

Performance and Policy

## CENTRAL DISTRIBUTION CENTER PROCEDURES

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BY ORDER OF THE DIRECTOR

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**AUTHORITY:** Defense Commissary Agency Directive Management Program is established in compliance with DoD Directive 5105.55, Defense Commissary Agency (DeCA), November 1990.

**HOW TO SUPPLEMENT:** Regions may not supplement this directive without prior approval from this office.

**APPLICABILITY AND SCOPE:** This directive applies to all DeCA regions and centralized storage distribution centers assigned to DeCA.

**HOW TO ORDER COPIES:** Copies may be read or downloaded from the DeCA Web site.

**SUMMARY:** This directive provides detailed procedures regarding the operation and responsibility of storage facilities operated to support DeCA's commissary operations.

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**SUPERCEDES:** DeCA Directive 40-23, dated October 30, 1992

**OFFICE OF PRIMARY RESPONSIBILITY (OPR):** HQ DeCA/DO

**COORDINATORS:** HQ DeCA AM, CI, DO, EE, HR, HS, OC, PM, PS, RM, SE, XP, GC, IG, IR, LL, and regional offices

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## CHAPTER 1

### INTRODUCTION

**1-1. PURPOSE.** To provide guidance to the Defense Commissary Agency (DeCA) regions for establishing and operating a Central Distribution Center (CDC). The basic concept is that the CDCs will stock semi-perishable and perishable items and consumable supplies that were formerly warehoused at the commissary. This excludes direct store delivery items.

**1-2. RESPONSIBILITY.** Headquarters (HQ) DeCA, through DeCA regions, will operate a series of CDCs for the support of their commissaries. To accomplish this mission, DeCA has determined that a series of CDCs will be established that will stock semi-perishable and perishable items and consumable supplies that were normally warehoused at the individual commissaries. DeCA regions will determine the items and control the quantities of products for stockage at the CDCs. Each CDC will establish standard operating procedures for their operation in accordance with this directive.

a. Safety requirements, in general, are contained in DeCAD 30-17, "DeCA Occupational Safety, Health and Fire Protection Standards," and on material handling equipment (MHE)/powered industrial truck (PIT).

b. Security requirements, in general, are contained in DeCAD 30-18, "DeCA Security Program."

## CHAPTER 2

### GENERAL INFORMATION

**2-1. INVENTORY CONTROL.** One of DeCA's primary goals is to reduce backup inventories at the commissaries. It is understood there will be a need for a higher level of stock outside the continental United States (OCONUS) commissaries, but every effort will be made to determine the optimum level. This can be done by developing a system that maximizes the benefits of central distribution while minimizing the problems that plague OCONUS commissary support, such as transportation uncertainties, supplier capability, ordering inconsistencies, and the failure of the resupply system to meet expectations.

a. The mission of the CDC is to serve as a subsistence supply point for the commissaries within a designated geographical area by supplying the line items as identified by the region. In DeCA Europe CDCs, the line items are under the direct supervision of the Chief, Operations Division. In DeCA West CDCs, the line items will be identified by the Marketing Business Unit (MBU) on an as required basis under the supervision of the DeCA West zone managers.

b. The CDC will receive, store, account for, and issue the semi-perishable or perishable line items as designated by the region, which will be changed as required depending upon the availability of warehouse space.

c. The CDC will receive, store, and account for consumable operating supplies and stand-by equipment for distribution on an as-needed basis. The region director has overall responsibility for CDC operations. In DeCA Europe, the Chief, Operations Division is directly responsible for the supervision, support, and direction of the CDC operations. The Chief, Operations Division at the region will be responsible for the region stock list (RSL) and the replenishment of the CDC stocks. In DeCA West, the zone manager is directly responsible for the supervision, support, and direction of the CDC operations. The Chief, Overseas Subsistence Support Division (OSS) at the region will be responsible for the requisition status update list (RSUL) and the replenishment of the CDC stocks.

**2-2. OPERATING SUPPLIES.** CDCs purchase bulk-operating supplies utilizing their operating funds. When needed, the commissary orders supplies from the CDC. The following procedures detail the method to transfer cost from the CDC to the commissary:

a. The CDC will determine an estimated annual usage of common supplies by area commissaries. To take advantage of bulk purchasing, the CDC will order and maintain stockage of common supplies for multiple commissaries within the region.

b. Ordering/receiving supply documents are kept on file for 6 years and 3 months. Original copies of the receiving documents are sent to the region surcharge office. CDCs not using the Warehouse Management System (WMS)/DeCA Interactive Business System (DIBS) will maintain and track balance-on-hand (BOH) for supplies using an excel spreadsheet. CDCs using the WMS will receive using WMS (such as Pick Ticket Management System (PkMS)) which updates the BOH in DIBS by an automated process. (See appendix E for a sample spreadsheet for CDCs using DIBS.) Most CDCs are ordering supplies from a DeCA approved source, on-line, and paying with a government purchase card (GPC) which provides an excellent accountable audit trail.

c. The consumable supplies stocked at the CDC warehouse for support of the commissaries will be ordered by the commissary from the warehouse. The supplies ordered will be entered on a locally devised form or through DIBS and shipped with the subsistence order, if space permits. If the quantity is such that the supplies must be delivered in split shipments, the Transportation Section will contact the store director to inform him of how the supplies will be shipped.

**2-3. OPERATION.** It must be remembered that the mission of the CDC is to optimize commissary operations. This mission will often require sub-optimization of the CDC operations in such areas as segregating the shipments into commodity categories, whenever possible. As a minimum, all non-food items such as cleaners, pesticides, bleach, soap, and other chemical items should be separated from food items. Available warehouse space, temperature, climate control, and high volume of seasonable items will always create warehousing challenges and will have to be taken into consideration.

**2-4. ORGANIZATION.** The most logical method of organizing a facility and defining tasks and workloads is by means of an organizational chart. However, each CDC has individual characteristics that must be taken into consideration when developing its organization.

**2-5. WAREHOUSE MANAGEMENT SYSTEMS.** CDCs throughout DeCA use two different automated systems. One system is DIBS and the other is the WMS, previously called PkMS.

**2-6. ACCOUNTABILITY.** Commissary billing from the warehouse will be by unit price, to be entered as a debit to the commissary and a credit to the warehouse on their voucher register general control (VRGC) maintained at the supporting account control section (ACS)/internal management control (IMC) and account control business unit (ACBU). The DIBS generated price extended list will list items by pull number, unit universal product code (UPC), pallet number, national stock number (NSN), case UPC, nomenclature, brand, net weight unit of measure, unit pack, case/units requested, unit price, case/units shipped, voluntary price reduction (VPR) indicator (when applicable), case/units received (blank), and the extended price. This price-extended list will be the billing/shipping document. Transfer accountability will be accomplished in accordance with the procedures outlined in DeCAD 70-6, "Financial Procedures for the Accounts Control Section and the Office of the Commissary Officer," and DIBS procedures.

**2-7. EQUIPMENT DOWNTIME LEDGER.** The CDC manager will maintain an Equipment Downtime Ledger, DeCAF 40-30, on their equipment when it is inoperable and in need of repair. The Downtime Ledger will be kept on file for 1 year.

The following types of equipment items fall under this category:

- a. Pallet machine wrapper, all automatic
- b. Cardboard baler
- c. Pallet jack, electric
- d. Forklifts, all types
- e. Machine, scrubbing floor
- f. Vehicles

**CHAPTER 3****DeCA INTERACTIVE BUSINESS SYSTEM**

**3-1. GENERAL.** A successful CDC depends on keeping locations stocked with merchandise that commissaries require. While this may sound like a simple task, it is a complex process involving inbound traffic management, inventory management, warehouse management, and outbound traffic management for distribution of the CDC's stock. Performing these tasks manually would require a large administrative staff and take a great deal of time. The DeCA Interactive Business System-DeCA Overseas Ordering and Receiving System (DIBS-DOORS) will facilitate these procedures using a computer network located at region, distribution center, and commissary.

**3-2. DIBS.** The automation system will support the needs of the warehouse in the following areas:

- a. Receiving.
- b. Storing.
- c. Accounting.
- d. Fund control.
- e. Issuing/shipping.
- f. In-house billing designations (commissaries).
- g. Inventory control.
- h. CDC operation by receipt pricing.
- i. Data analysis by item and commodity grouping.
- j. VPR control and identification.
- k. Commissary Radio Frequency Hand Held Terminal (RFHHT) orders and transmits to the CDC for pulling and shipping.
- l. Transmitting pull data between the CDC and commissaries.
- m. On-quote pricing. Prices are downloaded to each commissary and CDC monthly.
- n. The RFHHT (Teklogic) system will be used by the commissary to order stocks from the supporting CDC warehouse.
- o. DIBS will be used by the region and HQ to control the authorized stockage of items at supported commissaries, which order stocks from the warehouse.
- p. DIBS will generate a not-in-stock (NIS) list to be shipped with the commissary order to let the commissary know what items are NIS.
- q. CDCs using WMS are provided with a NIS report and CDCs are provided a wave shortage report.
- r. Provide advance shipping information at the supported OCONUS locations.

## CHAPTER 4

### CDC OPERATIONS

**4-1. CONCEPT OVERVIEW.** The CDC will be responsible for supporting the needs of designated commissaries with a selection of subsistence items and operating supplies as approved for stockage by the HQ. The CDC will be responsive to the needs of the supported commissaries and will make every effort to provide the quantity of requested items in a timely manner. For DeCA Europe, ordering of CDC stocked items will be accomplished by the Marketing Business Team at region level. Item selection for CDC stockage will be accomplished by the Merchandising Branch at the HQ level with input from the region level.

**4-2. INBOUND TRAFFIC MANAGEMENT.** Warehousing is an active, dynamic business, handling many different functions every day, each with a deadline and each with some kind of challenge. Because of this variety of work and the deadlines, extra emphasis must be given to the planning and scheduling of receipts, inventories, and shipments. When scheduling inbound cargo, special consideration should be given to mandatory items that are NIS. Good scheduling practices will eliminate unnecessary cargo detention and additional costs to the organization. Scheduling is crucial to running a successful distribution operation.

a. Additionally, the purchase order will contain the phone number to call for delivery appointment into the warehouse. The vendor phone number should also be placed on purchase orders.

b. The distribution company/vendor or freight forwarding office is required to call the CDC transportation coordinator or administration office at least 1 day in advance to verify the delivery time for unloading. The transportation clerk will coordinate the next projected deliveries with the freight forwarding point. It is good practice to supply a list of the expected deliveries to the receiving supervisor or work leader to plan work assignments for the next day.

c. The information provided to the transportation clerk and receiving personnel will contain the number of cases expected on each delivery truck, to assist in assigning the correct number of personnel to unload the truck(s). The order documentation (hardcopy) will be provided to the warehouse foreman by the CDC management office or the system will print the order sheet at the time of delivery for use as a pairing up document with the delivery invoice. The CDC system will only be able to access the system ordering application and will not be able to enter data pertaining to the order quantity or prices.

d. The CDC manager is responsible for scheduling and monitoring of all incoming containers and deliveries. It is imperative that delivery plans and off-loading schedules are made and followed. Not abiding by the schedule may result in van detention and demurrage fees if the carrier's equipment fails to be unloaded within the time allowed. Having controlled deliveries will provide the distribution centers with the opportunity to govern delivery volume, which will help prevent van detention. An acceptable industry practice is for carrier's to notify the CDC in advance by providing a list of containers and the dates they will be delivered.

e. When scheduling inbound shipments, the following information is helpful:

- (1) Date - month, day, and year
- (2) Name of the carrier
- (3) Purchase order number
- (4) Call number

f. Deliveries arriving without an appointment should be processed on a time available basis or rescheduled with an appointment as management elects.

g. If there is not a good scheduling system, the following typical receiving problems arise:

- (1) Inadequate number of unloading bays at the facility
- (2) A backup of trucks ready to unload
- (3) Unscheduled receiving that results in an unbalanced flow of receipts into the facility causing traffic jams in the aisles
- (4) Insufficient material handling equipment
- (5) Receiving dock congestion
- (6) Peaks and valleys that hamper cost-effective labor scheduling

h. Advantages of scheduling.

- (1) Important advantages are realized by carriers and distribution center operators that coordinate the day-to-day movements of cargo containers. Carriers are assured they will receive an expedited return of cargo containers and the CDC will avoid van detention charges by unloading a daily scheduled volume of containers for the carrier.
- (2) Scheduling provides distribution center operators with a means to control the entire receiving operation. Managers can determine which loads will be received, who will receive them, where and what door to use, and the level of productivity to be achieved.
- (3) Scheduling results in less congestion on the docks, ample time and space for proper in-checking, reduced overtime for receiving personnel, improved customer service level, and fewer detention bills.

**4-3. RECEIVING SHIPMENTS.** The importance of maintaining a creditable receiving process cannot be over-emphasized. Receiving of inbound merchandise represents the start of the accountability cycle. If handled improperly, receiving can result in inventory loss as well as greater operating costs. As a function of the distribution element, it is the CDC manager's direct responsibility to ensure that the receiving process is followed explicitly. Inbound receipts of merchandise at the CDC are handled as follows:

a. Prior to off-loading at the CDC, the vehicle driver will present the transportation control movement document/bill of lading/packing slips or equivalent to the warehouse supervisor/receiving clerk who will verify the consignee, contract number, call number, Department of Defense Activity Address Code (DODAAC), number of pieces being delivered, carrier, and time of delivery. For CDCs operating under PkMS, the vehicle driver will present the transportation control movement document to the supervisor/receiving clerks who will identify consignee, container number, DODAAC, required delivery date, and requisition status update listing. Supervisor/clerks will print out the Inbound Container Receiving Report from the PkMS under RSUL Inq/Maint. This report provides item UPC, barcode UPC (case), item description, zone or warehouse, number of cases shipped, maximum quantity prime location holds (this is used to break down pallets so they are not higher than what a prime location can hold), total weight (used for catch weight items upon receipt), and Ti/Hi (layer count and tier count).

b. As a general policy, the carrier provides “door-to-door” (port to CDC) delivery from the port of entry into the OCONUS operations. All incoming merchandise should be palletized by the manufacturer/distributor unless specified differently by contract. When a container arrives that is not palletized, the products should be received and the container reported to the region Chief, DeCA/EU/DOM Marketing Business Team and the overseas processing point (OPP) at HQ. DeCA West will report to their OPP.

c. The following should be reconciled in the receiving process: the actual cases/unit pack of case received against the RSUL, correct DODAAC, DIBS call order/pull number, and the container and seal information on the carrier’s delivery ticket. Each line item on the RSUL must agree with the delivery ticket receipt before the receipt is signed. If the physical receipt differs in quantity or damages exist, this condition is noted on the RSUL or receiving report. For CDCs operating under PkMS, the process is automated.

d. The receipt process includes a comparison of physical quantities received against the shipping RSUL document in each container. Discrepancies are noted on the RSUL for overages and shortages. The WMS generates a variance report, as well as damages, expired, and short code dates. The CDC manager or the designated representative will verify the receiving process on a random basis and verify all discrepancies found. All WMS discrepancies must be validated to complete the receiving process, random deliveries will be double-checked. All deliveries and receiving documents that are double-checked will be signed legibly by the individual(s) performing the check(s) and will include the date and time of the delivery. Any remarks as appropriate will be annotated on the RSUL receiving documents or the Inbound Container Receiving Report and/or the Variance Report.

e. All items will be 100 percent quality checked by the receiving personnel and the receiving supervisor shall spot-check and verify receipt. WMS validates if discrepancies are noted. A supervisor will then perform a manual check and input any changes.

f. Over-shipments and items substituted for ordered items must be documented as a shortage or overage on the receiving RSUL. Major discrepancies shall be reported to the region OPP. For WMS, users can receive items not on the RSUL as overages and shortages. The system will provide a variance report for the discrepancy provided the item is on the master file.

g. For operations using license plate numbers (LPN), the receiver obtains the LPN after receiving all the cases associated with a pallet, affixes it to the bottom right hand case on the pallet, and moves merchandise to a temporary holding/storing area prior to being positioned in storage. The LPN provides date of receipt, container, UPC, item description, and expiration date (if used).

h. Shipping instructions, freight-on-board (FOB) origin, or FOB destination determine ownership in the event of damage or loss and also determine who is responsible for filing the claim.

(1) Once the container is off-loaded at its destination, the manufacturer/shipper is relieved of their responsibility **provided all items are accounted for**. Damaged products must be annotated on the invoice and reported to the traffic management office (TMO) within 10 days of receipt of container from the port.

(2) For merchandise shipped FOB destination, title passes at time of delivery and the shipper is responsible for filing all claims with the carrier. The CDCs responsibility is limited to properly documenting the loss or damage in conjunction with the shipper with copies of delivery receipts noting exception, inspection report, etc.

i. In all instances, the following procedures must be adhered to by the CDC in the receiving process.

(1) WMS provides a variance report and a locked LPN when the container is closed, and provides lock codes added to LPNs which have been locked.

(2) File any claim within 48 hours with the carrier for losses incurred in FOB origin deliveries or inform vendor of losses in the event of an FOB destination shipment.

j. The completed receiving documents will be legibly signed by the authorized employee who actually received the merchandise unless the CDC operates under WMS – then this process is automated. Receipts will be passed on to the CDC management office for input into the DIBS system to update the BOH immediately. The CDC receiving supervisor or designated representative will turn in the entire batch or cluster of receiving documents once per day to include a proper document register log. These receipts must be processed into DIBS on the same day that the items are received. This process is automated with the WMS. These must be processed through a WMS/DIBS receiving process.

NOTE: The CDC Manager will ensure that receiving personnel are instructed in the proper receiving procedures to include the requirement for the "DODAAC", "call order number" and "pin" to be entered on all copies of the delivery ticket (s) prior to the departure of the vendor delivery personnel.

**4-4. RECEIVING DISCREPANCIES.** Discrepancies identified on the receiving report will be entered in DIBS Other Receiving as exceptions that will ultimately create a Report of Discrepancy (ROD). The ROD will identify discrepancies in the shipment as described below and will produce a list containing the container number, pull number, and seal number. DIBS-DOORS will send ROD information to the OPP/OSS and create a suspense ROD transaction. Within 1 workday of receipt from the overseas ordering point (OOP), the OPP/OSS will validate and forward the ROD to the distributor via the 812 electronic report of discrepancy transaction set for review. If the distributor does not dispute discrepancies identified on the ROD within 10 calendar days of receipt of the ROD, the OPP will close out the ROD. Occasionally, extra time is needed to resolve discrepancies. Upon mutual agreement, the original suspense date may be adjusted by an additional 30 calendar days. Once the review is completed, the distributors are notified by an electronic data interface (EDI) 812, the document identifier "REC" is created for the net overage or shortage for the PULL (order). Distributors are required to invoice DeCA when net overages in shipments occur, unless the distributor contract or memorandum of understanding (MOU) specifies delivery ticket invoicing. For additional guidance, see "DIBS-DOORS Desk Guide to overseas ordering point."

**4-5. CDC MANAGEMENT.** Additional functions of the warehousing operations are the proper storage and replenishment of stocks. These two operations are interconnected. They affect both the receiving and selection functions. The objective of storage and replenishment is to have the right product at the right picking slot, at the right time, so commissary orders can be filled efficiently and accurately. The standard storage and replenishment method in conventional facilities consists of basic steps which, although independent of each other, can be completed simultaneously.

a. Storage and Replenishment.

(1) CDC personnel use warehouse equipment to move all newly received pallets of merchandise from temporary staging areas and receiving docks to warehouse locations. WMS users select put away function from the RFHHT menu and scan the LPN. The system will direct users to a location in the warehouse for storing the pallet.

(2) The forklift operator will replenish picking slots by drawing from reserve storage for products that are out-of-stock or in short supply in the prime (active) pick locations.

b. Slot Management.

(1) Rules for placing merchandise in facilities are as varied and numerous as operating systems. However, based on DIBS/WMS, CDCs are locked into using the dedicated (fixed) slot system, which is designed to give every item in the warehouse a picking slot and a reserve location for the overflow quantity, where applicable. DIBS allows only three warehouse locations. WMS has no set allotment of locations.

(2) When the dedicated slot system is used, merchandise in the warehouse must be laid out according to commodity groups; case cube, and subsistence items must be predetermined. The product's maximum inventory level for the turnover period is the key consideration for establishing the item's placement in the warehouse. With this system, some slot locations are left open in each area to accommodate new items and seasonal overflows.

(3) The dedicated slot system does have advantages. It permits a systematic, controlled order-selection pattern which influences the overall operating efficiency of the entire facility. Product arrangements can be changed to meet the demands of the operating environment and returned items can be re-warehoused easily. WMS items may not be returned.

**4-6. LOCATION SYSTEM.** DoD regulation states that each agency will establish a uniform location system to be used by all subordinate facilities. A storage area floor plan layout is an excellent management tool for space control. It enables planning for the effective use of space. The layout is the framework in which the overall storage space layout is developed. It serves as the basis for developing the storage area planographs which each CDC will have and display. A complete and current floor plan shows the actual manner in which the gross space within a storage area is used. The plan shows the division of space into storage, receiving, shipping areas, main aisles, cross aisles, fire aisles, and offices.

a. DoD 4145.19-R-1 regulation directs the use of alpha/numeric characters, with locations ordered left-to-right, bottom-to-top on the warehouse racks. The length of the location identifier should be kept to a minimum. DIBS uses a physical location code which consists of a five character alpha/numeric to identify warehouse locations. The WMS uses a nine-character alpha/numeric to identify warehouse locations.

b. A warehouse location number breaks down as follows:

(1) Warehouse/building is a one-character alpha. WMS provides six location components (area, zone, aisle, bay, level, and position) which, when combined, forms a unique location within the system.

(2) Row is a two-character numeric. Numbers that may be used are 01 through 99.

(3) Section is a two-character numeric. Numbers that may be used are 01 through 99.

c. DIBS permits up to three warehouse locations per line item, per warehouse facility (CDC). System edits for entering location numbers are:

(1) Warehouse - Must be an alpha letter

(2) Row - Must be numeric

(3) Section - Must be numeric

d. Warehouse. The location system in DIBS is very flexible. The letter "E" is normally used to identify the main warehouse. When the CDC uses additional structures, they would be numbered alphabetically, e.g., "F", "G", "H", and so on. In the event a warehouse is separated by firewalls into bays, if desired, the warehouse field may be used to identify each bay. As an example, assign as the first character of the location number the letter "E" to bay 1, letter "F" to bay 2, and so on. A separate warehouse letter may also be used if 99 rows are exceeded. The WMS is user-defined for warehouse lettering.

e. Aisle. An aisle is any passageway in a storage area. The width of an aisle is dependent on the type of MHE/PIT used in a warehouse. (PIT is the new terminology Occupational Safety and Health Act [OSHA] is using to replace MHE equipment which is either electric or combustion driven.) An aisle number may be assigned to the passageway between the pallet racks, columns of supplies, or each line of pallet racks.

f. Section. A section is a subdivision of a row. The width of sections is optional and may be decided by the warehouse commensurate to requirement. Sections may be in one pallet width, a frontage of a particular number of pallets (e.g., four pallets equal one section) or an area between pillars (dependent on the structure of the warehouse). The sections should be numbered the way the stock picking is performed. If stock picking is horizontal or vertical, the sections would be numbered sequentially down a row. If stock picking is done cross aisle, then the sections would be numbered in the sequence stock picking is done, by cross aisle.

→ g. All CDC items in WMS or DIBS that are not cross docked, such as special promotions, shippers, holiday, or one-time buy (OTB) will be assigned locations and identified with warehouse labels. At the time of receipt, CDCs using WMS will assign a new warehouse location to special promotions, shippers, holiday, and OTB items. At the time of order, CDCs using DIBS/DOORS will assign the warehouse location; this ensures all items are sent to the proper warehouse storage area of the CDC for special handling and subsequent shipment to the stores. Cross docked/transshipped items will not have a warehouse location assigned after receiving. The pallets of cross docked items are sent directly to the staging location pending next outgoing shipment. These pallets will assume the location of the staging point in WMS to ensure no pallets are left behind after the trucks are loaded. ←

**4-7. ASSIGNMENT OF LOCATION NUMBERS.** The region will decide on location schemes to be used by warehouses; however, PkMS location schemes are system-driven. Some important things to consider prior to assignment of location numbers to the warehouses are:

- a. Items must be warehoused by commodity grouping.
- b. Placement of commodities by importance.
- c. Procedure for stock picking.

**4-8. WAREHOUSING BY COMMODITY.** All commodities should be grouped together. An exception is for an item within a commodity that may require bulk storage. In bulk storage, the items within the same commodity should also be grouped together. When possible, but not mandatory, the ideal placement of commodities within a warehouse would be for the commodities to be stored in the same sequence as store layout. This would ensure that pulled merchandise placed on a pallet would be in the same sequence as the commissary sales area layout.

a. The benefits are savings in time and labor at the commissary, since backtracking would be eliminated when stocking shelves.

b. When ideal placement of commodities cannot be achieved, picked merchandise placed on pallets should be as close as possible to the row where they are displayed in the commissary sales area.

**4-9. STORING MERCHANDISE BY ORDER OF IMPORTANCE.** If it is practical, fast moving commodities should be stored close to the shipping doors. This also applies to large bulky items such as paper products. Warehousing fast movers close to the shipping area reduces travel time for bulk products and items picked most frequently. This savings of time and labor can be used more effectively for other warehousing operations. If the region desires, items may be stored so that the pulling process results in the items being sequenced on the truck that is best for the receiving commissary.

**4-10. STOCK PICKING PROCEDURES.** Basically, present warehouse layouts are by commodity set for horizontal, vertical, or cross aisle stock picking. Selection of method for stock picking should be made prior to assignment of DIBS recognized location numbers. The goal is to be able to pick stocks quickly in the requested amounts, without a need to backtrack. Stock picking from the first two levels of pallet racks with the overflow stocked in the upper levels (levels 3 and 4) is desirable if warehouse space permits. In addition, cross aisle stock picking would be the most effective to preclude the need for backtracking. However, horizontal or vertical stock picking are acceptable with the proper layout of items within commodities.

**4-11. SPACE ASSIGNMENT FOR STORAGE OF PRODUCT.** Warehouse locations may be processed to DIBS by use of RFHHT.

a. Once the locations are assigned and key entered to DIBS, they must be maintained. Sequence of reports as well as locations printed to reports are fully dependent on the user. It is imperative that locations are accurate at all times to reap the full benefits of DIBS. The WMS maintains updated information on the locations and all reports are automated. Prime locations are maintained through cycle count procedures.

b. DIBS has the capability to assign multiple locations to an item. Location assignments will be accomplished by the warehouse foreman based on the established planogram for the warehouse buildings. Location changes or additions will be submitted to the CDC management office daily, along with receipt documents. WMS prime locations are dedicated to a UPC. Only one UPC may be assigned to a prime location at any given time. Once that UPC is depleted, then another one may be assigned.

**4-12. STOCK ROTATION.** Rotation of cases is based on the general storage principle of first-in, first-out (FIFO). Rotation is also based on expiration/pack date of the product received. It is essential that the warehouse employees understand the methods that should be applied to obtain maximum stock preservation through proper stock rotation. The preservation of most items is dependent on proper storage and turnover. WMS performs stock rotation by date of receipt or expiration date. This is an automated process; however, stock should be checked to validate that the system is pulling correctly.

a. It is vital that the maximum utilization of storage space be maintained at all times. Toward this end, it is necessary that the lots of products with different receipt dates be consolidated into single pallet units when practicable. In these instances, the newest lot will always be placed in the lower tiers of the pallet unit, while the oldest lot (to be withdrawn first) will always be placed in the upper tiers of the pallet unit. Under PkMS, it is advisable to maintain LPN (pallet) integrity and expiration dates separately so consolidation is not used.

b. In instances where two or more lots share the same pallet tier, the newest lot is always placed to the rear of the pallet and the oldest is placed nearest the front of the pallet tier. In instances where the product is stored on multiple pallets in storage shelving, the oldest product is always placed at the lowest levels of storage and the newest lot is always placed at the upper levels of storage. Following FIFO

principles, the lowest level containing the oldest lot is withdrawn first. The WMS automation keeps track of which pallet is where and which one is to be placed into prime storage first.

c. Under the Integrated Booking System (IBS) process, all lots of the same item will be stored in close proximity to the primary location. Where the product is stored in separate locations or secondary locations, the primary storage location should always contain the oldest lot, while the newest lot is stored in the temporary or secondary location and withdrawn last. Whenever the product is stored in a secondary location, a notation at the primary location is necessary to ensure that the secondary location is properly identified for purposes of stock rotation and inventory control. For this purpose, signs have been provided upon which the secondary location may be identified. Place this sign at the primary location and only remove this notice once the stock in the secondary location is depleted. This type of logic is beneficial in instances where location, temperature, position, or travel distances are important. In the WMS, location is considered before size when placing the given LPN in a particular zone. For example, a 64-inch high (40x48) pallet must have a 64-inch high (44x52 space) location and the system will search the aisle associated with the prime. If no reserve location is available, the system will start the next search on the next aisle until all aisles in the warehouse have been exhausted. If no location is found, the operator can override the system and decide where the pallet will be placed.

**4-13. STOCK PULLING.** The pull list or pull labels generated by DIBS will direct the stock pulling employee to the primary location. If this location is out-of-stock, the warehouse label will show the secondary location. Therefore, the employee may have to pull from two locations before the pull for that item is finalized. A NIS report will generate at the same time the pull labels are printed for that particular commissary. The NIS report will be printed in two parts (one copy for the commissary and one copy for the warehouse inventory control/requirements sections). The WMS creates pull sheets or pick tickets which employees use to pull store orders. Out-of-stock items are shorted and will not create a pick ticket or pull sheet for that item. All shorted items come out on a wave shortage which is researched to validate that the item is NIS. WMS never sends a user to a secondary location if the prime location is empty.

a. When selecting stock from storage, it is essential that order pickers follow established procedures basic to storage principles. They are as follows:

- (1) Pull stock from only one tier at a time and avoid stair stepping where practical.
- (2) Pull cases of product front to rear, left to right whether product is selected from unitized pallet loads, hand stocked storage, or row stacked bulk storage. This principle will ensure that FIFO is followed. WMS will always allocate FIFO based on receipt date or expiration date.
- (3) Select only the quantity and the items specifically requested for issue.
- (4) Document all cases issued on appropriate documents to ensure an audit trail is maintained and proper credit is given to the CDC VRGC account. (i.e., Pull Sheets, DeCA Form 70-20 Subsistence request for Issue, Turn-in or Transfer)

b. Ensure damaged, deteriorated, or distressed merchandise is moved to the reclaim area and brought to the attention of appropriate management officials for disposition. Items should be reworked to ensure the good quantity can be issued to the commissary and the damaged can be disposed of. Loose quantities of items will be issued on a DeCAF 70-20, Subsistence Request for Issue or Turn-in, reference DeCAD 70-6.

c. Do not "over build" pallets when selecting stock for issue. This causes damage and often makes handling difficult at the commissary level. WMS currently breaks pallets at 99 cases or 60 cubes, whichever is reached first. Configuration change can adjust case quantity or cube to meet requirements.

d. Stack or build pallets of varying sized containers in a manner that places the heaviest cartons as a base. Build the pallets so that similar sized cartons can be used to tie the tiers together and form a secure load. The smaller and lighter cartons should be placed nearest the top on the pallet as it is built.

e. Clean spills and debris from aisles after completion of the pull. Remove empty pallets from aisles to facilitate replenishment after completion of the pull.

f. When a quantity is scheduled for pulling that includes the remainder of a VPR quantity and a regular priced quantity, the system will default to the regular priced quantity and price the total pull at the one price. This will prevent a loss to the warehouse account that would occur by selling regular priced items at the VPR price.

g. The system produces a price extended list that will contain the sum at which the commissary will be charged and the CDC's account will be credited.

h. The pull will be accomplished by utilizing the lists or labels to identify the items ordered by the commissary. The warehouse foreman will ensure that pulls for one commissary are kept together, as each RFHHT produces a separate pull. The WMS system keeps all orders together for picking by creating task numbers per outbound pallet.

i. Pull list or labels indicating items not pulled for any reason will immediately, upon completion of the pull, be provided to the inventory control/requirements section for input into DIBS or processed by WMS as a denial. This will determine warehouse denials and produce the price extended list to affect the transfer of merchandise to the commissary.

→ j. On a daily basis, ordering personnel will generate a DIBS ONLINE SYSTEM - MASTER FUNCTIONS MENU (13.) DEMAND REPORTING, FUNCTION (12.), PRINT NOT-IN-STOCK LISTING to determine if NIS items are on order or due in. To ensure items listed as NIS are valid and each item with a zero BOH that needs a manual adjustment reflect the proper balance, the NIS list should be worked 5 days a week, with the exception of formal inventories, holidays, CDC down days, or on days the CDC does not issue. Any unresolved NIS over 45 days will be brought to the attention of the inventory management specialist for resolution with the region OSS division and/or distribution partners. Warehouses using the WMS receive a wave shortage list that shows all items shorted to a store. The CDC will research items on this list and provide the information to management. If the item is not truly NIS, they will adjust the BOH and take whatever corrective action is required to move the product. ←

**4-14. STOCK REPLENISHMENT.** Every effort will be made to centralize merchandising, item selection, and pricing at the regions with OCONUS responsibility. A RSL will be developed and implemented.

a. The DIBS system will capture consumption data for the purpose of reordering and will consider the number of days and quantities the items were reported as NIS for reordering purposes.

b. The DIBS system will generate a recommended order list by company. The region order list (ROL) quantities will be based on established stockage levels and consumption data. Requisition Order Receipt (ROR) is only a worksheet; the system generates a "call order" to replenish warehouse stocks against established Blanket Delivery Order (BDO)/Blanket Purchase Agreement (BPA).

c. All ordering for the warehouse will be accomplished weekly by buyers at the region or the CDC manager in certain localities.

- d. All contracts are written by HQ and Region Contracting Division.

**4-15. VENDOR ASSISTANCE PROCEDURES.** Items to be stocked at the warehouse will be determined by the region/warehouse by reviewing the perishable and semi-perishable RSL and selecting those companies that will ship directly to the warehouse or through a brokerage company. Once the selection process is completed, the region will notify the companies and the supported commissaries of what items will be ordered through the warehouse and the start date. The warehouse manager may schedule vendors to review stockage levels and pick-up buy-backs. Checks and vendor credit memorandums will be processed IAW DeCAD 70-6. The CDC stock assortment will be determined by the size of the largest store it supports and the items to be carried will come from the OCONUS RSL which is developed by the region and the MBU.

**4-16. ORDERING FROM THE CDC.** The DIBS system is capable of maintaining cataloging data for supply bulletins and local purchase items. Ordering will be accomplished IAW the requirements for the items. The system will provide stock fund control for orders placed. These items will be received into the CDC account by total cost, and item price management will be by case price for issuing and for determining the accountability inventory status for the CDC account.

- a. Shelves are scanned using RFHHT technologies and the order is downloaded by radio frequency to a personal computer (PC). The PC data collector will split out the warehouse order based on the items being perishable or semi-perishable and transmit the order to the DIBS system for processing. Transmitted items will be delivered directly to the commissary placing the order.
- b. The store director will order the authorized items carried by the warehouse, provided store space is available.
- c. All items will be identified by item UPC. Commissaries with scanning will have the DIBS system identify those warehoused items to be ordered from the CDC.
- d. Merchandise ordered will be pulled and issued to the supported commissaries each day (or as required) and approved by the region. Trailer loads of special ordered quantities may also be shipped directly to the commissary instead of shipping through the warehouse to the commissary.
- e. When supported commissaries place orders to the CDC, DIBS will assign a pull number (document number). This number will be used for tracking the document through the DIBS system for posting as a credit to the CDC account and as a debit entry for the commissary ACS.
- f. The commissary will determine what items and quantities are being used to build special displays and they will transmit a separate pull list requirement. This will be shipped on the same truck as regular shipments. The products will be segregated, marked, or wrapped as a special order and will be received as a separate shipment.
- g. No matter what method the commissaries uses to receive products from the CDC (i.e., case count, 100 percent in check, statistical receiving), the commissary will need to identify the items that are short or over in order for the CDC to know what location and item to audit. Once the CDC has been notified of the shortages or overages, they will audit the product in question and attempt to verify the problem. The CDC can then reconcile with the commissary and come to a mutual agreement on what was shorted or mispicked. The commissary will adjust the shipping document based on the average case price as indicated on the shipping document by the number of cases over or shorted. Then the document will be signed by the store director or designated representative. The warehouse will be called and notified of the adjustments and will adjust their shipping document to reflect the net total dollar amount for posting

to the warehouse summary audit log (SAL) and for transmitting the information to the IMC/ACS as a credit/debit. A record of the telecommunication (TELECOM) will be attached to the warehouse copy of the shipping document explaining what happened for that particular shipment. The store director or the store's designated representative will forward or transmit a signed copy of each CDC receiving document to the ACS/ACBU to be compared against the document forwarded by the CDC for that particular commissary. It will be the responsibility of the warehouse to determine the system on-hand position for that item, determine what caused the case count deviation, and make a memorandum for record which will be reviewed by region personnel during assistance visits. To correct the on-hand balance, a BOH adjustment will be done through DIBS or through the WMS system cyclic inventory.

h. When the commissary receives a "mispicked" item (wrong item), i.e., an 18-ounce can instead of a 14-ounce of the same item or a completely different item, the store director's representative will call the CDC point of contact to coordinate the adjustment to the shipping/billing document. A notation of action taken to correct the billing/shipping document will be added to the bottom of the document and signed by the CDC manager or designated representative. The corrected dollar amount will be entered into the SAL/VRGC.

i. DIBS will assign a document number and prepare the price-extended list (PEL). The DIBS generated PEL serves as supporting documentation for the inter-transfer between the CDC and commissary accounts. A copy will be kept in the warehouse as the accountable document. The warehouse will record the transaction on their document log using the request number assigned by DIBS.

j. The commissary receiver will date and sign the copy of the PEL acknowledging receipt of the total number of cases. The original will be returned to the CDC with the driver. In cases where the carrier is not a government vehicle, the PEL should be faxed or mailed to the CDC as soon as possible. The last page of the PEL will be signed and scanned to the ACBU for retention and support of the accounting transaction.

k. Each supported commissary will record the transfer document and process IAW DeCAD 70-6, as an inter-account (commissary) transfer.

**4-17. INVENTORY MANAGEMENT.** Once the item selection process is completed, the region will determine the stockage level (in days of supply) and publish the authorized stockage list for the CDC.

a. Because DeCA operates CDCs in many countries, the order ship time (OST) will differ. Once the order has dropped, certain CDCs could receive their order in as little as 14 days, while other CDCs may take an average of 35 days (that is, if everything goes according to plan). Several factors have to be considered when setting the stockage objective, i.e., high seas, typhoons, hurricanes, and dock strikes or a communication failure where the order will not transmit, extending the normal order ship time. With subsistence items, 12 months worth of sales history should be used to get an average sales demand to establish the stockage objective. Depending on the country in which the CDC is located, the stockage objectives may range anywhere from 21 to 45 days supply on hand. The inventory to sales ratio should be established by the region.

b. The region/MBU will schedule interviews or presentations with vendors pertaining to item selection, etc., for warehouse stockage.

c. Additional item stockage or item deletion will be determined by region/MBU. The BPA/BDO contracts/agreements will be changed, as required, prior to changes in ordering procedures.

d. Based on consumption data available through the automatic system, the CDC manager will recommend to the region items for deletion based on item movement. The list will contain the names of the

commissaries carrying the item which would show if the item is a slow mover or only stocked by a few commissaries. The region will advise the commissaries that the item(s) are being deleted and that each commissary will continue to order the item until supplies are depleted. The region should contact the vendor company to obtain a VPR for the on-hand quantities at both the CDC and commissary to expedite selling the deleted items.

**4-18. TYPES OF SUBSISTENCE INVENTORIES.** All inventories will be performed as prescribed by DeCAD 40-21, Accountability for Commissary Resale Merchandise. Documentation for determining the status of the account based on an accountability inventory will be processed IAW DeCAD 70-6. The allowable variance between accountability inventories is two-tenths of 1 percent. This allowance percentage covers unidentifiable gains and losses to the CDC VRGC account. The following types of inventories apply to CDC operations:

a. Formal Subsistence Accountability Inventory.

(1) Performed annually between January and August, with the exception of DeCA Europe. DeCA Europe CDCs operating with WMS and performing cyclic inventories that had a successful accountable inventory may be authorized to perform their accountable inventory once every 3 years. The CDCs who fall under this category will need to have written approval from HQ, Resource Management (RM) and from DeCA Europe omitting them from the annual requirement.

(2) Change of accountable or responsible officer(s).

(3) When directed by region or HQ.

b. Item quantity count inventory to confirm or adjust BOH. Using the WMS, cyclic inventories are performed daily. This adjusts the BOH and also generates a report that shows the dollar amounts adjusted in DIBS. This dollar adjustment is rolled up and a manual adjustment is made to the book inventory monthly.

c. Inventory of consumable supplies and standby equipment inventories.

d. Item Management. The perpetual inventory maintained by the system (in case counts) will be spot checked on a cyclic basis and adjustments made to the system BOH as required. When BOH adjustments are made, the VRGC monetary totals will not be changed.

e. Cyclic inventories are performed to keep an accurate inventory balance of each product carried by the CDC. An accurate balance for each product on hand is needed to maintain the CDC's stockage objective and provide accurate accountability. Cyclic inventories ensure the correct amount of product will be on hand for issue and will ensure accurate ordering. When the BOH for a product is found to be incorrect, a BOH adjustment must be made. The minimum requirement under WMS is to complete a cyclic count on prime locations once per year and to use audit checks to complete reserve locations. It is recommended a cyclic count for the entire CDC with DIBS be accomplished every quarter over a 12-week period. CDCs that use DIBS should be conducting weekly cyclic inventories. CDCs using WMS require some cyclic counts daily, i.e., warehouse denials and wave shortages. Under the WMS system, complete turns of warehouse prime locations occur every 6 months. Reserve locations are done by audit which confirms that the LPN or LPNs are in the locations shown in the system. This is based on the DeCA/Europe cycle count program that was created after WMS was put into place in the CDCs. This process has been approved by DeCA Europe and Headquarters Resource Management. All data pertaining to the cycle counts are maintained from the date of the last inventory until the next inventory, with the exception of the YPWM89 Report which is a DIBS report. CDCs will keep 15 months of cyclic inventory records filed.

The three most recent months will stay active, while the preceding 12 months will be kept inactive. The documentation will be discarded once each record has been reserved on file for the 15-month period.

**4-19. VOLUNTARY PRICE REDUCTION PROCEDURES.** The voluntary price reduction promotions will be approved by the region for those warehouse stocked items. The mandatory promotions directed by region will be IAW the instructions from HQ. DeCA Europe will provide the CDC warehouse manager/commissaries with the information and instructions about each particular VPR to include price and timeframe (length) of VPR.

a. VPRs should be written by vendors at the CDC on slow moving overstocked merchandise, distressed, and short coded items. Writing VPRs at the CDC level ensures all commissaries get the price reduction. In some circumstances, it may be necessary for a vendor to write store level VPRs to reduce overstocked items after promotion periods, short expiration dates, or to meet special pricing requirements.

b. When the last of the VPR quantities are shipped to a commissary, the system's identification for the items will be removed by the system at the warehouse. A normal price change will be identified by the system on the shipping label.

c. When there is a price change as a result of a vendor's count and pay offer, DIBS will produce a report for the item showing the BOH which will be checked against the actual quantity in the storage area. The vendor will then prepare a check for the count, pay the difference, and be provided a signed copy of this printout as their record copy. For more information on VPRs, see DeCAD 70-6.

d. Credits not supported by checks within 30 days will be sent to the Resale Accounting Division (RMCA)/ACBU or deducted from the vendor's next payment. VCMs must have the signature of the vendor representative to be valid.

e. Checks will not be accepted if credits have been sent to the region for deduction. Checks will be deposited on a DD Form 1131, Cash Collection Voucher.

**4-20. PROCESSING SALVAGED AND DAMAGED ITEMS.** Warehouse damaged, but saleable items, will be offered to designated commissaries at a standard percentage of price reduction not to exceed 50 percent. Salvaged item(s) quantities at the warehouse, caused by the day-to-day operation, will not count toward their +/- .2 percent accountability gain/loss tolerance, and will be posted to the CDC's account as a credit via Inventory Adjustment Monetary Account (DD Form 708). For management purposes, the amount of salvage will be formally recorded, capturing a 24-month historical record to determine the amount of salvage being experienced in warehousing operations. Edible and non-edible merchandise will be processed on separate DD Forms 708. For more information on salvage, see DeCAD 70-6.

**4-21. PRICING.** The centralizing of merchandising will facilitate region-wide central pricing. The region will be equipped with the means to pass the pricing information to the commissaries electronically.

a. For processing VCM price changes for count-and-pay offer VPRs, follow the procedures in DeCAD 70-6 or the Far East Functional User's Manual (FUM).

b. The system interface between the commissaries and warehouse, by dedicated line, will permit the ordering of items automatically based on a preset time schedule.

c. Inter-transfer of stocks from the CDC warehouse to the commissary will be by unit price. The shipping documents will list the items by quantity (cases), unit price, and grand total of the billing/shipping documentation. The nomenclature of the item(s) and brand name, etc., will also be

included on the document. The shipping document will be forwarded to the ACS/ACBU for posting to the VRGC. The commissary VRGC will be debited; the warehouse VRGC will be credited.

d. DIBS will generate a consolidated net "debit" and a "credit" dollar amount entry to be used to post the warehouse VRGC at the supporting ACS/ACBU. This data will be transmitted to the ACS/ACBU on a daily or as directed basis for use by the ACS/ACBU. Accounting and Inventory Management System (AIMS) generates a perpetual record of block assignment numbers for posting to the warehouse VRGC for each day's submission. AIMS generates a perpetual block assignment to the commissary VRGC for each day's entries.

## CHAPTER 5

### PERSONNEL MANAGEMENT AND WORK SCHEDULING

**5-1. GENERAL.** The personnel to staff the CDC warehouse will be obtained from the manning document authorization of the commissaries to be supported. Transfer-of-functions and/or reduction-in-force, as appropriate, will be handled through normal personnel procedures. The number of personnel required to perform the workload and to staff the designated work schedules must be considered when staffing the CDC.

**5-2. RESPONSIBILITY.** The region will work with HQ DeCA Human Resources (HR) to prepare those job descriptions that are nonstandard or that need to be addressed from a revision point-of-view for these positions. HR will assist the region in finalizing the job descriptions for the CDC. The CDC manager will be responsible for determining the work schedules required to operate the CDC in an efficient and effective manner.

**5-3. WORK SCHEDULING.** If necessary, the warehouse personnel cycle counters, accounting personnel, and the transportation clerk/shipment planner will be scheduled on a 6-day work shift to allow for pulling and shipping to a commissary open 6 or 7 days a week, as appropriate. To keep from working a 7-day shift, the store director will use a RFHHT for ordering additional quantities for Saturday and Sunday requirements or a combination of Friday and Saturday requirements, whichever may be the case.

a. For truck drivers, hours of service (HOS) driving limits will be in compliance with the Department of Transportation (DOT), Federal Motor Carrier Safety Administration (FMCAA) criteria (Title 49 CFR, Part 395) or the Host Nation's criteria. Basic provisions of the current DOT FMCAA criteria state that truck operators can drive up to 11 hours in a single workday after 10 consecutive hours off duty; and can drive up to 60 hours in a 7-day period or 70 hours in an 8-day period, but they may "restart" these 7 or 8 day calculations after 34 or more consecutive hours off duty. (See DeCAD 30-17, for additional information.)

b. If a two-shift operation is necessary, the CDC manager will schedule the personnel as necessary to accomplish the workload. A third shift, to allow for up to a 24-hour operation, will not normally be required but should be used when the workload justifies the requirement.

c. If required to ship on Saturday to those commissaries that operate 6-7 days each week, the transportation section should be scheduled on a split week shift if the workload justifies it in order to assist the weekend work shift.

d. The inventory control and requirements section personnel will be scheduled to accomplish their workload. Any workload required on weekends may be handled by rescheduling full-time CDC management office personnel or a combination of full-time and part-time personnel to accomplish the administrative workload.

e. Where possible, the CDC warehouse manager will pursue the possibility of scheduling part-time warehouse personnel for the weekend workload who will be supervised by experienced warehouse supervisory personnel.

f. If a 6-day work schedule is required by the warehouse to support commissaries that are open 6 or 7 days each week, the warehouse will schedule the supervisory personnel to cover all shifts that will be in-place. Where feasible, the warehouse leader(s) may be scheduled to work the early and late shifts as well as those shifts on Saturday or Sunday. One higher grade supervisor or work leader should be scheduled to oversee the total operation outside the normal duty hours of 0800-1700.

g. Management will use established workload performance requirements to prepare the performance standards for warehouse personnel.

**5-4. INVENTORY CONTROL/REQUIREMENTS SECTION.** This section will be staffed with positions which will support the requirements of keeping all necessary records in support of the CDC account.

a. To cover the workload required in this section, personnel may be required to work overlapping shifts. The start-up of the warehouse should have some personnel of this section on overlapping shifts reporting at times determined by the CDC manager.

b. This section must work closely with their region counterparts to ensure the administrative responsibilities are performed in a correct and timely manner.

c. The section supervisor will ensure all necessary receiving documentation authorizations are provided to the warehouse foreman in a timely manner. This will require that the supervisor visit the warehouse receiving office on a daily basis to ensure the paperwork is being properly processed. An additional employee in the section will be designated to pick-up the completed receiving documents from the receiving document lock box at scheduled times throughout the day.

## CHAPTER 6

### TRAFFIC MANAGEMENT AND DELIVERING

#### 6-1. OUTBOUND TRAFFIC. Trailer control and loading procedures.

##### a. Traffic management requirements.

(1) The transportation manager will determine the requirement for number of trailers, size requirements, etc., and will coordinate scheduling of trailers for each day's requirements.

(2) The transportation section will control the receipt scheduling and stationing of vendors' delivery trucks and warehouse shipping trailers.

(3) The transportation section should take into consideration the scheduling of backhauls so they do not arrive on days having a limited workforce.

(4) Vehicles that are used to move subsistence fall under the provisions (terms, rates, and conditions) set forth in commercial tenders of service, which stipulate conveyances will be clean, free of trash, oil, or other debris, and that if in sub-standard condition, they will be rejected. These sanitation provisions hold true whether the container is government owned or a commercial carrier.

(5) The CDC transportation section will provide the delivery drivers with name(s) and phone number(s) of the warehouse personnel to call in case of a truck breakdown or traffic delays, etc.

(6) U.S. Forces cargo in the custody of a carrier or contract driver is legally responsible/liable for the cargo. Tenders of service contain provisions for liability and claims procedures. Drivers employed by DeCA will be responsible for the shipment once the vehicle has departed the warehouse. The driver will be present when his/her vehicle is loaded. Seals will be affixed and recorded in a logbook and/or padlocks can be used (keys will be stationed at the CDC and commissary).

(7) Drivers employed by DeCA and contract drivers will deliver all accompanying paperwork to the supported commissary (i.e., pull document, if available, and Transportation Control Movement Document [TCMD]) to the commissary delivery points. On multi stop-offs, a new seal will be affixed and recorded by the commissary when off-loading is complete.

b. Other drivers will depart the CDC with a military freight warrant (bill of lading), a WMS generated Trailer Load Report, and customs clearance documentation, if applicable. Drivers/the carrier are not responsible for returning military freight warrants to the CDC and there is no requirement for this documentation to be returned, as copy 5 is already retained by the Transportation Section at the time of preparation. Rather, copy 2 (consignee's copy) is to be retained by the commissary. Distribution of copies is clearly identified on the form. Responsibility for acknowledging receipt of/signing for the load rests with the commissary as there is a block at the bottom to be completed by the consignee. Customs clearance documents are returned by host nation customs authorities in the destination country or supporting transportation office once all clearance processing has been completed, and the commissary retains the Trailer Load Report. On multiple stop-offs, a new seal will be affixed and recorded by the commissary when off-loading is complete.

6-2. **BACKHAULING REQUIREMENTS.** When commissaries have a need to ship back pallets and other items such as commissary excess stock, the commissary will submit a request to the CDC transportation section, IAW locally developed procedures. The items and quantities of

subsistence products to be returned to the CDC will be listed on DeCAF 70-20, Subsistence Request for Issue or Turn-in (reference DeCAD 70-6). Credit will not be given for pallets. Damaged pallets which cannot be reused will be disposed of as directed by the CDCs.

a. It will be the responsibility of the CDC manager and/or Chief, DOM to approve subsistence returns and to ensure the returned items are entered into the system's inventory at the current price in effect. The commissary will take credit only for the price in effect at the commissary the day the items were shipped.

b. When the commissary has something to be shipped to the warehouse, the notification to the CDC will be by e-mail or TELECOM. For DeCA West CDCs with their own drivers, when the commissary has something to be shipped to the warehouse, the notification to the CDC will be by e-mail or TELECOM. However, backhauling for pallets will be on a predetermined basis for scheduling of normal truck deliveries and pick-ups. Before the driver departs the CDC warehouse, the CDC traffic manager will notify the driver of what shipments can be expected to be backhauled to the warehouse (other than pallets) and whether pick-up should be returned the same day or the next day when the trailer is positioned for reloading.

c. For DeCA Europe and DeCA West with contract drivers, the "predetermined" basis for scheduling backhauls of empty pallets is as a result of advance coordination between the traffic manager, the commissary, and the carrier. Once coordinated, these services are typically performed in conjunction with deliveries from the CDC to the commissary. Coordination is made between the traffic manager and the carrier, who, in turn, is responsible for issuing instructions to their drivers as well as fleet management of their assets, such as determining if a conveyance returning a load of empty pallets will indeed be used for a subsequent reload or depart empty upon offload of the backhaul.

## APPENDIX A

### ACRONYMS

ACBU	Account Control Business Unit
ACS	Account Control Section
AIMS	Accounting and Inventory Management System
BDO	blanket delivery order
BPA	blanket purchase agreement
BOH	balance-on-hand
CDC	central distribution center
DeCA	Defense Commissary Agency
DeCAD	Defense Commissary Agency Directive
DeCAF	Defense Commissary Agency Form
DIBS	DeCA Interactive Business System
DODAAC	Department of Defense activity address code
DOM	Director of Marketing
DOORS	DeCA Overseas Ordering and Receiving System
DOT	Department of Transportation
EDI	electronic data interface
FIFO	first-in, first-out
FMCAA	Federal Motor Carrier Safety Administration
FOB	Freight-on-Board
FUM	Functional User's Manual
GPC	government purchase card
HOS	hours of service
HQ	Headquarters
HR	Human Resources

IAW	in accordance with
IBS	Integrated Booking System
IMC	Internal Management Control
LPN	license plate number
MHE	material handling equipment
MBU	marketing business unit
MOU	memorandum of understanding
NIS	not-in-stock
NSN	National Stock Number
OCONUS	Outside the Continental United States
OOP	Overseas Ordering Point
OPP	Overseas Processing Point
OSHA	Occupational Safety and Health Act
OSS	Overseas Subsistence Support
OST	Order Ship Time
→ OTB	one-time buy ←
PC	personal computer
PEL	Price-Extended List
PIT	Powered Industrial Truck
PkMS	Pick Ticket Management System
RFHHT	radio frequency hand held terminal
RM	Resource Management
RMCA	Resale Accounting Division
ROD	Report of Discrepancy
ROL	Region Order List
ROR	Requisition Order Receipt

RSL	Region Stock List
RSUL	Requisition Status Update List
SAL	Summary Audit Log
TCMD	Transportation Control Movement Document
TELECOM	telecommunications
TMO	Traffic Management Office
UPC	Universal Product Code
WMS	Warehouse Management System
VCM	Vendor Credit Memorandum
VPR	Voluntary Price Reduction
VRGC	Voucher Register General Control

## APPENDIX B

### DEFINITIONS

Uniform terminology is basic to the mutual understanding of words and phrases used by any group of individuals engaged in a common activity. To provide this understanding and to facilitate the training of all personnel, the following explanation of terms is provided:

**aisles** - Any passageway in a storage area.

**bay** - Designated area within a section of a storage area, outlined by marking on columns, posts, or floor. Normally, a specific area within a section such as 20' x 20' squares.

**BOL** - Balance-on-hand term applies to the quantity of an item (subsistence or operating supplies) that is in stock for use by the commissary.

**bill of lading** - A document by which a transportation line acknowledges the receipt of freight and contracts for its movement.

**bulk storage** - Storage in a warehouse of supplies and merchandise in large quantities, usually in original containers, as distinguished from bin storage.

**carrier** - A railroad car, motor truck, ship, airplane, or other vehicle used for transporting merchandise. Sometimes used to denote an entire rail, trucking, shipping, or air transport system.

**Commodity** - A specific grouping of items of the same general description.

**common carrier** - A commercial transportation medium for delivery of merchandise from one destination to another.

**Cube** - Cube expresses volume and is the product of length x width x depth.

**demurrage** - A monetary assessment against the shipper or consignee as a penalty for the detention of common carrier equipment beyond the period of free time allowed for loading or unloading.

**Detention** - The delay of a carrier, which causes a detention charge to be applied when applicable. The carrier is delayed beyond the allowable time limit for unloading the vehicle.

**deterioration** - Any impairment of quality, value, or usefulness. Includes damage caused by erosion, corrosion, combustion, and contamination.

**freight** - In the United States, a class name for all merchandise, products, or commodities shipped by rail, water, highway, or air, other than baggage, express and mail.

**inventory** - A physical count of items located within a storage area.

**layout** - The detailed, planned arrangement of space for storage, aisles, or other necessary use.

**line item** - A single item separately identified, not limited by quantity. Also, unit of work based upon a one-line entry on a purchase order, bill of lading, or other documents.

**loading platform** - A flat surface to facilitate loading, usually erected alongside a warehouse at the approximate level of a railcar or truck floor.

**material handling equipment (MHE)** - Forklift trucks, towing tractors, pallet trucks, platform trucks, warehousing trailers, conveyors, and other devices used in storage and handling operations.

**net weight** - The weight of the contents, not including the container (gross, less tare).

**nomenclature** - Set or system of official names or titles given to items of material and equipment.

**pallet** - A low portable platform made of wood or metal on which material is stacked to facilitate handling, storing, or transporting merchandise with manual or mechanical materials handling equipment.

**perishable** - Items that deteriorate readily if not properly treated or refrigerated.

**powered industrial truck (PIT)** - PIT is the OSHA terminology that is interchangeable with the commonly used term "powered material handling equipment." PIT includes fork trucks (forklifts), motorized hand trucks, platform lift trucks, and other specialized industrial trucks powered by electric motors or internal combustion engines.

**receiving documents** - Completed purchase orders with attached bill of lading and packing list.

**SAL** - Summary Audit Log that is used in DOSS and R-DIBS to record debit and credit documents for each commissary/CDC department. This is an automated document that prints out as required.

**security** - Protection of supplies, or supply establishments, against fire and theft.

**Semi-perishables** - Items which do not spoil or deteriorate rapidly.

**shipping containers** - Any exterior container, which may be used for shipment of products.

**stack** - Arrange merchandise in an orderly and compact manner.

**storage** - The act of storing or placing of property in a warehouse or open area. Storage is a continuation of the receiving operation and is preliminary to the shipping or issuing operation.

**storing** - The orderly arranging of supplies in storage.

**TELECOM** - Communications.

**tie** - Number of cartons to a layer of a pallet load.

**tier** - Number of cases high to the pallet load.

**UPC** - Universal Product Code.

**VCN** - Vendor Credit Memorandum is a document signed by the vendor that is used to receive inventory credit and monies owed to DeCA from the vendor for merchandise that is either reduced, damaged, or shorted, etc.

**VPR** - Voluntary Price Reduction is an action taken by the vendor to reduce the prices of items ordered or already in stock at the commissary/CDC. The vendor renders a check with the VPR document or the amount is subtracted from the next invoice from that vendor.

**VRGC** - The Voucher Register and General Control document that is used to record the commissary and CDC book inventories by department.

**APPENDIX C****INVENTORY PROCEDURES**

**1. Physical Inventory.** A "wall-to-wall" accountability inventory for CDCs under DIBS operations will be performed each year anytime during the period of January – August. CDCs under WMS currently fall into a 2- or 3-year timeframe to conduct annual inventories, but this is subject to change based on success of the cyclic program. Results of these inventories are also used to update the perpetual inventory field. The region director will establish the inventory date and notify the supporting ACS IAW DeCAD 70-6.

**2. Physical Inventory Procedures.**

a. The region will generate a physical inventory count list, with both picking and nonpicking slot numbers in ascending alpha/numeric sequence to allow for a wall-to-wall count routine. A warehouse section number is also included to allow for separation of the physical inventory count list by section for distribution to count teams. The CDC manager will maintain a copy of the locator number control listing and enter catalog number changes as they occur. The listings are used, one in locator sequence, the other in catalog number sequence.

b. In preparation for physical inventory counts, the catalog numbers of items stored in each slot will be verified against the locator number control and physical inventory count list prior to the inventory count day. Any discrepancies found or any items which do not appear on the count list must be encoded into the ACS system to ensure all items in the warehouse will be on the actual inventory count list. Failure to do so can result in an inaccurate inventory.

**3. Preparation For Inventory.**

a. Twenty-eight days prior to the inventory - reemphasize proper storage practices. Slotted merchandise will be checked/restored to ensure each pallet tie is correct and any honeycombing corrected. DIBS is capable of producing item labels for the warehouse to be placed on the case for accountability inventory purposes. Replace and verify damaged or lost overflow tags and identify like merchandise in the overflow area. Reschedule key personnel to assist on inventory count teams.

b. Fourteen days prior to the inventory - notify vendors and truckers of delivery schedule and closure dates. Notify personnel of revised work schedule.

c. Five days prior to the inventory - ensure that all saleable, damaged merchandise is moved into the rework area and issued to the commissaries.

d. Twenty-four hours prior to the inventory - all CDC receipt papers for all merchandise received prior to the inventory are to be coded and passed to the supporting RMCA/Inventory Management/Inventory Integrity Office/ACBU for processing. Last issues to supported commissaries are to be completed and these credit documents processed to the supporting RMCA/Inventory Management/Inventory Integrity Office /Accounting Commissary Business Unit (ACBU). Ensure all merchandise is positioned in an accountable locator slot.

e. Prior to the inventory - assign inventory count teams. Ensure a supply of pencils, pens, tape, and clipboards are available. Regional data services obtain inventory listings (two copies) of warehoused items in location sequence. All CDC personnel will check merchandise to ensure pallets are leveled and damaged merchandise has been removed. CDC manager, assistant manager, and supervisors review warehouse stocking to ensure the CDC is prepared for inventory.

f. Inventory day - assemble inventory teams for final instructions, stressing the need for accuracy and legibility. Wall-to-wall inventory requires counting of all items in each bay in sequence. Bay counts for each item are compiled when the inventory has been completed.

g. The inventory will be a two-count system. One team will conduct the first count using the automated count sheets or RFHHTs. A second team will conduct the second count using a separate automated set of count sheets or RFHHTs. In no instance will the same person conduct both the first and second counts for the identical inventory sheets. As counts are completed, they will be turned in to the reconciling team. The reconciliation team will accomplish reconciliation using two people by comparing the first count to the second count, a third count will be conducted, and the final count will be determined. Completed final count sheets are then passed to data services for encoding processing and reporting to the CDC manager. The CDC manager, supervisor, and leaders will closely monitor the overall inventory procedures. See DeCAD 40-21, Accountability for Commissary Resale Merchandise, for additional guidance on inventory requirements.

## APPENDIX D

### RECEIVING PROCEDURES

1. The importance of maintaining a creditable receiving process cannot be over emphasized. Receiving of inbound merchandise represents the start of the accountability cycle. If handled improperly, receiving can result in inventory loss, as well as greater operating costs. As a function of the distribution element, it is the CDC manager's direct responsibility to ensure that the receiving process is followed explicitly.
2. OCONUS inbound receipts of merchandise at the warehouse are handled as follows:
  - a. Discrepancies in shipments need to be annotated on receiving documents before being signed. If the physical receipt differs in quantity or damages exist, this condition is noted on the delivery receipt and the driver is required to sign the exception.
  - b. The receipt process includes a comparison of: (1) physical receipt, (2) vendor's packing slip, (3) purchase order, (4) inspection report, and (5) receiving log. Discrepancies are noted on the purchase order for overages, shortages, and damaged items. The CDC manager, or his designated representative, will verify all discrepancies and on a random basis, quality-check deliveries.
  - c. Under PkMS, the receiver completes the slot control label and affixes it to the bottom right hand case of the pallet, and moves merchandise to a temporary holding/storing area prior to being positioned in storage. The slot control label provides the warehouseman with proper slot information for positioning in the distribution center.
  - d. Controlled delivery will provide the distribution center with the opportunity to manage the delivery volume. An acceptable industry practice is for carriers to make appointments to deliver merchandise 24 to 48 hours in advance. The schedule is controlled by the CDC to ensure that a back-up condition does not occur and the delivery/receipt load is equalized on a day-to-day basis through the week.
  - e. As a general policy, the carrier provides "door-to-door" (port to CDC) delivery from the port of entry into the OCONUS operations. All incoming merchandise should be palletized by the manufacturer/distributor unless specified differently by contract. When a container arrives that is not palletized, the products should be received and the container reported to the region chief of merchandising and the OPP at HQ.
  - f. All items will be 100 percent quality checked by the receiving personnel and receiving supervisors shall spot check and verify receipt. WMS validates if discrepancies are noted. A supervisor will then perform a manual check and perform any changes.
  - g. Over shipments and items substituted for ordered items may not be received without the approval of the chief, merchandising branch of the region. If approved, the merchandise must be properly received to maintain inventory integrity. It should be noted that substitutions will be rejected by the system, as these items will not exist in the open purchase order file. They will only be accepted due to an emergency need. They will have to be added to the file after the fact and prior to breaking out to a commissary. This practice normally results in inventory integrity problems.
  - h. Shipping instructions, FOB origin or FOB destination, determines ownership in the event of damage or loss and also determines who is responsible for filing the claim.

(1) For merchandise shipped FOB origin, the shipper is relieved of responsibility when the carrier picks up merchandise from the shipper. Shortages and damages must be noted on the delivery receipt. Concealed damages must be reported to carrier within 10 days. The commissary is obligated to honor the shipper's invoice for merchandise turned over to the carrier and for filing a claim with the carrier for the loss.

(2) For merchandise shipped FOB destination, title passes at time of delivery and the shipper is responsible for filing all claims with the carrier. The commissary's responsibility is limited to properly documenting the loss or damage in conjunction with the shipper with copies of delivery receipts noting exception, inspection report, etc.

i. In all instances, the CDC in the receiving process must adhere to the following procedures:

(1) Sign the delivery receipt after ensuring that it contains the date, noted exceptions for shortages and/or damages, and the carrier's signature.

(2) File any claim in a timely manner with the carrier for losses incurred in FOB origin deliveries, or inform vendor of losses in the event of an FOB destination shipment.

## APPENDIX E

## SAMPLE – CDC SUPPLY LIST ORDER DOCUMENT

Exhibit (1) - Common Miscellaneous Operating Supplies.					
LINE ITEM #	ITEM DESCRIPTION	BOH	ON ORDER DUE IN	STOCKAGE OBJECTIVE	NEW ORDER
0001	APRON, DISPOSABLE, PLASTIC, BIB STYLE, WHITE. MINIMUM OF 2.0 MIL THICKNESS. PERMISSIBLE VARIANCE IS PLUS OR MINUS 1 INCH. 28 INCHES W X 45 INCHES L.				
0001AA	Apron, Disposable				
0002	APRON, MESH, STAINLESS STEEL, STOMACH STYLE, WITH NYLON NECK AND BACK STRAPS.				
0002AA	Apron, Mesh, 21" X 18"				
0003	APRON, YELLOW, HEAVY GRADE SOLID NITRILE WITH NICKEL-PLATED BRASS WAIST GROMMETS, 24 INCH HEAVY COTTON ROPE TIES. EDGES SHALL BE SEWN WITH HEAVY DUTY NYLON THREAD. APRON SHALL HAVE ADJUSTABLE NECK STRAP WITH RELEASE SNAPS ON THE BIB; PERMISSIBLE VARIANCE IS PLUS OR MINUS 1 INCH. 35"W - 45 "L.				
0003AA	Apron, Extra Thick				
0004	BAG, DELI, "SADDLE PACKED", STOCK PRINTED WITH "DELI", TRANSLUCENT, GREASE-PROOF, HIGH DENSITY POLYETHYLENE. FILM SHALL BE A MINIMUM OF .6 MIL THICKNESS. MATERIALS USED IN THE BAGS SHALL CONFORM TO THE FEDERAL FOOD, DRUG AND COSMETIC ACT FOR USE IN DIRECT CONTACT WITH FOOD. PERMISSIBLE VARIANCE IS PLUS OR MINUS 1/2 INCH. SADDLE PACKS CONSIST OF 200 BAGS STAPLED TOGETHER AND PERFORATED. (10 SADDLE PACKS OF 200 DELI BAGS).				
0004AA	Bag, "DELI", Saddled Pack, 8 1/2"L X 8 1/2"W				
0004AB	Bag, "DELI", Saddled Pack, 10 1/2"L X 9 1/2"W				
0005	BAG, DELI, "SADDLE PACKED", ZIP-LOCK CLOSURE, STOCK PRINTED WITH "DELI", TRANSLUCENT, GREASE-PROOF, LOW DENSITY, POLYETHYLENE. FILM SHALL BE A MINIMUM OF 1.0 MIL THICKNESS. MATERIALS USED IN THE BAGS SHALL CONFORM TO THE FEDERAL FOOD, DRUG AND COSMETIC ACT FOR USE IN DIRECT CONTACT WITH FOOD. PERMISSIBLE VARIANCE IS PLUS OR MINUS 1/2 INCH.				
0005AA	Bag, "DELI", Saddled Pack, Zip Lock, 10 1/2"L X 8"W				
0006	BAG, BAKERY, HIGH CLARITY, LOW DENSITY POLYETHYLENE, UNPRINTED. MATERIALS USED IN THE BAGS SHALL CONFORM TO THE FEDERAL FOOD, DRUG, AND COSMETIC ACT FOR USE IN DIRECT CONTACT WITH FOOD. PERMISSIBLE VARIANCE IS PLUS OR MINUS 1/2 INCH.				
0006AA	Bag, Bakery, Low Density Polyethylene, 14"L X 10"W X 4" Side Gusset				