL IN THE NAVY'S REAL-TIME  
REUTILIZATION ASSET MANAGEMENT FACILITIES NEEDS IMPROVEMENT"

Ref: (a) DoDIG Draft Audit Report D2016-0052, "Management of Excess Material in the  
Navy's Real-Time Reutilization Asset Management Facilities Needs Improvement"

Encl: (1) NAVSUP Comments on DoDIG Draft Audit Report D2016-0052, "Management of  
Excess Material in the Navy's Real-Time Reutilization Asset Management Facilities  
Needs Improvement"

1. Enclosure (1) is provided in response to reference (a).
2. For any questions, please contact [REDACTED] at [REDACTED], DSN [REDACTED], or e-mail at [REDACTED]

  
E. A. MORGAN  
Chief of Staff

Copy to:  
NAVINGEN



## Naval Supply Systems Command (cont'd)

**NAVSUP COMMENTS ON DODIG DRAFT AUDIT REPORT D2016-0052,  
"MANAGEMENT OF EXCESS MATERIAL IN THE NAVY'S REAL-TIME  
REUTILIZATION ASSET MANAGEMENT FACILITIES NEEDS IMPROVEMENT"**

**DoDIG Draft Audit Report:**

"The Navy did not maximize use of existing consumable material in the Fleet Logistics Center (FLC) Norfolk, Virginia, RRAM facility. Specifically, the Navy held consumable material rather than using the material to fill requisitions or offset purchases. In addition, the consumable material that the Navy held in at least three other RRAM facilities could have filled requisitions or offset purchases. This occurred because NAVSUP guidance did not require customers to first use the Navy ERP system when requisitioning material. As a result, the Navy missed opportunities at the FLC Norfolk RRAM facility to offset or reduce procurements for 617 unique item numbers valued at \$306,454".

**Recommendation B.1:** We recommend that the Commander, Naval Supply Systems Command, update Naval Supply Systems Command Publication 485 to require users requisitioning material to use the Navy Enterprise Resource Planning system before using the alternative methods, which should ensure the Navy maximizes use of excess consumable material available in the Real-Time Reutilization Asset Management facilities.

**NAVSUP Comments on 22 Nov 2016:** Concur. NAVSUP will update Publication 485 to require users requisitioning material to use the Navy ERP system before using alternative methods. This should ensure the Navy maximizes use of excess consumable material available in the RRAM facilities. An interim Change Notice will be issued by 31 March 2017 addressing the use of Navy ERP for requisitioning for both Vols. 1 & 3.

Additionally, the Ashore section (Vol. 3) of the P-485 is currently being revised. The ECD for the full P-485 Vol. III update is 31 March 2018 and will contain the updated language.

## Office of the Assistant Secretary of the Navy for Research, Development and Acquisition



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
RESEARCH, DEVELOPMENT AND ACQUISITION  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

3 January 2017

From: Deputy Assistant Secretary of the Navy (Expeditionary Programs and Logistics Management)

To: Department of Defense Inspector General

Subj: DEPARTMENT OF THE NAVY COMMENTS ON DEPARTMENT OF DEFENSE INSPECTOR GENERAL PROPOSED REPORT "MANAGEMENT OF EXCESS MATERIAL IN THE NAVY'S REAL-TIME REUTILIZATION ASSET MANAGEMENT FACILITIES NEEDS IMPROVEMENT," PROJECT D2016-D000RD-0052

Ref: (a) DoDIG Draft Audit Report D2016-0052, "Management of Excess Material in the Navy's Real-Time Reutilization Asset Management Facilities Needs Improvement"

Encl: (1) Commander, Naval Supply Systems Command ltr Ser NOIG/16043, dtd 2 Dec 2016  
(2) Deputy Chief of Naval Operations (Fleet Readiness and Logistics) (N4) ltr Ser N4/16U129052 dtd 16 Dec 2016

1. In response to reference (a), enclosures (1) and (2) are forwarded without additional comment.

2. My point of contact in this matter is [REDACTED] or [REDACTED]

A handwritten signature in black ink, appearing to read "J. Stower".

J. STOWER  
Col, USMC  
Acting

## Acronyms and Abbreviations

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<b>DLA</b>	Defense Logistics Agency
<b>ERP</b>	Enterprise Resource Planning
<b>FLC</b>	Fleet Logistics Center
<b>NAVSUP</b>	Naval Supply Systems Command
<b>NAVSUPINST</b>	Naval Supply Systems Command Instruction
<b>OM&amp;S</b>	Operating Material and Supplies
<b>OPNAV</b>	Office of the Chief of Naval Operations
<b>OPNAVINST</b>	Office of the Chief of Naval Operations Instruction
<b>SECNAVINST</b>	Secretary of the Navy Instruction
<b>RRAM</b>	Real-Time Reutilization Asset Management



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