DEPARTMENT OF THE NAVY
NAVAL SEA SYSTEMS COMMAND
WASHINGTON, D.C. 20362

IN REPLY REFER TO

NAVSEAINST 10200.1
Ser 0703/21

8 Feb 85

NAVSEA INSTRUCTION 10200.1

From: Commander, Naval Sea Systems Command

Subj: POLICY AND PROCEDURES GOVERNING TOOL CONTROL

Ref: (a) NAVMATINST 10290.2B of 1 Jul 1977; Subj: Policy Governing Tool Control Procedures
(b) CMMI 751.1
(c) NAVSEAINST 5530.1 of 26 Nov 1981; Subj: Naval Sea Systems Command M-L-S-R Procedures Manual
(d) DODINST 4140.5, Local Purchase of Material from General Administration Store Depots, 9 Feb 1961.
(e) DODINST 4140.14, Local Purchase of Material from Federal Supply Schedules or the National Buying Program of the General Services Administration, 17 Apr 1962.

Encl: (1) Actions Required Of All Addressees
(2) Additional Actions Required By Naval Shipyards

1. Purpose

a. To designate the Management Systems Support Division (MSSD), Code 148, Portsmouth Naval Shipyard, as Program Manager for NAVSEA Tool Control.

b. To implement reference (a) which establishes policy and guidelines in governing tool control procedures.

c. To emphasize employee accountability for tools and to cite specific actions to be taken when an employee reports lost, stolen, or damaged tools.

2. Cancellation. This instruction supersedes and cancels NAVSEAINST 10290.2B of 20 August 1980 and NAVSEAINST 10290.3A of 21 September 1977. Report symbols NAVSEA 10290-1A1 through 10290-1I3 are also cancelled.

3. Scope. The provisions of this instruction are applicable to all Naval Weapon Stations, all Naval Ordnance Stations, the Naval Undersea Warfare Engineering Station, the Naval Ship Weapon Systems Engineering Station, the Naval Weapons Support Center and all Naval Shipyards. This instruction applies to all tools and TMDE, as defined in paragraph 4, that are used in the industrial environment.

4. Definitions. Many of the terms used in this instruction have various connotations and colloquial inferences depending upon the conditions under which used. Accordingly, the following definitions are provided for the purpose of this instruction:

a. Loose and Hand Tools. These terms include all common tools normally held and propelled by hand, such as screwdrivers, files, wrenches, hammers, and pliers; measuring instruments, such as tapes, protractors, rules, levels, and gage blocks; plus loose tools propelled by power, such as gear cutters, hobs, milling cutters, boring tools and the like.

b. Portable Power Tools. These tools can be hand held or supported by jigs, fixtures, or mechanical holding devices. The prime requirement is that they are both portable and propelled by power. Portability usually denotes hand carry, but in some cases cranes, rigging service and vehicular transportation are required. Source of power is normally compressed air or electric current; however, any extraneous source of power, such as gasoline, carbon dioxide, explosive cartridges, propane, hydraulic pressure, etc., may be employed. The major portion of this tooling category consists of electric or air-driven drills, grinders, nut runners, chipping hammers, planes, saws, routers, sanders, etc.

c. Test, Measurement and Diagnostic Equipment (TMDE). Any device that is used to measure, calibrate, gauge, test, inspect, diagnose, or otherwise examine materials, supplies and equipment to determine compliance with requirements established in technical documents.

d. Special Purpose Tools and Special Support Equipment. These tools are either made special from drawings, sketches or prints or are converted from standard "off the shelf" tools that are intended for a specialized operation only. They cannot be employed as standard tools nor used for other applications.

e. Tool. A generalized term referring to loose and hand tools; portable power tools; and special purpose tools and special support equipment.

f. Tool Control. A system employed by industrial activities through which effective control can be exercised over the advance planning, procurement, stocking, dispensing, surveillance, retrieval, maintenance and disposal of tools.

g. Toolroom. The term "Toolroom" refers to those functions of the central tool shop relating to the overall administration of the tool cribs, including the planning, budgeting, ordering, provision and maintenance of tools.

h. Tool Crib. Those areas set aside for the purpose of dispensing and retrieving tools for use by industrial workers are normally referred to as "tool cribs." These areas include, but are not limited to, entire permanent buildings, temporary buildings, vehicle mounted structures, portable enclosures and partial sections of buildings or barges. The primary function of the tool crib is to provide a readily accessible facility from which the issue and return of tools may be transacted by the work force. Minor tool maintenance operations, such as drill pointing, web thinning, chisel sharpening, etc., may be accomplished within this area.

i. Missing. A missing item is one that is not in its proper location or cannot readily be accounted for. An item is determined to be missing when:

(1) Searches by the responsible personnel have been completed without success; and

(2) The incident has been reported to the supervisor for action.

j. Lost. A lost item is one that absolutely cannot be accounted for and has been surveyed or otherwise properly removed from accountability, after thorough investigation of the circumstances.

k. Stolen. A stolen item is one that is unaccounted for and evidence indicates suspected or actual theft; or other related criminal activity is suspected, alleged, indicated, or known.

l. Recovered. A recovered item is material that is found; is gained by inventory; or is recovered after previously being reported as missing, lost or stolen.

m. Value. The measurement of government property value for tool control purposes is the latest acquisition cost of the tool.

5. Discussion

a. Naval activities provide certain government-owned tools to their employees for the accomplishment of official day-to-day work. Since these tools represent a very large investment, strict accountability for each tool from acquisition through final disposal is mandatory to ensure that these productive assets are available, maintained in ready-for-use condition and properly utilized at all times.

b. Employees are required to exercise reasonable care of government-owned tools in their possession. Disciplinary action is appropriate when employees are negligent or disregard established procedures. Appropriate disciplinary action can reduce tool losses. To be effective, there must be no doubt that management is serious about controlling tool losses and will take action against employees who are negligent. Reference (b) is the Civilian Manpower Management Instruction (CMMI) which implements Chapter 751 of the Federal Personnel Manual. It outlines the proper procedures for disciplining government employees. Reference (c) discusses missing, lost, stolen and recovered (M-L-S-R) government property. It also contains information on proper disciplinary actions. Both instructions are available in the Industrial Relations Office at each activity and appropriate excerpts should be made available in every production shop for easy reference.

c. An important aspect of loss prevention is physical security. Tool cribs that are not physically secure present an opportunity for tool pilferage. Tool cribs that are kept locked and limit access to only authorized tool control employees can significantly reduce tool losses. Physical security is also important to safeguard tool control records and data communication terminals. If unauthorized persons have access to tool cribs and the central toolroom, records can be tampered with and the validity of the data becomes questionable. Another aspect of physical security is the proper identification of government-owned tools. The marking of tools serves both as a deterrent to theft and aids in the recovery of missing tools.

d. Accurate information is the cornerstone of all sound business decisions. In tool control an accurate inventory of government-owned tools is probably the most important piece of information available to management. Accurate inventory information, with complete and current pricing, allows management to make better decisions involving inventory size, procurement, budgeting and loss control. With accurate inventory information trends can be identified and acted upon. It is, therefore, necessary to conduct periodic inventories of government-owned tools to reconcile the tool control records.

e. References (d) and (e) require maximum use of Federal Supply Schedules and GSA central procurement sources. Use of GSA or Federal Supply Schedule sources normally result in lower costs than locally purchased tools. Accurate inventories and proper planning reduce the need for local purchase.

f. There are certain areas of industrial work where the use of personally-owned tools or test and measuring devices is highly desirable. In nuclear power plant work, the use of such tools is undesirable because of radiological considerations. With respect to the test and measuring devices, use of personally-owned equipment is not desirable, because they are very difficult to include in local calibration systems.

g. Evaluations of tool control programs have shown that those activities that have tool coordinators have better control over their tools. Shop tool coordinators act as the liaison between their shop and Central Tool Shop, the Production Department and the Security office for tool control matters. They monitor delinquent and missing tool reports and initiate follow-up action when needed. Activity tool coordinators work with the shop tool coordinators and NAVSEA to assure the day-to-day operation of the tool control program runs smoothly and that appropriate actions are taken when necessary. The activity tool coordinator keeps the Central Tool Shop Head appraised of tool control matters and elevates problems for resolution.

6. Objectives. The objectives of tool control are:

a. To assure the proper tools are available, at the time they are needed, to allow government employees to perform their assigned tasks without delay.

b. To assure government-owned tools are properly accounted for.

7. Policy. It is NAVSEA policy:

a. That the head of the Central Tool Shop has the overall responsibility for the control of government-owned tools under the scope of this instruction.

b. That government-owned tools will be controlled and accounted for at all times.

c. To recover the cost of lost tools and to discipline employees who are responsible for tool losses due to negligence or non-compliance with established procedures.

d. That all government-owned tools and tool control record systems are kept physically secure and that access to these tools and records will be limited to authorized personnel. Additionally, all government-owned tools will be permanently marked as Navy property.

e. That individual activities conduct periodic inventories of all government-owned tools covered by this instruction and that the results be reconciled with the tool control records. Tool inventory records will include complete and current pricing data for each tool.

f. That all local purchase of tools be discontinued immediately except for cases of emergency that cannot be timely satisfied by the central supply system.

g. Use of personally-owned test and measuring devices is prohibited for all nuclear reactor plant work. Use of personally-owned hand tools is prohibited for all nuclear reactor plant work in which the use of such tools could result in the tools becoming radioactively contaminated. In the area of non-nuclear work, personally-owned test and measuring devices used to establish or confirm quality attributes of an end product are also prohibited.

8. Action

a. All addressees will take the actions outlined in enclosure (1).

b. In addition, all Naval Shipyards will take the actions outlined in enclosure (2) for tools used by the Production Department.

9. Report. Report Symbol NAVSEA 10200-1 is assigned to the ATCS reports and is approved for 3 years from the date of this instruction.

J.C. McArthur

J.C. McARTHUR
Deputy Commander for Industrial and Facility Management

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ACTIONS REQUIRED OF ALL ADDRESSEES

All addressees will:

1. Implement and utilize a tool control system that will continuously account for each tool from initial acquisition to final disposal. A formal record keeping system will be established and maintained to document inventory additions and deletions of tools costing $25.00 or more. Inventory additions will reference procurement documents, acquisition date, and, where applicable, Automated Tool Control System (ATCS) tool control and category numbers and date entered into the ATCS. Inventory deletions will be documented to show the nature of disposal, disposal date and, where applicable, ATCS tool control and category numbers and date deleted from ATCS. Inventory additions and deletions of tools costing less than $25.00 must be properly authorized but do not have to be included in the formal record-keeping system. The system must be able to track tool crib transactions such as tool check-outs and returns by authorized employees, tools transferred to repair and calibration facilities and transfers between tool cribs. Control must be maintained while tools are in transit between facilities. The system must be able to positively identify employees authorized to borrow tools as well as identify individual tools.

2. Construct tool cribs, central toolrooms and tool control centers in such a manner that all tools, tool control record systems and computer devices can be segregated from the general workforce. Tool cribs cannot share common facilities with other activities such as shop stores. Tool cribs and central toolrooms must be kept locked at all times and access limited to authorized personnel. Government-owned tools will be permanently marked to identify them as Navy or naval activity tools.

3. Establish and follow procedures to identify, investigate and recover missing tools. Missing tools should be reported in writing, with one copy being immediately sent to the activity security office for items covered by reference (c). The supervisor of the employee responsible for the missing tool, or a designated individual within that shop, will initiate an investigation on all serialized tool losses valued over $100.00 and will work with the security office to attempt to recover the missing tool. The initial investigation by the shop will be completed within ten working days of the date the tool was reported missing. The report will be submitted to the shop or office head for determination of further action. A suspense system will be established to track reports and ensure timely processing.

4. Keep records (date, description, value, circumstances) showing tool losses by employee. When an employee has lost tools with an aggregate value exceeding $200.00, within three consecutive months, the cognizant shop or office will initiate an investigation to determine if disciplinary action is

warranted. The cognizant shop or office will also investigate any losses that the shop or office head feels are of a suspicious nature. Disciplinary action, following references (b) and (c), will be initiated against any employee that is guilty of theft or is responsible for lost tools due to negligence or failure to comply with established procedures.

5. Conduct periodic inventories of all tools. A complete inventory will be completed no less than once every three years. More frequent inventories of high value and high usage tools are recommended. All inventories will be used to reconcile tool records. All tools should be priced based on the latest acquisition cost.

6. Establish procedures to assure every employee is cleared through tool control prior to terminating employment. Employees who terminate unannounced will be cleared by their supervisor.

7. Discontinue all local purchase of tools, available from the central supply system, except in cases of emergency that cannot be satisfied in a timely manner.

8. Establish local policy and procedures to control employee-owned tools. As a minimum, local procedures will:

a. Prohibit the use of personally-owned test and measuring devices for all nuclear reactor plant work, and for non-nuclear work where these devices are used to establish or confirm quality attributes of an end product.

b. Prohibit the use of personally-owned tools for all nuclear reactor plant work in which the use of such tools could result in the tools becoming radioactively contaminated.

ADDITIONAL ACTIONS REQUIRED BY NAVAL SHIPYARDS

Naval Shipyards:

1. Will use the NAVSEA Automated Tool Control System (ATCS).

2. Should appoint a Shipyard Tool Coordinator whose primary duties will be to act as the central focal point of the activity's tool control program and to act as the liaison between the shipyard, MSSD and NAVSEA 070 on tool control matters. This person should be familiar with the ATCS and general tool crib operation. The position should be placed, organizationally, so that the coordinator can oversee all aspects of tool control including procurement of tools, monitoring missing and damaged tool reports and disciplinary actions between the shops, Production Department Administration and the Industrial Relations Office. This person will gather statistical data, make evaluations and identify trends; and make recommendations to management. The appointment of an individual to this position will be in writing with duties and responsibilities clearly defined. The name, code, phone number and a copy of duties and responsibilities will be sent to MSSD.

3. Should appoint a production Shop Tool Coordinator in each production shop. The Shop Tool Coordinators will act as the liaison between the shops, Central Tool Control, Security and the Shipyard Tool Coordinator. The appointment of Shop Tool Coordinators will be in writing with duties and responsibilities clearly defined. The name, code, phone number and copy of duties and responsibilities will be sent to the Shipyard Tool Coordinator.

4. Will place all Production Department tools under the control of Central Tool Control. Only Central Tool Control and Production Engineering will be authorized to purchase tools for the Production Department. All Production Department tool cribs should be operated by Central Tool Control.

5. Will complete a wall-to-wall inventory of all production department tools, reconciled with the ATCS records, no later than six months from the date of this instruction. Conduct random, no-notice employee toolbox inspections. Conduct toolroom audits such that no less than one third of the tool inventory is audited each fiscal year. The results of these audits will be used to reconcile the ATCS records. Maintain records showing when inspections and audits were conducted, what shops or toolrooms were involved and a brief description of the results and actions taken.

6. Will distribute the Delinquent Tool Report (ATC-B-3) to the shops and the Shop Tool Coordinators weekly. Require the shops to take corrective action on tools that are delinquent two or more consecutive weeks.

7. Require toolroom attendants to enter into the system, the employee's shipyard identification badge number, from the badge, for all ATCS issue or return transactions.

8. Will post prominent notices at the tool cribs advising employees to check their lists of issued or returned tools for accuracy and outlining the disciplinary actions that may be taken for tools not returned.

9. Will establish the maximum number of tools which may be issued to an employee and maximum issue periods for tools, keeping in mind that larger issue limits and longer issue periods may decrease the control of the tool inventory and cause higher loss and delinquency rates.

10. Will maintain monthly data on tool control operations utilizing the format in Attachment (1). The "as of" date for these data will be the last calendar day of each month. The data should be compiled and filed not later than the fifteenth day of the following month. A twenty four month historical file will be maintained and is subject to review by the NAVSEA Tool Control Program Manager, audit and inspection teams. Each month's data sheet [Attachment (1)] should be reviewed and initialed by the Production Officer. Definitions of data to be maintained and the recommended sources are as follows:

a. Total number of tools in the inventory.
Source: ATCS, "Total tools in the system"

b. Total value of the inventory.
Source: ATCS, "Total dollar value of inventory," based on the latest acquisition cost.

c. Total inventory additions. The total of all tools entered into the ATCS during the month.
Source: Manual records or local ATCS reports.

d. Total inventory deletions. The total for all tools removed from the ATCS during the month.
Source: Manual records or local ATCS reports.

e. Total number of employees in the ATCS.
Source: ATCS Report, ATC-A-4, Employee Listing by Shop.

f. Total number of employees having delinquent tools. The total number of employees that have delinquent tools on the last day of the month.
Source: ATCS Report, ATC-B-3, Tool Delinquent Listing by Shop/Ship.

g. Total number of delinquent tools. The total number of tools that are delinquent on the last day of the month.
Source: ATCS Report, ATC-B-3, Tool Delinquent Listing by Shop/Ship.

h. Total number of tools reported missing. The gross number of tools reported missing during the month.
Source: Manual records or local ATCS reports.

i. Total value of tools reported missing. The gross value of tools reported missing during the month.
Source: Manual records or local ATCS reports.

j. Total number of disciplinary actions. The total number of tool related disciplinary actions taken during the month.
Source: Local records kept by Production Department Administration or the Industrial Relations office.

k. Total number of tools recovered. Total of missing, lost and stolen tools recovered during the month.
Source: Manual records or local ATCS reports.

l. Total value of recovered tools. Total value of missing, lost and stolen tools recovered during the month.
Source: Manual records on local ATCS reports.

11. Forward a copy of all implementing instructions to the Management Systems Support Division (MSSD), Code 148, Portsmouth Naval Shipyard, Portsmouth, NH 03801 within 180 days of this instruction. Forward revisions to instructions as they occur.

SHIPYARD TOOL CONTROL DATA

SHIPYARD _____ As of _____

I. INVENTORY DATA:

a. Total number of tools in the inventory _____
b. Total value of the inventory _____
c. Total inventory additions _____
d. Total inventory deletions _____

II. TOOL CONTROL STATISTICS

	PRODUCTION DEPARTMENT *					
	Shop 06	....	Shop 99	Total Ships	Total** Others	Total Activity
a. Total number of employees in ATCS						
b. Total number of employees having delinquent tools						
c. Total number of delinquent tools						
d. Total number of tools reported missing						
e. Total value of tools reported missing						
f. Total number of disciplinary actions						
g. Total number of tools recovered						
h. Total value of tools recovered						

* Maintain each production shop data separately.
** Maintain all non-production shops' data collectively.

Attachment (1)
Enclosure (2)