

## Chapter 8: Ship Manager Turnover and Inventory Accuracy

### 8.0 Inventory Standards and Methodology

The inventory of repair parts on board an RRF vessel is a valuable national asset. The accuracy or “validity” of a vessel’s PC-SAL database is an indicator of the quality of that asset. This chapter discusses the inventory accuracy standards to be maintained by the ship manager and the methodology used in determining a vessel’s inventory accuracy.

### 8.1 Acceptance and Termination Inventories

#### 8.1.1 Acceptance Inventory

During the ship manager turnover, and after a formal “Notice to Proceed” (NTP) has been issued by the Maritime Administration, a survey of the vessel’s spare parts inventory and logistics database must be conducted. This survey, called a Logistics Inventory Validation (LIV), will consist of:

- A 100% inventory of the vessel’s Accountable Property;
- A statistically random sampling of ALL of the vessel’s spare parts contained in boxes, cabinets and drawers both sealed and unsealed;
- A statistically random sampling of the vessel’s drawings and technical documentation.

The size of the sample to be obtained will be determined by using Appendix L of this manual, or as determined by the Property Administrator. The results of the LIV will then be documented on an MA-1013A (see Figure 8-1) by the region LMO. The region will forward a copy of the MA-1013A to the Property Administrator.

#### 8.1.2 Termination Inventory

At the conclusion of the Ship Manager’s contract, another LIV will be conducted in accordance with FAR 45.508-1. The results of this LIV will then be documented on an MA-1013A by the region LMO. The region will forward a copy of the MA-1013A to the Property Administrator.

#### 8.1.3 Use of Previous Inventory Samples

Under no circumstances will the results of inventories gathered before the NTP (i.e., during a previous LMR) be

used in place of the contractually required sampling provided for in 8.1.1 and 8.1.2 above.

#### 8.1.4 Waving of Required Acceptance and Termination Inventories by the Property Administrator

In accordance with FAR 45.508-1, the required contract start-up and termination inventories cannot be waived without the approval of the Property Administrator of the Ship Manager’s contract.

### 8.2 Management of Shipboard Allowances

Beginning on the sixty-first day after the NTP, the ship manager must maintain an inventory validity of not less than 95% for spare parts stored in boxes, drawers and cabinets that have NOT BEEN SEALED BY THE GOVERNMENT. This would include storage locations that are currently open, secured with a padlock or sealed with a “temporary” seal applied by the ship manager. This standard applies to all Phase “O,” ROS-4, ROS-5, RRF-10, RRF-20 and RRF-30 vessels.

**The ship manager must maintain an inventory validity of *not less than 95%* for spare parts.**



### 8.3 Inventory Errors

An inventory error occurs when there exists a material difference between the PC-SAL database and the results of the physical inventory of a spare part line item. Material differences include:

- Storage location(s)
- Quantity
- Part number<sup>1</sup>
- Nomenclature or name

Regardless of the number of differences noted, a single line item can produce no more than one (1) error. (For additional examples, see Table 8-1.)

inventory accuracy *unless undocumented items are located during the inventory.*

### 8.4 Computing Inventory Accuracy

Inventory accuracy is calculated by dividing the total number of correct line items by the total number of line items inventoried (i.e., physically inspected) as shown below:

$$\% \text{ Accurate} = \frac{\# \text{ of Line Items Correct}}{\# \text{ of Line Items Counted}}$$

For example:

- One hundred (100) line items are sampled, and three (3) line items are found to have material differences. Therefore, the inventory accuracy of the sample would be 97% (97 divided by 100).
- One line item is inspected and is found to be correct. However, an extra line item is found in the location with the line item inspected. The accuracy rate would be 50% (one correct item divided by two inspected items).

The second example shows how undocumented items can cause errors.

#### 8.4.1 Line Items with a Balance of Zero

Frequently, line items with a zero balance will be assigned locations in PC-SAL. Line items with a zero balance will not be used in calculating a vessel's

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<sup>1</sup>The correct part number of an item is the part number called out by the vessel's technical manual.



Examples of Possible Inventory Errors				
PC-SAL Database		Inspection Findings <i>(Characteristics Data from Label)</i>		Error Count
<b>Nomenclature</b>	Bearing, Ball	<b>Nomenclature</b>	Bearing, Ball	Quantity Error: Counted as 1 Error
<b>Part Number</b>	6306 ZZ	<b>Part Number</b>	6306 ZZ	
<b>Manufacturer</b>	SKF	<b>Manufacturer</b>	SKF	Quantity Error: Counted as 1 Error
<b>Location</b>	EM-33	<b>Location</b>	EM-33	
<b>Quantity</b>	3	<b>Quantity</b>	2 ←	
<b>Nomenclature</b>	Bearing, Ball	<b>Nomenclature</b>	<i>Part Not Found</i>	Quantity/Location Error: Counted as 1 Error
<b>Part Number</b>	6306 ZZ	<b>Part Number</b>		
<b>Manufacturer</b>	SKF	<b>Manufacturer</b>		Quantity/Location Error: Counted as 1 Error
<b>Location</b>	EM-33	<b>Location</b>		
<b>Quantity</b>	3	<b>Quantity</b>	0 ←	
<b>Nomenclature</b>	Bearing, Ball	<b>Nomenclature</b>	Wheel ←	Nomenclature and Quantity Error: Counted as 1 Error
<b>Part Number</b>	6306 ZZ	<b>Part Number</b>	6306 ZZ	
<b>Manufacturer</b>	SKF	<b>Manufacturer</b>	SKF	Nomenclature and Quantity Error: Counted as 1 Error
<b>Location</b>	EM-33	<b>Location</b>	EM-33	
<b>Quantity</b>	3	<b>Quantity</b>	4 ←	
<b>Nomenclature</b>		<b>Nomenclature</b>	Bearing, Ball	Location Error: Counted as 1 Error
<b>Part Number</b>	<i>Item Not Listed in PC-SAL</i>	<b>Part Number</b>	6306 ZZ	
<b>Manufacturer</b>		<b>Manufacturer</b>	SKF	Location Error: Counted as 1 Error
<b>Location</b>		<b>Location</b>	EM-33	
<b>Quantity</b>		<b>Quantity</b>	3 ←	
<b>Nomenclature</b>	Bearing, Ball	<b>Nomenclature</b>	Bearing, Ball	Quantity Error: Counted as 1 Error
<b>Part Number</b>	6306 ZZ	<b>Part Number</b>	6306 ZZ ←	
<b>Manufacturer</b>	SKF	<b>Manufacturer</b>	SKF	Quantity Error: Counted as 1 Error
<b>Location</b>	EM-33	<b>Location</b>	EM-33	
<b>Quantity</b>	3	<b>Quantity</b>	3	

Table 8-1: Examples of possible inventory errors



### Logistics Inventory Validation Report

To be completed within 60 days after notice to proceed

#### Instructions

This form shall be used to document the condition of RRF vessels when custody is transferred. The form will be completed *jointly* by representatives of the Maritime Administration (MARAD) and the Ship Manager who is assuming or transferring custody. All blocks on the form will be completed. If a block is not applicable, enter "N/A" in the block. Enter the date(s) of the validation on each page.

Both the MARAD representative and the Ship Manager's senior representative must sign the form on page 4. When different sections of the validation are conducted by different representatives, the responsible representative will sign his or her name in the "comments" block for the section.

If space for comments is insufficient, continue comments in section VII (Overall acceptance of Logistic Condition of Vessel) on page 4, or attach a separate sheet of paper.

#### Part I: General Information

MARAD Contract Number	Vessel Name	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>
Ship Manager	Owning Region:	
<input type="text"/>	<input type="checkbox"/> South Atlantic <input type="checkbox"/> Central <input type="checkbox"/> Western	
Is a designated PC-SAL computer on board?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Government-Furnished Equipment (GFE) <input type="checkbox"/> Contractor-Furnished Equipment (CFE)
Is the current PC-SAL program installed on board?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Version & Date: <input type="text"/>
Is a copy of the PC-SAL User Guide on board?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Release date: <input type="text"/>
Have technical manuals been inventoried and indexed?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Date inventoried: <input type="text"/>
Have blueprints and vendor plans been inventoried and indexed?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Date of Inventory/index: <input type="text"/>
Is the RRF Logistics Management Manual on board?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Date of latest change: <input type="text"/>

#### Part II: Spare Parts Inventory

Number of parts inventoried:	<input type="text"/>	MARAD Comments: <input type="text"/>
Number of quantity discrepancies:	<input type="text"/>	
Inventory Validity (%):	<input type="text"/>	

Ship Manager's Comments:

Figure 8-1: MA-1013A, page 1 of 4



Vessel Name <input type="text"/>		Date <input type="text"/>
<b>Part III: Accountable Property Inventory</b>		
Number of Accountable Property items inventoried: <input type="text"/>	MARAD Comments:	
<input type="checkbox"/> Accountable Property database has been reconciled:		
<input type="checkbox"/> Accountable Property Inventory is attached.		
Ship Manager's Comments:		
Deck department list provided? <input type="checkbox"/> Yes <input type="checkbox"/> No	MARAD Comments:	
Steward department list provided? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Engine department list provided? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Availability of Outfitting: <input type="checkbox"/> <25% <input type="checkbox"/> 25-50% <input type="checkbox"/> 50-75% <input type="checkbox"/> 75-100%		
Ship Manager's Comments:		

Figure 8-1: MA-1013A, page 2 of 4



Vessel Name <input type="text"/>		Date <input type="text"/>	
<b>Part V: Technical Documentation</b>			
<input type="checkbox"/> Technical Manual Sample (%): <input type="text"/>	MARAD Comments:		
<input type="checkbox"/> Drawing Sample (%): <input type="text"/>			
Ship Manager's Comments:			
<b>Part VI: Security of Government-Furnished Property (GFP)</b>			
All storerooms, cages, spare parts boxes, etc. are locked, sealed, or otherwise secured, except as noted below. Identify any spare part boxes, lockers, or storerooms that cannot be properly secured at the time of vessel turnover.			
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
MARAD Comments:			
Ship Manager's Comments:			
Form MA-1013A (6-04)		Page 3 of 4	

Figure 8-1: MA-1013A, page 3 of 4



Vessel Name		Date	
<b>Part VII: Overall Acceptance of Logistic Condition of Vessel</b>			
MARAD Comments:			
Ship Manager's Comments:			
Personal Property Transferred by <b>MARAD Representative:</b>		Personal Property Accepted by <b>Ship Manager's Representative:</b>	
_____		_____	
Print Name		Print Name	
_____		_____	
Title		Title	
_____		_____	
Signature & Date		Signature & Date	
Form MA-1013A (6-04)		Page 4 of 4	

Figure 8-1: MA-1013A, page 4 of 4