DEPARTMENT OF TRANSPORTATION

COAST GUARD

NON-APPROPRIATED FUND ACTIVITIES MANUAL

INCLUDES CHANGES 1 THRU 29

COMDTINST M7010.5

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CHAPTER 1. GENERAL

A. NAFA Definition.

1. Non-Appropriated Fund Activities (NAFA) include: retail outlets (e.g., specialty stores); service activities (e.g., cafeterias, clubs); and such other activities as may be authorized.

2. At the unit level, all such NAF Activities shall be conducted as a single financial and management enterprise.

B. Mission.

1. The mission of Coast Guard Non-Appropriated Fund Activities (NAFA) is to provide service to all Coast Guard personnel and other authorized patrons. Such service is to be specifically provided through establishing and maintaining attractive, well-managed facilities as convenient, competitive sources of articles and personal services to satisfy proven demand, and to generate those reasonable profits necessary for support of the Coast Guard Special Services program and for perpetuation and growth of NAFA, both locally and servicewide.

C. Legal Status.

1. Non-Appropriated Fund Activities are instrumentalities of the United States. U.S. Coast Guard NAFAs are integral parts of the Coast Guard. NAFA employees are employees of the U.S. Coast Guard.

2. U.S. Coast Guard NAFAs are subject to such regulations as the Commandant, U.S. Coast Guard may prescribe.

3. U.S. Coast Guard NAFAs shall not be operated for the financial profit of an person, group, or combination of persons, and no individual shall have any financial interest or right, in any manner whatsoever, in any property used, acquired or held in the operation of such activities.

4. The U.S. Coast Guard NAFA System is a Support Program of the Coast Guard. Program direction has been vested in Commandant (G-P).

D. Objectives.

1. To optimize the amount of benefits that NAFA can legally provide Coast Guard personnel and other authorized patrons.

2. To operate NAF Activities at all levels in the most efficient manner as integral parts of a well-defined and professionally managed program.

D. 3. To maintain a sound capital structure to ensure continued development and improvement of NAFA resources.

4. Subject to the broad objectives listed above, the following are specific objectives of the NAFA program:

a. Compatibility - NAFA requirements shall follow those procedures/systems which currently exist to support other Coast Guard programs except where there are requirements peculiar to NAFA.

b. Uniformity - NAFA service and performance standards shall be uniform throughout the Coast Guard to the extent feasible.

c. Management - NAFA management/operation shall be decentralized but based upon well-defined servicewide policy and direction.

d. Relationship between NAFA and Special Services - NAFA and Special Services program requirements shall be coordinated to ensure optimal resource allocation.

E. Manual for Non-Appropriated Fund Activities.

1. A copy of this manual shall be kept readily available for reference by NAFA personnel.

2. Deviations from the requirements of these regulations will be approved only by Commandant (G-P) where special circumstances justify such deviations. Requests for deviation will be addressed to Commandant (G-PXM) via the chain of command. Authorization for deviation will normally be granted for periods of one years

CHAPTER 2. PROGRAM POLICY/CRITERIA

A. Command Relationships.

1. Headquarters' Trust Fund Board of Control. This body provides continuous overview of the NAFA and Special Services Programs. The Trust Fund Board of Control shall serve in the capacity of a board of directors to:

   a. Make broad policy determinations concerning NAFA;

   b. Define fundamental operating principles;

   c. Monitor and evaluate program performance;

   d. Integrate NAFA and Special Services requirements to optimize servicewide benefits to Coast Guard personnel.

2. Commandant (G-F). Subject to the Commandant's general direction through the Trust Fund Board of Control, authority and supervision over Coast Guard NAF Activities is vested in Commandant (G-F). Specific program administration is vested in Commandant (G-FNM).

3. NAFA Program Board of Advisors. Commandant (G-F) may appoint a NAFA Program Board of Advisors in order to assist in the development of NAFA program standards and procedures. Composition of the board will be structured to provide a broad range of NAFA experience and geographical representation. The board shall meet as circumstances require to review current objectives, recommend changes in the long term strategic objectives of the NAFA program, and perform other functions as directed by the support program manager.

4. Cognizant Authority. The Cognizant Authority is the district commander for district units and commanding officers for headquarters units. The Cognizant Authority is responsible for administration of the NAFA program at his unit or within his geographical area. He shall be guided by this manual and other pertinent directives. He shall promulgate supplemental instructions regarding NAFA operations within his cognizance when necessary.

5. District Boards of Directors/Advisory Boards.

   a. Each district may appoint a NAFA advisory board. This board will review district-wide NAFA operations and provide recommendations to the district commander concerning approval of NAFA budgets, major NAFA expenditures, operating policies, financing arrangements for NAFA projects, and such other considerations as appropriate.

2-A.5. b. The Board shall meet regularly as circumstances require. Proceedings of the meetings shall be properly recorded, and those minutes shall be maintained as permanent files in the district office.

6. Unit Commanding Officer. Subject to the general supervision of higher authority, the commanding officer shall have primary jurisdiction over and responsibility for NAFA operation at his unit. He shall be guided by this manual and other pertinent directives.

a. The commanding officer shall ensure sound financial operation and continued solvency of the unit NAFA.

b. The commanding officer may prescribe such additional rules consistent with those established by higher authority as is considered necessary.

c. The commanding officer shall ensure that entertainment provided for the pleasure of patrons, their dependents, and guests, whether for special events, private parties, or for other purposes should always be wholesome and diverse so as to satisfy the various tastes of the membership. Standards of discretion and good taste must be used in the selection of all entertainment. Programs should be tailored to avoid offending the dignity of members, their dependents and guests, and not be embarrassing to the Coast Guard.

d. The commanding officer being relieved shall furnish to his relief copies of the latest NAFA financial reports and the current NAFA operating budgets showing the financial condition of the unit NAFA at the end of the most recent accounting period and projected future operating results. The relieving officer may request additional supporting information and current audit reports when the financial condition of the unit NAFA is not within established standards.

7. Unit NAFA Advisory Board.

a. Each unit should establish a NAFA Advisory Board to represent the various views of the patrons of NAFA, including Satellite Exchange patrons.

b. This board shall review and make recommendations on:

(1) NAFA policy and its effects;

(2) Capital Asset Development Plans;

(3) NAFA services, policies and procedures, both existing and desired;

(4) The extent to which the overall objectives of NAFA are being met; type, format, and frequency of entertainment.

2-A.7.b (5) Any other related matter.

c. The NAFA Advisory Board may establish subcommittees as necessary to review the operation of specific activities.

(1) All NAFA Advisory Groups should meet regularly, generally once a quarter. Minutes of these meetings shall be recorded and copies distributed with a list of attendees to the commanding officer, the NAFA Officer, board members, the cognizant authority and other interested parties.

(2) Members of Advisory Groups shall not receive financial remuneration from NAFA in cash, goods or services for any duties performed as members of the group.

8. Unit NAFA Officer. The Unit NAFA Officer shall be the officer, enlisted person or civilian employee designated in writing by the commanding officer.

a. Under the general supervision of the commanding officer the NAFA Officer shall be responsible for carrying out applicable provisions of this manual, and for such additional regulations as are prescribed by higher authority.

b. The NAFA Officer shall at all times be familiar with the provisions of this manual and will make the manual available to all NAFA employees requiring that they be completely familiar with applicable provisions.

c. The NAFA Officer shall be responsible to the commanding officer for the solvent, proper and efficient operation of all NAF Activities centers under his jurisdiction.

d. The NAFA Officer shall be the custodian of records, funds, stock and property of the NAF Activity, and shall be responsible for their safekeeping and preservation against loss.

e. The NAFA Officer shall be responsible for the careful ordering of merchandise and for the prompt settlement of all indebtedness incurred by the NAFA Activity.

f. The NAFA Officer or his written designee shall sign all purchase orders and checks.

g. The NAFA Officer, when authorized in writing by the commanding officer, may delegate in writing such authority as he considers necessary to officers, enlisted personnel, or civilian employees.

2-A.8.g(cont'd) Such delegation of authority will be limited to that required for these subordinates to properly discharge their assigned duties and properly carry out the mission of NAFA. This delegation may include authority for:

(1) Custody, care and protection of monies and property;

(2) Proper documentation of receipt and issue of material and monies;

(3) Custody and accurate maintenance of stock and financial control records;

(4) Inventory control practices to ensure prescribed stock levels;

(5) Taking inventories and submission of inventory reports;

(6) Preparation of required reports and financial returns;

(7) Signing purchase orders and checks.

h. The NAFA Officer cannot assign to others any of the following responsibilities:

(1) Responsiblity in regard to military and administrative responsibility to the command;

(2) Responsibility for accurate accounting for NAFA property and monies unless specifically approved by the command in writing;

(3) Responsibility for coordination, guidance and supervison of all NAF Activities under his control;

(4) Responsibility for accomplishment of duties and functions of the NAF Activity;

(5) Responsibility for supervision and direction of subordinates in their efforts to carry forward assigned tasks to a successful conclusion.

i. Minimum controls that must be exercised by the NAFA Officer to assure that responsibilities assigned to subordinates are being met will include:

(1) Written directives to subordinates, defining the responsibilities assigned to them;

(2) Frequent inspections of NAFA spaces and operations for the purpose of ensuring the effective performance of tasks assigned and rendering such direction, guidance and instructions as may be necessary.

j. When possible, the relief of the NAFA Officer should be timed to coincide with the close of a fiscal quarter. Otherwise, the NAFA Officer shall provide his relief with copies of the latest NAFA financial reports and the current NAFA operating budgets, showing the financial condition of the unit NAFA at the end of the most recent accounting period and projected future operating results.

(1) The NAFA Officer and his relief shall jointly verify the various NAFA cash funds.

(2) The bank balances or the various NAFA checking and savings accounts shall be ascertained. The NAFA accounting record balances for these accounts shall be reconciled to the bank figures.

(3) The relieving officer may require such additional lists as physical inventories and certification of receivables and payables when the financial condition of the unit NAFA is not within established standards.

(4) The NAFA Officer retains his responsibility for the NAF Activity until actually relieved thereof.

(5) In the temporary absence of the NAFA Officer, for a period of not more than 30 days, an acting NAFA Officer may be designated. The extent to which he shall assume and perform the duties of the NAFA Officer shall be specified by the commanding officer.

(6) Whenever practicable an "on-site" relief of the NAFA Officer will be accomplished.

(7) When the NAFA Officer is relieved, he shall invoice to his successor, and his successor shall receipt to him for all funds, property, accounts, and records turned over. Any discrepancies shall be set forth in the letter of relief.

(8) The original of such letter of relief shall be filed with the NAFA official records, with a copy to the District (fbr) or to Commandant (G-FNM) for Headquarters Units. A copy shall be furnished to each of the relieved and relieving officers.

2-A.9. Local NAFA Organization.

a. Unit NAF Activities shall be conducted as a single, intergrated management entity under the unit NAFA Officer. The number of activities and subordinates and the authority delegated may vary at each unit due to natural differences in the type of unit, the size of the authorized clientele, and other local factors.

b. Every unit shall consolidate NAFA administrative services such as cash management, purchasing, payrolling, accounting, personnel administration, internal audits and general management to the maximum possible extent.

c. The activity manager is responsible to the NAFA Officer for the day-to-day operation of his activity. Managers may be assigned Coast Guard personnel or NAFA-paid civilians. They should have and apply the necessary business qualifications and personal characteristics required for the job.

(1) Activity managers and their employees shall at all times be familiar with the applicable provisions of this manual.

(2) Activity managers shall be responsible for the records, funds, stocks and property of their assigned activity.

(3) The transfer of custody of merchandise, cash, or property shall be effected upon relief of the activity manager, and shall be subject to audit under the direction of the NAFA Officer.

d. All unit NAFA personnel, whether assigned Coast Guard personnel or NAFA-paid civilians, shall be assigned their duties in writing via an approved position description.

B. Authorized Activities.

1. Identification. Procedures for identifying authorized activities are described in Enclosure (4). All authorized activities must be properly identified and segregated for reporting purposes.

2. Establishment. The establishment of NAF Activities must be authorized in writing. Procedures for establishing NAF Activities are detailed in Enclosure (5) to this manual.

3. Disestablishment. The disestablishment of NAF Activities must be authorized in writing. Procedures for disestablishing NAF Activities are detailed in Enclosure (6) to this manual.

4. Limitations on Activities.

a. The establishment or operation of an independent civilian or military dependent enterprise providing any services or consisting of activities which a NAFA is authorized to operate is prohibited, except as specified in this manual or as authorized by Commandant (G-FNM).

2-B.4. b. The operation of gambling devices, such as punchboards, slot machines or similar devices by or in any NAFA is prohibited.

c. State-tax-free products will not be sold through any vending machine to which uncontrolled access by the general public is possible.

d. Courtesy cards entitling military or civilian personnel to purchase merchandise from commercial enterprises will not be issued by or in the name of NAFA.

e. The use of NAFA premises, facilities or personnel by firms or their representatives for any type of advertising, promotional or solicitation purposes is prohibited unless under NAFA contract. This does not preclude free product demonstrations, merchandising assistance, or training of sales personnel. Equipment which combines display and utility, such as vendor-supplied racks or counters, is authorized. Participation in commercial contests involving free prizes or premiums for authorized patrons is authorized.

C. Authorized Patrons and Identification.

1. Categories of Authorized Patrons. These are listed in enclosure (2) to this manual.

2. Identification/Controls. Procedures for proper identification and control of CGES patrons are specified in enclosure (2) to this manual.

D. Annual Audits.

An annual audit is required for all NAFA units. The commanding officer may appoint a local audit board, request that auditors be provided by the cognizant district commander, or contract with a CPA firm for the services required.

E. Operational and Administrative Procedures.

The procedural guidance promulgated in enclosures to this manual provide a uniform servicewide approach to the varied operational and administrative tasks of NAFA. Each enclosure indicates whether the procedure is prescribed (mandatory) or provided as a recommended guide for the command.

F. Internal Control.

The Internal Control Review process outlined in the Comptroller Manual (COMDTINST M4400.13), Volume III, Supply/Property and

2-F (cont'd) Transportation, Part 1, chapter 1 is to be accomplished as directed by cognizant authority. These reviews are to improve the effectiveness and efficiency of the Comptroller's program in compliance with the Office of Management and Budget (OMB) Circular A-123 and the Federal Managers' Financial Integrity Act of 1982. Review and audit procedures contained in enclosures (14) and (40) of this manual remain in effect for local use.

G. DRINKING AGE.

1. On military installations in the United States the minimum age for purchasing, consuming or possessing alcoholic beverages (including beer, low alcohol beer, or any other low alcohol beverage) shall be consistent with the law of the state in which the installation is located except as noted below:

   a. Remote Location Exception. At remote locations where privately owned motorized vehicles are unavailable for use by service members, alcoholic beverages may be authorized by the Commandant for all military personnel regardless of age.

   b. Health and Safety Endangered. The Commandant may authorize exception where an installation is within 50 miles or one hour driving time of a neighboring state or foreign nation with a lower drinking age than the state in which the installation is located, and it is determined that there is a substantial risk of increased incidence of intoxicated driving by service members driving to or from the jurisdiction with the lower drinking age. The determining factor in granting or denying this exception will be the motor vehicle safety of the community.

   c. Foster Morale, Esprit and Unit Cohesion. Exceptions to foster camaraderie and friendship in a military environment that will appeal to the entire spectrum of the military community may be permitted under controlled conditions. These may be authorized in those infrequent, nonroutine occasions when an entire unit, as a group, marks at a military installation a uniquely military occasion such as the establishment of a military service, organization, or vessel.

RETAILING GLOSSARY

Term	Definition
	(A)
ACTIVITY	A separate and distinct profit center.
ACCESSORY ITEMS	Merchandise that "goes with" or is coordinated with larger or main items, i.e., dresses, suits, furniture, etc.
ANTICIPATION	An extra discount commonly allowed by vendors when a bill is paid before the expiration of the cash discount period. Anticipation is usually figured at 6% a year. However, some vendors specifically state on their invoices that no anticipation is allowed and, in such cases, there is no advantage to prepaying the bill.
ASSORTMENT PLAN	Complete range of merchandise in a category planned to various depths of inventory to meet customer demand.
	(B)
BEST BUY (B.B.)	An item carried in a price line that is the best buy for the customer interested in intrinsic quality.
BACKUP STOCK	Additional merchandise available in warehouse or in forward (in-store) stock room. Important for best-selling staples.
BALANCE AND MIX	A complete assortment of merchandise, i.e., watches, alarm clocks, jewelry, sunglasses or other merchandise to satisfy wants and needs of customer majority.
BALANCED STOCK	An assortment of merchandise encompassing all price zones or price ranges in proportion to customer demand.

Term	Definition
BREAK-EVEN RETAIL	A retail price providing enough of a markup to cover the direct expenses of stocking and selling the item. It is the price at which the item is expected to contribute neither to profit nor to loss; that is, it provides no controllable margin to help pay for the joint expenses of either the department or the store.
BRANCH	A NAFA profit center operated and managed by a parent command at a remote location.
	(C)
CASH ON DELIVERY (C.O.D.)	The buyer must pay when the goods are delivered.
CLASSIFICATION	A subdivision of a selling department for which separate merchandising records are kept but to which expenses are not charged and for which net operating profit is not determined.
COMMITMENTS	The amount of merchandise for which a store has contracted to be delivered during a specified period. If the period is far in the future, the commitments include only outstanding orders. If the period has partly elapsed, the commitments include current outstanding orders plus purchases already received during the elapsed portion.
CONCESSION	The privilege of operating a subsidiary business on-board a Coast Guard installation.
CONTROL, DOLLAR	The analysis and planning of sales and stocks in dollar value.
CONTROL, UNIT	The analysis and planning of sales and stocks in pieces of merchandise.

Term	Definition
COST	The price at which goods are purchased in the wholesale market. Technically, this includes the billed cost and the transportation cost. The billed cost is the amount asked or charged by the seller without the deduction of cash discounts. Transportation cost is the amount charged the store for delivery. This charge may be made either by the seller or by a transportation company for delivery. When the seller absorbs any cost of transportation in the billed price, and delivers the goods without separate charge to the buyer, no separate transportation cost is recognized.
COST AND FREIGHT (C&F)	Shipping term indicating that seller will pay only freight charges, not insurance.
CUSTOMERS, ALLOWANCES TO	Price reductions resulting in refunds to customers after the original sales.
CUSTOMERS, RETURNS FROM	Cancellation of sales. The returns for a period measured by the retail value of goods returned by customers to the store and to stock. Even exchanges, in which a customer returns one article for another of the same value, are usually not included in gross sales or returns.
CUSTOMER RETURN AND ALLOWANCE PERCENTAGE	The sum of returns from customers and allowances to customers expressed as a percentage of the gross sales for the period.
	(D)
DELIVERY PERIOD	The expected period of time between ordering the merchandise and receipt into stock. In planning, it is prudent to set the delivery period longer than the normal delivery time to allow for delays.
DEMURRAGE	Retention of freight vehicle or vessel beyond time allowed for loading and unloading and subsequent retention charge.

Term	Definition
DEPARTMENTAL ANALYSIS	Analyzing a department to determine if it is producing its share of sales volume and whether gross margin realized is adequate to cover expenses and contribute to store profits.
DEPARTMENTAL OPERATION ANALYSIS	When unsatisfactory conditions are found detailed studies are made, including mark-on, cash discount, styling, price lining, customer traffic selling services, visual merchandising, layout, display, customer returns and allowances.
DISCOUNT, CASH	A discount allowed by a vendor for paying the invoice within an agreed time. Example: 2/10 means 2% is allowed if the bill is paid within 10 days of the bill date.
DISCOUNT, QUANTITY	A discount allowed when a given quantity is purchased. It is an inducement to buy a larger-than-average amount and may be deducted, regardless of when the bill is paid.
DOLLAR SALES PER SQUARE FOOT	Departmental results derived by dividing each department net sales by the average number of square feet the department occupies. Increasing sales per square foot is an important objective.
DROP SHIP	Merchandise shipped directly to a branch store or other NAFA when orders are consolidated. Saves time and expense of transferring from warehouse to branch store.
	(E)
EQUATING VELOCITY	Determining the increase in sales necessary at a lower price to provide the same aggregate dollar margin obtained at the higher price; also the decrease in sales at a higher price that will provide the aggregate dollar margin obtained at a lower price. The margin may be calculated at the initial markup level, the maintained markup level, the gross margin level or the controllable margin level.

Term	Definition
EXPENDITURES	The outlays made during an accounting period. Some are for expense, some for merchandise and some for the purchase of other assets.
EXPENSES	The cost of operating a business, other than the costs of merchandise, that are properly chargeable to an accounting period.
EXPENSES, ALLOCATED	Expenses, other than direct, for which good and appropriate bases of expense distribution exist so that the expense assignment represents a reasonable estimate of the true expense incurred by each activity.
EXPENSE CLASSIFICATION	The grouping of expense accounts according to a standard plan.
EXPENSE CONTROL, REQUISITION SYSTEM OF	A system of authorizing expenditures for expense items only after an outlay has been requested in writing and checked against the budgeted figure for that type of outlay.
EXPENSES, DIRECT	Expenses incurred separately for the benefit of an activity. They can be assigned to activities directly without the intervention of any element of judgment. Direct expenses common to most stores are selling payroll, salaries of managers and supervisors, supplies and delivery charges.
EXPENSES, FIXED	Operating expenses in dollars not affected by increases or decreases in sales volume.
EXPENSE, INDIRECT	Expenses incurred for the benefit of the NAFA as a whole or for a group of activities.
EXPENSES, OPERATING	Amounts disbursed or incurred in order to operate the business as distinct from outlays to finance the business. They include: (1) cash outlays for services provided the business during an accounting period, such as payroll, advertising, utilities and rent, and (2) inputed expenses or charges made against the business for services received during the period but paid for either in an earlier or later period. This figure is also called expenses.

Term	Definition
EXPENSES, PRORATED	Joint expenses that cannot be charged directly to activities nor allocated to them on a basis that measures the service each has received. They are assigned to activities pro rata to dollar sales volume. Note: Some NAFAs neither allocate nor prorate expenses to activities, charging them only for direct expense and obtaining for each a controllable margin or activity contribution, as it is often called.
	(F)
"FAIR TRADE" LAWS	State laws and the supporting federal Miller-Tydings Act and amendments, giving sellers the right to fix minimum resale prices for their products.
FREE ON BOARD (F.O.B.) POINT	Indicates the point at which legal title to the goods passes from seller to buyer. In addition, it usually indicates the point to which the vendor has agreed to pay transportation charges. For example, F.O.B. Factory means that title passes when the goods leave the factory and the store must pay transportation charges from the factory to the store. F.O.B. Store, on the other hand, means that title passes when the goods arrive and that the shipper will pay transportation charges to the store.
	(G)
GROSS PROFIT	The difference between the sales and the total cost of merchandise sold. This figure is sometimes called gross margin.
GROSS PROFIT PERCENTAGE	The difference between the net sales and the total merchandise costs divided by the net sales.
	(I)
INCOME, OTHER	Income from sources other than the sale of merchandise. Such sources include, interest and dividends received, and profits from the securities redemption.

Term	Definition
INVENTORY	The goods on hand at a specified accounting date. The term may apply either to the physical goods or the value applied at the time of accounting.
INVENTORY, BOOK	The amount of inventory, in dollars and cents, as determined from records rather than from actual count. Basically, the formula used is opening inventory plus purchases minus sales equals closing book inventory. Includes adjustments for transfers and markdowns as well.
INVENTORY, COST METHOD OF	The calculation of the value of inventory by first determining the original cost price of each item or group of items. Cost codes on price tickets are commonly used for this purpose but serial or reference numbers attached to the goods may allow the determination of cost from other records.
INVENTORY, ESTIMATED PHYSICAL	Book inventory minus an estimate of the shortages that occurred during the period involved. If the estimate is correct, estimated physical inventory and actual physical inventory will provide the same figures.
INVENTORY FLOOR PLAN	A diagram of the layout of the merchandise fixtures in a store or department with each fixture and subdivision (drawer, shelf or bin) assigned a distinguishing number. Inventory sheets or tags are assigned to each fixture and a central record is maintained so that, if an inventory sheet or tag is missing, merchandise not yet included in the count can readily be determined.
INVENTORY VALUATION	A determination of the proper inventory value for profit-figuring purposes. The usual rule is "cost or market, whichever is lower."

Term	Definition
INVENTORY VALUATION, COST OR MARKET METHOD OF	Valuing an inventory at the cost price of the items involved or at their current market value, whichever is lower. It is a threefold process, involving (1) taking physical inventory at billed cost prices--determined from cost codes on price tickets or by reference to other cost records; (2) depreciation on items that are not now worth what was paid for them; and (3) determining the approximate amount of transportation charges the store has incurred in transporting the inventory to the store--this is considered to be a part of the value of the inventory.
INVENTORY PHYSICAL	The quantity or the value of merchandise on hand at a given time, as determined by an actual count.
INVENTORY, RETAIL METHOD OF	A method of determining the cost or market value of an inventory by listing and totaling the goods on hand at current retail prices and translating this retail value to "cost."
INVOICE CUT-OFF	Setting a specific time after which invoices received will not be included in the calculation of the inventory on hand. After this time, do not include the merchandise corresponding to these invoices in the physical inventory count.
	(L)
LEADER	A selected item deliberately priced under maximum profit in order to attract customers.
LEVERAGE	The influence of changes in sales volume on profits caused by fixed expenses. A relatively small increase in sales normally causes a relatively large increase in profits since many expenses are fixed. Conversely, a small sales decrease normally causes a large decrease in profits.
LOSS-LEADER	A selected item deliberately sold under cost in order to attract customers.

Term	Definition
	(M)
MAN HOURS	The total productive hours worked by all employees in a work center during a specified period. It includes the scheduled hours worked by supervisors.
MARGIN, CONTROLLABLE	The difference between the gross margin and the direct departmental expenses over which the department manager has some control. It is calculated first for each department and totaled for the store. See Direct Expenses. Also called controllable profit, semi-net profit and department contribution.
MARKDOWN	A retail price reduction caused by a reduction in the value of the goods. Thus, if 100 articles retailing at $1.00 each became slow-selling and are reduced to 89¢, the markdown is $11.00 for the lot. Markdowns are added to sales to obtain total retail merchandise handled or the initial markup percent.
MARKDOWN CANCELLATION	An increase in price caused by marking goods back to (or toward) the original retail price. For example: If 100 articles originally retailing for $1.00 are marked down to 80¢, and if subsequently 30 are marked back to $1.00, the gross markdown is $11.00, the cancellation $3.30, and the net markdown $7.70.
MARKDOWN GOODS PERCENTAGE	The dollar sales of goods marked down divided by total sales. Assuming carryovers of markdown goods in opening and closing inventories are the same, find the markdown goods percentage by subtracting the dollar markdowns from the original retail prices of markdown goods and dividing by the total dollar sales.

Term	Definition
MARKDOWN OFF PERCENTAGE	The dollar markdowns divided by the original retail price of the goods marked down. This relationship is the one that the public regards as the markdown percentage. If all the merchandise handled is sold, the original retail price is the same as the sales plus the markdowns. Where opening and closing inventories are involved, the original price of the goods (if interpreted as the original price for the accounting period) approximates the sales plus the markdowns for the period. This is based on the assumption that markdowns reflected in the opening inventory are probably balanced by markdowns in the closing inventory.
MARKDOWN TIMING	Selecting the time to take markdowns relative to the length of the selling season still remaining.
MARKUP	The difference between the cost and the retail price of merchandise. In equation form: Markup = retail - cost. If an article is offered for sale at $1.00 and costs 65¢, the markup is 35¢. When the term markup is used it is (unless otherwise specified) the initial markup which is the difference between the original retail price placed on purchases and the cost.
MARKUP PERCENT ON COST	The markup divided by the cost. In equation form, it is $\frac{\text{Markup}}{\text{Cost}}$. If retail is $1.00, cost 65¢, and markup 35¢, the markup percent is $\frac{\$.35}{\$.65}$ = 53.8 percent. Markup percent on cost is higher than markup percent on retail. The generally accepted plan is to express markup on retail, even though markup percent on cost is the older method.
MARKUP PERCENT ON RETAIL	The markup divided by the retail. In equation form, it is $\frac{\text{Markup}}{\text{Retail}}$. If retail is $1.00, cost 65¢, and markup 35¢, the markup percent is $\frac{\$.35}{\$1.00}$ = 35% retail, means the same as percent on retail.

Term	Definition
MAXIMUM	The amount of stock that should be on hand and on order just after a reorder is placed. As a formula, maximum equals delivery period plus safety factor plus reorder period.
MERCHANDISE, BASIC ASSORTMENT	The smallest number of pieces within a grouping of merchandise to provide sufficient sizes, colors, style numbers etc. to satisfy customer demand. It may also provide for more than one piece in a style number, size and color combination, so as to avoid a "hold" in the stock whenever a sale is made.
MERCHANDISE PLAN	A forecast, usually by months for a six-month season, of the major elements that enter into gross margin. It normally includes sales, stocks, purchases, markups and markdowns.
MERCHANDISE (OR STOCK) SHORTAGE	The discrepancy between the amount of merchandise that the store's records indicate should be on hand and the amount actually on hand. It reflects: (1) physical loss and (2) errors in record keeping and counting.
MERCHANDISE TRANSFER-IN	A purchase from another department or branch store. It is not a sale in that it is not a source of profit.
MERCHANDISE TURNOVER	This term is used to refer to the number of times the average inventory was disposed of during a specified period. Merchandise turnover is properly determined by dividing the computed cost of goods sold by the average inventory, at cost, for the specific period. Sometimes, when the retail inventory method is used, merchandise turnover is determined by dividing the sales for the period by the average inventory at retail value.
MERCHANDISING	Merchandising is the planning and supervision involved in marketing the particular merchandise or service at the places, times, prices and in the quantities to best serve the business' marketing objectives.

Term	Definition
MINIMUM	Amount of stock planned to be on hand at the moment a reorder is placed. It is sufficient to cover probable sales during the delivery period and to provide for a safety factor.
	(N)
NAFA	Non-Appropriated Fund Activity.
NAFI	Non-Appropriated Fund Instrumentality.
NET WORTH	The owner's equity in the store. The difference between the assets and liabilities. Profits are commonly expressed both as a percentage of net worth and as a percentage of net sales.
	(O)
OPEN-TO-BUY	The amount of merchandise that may be ordered for delivery during a control period. It is the difference between the planned purchases and the commitments already made for the period.
OPEN-TO-SPEND	The difference between an expense budget for a period and the amount spent to date, when the former is the larger.
OPERATING BUDGET	A control forecast management tool for the NAFA officer which provides goals and/or limitations on Sales, Cost of Goods Sold and Expense. It aids in achieving the planned Net (contribution) Profit.
OPERATING STATEMENT	An analytical presentation in figures of the income, costs and expenses of a business for an accounting period, such as a month, a quarter or a year.
OUTSTANDING ORDERS	The amount of merchandise that a store or department has contracted for delivery during a period but has not yet received.

Term	Definition
OVERAGE	The difference between the book and physical inventories when the latter is the larger. Nearly all overages are caused by clerical errors.
OVERHEAD	A synonym for fixed expenses.
	(P)
PAYROLL EXPENSE PERCENT	The total payroll for the work center expressed as a percent of the total sales. The sales are the store sales where the center services the store but where the selling department is regarded as a work center, the sales are the department sales.
PRICE LINE	A specific price at which a representative stock assortment is carried.
PROFIT	The gain a business realizes over a period, measured in terms of money. It is the excess of income over the cost and expenses of earning the income.
PROFIT NET	The sum of operating profit and other income less overhead and system expenses. It is also called net gain.
PROFIT, OPERATING	The business gain realized from trading operations alone. It is the difference between sales income on the one hand and the cost of merchandise sold plus the operating expenses on the other.
PURCHASES	The amount of merchandise received by the retailer during a period (at cost or retail value). The term is distinguished from orders that represent the amount contracted for delivery during a period but not necessarily received in that period.
	(R)
REORDER PERIOD	The frequency planned for reordering a specific item.

Term	Definition
RETAIL	The price at which goods are offered for sale. In practice, three different retail prices may be recognized: (1) the original retail price placed on goods when first purchased; (2) the current retail price of goods in stock, which may be more or less than the original retail if the price has been changed; and (3) the sales retail, the price at which the sale is actually made, after markdowns, if any.
	(S)
SAFETY FACTOR	A reserve for contingencies, especially for unforeseen increases in rate of sale. It may be expressed in term of weeks supply or as a specific quantity in units. When applied to a classification rather than a single item of merchandise, it also must include a provision of a basic assortment of colors, sizes and so forth.
SALES	The amounts received or accrued to the store in exchange for merchandise sold to customers during an accounting period.
SATELLITE	A small NAFA operated as an extension of a larger NAFA.
SELLING DEPARTMENTS	A physical division of a store, containing related merchandise grouped for purposes of: (1) determining the operating profit for each grouping; (2) controlling buying and pricing more exactly; (3) promoting sales more effectively, and (4) controlling inventory levels.
SHORTAGE	The difference between the book and the physical inventory, when the former is larger. It may be calculated at cost or retail value or in terms of units. It represents: (1) clerical errors in calculating the book and/or physical inventories; and (2) physical merchandise losses, caused by such factors as theft, breakage and charging customers for less merchandise than is actually delivered to them.

Term	Definition
STOCK-SALES RATIO	The ratio between the retail stock at the first (or end) of the month and sales for that month. The beginning of the month (B.O.M.) stock-sales ratio is the dollar stock on the first of the month divided by the sales for the month. The end of the month (E.O.M.) stock-sales ratio is the dollar stock at the end of the month divided by the sales for the month.

PRIVILEGES OF PATRONS

A. AUTHORIZED PATRONS.

1. Introduction.

a. The privilege to use the Coast Guard Exchange System (CGES) will be under the guidance of this manual. Commanding officers will take disciplinary action and revoke the privileges of any patron buying merchandise for resale or production of income, or buying or securing services for the benefit of another, not entitled to the privileges. This will not prevent anyone entitled to CGES privileges from buying meals or other refreshments for bona fide guests.

b. A revocation of privileges is to be by written notification signed by the unit commanding officer and sent via registered mail to the individual. The duration of suspension will be commensurate with the offense. ID cards required for other entitlements will not be confiscated.

c. The privilege of CGES patronage is subject to the availability of facilities. The use of CGES clubs, guest housing, bar, or food services may be limited to certain patron categories as determined necessary by commands.

2. Definitions.

a. Military Services. The United States Coast Guard, Army, Navy, Air Force, and Marine Corps.

b. Uniformed Services. Unless otherwise qualified, the Coast Guard, Army, Navy, Air Force, and Marine Corps, commissioned officers of the Public Health Service, active duty and retired commissioned officers of the National Oceanic and Atmospheric Administration (NOAA) and its predecessors, and the Coast and Geodetic Survey. This includes the Environmental Science Services Administration.

c. Uniformed Personnel. Members of the Coast Guard, Army, Navy, Air Force, and Marine Corps. Cadets and midshipmen of the United States Coast Guard, Army, Navy, and Air Force Academies. Commissioned officers and ships' officers of vessels of NOAA. Commissioned officers of the Public Health Service. Members of the Reserves, as defined in paragraph A.2.d.

A. 2. d. Reserves. The Army National Guard and Air National Guard of the United States, the Coast Guard Reserve, the Army Reserve, the Naval Reserve, the Air Force Reserve, the Marine Corps Reserve, and Reserve Officers of the Public Health Service.

e. Dependents. Any of the following:

(1) A lawful spouse.

(2) Children under 21 years of age and unmarried, including pre-adoptive children, adopted children, stepchildren, foster children, and wards who depend on the sponsor for over half of their support.

(3) Children 21 years of age or over and unmarried, who are incapable of self-support because of a mental or physical handicap and depend on the sponsor for over half of their support. This includes adopted children, stepchildren, and wards.

(4) Unmarried children not past their 23rd birthday who are enrolled, full-time, at a college or university and depend on the sponsor for over half of their support. This includes pre-adoptive children, adopted children, stepchildren, foster children, and wards.

(5) Parents who depend on the sponsor for over half of their support. This includes fathers, mothers, fathers-in-law, mothers-in-law, stepparents, and parents by adoption.

f. Auxiliary. Active members of the Coast Guard Auxiliary who possess a valid Coast Guard ID card (Form CG-2650).

g. Civilian Employees. Coast Guard Civilian employees within the wage grade, general schedule, or senior executive service classifications.

h. Exchange Employees. Civilian employees of all military exchange systems.

A. 2. i. Orphans. Surviving unmarried children of active or retired members of a uniformed Service who are dependents, within the definition contained above, at the time of death of the parent(s). This includes natural born or adopted children under the age of 21, or over 21 if incapable of self-support, or children under 23 and enrolled, full-time, at a college or university.

j. Surviving Spouse. A widow or widower who has not remarried, or who remarried but reverted through divorce or demise of the spouse to an unmarried status, from one of the following:

(1) Members, active and retired, of the regular Coast Guard, Army, Navy, Air Force, and Marine Corps.

(2) Members of the Reserves, as defined in paragraph A.2.d., retired with or without pay, or granted retirement pay for a physical disability under Title 10 U.S.C.

(3) Members of the Reserves, entitled to retired pay at age 60, but who chose to participate in the Survivor Benefit Plan before reaching that age.

(4) Members of the Fleet Reserve and Fleet Marine Corps Reserve.

(5) Recipients of the Medal of Honor.

(6) Members of the Reserves who died as a direct result of injuries incurred while on active duty, active duty for training, or inactive duty training.

(7) Active duty, retired officers, crews of vessels, light keepers, and depot keepers of the former Lighthouse Service.

(8) Veterans, discharged under honorable conditions, who are eligible for compensation due to a 100 percent Service-connected disability.

(9) Active duty and retired commissioned officers of the Public Health Service.

A. 2. j. (10) Active duty and retired commissioned officers and ships' officers of NOAA and its predecessors and the Coast and Geodetic Survey. This includes the Environmental Science Services Administration.

k. Retired Personnel.

(1) All personnel on the official retired lists of the uniformed Services, as defined in paragraph A.2.b., who are retired with pay, have been granted retirement pay for a physical disability, or are entitled to retirement pay, whether or not such pay is waived.

(2) All members of the Reserves, as defined in paragraph A.2.d., who are retired with or without pay, are eligible for retired pay under Chapter 67, Title 10 U.S.C. (Gray Area Retirees), or have been granted retired pay for a physical disability.

(3) Personnel of the emergency officers retired list of the Coast Guard, Army, Navy, Air Force, and Marine Corps who retired under Section 11, P.L. 85-857.

(4) Retired officers, crews of vessels, light keepers, and depot keepers of the former Lighthouse Service (33 U.S.C. 754a).

(5) Retired commissioned officers and ships' officers of vessels of NOAA and its predecessors, and the Coast and Geodetic Survey, including the Environmental Science Services Administration (33 U.S.C. 857-4, 857-5).

l. Unlimited Privileges. Authorization to purchase all merchandise and services provided by CGES.

m. Limited Privileges. Authorization to purchase all merchandise and services provided by CGES, EXCEPT: state tax-free items, which include tobacco products and alcoholic beverages; and articles of uniform.

n. Restricted Privileges. Authorization to purchase certain categories (see Figure 1) of merchandise and services provided by CGES.

B. AUTHORIZED PATRONAGE OF COAST GUARD CLUBS.

1. The following CGES clubs are operated primarily to provide social and recreational facilities and also may provide meals and refreshments for appropriate pay grades of active duty, Reserve, Auxiliary personnel and their dependents, and civilian employees.

   a. Officers Club: Officers, warrant officers, Coast Guard Auxiliarists, and civilian employees.

   b. Chief Petty Officers Club: Enlisted personnel (E-7 to E-10) and civilian employees.

   c. Enlisted Club: Enlisted personnel (E-1 to E-6) and civilian employees.

   d. Consolidated "All Hands" Club: Officers, warrant officers, enlisted personnel, Coast Guard Auxiliarists, and civilian employees.

2. If the facilities of the club will permit, commanding officers can extend privileges to the following:

   a. Active duty and Reserve members of other Military Services, including Reserves on the retired list with or without pay and their unremarried widows/widowers.

   b. Members of the U.S. Public Health Service and NOAA on active duty or on the retired list with pay.

   c. Members of the Armed Services of foreign nations on active duty or on the retired list with pay.

   d. Unremarried widows/widowers of the appropriate pay grades of the Armed Services of the United States and the Reserves who died in the line of duty. Or, unremarried widows/widowers of personnel of the appropriate pay grades who died while on the retired list with pay.

B. 2. e. In Alaska, Hawaii, Puerto Rico, and outside the United States to appropriate pay grades of Federal Government and CGES employees in transient status, or whose permanent station is in Alaska, Hawaii, Puerto Rico, or a foreign country.

f. The appropriate pay grades of 100 percent disabled veterans of the Armed Services of the United States and the Reserves, who receive medical care and treatment through the Veterans Administration and possess a valid Uniformed Service and Identification Privilege Card (DD Form 1173).

g. Dependents of personnel listed in the above paragraph.

3. In overseas areas, club privileges are subject to the conditions stated in international treaties or agreements concerning privileges authorized U.S. Government civilian employees.

C. CUSTOMER IDENTIFICATION.

1. The CGES officer will employ all practical means to ensure that authorized patrons are identified before being served. All CGES employees must be familiar with the list of authorized patrons and the types of identification used as specified in Figure 1, pages 10-17.

2. Uniformed personnel, including members of the Reserves who are in regulation uniform, can be identified by that uniform. However, as circumstances deem appropriate, they can be required to show proper identification before being served.

3. Non-uniformed personnel and dependents must show proper identification documents before being served. CGES employees must be sure that each purchase complies with local and state laws, as well as local command policy, concerning age and quantity limits on the sale of alcoholic beverages and tobacco products.

D. AGENTS. The term "agent" means a person temporarily authorized, in writing (see Figure 2), to purchase merchandise and services for an authorized patron. Agents must be approved in writing by the CGES officer or CGX manager of the CGX being used. This is not to exceed 1 year, unless extended for continuing hardship. An agent may be designated when an authorized patron falls into the following categories:

D. 1. Authorized patron is blind or otherwise severely disabled and requires assistance when shopping.

2. Authorized patron is incapable of shopping due to certified medical reasons or the sponsor is stationed away from the household.

3. Authorized patron is a minor not living with an authorized patron or an orphan. Normally, an agent should not be designated for a child who is 16 years of age or older. The sale of items to a designated agent for a minor or orphan should be restricted to those items that are appropriate for the authorized patron.

E. VISITORS TO COAST GUARD EXCHANGES.

1. Visitors accompanied by a sponsor are authorized entrance to CGX's.

2. An authorized patron may sponsor up to four (4) visitors at any one time. Each sponsor must present an ID.

3. All visitors must be entered on the Visitors Log upon entering the CGX, see Figure 3. CGX's with no entrance ID checks are to ensure that procedures are established.

F. ISSUE AND CONTROL PROCEDURES FOR CGES EMPLOYEE IDENTIFICATION AND PRIVILEGE CARD.

1. All CGES employees, who are not otherwise authorized CGX privileges, are issued an Identification and Privilege Card, DD Form 2574 (see Figure 4), by the CGES Officer. MWR personnel are not issued this ID card. This card provides CGES employees limited shopping privileges in all Coast Guard, Navy, Marine Corps, and Army and Air Force Exchange Services (AAFES) exchanges. However, employee dependents and/or spouses are allowed access only to CGES facilities and must be accompanied by the employee. The procedures for issuing and maintaining these cards are as follows.

a. The employee completes and signs the ID Card Request Form, Figure 5. The CGES officer completes and signs the bottom portion of the form prior to issuing the ID Card. The completed ID Card Request Form is kept in the employee's personnel folder.

F. 1. b. The CGES officer completes all information needed on the ID card and signs it. The employee then signs the ID card and proceeds to the office that processes the unit's military ID cards for photographing and lamination.

c. ID cards are issued for a maximum of 1 year.

d. The CGES officer or CGX manager must maintain a log of all ID cards by consecutive numbers and employee names.

e. The CGES officer or CGX manager must obtain ID cards from all terminating employees. Expired ID cards are obtained when issuing replacement cards. In all cases, ID cards are destroyed when no longer valid.

f. Blank ID cards are available from Commandant (G-PXM-2) upon written request via a rapidraft letter. Ordered quantities should not exceed the requirements for more than a 1 year period.

2. CGES retirees with 20 years or more service in military exchanges are authorized limited exchange privileges. ID cards are issued as follows:

a. Upon verification of length of service, the CGES Officer issues an Armed Forces Exchange Services ID Card (DD Form 2574) to any eligible exchange retiree with "RETIREE" typed under the individual's name in the "Issue To" block.

b. The ID card is issued with an expiration date of 5 years. Upon expiration, a new ID card is issued and the old ID card is retrieved.

c. The same procedures follow as stated above for photographing and lamination.

3. Unremarried widows/widowers of retired exchange employees with 20 years or more service are authorized limited exchange privileges. ID cards are issued as for CGES retirees, above, except "RET-W" is typed under the individual's name in the "Issue To" block.

PATRON IDENTIFICATION

	(See Customer Category)
ACTIVE DUTY MEMBERS	
-Coast Guard, Army, Air Force, Navy, Marine Corps	1
-Academy Cadets/Midshipmen	1
-National Oceanic & Atmospheric Administration (NOAA) Officers	2
-Public Health Service (PHS) Officers	3
-Reservists	12
CIVILIANS	
-Auxiliarists	39
-Coast Guard Civilian Employees	41
-Contract Surgeons	20
-Red Cross: Paid/Uniform	31/32
-Military Exchange Employees	25
-Retired Exchange Employees (20 years or more service)	37
-TDY and occupying Government quarters	27
-Civil Air Patrol: Travel status and occupying Government quarters	28
-ROTC occupying Government quarters	29
-Students/Faculty at Service Schools	30
-Student Externs	42
-Official Travel with leased/rented vehicle	35
-Working on/residing ON the military installation	31
-Working on/residing OFF the military installation	36
DEPENDENTS	
-Active Duty	11
-Auxiliarists	40
-Retirees	11
-Reservists	13
-Foreign Personnel on duty with U.S. Armed Forces	19
-Exchange Employees	26
-Unremarried former spouse (married 20+ years)	16
-Unremarried spouse's children	15
FOREIGN MILITARY PERSONNEL	
-On duty with U.S. Armed Forces (orders)	18
-Official visit to U.S. installations	22
ORGANIZATIONS	
-U.S. Armed Forces activities composed of active duty military	23
-Departments: other than DOT	24
RETIREES	
-Coast Guard, Army, Air Force, Navy, Marines, etc.	4
-NOAA Officers	5
-PHS Officers	6
-Lighthouse Service	7
-National Ocean Survey	8
-National Geodetic Survey	8
SURVIVING SPOUSES (Unremarried)	
-Active duty	14
-Reservists in training status	14
-Retired Exchange Employees (20 years or more service)	38
VETERANS	
-100% service-connected disability (Coast Guard, Army, Air Force, Navy, Marines, NOAA, PHS, etc.)	9
-Medal of Honor recipients	10
-Hospitalized in military facility	23

Figure 1

PATRON IDENTIFICATION

CUSTOMER CATEGORY	TYPE OF PRIVILEGE	REQUIRED IDENTIFICATION
1. Members of the U.S. Army, Air Force, Navy, Marine Corps and Coast Guard on extended active duty, and cadets and midshipmen of the military academies.	UNLIMITED. Entitled to purchase all merchandise or services.	Complete regulation uniform or DD Form 2A(Army) DD Form 2AF (Air Force), DD Form 2N (Navy), DD Form 2MC (Marine Corps), DD Form 2CG(Coast Guard) (All forms GREEN)
2. Commissioned officers of the National Oceanic and Atmospheric Administration (NOAA) on extended active duty.	Same as for Customer Category 1.	Complete regulation uniform or DD Form 2NOAA (Green)
3. Commissioned officers of the Public Health Service (PHS) on extended active duty.	Same as for Customer Category 1.	Complete regulation uniform or PHS Form 1866-1 (Green)
4. Retirees of the U.S. Army, Air Force, Navy, Marine Corps, Coast Guard and their Reserve components with or without retired pay.	Same as for Customer Category 1.	DD Form 2-Ret (blue, red) or any below (Gray) until expiration: DD Form 2A (Army); DD Form 2AF (Air Force); DD Form 2N (Navy); DD Form 2MC (Marine Corps); DD Form 2CG (Coast Guard)
5. Retired commissioned officers of the National Oceanic and Atmospheric Administration (NOAA).	Same as for Customer Category 1.	DD Form 2-Ret (blue) or until expiration DD Form 2NOAA-Ret (Gray)
6. Retired commissioned officers of the Public Health Service (PHS).	Same as for Customer Category 1.	DD Form 2-Ret (blue) or until expiration DD Form 1866-3-Ret (Gray)
7. Retired officers, crews of vessels, light keepers, and depot keepers of the former Lighthouse Service.	Same as for Customer Category 1.	DD Form 1173
8. Retired officers and crews of vessels of the National Ocean Survey and National Geodetic Survey.	Same as for Customer Category 1.	For commissioned officers: DD Form 2-Ret (blue) or, until expiration, DD Form 2NOAA-Ret(Gray) For ships' officers and crews of vessels: DD Form 1173

Figure 1

PATRON IDENTIFICATION

USTOMER CATEGORY	TYPE OF PRIVILEGE	REQUIRED IDENTIFICATION
9. Honorably discharged veterans of Customer Categories 1, 2, and 3 with 100% service-connected disability.	Same as for Customer Category 1.	DD Form 1173
10. Recipients of the Medal of Honor.	Same as for Customer Category 1.	DD Form 1173
11. Dependents of Customer Categories 1-10.	Same as for Customer Category 1.	DD Form 1173. (Those under 10 years of age will be identified IAW procedures established by CGES Officer)
12. Members of the Army National Guard of the United States, Army Reserve, Air National Guard of the United States, Air Force Reserve, Naval Reserve, Marine Corps Reserve, and Coast Guard Reserve.	Same as for Customer Category 1.	Complete regulation uniform or DD Form 2AF(Air Force), DD Form 2N(Navy) DD Form 2MC (Marine Corps), DD Form 2CG (Coast Guard). (All forms Red)
13. Dependents of Customer Category 12.	Same as for Customer Category 1.	DD Form 1173-1 or identification such as DA Form 5431, AF Form 447, NAVPERS 5512/7, or NAVMC Form 11138. Dependents not in possession of these forms may be identified by a driver's license or marriage certificate, social security card, or the sponsor's certified statement of dependency (containing names, relation, and SSN of family members) authenticated by the Reserve component organization
14. Unremarried surviving spouses of Customer Categories 1, 3, 4, 6-10, 12, and 14. For categories 12 and 14, deceased sponsors must have died while in training status. Unremarried surviving spouses of nonregular personnel of the Army, Air Force, Navy, Marine Corps, and Coast Guard entitled to disability benefits under 10 USC 3687, 6148,	Same as for Customer Category 1.	DD Form 1173

Figure 1

PATRON IDENTIFICATION

CUSTOMER CATEGORY	TYPE OF PRIVILEGE	REQUIRED IDENTIFICATI
and 8687. Also unremarried surviving spouses of members who would have been entitled to retired pay at age 60, on and after the 60th anniversary of the deceased member's birth.		
15. Dependents of Customer Category 14.	Same as for Customer Category 1.	DD Form 1173. (Those under 10 years of age will be identified IAW procedures established by CGES Officer)
16. Unremarried former spouse of a member or former member of the uniformed services, who, on the date of the final decree of divorce, dissolution or annulment had been married to the member or former member for a period of at least 20 years during which period the member or former member performed at least 20 years of service creditable for retired or retainer pay, or equivalent pay, and only if the final decree of divorce, dissolution or annulment is dated on or after 1 February 1983.	Same as for Customer Category 1.	DD Form 1173
17. Members of the Army National Guard of the United States, Army Reserve, Air National Guard of the United States, Air Force Reserve, Naval Reserve, Marine Corps Reserve, Coast Guard Reserve and Reserve officers of the Public Health Service not in a duty status but hospitalized as a result of injury or illness incurred while in active duty status for training or inactive duty for training.	Same as for Customer Category 1.	DD Form 2A (Army), DD Form 2AF (Air Force), DD Form 2MC (Marine Corps), DD Form 2CG (Coast Guard), PHS Form 1866-1 (Public Health Service)--All forms Red--<u>and</u> a letter from unit commanding officer certifying the duty connected hospitalization
18. Officer and enlisted personnel of the armed forces of foreign countries when on duty with the U.S. Army, Air Force, Navy, Marine Corps, or Coast Guard under competent orders.	<u>RESTRICTED</u>. Authorized to purchase all merchandise or services except for purchase of distinctive military insignia, badges or patches.	DD Form 1173

PATRON IDENTIFICATION

CUSTOMER CATEGORY	TYPE OF PRIVILEGE	REQUIRED IDENTIFICATION
19. Dependents of Customer Category 18.	Same as for Customer Category 18.	DD Form 1173. (Those under 10 years of age will be identified IAW procedures established by CGES officer
20. Contract surgeons employed under a limited-term contract by the Surgeon General.	Same as for Customer Category 1.	DD Form 1173
21. Honorably discharged veterans of the U.S. Army, Air Force, Navy, Marine Corps, Coast Guard and honorably discharged commissioned officers of the National Oceanic and Atmospheric Administration and the Public Health Service when hospitalized where exchange facilities are available.	Same as for Customer Category 1.	Letter of authorization issued by the hospital commander that identifies the patron, nature and duration of privileges. The letter must be countersigned by the patron.
22. Officers and enlisted personnel of the armed forces of a foreign country when visiting a U.S. installation on official business.	RESTRICTED. Authorized to purchase for personal use all merchandise and services except distinctive military insignia, badges or patches. Purchase of tax-free tobacco products limited to two packs of cigarettes or 10 cigars per day.	Letter of authorization issued by the unit commander, identifying the patron and stating the nature of official business, the extent of exchange privilege and the period of exchange privilege. The letter must be countersigned by the patron.
23. Official organizations or activities of the U.S. Armed Forces composed of personnel on active military duty.	Same as for Customer Category 1.	Letter of authorization from the responsible commander of the organization or activity, identifying the person or persons who will make the purchase, and authorizing the specific purchase from a CGES activity. (NOTE: Procurement regulations require that small purchases using Appropriated Funds normally be made from small businesses.)

Figure 1

PATRON IDENTIFICATION

CUSTOMER CATEGORY	TYPE OF PRIVILEGE	REQUIRED IDENTIFICATI
24. Government departments or agencies when it is determined that the supplies or services cannot be conveniently obtained elsewhere and when the supplies or services can be furnished without unduly impairing the service to exchange patrons.	LIMITED. Authorized to purchase all merchandise or services except for uniform items and state tax-free items, i.e., tobacco and alcoholic beverages.	Letter of authorization from the responsible head of the Government department or agency, identifying the person or persons who will make the purchase, and authorizing the specific purchase from a CGES activity. (NOTE: Procurement regulations require that small purchases using Appropriated Funds normally be made from small businesses.)
25. Employees of the Armed Forces exchanges.		
CONUS, Alaska, Hawaii, and Puerto Rico.	LIMITED. Authorized to purchase all merchandise and services except for uniform items and state tax-free items, i.e., tobacco and alcoholic beverages. CGES club privileges may be authorized at the discretion of the unit commanding officer.	All services: DD Form 2574, Armed Forces Exchange Services Identification and Privilege Card
OVERSEAS	Same as for Customer Category 1.	All services: DD Form 2574, Armed Forces Exchange Services Identification and Privilege Card. If assigned overseas but in U.S., must also present orders or approved leave slip.
26. Dependents of Customer Category 25.	ACCESS ONLY. Not authorized to make purchases.	CGES: none, use sign in log. Letter from CGES officer authorizing privileges if sponsor in travel status over 14 days.
CONUS, Alaska, Hawaii, and Puerto.	LIMITED. Same as for Customer Category 25 in CONUS when sponsor in travel status over 14 days.	Letter from CGES officer authorizing privileges if sponsor in travel status over 14 days. AAFES Form 1100-32, Dependent Access Authorization
OVERSEAS	Same as for Customer Category 1.	Same as for CONUS above

Figure 1

PATRON IDENTIFICATION

USTOMER CATEGORY	TYPE OF PRIVILEGE	REQUIRED IDENTIFICATION
27. Civilian employees of DOT/DoD on TDY, and Coast Guard, Army, Navy, and Air Force Academy applicants, if occupying Government quarters.	Same as for Customer Category 25 for CONUS.	Official TDY orders or letter of authorization issued by the responsible commanding officer and evidence of occupancy of Government quarters on the installation
28. Members of the Civil Air Patrol when in a travel authorization status and occupying Government quarters.	LIMITED. Same as for Customer Category 25 for CONUS except can purchase articles of uniform authorized by Civil Air Patrol directives.	Current Civil Air Patrol membership card, travel authorization, and evidence of occupancy of Government quarters
29. ROTC and junior ROTC cadets visiting installations under competent orders as part of the ROTC Cadet Orientation Program, if occupying Government quarters; and members of the Naval Sea Cadet Corps on two-week summer training duty if occupying Government quarters.	Same as for Customer Category 25.	Official orders and evidence of occupancy of Government quarters
30. Civilian students and faculty members at service schools.	RESTRICTED. May purchase books, supplies and materials related to the school educational process and environment. This privilege is limited to the exchange that supports the service school.	Letter of authorization issued by the responsible school commander
31. Government civilian employees and full-time paid staff of the Red Cross, and their dependents, who are required to reside on military installations within the CONUS, Alaska, Hawaii, and Puerto Rico.	Same as for Customer Category 25 for CONUS.	DD Form 1173
32. In overseas areas, U.S. citizen employees of the U.S. Government including those paid from Non-appropriated funds, U.S. citizen employees of firms under contract to DOT, and Red Cross personnel assigned to duty with an activity of the Military Services. Included are DOT/DoD civilian employees in temporary duty status.	Same as for Customer Category 1.	Assigned: DD Form 1173 TDY: Travel Orders

Figure 1

PATRON IDENTIFICATION

CUSTOMER CATEGORY	TYPE OF PRIVILEGE	REQUIRED IDENTIFICATIC
33. Dependents of those assigned overseas, Customer Category 32.	Same as for Customer Category 1.	DD Form 1173
34. Members of the Civil Air Patrol and students participating in the Army, Navy, or Air Force Reserve Officer Training Programs within 3 months of graduation, when not in a training or travel status.	RESTRICTED. Articles of uniform and accessories only.	Civil Air Patrol ID card. ROTC: letter of authorization issued by appropriate ROTC authority
35. Civilian employees of the U.S. Armed Forces while in an official travel status or when driving a leased or rented vehicle authorized by travel orders.	RESTRICTED. Gasoline Only.	Copy of official travel orders authorizing use of the vehicle
36. Within CONUS, Alaska, Hawaii and Puerto Rico, civilian employees of the U.S. Government working on but residing off military installations; uniformed and non-uniformed personnel working in recognized welfare service organization offices within an activity of the Military Services; and visitors to military installations.	RESTRICTED. Use of snack bar, restaurant, and vending machines if the unit commanding officer determines such facilities aren't otherwise conveniently available.	No identification re-required
37. Retired employees of military exchange systems who retire with 20 years or more of service.	Same as for Customer Category 25.	DD Form 2574-Ret
38. Unremarried surviving spouses of Customer Category 37.	Same as for Customer Category 37.	DD Form 2574-Ret-W
39. Active members of the Coast Guard Auxiliary.	In CGES, same as for Customer Category 25, except can also purchase articles and accessories of the uniform. In AAFES and NEXCOM, can purchase articles and accessories of the uniform ONLY.	Form CG 2650
40. Dependents of Customer Category 39.	ACCESS ONLY. Not authorized to make purchases.	Must sign in on Visitors log

PATRON IDENTIFICATION

JSTOMER CATEGORY	TYPE OF PRIVILEGE	REQUIRED IDENTIFICATION
41. Coast Guard Civilian Employees.	RESTRICTED. Authorized to purchase Coast Guard memorabilia items and food/snack items for daily consumption. Authorized to use concessions providing services only, e.g., food, laundry, dry cleaning, shoe repair, tailoring, barber and beauty shops, overnight accommodations, etc.	Form DOT F 1600.1.2 and Form DOT 1600.1.2
42. Student externs	RESTRICTED. Authorized to purchase health and comfort items; books; educational supplies and materials; food and snack items for on-premises or daily consumption; and personal services, such as laundry and dry cleaning, barber/beauty shop services, tailoring, shoe repair, and guest house accommodations. The purchase of other merchandise (including tax-free tobacco products, alcoholic beverages, and uniform articles) is not authorized. CGES club privileges may be authorized at the discretion of the unit commanding officer.	Letter of authorization issued by unit commanding officer identifying the extern and stating the duration of the externship

(THIS MAY BE USED ON CGES LETTERHEAD)

Date

_____(Name of Agent)_____ is hereby authorized to purchase items for _____(Name of Authorized Patron)_____, the bearer of Armed Forces Identification Card, No._____.

The purchasing authority is unlimited/limited to the following
(Circle One)

types of merchandise in the exchange:

This authorization expires on _____(Date)_____.

_____
Signature of Authorized Patron

_____
Signature of CGX Officer or Manager

(THIS FORM MAY BE REPRODUCED LOCALLY)

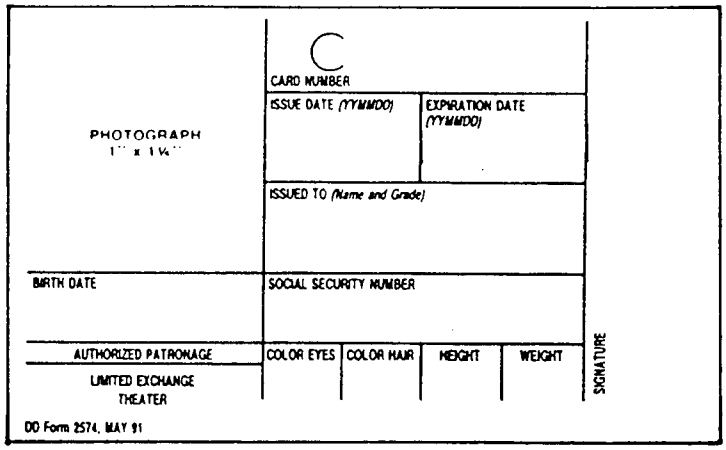
CGES **EXCHANGE VISITOR LOG**

DATE	NAME OF VISITOR (Please Print)	PATRON		PATRON SIGNATURE★
		NAME/RANK/ RATE (Please Print)	UNIT	

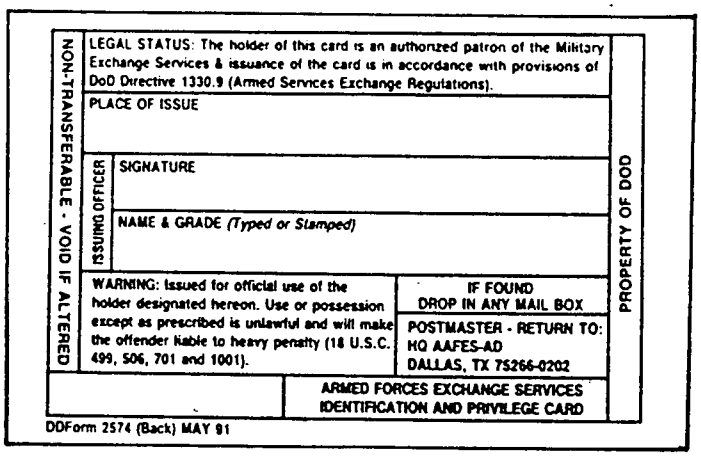
★ Signature verifies that patron will accompany the visitor(s) and that the visitor(s) will not make purchases except for food items for on-premise consumption at fountain, snackbar or cafeteria outlets.

Figure 3
19

CGES EMPLOYEE IDENTIFICATION CARD



(FRONT)



(BACK)

Figure 4

ID CARD (DD FORM 2574) REQUEST FORM

Coast Guard Exchange System	ARMED FORCES EXCHANGE SERVICES IDENTIFICATION AND PRIVILEGE CARD DD Form 2574	
NAME (Last, First, Middle Initial) (Please Print)	SOCIAL SECURITY #	PAY BAND

REASON FOR REQUESTING CARD (Check One):

( ) New employee

( ) Present card expired

( ) Replace lost, stolen, mutilated, or destroyed card (Please Explain Below)

( ) Other, please specify

DATE OF APPLICATION	PLACE OF ISSUE	SIGNATURE OF EMPLOYEE

TO BE COMPLETED BY ISSUING OFFICER:

CARD NO. ISSUED	DATE OF ISSUE	SIGNATURE AND TITLE OF ISSUING OFFICER

(REPRODUCE THIS FORM LOCALLY)

Figure 5

17 DEC 1981

IDENTIFICATION OF PATRONS

A. Positive Identification Required. The NAFA Officer will employ all practicable means to ensure that authorized patrons are positively identified before being served. Patrons in complete regulation uniform may be identified before being served. Patrons in complete regulation uniform may be identified thereby. However, the purchase of state tax-free items, such as cigarettes and beverages, including alcoholic beverages, should require additional identification. Any abuses detected will be reported to the commanding officer. All employees of the NAFA, before serving non-uniformed patrons, must require that proper identification be presented. Continuous training must be maintained to assure that all employees are familiar with the list of authorized patrons and the types of identification used.

B. Types of Identification.

1. Regulation Uniform. Members of the Armed Services in complete regulation uniform may be identified by that uniform.

2. Armed/Uniformed Services Cards.

(a) Non-uniformed authorized patrons of NAFA will be defined by possession of an official Armed Services Identification Card (DD Form 2) or Uniformed Services Identification and Privileges Card (DD For 1173) or by an official identification card issued by the service of which the patron is a member; for example, the Public Health Service and National Oceanic and Atmospheric Administration. Such cards will be accepted as proper identification of the following:

(1) Members of the Armed Services who are on active duty;

(2) Members of the National Oceanic and Atmospheric Administration and Public Health Service;

(3) Members of Reserve Components who are on active duty for training or inactive duty training;

(4) Members of Reserve Components and Guardsmen who are in an active duty status;

(5) Retired military personnel;

(6) Dependents;

(7) Widows and their dependent children;

(8) Honorably discharged veterans of the Uniformed Services with a 100% service-connected disability, their widows, dependents and agents.

B.2.(b) Issuance. The issuance of such authorized identification credentials is the responsibility of the cognizant command, and NAFA will not maintain records concerning these credentials.

3. Members of Reserve Components who are on active duty for training will be required to produce competent orders, indicating their training status, in addition to the identification card. For this purpose, "competent orders" will be construed as a certified copy of individual orders.

4. Members of Reserve Components who are on inactive duty training will be required to produce a letter of authorization or military leave and earnings statement in addition to the identification card. Reservists will show their ID cards for entry into the exchange, unless the individual is in military uniform. Since the Earnings Statement does not provide for identification of the member's dependents, (the spouse, in particular) will be required to present appropriate identification when patronizing a NAF activity. The Earnings Statement issued by each service will state the number of drills performed for which the member was paid. The member is entitled to one day of NAFA privilege for each drill period. Consequently, the number of drills shown indicates the number of days of exchange privilege authorized. The Earnings Statement or Letter of Authorization will be date-stamped in ink in the appropriate space at the time of purchase. The following types of identification apply to reservists.

(a) DA Form 3686, JUMPS-ARMY Leave and Earnings Statement. The number of drills performed will appear in the REMARKS section following the designation UT (Unit Training) and ET (Equivalent Training).

(b) AF Form 1965, Earnings Statement Air Reserve Forces. The number of drills performed will appear opposite the indicators UTA and AFTP (Additional Flying Training Performed).

(c) 4ND NAVFINCEN 7220, Naval Reserve Earnings Statement. The number of drills performed will be the total of the entries in the blocks entitled REGULAR DRILLS, ADD'L DRILLS and INCENTIVE DRILLS.

(d) Letter of Authorization. Unlimited exchange privileges are authorized for members of the Ready Reserve who participate in regularly scheduled inactive duty training; such privileges to be granted on the basis of one day of exchange-use privilege for each drill period of inactive duty training performed.

4. d. (1) The maximum period for authorizing privileges is 1 year.

(2) The period of authorization and the prescribed number of days of exchange privileges authorized will be entered by the Reserve unit commander or by his designated representative. For control purposes, "designated representative" means any administrative officer designated on appropriate appointment orders. The use of a facsimile signature stamp is prohibited.

(3) The control and record of issuance of these forms shall be performed by the Reserve unit commanding officer. Local reproduction of the following is authorized: "This letter is issued for official use of the holder designated hereon. Use or possession except as prescribed is unlawful and will make the offender liable to heavy penalty - 18 U.S.C. 499, 501, and 701."

(4) For exchange personnel observance only. Exchange personnel will enter the appropriate date on the line indicated in accordance with the number of days said privilege is authorized. This date is entered by the first exchange facility used on a given day. This initial date stamping enables the reserve member to frequent as many additional exchange facilities as he may desire on that date only without receiving further stamping by exchange personnel.

e. CG4458A, Coast Guard Reserve Earning Statement. The number of days of NAFA privileges will be indicated in the block labeled DAYS EXCHANGE ENTITLEMENT.

5. Dependents of members of reserve components are to be identified by a driver's license and by the reservist's leave and earnings statement or letter of authorization issued by the Reserve Component Organization.

6. Issue and Control Procedures for NAFA Employee Identification and Privilege Card. NAFA employees who do not have a Uniformed Services Identification and Privilege Card, DD Form 1173, Active or Retired DD 2CG, 2A, 2AP, or 2N because of sponsorship circumstances will be issued an Identification and Privilege Card (ID), CG-5282 (figure 3-1), by the NAFA Officer. This card is good for shopping privileges on a systemwide basis by Coast Guard NAFA employees, as well as access to Coast Guard NAFA facilities by bona fide dependents of Coast Guard NAFA employees when accompanied by their sponsor. The card is also good for shopping in AAFES exchanges. The following procedures issuing and maintaining these cards should be followed:

a. ID cards are to be issued for a period not to exceed 1 year.

b. A log is to be maintained by consecutive number with employee's name, SSN, date issued and returned. Post this information in the individual employee's personnel folder.

c. The NAFA Officer is the issuing official.

B. 6. d. Upon completing the relevant information on the ID card by the NAFA Officer, the employee should then proceed to the office which processes military ID cards for photographing and lamination.

e. ID cards are to be obtained from all separating employees. Expired ID cards should also be obtained prior to issuing replacement cards. In all cases ID cards are to be destroyed when they are no longer valid.

f. Additional ID cards are available from Commandant (G-FRS) upon written request. Ordered quantities should not exceed the requirements for a 1 year period.

7. Other Credentials. For other authorized patrons whose requirements cannot be met by the above purchase credentials will be as follows:

a. Civilian employees of DOT in a temporary duty status occupying quarters on Coast Guard installations (less than 30 days) may use travel orders as identification;

b. Coast Guard Auxiliarists Membership Status and Qualification Card, CG-2650, for Auxiliarists;

c. Dependents of Reserve and National Guard Sponsors who are on active duty training possessing a copy of endorsed orders or letter of authorization and an appropriate second ID;

d. Civilian students and faculty members at service schools will be identified by a letter of authorization issued by the responsible school commander. Such letters are to be issued for a period not to exceed 1 year.

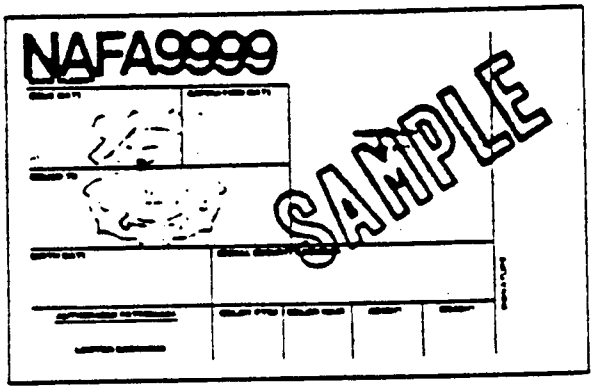
e. AAFES Form 1100-15 (issued by Army installations), or AF Form 354 (issued by Air Force installations). (NOTE: Either AAFES Form 1100-15 or AF Form 354 will be recognized as authority for AAFES employees to shop in any exchange facility in CONUS, Hawaii or Alaska.)

f. Employees of the Marine Corps Exchange Service patronizing AAFES exchanges will be identified by Form MCX 509 (issued by MCES);

g. Navy exchange employees will be identified by Form SS-161 (issued by NAVRESSO).

8. Hospitalized Authorized Patrons. Authorized exchange patrons who are hospitalized and who are unable to effect purchases in person may submit a list of items required to the exchange via volunteer workers or other normally unauthorized individuals. This list will be signed by the authorized patron indicating his grade, or rate and serial number. These requests will be retained by the exchange and filed with other sales documents.

9. Patrons of Fountains, Snack Bars and Restaurant Facilities. Identification cards are not required of personnel who are authorized by the local commanding officer to patronize fountain, snack bar and restaurant facilities.



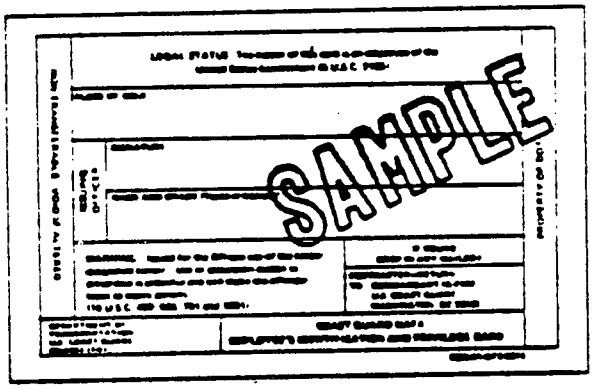


Figure 3-1

AUTHORIZED NAF ACTIVITIES AND PROFIT CENTERS

1. Purpose. This enclosure authorizes NAF activities and assigns computer identification codes to operating profit centers.

2. Definitions. The following are authorized Coast Guard-operated activities:

   a. Retail. A direct NAFA operation selling merchandise for personal use and providing services incidental to the sale of the merchandise. Examples of such activities include exchanges, annexes, branches, garden shops, toylands, gift shops, sound shops, uniform stores, specialty clothing shops, book stores, and convenience-type stores (mini-marts).

   b. Grocery. A direct NAFA operation selling a complete range of grocery products such as produce, packaged foods, meat, and non-food related items.

   c. Food. A direct NAFA operation which prepares and serves hot and cold foods and beverages. Examples include restaurants, cafeterias, snack bars, refreshment stands, and ice cream stands.

   d. Automotive and Service Station. A direct NAFA operation selling petroleum products; automotive accessories, parts, tools, and/or performing automotive repair service.

   e. Bar. A direct NAFA operation selling alcoholic beverages for on-premise consumption.

   f. Package Store. A direct NAFA operation selling alcoholic beverages, wine, cordials, and liquor for off-premise consumption.

   g. Vending. A direct NAFA operation where NAFA owns or leases the machines, owns the merchandise and stocks the machines. A concession vending operation is one where a commercial vendor owns the merchandise and services the machines.

   h. Other. Any direct NAFA operation which does not fit into one of the above classifications. Examples are barber and beauty shops, laundry and dry cleaning, tailor and alteration services, shoe repair, watch repair, optical services, portrait studios, flower shops, guest houses, rental stores, golf pro shops, phone service, long distance telephone centers, and coin operated pay telephone service.

   i. Concessions. An authorized activity operated by a commercial vendor onboard a Coast Guard installation. Concession operations must not compete or sell the same lines of merchandise sold by the unit NAFA.

3. Requirement. These Coast Guard units may operate the following activities without individual letters of authorization:

Unit	OPFAC	Activity	ID Code
First District Office	01-71101	Consolidated NAFA Reserves	DCR1
Group South Portland	01-36212	Consolidated Club	CNS1
		Package Store	PKG1
		Package Store Rockland	PKG2
		Package Store SW Harbor	PKG3
		Exchange S. Portland	RET1
		Exchange Rockland	RET2
		Exchange SW Harbor	RET3
		Uniform Store S. Portland	RET5
Cape Cod Air Station	01-20115	Main Brace	CNS1
		Gas Station	GAS1
		Grocery	GRO1
		Nantucket Mini-Mart	GRO2
		Package Store	PKG1
		Exchange	RET1
		Cape Cod Mini-Mart	RET2
		Uniform Store	RET5
		Vending	VND1
SUPRTCEN Boston	01-47000	Consolidated Club	CNS1
		Package Store	PKG1
		Exchange	RET1
Second District Office	02-71102	Consolidated NAFA Reserves	DCR1
Base St. Louis	02-31330	Consolidated Club	CNS1
		Package Store	PKG1
		Exchange	RET1
		Vending	VND1
Third District Office	03-71103	Consolidated NAFA Reserves	DCR1
Brooklyn Air Station	03-20120	Enlisted Club	EMC1
		Officers Club	OFC1
		Gas Station	GAS1
		Package Store	PKG1
		Package Store Sandy Hook	PKG2
		Package Store Shinnecock	PKG3
		Exchange	RET1
		Exchange Sandy Hook	RET2
		Exchange Shinnecock	RET3
		Uniform Store	RET5
Base Gloucester City	03-31120	Exchange	RET1
Group Long Is. Sound	03-36229	Exchange	RET1

Unit	OPFAC	Activity	ID Code
SUPRTCEN NEW YORK	03-45000	Chief Petty Officers Club	CPO1
		Enlisted Club	EMC1
		Officers Club	OFC1
		Gas Station	GAS1
		Guest House	GST1
		Package Store	PKG1
		Package Store (Rosebank)	PKG2
		Exchange	RET1
		Country Store	RET2
		Vending	VND1
Fifth District Office	05-71105	Consolidated NAFA Reserves	DCR1
CGC Northwind	05-14202	Exchange	RET1
		Vending	VND1
Base Fort Macon	05-31390	Exchange	RET1
		Vending	VND1
		Ret 5	Ret 5
SUPRTCEN Portsmouth	05-47100	Chief Petty Officers Club	CPO1
		Enlisted Club	EMC1
		Food Service	OFA1
		Package Store	PKG1
		Exchange	RET1
		Vending	VND1
SUPRTCEN Elizabeth City	05-47300	Chief Petty Officers Club	CPO1
		Enlisted Club	EMC1
		Officers Club	OFC1
		Guest Housing	GST1
		Package Store	PKG1
		Package Store Cape Hatteras	PKG2
		Exchange	RET1
		Country Store	RET2
		Exchange Cape Hatteras	RET3
Seventh District Office	07-71107	Consolidated NAFA Reserves	DCR1
CGC Diligence	07-12102	Exchange	RET1
~~CGC Courageous~~	~~07-12108~~	~~Exchange~~	~~RET1~~ NO Rebate
Miami Air Station	07-20140	Officers Club	OFC1
		Enlisted Club	EMC1
		Gas Station	GAS1
		Grocery	GRO1
		Package Store	PKG1
		Exchange	RET1
		Vending	VND1

Unit	OPFAC	Activity	ID Code
Clearwater Air Station	07-20150	Enlisted Club	EMC1
		Barber Shop	MSC1
		Package Store	PKG1
		Exchange	RET1
Borinquen Air Station	07-20235	Consolidated Club	CNS1
		Grocery	GRO1
		Guest Housing	GST1
		Package Store	PKG1
		Exchange	RET1
		Vending	VND1
		Barber	MSC1
Station St. Petersburg	07-30308	Consolidated Club	CNS1
		Grocery	GRO1
		Package Store	PKG1
		Exchange	RET1
		Ft. Meyers Exchange	RET2
Base Charleston	07-31150	Enlisted Club	EMC1
		Package Store	PKG1
		Exchange	RET1
		Vending	VND1
Base Miami Beach	07-31160	Consolidated Club	CNS1
		Package Store	PKG1
		Exchange	RET1
		Vending	VND1
Base San Juan	07-31170	Isla Grande Club	CNS1
		Guest Housing	GST1
		Canteen	OFA1
		Package Store	PKG1
		Package Store Isla Grande	PKG2
		Exchange	RET1
Base Mayport	07-31290	Exchange	RET1
Eighth District Office	08-71108	Consolidated NAFA Reserves	DCR1
CGC Dependable	08-12112	Exchange	RET1
		Vending	VND1
CGC Durable	08-12114	Exchange	RET1
		Vending	VND1
CGC Acushnet	08-12201	Exchange	RET1
		Vending	VND1
CGC Westwind	08-14203	Exchange	RET1
		Vending	VND1

Unit	OPFAC	Activity	ID Code
Base Galveston	08-31180	Consolidated Club	CNS1
		Exchange	RET1
		Vending	VND1
Group New Orleans	08-36240	Enlisted Club	EMC1 - CNS 1
		Officers Club	OFC1 CNS 2
		Exchange	RET1
Base Mobile	08-31340	Consolidated Club	CNS1 - EMC1
		Gas Station	GAS1
	1 08-36239	Package Store	PKG1
		Exchange	RET1
		Exchange Annex	RET2
		Convenience Store	RET3
		Snack bar	OFF
PSSTA Houston	08-34245	Exchange	RET1
		Vending	VND1
Ninth District Office	09-71109	Consolidated NAFA Reserves	DCR1
CGC Mackinaw	09-14101	Exchange	RET1
		Vending	VND1
CGC Bramble	09-15207	Exchange	RET1
CGC Mesquite	09-15224	Exchange	RET1
CGC Sundew	09-15233	Exchange	RET1
		Vending	VND1
Traverse City Air Station	09-20160	Enlisted Club	EMC1
		Grocery	GRO1
		Package Store	PKG1
		Exchange	RET1
MSO Cleveland	09-33253	Enlisted Club	EMC1 - CNS 1
		Officers Club	OFC2 CNS 2
		Package Store	PKG1
Group Buffalo	09-36244	Exchange	RET1
		Vending	VND1
Group Detroit	09-36250	Package Store	PKG1
		Detroit Exchange	RET1
		Toledo Exchange	RET2
		Vending	VND1
Group Muskegon	09-36253	Package Store	PKG1
		Exchange	RET1

Unit	OPFAC	Activity	ID Code
Group Milwaukee	09-36255	Exchange	RET1
		Vending	VND1
Group Saulte Ste. Marie	09-36259	Gas Station	GAS1
		Package Store	PKG1
		Exchange	RET1
9th Dist. Eagle Ave Cleveland NAFA	09-71210	Grocery	GRO1
		Package Store	PKG1
		Exchange	RET1
Eleventh District Office	11-71111	Consolidated NAFA Reserves	DCR1
Ventura 11-71111 13th CGC Glacier	11-14401	Exchange	RET1
	13	Vending	VND1
San Diego Air Station	11-20170	Package Store	PKG1
		Exchange	RET1
Base Terminal Island	11-31220	Consolidated Club	CNS1
		Exchange	RET1
		Vending	VND1
Twelfth District Office	12-71112	Consolidated NAFA Reserves	DCR1
Group Humboldt Bay	12-36266	Package Store	PKG1
		Exchange	RET1
		Vending	VND1
SUPRTCEN Alameda	12-47500	Enlisted Club	EMC1 CNS1
		Chief Petty Officers Club	CPO1
		Officers club	OFC1
		Gas Station	GAS1
		Package Store	PKG1
		Exchange	RET1
		Vending	VND1
Thirteenth District Office	13-71113	Consolidated NAFA Reserves	DCR1
CGC Polar Star	13-14501	Exchange	RET1
		Vending	VND1
CGC Polar Sea	13-14502	Exchange	RET1
		Vending	VND1
Port Angeles Air Station	13-20190	Enlisted Club	EMG1 CNS1
		Gas Station	GAS1
		Grocery	GRO1
		Package Store	PKG1
		Exchange	RET1
		Vending	VND1

Unit	OPFAC	Activity	ID Code
North Bend Air Station	13-20276	Grocery	GRO1
		Package Store	PKG1
		Exchange	RET1
MSO Portland	13-33270	Exchange	RET1
		Vending	VND1
Group Astoria	13-36271	Gas Station	GAS1
		Grocery	GRO1
		Package Store	PKG1
		Exchange	RET1
SUPRTCEN Seattle	13-47200	Snack Bar	OFA1
		Package Store	PKG1
		Exchange	RET1
		Vending	VND1
		Ret 5	
Fourteenth District Office	14-71114	Consolidated NAFA Reserves	DCR1
Barbers Point Air Station	14-20255	Consolidated Club	CNS1
Base Honolulu	14-31250	Consolidated Club	CNS1
		Gas Station	GAS1
		Gas Station KKH	GAS2
		Snack Bar	OFA1
		Package Store	PKG1
		Exchange	RET1
		Exchange KKH	RET2
		Vending	VND1
Seventeenth District Office	17-71117	Consolidated NAFA Reserves	DCR1
CGC Sedge	17-15230	Exchange	RET1
		Vending	VND1
CGC Sweetbriar	17-15234	Exchange	RET1
		Vending	VND1
Sitka Air Station	17-20280	Consolidated Club	CNS-1
		Package Store	PKG1
		Exchange	RET1
		Vending	VND1
Juneau NAFA	17-71260	Consolidated Club	CNS1
		Package Store	PKG1
		Exchange	RET1
		Vending	VND1

Unit	OPFAC	Activity	ID Code
Group Ketchikan	17-36296	Consolidated Club	CNS1
		Package Store	PKG1
		Exchange	RET1
		Vending	VND1
SUPRTCEN Kodiak	17-46000	Golden Anchor	CNS1
		Kings Inn	CNS2
		Gas Station	GAS1
		Guest House	GST1
		Laundry	MSC1
		Totem House	OFA1
		Package Store - Conv. Store Liquor	PKG1
		Exchange	RET1
	gone —	Country Store - VOID	RET2
		Nimitz Housing	[redacted] Rot 4
		Uniform Store	RET5
		Vending	VND1
		Conv Store Beer + Soda - All Conv Store	Rot 3
Alexandria Station	50-30800	Consolidated Club	CNS1
Coast Guard Academy	60-60100	Gas Station	GAS1
		Officers Club	~~OFC1~~
		Enlisted Club	~~EMC1~~
		Chief Petty Officers Club	~~CPO1~~
		Barber Shop #1	MSC1
		Barber Shop #2	MSC2
		Snack Bar	OFA1
		Dry Dock	OFA2
		Package Store	PKG1
		Exchange	RET1
		Penny Saver	RET2
		Cadet Store	RET3
		Visitors Center	RET4
TRACEN Petaluma	74-61200	Consolidated Club	CNS1
		Gas Station	GAS1
		Snack Bar	OFA1
		Guest House	GST1
		Package Store	PKG1
		Exchange Convience Store	RET1
RESTRACEN Yorktown	75-63100	Chief Petty Officers Club	CPO1
		Enlisted Club	EMC1
		Officers Club	OFC1
		Gas Station	GAS1
		Tailor Shop	MSC1
		~~Auto Hobby Shop~~	~~MSC2~~
		Package Store	PKG1
		Exchange	RET1
		Country Store	RET2
		Vending	VND1

Unit	OPFAC	Activity	ID Code
ATC Mobile	76-65100	Enlisted Club	~~EMC1~~ CNS1
		Officers Club	~~OFC1~~ OCF1
		Gas Station	GAS1
		Grocery	GRO1
		Package Store	PKG1
		Exchange	RET1
		Country Store	RET2
		Vending	VND1
		Uniform Store	RET5
TRACEN Cape May	77-67100	Consolidated Club	CNS-1
		Officers Club	OFC1
		Laundry	MSC1
		EECEN Snack Bar	OFA1
		Package Store	PKG1
		Exchange	RET1
		Vending	VND1
		Grocery	GRO-1
Coast Guard Yard	80-31800	Consolidated Club	~~CNS1~~ CFE
		Gas Station	GAS1
		Guest House	GST1
		Package Store	PKG1
		Exchange	RET1
		Convenience Store	RET2
		Vending	VND1
		Boa	OCF
Coast Guard Activities, Europe	96-73130	Consolidated NAFA Reserves	DCR1
LORSTA Estartit	96-40110	Consolidated Club	CNS1
		Package Store	PKG1
		Exchange	RET1
LORSTA Lampedusa	96-40114	Consolidated Club	CNS1
		Exchange	RET1
LORSTA Sylt	96-40220	Exchange	RET1
		Consolidated Club	CNS-1
LORSTA Kargabarun	96-40113	Exchange	RET-1
LORSTA Sellia Marina	96-40112	Exchange	RET-1

ESTABLISHING NAF ACTIVITIES

A. Restrictions.

1. Non-Appropriated Fund Activities (NAFA) may not be operated at a Coast Guard unit without proper authorization. Establishing a consolidated unit NAFA or adding activities thereto must be authorized in writing by the Cognizant Authority. Requests for activities to sell or dispense alcohol or grocery items must include the information requested in Paragraph 2.b, c, d, e or f and g below, and must be forwarded to Commandant (G-FER) for approval.

2. All letters requesting authorization for the establishment of NAFA shall include the following information:

   a. NAFA facilities desired;

   b. number of personnel to be served;

   c. location of and distance to nearest military installation having similar types of activities;

   d. availability of suitable buildings and furnishings;

   e. when a grocery service is desired, a comprehensive commercial facility pricing survey, Exhibit A, and the supporting questionnaire, Format for Analysis Conformity to Criteria for Commissary Store, Exhibit B, shall be completed. These formats should be reproduced locally;

   f. when a package store is desired, then the following additional information shall be provided:

      (1) importance of the estimated income to the unit's MWR program;

      (2) availability of civilian family social clubs;

      (3) geographical inconveniences and highway safety;

      (4) limitations of non-military sources;

      (5) problems due to restrictions imposed by local laws and regulations;

      (6) attitudes of community authorities and civic organizations towards a CG sales outlet;

(7) is the land government owned or leased;

(8) approval of the State Alcoholic Beverage Commission.

g. the need for any additional financial support, and estimated revenues and expenses of the activity.

3. Requests for a Coast Guard Trust Fund Loan may be submitted to Commandant (G-F) for either initial capitalization or as additional funding requirements for establishing a NAF Activity. The amount desired and the suggested terms of repayment shall be included in the request.

4. Letters of authorization shall list specifically each activity authorized thereby. Such authorizations shall be retained in the permanent unit NAFA files readily available for inspection.

a. A signed copy of each authorization shall be forwarded to Commandant (G-FER) by the issuing authority.

b. District Offices, Headquarters Units and Coast Guard Headquarters shall maintain up-to-date files of all NAFA authorizations currently in effect under their cognizance.

RETAIL PRICE COMPARISON SURVEY WORKSHEET

COMMISSARY STORE (Name and location)

PRICE COMPARISON MADE (Date)

(a) ITEM NO.	(b) QUANTITY WEIGHTING FACTOR	(c) ITEM	(d) SIZE (Must all be same)	(e) UNIT	(f) Name of Store No. 1		(g) Name of Store No. 2		(h) AVERAGE MARKET PRICE	(i) WEIGHTED MARKET PRICE (Col. b X Col. h)	(j) COMMISSARY		(k) WEIGHTED COMMISSARY PRICE (Col. b X Col. j)
					BRAND	UNIT PRICE	BRAND	UNIT PRICE			BRAND	UNIT COST PRICE	
1	22.9	FLOUR, ALL PURPOSE	5 LB	BAG									
2	57.4	CRACKER MEAL	9½ OZ	PKG									
3		CORN FLAKES		PKG									
4		RICE		PKG									
5		BREAD, WHITE		LOAF									
6	126.5	BREAD, WHOLE WHEAT	1 LB	LOAF									
7	64.9	COOKIES, CREAM FILLED	1 LB	PKG									
8	24.0	BEEF, ROUND STEAK		LB									
9	11.8	BEEF,SIRLOIN STEAK		LB									
10	10.0	BEEF, PORTERHOUSE STEAK		LB									
11	16.9	BEEF, RUMP ROAST		LB									
12	10.9	BEEF, RIB ROAST		LB									
13	15.1	BEEF, CHUCK ROAST		LB									
14	71.7	BEEF, HAMBURGER		LB									
15	15.9	BEEF, LIVER		LB									
16	6.2	VEAL CUTLETS		LB									
17	26.3	PORK, CHOPS		LB									
18	17.2	PORK LOIN, ROAST		LB									
19	20.0	PORK, SAUSAGE		LB									
20	16.9	HAM, WHOLE		LB									
21	24.6	PICNICS, SMOKED		LB									
22	27.4	BACON		LB									
23	7.9	LAMB, CHOPS		LB									
24	16.2	FRANKFURTERS		LB									

EXHIBIT A

Encl. (5) to COMDTINST M7010.

RETAIL PRICE COMPARISON SURVEY WORKSHEET

COMMISSARY STORE (Name and location)

PRICE COMPARISON MADE (Date)

(a) ITEM NO.	(b) QUANTITY WEIGHTING FACTOR	(c) ITEM	(d) SIZE (Must all be same)	(e) UNIT	(f) Name of Store No. 1		(g) Name of Store No. 2		(h) AVERAGE MARKET PRICE	(i) WEIGHTED MARKET PRICE (Col. b X Col. h)	(j) COMMISSARY		(k) WEIGHTED COMMISSARY PRICE (Col. b X Col. j)
					BRAND	UNIT PRICE	BRAND	UNIT PRICE			BRAND	UNIT COST PRICE	
25	11.0	HAM, CANNED		LB									
26		BOLOGNA, SAUSAGE											
27		SALAMI, SAUSAGE											
28		LIVER SAUSAGE (Liverwurst)											
29	85.2	CHICKEN, FRYER, RTC		LB									
30	10.2	CHICKEN, BREASTS		LB									
31	14.4	TURKEY		LB									
32	9.7	SHRIMP, FROZEN	10 OZ	PKG									
33	5.6	FISH, OCEAN PERCH, FROZEN	16 OZ	PKG									
34	6.7	FISH, HADDOCK, FROZEN	16 OZ	PKG									
35	22.3	FISH, TUNA	6½ OZ	CAN									
36	55.0	SARDINES	4 OZ	CAN									
37	202.2	MILK, FRESH, FLUID	½ GAL	CTN									
38	73.1	MILK, FRESH, SKIM	QT	CTN									
39	110.8	MILK, EVAPORATED	14½ OZ	CAN									
40	19.7	ICE CREAM	½ GAL	PKG									
41		CHEESE, AMERICAN PROCESS											
42	21.6	BUTTER (_____ Score)	1 LB	PKG									
43	81.5	APPLES, FRESH		LB									
44	70.2	BANANAS, FRESH		LB									
45	16.4	ORANGES, SIZE 200, FRESH		DOZ									
46	5.3	ORANGE JUICE, FRESH	QT	CTN									
47	21.9	GRAPEFRUIT, FRESH		EA									
48	16.7	GRAPES, SEEDLESS		LB									

RETAIL PRICE COMPARISON SURVEY WORKSHEET

COMMISSARY STORE (Name and location)

PRICE COMPARISON MADE (Date)

(a) ITEM NO.	(b) QUANTITY WEIGHTING FACTOR	(c) ITEM	(d) SIZE (Must all be same)	(e) UNIT	(f) Name of Store No. 1		(g) Name of Store No. 2		(h) AVERAGE MARKET PRICE	(i) WEIGHTED MARKET PRICE (Col. b X Col. h)	(j) COMMISSARY		(k) WEIGHTED COMMISSARY PRICE (Col. b X Col. j)
					BRAND	UNIT PRICE	BRAND	UNIT PRICE			BRAND	UNIT COST PRICE	
49	69.5	WATERMELON		LB									
50	25.6	POTATOES, FRESH		10 LBS									
51	34.4	ONIONS, FRESH		LB									
52	46.0	CABBAGE, FRESH		LB									
53	25.7	CARROTS, FRESH	1 LB										
54	28.1	CELERY, FRESH		LB									
55	21.1	CUCUMBERS, FRESH		LB									
56	40.9	LETTUCE, FRESH		HEAD									
57	15.7	PEPPERS, GREEN		LB									
58	23.8	TOMATOES, FRESH		LB									
59	31.9	FRUIT COCKTAIL	#303	CAN									
60		PEARS		CAN									
61	24.7	PINEAPPLE-GRAPEFRUIT JUICE DRINK	46 OZ	CAN									
62	26.2	JUICE, ORANGE CONCENTRATE, FROZEN	6 OZ	CAN									
63	56.9	LEMONADE, CONCENTRATE, FROZEN	6 OZ	CAN									
64	49.3	BEETS, SLICED	#303	CAN									
65	37.3	PEAS	#303	CAN									
66	51.9	TOMATOES	#303	CAN									
67		BEANS, DRY, WHITE		PKG									
68	30.6	BROCCOLI, FROZEN	10 OZ	PKG									
69	72.1	EGGS, GRADE A, LARGE	1 DZ	CTN									
70	36.8	MARGARINE, COLORED	1 LB	CTN									
71	34.0	SALAD DRESSING, ITALIAN	8 OZ	BTL									
72		SALAD OR COOKING OIL		BTL									

RETAIL PRICE COMPARISON SURVEY WORKSHEET

COMMISSARY STORE (Name and location)

PRICE COMPARISON MADE (Date)

(a) ITEM NO.	(b) QUANTITY WEIGHTING FACTOR	(c) ITEM	(d) SIZE (Must all be same)	(e) UNIT	(f) Name of Store No. 1		(g) Name of Store No. 2		(h) AVERAGE MARKET PRICE	(i) WEIGHTED MARKET PRICE (Col. b X Col. h)	(j) COMMISSARY		(k) WEIGHTED COMMISSARY PRICE (Col. b X Col. j)
					BRAND	UNIT PRICE	BRAND	UNIT PRICE			BRAND	UNIT COST PRICE	
73	14.4	SUGAR, WHITE, GRANULATED	5 LB	BAG									
74		JELLY, GRAPE		JAR									
75	44.2	SYRUP, CHOCOLATE FLAVORED	16 OZ	CAN									
76	36.9	COFFEE, VACUUM PACKED	1 LB	CAN									
77	10.6	COFFEE, INSTANT	6 OZ	JAR									
78	15.5	TEA BAGS	48'S	PKG									
79	61.7	SOUP, BEAN	11½ OZ	CAN									
80	49.7	SOUP, CHICKEN	10½ OZ	CAN									
81	61.3	SPAGHETTI	15½ OZ	CAN									
82	25.9	POTATOES, INSTANT MASHED	7 OZ	PKG									
83		POTATOES, FRENCH FRIED, FROZEN		PKG									
84	81.5	BABY FOOD	4½-5 OZ	JAR									
85		RELISH, SWEET PICKLE		JAR									
86		PRETZELS		PKG									

EXHIBIT A

FORMAT FOR
ANALYSIS OF CONFORMITY TO CRITERIA
FOR (SERVICE) COMMISSARY STORES

(1) Installation at Which Commissary Store is Located	(2) Travel Time By Private Conveyance under normal traffic conditions, to each of the two nearest adequate commercial facilities (Minutes)		(3) Number of Military Families Qtrd on or residing adjacent to the Installation in Qtrs under the control of the Installation Cdr, who are authorized to patronize the commissary store	(4) Number of Military Families Asgn to but residing off the Installation who are authorized to patronize the commissary store. (Do not include those reported in Col 3)	(5) Estimated Number of Active Duty Military Families Not Asgn to the Installation who regularly patronize the commissary store. (Do not include those reported in Cols 3 & 4)	(6) Number of Civilian Families Qtrd on or residing adjacent to the Installation in Qtrs under the control of the Installation Cdr, who are authorized to patronize the commissary store	(7) Estimated Number of other families not asgn to the Installation, e.g., Ret military, widows, totally disabled Vets, etc., auth Com privileges who regularly patronize the commissary store. (Do not include those reported in Cols 3, 4, 5, 6)	(8) Percentage of differential between commissary store prices and adequate commercial facilities' prices	(9) Commissary stores considered justified for continued operation, in that commercial facilities fail to meet criteria as to: A. Adequacy C. Convenience P. Price
	Store #1	Store # 2							

DISESTABLISHING NAF ACTIVITIES

A. Authorization.

1. The disestablishment of authorized NAF Activities must be authorized in writing. Requests for disestablishing NAF Activities must be approved by the same command level which previously authorized establishing that NAF Activity.

2. The authorization for disestablishment shall indicate the exact date operations will cease. A signed copy of the authorization shall be forwarded to Commandant (G-FER).

B. Stock.

1. The Cognizant Authority shall issue specific instructions for the disposition of stock in conformance with the following general instructions: All stock should be returned to vendors or sold at cost to other NAFAs when practicable. Distilled spirits, wines or beer may be returned to the dealer from whom purchased (or to the successor of the vendor's business or line of merchandise) for refund (26 USC 5113(C)(3)).

C. Equipment.

1. All equipment used by the NAF Activity is considered U.S. Government property. The Cognizant Authority shall issue instructions as to the disposition of excess equipment in accordance with Section 3C, Comptroller Manual.

D. Accounts Payable.

1. All outstanding accounts payable shall be paid in full, and other outstanding liabilities, such as open purchase orders, shall be settled.

2. When the unit is discontinuing all local NAF Activities, the financial records should be properly filed and then forwarded to the Cognizant Authority. The NAFA administrator is to:

   a. collect all accounts receivable;

   b. remit final withholding tax and social security payments;

   c. furnish employees with final statement of earnings and deductions;

   d. convert all securities to cash;

e. advise the concerned bank to forward final NAFA bank statement to Commandant (G-FER);

f. advise the bank that any bank balance remaining 6 months after liquidation should be forwarded to Commandant (G-F), who is the successor in interest;

g. notify G-FER of any pending insurance claims.

E. Final Report.

1. A final financial report shall be forwarded to Commandant (G-F) within 15 days of the liquidation of all local NAF Activities. If other NAF Activities remain in operation at that Coast Guard unit, the next quarterly report shall indicate the final results of the discontinued activity.

2. If all local NAF Activities are disestablished, 50 percent of the final cash assets shall be forwarded to the cognizant district commander, and the remaining 50 percent shall be forwarded to Commandant (G-FER), making the check payable to "Coast Guard NAFA," Headquarters units shall forward 100 percent of the final cash assets to Commandant, G-FER, making checks payable to "Coast Guard NAFA."

3. All remaining bank checks are to be destroyed.

NAFA VEHICLES

1. Purpose. To prescribe procedures for the operation, use, licensing, and maintenance of NAFA vehicles.

2. Discussion.

   a. NAF vehicles are the property of an instrumentality of the United States, and as such are exempt under the Consititution from state licensing and inspection requirements.

   b. Since NAF vehicles are instrumentalities of the United States, and since the interests of the Coast Guard, its members and employees would be very directly involved in the event of an accident involving such vehicles, investigation under Section 0203, Coast Guard Supplement to the Manual for Court Martial (CG-241) is required.

   c. Enclosure (21) describes insurance coverage.

3. Vehicle Licensing. The terms license plates and tags have equal meaning as used herein.

   a. NAFA vehicles shall be provided specially manufactured tags to be purchased and distributed from headquarters. Temporary, locally fabricated tags may be displayed pending receipt of permanent tags, if permitted by local law. Permanent tags may be obtained by letter request to Commandant (G-FRS). The letter shall contain the following information: vehicle description, year, make, model and serial number.

   b. Vehicle tags shall be provided in pairs. If used on trailers or other equipment which require only one tag, the duplicate tag should be retained for use in the event of damage or loss to the one in use. All self-propelled vehicles shall display a tag front and rear.

   c. Vehicle tags are provided for a specific vehicle and may therefore be used for only that vehicle. These tags are not transferable between vehicles. In case a vehicle is disposed of in any manner, the tags shall be returned to Commandant (G-FRS).

   d. License plates for Special Service vehicles shall be requested from Commandant (G-PS).

4. Operator's License.

   a. NAF vehicles shall be operated only by a military member or civilian employee of the Coast Guard authorized to do so. The person must also possess a valid State or District of Columbia operator's license.

4.b. Military members and civilian employees of the Coast Guard should hold a valid Government Motor Vehicle Operator's License (SF-46), as prescribed in Sections 3-4 and 3-5 of the Safety Manual (CG-405).

c. Possession of a SF-46 permits a military member, either on or off duty, to operate a NAF vehicle, even if he does not have a State operator's license.

5. Vehicle use. The use of NAFA vehicles is restricted to official Coast Guard or NAFA business. They shall not be used by individuals for their own personal gain or benefit or lent to another party for unauthorized use.

6. Maintenance. For the sake of safety, a vehicle should be well maintained. Although NAF vehicles are not subject to state inspection requirements, they are subject to the same inspection requirements as other Coast Guard vehicles with regard to the frequency of inspection, safety requirements and mechanical soundness. Managers of NAF vehicles are also encouraged to seek and accept state inspections as an added advantage in preventive maintenance efforts.

7. Safety Belts. Safety belts must be installed and used in NAF vehicles as required in Section 3-6 of the Safety Manual (CG-405).

CONSOLIDATION OF FUNDS
DISTRIBUTION OF PROFITS AND REQUIRED REMITTANCES

1. Purpose. This enclosure establishes servicewide procedures for assessing and collecting Coast Guard Trust Fund remittances and authorizes consolidations of NAFA funds by responsible district commanders.

2. Definitions.

   a. This provision is a pre-expense set aside (similar to depreciation) of an amount equal to 1% of NAFA sales for providing funds for replacing NAFA assets. The Reserve for the Replacement of Fixed Assets must be kept liquid (cash) to ensure its availability in time of need and must not be used to supplement or replace working capital. These funds may be consolidated by the responsible district commander dependent upon:

      (1) The unit meeting the minimum liquidity (quick ratio) benchmark established in Encl. (10).

      (2) Their exclusive reservation for the replacement of NAFA assets.

   b. Unit Retained Earnings. These earnings are the portion of net profits the NAFA must retain for unit net worth to grow at a pace equal to the inflation rate. Without this growth, liquidity will be lost and the unit's ability to pay its bills on time and operate efficiently will be lost. A minimum of 35% of net profits must be retained by the unit to ensure proper cash liquidity.

   c. Coast Guard Trust Fund Assessment. This assessment is levied on each district and Headquarters unit to:

      (1) Redistribute some profits on a servicewide basis.

      (2) Reimburse the Coast Guard Trust Fund for Special Services and NAFA insurance costs.

      (3) Provide funds for limited self-insurance coverage.

      (4) Reimburse the Coast Guard Trust Fund for Headquarters NAFA overhead costs.

   d. District Assessment. This assessment is levied by the district commander for pooling resources and directing funds to NAFA and Special Services projects of highest need. The assessment is dependent upon the availability of profits and a satisfactory cash liquidity condition (working capital) at the unit. See Encl. (10) for the mandatory quick ratio benchmark.

   e. Unit Share. The unit share is an incentive share of the profits retained by the unit for approved NAFA and Special Services projects. Spending plans must not jeopardize the NAFA's cash liquidity position.

3. Distribution of Profits.

a. Priority of Profit Distribution.

(1) Profits will be distributed in this sequence:

(a) 35% retained earnings.

(b) Coast Guard Trust Fund assessment.

(c) District assessment.

(d) Unit share.

(2) Exception. A unit unable to meet the quick ratio test and at the same time submit the assessments required above can unilaterally reduce the assessments in reverse priority order until the quick ratio test is met. The unit must submit a letter to district commander (f) explaining the cause and propose a solution to the liquidity problem. The district is responsible for absorbing shortfalls in Trust Fund assessments.

b. Consolidations of Funds. When unit working capital financial conditions are satisfactory, districts may consolidate NAFA funds in these categories:

(1) Reserves for Replacement of Fixed Assets.

(2) District assessment for program needs.

4. Coast Guard Trust Fund Assessment. The annual assessment includes:

a. NAFA Assessment.

(1) NAFA insurance assessment recovers costs of workmen's compensation, general liability, crime, fidelity, short term disability, and property coverage to the NAFA program.

(2) NAFA overhead assessment allocates the costs of Headquarters NAFA salaries, operating expenses, NAFA management training programs, and the NAFA management information system.

(3) The assessment factor is determined by dividing the total of NAFA insurance and overhead costs by total NAFA sales. The assessment is computed by multiplying this factor by local annual sales revenues.

NAFA VEHICLES

1. Purpose. To prescribe procedures for the operation, use, licensing, and maintenance of NAFA vehicles.

2. Discussion.

   a. NAF vehicles are the property of an instrumentality of the United States, and as such are exempt under the Consititution from state licensing and inspection requirements.

   b. Since NAF vehicles are instrumentalities of the United States, and since the interests of the Coast Guard, its members and employees would be very directly involved in the event of an accident involving such vehicles, investigation under Section 0203, Coast Guard Supplement to the Manual for Court Martial (CG-241) is required.

   c. Enclosure (21) describes insurance coverage.

3. Vehicle Licensing. The terms license plates and tags have equal meaning as used herein.

   a. NAFA vehicles shall be provided specially manufactured tags to be purchased and distributed from headquarters. Temporary, locally fabricated tags may be displayed pending receipt of permanent tags, if permitted by local law. Permanent tags may be obtained by letter request to Commandant (G-FNM). The letter shall contain the following information: vehicle description, year, make, model and serial number.

   b. Vehicle tags shall be provided in pairs. If used on trailers or other equipment which require only one tag, the duplicate tag should be retained for use in the event of damage or loss to the one in use. All self-propelled vehicles shall display a tag front and rear.

   c. Vehicle tags are provided for a specific vehicle and may therefore be used for only that vehicle. These tags are not transferable between vehicles. In case a vehicle is disposed of in any manner, the tags shall be returned to Commandant (G-FNM).

   d. License plates for Special Service vehicles shall be requested from Commandant (G-PS).

4. Operator's License.

   a. NAF vehicles shall be operated only by a military member or civilian employee of the Coast Guard authorized to do so. The person must also possess a valid State or District of Columbia operator's license.

4.b. Military members and civilian employees of the Coast Guard should hold a valid Government Motor Vehicle Operator's License (SF-46), as prescribed in Sections 3-4 and 3-5 of the Safety Manual (CG-405).

false omit

c. Possession of a SF-46 permits a military member, either on or off duty, to operate a NAF vehicle, even if he does not have a State operator's license.

5. Vehicle use. The use of NAFA vehicles is restricted to official Coast Guard or NAFA business. They shall not be used by individuals for their own personal gain or benefit or lent to another party for unauthorized use.

6. Maintenance. For the sake of safety, a vehicle should be well maintained. Although NAF vehicles are not subject to state inspection requirements, they are subject to the same inspection requirements as other Coast Guard vehicles with regard to the frequency of inspection, safety requirements and mechanical soundness. Managers of NAF vehicles are also encouraged to seek and accept state inspections as an added advantage in preventive maintenance efforts.

7. Safety Belts. Safety belts must be installed and used in NAF vehicles as required in Section 3-6 of the Safety Manual (CG-405).

4-b. Special Services Assessment.

(1) Special Services insurance assessment recovers cost of workmen's compensation, general liability, fidelity, and selected property coverage to field Special Services Activities. Field remittances provide reimbursement to the Trust Fund from the benefiting district and Headquarters unit Special Services programs. The computation is based on actual field activities reported in the annual Special Services insurance reports.

(2) Special Services Profit Redistribution ensures each unit or district is provided with a portion of the available NAFA profits for Special Services programs. The algorithm is based on local NAFA sales and the number of authorized military billets supported with local funds. The algorithm is:

1%x(Local Annual Sales - (Avg. CG Sales/billet) X (Local billets))

(3) Each district office is responsible for apportioning and collecting its share of Coast Guard Trust Fund assessment.

c. Assessments must be remitted and accounted for as follows:

(1) Remittances are apportioned on a quarterly basis, consolidated by district offices or Headquarters units and mailed to Commandant (G-FNM) within 30 days after the end of the NAFA fiscal quarter. Grants are apportioned and mailed by Commandant (G-PS) in the same manner. Mail requests for special apportionment to Commandant (G-FNM) or (G-PS), as appropriate.

(2) Accounting Treatment.

(a) NAFA Insurance will be entered on line 9 of the NAFA Results of Operations Report (CG-5228).

(b) NAFA Overhead will be entered on line 14 of the NAFA Results of Operations Report (CG-5228).

(c) Special Services Insurance will be included in line 7 of the Morale Fund Financial Statement (CG-2985).

(d) Special Services Profit Redistribution will be entered on line 14 of the NAFA Results of Operations Report (CG-5228) when the assessment is positive. When a grant is received, the income will be included on line 2 of the Morale Fund Financial Statement (CG-2985).

AUTHORIZED FUNDING SOURCES

A. GENERAL. This enclosure provides specific policy and guidance for the use of appropriated funds (APF) and non-appropriated funds (NAF) for the operations of the Coast Guard Exchange System (CGES) and individual exchanges (CGX).

B. DEFINITIONS.

1. Appropriated Funds (APF). Funds appropriated by the United States Congress for the purpose of conducting the business of the government.

2. Non-Appropriated Funds (NAF). Government funds derived from sources other than those appropriated by Congress.

3. Coast Guard Exchange System (CGES). The Coast Guard's system of retail and service profit centers operated for the benefit of authorized patrons. CGES generates profits necessary to be self-sustaining and to provide supplemental funding for servicewide Morale, Welfare, and Recreation (MWR) programs.

4. Coast Guard Exchange (CGX). The retail/service profit center(s) established at an individual Coast Guard unit.

5. Coast Guard Exchange System (CGES) Funds. NAF revenues generated and retained by CGX's or CGES through business operations, i.e., sales, vendor allowances, interest income, concession income, manufacturers' rebates, etc.

6. Coast Guard Exchange System (CGES) Assets. Cash and investments held by CGES and CGX's. Also, property purchased and maintained by CGES and CGX's, i.e., inventory, equipment, supplies, real property, vehicles, etc.

7. Command and Control Supervision. The managerial functions of planning, organizing, directing, coordinating, and controlling the overall operations of CGES programs and CGX operations consisting specifically of program, fiscal, logistical, and other management functions that are separate from the daily working level activities and tasks of CGES. Command and control positions within the decentralized management organization of CGES include CGES Officers and Managers, Assistant CGES Officers and Managers, and CGX and Club Managers. These positions provide rotation, training, and career progression opportunities not otherwise available.

8. Direct Funding Support. Support which is provided for the direct management, administration, and operation of a specific CGES/CGX facility or activity.

B. 9. Indirect Funding Support. Support typically provided unit-wide and which mutually benefits both CGES/CGX and unit operations, programs, and activities.

C. POLICY.

1. The Coast Guard policy on the use of funds, appropriated and non-appropriated, in support of CGES is consistent with the funding policy of the Armed Forces Exchange Services, as approved by the House Armed Services Committee.

2. CGES activities are essential to ensuring a well-rounded support program for Coast Guard members, their families, and the military community. Commands or host units are to consider them equally with all other missions, programs, and activities with regard to providing APF support.

3. CGES activities are primarily self-sustaining and receive APF support only as authorized in Figure 1 of this enclosure. Exceptions to this policy generally are limited to overseas, remote, or isolated locations. CGX's must reimburse supporting units for APF expenditures, either onetime or recurring, not authorized in Figure 1.

4. CGES funds are not to be obligated or expended for any purpose other than as authorized in Figure 1 for CGX facilities and activities. The use of CGES funds to either directly or indirectly support CGMWR programs, other than quarterly transfers to CGMWR fund accounts as prescribed elsewhere in this manual, is prohibited.

5. Unless addressed specifically by contract, a contractor or concessionaire of CGES who sells authorized products or services is entitled to the same level of APF support as would be authorized for a similar CGES-operated activity.

Attachment:

Figure 1: APF and NAF Support Authorizations for CGES.

APF AND NAF SUPPORT AUTHORIZATIONS FOR CGES

Under the "APF" and "NAF" columns on Pages 1 through 12:

A = Authorized
N = Not Authorized
A number refers to the corresponding footnote on page 12.

EXPENSE CATEGORY	APF	NAF
A. Direct APF and NAF Support. Support which is provided for the direct management, administration and operation of a specific CGES/CGX facility or activity.		
1. Military Personnel.		
a. Executive command and control, and common support services.	**A**	**N**
b. All other functions (persons performing these functions must be NAF employees).	**N**	**N**
2. Civilian Personnel.		
a. Executive command and control, and common support services.	**A**	**1**
b. All other functions (persons performing those function must be NAF employees).	**N**	**A**
3. Travel of Personnel.		
a. Permanent Change of Station (PCS).		
(1) Military and full-time APF employees.	**A**	**N**
(2) Full-Time NAF employees.	**N**	**A**
(3) Part-Time/Intermittent NAF employees.	**N**	**N**
b. Temporary Duty (TDY and/or TAD) Travel.		
(1) APF employees and military members.	**A**	**1**
(2) NAF employees when travel is directed by higher (above CGES Officer) authority and the TDY relates directly to command and control or business supported by APF's.	**A**	**1**
(3) All other travel by NAF employees.	**N**	**A**

Figure 1

APF AND NAF SUPPORT AUTHORIZATIONS FOR CGES

EXPENSE CATEGORY	APF	NAF
A. 3. c. Use of Coast Guard Owned or Leased Vehicles.		
(1) For purposes related to command and control or the provision of command support services.	A	N
(2) Other use.	N	2
4. Transportation of Things.		
a. APF Purchased Goods. Applies to transoceanic and inland transportation of U.S. or foreign goods.	A	N
b. NAF Purchased Goods.		
(1) Transoceanic.		
(a) United States Goods. Applies to the movement of goods to and from CONUS sea and aerial ports of debarkation to the first destination overseas, including Alaska, Hawaii, and Puerto Rico, and to the first foreign destination (including Guam and overseas territories of the United States) for goods stocked and redistributed or procured from Alaska, Hawaii, or Puerto Rico.	A	1
(b) Foreign Goods. Applies to foreign areas where commercial transportation is not available on a reasonable schedule.	A	1
(2) Inland.		
(a) Foreign areas where commercial transportation is not readily available, and in combat zones. Movement of U.S. goods within foreign countries from port of embarkation to first destination or bulk breakdown point. Includes the movement of goods to isolated locations.	A	N

APF AND NAF SUPPORT AUTHORIZATIONS FOR CGES

EXPENSE CATEGORY	APF	NAF
A. 4. b. (2) (b) Movement of goods between Coast Guard units because of unit closure or relocation; or to safeguard goods under emergency conditions, e.g., hostile threat or natural disaster.	A	1
c. Household Goods. Applies to the authorized transportation of household goods for either:		
(1) APF personnel.	A	N
(2) NAF personnel.	3	A
5. Utilities and Rents.		
a. Utilities. Applies to heat, steam, water, gas, electricity, air conditioning, and other utility services for facilities used primarily for CGES activities.		
(1) CONUS.		
(a) All-hands/consolidated, enlisted, and chief petty officer messes and clubs. Also, when essential food service is supplied by an officers club, the pro rata share for such service.	A	N
(b) All other. (May be initially paid by APF subject to NAF reimbursement.	N	A
(2) Outside CONUS.	A	N
b. Rents. Applies to the use or possession of non-CG lands, buildings, and other improvements and installed equipment for a specified period through contract, lease agreement, or other legal instrument when authority is granted through appropriate channels.		
(1) In foreign countries.	4	1,4
(2) All other.	N	4

APF AND NAF SUPPORT AUTHORIZATIONS FOR CGES

EXPENSE CATEGORY	APF	NAF
A. 6. Other Services.		
a. Maintenance and Repair. Maintenance applies to the recurrent day-to-day maintenance of a government-owned facility, its installed equipment, and its premises in such condition that it may be used effectively. Repair applies to the restoration of a facility to such a condition that it may be used effectively.		
(1) CGES Activity Operations. Work required to be accomplished within that facility in support of the CGES program such as repair and maintenance of wall covering, painting, lighting, and carpeting.	N	A
(2) Grounds Maintenance. Work required to maintain surrounding building grounds, roadways, parking areas, etc.	A	1
(3) Facilities Maintenance.		
(a) Work required to maintain and repair facility systems that are considered an integral part of the facility structure (electrical, mechanical, heating and air conditioning, plumbing, roofing, foundations, doors, windows, etc.) or damage to the facility interior resulting from failure of a facility system, or to meet health and safety requirements, etc.	A	1
(b) Maintenance and repair work required to prevent or correct all life safety deficiencies.	A	1
(c) Maintenance and repair work required to ensure the structural and operational integrity of building components (such as roofing, foundations, ceilings, floors, walls, windows, doors, etc.), and installed building equipment and systems (such as plumbing, heating, ventilating, cooling, air conditioning, electrical, fire protection, and security, etc.)	A	1

APF AND NAF SUPPORT AUTHORIZATIONS FOR CGES

EXPENSE CATEGORY	APF	NAF
A. 6. a. (3) (d) Maintenance and repair work required to preserve the exterior of a facility.	A	1
(4) Equipment Maintenance. Maintenance, repair, or overhaul of the following:		
(a) Government-owned APF equipment either on loan to CGES or purchased with NAF funds and title has been transferred to the Coast Guard.	A	1
(b) Equipment acquired with NAF funds and held as CGES property.	N	A
b. Minor Construction. Erecting, adding, expanding, altering, converting, replacing, or relocating an existing facility.	5	6
7. Construction. Erection, installation, or assembly of a new facility; the addition, expansion, extension, alteration, conversion, or replacement of an existing facility; or the relocation of a facility. Construction includes equipment installed in, and made a part of, such facilities and related site preparation, excavation, filling, and landscaping or other land improvements.		
a. Administrative offices.	A	1
b. Exchange facilities located in designated military conflict areas, or within hospitals, housing, or other APF construction project facilities in which an exchange is deemed essential for mission support.	A	1
c. CGES logistical facilities outside the U.S. (such as administration buildings, storage and maintenance facilities, laundry and dry cleaning plants, plants, bakeries, dairies, or similar facilities, etc.) used in support of the military mission.	A	1
d. All other CGES facilities.	N	A
e. Banks at locations where on-base services are required and banking operations are determined to be non self-sustaining.	7	7
f. Commercial ventures and franchise operations.	7	7

APF AND NAF SUPPORT AUTHORIZATIONS FOR CGES

	EXPENSE CATEGORY	APF	NAF
A. 7.	g. Other private operations facilities (including thrift shops).	7	7
	h. Credit union.	7	7
8.	Purchase of Real Property. Acquisition cost of land, buildings, and other fixed improvements.	4	1,4
9.	Other Supplies. Applies to expendable items that are consumed or lose their identity when used, or whose low value do not require the same accountability required for equipment. Included in this group are clothing, organizational tools, administrative and housekeeping supplies, etc.		
	a. Executive command and control. Common support services. Enlisted, all-hands/ consolidated, and chief petty officer clubs. Officers clubs, if supplies are authorized items of issue to military dining facilities.	A	1
	b. All other supplies.	N	A
10.	Equipment. Applies to the acquisition of any item of equipment, furniture, or furnishings for purposes as follow:		
	a. Executive command and control, and common support services. Enlisted, all-hands/ consolidated, and chief petty officer clubs. Officer clubs, if equipment is authorized item of issue to military dining facilities.	A	1
	b. Surplus and/or excess government equipment.	A	1
	c. All other equipment.	N	A
11.	Merchandise, Service, and Equipment for Resale or Rent. Merchandise, services, and equipment procured by a CGX or the CGES program for resale or rent to authorized patrons.	8	A

APF AND NAF SUPPORT AUTHORIZATIONS FOR CGES

EXPENSE CATEGORY	APF	NAF
B. Indirect APF and NAF Support. Support typically provided unit-wide and which mutually benefits both CGES/CGX and unit operations, programs, and activities. (Note: Fund authorizations remain as stated below if, in specific situations, the support described is provided directly rather than indirectly.)		
1. Utilities. Applies to heat, steam, water, sewage, gas, electricity, air conditioning, and other utility services when support unit-wide facilities and functions.		
a. CONUS.		
(1) If metered or capable of being feasibly pro rata charged, same as A.5.a.(1).	-	-
(2) If not metered or unable to be feasibly pro rata charged.	A	N
b. Outside CONUS.	A	N
2. Communications.		
a. Electronic Communications. Applies to all forms of electronic communications (e.g., telephone, teletype, television, on-base telecommunications cable). Includes public access and networking system, or other types of electronic media provided the CGES program and facilities.		
(1) Command management functions, such as statistical data gathering and reporting, and for communications with other commands, headquarters, DOT and other government agencies.	A	N
(2) Programs outside CONUS when deemed to be in the best interest of the government.	A	N
(3) Facilities that support mandatory military functions as an adjunct to the CGES missions.	A	N
(4) Resale and collections when the principal function of the communication is to procure items for resale and collection of income for merchandise or services sold. (Note: The use of APF message traffic to ships deployed to collect debts owed CGES is authorized.)	N	A

APF AND NAF SUPPORT AUTHORIZATIONS FOR CGES

EXPENSE CATEGORY	APF	NAF
B. 2. a. (5) Other communications capabilities.	A	1
b. Postal Service, Mail Indicia, and Postage.		
(1) Official Communications. Applies to support by government postal organizations and systems for the dispatch of official mail and rental of post office boxes in providing domestic, international, or military postal service relating exclusively to the business of the U.S. Government. Includes civilian personnel actions such as recruitment, retention, termination, and other actions related to the CGES program.		
(a) Within and between government agencies.	A	N
(b) Persons and private commercial agencies not related to the sale of goods and services.	A	N
(2) Resale Operations. All correspondence directly related to resale operations. Includes customer surveys, promotional announcements, and communications regarding the procurement of items for resale and collection of income for merchandise or services sold. (Note: Inclusion of this type of correspondence in envelopes/packages of official communication for which APF pays postage is prohibited.)	N	A
3. Printing and Reproduction. Includes work done on printing presses, lithographing, and other duplicating related to binding operations, photography, microfilming, formats and forms, development, editing, and graphics.		
a. Sale of Merchandise and Internal Operations. Services directly relating to the sale of merchandise or collection of funds resulting from the sale of goods, merchandise, or services.	N	A
b. All Other Printing and Reproduction Services.	A	1
4. Other Services.		

APF AND NAF SUPPORT AUTHORIZATIONS FOR CGES

EXPENSE CATEGORY	APF	NAF
B. 4. a. Education and Training. Pertains to the advancement of job knowledge, development of skills, and improvement of abilities of CGES personnel.		
(1) All education and training provided to APF personnel and to NAF employees serving in command and control or common services support positions.	A	1
(2) For NAF employees not serving in command and control or common services support positions, but when the education or training is related to either of these purposes.	A	1
(3) For both APF and NAF personnel when attendance is directed or mandated by the Coast Guard.	A	N
(4) All other.	N	A
b. Auditing Services. Relates to the independent examination, review, and evaluation of the records, controls, practices, and procedures in the area of financial and operational management of the CGES program by DOT or Coast Guard components, audit organizations, or independent public accountants.		
(1) Work done by DOT or Coast Guard audit organizations as part of assigned functions.	A	N
(2) All other.	A	1
c. Data Automation. Applies to automated data processing system development or operation (e.g., personnel, equipment, supplies).		
(1) Command supervision and responsibility for review and analysis and as necessary for required command reporting.	A	1
(2) Internal activity management exclusively for CGES resources and resale.	N	A

APF AND NAF SUPPORT AUTHORIZATIONS FOR CGES

EXPENSE CATEGORY	APF	NAF
B. 4. d. Financial Management Services. Relates to those services that reflect the preparation of APF and NAF budgets, provide accounting for financial management data, facilitate the preparation of financial reports, and provide for management review and analysis to ensure proper control over all the resources that support the CGES program.		
(1) Functions required for command supervision, management review, and analysis to ensure control over APF and NAF resources.	A	1
(2) Functions required for the internal operations of the CGES program.	N	A
e. Civilian Personnel Office Assistance or Administration.		
(1) Technical advice and counsel for NAF personnel management.	A	1
(2) Routine personnel administration and related personnel matters for the NAF workforce when no additional incremental APF costs are incurred.	A	1
f. Legal Services.		
(1) Services and assistance provided the CGES program by or through headquarters, MLC, or district legal staffs.	A	1
(2) Internal civilian staff as integral element of a CGX or CGES.	N	A
g. Procurement Services.		
(1) Technical advice and assistance provided by headquarters or an MLC, district office, command, or host unit to assist CGES or CGX management in the procurement of goods and services with NAF funds.	A	1

APF AND NAF SUPPORT AUTHORIZATIONS FOR CGES

EXPENSE CATEGORY	APF	NAF
B. 4. g. (2) Routine procurement of goods and services (with NAF funds), provided there are no additional incremental APF costs (source development, preparation of procurement documents, negotiations of prices, contract administration and audit with related procurement functions).	9	A
h. Custodial and Janitorial Services.		
(1) Administrative spaces; exchange activities located in designated military conflict areas and within hospitals, housing, or other APF construction project facilities; exchange logistical facilities outside the U.S. which support the military mission; enlisted and all-hands/ consolidated clubs and essential feeding portions of officer clubs.	A	N
(2) All other.	N	A
i. Common Services. Those services required to protect the health and safety of participants, employees, and CGES and CGX resources. Such indirect, overhead services include but are not limited to fire protection (including physical security of buildings such as alarm systems and security bars); pest control; trash and garbage removal; sewage; snow removal; safety; repair and cleanup of underground storage tank leaks; environmental compliance; medical, veterinary, and sanitation inspections; property disposal services; and rescue operations.		
(1) In CONUS, trash and garbage removal services for resale activities and for officer clubs which do not provide essential feeding services.	N	A
(2) All other.	A	N

APF AND NAF SUPPORT AUTHORIZATIONS FOR CGES

EXPENSE CATEGORY	APF	NAF
B. 5. Other Operational Expenses. Includes the cost of types of resources not otherwise provided for, such as investments and loans, grants, subsidies and contributions, insurance claims and indemnities, interest and dividends, and payments instead of taxes, if such resources are included in operations appropriations. Includes costs incurred incident to the performance of functions related to executive control and essential command supervision.	A	A
6. Architectural and Engineering Services. Applies to professional services that include the necessary consultations, preparation of preliminary studies, analysis, cost estimates, working drawings, specifications, interior design and decoration, and the inspection and supervision services required for the construction, alteration, or repair of real property facilities.		
a. For APF construction.	A	1
b. For installation master plan projects that include CGES facilities as part of the overall plan.	A	1
c. For NAF construction, provided no additional manpower authorizations are required.	A	1
d. All other.	N	A

FOOTNOTES:

1. NAF funds are authorized if APF funds are not available.

2. Authorized only if reimbursement is made to APF based on actual cost or agreed-upon terms.

3. Authorized if in conjunction with the permanent change of station (PCS) of a NAF-paid employee serving in command and control position, as directed by appropriate authority; or, otherwise, on a reimbursable basis.

4. Specific Commandant approval required. Address requests to Commandant (G-PXM).

5. Authorized for the following: the correction of health and life safety deficiencies, such as installation of a sprinkler or fire alarm system, environmental compliance, or removal of asbestos; work required or included in the unit master plan.

APF AND NAF SUPPORT AUTHORIZATIONS FOR CGES

FOOTNOTES (cont'd):

6. Commandant (G-PXM) approval required if total project cost is anticipated to exceed $25,000.

7. Private or other non-government funds required; neither APF nor NAF are authorized.

8. APF authorized only to reimburse CGX's for costs incurred in managing, distributing, selling, and after-sale of military clothing and other appropriated funded items.

9. When item/service can be purchased via existing APF contract.

KEY FINANCIAL RATIOS OF COMMON EXPERIENCE

A. General.

Key financial ratios, the range of common Coast Guard experience, the data mid-point (median), and performance benchmarks have been identified in order to provide command with key indicators of financial performance and to allow comparisons against the statistical profile of other Coast Guard units with similar sales volumes and product mixes. The ratios are "indicators" of performance which should be viewed collectively in any analysis of the business entity. A problem area indicated by one ratio would normally be reinforced by other ratios which also would be outside the range of normal tolerance.

B. Suggested use of ratios.

The following methodology is recommended:

1. Compute actual financial ratios.

2. Compare against the established benchmarks.

3. Compare against Coast Guard experience for the applicable unit sales volume.

4. Compute inventory to sales ratio for each selling department or activity.

5. Compare against benchmark (or weighted average combination) for the retail product lines stocked by the activity.

6. Compare against Coast Guard unit experience.

7. Analyze differences from the benchmark to determine what is causing the variance. (e.g. working capital low, inventory higher than required by sales volume, etc.)

8. Since many of the ratios complement one another, look for supporting indications. (e.g. Quick ratio low, net profit/net working capital higher than normal, inventory to net working capital higher than normal. If liquidity problems are indicated the unit most probably has difficulty paying bills on time and at very least cannot take advantage of prompt payment discounts.)

C. Definitions

1. Range. The spread between the highest and lowest ratios of Coast Guard units within a specific sales volume.

2. Median. The statistical middle point in the distribution of data. One-half of the data is above the median and one-half is below the median. It is not the same as mean or average.

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3. Current Ratio. Current Assets (Line 18 from form CG-5228A,) are divided by total Current Liabilities (Line 9). Current assets are the cash, notes, accounts receivable, merchandise inventories and securities. Current Liabilities consist of the total of all debts falling due within one year. This is one test of solvency. Minimum acceptable 2.5:1.

4. Quick Ratio of Acid Test. This ratio is a more severe measure of liquidity than the current ratio, since it eliminates inventory and prepaid items from consideration. It assumes that the NAFA's ability to meet its current debts in an emergency depends on its "quick" assets - its cash and readily marketable securities and receivables. The traditional rule of thumb is that the minimum for this ratio should be 1 to 1, which implies that current liabilities are covered by quick assets. The ratio is obtained by dividing Line 8 (Cash Assets) by Line 9 (Current Liabilities) from form CG-5228A.

5. Net Profits on Net Sales. This ratio is obtained by dividing Line 23 (Net Profits) by Line 1 (Unit Sales) from form CG-5228. Minimum acceptable is 5% except as indicated in Encl. 16.

6. Net Profits on Net Working Capital. This ratio is computed by dividing Net Profits by Net Working Capital. Net Working Capital is the excess of Current Assets over Current Liabilities (form CG-5228A, Line 18 less line 9) and represents the cushion available to the business for carrying inventories, in some cases receivables, and for day-to-day financing. This ratio then reflects the contribution of net profits to business liquidity. 20 - 30% is considered good for annual performance.

7. Net Sales to Net Working Capital. Divide Net Sales by Net Working Capital. This serves as a guide to a units ability to turn its Working Capital and its levels of operating funds. Four to seven times is considered good for annual performance.

8. Current Liabilities on Net Worth. Computed by dividing Current Liabilities by Net Worth. A potential problem exists when this relationship exceeds 100 percent, which indicates that creditors (vendors) have a greater equity in the NAFA than the Coast Guard unit.

9. Inventory on Net Working Capital. Merchandise Inventory, as reflected on Line 12 (CG-5228A) is divided by Net Working Capital. This indicates inventory balance and true capital liquidity. Ordinarily this ratio should not exceed 100 percent or day-to-day operating capital is impaired. The ceiling for grocery annexes ranges higher to 150%.

10 Inventory to Sales (Monthly). This ratio is computed by dividing inventory at the end of month (Line 4 on Form CG-5528) by total cost of goods sold (Line 5 on Form CG-5228) divided by three (3) for a monthly inventory to sales ratio. (Emperically stated: EOM Inventory/(Total cost of goods sold/3).) If the retail inventory method is used, the ratio is computed by dividing inventory at end of month by total sales divided by three (3). (EOM Inventory/(Total Sales/3).) See Enclosure (45) for more specific definition and use.

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11. Inventory Turnover. This term is used to refer to the number of times the average inventory was disposed of during a specified period. It is properly determined by dividing the total cost of goods sold by the average inventory ((Beginning inventory plus ending inventory)/2) computed from Form CG-5228. This ratio is a measure of efficiency on the capital investment in inventory.

D. Benchmarks of Performance. The following benchmarks apply to Coast Guard NAF Activities:

RATIO	BENCHMARK
1. Current Ratio	Minimum 2.5:1
2. Quick Ratio	Minimum 1:1
3. Net Profit/Net Sales	Minimum 5% except as modified in Encl (16)
4. Net Profit/Working Capital	20% to 30% on annual basis
5. Net Sales/Working Capital	4 - 7 times on annual basis
6. Current Liabilities/Net Worth	Maximum 100%
7. Inventory/Working Capital	Maximum 100% except grocery annex at 150%
8. Inventory to Sales and Turnover	

Activity Selling Department	Average Monthly Inventory/Sales	Annual Inventory Turnover
a. Tobacco	0.65	18 - 20
b. Snack Items, candy	1	10 - 14
c. Health and Beauty	2.5	4 - 6
d. Military, mens' apparel, shoes	4	3 - 4
e. Jewelry	3	4 - 5
f. Stationery	2.5	4 - 6
g. Ladies' childrens' apparel	3	4 - 5
h. Household, appliances	2.5	4 - 6
i. Leisure goods, photo, audio, luggage, sporting goods	3	4 - 5
j. Beverages	.75	15 - 17
k. Hardware, automotive, garden, pet	2.5	4 - 6
l. Package store items	1.3	7 - 10
m. Grocery Stores	.5	22 - 26

E. Coast Guard Experience. Figure 10-1 indicates both the median point and the range of experience of Coast Guard units for each ratio by the sales volume of the unit. It allows for the comparison of individual units against how others are performing.

Key Financial Ratios

Source: U. S. Coast Guard NAFA Units
FY81 Financial Data

RATIO	SALES VOLUME											
	$200K		$200K - $500K		$500K - $1000K		$1000K - $2500K		$2500K - $4500K		$4500K	
	RANGE	MEDIAN	RANGE	MEDIAN	RANGE	MEDIAN	RANGE	MEDIAN	RANGE	MEDIAN	RANGE	MEDIAN
Current Ratio	1.41-31.11	3.34	2.74-15.88	8.16	2.25-23.0	7.52	2.68-14.99	4.91	1.91-11.47	4.12	19-5.01	3.31
Quick Ratio	.14-31.7	1.43	.24-4.87	1.13	.13-8.07	.8	.05-6.84	1.4	.68- 5.85	1.32	.13- 3.28	.6
Net Profit/Net Sales	.02-.2	.09	.02-.1	.06	.03-.1	.05	.01-.13	.05	.03-.13	.07	.01-.07	.04
Net Profit/ Working Capital	7%-73%	34%	9%-31%	24%	2%-58%	32%	6%-76%	33%	10%-102%	43%	12%-52%	20%
Sales/Working Capital	1.02-11.53	3.03	2.91-5.66	4.29	3.75-9.19	5.57	2.9-10.42	4.78	2.73-13.6	6.3	4.67-16.16	7.37
Current Liabilities/ Net Worth	2%-243%	7%	6%-52%	14%	5%-80%	15%	7%-59%	22%	9%-107%	31%	19-111%	41%
Inventory/ Working Capital	24%-190%	62%	61%-131%	94%	35%-170%	105%	29%-157%	77%	48%-135%	88%	43%-196%	117%
InventoryTurnover	2.38-10.36	4.6	2.58-4.48	3.92	2.81-10.78	4.67	3.51-12.31	5.42	3.4-8.45	6.36	3.34-9.85	6.06
Stock-to-Sales	.8-5.31	2.61	2.69-4.71	3	1.13-4.49	2.64	1-3.4	2.27	1.44-3.45	1.92	1.26-3.74	2.02

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NAFA CAPITAL IMPROVEMENT PLAN

1. INTRODUCTION.

A five year NAFA Capital Improvement Program (CIP) is to be developed and implemented by District Commanders and Commanding Officers of Headquarters Units. The Capital Improvement Program should provide guidelines for identifying necessary maintenance, expansion and/or replacement of NAFA equipment, fixtures and buildings. It should also define procedures for requesting and funding these projects from NAFA sources and reference existing procedures to request and fund projects from appropriated fund sources (OG-30, OG-43 and AC&I). A model plan is provided in this enclosure and may be used by cognizant authority for implementing a NAFA Capital Improvement Program.

2. DISCUSSION.

a. NAFA facilities need to be maintained at an acceptable level to enable the NAFA program to continue to realize the desired service and fiscal results. The costs of new construction, acquisition, expansion or improvement of any NAFA activity are proper charges to appropriated funds, and these funds (AC&I, OG-43, or OG-30) should be pursued before resorting to the use of NAFA monies. Regardless of the source of funds, support documentation as outlined in the Planning and Programming Manual (COMDTINST M16010.1), the Civil Engineering Manual (COMDTINST M11000.1), and the Shore Facilities Planning Manual (CG-380-5) will be adhered to for NAFA Capital Improvement projects.

b. Repairs and maintenance necessary for maintaining safe and attractive facilities are included in the Capital Improvement Program. These are expenses recorded as Other Direct Expenses in the NAFA budgeting and reporting packages.

3. Source of NAFA Funds for Capital Improvement Projects. The two areas in the NAFA Budget Program that accumulate funds for use in the CIP are the Provision for Asset Replacement (1% of sale) and Retained Net Profit (35%).

4. Project Approval Authority.

a. Approval authority for NAFA CIP projects funded from appropriated funds shall be in accordance with the Coast Guard Directives listed in paragraph 2.a above.

b. Approval authority for NAFA CIP projects funded from non-appropriated funds are as follows:

4.b.(1) Unit Approval - Any NAFA CIP project less than $5,000. The unit approval level must be granted in writing by cognizant authority.

(2) District Approval - Any NAFA CIP project less than $75,000.

(3) Headquarters Approval - Any NAFA CIP project greater than $75,000 or that requires a commercial loan.

5. Capital Improvement Program Project Defined. The following qualify as CIP projects.

a. Projects where labor, installed property, material, or contracted services (including architect/engineering services) exceed $5,000.

b. Individual items with a cost in excess of $1,000. Includes such items as forklifts, lawn mower tractors, vehicles, etc.

c. All retail store or warehouse (stockroom) fixtures and office equipment for specific projects greater than $5,000 or any individual item greater than $1,000.

d. Exterior/interior decorating such as removable walls, spotlights, major signs, draperies, etc., which do not become a permanent part of the real property but exceed a cost of $1,000 and have a life expectancy greater than one year.

6. Repair and Maintenance Projects Defined. Those projects which do not qualify for inclusion in the CIP as described in paragraph 5 above are considered repair and maintenance projects.

7. Implementation of CIP Projects. All projects are initiated at the activity level via the Facility Improvement Survey (Figure 11-1) then proceed to the Unit Improvement Action/Funding Plan (Figure 11-2).

a. Facility Improvement Survey - the means by which an individual activity manager reviews the physical needs of their activity and identifies what is needed and when it is needed. This format also provides for the separation of costs for capitalization and expense items. Approximately 30 days prior to preparation of the Annual NAFA Budgets for the ensuing year, NAFA officers/managers will provide each activity manager a Facility Improvement Survey form for each activity. The survey shall be used to identify all work that is required to insure a desirable appearance; to maintain all aspects of safety and security; and to improve efficiency of operation. While the form is generally self-descriptive, some discussion is necessary.

7.a.(1) After completing the headings, managers will make a physical trip through each activity, checking each item listed in Figure 11-1 as either satisfactory or requiring work.

(2) Since this program will cover up to five years, and the work required may not be urgent, managers will complete column (2) with their opinion as to the budget year when the actual work should be accomplished (FY 81, 82, etc.). Column (2) will also be used to specify which quarter of the selected fiscal year is best for the work to be accomplished. This permits the manager to schedule work for slow vs busy periods based on personal knowledge.

(3) Columns (3), (4), and (5) are used to assign the work according to the account to which it appropriately belongs since in some cases a major project may be developed via the survey. This action also provides a simple means of isolating repair and maintenance work as defined in paragraph 6 above. Managers will use columns (3), (4), and (5) to enter their estimate of the actual cost for that line item of work. This estimate should be based on sound judgement and frequently is available from the unit's public works office.

(4) Columns (6) and (7) are used to compile total dollar figures for the next budget year by each line item and are then added down to signify totals which may be considered for capitalization or expense. Only the total applicable for the coming fiscal year is to be considered when relating these costs to the cumulative dollar values appearing in the "Retained Earnings" and "Funds for Asset Replacement" positions of the Annual Budget.

(5) Column (8) is used to compile total dollar figures for all planned expenditures, both capitalized and expense, for the next 5 years.

(6) Completed surveys will be submitted by activity managers to the NAFA officer for review and consolidation on the Unit Improvement Action/Funding Plan.

b. Unit Improvement Action/Funding Plan (Figure 11-2) - prepared by the NAFA officer/manager based on the facility improvement surveys submitted by activity managers. The action plan is a consolidation of the facility surveys and serves to sort out the projects into three areas. Planned time phasing of these projects is also accomplished at this time.

(1) Repair and maintenance, expense projects.

7.b.(2) Capital Improvement projects to be performed without requiring submission of a planning proposal, project proposal report, or structalt (under $75,000 and no commercial loan).

(3) Capital Improvement projects requiring submission of planning/project documents.

c. Upon receipt of the facility improvement surveys for all unit activities, the NAFA officer/manager will take the following actions:

(1) Post all projects in activity sequence to the unit improvement action/funding plan, utilizing activity codes established for budget and report purposes (RA, RB, BA, BB, etc.). Each fiscal year shall be listed in successive order on the unit improvement action/funding plan. The data from the facility improvement plan will readily transmit to columns (2) Activity; and (6), (7), and (8) with a total value to be entered in column (9).

(2) A project title will be entered in column (3) for each project; i.e., Club Renovation, Office Equipment.

(3) Project numbers column (4) which are necessary for later control and project submission purposes are then assigned.

Example: Cape Cod Air Station Grocery Project = 201GA80-1. 201 denotes the unit, GA is the major grocery section; 81 is the fiscal year and 1 is the first listed project on the plan. Since the activity codes are NAFA - peculiar, no other definition is required. Repair and maintanence expenses need not be assigned a project number.

(4) For Headquarters Units, indicate the source of funding; i.e., AC&I - OG-43, OG-30, or NAFA in column (5). For District Units leave column (5) blank; the source of funding will be determined at the District level.

(5) Columns (1) Priority, (10) Beginning Month of Project, and (11) FY/Budget Quarter are subject to the judgement of the NAFA officer. Having posted all projects on the Action Plan, the NAFA officer then establishes the priority numbers to be entered in column (1) for each project. Since the NAFA officer will also be aware of the point in time when money will be available to commence each project, columns (9) and (10) can then be completed.

(6) District units will provide a copy of the unit improvement plan to the district (fbr) so a district-wide plan for NAFA Capital Improvement can be established. This can be done by using the unit submissions and following the procedures described above to develop a district Master Improvement Action/Funding Plan.

8. Districts and Headquarters units will provide unit copies and a copy of the overall Improvement Action/Funding Plans to Commandant (G-FER) as a part of the Annual Budget Package submission.

9. AC&I data sheets (form CG-5069) should be prepared for potential AC&I projects. Potential OG-43 projects should be entered on the appropriate OG-43 backlog.

HED

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD
CG-6660 (9-80)

INSTALLATION: _____

MANAGER: _____

FACILITY IMPROVEMENT SURVEY

FY: _____ DATE: _____

CATEGORY OF WORK (INTERIOR)	(1) X—Worked Required	(1) Satisfactory	(2) PLAN FOR BUDGET YR. QTR	(3) BUILDING AND IMPROVEMENT $	(4) EQUIPMENT OR OTHER FIXED ASSETS $	(5) REPAIR AND MAINTENANCE $	(6) PLAN FOR NEXT BUDGET YEAR CAPITALIZED $	(7) PLAN FOR NEXT BUDGET YEAR EXPENSE $	(8) TOTAL FIVE YEAR PLAN $
WALLS/PARTITIONS									
DOORS/WINDOWS/OPENINGS									
DRAPES/VENETIAN BLINDS									
PAINT/DECOR									
FLOOR FINISH									
SUBFLOOR DAMAGED/WORN									
CARPET									
CEILING FINISH									
LIGHT FIXTURES									
ILLUMINATION LEVEL									
REGISTERS/DIFFUSERS									
STAIRS									
RAILINGS									
FIXTURES									
EQUIPMENT									
HEATING/AIR COND.									
SUB TOTALS									
(EXTERIOR)									
TRIM									
ENTRANCE									
DOORS									
WINDOWS									
CANOPY									
PAINT									
LIGHTING FIXTURES									
ROOF									
FLASHING									
DRAINAGE									
PLATFORM									
RAILING									
STEPS									
SIGNS									
PATIO									
CURB									
SIDEWALK									
LANDSCAPING									
CUSTOMER PARKING									
SERVICE AREA									
SECURITY SYSTEMS									
SUB TOTAL									
VEHICLES									
GRAND TOTAL									

7530-01-GF2-9590

Figure 11-1

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD
CG-5669A (9-80)

UNIT IMPROVEMENT ACTION/FUNDING PLAN

*REQUIRES PLANNING DOCUMENT

INSTALLATION/DISTRICT _____ FY _____ DATE _____

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
PRIORITY	ACTIVITY	PROJECT TITLE	PROJECT NUMBER	FUNDING SOURCE	BUILDING AND IMPROVEMENT	EQUIPMENT AND OTHER FIXED ASSETS	REPAIR AND MAINTENANCE	TOTAL COST	BEGINNING MONTH OF PROJECT	FY	QTR

Figure 11-2

JAN 25 1990

CASH MANAGEMENT

1. Purpose. The Cash Management program provides the rapid collection of system cash receipts into a central bank account and pooling of funds to enhance investment return. Funds remain in the control of the local custodian and all interest earned is allocated back to units on a quarterly basis, after deductions of bank charges.

2. Operation.

   a. Implementation.

      (1) NAF activities, Special Service accounts or other non-appropriated fund accounts may join the cash management system by submitting a letter request to COMDT (G-FNM) via the chain of command. Requisite accounts will be established with the concentration bank.

      (2) Where several separate checking accounts are maintained at one unit (e.g., NAFA vendor, payroll, Special Services, etc.), a "coordinator" should be appointed to call in deposits and handle questions in the interest of economy of operation.

      (3) Units will maintain a local bank account for the purpose of depositing receipts and clearing customer checks. To compensate the local bank, one to two days' average sales receipts can be left in the account. If this is not adequate compensation, the local bank will contact you. Commandant (G-FNM) is available to assist in the negotiation with the local bank.

   b. Local Bank Selection Criteria.

      (1) Banks operate in a competitive environment where Coast Guard NAFA's are viewed as profitable accounts. These institutions compensate depositors with customer services and/or financial fees in the form of interest. Bank selection should then be logically based on which institution is willing to pay the highest interest or provide the best service to both the NAFA and the command. Command leverage is in terms of average daily balances which may be left in the bank to compensate for services provided. Banks do compute the costs of providing specific services and are willing to negotiate with their customers. Typical services required by Coast Guard commands are as follows:

         (a) Depository Services
         (b) Checking Services
         (c) Coinage and bill cashing service

2. b. (1) (d) Cashing military pay checks
(e) Cashing NAFA employee pay checks
(f) Member Automated Clearing House (ACH)
(g) Proximity to the Command.

(2) If the full-service bank is not willing to provide the services required by the command, consideration should be given to finding one that will. A strong posture is recommended-COMDT (G-FNM) is available for assistance in the negotiation process.

c. Operation.

(1) Cash is deposited daily in the local bank; a toll free phone call is made identifying the unit and amount of deposit. The concentration bank drafts the local bank the next business day, with a Depository Transfer Check (DTC).

(2) Funds are removed from the unit account at the concentration bank as the checks written by the unit are presented for payment. The unit will be earning interest until the checks have cleared the concentration bank.

(3) The concentration bank keeps track of deposits to and payments against each individual account. This information, including daily balances and cancelled checks, is on the monthly bank statements prepared by the concentration bank.

(4) If practicable, a payroll account should be opened at the concentration bank to take advantage of payroll check float. This will be cost effective only for larger units.

(5) To maximize interest earnings, units should consider mailing vendor payments at the latest possible time. Cash discounts should generally be taken. Consider liquidating excess funds tied up in slow moving inventory or receivables.

(6) The NAFA Cash Management system user manual is available for participating units through Commandant (G-FNM). Signature cards and mail deposit envelopes (for vessels) are available from the central bank.

(7) To plan system working capital requirements, notify Commandant (G-FNM), whenever planned unit disbursements are to exceed receipts by $50,000 in a five day period. Typically, notice need only be given for non-routine, large disbursements. Give as much notice as possible.

(8) Investment of the central fund will be done by Commandant (G-FNM), following written guidelines approved by Commandant (G-F).

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2. d. Minority Bank Report. Commandant (G-FNM) will make the report for all units fully participating in the cash management system. Any unit having local balances in excess of $5,000 and co-located in a city with a minority bank must submit an individual minority bank report in accordance with current procedures.

ACCOUNTING PERIODS

A. **PURPOSE**. To prescribe standard accounting periods for NAF FY91-FY93.

B. **REQUIREMENTS**. To minimize potential disruptions, which the taking of inventories and other end-of-reporting period duties can have on the busy military payday, all quarters have been scheduled to end on the Saturday prior to the end of the month. All business conducted prior to close of operations on the final day of the quarter shall be included in that quarter. Physical inventories shall be taken before any business for the next period is conducted. Activities that routinely conduct business on Sunday may end their quarter as of the close of business on the Sunday immediately following the closing dates shown below. Submission of reports is required within 15 working days after the last day of each accounting period.

C. **ACCOUNTING PERIODS**. Accounting periods for FY91 through FY93 are as follows:

NAF FY91	Beginning	Ending
First Quarter	27 January 1991	27 April 1991
Second Quarter	28 April 1991	27 July 1991
Third Quarter	28 July 1991	26 October 1991
Fourth Quarter	27 October 1991	25 January 1992

NAF FY92	Beginning	Ending
First Quarter	26 January 1992	25 April 1992
Second Quarter	26 April 1992	25 July 1992
Third Quarter	26 July 1992	24 October 1992
Fourth Quarter	25 October 1992	23 January 1993

NAF FY93	Beginning	Ending
First Quarter	24 January 1993	24 April 1993
Second Quarter	25 April 1993	24 July 1993
Third Quarter	25 July 1993	30 October 1993
Fourth Quarter	31 October 1993	29 January 1994

ENCLOSURE 14
NON-APPROPRIATED FUND ACTIVITIES
INTERNAL AUDIT AND CONTROL PROCEDURES

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NON-APPROPRIATED FUND ACTIVITIES
INTERNAL AUDIT AND CONTROL PROCEDURES

CHAPTER 1. PURPOSE AND SUMMARY

A. PURPOSE.

1. This Enclosure contains guidelines and procedures for conducting surveys of internal NAFA command control systems, for conducting audits of specific areas of concern, and for conducting comprehensive audits of all or part of the NAFA entity. The procedures used must be tailored to fit the situation at hand and to accomplish the objectives of the audit.

B. DISCUSSION.

1. Internal Control Questionnaire is a survey which provides specific questions concerning general operations, fiscal control procedures and accounting operations. It is the initial step of a comprehensive audit and can additionally be utilized by the Command as a check-off list which will identify problem areas requiring further examination and/or specific corrective action.

2. Internal Audit Program.

   a. Provides specific audit procedures that may be used by the internal auditors. It will be necessary to add, modify, and/or delete audit steps based on the nature of the NAF operation and the extent of existing internal controls.

   b. Sections of the audit program may be used to review one aspect of the accounting system without performing an entire internal audit.

   c. Each audit program section contains three parts:

      (1) Audit objectives state the purpose of doing testwork in each area. The auditor will select procedures that will efficiently accomplish the stated objectives.

      (2) Internal control features are noted both for NAFA management use and for the internal auditors. Stated internal controls may be appropriate depending on the size of the NAFA, number of employees, etc. These features should be used only as a guide in establishing or evaluating the NAFA accounting system.

      (3) Audit procedures to satisfy the objectives for the audit area are listed in logical order. Scope of testwork is generally omitted as the extent of testwork is left to the discretion of the auditor.

2.c.(4) Internal control principles provide a management guide to accounting controls.

(5) Fraud prevention and identification procedures are provided for management use. This should be reviewed in conjunction with Enclosure (40), Security and Safety.

3. Audit workpapers are described, including labeling, tic marks, references and indexing. Sample workpapers are provided.

C. REPORTING.

(1) Exit briefings will normally be given to the NAF activity manager, NAFA Officer, and Commanding Officer of the cognizant unit. Findings that are considered too sensitive for general dissemination should be reported directly to the Commanding Officer, District (f) and Commandant (G-FNM) as appropriate.

(2) Completed copies of all audit reports should be forwarded to District (f) and Commandant (G-FNM).

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

A. GENERAL.

1. Does the NAFA have an organization chart? ✓

2. Is the accounting routine in accordance with written procedures? (Enclosures 17, 18). ✓

3. Does the NAFA use the prescribed chart of accounts? (Enclosure 17).

4. Are NAFA support functions, i.e., accounting, purchasing, receiving, personnel and warehousing, centralized for the unit NAFA?

5. Is the accounting department completely separated from: ✓

   (a) purchasing

   (b) sales

6. Does central NAFA office accounting control over activity offices appear to be adequate?

7. Are journal entries adequately explained and/or supported by adequate substantiating documents? (Enclosures 17 and 18).

8. Are journal entries approved by an official authorized to do so?

9. Does the NAFA use standard journal entries for the regularly recurring monthly closing entries? (Enclosures 17 and 18).

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
10. Are accounting records adequately safeguarded? (Enclosures 17 and 18).	✓		
11. Is access to accounting records limited to employees with designated responsiblity for such records?			
12. Does the command approve the specific pricing plan for each activity? (Enclosure 46).			
13. Are all NAF activities identified, budgeted and reported in accordance with prescribed procedures? (Enclosures 4, 15 and 19).	✓		
14. Are written budgets used for: (Enclosure 15)			
(a) Operational expense and cost control?			
(b) Capital additions?			
(c) Future cash requirements?			
15. Are monthly financial statements submitted to management to highlight inventory, expense, or sales problems? (Enclosure 19).	✓		
16. Are internal financial statements available promptly (10 days) after the close of an accounting period? (Enclosure 19).			
17. Are merchandise selling departments established in accordance with Enclosure 45?	✓		
18. Are sales rung and recorded by merchandise selling department? (Enclosures 18 and 45).	✓		

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
19. Is an inventory control open-to-buy system maintained monthly/quarterly by department for exchange activities? (Enclosure 18).	✓		
20. Are there up-to-date approved position descriptions which describe the duties and responsiblilities of each position? (Enclosure 53).	✓		
21. Are there periodic employee performance evaluations?	✓		
22. Are all employees required to take regular vacations, their regular duties then being assigned to other employees? (Enclosure 53).			
23. Are advisory boards established and utilized. (paragraph 2A.7)	✓		

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
B. CASH FUNDS.			
1. Are all petty cash, change and check cashing funds handled on an imprest basis?	✓		
2. Is responsibility for each fund vested in only one person and specified in writing by command?			
3. Is the Imprest Fund Cashier other than an employee handling remittances from customers and other cash receipts?			
4. Is the amount of petty cash, change and check cashing funds restricted so as to require reimbursement at relatively short intervals?	✓		
5. Are funds adequate?			
6. Is there a reasonable limit on cash disbursements?			
7. Are surprise cash audits conducted?	✓		
8. Are petty cash vouchers:	✓		
(a) Prepared for each disbursement?	✓		
(b) Supported?			
(c) In ink or typewritten?			
(d) Fully descriptive of the item paid for?			
(e) Clearly marked to show the amount paid?			
(f) Approved by someone other than the petty cash custodian?	✓		

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
(g) Receipted by the person receiving the cash?			
(h) Satisfactorily voided at the time of reimbursement to prevent re-use?			
9. Is check cashing limited to $100 per person a day?			
10. Is part of any fund represented by cash in bank?			
11. Does the cashier, hold a receipt for all petty cash and change funds in hands of employees?	✓		
12. Are cash and cash items safeguarded until deposit?	✓		

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
C. BANK ACCOUNTS			
1. Are bank accounts reconciled promptly each month?			
2. Is the reconciliation reviewed by the NAFA officer?			
3. Do reconciliation procedures include:			
(a) Receipt of bank statements and cancelled checks unopened by bank reconciler?			
(b) Examination of cancelled checks for authorized signatures, irregular endorsements and alterations?			
(c) Comparison of dates and amounts of daily deposits as shown on the bank statements with the cash receipts journal?			
(d) Investigation of bank transfers to determine that both sides of the transaction have been properly recorded on the books?			
4. Are checks outstanding for a considerable time periodically investigated and a stop payments issued?			

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
D. INVESTMENTS			
1. If the unit is on the NAFA Consolidated Cash Management system, are funds in local bank accounts kept to a minimum for compensating balances?			
2. If the unit is not on the Central Cash Management system:			
a. Are purchases and sales of securities authorized by the NAFA Officer?			
b. Is a record kept by the accounting department of each security, including certificate numbers?			
c. Are the securities records:			
(1) Maintained in sufficient detail to afford a ready check on all essential data of securities at all times, including the prompt receipt of income?			
(2) Kept by persons independent of those having access to the securities?			
d. Are securities periodically inspected and matched with the record by internal auditors?			
3. Is investible cash maximized by payment of vendor invoices on the last day of the discount period or the allotted term?			

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
E. INVENTORIES.			
1. Is a central storeroom or warehouse maintained? Is access to it restricted?			
2. Are goods adequately safeguarded against loss by theft and physical deterioration?			
3. Is survey and disposal of obsolete, unusable, or deteriorated stock approved by the NAFA Officer?			
4. Does the warehouse notify the accounting department of all receipts by means of receiving reports?			
5. Are issues/transfers made only against signed requisitions or issue orders?			
6. Is reasonable control maintained over stationery and other supplies?			
7. Is a physical inventory taken periodically during the year?			
8. Is merchandise on hand which is not the property of the NAFA physically segregated and under effective accounting control?			
9. Do procedures for physical inventory counts provide for:			
(a) Adequately written instructions?			
(b) Adequate supervision?			
(c) Clearly marking such items as damaged and obsolete inventory, scrap, consigned goods, merchandise held for repairs, etc.?			

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
(d) All inventory sheets being totaled, dated and signed by the activity manager?			
(e) The rechecking of counts and descriptions (dual counts)?			
(f) Giving proper recognition to cut-offs of shipments, receipts and in-transit items?			
(g) Careful investigation of significant inventory overages and shortages?			

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
F. ACCOUNTS RECEIVABLE.			
1. Are extensions, renewals and write-offs authorized by a responsible official?			
2. Are statements of open items mailed monthly by an employee who has no access to cash and who is independent of the accounts receivable and billing?			
3. Does this employee retain control of the statements until mailed?			
4. Are differences reported by customers routed to this same employee for investigation?			
5. Are accounts with credit balances closely monitored?			
6. Are the accounts aged periodically?			
7. Are accounts which are written off:			
(a) Adequately controlled?			
(b) Periodically followed up for collection?			
8. Are credit memos for returned goods and allowances:			
(a) Prenumbered and accounted for?			
(b) Supported by receiving and shipping data for returned goods?			
(c) Approved by a responsible official?			
9. Are direct confirmations of accounts receivable obtained periodically by internal auditors or other designated employees?			

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CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
G. PROPERTY AND EQUIPMENT.			
1.. Are detailed property records of NAFA assets maintained, either on the property or in the NAFA records?			
2. Is the capitalization policy (for the differentiation between capital additions and maintenance expenditures) being followed? (Enclosure 11).			
3. Are fixed asset records balanced at least annually with general ledger control accounts?			
4. Are annual inventories of NAFA property taken?			
5. Is prior authorization for capital expenditures required per the NAFA Manual? (Enclosure 11).			
6. Is there an effective procedure to insure that surveyed property is removed from the records and that the proceeds from salvage and sales are accounted for?			
7. Are all capital expenditures either recorded as an asset, or charged to the reserve for asset replacement? (Enclosure 19).			

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
H. ACCOUNTS PAYABLE.			
1. Are all invoices received directly from the mail opened by the persons who process invoices for payment, and is control over the invoices established immediately upon receipt?			
2. Are duplicate copies of invoices clearly marked immediately upon receipt so as to prevent duplicate payment?			
3. Does the processing of items for payment include:			
(a) Check of terms, prices and quantities on invoices against purchase orders?			
(b) Check of items and quantities on invoices against receiving reports obtained directly from the receiving department?			
(c) Mathematical check of footings, extensions and discounts?			
(d) Check of account distribution?			
(e) Check of freight bills against purchase orders, invoices, etc.?			
(f) Check of invoices which do not involve materials or supplies (e.g., fees, rentals, power and light, etc.) for approval by designated persons?			
(g) A final approval for payment?			
(h) An indication on the vouchers that the above checks and approvals were made?			

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
4. Is the accounts payable ledger reconciled with the general ledger control account?			
5. Are statements from vendors regularly compared with Account Payable Ledger?			
6. Are adjustments of accounts payable (including the writing off of debit balances) required to be supported by the approval of a designated official?			
7. Are all available discounts taken?			
8. Are returned purchases controlled in a manner which ensures that the vendor will be charged for them?			
9. Are there appropriate expense controls for goods and services, not originating from PO's, such as utilities, telephones, etc.?			
10. Are unmatched purchase orders and receiving reports and unvouchered vendor's invoices periodically investigated?			
11. Is an accounts payable trial balance taken and balanced to the general ledger control at least quarterly? (Enclosure 17).			

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
I. SALES AND CASH RECEIPTS			
1. Is the recording of cash sales promptly taken under mechanical or numerical control via cash registers or prenumbered sales slips?			
2. When cash registers are used:			
a. Do they prepare tape?			
b. Are the totals of the tapes reconciled with the cash collected?			
c. If the answer to a. is "no", is the cash register cumulative total reconciled daily with receipts?			
d. If tapes are rendered, are they retained?			
e. Are the register reset keys held by the NAFA Officer?			
3. If sales slips are used:			
(a) Are they printed prenumbered?			
(b) Are all numbers accounted for?			
(c) Is the total of all the slips reconciled with receipts?			
4. Are cash receipts of all activities collected daily?			
5. Are all cash registers properly reported and accounted for on a daily basis?			

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
6. Is there a reconciliation of daily cash receipts to register tapes and other supporting documents? (Enclosre 22).			
7. Are cash receipts deposited intact daily? (Enclosure 22).			
8. Is a separate register drawer/change fund used for each employee? If not, are the draweres counted or balanced at the close of an employee's shift?			
9. Are overages and shortages recorded for each activity? If they are significant, is a breakdown by employee kept to identify repeat offenders?			
10. Are all checks endorsed for deposit only to the credit of NAFA immediately upon receipt?			
11. Are the duties of the persons who receive cash receipts independent of the following duties:			
(a) Posting to receivable ledgers or have any access thereto?			
(b) Assisting in balancing the receivable trial balances with the general ledger or in preparing agings?			
(c) Following up delinquent receivables, approving write-offs of receivables as uncollectible, or maintaining control of accounts written off?			

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
(d) Approving customers' discounts, returns, or allowances?			
(e) Preparing or recording the billings?			
(f) Keeping records of or reviewing amounts to be received from miscellaneous sources?			
(g) Posting to the general ledger?			
12. Is the office routine so arranged that the cashier is denied access to the accounts receivable ledgers and monthly statements?			
13. Mail receipts:			
(a) Does the mail routine prohibit the delivery of unopened mail to employees having access to the accounting records?			
(b) Is a record of the money and checks received prepared by the person opening the mail?			
(c) If so, is this record given to someone other than the cashier for independent verification of daily deposits.			
(d) Is this record compared with the cash receipts book regularly?			
14. Other receipts:			
(a) Are receipts recorded by cash registers or other mechanical devices?			

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CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
(b) If so, are the machine totals checked independently by the accounting department?			
(c) Are sales books or receipt books used?			
(d) If so:			
(1) Are the slips or receipts prenumbered?			
(2) Are the daily totals and numerical sequence checked independently by the accounting department?			
(3) Are unused slips safeguarded?			
15. Is there an adequate safeguard against misappropriation of cash through the recording of fictitious discounts or allowances by the cashier?			
16. Is effective control provided over miscellaneous receipts such as interest, credits, etc., by matching to internal and external documents?			
17. Is the bank receipt of the deposit forwarded to a person who does not have access to cash receipts and who compares it with cash receipts recorded on the books?			
18. Are all bank debit and credit memos and deposit items returned as uncollectible received directly and controlled by a person who has no access to cash receipts?			

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
19. Is the cashier responsible for the cash receipts from the time they are received until they are sent to the bank?			
20. Does someone other than the cashier or accounts receivable bookkeeper take the deposits to the bank?			
21. Are proper physical safeguards employed to protect cash and cash transactions?			

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CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
J. CASH DISBURSEMENTS.			
1. Are all disbursements, except those from an authorized petty cash fund, made by check?			
2. Is the practice of drawing checks to "CASH" or "BEARER" prohibited?			
3. Are supplies of blank checks kept under control during the day and kept locked up at night and during non-working hours?			
4. Do only persons authorized to prepare or supervise the preparation of checks have access to blank checks?			
5. Are all voided checks properly mutilated, retained and filed?			
6. Are checks required to be countersigned above a certain amount?			
7. Is the signing of checks in advance prohibited?			
8. Are authorized signatures identified in writing and limited to the NAFA Officer or employees who have no access to accounting records or to cash?			
9. If there is a "No" answer for the preceding question, is the indicated weakness minimized (1) by dual signatures where both signers review the supporting data or (2) by dual signatures where one signer is independent of the functions in the preceding question and this signer reviews the supporting data?			

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
10. Is a check protector used or are checks typed?			
11. Are all checks completely filled out before they are signed?			
12. Are vouchers or other supporting documents presented together with the checks submitted for signature?			
13. Do the signers make adequate investigation before signing checks?			
14. If a check-signing machine is in use, are the machine and signature plates kept under effective control?			
15. Are checks mailed out without allowing them to return to the employee who drew the checks or to the accounts payable bookkeeper?			
16. Are invoices and supporting evidence properly voided or marked so as to prevent reuse after submittion for payment?			

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
K. PURCHASING AND RECEIVING.			
1. Are the receiving and purchasing functions entirely separated?			
2. Are receiving reports prepared in a required format?			
3. Are purchase orders:			
(a) Prenumbered, controlled and their use reviewed?			
(b) Required for all purchases (except small items purchased from petty cash)?			
(c) Approved by authorized persons?			
4. Is there an adequate record of open purchase orders and commitments?			
5. Is information clearly indicated on purchase orders where partial shipments and partial payments are involved to avoid duplicate payment upon completion of the order?			
6. Are purchase prices approved by a responsible official and are they reasonable considering price limitations, PAB's and VOX's?			
7. Is the quantity and condition of goods received determined at the time of receipt by someone independent of the purchasing department?			
8. Is the accounting department notified promptly of purchased goods returned to the vendor?			

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
9. Are unmatched receiving reports reviewed periodically and investigated for proper recording?			
10. Are vendors' invoices registered immediately upon receipt?			
11. Are invoices checked against purchase orders and receiving reports (as to quantity and condition)?			
12. Do all incoming shipments pass through a central receiving point?			
13. Is a copy of the receiving report or other permanent record of receipts kept in the receiving department and a copy furnished to the accounting departments?			
14. Are all incoming shipments inspected for condition and counted, weighed or measured?			

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
L. PAYROLL.			
1. Are the persons who perform the following functions independent of each other:			
(a) Approve hours worked.			
(b) Prepare the payrolls.			
(c) Distribute the pay.			
(d) Maintain custody of unclaimed wages.			
2. Are employees paid by check?			
3. Are payroll checks prenumbered and accounted for?			
4. Is the hiring of new employees approved by an appointing official?			
5. Is the starting and subsequent changes in pay rates approved by the NAFA officer?			
6. Do all employees punch a time clock or prepare time sheets?			
7. Are there any indications that time sheets are being prepared completely near the end of a payroll period, rather than on a day-to-day basis?			
8. If an employee prepares his own time sheet, is it checked and approved by his supervisor?			
9. Is there a separate personnel department which maintains complete personnel records including wage and salary data?			

CHAPTER 2. INTERNAL CONTROL QUESTIONNAIRE.

Accountant _____
Date _____
Period Ended _____
Unit _____
Activity _____

Question	Yes	No	Remarks
10. Are the payroll register or paychecks verified at regular intervals against the personnel files to ensure validity of all payroll checks?			
11. Are all wage rates periodically verified to approved position descriptions, Form 50, and wage schedules?			
12. Is there an adequate check against payments for vacation, etc., in excess of amounts authorized?			
13. Is the payroll double-checked as to hours, rates, deductions, extensions and footings?			
14. Are signed authorizations on file for all deductions being made from employees wages?			
15. Is the payroll bank account reconciled monthly by employees having no other connection with payroll work?			
16. Does the reconciliation procedure include the comparison of the paid checks with the payroll and the scrutiny of endorsements?			
17. Are unclaimed wages relatively insignificant?			
18. Has the individual distributing pay checks been authorized to do so in writing?			

CHAPTER 3. INTERNAL AUDIT PROGRAM

A. GENERAL.

1. Objectives. The objectives of any internal audit are to determine whether:

   a. Financial and other reports are accurate, reliable and fairly present financial data;

   b. The unit is maintaining effective internal controls;

   c. The accounting system is operating efficiently and using resources effectively;

   d. Adequate security exists for the protection of cash, inventories and other assets;

   e. Accounting procedures adopted from the NAFA Manual (COMDTINST M7010.5, Vol. VII) and other Coast Guard directives are appropriate in the circumstances and are adhered to;

   f. Sound management practices have been instituted and are being followed.

2. Tailor the audit program. This audit program will constitute the core of any internal audit. It contains more audit procedures than are necessary for any one audit. The scope of testwork is not specified, because the program must be "tailored" by the auditors for each audit they perform - both as to procedures and scope - based on the following:

   a. Size of the NAFA.

   b. Number of people in the accounting department and resulting segregation of duties.

   c. Results of external audit work.

   d. Internal controls noted (they need to be tested again) in:

      (1) Prior years work papers.

      (2) Permanent file.

      (3) Internal control questionnaire.

      (4) Facilities tour.

   e. Results of compliance tests.

   f. Financial statement review and ratio analysis.

3. Do not perform unnecessary testwork; however, note the rationale when omitting testwork or setting a low scope. This can be noted directly on the audit program or in the workpapers.

4. Add additional audit procedures if needed. The notation "Indicate any additional procedures:" has been placed at the bottom of each section of the audit program for this purpose.

5. Timing. The majority of the audit work should be performed after the close of the period being audited. Certain compliance and other work could be performed prior to period end. Inventory observation should be performed after the close of business on the last day of the accounting period. Procedures used to discover or evaluate internal controls should be performed as soon as possible during the audit. These procedures include those listed in paragraph two.

6. Small operations. When auditing a small NAF activity with only one accounting employee, emphasis should be placed on reviewing large numbers of high dollar transactions. Compliance testwork to establish and verify accounting controls will not be meaningful in reducing substantive testwork. The tasks indicated with an asterisk are considered the minimum recommended audit steps for a small NAFA.

7. Audit objectives.

   a. Determine by a general review the audit areas requiring special attention by first completing the Internal Control Questionnaire, touring the facility, reviewing financial statements and ratios. The auditor can then define accounting system strengths and weaknesses and plan for the addition, extension, or elimination of audit work as necessary.

   b. This section also provides a checklist of administrative items to help complete the audit.

8. Internal control features. While completing procedures in this section, the auditor must make notes of existing or missing control features. Internal controls will be reviewed in the Internal Control Questionnaire and should be observed during the facilities tour. When controls are verified or disproved by observation or testwork, the auditor must modify audit procedures to determine the scope of compliance testwork.

9. Audit procedures.

   a. At beginning of audit:

      (1) A-1: Review correspondence files, prior period workpapers and reports, audit program including modifications for local conditions, and permanent file.

(2) A-2: Conduct initial briefing with unit Commanding Officer/NAFA Officer to review scope and objectives of the audit, records to be examined, and activities to be audited. Discuss assistance needed and cover logistical problems.

(3) A-3: Note in writing the disposition of matters raised in prior period's audit report.

(4) A-4: Obtain answers to the "Questionnaire on Internal Control" (ICQ) by inquiry and observation. Add/delete or modify audit procedures based on observations. Note that many of the control features in the ICQ will not be applicable to small NAF activities. Where there are less than three people in the accounting department, appropriate segregation of duties will not be possible. Completion of the questionnaire may not be necessary.

(5) A-5: If later tests, observations and inquiries do not support the initial answers to the questionnaire on internal control and descriptions in the permanent file; the questionnaire on internal control, permanent file and audit program should be revised accordingly.

(6) A-6: Tour the facilities. Obtain an organization chart of the NAFA. Note physical control of assets, document preparation and routing, merchandise receipt controls, safeguards over inventory, etc. Adjust audit procedures accordingly.

(7) A-7: Review quarterly and monthly financial statements and annual budgets for all activities noting and comparing trends, ratios, and fluctuations in all accounts. Investigate large discrepancies or fluctuations, document conclusions. Adjust audit procedures as necessary.

(8) A-8: Prepare a time budget.

(9) A-9: Consider reviewing workpapers prepared by the external auditors.

(10) A-10 through A-19:: Indicate any additional procedures to fit the situation at hand:

b. At end of audit.

(1) A-20: Prepare a draft report. Note internal control weaknesses and make cost effective recommendations for improvement.

(2) A-21: Update, index, and resequence permanent file.

(3) A-22: Have an exit briefing with all concerned parties. Verbally cover the results of the audit including constructive recommendations. Document attendees.

(4) A-23: At the conclusion, on a final pending matters sheet, list all pending matters (i.e., confimations not received, unresolved exceptions, etc.) to be attended to.

(5) A-24: List any notes for the next audit.

(6) A-25: Indicate any additional procedures.

Date/Scope Explanation	Initials

B. FINANCIAL STATEMENT AND JOURNAL ENTRIES.

1. Audit objectives.

   a. Ascertain that there is adequate maintenance and support of the General Ledger (G/L).

2. Internal control features.

   a. Documentation for journal entries and adjustments to the trial balance.

   b. Approval for entries to the G/L.

   c. Accurate and timely posting from source documents to G/L.

3. Audit procedures.

   a. B-1: Obtain copy of trial balance as of closing date of year.

   b. B-2: Prepare (or have prepared) a working trial balance.

   c. B-3: Trace all figures to general ledger.

   d. B-4: Ascertain that adjusting journal entries at close of preceding period were properly recorded and that entries requiring reversal were properly made.

   e. B-5: For periods not selected for detailed checking, scan journal entries (including monthly entries from books of original entry) for unusual items and investigate.

   f. B-6: Scrutinize accounts opened and closed during the period.

	Date/Scope Explanation	Initial
g. * B-7: Select at least 5% of the journal entries for a detailed examination. Review for supporting documentation and accurate posting to the General Ledger.		
h. * B-8: For periods not selected for detailed checking and for period following balance sheet date, scan journal entries for unusual items and investigate.		
i. * B-9: Review journal. Are all nonstandard monthly journal entries approved by someone other than the person making journal entries?		
j. * B-10: Ascertain that "net profit available for distribution" has been distributed according to current regulations.		
k. B-11: Trace all ending trial balance figures to properly indexed workpaper.		
l. * B-12: Review journal entries proposed as a result of the audit with NAFA Officer and head NAFA bookkeeper.		
m. B-13: Xerox copy of finalized working trial balance and approved journal entries and transmit to NAFA Officer.		
n. B-14: If General Ledger figures do not go directly to financial reports, indicate groupings in "Report" column and agree to report.		
o. B-15: Indicate any additional procedures.		

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Date/Scope Explanation	Initials

C. CASH FUNDS AND PETTY CASH.

1. Audit objectives.

a. Verify that cash balances as stated in the Statement of Financial
* Condition properly represent cash and cash items on hand.

2. Internal control features.

a. Ascertain the propriety of 'cash on
* hand' balances.

3. Audit procedures.

a. Petty cash and small cash funds.

(1) C-1: Obtain or prepare a schedule of petty cash funds
* including register drawers. Include the following for each separate fund:

(a) Amount authorized (in writing).

(b) Responsible cashier.

(c) Location.

(d) Specific purpose.

(e) Actual amount as of date of audit.

(2) C-2: Reconcile total amount of all funds to working trial balance.

(3) C-3: Review the reports submitted by the custodian

(4) C-4: Make a surprise cash count of all funds or randomly
* select several funds. Review cash funds as follows:

	Date/Scope Explanation	Initia.
(a) In presence of responsible cashier, count currency and reconcile with general ledger.		
(b) List the details (date, name, description, and amount) of vouchers, checks, collections, etc.		
(c) Ascertain that non-cash items are properly approved and that supporting data are adequate.		
(d) Obtain explanations of differences and exceptions from responsible cashier.		
(e) Have responsible cashier sign count sheet to acknowledge return of fund intact.		
(f) Have a responsible official (other than the cashier) review for irregular items the list of vouchers, checks, etc. included in the count.		
(g) Have bookkeeper deposit checks included in the count. Supervise the mailing or delivery of deposit to bank.		
(h) Ascertain whether any of the checks are subsequently dishonored, and if so, investigate. (If considered necessary, have bookkeeper request bank to notify the auditors of dishonored items for approximately one week after deposit.)		
(i) Trace deposit to bank statement.		

	Date/Scope Explanation	Initials

(j) If counting a register drawer, prove the sales balance from the prior and current register readings and/or submitted reports.

(5) C-5: If surprise cash counts are not performed or if deemed necessary, select several petty cash reimbursement vouchers and perform the following:

(a) Examine petty cash disbursement vouchers for approval, type of disbursement, signature of payee, and completeness of explanation, including dates when appropriate.

(b) Review the accounting distribution of petty cash disbursements.

(c) Observe if receipts are authorized and approved by anyone other than the responsible cashier.

(d) Are disbursement vouchers and attachments cancelled immediately following the signing of the reimbursing check so that they cannot be used again?

(6) C-6: Is petty cash kept locked and under proper security
* conditions?

(7) C-7: Are monthly physical counts of petty cash funds made
* by the NAFA Officer or his designee and are shortages promptly investigated?

(8) C-8: Do custodians have access to other funds?

	Date/Scope Explanation	Initial

(9) C-9: Points for observation.

(a) Is the cash register placed in a position that
* permits the patron to see the ring-up?

(b) Are the cash register and operator in their optimum
* locations?

(c) Note if the cash register is on the NAFA fixed asset
* records.

(d) Find the names of personnel who have the
* "means" for taking the register readings. Note anything unusual.

(e) Does the cash register meet the needs in terms of keys to provide sales
* analysis, in terms of cash drawers to make rapid change of shift and in terms of capacity for ring-up?

(f) Observe the safe/safes:

*

1. Who has the combination?

2. If it weighs less than 750 pounds and holds $1,000 or more, it is secured to the floor or wall?

3. Examine the contents of every compartment within the safe. Note anything unusual.

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Date/Scope Explanation	Initials

4. Determine when changes were made in safe combinations and make note of the last time the combination was changed.

(g) Does the cashier or location supervisor count the change funds daily in the presence of the salesperson?

(10) C-10: Indicate any additional procedures.

b. Large Cash Funds.

(1) C-20: Prepare a "Summary of Cash Funds" with columns as follows:

(a) Location.

(b) Custodian.

(c) Assigned amount.

(d) Counted amount.

(e) Over/short.

(f) Comments.

(2) C-21: Determine the dates, within the last year, when the NAFA Officer conducted unscheduled verification of change funds. Inquire as to frequency of these unscheduled verifications. Select the cash funds you plan to audit.

(3) C-22: Make surprise counts of all large funds held in activity offices before commencement of working day, where possible.

Date/Scope Explanation	Initials

(4) C-23: Before entering the cashier's office, establish the amount of permanent funds and temporary funds by reference to general ledger.

(5) C-24: In an interview with the activity manager:

(a) Establish an amount of money that should be counted out first and then released to the cashier in order that he or she may maintain a minimum of critical activity during the period that the actual cash count is being made.

(b) Arrange to have at least two people in the cashier's office in the event that a continuance of cashier activity is necessary.

(c) Obtain a list of all cash registers, change funds, sub-authorizations, and receipts and determine how the auditor will be able to get meter readings when necessary for test counts of selected areas.

(6) C-25: After entering the cashier's office. Explain to the custodian that you will count out a "working fund" which will permit continuation of critical activities during the count. Count the predetermined amount. Have cashier recount to verify amount. Obtain a receipt from the cashier for this temporary working fund.

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(7) C-26: Make inquiry of the custodian as to the nature of monies and the extent of commingling.

(8) C-27: Proceed to make the counts in the presence of the custodian and get release signatures for return of funds intact.

(9) C-28: Compile the several counts and balance the counts in total with amounts.

(10) C-29: Control undeposited receipts and see that they are deposited. Ascertain whether any of the checks were dishonored and if so, investigate.

(11) C-30: Points of observation.

(a) Observe the safe/safes:

1. Who has the combination?

2. Examine the contents of every compartment within the safe/safes, note unusual items.

3. Inquire as to the changes made in safe combinations and make note of the last time the combination was changed.

(b) Observe the security of the area:

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1. Ask about the names of the persons who have access to the main cashier's office. Note anything unusual.		
2. Observe the existence and adequacy of burglar alarm system and its application to all doors, windows, etc. Note any differences.		
3. Who has the keys to the area and can it be opened by only one person?		
4. Is door to cashier cage self-closing and self-locking?		
5. Discuss the handling of each deposit. Note any control deficiencies. Indicate any additional procedures.		

(12) C-31: Indicate any additional procedures.

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D. BANK ACCOUNTS.

1. Audit objectives.

   a. See that proper cut-offs have been achieved for receipts and disbursements.

   b. Ascertain that reconciling items between bank and book balances are proper.

   c. Verify the propriety of cash balances recorded on the financial statement.

2. Internal control features.

   a. Bank reconciliations are being prepared by someone without other receipts or disbursements functions and being reviewed by a management individual.

   b. Examination of cancelled checks for alterations and unusual endorsements.

   c. Review and write-off of checks outstanding for more than six months.

3. Audit procedures.

   a. Cash in bank.

      (1) D-1: Obtain (or prepare) a copy of the reconciliation for each checking account and agree balances to working trial balances. Obtain a listing of savings account balances by institution and tie to the trial balance. Trace deposits in transit and outstanding checks to supporting records and ascertain proper cut-off. Investigate any unusual reconciling items.

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(2) D-2: Obtain list of authorized signatures as per bank records
* from each bank in which an account is carried.

(3) D-3: If considered necessary, obtain bank cut-off statements, including cancelled checks up to a cut-off date, approximately two weeks after the audit date.

(4) D-4: Upon receipt of bank statement and cancelled checks
* as of cut-off date:

(a) Trace bank balance included on bank reconciliation to beginning balance shown on cut-off bank statement.

(b) Trace deposits in transit shown on bank reconciliation to cut-off bank statement. Note that the time lag is reasonable.

(c) Reconcile total credits per bank statement with total receipts per cash receipts book for cut-off period.

(d) Compare dates and amounts of daily deposits as shown on the cut-off bank statement with the cash receipts book.

(e) Compare cancelled checks and debit memos returned with cut-off statement to entries in cash disbursement book as to number, date, payee, and amount. Scrutinize cancelled checks for authorized signatures, irregular endorsements, and alterations.

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(f) Sort out cancelled checks received with cut-off bank statement that were recorded in the cash disbursements book prior to date of the bank reconciliation; ascertain that they are listed as outstanding.		
(g) For cancelled checks and debit/credit memos which were received with cut-off bank statement and represent transfers between bank accounts, ascertain that both sides of these transactions have been properly recorded on the books as of the end of the accounting period.		
(h) Ascertain that outstanding checks which are material in amount and did not clear the bank within a reasonable period are proper.		
(i) Ascertain that reconciling items other than outstanding checks and deposits in transit are proper.		
(5) D-5: If the bank statement has already been received for the period immediately following the audit date, obtain such statements and cancelled checks and proceed as follows:		
(a) Scrutinize bank statements for erasures and prove mathematical accuracy of statements (ending balance equals opening balance plus deposits less withdrawals).		

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(b) Run adding machine tape of cancelled checks and debit memos and ascertain that total equals total withdrawals per bank statements.		
(c) Examine the perforation or paid date of each check to ascertain that the check was paid by the bank during the period covered by the bank statements.		
(d) Request banks to confirm deposits during first five days following balance sheet date.		
(6) D-6: Compare receipts per cash book with credits per bank statements for last five days of period under review and first five days of cut-off period.		
(7) D-7: Review all stale outstanding checks with bookkeeper (checks over six * months old). Suggest voiding checks (at least ones over one year old).		
(8) D-8: Prepare "Proof of Cash" for a test period. Base the length of the test period on internal control questionnaire answers and other factors such as separation of duties for cash receipts, cash disbursements, reconciliation of bank accounts, etc. Review reconciling items closely. Are all cash transactions going through general ledger and bank?		
(9) D-9: Determine on a test basis if cash receipts were deposited * on a timely basis.		

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(10) D-10: Determine if all checks are accounted for and if voided * checks are marked "VOID" and retained.		
(11) D-11: Request confirmation as of the audit date from all depositaries with whom the NAFA did any business during the period under review.		
(12) D-12: Upon receipt of confirmations from banks or savings and loans:		
(a) Check balances confirmed to reconciliations.		
(b) Ascertain that all other matters confirmed (notes payable, assets pledged, etc.) are reflected in the records. Ascertain that all bank confirmations requested have been received.		
(13) D-13: For a selected date prior to audit date, ascertain that bank reconciliations are prepared on a timely basis for all bank accounts and that reconciliations agree with the general ledger.		
(14) D-14: Tabulate transfers between bank accounts for five days before and five days after close of period under review, and ascertain that both sides of these transactions have been properly recorded on the books.		
(15) D-15: Review interest earned and interest accruals by:		
(a) Tracing earnings to statements, postings in passbook, or recomputing for reasonableness.		

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(b) Are current period accruals reasonable?		
(16) D-16: Review general procedures for cash management at the NAFA to see that * investment earnings are maximized. Consider:		
(a) Taking of cash discounts;		
(b) Mailing vendor payments on the last day due;		
(c) Keeping checking account balances low (unless using Centralized Cash Management).		
(d) Rolling CD's and other investments over promptly.		
(17) D-17: Indicate any additional procedures.		

Date/Scope Explanation	Initials

E. INVESTMENTS.

1. Audit objectives.

   a. Verify existence and ownership of securities.

   b. Determine that interest income has been properly recognized.

2. Internal control features.

   a. Securities show the NAFA as owner.

   b. Transactions are made directly, or authorized by the NAFA Officer.

   c. Securities purchased are either direct obligations of the U.S. Government, or are insured by a federal agency.

3. Audit procedures.

   a. E-1: Prepare a schedule of securities owned as of the balance
   * sheet date. Reconcile to the G/L, tie to the T/B.

   b. E-2: Examine securities on hand as close to the audit date as possible.

   c. E-3: Request confirmation from holders of securities not on hand (or inspect such securities if considered necessary).

   d. E-4: Check replies to requests for confirmation.

   e. E-5: Obtain and list certificates of deposit and other investments.

      (1) Who has custody of certificates of deposit?

      (2) Are these documents properly safeguarded?

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(3) Is authority to purchase or sell vested in more than one individual?

f. E-6: Compute the accrued interest receivable to the end of the accounting period. (annual audit only)

g. E-7: Reconcile interest income for the audit period, compute for reasonableness.

h. E-8: Indicate any additional procedures.

Date/Scope Explanation	Initials

F. TAKING OF INVENTORY.

1. Audit objectives.

   a. The items properly represent merchandise, materials and supplies on hand, in transit, in storage or on consignment that belong to the NAFA.

   b. The items are valued at cost or sell price, if lower.

   c. The inventory listings are accurately compiled, extended, footed and summarized. The totals are properly reflected in the accounts.

   d. Excess, slow-moving, obsolete, and defective items are reduced to net realizable values.

   e. Assure proper cut-off of purchases and sales.

2. Internal control features.

   a. That written inventory plans are distributed in advance and provide for:

      (1) Detailed instructions for each task.

      (2) Adequate supervision.

      (3) Test counts.

      (4) Segregation of goods to facilitate counts.

      (5) Proper identification of goods.

      (6) Identification of slow moving or obsolete merchandise.

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(7) Control of merchandise movement during inventory.

(8) Control of inventory sheets and tags.

(9) Proper cut-off procedures.

b. Inventory summarization and pricing is double checked.

c. Perpetual inventory records are reviewed to verify count.

3. Audit procedures.

a. F-1: Determine locations and estimated value of inventory. Obtain copy of inventory instructions and timetable to determine adequacy thereof. Schedule work accordingly. Pay particular attention to areas with a history of shortages. Ascertain that procedures are consistent with the NAFA Manual, Enclosure (47).

b. F-2: Observe inventory and review
* as follows:

(1) Tour the premises with the person responsible for the inventory taking.

(2) Ascertain that inventory instructions are being followed. Review the count sheets and/or tags to be sure that counts, descriptions, last operations completed, unit of measure, etc., are correctly recorded.

(3) Determine that quality and condition of inventory has been properly recorded on count sheets.

(4) Make test counts and record a representative number in the work papers for later tie-in.

	Date/Scope Explanation	Initials
(5) Record several receiving transactions before and after inventory cut-off for future use in testing inventory cut-off.		
(6) See that any obsolete or damaged merchandise is recognized and identified for proper evaluation later.		
(7) Ascertain whether any consigned goods are on hand and, if so, make test counts for later disposition.		
(8) Where perpetual records are readily available (normally maintained on firearms and high cost items), compare test counts made and descriptions noted with perpetual records and investigate differences. Note amount and value of adjustments.		
(9) Inspect receiving and shipping areas to determine whether items located there have been properly counted.		
(10) Near the conclusion of the inventory, tour the area to determine that all items have been counted (and tagged) and are listed on count sheets.		
(11) Ascertain that all count tags or sheets have been properly controlled. Account for all unused or voided count tags or sheets on a test basis.		
(12) Discuss with operating personnel and note any significant property and equipment additions or retirements during the period. Observe major additions. If		

	Date/Scope Explanation	Initials

(12) (Continued) selling or receiving is not halted during inventory taking, ascertain that proper control is maintained over stock movements.

c. F-3: Write an over all inventory observation memo to summarize work done and any areas needing follow-up at a later date.

d. F-4: Trace test counts to final inventory listings and reconcile any difference noted.

e. F-5: Test-check extensions and footings on all inventory sheets.

f. F-6: Scan inventory compilation sheets for possible misplaced decimal points and items in erroneous inventory classifications.

g. F-7: Review specific prices for reasonableness including price for the unit of quantity common for that item.

h. F-8: Trace totals of inventory compilation sheets to summaries and foot inventory summary sheets.

i. F-9: Compare totals of final summaries with those recorded in the general ledger trial balances.

j. F-10: Price-test a representative number of items (approximately 10%) by reference to vendors invoices. Note that freight has been included in the cost price and discounts have not.

k. F-11: Test the reasonableness of inventory on hand at year-end by comparing current period gross profit to prior periods. Determine reasonableness of cost of sales by reference to prior years' cost of goods sold percentages and those of other similar activities.

	Date/Scope Explanation	Initials
l. F-12: Compute inventory turnover.		
m. F-13: Determine that slow-moving, obsolete and damaged items have been priced at amounts not greater than net realizable value.		
n. F-14: Discuss possibility of overstock, damaged or obsolete stock with appropriate operating personnel. Relate any items noted during the physical observation to this discussion.		
o. F-15: Indicate any additional procedures.		

G. INVENTORIES.

1. Audit objectives.

a. Determine that inventory quantities and valuation are accurate.

b. Determine that the physical security of inventory is adequate.

2. Internal control features.

a. Existence and maintenance of a perpetual inventory system for high cost items.

b. Responsibility for inventory and shrinkage control has been fixed to an appropriate individual.

c. Transfer and purchase order forms are prenumbered and controlled.

d. Periodic physical counts are made though perhaps for only one department within an activity.

e. Periodic reviews are made for slow moving items.

f. Inventory pricing and extensions are double checked.

3. Audit procedures.

a. If physical inventory has not been observed, perform the following:

(1) G-1: Obtain the last physical inventory sheets, and the inventory instructions and review for compliance with Enclosure (47) to the NAFA Manual.

(2) G-2: Trace selected items from the physical inventory sheets to the purchase order file for price.

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(3) G-3: Test computation of extensions.

(4) G-4: Test footings of detailed sheets and summaries.

(5) G-5: Trace totals to summaries.

(6) G-6: Test perpetual inventory records as follows:

(a) Test entries on perpetual records to and from physical count records. Also check the perpetual records against current inventory quantities.

(b) Test arithmetical accuracy of perpetual records.

(c) Scrutinize perpetual records for slow-moving and obsolete items.

(7) G-7: Ascertain that slow-moving, obsolete, or damaged inventory has been appropriately valued at net realizable value.

b. Perform the following procedures whether or not the physical inventory was observed:

(1) G-8: If the final inventory listing is as of a date other than the balance sheet date, prepare analysis of the general ledger control accounts for the intervening period and check entries to supporting records.

(2) G-9: Ascertain propriety of purchase cut-off:

	Date/Scope Explanation	Initials
(a) Request principal suppliers to furnish us with a statement of unpaid invoices and material on consignment - as of inventory date (or to confirm balances payable).		
(b) Check replies from suppliers to accounts payable and consignment records, and investigate differences.		
(c) Check receiving cut-off details to accounts payable.		
(d) For selected periods before and after inventory date, check purchase invoices to and from receiving records, and debit memos for purchase returns to shipping records.		
(e) If inventory-in-transit items are noted in accounts payable as of inventory date, ascertain that the items have been added to the physical inventory.		
(f) Test inventory-in-transit items included in the physical inventory to purchase invoices, receiving reports, and accounts payable.		
(g) Review unmatched receiving reports and unvouchered purchase invoices.		
(3) G-10: Ascertain propriety of sales cut-off:		

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(a) Trace daily cash receipt recaps to the sales and cash receipts journal for two to four days prior to and after the end of the accounting period. Note proper cut-off.		
(4) G-11: Perform an analytical review as follows:		
(a) Compute inventory turnover and gross profit percentage, compare with prior periods and explain significant changes.		
(b) If the final inventory listing is as of a date other than the balance sheet date, compute gross profit percentages from date of final inventory to balance sheet date, compare with percentage for period preceding final inventory date, and explain significant changes.		
(c) Investigate entries of an unusual nature made to book inventories during the period of examination.		
(5) G-12: Indicate any additional procedures.		

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H. ACCOUNTS RECEIVABLE.

1. Audit objectives.

a. To ascertain the propriety and collectibility of accounts receivable balances.

2. Internal control features.

a. Periodic reconciliation of subsidiary ledgers with general ledger accounts.

b. Periodic aging of accounts receivable.

c. Effective collection procedures.

3. Audit procedures.

a. H-1: Obtain aged listing of balances by individual account.
* Foot the listing and trace the total to the working trial balance.

b. H-2: Request confirmation from debtors by positive and/or negative requests. Positive confirmations are suggested for all large amounts. The accounts selected will depend upon the following factors:

(1) Adequacy of internal control.

(2) Significance of receivables to the balance sheet.

(3) Size, nature, and number of accounts involved.

c. H-3: It is important that the auditor maintain proper control over the confirmation requests from the time that the selection has been made up to and including deposit of the letters into a mail depository. A record must be made of accounts selected.

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d. H-4: Send second requests for confirmation where replies to positive requests are not received.

e. H-5: Reconcile all confirmation replies returned.

f. H-6: Investigate requests returned undelivered and replies with differences.

g. H-7: Perform alternative auditing procedures on all nonreplies to positive confirmation requests including undeliverable requests. Alternative procedures should include the following:

(1) Tracing of subsequent collections to the cash receipts records and to customer's remittance advices and other related records.

(2) Tracing of items not subsequently collected to invoice copies, evidence of customer purchase, and to other proof of performance.

h. H-8: Summarize the results of confirmation requests. Include a brief explanation of the factors that determined the selection of accounts to be confirmed, as well as a brief analysis of the relation of the replies to the total requests made and the total receivables.

i. H-9: Review aging policy and test aging of balances.

j. H-10: Discuss collectibility of receivables with responsible official(s), and review applicable correspondence.

k. H-11: Investigate reason for all credit balances shown in detail listing of accounts receivable and reclassify as a liability, if significant.

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l. H-12: Check propriety of material transactions in selected accounts for a period of approximately two weeks including balance sheet date.		
m. H-13: For period of examination and period following balance sheet date, scan general ledger control for material charge-offs and unusual transactions and investigate.		
n. H-14: Accounts receivable from (or investment in) Satellites:		
(1) Obtain a listing of end of period accounts receivable (investment) balances by Satellite. Check the balances and trace to the working trial balance.		
(2) Obtain a copy of each Satellite's "Status of Satellite Exchange" report for the last month of the period.		
(3) Foot the report.		
(4) Note reasonableness of inventory and cash balances. Review current audit reports on Satellites.		
(5) Consider visiting Satellites to verify cash and inventory amounts on hand.		
o. * H-15: Accounts receivable - Non Sufficient Fund (NSF) checks.		
(1) Obtain a listing of returned checks.		
(2) Verify the balance and trace the balance to the working trial balance.		
(3) Discuss and evaluate the collection and accounting procedures with a responsible official.		

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(4) Prepare an aged analysis of this account.

(5) Test check the correspondence and payment files to determine debtor acknowledgement of intent to pay. Determine whether prescribed procedures are being followed. See Enclosure (40) to the NAFA Manual.

(6) Review write-off file to see if employees of NAFA and other unit operations are included.

(7) Determine what continuing efforts are made after the account is written off.

(8) Discuss the collectibility of the receivables with a responsible official. Propose an adjustment, if considered necessary.

p. H-16: Accounts receivable - layaways.

(1) Obtain listing of layaway receivables outstanding as of end of the period. Foot listing and trace to working trial balance.

(2) Select at random approximately 20% of the layaway accounts and determine the following:

(a) Is the layaway item still in NAFA control?

(b) Is an account card in file for every layaway item?

(c) Are payments current?

(d) Are payoff terms being met?

(e) Are layaways returned to stock according to procedures?

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(f) Are balances correct?		
(3) Review the layaway policies and determine whether they are being adhered to.		
q. H-17: Ascertain that layaway forms are prenumbered and controlled.		
r. H-18: Indicate any additional procedures.		

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I. PREPAID EXPENSES AND OTHER ASSETS.

1. Audit objectives.

   a. Balances represent proper charges against future operations and will be realized through future operations.

   b. The additions are proper charges to these accounts, and represent actual cost.

   c. Amortization or writeoffs are reasonable under the circumstances and are computed on an acceptable basis consistent with prior periods.

2. Internal control features. In addition to those for purchasing, to review account amortization periodically for accuracy and propriety of balances.

3. Audit procedures.

   a. I-1: Obtain schedules detailing prepaid expense accounts by type. Foot and trace to working trial balance.

   b. I-2: Review reasonableness of each
   * account separately by:

      (1) Comparison with previous month and any year end balances.

      (2) Review and evaluate supporting documentation of account balance.

      (3) Ascertain that amortization rates used during period appear to be reasonable in the circumstances, and determine effect of changes in rates.

   c. I-3: Indicate any additional procedures.

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J. FIXED ASSETS.

1. Audit objectives.

a. The basis upon which the property accounts are stated is proper and has been consistently followed with respect to major categories of property which remain in service.

b. The additions during the period under audit are proper capital charges and represent actual physical property installed or constructed; and whether material items which should have been capitalized have been mistakenly charged to maintenance or other expense accounts.

c. Provision for asset replacement charges are made in accordance with requirements.

2. Internal control features.

a. Existence and maintenance of a fixed asset schedule.

b. Use of tags or identification numbers on NAFA assets.

c. Periodic examination of assets to verify the accuracy of the fixed asset schedule.

d. Existence of a policy for distinguishing capital and expense transactions.

3. Audit procedures.

a. J-1: Obtain and test or prepare a schedule of fixed assets and accumulated depreciation (if applicable) for the period. The summary should show additions, sales and retirements. Reconcile balances with general ledger and detailed fixed asset records. Tie to trial balance.

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b. J-2: Vouch additions to underlying purchase invoices, authorization, etc.		
c. J-3: Examine supporting documents for surveys. See that they were properly authorized, gain or loss was recognized if appropriate, and that the amounts removed from the asset and depreciation accounts (if applicable) are accurate.		
d. J-4: Test the provision for depreciation (if applicable) for period under review and reconcile to related expense accounts. Determine that rates are reasonable and method is consistent with the prior period.		
e. J-5: Ascertain whether or not spot checks, within the accounting period, have been made by the NAFA Officer to assure that property is being properly safeguarded, used, and kept in good repair.		
f. J-6: Ascertain whether discrepancies between the property records and physical inventories were investigated and adjustments approved.		
g. J-7: Prepare a random sample listing of property from the property records and check by actual observation to ensure that property is properly tagged and that the records indicate proper location of the items for control and inventory convenience.		
h. J-8: Note that property records include the date of purchase, cost, location, and description of the property (including manufacturer's serial number).		
i. J-9: Review major repair and maintenance expenses during the period. Examine supporting documents to ascertain whether such charges should properly be capitalized.		

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j. J-10: Review policy for transfers of equipment purchased by appropriated funds to NAFA accounting records. Examine related accounts to ascertain whether the stated policy is being consistently followed.		
k. J-11: Indicate any additional procedures.		

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K. ACCOUNTS PAYABLE.

1. Audit objectives.

   a. The liability is recorded for all merchandise received prior to the audit date.

   b. The offsetting charge to the accounts payable entry has been made to the proper activity and department (if applicable).

2. Internal control features.

   a. Same features as purchasing.

   b. Adequate record of receipts under open purchase orders.

   c. Use and control of prenumbered receiving reports.

   d. Verification of invoice to purchase order and receiving report prior to approval for payment.

   e. Effective cancellation of paid invoices.

   f. Periodic reconciliation of subsidiary ledger with general ledger.

3. Audit procedures.

   a. K-1: Obtain audit listing of accounts payable as of audit date;
   * foot and reconcile total to the general ledger control. Test listing to supporting records.

   b. K-2: Confirm, on test or other basis, with vendors with whom the client has done business.

   c. K-3: Reconcile confirmations to listing. Account for differences and trace to supporting records and documents.

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d. K-4: If accounts payable confirmation was performed as of a preliminary date:		
(1) Reconcile control accounts from date of confirmation to audit date.		
(2) Review major reconciling items on a test basis.		
(3) Trace accounts payable listing as of balance sheet date to supporting documents.		
e. K-5: Perform alternative procedures on confirmation non-respondents and a portion of those accounts not confirmed. Examine the voucher for the next payment to the vendor. See that the amount accrued as a payable was proper, and that purchases were charged to the proper activity and department.		
f. K-6: Review invoices received for the first five days after the preparation of financial statements to determine if they show any indication of receipt or acceptance prior to the statement preparation and if they should have been included as liabilities. Review, vouch large disbursements on a test basis for an additional twenty days.		
g. K-7: Review file of unmatched receiving reports for possible unrecorded liabilities.		
h. K-8: Determine the reasons for not settling old accounts (60 days old or over). *		
i. K-9: Investigate large, irregular, or disputed items. *		
j. K-10: Review several paid invoices to determine if they are fully supported and stamped or marked paid to prevent duplicate payments. *		

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k. K-11: Determine if the government is being paid for the cost of utilities consumed.		
l. K-12: Note debit balances and investigate their nature and collectability. Consider confirmation and reclassification.		
m. K-13: Indicate any additional procedures.		

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L. OTHER LIABILITIES.

1. Audit objectives.

   a. All significant liabilities existing as of the audit date are reflected in the statement at the proper amounts.

   b. Liabilities are properly described and classified.

   c. All borrowings have been authorized and made in compliance with established procedures.

2. Internal control features.

   a. Same features as disbursements.

   b. Periodic review of liability balances to determine propriety.

   c. All borrowing is authorized by the Commanding Officer.

   d. Adequate detailed records are maintained to support the general ledger.

3. Audit procedures.

   a. L-1: Obtain or prepare analysis of notes payable and other debt for the
   * year and perform the following procedures:

      (1) Determine that all terms and other details are included.

      (2) Reconcile analysis to general ledger (balance sheet and related income statement accounts) and supporting records.

      (3) Test computation of accrued and/or prepaid interest.

      (4) Verify interest paid.

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(5) Examine related transactions during the year.

(6) Vouch charges during the period.

b. L-2: Confirm as of balance sheet date with all lenders and banks with whom the NAFA has done business during the year. Reconcile confirmations with analysis obtained in step L-1, above.

c. L-3: Determine whether or not NAFA has complied with provisions of its loan agreements. If not, ascertain if waivers of such noncompliance were obtained.

d. L-4: If considered necessary, request confirmation of notes paid off during period.

e. L-5: Obtain and check (or prepare) schedules of (1) amounts withheld from employees, (2) accrued wages, vacation pay, etc., and (3) other accrued liabilities and reconcile with general ledger.

f. L-6: Ascertain propriety of amounts by such means as reviewing calculations and methods of determining accruals, referring to supporting documents, related expense accounts, etc., and comparing with payments subsequent to balance sheet date where applicable.

g. L-7: Compare amounts at end of period with those at end of previous period and account for significant differences.

h. L-8: Ascertain that the balance of remittances payable is both current and accurate.

i. L-9: Indicate any additional procedures.

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M. SALES AND CASH RECEIPTS.

1. Audit objectives.

   a. Proper sales cut-off.

   b. Proper recording and application of cash receipts.

   c. Existing internal controls over sales and cash receipts operating effectively.

2. Internal control features.

   a. Required approval of activity manager or NAFA Officer for significant items, such as large markdowns.

   b. Periodic reconciliation of subsidiary ledgers, such as layaways to control accounts.

   c. Daily deposit of cash receipts.

   d. Daily review or audit of cash receipts documentation supporting the daily deposit.

3. Audit procedures.

   a. M-1: Randomly select a sample of daily cash reports covering reports
   * from each location and dates spread throughout the period and perform the following:

      (1) Foot report.

      (2) Does it cover only one day (some minor operations may be justified in not remitting daily reports; i.e., Satellites)?

      (3) Vouch all entries on the report to supporting documentation, such as register tapes, receipted deposit slips, credit/refund vouchers, etc.

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(4) Trace daily report to monthly cash receipts journal and to subsidiary ledgers, as applicable.

(5) Trace deposit to monthly bank statement, note promptness of deposit.

b. M-2: Randomly select two to four months during the period and perform the following tests:

(1) Foot and cross-foot cash receipts journal.

(2) Check postings from cash receipts journal to general ledger and to other subsidiary ledgers (e.g. accounts receivable).

(3) Review reasonableness of distribution.

(4) Reconcile total credits per bank statement with total receipts per cash accounts and general ledger.

(5) Make note of unusual cash receipts such as sale of equipment, repayments of advances, re-deposits of large returned checks, etc.

(6) If initial controls are established over daily cash receipts, compare entries in such records with entries in cash receipts book.

c. M-3: Prepare a schedule of exceptions noted during above test and review for:

(1) Effect on financial statements.

(2) Effect on internal control.

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d. M-4: For period(s) selected for detailed checking, vouch entries in general ledger cash accounts from sources other than cash receipts book and cash disbursements book.

e. M-5: Obtain mark-up schedules from exchange manager. Pick, on a random basis, invoice cover sheets and test mark-up by item.

f. M-6: Investigate and evaluate procedures in use for controlling refunds and overrings. If necessary, prepare a summary of refunds and overrings to determine if any unfavorable trend or pattern exists.

g. M-7: Investigate and evaluate procedures in use for controlling cash overages and cash shortages resulting from cash register readings. If necessary, prepare a summary of cash overages and shortages to determine if any unfavorable trend or pattern exists.

h. M-8: Evaluate controls for returned checks:

(1) Write a brief outline of procedure in effect or obtain copy of station order.

(2) Test the debits and credits from the office daily report, for returned checks and redeposits, to the sales and cash receipts journal.

i. M-9: Prepare summary of monthly sales in comparative form with preceding year.

j. M-10: Obtain explanation of material fluctuations in sales. Verify explanations as appropriate.

k. M-11: Indicate any additional procedures.

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N. CASH DISBURSEMENTS.

1. Audit objectives.

   a. Purchased goods have been received and are for NAFA purposes.

   b. Proper distribution of costs to asset, expense, and other accounts has been made.

   c. All liabilities for goods received have been recorded.

   d. Costs and expenses have not been misstated by processing errors.

   e. Cash disbursements are valid and have been properly recorded.

2. Internal control features.

   a. All goods received are for NAFA purposes.

      (1) Use and control of prenumbered, approved purchase orders.

      (2) Independent review of prices paid.

      (3) Adequate record of open purchase orders.

      (4) Use and control of prenumbered receiving report.

      (5) Physical verification of goods received.

      (6) Written receiving copy of purchase order or receiving report required before invoice processed.

   b. Proper distribution of costs; all liabilities recorded.

      (1) Check of prices and quantities received.

(a) Check of mathematical accuracy.

(b) Verification of account distribution.

(c) Approval for payment.

(d) Effective cancellation of paid invoices.

(2) Periodic reconciliation of unpaid liabilities with general ledger balance.

c. Cash disbursements valid.

(1) Use and control of prenumbered checks.

(2) Properly approved voucher required for disbursement.

(3) Check signing machine adequately controlled.

(4) Dual signature required on checks when practical.

(5) Check signers independent of purchasing or payables function, and required to review supporting documents before signing.

3. Audit procedures.

a. N-1: Obtain numerical file or log of purchase orders for the audit period, and make selective tests of price and terms to PAB or VOX Bulletins (if applicable). Investigate purchases from non-PAB or VOX vendors to determine if prices are excessive to like products available through PAB or VOX vendors. Note that the NAFA may be unable to meet the minimum order quantities under the PAB or VOX. Keep eyes open for defects, etc., which would result in a charge back.

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(1) Test the accuracy of the purchase orders by tracing receipts and issues to the purchase order.

(2) Determine and test the procedures followed in ordering, receiving, and recording direct deliveries, if applicable.

(3) Examine all return purchases made over the review period, commenting on the reason for the return, and verify that proper procedures have been followed.

b. N-2: Randomly select a sample of checks issued during the period (suggest a minimum of 50 checks be selected) and perform the following tests.

(1) Examine applicable invoices for:

(a) Net payable same as amount of check.

(b) Accurate mathematics.

(c) Payee same as cash disbursement journal listing.

(d) Amounts and Account distribution accurate.

(e) General reasonableness (not paying for buggy whips).

(2) Examine applicable cancelled checks for payee, amount, and endorsement.

c. N-3: Randomly select two to four months and perform the following tests:

(1) Foot all columns of purchases and (if separate records) cash disbursements journal.

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(2) Check postings from cash disbursements journal to general ledger and other ledgers.

(3) Review reasonableness of distribution.

(4) Compare cash disbursements supported by a purchase register with the related entries in such register.

(5) Compare entries in the purchase register to purchase orders and receiving reports.

(6) Review numerical sequence of checks, purchase orders and transfer forms issued during period. Are all forms accounted for?

d. N-4: For period(s) not selected for detailed checking and for period following balance sheet date, scan cash disbursements book and debits on bank statements for unusual items, and investigate. Scan purchase register (if applicable) for unusual items and investigate.

e. N-5: Prepare a schedule of exceptions noted during above tests and review financial statements and internal control.

f. N-6: Review all significant exceptions with the NAFA Officer.

g. N-7: Prepare a summary of conclusions and recommendations as a result of the audit.

h. N-8: Indicate any additional procedures.

	Date/Scope Explanation	Initials

O. PAYROLL.

1. Audit objectives.

   a. Ascertain that payroll costs have been properly recorded and distributed.

   b. Verify that payroll costs incurred are for legitimate purposes.

   c. Determine that payroll costs are not misstated due to processing errors.

2. Internal control features.

   a. Separate individuals approve hours and prepare payrolls.

   b. Adequate personnel records maintained.

   c. Proper approval required for additions/deletions to payroll.

   d. Payments made by check and use of an imprest bank account.

   e. Check signers independent of other payroll functions.

   f. Mechanics of payroll preparation rechecked and mathematical calculations re-verified.

   g. Records maintained of available benefits (e.g., unused vacation, sick leave, etc.).

3. Audit procedures.

   a. O-1: For payrolls selected for
   * detailed checking:

      (1) Test-check details of payrolls to most appropriate underlying data (employee files, W-4 forms, deduction authorization forms, time cards, etc) as to:

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(a) Names.

(b) Rates (to wage schedules and personnel records).

(c) Time.

(2) Test extensions and footings on payroll.

(3) Test distribution and trace totals to general ledger.

(4) Compare payroll entries with
* canceled checks. Inspect thoroughly for any discrepancies as to number, date, payee, and amount.

(5) Scrutinize canceled checks for authorized signatures, irregular endorsements, and alterations.

(6) Ascertain that the payroll has been
* approved by the NAFA Officer.

b. O-2: For payroll(s) not selected for detailed checking, scan payroll register for unusual items and investigate.

c. O-3: Plan a surprise observation of one of the regular payoffs, including control of payroll records and an accounting for all employees listed. Payroll checks (or envelopes) should be intercepted after they are ready for distribution. Complete the following procedures:

(1) Compare each amount to that shown on the payroll register.

(2) Verify footings.

(3) Verify propriety of checks distributed prior to the completion of the payroll.

(4) Have an Officer familiar with the employees but having no connection with preparation or distribution of the payroll, approve one or two payrolls during our visit as a check against fictitious employee pay checks.

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(5) List and investigate all undistributed checks or envelopes. If time clocks are used, see that employees missing for payoff are not "punched in".

(6) Review any undistributed checks or envelopes with company personnel as to safekeeping and reason for holding. It is particularly important that the auditor satisfy himself that the checks are for valid employees.

d. O-4: Investigate any extraordinary fluctuations in salaries and wages.

e. O-5: Ascertain that the number of payrolls corresponds to the number of pay periods.

f. O-6: Prepare a memorandum summarizing your recommendations and conclusions reached as a result of the audit.

g. O-7: Indicate any additional procedures.

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P. OTHER INCOME AND EXPENSES.

1. Audit objectives.

a. Reported revenues, costs and expenses are properly applicable to the accounting period under examination.

b. All material transactions of a non-operating nature have been excluded from operating income or otherwise appropriately treated.

c. Revenues, costs and expenses are appropriately classified and described in the statement of income.

2. Internal control features.

a. General controls relative to management investigation and review of unusual non-recurring transactions are applicable to this area.

b. Internal controls of cash disbursement are applicable to this area.

3. Audit procedures.

a. P-1: The systematic tests of detailed transactions performed in connection with other procedures (including tests of cash receipts and disbursements, purchases and expenses, payrolls, sales, and tests of purchases cut-offs and sales cut-offs) should not be duplicated here but should be taken into consideration in performing the procedures called for in this section.

b. P-2: Obtain a monthly schedule of general and administrative expenses
* for the period under examination. Compare the totals in the schedule to the totals in the related general ledger accounts. Examine the major sub-classifications of expenses to determine:

	Date/Scope Explanation	Initials

(1) Whether the amounts and the relative importance of the items have varied significantly from month to month in the current year.

(2) Whether the totals and ratios correspond reasonably with those for the preceding year.

(3) Investigate and explain any significant variations. Vouch items as appropriate.

c. P-3: Prepare a comparative schedule of revenue and expenses for the 31 January current and prior period and review any wide fluctuations with NAFA personnel. Test accounts that appear unreasonable.

d. P-4: Prepare a carryforward analysis of important operating ratios including gross profit rates, accounts receivable and inventory turnover rates, percent of net sales for various major product lines, etc. Investigate and explain significant fluctuations from year to year.

e. P-5: Review prior year's working papers for sources and description of non-operating income and ascertain that such income earned in the current year has been properly recorded. Consider the adequacy of accounting control procedures over significant items of other income not directly related to tangible assets such as scrap sales, container deposits, etc.

f. P-6: Ascertain that revenues are being received for rental or lease contracts, concession contracts, license agreements, etc., in accordance with the terms of such agreements.

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g. P-7: Analyze any other significant miscellaneous income and expense accounts as necessary, noting that all amounts due or owing appear to have been properly paid or accrued.		
h. P-8: Indicate any additional procedures.		

Date/Scope Explanation	Initials

Q. NET WORTH.

1. Audit objectives.

   a. Transactions affecting net worth accounts properly recorded.

   b. Proper matching of profit distribution to the related accounting period.

2. Internal control features.

   a. Authorization of net worth transactions by the NAFA Officer.

   b. Schedule or budget of required profit distribution transactions, and follow-up of these payments at the appropriate level.

3. Audit procedures.

   a. Q-1: Schedule all net worth entries during the year for each net worth
   * account. Satisfy yourself regarding the propriety of each transaction.

   b. Q-2: Ascertain that the Provision for Asset Replacement entry was made in accordance with regulations, and that only appropriate use is being made of these funds. Inquire whether a long range plan of asset replacement has been made and if reserves will be adequate to meet projected needs.

   c. Q-3: Are retained earnings sufficient for the NAFA? Are sufficient earnings being retained to provide for expansion, asset replacement, building new structures, etc.

   d. Q-4: Indicate any additional procedures.

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R. ACTIVITY AUDIT PROCEDURES.

1. Audit objectives.

a. See that specific control and accounting procedures related to each type of activity are being followed.

2. Internal control features.

a. Retail.

(1) Using perpetual inventory system for high value items. (see inventory section of audit program).

(2) Maintaining and reviewing comparative sales by department data.

(3) Taking inventory by department.

(4) Reviewing sales, purchases, gross profit (if applicable) and other departmental information to help identify and reduce shrinkage.

b. Food and bar operations.

(1) Portion controls.

(2) Frequent inventories, if possible, holding the accountability for inventory levels to one person.

(3) Documentation and stores requisition.

c. Service station.

(1) Frequent measurement of inventory and comparison of inventory used to sales.

(2) Daily meter reading and recording, reconciliation of daily cash take to gallonage.

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(3) Frequent review and adjustment of prices in view of competitors and cost fluctuation.

d. Vending, concessions.

(1) Adherence to written agreement with machine owners.

(2) Control over access to vending equipment.

3. Audit procedures.

a. Retail.

*

(1) R-1: The internal auditor should make an independent appraisal of the accounting, financial and other managerial controls practiced by the activity in all phases of the retail operation including procurement, warehousing, transfer to other activities and through the ultimate sale. Note and test any deficiencies observed.

(2) R-2: Evaluate inventory position in relation to sales trends and plan, noting any unusual changes.

(3) R-3: By reference to comparative reports (preferably monthly) of this type of retail activity, make evaluations of this activity as it relates to others in terms of:

(a) Retail sales percentages by department.

(b) Operating profit and percentage.

(c) Markdowns and markdown percentages.

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(d) Stock-turns and stock-to-sales ratios.

(e) Gross profits, by department, if available.

(4) R-4: Review the results of the last physical inventory regarding:

(a) The amount of the shortages and its percentage to departmental sales. If shortages cannot be calculated directly, compare the "expected" gross profit to actual - by department, if possible. "Expected" gross profit can be determined by knowing the approximate markups for the product lines and their percentage of total sales.

(b) The aging of the inventory.

(5) R-5: List or describe deficiencies in forms and controls used for:

(a) Warehoused items.

(b) Non-warehoused items (direct issues).

(c) Direct deliveries.

(d) High-unit value items.

(e) Transfers among the various retail activities.

(f) Returns to vendors.

(6) R-6: Review and evaluate the physical materials, handling flow, and related forms and controls with the auditor-in-charge.

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(a) Observe general housekeeping and security precautions - doors locked, floor clean, etc.

(b) Observe receiving, marking, storage, and shipping procedures. Merchandise actually counted. Tickets controlled. Merchandise transferred.

(c) List selected merchandise over six months old and seasonal merchandise and discuss markdown plans with exchange merchandise manager.

(d) List selected merchandise with price changes and trace to price change records.

7. R-7: Indicate any additional procedures.

b. Food and bar operations.

(1) R-10: Matters relating to sanitary conditions, quality of food displays, physical lay-out, and quality of service to customers are matters for inspection personnel and will not be reported by the internal auditor.

(2) R-11: Evaluate controls over stores requisition, including control of prenumbered requisition forms.

(3) R-12: Examine and test perpetual stores records. Note whether frequent physical inventories are being used to reduce shrinkage. Note any deficiencies in controls over goods.

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(4) R-13: Compare "expected" gross profit to actual for the operation. Note substantial deviations and consider additional audit procedures.

(5) R-14: Evaluate monthly (if available) operating results for trends in sales volume, operating profit, markdowns, stock turnover, stock-to-sales ratios, expense, and gross profit.

(6) R-15: Examine and test such cost control forms as are being used.

(7) R-16: Evaluate inventory position relative to budget and sales. Note substantial deviations.

(8) R-17: Indicate any additional procedures.

c. Service station.

(1) R-20: Review contracts and related correspondence being aware of authority, termination dates, renewal dates, settlement dates, reference to acceptance of credit cards (including those of other suppliers), attachments and amendments to the contract, and whatever else is considered pertinent to this phase of the audit.

(2) R-21: Review the operation from records available in order to justify any deviation from the below audit steps.

(3) R-22: Obtain the service station daily report for the current or previous day and a number of end of the month reports (those daily reports prepared on the last day of the month).

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(4) R-23: Obtain delivery tickets for the same period, adding them to the opening tank soundings for the earliest period. The sum of these should then equal, after deducting the closing tank soundings, the total month-to-date outgo per tank.

(5) R-24: Compare the results in step R-23, above, with the month-to-month outgo per meter.

(6) R-25: When the variance in step R-24, above, exceeds 1/2% of 1% of sales, review and determine probable reasons for variance.

(7) R-26: On a test basis:

(a) Verify the mathematical accuracy of the meter reading section of the service station report.

(b) Verify all other entries on the service station daily report.

(c) Based on these findings, the auditor shall determine if a more detailed audit is required for the period under review.

(8) R-27: Trace the gasoline selling prices as indicated on the service station daily report to the posted prices and the price list as approved by the NAFA Officer.

(9) R-28: Witness a calibration test, paying attention to the disposal of the gasoline used in the test.

(10) R-29: Witness the tank soundings; however, do not require tank soundings unless the pumps will be inactive during this period.

(11) R-30: Witness a daily inventory on the fuel and motor oil items. Comment on deficiencies.

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(12) R-31: Review gasoline credit card receivables.

(a) Reconcile the general ledger total and with subsequent transmittals to oil company.

(b) Scan general ledger sheet for reasonableness.

1. All entries appear to be "routine type" entries.

2. Account balance should be reasonable, with no more than 30 days sales in the month end balance.

3. Review any "Red Flags" and follow-up as necessary.

(c) Review following with NAFA Officer:

1. Can balance be "turned into cash" if credit card sales exceed purchases?

2. What action is taken on "rejected" charge card sales?

(13) R-32: Indicate any additional procedures.

d. Vending.

(1) R-40: Review contracts and related correspondence being aware of authority, termination dates, renewal dates, settlement dates, collection procedure, amount due the unit, attachments and amendments to the contract, change funds, counters, and whatever else that is pertinent to this phase of the audit.

(2) R-41: Review the vending operation from records available in order to justify any deviation from the below audit steps.

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(3) R-42: Obtain the master list of vending machines and physically inspect the machines. Trace them to the master list. Determine that all machines sighted are on the list and that no machines are on the list that have not been seen. Verify that the machine number and location are in agreement with the list.

(4) R-43: Summarize the vending receipts from the office daily report and sales and cash receipts journal, to the vending cash collection slip, (or the contractor's form used in lieu of the cash collection slip).

(5) R-44: Trace the receipts, checking for timeliness, and the related information such as meter readings, inventory count or units sold, to the office daily report.

(6) R-45: Indicate any additional procedures.

S. REVIEW OF COMPUTER SYSTEMS.

1. Audit objective.

a. Determine adequacy of controls over computer system processing.

2. Internal control features.

a. Organization of processing function to maintain proper physical control of input & output, files, processing, etc.

b. Segregation of duties within accounting so that Data Processing (DP) personnel do not:

(1) Initiate/authorize transactions.

(2) Make initial entry of transactions.

(3) Make changes to master files.

(4) Correct errors that arise outside the DP department.

c. Employees are required to take consecutive vacation or there is a program of rotating duties.

d. Adequate security over physical assets.

(1) Insurance coverage.

(2) Formal disaster plan including a tested alternate location.

(3) Off site back-up files.

(4) Security at the building and data center perimeters limit access to only authorized individuals.

(5) Protection from fire and water damage.

e. Documented operating procedures including operator and user manuals.

f. Adequate review and testing of system enchancement and modifications including approval by a higher authority.

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g. Adherence to regular maintenance schedules.

h. Access to facilities, programs, data and the system documentation is limited to authorized personnel that need access to meet their responsibilities.

i. Input controls.

(1) Use of control totals originating outside the DP operation.

(2) Keypunch verification.

(3) Edit, limit or other tests for completeness or reasonability of data.

(4) Identification and proper processing of rejected transactions.

(5) Follow-up and handling of rejected transactions.

j. Processing controls.

(1) Edit routines to ensure that data is accurate, complete and reasonable.

(a) Verify data against a file or table.

(b) Check budgets.

(c) Limit tests.

(d) Missing data or sequence checks.

(e) Traditional controls over source data, such as prenumbered forms, logs, etc.

(2) Proper labeling of files, externally and internally.

k. Output controls.

(1) Comparison with input control to tabs.

(2) Scanning output for unusual items.

(3) Delivery of reports only to appropriate individuals.

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l. Adequate documentation, including System flowchart, program logic flowcharts, program listings, record layouts, file layouts, tables, codes, and their meaning, operator and user instructions, revision log, and use of time logs.

m. File controls:

(1) Adequate retention,

(2) on and off site back-up,

(3) protection against physical damage,

(4) secured location with limited access.

n. Control totals should be maintained on all important files and updated after each revision.

o. Maintenance of an adequate audit trial.

3. Audit procedures.

a. S-1: Review current system and planned systems or revisions for adequate control features.

b. S-2: Determine compliance with existing policies.

c. S-3: By observation and/or testwork, see that the control features and policies described above are in effect.

d. S-4: Indicate any additional procedures.

CHAPTER 4. AUDIT WORKING PAPERS.

A. PURPOSE AND ORGANIZATION.

1. Audit workpapers should be prepared to efficiently document the work performed by the auditor. Organize each workpaper so it is easy to follow, and its purpose readily identifiable. Use cross referencing wherever appropriate. Xerox existing documents, "cut and paste", use tic marks and describe work performed via memoranda when possible to keep "documentation" time to a minimum. Indicate testwork in sufficient detail so the steps can be retraced, if necessary. This is especially appropriate when discrepancies are noted - the auditors conclusions maybe challenged. Sample workpapers are provided in Figure (14-1).

2. Overall organization, review, and planning will be assisted by the following:

   a. Each workpaper should be properly identified at the top of the page. Include: Unit name and number, subject matter, Audit date, period covered if different from audit date, name and date of work performed for every person working on or approving the workpaper, and general ledger account number and name, if appropriate.

3. Work papers must be safeguarded. The work papers should be locked in a briefcase while the auditors' are at lunch and should be removed from the premises each evening. If the latter is not feasible, the files should be kept under lock and key. The key will be kept under the auditor's control.

B. INDEXING.

1. Prepare a workpaper index and place at the front of the workpapers.

2. Use a standard lettering scheme to identify workpapers. The letters provided in the internal audit program and Figure (14-2) are recommended. All workpapers must be identified by a reference code in the upper right hand corner, the first letter of which will indicate the section.

3. All work papers should be cross-indexed.

4. When more than one account exists for any one indexing section, the index letters will be numbered consecutively, for example A-1, A-2, A-3. Additional supporting detail would be placed on workpapers labeled A-2-1, A-2-2, etc.

5. When there are several pages to a memorandum, a schedule near the upper right of the workpaper, indicates its place in the sequence, i.e., "page 5 of 7".

B.6. The last amount on a working paper schedule will be cross-referenced to the extended trial balance. To complete the cross-reference, enter the index letter of the schedule to the right of the account balance in the extended trial balance.

7. Reference to the permanent file will be down "PF"

C. TIME BUDGET. Prepare a time budget by audit program section. Indicate actual time spent by each auditor in each section. Budget time for meetings, report preparation, travel, and other necessary areas so that all time is planned.

D. WORKPAPER TECHNIQUE.

1. A schedule of sample audit verification symbols is included as Figure 14-3. They may be used for the type of verification indicated. Use of these symbols is not mandatory.

2. Leave space at the end of the work paper for journal entries and for additional information to include: source of information, purpose, scope, and summary of findings.

E. PERMANENT FILE.

1. Maintain a separate permanent file of workpapers that will be useful from year-to-year. This should be reviewed prior to each audit, and updated continuously. Any documents that will assist the auditor in future audits should be kept in the permanent file. Identify each page and provide an index for referencing. Some examples of documents to include in the permanent file of workpapers are:

(a) General organizational charts,

(b) loan agreements,

(c) leases,

(d) satellite agreements,

(f) concession and vendor agreements,

(g) special accounting practices.

(h) summarized transactions of certain accounts such as fixed assets and allowances for depreciation - such papers should be cross-referenced to the current year's working papers,

(i) procedural memoranda, flowcharts, and write-ups of sections of the unit's account and control systems.

F. AUDIT REPORT FORMAT.

1. General.

   (a) Location being audited.

   (b) Names of auditors and experience summary.

   (c) Dates of field work.

2. Scope of audit.

   (a) Time period audited.

   (b) Type of audit, i.e:

      (1) Management,

      (2) financial,

      (3) balance sheet or inventory.

   (c) Scope restrictions, if any.

3. General comments. Briefly state your overall opinion as to adequacy of internal controls, accuracy of financial statements, etc.

4. Major findings and associated recommendations.

5. Minor findings and recommendations.

6. Details of exit conference.

   (a) Date.

   (b) Attendees.

7. Attach revised financial report or list of adjusting entries, if significant.

CHAPTER 5. INTERNAL CONTROL.

A. DEFINITION AND PURPOSE.

1. A system of internal control consists of those measures and procedures used to:

   a. Safeguard cash and other assets,

   b. check the accuracy and reliability of accounting records,

   c. arrange a system of checks and balances whereby the work of one person is verified by another,

   d. assure adherence to prescribed regulations and managerial policies.

2. Small activities generally do not have enough employees to attain excellent internal control. The audit tests at these activities should provide for examining many high value transactions.

3. It is impossible to completely eliminate errors and fraud. A certain amount of mistakes are inherent in any system. Collusion may develop between employees, thereby circumventing most controls. Basic internal controls should reduce the number of errors and the possibility of fraud. It also makes possible the rapid detection of significant losses and misuse of funds.

B. BASIC PRINCIPLES.

1. Responsibilities of employees must be fixed and clearly defined. Accountabilities can be fixed in the case of cash, merchandise, equipment, and supplies. The responsibility may be of a more general nature in other cases. The delegation of authority and the recognition of responsibility reduces the possibility of fraud or error.

2. Accounting and operational functions must be separated. An employee with control of the accounting records should be divorced from the control of cash or merchandise.

3. Internal checks and balances are necessary. No one person should be in complete control of a business transaction. When the work of each person is approved by another, the probability that employees will perform efficiently and accurately is greatly increased and the possibility of fraud is reduced.

4. Physical inventories of merchandise, supplies and fixed assets should be taken periodically by independent individuals.

B.5. Collusion. As long as accounting and operational functions are maintained separately, fraud can be concealed only through collusion. Employees should be carefully selected and properly trained to discourage collusion. Employees should also be required to take vacations and be rotated on their jobs, if practical.

6. A double entry system does not prevent omission, incorrect posting or fraud and is not a substitute for internal accounting control.

7. Operating instructions should be available in written form to prevent misunderstanding.

8. Whenever a transaction occurs, some record that can be checked must be created. It may be appropriate to prenumber and control issuance and use of documents used to record the transactions.

9. Examination by independent audit personnel helps establish a "control conscious" attitude at the NAFA. Periodic audits, surprise cash counts, and other visable forms of reviewing operations are essential to a good system of internal control.

CHAPTER 6. FRAUD.

A. DEFINITION.

1. Fraud is any intentional violation of directives and policies or conscious deception that adversely affects the NAFA's interests. Losses resulting from fraud do not solely impact NAFA assets, but include the loss of productive time, and lowers the effectiveness of the operation.

B. OCCURRENCE OF FRAUD.

1. When an audit reveals evidence of possible fraud or falsification of records, the auditor shall obtain all of the facts and supporting documentation necessary to either confirm or disspell his suspicions. If fraud is indicated, a confidential report should be made immediately to the Commanding Officer.

2. The initial report may be verbal and should contain all of the facts including the disclosure of persons involved, if determinable. A written report should be submitted as soon as is practicable. The Commanding Officer will decide whether to continue the audit or convene a board of investigation.

C. COMMON FRAUD METHODS. Some examples of the most common methods of fraud include:

1. Failure to account for cash receipts by:

a. Failure to record sales on cash register or on prenumbered sales slips.

b. Altering cash register totals or sales slip totals.

c. Failure to record receipts received from sources not controlled by cash registers or prenumbered sales slips - such as income from investments, collections of accounts receivable previously charged to bad debts, collections from vending machines, and other sources of income.

d. Falsifying the bank statement and bank reconciliations to cover up a shortage.

e. Abstracting checks received and forging endorsements thereon.

f. Debiting some accounts other than cash, such as expense, when cash is received.

g. Writing off good accounts receivable to bad debts and retaining the receipts when the accounts are collected.

C.2. Making of fradulent disbursements by:

a. Forging approvals on petty cash vouchers, and attaching dummy invoices or legitimate invoices previously paid.

b. Drawing checks in payment of fictitious invoices, forging the endorsement and cashing the check.

c. Forging checks, cashing them and destroying the checks when they are returned by the bank. In such cases, the cash disbursements totals must be overfooted or unrecorded receipts deposited in the bank.

d. Re-using paid invoices of previous periods to support current disbursement vouchers by altering the date of the invoice.

e. Purchase discounts may be understated, underfooted or apparently not taken and cash abstracted for the amounts of such understatement.

f. Overfooting the cash disbursement book to cover a cash shortage.

g. Payrolls may be padded with dummy employees, payroll sheets may be overfooted, and unclaimed wages cashed by forged endorsements.

h. Charging personal expenses to NAFA.

3. Conversion of merchandise by:

a. Outright theft by removing merchandise from premises because of inadequate physical safeguards.

b. Checking in correct merchandise but putting lesser amount in stock.

c. Charging merchandise to a department but not delivering such merchandise.

d. Collecting deposits on returnable containers by returning such containers directly to distributor without recording credits.

e. Overcounting inventories to cover shortage.

f. Raising quantities on requisitions after delivery of merchandise.

g. Sale of items of property without recording the cash received.

h. Changing sell prices on merchandise on the sales floor without proper supporting documentation.

SAMPLE WORK PAPER FORMATS AND FORMS

Figure 14-1

UNIT NUMBER & NAME NAME DATE

ADJUSTING JOURNAL ENTRIES AUDIT DATE PREP BY

OK

OK

ACCOUNT NAMES & EXPLANATIONS		A/C NO.	DEBIT	CREDIT
ACCOUNTS PAYABLE LOSSES (1)			2,971.30	
ACCOUNTS PAYABLE				2,971.30
WRITE-OFF FOLLOWING UNCOLLECTIBLE DEBIT BALANCES:				
J. HEINTZ & CO.	1,412.20			
L. DAY, INC.	644.40			
GEORGE S. WILL CO.	914.70			
TOTAL	2,971.30			
(2)				
DEPRECIATION			4,517.40	
ACCUMULATED DEPR. - FACILITY RENOVATION				4,517.40
1979 DEPRECIATION				
(3) REVERSE 2/1/80				
INTEREST RECEIVABLE			275.00	
INTEREST EARNED				275.00
ON CCF DEPOSIT				
(4)				
GAS & OIL FOR VEHICLES			600.00	
TRAVEL AND MILEAGE ALLOWANCE				600.00
REDISTRIBUTE CK#1276 dated 1/14/79				

PREPARE ENTRIES WITH COMPLETE EXPLANATIONS AND ACCOUNT NUMBERS

REPARED BY: _____
DATE: _____ 19____
REVIEWED BY: _____
DATE: _____ 19____

VERIFICATION OF _____ FUND

UNIT LOCATED: ACTIVITY:

Coin						Currency						
	LOOSE		PACKAGES				LOOSE		PACKAGES			
DENOM	QNTY	AMOUNT	NO. OF PKGS.	UNITS PER PKG.	AMOUNT	DENOM	QNTY	AMOUNT	NO. OF PKGS.	UNITS PER PKG	AMOUNT	TOTAL
.01						1.00						
.05						5.00						
.10						10.00						
.25						20.00						
.50						50.00						
						100.						
TOTAL			TOTAL			TOTAL			TOTAL			

RECEIPT TOTALS (FROM FORM NO. 113.1)		
EXPENSE VOUCHERS (FROM FORM NO. 114.1)		
DAILY ACTIVITY REPORTS (FROM FORM NO. 115.1)		
CASH DISBURSEMENTS (FROM FORM NO. 116.1)		
CHECKS ON HAND (FROM FORM NO. 100.1A)		

THE ABOVE CASH, TOTALING $_____, WAS COUNTED ON _____ 19___, AT _____ M BY _____ IN MY PRESNECE AND WHILE IN MY CUSTODY, IT HAS BEEN RETURNED TO ME INTACT.

_____
(CUSTODIAN)

TOTAL AS COUNTED	
TOTAL PER BOOKS	
OVER (OR SHORT)	
OUR JOURNAL ENTRY NO. ____	

1. THE AUDITOR SHALL INSIST THAT THE CUSTODIAN OF THE CASH BE PRESENT AT ALL TIMES DURING THE CASH COUNT.
2. IF ANY DIFFERENCE IN THE CASH IS FOUND TO EXIST, THE AUDITOR SHALL INSIST THAT THE CUSTODIAN OF THE CASH CONFIRM THE DIFFERENCE.

I.A. FORM NO. 100.1

RECONCILIATION OF BANK STATEMENT

EXCHANGE: ______________________ MONTH OF ______________ 19 ______

BANK ______________________ ACCOUNT NO: ______________

PREPARED BY: ______________ TITLE: ______________ DATE PREPARED: ______________ 19 ______

BANK STATEMENT RECEIVED: ______________ 19

GENERAL LEDGER ACCOUNT BALANCE		$
ADD DEBITS:	$	
Total		$
LESS CREDITS:	$	
BANK BALANCE - Per General Ledger		$

BALANCE PER BANK STATEMENT AS OF ______ 19__		$
ADD DEPOSITS IN TRANSIT	$	
Total		$
LESS CHECKS OUTSTANDING: (See list below)	$	
BANK BALANCE - Per Reconciliation		$

CHECKS OUTSTANDING

NUMBER	AMOUNT		NUMBER	AMOUNT	

CHECKS OUTSTANDING

NUMBER	AMOUNT		NUMBER	AMOUNT	
			TOTAL	$	

Certified Correct: ______________________

EXCHANGE OFFICER

MCX 411 (Rev. 8/80)

NAF Activity

Proof of Cash

July 31, _____

	INITIALS	DATE	REFERENCE
PREPARED BY			
CHECKED BY			
APPROVED BY			

LINE No	(1)	(2)	(3) August 1, Reconciliation	(4) Deposits +	(5) Disbursements −	(6) July 31, Reconciliations	(7)	LINE No
1	Bank statements		7650000	325000000	327550000	51 00000		1
2								2
3	Deposits in transit							3
4	August 1 (prior Yr)		1250000	(1250000)				4
5	July 31 (currentYR)			1470000		1470000		5
6								6
7	Outstanding checks							7
8	Augst 1 (prior yr)		(9784500)		(9784500)			8
9	July 31, (current yr)				4825000	(4825000)		9
10								10
11								11
12	Bank [illegible] items							12
13								13
14	Bankcharges				(7500)	7500	A	14
15	Returned ck-re-							15
16	deposits							16
17	Bank error, corrected 8/28			(750000)	(750000)			17
18								18
19								19
20								20
21								21
22	Unidentified difference			UNDER 25.00				22
23								23
24	General Ledger		(884500)	324470000	32183000	1752500		24
25								25
26	Journal Entry #____		: Bank charges for July			(7500)	A	26
27								27
28			Adjusted balance			1745000		28
29								29
30								30
31								31
32								32
33								33
34	1. See attached workpaper for detail							34
35	2. Reviewed, appears OK							35
36	3. Any unreconciled amount should be							36
37	less than $25.00							37
38	4. Unrecorded bank charge should be							38
39	posted to July G/L							39
40	See Journal Entry Proposed							40

1	2	3	4	5	6	7

	Initials	Date
Prepared By		
Approved By		

Unit NUMBER & NAME

	NAME	DATE
PREP BY		
OK		
OK		

ACCOUNTS RECEIVABLE - AGED TRIAL BALANCE AUDIT DATE

A/C #

	CONFIRMATION #	NAME OF DEBTOR	1	2	3 TOTAL	4 CURRENT	5 30 DAYS	6 60 DAYS	7 90 DAYS	8 120 DAYS	9 OVER 120 DAYS	10 SUBSEQUENT RECEIPTS THRU	11 REMARKS	12 (IF ANY)	13 ALLOWANCE FOR UNCOLLECTIBLE
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															
11															
12															
13															
14															
15															
16															
17															
18															
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27															
28															
29															
30															
31															
32															
33															

	Initials	Date
Prepared By		
Approved By		

Unit NUMBER & NAME

	NAME	DATE
PREP BY		
OK		
OK		

ACCOUNTS RECEIVABLE - RECONCILIATION OF SIGNIFICANT BALANCES TO CONFIRMATIONS

AUDIT DATE

A/C #

		1	2	3	4	5
	CONFIR-MATION #	CUSTOMER'S NAME		BALANCE PER BOOKS	CONFIRM.	DIFFERENCE OVER/ (UNDER)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						

	6	7	8	9	10	11	12	13
	EXPLANATION OF DIFFERENCES							
	CHECKS IN TRANSIT		CR MEMOS NOT RECORD BY CUSTOM.	ITEMS IN DISPUTE	MISCELLANEOUS			AMOUNT OF ADJUSTMENT
	DATE	AMOUNT			EXPLANATION		AMOUNT	
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33								

UNIT NUMBER & NAME

ACCOUNTS RECEIVABLE - CONFIRMATION STATISTICS

A/C # AUDIT DATE

PREP BY
OK
OK

NAME | DATE

	INDIVIDUAL ACCOUNTS			DOLLAR BALANCES		
	NUMBER	% OF TOTAL	% OF CIRC	AMOUNT	% OF TOTAL	% OF CIRC
POSITIVES:						
REPLY-NO DIFFERENCES						
REPLY-DIFFERENCES EXPLAINED						
TOTAL CONFIRMED						
POST OFFICE RETURNS						
NO REPLY						
TOTAL CIRCULARIZED			100			100
NEGATIVES:						
REPLY-NO DIFFERENCES						
REPLY-DIFFERENCES EXPLAINED						
NO REPLY						
TOTAL CONFIRMED						
POST OFFICE RETURNS						
TOTAL CIRCULARIZED						
SUMMARY:						
TOTAL CONFIRMED						
POST OFFICE RETURNS (1)						
NO REPLY - POSITIVES ONLY (1)						
TOTAL CIRCULARIZED						
NOT CIRCULARIZED						
TOTAL ACCOUNTS & BALANCES			100	(2)		100

DONE BY

(1) FOLLOW-UP WORK (EXAMINATION OF EVIDENCE OF SHIPMENT, REMITTANCE ADVICES, ETC.)

(2) AGREE WITH GENERAL LEDGER CONTROL ACCOUNT AND TRIAL BALANCE TESTED

	Initials	Date
Prepared By		
Approved By		

Unit NUMBER & NAME

INVENTORY PRICING TEST AUDIT DATE

	NAME	DATE
PREP BY		
OK		
OK		

	INVENTORY ITEM	QUANTITY	PER EXCHANGE UNIT	UNIT PRICE	AMOUNT	UNIT PRICE	OUR VERIFICATION SOURCE OF PRICE - VENDOR, INVOICE DATE, ETC.	EXCHANGE INVENTORY (OVER) PER UNIT	UNDER TOTAL		ADJUSTMENTS
1											
2											
3											
4											
5											
6											
7											
8											
9	NOTE: AN ALTERNATIVE TO THIS SCHEDULE WOULD BE THE INSERTION OF AUDITORS'										
10	VERIFICATION INFORMATION ON THE EXCHANGE'S SUBMITTED INVENTORY.										
11	WHEN THIS METHOD IS USED, THE HEADING ON THIS SCHEDULE SHOULD READ:										
12	INVENTORY PRICING TEST - VARIANCES										
13											
14											
15											
16	PERCENTAGE OF INVENTORY TESTED		%								
17											
18											
19											
20											
21											
22											
23											
24											
25											
26											
27											
28											
29											
30											
31											
32											
33											

	Initials	Date
Prepared By		
Approved By		

Unit NUMBER & NAME

ACCOUNTS PAYABLE-TRADE-RECONCILIATION OF AUDIT DATE

SIGNIFICANT BALANCES TO VENDOR'S STATEMENTS

A/C #

	NAME	DATE
PREP BY		
OK		
OK		

	1	2	3	4	5	EXPLANATION OF DIFFERENCE			9	10	11	12	13
	CONFIR-MATION NUMBER	VENDOR'S NAME	BALANCE PER BOOKS	VENDOR'S STATEMENT	DIFFERENCE OVER/ (UNDER)	CHECKS IN TRANSIT DATE	AMOUNT	DR MEMOS NOT RECORD BY VENDOR	UNMATCHED RECEIVING REPORTS	ITEMS IN DISPUTE	MISCELLANEOUS AMOUNT	MISCELLANEOUS EXPLANATION	
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
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29													
30													
31													
32													
33													

WORKING PAPER INDEX, IN ORDER

DR	DRAFT REPORT
AP	AUDIT PROGRAM
TS	TIME SUMMARY
TB	WORKING TRIAL BALANCE (numbered consecutively)
AJ	ADJUSTING JOURNAL ENTRIES
RE	RECLASSIFICATION ENTRIES
A	GENERAL
B	FINANCIAL STATEMENT & JOURNAL
C	CASH FUNDS AND PETTY CASH
D	BANK ACCOUNTS
E	INVESTMENTS
F	OBSERVATION OF INVENTORY
G	INVENTORY
H	ACCOUNTS RECEIVABLE
I	PREPAID EXPENSES AND OTHER ASSETS
J	FIXED ASSETS
K	ACCOUNTS PAYABLE
L	OTHER LIABILITIES
M	SALES AND CASH RECEIPTS
N	CASH DISBURSEMENTS
O	PAYROLL
P	OTHER INCOME AND EXPENSES
Q	NET WORTH
R	ACTIVITY AUDIT.PROCEDURES
S	REVIEW OF COMPUTER SYSTEMS

Figure 14-2

STANDARD AUDIT VERIFICATION SYMBOLS

TYPE OF VERIFICATION	SATISFACTORY VERIFICATION	
Downfooted (additions & subtractions)	✔	(Beneath Total Figure)
Crossfooted (additions & subtractions)	✔	(To Right of Total Figu:
Calculation (other than addition or subtraction) Verified	✔	(To Right of Resulting Figure)
Trial Balance or Summary (Group) Sheets Agreed with Supporting Working Sheets	✓	(To Right of Figures on Trial Balance or Summary Sheets)

	VERIFICATION DEFICIENCY		DEFICIENCY CLEARED
Agreed with Ledger Figures	L	t	(t)
Verification by Examination of Internal Evidence:			
Cancelled Checks Inspected	C	€	(€)
Payment Vouchers and Supporting Data Inspected (including Payroll Authorizations)	V	⊽	(⊽)
Sales, Remittance Advices or Other Income Origination Data Inspected	Λ	A	(A)
Other Original Entry Data and Supporting Detail Inspected (Journal Entries, etc.)	O	⊖	(⊖)
Documents Inspected (Agreements, Leases, Insurance Policies, Tax Returns, etc.)	D	⊖	(⊖)
Verification by External Evidence:			
Confirmation:			
Sent -- Positive		(Insert Confirmation Number to Left of Figure)	
-- Negative		(Insert ✔ to Right of Figure	
Received	C	E	(E)

Other Purposes ⌃ (Insert to Right of Figures and Explain Meanin on Particular Working Sheet)

Figure 14-3

BUDGETING

1. Purpose. This enclosure states the required budgetary procedures for NAFA operations.

2. Discussion.

   a. Budgets are Important! Budgets are prepared by the command to define management's plan for the year and to pass these determinations up and down the chain of command. NAFA budgets must accurately reflect the business environment and the competitive relationship within that environment. The bottom line (profit) must be large enough to generate the funds required for business growth with inflation, NAFA improvements and expansions, and the redistribution of some portion of profits for regional or servicewide Special Services programs.

   b. When the requirement for cash exceeds NAFA's ability to generate the necessary profits, adjust spending plans to reduce the scope of the projected outlays or increase cash flows through expanded operations or higher prices. Raising prices is the least preferred and the most risky alternative.

   c. The approved budget must reflect the commanding officer's review of the NAFA mission and the command decision on how best to attain NAFA program goals and objectives. Completing the Retail Price Comparison Survey (Encl. 54) will provide information on the degree of competition, the level of competitive prices, and the range of flexibility available to the command.

   d. Budgeted gross profit and the underlying mark-up schedules must agree with the commanding officer's determination of the right balance between service at the lowest practical cost and the benefit derived from spending funds for other purposes. Special Services budgets are limited by the cash flows NAFA is able to generate.

3. Report Requirement (RCS-G-FNM-6258).

   a. Annual Budget Report-Activity (CG-5227) (Figure 15-1) and Annual Budget Report-Unit (CG-5227A) (Figure 15-2) must be prepared by all NAFA units and those district offices incurring costs or consolidating funds. These reports must reflect the requirements on minimum profit levels in Encl. (16).

   b. Budget forms will be available for computer access. NAFAs will access the data base by telephone modem, request the NAFA budget menu, enter the data, and electronically mail budget reports over the Standard Coast Guard Terminal(C3). Reports are due in Commandant (G-FNM) prior to 1 February of each year. District offices have electronic access to all district unit budgets submitted via terminal.

   c. Units without a computer terminal must prepare and submit budget reports via regular mail.

4. Preparation of Budgets.

a. Form worksheets (Figures 15-3 through 15-7) are provided for use in forecasting revenues and expenditures. Their use is recommended for all units. Forms may be reproduced locally as needed.

b. Annual Budget Report-Activity (CG-5227). All activities must prepare and submit the annual activity budget with all items on lines 1, 3, 4, 5, 6, 18, 21, 23 and 24 filled in for each quarter and the total year. Give adequate consideration to the effects of inventory shrinkage, markdown and surveys, and waste which dilute the gross profit. State all figures in whole dollars (rounded).

c. Annual Budget Report-Unit (CG-522"A). All units (including district offices) required to submit financial reports must prepare and submit annual unit budgets with all items on lines 1, 3, 4, 5, 6, 7, 8, 12 , 13, 14, 15, 16, 17, 18, 21, 23 and 24 filled in for each quarter and the total year. State all figures in whole dollars (rounded).

5. Budget Review.

a. The unit commanding officer must review the budget to assure the document accurately reflects the priorities of the command and additional guidance from higher authority.

b. For district units, budgets must be submitted to district commander (f) by 1 January of each year for review, coordination and approval. The final approved budget must be sent to Commandant (G-FNM) by 1 February of each year.

6. Guidance for Use of Budget Worksheets.

a. Quarterly Sales Forecast Worksheet (CG-5227-1). This form is used to forecast quarterly sales revenue after considering: prior year sales; estimated inflation; planned changes in stock assortment; customer strength, mixing and buying habits; changes in activity layout; and other variables affecting days and hours of operation. This is the logical starting point in the budget formulation process.

b. Quarterly Personnel Expense Worksheet (CG 5227-2). This form is used to forecast direct and G & A personnel costs after considering: step increases; RIF actions; local wage survey; COLAs; premium pays; FICA increases; leave accruals; the mix of benefits provided to full-time, part-time, and intermittent employees; and hours of operation. Note employee benefits may exceed 30% of base pay.

6. c. Quarterly Worksheet-Other Direct Expenses (CG-5227-3). This form is used to estimate other activity direct expenses for the year. The majority of these costs are variable and as such should relate directly to fluctuations in sales revenue.

d. Quarterly Worksheet-Other Indirect Expenses (CG-5227B). This form is used to estimate unit G & A expenses not directly associated with one particular activity, i.e. audits, central accounting office expenses, etc.

e. Pro-Forma Funds Statements (CG-5227C). This form is used to analyze cash flow requirements for each quarter and is essential for units with over one million dollars in annual sales. Factors considered include: changes in inventory levels; contributions to unit morale funds; required remittances; capital expenditures; etc. The ratios provided in Encl. (10) will be useful in targeting cash flow levels.

NAFA ANNUAL BUDGET REPORT: ACTIVITIES

OPFAC: 08-12114 ID: VND1 PERIOD: YR84

NAME: ACUSHNET
VITY NAME: VENDING

TYPE: VENDING ACTIVITY

	YR83Q1 ACTUAL	%	YR84Q1 BUDGET	%	YR83Q2 ACTUAL	%	YR84Q2 BUDGET	%	YR83Q3 ACTUAL	%	YR84Q3 BUDGET	%	YR83Q4 ACTUAL	%	YR84Q4 BUDGET	%	TOTAL BUDGET
SALES	1929	100	1950	100	2075	100	2175	100	2355	100	2400	100	2200	100	2100	100	8625
COST OF GOODS SOLD																	
GROSS PROFIT	510	26	741	38	366	18	827	38	478	20	912	38	400	18	798	38	3278
PERSONNEL COST	60	3.1	83	4.2	76	3.7	86	4	50	2.1	89	3.7	105	4.8	85	4	343
OTHER DIRECT EXPENSES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OPERATING PROFIT	450	23	658	34	290	14	741	34	428	18	823	34	295	13	713	34	2935
BEGINNING INVENTORY	262		150		221		371		492		400		150		364		1285
PURCHASES																	
ADJUSTMENTS																	
MARKDOWNS	0		0		38		0		0		0		0		0		0
ENDING INVENTORY																	
SATELLITE SALES	0		0		0		0		0		0		0		0		0
PROPERTY/CAP. EXPEND.	0		5		0		5		0		5		0		5		20

NOTE: LINES 2, 19, 20, AND 22 NEED NO ENTRIES ON BUDGET REPORT.

PREPARED BY:_____DATE:_____(NAFA OFFICER)

APPROVED BY:_____DATE:_____(COMMANDING OFFICER)

Figure 15-1

NAFA ANNUAL BUDGET REPORT: UNITS
OPFAC: 08-12114 PERIOD: YR84

UNIT NAME: ACUSHNET

	YR83Q1 ACTUAL	%	YR84Q1 BUDGET	%	YR83Q2 ACTUAL	%	YR84Q2 BUDGET	%	YR83Q3 ACTUAL	%	YR84Q3 BUDGET	%	YR83Q4 BUDGET	%	YR84Q4 BUDGET	%	TOTAL BUDGET
1. SALES	3790	100	3929	100	4234	100	4417	100	3184	100	3195	100	3800	100	3805	100	15346
2. COST OF GOODS SOLD																	
3. GROSS PROFIT	581	15	1038	26	622	15	1163	26	541	17	1031	32	700	18	1054	28	4286
4. PERSONNEL COST	80	2.1	183	4.7	204	4.8	191	4.3	96	3	125	4.2	210	5.5	179	4.7	678
5. OTHER DIRECT EXPENSES	8	0.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6. OPERATING PROFIT	493	13	855	22	418	10	972	22	445	14	906	28	490	13	875	23	3608
7. OTHER INCOME	0	0	0	0	10	0.2	0	0	14	0.4	0	0	0	0	0	0	0
8. G&A PERSONNEL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9. INSURANCE																	
10. OTHER G&A EXPENSES																	
11. PROV. FOR ASSET REPL.																	
12. TOTAL G&A	75	2	44	1.1	45	1.1	49	1.1	37	1.2	37	1.2	38	1	43	1.1	173
13. NET PROFIT	418	11	811	21	383	9	923	21	422	13	869	27	452	12	832	22	3435
14. CG TRUST FUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15. DISTRICT REMITTANCE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16. UNIT MORALE	272	7.2	527	13	263	6.2	600	14	288	9	565	18	294	7.7	541	14	2233
17. RETAINED EARNINGS	146	3.9	284	7.2	120	2.8	323	7.3	134	4.2	304	9.5	158	4.2	291	7.7	1202
18. BEGINNING INVENTORY	1475		1950		1552		2189		2328		1994		1750		3188		9321
19. PURCHASES																	
20. ADJUSTMENTS																	
21. MARKDOWNS	0	0	10	0.3	38	0.9	10	0.3	0	0	10	0.3	40	1.1	10	0.3	40
22. ENDING INVENTORY																	
23. SATELLITE SALES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24. PROPERTY/CAP. EXPEND.	875	23	5	0.1	0	0	5	0.1	0	0	5	0.1	0	0	5	0.1	20

PREPARED BY:_____ DATE:_____ (NAFA OFFICER)

APPROVED BY:_____ DATE:_____ (COMMANDING OFFICER)

NOTE: LINES 2, 9, 10, 11, 19, 20, AND 22 NEED NO ENTRIES ON BUDGET REPORT.

Figure 15-2
5

DEPARTMENT OF TRANSPORTATION
U. S. COAST GUARD
CG-5227-1 (10-80)

U. S. COAST GUARD NON-APPROPRIATED FUND ACTIVITIES
QUARTERLY SALES FORECAST WORKSHEET

BUDGET PERIOD

DISTRICT | UNIT | ACTIVITY

DESCRIPTION	FIRST QUARTER		SECOND QUARTER		THIRD QUARTER		FOURTH QUARTER		FULL YEAR	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
1. Sales, prior year, same period										
2. Changes due to:										
3. Estimated Inflation *(trend)*										
4. Changes to Stock Assortment										
5. Customer Strength										
6. Facility/Layout Modification										
7. Number of Business Days										
8. Planned Special Events										
9. Other *(Specify)*										
10. Current Year Projection (TOTAL)										

SN 7530-01-GF2-9540

Figure 15-3
7

DEPARTMENT OF TRANSPORTATION
U. S. COAST GUARD
CG 5227-2 (10-80)

U. S. COAST GUARD NON APPROPRIATED FUND ACTIVITY
QUARTERLY PERSONNEL EXPENSE WORKSHEET

BUDGET PERIOD

DISTRICT

UNIT

ACTIVITY

POSITION/NAME	GRADE STEP	STEP FROM DATE/ $	COST OF LVG DATE/ $	HOURLY GROSS	HOURLY EMP FICA	HOURLY INSUR	HOURLY RETIRE MENT	HOURLY OTHER	TOTAL HOURLY COSTS	PROJECTION FIRST QUARTER HRS	FIRST QUARTER $	SECOND QUARTER HRS	SECOND QUARTER $	THIRD QUARTER HRS	THIRD QUARTER $	FOURTH QUARTER HRS	FOURTH QUARTER $	TOTAL YEAR HRS	TOTAL YEAR $
THIS YEAR'S TOTAL																			
LAST YEAR'S ACTUAL																			
CHANGE INC/DEC																			

SN 7530-01-GF1-0550

Figure 15-4

DEPARTMENT OF TRANSPORTATION
U. S. COAST GUARD
CG-5227-3 (0-80)

U. S. COAST GUARD NON-APPROPRIATED FUND ACTIVITIES
QUARTERLY WORKSHEET - OTHER DIRECT EXPENSES

BUDGET PERIOD

DISTRICT

UNIT

ACTIVITY

% IS TO SALES		FIRST QUARTER				SECOND QUARTER				THIRD QUARTER				FOURTH QUARTER				TOTAL YEAR			
ACCT NO.	ACCOUNT DESCRIPTION	BUDGET	%	LAST	%	BUDGET	%	LAST	%	BUDGET	%	LAST	%	BUDGET	%	LAST	%	BUDGET	%	LAST	%
555	UTILITIES																				
560	SUPPLIES																				
565	REPAIRS AND MAINT.																				
570	EQUIPMENT PURCH/ RENTAL																				
575	UNIF/LINENS/LAUNDRY																				
580	POSTAGE & SHIPPING																				
585	CASH OVER & SHORT																				
590	BAD CHECK LOSSES																				
595	SHRINKAGE EXPENSE																				
598	MISCELLANEOUS																				
	TELEPHONE																				

SN-7501-01-GF2-9560

Figure 15-5

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD
(CG-5227B (9-80))

U. S. COAST GUARD NON-APPROPRIATED FUND ACTIVITIES
QUARTERLY WORKSHEET-OTHER INDIRECT EXPENSES

DISTRICT	UNIT	ACTIVITY	BUDGET PERIOD

% IS TO TOTAL OTHER INDIRECT COSTS		FIRST QUARTER				SECOND QUARTER				THIRD QUARTER				FOURTH QUARTER				TOTAL YEAR			
ACCT. NO.	ACCOUNT DESCRIPTION	BUDGET	%	LAST	%	BUDGET	%	LAST	%	BUDGET	%	LAST	%	BUDGET	%	LAST	%	BUDGET	%	LAST	%
637	UTILITIES																				
640	TELEPHONE																				
642	POSTAGE & SHIPMENT																				
645	OFFICE SUPPLIES																				
647	TRAVEL																				
650	EMPLOYEE TRAINING																				
655	EQUIPMENT RENTAL																				
657	AUDIT FEES																				
667	ALLOCATIONS TO SPC SERVICES																				

SN 7530-01-GF2-8870

Figure 15-6

DEPARTMENT OF TRANSPORTATION U.S. COAST GUARD CG-5227 (11-80)	U. S. COAST GUARD NON-APPROPRIATED FUNDS ACTIVITY PRO-FORMA FUNDS STATEMENT	
DISTRICT	UNIT	PERIOD

A. SOURCES OF CASH ASSETS:

1. FINAL NET PROFIT FOR PERIOD $ _____
2. EXPENSES NOT REQUIRING CASH OUTLAY:
   - A. Provision for asset replacement _____
3. GRANTS RECEIVED _____
4. PROCEEDS FROM SALE OF FIXED ASSETS:
   - A. Cash sale price _____
   - B. Less gain realized _____
   - C. Plus loss realized _____ _____
5. TOTAL _____

B. APPLICATIONS OF CASH ASSETS:

1. CAPITAL EXPENDITURES - NAF _____
2. REMITTANCES TO:
   - A. CG trust fund _____
   - B. District Morale Fund _____
   - C. Unit morale fund _____ _____
3. TOTAL _____

C. CHANGES IN NON-CASH ASSETS, AND LIABILITIES:

1. PLANNED (INCREASE) DECREASE IN RECEIVABLES _____
2. PLANNED (INCREASE) DECREASE IN INVENTORY _____
3. PLANNED (INCREASE) DECREASE IN PREPAID EXPENSES _____
4. PLANNED INCREASE (DECREASE) IN ACCOUNTS PAYABLE _____
5. PLANNED INCREASE (DECREASE) IN ACCRUED LIABILITIES _____
6. PLANNED INCREASE (DECREASE) IN REMITTANCES PAYABLE _____
7. PLANNED INCREASE (DECREASE) IN LOANS PAYABLE _____
8. NET INCREASE (DECREASE) IN CASH ASSETS FROM NON-CASH ASSETS (LIABILITIES). _____

D. TOTAL INCREASE (DECREASE) IN CASH ASSETS
A 5 ± B 3 ± C 8 = D _____

E. PLUS: TOTAL CASH ASSETS BEGINNING OF PERIOD _____

F. EQUALS: TOTAL CASH ASSETS END OF PERIOD
D ± E = F $ _____

NOTE: This form is designed to be used for budget periods of a quarter year or more.

SN 7530-01-GF2-8580

Figure 15-7

UNIT PERFORMANCE STANDARDS

A. Standard: The annual mandatory minimum budget performance level for Coast Guard NAFA is a bottom line unit net profit of 5% as reported on line 23 of the Results of Operation Report (CG-5228). The 5% standard may be adjusted for units which operate major grocery activities identified as GA, GB etc., when grocery sales exceed 20% of the units total sales. The optional minimum budget standard is as follows:

Grocery Sales % to Total Unit Sales	Adjusted Standard %
60 - 69%	3.75
50 - 59%	4.00
40 - 49%	4.25
30 - 39%	4.50
20 - 29%	4.75

B. Guidelines:

1. The following tables were developed from system wide averages for NAF activities by sales volume classification. This data is provided as a form of reference for developing local plans to achieve the minimum standard of 5% net profit. In most cases this level would generate only the minimum capital required to cover overhead, inflation and low level morale programs. It is reemphasized that these tables reflect base line pricing considerations which commanding officers in concert with the cogniziant authority will have to adjust based on program needs and the minimum performance standard for the unit.

GROSS PROFIT PERCENTAGE GUIDE BY TYPE OF ACTIVITY

ANNUAL ACTIVITY SALES VOLUME	TYPE OF ACTIVITY						
	EXCHANGE	PACKAGE STORE	GROCERY	GAS/ AUTOMOTIVE	VENDING	NON-CLUBS FOOD OPS	CLUBS BAR & FOOD COMBINED
Less than-200K	10	20	10	8	25	50	50
200-500K	12	22	10	8		50	55
500-1000K	15	25	10				
1000K+	16	26	10				

GENERAL & ADMINISTRATIVE EXPENSE (G&A) GUIDE BY SALES VOLUME OF UNIT

TOTAL NAFA ANNUAL SALES VOLUME	% TO SALES (MAXIMUM)
Under 500K	3.25
500-1000K	3.25
1000-2500K	3.75
2500-4500K	4.25
4500K+	4.25

UNIT PERFORMANCE STANDARDS

C. Definitions:

1. Gross Profit. Gross profit is a function of pricing and as such each command is required to implement a pricing plan in order to achieve the minimum mandatory performance standard and to generate sufficient additional profits to cover outlays for unit special services programs and any additional assessments levied by the District Commander or Coast Guard Trust Fund for the redistribution of profits within the Coast Guard.

2. Personnel Expense. Personnel expense requirements vary with the type of operation, physical layout, and the sales volume. Most NAFA operations are labor intensive, and personnel expenses are usually the largest controllable expense. Personnel expenses include management personnel specifically assigned to that activity.

3. Other Direct Expenses. Other Direct Expenses (ODE) are all routine operating expenses (e.g., supplies, materials, minor repairs, and equipment) directly attributable to the operation of that activity.

4. Operating Profit. Operating profit is the profit of the specific activity after accounting for all expenses directly attributable to that operation.

5. General and Administrative Expenses. General and administrative expenses are those expenses which are not attributable to any one activity but beneficial to several activities or to the NAFA operations in total. These expenses are commonly related to such support functions as accounting, data processing, personnel administration, and general supervision and include a provision for asset replacement.

D. Deviations from Mandatory Performance Standards.

1. NAFA Units within the Coast Guard should be able to meet the prescribed performance standard. If the need arises or the unique circumstances of the unit warrant such action, the cognizant authority (District Commanders and Commanding Officers of Headquarters units) may authorize reasonable temporary deviations from the mandatory unit performance standard.

2. Units desiring deviations from the established standard shall submit a written request with suitable justification to the cognizant authority for consideration. If possible, this request shall be submitted in advance of the budget submission so that effort in the budget approval process can be minimized.

   (a) A request for a temporary deviation from performance standard must be accompanied by a plan of action to bring the unit in line with the mandatory performance standard.

   (b) A request for a permanent deviation from the performance standard must include rationale for not being able to meet the standard in current and future operations and be forwarded via the chain of command to Commandant (G-FRS) for approval.

3. Any deviations authorized by the cognizant authority shall be forwarded with the budget submitted to Commandant (G-FRS).

E. Review/Approval Requirements.

1. The Cognizant Authority shall review all NAFA budgets to insure that the performance standard is being met before budget approval is given. If t criteria is not met, the Cognizant Authority shall:

(a) Return the budgets to the unit for revision, requesting that they b completed to achieve the minimum performance standard.

(b) Approve the submitted budget with a temporary deviation from the performance standard. Include an action plan with a timetable for achieving the required standard.

(c) Review requests for permanent deviation from the mandatory performa standard and forward to Commandant (G-FRS) for final review and approval.

F. Failure to Meet Standards of Financial Performance. NAFAs consistently not meeting the minimum performance standards or failing to maintain the financia balances as defined in Enclosure (10) will be subject to a major Headquarters management review in accordance with Enclosure (52).

ACCOUNTING - LARGE NAFA

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ACCOUNTING - LARGE NAFA

A. Introduction.

1. The accounting procedures outlined in this enclosure meet the minimum acceptable requirements for large NAFAs. Large NAFA's have:

   a. Annual sales over $250,000; or

   b. Four or more separate activities; or

   c. A remote branch operation.

2. The one-write accounting system described is the preferred system. However, large NAFAs need not modify existing accounting systems meeting the minimum requirements.

B. System Specifications.

1. This system provides the minimum information necessary to properly account for revenues, expenses, assets, liabilities and net worth of operations. The system gives management the information necessary for effective command and control. It includes the following:

   a. Purchase Register.

   b. Cash Disbursements Journal.

   c. Payroll Journal.

   d. Cash Receipts and Sales Journal.

   e. General Journal.

   f. General Ledger.

2. A one-write system is recommended. The enclosed sample forms are available from commercial sources.

3. Use the standard accounting periods listed in Encl. (13).

4. Secure all books of account, when not in use, in a locked fireproof file cabinet.

5. On a monthly basis:

   a. Make accrual and reversing entries.

   b. For the first two months of the quarter, take physical inventories or estimate them using the gross profit method.

   c. Prepare Results of Operations Report (CG-5228) for local command and control.

B. 6. On a quarterly basis:

a. Take a physical inventory.

b. Close out the books and prepare a trial balance.

c. Prepare and submit a CG-5228 and CG-5228A as stated in Encl. (19).

7. Maintain cash register over and short logs.

8. Maintain departmental sales data for major activities. These records are best maintained daily and totaled weekly, monthly and quarterly.

9. Conduct mandatory annual audits for all NAFAs.

10. Maintain open-to-buy system described in Encl. (43).

C. Chart of Accounts

1. The standard chart of accounts is a numerical listing of all accounts comprising the General Ledger. Additional accounts may be added at the local level for further identification of information by activity or department.

CHART OF ACCOUNTS
Assets (100-199)

CURRENT ASSET (100-141)		
*	CASH (100-109)	100
*	AUTHORIZED CASH FUNDS	101
*	UNDEPOSITED CASH	102
*	CHECKING ACCOUNT	103
*	OTHER CASH	104
*	ACCOUNTS RECEIVABLE	110
*	ACCOUNTS RECEIVABLE-RETURNED CHECKS	111
*	ACCOUNTS RECEIVABLE-LAYAWAY	112
*	ACCOUNTS RECEIVABLE-VENDOR COUPONS	113
*	INVESTMENT IN SATELLITE	115
*	MERCHANDISE INVENTORY	120
*	SHRINKAGE ALLOWANCE	125
*	PREPAID EXPENSES	130
	PREPAID SUPPLIES	131
	PREPAID INSURANCE	132
	PREPAID POSTAGE	133
*	OTHER CURRENT ASSETS	140
	DEPOSITS CURRENT	141
NONCURRENT ASSETS (150-182)		
*	FIXED ASSETS (150-164)	
*	EQUIPMENT	150
*	FURNITURE & FIXTURES	151
*	VEHICLES	152
*	OTHER	153

* ACCUMULATED DEPRECIATION (165-179)	165
ACCUMULATED DEPRECIATION-OFFICE EQUIPMENT	166
ACCUMULATED DEPRECIATION-FURNITURE & FIXTURES	167
ACCUMULATED DEPRECIATION-VEHICLES	168
ACCUMULATED DEPRECIATION-OTHER	169
OTHER NONCURRENT ASSETS (180-182)	180
DEPOSITS-LONG TERM	181
NOTES RECEIVABLE	182

LIABILITIES AND NET WORTH (200-370)

CURRENT LIABILITIES (200-254)	
* ACCOUNTS PAYABLE-VENDORS (TRADE)	200
* ACCOUNTS PAYABLE-GOVERNMENT	210
* ACCRUED LIABILITIES	220
SALARIES	221
ANNUAL LEAVE	222
OTHER ACCRUED LIABILITIES	223
* REMITTANCES	230
* LOANS	240
* OTHER CURRENT LIABILITIES	250
FEDERAL WITHHOLDING	251
STATE WITHHOLDING	252
FICA WITHHOLDING AND CONTRIBUTIONS	253
PAYROLL DEDUCTIONS WITHHELD	254
LONG TERM LIABILITIES (260-280)	
* TRUST FUND LOANS	260
* COMMERCIAL LOANS	270
* OTHER LONG TERM LIABILITIES	280
NET WORTH (300-370)	
* UNRESERVED- RETAINAGE	300
* RESERVED-CAPITALIZATION OF FIXED ASSETS	350
* RESERVED-REPLACEMENT OF FIXED ASSETS	370

REVENUES (400-450)

* SALES - NOT INCLUDING SATELLITES	400
- SATELLITE SALES	420
* INTEREST INCOME	430
* DISCOUNTS TAKEN	440
* OTHER INCOME	450

DIRECT EXPENSES (500-598)

* PURCHASES FOR RESALE	500
PURCHASE RETURNS	515

* DIRECT PERSONNEL COSTS	520
SALARIES (GROSS)	525
EMPLOYER FICA	530
GROUP INSURANCE	535
RETIREMENT	540
OTHER PERSONNEL COSTS	545
* OTHER DIRECT EXPENSES	550
UTILITIES	555
SUPPLIES	560
REPAIRS AND MAINTENANCE	565
MINOR EQUIPMENT PURCHASE/RENTAL	570
UNIFORMS/LINENS/LAUNDRY	575
POSTAGE AND SHIPPING	580
CASH OVER AND SHORT	585
BAD DEBTS AND CHECKS	590
SHRINKAGE EXPENSE	595
MISCELLANEOUS	598

INDIRECT EXPENSES (600-695)

GENERAL AND ADMINISTRATIVE (G&A) EXPENSES (600-684)	
* GENERAL AND ADMINISTRATIVE PERSONNEL (600-625)	600
SALARIES	605
EMPLOYER FICA	610
GROUP INSURANCE	615
RETIREMENT	610
OTHER PERSONNEL COSTS	625
* PROVISION FOR ASSET REPLACEMENT	630
* OTHER (G&A) EXPENSES (635-695)	635
UTILITIES	637
TELEPHONE	640
POSTAGE AND SHIPPING	642
OFFICE SUPPLIES	645
TRAVEL AND ENTERTAINMENT	647
EMPLOYEE TRAINING	650
INTEREST	652
EQUIPMENT RENTAL	655
AUDIT FEES	657
ACCOUNTING COSTS	660
BAD DEBTS	662
BANK CHARGES	665
ALLOCATION TO SPECIAL SERVICES	667
MISCELLANEOUS	670
NAFA INSURANCE	685
* SATELLITE PAYMENTS	690
* OTHER MISCELLANEOUS EXPENSES	695

D. PURCHASE REGISTER (figure 17-1) AND ACCOUNTS PAYABLE LEDGER CARD (FIGURE 17-2).

1. General.

a. The Purchase Register is maintained for all activities of the unit to record purchases and accounts payable. Source documents for posting to the Purchase Register are purchase orders, receiving reports, merchandise transfer forms, cancellation orders and purchase order adjustment letters.

b. The Purchase Register is totaled and balanced monthly, then posted to the General Ledger (figure 17-21). The accounts payable balance in the General Ledger control account should equal the sum of the ledger cards.

c. The one write system sample forms provided as figures 17-1 and 17-2, the Purchase Register and Accounts Payable Ledger, allow posting of accounts payable ledger cards while simultaneously making entries on the purchase register.

d. If the accounts payable cards are not used, purchases are recorded directly in the Cash Disbursements Journal (figure 17-8). Payables would then be accrued periodically by compiling a list of all unpaid liabilities.

2. Procedures.

a. For each purchase transaction, use the vendor Accounts Payable Ledger card as an overlay to enter the transaction on both documents at once. The gross amount of the purchase can then be posted to the proper activity or even department within an activity. Note the department number in the first column if gross profit is computed by department.

b. Transfers can be entered on the Purchase Register by showing the total amount (at costs) of the transfer under appropriate activities. The entry recording the transfer out should be bracketed. Nothing will be entered on the Accounts Payable Ledger card (figure 17-2).

c. Transactions may be entered in PO number sequence to help account for PO's and ensure that all liabilities are recorded. If the register is posted in PO number sequence as orders are made (as opposed to to when goods are received) allow blank lines for PO adjustments.

d. Once merchandise is received, the NAFA has a liability and should record the account payable. It is not necessary to wait for an invoice.

D. 3. Forms.

a. Purchase Order (figure 17-3, CG-4553). This five part documen is used to purchase merchandise, supplies and services. All appropriate blocks are to be completed, i.e., cost, sell, shipping dates, terms and discounts etc. prior to being approved by the authorizing officer. Separate purchase orders should be used for merchandise in each selling department.

(1) When a vendor or jobber order sheet is used for placing and approving orders, the copies may be attached to a P.O. for record and control purposes. Enter "per attached list" on the PO and cross reference each document.

(2) Distribution of the PO copies are as follows:

(a) Copy 1: (white) Tear off the receipt of goods portion before mailing to vendor.

(b) Copy 2: (blue) Retain in the vendor file maintained at the NAFA/Accounting office.

(c) Copy 3: (green) Retained by the procurement clerk initiating the PO or PO worksheet. If the clerk has access to copy 2, this copy should be sent to the appropriate activity manager.

(d) Copy 4: (yellow) Sent to the receiving department to await receipt of goods. This copy will accompany merchandise to the activity to verify quantities and allow pricing. If a partial shipment is received, update copy 4 and complete a receiving report (figure 17-4). Send a copy of the receiving report with the merchandise, retain copy 4 until all of the order is complete.

(e) Copy 5: (pink) Sent to the receiving department pending receipt of goods. Used as a receiving report to check in merchandise. The completed and signed document should be routed through the procurement clerk (if any) and sent to the accounting office. The accounting office will use this copy to update the purchase register (figure 17-1), and to verify the invoice prior to payment.

(3) PO's are prenumbered and their issuance need to be controlled.

D. 3. b. Receiving Report (figure 17-4, CG-5300) is a prenumbered three part form used whenever the yellow receiving copy of the issued P.O. is not available. It is prepared and signed by the receiving or marking personnel.

(1) Complete the receiving report with vendor and merchandise information available from the packing ship or invoice.

(2) Copies of the receiving report are distributed as follows:

(a)	Copy one - white	Accounting office for payment of vendor invoices.
(b)	Copy two - yellow	Accompanies merchandise to the retail activity.
(c)	Copy three - blue	Retained by the receiving department in a numerical file.

(3) Copy one will be kept temporarily in the accounts payable file until the invoice is received. It will then be used to verify accuracy of the invoce and attached to the voucher. Copy two will be used by the activity to see that all items received and charged to the activity were received and stocked.

(4) The control of receiving reports will prohibit the generation of a duplicate receiving report showing fewer goods received to cover misappropriated inventory.

c. Merchandise Transfer Form (figure 17-5, CG-5303) in a four part form used to request and transfer merchandise from one activity to another.

(1) All columns except "quantity issued" and the price extension should be completed by the requisitioning activity manager. The form should then be approved by the supplying activity manager or NAFA Officer.

(2) Retail columns need not be completed unless the receiving NAFA is on a retail inventory system.

(3) Only the green copy should be detached prior to the merchandise being transferred. Remaining copies will accompany the merchandise and be routed after it has been delivered or picked up by the requisitioning activity.

D. 3. (4) Distribute copies as follows:

Copy 1 -	White	Accounting
Copy 2 -	Yellow	Receiving activity
Copy 3 -	Pink	Transferring activity
Copy 4 -	Green	Requisitioning individual

(5) The column "quantity issued" is completed by the transferring activity. Merchandise out of stock should be notated on the transfer form.

(6) The columns for "price" and "price extension" are completed by the accounting office.

(7) The receiving activity will verify the quantities received and then distribute copies to the accounting department. The accounting department will use their copy to make the transfer entry in the purchase register (Figure 17-1).

d. Cancellations Order (figure 17-6, CG-5302) is a four part form used to cancel open purchase orders. If an order is cancelled over the telephone a cancellation order should be sent as confirmation and so notated.

(1) Distribute copies as follows:

(a)	Copy 1 - white	Vendor
(b)	Copy 2 - yellow	Receiving department
(c)	Copy 3 - pink	Vendor file with PO
(d)	Copy 4 - green	Originating activity

(2) The third or pink copy will cancel the PO in the open PO or accounts payable file. It is then filed with cancelled PO's in the vendor file. The receiving department will use the second or yellow copy to cancel the receiving copy of the PO.

e. PO Adjustment Letter, a sample is provided in (figure 17-7), is prepared by the accounting office for the purpose of correcting vendors invoices. Corrections to invoices are notated either by the receiving or the accounting office. The sample form should be pre-numbered and controlled. Copies of the PO Adjustment letter should be kept on file with the paid PO and an open credit file.

E. CASH DISBURSEMENTS JOURNAL (figure 17-8). JAN 25 1982

1. General.

a. The Cash Disbursement Journal is maintained for all activities of the unit to record all check disbursements.

b. The Cash Disbursement Journal will be totaled, balanced, and posted at least monthly to the General Ledger (figure 17-21). After postings are made, the ledger cash balance should agree to the reconciled bank statement, and the accounts payable balance in the General Ledger control account should equal the sum of the Accounts Payable Ledger cards.

c. The journal should be maintained in check number and chronological order.

d. Disbursement checks and vouchers are the posting source for entries to the journal.

e. The sample form provided is a commercially available "one write system" Cash Disbursements Journal. This system enables the disbursements clerk to write a check, update the Accounts Payable Ledger, and post the Cash Disbursements Journal at the same time. What's written on the check is printed on the ledger and journal by carbon paper.

2. Procedures.

a. Enter each disbursement transaction using the check and vendor Accounts Payable Ledger (figure 17-2) overlays. It is important that the ledger card overlay be used for payable entries so the accounts payable control account remains equal to the sum of the ledger cards.

b. A two part check should be used. The duplicate check should be attached to the voucher as evidence of payment.

c. Debit entries, if not to accounts payable, are to be posted to one of the remaining columns of the journal. The sample form shows several direct expense accounts - identified by activity - and several indirect expense accounts as column headings. Whatever accounts are used frequently should have their own column. Show activity identification for any direct expenses.

JAN 25 1982

E. 2. d. Payroll disbursements will only be for net pay, to transfer the money to a separate imprest payroll account and for payroll taxes, insurance, etc. Other payroll expenses will be recorded on the Payroll Summary (figure 17-10). The transfer of money to a separate payroll account will be recorded as a debit to payroll exchange and a credit to cash. Payroll taxes, insurance, and retirement remittances will be recorded as a debit to taxes and contributions liability and a credit to cash. See Section V for a further explanation of payroll entries.

3. Forms.

a. Return for Credit (figure 17-9, CG-5301) is a pre-numbered four part form documenting the return of merchandise to a vendor for credit.

b. Distribution of the copies are as follows:

(1)	White	Vendor
(2)	yellow	Numerical file, accounting office
(3)	pink	Vendor file (with PO)
(4)	green	Activity file, sales person, or receiving department - where form originated

c. When a credit has been received from the vendor, the accounting copy should be placed in a closed credit file after the credit has been taken.

F. PAYROLL ACCOUNTING.

1. General.

a. The objectives of payroll accounting are to insure accurate calculation of payroll and withholding amounts, maintain accurate leave records, calculate and remit taxes to appropriate authorities, and accumulate salary expense data for management purposes.

b. Specific information regarding the withholding of FICA and income taxes from wages of NAF employees are contained in Enclosure (20), Taxation to this manual.

c. A "one-write" system is recommended for payroll accounting. Sample forms of a Payroll Summary and Payroll Ledger are provided as (figures 17-10 and 17-11) respectively.

d. NAF employees are to be paid on the same timetable, preferrably biweekly.

e. A banking institution or data processing firm can prepare pay checks and a payroll register. These systems are acceptable if the services are timely, accurate, and provided at reasonable cost. A bank system should provide the following inromation:

(1) General: date, pay period, activity or overhead account charged, rate of pay, and number of federal/state exemptions;

(2) Employee data: gross pay, federal tax, state tax, FICA, group health/life, and retirement withholding;

(3) Employer costs: total salary expense by activity, FICA group health/life/disability, and group retirement. System must accumulate costs under appropriate activities when employees work in more than one location.

2. Procedures and Forms.

a. Individual Payroll Log - Hours (figure 17-12).

(1) A sample Individual Payroll Log - Hours is provided as (figure 17-12). This is a one part form used to record hours worked and leave taken. It serves as a source document for the preparation of the Payroll Summary (figure 17-10) and Leave Accrual.

(2) The form is prepared by an individual other than the bookkeeper. It should be completed in ink, and initialed each pay period by the appropriate supervisor.

JAN 25 1992

F. 2. (3) Indicate hours worked in the appropriate blocks of the form. Where the employee works at several activities durin the pay period, NOTE the activity abbreviation (RA, PA, etc.).

(4) Supporting documents to the Individual Payroll Log - Hours form include approved leave slips and time cards (if appropriate) signed by the employee.

b. Payroll Summary (figure 17-10) is used to aggregate payroll data for all NAF employees. It is arranged so the Payroll Ledger (figure 17-11) and payroll check can be overlayed with the transaction being entered on all three documents siumultaneously.

(1) The supporting document for the Payroll Summary would be the Individual Payroll Log - Hours (figure 17-12) or time cards.

(2) The payroll summary is completed by the bookkeeper as payroll checks are prepared.

(3) Data on the Payroll Summary is summed and balanced monthly for posting to the General Ledger (figure 17-21).

(4) Additional columns of the Payroll Summary are used to record employer payroll expenses, and to allocate salary expense to the appropriate activity or overhead account.

(5) Footed totals of salary expense (debit entry) would be posted to the General Ledger account for the appropriate activity. The credit entries would be to the Taxes and Contribution liability account and the payroll account - in the amount of net pay. A debit entry to the payroll account is made when cash is transferred from the main account to the imprest payroll account. If no such entry is made the above transaction would be credited to cash.

(6) If the employee works at several activities during the pay period, break out salary expense by activity and place amount in appropriate columns.

c. Payroll Ledger (figure 17-11), is used to record all payroll information for an individual employee. The form is used in conjunction with the Payroll Summary and payroll check. Payroll transactions are recorded on all three documents.

(1) The form is completed as payroll checks are being prepared as explained in paragraph 2.b. Information written on the top of the payroll check stub is entered on the payroll ledger by a carbon strip on the back of the check.

(2) The Payroll Ledger constitutes the earnings record for an individual employee. The form is used as a payroll history to complete forms such as the W-2.

E. CASH DISBURSEMENTS JOURNAL (figure 17-8). JAN 25 1982

1. General.

a. The Cash Disbursement Journal is maintained for all activities of the unit to record all check disbursements.

b. The Cash Disbursement Journal will be totaled, balanced, and posted at least monthly to the General Ledger (figure 17-21). After postings are made, the ledger cash balance should agree to the reconciled bank statement, and the accounts payable balance in the General Ledger control account should equal the sum of the Accounts Payable Ledger cards.

c. The journal should be maintained in check number and chronological order.

d. Disbursement checks and vouchers are the posting source for entries to the journal.

e. The sample form provided is a commercially available "one write system" Cash Disbursements Journal. This system enables the disbursements clerk to write a check, update the Accounts Payable Ledger, and post the Cash Disbursements Journal at the same time. What's written on the check is printed on the ledger and journal by carbon paper.

2. Procedures.

a. Enter each disbursement transaction using the check and vendor Accounts Payable Ledger (figure 17-2) overlays. It is important that the ledger card overlay be used for payable entries so the accounts payable control account remains equal to the sum of the ledger cards.

b. A two part check should be used. The duplicate check should be attached to the voucher as evidence of payment.

c. Debit entries, if not to accounts payable, are to be posted to one of the remaining columns of the journal. The sample form shows several direct expense accounts - identified by activity - and several indirect expense accounts as column headings. Whatever accounts are used frequently should have their own column. Show activity identification for any direct expenses.

G. 3. a. (5) Prepare the form as follows:

(a) In the top portion of the individual reconciliation form, break out sales by standard departments. In the activity level form, accumulate the sales data from individual registers.

(b) In the second portion, recalculate total sales by aggregating sales types, as opposed to departments. Reconcile this to the total obtained in paragraph 3.a.(5)(a) above.

(c) In the lower portion of the form, reconcile "total sales plus beginning cash" to the amount "deposited/turned in".

(6) Completed forms are received and posted to the Cash Receipts - Sales Journal (figure 17-13).

b. Cash Register Adjustment Voucher (figure 17-15, CG-5299) is a one-part form used to document underrings, overrings and sales department corrections. This form supports entries to the Activity/Individual Daily Reconciliation document.

(1) A new form is used daily by each register operator.

(2) All correcting entries require approval by the supervisor.

c. Refund Voucher (figure 17-16, CG-5307) is a two part prenumbered form used to document and provide customer cash refunds or exchanges. A completed and approved refund voucher is the same as cash, and therefore needs to be tightly controlled. It is also a supporting document for entries to the Activity/Individual Daily Reconciliating documents.

(1) All refund vouchers must be approved by appropriate authority.

(2) Sales slips should be attached to the refund voucher.

(3) The refund voucher should be completed entirely-including customers name, address and phone number.

d. Layaway Ticket (figure 17-17, CG-5101) is a four part prenumbered document used to record the initial layaway purchase and subsequent receipt of payments.

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G. 3. d. (1) Account for layaways by recording the entire sale the day the deposit is taken. The difference between the deposit and the sale price represents a receivable, which will be recorded by the accounting office upon receipt of the copy of the layaway ticket. Subsequent payments reduce the receivable. If the layaway is cancelled, the entries should be reversed.

(2) If the layaway is cancelled, the customers deposit is to be refunded, less any local service fee. The refund voucher (figure 17-16) should be completed for the payout, referencing the layaway number. Obtain the customers signature on the refund voucher or layaway ticket as evidence of the refund.

(3) Distribution of the layaway copies is as follows:

(a) Copy one - customer.

(b) Copy two - attach to the Activity/Individual Daily Reconciliation (figure 17-14, CG-5298) to be sent to the accounting office.

(c) Copy three - retain with merchandise in a secure area for layaways and special orders awaiting pickup.

(d) Copy four - retain on file at the sales location, this file should be reviewed periodically for overdue payments.

(4) After the last payment has been made the merchandise picked up by the customer, completed copy four should be forwarded with the daily cash receipts documentation to accounting. Accounts receivable records will the be updated.

(5) Additional procedures for handling layaway sales are povided in Enclosure (50) of this manual.

e. Exchange Sales Receipt (figure 17-18, CG-4984) is a two-part pre-numbered form used to record customer transactions when:

(1) Customer signature or a personal record of the sale is desired,

(2) Cash rgisters are not available to record the transaction,

(3) The selling price of individual items purchased is greater than $100,00.

A copy of this form is retained at the register and attached to the Activity/Individual Daily Reconciliation form for supporting entries.

G. 3. f. Departmental Sales Analysis (figure 17-19) is an optional one-part form used to accumulate daily sales by the week and month by selling department. Activity and department sales are obtained from the consolidated activity/daily reconciliation form (figure 17-14).

g. Monthly Sales Analysis (figure 17-20) is an optimal one-part form used to record comparative weekly/monthly sales figures by department. The sales data for completing this form is obtained from the Departmental Sales Analysis form (figure 17-19). Although, this is not a posting source document, the sales information is used by management for planning and reviewing stock to sales ratios, open to buy limits, staffing requirements and sales trends.

h. Cash register overages and shortages are to be recorded by register and register operator. All discrepancies are to be investigated.

H. General Journal (no sample provided).

1. General.

a. The General Journal is used to record all transactions that cannot readily be entered elsewhere such as a bank service charge, provision for asset replacement, accruals, or close-out entries.

2. Procedures.

a. The following information should be recorded for each entry:

(1) Date of transaction

(2) Description/reference

(3) Debit entry

(4) Credit entry

b. Each entry recorded in the Genral Journal will be posted to the General Ledger at the end of the accounting period. Monthly accruals or closing entires will most likely be posted directly to a trial balance and should not be entered in the General Journal. They should be prepared on worksheets and kept with the trial balance. Quarterly accruals and closing entires will be posted to the General Journal and General Ledger.

JAN 25 1982

I. GENERAL LEDGER (figure 17-21).

1. General.

a. A sample General Ledger form has been provided as (figure 17-21). The General Ledger is a self balancing record that summarizes financial activity for the entire unit.

b. Financial reports are prepared directly from the General Ledger or indirectly through the use of a trial balance.

c. Posting sources for the General Ledger include the Cash Receipts - Sales Journal (figure 17-13), Purchase Register (figure 17-1), Cash Disbursements Journal (figure 17-8), and General Journal.

2. Procedures.

a. The General Ledger is posted monthly from all books of original entry.

b. Use a separate ledger or each year. General Ledger pages should be in account number order.

c. Maintain separate accounts for direct expenses and revenues for each activity. Only one account need be maintained for assets and liabilities.

d. General Ledger pages can be purchased in a variety of styles. The General Ledger should include columns for:

(1) Date of entry

(2) Description/reference

(3) Debit entry

(4) Credit entry

(5) Balance

J. Close Out Procedures.

1. General.

a. The books will be closed quarterly, corresponding to standard NAFA reporting periods per Enclosure (13), Accounting Periods. All transactions through the last day of the accounting period will be inclused in the operations of that quarter.

JAN 25 1990

J. 1. b. The books of original entry should be summed and posted to the General Ledger (figure 17-21) after transactions for the last business day are entered.

2. Month/Quarter-End Posting and Trial Balance Preparation.

a. Complete journalizing of daily accounting transactions through last day of period.

b. Review documentation to insure that all transactions through the cutoff date have been collected.

c. Post general ledger accounts from books of original entry.

d. Compute the end of period balances in each of the general ledger accounts.

e. Enter general ledger account balances to trial balance worksheets. A sample worksheet is provided in (figure 17-22). Cash Assets should be listed first, proceed with other accounts in numerical sequence.

(1) Allow debit and credit columns on the trial balance for adjustments, accruals, and final/report balances. If calculations of gross profit by department are being made, then breakout sales, purchases and inventory accounts by department.

f. Total all debits and all credits to check equality. Research discrepancies.

(1) Determine that the end-of-period checking account balance per reconciled bank statement equals both the checkbook balance and General Ledger balance.

(2) Compare balances of subsidiary ledgers (receivables, payables, etc.) to the General Ledger control accounts.

3. Accrual and Adjustment Preparation. Accruals and adjustments made to General Ledger account balances reflect activity during the period that has not yet been journalized or posted. Accruals and adjustments are entered on the trial balance worksheets. Accruals include adjustments for payroll, taxes, leave, utilities and supplies etc.

a. Accruals are expenses incurred but not yet paid, journalized or posted. Both accruals and adjustments to general ledger account balances are entered on the trial balance worksheets.

b. Reversal of prior quarter accruals may be necessary.

c. Frequent accrual and adjustment entries include the following:

J. 3. c. (1) To correct bookkeeping error. JAN 25 1992

(2) To record inventory shrinkage.

(3) Annual Leave. The annual leave liability should be recalculated at the end of each accounting period. This is accomplished by adding up the liability for each NAF employee. Calculate as leave hours earned times current hourly gross salary, use current rates. Note that leave earnings in hours should be as of the close of the last complete pay period. This amount is readily obtained for the Individual Payroll Log-hours (figure 17-12).

(4) Salaries and Wages. Accrue salary and wage expense from the close of the pay period to the last day of the accounting period. This adjustment can be readily estimated by determining the salary expense for the activity per day fom the last full payroll period, and multiplying by the appropriate number of days.

(5) Payables. Accrue trade and other payables as of the last business day of the quarter; recurring charges such as utilities should be recorded consistently (one invoice each month). For purposes of accrual, a purchase is to be considered a debt of the NAFA after receipt of merchandise. Review all open PO's, unmarked receiving reports, open return to vendor forms, and other pertinent documents when calculating trade payables. Group exchange trade payables by department where applicable.

(6) Remittances. Accrue the HQ overhead expense for the period. Other remittance items are a distribution of profits and will be treated as a post closing entry.

(7) Reserve for Asset Replacement. Accrue the Reserve for Asset Replacement as 1% of sales for the accounting period.

(8) Applicable Prepaid Items. Determine proper allocation of prepaid or annual costs, earned income amounts and other operating or nonoperating expenses and enter amounts to trial balance worksheets.

d. Add total debit and total credit entries to insure that debits equals credits. Research any discrepancies.

e. Add or subtract adjustments to final adjusted balances for all entries on trial balance worksheets.

f. Add all credit balances and all debit balances of "adjusted" columns to insure equality.

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J. 3. g. Post all accruals and adjustments from the trial balance to the general journal for posting to the general ledger. This provides documentation for all adjusting entries.

4. Financial Report Preparation.

The Results of Operations Report (CG-5228) and statement of Financial Condition (CG-5228A) will be prepared from the trial balance. Other management reports and schedules for local use, should be completed at this time, Budget projections should be made or revised for future periods if necessary.

5. Closing Adjustments on an Annual Basis. After computing report balances and determining net profit for the quarter, several adjustments need to be made and posted to the General Ledger. These include closing entires for revenue/expense accounts and profit distribution entries. Ending Net Worth needs to be increased by the net profit (resulting from the close out) and reduced by distributed profits. After completing these entries the ending Net Worth on the General Ledger will equal the amount shown on the Statement of Financial Condition.

6. Post Closing Trial Balance. After the closing entries are posted a post closing trial balance should be prepared. The only accounts with non-zero balances will be the balance sheet accounts. If the closing entries have been recorded properly all other accounts will have zero balances.

K. Accounting System Files. Generally documents should be retained for three years. The following files are required:

1. Cash Receipts. Includes the following documents grouped by day: receipted bank deposit slips, Exchange Receipts (figure 17-18, CG-4984), cash register tapes, Activity/Individual Daily Reconciliation (figure 17-14, for CG 5298), and Layaway Tickets (figure 17-17, CG-5101). Daily cash receipt documents should be summarized, balanced, reviewed and posted to the Cash Receipts - Sales Journal (figure 17-13) prior to filing.

2. Cash Disbursements. Include Purchase Orders (figure 17-3, CG-4553) with attached bills of lading and/or receiving reports, approved invoices, and other supporting documents. These files may be maintained by vendor, chronologically (typically monthly), by type of document filed or a combination of these. Documentation for active accounts, such as large vendors, tax authorities, etc., are most efficiently referenced when filed by vendor. Create new files at the beginning of each fiscal year. All invoices and purchase orders must be cancelled (marked paid) and annotated with the date paid and check/voucher number.

K. 3. Purchase Orders (figure 17-3, CG-4553). Maintain a numerical file of all purchase orders for reference, in addition to the copy in the cash disbursement file.

4. Open Purchase Orders. One copy of unsatisfied or blanket purchase orders should be maintined in a numerical or vendor file. Closed purchase orders must be cancelled and filed together with other disbursement documents, as noted in paragraph K.2.

5. Unmatched Receiving Documents. Contains receiving reports/bills of lading that have not yet been matched with invoices and PO's. Attach packing slips or delivery tickets to the receiving report.

6. Accounts Payable. Contains unpaid invoices, accompanied by PO's and receiving reports (where appropriate). These items should be arranged in a tickler file by payment due date. Payments may be prepared in advance (such as when bill paying is done weekly) but should not be mailed until due. This will maximize earnings on NAFA cash assets. Cash discounts should be taken.

7. Merchandise Transfer Form (figure 17-5, form CG-5303). File these forms chronologically after posting to the appropriate ledger.

8. Bank Statements. Contains monthly bank statements, reconciliations, cancelled checks, and other supporting documents.

9. Payroll. Maintain an accounting payroll file apart from the personnel file. This file will contain current Individual Payroll Log-Hour forms (figure 17-12).

10. Inventory. Contains physical inventory sheets, worksheets, Markup/Markdown Vouchers and other information pertaining to the physical inventory.

11. Budget and Financial Reports. Contains all reports submitted to Commandant (G-FNM) including Results of Operations (CG-5228), Statement of Financial Condition (CG-5228A), Annual Budget Reports (CG-5227, CG-5227A), and all supporting worksheets.

12. Contracts and Agreements. Contains concession contracts, loan agreements, satellite agreements, etc.

13. Correspondence. Chronologically file correspondence in accordance with the standard Coast Guard filing system.

14. Accounts Receivable. Includes Layaway Sales Tickets (figure 17-17, CG-5101) and other receivables documentation. A small accounts receivable subsidiary ledger could be kept in this file; a card or ledger system should be used when there are a large number of receivables transactions.

15. Satellite Activity. Contains monthly Status of Satellite Exchange reports and any other records of transactions with the Satellite.

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L. Table of Forms:

FIGURE	NAME	AVAILABLE IN BROOKLYN SUPPLY	FORM NO.
17-1	Purchase Register	No *	
17-2	Accounts Payable Ledger	No *	
17-3	Purchase Order	Yes	CG-4553 Rev
17-4	Receiving Report	Yes	CG-5300
17-5	Merchandise Transfer Form	Yes	CG-5303
17-6	Cancellation Order	Yes	CG-5302
17-7	P.O. Adjustment Letter	No	
17-8	Cash Disbursements Journal	No *	
17-9	Return for Credit	Yes	CG-5301
17-10	Payroll Summary	No *	
17-11	Payroll Ledger	No *	
17-12	Individual Payroll Log-hours	No	
17-13	Cash Receipts-Sales Journal	No **	
17-14	Activity/Individual Daily Reconciliation	Yes	CG-5298
17-15	Cash Register Adjustment Voucher	Yes	CG-5299
17-16	Refund Voucher	Yes	CG-5307
17-17	Lay Away Ticket	Yes	CG-5101
17-18	Exchange Receipt	Yes	CG-4984
17-19	Department Sales Analysis	No	
17-20	Monthly Sales Analysis	No	
17-21	General Ledger	No **	
17-22	Trial Balance Worksheet	No **	

*Denotes those forms that are applicable to a one write system.

**Denotes those forms that are available through the General Services Administration.

The following pages contain samples of the forms listed in "L. Table of Forms."

Enclosure(17) to
CONDINST M7010.5 CH-10
JAN 25 88

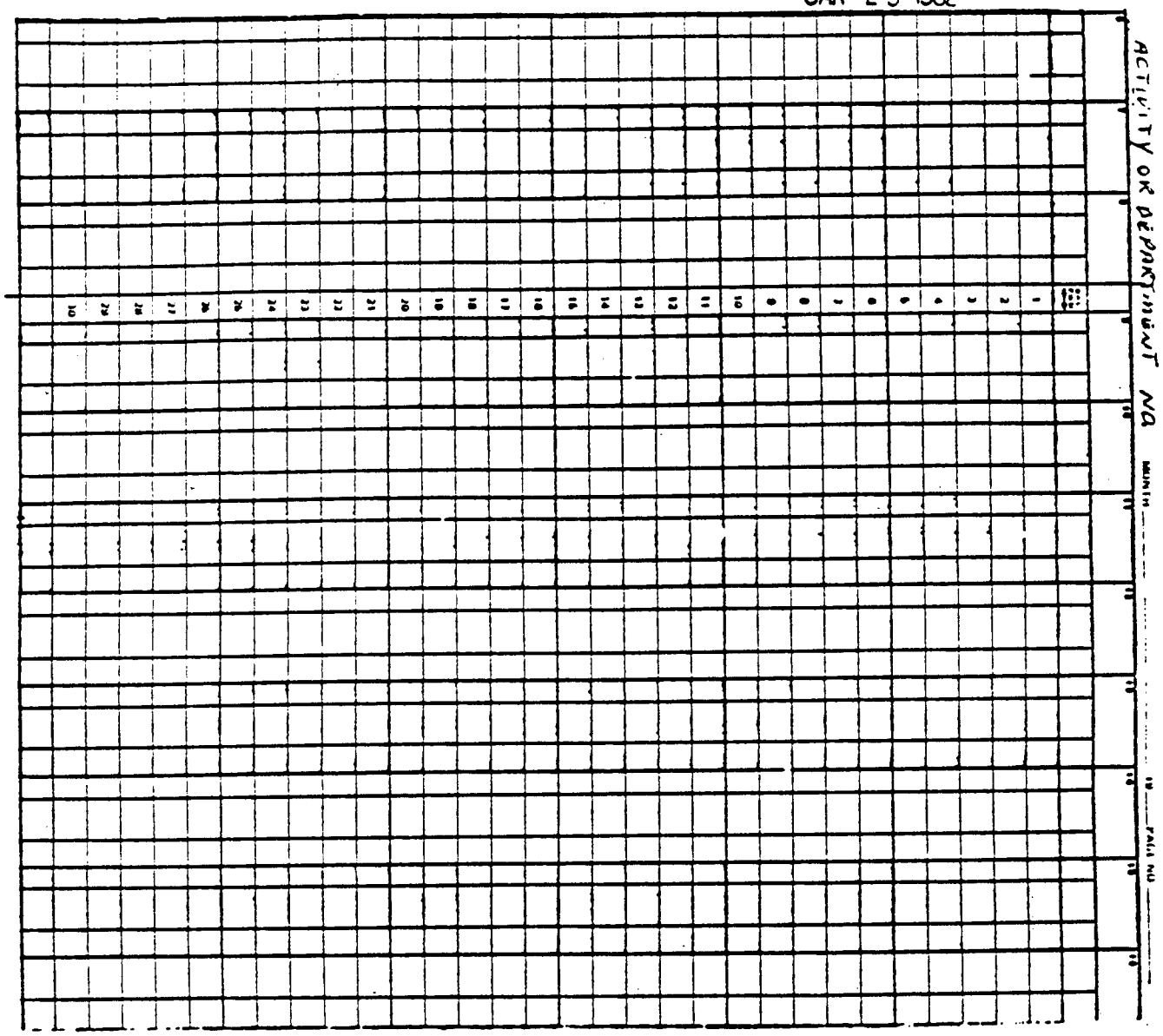
PURCHASE REGISTER

ACTIVITY OR DEPARTMENT NO.

DATE	VENDOR	DETAIL	DEBIT	CREDIT	(MEMO) NEW BALANCE		PREVIOUS BALANCE	DEPT NO.
	BALANCE FORWARD →							
						1		
						2		
						3		
						4		
						5		
						6		
						7		
						8		
						9		
						10		
						11		
						12		
						13		
						14		
						15		
						16		
						17		
						18		
						19		
						20		
						21		
						22		
						23		
						24		
						25		
						26		
						27		
						28		
						29		
						30		
	TOTALS							

PROVING FORMULAS

Figure 17-1
Page 1 of 3


ACTIVITY OR DEPARTMENT NO.
MONTH
PAGE NO

Enclosure (1) to
COMDTINST M7010.5, CH-13

JAN 25 1982

ANALYSIS OF MISC. COLUMN
ACCOUNT NO. OR DESCRIPTION

TOTALS

MISCELLANEOUS
DESCRIPTION
AMOUNT

Figure 17-1

Page 3 of 3

Enclosure (17) to
COMDTINST M7010.5, CH-1[illegible]

JAN 25 19[illegible]

NAME

STREET

CITY

(CHECK = PO = RR ←)

BALANCE FORWARD →

DATE	VENDOR	DETAIL	✓	DEBIT	DISCOUNT	CREDIT	BALANCE

Figure 17-2

ACCOUNTS PAYABLE LEDGER

Purchase Order No. _____

MAIL INVOICE TO:

TEAR AT PERFORATION AND DESTROY BEFORE MAILING

☐ PURCHASE ORDER
☐ OPEN ___ DAY PURCHASE ORDER

TYPE OF MERCHANDISE

SHIP TO:

ATTN:

STOCK NO	DESCRIPTION	ORDERED QUAN	ORDERED UNIT	COST UNIT	COST TOTAL	UNITS RECEIVED	RETAIL UNIT	RETAIL TOTAL	QUAN ON HAND	QUAN ON ORDER
	30 Figure 17-3									

ACTIVITY MANAGER | DATE | OPERATIONS MANAGER | DATE | TOTAL COST | TOTAL RETAIL

DEPT OF TRANSP, USCG-CG-4553 (Rev. 11-81)
PREVIOUS EDITION MAY BE USED

ORIGINAL — VENDOR

SN 7530-01-OF3-

JAN 25 1982

DEPARTMENT OF TRANSPORTATION
U. S. COAST GUARD
(CG-5300 (11-81))

U. S. COAST GUARD NAFA RECEIVING REPORT

DATE JAN 25 1982

ORDERED BY				PURCHASE ORDER NO.			NO & KIND OF PKGS	RECEIVED BY
DATE OF ORDER	DEPT	DISCOUNT TERMS	PROJECT NO.	UNPAID	PREPAID	CNTR	RECEIVED VIA	SHIPPING DOCUMENT (Kind and No.)

ORDERED FROM:

SHIP BETWEEN (not before) / AND (not after)

CONDITION OF SHIPMENT

DELIVERY TERMS
- ☐ FOB DESTINATION — TRANS. CHARGES PREPAID AND INCLUDED IN PRICE
- ☐ FOB SHIPPING PT. — PREPAID AND ADDED TO INVOICE

SHIP VIA:

TRANSPORTATION CHARGES

PREPAID	COLLECT (Show how paid)
$	$

PAB LISTING ☐ YES ☐ NO

VOX LISTING ☐ YES ☐ NO

INITIAL: COUNTED AND ENTERED BY | MDSE. MARKED BY | MDSE. TURNED OVER TO

STYLE/ STOCK NO.	DESCRIPTION	QTY.	UNIT EA. DOZ. PR. ETC.	UNIT COST	PURCHASE UNITS REC'D	PURCHASE UNITS COST VALUE	RETAIL SELLING PRICE		RETAIL SELLING UNIT

TOTAL ORDER COST ➡ $

DOES THIS SHIPMENT COMPLETE PURCHASE ORDER? ☐ YES ☐ NO

Figure 17-1

SN-7530-01-GF3-0080

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD
CG-5303 (11-81)

U. S. COAST GUARD NAFA MERCHANDISE TRANSFER FORM

TRANSFER FROM

TRANSFER TO

DESCRIPTION	DEPT. NO.	UNIT	QTY. DESIRED	QTY. ISSUED	UNIT COST	EXT.	UNIT RETAIL	EXTENDED RETAIL
TOTAL								

REQUISITIONED BY DATE

ORDER FIL. ZD BY DATE

APPROVED FOR TRANSFER DATE

MERCHANDISE RECEIVED BY DATE

SN 7530-01-GF3-0110

Figure 17- 5

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD
CG-5302 (11-81)

U. S. COAST GUARD NAFA CANCELLATION ORDER

DATE

P.O. NUMBER

P.O. DATE

DEPT./ACTIVITY

REASON

TO:

PLEASE CANCEL ORDER AS NOTED BELOW AND CONFIRM RECEIPT OF THIS NOTICE.

TELEPHONE CANCELLATION BY: _____ DATE: _____

QTY.	UNIT	DESCRIPTION	AMOUNT	TOTAL

ACTIVITY/NAFA OFFICER _____

SN 7530-01-GF3-0100

Figure 17-6

JAN 2 5 1982

US COAST GUARD
Non-Appropriated Fund Activity

_____

_____

_____

_____

_____
DATE

_____

_____

_____

Reference: P.O. No._____

Gentlemen:

In reference to your letter of _____ the following information is forwarded:

- ☐ ADJUSTMENT MADE ACCORDING TO OUR PURCHASE ORDER COST PRICE: it is our policy to make payment based on the purchase order prices since our markups are determined from this base. As a result deductions are made when an invoice reflects a higher price.
- ☐ ADJUSTMENT MADE ACCORDING TO SHORTAGES:
  - ☐ We have enclosed photostatic copy of the freight bill/packing slip/bill of lading or memorandum warehouse as proof of shortages.
  - ☐ We have considered concealed shortages.
- ☐ ADJUSTMENT MADE ACCORDING TO OUR PURCHASE ORDER SHIPPING INSTRUCTIONS: FOB Destination.
- ☐ ADJUSTMENT MADE ACCORDING TO OUR PURCHASE ORDER TERMS.

If any other assistance is required to settle this matter, please do not hesitate to call us.

Sincerely,

Figure 17-7

CASH DISBURSEMENTS JOURNAL

ACTIVITY RA

DATE	CHECK ISSUED TO	ACCOUNTS PAYABLE	DISCOUNT	CHECK AMOUNT	CHECKING BANK BALANCE	PREVIOUS BALANCE	DEPOSITS AMOUNT	DEPOSITS DATE	PAYROLL EXCHANGE	UTILITIES	OTHER A/C #	AMOUNT
	BALANCE FORWARD											
	TOTALS											

DISTRIBUTION PROOF

PROVING FORMULAS

BALANCING THE ACCOUNTING BOARD

Figure 17-8
Page 1 of 3

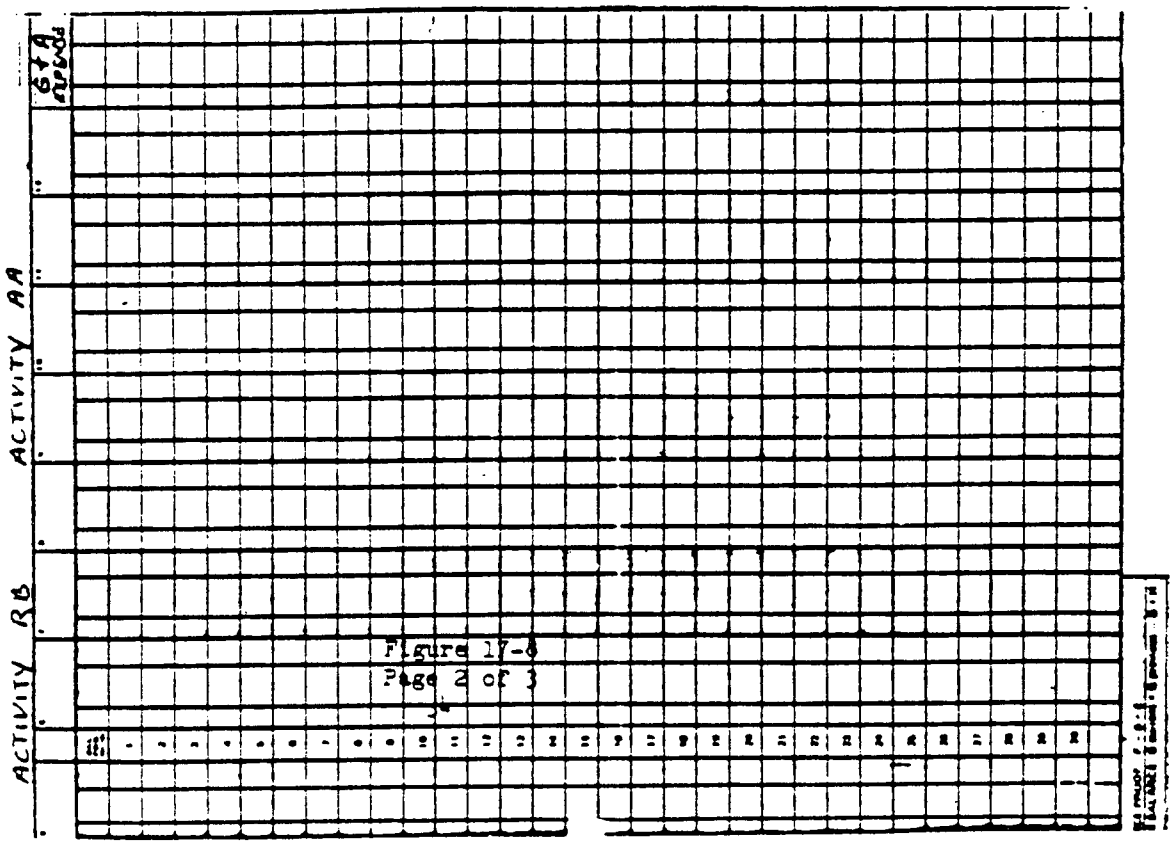


Figure 17-6
Page 2 of 3

JAN 25 1982

Figure 17-5
Page 1 of 1

DEPARTMENT OF TRANSPORTATION U.S. COAST GUARD CG-5301 (11-81)	U. S. COAST GUARD NAFA RETURN FOR CREDIT	DATE	

P. O. NUMBER _____

P. O. DATE _____

DEPARTMENT _____

ATTN: Credit Department

Gentlemen:

Under separate cover we are returning back to you via:

The following merchandise:

QUANTITY	DESCRIPTION	REASON	UNIT COST	EXTENSION

PLEASE ISSUE CREDIT IN THE AMOUNT OF →

Very truly yours,

SN 7530-01-GF3-0090

Figure 17-9

PAY CHECK CARBON OVER THIS PORTION

PAYROLL SUMMARY

	PAY PERIOD	TIME		EARNINGS: REGULAR EARNINGS				DEDUCTIONS: FICA	FIT	SIT	RET	INS	OTHER			NET AMOUNT	CHECK NUMBER				EMPLOYEE NAME
1																			1		
2																			2		
3																			3		
4																			4		
5																			5		
6																			6		
7																			7		
8																			8		
9																			9		
10																			10		
11																			11		
12																			12		
13																			13		
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16																			16		
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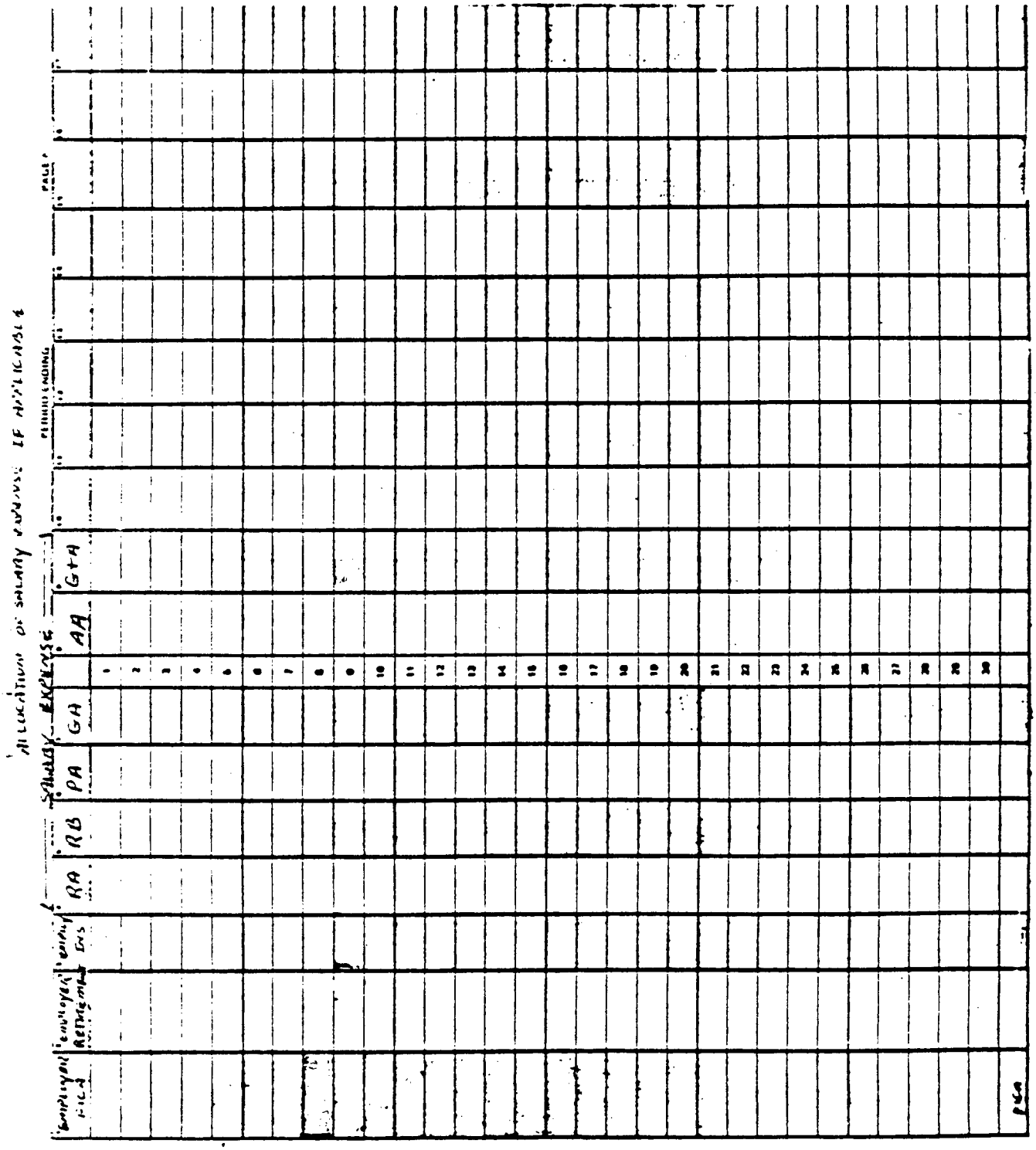
22																			22		
23																			23		
24																			24		
25																			25		
26																			26		
27																			27		
28																			28		
29																			29		
30																			30		
								FICA	FIT	SIT	RET	INS	OTHER			PAYROLL EXPENSE CREDIT					POST TO G/L ACCOUNTS →

LIABILITIES

FIGURE 17-10

PAYROLL SUMMARY



ALLOCATION OF SALARY EXPENSE IF APPLICABLE

Employer FICA	Employer Retirement	Employer Ins	RA	RB	PA	GA	AA	G+A

Figure 17-10

Page 2 of 3

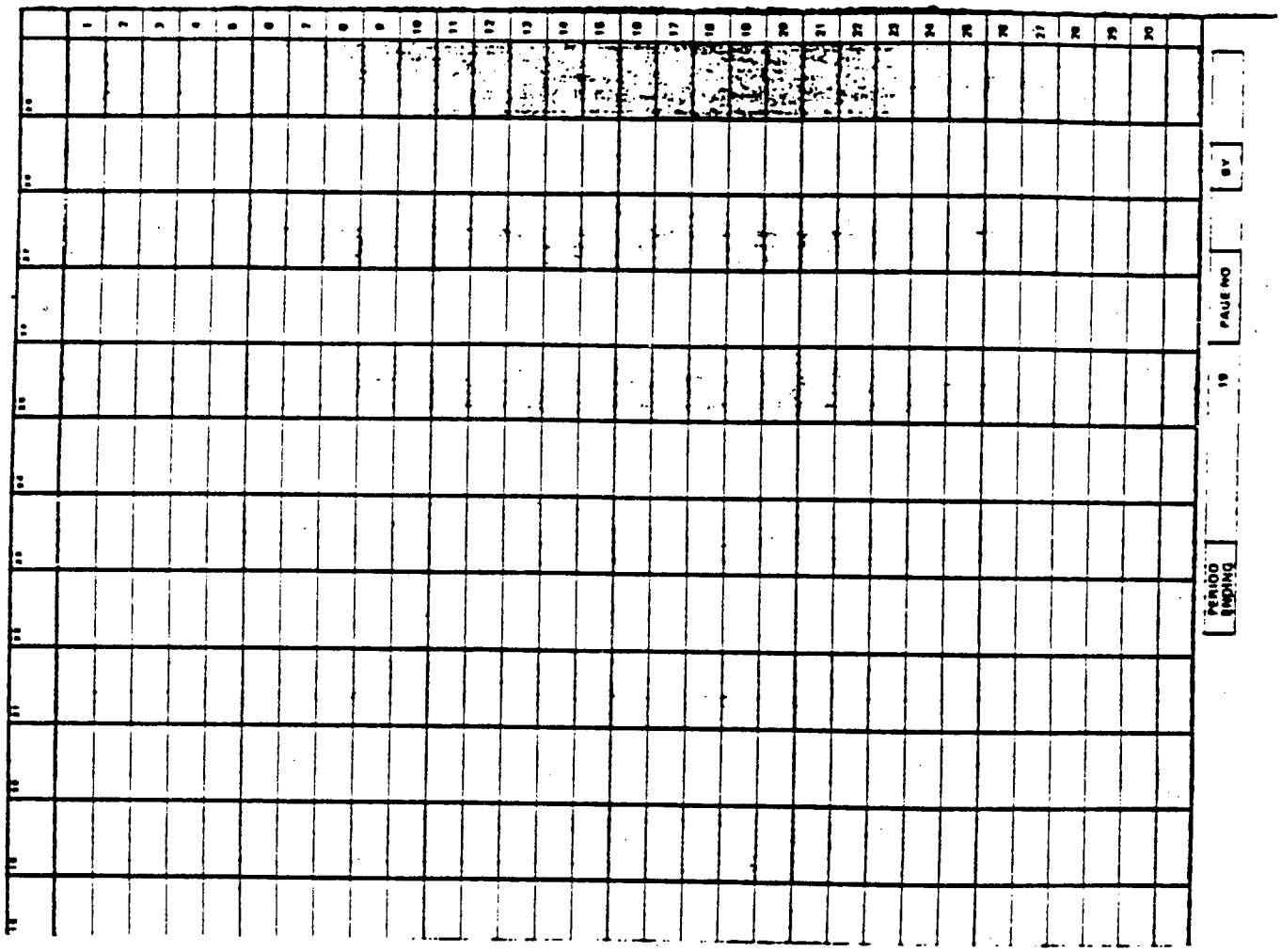


Figure 17-10
Page 3 of 3

Re-Order Form No. LW-48 IMP. 7798

Enclosure(17) to
COMDINST M7010.5, CH-10

JAN 25 1982

NAME

STREET

CITY

YEAR

CLOCK NUMBER

DEPT

SOC. SEC. NUMBER

PHONE NO.

DATE STARTED
DATE LEFT

MARITAL STATUS

NO. OF EXEMPT

☐ M ☐ F

DATE

DATE

	PAY PERIOD ENDING	TIME WORKED REG.	TIME WORKED O.T.	REGULAR EARNINGS	O.T. EARN.	N.D. EARN.	TOTAL PAY	SOC. SEC.	INC. TAX	STATE TAX	RET.	INS.	CREDIT UNION	TOTAL DED.	RATE	NET AMOUNT	CHECK NUMBER
	EARNINGS							DEDUCTIONS									
7																	
8																	
10																	
11																	
12																	
13																	
13																	
14																	
15																	
16																	
17																	
18																	
19																	
20																	
21																	
22																	
23																	
24																	
25																	
26																	
Q																	
T																	

Figure 17-11
PAYROLL LEDGER

JAN 25 1982

UNIT / ACTIVITY	Employee Name											Annual Leave			Sick Leave			Initial	
PAY PERIODS	DAILY RECORD											Earned	Used	Balance	Earned	Used	Balance	Employee	Supervisor
	Mon	Tue	Wed	Thur	Fri		Mon	Tue	Wed	Thur	Fri								
Dec. Jan												4-6			4				
Jan - Jan															4				
Jan - Feb															4				
Feb - Feb															4				
Feb - Mar															4				
Mar - Mar															4				
Mar - Apr															4				
Apr - Apr															4				
Apr - May															4				
May - May															4				
May - Jun															4				
Jun - Jun															4				
Jun - Jun															4				
Jul - Jul															4				
Jul - Jul															4				
Jul - Aug															4				
Aug - Aug															4				
Aug - Sep															4				
Sep - Sep															4				
Sep - Oct															4				
Oct - Oct															4				
Oct - Nov															4				
Nov - Nov															4				
Nov - Dec															4				
Dec - Dec															4				
Dec - Dec															4				

Figure 17-12

JAN 25 1982

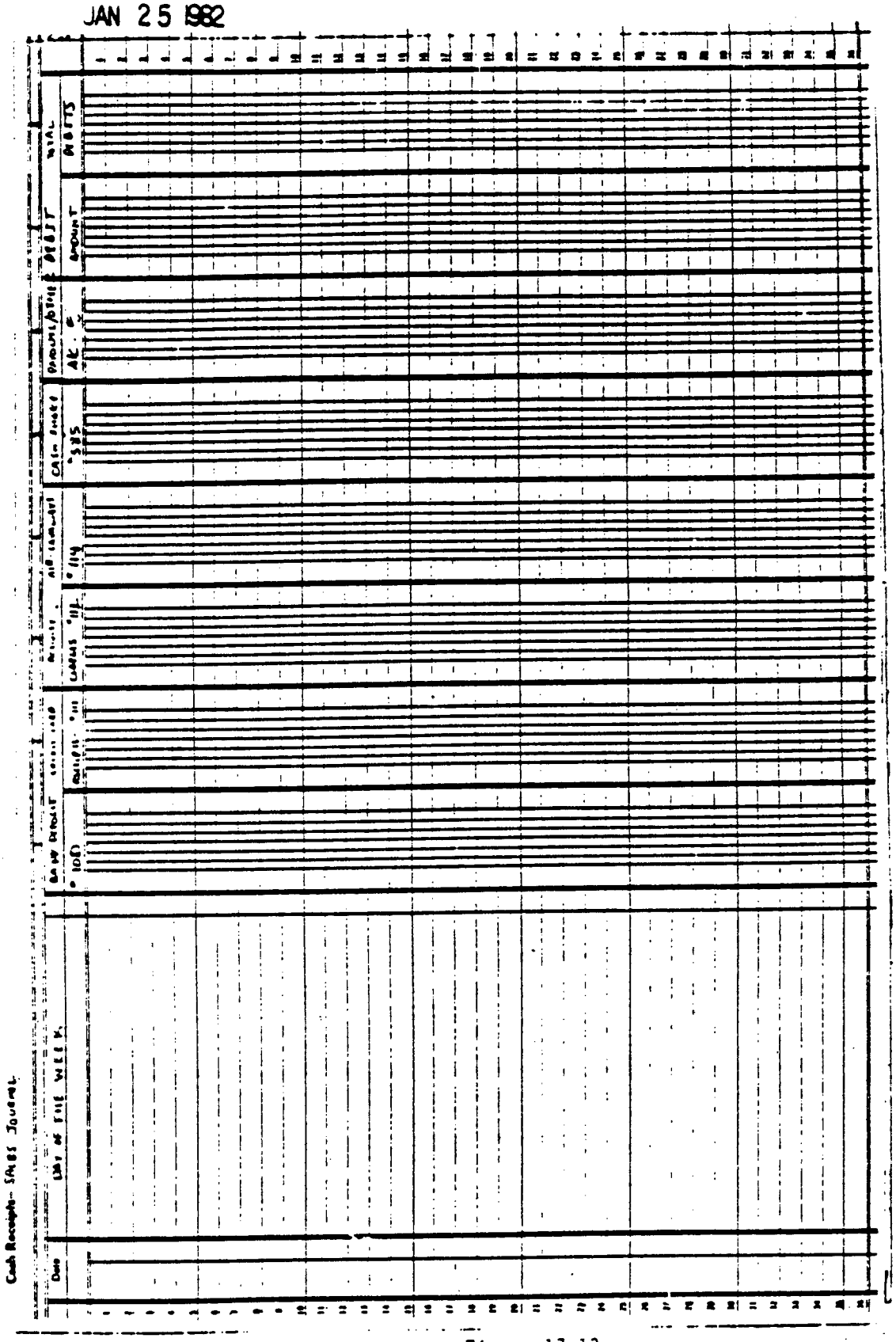


Figure 17-13
Page 1 of 2

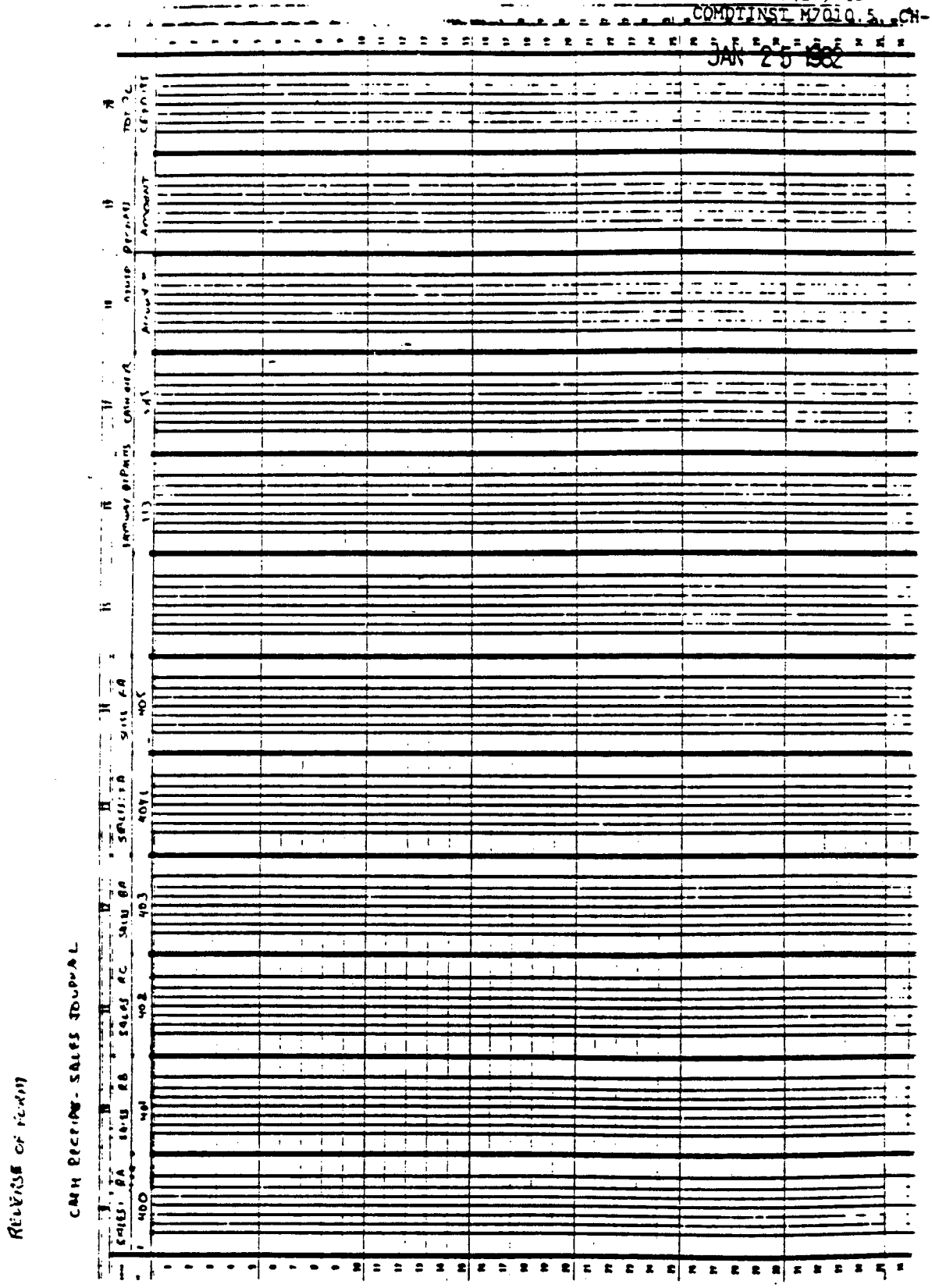


Figure 17-13
Page 2 of 2

DEPARTMENT OF TRANSPORTATION
U. S. COAST GUARD
CG-5298 (11-81)

U. S. COAST GUARD NAFA
ACTIVITY/INDIVIDUAL DAILY RECONCILIATION

DATE

CHECK ONE

☐ REGISTER SUMMARY — SALES PERSON NAME _____ REGISTER NO. _____

☐ ACTIVITY SUMMARY — DEPT./LOCATION _____ ACTIVITY ID _____

SALES BREAKOUT

DEPT. NO.	1 REGISTER	2 REGISTER	3 REGISTER	4 REGISTER	5 REGISTER	6 REGISTER	INDIVIDUAL OR TOTAL ACTIVITY
TOTAL							

CASH/SALES RECONCILIATION

Cash balance, beginning of day			
Add:	Cash Sales		
	Check Sales		
	Credit Sales		
	Layaway Sales-gross		
	Coupons		
	Stamps		
Less:	Refunds/Returns	( )	
	Voids	( )	
	Overrings	( )	
Total Sales, agrees with above			
	Total Sales plus beginning cash		
Less:	Portion of layaway sales not paid today	( )	
	Payouts	( )	
Plus:	Payments on prior layaways		
	Other cash receipts		
Total Adjustments to Sales			
Cash Balance before adjustment			
Cash Over or Short			
Cash on Hand for next day			
Amount deposited/turned in			

ACTIVITY SUMMARY

DAY	DAY OF WEEK	WEATHER	SPECIAL CONDITIONS

REMARKS

OPERATOR SIGNATURE	SUPERVISORS SIGNATURE	AUDITOR	INITIALS

Figure 17-14

SN 7530-01-GF3-0060

U.S. COAST GUARD
CASH REGISTER ADJUSTMENT VOUCHER

ACTIVITY	REGISTER NO/LOCATION	DATE

VOIDS AND OVERRINGS

REG. TRANSACTION NUMBER	DEPT.	AMOUNT	
		ORIGINAL	REVISED

SALES DEPARTMENT ADJUSTMENTS

AMOUNT	SALES DEPARTMENT	
	WRONG	CORRECT

SALES CLERK SIGNATURE

MANAGERS APPROVAL

DEPT. OF TRANSP.
USCG-CG-5299 (11-81)
SN 9520-01-GF3-0070

Figure 17-15

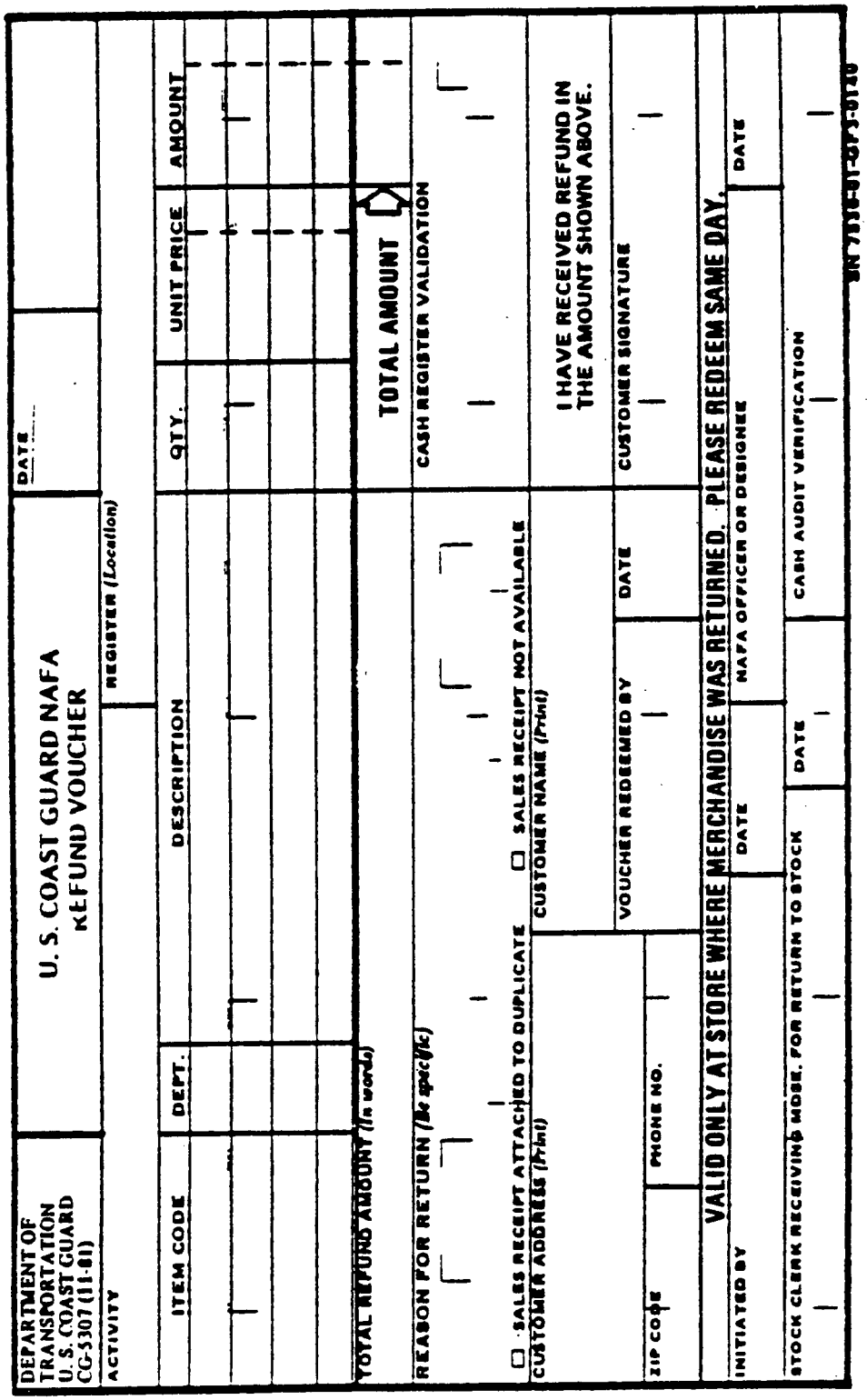

DEPARTMENT OF TRANSPORTATION U.S. COAST GUARD CG-5307 (11-81)
U. S. COAST GUARD NAFA REFUND VOUCHER
DATE
ACTIVITY
REGISTER (Location)
ITEM CODE
DEPT.
DESCRIPTION
QTY.
UNIT PRICE
AMOUNT
TOTAL REFUND AMOUNT (In words)
TOTAL AMOUNT
REASON FOR RETURN (Be specific)
CASH REGISTER VALIDATION
SALES RECEIPT ATTACHED TO DUPLICATE
SALES RECEIPT NOT AVAILABLE
CUSTOMER ADDRESS (Print)
CUSTOMER NAME (Print)
I HAVE RECEIVED REFUND IN THE AMOUNT SHOWN ABOVE.
ZIP CODE
PHONE NO.
VOUCHER REDEEMED BY
DATE
CUSTOMER SIGNATURE
VALID ONLY AT STORE WHERE MERCHANDISE WAS RETURNED. PLEASE REDEEM SAME DAY.
INITIATED BY
DATE
NAFA OFFICER OR DESIGNEE
DATE
STOCK CLERK RECEIVING MDSE. FOR RETURN TO STOCK
DATE
CASH AUDIT VERIFICATION

Figure 17-16

LAY AWAY TICKET
U.S.C.G. EXCH

DISTRIBUTION
WHITE - TO CUSTOMER
PINK - MASA
CANARY - AT SALES LOCATION
BLUE - WITH MDSE

No. 016006

CUSTOMER'S NAME & ADDRESS	CUSTOMER PHONE NO.	DATE	
	FINAL PAYMENT DUE	NO. OF PKGS.	BIN NO.

QUAN	DESCRIPTION	DEPT.	UNIT PRICE	AMOUNT

I CERTIFY THAT THE ABOVE MERCHANDISE IS NOT FOR RESALE AND IS PURCHASED FOR

☐ MY OWN USE ☐ MY DEPENDENTS USE ☐ BONAFIDE GIFT

CUSTOMER'S SIGNATURE

SERIAL/EXCH PERMIT NO

SIGNATURE (SALES CLERK)

TOTAL	
LESS DEPOSIT	
BALANCE DUE	

PAYMENTS DUE		RECORD OF ADDITIONAL PAYMENTS					
DUE DATE	AMOUNT DUE	DATE PAID	ENTERED BY	AMOUNT PAID	NEW BALANCE	REFUNDS	ADJUSTED BALANCE

APPROVED FOR DELIVERY BY | DATE | CUSTOMER'S SIGNATURE (For Receipt of Mdse. or Refund.

NOTICE TO CUSTOMER: PRESERVE THIS RECORD. IT MUST BE PRESENTED WHEN MAKING PAYMENTS AND WHEN CALLING FOR MERCHANDISE. SALE IS SUBJECT TO CONDITIONS ON REVERSE SIDE

DEPT. OF TRANSP., USCG. CG-5101 (6-76)
SN 7530-01-GF2-5640

NOTICE TO CUSTOMER: PRESERVE THIS RECORD. IT MUST BE PRESENTED WHEN MAKING PAYMENTS AND WHEN CALLING FOR MERCHANDISE. SALE IS SUBJECT TO CONDITIONS ON REVERSE SIDE

DEPT. OF TRANSP., USCG. CG-5101 (6-76)
SN 7530-01-GF2-5640

Figure 17-17

COAST GUARD EXCHANGE RECEIPT

EXCHANGE LOCATION		EXCHANGE NO.
DEPT	DATE	SALESCLERK

QUAN.	DESCRIPTION	AMOUNT
	TOTAL AMOUNT THIS SALES RECEIPT	

I CERTIFY THAT THE ABOVE MERCHANDISE IS NOT FOR RESALE AND IS PURCHASED FOR:

☐ MY OWN USE ☐ MY DEPENDENTS USE ☐ BONAFIDE GIFT

SIGNATURE OF CUSTOMER	SSAN/SERIAL NO.

A 283754

THIS RECEIPT SHOULD BE PRESENTED WHEN RETURNING MERCHANDISE FOR EXCHANGE OR REFUND

DEPT OF TRANSP., USCG, CG-4984 (4-74)

Figure 17-18

Enclosure(17) to
~~COMDTINST M7010.5, CH-16~~
JAN 25 1982

COAST GUARD NAFA

DEPARTMENT SALES ANALYSIS

UNIT Activity Month Year

Date	Day	Dept #	Dept	Dept	Dept	Dept	Dept	Dept	Dept	Dept	Dept	Dept	Activity Total
Week Total													
Week Total													
Cumulative													
Week Total													
Cumulative													
Week Total													
Total													

Figure 17-19

Enclosure(17) to
COMDTINST M7010.2, CH-10
JAN 25 1982

COAST GUARD NAFA

MONTHLY SALES ANALYSIS

Unit Activity Quarter Year

Dept	1st Month				2nd Month				3rd Month				Quarter Totals				Year to Date			
	TY	%	LY	%	TY	%	LY	%	TY	%	LY	%	TY	%	LY	%	TY	%	LY	%
Totals																				

Figure 17-20

GENERAL LEDGER
ACCOUNT

ACCOUNT NO.

SHEET NO

PRINTED IN U.S.A.

GENERAL LEDGER

	DATE 19__	DESCRIPTION	POSTING REF	CHARGES	✓	CREDITS	✓	DR. CR.	BALANCE	✓
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
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33										
34										
35										

Figure 17-21

Enclosure(17) to
COMDINST M7010.5, CH-10
JAN 25 1982

TRIAL BALANCE WORKSHEET

W. P. No.	
ACCOUNTANT	
DATE	

ACCT NUM.	ACCOUNT	BALANCE (DR)	BALANCE (CR)	ACCRUALS AND ADJUSTMENTS (DR)	ACCRUALS AND ADJUSTMENTS (CR)		ADJUSTED BALANCE (DR)	ADJUSTED BALANCE (CR)
	CURRENT ASSETS							
100	CASH							
101	AUTHORIZED CASH FUNDS							
102	UNDEPOSITED CASH							
103	CHECKING ACCOUNT							
104	SAVINGS ACCOUNT							
105	CERTIFICATES/SECURITIES							
110	ACCOUNTS RECEIVABLE							
115	INVESTMENTS IN SATELLITE							
120	MERCHANDISE INVENTORY							
125	SHRINKAGE ALLOWANCE							
130	PREPAID EXPENSES							
131	PREPAID SUPPLIES							
132	PREPAID INSURANCE							
133	PREPAID POSTAGE							
140	OTHER CURRENT ASSETS							
141	DEPOSITS CURRENT							
	NON-CURRENT ASSETS							
150	EQUIPMENT							
151	FURNITURE AND FIXTURES							
157	VEHICLES							

Figure 17-22

ACCOUNTING - SMALL NAFA

		Page
1.	Introduction	1
2.	System Specification	1
3.	Daily NAFA Journal (DNJ)	2
4.	Sales and Cash Receipts Record	4
5.	Individual Payroll Ledger	7
6.	Purchase Log	10
7.	Accounts Receivable and Payable Log	11
8.	Miscellaneous Pro Forma Entries	12
9.	Preparation and Analysis of NAFA Reports	13
10.	Required Files	15
11.	Small NAFA Audit Guide	16

ACCOUNTING - SMALL NAFA

A. Introduction.

1. The accounting procedures outlined in this enclosure are the minimum acceptable requirements for small NAFAs. Small NAFAs have:

   (a) Annual sales less than $250,000; and

   (b) Three or less separate activities; and

   (c) All activities (excluding satellites) located on one installation.

2. The classification as a "small NAFA" is predicated on the NAFA being a small business with little diversity or complexity. When a small NAFA grows and exceeds the maximum established criteria, it becomes a large NAFA and must implement the financial books of account for a large NAFA. Small NAFAs may adopt the large NAFA accounting system if the commanding officer determines such action is necessary to provide information needed for effective command and control.

c. Layaways are not authorized for small NAFAs. Credit sales are not authorized except for ships at sea.

2. System Specifications.

This system requires certain minimal financial records be maintained to properly account for revenues, expenses, assets, liabilities and net worth of operations. It gives command adequate information for command and control. It does not provide the same internal checks and balances as the larger more sophisticated accounting system for large NAFAs. Weaknesses in the area of checks and balances can be minimized by requiring NAFA officers to judiciously control cash and purchases, through greater command involvement and by more frequent audits of the NAFA. These financial records must be maintained:

a. Daily NAFA Journal (DNJ)(CG-4529). See "Figure 18-1".

b. Sales and Cash Receipts Record (CG-4529A). See "Figure 18-2".

2. c. Payroll Log.

d. Purchase Log.

e. Accounts Receivable and Payable Logs.

f. Annual Audits. These are required audits.

3. DNJ (CG-4529).

a. General Requirements.

(1) Each small NAFA will maintain a DNJ. The form has been organized to allow transactions to be entered on individual lines and reports to be prepared directly from summary lines at the bottom.

(2) The DNJ has been set up as a double entry bookkeeping system; at least two entries must be made for each transaction.

(a) Plus and minus signs have been indicated at the top of each column to facilitate entering the transaction and verifying accuracy of any individual line. The sum of each line (plus columns & minus columns) should equal zero.

(b) As an example, a disbursement for retail inventory would be recorded as a decrease to Cash in Bank (minus, column 4) and an increase in Purchases (plus, column 11). A check is performed by adding all the amounts in the plus columns and subtracting the amounts in the minus columns. When each line on the DNJ sums to zero, the summary at the bottom of the DNJ page will add up to zero. The DNJ entries are correct provided the numbers have been entered in the correct columns.

(3) Several lines may be needed to enter one transaction on the DNJ. This will be necessary if entries of several accounts (or several activities or departments) are made in the same column. Make each entry and resist the temptation to combine several entries.

3.a. (4) Financial operating results are "closed out" (summarized) monthly. Balance sheet data (asset, liability and net worth balances) are carried forward from period to period as beginning balances on the new DNJ.

(5) References to the Statement of Financial Condition-asset side (CG-5228A, abbreviated SFCA), Statement of Financial Condition-liabilities side (SFCL), and the Results of Operations Report (CG-5228, abbreviated OPS) are at the bottom of the DNJ. These references show where to enter the summarized monthly data from the DNJ.

(6) Reduction of asset and liability balances (where no column has been provided for a "decrease" in the balance) can be done by showing a bracketed amount in the appropriate column even though a plus or a minus sign already appears at the top of the column. Current Assets (column 20), Non-Current Assets (column 21) and Liabilities (columns 24 and 25) may be reduced in this manner. If a bracketed item has been shown in a column, it will have characteristics of the sign opposite that appearing in the column heading.

b. Form Headings Explanation (CG-4529). Self-explanatory items are not included.

Column	Explanation
(8)	Activity I.D. If transactions from several activities are entered on the DNJ, direct revenue and expense entries must be identified by entering the assigned standard activity I.D.
(10)	Income: Interest, Discount, Other. This includes other income items by type: interest, discounts, and other (display allowances, rebates, concession income, etc). At the end of the period, summarize all other income by type.
(14)	Other Direct Expenses. This includes direct expenses of operations such as utilities, supplies, repairs, maintenance, etc.
(16)	Provision for Asset Replacement. This provision is optional for small NAFAs. When used, indicate the Provision for Asset Replacement as 1% of net sales. This entry will be made at the end of the accounting period after total period sales are known. Make the other entry for this transaction to Net Worth-Reserved (column 26).

3.b. (cont'd)

Column	Explanation
(17)	Other General & Administrative Expenses (G&A). This includes expenses for NAFA insurance, satellite payments, and other G&A expenses. At the end of the period, summarize by type of expenditure.
(20)	Inventory, Prepaid Expenses, Other. This includes inventory, prepaid expenses and other. Other current assets include items such as bottle deposits. At the end of the period, summarize by type of asset.
(24)	Accrued Liabilities, Remittances, Loans (Short Term), Other. This includes accrued liabilities, remittances payable, short term loans, and other. Other current liabilities are items such as payroll tax withholdings. At the end of the period, summarize by type of liability.
(25)	Long Term Liabilities. Liabilities due in more than one year will be considered long term and recorded in this column.

4. Sales and Cash Receipt Record (CG-4529A).

a. General Requirements.

(1) Enter cash receipts and sales on CG-4529A on a daily basis. Cash register readings must be taken by the NAFA officer, recorded on the form, cash overs and shorts computed, and register cash verified on a daily basis. This process is the heart of the cash control system and must not be neglected. Make entries in Cash Received All Sources (column 1) of the DNJ either daily or summarize and enter weekly. The off setting entry is made in the column identifying the source of the cash: column 9 for sales; column 10 for other income; column 19 for a collected receivable; etc.

(2) Cash receipts will be totaled on the Sales and Cash Receipts Record (CG 4529A) and compared against bank deposits. Make an entry on the DNJ to show the transfer from Cash on Hand (column 2) to Cash in Bank (column 3).

(3) When all summarized transactions on CG-4529A have been entered on the DNJ, file the form with cash register detail tapes and other cash receipt documents.

4. b. Form Headings Explanation for CG-4529A.

Column	Explanation
(c)	Cash Receipt. Enter net cash received in this column. Include checks, collections on receivables, and other cash items.
(d) & (e)	Cash Register Overage or Shortage. Enter amount of any overage or shortage for the specific register or activity being summarized. These amounts are computed by taking the difference between actual register cash less change fund and subtracting the difference between the beginning and closing cash register readings. Voids, returns and over rings must be itemized and deducted from the difference of the register readings.
(f)	Sales Register Readings. The NAFA officer must read cash registers daily and perform the reconciliation of cash to sales. The beginning and closing cash register readings will be entered on the line identified by the cashiers' and certifying officers' signature. The amount entered in column (f) is the difference between the readings.
(g)	Other Income. Enter miscellaneous income amounts such as concession receipts, display allowances, vendor rebates, etc.
(h)	Accounts Receivable Collection. Enter amounts collected on existing receivables. Take collections of receivables previously written off as a bad debt as other income and enter in column (g).
(i) & (j)	Other Accounts. Enter account name (column i) and amount (column j) for cash receipts affecting balance sheet accounts. Examples of transactions requiring entry here shall be refunds of deposits or repayment of initial investment in satellite upon reduction in capitalization level.
(k)	Signatures. Where entries reflect the transfer of funds or closing out of a cash register drawer, both parties will acknowledge the amounts involved. Both the remitter and the certifying or receiving officer will sign.

4. c. Pro Forma Cash Receipt Entries to the DNJ.

Column	Column	Column	Explanation
1 $250	9 $250		Cash receipts from the main exchange are $250 for the first five days of the month. Sales data is summarized on the Sales and Cash Receipts Record and transferred to the DNJ.
1 $247	9 $250	14 $3	A $3 register shortage is recorded with sales of $250.
1 $253	9 $250	14 ($3)	A $3 register overage is recorded with sales of $250.
1 $180	9 $150	20 $30	Weekly cash receipts summarized from the Sales and Cash Receipts Record include $30 for bottle deposits and $150 in actual soda sales.
1 $140	9 $150	20 ($10)	Weekly cash receipts summarized on the Sales and Cash Receipt Record include $30 for bottle deposits, $40 for bottle deposit refunds, and $150 in actual soda sales.
1 $25	10 $25		A bad check for $25 written off in a prior quarter as a bad debt has been made good. $25 is recorded as Cash Received with an offsetting entry to Other Income.
4 $10	18 $10		Deposited check for $10 is returned by bank for non-sufficient funds. Account receivable for the bad check is established.
1 $40	19 $40		Check received from supplier for goods returned for credit. Account receivable of $40 is liquidated.
1 $200	9 $600	18 $400	Commanding officer extends credit to the crew while the ship is underway. Sales for the first week are summarized on the Sales and Cash Receipts Record as follows: total sales $600; cash receipts $200; credit sales $400.

5. Individual Payroll Ledger (CG-4529B).

a. General Requirements.

(1) Payroll records are the source data for Gross Salary and Payroll withholding entries to the DNJ. They also provide the base information necessary for the preparation of required tax returns and reports.

(2) Enter payroll disbursements by individual check number on the DNJ. Make identification entries for Employee (column 7), Date (column 5), Check Number (column 6), and Activity Code (column 8). Make entries for Cash Disbursed (column 4), Gross Salary (columns 13 or 15), and Other Liabilities (column 24) for payroll deductions.

(3) Enter only the employee's portion of Salary Expense as noted above. Total the employer's share of payroll taxes (employer-paid FICA) and employer-paid portion of benefits (retirement and group insurance) for the entire payroll and enter on the DNJ. Where these amounts are calculated on an employee-by-employee basis, summarize these amounts from all Individual Payroll Ledgers for posting to the DNJ.

(4) Review and adjust the annual leave liability quarterly. This is done by totaling the liability for all individual employees. Compute each employee's liability by multiplying the number of hours of leave accrued (as of the end of the period) by the current hourly rate. Increase or decrease the existing annual leave accrual (Accrued Liabilities, Other, column 24) as necessary. The corresponding entry will be an increase or decrease in Gross Salary (columns 13 and/or 15).

(5) Keep manual payroll records on form CG-4529B (Figure 18-3). Computerized payroll records will include:

(a) Employee name.

(b) Social Security Number.

(c) Hourly rate per current wage schedule for local area.

(d) Job grade per approved position description from G-PC-2.

(e) Number of hours worked per pay period.

(f) Payroll period.

(g) Gross pay (hours x rate).

5. a. (5) (h) Mandatory deductions, including:

1. Federal income tax.
2. State income tax.
3. Employee FICA.
4. Local tax, if applicable.

(i) Other deductions, including:

1. Medical insurance.
2. Retirement.
3. Other elective deductions.

(j) Net pay.

(k) Year to date amounts for gross pay and federal withholding.

(l) Balance of annual and sick leave in hours.

b. Form Headings Explanation for CG-4529B.

Column	Explanation
Date	Date of the current pay period.
Annual leave	Enter the net current period earnings or usage and the cumulative balance, in hours, in the columns provided.
Sick leave	Enter the net current period earnings or usage and the cumulative balance, in hours, in the columns provided.
Hours worked	Show hours worked in the current pay period as regular or overtime in the appropriate column.
Gross salary	Complete the gross salary as regular hours times the regular rate, plus overtime hours times the applicable overtime rate. Include shift differential and other rate premiums where appropriate.
Federal withholding	Calculate federal withholding from the federal Circular E publication using the gross current salary, marital status, and number of exemptions noted.
FICA	Calculate FICA withholding as gross pay times the applicable FICA rate, up to the FICA tax base provided by law.

5. b. (cont'd)

State withholding	Calculate state withholding (where applicable) from the state tax tables as done for federal tax withholding.
Life and Health Insurance	Enter the employee's payroll deduction for life and health insurance (if any) in this column.
Retirement	Enter the employee's share of retirement plan participation costs for the current pay period, if applicable.
Other	Enter other payroll deduction amounts, such as credit union deposits, savings bond purchases, etc.
Net pay	Gross salary less all deductions.
Year to date amounts	Maintain year-to-date totals for gross salary and federal withholding on a calendar year basis. These amounts are typically included on the employee's pay stub.

c. Pro Forma Payroll Entries to the DNJ.

Column	Column	Column	Explanation
13	4	24	Shows gross salary expense for the main package store (PKG1) with an entry to accrued liabilities for the following:
$350	$264	$86	Federal withholding $45 State withholding 12 FICA withholding 21 Life & Health insurance 8 $86
13	24		Records the employer share of FICA and insurance as salary expense for the main package store (PKG1).
$29	$29		
4	24		Records remittance of accumulated federal withholding and FICA to the Internal Revenue Service via the servicing bank.
$58	($58)		

5. c. (cont'd)

13	24	Schedule of annual leave accrued at the end of the quarter for exchange employees showed the liability should be increased $350 to cover the net increase in accrued annual leave during the period.
$350	$350	
4	13	Employee uses 40 hours of sick leave. The salary expense is $150. Sick leave is not accrued. Therefore the payment must be expensed to salary.
$150	$150	
13	24	Annual leave accrual must be adjusted to reflect an annual cost of living (COLA) increase of 4%. The accrued leave liability is $4200 for the exchange. The increase of 4% creates an additional liability of $168 (4% times $4200).
$168	$168	

6. Purchase Log.

a. General Requirements.

(1) Each small NAFA must maintain a Purchase Log to record all purchase orders issued, the date of issue, vendor's name, description of purchase, purchase amount, and date of order receipt. A sample log is in Figure 18-4.

(2) Purchase Orders (CG-4553) must be issued for every purchase made by the NAFA. Make entries in the Purchase Log when the orders are issued. Blanket Purchase Agreements (BPAs) may be issued for a period not to exceed one month.

(3) Make the purchase entry in column 11 of the DNJ upon receipt of properly ordered, delivered and invoiced resale merchandise. The off setting entry is to record the payable in column 22. When the purchase is for other than resale merchandise, record the purchase in either Other Direct Expenses (column 14) or Other G&A Expenses (column 17) as appropriate. The off setting entry is made in column 22 to establish the payable.

(4) When a check is issued to pay for supplies, services or merchandise received, make entries in Paid out by Check (column 4) and Decrease in Accounts Payable (column 23). For C.O.D. deliveries, the entries in (1) and (2) may be summarized by recording the payment in column 4 and the purchase as indicated in (3) above.

6. a. (cont'd)

(5) Purchases must be recorded in the accounting period that merchandise is received. If this is not done and the merchandise is included in inventory, operating results will be misstated.

b. Pro Forma Purchase Entries to the DNJ.

Column	Column	Column	Explanation
11	22		Purchase of $125 in goods recorded as an account payable when goods received.
$125	$125		
11	20	22	Purchase of soda for $420 includes $120 for bottle deposits.
$300	$120	$420	
11	14	20	Records two broken cases of bottles. Note the entire amount (both purchase amount and deposit) has been written off as an Other Direct Expense.
($22)	$25	($3)	
21	26		Records purchase of new equipment from the Reserve for Asset Replacement.
$500	$500		

7. Accounts Receivable and Payable Log (CG-4529C). See "Figure 18-5".

a. General Requirements.

(1) Accounts Payable. Small NAFAs must maintain an Accounts Payable Log. The file of individual CG-4529C's arranged alphabetically by vendor's name meets the requirement for a separate log. Information in this log is a breakout of business transactions by vendor and backup for the individual entry to the DNJ. The total of individual accounts payable must agree with the closing end of month balance on the DNJ.

(2) Accounts Receivable. Those units with a significant number of individual receivable accounts must maintain an Accounts Receivable Log. Ships granting credit while underway must record all credit transactions by name on individual CG-4529C's. The total of individual accounts receivable must agree with the closing end of month balance on the DNJ.

(3) Automated Files. When automated systems are used, records must have:

(a) Account name, address and payment terms.

(b) Date and description of transaction.

(c) Current net balance column.

(d) Increase and decrease columns.

7. b. Form Explanation for CG-4529C.

Column	Explanation
Description (a)	Note the account name and date of transaction or "beginning balance" if it is the account total from the previously prepared form.
Beginning Balances (b)	Indicate the ending balance for each vendor brought forward from previous month.
New or Increases (c)	Enter new transactions in this column with a description.
Decreases (d)	Enter receipts (receivables form) or disbursements (payables form) in this column.
Ending Balance (e)	Calculated as beginning balance plus new receivables or payables, less amounts received (receivables) or paid (payables), column (b)+(c)-(d).
Portion 61-90 Days Old (f)	Breakout the ending balances column (e) by age. Enter the amounts 61-90 days old in this column.
Portion over 90 Days (g)	Enter portion of ending balances over 90 days old.
Lines 1 to 31:	Enter detail transactions on the body of the report on lines 1 to 31. List the account name and beginning balance followed by transactions. Show all activity for that account name before calculating the ending balance and going on to the next account.

c. Pro Forma Entries to the DNJ.

Column	Column	Column	Explanation
11	22		Purchase of $125 in goods recorded as an account payable when goods received.
$125	$125		
11	20	22	Purchase of soda for $420 includes $120 for bottle deposits.
$300	$120	$420	
4	27		Payment for goods bought made on the last day of the discount period.
$545	$545		

7. c. (cont'd)

4	14	Payment of a utility bill by the unit.
$150	$150	
1	20	Received refund of utility deposit; other current asset account is reduced.
$200	($200)	

8. Miscellaneous Pro Forma Entries to the DNJ.

Column	Column	Column	Explanation
4	9	20	The Satellite Agreement established an authorized capitalization level of $450. Initially, $400 in inventory and $50 in cash was provided for start up.
$50	$400	$450	

Column	Column	Column	Explanation
1	9	20	Additional inventory of $150 was purchased by the satellite from the exchange; $100 in cash was received from the satellite. The Satellite Agreement was amended to increase the capitalization level by $50.
$100	$150	$50	
4	20		Authorized petty cash fund increased from $200 to $300.
$100	$100		
4	14	17	Petty cash fund reimbursed for:
$15	$8	$7	

Cash Register tape	$ 8
Postage	5
Office supplies	2
	$15

17	26		One percent of sales for the quarter recorded as a Provision for Asset Replacement. Reserved Net Worth is increased.
$25	$25		
4	17	27	The following payment is made to the district prior to closing out the fiscal quarter:
$950	$100	$850	

CG Trust Fund	$200
NAFA insurance	100
District morale	400
Asset Replacement	250
	$950

18	20	A bad check for $25 was written off as a bad debt.
$25.	$25.	

9. Preparation and Analysis of NAFA Reports.

a. Closing Out the DNJ and Preparing Reports.

(1) Daily NAFA Journal (DNJ)

a. Ensure all transactions have been recorded in the daily NAFA journal.

b. On each page, total all appropriate columns and post on the summary line at bottom of page.

c. Add or subtract totals across all columns (1-27) as indicated at the top of each column. If the grand total equals zero, the journal is in balance. If not, check beginning balances brought forward to ensure that they have been copied correctly. Then review each row until error is found.

d. If more than one journal page is used, summarize each column on a consolidated sheet and add across to ensure proper balance. The term "proper balance" means for each plus entry there is an offsetting minus entry. To be correct, all transactions must be recorded and entered in the proper columns.

e. When journal is balanced, proceed to reconciliation procedures.

(2) Reconciliation of Accounts.

a. The pre-closing balances at the bottom of the DNJ are compared against the actual balances in the asset and liability accounts as determined by physical count, e.g., inventory, cash count, bank statement, account payable log, account receivable log, etc.

b. The pre-closing balances on the DNJ are calculated by adding or subtracting the journalized transactions from the beginning balances in the asset and liability columns brought forward from the previous accounting period. Perform a reconciliation for petty cash funds, change funds, check cashing funds, all bank accounts, inventories, satellite accounts receivable, accounts receivable and accounts payable.

c. If any difference exists, there is an error between what is actually on-hand and the balance recorded. This error must be found and corrected. Start by checking the journal entries for the category which does not balance with the source documents for a possible mistake in copying numbers.

9. d. Accounting adjustments are performed to bring the books into agreement with actual conditions. Each and every adjustment must be identified and explained in the DNJ. Make the correction (double entry) and compute the closing balances at the bottom of the DNJ, e.g., cash-on-hand (actual) $2 greater than journal balance: correction - column (1) $2; column (8) "Adjusting Entries"; column (20) $2. This procedure is for minor adjustments.

   e. Major differences must be traced back until the error is found. A common sense approach is most useful in identifying the source of the error, e.g., cash-on hand does not reconcile: Question - Does the journal show the unit deposited more than it received from all sources? If the error cannot be isolated, the commanding officer may require an audit to identify the problem.

b. Preparation of Reports. With all accounts reconciled, the reports can be prepared. All source information comes from the DNJ.

   (1) Prepare the Results of Operations Report (CG-5228).

   (2) Prepare the Statement of Financial Condition (CG-5228A).

   (3) If Total Assets equals Total Liabilities plus Net Worth on the Statement of Financial Condition and all accounts reconcile, the report is correct. If not, check reports for addition or subtraction errors or an error in transposing data from DNJ.

   (4) Check report for typographical errors and consistency of the same data on the different forms.

c. Report Analysis.

   (1) Review the report to ensure it is representative of actual financial conditions and the financial condition of the activity is sound.

   (2) Gross profit will normally not vary by more than 1% from year to date of the previous year unless some parameter under management control has also changed. Most of the variances on activity reports can be attributed to sloppy accounting practices where purchases have not been entered in the journal for the correct accounting period, where revenue from sales have not been entered in the journal for the correct period or correct activity, where merchandise transfers have not been recorded in the proper period, or where, in fact, merchandise or cash has mysteriously disappeared. Bad accounting practices will, if permitted to continue, distort the financial performance of an activity and obstruct management analysis.

9. (3) It may be useful to compare a pricing plan (activity mark-up system) with actual performance by converting gross profit percentage achieved to an equivalent average mark up. The difference between design mark up and actual equivalent mark up is equal to the shrinkage of cash or merchandise which is unaccounted for by the bookkeeping system. The difference may be attributed to markdowns, missed accounting entries, missing cash or loss of merchandise.

(4) Keep inventories below two months anticipated sales. Overstocking often results in the inability to pay bills on time and the loss of fast payment discounts. Use discretion in stocking jewelry and other speciality items which normally do not sell at a rapid rate. As a rule of thumb, limit stockage of slow moving items to 10% of net worth.

(5) Financial performance ratios:

(a) Current Ratio. A ratio in excess of 2.5 to 1 will be comfortable as long as inventories are balanced with fast and slow moving items. An excess of slow moving inventory items renders this ratio useless.

(b) Acid Ratio. A ratio in excess of 1.00 to 1 will enable an activity to pay its bills on time and take advantage of fast payment discounts. A ratio less than 0.7 to 1 usually indicates the activity is in trouble and cannot pay its bills.

10. Required Files. The following files must be maintained and retained for a period of three years. All documents and records are filed chronologically.

a. Cash Receipts. A monthly cash receipts file must include receipted deposit slips, cash register tapes, completed (all transactions posted to the DNJ) CG-4529A, and all other cash receipt documentation.

b. Cash Disbursements. A monthly cash disbursement file must include purchase orders, bills of lading, approved invoices, and other cash disbursement supporting documents.

c. Open Purchase Order. An open purchase order file must contain all purchase orders for undelivered orders and vendor invoices for goods not received.

10. d. Accounts Payable. An accounts payable file must contain all purchase orders for merchandise received but not yet paid. Receipt of goods must be noted on the purchase order with the date of receipt.

e. Bank Statements. A bank statement file must contain monthly bank statements, monthly reconciliations, canceled checks and other supporting documents.

f. Payroll. An accounting payroll file must contain individual payroll ledgers for all current employees.

g. Inventory. An inventory file must contain physical inventory sheets, worksheets used to calculate value of inventory, markdown and survey record and other information pertaining to the physical inventory.

h. Budget and Financial Reports. A file of budget and financial reports must contain the originals of all reports submitted to Commandant (G-FNM) including Results of Operations, Statement of Financial Condition, Annual Budget reports and all supporting worksheets and calculations.

i. Contracts and Agreements. A file of contracts and agreements must contain concession contracts, loan agreements, satellite agreements, etc.

11. Guidelines for Auditing Small NAFAs.

a. Purpose. These guidelines assist audit board members in auditing small NAFAs.

b. Responsibility of Audit Board Members. Audit board members must:

(1) Familiarize themselves with Comptroller Manual (COMDTINST M7010.5), Non-appropriated Fund Activities.

(2) Test the validity of accounting transactions and the accuracy of accounting records by randomly sampling documents.

(3) Evaluate the effectiveness of operating controls (internal checks and balances).

(4) Report to the commanding officer on the financial condition of the NAFA and on the results of operations for the period(s) audited, including constructive suggestions for improvement.

c. Preparation of Working Papers.

(1) Effective auditing requires working papers be prepared in an orderly manner showing information obtained, work performed and conclusions reached. The working papers constitute the record of information obtained, the audit work performed and the auditors' findings. They form the connecting link between the work performed and the audit report.

11. c. (cont'd)

(2) Each working paper must:

(a) Be prepared on paper of a uniform standard size and have the name of the auditor and the date in the upper right corner.

(b) Be neat and legible.

(c) Have a purpose directly related to the audit.

(d) Show the source of information.

(3) Prepare audit working papers to support various phases of the audit such as: 1) cash counts; 2) bank reconciliations; 3) analysis of accounts; and 4) inventories. Working papers must also include the auditor's notes and comments on each audit phase.

(4) Working papers must be retained in the NAFA files for at least three years.

d. Audit Work Performed.

(1) Cash Count.

(a) Observe cash counts performed by cash custodians for each cash fund such as change funds and the petty cash fund.

(b) List cash counted on a separate work paper for each cash fund. Include bills, coins, checks and other cash items such as money orders. Sign and date each cash count work paper and secure the signature of the custodian performing the count. Summarize cash count work papers using the following sample summary as a guide:

C. G. EXCHANGE
Summary of Cash on Hand

Cash on Hand:		
Undeposited Receipts - 31 August 1987		$790.50
Other assets:		
Petty Cash fund:		
Cash	$17.00	
Vouchers (receipts)	3.00	
	$20.00	

11. d. (1) (cont'd)

Change Funds:	
Activity A	$50.00
Activity B	50.00
Activity C	25.00
	$125.00

Cash on hand (shown on financial statement for Aug. 87)	$790.50
Authorized Change Funds	125.00
Authorized Petty Cash Fund	20.00
Total Cash Counted	$935.50

(2) Cash Receipts.

(a) Compare total receipts on DNJ with total deposits shown on bank statements and total receipts shown on the Sales and Cash Receipts Record. Account for any difference.

(b) Verify the NAFA officer collects cash from cashiers at least daily or more often if the sales volume is large.

(c) Compare cash register readings when cash was collected from cashiers and verify that differences were recorded as overages or shortages.

(3) Petty Cash Fund.

(a) Prepare a statement of accountability for the petty cash fund. Cash on hand plus petty cash vouchers supporting payments must equal the total petty cash fund authorization.

(b) Review petty cash vouchers to determine if they were properly approved.

(c) Determine if the fund is used only for small expense items not normally paid by checks.

(4) Cash in Bank.

(a) Obtain the latest bank statement and canceled checks for the period audited.

(b) Reconcile the balance on the bank statement with the check book balance and confirm the bank balance directly with the bank. Ensure computed bank balance reconciles with the DNJ closing balance.

(c) Examine canceled checks for one week of the audit period and trace to Purchase Log, Accounts Payable Log, and DNJ.

1. Compare checks drawn with accounting distribution.

2. Compare name of payee, amount and date of check with DNJ, Purchase Log and Accounts Payable Log.

11.d.(4) (c) 3. Compare first endorsements with name of payee.

4. Investigate double endorsement where second endorsement is a person connected with the NAFA.

5. Determine if all checks are accounted for and if voided checks are marked "VOID" and retained.

6. Determine if deposits in transit at end of the prior audit period were deposited promptly.

(5) Disbursements. Compare total withdrawals on bank statements with total disbursements shown in the DNJ and Accounts Payable Log.

(6) Other Assets. Review the back-up schedule for "Other Assets" to verify the figures on the Statement of Financial Condition. Explain all discrepancies.

(7) Net Worth. Prepare a schedule showing the beginning and ending balances in the surplus and reserve accounts for the period audited to determine the:

(a) Changes in the accounts.

(b) Accuracy of transactions.

(c) Validity of adjustments made during the period.

e. Observation of Physical Inventory.

(1) Observe procedures used by inventory teams at all activities. Spend time with each of them.

(2) Describe procedures used by each inventory team and comment on deficiencies noted in your working papers.

(3) Verify the accuracy of extensions and footings on inventory sheets. Perform this audit step on a test basis.

(4) On a test basis, determine if items included in the inventory were either paid for or accrued (an accounts payable established).

f Accounts Receivable. Prepare a schedule showing accounts receivable by age (current - not more than 30 days; 30-60 days; and over 60 days) and determine if:

(1) Action is being taken to identify and collect delinquent accounts (account over 30 days old) excluding accounts for which payments have been received but not yet posted to the accounts.

(2) Accounts written off as bad debts were properly approved.

(3) Overpayments of accounts are shown as liabilities on the financial statement.

11. g. Accounts Payable and Other Liabilities.

(1) Prepare a list of accounts payable in the open accounts payable document file and compare the total dollar balance with the DNJ Accounts Payable Log and Statement of Financial Condition. Analyze and explain differences.

(2) Compare monthly statements from creditors with actual documents on file.

(3) Review several paid invoices to determine if they are fully supported and stamped or marked paid to prevent duplicate payments.

(4) Determine if expenditures for material and services were proper charges to NAFA funds and appropriated funds were not used for direct NAFA operating expenses.

(5) Determine if:

(a) Detailed records of open accounts payable were reconciled with accounts payable balances.

(b) Vendors' statements were compared with the supporting documents and the accounts payable log before payment was made.

(c) Unpaid invoices were recorded as liabilities when the goods were received.

(d) The provisions of the Prompt Payment Act are being compiled with.

(e) Invoices were held in a file pending receipt and acceptance of materials or services.

(f) Accounts were selected promptly and discounts offered were taken.

(7) Review expense accounts to determine if liabilities were established.

(8) Determine the reasons for not settling old accounts (30 days old or over).

(9) Test unpaid invoices for receipt and acceptance of goods and the accuracy of computations of invoices.

(10) Review invoices received for the first five days after the preparation of monthly statements to determine if they show any indication of receipt or acceptance prior to the statement preparation and if they should have been included as liabilities.

h. Property Records.

(1) Observe an inventory of NAFA owned furnishings and equipment. Determine it the equipment is properly identified and if the locations of the items agree with the property records.

(2) Check physical counts with quantities recorded on the property records and inventigate differences.

(3) Determine if a physical inventory was taken in connection with the last audit.

(4) Account for items disposed of since the last physical inventory.

(5) Examine exchange property for worn out or obsolete equipment.

(6) Review property records to determine if the date of purchase, cost, location, and description of the property (including manfacturer's serial number) is recorded on the records.

(7) Determine if:

(a) Property records are maintained on a current basis.

(b) Purchases and dispositions were approved.

(c) Discrepancies between the property records and physical inventories were investigated and adjustments approved.

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U. S. COAST GUARD NON APPROPRIATED FUND ACTIVITIES
DAILY NAFA JOURNAL

	CASH ON HAND		CASH IN BANK		DATE	CHECK NO.	DESCRIPTION OF TRANSACTION	✓ ACT ID	INCOME		DIRECT EXPENSES			
	RECEIPTS ALL SOURCES	DEPOSITED IN BANK	DEPOSITS/ OTHER CREDITS	FUND OUT BY CHECK AND CHARGES					SALES	DEPOSITS PAYMENT OTHER	CHARGE DEBIT	CHARGE OTHER TOTAL DR	NET PAY SALARY	OTHER DIRECT EXPENSES
	(1) +	(2) −	(3) +	(4) −	(5)	(6)	(7)	(8)	(9) −	(10) −	(11) +	(12) +	(13) +	(14) +
•							BALANCES BROUGHT FORWARD							
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••							SUMMARY LINE							
••							PRE-CLOSING BALANCES							
••							ADJUSTING ENTRIES							
••							CLOSING BALANCES							
••	OPCA 0		OPCA 0 0				REPORT FORM REFERENCE		OPG 1	OPG 2	OPG 11	OPG 20	OPG 0	OPG 0

PREVIOUS EDITIONS ARE OBSOLETE

SN 7530 00 F01 0130

Figure 18-1 Daily NAFA Journal (Sheet 1 of 2)

U. S. COAST GUARD NON-APPROPRIATED FUND ACTIVITIES
DAILY NAFA JOURNAL (DNJ)

Figure 18-1 Daily NAFA Journal (Sheet 2 of 2)

DEPARTMENT OF TRANSPORTATION
U. S. COAST GUARD
CG-4329A (9-80)

U. S. COAST GUARD NON APPROPRIATED FUND ACTIVITIES
SALES AND CASH RECEIPT RECORD

UNIT	ACTIVITY	DATE (From)	DATE (To)

(a) DATE	(b) EXPLANATION	(c) CASH RECEIPT	(d) SALES REGISTER OVERAGE	(e) SALES REGISTER SHORTAGE	(f) SALES REGISTER READING	(g) OTHER INC. INTEREST OTHER	(h) ACCOUNTS RECEIVABLE COLLECTION	(i) OTHER ACCOUNT NAME	(j) OTHER ACCOUNT AMOUNT	(k) SIGNATURES (Where appropriate) CASHIER OR REMITTER	(l) CERTIFYING OFFICER
	REFERENCES TO DNJ COLUMN	(1)	(11) 0	(15)	(10)	(11) 1 or 0	(20)	VARIOUS	VARIOUS		

SN 7530 GF2 9910

Figure 18-2 Sales and Cash Receipts Record

DEPARTMENT OF TRANSPORTATION U.S. COAST GUARD CG-4529B (9-80)	U. S. COAST GUARD NON-APPROPRIATED FUNDS ACTIVITIES INDIVIDUAL PAYROLL LEDGER	SSN
RATE-REG / RATE-O.T. / NO. FEDERAL EXEMPTIONS / NO. STATE EXEMPTIONS	NAME	ADDRESS

DATE	ANNUAL LEAVE		SICK LEAVE		HRS. WORKED		GROSS SALARY	FEDERAL W/H	FICA	STATE W/H	LIFE & HEALTH INS.	RETIRE-MENT	OTHER	NET PAY	YEAR TO DATE	
	CUR. PER	BAL.	CUR. PER	BAL.	REG.	O.T.									GROSS	FED. W/H
DNJ REFERENCE							14 or 16	(27) 0	(27) 0	(27) 0	(27) 0	(27) 0	(27) 0	(4)		

Figure 18-3 Individual Payroll Ledger

PURCHASE LOG

PURCHASE ORDER NUMBER	DATE	VENDOR	DESCRIPTION	AMOUNT	DATE RECEIVED
36234-0184	10/1/84	PEPSI	OCT-BPA	$250.00	PAID
0284	10/1/84	YORKTOWN EXCH	UNIFORM INSIGN.	12.50	10/03/84
0384	10/6/84	MCAS CHERRY PT	SUN GLASSES	275.10	10/06/84
0484	10/9/84	R.J. REYNOLDS	1 CASE WINSTONS	147.00	
0584	10/9/84	JOE'S FIX IT	REGISTER REPAIR	52.50	10/09/84
0684	10/14/84	L&M	BUCK KNIVES	77.98	
0784	10/15/84	CAPE MAY	SMALL STORES	674.97	10/22/84
0884	11/1/84	CAYTON'S CANDY	MIXED CANDY	32.00	11/06/84
0984	11/2/84	PEPSI	NOV-BPA	200.00	
1084	11/2/84	L&M	NOV-BPA	150.00	
1184	11/3/84	RICK'S PARTS	SPEC.ORDER-DUD	104.00	11/08/84

Figure 18-4 Sample Purchase Log

DEPARTMENT OF TRANSPORTATION U. S. COAST GUARD CG-4529C (9-80)	U.S.C.G. NON-APPROPRIATED FUND ACTIVITIES ANALYSIS OF ACCOUNTS RECEIVABLE OR PAYABLE					AS OF (Date)
UNIT			ACTIVITY			
(a) DESCRIPTION	(b) BEGINNING BALANCES	(c) NEW/ INCREASES	(d) DECREASES	(e) (b) + (c) − (d) END. BAL.	(f) PORTION 61–90 DAYS OLD	(g) PORTION OVER 90 DAYS
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						
14.						
15.						
16.						
17.						
18.						
19.						
20.						
21.						
22.						
23.						
DNJ RECEIVABLES REF.	Col. 19 Line 1.	Col. 19	Col. 20	Net Col. 19, 20 Bottom Line	to SFC Aging	to SFC Aging
DNJ PAYABLES REF.	Col. 25 Line 1.	Col. 25	Col. 26	Net Col. 25, 26 Bottom Line	to SFC Aging	to SFC Aging

NOTE: Statement of Financial Condition aging analysis of receivables and payables requests balances less than 60 days old. Compute as column (e) less column (f) + (g).

BN-7520-01-GF 2-0530

Figure 18-5 Accounts Receivable/Payable Record

FINANCIAL REPORTING UNIT OR DISTRICT

1. General.

   a. The Non-Appropriated Fund Activities (NAFA) management information system summarizes the operating results and financial condition of each reporting NAFA. It also provides the information necessary for effective command and control. The management information system uses the same reporting format, content and electronic mailing system as the budgeting system.

   b. The management information system provides a variety of financial management reports and information for effective budgeting, decision-making, planning and programming of NAFA resources. Reporting requirements and procedures for field unit NAFAs and districts consolidating funds or incurring overhead costs are enclosed.

2. Reporting Requirements of Unit NAFAs (RCS-G-FNM-6256).

   a. General.

      (1) Two forms must be prepared monthly: the Results of Operations Report (CG-5228) (Figure 19-1); and the Statement of Financial Condition (CG-5228A) (Figure 19-2). Originals are always retained by the unit.

      (2) Prepare quarterly reports by summarizing monthly reports. Electronically enter and mail these reports to Commandant (G-FRS) over the Standard Coast Guard Terminal (C3) within 15 working days after the last day of each accounting period. Financial forms, computer edit routines and a user manual will be available at each terminal. District offices have access to all district unit reports. Comparative financial management reports can be printed locally after the quarterly reports are submitted. Units not having a computer terminal may submit reports via regular mail.

      (3) Ships underway when reports are due will provide the data from the Results of Operations Report (CG-5228) and the Statement of Financial Condition (CG-5228A) by message to Commandant (G-FRS).

      (4) Satellite operations must report monthly to the parent NAFA using the procedures shown in Encl. (30).

      (5) All amounts entered on reports must be in dollars and cents.

      (6) Amended Quarterly Reports. If changes or corrections are necessary, units must:

         (a) Enter only heading information and the corrected data on the appropriate lines of reporting form, and check (X) the space marked "revised" in the upper right corner.

2.a.(6) (b) Revise any calculated amounts that are affected by the corrected entries; i.e., line or column totals, cost of goods, gross profit, general and administrative total, etc. Include appropriate changes to the Statement of Financial Condition (CG-5228A).

(c) Prepare and mail amended reports via the chain of command to Commandant (G-FNM). Electronic transmission is not permitted once initial reports are entered.

b. Results of Operation Report (CG-5228).

(1) General. The Results of Operations Report (Figure 19-1) is used to summarize the operating revenues and expenses for each NAFA and to list consolidated totals for the unit. All NAFAs must prepare this report monthly to monitor operations and provide the information necessary for command and control. Quarterly reports are prepared by summarizing three monthly reports. All items on the report must be completed.

(2) Heading Information. Place the unit name, operating facility activity code (OPFAC) and the year/quarter number in the places assigned, e.g., YR84Q1 would represent first quarter, FY1984.

(3) Activity Identification Code. At the top of each column, place the activity identification code for each activity. As shown listed in Encl. (4).

(4) Line Entries. Lines 7 through 17 on the Results of Operations Report total revenue, expense and distribution items for the total unit. Only lines 1 to 6 and 18 to 24 need be completed in individual activity detail.

(5) Grand Page Total Column. Use as many pages as necessary to report all activities of one unit, six activities per page. If more than one page is used, total each page for lines 1 to 6 and 18 to 24. The first page is the grand total for consolidated unit data.

c. Description of Line Entries. The following is a description of line entries on the Results of Operations Report.

2.c. (cont'd)

LINE	EXPLANATION
1	Sales. Net sales after customer returns and allowances including satellite sales.
2	Cost of Goods Sold. Beginning inventory plus purchases plus or minus adjustments, e.g., merchandise returned to supplier, transfers in or out, etc., less ending inventory.
3	Gross Profit. Calculated as sales (line 1) less cost of goods sold (line 2).
4	Personnel Cost. Include all wages, salaries, annual leave, FICA, retirement, group medical and other employee benefit expenses accrued during the period that are directly attributable to the activity. Sick leave is expensed as it is used.
5	Other Direct Expenses. Includes all non-personnel operating expenses, e.g., utilities, repairs, maintenance, supplies, etc., accrued or expended that are directly attributable to the activity during the period.
6	Operating Profit. Income from the activity less all expenses directly associated with the activity (line 3 less lines 4 and 5).
7	Other Income. Income from placing cash funds in interest earning investments such as savings accounts, centralized cash management, certificates of deposit; actual cash savings to the unit resulting from payment of vendors' invoices within the stated discount period; income from concessions and other items of a miscellaneous nature such as bad debts collected, etc.
8	General and Administrative Personnel Expenses. General and administrative expenses of the unit are those not directly allocable to any one particular activity, e.g., NAFA accountant.
9	Insurance. Remittances for NAFA portion of the consolidated insurance program must be expensed at the unit level, whether or not the district operates on a consolidated cash basis. It must not include Special Services insurance costs.

2.c. (cont'd)

LINE	EXPLANATION
10	Other General and Administrative Expense. Miscellaneous expenses such as interest, bank charges, satellite payments, casualty losses, write-off or bad debts, late payment penalties and similar expenses.
11	Provision for Asset Replacement. The 1% of sales (line 1) provisions for asset replacement must be expensed by all NAFA units except small NAFAs. This expense will be recorded at the unit level whether or not the district maintains the reserve for replacement of fixed assets on a consolidated basis. Make the corresponding entry on CG-5228A (line 18), Net Worth Reserve: Reserve for Replacement of Fixed Assets.
12	Total General and Administrative Expense. The sum of lines 8, 9, 10 and 11.
13	Net Profit. Unit net profit after all expenses (lines 6+7 less line 12). Compute this amount as a percentage to sales (line 1) and compare to the unit performance standards in Encl. (16).
14-17	Profit Distribution. Profits will be distributed in accordance with procedures in Encl. (8) and any amplifying guidence provided by the responsible district commander.
14	Coast Guard Trust Fund. Amounts assessed tc districts and Headquarters units by the Coast Guard Trust Fund. District offices normally pro-rate the assessment to district units. See Encl. (8) for specific details.
15	District Remittance. The amount specified by the district as an assessment for district programs. This entry must not include funds for NAFA and Special Services insurance or any portion of the Coast Guard Trust Fund assessment. See Encl. (8) for authorized consolidations of funds.
16	Unit Morale. Funds or inventory at retail transferred to unit Special Services.

2c. (cont'd)

LINE	EXPLANATION
17	Retained Earnings. Profits retained by the unit NAFA for growth with inflation, inventory expansion or planned improvements. The unit must retain a minimum of 35% of net profit.
18	Beginning Inventory. The inventory value reported as Ending Inventory of the last accounting period (line 22).
19	Purchases. The cost of merchandise or goods purchased for resale during the period. Purchases include freight and other external expenses incurred in obtaining the merchandise (value added to merchandise cost). Merchandise discounts must be shown on line 7 as Other Income.
20	Purchase Adjustments. The net of transfers in, transfers out, and goods returned for credit.
21	Markdown or Surveys. Memo entry only. The amount of the markdown is the difference between the original selling price and revised selling price. See Encl. (44) for inventory clearance and markdown procedures.
22	Ending Inventory. This is the lower of the cost or current retail price of merchandise remaining on-hand at the end of the period as determined by physical count or book value at cost (where authorized).
23	Satellite Sales. Memo entry only. These sales are already included in activity sales (line 1). Record the amount "sold" by the parent unit to the satellite during the accounting period.
24	Property and Capital Expenditures. Memo entry only; represents expenditures for fixed assets, capital additions and improvements, and in-house labor costs associated with these specific projects. These expenditures have already been pre-expensed by the quarterly provision (1% of Sales) for asset replacement. The Reserve for the Replacement of Fixed Assets (line 18 on the Statement of Financial Condition CG-5228A) must be reduced by an off setting amount.

3. Statement of Financial Condition (CG-5228A).

a. General. The Statement of Financial Condition (Figure 19-2) is a balance sheet used to report the assets and liabilities for the NAFA unit as a whole. All items on the statement must be completed.

b. Description of Line Entries. The following describes line entries on the Statement of Financial Position. Self-explanatory items are not included.

LINE	EXPLANATION
3	Authorized Cash Funds. Amounts of cash in petty cash, change, and check cashing funds counted and verified at the end of period. The amount should not exceed the amount authorized in writing by the commanding officer.
4	Undeposited Cash. Sales receipts or other cash received but not yet deposited in the bank, also called "cash on hand."
5	Checking Accounts. The check book balance at the end of the accounting period. This balance must equal the balance of the reconciled bank statement. This includes funds invested through the centralized cash management system.
6	Other Cash. Cash balances in all interest-bearing accounts or certificates of deposit other than the centralized cash management program.
7	Total Cash. Sum of lines 3, 4, 5 and 6.
9	Accounts Receivable. Amounts owed to NAFA and expected to be collected such as payments on concessions, returned checks, refunds from vendors, display allowances, etc.
10	Investment in Satellites. Amount of cash and inventory at retail value provided to the satellite for operations as of the end of the accounting period (the imprest capitalization value of the satellite). The monthly Satellite Operations Report (CG-4622) documents the outstanding amount owed by the satellite. Reconcile differences.
11	Ending Merchandise Inventory. Must agree with line 22 on the Results of Operation Report (CG-5228).
12	Other Current Assets. Items such as prepaid expenses and loans receivable which will be collected or realized within the next 12 months.

3.b. (cont'd)

LINE	EXPLANATION
13	Total Other Current Assets. Sum of lines 9, 10, 11 and 12.
14	Total Current Assets. Sum of lines 7 and 13.
15-17	Fixed Assets. Use of this section is optional.
16	NAFA Assets. The capitalized value of NAFA assets. The value must equal the prior period value plus line 24 of current CG-5228.
18	Other Noncurrent Assets. Long-term loans, notes or other assets of a long-term nature. These items generally will not be converted to cash or other current assets within the next 12 months.
19	Total Assets. Sum of lines 14 and 17. The sum must equal the total of liabilities and net worth, (line 21).

c. Liabilities and Net Worth.

LINE	EXPLANATION
2	Accounts Payable. Amounts due vendors and others for goods or services and all amounts owed to government instrumentalities for goods or services provided the unit; does not include accrued liabilities such as withheld taxes.
3	Accrued Liabilities. Expenses accrued at the end of the period, such as unpaid salaries, annual leave, benefits, tax withholdings, etc.
4	Remittances. Outstanding payables due Coast Guard Trust Fund, district offices, satellites or unit morale fund.
5	Other. Current liabilities which do not fall into the above categories.
6	Total Current Liabilities. Sum of lines 2, 3, 4 and 5.
10	Total Long-Term Liabilites. The sum of lines 8 and 9. Loans that will not be repaid within the next 12 months.
11	Total Liabilities. Sum of lines 6 and 10.

3.c. (cont'd)

LINE	EXPLANATION
13	Prior Period Unreserved Net Worth. Beginning unreserved net worth equals the total unreserved net worth (line 16) of the prior Statement of Financial Condition (CG-5228A).
14	Current Period Retained Earnings. Line 17 of the Results of Operations Report (CG-5228).
15	Prior Period Adjustments. Corrections to prior period reports not made in the prior period.
16	Total Unreserved Net Worth. Sum of lines 13, 14 and 15.
18	Reserve for Replacement of Fixed Assets. Contains the cumulative contributions of the 1% Provision for Asset Replacement. The Reserve for Replacement of Fixed Assets is reduced only by expenditures for the replacement of fixed assets (line 24 of current Results of Operation Report (CG-5228)).
20	Total Net Worth. Sum of lines 16 and 19.
21	Total Liabilities and Net Worth. Sum of lines 11 and 20. This line must equal total assets (line 19).

4. Reporting Requirements of District Office (RCS-G-FNM-6256).

a. General.

(1) District offices consolidating NAFA funds or incurring overhead costs must submit a quarterly Results of Operations Report (CG-5228) (Figure 19-1) showing income and expenditures for the period. Those districts having NAFA assets, liabilities or net worth must submit a quarterly CG-5228A (Figure 19-2). All reports must be approved by the district comptroller prior to electronic mailing to Commandant (G-FRS).

(2) District offices must identify all reports by their assigned OPFAC number.

b. Accounting and Reporting for Districts Operating on a Consolidated Basis.

(1) Those districts maintaining a consolidated cash pool for fixed asset replacement or incurring district overhead expenses must avoid duplicate reporting of transactions that will distort the financial presentation in district and system-wide consolidated reports.

4.b. (2) Coast Guard Trust Fund Remittances must be recorded at the unit level for NAFA insurance, NAFA overhead and profit redistribution through the Coast Guard Trust Fund. When these funds are forwarded from the unit to the district and subsequently mailed to Headquarters by the district, the following entries must be made for the NAFA portion of the Trust Fund remittance:

(a) Payments from Unit to District. The NAFA will accrue costs as a debit to the appropriate account (NAFA Insurance or Coast Guard Trust Fund) and a credit to Remittance Payable. When the disbursement is made, debit Remittance Payable and credit Cash.

(b) Handling in District Offices. Upon receipt of funds, district offices must debit Cash and credit Remittance Payable. Upon disbursement, debit Remittance Payable and credit Cash.

(3) Reserve for Asset Replacement. Where the district office consolidates the Reserve for Replacement of Fixed Assets, the account must be reported on district reports. The reserve will increase quarterly by the required 1% of sales for the entire district and decrease only by expenditures for replacement of fixed NAFA assets. The following entries are necessary to record the initial expense at the unit level and subsequent receipt by the district:

(a) Initial Recording of Expense. NAFAs must record the initial expense as a debit to Provision for Asset Replacement and a credit to Reserve for Replacement of Fixed Assets.

(b) Payment from Unit to District Office. NAFAs must record the payment to the district office as a debit to the Reserve for Replacement of Fixed Assets and a credit to Cash. The district office must record this transaction as a debit to Cash and a credit to the Reserve for Replacement of Fixed Assets. Any payments recorded at the unit level but not yet received by district office must be recorded on line 9 as a Receivable on the district office Statement of Financial Condition (CG-5228A) (Figure 19-2).

(c) Funds Returned to NAFAs for Approved Projects. Upon receipt of the funds, NAFAs must debit Cash and credit the Reserve for Replacement of Fixed Assets. Where committed funds have not been received from the district office, NAFAs may debit Accounts Receivable and credit the Reserve for Replacement of Fixed Assets.

c. Preparation of the Results of Operations Reports (CG-5228).

(1) The following are district instructions to units under their control:

4.c.(1). (a) Units must show NAFA Insurance expense and the Coast Guard Trust Fund Remittance on their Results of Operations Report (CG-5228) (Figure 19-1), lines 9 and 14, respectively.

(b) Units must show the actual distribution of net profit (line 13) on lines 14 through 17. District Remittance (line 15) must only include the amount of profit sent to the district office for district programs. It must not include amounts transferred via the district to pay for NAFA insurance, NAFA overhead, profit redistribution through the Coast Guard Trust Fund or funds reserved for the Replacement of Fixed Assets.

(2) Instructions for those district offices required to submit the Results of Operations Report (CG-5228):

(a) District offices must complete only first column of CG-5228 (Figure 19-1). Since the district has no direct operations, only lines 7, 8, 10, 12, 13, 15, 16 and 17 need be used.

(b) District offices do not use the Coast Guard Trust Fund Line. This entry is only made by NAFAs under the district. Any entry on these lines by the district office will result in duplicate reporting of financial information.

(c) The Results of Operations Report reflects only the total of funds collected and disbursed for district programs:

1. When district offices disburse all of the district remittance collected during the quarter, the district must report a zero on district remittance (line 15).

2. When quarterly unit remittances to the district office exceed district disbursements for the quarter, a negative number equal to the difference between collections and disbursements must be entered on line 15.

3. When quarterly unit remittances to the district office are less than the total expended on district programs, a positive number equal to the difference between collections and disbursements must be entered on line 15.

(d) To complete line 17 (Retained Earnings), calculate line 13 of the district report and subtract the entries on lines 15 and 16.

RCS NO. G-FMM-6210

DEPARTMENT OF TRANSPORTATION U.S. COAST GUARD CG-6230 (Rev. 3-84)	U.S. COAST GUARD NON-APPROPRIATED FUND ACTIVITIES RESULTS OF OPERATIONS REPORT	INITIAL _____ REVISED _____
DISTRICT	UNIT NAME / YEAR/QUARTER YR ____ Q ____	OPFAC NUMBER

	ACTIVITY NAME AND ID CODE						
	GRAND TOTAL						
1. SALES							
2. COST OF GOODS							
3. GROSS PROFIT							
4. PERSONNEL COST							
5. OTHER DIRECT EXPENSES							
6. OPERATING PROFIT							
7. OTHER INCOME							
8. GEN. & ADMIN. PERSONNEL							
9. INSURANCE							
10. OTHER GEN. & ADMIN. EXPENSE							
11. PROVISION FOR ASSET REPLACEMENT							
12. TOTAL GEN. & ADMIN. EXPENSES							
13. NET PROFIT							
14. CG TRUST FUND							
15. DISTRICT REMITTANCE							
16. UNIT MORALE							
17. RETAINED EARNINGS							
18. BEGINNING INV. (L. 22 LAST RPT.)							
19. PURCHASES							
20. ADJUSTMENTS							
21. MARKDOWNS							
22. ENDING INVENTORY (ACTUAL)							
23. SATELLITE SALES							
24. PROPERTY/CAPITAL EXPENDITURES							

PREPARED BY: _____ (NAFA OFFICER) DATE _____

APPROVED BY: _____ (COMMANDING OFFICER) DATE _____

PREVIOUS EDITION IS OBSOLETE

SN 7530-01-GF3-0000

Figure 19-1

RCS NO. [illegible]

DEPARTMENT OF TRANSPORTATION U.S. COAST GUARD CG 6238A (Rev. 3-84)	U.S. COAST GUARD NON-APPROPRIATED FUND ACTIVITIES STATEMENT OF FINANCIAL CONDITION UNIT/DISTRICT	INITIAL _____ REVISED _____
DISTRICT	UNIT NAME / YEAR/QUARTER YR _____ Q____	OPFAC NUMBER

ASSETS		LIABILITIES	
1. CURRENT ASSETS		1. CURRENT LIABILITIES	
2. CASH		2. ACCOUNTS PAYABLE	_____
3. AUTHORIZED CASH FUNDS	_____	3. ACCRUED LIABILITIES	_____
4. UNDEPOSITED CASH	_____	4. REMITTANCES	_____
5. CHECKING ACCOUNTS	_____	5. OTHER	_____
6. OTHER CASH ACCOUNTS	_____	6. TOTAL CURRENT LIAB (2+3+4+5)	_____
7. TOTAL CASH (3+4+5+6)	_____	7. LONG TERM LIABILITIES	
8. OTHER CURRENT ASSETS		8. TRUST FUND LOANS	_____
9. ACCOUNTS RECEIVABLE	_____	9. OTHER	_____
10. INVESTMENT IN SATELLITE (INV. AT RETAIL)	_____	10. TOTAL LONG TERM LIABILITIES (8+9)	_____
11. ENDING INVENTORY	_____	11. TOTAL LIABILITIES (6+10)	_____
12. OTHER	_____	NET WORTH	
13. TOTAL OTHER CURRENT ASSETS (9+10+11+12)	_____	12. UNRESERVED NET WORTH	
14. TOTAL CURRENT ASSETS (7+13)	_____	13. PRIOR PERIOD (LINE 16)	_____
15. FIXED ASSETS		14. CURRENT PERIOD RET. EARNINGS	_____
16. NAFA ASSETS	_____	15. PRIOR PERIOD ADJUSTMENT	_____
17. TOTAL FIXED ASSETS	_____	16. TOTAL UNRESERVED NET WORTH	_____
18. OTHER NONCURRENT ASSETS	_____	17. CAPITALIZATION OF NAFA ASSETS	_____
19. TOTAL ASSETS (14+17)	_____	18. RESERVE FOR REPL. OF FIXED ASSETS	_____
		19. TOTAL RESERVED NET WORTH	_____
		20. TOTAL NET WORTH (16+19)	_____
		21. TOTAL LIABILITIES + NET WORTH (11+20)	_____

PREPARED BY: _____ (NAFA OFFICER) DATE _____

APPROVED BY: _____ (COMMANDING OFFICER) DATE _____

PREVIOUS EDITION IS OBSOLETE

SN 7530-01-[illegible]

Figure 19-2

TAXATION

A. General. This enclosure covers the various Federal, State, and local taxes as they apply or do not apply to the Coast Guard Exchange System (CGES) and Coast Guard Morale, Welfare, and Recreation (CG MWR) operations and employees. Coast Guard exchanges (CGX's) and CG MWR activities are instrumentalities of the Government, deemed essential for the performance of Government functions. Therefore, they are entitled to whatever immunities the Coast Guard may enjoy under the Constitution and statutes. The Supreme Court has held that Army Post Exchanges were Governmental instrumentalities (Standard Oil vs. Johnson 316 U.S. 481). This ruling by analogy applies equally to CGX's and CG MWR activities. A full understanding of the tax regulations is necessary for the following reasons: (1) to take full advantage of the exemptions; and (2) to ensure the tax advantages are not abused. This enclosure covers general information for Federal and State taxes. Detailed reporting and payment requirements must be researched in IRS Circular E, Employer's Tax Guide, and the various State and local tax publications.

B. Federal Taxes.

1. Federal Income Tax (Corporate). CGX's and CG MWR activities, as instrumentalities of the U.S. Government, are exempt from the payment of Federal Income Tax on profits through operations. Therefore, they are not required to file as organizational entities.

2. Federal Income Tax Withholding (FITW).

a. Employees subject to FITW. Income tax withholding provisions under Section 3401 of the Internal Revenue Code apply to all wages paid to the following:

(1) CGES/CG MWR employees who are U.S. Citizens located within the United States, District of Columbia, Virgin Islands, Puerto Rico, Canal Zone, U.S. possessions, and foreign countries.

(2) Aliens who are CGES/CG MWR employees located in the United States, District of Columbia, Virgin Islands, and Puerto Rico. Aliens employed by CGX's and CG MWR activities located in the Canal Zone and U.S. possessions other than above are not subject to FITW.

B. 2. b. Cash Tips. Cash tips received by employees in the course of their employment must be reported by the employees to the employer on or before the tenth of the month following the month in which the tips are received. No reports need be made for any month in which the tips were less than $20. Employees must furnish their employer with written statements of their tips showing: (1) name, address, and social security number; (2) the name and address of the employer; (3) the calendar month or period for which the statement is furnished; and (4) the total amount of tips received. Form 4070 may be used for reporting tips, and is available at the Office of the District Director of Internal Revenue.

c. Meals Provided. If meals are provided to employees for the benefit of the employer (e.g., manager is needed on premises, employees are not permitted to leave premises on breaks), the fair value of the meals are not taxable. If meals are provided to employees, but not for the benefit of the employer, the fair value of the meals are subject to FITW, FICA and Medicare, State, and local taxes.

d. Lump Sum Payments. Lump sum payments (e.g., cash awards, incentive awards, annual leave reimbursements at termination of employment) are subject to FITW, FICA and Medicare, State, and local taxes. FITW is at 20 percent, FICA and Medicare are at the current rates, State and local withholdings are determined by the employer based on State and local tax rates. Lump sum payments are to be reported as part of "Wages, tips, other compensation" on employees' IRS W-2 forms.

e. O'CONUS COLA. The cost of living allowance (COLA) for CGES and CG MWR employees outside the contiguous United States (O'CONUS) is not taxable for FITW, FICA and Medicare, State and local taxes.

f. Payroll Procedures. Each CGX and CG MWR activity shall ensure the following FITW tax considerations are included in payroll procedures: (1) the latest edition of IRS Circular E is being used; (2) IRS W-4 and I-9 forms are on file for each employee; (3) an IRS W-2 form is prepared annually for each employee and sent to the IRS and to each employee by 31 January each year; (4) tax deposits for withheld income are made in accordance with the schedule in IRS Circular E with Form 8109; and (5) Employer's Quarterly Federal Tax Return Form 941 is filed quarterly to reconcile deposits made during the quarter.

B. 2. g. Federal Employer Identification Number. All CGX's and CG MWR activities which open a bank account and/or pay wages and withhold taxes must have a Federal Employer Identification Number. Application for a Federal Employer Identification Number is made on Form SS-4, available from the local director of Internal Revenue.

3. Federal Insurance Contribution Act (FICA) and Medicare Taxes.

a. Employees Subject to FICA and Medicare Taxes. Withholding of FICA and Medicare taxes, commonly referred to as Social Security taxes, for purposes of CGES and CG MWR activities are governed by the following two rules: (1) CGX and CG MWR operations in the United States and Puerto Rico must withhold FICA and Medicare taxes from all civilian employees, regardless of their citizenship, residence, type of employment (full, part-time, or intermittent), and whether or not the employee holds another position with the Government under which they are contributing to a retirement plan (this includes off-duty military); (2) CGX and CG MWR operations outside the United States and Puerto Rico are required to withhold FICA and Medicare taxes only from civilian employees who are citizens of the United States. The tax is applicable to all citizens regardless of the type of employment (full, part-time, or intermittent), and whether any of these employees holds another position with the Government under which they are contributing to a retirement plan (this includes off-duty military).

b. Employer Share of FICA and Medicare Taxes. Each CGX and CG MWR activity as an employer is required to pay the employer's share of FICA and Medicare taxes. Usually this is equal to the FICA and Medicare shares withheld from the employee. Check the current IRS Circular E for rate of employer share.

c. Payroll Procedures. Each CGX and CG MWR activity shall ensure the following FICA and Medicare tax considerations are included in its payroll procedures: (1) employee (withholdings) and employer (matching) FICA and Medicare tax contributions are calculated using the current IRS Circular E; (2) FICA and Medicare taxes are deposited along with FITW taxes as prescribed in IRS Circular E and reconciled quarterly on Form 941; (3) withholding is discontinued when amounts withheld add up to the

B. 3. c. (cont'd) maximum FICA and Medicare tax contributions required for the current year; (4) tips reported by civilian employees in accordance with paragraph B.2.b. above must be included with wages when computing the employee's share of FICA and Medicare taxes (the employer's share, however, is based only upon wages and not upon tips); and (5) fixed gratuity (or service) charges added automatically to patrons' bills and subsequently distributed to employees must be included in wages for FITW and FICA and Medicare withholding purposes, and the employer must match the employee's FICA and Medicare contributions.

4. Federal Unemployment Tax (FUTA). CGES and CG MWR activities are not subject to payment of FUTA; however, they are subject to the payment of rightful claims made by previous employees. All unemployment claims of individual employees are initially processed by the State. As instrumentalities of the Federal Government, claims against CGES and CG MWR activities will be forwarded by the State to the Department of Labor for payment. The Coast Guard will then be billed. Commandant (G-PXM) will pay such bills from the CGES overhead account and bill the particular unit involved. CGX's and CG MWR activities must budget for such contingencies.

5. Federal Communication Tax.

a. The Secretary of the Treasury has continued the exemption from the Federal Communication Tax for CGES and CG MWR activities on the following types of communications:

(1) Long distance telephone or radio telephone messages;

(2) local telephone service; and

(3) domestic telegraph, cable or radio dispatch messages.

b. No certificate of exemption is necessary to establish exemption from the tax on amounts paid directly for telegraph, telephone, radio and cable services of facilities. A CGX or CG MWR activity must note on any bill submitted that it is an instrumentality of the United States.

c. This exemption applies only to official telephone calls and services and does not apply to personal calls made through facilities of the CGX or CG MWR activity. This exemption does not extend to contractors or concessionaires.

B. 6. Federal Tobacco Tax.

a. The Federal Tobacco Tax is applicable to tobacco, snuff, snuff flour, cigars, cigarettes, and cigarette paper sold by CGX or CG MWR operations within the United States (the 50 States and the District of Columbia). The tax is paid by the manufacturer or importer, and is included in the price of the tobacco product.

b. The Federal Tobacco Tax, however, is not applicable for export to a foreign country, for shipment to a possession of the United States, or for consumption outside of U.S. territorial waters. (See enclosure (38), paragraph C.3., of this manual for more detailed information.) In claiming this exemption, the manufacturer must be notified in the purchase document that the tobacco or tobacco products are "INTENDED FOR EXPORT OR SHIPMENT TO A POSSESSION."

7. Federal Manufacturers' Excise Tax.

a. If a CGX or CG MWR activity imports articles into the United States or District of Columbia to which the manufacturers' excise tax applies, the CGX or CG MWR activity must itself pay the tax (Internal Revenue Code, Section 4907). CGX's and CG MWR activities located in the United States or the District of Columbia must purchase articles, to which the manufacturers' excise tax applies, at a price inclusive of such tax. This tax is paid by the manufacturer and included in the price of the articles, regardless of whether such articles are purchased for CGX or CG MWR use or for resale.

b. Under Section 4221 of the Internal Revenue Code, exemption from the manufacturers' excise tax is available with respect to the purchase of supplies for export to a foreign country or for shipment to a possession of the United States (Virgin Islands, Guam, Puerto Rico, American Samoa, Wake, and Midway Islands) provided:

(1) The purchase is made from a manufacturer, producer, or importer (a purchase from a distributor may be regarded as a purchase from a manufacturer, provided such distributor has complied with the provisions of Treasury Regulation 46).

B. 7. b. (2) Exportation or shipment to a possession of the United States is intended at the time of purchase, and exportation or shipment will follow immediately after delivery from the manufacturer. Accordingly, purchases of taxable articles for resale in foreign countries and possessions as defined herein shall be made on a tax exclusive basis. The foregoing exemption is available whether the articles are being purchased for CGX or CG MWR use or for resale. The exemption does not apply with respect to articles for shipment to Alaska and Hawaii. In claiming this exemption, the purchase order form shall bear upon its face the words "FOR EXPORT OR SHIPMENT TO A POSSESSION." This authorized exemption to the manufacturers' excise tax is applicable to motor vehicles, parts and accessories, tires and inner tubes, lubricating oil, recreational equipment, sporting goods, fishing equipment, firearms, shells, and cartridges. Proof of export may be required by the firm from which the merchandise is purchased.

C. State Taxes.

1. Income Tax. CGX's and CG MWR activities are instrumentalities of the Government, deemed essential for the performance of Government functions. Therefore, they are not subject to direct taxation by the State or local taxing authorities, except when specifically authorized by Federal Statute.

2. State Income Tax Withholding.

a. CGX's and CG MWR activities are required to withhold State income tax imposed by State, territory, and the possession of Guam from compensation of civilian employees. State income tax must also be withheld from compensation paid to off-duty military personnel, unless they legally reside in a State other than where they are stationed. In this case, a non-resident State tax form must be completed by the off-duty military employee.

b. Each CGX and CG MWR activity shall ensure the following State tax considerations are included in payroll procedures: (1) a current copy of State regulations governing employer tax requirements is being used; (2) a State withholding form or non-resident State tax form is on file for each employee; (3) monthly or quarterly tax deposits are made as

C. 2. b. (cont'd) required; (4) a State copy of each employee's IRS W-2 form is filed annually with the State taxing authority; and (5) employer's annual State reconciliation form is filed as required.

3. State Sales Tax (Direct Taxation). Instrumentalities of the United States Government are not subject to direct taxation by State or local taxing authorities, except when authorized by Federal Statute (see Gasoline Tax, paragraph C.6., below). CGX's and CG MWR activities are not required to collect State sales tax for merchandise sold to authorized patrons at CGX's and CG MWR activities. Special circumstances involving sale of Coast Guard memorabilia to unauthorized patrons will require collection of State taxes.

4. State Sales Tax (Indirect Taxation).

a. In the case of indirect taxation, the legal incidence of the tax is not on the CGX or CG MWR activity, but usually on the manufacturer, wholesaler, or distributor. Hence, the constitutional immunity of the CGX or CG MWR activity does not apply. As a result, when purchasing merchandise for resale from a manufacturer, wholesaler, or distributor, most products have a sales tax built into the cost of the item (i.e., usually invisible to the CGX or CG MWR activity making the purchase).

b. Most States and the District of Columbia, however, have granted by statute or administrative action, an exemption from the payment of State taxes on the sale of beer, tobacco products, and soft drinks to manufacturers, wholesalers, and distributors, where the sale of the taxable product is made to CGX's or CG MWR activities for resale to military personnel and their dependents. In these States and the District of Columbia, the resale price for the products concerned shall not include the State or District of Columbia taxes. Some States and territories require CGX's and CG MWR activities to pay such taxes, but grant a refund upon proper application.

c. CGX's and CG MWR activities cannot control the sale of these State tax-free products through vending machines without paying the State tax. All product vending machines shall be stocked with products on which the State and local tax has been paid, if a State or local tax is applicable.

C. 4. d. CGES officers/managers shall establish a system to regulate and monitor sales of tax-free cigarettes. Signs should be prominently displayed to inform customers of the quantity of cigarettes that may legally be purchased in the State in which the unit is located. Sales made in excess of the aforementioned quantities shall be controlled by requiring that the authorized purchaser certify in writing that the State tax-free cigarettes are not for resale.

e. In those States where no quantity controls are currently in effect, it is recommended that the commanding officer establish quantity controls, with excess quantities being controlled in the same manner as set forth herein.

f. Concessionaires of CGX's or CG MWR activities must collect State and local taxes. They are not exempt from State and local tax requirements. They may add the taxes as surcharges or build them into the resale price of their goods.

5. Special (Occupational) Taxes.

a. CGX's that sell alcohol must purchase an alcohol tax stamp annually. Only one tax stamp is required for activities at any specific unit, no matter how many different sales locations there may be on the unit. A "unit" also includes any support elements which actually may be off-site, such as a housing complex.

b. Branches located at other units must purchase separate tax stamps.

c. Exhibit A contains information and the forms for paying this tax.

6. State Gasoline Taxes. The Federal Government permits the levying of State, territory, and District of Columbia gasoline taxes upon the resale of gasoline by CGX's. State taxes on gasoline or other motor fuels measured by sales, purchases, storage, or use will be collected and paid according to the provisions of 4 USC 104 ("The Buck Act"). The gasoline taxes do not apply where gasoline is sold for use in Government vehicles, including official CGX/CG MWR vehicles, or in motor vehicles owned by and registered in the name of the American Red Cross, where

C. 6. (cont'd) the vehicle is operated by official personnel of that organization, and the vehicle is to be used solely in connection with the work of the organization for military services of the United States. Records should be maintained to document these types of sales.

D. Local Taxes. Local taxes (city or county) may apply. Check with local taxing authority for guidelines.

Department of the Treasury
Bureau of Alcohol, Tobacco and Firearms

DO YOU SELL BEER, WINE OR LIQUOR?

In bottles, cans or by the glass

SPECIAL (OCCUPATIONAL) TAXES

Trades and businesses that sell or offer for sale distilled spirits, whiskey, alcoholic cocktails/mixed drinks, beer, or wine may be considered "retail liquor dealers" or "retail beer dealers", both of which are subject to the Federal "Special (Occupational) Tax." *This tax is due before commencing the business of selling alcoholic beverages, and thereafter, on or before July 1 each year at the rate of $250.*

"Wholesale liquor dealers" pay at a rate of $500 a year. Package Stores selling to bars, taverns and clubs are considered wholesalers under federal law.

Additional information, tax returns and instructions may be obtained by using the information request mailer on the reverse. Please fill out this mailer and mail according to the instructions on the reverse.

For detailed information and taxpayer assistance, contact one of the **Bureau of Alcohol, Tobacco and Firearms** regional offices listed below:

ATLANTA	(404) 679-5081
CINCINNATI	(513) 684-3335
DALLAS	(214) 767-2281
PHILADELPHIA	(215) 597-2246
SAN FRANCISCO	(415) 744-9428

The listing of trades and businesses below is for your general reference and is not all-inclusive. The listing includes types of businesses which often sell alcoholic beverages and therefore would be required to pay Special (Occupational) Tax. Businesses are subject to this tax even if there is no direct fee for alcoholic beverages, if drinks are provided only to customers who pay a general fee for other services.

Airlines	Inns
Airport Lounges	Leagues
Amusement Parks	Limousine Services
Bars	Liquor Stores
Bingo Halls	Lodges
Boats (Pleasure)	Lunch Wagons
Bowling Alleys	Military Installations
Casinos	Motels
Catering Services	Package Stores
Clubs	Pool Halls
Concession Stands	Private Clubs
Convenience Stores	Race Tracks
Drug Stores	Recreation Centers
Florist Services	Restaurants
Fraternal Organizations	Ships
Fundraising Organizations	Snack Bars
	State Stores
Golf Courses	Stadiums
Grills	Supermarkets
Grocery Stores	Taverns
Hospitals	Trains
Hotels	Wine & Cheese Stores

Beer, wine and liquor dealers should pay the tax by filing ATF Form 5630.5, "Special Tax Registration and Return."

You may read additional information in IRS Publication 334, "Tax Guide For Small Businesses."

EXHIBIT 20-A
11/12 (reverse blank)

ATF F 5000.14 (3/91) PREVIOUS EDITIONS ARE OBSOLETE

OMB NO. 1512-0472 (06/30/93)

DEPARTMENT OF THE TREASURY - BUREAU OF ALCOHOL, TOBACCO AND FIREARMS

SPECIAL TAX REGISTRATION AND RETURN ALCOHOL AND TOBACCO

(Please Read Instructions Carefully Before Completing This Form)

SECTION I - TAXPAYER IDENTIFYING INFORMATION

1. NAME (Last, First, Middle) or, CORPORATE NAME (If Corporation)

2. TRADE NAME

3. BUSINESS ADDRESS (Street address followed by P.O. box number (if any))

4. CITY STATE ZIP CODE

5. EMPLOYER IDENTIFICATION NUMBER

6. BUSINESS TELEPHONE NUMBER ( )

FOR ATF USE ONLY
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7. TAX PERIOD COVERING
FROM: _____, 19___
TO: _____, 19___

SECTION II - TAX COMPUTATION

TAX CLASS DESCRIPTION (FOR ITEMS MARKED *, SEE INSTRUCTIONS) (a)		MONTHLY (b)	ANNUAL (c)	LOCATIONS (d)	TAX DUE (e)	CODE (f)
RETAIL DEALER	Liquors (Distilled spirits, wine or beer)	$20.83 1/3	$250			11
	Beer only	20.83 1/3	250			12
	Liquor (Distilled Spirits, Wine or Beer) - at large	20.83 1/3	250			15
	Beer only - at large	20.83 1/3	250			16
WHOLESALE DEALER	Distilled spirits, wine or beer	41.66 2/3	500			31
	Beer only	41.66 2/3	500			32
BREWER	Regular rate	83.33 1/3	1000			41
	REDUCED rate*	41.66 2/3	500			43*
NONBEVERAGE DRAWBACK CLAIMANT			500			51
INDUSTRIAL ALCOHOL	User of specially denatured alcohol	20.83 1/3	250			55
	Dealer in specially denatured alcohol	20.83 1/3	250			56
	User of tax-free alcohol	20.83 1/3	250			57
ALCOHOL PRODUCERS	Proprietor of alcohol fuel plant	83.33 1/3	1000			58
	Proprietor of alcohol fuel plant - REDUCED*	41.66 2/3	500			59*
	Proprietor of distilled spirits plant	83.33 1/3	1000			81
	Proprietor of distilled spirits plant - REDUCED*	41.66 2/3	500			86*
	Proprietor of bonded wine cellar	83.33 1/3	1000			82
	Proprietor of bonded wine cellar - REDUCED*	41.66 2/3	500			87*
	Proprietor of bonded wine warehouse	83.33 1/3	1000			83
	Proprietor of bonded wine warehouse - REDUCED*	41.66 2/3	500			88*
	Proprietor of taxpaid wine bottling house	83.33 1/3	1000			84
	Proprietor of taxpaid wine bottling house - REDUCED*	41.66 2/3	500			89*
TOBACCO PRODUCTS	Manufacturer of tobacco products	83.33 1/3	1000			91
	Manufacturer of tobacco products - REDUCED*	41.66 2/3	500			95*
	Manufacturer of cigarette papers and tubes	83.33 1/3	1000			92
	Manufacturer of cigarette papers and tubes - REDUCED*	41.66 2/3	500			96*
	Proprietor of export warehouse	83.33 1/3	1000			93
	Proprietor of export warehouse - REDUCED*	41.66 2/3	500			97*

MAKE CHECK OR MONEY ORDER PAYABLE TO "BUREAU OF ALCOHOL, TOBACCO AND FIREARMS," WRITE YOUR EMPLOYER IDENTIFICATION NUMBER ON THE CHECK AND SEND IT WITH RETURN TO BUREAU OF ATF, P.O. BOX 371962, PITTSBURGH, PA 15250-7962.

TOTAL TAX DUE $

Under penalties of perjury, I declare that the statements in this return/registration are true and correct to the best of my knowledge and belief; that this return/registration applies only to the specified business and location or, where the return/registration is for more than one location, it applies only to the businesses at the locations specified on the attached list. Note: Violation of Title 26, United States Code 7206, is punishable upon conviction by a fine of not more than $100,000 ($500,000 in the case of a corporation) or imprisonment for not more than 3 years, or both, with the costs of prosecution added thereto.

SIGNATURE	TITLE	DATE

ATF F 5630.5 (7-91) PREVIOUS EDITIONS ARE OBSOLETE

EXHIBIT 20-A

SECTION III - BUSINESS REGISTRATION

8. OWNERSHIP RESPONSIBILITY (Read instruction sheet; use a separate sheet of paper if additional space is needed)

FULL NAME	ADDRESS	POSITION
FULL NAME	ADDRESS	POSITION
FULL NAME	ADDRESS	POSITION
FULL NAME	ADDRESS	POSITION
FULL NAME	ADDRESS	POSITION

9. ☐ GROSS RECEIPTS less than $500,000 (See instructions for reduced rate taxpayers on the attached instruction sheet)

10. ☐ NEW BUSINESS	DATE BUSINESS COMMENCED (mm,dd,yy)
11. ☐ EXISTING BUSINESS WITH CHANGE IN:	
☐ (a) NAME/TRADE NAME (Indicate)	DATE OF CHANGE (mm,dd,yy)
☐ (b) ADDRESS (Indicate)	DATE OF CHANGE (mm,dd,yy)
☐ (c) OWNERSHIP (Indicate)	DATE OF CHANGE (mm,dd,yy)
☐ (d) EMPLOYER IDENTIFICATION NUMBER (OLD: NEW:	DATE OF CHANGE (mm,dd,yy)
☐ (e) BUSINESS TELEPHONE NUMBER ( )	
12. ☐ DISCONTINUED BUSINESS	DATE BUSINESS DISCONTINUED (mm,dd,yy)

PAPERWORK REDUCTION ACT NOTICE

This information is used to ensure compliance by taxpayers of P.L. 100-203, Revenue Act of 1987, P.L. 100-647, Technical Corrections Act of 1988, and the Internal Revenue Laws of the United States. ATF uses the information to determine and collect the right amount of tax.

The estimated average burden associated with this collection of information is .8 hours per respondent or recordkeeper, depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be addressed to Reports Management Officer, Information Programs Branch, Bureau of Alcohol, Tobacco and Firearms, Washington, D.C. 20226 or to the Office of Management and Budget, Paperwork Reduction Project (1512-0472), Washington, D.C. 20503.

(SEE ATTACHED INSTRUCTION SHEET)

INSTRUCTION SHEET
ATF FORM 5630.5, SPECIAL TAX REGISTRATION AND RETURN
ALCOHOL AND TOBACCO

GENERAL INSTRUCTIONS

If you are engaged in one or more of the alcohol or tobacco activities listed on this form, you are required to file this form and pay special occupational tax before beginning business. If you are engaged in NFA firearms related activities do not file this form. You must file ATF Form 5630.7. You may file one return to cover several locations or several types of activity. However, you must submit a separate return for each tax period. The special occupational tax period runs from July 1 through June 30 and payment is due annually by July 1 (except in the case of non beverage drawback claimants who must pay special tax before filing claims). If you do not pay on a timely basis, interest will be charged and penalties may be incurred.

If you engage in a taxable activity at more than one location, attach to your return a sheet showing your name, trade name, address and employer identification number and the complete street addresses of all additional locations.

As evidence of tax payment, you will be issued a Special Tax Stamp, ATF Form 5630.6A, for each location and/or business.

The special tax rates listed on this form became effective January 1, 1988. If you were engaged in an alcohol or tobacco related activity prior to this date and did not pay special occupational tax, please contact your nearest ATF office for assistance.

SECTION I - TAXPAYER IDENTIFYING INFORMATION

Complete Section I, Taxpayer Identifying Information, as specified on the form. Enter the tax period covered by the return in the space provided. An employer identification number may be obtained by completing Form SS-4, Application for Employer Identification Number, which is available at any Internal Revenue Service office. If you have not received a number by the time you file this return, write "number applied for" in the space for the number.

SECTION II - TAX COMPUTATION

To complete Section II, enter the number of locations in Col. (d) on the appropriate line and multiply by the tax rate, Col. (c). Insert the tax due in Col. (e). If you begin operations (except for nonbeverage drawback operations) after the month of July, then you are responsible for paying a prorated amount for the portions of the year you are in business. To compute your taxes, multiply the monthly rate, Col. (b), by the number of months, treating parts of months as whole months, from the date you commenced operations through June 30. (For example, if you commenced operations on March 14, you would multiply by 4). Compute the taxes due for each class and enter the total amount due in the block "Total Tax Due."

INSTRUCTIONS FOR REDUCED RATE TAXPAYERS

The reduced rates for certain taxpayer classes, indicated with an asterisk (*) in Section II, apply only to those taxpayers whose total gross receipts for your most recent income tax year are less than $500,000 (not just receipts relating to the activity subject to special occupational tax). However, if you are a member of a controlled group as defined in section 5061(e)(3) of the Internal Revenue Code, you are not eligible for this reduced rate unless the total gross receipts for the entire group are less than $500,000. If your activity falls within this guideline, check Item 9 in Section III and and compute your tax using the reduced rate in Section II. If you are a new business and not a member of a controlled group, you would qualify for the reduced rate for your initial year.

SECTION III - BUSINESS REGISTRATION

Please complete the ownership information in Section III. Supply the information specified in Item 8 for each individual owner, partner or responsible person. For a corporation, partnership or association, a responsible person is anyone with the power to control the management policies or buying or selling practices pertaining to alcohol or tobacco. For a corporation, association or similar organization, it also means any person owning 10 percent or more of the outstanding stock in the business.

CHANGES IN OPERATIONS

If there is a change of address, location or trade name, ATF Form 5630.5 must be completed and submitted within 30 days of the change (90 days for nonbeverage drawback claimants). Return your Special Tax Stamp, Form 5630.6A, along with the completed Form 5630.5 to Bureau of ATF, P.O. Box 145433, Cincinnati, OH 45250-5433 and an amended Form 5630.6A will be issued. All taxpayers except retail dealers must also contact the appropriate ATF office (see below) in order to amend their license or permit or to obtain a new one.

If special taxpayers do not register these changes within the appropriate time frames, additional tax and interest will be charged and penalties may be incurred. For a change in ownership or control of an activity, consult the appropriate ATF office before beginning the activity.

DEFINITIONS

A RETAIL DEALER (tax class codes 11,12,15, or 16) is anyone who sells or offers for sale, alcoholic beverages to any person other than a dealer. Examples of retailers are package stores, restaurants, bars, private clubs, fraternal organizations, grocery stores or supermarkets which sell such beverages.

A RETAIL DEALER AT LARGE is one who moves his activity from place to place in different States, such as a circus or carnival.

A WHOLESALE DEALER (tax codes 31 or 32) is anyone who sells or offers for sale, alcoholic beverages to another dealer. An IMPORTER is liable for tax as a wholesaler if he sells alcoholic beverages to other dealers (wholesalers or retailers).

SIGNING RETURN

This form must be signed by the individual owner, a partner, or, in the case of a corporation, by an individual authorized to sign for the corporation.

MAILING INSTRUCTIONS

Please sign and date the return, make check or money order payable to BUREAU OF ALCOHOL, TOBACCO AND FIREARMS, for the amount in the Total Tax Due block, and MAIL THE FORM ALONG WITH THE PAYMENT TO BUREAU OF ATF, P.O. Box 371962, Pittsburgh, PA 15250-7962. If you have any questions, please contact the ATF office responsible for the state in which your business or activity is located. DO NOT MAIL YOUR CHECK OR RETURN TO THESE ADDRESSES:

AL, FL, GA, MS, NC, SC, TN, VA	2600 Century Parkway, NE Atlanta, GA 30345	404-679-5081
IL, IN, KY, MI, MN, ND, OH, SD, WI, WV	550 Main Street Cincinnati, OH 45202	513-684-3335 513-684-6882 513-684-3337
AR, CO, IA, KS, LA, MO, NE, NM, OK, TX, WY	1114 Commerce Street Dallas, TX 75242	214-767-2281
CT, DC, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VT	841 Chestnut Building Suite 380 Philadelphia, PA 19107	215-597-2246
AK, AZ, CA, HI, ID, MT, NV, OR, UT, WA	221 Main Street San Francisco, CA 94105	415-744-9428
Puerto Rico	Federico Degetau Fed. Bldg. Carlos Chardon Ave., Rm. 659 Hato Rey, PR 00918	809-766-5082

*U.S. Government Printing Office: 1991 — 282-702/45675

SECTION III - BUSINESS REGISTRATION

8. OWNERSHIP RESPONSIBILITY (Read instruction sheet; use a separate sheet of paper if additional space is needed)

FULL NAME	ADDRESS	POSITION
FULL NAME	ADDRESS	POSITION
FULL NAME	ADDRESS	POSITION
FULL NAME	ADDRESS	POSITION
FULL NAME	ADDRESS	POSITION

9. ☐ GROSS RECEIPTS less than $500,000 (See instructions for reduced rate taxpayers on the attached instruction sheet)

10. ☐ NEW BUSINESS	DATE BUSINESS COMMENCED (mm,dd,yy)
11. ☐ EXISTING BUSINESS WITH CHANGE IN:	
☐ (a) NAME/TRADE NAME (Indicate)	DATE OF CHANGE (mm,dd,yy)
☐ (b) ADDRESS (Indicate)	DATE OF CHANGE (mm,dd,yy)
☐ (c) OWNERSHIP (Indicate)	DATE OF CHANGE (mm,dd,yy)
☐ (d) EMPLOYER IDENTIFICATION NUMBER (OLD: NEW:)	DATE OF CHANGE (mm,dd,yy)
☐ (e) BUSINESS TELEPHONE NUMBER ( )	
12. ☐ DISCONTINUED BUSINESS	DATE BUSINESS DISCONTINUED (mm,dd,yy)

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(SEE ATTACHED INSTRUCTION SHEET)

CGES CONSOLIDATED INSURANCE PROGRAM

A. INTRODUCTION.

1. The Coast Guard Exchange System (CGES) Consolidated Insurance Program, administered by Commandant (G-PXM), provides Servicewide coverage to protect the assets and interests of individual Coast Guard Exchanges (CGX's) authorized profit centers against insurable losses. Local procurement of additional insurance coverage is not authorized unless approved or directed by Commandant (G-P). The major categories of coverage are fidelity, property, and casualty. Insurance for these coverages are provided by a combination of self-insurance and commercial insurance. Coverage under the CGES Consolidated Insurance Program that applies to the Morale, Welfare, and Recreation (MWR) Program is described in the Coast Guard Morale, Welfare, and Recreation Manual (COMDTINST M1710.13 (series)).

2. The cost of the insurance program is paid by the Coast Guard Exchange System from the remittance received from CGX's. Since the cost of the Servicewide insurance coverage is based upon actual claims (cost) incurred, all commands should continually monitor their security, safety and administrative procedures to minimize exposure and risk. All claim payments are processed through the Headquarters Insurance Account maintained by Commandant (G-PXM).

3. A listing of the insurance categories, claims administrator, insurance companies, limits of liability for each occurrence and the applicable deductibles are provided in Figure 21-1. Unit identification numbers are listed in Figure 21-2. These identification numbers must be used on all claim reports. Claims occurring at branch or satellite operations must be reported under the parent exchange identification number.

B. INSURANCE CATEGORIES.

1. Fidelity Insurance. Fidelity coverage protects against the loss of money, securities and other property which is sustained through any fraudulent or dishonest act committed by a CGX employee acting alone or in collusion with others. The term employee includes military personnel assigned and persons, civilian or military, employed by the CGES and receiving compensation from Non-Appropriated Funds.

B. 1. a. When a loss arising out of dishonesty occurs and the responsible employee is separated, or being separated, all monies still due the employee, up to the amount of loss, will be withheld at the place of employment pending final determination concerning assessment of pecuniary liability. If the employee agrees to voluntarily reimburse the CGX for the loss, the cash reimbursement will be accepted or the withheld funds will be applied.

b. Excluded from fidelity coverage is loss or damage arising out of:

(1) Dishonored checks, unless the check is negotiated by a CGES employee.

(2) Inventory shortage, unless there's clear evidence of employee dishonesty, both in occurrence and amount, other than in the inventory computation.

(3) Forgery of an incoming instrument, unless employee dishonesty is involved.

(4) Loss of money and securities caused by destruction, mysterious disappearance or theft occurring on the exchange premises or while being conveyed by a messenger (i.e., holdup).

2. Property Insurance. Property coverage provides protection against the loss of funds and physical assets, including equipment, furniture, supplies, and resale inventory owned by or in which the Coast Guard Exchange is responsible or has a financial interest. This coverage applies to losses incurred by external causes, such as but not limited to: fire, water, windstorm, lightning, falling aircraft, explosion, sprinkler leakage, flood, earthquake, vandalism, malicious mischief, breaking and entering, robbery and the disappearance or damage of insured property while in transit.

a. Excluded from property coverage is loss or damage arising out of:

(1) Mysterious disappearance, short delivery, other unexplainable nondelivery, unobserved shoplifting or pilferage.

(2) Wear, tear, normal deterioration, moth, vermin, and inherent vice.

B. 2. a. (3) Damage to electrical appliances, devices, or wiring resulting from any electrical injury or disturbance from artificial causes unless fire ensues. If fire does ensue, only losses caused by such ensuing fire are covered.

(4) Inventory shortage, unless there's clear evidence of theft, both in occurrence and amount, other than in the inventory computation.

(5) Dishonored checks.

(6) Counterfeit money.

(7) Forgery of an incoming instrument.

(8) Ocean cargo shipments.

(9) Motor vehicles intended for over-the-road use.

(10) Real estate including trees, plants, shrubs, and lawns.

(11) Mechanical breakdown, war and nuclear risks.

(12) Any expense such as overtime costs for cleanup, taking an inventory, moving merchandise to a temporary location or expenses required to return exchange activities to normal operations following an incident caused by one of the specified hazards.

b. CGES Facilities. Property coverage for structural damage or loss to CGES buildings and improvements whether funded from appropriated or non-appropriated funds will be determined on an individual claim basis. Such factors as the conditions of the facility before and after the incident, availability of other buildings or space, the liquidity of reserved net worth, the return on investment to repair the damage or replace the building, and insurance reserves will be considered.

c. Basis of Evaluation. Merchandise for resale shall be valued at original cost. All other property is insured on an actual cash value/replacement basis.

3. <u>Casualty Insurance</u>.

a. Workmen's Compensation. Civilian employees of the CGES and MWR Program paid by non-appropriated funds are covered as follows:

B. 3. a. (1) Public Law 85-538 requires that the benefits of the United States Longshoremen's and Harbor Workers' Compensation Act apply to all employees in the United States, all United States citizens and all permanent residents of the United States or a territory employed outside the United States. In addition, the coverage has been extended to include the payment for abnormal costs for the repatriation of employees suffering compensatory injury or death in a foreign country subject to a limit of $10,000 per employee.

(2) All other employees hired outside the United States will be covered in accordance with the laws of the country where they are employed, provided coverage by a private insurance company is permitted.

(3) Off-duty military personnel receiving compensation from non-appropriated funds are excluded from this coverage.

b. Comprehensive Public Liability and Automotive Liability Insurance. This insurance covers liability whether imposed by law or assumed under contract for personal injuries, other than to employees, and from damage to property of others. Public liability coverage applies only to authorized CGX profit centers.

(1) The following are excluded from the self-insurance liability coverage but not from the reporting requirements:

(a) Any instance where an employee is involved in an automobile accident while driving a privately owned or rental automobile on authorized official CGES business, to the extent that the employee has private automobile liability insurance. In this instance, the private insurance is primary; the employee must report the accident, or incident, to the private insurance carrier. To the extent that the private insurance doesn't cover the employee's liability, the CGES public automotive liability is applicable. Employees without private insurance must not be authorized to use their private vehicles for official CGES business.

B. 3. b. (1) (b) Any claim, incident, or customer complaint arising from the operations of a CGES contractor or concessionaire. These will be reported to and settled by the contractor/concessionaire. If settlement is not reached, they may be referred to the contracting officer for final resolution.

(c) Any instance where CGES civilian employee voluntarily pays or settles a loss prior to final disposition of the claim. CGES will not reimburse the employee for this voluntary act.

(d) Any incident that is actually a customer complaint, rather than a third party demand for payment of damages. These include incidents related to valid sales, service, and warranty claims and lost or damaged clothing claims, etc. that may be settled by the exchange officer.

c. Vehicle Comprehensive and Collision. This covers damage to vehicles owned and operated by the CGES and MWR Program with "CGX or MWR" license plates only. Coverage applies only when vehicles are used for authorized or official business of the CGES and MWR Program.

C. PROCEDURES FOR REPORTING LOSSES.

1. Fidelity Claims.

a. Commanding officer shall promptly report fidelity losses to Commandant (G-PXM) via message or telephone call, and request investigation by Coast Guard Intelligence as appropriate.

b. Submit a loss notification in letter form to Commandant (G-PXM). The loss notification shall include unit name, exchange identification number listed in Figure 21-2, address, telephone number, and officer to be contacted regarding the loss, date, and approximate time of loss, a brief description of how the loss occurred and an estimate of the loss amount. All subsequent correspondence and investigations pertaining to the claim shall be forwarded to Commandant (G-PXM).

C. 1. c. Commandant (G-PXM) will coordinate and review the submission of all claims for final settlement. In cases involving major losses of exchange funds on site assistance will be provided in evaluating the extent of loss and preparing a claim submission.

2. Property Claims.

a. Commanding officer shall promptly report property losses to Commandant (G-PXM) via message or telephone call.

b. Submit a loss notification in letter form to Commandant (G-PXM) to include the following: unit name, exchange ID number (Figure 21-2), address, telephone number, officer to be contacted regarding the loss, date and time of loss occurrence, description of how loss occurred, property lost, and an estimate of the property loss value.

c. Commandant (G-PXM) will coordinate, review and settle the submission of all claims for final settlement. In cases involving major losses of exchange property on site assistance will be provided to evaluate the nature and extent of the loss.

3. Transit Claims.

a. Note the damage to the shipment on the bill of lading or delivery receipt covering the shipment and promptly confirm in writing to the delivering carrier the loss and damage to the shipment.

b. When loss estimates exceed $5,000 notify Commandant (G-PXM) by mail providing the following information:

(1) The name of the unit, address, telephone number, and officer to be contacted regarding the loss.

(2) Name of transportation company and type of conveyance; name of vessel, if involved.

(3) Bill of lading date or arrival date.

(4) Brief description of damage to shipment and dollar estimate of loss.

C. 4. Public Liability Claims.

a. In the event of an accident involving injury to persons other than employees or damage to property of others, commanding officers of CGES units shall submit notification of third party injury or property damage to:

Claims Manager
Gates McDonald and Company
10045 Red Run Blvd.
Suite 350
Owings Mills, MD 21117

Telephone (410) 581-9500 or (800) 638-7784
FAX (410) 581-4922

b. A copy of all public liability claims shall be sent to the MLC legal officer.

c. Notification of injury or property damage shall be submitted on the U.S. Coast Guard Mishap Report Format, Figure 21-3, as provided in the Coast Guard Safety and Occupational Health Manual (COMDTINST M5100.29 (series)). Reproduce form locally. Include all relevant information, i.e., unit name; unit exchange identification number (Figure 21-2); address; telephone number; officer to be contacted regarding the incident; name of injured person; date and cause of accident; location where accident happened; description of injury, if possible; and estimate of property damage, if any. If an automobile is involved, provide a detailed description of the accident and damage to the third party vehicle or property.

d. In the case of an accident outside the 50 United States and Puerto Rico, reports shall be submitted directly by air mail to Gates McDonald and Company, address above.

e. If an exchange unit is served with any legal document, including a summons, this shall be forwarded by overnight express to the claim administrator where the original notice of injury or property loss was filed.

C. 4. f. Copies of all notifications and subsequent correspondence concerning claims shall be forwarded to Commandant (G-PXM) in a timely manner.

g. Any incident involving a third party, whether there is apparent injury or not, must be reported.

5. Vehicle Comprehensive and Collision.

a. Commanding officer shall promptly report accidents involving damage to CGES/MWR owned vehicles to Commandant (G-PXM). Any injury or damage to third parties shall be reported in accordance with public liability claim procedures in paragraph C.4. above. Include a copy of the accident investigation report, a copy of the paid invoice, and two itemized estimates for repair of damage. Claims will be paid on the basis of a paid invoice. However, if the cost of repair exceeds the National Automobile Dealers Association (NADA) value of the vehicle, the NADA value will be used to calculate the settlement amount. If a vehicle is a total loss, the settlement amount will be calculated on the deductible, NADA value, and salvage value, if applicable.

b. When the damage is related to third party cause, get the name and address of the third party. Additionally, ask the operator or owner to furnish the name and address of the owner's automobile insurance carrier and the policy number. If available evidence clearly indicates that the vehicle damage was caused by a third party, send a written demand for full payment to the third party. This written demand should be substantially as follows: "On (date, time) at (place), our vehicle (year, make, license number) was involved in a collision with a (year, make, license number) (owned/operated) by you. Investigation of this incident reveals that the collision was the result of (your negligence/the negligence of the operator of your vehicle). Enclosed please find two estimates of the damage. (Include costs for towing and charges for rental of a vehicle, if appropriate.) A demand is hereby made on you in the amount of ($ _____). Request payment for the amount claimed be sent to this exchange by (date), 21 days from the date of this letter."

6. Workers' Compensation Claims. Claim procedures for reporting injuries or death to CGES/MWR civilian employees covered under Public Law 85-538, Longshoremen's and Harbor Workers' Compensation Act are as follows:

C. 6. a. In the event of death or serious injury, notice shall be given by telephone or by telegram to the claims administrator servicing office identified in Figure 21-4.

b. When an employee is injured the following reporting requirements and procedures apply:

(1) Submit Form LS-202, Employer's First Report of Accident or Occupational Illness, Figure 21-5. Whenever an employee sustains or alleges to have sustained a work-related injury, infection or illness involving lost time from work of one shift or more or requiring medical attention. Complete Form LS-202 in original and four copies and distribute as follows:

(a) The original and one copy to the cognizant Deputy Commissioner (See Figure 21-4 for address).

(b) One copy to local service company office (see Figure 21-4 for office serving your CGX).

(c) One copy retained in the local CGX file.

(d) One copy to be retained in the employee's personnel file. The Service Company office and Deputy Commissioner must be furnished with Form LS-202 no later than 72 hours after the date of first treatment. All claims must be reported in a timely manner, do not withhold for any reason. If fraud is suspected or you do not feel the claim is work-related, a memo stating your reasons should be included with the LS-202 to the Service Company. Contact Service Company by telephone if time is a problem. The Service Company has only 14 days in which they may controvert a claim. Also, failure of the exchange to submit LS-202 may result in monetary penalties being imposed by the Deputy Commissioner. Even if the employee does not intend to get medical attention, completion and filing of this form is necessary for administrative purposes and to establish the beginning of certain time limitations. All medical bills and other related correspondence shall be sent to the local service office where Form LS-202 was filed for payment and processing.

C. 6. b. (2) Form LS-201, Notice of Employee's Injury or Death, Figure 21-6. Supply the injured employee with an original and three copies of Form LS-201 regardless of your opinion as to whether or not the alleged injury or illness is job related. It is not an authorization for treatment or disability payment, but should be completed and distributed as follows:

(a) Original to Deputy Commissioner (See Figure 21-4 for address).

(b) One copy to the Service Company (See Figure 21-4 for address).

(c) One copy retained by the local CGX.

(d) One copy retained by the injured employee.

The employee is required to submit this form within 30 days. If the employee does not complete and file Form LS-201, the exchange is not relieved of the responsibility of completing Form LS-202.

(3) Form LS-1, Request for Examination and/or Treatment, Figure 21-7. This form is the employer's authorization for medical attention and permits an authorized physician of the employee's choice to examine and/or treat an employee, covered by the Non-Appropriated Fund Instrumentalities Act, for accident injury, illness or disease arising out of and in the course of employment. Complete this form even if you believe the employee's condition was not caused or aggravated by their employment. Once this form is signed, the Coast Guard Exchange System is obligated to take care of medical bills until such time as the claim has been denied. If you have any questions in this regard, contact your Service Company representative. If there is no question whether the accidental injury, illness, or disease arose out of and in the course of employment, and you intend to authorize treatment, complete the front of the form and check Box A in Item #7. If there is a question, check Box B. Prepare an original and four copies and distribute as follows:

(a) Original and two copies to the employee, for the physician.

C. 6. b. (3) (b) One copy retained by the CGX.

(c) One copy to local Service Company (See Figure 21-4 for address).

The employee is to give the original and two copies to the attending physician. The physician is to complete the medical report, send the original report to the Deputy Commissioner, one copy with the initial fee bill to the Service Company office and one copy to be retained by the physician. The Service Company will provide the exchange a copy of the doctor's report when received. A narrative report from the doctor, in lieu of the LS-1, is acceptable. Be sure the Service Company gets a copy of either.

(4) Form LS-204, Attending Physician's Report, Figure 21-8. After Form LS-1 has been completed and filed by the physician, subsequent follow-up reports by the physician are necessary. They should be made regularly on Form LS-204. The physician may, however, submit a narrative report covering all of the information requested on Form LS-204. These reports should be submitted by the physician to the cognizant Deputy Commissioner and the local Service Company.

(5) Form LS-210, Employer's Supplementary Report of Accident or Occupation Disease, Figure 21-9. In the event Form LS-202, or any follow-up attending physician's report does not show the date the injured employee returned to work, or any time any injured employee returns to work and later becomes disabled for work as a result of the original injury, complete an original and two copies of Form LS-210 and distribute as follows:

(a) Original to Deputy Commissioner (See Figure 21-4 for address).

(b) One copy to the Service Company (See Figure 21-4 for address).

C. 6. b. (5) (c) One copy to be retained by the CGX.

Absolute promptness in filing this form is required to prevent overpayments or to make sure payments are made promptly should disability, resulting in further lost time, recur. An additional LS-202 is not required with the LS-210.

NOTE: The CGX should call the servicing office when the employee has returned to work to reduce possibility of overpayments.

c. A brief description of the following sections of the Longshore and Harbor Workers' Compensation Act is provided to insure efficient administration of workers' compensation claims.

(1) Section 3 - Compensation. Coverage states no compensation is payable if the injury resulted solely by the intoxication of the employee or by the willful intent of the employee to injure themself or another. In using this defense against a claim, the burden of proof is with the employer.

(2) Section 4 - Liability. The employer shall be liable for the payment of compensation, medical benefits and death benefits due to an injured employee. Compensation is payable to an injured employee regardless of who is at fault.

(3) Section 5 - Exclusive Remedy. Workers' compensation benefits shall be the exclusive remedy of an employer and in place of all other liability of the employer to the employee or anyone otherwise entitled to recover damages on account of injury or death.

(4) Section 6 - Time for Commencement of Compensation. Except for medical payments, no compensation is payable during the first 3 days of disability. If, however, the injury results in disability lasting 14 days or longer, compensation will be paid from the first day. Maximum and minimum compensation rates payable under the Act are revised on or about 10 October of each year.

C. 6. c. (5) Section 7 - Medical Services and Supplies. The employer must furnish any and all medical, surgical, and other attendances or treatment, including nurse and hospital services, medicine, crutches, and apparatus as the injury and healing process may require.

(a) The employee has the right to choose any physician authorized by the Department of Labor. This includes surgeons, ophthalmologists, osteopaths, chiropractors, podiatrists, and faith healers. In an emergency, the employer may make the selection, but the employee may change at anytime. Names of physicians and health care providers not authorized to furnish treatment will appear on a list published annually by the Department of Labor. If necessary contact the local service office for assistance.

(b) Any change after the employee has made the original physician selection must be approved by the employer, or if withheld, by the Deputy Commissioner. Necessary treatment by a specialist is not to be considered as a change of physicians.

(c) An employer may withhold payment of medical benefits if the claimant fails to follow proper procedures. Benefits may, however, be awarded if it is found that the denial was contrary to the spirit of the Act. This section requires the attending physician to file reports with the employer and the Deputy Commissioner within 10 days following the first treatment.

(d) If a claimant receiving compensation "unreasonably refuses" to submit to medical or surgical treatment, or to an examination by a physician selected by the employer, compensation may be suspended during the period of such refusal.

(e) While there are currently no fee schedules under the Act, all fees charged for medical services are limited to prevailing community rates.

C. 6. c. (6) Section 8 - Compensation for Disability. This section provides for compensation payments to employees or their survivors for work-related injury or death. Compensation for temporary total disability and permanent total disability will be paid at the rate of 66-2/3 percent of the employees average weekly wage, with maximum and minimum rate set by law, for as long as the disability continues.

(7) Section 8(f) - Second Injury. Section 8(f) was included in the Act as encouragement to an employer to hire the handicapped. The employer's responsibility for permanent total and permanent partial disability is limited when the disability alleged is due to a combination of the injury and pre-existing factors. Contact the service office for specific information if this situation applies at your exchange.

(8) Section 8(i) - Settlement of Claims. Parties may settle the claim for compensation if the Deputy Commissioner determines the settlement is in the best interest of the injured employee. A settlement will be deemed approved unless specifically disapproved within 30 days if the claimant is represented by an attorney. This section also allows for settlement of medical claims. If the proposed settlement is disapproved because it is not in the best interest of the employee, the parties have the option of proceeding with the claim or immediately appealing to the Board of Review. If the parties elect to proceed with the Claim, rights of immediate appeal are waived.

(9) Section 8(j) - Employee Wage Report. The employer is to inform a disabled employee to report back to the employer not less than semiannually any earnings from employment of self-employment. Failure to report any or all earnings will result in forfeiture of the right to compensation for that period. The Service Company will advise the employer by use of Form LS-200.

(10) Section 9 - Compensation for Death. Death benefits are granted to certain survivors or dependents of persons who either died as a result of a work-related injury or who were permanently and totally disabled by a work-related injury at the time of death.

C. 6. c. (10) (a) This section allows for the payment of reasonable funeral expenses not to exceed $3000. It also provides a formula for granting of death benefits to a surviving spouse or child of the deceased. Literal translation of this section would indicate a widower must show actual dependency. A lump sum dowry equal to 2 years compensation is payable to surviving spouse on remarriage.

(b) Benefits may be paid to other dependents in the event there is not a surviving spouse or children. Dependency must be proved under the Internal Revenue Code definition.

(11) Section 12(c) - Notice of Claim. The employer must designate those agents or other responsible officials to receive the notice. These may include first line supervisors and personnel/administrative office officials.

(12) Section 14 - Payment of Compensation. This section deals with the payment and suspension of compensation and controversy of the claim. If the employee's right to compensation is controverted, the employer must file the prescribed form on or before the 14th day after the employer has knowledge of the alleged injury or death. Failure to file within time limits may result in penalties levied against the employer.

(13) Section 15(b) - Agreement to Waive Compensation. No agreement by an employee to waive their right to compensation under the Act will be valid.

(14) Section 20 - Presumption. In any claim for compensation it is presumed, in absence of evidence to the contrary:

(a) That the claim comes within the provision of the Act.

(b) Sufficient notice of the claim was given.

(c) The injury was not occasioned solely by intoxication of the employee or by the willful intention of the injured employee to injure or kill another.

C. 6. c. (15) Section 30 - Reports. This section provides that within 10 days of the date of injury or employer's knowledge of such injury, the employer must submit a report of injury to the Deputy Commissioner for all injuries resulting in time loss of one shift or more. Failure to submit any required report will result in penalties not to exceed $10,000 for each failure. This section also states that if an employer has been given notice and subsequently fails to file a report as required, the 1 year statute does not begin to run against the claim until the report has been filed.

(16) Section 31 - False Statements. Any claimant or representative of a claimant who knowingly and willfully makes a false statement for the purpose of obtaining a benefit or payment under the Act shall be guilty of a felony and a conviction shall be punished by a fine not to exceed ¤10,000, imprisonment of 5 years, or both.

(17) Section 33 - Third Part Liability. This section addresses situations in which an employee is injured by the negligence of a third party. In such a situation, the employee need not choose between compensation or civil action. He may do either or both. The employee must, however, pursue his rights against the third party within 6 months of accepting a compensation award or his rights are assigned to the employer.

(18) Section 34 - Compensation Notice. Every employer who has secured compensation under the Act shall keep posted a printed notice stating the employer has secured the payment of compensation. This notice shall be posted in a conspicuous place. Form LS-242 meets this requirement, Figure 21-10. It may be obtained from Commandant (G-PC-2).

(19) Section 49 - Discrimination. This section provides that an employer may not discriminate against an employee who has claimed or attempted to claim compensation from the employer. If it is proved that the employer has discriminated against an employee on this basis, the employer shall be liable for a penalty and the employee will be reinstated and compensated for wages lost due to discrimination.

C. 6. c. (19) (a) The discharge or refusal to employ a person who has been adjudicated to have filed a fraudulent claim for compensation is not a violation under the Act.

(b) In any case arising under this section, the burden of proof is on the employee.

(20) Independent Medical Examinations. Under the provision of the Longshore and Harbor Workers' Compensation Act a CGX has the right to have an employee examined by a physician of their choice.

(a) Should a medical question of dispute arise the Department of Labor also has the power to have an injured employee examined by a physician of their choice.

(b) If an employee unreasonably refuses either examination when requested, compensation may be suspended during the period of refusal.

(c) Gates, McDonald and Company service offices will arrange for independent medical examinations on behalf of the CGX.

(d) All costs incurred as the result or workers' compensation medical examinations will be an expense paid by the service office from the Coast Guard Headquarters Insurance Account.

D. <u>WORKER'S COMPENSATION FORMS</u>.

The following forms are used for Longshore and Harbor Workers' Compensation Act claims. Should you have any questions concerning completion, filing, or distribution, refer to the individual forms for the printed instructions on that form. Forms initiated by the CGX, marked with an asterisk, are available upon request from Commandant (G-PC-2).

1.* LS-1, Request for Examination and/or Treatment - CGX initiated. Give to employee to give to physician.

2. LS-18, Pre-Hearing Statement - Completed by each party and sent to Deputy Commissioner for forwarding to Administrative Law Judge for formal hearing. Must be filed within 21 days of issuance date. Initiated by Gates, McDonald and Company.

D. 3. LS-200, Report of Earnings - Initiated by Gates, McDonald and Company on behalf of employer.

4.* LS-201, Notice of Employee's Injury or Death - Given to employee on request. Employee or representative completes.

5.* LS-202, Employer's First Report of Accident or Occupational Illness - in death - also see LS-261 - CGX initiated.

6.* LS-203, Employee's Claim for Compensation - Initiated by employee or their representative.

7.* LS-204, Attending Physician's Report - Give to employee to give to physician. May also be a narrative covering all questions on form.

8. LS-206, Payment of Compensation Without Award - Initiated by Gates, McDonald and Company on behalf of employer.

9. LS-207, Notice to the Deputy Commissioner that Right to Compensation is Controverted - Initiated by Gates, McDonald and Company on behalf of employer.

10. LS-208, Compensation Payment Stopped or Suspended - Initiated by Gates, McDonald and Company within 16 days. If not filed timely, fines could result.

11.* LS-210, Employer's Supplementary Report of Accident or Occupational Illness - Initiated by CGX upon knowledge of any change in the employee's status, such as return to work.

12.* LS-242 (NF), Poster - "Notice to Employees." This poster must be posted in a conspicuous place.

13.* LS-260, Notice of Death - Filed by dependent(s) within 30 days of death or when known related to work, to Deputy Commissioner and Service Company. Commissioner sends dependent additional material.

14.* LS-261, Supplemental Report of Employer in Death Cases - Initiated by CGX in duplicate to Deputy Commissioner, plus one copy to Gates, McDonald and Company. This is in addition to LS-202.

15.* LS-575 (NF), Employee Relations Benefits Pamphlet.

E. **REPORTS.**

Annual updated information is required to validate values, quantities and risk exposure. The following reports are to be submitted to Commandant (G-PXM) by 30 March.

1. Annual CGES and MWR Casualty/Liability Report (CG-5190) (RCS-G-PXM-6228).

   a. The report on CGES and MWR Casualty/Liability Insurance shall be prepared by all units operating CGX's and/or MWR activities. In compiling the data for this report, include all CGES and MWR vehicles, recreational equipment and watercraft that were purchased with either appropriated or non-appropriated funds. Figure 21-11 may be reproduced locally as necessary for this reporting.

   b. In preparing the Casualty/Liability report provide the following information.

      (1) Description - In this column each category, i.e., vehicles, recreational equipment, watercraft, and others being reported, is to be completed prior to proceeding to the next category. The following is a breakdown for each category.

         (a) Vehicle. (Automobile, Cargo Trucks, Buses, Passenger Vans, Pick-Up Trucks)

         (b) Recreational Equipment. (Campers - Self-Motorized, Camper Trailers - U-Haul type, Boat Trailers)

         (c) Watercraft. (Inboard, Outboard, Rowboats, Canoes, Sailboats, etc.)

         (d) Others. (Fork-Lifts, Golf Carts, Snowmobiles, Watermobiles, etc.)

      (2) Make - Indicate Manufacturer

      (3) Year - Indicate model year. If unknown, give estimate followed by EST.

      (4) Code - Indicate whether the type of equipment being reported is CGX or MWR by the respective letter designation (X) or (M).

      (5) Serial Number - This column applies only to vehicles and recreational equipment.

E. 1. b. (6) License Plate Number - This column applies to vehicles, recreational equipment, and boat trailers.

(7) Length (feet) - This column applies to watercraft only.

(8) Quantity - Indicate the total quantity on hand of each make entered in column 2. This column applies only to items which have no specific serial or license numbers and which are in all respects identical, i.e., canoes, rowboats, etc.

(9) Value - The original cost value of the total number of items listed for each line. If the original cost value is unknown, record the best estimate, and enter EST after the figure.

2. Annual CGES and MWR Personnel Report (CG-5190A) (RCS-G-PXM-6228).

a. The CGES/MWR Personnel Report shall be prepared by all units, MLC's, and district offices operating CGX's or MWR activities (with morale funds). Reproduce Figure 21-12 locally for this report.

b. The personnel report must include the following information:

(1) District/Unit Name.

(2) Total wages paid from non-appropriated funds to off-duty military during fiscal year. Do not include FICA contributions and employee benefit costs paid by the employer.

(3) Total wages paid from non-appropriated funds to civilian CGES and MWR employees during fiscal year. Do not include FICA contributions and employee benefit costs paid by the employer.

(4) The number of civilian employees on the payroll as of the end of the fiscal year, in the appropriate category, i.e., full-time, part-time, intermittent and seasonal (include seasonal and intermittent positions not filled as of the end of the year).

(5) The number of assigned full-time military billets to CGES/MWR activities for command and control purposes.

(6) The number of assigned collateral duty military billets for command and control purposes.

COAST GUARD EXCHANGE SYSTEM CONSOLIDATED INSURANCE PROGRAM

Type of Insurance	Basis for Insurance	Insurance Carrier	What's/Who's Covered	Limits of Coverage	Deductible CGES/Unit	Claim Processor	Who Pays
Workers Compensation	5USC8171	Self- + Insurance National Union Fire Insurance Co.	All civilian CGES/MWR Employees	$1,000,000 per occurance	$1,000,000 CGES	Gates McDonald	CGES 1st Million; Ins Co. 2nd Million; and CGES 3rd Million
Public Liability	CGES	Same as above	Third party individuals injured on CGES premises	$1,000,000 per occurance	$1,000,000 CGES	Gates McDonald	Same as above
Auto Liability	CGES	Same as above	Third party personal injured and property damage	$1,000,000 per occurance	$1,000,000 CGES	Gates McDonald	Same as above
Vehicle Comprehensive and Collision	CGES	Self-Insured	CGES/MWR vehicles	National Automobile Dealers Ass. (N.A.D.A); Average loan value including adjustments	$1,000 CGX	G-PXM	CGES in excess of CGX deductible
Property	CGES	Self-Insured	CGES personal property, inventory and funds; special considerations apply to real property	Variable	$5,000 CGX	G-PXM	CGES in excess of CGX deductible
Fidelity	CGES	Self-Insured	CGES employee fidelity	$50,000 per occurance	$5,000 CGX plus 50% of amount above $5,000 up to a $50,000 limit	G-PXM	CGES + CGX (see deductible)

CGES IDENTIFICATION NUMBERS FOR REPORTING INSURANCE/ WORKERS COMPENSATION CLAIMS

Alabama
ATC Mobile.....0076-0606
Base Mobile.....0008-0302

Alaska
Support Center Kodiak.....0017-0503
Base Ketchikan.....0017-0329
Air Station Sitka.....0017-0205

California
Support Center Alameda.....0012-0605
Group Humboldt Bay.....0012-0325
Training Center Petaluma.....0074-0603
Support Center San Pedro.....0011-0324

Connecticut
Academy.....0060-0601
Group Long Island Sound.....0003-0307

Washington, DC
Headquarters.....0098-0798

Florida
Air Station Clearwater.....0007-0204
Station St. Petersburg.....0007-0334
Air Station Miami.....0007-0203
Base Mayport.....0007-0315

Hawaii
Air Station Barbers Point.....0014-0202
Base Honolulu.....0014-0327

Louisiana
Support Center New Orleans.....0008-0316

Maine
Group South Portland.....0001-0301

Maryland
Yard.....0080-0504

Massachusetts
Support Center Boston.....0001-0502
Air Station Cape Cod.....0001-0201

Missouri
Base St. Louis.....0002-0306

Figure 21-2

New Jersey
Training Center Cape May.....0077-0602

New York
Air Station Brooklyn.....0003-0206
Support Center New York.....0003-0501

North Carolina
Support Center Elizabeth City.....0005-0507

Ohio
North Coast Exchange Region.....0009-0702

Oregon
Group Astoria.....0013-0326
Air Station North Bend.....0013-0212

Pennsylvania
Group Philadelphia.....0003-0309

Puerto Rico
Air Station Borinquen.....0007-0211
Base San Juan.....0007-0313

South Carolina
Base Charleston.....0007-0310

Texas
Base Galveston.....0008-0317

Virginia
Support Center Portsmouth.....0005-0505
RTC Yorktown.....0075-0604

Washington
Air Station Port Angeles.....0013-0210
Support Center Seattle.....0013-0506

Activities Europe.....0096-0896

NOTE: Parent CGX's shall use their identification numbers when reporting claims for employees of their branches and satellites.

DISTRICTS	ID #	CGX UNITS	DISTRICTS	ID #	CGX UNITS
MLC-LANT:	1229-505	CG Support Center 4000 Coast Guard Blvd Portsmouth, VA 27303-2199		1229-507	CG Support Center Elizabeth City, NC 27909-5006
	1229-316	CG Support Center 4640 Urquhart St New Orleans, LA 70117-4625		1229-101	CGC DILIGENCE (WMEC 616) c/o Patrick Air Base, FL 32925-5000
	1229-103	CGC DEPENDABLE (WMEC 626) P. O. Box 2626 Panama City, FL 32402-2626	MLC-PAC	1229-324	CG Support Center P. O. Box 8 Terminal Island Sta San Pedro, CA 90731-0208
MLC-PAC	1229-605	CG Support Center Coast Guard Island Alameda, CA 94501-5100		1229-506	CG Support Center 1519 Alaskan Way S. Seattle, WA 98134-1192
	1229-503	CG Support Center P. O. Box 14 Kodiak, AK 99619-5000		1229-121	CGC POLAR STAR (WAGB 10) FPO Seattle, WA 98799-2092
	1229-122	CGC POLAR SEA (WAGB 11) FPO Seattle, WA 98799-3919	ACT Europe:	1229-403	CG LORAN C Station Sellia Maria Box 90, FPO NY 09520-5000
ACT Europe:	1229-404	CG LORAN C Station Estartit Box 1, APO NY 09401-5384		1229-406	CG LORAN C Station Lampedusa Box 125, FPO NY 09520-5000
	1229-407	CG LORAN C Station Kargaburun APO New York 09380-5000	HQ UNITS:	1229-504	CG Yard Curtis Bay Baltimore, MD 21226-1797
HQ UNITS:	1229-601	CG Academy New London, CT 06320-4195		1229-602	CG Training Center Cape May, NJ 08204-5002
	1229-603	CG Training Center Petaluma, CA 94952-5000		1229-604	CG RTC Yorktown, VA 23690-5000
	1229-606	CG Aviation Training Center Mobile, AL 36608-9682			

COAST GUARD EXCHANGE SYSTEM MISHAP REPORT FORMAT

I. General Mishap Data:

Report Number _____ Mishap Class _____
District _____ OPFAC _____
Unit Name _____
Unit Mission _____
Mission At-Time _____
Operational Mode _____ Date of Mishap _____ Time ____
Location _____
Weather _____
Primary Type of Mishap _____
Secondary _____
Phase of Operation _____ Total Exposed/Onboard _____
Fatigue a Factor _____ Drug/Alcohol a Factor _____ Seat Belt Used _____
Protective Equiqment Used _____

Narrative of Mishap _____

Cause _____

Corrective Action _____

Report by _____ Title _____ Date _____

Reviewing Officer's Comments _____

Additional Findings _____

Report Complete _____

Figure 21-3

PREVIOUS EDITION IS OBSOLETE LOCAL REPRO

II. Personnel Data

Name _____ SSN _____
Age _____ Sex _____ Grade _____ Status _____
Crew Position _____
Job Title _____
Job Assignment _____
Total Experience _____
In Type _____

III. Injury/Illness Data

Code of Injury/Illness _____ Nature _____
Party of Body _____
Severity _____
Contaminants _____
Days Off Work _____ Days Restricted Activity _____
Worker's Compensation Filed _____ Personnel Cost ¤ _____
Name/Address Dr. & Hospital _____

IV. Property Damage Data

Government Property _____
Government I. D. _____ Government Owner _____
Government Parts _____
Additional Property _____
Additinal I. D. _____
Owner or Operator _____
Additional Parts _____
Cost: (Gov Prop) ¤ _____
(Add. Prop) ¤ _____
Liability Claim _____
Operational Days Lost for Equipment/Property _____

COAST GUARD EXCHANGE SYSTEM

WORKERS' COMPENSATION

Address correspondence to:
Deputy Commissioner, OWCP
Employment Standards Admin.
U.S. Department of Labor
(at appropriate address below):

CGX's LOCATED IN:	**GATES, McDONALD OFFICES:** SERVICE OFFICES	**DEPT. OF LABOR OFFICE OF WORKERS' COMPENSATION PROGRAM:** DISTRICT OFFICES
COMPENSATION DISTRICT #1		
Connecticut Maine Massachusetts New Hampshire Rhode Island Vermont	Gates, McDonald & Co. 10045 Red Run Blvd. Suite 350 Owings Mills, MD 21117 (410) 581-9500	One Congress Street 11th Floor Boston, MA 02114 (617) 565-2103
COMPENSATION DISTRICT #2		
New Jersey New York Puerto Rico*	Gates, McDonald & Co. 10045 Red Run Blvd. Suite 350 Owings Mills, MD 21117 (410) 581-9500	201 Varick Street, Room 750 P.O. Box 249 New York, NY 10014-0249 (212) 337-2033

*Puerto Rico Service Office is in Norcross, GA (See District #6)

	GATES, McDONALD OFFICES:	DEPT. OF LABOR OFFICE OF WORKERS' COMPENSATION PROGRAM:
COMPENSATION DISTRICT #3		
Delaware Pennsylvania West Virginia	Gates, McDonald & Co. 10045 Red Run Blvd. Suite 350 Owings Mills, MD 21117 (410) 581-9500	Gateway Building, Room 15200 3535 Market Street P.O. Box 7336 Philadelphia, PA 19104 (215) 596-5570
COMPENSATION DISTRICT #4		
Maryland Washington, DC	Gates, McDonald & Co. 10045 Red Run Blvd. Suite 350 Owings Mills, MD 21117 (410) 581-9500	Federal Building, Room 1026 31 Hopkins Plaza Baltimore, MD 21201 (410) 962-3677
COMPENSATION DISTRICT #5		
Virginia	Gates, McDonald & Co. 10045 Red Run Blvd. Suite 350 Owings Mills, MD 21117 (410) 581-9500	Federal Building, Room 212 200 Granby Mall Norfolk, VA 23510 (804) 441-3071
COMPENSATION DISTRICT #6		
Alabama Florida Georgia Kentucky Mississippi North Carolina South Carolina Tennessee	Gates, McDonald & Co. P.O. Box 921639 Norcross, GA 30092 (404) 263-6250	Edward Ball Building, Suite 1040 214 N. Hogan Street Jacksonville, FL 32202 (904) 791-2881

	GATES, McDONALD OFFICES:	DEPT. OF LABOR OFFICE OF WORKERS' COMPENSATION PROGRAM:
COMPENSATION DISTRICT #7		
Arkansas Louisiana	Gates, McDonald & Co. P.O. Box 921639 Norcross, GA 30092 (404) 263-6250	701 Loyola Avenue, Room 13032 New Orleans, LA 70113 (504) 589-3664/2671
COMPENSATION DISTRICT #8		
New Mexico Oklahoma Texas	Gates, McDonald & Co. 2021 Midwest Road, Suite 101 Oak Brook, IL 60521 (708) 932-5070	One South Green Bldg., Room 105 12600 N. Featherwood Drive Houston, TX 77034 (713) 481-9750
COMPENSATION DISTRICT #10		
Illinois Indiana Iowa Kansas Michigan Minnesota Missouri Nebraska Ohio Wisconsin	Gates, McDonald & Co. 2021 Midwest Road, Suite 101 Oak Brook, IL 60521 (708) 932-5070	230 Dearborn Street, Room 800 Chicago, IL 60604 (312) 353-8883
COMPENSATION DISTRICT #13		
Arizona N. California Nevada	Gates, McDonald & Co. P.O. Box 27248 Concord, CA 94527 (510) 603-5500	71 Stevenson Street, Room 210 P.O. Box 3770 San Francisco, CA 94119-3770 (415) 744-6611/ 6870/71/72

	GATES, McDONALD OFFICES:	DEPT. OF LABOR OFFICE OF WORKERS' COMPENSATION PROGRAM:
COMPENSATION DISTRICT #14		
Alaska Colorado Idaho Montana North Dakota Oregon South Dakota Utah Washington Wyoming	Gates, McDonald & Co. P.O. Box 27248 Concord, CA 94527 (510) 603-5500	1111 3rd Avenue, Suite 620 Seattle, WA 98101-3212 (206) 442-4471/5521
COMPENSATION DISTRICT #15		
Hawaii	SERVICE OFFICE: A.I.M.S. 1100 Ward Ave. Suite 700 Honolulu, HI 96814 (808) 523-9621	300 Ala Moana Blvd., Room 5108 P.O. Box 50209 Honolulu, HI 96850 (808) 551-1983
COMPENSATION DISTRICT #18		
S. California	Gates, McDonald & Co. P.O. Box 27248 Concord, CA 94527 (510) 603-5500	401 E. Ocean Blvd., Suite 720 Long Beach, CA 90802 (213) 514-6226

Employer's First Report of Injury or Occupational Illness

(See instructions on reverse - Leave Items 1 and 2 blank)

U.S. Department of Labor
Employment Standards Administration
Office of Workers' Compensation Programs

OMB No. 1215-0031

1. OWCP No.

2. Carrier's No.

3. Date and Time of Accident — Mo. | Day | Yr. | Hour AM PM

4. Name of Injured/Deceased Employee (Type or print - first, M.I., last)

Telephone

5. Employee's Address (No., street, city, state, Zip code)

6. Injury is Reported Under the Following Act (Mark one)

- A ☐ Longshore and Habor Workers' Compensation Act
- B ☐ Defense Base Act
- C ☐ Nonappropriated Fund Instrumentalities Act
- D ☐ Outer Continental Shelf Lands Act

7. Indicate Where Injury Occurred (Longshore Act only) (Mark one)

- A ☐ Aboard Vessel or Over Navigable Waters
- B ☐ Pier/Wharf
- C ☐ Dry Dock
- D ☐ Marine Terminal
- E ☐ Building Way
- F ☐ Marine Railway
- G ☐ Other Adjoining Area

8. Sex ☐ M ☐ F

9. Date of Birth

10. Social Security No. (See statement on reverse)

11. Did Injury Cause Death? ☐ No ☐ Yes - If yes, skip to 16

12. Did Injury Cause Loss of Time Beyond Day or Shift of Accident? ☐ Yes ☐ No

13. Date and Hour Employee First Lost Time Because of Injury — Mo. | Day | Yr. | Hour AM PM

14. Did Employee Stop Work Immediately? ☐ Yes ☐ No

15. Date and Hour Employee Returned to Work

16. Was Employee Doing Usual Work When Injured/Killed? (If no, explain in Item 26) ☐ Yes ☐ No

17. Did Injury/Death Occur on Employer's Premises? ☐ Yes ☐ No

18. Dept. in Which Employee Normally Works(ed)

19. Occupation

20. Date and Hour Pay Stopped

21. Which Days Usually Worked Per Week? (Mark (X) days) S M T W T F S

22. Date Employer or Foreman First Knew of Accident.

23. Wages or Earnings (Include overtime, allowances, etc.)

a. Hourly	$
b. Daily	$
c. Weekly	$
d. Yearly	$

24. Exact Place Where Accident Occurred (See instructions on reverse). This item should specify area if accident was in maritime employment and occurred in area adjoining navigable waters.

25. How was Knowledge of Accident or Occupational Illness Gained?

26. **Describe in full how the accident occurred** (Relate the events which resulted in the injury or occupational disease. Tell what the injured was doing at the time of the accident. Tell what happened and how it happened. Name any objects or substances involved and tell how they were involved. Give full details on all factors which led or contributed to the accident.

(Use additional sheet(s) if required and attach to this report)

27. **Nature of Injury** (Name part of body affected - fractured left leg, bruised right thumb, etc.) If there was amputation of a member of the body, describe.

28. Has Medical Attention Been Authorized? ☐ Yes ☐ No

29. Enter Date of Authorization

30. Was First Treating Physician Chosen by Employee? ☐ Yes ☐ No

31. Has Insurance Carrier Been Notified? ☐ Yes ☐ No

► Name	Address - Enter Number, Street, City, State, ZIP Code ◄
32. Physician	
33. Hospital	
34. Insurance Carrier	
35. Employer	

36. Nature of Employer's Business

37. Signature of Person Authorized to Sign for Employer

38. Official Title of Person Signing This Report

39. Date of This Report

Form LS-202
Rev. September 1986

This report is to be filed in duplicate with the Deputy Commissioner in the appropriate district office of the Office of Workers' Compensation Programs. File form within 10 days from the date of injury or death or from the date the employer first has knowledge of an injury or death. Under the law all medical treatment and compensation must be furnished by the employer or its insurance company. Treatment must be by a physician chosen by the employee unless the physician is on a list of physicians currently not authorized by the Department of Labor to render medical care under the Act. Compensation payments become due and are payable on the 14th day after the employer first has knowledge of the injury or death. Penalties may be charged for failure to comply with provisions of the law.

REPORTABLE INJURY - Any accidental injury which causes loss of one or more shifts of work or death allegedly arising out of and in the course of employment, including any occupational disease or infection believed or alleged to have arisen naturally out of such employment, or as a natural or unavoidable result from an accidental injury. If the employer controverts the right to compensation it must also file a notice of controversion with the Deputy Commissioner within 14 days after it has knowledge of the alleged injury or death.

Item 6 - A. Longshore and Harbor Workers' Compensation Act covers employees injured while engaged in maritime employment upon the navigable waters of the United States (including any adjoining pier, wharf, dry dock, terminal, building way, marine railway, or other adjoining area customarily used by an employer in loading, unloading, repairing, or building a vessel);
-employees injured upon the navigable waters of the United States and other described areas who at the time of injury were engaged in maritime employment and whose employer had other employees engaged in maritime employment and are not otherwise specifically excluded under the Act (33 U.S.C. 902).

B. Defense Base Act covers any employment (1) at military, air, and naval bases acquired by the United States from foreign countries; (2) on lands occupied or used by the United States for military or naval purposes outside the continental limits of the United States; (3) upon any public work in any Territory or possession outside the continental United States under a contract of a contractor with the United States; (4) under a contract entered into with the United States where such contract is to be performed outside the continental United States and at places not within the areas described in (1), (2), and (3) above for the purpose of engaging in public work; (5) under certain contracts approved and financed by the United States under the Mutual Security Act of 1954, as amended; and (6) in the service of American employers providing welfare or similar services for the benefit of the Armed Forces outside the Continental United States.

C. Nonappropriated Fund Instrumentalities Act covers employees of nonappropriated fund instrumentalities of the Armed Forces, e.g., post exchanges, motion picture service, etc.

D. Outer Continental Shelf Lands Act covers employees of private employers engaged in operations conducted on the Outer Continental Shelf for the purpose of exploring for, developing, removing, or transporting by pipeline the natural resources of submerged lands.

Item 10 - Failure to submit the social security number will not result in the loss of any right or benefit. It may, however, slow OWCP's processing of the case by making it more difficult to associate related pieces of the case documentation.

Item 24 - "Exact place where accident occurred" requires the nearest street address, city and town, In addition -

- If on a vessel,
  Give place on vessel where injury happened (Deck, hold, tweendeck, engine room, etc.)
  Name of vessel

- If either on an adjoining pier, wharf, dry dock, terminal, building way, marine railway, or other area customarily used in loading, unloading, repairing, or building a vessel

  Name or number of pier, dry dock, marine railway, etc.
  Name of the terminal or shipyard
  Nearest street address - City and State

- If on military or Defense Base,

  Give exact place on base where injury happened
  Name of base
  Location of base - town or country

- If on the Outer Continental Shelf,

  Give drilling site and block number
  Area name (e.g. West Delta Area)
  Federal Lease Number, State Lease Number
  Distance from and name of nearest land, name of State

NOTE: FILING THIS FORM DOES NOT CONSTITUTE AN ADMISSION OF LIABILITY UNDER THE COMPENSATION ACT. Any employer, insurance carrier, or self-insured employer who knowingly and willfully fails to submit this report when required or knowingly or willfully makes a false statement or misrepresentation in this report shall be subject to a civil penalty not to exceed $10,000 for each such failure, refusal, false statement, or mispresentation. [33 U.S.C. 930(e)] This report shall not be evidence of any fact stated herein in any proceeding in respect to any such injury or death on account of which the report is made. [33 U.S.C. 930 (c)]

Notice of Employee's Injury or Death

Longshore and Harbor Workers' Compensation Act,
As Extended (See instructions on reverse)

U.S. Department of Labor
Employment Standards Administration
Office of Workers' Compensation Programs

This form should be furnished by the employer to any employee covered by the Longshore and Harbor Workers' Compensation Act or a related law who reports an occupational injury or illness to his/her employer.

OMB No. 1215-0160

1. Employee's Name (Last, first, middle)

2. Home Mailing Address (Number, street, city, state, Zip code)

3. Date of Birth (Month, day, year)

4. Sex
☐ Male
☐ Female

5. Social Security Number (Not required by law)
___ – __ – ____

6. Home Telephone
Area Code Number

7. Name and Address of Employer (Number, street, city, state, Zip code)

8. Employee's Job Title

9. Date of Injury (Month, day, year)

10. Hour of Injury
☐ AM
☐ PM

11. Place Where Injury Occurred

12. Name of Supervisor at Time of Injury

13. Did Employee Stop Work Due to Injury?

14. If Yes, Date Stopped

15. Cause of Injury (Explain in what way the injury or occupational illness was caused by employment)

16. Effects of Injury (Indicate parts of body affected or if death occurred)

NOTE: If reporting injury, employee signs Item 17; if reporting death, claimant or representative signs Item 18

17. I am requesting the employer named it item 7 to provide me appropriate compensation and medical care for my injury, and I hereby make claim for all benefits to which I may be entitled under the Longshore and Harbor Workers' Compensation Act, or a related law.

Signature of Employee _____ Date _____

18. Request is hereby made to the employer named in Item 7 to provide appropriate death benefits to the survivors of the employee named in Item 1, and a claim is hereby made for those death benefits to which these survivors may be entitled under the Longshore and Harbor Workers' Compensation Act, or a related law.

Signature of Compensation Claimant or Representative of Claimant _____ Date _____

19. This notice is being personally delivered, or mailed, to the employer named in Item 7 (or his/her representative) and a copy is being sent to the Deputy Commissioner of the Office of Workers' Compensation Programs by the party named in either Item 17 or 18 on this date.

Date _____

Form LS-201
September 1986

INSTRUCTIONS TO EMPLOYEE

IT IS IMPORTANT THAT WRITTEN NOTICE OF EMPLOYMENT-CAUSED INJURY OR ILLNESS BE GIVEN PROMPTLY TO THE EMPLOYER AND THE DEPUTY COMMISSIONER IN THE LOCAL OFFICE OF THE OFFICE OF WORKERS' COMPENSATION PROGRAMS, U.S. DEPARTMENT OF LABOR.

Written notice needs to be given so that the Deputy Commissioner may see that an employee in case of injury, or his or her survivors in case of death, receive all the benefits to which they may be entitled. No benefit need be paid under the appropriate law unless a notice of injury or death is filed. [33 U.S.C. 912(a)]

WHO FILES

Injured employees or survivors of employees whose deaths were due to employment covered by the Longshore and Harbor Workers' Compensation Act, or its extensions.

Those Acts which extend the provisions of the Longshore and Harbor Workers' Compensation Act are:

Defense Base Act
Nonappropriated Fund Instrumentalities Act
Outer Continental Shelf Lands Act

WHEN TO FILE

As soon as possible or within 30 days after the date of injury or death, or

Within 30 days after the employee or survivor first became aware, or in the exercise of reasonable diligence or by reason of medical advice should have been aware, of a relationship between the injury or death and the employment, or

In the case of an occupational disease which does not immediately result in a disability or death, within one year after the employee or claimant becomes aware, or in the exercise of reasonable diligence or by reason of medical advice should have been aware, of the relationship between the employment, the disease, and the death or disability, or

In the case of hearing loss, within 30 days after receipt by an employee of an audiogram, with the accompanying report thereon, indicating that the employee has suffered a loss of hearing.

WHY FILE

The employer needs to have notice so that it or its insurance carrier may see that medical care is given promptly and compensation payments for loss of income may be provided without delay.

WHERE TO FILE

Give original copy to employer and send one copy to the Deputy Commissioner at the following address:

Deputy Commissioner
U.S. Department of Labor
Office of Workers' Compensation Programs (ESA)

FAILURE TO GIVE WRITTEN NOTICE MAY RESULT IN SOME LOSS OF BENEFITS.

PRIVACY ACT OF 1974 NOTICE

In accordance with the Privacy Act of 1974 (Public Law No. 93-579, 5 U.S.C. 522a), you are hereby notified that: (1) The Longshore and Harbor Workers' Compensation Act, as amended and extended (33 U.S.C. 901 et seq.) is administered by the Office of Workers' Compensation Programs of the U.S. Department of Labor. In accordance with this responsibility, the Office receives and maintains personal information on claimants and their immediate families. (2) The information will be used to determine eligibility for the amount of benefits payable under the Act. (3) The information may be used by other agencies or persons in handling matters relating, directly or indirectly, to the subject matter of the claim, so long as such agencies or persons have received the consent of the individual claimant, or have complied with the provisions of 20 CFR 702. (4) Furnishing all requested information will facilitate the claims adjudication process; and the effects of not providing all or any part of the requested information may delay the process, or result in an unfavorable decision or a reduced level of benefits (disclosure of a social security number is voluntary; the failure to disclose such number will not result in the denial of any right, benefit or privilege to which an individual may be entitled).

IMPORTANT NOTICE

Section 31(a)(1) of the Longshore and Harbor Workers' Compensation Act, 33 U.S.C. 931(a)(1), provides as follows: Any claimant or representative of a claimant who knowingly and willfully makes a false statement or representation for the purpose of obtaining a benefit or payment under this Act shall be guilty of a felony, and on conviction thereof shall be punished by a fine not to exceed $10,000, by imprisonment not to exceed five years, or by both.

Request for Examination and/or Treatment

U.S. Department of Labor
Employment Standards Administration
Office of Workers' Compensation Programs

Part A - Authorization | OMB No. 1215-0066

Instructions to Employer. This side of the form must be completed in full, and authorizes a physician of the **employee's choice** (*See item 2 below) to examine and/or treat an employee, covered by the Federal workers' compensation act marked in the box at right, for accidental injury, illness or disease arising out of and in the course of employment.

Mark either box A or B in item 7. The original and at least two copies of this form are to be given to the physician. The physician is to complete the medical report and the initial bill on the reverse, sending within ten days the original of the report to the Deputy Commissioner and copies to the insurance company or employer named in item 13. Subsequent and regular follow-up reports should be submitted by the physician on Form LS-204 and/or in narrative reports, whenever requested.

Note: An employee may not select a physician who is currently not authorized by the Department of Labor to provide medical care under the Act.

1. This Authorization is for examination and/or treatment under the Workers' Compensation Act marked below:

A ☐ Longshore and Harbor Workers' Compensation Act

B ☐ Defense Base Act

C ☐ Nonappropriated Fund Instrumentalities Act

D ☐ Outer Continental Shelf Lands Act

2. Name and address of physician or medical facility authorized to provide medical service

*(The term "physician" includes doctors of medicine (MD), surgeons, podiatrists, dentists, clinical psychologists, optometrists, osteopathic practitioners, and chiropractors. Payment for chiropractic services is limited to charges for physical examinations, related laboratory tests, x-rays to diagnose a subluxation of the spine, and treatment consisting of manipulation of the spine to correct a subluxation demonstrated by x-ray. See 20 CFR 702.404)

3. Employee's name (Last, first, middle)	4. Date of injury (Month, day, year)	5. Occupation

6. How accident or illness occurred

7. You are authorized to provide medical services to the employee as follows:

A ☐ If you believe the condition is related to the injury, or the employee's occupation, furnish office and/or hospital treatment as necessary for the effects of this injury.

B ☐ If you are in doubt as to whether the condition(s) found on examination is related to the injury, you are authorized to examine the employee, using indicated non-surgical diagnostic studies, and should promptly advise those listed in item 13 whether you believe the disability is due to the alleged injury. Pending further advice you may provide necessary conservative treatment.

You are requested to submit a written report of first treatment within 10 days to the Deputy Commissioner at the office named in item 12 below (See back of this form for instructions as to medical report and the submission of your charges).

8. Signature and title of authorizing official (Sign all copies)	9. Name and address of employer
10. Telephone (Area code and local number)	11. Date authorized (Month, day, year)
12. Send one copy of your report to: **U.S. Department of Labor** **Employment Standards Administration** **Office of Workers' Compensation Programs**	13. Name and address of insurance carrier or self-insured employer to whom bill and copy of report are to be sent

Form LS-1
Rev. October 1986

Part B - Attending Physician's Report of Injury and Treatment

Instructions To Physician: This initial report should be completed and submitted within 10 days. Mail the original to the Deputy Commissioner (see item 12 for address), and a copy to the company listed in item 13. Subsequent reports should be made regularly on form LS-204 and/or in narrative form while the employee is in your care. Please read item 7 on the front of this form. Your Social Security Number is voluntary and is used for identification purposes only.

14. What history of injury or disease did employee give you?

15. Is there any history or evidence of pre-existing injury, disease, or physical impairment?

☐ No ☐ Yes - Please describe

16. What are your findings (include results of x-rays, laboratory tests, etc.)?

17. What is your diagnosis?

18. Do you believe the condition found was caused or aggravated by the employment activity described? (Please explain your answer if there is doubt.)

☐ Yes ☐ No

19a. Did injury require hospitalization? ☐ No ☐ Yes - Complete b. c, d

b. Name of hospital

c. Date admitted (Month. day, year)

d. Date discharged

20. Is additional hospitalization required?

☐ Yes ☐ No.

21. Surgery (If any, describe type)

22. Date surgery performed (Month, day, year)

23. What type of treatment did you provide other than hospitalization or surgery?

24. What permanent effects of the injury, if any, do you anticipate?

25. Date of first examination (Month, day, year)

26. Date(s) of treatment (Month, day, year)

27. Date of discharge from treatment (Month, day, year)

3. Period of disability (If termination date unknown - so indicate) (Month, day, year)

Total disability: From To

Partial disability: From To

29. Date employee able to resume work (Month, day, year)

☐ To light work _____

☐ To regular work _____

30. If employee is able to resume work, has he/she been advised? ☐ No ☐ Yes - Furnish date advised (Month, day, year)

31. If employee is able to resume only light work, indicate physical limitations and the type of work which can reasonably be performed with these limitations.

32. Remarks and recommendation for future care, if indicated.

33. Do you specialize? ☐ No ☐ Yes - State specialty

34. Signature and typed name of physician

35. Address (No., street, city, state, ZIP code)

36. Physician's social security number

37. Date of this report (Month, day, year)

38. Medical bill (Charges for your services may be presented in the space below or on your billhead stationery.)

Date or period of treatment	Services and supplies must be itemized	Qty. or No.	Unit price		Amount	
			Cost	Per	$	¢
		Total →				

Attending Physician's Supplementary Report (Longshore and Harbor Workers' Compensation Act, as extended)

J.S. Department of Labor
Employment Standards Administration
Office of Workers' Compensation Programs

INSTRUCTIONS: Use this form to make progress reports and to make a final report when the patient is discharged. Progress reports should be submitted about every thirty days, the original to the Deputy Commissioner (See item 19. on reverse) and one copy to the insurance carrier or self-insured employer. Please answer all questions fully. If a question is not applicable, enter "NA". The exact point of amputation or other permanent partial impairment must be known to determine compensation the injured is entitled to receive. If preferred, physician may submit a narrative report covering all information requested on this form. Use "Remarks" on reverse of form if more space is needed for any answer.

OMB No. 1215-0160

FOR OFFICE USE
OWCP No.
Carrier's No.

1. Type of report (Mark X one)
   ☐ Progress ☐ Final

2. Date of Injury (Month, day, year)

3. Name of injured employee (First, M.I., last)

4. Employee's home address (No., St., City, State, Zip)

5. Name of employer

6. Name of insurance carrier

7a. Have you filed a previous report giving history? ☐ Yes - Skip to item 8 ☐ No - Answer 7b and 7c

7b. State how injury occurred and give source of information. (If claim is for occupational disease, include occupational history and date of onset of related symptoms)

7c. Was employee previously under the care of another physician for this injury?
   ☐ No ☐ Yes - Give physician's name and address and reason for transfer

8. Is there any history or evidence of pre-existing injury, disease or physical impairment?

9a. Present condition (include diagnosis, subjective complaints, objective findings, and any changes of condition since last report.)

9b. If employee was hospitalized since last report, indicate and give name and address of hospital.

This report is authorized by 33 U.S.C. 907(b). While you are not required to respond on this form, your cooperation is needed to insure that the injured worker's compensation case is properly processed by the U.S. Department of Labor.

Form LS-204
Rev. Oct. 1987

10a. Describe treatment provided

10b. Date of first treatment	10c. Date of most recent treatment	10d. Has treatment been terminated? ☐ No ☐ Yes - Indicate reason
10e. Are you continuing treatment? ☐ Yes ☐ No	10f. If treatment is continuing estimate probable duration	

11. Will the injury result in permanent restriction, total or partial loss of function of a part or member, or permanent disfigurement of the head, face, or neck, or some other part of the body which will handicap the employee in securing or maintaining employment?

☐ No ☐ Yes - Describe

12. Is employee working?	13. When do you estimate employee can -
☐ Yes ☐ No	a. Resume limited work of any kind Date / b. Resume regular work Date

14. If employee is unable to do his/her regular work, but can do limited work, specify work limitations due to this injury.

15. In your opinion, was the occurrence described above (or in the previous report which gave this information) the competent producing cause of the injury and disability?

☐ Yes ☐ No

16. Is rehabilitation treatment or services or evaluation recommended?	17. If rehabilitation treatment or services or evaluation is recommended, has referral been made?
☐ Yes - Explain ☐ No - Explain	☐ Yes - To whom ☐ No - Explain

18. Remarks	19. Send the original of your report to:
	Office of the Deputy Commissioner **U.S. Department of Labor** **Office of Workers'** **Compensation Programs**

20. Name of attending physician (Type or print)	21. Signature of physician

22. Address (No., St., City, State, Zip code)	23. Telephone No. (Area code)	24. Date of report

Employer's Supplementary Report of Accident or Occupational Illness

U.S. Department of Labor
Employment Standards Administration
Office of Workers' Compensation Programs

Notice: This Report must be filed promptly with the Deputy Commissioner in every case in which (1) Form LS-202 does not show date injured employee returned to work, and (2) each time injured employee has returned to work and later becomes disabled for work. If the employee was disabled for work more than 3 days, compensation payments should be reported on Forms LS-206 and LS-208. Medical reports must be sent to the Deputy Commissioner promptly following first treatment and thereafter while treatment continues. Please type or print all information. (If additional space is needed, use back of form.)

OMB No. 1215-0031

For Office Use

1. OWCP No.

2. Carrier's No.

3. Name of injured employee (First, middle initial, last)

4. Date of accident (Mo., day, yr.)

5. Address of injured employee (Number and Street, City, State, ZIP code)

6. Name and address of your insurance carrier

7. Initial Period of Disability (Use Inclusive Dates for a and b)

a. From (Month, day, year)	b. To (Month, day, year)	c. Date returned to work (Month, day, year)

8. If this report covers a period of disability after the date shown in item 7c. state each subsequent period of disability. Use inclusive dates for a. and b.

a. From (Month, day, year)	b. To (Month, day, year)	c. Date returned to work (Month, day, year)

9. Did employee receive medical attention?

a. ☐ Yes - Give dates, names and addresses of doctors and hospitals providing treatment.

b. ☐ No - Explain

10. Was employee treated by his or her choice of physician?

☐ Yes ☐ No

11. Was form LS-1 given to employee when injury was reported to you?

☐ Yes ☐ No

12. Name of employer (Firm Name)

13. Employer's address (Number and Street, City, State, ZIP code)

14. Signature of person authorized to sign for employer

15. Official title of person signing

16. Date of report (Month, day, year)

Form LS-210
Rev. Oct. 1987

NOTICE TO EMPLOYEES

Longshore and Harbor Workers' Compensation Act

U.S. Department of Labor
Employment Standards Administration
Office of Workers' Compensation Programs

Employer

In accordance with the provisions of the Longshore and Harbor Workers' Compensation Act and the Regulations of the U.S. Department of Labor, Employment Standards Administration, Office of Workers' Compensation Programs, this employer has become a self-insurer under the Act and has made appropriate deposit of securities for the payment of workers' compensation benefits to employees and their dependents with respect to injuries and deaths that arise out of and in the course of employment.

WHAT TO DO WHEN INJURED AT WORK

- NOTIFY YOUR EMPLOYER IMMEDIATELY. If possible, complete Form LS-201, Notice of Injury, available from your employer. You should give notice of injury to the following person(s):

- MEDICAL TREATMENT. Request authority (Form LS-1) from your employer for treatment by the physician you choose. You may not select a physician that is not authorized by the Office of Workers' Compensation Programs to provide medical care under the Act. Your employer has a list of physicians who are not authorized. In an emergency or if unable to contact your employer, go to the nearest hospital or physician, but be sure to let your employer know as soon as possible.

- DISABILITY. If you are disabled more than 3 days, contact your employer or the insurance company indicated below for payment of compensation, payable 14 days after your employer has knowledge of injury.

- IMPORTANT! The law requires you to give written notice of injury (Form LS-201) to your employer and to the Office of Workers' Compensation Programs within 30 days. Additional time may be allowed for certain hearing loss and occupational disease claims. The address of the Office of Workers' Compensation Programs District Office for this area is:

The Address of This Self-insured Employer is:	**For Further Assistance and Information:**
Telephone	On request, the Office of Workers' Compensation Programs will explain benefits and proceedings under the above Act. In addition, the Office of Workers' Compensation Programs will inform employees receiving compensation about medical and vocational rehabilitation services, and will assist in obtaining such services.

Authorized Signature for the Employer

Date Signed

This Notice must be posted and maintained in a conspicuous place in and about the place of business. (33 U.S.C. 934)

Important Notice

Section 31(a)(1) of the Longshore Act, 33 U.S.C. 931(a)(1), provides as follows: Any claimant or representative of a claimant who knowingly and willfully makes a false statement or representation for the purpose of obtaining a benefit or payment under this Act shall be guilty of a felony, and on conviction thereof shall be punished by a fine not to exceed $10,000, by imprisonment not to exceed five years, or by both.

Form LS-242
Rev. Nov. 1986

U. S. COAST GUARD RCN-7010-4

CGES/MWR CASUALTY/LIABILITY INSURANCE REPORT

DIST/UNIT: _____ FISCAL YEAR _____

VEHICLES:

DESCRIPTION	MAKE	YR	CODE	SERIAL #	LICENSE #	LENGTH (FT)	QUANTITY	VALUE

RECREATIONAL EQUIPMENT:

DESCRIPTION	MAKE	YR	CODE	SERIAL #	LICENSE #	LENGTH (FT)	QUANTITY	VALUE

BOATS:

DESCRIPTION	MAKE	YR	CODE	SERIAL #	LICENSE #	LENGTH (FT)	QUANTITY	VALUE

OTHER:

DESCRIPTION	MAKE	YR	CODE	SERIAL #	LICENSE #	LENGTH (FT)	QUANTITY	VALUE

Department of Transportation, CG-5190 (Rev. 4-90)
Previous Edition is Obsolete

LOCAL REPRO

DEPARTMENT OF TRANSPORTATION U.S. COAST GUARD CG-5190A (REV. 04/90)	CGES/MWR U.S. COAST GUARD PERSONNEL REPORT	RCN 7010-4

CGES/MWR PERSONNEL INFORMATION FOR FISCAL YEAR _____

DISTRICT/MLC/UNIT _____

	CGES	MWR	OTHER NAFIs* (Specify:_____ _____)
	(1)	(2)	(3)
A. Total Gross NAF Wages Paid to Off-Duty Military			
B. Total Gross NAF Wages Paid to Civilians			
C. Number of Full-time Civilian Positions			
D. Number of Part-time Civilian Positions			
E. Number of Intermittent Civilian Positions			
F. Number of Seasonal Civilian Positions			
G. Number of Assigned Full-time Military			
H. Number of Assigned Collateral Duty Military			

*Other NAFIs: Certain units have personnel paid from various sources of non-appropriated funds who are associated with neither CGES nor MWR programs. The information on these employees should be reported in this column.

PREVIOUS EDITION IS OBSOLETE LOCAL REPRO

NAFA FUNDS CONTROL, BANKING, AND INVESTMENTS

1. Purpose: To prescribe requirements and procedures for the handling and contrc of NAFA Funds.

2. Requirements:

   a. Cash Levels and Deposits.

      (1) The amount of cash, checks and other negotiable instruments maintaine in the NAF facility shall be kept to the minimum, consistent with operational requirements.

      (2) The overall limits on NAFA cash to be maintained for change funds, check cashing funds, and petty cash funds shall be specified in writing by the commanding officer. Levels of specific funds shall be specified in writing by the NAFA officer.

      (3) The requirements of the Physical Protection Standards Manual (CG-468) and Enclosure (40) of this manual shall apply. The maximum amount tc be stored in safes shall be specified in writing by the commanding officer.

      (4) Excessive amounts of cash or negotiable instruments shall not be allowed to accumulate in cash registers.

      (5) Appropriate use of night depositories and/or interim bank deposits shall be made to comply with this policy. Duplicate deposit tickets shall be retained until the bank verifies the deposit.

   b. Cash Disbursements. All cash disbursements (other than petty cash) shall be made by check from the NAFA checking account.

   c. Checking Accounts. NAFA checking accounts shall be maintained only on a consolidated NAFA basis. The bank shall be notified in writing that the Commandant (G-F) is successor in interest to the account.

   d. Investing Excess Cash. Cash accumulated in excess of daily operating requirements shall be invested in interest-bearing accounts or in securities, as specified in this enclosure.

3. Procedures.

   a. Cash Register Operation.

      (1) Cash registers shall normally be used to record all NAFA sales transactions.

      (2) Sales will be recorded immediately, monies placed in the register, anc the cash drawer firmly closed after each transaction.

3.a.(3) Cash registers not in use will be secured (locked) when unattended during store hours.

(4) Register operators shall not have custody of register read and reset keys.

(5) Cash registers shall be read at least once daily upon shift relief of the assigned cashier and prior to the opening of the next business day unless the register reading would produce the same reading.

(6) Registers shall be read by the NAFA Officer or designee and not by the register operator.

(7) Zero (no sale) rings shall be kept to a minimum. When such rings are made, the customer's receipt tape shall be initialed by the register operator and retained for submission with the daily cash receipts.

(8) Cash registers should be equipped with fraud-prevention control devices which shall be monitored by the NAFA officer or designee. These include:

(a) transaction numbers whose sequence cannot be altered;

(b) reset counters;

(c) counters which record the number of times the cumulative total exceeds the maximum machine total and resets to zero;

(d) read counters.

(10) Register internal detail tapes shall be removed from cash registers only by the NAFA officer or designee. The tape shall be examined for unusual transactions and retained with other accounting records.

b. NAFA Cash Funds.

Upon written authorization by the commanding officer, a cash fund may be established as follows:

(1) Change Funds.

(a) Change funds are established for the purpose of providing each cashier with sufficient currency and coin to make change during the day. The amounts and numbers of change funds for each activity shall be established by the NAFA officer.

(b) Change funds will be issued from the NAFA control cash fund and receipts obtained. The change funds should be issued daily, but may be issued for longer period when adequate security can be provided. In no case shall change funds be issued for periods longer than three calendar months.

3.b.(2) Petty Cash Funds.

(a) Petty cash funds may be established for the purpose of paying for such items as COD charges, freight or express charges, phone calls, stationery, postage, etc. The petty cash fund generally will not exceed $50. The written authorization will be filed.

(b) The petty cash fund will be established by drawing a check in the authorized amount made payable to the responsible cashier. After establishment of the petty cash funds, the amount of cash on hand plus petty cash expenditure vouchers (records which evidence petty cash expenditures) for which the petty cash fund has not been reimbursed, must at all times equal the amount of the original check drawn.

(c) Merchandise intended for resale will not be purchased from the petty cash fund.

(d) Each expenditure from petty cash must be supported by a receipted delivery ticket, invoice or other evidence of expenditure. In the case of such expenditures as postage, phone calls, etc., a simple list or memorandum describing these items will suffice.

(e) Reimbursement of the petty cash fund is accomplished at any time by issuing a check, payable to the responsible cashier, for unreimbursed petty cash expenditure vouchers. Each batch of petty cash expenditure documents will be securely fastened together to support the check drawn to reimburse the petty cash fund.

(3) Check Cashing Funds.

Check cashing funds may be established as a service provided to authorized patrons. The size of the funds shall be restricted to that maximum amount which can be adequately safeguarded pursuant to the criteria established by the Physical Protection Standards Manual (CG-468) and Enclosure (40) to this manual.

c. Banking and Bank Deposits.

(1) The principle depository for NAFA shall be a checking account in a reputable financial institution where deposits are covered by FDIC, FSLIC, or when the bank is designated as a U. S. Government depository and pledges collateral to protect the uninsured balance in the account. When the $100,000.00 limit is to be exceeded, the command shall submit a letter request to Commandant (G-FRS), indicating name and address of bank, account number, amount requiring additional coverage and any other information necessary to obtain the collateral pledge from the bank.

3.c.(2) Bank accounts shall be carried in the full name of the unit NAFA, and not in the name of an individual; all checks shall be imprinted "(Unit) NAF Activity".

(3) Deposits of cash receipts on hand will be made daily unless collections of currency and coins total less thant $200. Deposits may be deferred until that amount is accumulated, or made on a weekly basis, whichever is sooner.

(4) Funds not required for ordinary use or needed to meet minimum balance requirements for bank services should be invested to maximize return. Excess funds may be invested in:

(a) obligations of the federal government including Savings Bonds, Treasury Bills, Certificates of Indebtedness, Treasury Notes, and Treasury Bonds;

(b) obligations of government instrumentalities, including Federal Intermediate Credit Bank Debentures, Federal Home Loan Bank Notes, Federal Land Bank Debentures, and Banks for Cooperative Debentures;

(c) Federal Deposit Insurance Corporation (FDIC) insured bank savings accounts, time deposit accounts, and negotiable or registered certificates of deposit;

(d) Savings and Loan Association shares and savings accounts insured by the Federal Savings and Loan Insurance Corporation (FSLIC), providing such deposits do not exceed $100,000;

(e) Federally insured credit unions whose charters accept organizational members, providing that such deposits do not exceed $100,000.

(5) The procedures for participating in the servicewide cash investment system are contained in Enclosure (12).

CHECK CASHING POLICY

1. Purpose. To authorize commands to accept checks for cash and/or merchandise and to prescribe servicewide procedures for this customer service.

2. Control and Handling of Checks.

   a. Checks may be accepted or cashed only at designated locations and by personnel so authorized by the command.

   b. Positive identification is required before checks are approved or cashed, such as:

      (1) Official Armed/Uniform Services identification

      (2) Name of sponsor (if a dependent)

      (3) Current home address and telephone number

      (4) Current name and address of military command to which assigned

      (5) Social security number.

   c. Checks shall be accepted from authorized patrons only, subject to local fund availability. In no case will a NAFA employee cash his/her own check.

   d. First-party personal checks may be cashed in amounts up to $200 per day; however, personal checks in the exact amount of purchase plus $200 may at command discretion be received in any amount. As a practice second-party checks will not be accepted; however, local commands are authorized to deviate from this policy on a case by case basis where it serves the interest of the Coast Guard.

      Government and private checks, such as certified checks, cashier checks, U.S. and state checks, American Red Cross checks, Military Relief/Aid Society checks, money orders, traveler's checks, Federal and state chartered credit union checks, U.S. insurance company checks and NAFA checks may be cashed in amounts to be established locally, dependent on funds availability. Such checks may be cashed only when presented by the original payee.

      All checks accepted shall be endorsed at the time of presentation to a NAFA.

      Check cashing rules shall not contain a limitation based on pay grade.

n. When a check previously cashed is returned to a NAFA for any reason, the individual concerned will be immediately contacted to obtain restitution, and no further checks will be accepted from that individual until full restitution has been made. An administrative charge may be applied in accordance with command policy to the reimbursement amount due NAFA on all checks returned as dishonored. This charge will not be applicable, however, when:

(1) the bank acknowledges the return to be the result of a bank error; or

(2) the return is the result of a NAFA error; (e.g., failure to endorse, etc.)

i. When an individual has had two or more checks returned through his own fault or negligence within a 60-day period, no further checks will be accepted from such individual for a period of 1 year. Dishonored check collection procedures are provided in enclosure (40) to this manual.

j. A list of names of these persons who have not made full restitution, [illegible] or have had two or more checks returned through their own fault or negligence will be maintained in a current status in the NAFA office and at all check cashing areas. Copies of the list will be forwarded under a letter of transmittal to other NAF Activities and commissary stores in the area.

k. When several checks, drawn by the same person, are returned within a short period of time indicating that the individual intentionally issued the bad checks, all Coast Guard and Department of Defense NAF Activities and Commissary Stores in the area and Commandant (G-PRS) will be immediately notified by telephone and/or message.

l. In the event that restitution is not made, action to initiate collection or repayment by military personnel of debts to NAFA may be processed in accordance with Article 134 UCMJ.

m. A person's name may, after 1 year and/or at the discretion of the command be removed from the list.

n. For check-cashing purposes, the following statement shall be conspicuously posted in the vicinity of the cashier at all NAF Activities: "Notice to check cashers: Disclosure of your social security number and other personal information is mandatory if you wish to cash a check. All information thus furnished, including your social security number, will be used to identify, to this activity, writers of checks that have previously been returned unpaid. Request for disclosure of this information is made pursuant to the authority of Title 5, U.S. Code, Section 301."

UNIFORM REIMBURSEMENT

A. BACKGROUND. The Coast Guard Exchange System (CGES) operates military uniform shops. Each Coast Guard Exchange (CGX) is reimbursed from appropriated funds for the sale of issue uniform items. The reimbursement percentage covers the operating costs of providing this service. The following procedures for the reimbursement for the sale of issue uniform items applies.

B. POLICY.

1. Quarterly, the CGX will complete and submit a Voucher For Transfer Between Appropriations (SF-1080) with the CGES Income Statement (CG-5228) to Commandant (G-PXM). Reimbursement from AFC-30 funds will be made payable to the CGX.

2. Uniform Reimbursement will be calculated as a percent of issue uniform item sales. This percentage will be published via message at the beginning of each Appropriated Fund fiscal year. The message will indicate when the change is to take effect.

3. Report issue uniform item sales, purchases, beginning and ending inventory in the profit center in which the items are sold on the CGES Income Statement (CG-5228). Also enter the issue uniform item sales, purchases, and inventory figures as a separate memo item on the (CG-5228). The memo item identification code for the profit center is RET5.

NON-APPROPRIATED FUND ACTIVITY PERSONNEL COST CONTROL PROGRAM

1. INTRODUCTION.

   a. A program to monitor and control personnel costs and to develop adequate staffing plans is provided in this enclosure. This program is intended to be used by major NAF activities where the combination of sales volume and number of employees requires a personnel cost control program. A comparison of actual operating personnel cost ratios to the performance standards in Enclosure (16) provides quantitative criteria for determining the need for this program.

   b. Since wages and salaries are the largest NAFA expense category, local management of NAF activities, whether retail, food, service, or club, must control personnel costs and thereby prevent unnecessary spending of NAFA funds. Although the Federal Government regulates hourly wage rates, cost of living increases, and premium pay criteria, management exercises internal control over activity personnel costs.

2. Responsibilities. To meet the goals established in annual budgets and activity performance standards (i.e., to provide maximum service to NAFA patrons at minimal cost) management has the responsibility to:

   a. Analyze each activity's hours of operation and determine whether they fulfill patron needs. (Management should consider suggestions from patrons.)

   b. Insure that an adequate number of customer contact personnel are on duty during hours of heaviest customer traffic.

   c. Avoid scheduling of unnecessary personnel during slack hours.

   d. Maintain a listing of qualified personnel who are willing to work as required by the activity (whether early morning, midday, evening, or weekend).

3. PROCEDURES. The following procedures should assist management in the area of personnel cost control.

3.a. NAFA Hourly Sales Analysis (CG-5270). The NAFA Hourly Sales Analysis (figure 25-1) indicates the best operating hours for the activity and the most efficient scheduling of personnel to meet customer demands. The NAFA Hourly Sales Analysis is available to be used to record the number of sales transacted during each hour of the business day, the number of customers, the volume of sales, and thus the average sale per customer. An Hourly Sales Analysis should be conducted at least once each year. (October is the suggested base month because it is least affected by seasonal or holiday sales fluctuations.) For best results, monitor sales transactions for a 30-day period in order to include fluctuations caused not only by two paydays, but weekends and holidays. Recordings should be made for at least one 2-week period, including one payday, according to the following guidelines:

(1) Maintain one sheet daily for each cash register and consolidate these into one daily analysis of the activity.

(2) At the close of the business week, consolidate daily analyses into a weekly analysis of the activity.

NOTE

Management should use SF50 to notify employees of schedule changes resulting from implementation of the Hourly Sales Analysis.

It is recommended that management staff an activity with no more than 40% full-time employees.

b. NAFA Staffing Plan (CG-5271). The NAFA Staffing Plan (figure 25-2) indicates the number of personnel (part-time and full-time) necessary to staff the activity efficiently. The NAFA Staffing Plan form should be used to determine exactly when each employee is on-duty (the plan also indicates meal periods) in order to develop or modify an efficient activity staffing plan. When used in conjunction with the Hourly Sales Analysis, the Staffing Plan assists management in concentrating the greatest number of personnel (full-time and part-time) during hours of heaviest customer traffic. The Staffing Plan also indicates where fewer full-time employees are required. When an activity has different hours of operation for certain days of the week (i.e., Saturdays or Thursdays), a second daily form to document the variant hours can be used.

c. Personnel Cost Control Form. The Personnel Cost Control Form (figure 25-3) provides a means to monitor daily personnel costs by activity, to make projections of month-end results, to compare projections with the budget, and (if necessary) to start cost reduction action. Complete the Personnel Cost Control Form according to the following guidelines:

3.d.(1) List all current employees.

(2) Total cost per hour represents total hourly c
Include all fringe benefits (i.e., FICA, annu
retirement) in the total cost per hour.

NOTE

As an alternative to computing actual fringe
exchanges may add a fixed percentage to basic
costs: 15% for part-time military and interm
and 35% for all other employees.

(3) Record actual hours worked and compute cumula
all totals in the appropriate space on the lo
form.

(4) Accumulate and post figures daily.

(5) Review sales and costs figures at the mid-mon
to identify trends, to anticipate monthly res
compare results with original forecasts. If
the sales budget will be exceeded, extra part-
be supported if needed. If an adverse trend
action to curtail expenses. Use percentage o
projected sales to determine amount of change
percentage. This percentage differential whe
dollars reveals the deficit or reserve availa

(6) Post Personnel Cost Control form, (Figure 25-
Costs Comparision Chart (Figure 25-4).

d. Sales and Costs Comparison Chart. The Sales and C
Chart (figure 25-4) indicates the relationship bet
and daily personnel costs. Use the chart to graph
the upper portion) and daily personnel costs (on th
(In an ideal scheduling situation, the two graphs
parallel each other; i.e., when sales decrease, per
decrease.) When properly completed, the chart aid
detect unfavorable cost trends. It is recommended
Costs Comparison Chart be completed for at least on

DEPARTMENT OF TRANSPORTATION
U. S. COAST GUARD
CG-5270 (2-81)

U. S. COAST GUARD NAFA HOURLY SALES ANALYSIS

DATE

INSTALLATION

DAY OF THE WEEK

ACTIVITY

REGISTER

1	2	3		4		5	6
HOUR	REGISTER READING	SALES	%	NUMBER OF CUSTOMERS	%	CUMULATIVE NO. OF CUSTOMERS	AVG. SALES PER CUSTOMER
OPENING							
0600-0700							
0700-0800							
0800-0900							
0900-1000							
1000-1100							
1100-1200							
1200-1300							
1300-1400							
1400-1500							
1500-1600							
1600-1700							
1700-1800							
1800-1900							
1900-2000							
2000-2100							
2100-2200							
2200-2300							
2300-2400							
2400-0100							
TOTAL							

ACTIVITY MANAGER

SN 7530-01-GF2-9750

Figure 25-1. U.S. Coast Guard Hourly Sales Analysis

DEPARTMENT OF TRANSPORTATION
U. S. COAST GUARD
CG-5271 (2-81)

U. S. COAST GUARD NAFA STAFFING PLAN

DATE PREPARED

INSTALLATION

ACTIVITY

APPLICABLE DAYS (Check appropriate box)

☐ M ☐ T ☐ W ☐ TH ☐ F ☐ S ☐ SUN

HOURS OF OPERATION

NAME	0600	0700	0800	0900	1000	1100	1200	1300	1400	1500	1600	1700	1800	1900	2000	2100	2200	2300	2400	0100	0200	REMARKS
Ed Smith, MGR			←	—	—	—	—	—		—	—	→										1. MGR and sufficient help on duty during lunch hours.
Ann Bligh, Cashier				←	—	—	—	—	—	—	→											
Dot Jones, Hdwre						←	—	—	—	—	→											
Bill Brown, Sta.				←	—	—	—	—	—	—	→											2. Part-timers supplementin
Dora Roe, Jewel.				←	—	—	—	—	—	—	→											3. Stock people always available.
Pete Doe, Cigs.					←	—	—	—		—	—	→										
Will Matt, Sptg.			←	—	—	—	—	—	—	—	→											
Mary Got, Cash Ckr.							←	—	—	→												
Ella Mond, Cash Ckr.				←	—	—	—	—	—	—	→											
Marie Kott, Stk Supr.			←	—	—	—	—	—	—	—	→											
Andy Wms, Stk Rm.				←	—	—	—	—	—	—	—	→										
George Bye, Janitor				←	—	—	—	—	—	—	—	→										

SN 7530-01-GF2-8760

Figure 25-2. U. S. Coast Guard NAFA Staffing Plan

Encl. (25) to COMDTINST M7010.5, CH-6
19 MAR 1981

U.S. COAST GUARD PERSONNEL COST CONTROL FORM

ACTIVITY:_____

EMPLOYEE	TOTAL COST PER HOUR	HOURS WORKED 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
TOTAL COST PER DAY																																
CUMULATIVE COST																																
SALES PER DAY																																
CUMULATIVE SALES																																

MONTHLY FORECAST SALES $_____ ___%

PERSONNEL COSTS $_____ ___%

Figure 25-3. U.S. Coast Guard Personnel Cost Control Form

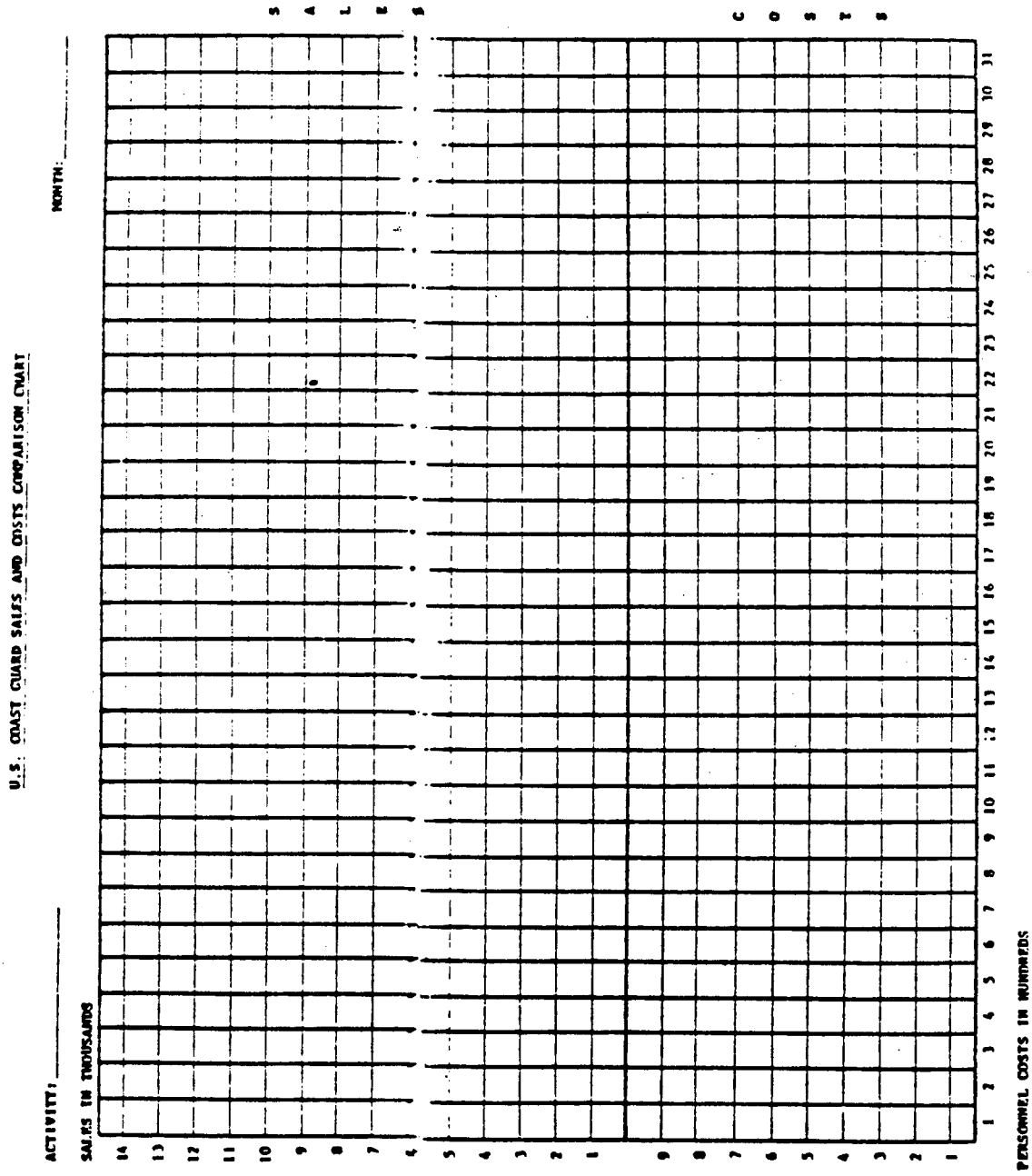

Figure 25-4. U.S. Coast Guard Sales and Cost Comparison Chart

CREDIT CARDS

1. Purpose: To establish a uniform policy regarding the acceptance of major credit cards. To provide authorized patrons with the opportunity to use credit cards in payment for the type of goods and services where this is customary.

2. General Policies:

   a. Credit cards will not be authorized for shipboard NAFA's or shore-based NAFA's with annual Exchange sales under $250,000.

   b. At shore-based NAFA's with annual Exchange sales of $250,000 or more, credit cards may be authorized for purchases in the following types of activities:

      (1) Main Exchanges.

      (2) Exchange Specialty Stores including Uniform Shops, Toylands, Exchange Annexes, Outdoor Shops, and Four Seasons Stores which are the type of activity in which credit cards are customarily accepted in the civilian community. Specifically excluded are Convenience Stores and "7-11" type activities, Grocery Sections, and Package Stores unless otherwise authorized by sub-paragraph 6 below.

      (3) Service Stations (for repair parts and service work only. This does not preclude gasoline credit card sales where the supplier accepts those cards and reimburses the exchange.)

      (4) Guesthouses.

      (5) Beauty shops.

      (6) When consolidated in, and sharing common checkout with the Main Exchange, credit cards may also be accepted in:

         (a) Grocery Sections.

         (b) Package stores (unless prohibited by state or local law.)

   c. Deviations from policy specified herein require approval of Commandant (G-F). Units submitting requests for exception shall ensure that full justification is included.

2.d. There shall be no minimum sale amount for credit card purchases. Further, prices will not be increased to offset credit card costs nor will units institute "discount for cash" or other alternatives that result in different prices depending on the purchasers method of payment.

e. Credit card acceptance should not be used in any way to promote the sales of alcoholic beverages.

f. Commandant (G-FRS) will coordinate all solicitations for credit card services. Independent unit arrangements with banks, processors, or other financial institutions are not authorized.

g. The only cards authorized for acceptance are VISA and Master Card.

h. Units are required to pay bank fees within the time frame specified in the contract as approved by Commandant (G-FRS) i.e. anticipated at 30 days from date of monthly invoice. Units not paying these fees on time may expect to lose the authority to accept credit cards.

3. Operations:

a. Initially, for credit card processing services Coast Guard units will be parties to the appropriate NAVRESSO zone contracts.

b. Appendix A lists Coast Guard unit NAFA's that may accept major credit cards (Master Card and Visa) under the respective NAVRESSO zones. It also shows estimated requirements for imprinters and electronic authorization devices (EADS).

c. Package stores previously authorized to accept credit cards on a "test basis" may not continue to accept cards unless they meet the requirements of II(a) above.

d. Each unit shall establish controls for safeguarding and transmitting credit card slips, and shall establish accounts receivable for transaction slips which have been forwarded to the processor. The contractors will be required to ensure that credit (payment) is accomplished within one to two days after receipt.

4. General Credit Card Rules:

a. Expired cards will not be honored.

4. b. Card must be signed on back by the person whose name appears on the front of the card.

c. Safeguard completed charge slips like cash.

d. Transactions must be authorized. There are four methods of receiving authorization. The method used by the sales clerk will depend on equipment available and the applicable floor limit (that dollar maximum over which it is necessary to contact the credit processing center to authorize a credit sale).

(1) Card Recovery Bulletin Verification - Sales clerk consults a bi-weekly publication which lists lost or stolen credit cards. If purchaser's card number does not appear, sales clerk authorized to approve purchase if under specified floor limit. If purchaser's card number is on the lost or stolen card list, sales clerk turns card over to the Exchange Officer for disposition in accordance with credit card company policy.

(2) Phone Verification - Sales clerk dials a toll free number and contacts the credit processing center to get an authorization number for a customer's charge purchase. Used for purchases over the floor limit.

(3) Electronic Authorization Device (EAD) - Sales clerk enters the charge card account number into key pad or "swipes" the purchaser's card through a machine that automatically contacts the credit processing center for purchase approval. Used for purchases both over and under the floor limit.

(4) EPOS (Electronic Point of Sale) Cash Register Verification - Sales clerk enters the charge card number into the EPOS-type cash register which contacts the credit processing center through dedicated telecommunications channels. Used for purchases both over and under the floor limit.

5. <u>Sales Clerk Procedures</u>:

a. <u>Validation</u>:

(1) If transaction amount is under specified floor limit:

5.a.(1) (a) Validate card number with warning/card recovery bulletin and annotate page number on credit card slip at locations not utilizing EPOS/EAD (Electronic Authorization Device)

(b) Validate card number utilizing EPOS/EAD and annotate approval number on credit card sales slip.

(2) If transaction amount is over specified floor limit:

(a) Locations not utilizing EPOS/EAD verification will obtain authorization via telephone (toll free number to authorization center). Approval number provided will be annotated on credit card slip.

(b) Locations utilizing EPOS/EAD authorization will authorize all applicable transactions and annotate approval number on credit card slip. Should EPOS/EAD authorization networks be "down" authorizations will be accomplished via telephone as indicated above.

b. <u>Credit Card Slip Preparation</u>:

(1) Upon obtaining the required verification and or approval (when over the floor limit) the salesperson will prepare the credit card sales slip.

(2) Located at each designated credit register there will be a credit card imprinter and a supply of both Master Card and VISA charge sale slips. The salesperson will:

(a) Place the patrons Master Card or VISA in the credit card imprinter face up.

(b) Take the appropriate credit card sales slip and enter a brief description of the items purchased in the description column for purchases consisting of 3 items or less.

(c) If four or more items from the same department are purchased, briefly describe such as "6 items dept. 1", and the register transaction number "xxxx".

5.b.(2) (d) If four or more items from several merchandise depts. are purchased, a brief description such as "10 items purchased various depts.", and the register transaction number "xxxx".

(e) Enter the sale price of each item with 3 or less items purchased in the appropriate column. When more than 3 items are purchased enter the total amount of the sale in the amount column.

(f) Place the credit card sales slip directly on top of the credit card (on the imprinter) face up and move the control handle from the left to right across the top of the credit card sales slip.

(g) Remove the credit card sales slip from the imprinter.

(h) On registers with no validation imprinter capability, enter total on credit card sales slip and compare to register tape total.

(i) Have the patron sign the credit card sales slip and enter their telephone number.

(j) Compare patron's signature on the credit card sale slip to the signature on the back of the credit card. If signatures do not agree, the sale shall not be authorized and the matter shall be referred to the Exchange Officer for disposition in accordance with credit card company policy.

(k) Give the patron the credit card and the number two (customer) copy of the credit card sales slip.

c. <u>Completion of Transaction</u>:

(1) Remove the register receipt and:

(a) Stamp or write on the register receipt "Charge Sale" if your register does not perform this function.

(b) Staple cash register receipt to bag.

5.c.(2) Place credit card sales slip in register cash drawer. It is important that credit card charge slips be treated and protected in the same manner as cash.

d. Refund Procedures:

NOTE: Cash is never to be given if the original sale was made with a credit card. Refunds for cash or credit card sale will only be made at designated registers.

(1) Request cash register receipt from customer. If it is stamped "Charge Sale", either by hand or by the register, request the Master Card or VISA charge card (whichever is applicable) from the customer.

(2) Prepare a refund voucher, insuring all information entered is legible and obtain customers signature.

(3) Ring amount of refund on register in normal manner.

(4) Located at the designated register there will be a credit card imprinter and a supply of both Master Card and VISA returned sales slips. The salesperson will:

(a) Place the patrons Master Card or VISA in the credit card imprinter face up.

(b) List the items being returned on the returned sales slip and the amount of each return and total.

(c) Place the returned sales slip directly on top of the credit card (on the imprinter), face up and move the control handle across the top of the returned sales slip.

(d) Remove the credit card and returned sales slip in the appropriate space.

(e) The customer will sign the returned sales slip in the appropriate space.

(f) Give the customer the No. 2 copy (customer) of the returned sales slip along with their credit card.

NOTE: At this point, the returned sale has been rung up, the refund voucher validated (imprinted where available) and the procedures necessary to complete the transaction can be accomplished.

(g) Remove the register receipt from the register and stamp or write "Charge Sale" on the receipt.

(h) Stamp all 3 copies of refund voucher, "Charge Sale".

(i) Remove the No. 4 copy of the returned sales slip and attach to the duplicate copy of the refund voucher.

(j) Attach to the original (white) copy of the refund voucher the following:

1 Original sales slip/register receipt received from patron if available.

2 Register receipt from refund transaction.

e. Close of Business Procedures:

(1) Remove all credit card sales slips from register.

(2) Separate Master Card and VISA sales slips, (Nos. 1 and 3 copies).

(3) Remove the No. 1 copy from each batch and prepare adding machine tape for each batch.

(4) Attach adding machine tape to each batch (No. 1 copies) and bind with rubber band.

(5) Batch the No. 3 copies, (by tape) and bind with rubber band, (no adding machine tape required).

(6) Enter totals separately for Master Card and VISA on sales persons daily cash report.

6. Helpful Hints:

a. Credit transactions of less than $15.00, though authorized, should not be encouraged because processing fees would probably exceed the profit.

6. b. Identify the specific locations (post signs) in your store where credit card transactions will actually be processed i.e., small to medium size stores may wish to restrict this to the control counter(s), large stores may need to use the control counter(s), the customer service area and one or two check out lines.

c. The acceptance of credit cards at all registers is not recommended because of the slow down in moving customers through the line.

d. Make sure that the employees handling cards are well trained...every credit card slip (transaction) is like cash.

e. Telephone lines (need not be dedicated) will be needed for the electronic authorization devices (EADS).

f. Remember that NAFA is responsible for losses caused by failures to adhere to authorization/verification procedures.

g. Summarize Master Card and VISA transactions separately each day and <u>transmit credit card slips to the processor on a timely(daily) basis</u>.

1. General.

The purpose of NAF training is to provide the knowledge necessary to increase all employees' abilities, efficiency, and productivity. Training is available for both military and civilian personnel. Proper training helps all personnel understand how and why their jobs are performed. Training may be given on-the-job or through formal programs. The training needs of the work force should be reviewed periodically and adjusted to fit the current needs of the employees. It is the responsibility of management to see that adequate training is provided to help maintain peak efficiency and productivity of each NAF activity.

2. Funding of training needs. To be handled in accordance with Enclosure (53), Chapter 4-D in this Manual.

3. Types of training.

a. Indoctrination program. To be handled in accordance with Enclosure (53), Chapter 4-E in this Manual.

b. On-the-job training. On-the-job training within the normal work schedule provides a major portion of the training given to employees. On-the-job training may be given by group or individual instruction. The basic premise of on-the-job training is learning through experience. The employee is first verbally instructed and shown how to perform the job function by a supervisor or an experienced employee. Next, the employee performs the job function in the presence of the supervisor. Corrections are made and the trainee evaluated. The supervisor then determines whether further training is necessary.

c. Management training courses.

(1) Navy Exchange Management School. The Navy Exchange Management School is a training program funded by Headquarters for exchange managers and NAFA Officers. The five week course is offered quarterly. The primary goal is to prepare each student to perform successfully in all aspects of managing exchange activities. Each student should be able to proceed from this course with a full understanding of the policies and procedures necessary for successful exchange management. Proper application of the skills presented will enable the students to manage effectively. The Short-Term Resident Training Request Form (CG-5223) will be used to request admission to the Exchange Management School. Forward the completed application to Commandant (G-FRS). The course is divided into three segments. The first three-week and final one-week segments are taught at Athens, Georgia. The second segment, the fourth week, is taught at Aviation Training Center (ATC) Mobile or other units. A summary of the topics covered includes:

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3.c.(1)(a) First three weeks (Athens, GA.)

1. Exchange organization and regulations.

2. Financial management.

3. Payroll administration.

4. Internal control.

5. Contracts.

6. Retail merchandising.

7. Distribution management.

8. Maintenance management.

9. Cost control staffing.

10. Budget and control.

11. Visual merchandising.

12. Open-to-buy (OTB) plan.

13. Stock control.

(b) Fourth week (ATC Mobile) - Course curriculum reviewed in NAFA Management Training Program, Section 3.c.(3) of this enclosure.

(c) Fifth week (Athens, GA).

1. Safety program and fire prevention.

2. Recruiting and employment.

3. Employee benefits, training, and development.

4. Labor relations.

5. Employee relations and performance appraisal.

6. Wage and salary administration.

7. Physical security.

8. Equal employment opportunity.

9. Standards of patron services.

3.c.(2) Navy Open Mess Management School. The Navy Open Mess Management School is a four-week training program funded by Headquarters. The Mess Management School is available to all NAFA Officers, exchange, club, and mess managers. The course is offered quarterly at Patuxent River, Maryland. The Short-Term Resident Training Request Form (CG-5223) will be used to request admittance to the Navy Open Mess Management School. Forward the completed application to Commandant (G-FRS). The course is designed to provide a thorough understanding of the procedures and policies relating to the operation of an open mess. The curriculum is divided into three phases as follows:

(a) Phase I (Mess and Personnel Regulations) - Topics include:

1. General mission.

2. Administrative responsibility.

3. Operating policy.

4. Construction.

5. Maintenance.

6. Taxes.

7. Reports.

8. Alcoholic beverages.

9. Insurance.

10. Procurement.

11. Employment.

12. Salaries and wages.

13. Attendance and leave.

14. Employee benefit plans.

15. Personnel relations.

(b) Phase II (Accounting) - Topics include:

1. Administrative procedures.

2. Journals.

3. Ledgers.

3.c.(2)(b) 4. Forms.

5. Reports.

6. Chart of accounts.

7. Analysis of financial statements.

(c) Phase III (Cost Controls) - Topics include:

1. Food and beverage cost control systems.

2. Retail accountability.

3. Preparation of budgets and daily financial summaries.

4. Prevention of employee theft.

(3) NAFA Management Training Program. All students enrolled in the Navy Exchange Management School will attend the NAFA Management Training Program at ATC Mobile as the second segment of the Exchange Management School. This one-week course augments the Navy Exchange Management School but can also be taken as an individual course. Enrollment in the Exchange Management School is not a prerequisite for this course. The Short-Term Resident Training Request Form (CG-5223) must be completed and forwarded to Commandant (G-FRS) to obtain admission to the course. The curriculum includes visits to other Coast Guard NAFA's to observe visual merchandising techniques, operational point of view, selling department layout and type of activities-combinations. Five key elements will be reviewed:

(a) Financial management.

1. Performance standards.

2. Budgeting.

3. Reporting.

4. Review of prior performance.

(b) Operations.

1. Service.

2. Pricing.

3. Management Assistance Program.

4. Retail Price Comparison Survey.

5. Personnel cost control.

3.c.(3)(c) Physical plant.

1. Capital Improvement Program.

2. Facility evaluation.

(d) Security and safety.

1. Physical plant security.

2. Internal control procedures.

3. Consolidated insurance coverage.

4. Claim reporting.

5. Identifying existing and potential hazards.

(e) Management visibility.

1. Daily visits to each activity.

2. Schedule meetings with managers and supervisors.

3. Personnel program.

4. Advisory counsel.

d. Courses open to all employees.

(1) Navy Resale and Services Support Office (NAVRESSO) self-study courses. Employees who desire to enroll in a NAVRESSO self-study course may obtain and complete the Navy Resale System - Self Study Course, Enrollment Request (SS/242). The completed form must be submitted to the NAFA Officer for approval. No funding is required for these courses. Send all enrollment applications to:

Navy Resale and Services Support Office
Industrial Relations Division
Training and Development Branch (IR4)
New York Avenue
Fort Wadsworth
Staten Island, New York 10305

Forms may be obtained from the Navy Resale and Services Support Office at the same address. NAVRESSO will send the course to the employee upon receipt of the application. Complete instructions and an open-book final exam will be enclosed with the course. The suggested completion time is ninety days. The exam must be taken and a minimum percentage met before a certificate of completion will be issued. Four courses are recommended and may be taken in any order.

3.d.(1)(a) 22, Open-to-buy.

(b) 24, Stock Control.

(c) 42, Introduction to Retailing.

(d) 74, Supervisory Practices.

(2) Safety, security, and fire-prevention training. The purpose of safety, security, and fire-prevention training is to teach employees the basic concepts necessary to prevent accidents, fires, and breaks in security. Training can be provided by the local provost marshall, fire marshall, and/or police department.

(3) Vendor Training Programs. The need for product knowledge training may be satisfied through training provided by vendors. Vendors should be encouraged to conduct or participate in training sessions and/or seminars. Some examples of manufacturers providing such training are calculator, watch, camera and cosmetic manufacturers, and oil companies. Information concerning such training may be obtained from vendor representatives.

(4) Other sources of training. Other available sources of training vary from area to area. An example of such a source is the local chamber of commerce. The chamber of commerce can often provide free films and publications for training purposes. Other local organizations may also provide similar services such as public libraries and the Better Business Bureau.

PROCUREMENTS USING NON-APPROPRIATED FUNDS

1. PURPOSE: This enclosure contains mandatory procedures to be followed when procuring supplies, services, and merchandise with non-appropriated funds.

2. Types of Non-Appropriated Funds:

   a. Coast Guard Headquarters Trust Fund (CGHTF). These funds are distributed to the field as grants or loans.

      (1) The Personnel Services (PS) Account is administered by Commandant (G-PS). Funds are distributed to district or Headquarters units under this account, as grants or loans for approved recreation and morale projects and programs. Funds will be transmitted to the cognizant command upon receipt of notification that funds are required for disbursement.

      (2) The Non-Appropriated Fund Activity Account is administered by Commandant (G-FRS). Funds are made available to the field, as loans and grants to fund selected expenditures for the administration of NAFA business. Funds are sent directly to the NAF activity involved, and an accounting for the funds will be carried out as currently prescribed by this manual. Funds will be transmitted in time to make required disbursements.

   b. Local NAFA funds are used to purchase inventory, operating supplies, routine services, and fund both maintenance and capital improvement projects.

3. Procurement with Non-Appropriated Funds:

   Non-Appropriated Fund procurements are subject to the same close scrutiny which is directed at all government purchases. Sound business practice requires that they be made in the public interest and exhibit a high degree of professionalism. Each transaction should stand on its own merit with regard to reasonableness of price and reflect that the best deal was attained for the required delivery date of the item/services being procured. The following special provisions apply:

   a. Purchases of inventory for resale.

      (1) Procurements of authorized items (see Enclosure 41) shall be accomplished by NAFA personnel in quantities allowed by the departmental open-to-buy on the basis of best available price for the required delivery date. Where price discounts are offered for vendor standard order quantities, the order quantity may be adjusted to take advantage of the discount. Local procedure should establish the degree of latitude permitted.

3.a.(2) The first rule in purchasing is to stay with the best sellers and "name" brands of high quality which are distributed by reputable-established suppliers. Be wary of specials at large discount where the distributor may be attempting to dump dead, obsolete, or slow-moving inventories.

(3) DOD term contracts shall be used to the maximum extent practical. (e.g. PABs, VOX, VPR, VRR). Units within the same locality may consider consolidating orders in order to meet minimum order quantities.

b. Purchases of less than $5,000 for supplies and services. Procurements may be accomplished by either NAFA or appropriated fund employees in conformance with the provisions of Coast Guard Small Purchase Handbook (COMDTINST M4200.13).

c. Purchase of supplies and services in excess of $5,000. These procurements shall be made by appropriated fund personnel authorized to execute such procurements. Procurement shall be made in accordance with the provisions of the Federal Procurement Regulations as implemented and supplemented by the Department of Transportation Procurement Regulations and Coast Guard Procurement Procedures (COMDTINST M4200.16).

d. Formal Contracts. All formal contracts including construction in excess of $2,000 shall be executed by the contracting officer servicing the geographical area in which the NAFA is located. The contracting officer must be formally appointed to serve in the capacity as contracting officer for non-appropriated funds. See figure 28-1 for sample appointment certificate.

e. Exceptions: Unless prescribed by local procedures, NAFAs are exempt from:

(1) Mandatory sources of supply.

(2) Use of mandatory federal supply schedules.

(3) Mandatory use of appropriated fund small purchase documents.

(4) Restrictions dealing with the procurement of personal services.

4. Requirements for Non-Appropriated Fund Procurements accomplished by Coast Guard procurement offices.

a. Procurement offices shall be furnished formal documentation that the appropriate Coast Guard command has approved the use of non-appropriated funds for the procurement and that such funds are available for deposit to the Deposit Fund Account when required for payments under the contract. The amount placed on deposit may, at the discretion of the NAFA fund administrator, be limited to the amount of the actual disbursement.

4.b. Since NAFA funds are not subject to the Anti-Deficiency Act, the procurement request and pledge of NAFA funds serve as the basis upon which to execute the procurement document.

c. Payments funded by non-appropriated funds will be accomplished by charge to the Deposit Fund Account, 69X6875 (02), "SUSPENSE, U. S. COAST GUARD". Deposits and charges to the deposit fund account will be accomplished by the accounting office designated to make payment under the contract.

5. PROCEDURES FOR CONSTRUCTION AND A/E CONTRACTS:

a. Authority of Contracting Officers. Contracting officers are appointed for the purpose of negotiating, awarding, and administrating appropriated fund contracts. They may also perform the duties of contracting officer for non-appropriated funds, act in an advisory capacity with respect to small purchases using non-appropriated funds, and be authorized to enter into and execute contracts funded with non-appropriated funds for construction work in excess of $2,000, and for architect engineer (A/E) services. See figure 28-1 for sample certificate of appointment.

b. Construction or Architect-Engineering Contracts Funded with Non-Appropriated Funds.

(1) General.

(a) The policies and procedures in Part 1-1, Federal Procurement Regulations (FPR), Part 12-1, Department of Transportation Procurement Regulations (DOTPR) and Part 12B-1, Coast Guard Procurement Procedures shall be followed unless cogent reasons justify noncompliance. Justification will be in writing, signed by the appropriate NAFA officer, approved by the commanding officer, and at least one copy furnished to the contracting officer prior to beginning any procurement action.

(b) In any case except work financed entirely by voluntary contributions or donations made to non-appropriated funds specifically to accomplish such work, all construction projects in excess of $2,000, financed in whole or in part by non-appropriated funds, will contain construction labor standard clauses consistent with the requirements of FPR Subpart 1-12.4.

(2) Funding. Contracting officers will take no action to establish those contracts until they receive documentation that the appropriate Coast Guard command has approved the use of the non-appropriated funds and that such funds are available for payments under the contract.

5.b.(3) Payments to Contractors. The appropriate paying office will be designated in the contract to receive invoices. Payments will not be made from the deposit fund account to the contractor until the contracting officer has received documentation from the command/project inspector, and a corresponding invoice from the contractor, indicating the percentage of completion. Payment(s) may then be made as prescribed in the contract clause "Payments to Contractors".

(4) Contract Forms. The forms used for non-appropriated fund contracts will be the same as prescribed in FPR Subpart 1-16.4 and DOTPR Subpart 12-16.4 for appropriated fund contracts.

c. Clauses for Construction Contracts. In addition to the clauses included in the standard forms referenced in FPR Subpart 1-16.4, all required clauses and special provisions contained or referred to in FPR Subpart 1-7.6 and DOTPR Subpart 12-7.6 will be used except as follows:

(1) The following modifications to Standard Form 19 (General Provisions), Standard Form 23-A (General Provisions - Construction Contract) and DOT F 4220.12 and DOT F 4220.13, as applicable, shall be accomplished in the "alterations" paragraph of Standard Form 23 (Construction Contract) or in an alterations paragraph added in the schedule of Standard Form 19 (Invitation, Bid and Award), as may be appropriate:

(a) Definitions: The following clause shall be substituted for the provision of Article 1, Definitions of SF 23-A:

1. As used in this contract, the term "contracting officer" means the person executing or administering this contract on behalf of the non-appropriated fund which is a party hereto, or his successor or successors.

2. Non-appropriated Fund Instrumentality. The (name of the NAFA) is a non-appropriated fund instrumentality of the United States Government. No appropriated funds of the United States shall become due, or be paid to the contractor by reason of this contract.

3. As used in this contract, the term "NAFA" means the non-appropriated fund activity contracting for the services or supplies.

4. As used in this contract, the term "sub-contracts" includes purchase orders.

(b) Disputes: The following clause shall be substituted for the provision of Article 3 of SF-19 and Article 6 of SF 23-A, entitled "Disputes":

5.c.(1)(b) 1. Except as otherwise provided in this contract, any disputes or claim concerning this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall state his decision in writing and mail or otherwise furnish a copy of it to the Contractor. Within 30 days from the date of receipt of such copy, the Contractor may appeal by mailing or otherwise furnishing to Contracting Officer a written appeal addressed to the Department of Transportation Contract Appeals Board and the decision of the board shall be final and conclusive; provided that if no such appeal is taken, the decision of the Contracting Officer shall be final and conclusive. The Contractor shall be afforded an opportunity to be heard and to offer evidence in support of any appeals under this clause. Pending final decision of such a dispute, however, the Contractor shall proceed diligently with the performance of the contract and in accordance with the decision of the Contracting Officer. Payments to Contractors: Modify the provisions of Article 7, payments to contractors of SF 23-A by omitting the last sentence in paragraph (e) and add the following to the end of this clause "Upon satisfactory completion and acceptance of all work required by this contract located on land in which the Government has a real property interest, and prior to final payment, the contractor hereby agrees to execute an instrument of conveyance, in a form approved by the contracting officer, conveying all real property to the Government".

(c) Payments to Contractors: Modify the provisions of Article 7, payments of contractors of SF 23-A by omitting the last sentence in paragraph (e) and add the following to the end of this clause "Upon satisfactory completion and acceptance of all work required by this contract located on land in which the Government has a real property interest, and prior to final payment, the contractor hereby agrees to execute an instrument of conveyance, in form approved by the contracting officer, conveying all real property to the Government."

Note: <u>For construction on land owned by the Coast Guard or leased by a non-appropriated fund activity, modify this sentence to read "Upon satisfactory completion and acceptance of all work required by this contract, located on land owned by the Coast Guard or leased by the NAFA, and prior to final payment, the contractor hereby agrees to execute an instrument of conveyance, in a form approved by the contracting officer, conveying all real property to the Government"</u>.

Also, add the following as paragraph (f): "This agreement is not a United States Government contract, but is solely the obligation of the NAFA".

(d) Assignment of Claims: Delete the provisions of Article 9 of SF 19 and Article 8 of SF 23-A, entitled "Assignment of Claims". The use of these clauses are prohibited for non-appropriated fund contracts. If payment or assignment to a third party is required, a locally devised clause will be used.

(e) Utilization of Small Business Concern: Delete the provision of Article 13 of SF 19 and Article 22 of SF 23-A, entitled "Utilization of Small Business Concerns". The Small Business program is not applicable to contracts funded solely with non-appropriated funds.

5.c.(1)(f) Authorization and Consent: Delete the provision of Clause 48, Authorization and Consent of Form F4220.12.

(2) Priorities, Allocations, and Allotments: Omit the clause referred to in DOTPR 12-1.311.

(3) Patent Indemnity: Use appropriate clause in DOTPR 12-9.6107.

(4) Alterations in Contract: As used throughout this contract, the word "NAFA" is substituted for the word "Government" except in the last sentence of the payments clause regarding conveyance of real property.

d. Additional Procedures and Clauses Applicable to Architect-Engineering (A/E) Service Contracts.

(1) The policies and procedures contained in this enclosure are applicable to A/E services contracts.

(2) Prior to negotiation with a selected architect-engineer firm, preprocurement requirements of Coast Guard policies and procedures pertaining to appropriated fund A/E contracting will be met except the requirement for determinations and findings by Comptroller, Coast Guard. The statutory limitations on the monetary amounts that may be paid architect-engineers (5 U. S. C. 3109 as implemented by the annual DOT Appropriation Act) are not for mandatory application to non-appropriated fund activities, but should be used as a guide.

(3) In addition to the clauses included on Standard Form 253 (General Provisions-Architect-Engineer Contract), all required clauses and special provisions contained or referred to in DOTPR Subpart 12-7.54, will be used except as follows:

(a) The following modifications to standard Form 253 shall be accomplished by adding an alterations in contract clause, which is to be attached thereto:

1. Definitions: The clause set forth in subparagraph 5c.(1)(a) shall be substituted for the provision of Article 1, Definitions of SF 253.

2. Disputes: The clause set forth in subparagraph 5c.(1)(b) shall be substituted for the provision of Article 5, Disputes of SF 253.

3. Assignment of Claims: Delete the provision of Article 6, Assignment of Claims of SF 253. The use of this clause is prohibited for non-appropriated contracts. If payment or assignment to a third party is required, a locally devised clause will be used.

4. Alterations in Contract: As used throughout this contract, the word "Government" is deleted and the word "NAFA" is substituted in lieu thereof.

CERTIFICATE OF APPOINTMENT

Pursuant to authority vested in the undersigned, and in accordance with Encl (28) to COMDTINST M7010.5.

JOHN M. DOE

is hereby appointed

CONTRACTING OFFICER

for non-appropriated fund acquisitions conducted within the geographical boundaries of the_____ Coast Guard District subject to the limitations in the cited COMDTINST and to (a limited dollar authority of (if appropriate)) to enter into contractual actions on behalf of the non-appropriated fund instrumentality

Unless sooner revoked, this appointment is effective as long as the appointee named herein is assigned to_____Coast Guard District Office.

1 October 1982

_____
Serial #

Robert J. Roe
Commander,_____Coast Guard District
Rear Admiral, U. S. Coast Guard

Figure 28-1

SEASTORE TOBACCO PRODUCTS

1. Purpose.

To authorize the sale of tax-free tobacco products in shipboard exchanges when such ships are operating outside the territorial waters of the United States and to prescribe required procedures for control and handling of such inventories.

2. Control and Handling.

a. Seastore tobacco products (tax-free) may be purchased for resale by shipboard exchanges and sold when such ships are operating outside the territorial waters of the United States.

b. Purchased quantities of seastore tobacco shall not exceed anticipated sales, except when purchased for transfer to other authorized activities.

c. All shipments of tax-free products shall be received by a commissioned officer and strict inventory accountability and security shall be maintained. Physical counts of such inventory shall be taken:

(1) on receipt;

(2) on transfer or relanding;

(3) on departing U. S. territorial waters; and

(4) on reentering U. S. territorial waters.

d. Discrepancies shall be investigated and a written report shall be submitted to the commanding officer. All inventories and reports shall be retained in permanent files and made available upon request of inspecting officers or Internal Revenue agents.

e. No tax-free cigarettes or snuff may be sold while the vessel is within U. S. territorial waters unless customs duties equal to the Internal Revenue tax have been fully paid, and a customs inspection stamp has been affixed to each package of manufactured tobacco or snuff.

f. Sales of tax-free tobacco shall be regulated in quantity to amounts that may reasonably be consumed while outside the territorial waters.

g. Relanding of tax-free tobacco products may be made only after clearance has been obtained through the local customs office.

SATELLITE AND BRANCH OPERATIONS

1. Purpose. To establish a procedure allowing units to provide essential health and comfort items for assigned military personnel with a minimum of administrative burden.

2. Discussion.

   a. The satellite/branch concept allows units to have NAFA service available without the administrative cost and management burden normally associated with such an operation. Flexibility is constrained by the services available, the size of the parent NAFA and the financial ability of the supplier NAFA to extend the service at an economical cost.

   b. Branch NAFAs are ashore NAFAs operated and managed by the parent command. Accounting and operations are the same as for any other profit center. This is similiar to a concessionaire operation.

   c. Satellite NAFAs can operate on board cutters and at shore locations. The activities are operated by the satellite command using the inventory, the working capital and some administrative support of the parent NAFA command.

3. Operations.

   a. Support agreements are mandatory. They define the authority and responsibility of each command, as well as the working relationships within the business. There must be a mutual agreement between the commands involved and approval by the responsible district commander prior to implementation. Sample agreements are provided in Figures 30-1 and 30-2.

   b. Merchandise requirements.

      (1) Transfer merchandise for branch operations at cost.

      (2) For satellite activities, a mutually agreed upon handling charge is added to the wholesale cost of merchandise to compensate the parent NAFA for the handling and administrative costs involved. An additional surcharge may be applied when the satellite command requires a contribution to the unit morale fund. Exact percentages must be formalized in the support agreement.

   c. Staffing for branch operations must be provided by the parent NAFA. Staffing for satellite operations must be provided by the satellite command. If a mixed situation exists, that situation and a mutually agreed upon chain of responsibility must be identified in the support agreement.

3.d. Purchasing is normally be the responsibility of the parent command; however, there may be cases where it is desirable or necessary to delegate this authority to the satellite command. Such exceptions and limits of authority must be included in the support agreement.

e. Cash receipts are to be deposited in the bank weekly and otherwise when the on hand amount exceeds $200. Ships away from homeport shall deposit by mailing money orders or cashier checks when the opportunity arises.

f. Markdowns/Surveys/Returns. The parent NAFA will accept the return of slow selling, shopworn, or damaged merchandise where negligence is not an issue. In other cases, the issue must be resolved by mutual agreement of the commanding officers.

4. Accounting and Reporting.

a. Branch activities must be treated as a separate profit center of the parent NAFA. Accounting and reporting are the responsibility of the parent NAFA.

b. Satellite activities shall maintain the following records:

(1) Sales and Cash Receipt Record (CG-4529A). See enclosure (18) for detailed instructions regarding use of this form.

(2) Cash disbursement record. See enclosure (18) for instructions.

(3) Status Report of Satellite Exchange (CG-4622). This is a report of accountability which must be submitted to the supplier NAFA not less than monthly. This report serves as backup documentation for the outstanding receivable on the books of the supplier NAFA. A sample report is provided in Figure 30-3.

(4) Record of Physical Inventory. Take physical inventories at least monthly and maintain the report as part of the NAFA financial record. Procedures are contained in enclosure (47).

(5) Bank statement file. See enclosure (18) for instructions.

c. Reporting requirements for the parent NAFA are provided in enclosure (19) to this manual.

d. Profit distribution for morale programs must be in accordance with unit/district procedures.

SATELLITE NAFA SUPPORT AGREEMENT

1. (Parent command) will provide $_____ in operating capital for (Satellite command) to operate a satellite NAFA as follows:

   a. Description.

   b. Location.

2. The operating capital is provided as an interest free loan shown as an account receivable of the parent NAFA. Upon disestablishment of the satellite, all NAFA assets will be returned to the parent command.

3. The satellite command agrees to:

   a. Assume responsibility for the operation of the NAFA and compliance with the operating procedures established by Comptroller Manual (COMDTINST M7010.5), Volume VII, Non-Appropriated Fund Activities.

   b. Protect NAFA assets against loss or damage.

   c. Provide a NAFA officer and NAFA operator.

   d. Perform annual audits of the NAFA.

   e. Purchase all resale items through the parent NAFA or otherwise as allowed by the agreement.

   f. Submit monthly accountability reports to the parent command.

4. The parent command agrees to:

   a. Provide merchandise at wholesale plus a _____% handling charge and _____% morale surcharge.

   b. On a quarterly basis, remit a check to the morale fund of the satellite command equal to _____% of satellite sales.

5. This agreement is effective _____. Termination may be effected upon 60 days written notice by either command.

_____	_____
Commanding Officer (Satellite NAFA)	Commanding Officer (Parent NAF)
DATE_____	DATE_____

Copy: Responsible District Commander (f)
Commandant (G-FNM)

Figure 30-1

BRANCH NAFA SUPPORT AGREEMENT

1. (Parent Command) agrees to operate a branch NAFA as a tenant of (host command). Specific services to be provided are:

   a. Description:

   b. Location:

   c. Hours of operation:

2. The parent command agrees to:

   a. Provide the necessary working capital, resale inventory, equipment and staffing.

   b. Assume all business risks and responsibility for the operation in accordance with COMDTINST 7010.5.

   c. Operate in consonance with the installation regulations of the host command.

   d. On a quarterly basis, remit a check to the morale fund of the host command equal to _____% of branch sales.

3. The host command agrees to:

   a. Provide adequate space and security.

   b. Be responsible for structural maintenance of the facility.

4. This agreement is effective _____. Termination may be effected upon 60 days written notice by either command.

_____	_____
Commanding Officer (Host Command)	Commanding Officer (Supplier Command)
DATE_____	DATE_____

Copy: Responsible District Commander (f)
Commandant (G-FNM)

Figure 30-2

31 MAY 1983

DEPARTMENT OF TRANSPORTATION U. S. COAST GUARD CG-4622 (Rev. 3-74)	STATUS OF SATELLITE EXCHANGE	MONTH REPORTED JULY 83

UNIT	LOCATION
CGC Chilula	Base Ft. Macon

LINE	PART I - ACCOUNTABILITY FOR AMOUNT ADVANCED	
1	Cash on Hand	$ 273.27
2	Merchandise on Hand	1226.73
3	Merchandise Loss (Board of Survey attached)	0
4	Total Exchange Fund Advanced	$ 1500.00
	PART II - ANALYSIS OF OPERATIONS	
5	Merchandise on Hand (Beginning of month)	$ 100.00
6	Purchases	1200.00
7	Merchandise available for Sale (Line 5 + Line 6)	1300.00
	Less:	
8	Sale of Merchandise	73.27
9	Losses of Merchandise (Same as Line 3)	0
10	Total Sales and Losses (Line 8 + Line 9)	73.27
11	Merchandise on Hand (Line 7 - Line 10 must equal Line 2)	$ 1226.73

PART III - CERTIFICATION OF SE OFFICER

I CERTIFY that the status of the Satellite Exchange for which I am accountable is as stated above.

Date _____ Signature _____

PART IV - RELIEF OF SE OFFICER

As of _____ 19 ___ I have relieved:

as Satellite Exchange Officer and have accepted responsibility for the Exchange Fund advance as indicated in Part I above.

_____

Signature of relieving SE Officer

PREVIOUS EDITION MAY BE USED

Figure 30-3

GUNS AND AMMUNITION

A. Control.

1. The Bureau of Alcohol, Tobacco and Firearms (formally a division of the Internal Revenue Service) is responsible for enforcement of the Gun Control Act of 1968 (Public Law 90-618, 22 October 1968). The reason for requiring the completion of ATF Form 7, Application for License and ATF Form 4473, respectively, is to ensure that participating activities are qualified to comply with Chapter 44, Title 18 USC and to document firearms transactions for record purposes.

2. Coast Guard NAF Activities are required to conform with the licensing requirements of this act. To that end, the following information applies to all Coast Guard NAF Activities which deal in firearms and ammunition:

   a. Section 932(a) requires that a license be obtained to engage in business as a firearms or ammunition importer, manufacturer or dealer. EXHIBIT A, ATF ltr R:P:JOP dtd 7 October 1975 to DOD.

   b. Section 922(a) (2) prohibits the shipping or transporting in interstate commerce of any firearms or ammunition to any person other than another licensee.

   c. Section 922(b) (1) prohibits the sale or delivery of any firearm or ammunition to any individual who the seller knows or has reasonable cause to believe is less than eighteen years of age, and, if the firearm is other than a shotgun or rifle, or ammunition for a shotgun or rifle, to any individual who the seller knows or has reasonable cause to believe is less than twenty-one years of age.

   d. Section 922(b) (3) prohibits the sale of any firearm to any person who the seller knows or has reasonable cause to believe does not reside in the state where the seller's business is located. For the purposes of this Act, a military man on active duty has resident status in the state in which his permanent duty station is located (Section 921(b)).

   e. Section 922(b) (5) requires the retention of permanent records of the acquisition and disposition of all firearms and ammunition. These records must be available for inspection by authorized representatives of the Bureau of Alcohol, Tobacco and Firearms.

   f. Section 922(k) makes it unlawful for any person to knowingly transport, ship, or receive in interstate commerce any firearms which have had the importer's or manufacturer's serial number removed, obliterated, or altered.

g. Section 922(m) makes it unlawful for any person to knowingly make any false entry in, or fail to properly maintain, any record which is required to be kept pursuant to Section 923 (licensing provisions) of this Act or regulations promulgated thereunder.

B. Coast Guard Policy and Records.

1. Firearms and ammunition will not be stocked in CONUS NAFAs.* Coast Guard NAF Activities authorized by Commandant (G-FER) to sell (by special order or from stock) firearms or ammunition must obtain a license from the Department of the Treasury - Bureau of Alcohol, Tobacco and Firearms. NAF Activities will not be a party to the mailing, shipping, or transporting of any firearm or ammunition except between NAF Activities and licensed suppliers.

2. To comply with Paragraph 2c above, NAF Activities will not sell or deliver any hand gun or hand gun ammunition to any individual under 21 years of age and will not sell or deliver any firearm or ammunition to anyone under 18 years of age.

3. To comply with Paragraph 2d above, NAF Activities must not sell any firearms to any person who is not a resident of the state in which the NAF Activity is located. A military man on active duty is considered to have two possible states of residence. One is the state in which his permanent duty station is located and the other is his home state of record if other than where he is permanently stationed.

4. To comply with Paragraph 2e above, certain records, as indicated below, must be maintained to record both the acquisition and disposition of all firearms and all ammunition.

a. Every firearm transaction, except transfer between NAF Activities and returns to vendors, must be recorded on Department of the Treasury Form ATF F4473 (5300.9) Part 1 (1-79) in accordance with the instructions on the reverse thereof, prior to completion of the transaction. NAF Activities requiring these forms may obtain them from the nearest Bureau of Alcohol, Tobacco and Firearms. The NAF Activity shall retain these forms in numerical order (by transaction serial number) as part of the permanent records of the NAF Activity for not less than TEN years and make them available for inspection by authorized representatives of the Bureau of Alcohol, Tobacco and Firearms. The completed Forms 4473 may be surrendered to authorized representatives without regard for the ten-year retention requirement provided a receipt is obtained.

* Special orders may be placed upon approval by Commandant (G-FER).

b. In addition to the record on Form 4473, every acquisition and disposition of a firearm, including transfers between NAF Activities, returns to vendors, and surveys, by a NAF Activity must be recorded and such records must be retained for TEN years and made available for inspection by authorized representatives of the Bureau of Alcohol, Tobacco and Firearms. EXHIBIT A refers to the applicable conference. EXHIBIT B, titled "Firearms Acquisition and Disposition Record," is a recommended sample of a record designed to meet the requirements of this paragraph. This sample record form (B) may be reproduced locally as required.

c. A record of all ammunition received must be maintained for a period of not less than TWO years. Such records may consist of invoices or other commercial records which shall be filed in an orderly manner separate from routine purchase/invoice records and be readily available for inspection. Such records shall show the name of the manufacturer and the vendor, the type, caliber or gauge, quantity of the ammunition acquired in the transaction, and the date of acquisition.

d. The sale or other disposition of ammunition shall be recorded at the time such transaction is made and such records shall be maintained for a period of not less than TWO years, readily available for inspection by the Bureau of Alcohol, Tobacco and Firearms. EXHIBIT C, titled "Ammunition Disposition Record," is a recommended sample of a record designed to meet the requirements of this paragraph. This sample may be reproduced locally as required.

5. ATF Publication No. 5300.5. (6-76), Published Ordnances Firearms, covering state laws and local ordnances relevant to Title 18 USC Chapter 44 is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. All NAF Activities selling firearms or ammunition will obtain this publication and utilize it as an aid in complying with Chapter 44 of Title 18 USC. As this publication will not remain current for any extended period, it is considered essential that each NAF Activity selling firearms and ammunition establish and maintain a current point of contact with local law enforcement agencies to ensure compliance with state laws and local ordnances. An "Application for License" ATF Form 7 (5310.12) (4-78) is needed to obtain a license.

6. All NAF Activities are required to conform with 5 USC 552a (e) (3), Privacy Act Statement. EXHIBIT D, titled "Privacy Act Information," states the requirements for this information. EXHIBIT E is a recommended sample of a record designed to meet these requirements. This sample shall be reproduced locally as required, and a copy furnished to each individual prior to his completion of ATF Form 4473.

EXHIBIT A

R:P:JOP

Vice Admiral John G. Finneran, USN
Deputy Assistant Secretary (Military
Personnel Policy)
U.S. Department of Defense
Washington, DC 20301

Dear Admiral Finneran:

On September 16, 1975, Mr. Stephen Davis, Lt. Col. Joseph Caprara and Mr. James Pasco of our respective staffs met to discuss the applicability of the licensing provisions of the Gun Control Act of 1968 to the Department of Defense morale, welfare and recreational activities supported by non-appropriated funds.

As Mr. Pasco indicated at that meeting, the Bureau has taken the position that such activities and exchanges do not fall within the purview of the exemption from licensing requirements of Chapter 44, Title 18, U.S.C. Section 925(a) (1) exempts the transportation, receipt, or shipment of firearms or ammunition to the Federal Government or any department or agency thereof but does not extend this exemption to the licensing requirements pertinent to retail activities.

While this revision of ATF's position may pose some initial administrative difficulties, I am sure that you appreciate the need for compliance with laws and regulations in the important and sensitive area of retail firearms sales. Strict compliance with existing laws will minimize the possibility of persons attempting to obtain firearms for unlawful use or under unlawful circumstances through a governmental entity.

We certainly appreciate the spirit of cooperation and understanding with which Mr. Davis and Col. Caprara met this change in ATF's position.

I have instructed the appropriate members of my staff to provide any assistance or advice which may be required in connection with the licensing of exchanges and rod and gun activities in the United States.

Sincerely yours,

(signed) Rex D. Davis

Rex D. Davis
Director

JOPasco: bjh October 3, 1975

FIREARMS ACQUISITION AND DISPOSITION RECORD

DESCRIPTION OF FIREARMS					RECEIPT		DISPOSITION		
MFR. AND/OR IMPORTER	MODEL	SERIAL NO.	TYPE OF ACTION	CALIBER AND GAUGE	DATE	FROM WHOM (NAME AND ADDRESS OR NAME AND LICENSE NO.)	DATE	NAME	ADDRESS OR LICENSE NO. IF LICENSE, OR FORM 4473 SERIAL NO.

AMMUNITION DISPOSITION RECORD

DATE	MANUFACTURER	CALIBER GAUGE OR TYPE	QUANTITY	NAME	ADDRESS	DATE OF BIRTH	ARMED FORCES ID CARD	OTHER ID (SPECIFY)

PRIVACY ACT INFORMATION

The following information is provided pursuant to Section 3 of the Privacy Act of 1974 (5 U.S.C. § 552a (e) (3)):

1. AUTHORITY. Solicitation of this information is authorized pursuant to 18 U.S.C. § 923 (a) of the Gun Control Act of 1968. Disclosure of this information is mandatory, if the applicant wishes to obtain a Federal firearms license.

2. PURPOSE. To determine the eligibility of the applicant to obtain a firearms license, to determine the ownership of the business, the type of firearms or ammunition to be dealt in, the type of business premises, the business hours, the business history and the identity of the responsible persons in the business.

3. ROUTINE USES. The information will be used by ATF to make determinations set forth in paragraph 2. In addition, information may be disclosed to other Federal, State, foreign and local law enforcement and regulatory agency personnel to verify information on the application and to aid in the performance of their duties with respect to the enforcement and regulation of firearms and/or ammunition where such disclosure is not prohibited by law. The information may further be disclosed to the Justice Department if it appears that the furnishing of false information may constitute a violation of Federal law. Finally, the information may be disclosed to members of the public in order to verify the information on the application when such disclosure is not prohibited by law.

4. EFFECTS OF NOT SUPPLYING INFORMATION REQUESTED. Failure to supply complete information will delay processing and may result in denial of the application.

The following information is provided pursuant to Section 7(b) of the Privacy Act of 1974:

Disclosure of the individual's social security number is voluntary. Under 18 U.S.C. § 923(a), ATF has the authority to solicit this information. The number may be used to verify the individual's identity.

PRIVACY ACT STATEMENT

ATF Form 4473

In accordance with 5 USC 552a (e)(3), the following information is provided to you when supplying personal information.

1. AUTHORITY which authorized the solicitation of the information: 18 USC Chapter 44 and Title VII of Public Law 90-351 and 18 USC Appendix 1201 - 1203 as amended.

2. PRINCIPAL PURPOSE(S) for which information is intended to be used: Information is maintained at the direction of the Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, in order to keep an accounting of the sale of firearms.

3. ROUTINE USES which may be made of the information: Information maintained for inspection of authorized representatives of the Bureau of Alcohol, Tobacco and Firearms, and may be surrendered to authorized representatives of the bureau at their request.

4. Whether or not DISCLOSURE of such information is mandatory or voluntary (required by law or optional) and the effects on the individual, if any, of not providing all or any part of the requested information: Firearms may not be sold unless the requested information is provided.

COPY TO: BATF, Office of Disclosures
Room 2232
12th & Pennsylvania Avenue, N.W.
Washington, D.C. 20226

RETAIL OPERATING PROCEDURES

1. Purpose. This enclosure provides sample operating procedures which reflect the minimum acceptable control requirements for Non-Appropriated Fund Activities (NAFA).

2. Requirement. Each command must publish and implement control procedures for unit NAFA operations. The procedures must be tailored to fit the unit, its command and control structure, and any unique characteristic of the NAFA.

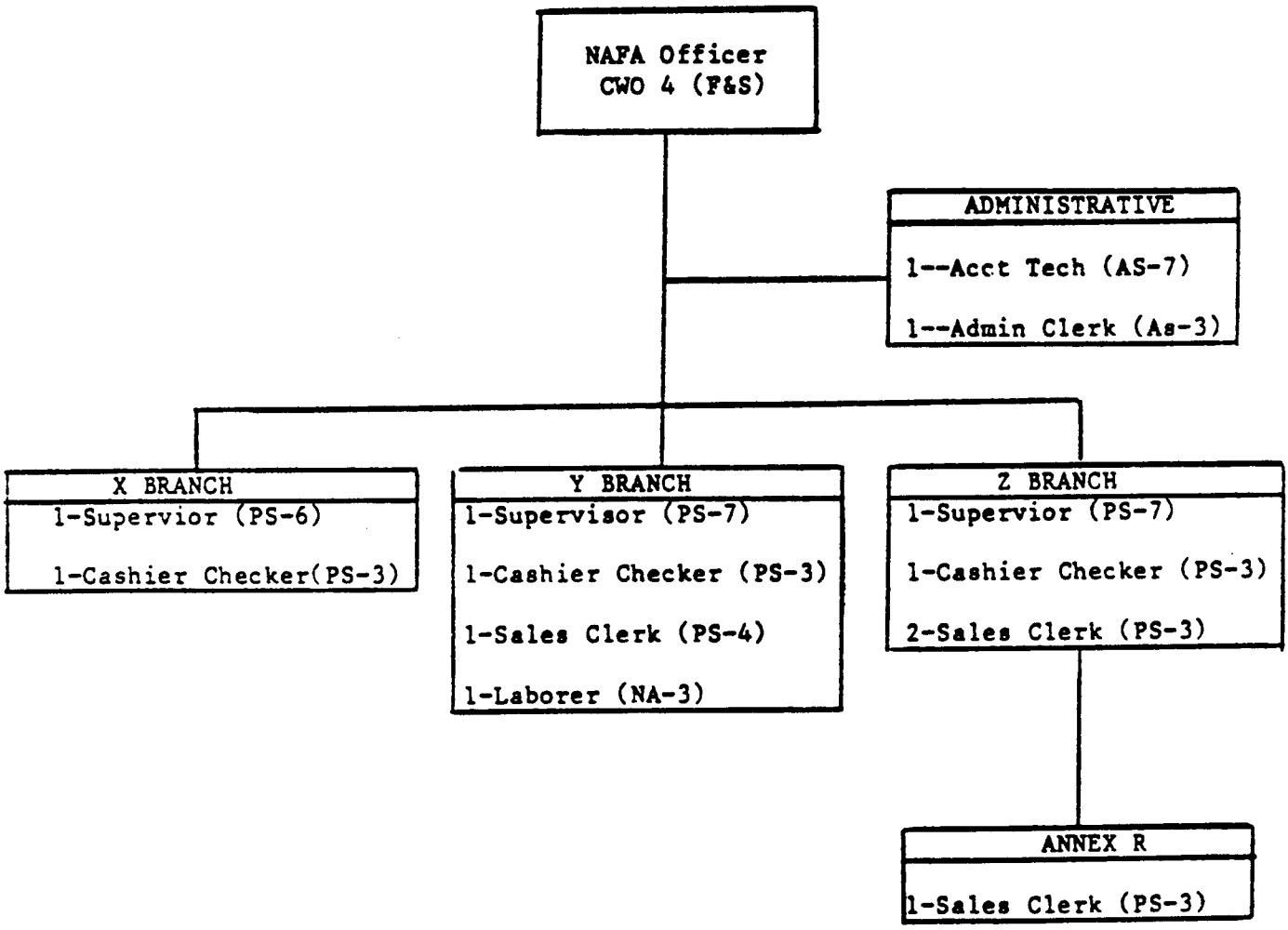
3. List of Sample Procedures:

   a. NAFA Organization
   b. Authorized NAFA Civilian Positions
   c. Hours of Retail Operations
   d. Banking and Bank Deposits
   e. Capitalization of Branches and Satellites
   f Merchandise Transfers to Branches and Satellites
   g. NAFA Payrolls for Hourly Pay Plan Employees
   h. Cash Register Operation
   i. Change Funds and Cash Reconciliation
   j. Petty Cash Funds
   k. Check Cashing
   l. Disbursements
   m. NAFA Procurements
   n. Refund Policy
   o. Exchange Sales Receipts
   p. High Value Inventory Control
   q. Employee Purchases
   r. Vendor Coupon Redemption

Subj: NAFA Organization

Ref: Encl. (53) to NAFA Manual

NAFA
Organization Chart



Commanding Officer

Subj: Authorized NAFA Civilian Positions

1. The following NAFA positions are authorized:

	BRANCH	POSITION		AVG WEEKLY HOURS
a.	Z Branch	Supervisor		40
		Cashier		35
		Sales Clerk		20
		Sales Clerk		20
	Annex R	Sales Clerk		20
			TOTAL	135
b.	Y Branch	Supervisor		40
		Cashier		35
		Sales Clerk		20
		Laborer/Driver	TOTAL	35
				130
c.	NAFA Office	Acct Tech		40
		Admin Clerk		25
			TOTAL	65
d.	X Branch	Supervisor		40
		Sales Clerk		20
			TOTAL	60

Commanding Officer

Subj: Hours of Operation for Retail Operations

1. Branches will be open for business during these hours:

a. Z Branch

		Annex R
SUN	Closed	Closed
MON	1000-1600	Closed
TUE	1000-1600	1000-1500
WED	1000-1600	Closed
THU	1000-1600	1000-1500
FRI	1000-1600	1000-1500
SAT	0900-1400	0900-1400
TOTAL	35 hours	20 hours

b. Y Branch

SUN	Closed
MON	0930-1600
TUE	0930-1600
WED	0930-1600
THU	0930-1600
FRI	0930-1600
SAT	Closed*
TOTAL	32.5 hours

*Open one Saturday per month from 1000-1400 on Coast Guard Reserve Drill weekends.

c. X Branch

SUN	Closed
MON	1000-1600
TUE	1000-1600
WED	1000-1600
THU	1000-1600
FRI	1000-1600
SAT	Closed
TOTAL	30 hours

Commanding Officer

Subj: Banking and Bank Deposits

Ref: Encl. (22) to NAFA Manual

1. The following branches are authorized to maintain bank accounts:

   a. X Branch

   b. Y Branch

   c. Z Branch

2. Branches are limited to deposits of daily sales revenues into local banks or otherwise as permitted by the branch agreement. These funds must be transferred daily into the NAFA account at the First National Bank of Chicago. Copies of deposit tickets must be sent to the NAFA office along with the cash register daily reconciliation forms and cash register detail tapes.

3. All disbursements must be made from the NAFA Account at the First National Bank of Chicago.

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Commanding Officer

Subj: Capitalization of Branches and Satellites

Ref: Encl. (30) to NAFA Manual

1. Maximum inventory levels for the NAFA branches and satellites are:

a.	Z Branch	$ 40,000
b.	Annex R	10,000
c.	Satellite O	1,000
d.	Y Branch	50,000
e.	X Branch	20,000
	TOTAL	$121,000

2. Inventories are valued at cost for branches and at retail for satellite operations. Satellites will normally make all purchases through the closest NAFA branch. Exceptions to this policy must be delineated in the Satellite Support Agreement.

3. Satellite operations must make monthly reports (CG-4622) to the NAFA office.

Commanding Officer

Subj: Merchandise Transfers to Branches and Satellites

Ref: Encl. (30) to NAFA Manual

1. Merchandise transfers between branches and satellites must be:

   a. Branches to Satellites. Satellites must purchase merchandise in accordance with the satellite agreement and pay for the merchandise upon receipt. When merchandise is returned to the branch, the merchandise may be exchanged for other merchandise or a Credit Memo (CG-5301) issued for later redemption by the satellite.

   b. Branch to Branch or Annex. Merchandise transfers between branches must be done at cost and documented on a Merchandise Transfer Form (CG-5303). Complete and distribute the four-part form as follows:

      (1) Copy 1--white--NAFA office

      (2) Copy 2--yellow--receiving branch

      (3) Copy 3--pink--transferring branch

      (4) Copy 4--green--requisitioner copy

2. Upon receipt of a properly completed Merchandise Transfer Form, the accounting office will make the necessary accounting entries.

Commanding Officer

Subj: NAFA Payrolls for Hourly Pay Plan Employees

Ref: Encl. (53) to NAFA Manual

1. The NAFA officer has the authority to approve payroll checks subject to:

   a. The grade of the position must be determined by the personnel classification on the approved position description. Example: Sales Clerk PS-2.

   b. An employee will be automatically advanced to the next higher step of the grade at the beginning of the first applicable pay period following completion of the required waiting period provided:

      (1) Employee performance is satisfactory.

      (2) Employee has not received an equivalent increase during the waiting period.

   c. Waiting periods in step for within grade (step) increases are as follows:

STEP	WAITING PERIODS FOR FULLTIME	PARTTIME AND INTERMITTENT
1	—	—
2	26 weeks	min. 130 work days and no less than 26 weeks
3	78 weeks	min. 300 work days and no less than 78 weeks
4	104 weeks	min. 520 work days and no less than 104 weeks
5	104 weeks	min. 520 work days and no less than 104 weeks

   d. The hourly rate paid to the employee must be determined by entering the latest approved wage schedule provided by Headquarters at the grade and longevity step to which an employee is entitled.

2. Branch supervisors must prepare the Payroll Change Slip (SF-1126) for each employee when employment begins and thereafter when promotions or within grade increases are effective. The Payroll Change Slip must be initialed by the branch supervisor and be forwarded to the NAFA officer for approval.

3. When approved, distribution will be:
   a. Copy 1 Employee Copy
   b. Copy 2 Payroll Copy
   c. Copy 3 Branch Copy
   d. Copy 4 Personnel Record Copy

Commanding Officer

Subj: Cash Register Operation

Ref: Encl. (22) to NAFA Manual

1. Use cash registers to record all NAFA sales transactions.

2. Record sales immediately; place monies in the register; issue receipts to the customer and firmly close the cash drawer after each transaction.

3. Keep zero (no sale) rings to a minimum. When such rings are made, the customer's receipt tape must be initialed by the register operator and retained for submission with the daily cash receipts.

4. Refunds may be made after approval of the NAFA Refund Voucher (CG-5307) by the branch supervisor. Bottle and can refunds may be made by the cashier for the amount of the returns.

5. Cash registers must be read by the activity supervisor or a designee at the end of each shift with the "read key." This special key (X) must be held by the branch supervisor. Under no circumstances will a register operator have custody of this key.

6. Cash registers may be reset monthly by the NAFA officer or a designee. This special key (Z) must be kept in a safe by the NAFA officer. For electronic registers, the program key (P) must be kept in a safe by the Commanding Officer.

7. Register internal detail tapes must be removed from the registers by the branch supervisor at the end of the day. The tape will be examined for unusual transactions and forwarded to the NAFA office along with the cash register Daily Reconciliation forms (CG-5298) and a copy of the daily bank deposit slips.

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Commanding Officer

Subj: Change Funds and Cash Reconciliation

Ref: Encl. (22) to NAFA Manual

1. Change funds are established to provide each cashier with sufficient currency and coin to make change during the day.

2. Change funds must be issued daily by the branch supervisor to each cashier assigned to operate a cash register.

3. Cashiers are accountable for the change funds and the amount of cash sales during their shift.

4. At the end of the shift, cash registers must be read and the grand total recorded by the branch supervisor or a designee. Sales for the shift must be computed by taking the difference between this grand total and the grand total from the previous shift.

5. When a cashier is relieved for meals or other breaks, read the register, lock the cash drawer in a safe and issue the relief cashier a separate change fund. Read the register again and return the original register drawer when the cashier returns to the register.

6. At the end of shift, the contents of the cash drawer must be jointly verified by the cashier and the branch supervisor or a designee.

7. At the end of the day, prepare a cash register Daily Reconciliation form (CG-5298) for each cash register in operation; have it signed by the operator and branch supervisor and forward to the NAFA accounting office with the register detail tapes. Remote branches must retain a copy of the reconciliation for their own records.

8. Branch supervisors are authorized to hold, and are accountable for, the following change funds:

a.	X Branch	$ 400.00
b.	Y Branch	400.00
c.	Z Branch	200.00
	TOTAL	$1,000.00

9. Establish change funds by drawing a check in the authorized amount made payable to the branch supervisor.

Commanding Officer

Subj: Petty Cash Funds

Ref: Encl. (22) to NAFA Manual

1. Petty cash funds are authorized for paying for minor expense items such as C.O.D. charges, freight or express charges, phone calls, postage, etc. Do not use petty cash funds for purchases of merchandise intended for resale.

2. Branch supervisors are authorized to hold, and are responsible for, the following petty cash funds (either cash or expense receipts):

a.	X Branch	$ 50.00
b.	Y Branch	50.00
c.	Z Branch	50.00
	TOTAL	$ 150.00

3. Establish the petty cash fund by drawing a check in the authorized amount made payable to the branch supervisor. All expenditures must be approved in advance by the branch supervisor.

4. Each expenditure from petty cash must be supported by a receipted delivery ticket, invoice or other evidence of expenditure. In cases where a receipt is not obtainable and where the expense is less than $10, a simple certified list or memorandum describing the items will suffice.

5. Reimbursement of the petty cash fund is done by forwarding a voucher with the receipts attached to the NAFA office. The NAFA officer must review the expenditures and issue a check to the branch supervisor in the amount of the unreimbursed vouchers.

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Commanding Officer

Subj: Check Cashing

Ref: Encl. (23) to NAFA Manual

1. All check cashing must conform to the mandatory procedure in Encl. (23).

2. Subject to fund availability, checks may be cashed for authorized patrons in the amount of purchase plus $100 per day.

3. Positive identification (ID) is required before checks are approved or cashed. The following information must be on the check (either preprinted on front or written on back):

   a. Branch of Service.
   b. Social Security Number.
   c. Name of Sponsor (if a dependent).
   d. Current home address.
   e. Current telephone number.
   f. Name and address of command.

4. All checks must be restrictively endorsed prior to cashing.

5. Checks dishonored by the bank are subject to an administrative charge of $15 unless:

   a. The bank acknowledges the return to be the result of bank error.
   b. The return is a result of a NAFA error.

6. When a check is returned by the bank, immediately contact the individual concerned to obtain restitution and accept no further checks until full restitution is made.

7. In the event restitution is not made by active duty personnel, send a Dishonored Check Notification (CG-5287) to the individual via the unit commanding officer.

8. When an individual fails to make restitution or when several checks drawn by the same person are returned within a short period of time, notify all local Coast Guard and DOD NAF Activities, all local commissaries and Commandant (G-FRS) by Rapidraft letters. Place the individual on the Coast Guard and DOD servicewide bad check listing.

9. As a last resort, these uncollectible debts will be turned over to a collection agency.

_____
Commanding Officer

Subj: Disbursements

Ref: Encl. (22) to NAFA Manual

1. Coast Guard policy requires that all cash disbursements (other than petty cash or refunds) be made by check from the NAFA checking account. All disbursements must be made from the NAFA main account.

2. The NAFA officer is authorized to make disbursements in payment of authorized expense and merchandise items after review and certification by the branch supervisor or other responsible officials within the NAFA organization.

3. Each payable item must be fully self-supporting and certified for accuracy before payments are authorized. Some examples are:

   a. Payroll time sheets must be completed, signed by the employees and certified by the branch supervisor or responsible official.

   b. Vendor invoices must be attached to the purchase order, the receiving report and certified by the responsible branch or NAFA official with delegated procurement authority.

   c. Petty cash receipts must be attached to the reimbursement voucher and certified by the official accountable for the petty cash fund.

4. The NAFA accountant must examine the payable for completeness and propriety prior to scheduling the payment and preparation of checks.

5. Checks must be written using a check protector and the complete file forwarded to the NAFA officer for review and signature.

6. Checks in excess of $1,000 for other than retail merchandise requires the additional signature of the Commanding Officer or if absent, the executive officer.

_____
Commanding Officer

Subj: NAFA Procurements

Ref: Encl. (28) to NAFA Manual

1. Make all procurements in accordance with the mandatory procurement procedures in Encl. (28) to the NAFA Manual.

2. Procurement authority is hereby delegated to the NAFA officer subject to the restrictions and procedural requirements in Encl. (28) to the NAFA Manual and the following limitations:

   a. Merchandise for resale...budgeted inventory levels.

   b. Other purchases....$1,000 without prior command approval.

3. Restrict procurement of items for resale to the list of authorized items in Encl. (41) to the NAFA Manual.

4. Authority for procurements of items for resale (merchandise) may be redelegated to branch supervisors for approved items subject to the ceiling imposed by the department open-to-buy. This delegation and its limits must be made by an idividual letter of designation from the NAFA officer.

5. Authority for procurement of expense items may be redelegated in writing to branch supervisors in the maximum amount of $100.

6. Branch supervisors must not redelegate this authority to subordinate employees. Employees may be authorized to place calls against blanket purchase agreements.

Commanding Officer

Subj: Refund Policy

Ref: Encl. (22) to NAFA Manual

1. It is Coast Guard policy to have a liberal refund policy on the merchandise sold by NAFA.

2. Refunds may be authorized with proof of purchase, or with the Exchange Officer's approval when:

   a. The customer returns the merchandise unused or unopened (new condition).

   b. The merchandise was defective at time of purchase.

3. Refunds are not authorized, unless approved by the Exchange Officer, when:

   a. The merchandise is damaged or worn.

   b. The item was used and then became defective (manufacturers warranty applies).

   c. The customer fails to produce proof of purchase.

   d. For merchandise sold on clearance sale.

4. Refunds are effected by completing the Refund Voucher (CG-5307), by the sales clerk assisting the customer and approval by the branch supervisor. Staple merchandise sales slips to the refund voucher.

5. When completed and approved, present the refund voucher to the cashier for refund.

6. Retain the CG-5307 in the cash drawer to support the cash disbursement and forward to the NAFA office with the cash register daily Reconciliation form, at the end of the day.

_____
Commanding Officer

2 9 MAY 1987

Encl. (32) to COMDTINST M7010.5

Subj: Exchange Sales Receipts

Ref: Encl. (17) to NAFA Manual

1. All NAFAs must use a cash register to record sales and provide the customer with a sales receipt.

2. When an individual item selling price is in excess of $100 or at other times when a customer signature or a personal record of the sale is required, use an Exchange Sales Receipt (CG-4984) in addition to the normal cash register tape.

3. Use a copy of this two-part pre-numbered form to adjust the high value perpetual item inventory record and forward to the NAFA Office for filing with the Cash Register Daily Reconciliation Form, deposit tickets, refund vouchers and register detail tapes.

_____
Commanding Officer

Subj: High Value Inventory Control

Ref: Encl. (40) to NAFA Manual

1. High value inventory is an item for resale with a price in excess of $100 and any other sensitive item requiring high security and control. Example: jewelry, watches, stereos, knives, cameras, etc.

2. The NAFA officer must designate those items under $100 in value that will be subject to this procedure.

3. Maintain a stock record card for each high value or sensitive item stocked. Each branch manager or satellite operator is responsible for maintaining the perpetual record and conducting weekly verification inventories.

4. Maintain the stock record system as follows:

   a. Stamp Purchase Orders (receiving copy) "Sensitive" when the order is placed.

   b. Upon receipt of the merchandise, verify the count and enter the number received on the item stock record card.

   c. For transfers between branches, prepare a Merchandise Transfer form (CG-5303), stamp "Sensitive", and use to support adjusting entries on the item stock record cards.

   d. For sales (satellites or patrons), prepare an Exchange Sales Receipt (CG-4984). Give one part to the purchaser and use the second part to adjust the stock record card prior to forwarding to the NAFA office with the daily cash register reconciliation form and supporting documentation.

5. The NAFA officer will make random spot verification checks of high value inventories during inspection visits.

Commanding Officer

Subj: Employee Purchases

Ref: Encl. (40) to NAFA Manual

1. The following rules govern employee purchases:

   a. Employees are entitled to NAFA privileges except for purchase of:

      (1) Uniform articles.

      (2) State tax free tobacco products.

      (3) State tax free beer and soft drinks.

      (4) Package store items.

   b. Employees must not ring up or compute their own purchases.

   c. Cash register receipts must be affixed to the package and the package sealed or stapled closed.

   d. Packages must be taken directly to a designated storage area where it must remain until the end of the employee's shift.

   e. No employee can buy markdown merchandise until the markdown has been offered for sale to exchange patrons for at least one full day.

   f. Employees must not be given special employee discounts or any other favored treatment not available to all exchange patrons.

2. Branch supervisors must conduct random inspections of parcels, packages or other objects carried into or out of the activity by employees.

Commanding Officer

Subj: Vendor Coupon Redemption

Ref: Encl. (49) to NAFA Manual

1. Branch supervisors are authorized to accept vendor coupons subject to:

   a. Coupons must be current (not expired) and redeemed by patrons for merchandise actually purchased.

   b. Ring full purchase prices on the register with vendor coupons counted as part of the cash collection (but noted separately on the Cash Register Daily Reconciliation form (CG-5298)).

   c. Coupons are recorded as credit (account receivables) sales.

   d. Send coupons to the NAFA office daily with the register detail tapes.

2. The NAFA office must collect all coupons and at least monthly send coupons to a coupon clearinghouse for reimbursement.

Commanding Officer

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COAST GUARD NAFA FOOD OPERATIONS

A. Purpose. This enclosure contains policy and guidelines for Coast Guard Club food operations and other NAF food service activities such as, snack bars, cafeterias, refreshment stands and fast food operations.

B. Policy. Many of the procedures outlined in enclosure (35) (Coast Guard Clubs/Bar Operations) are applicable to NAFA food operations. The following procedures and controls are required for all NAFA food service activities:

1. Purchase food and supply items on a competitive basis.

2. Verify deliveries at the time of receipt with the purchase order document.

3. Restrict access to food storage facilities.

4. Comply with Coast Guard sanitation standards.

5. Control inventory levels to ensure the efficient use of NAFA working capital.

C. Purchasing. The open market method is recommended for activities that do not procure from a commissary or NAF grocery facility. Obtain at least three price quotations from vendors for food and supply purchases. Orders may be placed over the phone against blanket purchase orders.

1. Order quantities must be consistent with consumption data. Use sales data from inventory and scatter sheets to determine order quantities.

2. Incorporate standard purchase specifications for all items. The NAMP Manual or the U.S. Department of Agriculture (USDA) provide assistance for meal specifications.

3. Avoid the temptation to overbuy when a "good deal" is offered. Hidden costs are normally incurred with "good deals" i.e., cost of inventory investment, spoilage, waste and pilferage.

4. Consolidate purchases for all food service activities.

D. Receiving Procedure. Verify items delivered against the quality, size, quantity and price specified on the purchase order.

1. Assign responsibility for receiving deliveries to one individual. Managers will make random spot checks.

2. Schedule all deliveries for one location near the storage facilities.

3. Specify delivery days, time and place that will not interfere with business hours.

4. Keep a copy of all written specifications at the delivery area.

5. Inspect perishable items. Notify vendors a minimum of 10% of each item delivered will be inspected.

6. Date all perishable items when received.

7. Record the unit price and date on items being stored or refrigerated.

8. Review all pending purchase orders at time of delivery.

9. Enter all deliveries on a receiving log showing date, number of cases or cartons, vendor, carrier agent and delivery document number.

E. Storage and Security. Maintain food storage facilities in a clean and sanitary condition. When arranging the food storeroom:

1. Store fast moving items close to the entrance.

2. Store each type of food item in a designated area. Although this requires more space, the organized storage of food improves efficiency, saves time, facilitates ordering and taking physical inventories with pre-listed inventory sheets.

3. Install a thermometer to indicate high temperature.

4. Do not expose foods packed in glass containers to direct sunlight.

5. Prohibit storage of employee personal belongings in the storeroom.

6. Limit and control the number of employees allowed in the storeroom.

F. Operating Controls and Procedures: Each type of food operation provides service designed to meet the needs of the local command. To efficiently provide the level of service desired, use the following basic controls:

F.1. Menu Planning. A basic menu needs variety and must be economical to satisfy customer needs. Patron surveys, advisory council meetings, employee feedback, unit sales data and the types of successful commercial establishments in the area provide information for creating a menu. The number of menu selections and types of food served are generally controlled by the sales volume of the food operation and patron tastes.

2. Menu Pricing Guidelines. Prices on menu items should produce a 55% gross profit and 45% cost of goods in food operations. This margin should cover operating expenses for a break-even operation. A variable pricing schedule results in favorable prices compared with commercial establishments.

3. Menu Evaluation. Periodically revise the menu to provide acceptable service on a continual basis. Scatter sheets are used to determine the popularity and adequacy of the menu selection and to provide consumption information for planning purchases. Figure 33-1 provides a sample scatter sheet that also illustrates a variable pricing schedule based on cost. Scatter sheet procedures are:

   a. List all menu items starting with the lowest cost percentage category.

   b. Group cost categories in 5% increments. Round menu items to the nearest cost category rather than creating additional categories.

   c. Review item popularity at least quarterly. Use hash marks to enter the number of times each item is sold (from the sales checks). Recap each day and then consolidate for the two-week period. Adjust menus by deleting poor selling items and add new items if demand exists.

   d. The recap on the bottom of the sheet reflects the cost percent to sales and gross profit dollars for each cost category. These results indicate the strengths and weaknesses of menu selections. Corrective action may include deleting menu items, adjusting selling price or using promotional efforts for increasing service and patron use. Figure 33-2 shows a completed scatter sheet for review purposes.

4. Portion Control. Standard portions of food servings create a unit of sale that brings the same amount of money into the register each time the item is sold. Standard portions for each menu item are determined at the unit NAFA level. The following ways and devices are used for portion control:

   a. Pre-portioned food servings available from vendors.

   b. Automatic measuring devices for dispensing pre- and post-mixed items such as sodas, soup and soft ice cream.

F.4.c. Specific container sizes for servings, i.e., cups, bowls, etc.

d. Tools used for portion control include spoons, ladles, scoops, scales to weigh portions, templates with metal gride for pies, cakes and molds.

e. Self-contained portions, i.e., cans of soda, bag of nuts, eggs, tea bags, etc.

5. Maintain Cost Control Cards for Each Menu Item. The cost control cards include all ingredients that make up the menu item. A sample cost control card is provided in Figure 33-3.

6. Use Sales Checks to Record all Individual Food Orders. Sales check data is used to:

a. Complete scatter sheets for menu evaluation.

b. Control inventory levels and cash register receipts.

c. Provide a fiscal check and balance.

G. Inventory Control. Inventory control procedures are mandatory for NAFA food operations. The retail accountability method applies to fast food and snack bar operations where all menu items can be readily identified as an accountable unit. A cost control method applies to dining facilities.

1. Retail Accountability Method for Fast Food and Snack Bar Operations. Inventory all items daily at retail value.

a. The first step in controlling inventory is to plan a menu with unique accountable units of sale for each item. Figure 33-4 is a sample list of food items and the accountable unit.

b. Beverages sold from automated dispensers are controlled by the cup size or containers.

c. Do not include buns or rolls, condiment packages, crackers, bread and other items that are not an accountable unit since the cost of these items are included in the sell price of accountable items. Check cost control cards for accuracy.

d. See the sample inventory form in Figure 33-5.

(1) List all accountable items on the form.

(2) Enter the counts in the ending inventory column at the end of the day. The beginning inventory is the ending inventory from the previous day.

G.1.d.(3) Enter cost and sell prices from the food cost control cards.

(4) Enter issues or receipts and complete arithmetic calculations.

(5) Complete the daily financial summary on the back of the form.

(6) Evaluate results. Investigate variances in gross profit.

2. Cost Control Method. Physical inventory procedures are contained in enclosure (47). Use stock record cards for daily control of high cost items, i.e., steaks, seafood servings, expensive deserts etc.

MAKE THESE ENTRIES TO FIT YOUR OPERATION

SCATTER SHEET

MEAL _____

DATE 4/7/YR

SALES PRICE	MENU ITEM	TIMES SOLD		TOTAL SALES	AV FOOD COST
	25% COST				
	CHOPPED SIRLOIN				
	CHEF'S SALAD				
	FRUIT PLATE				
	TOMATO JUICE				
	TEA				
	30% COST	25% TOTAL			
	BAKED FILLET OF SOLE				
	CHICKEN CORDON BLEU				
	PARFAITS				
	COLD BEEF SANDWICH				
	COFFEE				
	35% COST	30% TOTAL			
	CHICKEN FRICASSEE				
	BEEF STROGANOFF				
	FRIED CHICKEN DINNER				
	PIE ALAMODE				
	HAMBURGER SANDWICH				
	40% COST	35% TOTAL			
	SOUP DU JOUR				
	SUNDAES				
	CHEESE BURGER				
	MARYLAND FRIED CHICKEN				
	HOT BEEF SANDWICH				
	HOT TURKEY SANDWICH				
	45% COST	40% TOTAL			
	MARYLAND CRAB CAKES				
	COLD PLATE				
	STUFFED TOMATO W/SHRIMP				
	CRAB CAKE DINNER				
	SEAFOOD NEWBURG				
	MARYLAND CRAB SOUP				
	50% COST	45% TOTAL			
	NEW YORK STRIP STEAK				
	SHRIMP COCKTAIL				
	CRAB LOUIS				
	BAKED HAM DINNER				
	55% COST	50% TOTAL			
	STUFFED PORK CHOPS(2)				
	PRIME RIB AU JUS				
	60% COST	55% TOTAL			
	ROAST BEEF AU JUS				
	BROILED LOBSTER TAIL				
		60% TOTAL			
		GRAND TOTAL			

SCATTER SHEET RECAP

ITEM	25% COST	30% COST	35% COST	40% COST	45% COST	50% COST	55% COST	60% COST	TOTAL
COST % OF SALES									
GROSS PROFITS									

Figure 33-1

SCATTER SHEET

MEAL _____

DATE 4/8/YR

SALES PRICE	GOOD ITEM	TIMES SOLD		TOTAL SALES	AV. FOOD COST
	25% COST				
$ 6.65	CHOPPED SIRLOIN	卌 卌 |||	13	86.45	
4.10	CHEF'S SALAD	卌 卌	10	41.00	
2.95	FRUIT PLATE	卌	5	14.75	
.35	TOMATO JUICE	卌 ||||	9	3.15	
.25	TEA	卌 卌 |||	13	3.25	
	30% COST	25% TOTAL		148.60	37.15
5.75	BAKED FILLET OF SOLE	卌 卌	10	57.50	
6.75	CHICKEN CORDON BLEU	卌 卌 ||||	14	94.50	
1.10	PARFAITS	卌 卌 |||	13	14.30	
.95	COLD BEEF SANDWICH	卌 卌 ||	12	11.40	
.25	COFFEE	卌 卌 卌 卌 卌 卌 卌 ||	37	9.25	
	35% COST	30% TOTAL		186.95	56.09
4.25	CHICKEN FRICASSEE	卌 卌 卌	15	63.75	
4.75	BEEF STROGANOFF	卌 卌 卌 ||	17	80.75	
5.25	FRIED CHICKEN DINNER	卌 卌 ||||	14	73.50	
.95	PIE ALAMODE	卌 卌 |	11	10.45	
1.75	HAMBURGER SANDWICH	卌 卌 卌 卌 ||||	24	42.00	
	40% COST	35% TOTAL		270.45	94.66
.50	SOUP DU JOUR	卌 卌 卌 卌	20	10.00	
.60	SUNDAES	卌 卌 卌 |	16	9.60	
1.95	CHEESE BURGER	卌 卌 卌 卌 卌 卌 |	31	60.45	
3.95	MARYLAND FRIED CHICKEN	卌 卌 卌 卌 卌 |||	28	110.60	
3.50	HOT BEEF SANDWICH	卌 卌 卌 |||	18	63.00	
3.50	HOT TURKEY SANDWICH	卌 ||||	9	31.50	
	45% COST	40% TOTAL		285.15	114.06
5.75	MARYLAND CRAB CAKES	卌 卌 卌	15	86.25	
4.95	COLD PLATE	卌 卌 |||	13	64.35	
3.75	STUFFED TOMATO W/SHRIMP	卌 卌 卌 卌 卌 ||||	24	90.00	
6.50	CRAB CAKE DINNER	卌 卌 ||	12	79.00	
4.95	SEAFOOD NEWBURG	卌 卌 卌 卌 卌	25	123.75	
.75	MARYLAND CRAB SOUP	卌 卌 卌 卌 卌 卌 ||||	34	25.50	
	50% COST	45% TOTAL		467.85	210.53
10.00	NEW YORK STRIP STEAK	卌 卌 |	11	110.00	
3.25	SHRIMP COCKTAIL	卌 卌 卌 |	16	52.00	
4.95	CRAB LOUIS	卌 卌 卌	15	74.25	
4.75	BAKED HAM DINNER	卌 |||	8	38.00	
	55% COST	50% TOTAL		274.25	137.13
5.50	STUFFED PORK CHOPS(2)	卌 卌	10	55.00	
7.95	PRIME RIB AU JUS	卌 卌 卌 卌 |||	23	182.85	
	60% COST	55% TOTAL		237.85	130.82
6.25	ROAST BEEF AU JUS	卌 卌 |||	13	81.25	
13.50	BROILED LOBSTER TAIL	卌 ||||	9	121.50	
		60% TOTAL		202.75	121.65
		GRAND TOTAL		2073.85	902.09

SCATTER SHEET RECAP

ITEM	25% COST	30% COST	35% COST	40% COST	45% COST	50% COST	55% COST	60% COST	TOTAL
COST %	1.8%	2.7%	4.6%	5.5%	10.2%	6.6%	6.3%	5.9%	43.6%
COST $	111.45	130.86	175.79	171.09	257.32	137.12	107.03	81.10	1171.76

Figure 33-2

RECIPE FOOD COST CARD

RECIPE FOR _____

_____

DATE _____ FOR _____ PORTIONS

INGREDIENTS	QUANTITY	UNIT	UNIT COST	AMOUNT
COMBINED INGREDIENT COSTS				

YIELD		PORTION SIZE	PORTIONS YIELDED	PORTION COST	PORTION SELLING PRICE	ANTICIPATED GROSS PROFIT %
QUANTITY	UNIT					

Steps in Preparation

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Figure 33-3

ITEM	ACCOUNTABLE UNIT
HAMBURGER	Hamburger patties
CHEESEBURGER	Cheese slices
REUBEN	Presliced corn beef preportioned by weight and separated by waxed paper. Count portions.
FRENCH DIP	Presliced beef preportioned by weight and separated by waxed paper. Count portions.
FISH SANDWICH	Fish cake
CHICKEN NUGGETS	Prepacked uncooked portions containing "X" nuggets. Count packages.
SHRIMP	Prepackaged uncooked portions by weight. Count packages.
BATTER FRIED MUSHROOMS	Prepackaged uncooked portions by weight. Count packages.
SKINNERS	Fried in bulk; portioned by shovel. Count packages.
FRENCH FRIES	French Fry bags.
CHIPS	Individual serving bags.
CHEF'S SALAD	6 oz. disposable deep dishes/lids
TACO SALAD	4 oz. soup containers/lids for sauce (same greens as chef salad; control sauce containers.)
SOUP	6 oz. soup containers/lids
CHILI	8 oz. soup containers/lids
LARGE SODA	16 oz. waxed cups (same sell price as iced tea)
SMALL SODA	12 oz. waxed cups (same sell price as iced tea)
COFFEE	8 oz. hot cups (same sell price as hot tea)
TEA, LARGE ICED	16 oz. waxed cups (same sell price as soda)
TEA, SMALL ICED	12 oz. waxed cups (same sell price as soda)
TEA, HOT	8 oz. hot cups (same sell price as coffee)
HEATH BARS	Individual bars

Figure 33-4

YOUR CLUB'S NAME AND LOCATION

SNACK BAR INVENTORY FORM

PAGE NO. ______ OF ______

DATE ______________

ACCOUNTABLE UNIT	ITEM SIZE	BEG. INV.	RECEIPT	SUB TOTAL	END. INV.	AMT. USED	COST PRICE	TOTAL COST	SELL PRICE	TOTAL SALES
							TOTAL THIS PAGE (CARRY FWD.)			

Figure 33-5

SNACK BAR INVENTORY

PAGE NO _____ OF _____

ACCOUNTABLE UNIT	ITEM SIZE	BEG INV	RECEIPT	SUB TOTAL	END. INV.	AMT USED	COST PRICE	TOTAL COST	SELL PRICE	TOTAL SALES
						TOTAL THIS PAGE				
						BROUGHT FWD				
						TOTAL COST		A.		

SNACK BAR ACCOUNTABILITY

EXPECTED SNACK BAR INCOME			B.
SNACK BAR TOTAL FROM REGISTER TAPES		C.	
SNACK BAR SALES FROM GUEST CHECKS *	D.		
COMMENTS DAR TOTAL	E.		
CONTROL TOTAL		F.	H.
OVER/SHORT		G.	I.

1. ENTER A, B, C, D, AND E.
2. D+E=F. ENTER F IN H. ALSO.
3. C−F=G
4. B−H=I
5. I÷B=K
6. B−A÷B=J
7. EXPLAIN G AND I IN REMARKS.

GROSS PROFIT %	SHIFT LEADER	INVENTORIED BY	CALCULATED BY	OVER/SHORT %
				K.

REMARKS

* IF NO GUEST CHECKS, ENTER REGISTER TOTAL

Figure 33-6

PACKAGE STORE PROCEDURES

A. Definitions.

1. Package Store. The term includes all retail activities selling packaged alcholic beverages for the off premise consumption by authorized patrons. The store may be a department of a larger retail outlet (e.g. Exchanges) or as independent retail facility.

2. Alcholic Beverages. The term shall include distilled spirits, liquers, wines and these products are the special domain of the package store. However, this does not preclude the stocking of other related exchange retail items for the convenience of authorized patrons.

B. Establishment.

1. Submit letter request via the chain of command in accordance with the provisions of Enclosure 5.

2. All package stores are required to comply with the provisions of the Bureau of Alcohol, Tobacco, and Firearms (ATF) Regulations which includes the procurement and display of applicable tax stamps and licenses. Internal Revenue Service Publication No. 30, "Liquor Laws and Regulations for Retail Dealers", provides current information and is available upon request from the bureau.

C. Operating Procedures.

1. Location. In the interest of economy and improved patron service, NAFA's are encouraged to locate package within the exchange Retail Sales area. This improves space utilization, security, and negates the requirement for a separate supervisory or management structure.

2. Staffing Criteria.

a. Productivity in terms of sales per employees should be approximately three times that of other retail commodities and as a minimum equal $25,000 per full time employee per month. A package store will generally be staffed with only one full time employee with part time or intermittent employees filling in, as appropriate, to meet peak hour and seasonal demand.

b. Package store managerial positions may be authorized when all the following criteria are met:

(a) Annual sales exceeed $500,000.

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2.b. (b) Package Store is at a location separate from and not contiguous with a larger retail activity with an assigned managerial staff.

(c) Assigned responsibilites and authority provide supporting justification.

3. Stocking Criteria.

(a) Inventory levels should be set to provide a stock/sales ratios of 1.3 to 1 or equivalent stock turnover rate of 9 times per year.

(b) The minimum space allocation for a package store is 500 SF for low volume activities. For larger activities, each square foot of activity space should generate $60 in sales revenue per month. Consult NAV-P80 (figure 34-1) for further details.

(c) The following allocation of shelf space is applicable to all, except low volume, activities:

Category	Recommended No. of Brands	Space Allocation - % of lineanl feet
Blended Whiskies	5	7
Canadian Whiskies	6	8
Bourbon Whiskies	8	11
Scotch Whiskies	7	10
Irish Whiskies	1	1
Rum	3	4
Vodka	3	4
Gin	4	5
Brandy	3	2
Cordials/Liquers	10	13
Wines (Import and Domestic)	30-40	35
Promotionals	x	Mass display-floor space
Misc. Ingredients/Mixers	x	Display racks

Note: Floor space for bulk display may be allocated to beer, wines, soft drinks and promotions.

(d) It is generally prudent to stock only high visibility brand names. Be cautious of low priced off brand specials offered at tremendous discount. Patrons surveys and a review of trade magazines will assist in the selection of the most popular brands.

4. Pricing Plan. Each command shall establish a pricing plan based on the following criteria.

4. (a) Prices shall be set to generate the minimum mandatory operating profits except where a waiver has been granted by the cognizant authority.

(b) Prices can be no lower than 90% of the lowest prevailing rate in the local civilian community.

(c) At command discretion, prices may be set at the same level as other military package store in the metropolitan or competitive area.

(d) A price list shall be prominently displayed showing the sell prices of merchandise not individually remarked.

5. Purchasing and Stock Control.

(a) Inventories should be procured as follows:

(1) From the lowest competitive source

(2) Normally in case lots of sufficient size to take reasonable advantage of quantity discounts and in consonance with the open to buy and desired inventory turnover rate.

(3) With all discounts (cash or merchandise) listed on invoice.

(b) A stock control system shall be maintained as follows:

(1) A stock control card shall be maintained for each separate line item (alcoholic beverages) stocked.

(2) Control shall be focused on cases received, cases transfered to display shelves, and end of period inventories for analysis of sales and determinations of re-order quantities.

(3) Periodic comparisons shall be made between Sales Revenue and Cost of Goods Sold plus mark up to determine the level of inventory shrinkage.

6. Special Requirements.

The Commanding Officer shall:

(a) Establish and post the hours for sale.

(b) Prohibit sales or services to minors, as defined by local law.

6. (c) Prohibit the employment of persons under 21 in any capacity involving selling or dispensing alcoholic beverages.

(d) Be cognizant of and where possible conform to local traditions in regard to the sales of alcoholic beverages on Election Days.

(e) Establish command policy regarding the quantity of alcoholic beverage which may be sold to an authorized patron during a given period of time.

(f) Post the requirements of state or local laws regarding quantities which may legally leave the Coast Guard activity and be transported into surrounding localities.

7. Helpful Hints.

(a) Most salesmen will compete for self space and if not controlled will overstock the activity. Be cautious and adhere to open to buy and standard reorder quantities.

(b) Most distributors maintain a breakage allowance and will replace or provide credit for breakage. Treat broken bottles as if they were full until returned for credit.

(c) Every sale must be run up on a cash register. Do not tolerate "no sale" rings or clerks operating with open cash drawers.

(d) In most cases only the best selling size containers should be stocked. A second size may stocked in the best selling brands.

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Space Criteria for Package Stores

Annual Retail Sales ($000)	Turnover Rate (1)	
	9	6
	Gross SF	Gross SF
Up to 250	(2)	(2)
251 to 500	500	575
501 to 1,000	770	1,150
1,001 to 1,500	1,540	2,300
1,501 to 2,000	2,300	3,450
2,001 to 2,500	3,100	4,600
2,501 to 3,000	3,850	5,750
Over 3,000	4,600	6,900

(1) Turnover Rate - estimated number of times per year the entire inventory has to be restocked. Under normal conditions, assume a turnover rate of 9 times a year. The use of slower turnover rate (six times a year) requires increased minimum inventory and separate justification must be provided (e.g. overseas or remote locations with long resupply time intervals).

(2) The minimum size of any consolidated package store should be 500 SF. If very low dollar volumes are encountered, provide sales operations in other facilities.

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Figure 34-1

COAST GUARD CLUB/BAR OPERATIONS

1. Purpose. This enclosure contains policy and guidelines for Coast Guard Club operations.

2. General.

   a. Coast Guard clubs are maintained to promote the well-being and morale of military personnel, their dependents and guests by providing dining, entertainment, social and recreational services at reasonable prices.

   b. Coast Guard clubs may be operated in the following ways:

      (1) Direct NAFA operations which includes enlisted, chief petty officers, officers, consolidated all hands and combined clubs limited to specific groups (i.e., Senior Petty Officer (SPO) Club, Anchors and Eagles, E-5 and below, etc.).

      (2) Concession operations that comply with the general provisions of the concession contract contained in enclosure (37) to this manual.

      (3) Other types of recreational lounge facilities operated on an intermittent basis (e.g., honor bar) are addressed in the Coast Guard Special Services Manual (COMDTINST M 1710.6).

   c. Authorized club patronage and guidelines for the use of club facilities are provided in enclosure (2).

   d. The operation and control procedures contained in this enclosure pertain to the bar operations. Procedures applicable to food service operations are provided in enclosure (33).

   e. Procedures for establishing and disestablishing club activities are contained in enclosures (5) and (6) respectively.

   f. Employee standards of conduct prescribed in enclosure (53) apply to all assigned military personnel and paid NAFA employees.

   g. Enclosure (20) provides applicable federal and state licensing and tax requirements for Coast Guard clubs.

   h. Coast Guard club advisory groups representative of club patrons may be appointed to advise the commanding officer on matters of special interest.

3. Policy.

a. Clubs are operated as self-sustaining activities. An annual operating profit of break-even for the combined fiscal results of both bar and food operations is satisfactory.

b. Entertainment provided in clubs for the pleasure of patrons, their dependents, and guests, whether for special events, private parties, or for other purposes should always be wholesome and diverse so as to satisfy the various tastes of the membership. Standards of discretion and good taste must be tailored to avoid offending the dignity of members, their dependents and guests, and not be embarrassing to the Coast Guard.

c. Bar and food operations are combined fiscal entities in the budget and reporting process. Include entertainment activities, e.g., parties, banquets and bingo in the fiscal results of the club profit center. This does not preclude the activity from maintaining internal accounting records necessary for management review.

d. Report concession and vending income derived in club operations as other income or vending on the Results of Operations Report (CG-5228).

e. Internal control procedures for inventory, portion control, staffing and cash registers are mandatory.

f. Gambling and gambling devices including slot machines are prohibited.

g. Serving alcoholic beverages to anyone who is, or appears to be, intoxicated is prohibited. The Dram Shop Act deals with the legal liability and imposes on the server of alcoholic beverages the obligation to refuse serving a patron(s) who reaches or appears to be reaching the state of intoxication. Under some state or local laws, the server maybe held liable for damages caused by a person under the influence of alcohol.

h. Drinking Age.

(1) On military installations in the United States the minimum age for purchasing, consuming or possessing alcoholic beverages (including beer, low alcohol beer, or any other low alcohol beverage) shall be consistent with the law of the state in which the installation is located except as noted below:

3.h.(1) (a) Remote location exception. At remote locations where privately owned motorized vehicles are unavailable for use by the service members, alcoholic beverages may be authorized by the Commandant for all military personnel regardless of age.

(b) Health and safety endangered. The Commandant may authorize exception where an installation is within 50 miles, or one hour's driving time of a neighboring state or foreign nation with a lower drinking age than the state in which the installation is located, and it is determined that there is a substantial risk of increased incidence of intoxicated driving by service members driving to or from the jurisdiction with the lower drinking age. The determining factor in granting or denying this exception will be the motor vehicle safety of the community.

(c) Foster morale, esprit and unit cohesion. Exceptions to foster camaraderie and friendship in a military environment that will appeal to the entire spectrum of the military community may be permitted under controlled conditions. These may be authorized on those infrequent, non-routine occasions when an entire unit, as a group, marks at a military installation a uniquely military occasion such as the establishment of a military service, organization, or vessel.

4. Responsibility. Commanding Officers' operating NAFA Clubs are responsible for:

a. Establishing hours for the sale of alcoholic beverages.

b. Approving pricing plans for operations and special functions.

c. Prohibiting the sale of alcoholic beverages to minors as defined by local laws and these regulations.

d. Prohibiting the employment of any person under 21 years of age as bartenders or in any other capacity involving the selling or dispensing of alcoholic beverages unless local or state laws permit civilian clubs or liquor stores to operate.

e. Prohibiting sale of alcoholic beverages on federal and state election days during poll hours, except when state or local laws permit civilian clubs or liquor stores to operate.

5. Bar Operations. Successful club operations require management's involvement in the security of club assets and the daily procedures and controls that are essential to a successful operation.

a. Prudent management dictates that the following procedures be enforced:

(1) All alcoholic beverages purchased by a NAFA unit are made by a central control office. Liquor inventory requirements for bar operations are transferred from package store inventories, usually on a weekly basis. Transfers to direct NAFA club operations from package stores are made at cost. All transactions to other club/lounge operations are negotiated on a cost plus basis.

(2) Use premeasured dispensers for all liquor poured. Free pouring is not permitted.

(3) Have an adequate supply of standard size glassware on hand. There is a direct correlation between the size of glass and the portion controlled drink.

(4) Post drink and price lists.

(5) Use standard drink recipe cost control cards for each size of drink (include all ingredients). Train bartenders on the standards and portion control.

(6) Use a bartender's want-list for out-of-stock or low items.

(7) Record all deliveries, from vendors or transfers from other activities on a club receiving log. See enclosure (18).

(8) Follow manufacturer's directions for scheduling daily and routine maintenance on all bar equipment.

(9) Hold bartender's accountable for the cleanliness and sanitary conditions of the bar.

b. Inventory Assortment. The well stock of the front bar should consist of popular moderately priced brands. The following products are generally included in the well stock:

Bourbon	Vodka
Blend	Brandy
Scotch	Dark Rum
Gin	Tequila
Light Rum	

5.b. (cont'd) This selection will vary according to local patron demand. An assortment of cordials or liqueurs will also depend upon local preference. Higher priced products referred to as "call brands" will complete the assortment of liquor for the bar. Determine the number of malt beverages and soft drinks by refrigerated storage space and consumption. Bar wines served by the drink should include one each of red, white and rose. The number of bottles of each brand included in the well stock should not exceed two bottles, unless the consumption rate exceeds this amount for a two-day period.

c. Internal Controls.

(1) Cash Registers. All bar sales must be rung on a cash register by category of beverages sold, e.g., beer, wine, mixed drinks and snacks. Operating from an open cash drawer is prohibited.

(a) Ensure that the internal audit detail register tape is adequate for recording all transactions.

(b) Completion of a daily cash report is mandatory. The use of Activity/Individual Daily Reconcilation Form (CG-5298) is appropriate.

(2) Inventory Accountability. The use of standard size glassware, drink receipts and premeasured pouring devices provide the basis for maintaining inventory accountability.

(a) Daily inventories of the bar stock and the immediate back-up stock are required. Record physical inventories through the use of weighing or measuring devices. Where electronic dispensers with counters are used, the count figures must be recorded for calculating consumption data. Examples of formats for recording daily bar inventories are provided in figure 35-1. All empty bottles must be accounted for. A comparison of the consumption data along with the cash report provides a cross check on the efficiency of the bar operations.

(b) Completion of the daily inventory in figure 35-1 enables calculation of the mark-up percentage

$$\frac{\text{Sales} - \text{Cost}}{\text{Cost}}$$

which provide a daily comparison between actual and budgeted mark up for bar operations.

5.2.(2)(c) Comparing the gross profit dollars (sales - cost) with daily personnel costs provides information for monitoring daily personnel requirements and operating hours.

d. Security

(1) Store all beverages in a secured space. Keep bar inventories locked up during non-operating hours.

(2) Alert managers that the following may indicate possibility of wrong-doing:

(a) Bartenders working with an open cash drawer.

(b) Bartenders "over-pouring" or "short-pouring" drinks. (Not using portion control devices.)

(c) Hydrometer test of bottled liquor shows less than required alcoholic proof of contents.

(d) Empty bottles not accounted for.

(e) Bartender brings in own liquor.

(f) Bartender/waitress bring in own guest checks.

(g) Missing guest checks.

(h) Frequent erasures on guest checks.

(i) Employees "short-changing" or overcharging guests.

(j) Check padding.

(k) Employees drinking on the job. (Employees do not drink on the job!)

(l) Collusion between bartender/waitress.

(m) Bartender ringing out register.

(n) Broken toothpicks, paper clips or matches found near the register. (Used to count number of drinks served and short- circut cash controls).

SERVICE OPERATIONS PROCEDURES

Service operations procedures will be developed and included in a future amendment to this manual.

VENDING OPERATIONS

1. PURPOSE: The objective of standard vending procedures is to define operational and management efforts required to efficiently merchandise high quality products and service from the best available equipment in an attractive, sanitary area. The operation must be sufficiently flexible to expand as service requirements change, customer groupings shift, and as new technological capabilities are introduced which afford greater service and also make possible the conversion of marginal and loss activities to profitable sources of earnings.

2. CATEGORY OF OPERATIONS:

   a. Direct Operations. Under this type of operation, the Coast Guard NAFA owns the vending machines, provides products to be vended, and employs personnel to stock and maintain the vending machines. Maintenance and utility costs are the responsiblity of NAFA.

   b. Vending Machine Contract. Under this type of operations, NAFA rents/leases vending machines, purchases or provides products to be vended, and employs personnel to stock the vending machine. Utility costs are the responsiblity of NAFA. Responsiblity for maintenance costs depends upon the terms of the lease agreement. See figure (37-A) for sample rental/lease agreement.

   c. Concession Contract. Under a concession contract, the concessionaire owns the machines and merchandise and is charged with stocking and maintaining the equipment. A fee is paid the exchange on the basis of a percentage of sales revenue. Utility and maintenance costs are the responsibilty of the concessionaire. Pursuant to the Randolph-Shepherd Act, the right to first refusal belongs to the State Agency for the Blind. If they refuse to take the concession, the solicitation maybe opened up to local businesses. Concession contracts are also used to provide a variety of customer contact services such as food service, laundry, tailor shop, barber etc.. Figure 37-B provides the general provisions for concession contracts. Specifics concerning the obligations of the NAFA and the contractor to be contained in the contractual agreement includes:

      (1) A listing of required services.

      (2) Method of reporting sales, whether daily, weekly or monthly.

      (3) Pricing for services or commodities.

      (4) Hours of operation.

      (5) Contract period.

      (6) Availability of concession employees.

      (7) Commencement date of services.

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2.c. (8) Concession fee expressed as a percent of gross receipts.

(9) Payment of fee, method and frequency.

(10) Cash handling procedures.

(11) Employee qualifications.

(12) Equipment to be furnished or not furnished by each party including tools and supplies.

(13) Applicable Health Standard and special procedures.

(14) Licensing permit requirements.

(15) Merchandise, quality and type to be sold or used in performing services.

(16) Signs.

(17) Utilities.

(18) Changes to the contract.

(19) Storage facilities.

3. TYPES OF ACTIVITIES: The following activities are examples of authorized vending operations along with the recommended gross profit percentage for vending/concession contract operations and direct operations:

a. Amusement Machines	NAFA Contract	NAFA Owned
(1) Electronics Games	50%	100%
(2) Pinball	50%	100%
(3) Juke boxes	50%	100%
(4) Pool Tables	50%	100%
b. Product Vending		
(1) Candy	15%	40% Varies according to sell price and state tax.
(2) Cigarettes	10%	25%
(3) Snacks	10%	35%
(4) Beverages	25%	25%
(5) Sundry Items	15%	25%
(6) Newspaper	--	--
(7) Ice Vending	20%	30%
(8) Postage Stamps	5%	10%

3. c. Service Operations

(1)	Washers & Dryers	20%
(2)	Photo	35%
(3)	Misc bowling alley services	20% - 30%
(4)	Laminating	25%
(5)	Scales	55%
(6)	Coin operated pay telephone service	--

4. UNAUTHORIZED ACTIVITIES: The following activities are unauthorized:

a. The sale of tax free tobacco products, except in areas where access can be controlled.

b. The operation of any gambling devices, such as punch boards, slot machines or similar devices where merchandise or money is returned to the participant.

c. The sale of food that readily supports bacterial growth, such as salad-type sandwiches and cream-filled pastries.

5. STANDARDS OF OPERATIONS: Commands which provide vending services will comply with the following standards:

a. Dispense quality products, amusements, or services from modern, well-maintained equipment possessing those capabilities necessary to assure reliable, safe and sanitary vending.

b. Use vending contractors having the professional capabilities, financial resources and scope of operation to meet the command's service requirement.

c. Provide supervisory capability within NAFA to assure maintenance of required standards.

d. Maintain a systematically controlled reporting system that will keep the command informed of the current status of the program and alert to conditions which require corrective action.

e. Maintain a pricing structure which reflects a fair return to NAFA in support of commands' performance requirements.

6. SUPERVISORY RESPONSIBILITY: The NAFA Officer is responsible for the overall control and supervision of all coin-operated activities. Direct supervisory responsibility may be delegated to the retail operations manager as an activity under his/her purview.

7. COLLECTIONS:

a. A NAFA representative will accompany music and amusement machine contractors on all collections to verify revenues. The contractor will retain control of all keys to external locks of music and amusement machines.

7. b. NAFA will affix a NAFA controlled padlock to the coin box of each music and amusement machine unless the machines are equipped with a self locking coin box for which NAFA controls the key. Manufacturers of pinball and skill games supply a lid cover for the coin box that can be secured to the base of the machine by a padlock.

c. Keys should be controlled (normally locked in the cashier's safe) and issued to collection employees only at scheduled times for collections. For proper checks and balances, collection responsibility should be rotated on an unannounced basis at least quarterly and the results analyzed to identify abnormal sales trends or fluctuations.

d. When collections are made, the employee will unlock the coin boxes, empty the contents into an individual bag for each machine, read and record counter reading if available, and relock the coin box. The collection bags shall be taken to the cashier's office where the contents shall be counted and verified. An activity individual daily reconciliation report form (CG-5298) shall be completed for each day's receipts by machine.

e. Monies will be collected from product machines each time the machine is restocked. Collections from all coin-operated machines will be made at least weekly from all machines with average weekly sales in excess of $35 and more frequently when weekly collections exceed $100.

8. <u>HELPFUL HINTS</u>:

a. The basic concept of a successful amusement machine program is variety, which is accomplished by rotation. Machines can be rotated no less frequently than every four months, unless the location is used by transient personnel. Sales for a four-week period are considered sufficient to determine whether any amusement machine is popular at a certain location and is paying for itself.

b. Many amusement machines are programmed to give "free plays" when the player attains a pre-determined score level. Score settings are adjustable. Since free plays have a direct relation to the success of the amusement machine, the prudent manager will assure that the score level is maintained to present an interesting challenge to the player while remaining rewarding for reasonable skill.

c. Select equipment location with consideration for traffic, minimum nuisance and maximum security. The location should be well-lighted, easily accessible, and have sufficient space to perform the service desired.

d. By their very nature, successful amusement machines can generate several hundred dollars a week in revenues. The prudent manager should recognize this fact and institute adequate checks and balances in order to keep honest employees honest.

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8.f. Vending is a very lucrative competitive business in the commercial environment. Prior to committing to a buy/lease/concession operations, bids should be solicited from a number of vendors for both options to identify the best price available and also provide a realistic cost input to the decision making process.

g. For most situations, it is not advisable for NAFA to purchase amusement machines due to the ever changing whims of this particular market and the steady change in technology which makes particular machines obsolete in a very short period. Leasing or concession contract is recommended.

h. For product vending machines, it is normally advisable to lease the machines from a vendor who will assume maintenance responsiblity for the equipment.

i. All customer refunds should be handled through NAFA and, where applicable, the concessionaire billed for refunds. It is not advisable to permit the concessionaire to leave coinage with a NAFA employee (e.g. Activity Manager) for the purpose of making on-the-spot refunds. It may sound convenient but often leaves the door open for other problems.

j. Product machines often are best controlled by the capacity load method. Establish capacity load value, and whenever cash is removed reload product and change maker to capacity. That way the value is always constant.

k. Ensure that any contract clearly addresses who is responsible for covering the cost or losses associated with break-in (theft), mechanical failures, and vandalism.

VENDING MACHINE CONTRACT

1. THIS CONTRACT is entered into as of _____ 19_____, by and between the U.S. Coast Guard Non-Appropriated Fund Activities (NAFA) (an instrumentality of the United States Government), located at_____ _____hereinafter called the NAFA, and_____ _____hereinafter called
(Name of Contractor)
the Contractor.

2. This contract consists of the general provisions for leasing the machines as well as a listing of the vending machines to be used in fulfilling the terms of this agreement.

3. The parties hereto agree that the Contractor shall perform the services and assume the obligations set forth herein and in Attachment No. 1 annexed hereto and made a part thereof.

4. DESCRIPTION AND INSTALLATION OF VENDING MACHINES.

a. The contractor shall furnish and install, at its own cost and expense, at such locations as may be designated by the NAFA, vending machines in such numbers as may from time to time be agreed upon by the parties hereto during the period of this contract. Said vending machines are described in "Exhibit A" attached hereto and made a part hereof. The parties may from time to time mutually agree to the use under this contract of vending machines other than those described in "Exhibit A," in which event the contract and "Exhibit A" shall be amended accordingly. The NAFA shall have the right to determine at any time during the period of this contract that any of said vending machines are surplus to its requirements, whereupon said surplus vending machines shall be promptly removed by the Contractor at its own cost and expense, and in the event the said machines are not so removed by the Contractor, the NAFA may remove and store them for the account of the Contractor.

b. If the vending machines described in "Exhibit A" dispense merchandise, such merchandise shall be only that described in "Attachment #1" or any amendments thereto. The rights and obligations of the parties hereto with respect to such merchandise are contained in "Attachment #1".

c. All electrically operated vending machines furnished hereunder shall be equipped so as to provide thermal overload protection, and shall comply with Specification MIL-1-16910 (SHIPS) and any amendments thereto hereafter issued with regard to the elimination of radio interference. In addition, all electrical machines furnished hereunder shall be equipped with all necessary safety valves, and shall bear the seal of approval of the Underwriters' Laboratories, Inc.

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13. PERIOD OF CONTRACT:

The Contract shall run foward from the date entered into until an election of termination by either party is presented to the other party in written form. Termination notice shall contain 30-day advance notice period to the effective date of end in service under the Contract.

14. IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and year first above written.

_____
Coast Guard NAFA

BY _____
Coast Guard NAFA Officer

_____
Contractor

_____
Signature of Offical

_____
Offical Title

Figure 37-A

ATTACHMENT NO. 1 TO VENDING MACHINE CONTRACT
(Used when contracting for merchandise vending machine)

Consisting of four pages annexed to and forming part of Contract dated_____ ,_____, by and between_____, as CONTRACTOR, and the U. S. COAST GUARD NON-APPROPRIATED FUND ACTIVITY _____ _____, as NAFA.

WITNESSETH

1. SUPPLY OF PRODUCT. The Contractor shall provide the NAFA with an adequate supply of _____for sale through the vending machines rented to the NAFA hereunder. Vending machines will be serviced with such product by the Contractor.

2. TITLE TO PRODUCT. All products purchased by the NAFA from the Contractor for sale through the said vending machines (including the initial stock of such product contained in the said machines at the commencement of the contract) shall become, from the time of their being placed within the vending machines, and shall remain at all times thereafter until vended, the property of the NAFA.

ALTERNATE CLAUSES 1 AND 2

(For use only for Mixed Soft Drink Contracts, Coffee vending contracts, etc.)

1. SUPPLY OF DRINK COMPONENTS. The Contractor shall provide the NAFA with an adequate supply of *_____
_____
and any other ingredients of components necessary to produce finished drinks of standard quality, consisting of a minimum of_____ounce(s) of standard quality_____and_____ounce(s) of_____(e.g. carbonate water, water) for sale through the vending machines rented to the NAFA hereunder. Vending machines will be serviced with the above-mentioned standard ingredients and components by the Contractor.

*(Specify, as applicable, flavors of fountain syrup, cups, carbon dioxide gas, coffee, cream, sugar, etc.)

2. TITLE TO COMPONENTS AND CONTAINERS. All components and ingredients purchased by the NAFA from the Contractor for the production of the specified drink(s) to be sold through the said vending machines (including the initial stock of such components and ingredients contained in the said machines at the commencement of the contract) shall become, from the time of their being placed within the vending machines, and shall remain at all times thereafter until vended, the property of the NAFA. Title to all refillable containers in which any of the components or ingredients are supplied (e.g., metal tubes for carbon dioxide gas), however, shall not pass to the NAFA, and shall at all times remain in the property of the Contractor. Said containers, after being emptied of their contents, may be recovered by the Contractor.

Figure 37-A

3. RISK OR LOSS. The NAFA assumes any loss resulting from the use of slugs or foreign coins, as well as any loss resulting from pilferage, deterioration of components, ingredients, or products, or destruction of components, ingredients, or products by fire or other means, provided, however, that the Contractor shall not be relieved of liability for its negligence or for the negligence of its employees. The Contractor assumes, and shall reimburse the NAFA for, any loss resulting from mechanical defects hereby the vending machines vend merchandise without the deposit of a coin including "jackpotting". The Contractor further assumes the full risk and responsiblity for any loss, destruction, or damage occurring to any of the refillable containers in which any of the components or ingredients are supplied (e.g., metal tubes for carbon dioxide gas), except such as may be attributable to the NAFA by reason of the negligence of its officers, agents, or employees while acting within the scope of their employment.

4. COMPENSATION OF THE PARTIES. The amounts due, which shall be accepted by the parties hereto as full compensation for the rental by the NAFA of the said vending machines, for the purchase price of the said product, drinks, components and ingredients, for all services performed hereunder by the contractor and in reimbursement for all expenses incurred by the Contractor, shall be the following:

*_____

*(Select one of the following as applicable):

a. (Applicable to products only). The sum of $_____per_____ of_____contained in the vending machines at the commencement of the contract, or placed within the vending machines, plus $_____ per_____cups placed within the machine, plus $_____ per_____of_____placed within the machines (all the aforementioned prices in no event to be in excess of the standard wholesale prices of the said materials plus an additional charge of _____ percent(_____%) of the total gross receipts from sales made from the vending machines, which sum shall be paid to the Contractor by the NAFA. The unit selling prices of the products vended hereunder, as established by the NAFA are as follows:

_____

_____

b. (Applicable to bottled beverages only.) The sum of _____¢ per case of twenty-four (24) full bottles contained in the vending machines at the commencement of the contract, or placed within the vending machines (in no event to be in excess of the standard wholesale price of the said beverage) plus_____¢ per shell plus _____¢ per bottle plus a surcharge of _____¢ per case of $_____per month, less_____¢ per bottle and _____¢ per shell for all empty bottles and shells returned to the Contractor, which sum shall be paid to the Contractor by the NAFA. The unit selling prices of the products vended hereunder, as established by the NAFA are as follows: _____

_____

_____

Figure 37-A

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4 c. (Applicable to other than bottled beverages.) The sum of _____¢ per ___ of_____contained in the vending machines at the commencement of the Contract, or placed within the vending machines (in no event to be in excess of the standard wholesale price of the said product) plus a surcharge of _____¢ per _____or $_____per month, which sum shall be paid to the Contractor by the NAFA. The unit selling prices of the products vended hereunder, as established by the NAFA are as follows:_____

_____

5. VERIFICATION OF DELIVERIES OF COMPONENTS AND COLLECTION OF RECEIPTS. All deliveries of products, components or ingredients to the vending machines (i.e., all quantities of such materials placed within the vending machines by the Contractor) and collections of money from the said machines (if collection is made by the Contractor) shall be verified by an authorized representative of the Exchange. Simultaneously with the making of each such delivery or collection, the contractor shall furnish the Exchange with a written report thereof in a form satisfactory to the Exchange, and showing deliveries of products, components or ingredients and collection of receipts separately for each vending machine.

6. REPORTING AND SETTLEMENT OF ACCOUNTS.

a. As set forth above, the Contractor shall, simultaneously with the making of each delivery or collection, furnish the NAFA with a written report therof in form satisfactory to the NAFA, and showing deliveries and collections separately for cash vending machine. In addition, on or about the _____day of each month, the Contractor shall read the meter on each vending machine furnished hereunder for the purpose of determining the number of cup-drinks sold through such machine during the preceding month, which reading may be verified by an authorized representative of the NAFA. On or before the _____day of each month, the Contractor shall submit to the NAFA a true report of all matters pertaining to transactions under this contract during the preceding month, ending on the _____day including:

(1) The total quantity of product placed within the vending machines by the Contractor (applicable to other than bottled beverages);

6.a.2. The total number of bottles of beverage placed within the vending machines by the Contractor, the total number of shells furnished therewith, and the total amount of deposits for bottles and shells charge thereon (applicable to bottle beverages only);

3. The quantity of bottled beverage or other product sold through each of the said vending machines and the aggregate thereof sold through all machines; and

4. The total number of empty bottles and shells collected by the contractor and the amount of credit allowed thereon (applicable to bottled beverages only);

5. The total quantity of each of the drink components and ingredients, including carbon dioxide gas, and the total quantity of cups placed within the vending machines by the contractor;

6. The number of cup-drinks sold through each of the vending machines, and the aggregrate thereof sold through all machines;

7. All collections of money made from the said vending machines (where collections are made by the contractor);

8. All other matters pertaining to transactions under this contract during the preceding month.

b. The parties hereto shall mutually agree on the time or times when settlement of accounts shall be made, but in no event shall such settlement be made less frequently than once each month. When deemed necessary by the parties, appropriate invoices shall be rendered by each party upon the other, covering the charges provided for herein.

7. Vending is Business of the Exchange. The business of vending products through the vending machines rented to the NAFA hereunder is the business of the NAFA. The NAFA will establish the price or prices at which products will be vended from the machines.

Figure 37-A

COAST GUARD NON-APPROPRIATED FUND ACTIVITY (NAFA) CONCESSION CONTRACT

A. General Provisions.

1. Insurance and Bonds.

a. All bonds and insurance procured or maintained by the Contractor in connection with performance under this contract, shall be subject to the approval of the NAFA.

b. The Contractor, for the protection of the United States Government (including the NAFA), shall procure and thereafter maintain, at its own cost and expense, workmen's compensation, employer's liability (bodily injury and property damage), comprehensive automobile liability (bodily injury and property damage), and products liability insurance, with respect to performance under this contract, and such other insurance and such bonds as the NAFA may from time to time require or approve in regard to performance under this contract. The Contractor, in fulfilling its obligation to procure worker's compensation insurance may, with the approval of the NAFA and pursuant to statutory authority maintain a self-insurance program.

c. All bonds and insurance required or approved by the NAFA, pursuant to the above provisions, shall be in such form, in such amounts, and for such periods of time, as the NAFA may from time to time require or approve, and with sureties and insurers approved by the NAFA.

d. The Contractor shall furnish the NAFA with certificates of the insurance it has in effect.

2. Taxes. The Contractor assumes complete liability for all taxes applicable to the property, income, and transactions of the Contractor. The NAFA shall not be liable to the contractor and will make no reimbursement for, any tax imposed either directly or indirectly upon the Contractor by any authority on account of or by reason of this contract or otherwise.

3. Transfer or Assignment Prohibited. Neither this nor any interest herein nor any claim arising hereunder, except as may otherwise be provided in this contract, shall be transferred by the Contractor to any party or parties.

4. Disputes.

a. Except as otherwise provided in this contract, the Contracting Officer will decide any dispute arising under this contract which is not resolved by agreement. The Contracting Officer will reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor. The decision of the Contracting Officer shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Contractor mails or otherwise furnishes the Contracting Officer a written appeal addressed to the Commandant of the U.S. Coast Guard. In this case, the decision of the Commandant or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence in connection with any appeal proceeding under this clause. The Contractor must be given an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

b. This "Disputes" clause does not preclude consideration of questions of law in connection with decisions provided for in paragraph a., above. Provided that nothing in this contract shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

c. As used in this clause, the term "Contracting Officer: means that person executing or administering a contract on behalf of a Coast Guard NAFA or the properly designated successor or successors of such person.

5. Convict Labor. In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence of imprisonment at hard labor.

6. Non-Discriminations in Employment Clause. (The following clause does not apply if this contract (i) does not involve the employment of persons; or (ii) is for $10,000 or less; or (iii) is for standard commercial supplies or raw material not in excess of $100,000; or (iv) is to be performed outside the United States.) In connection with the performance of work under this contract, the contractor agrees as follows:

Figure 37-B

6.a. The Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to employment upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates or pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

b. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

c. The Contractor will send a notice to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding. The notice provided by the agency Contracting Officer shall advise the said "labor union or workers" representative of the contractor's commitments under Section 202 of Executive Order No. 11246 dated 24 September 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

d. The Contractor will comply with all provisions of Executive Order No.11246 dated 24 September 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

e. The Contractor will furnish all information and reports required by Executive Order No. 11246 dated 24 September 1965, and by or pursuant to the rules, regulations, and orders of the Secretary of Labor. The Contractor shall permit access to his books, records and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

f. If the Contractor does not comply with the non-discrimination clause of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled in whole or in part and the Contractor may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order No. 11246 dated 24 September 1965 or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

Figure 37-B

6.g. The contractor will include the provisions of paragraphs a. through f., in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of the Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontractor or purchase order as the contracting agency to enforce such provisions, including sanctions for non-compliance; Provided, however; that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

7. Indemnity. The Contractor shall, at all times, hold and save harmless the United States Government (including the NAFA and all other agencies and instrumentalities of the United States Government), and its officers, agents, and employees against any and all charges, claims, suits, and demands of any kind and nature whatsoever (including but not restricted to, those for patent infringement, death of or injury to persons, and loss or damage to property), as well as judgments, payments, costs or expenses, by whomsoever brought, arising out of or in connection with the performance of this contract, or any actions or activities incidental thereto. The Contracting Officer shall notify the Contractor promptly of any formal notice it receives of a charge, claim, suit or demand. The Contractor with the consent of the representatives of the Government and of the insurance carrier of the NAFA, may at its own expense, undertake the settlement or defense of any claim or litigation brought against the United States Government or the NAFA. However, in such event the representatives of the Government and the insurance carrier of the NAFA may, in their discretion, be associated with the Contractor in the settlement or defense of any such claim or litigation. The Contractor releases the United States Government (including the NAFA and all other agents and instrumentalities of the United States Government) from liability for any loss, damage, or injury which may be sustained by the Contractor in the performance of this contract on the premises of the United States Government (including the NAFA). The Contractor agrees to indemnify the United States Government (including the NAFA and all other agencies and instrumentalities of the United States Government) from any loss, damage or injury which may be sustained by it in connection therewith. No claims, counter claims or any other rights which have accured or which may in the future accrue to the United States Government (including the NAFA), of whatever nature and however arising, shall be deemed waived, assigned, transferred, discharged or released by reason of anything contained in this paragraph. Nothing in this paragraph shall, relieve or be construed as relieving, the NAFA of liability for any loss, or damage or injury which may be attributable to the NAFA by reason of the negligency of its officers,

Figure 37-B

7. (cont'd).. agents or employees while acting within the scope of their employment, nor shall anything in this paragraph be construed as an assumption or identification on the part of the contractor as against any such liability arising from or growing out of any such negligence.

8. Officials not to Benefit. No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

9. Covenant Against Contingent Fees. The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon any agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty the NAFA shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

10. Operations on Military Installation Under Control of NAFA. The operations, performed on the military installation under this contract by the Contractor, its representatives, agents or employees, shall be subject to the provisions of all applicable regulations and directives of the military installation.

11. Right of Inspection and Audit. The NAFA shall have the right to inspect and audit the accounts and methods of internal control established by the Contractor, and to make such other inspections or audits as may be deemed by it necessary to ensure compliance by the Contractor with all the provisions of this contract.

12. Termination. This contract shall be automatically terminated if the operation of the NAFA was discontinued.

a. Termination for Default. The NAFA by written notice may terminate this contract in whole or in part for failure of the Contractor to perform any of the provisions hereof. In such event, the Contractor shall be liable for damages including excess costs of reprocuring similar supplies and services provided that if (i) that the Contractor was not in default; or (ii) that Contractor's failure to perform is without his or his subcontractor's control or negligence, the Termination shall be deemed a Termination for Convenience.

Figure 37-B

12.b. Termination for Convenience. The NAFA by written notice may terminate this contract in whole or in part when it is in the best interest of the NAFA. To the extent that this contract is for service and is so terminated, the NAFA shall be liable for payment as set forth in the Payment provisions of this contract for services rendered prior to the effective date of termination.

13. Gratuities.

a. The NAFA may, by written notice to the Contractor, terminate the right of the Contractor to proceed under this contract if it is found, after notice and hearing, by the Contracting Officer or by his authorized representative, that gratuities (in the form of entertainment, gifts or otherwise) were offered or given by the Contractor, or any agent or representative of the Contractor, to any officer or employee of the NAFA with a view toward securing favorable treatment with respect to performing the contract; provided, that the existence of the facts upon which the commanding officer or his duly authorized representative make such findings shall be in issue and may be reviewed in any competent court.

b. In the event this contract is terminated as provided in paragraph (a) hereof, the NAFA shall be entitled (i) to pursue the same remedies against the Contractor as it could pursue in the event of a breach of the contract by the Contractor, and (ii) as a penalty in addition to any other damages to which it may be entitled by law, to exemplary damages in any amount (as determined by the commanding officer or his duly authorized representative) which shall be not less than three nor more than ten times the costs incurred by the Contractor in providing any such gratuities to any such officer or employee.

c. The rights and remedies of the NAFA provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

14. Definitions.

a. "Contracting Officer" means the person executing or administering this contract on behalf of the non-appropriated fund which is a party hereto, or his successor or successors.

b. The "Fund" means is a non-appropriated fund activity of the U.S. Coast Guard. No appropriated funds of the United States shall become due, or be paid the Concessionaire by reason of this contract.

15. Contractor's Employees or Grants. The Contractor shall pay the compensation and expenses of its employees or agents. Such employees or agents of the Contractor, while on the military installation, shall be subject to the control of the Fund but under no circumstances shall such persons be deemed to be

Figure 37-B

15. (cont'd)..employees or agents of the Fund. When on the military installation, the said employees or agents of the Contractor shall at all times conduct themselves in an orderly and proper manner. If the Fund objects to the presence of an employee of the Contractor on the military installation and requests his removal, the contractor shall remove the employee promptly.

16. Records and Accounts. The Concessionaire shall establish and maintain in a current status, records and accounts of his contract transactions.

17. Non-Waiver of Defaults. Any waiver by the Fund at any time, or from time to time, to enforce or require strict performance of any terms or conditions of this contract does not constitute a waiver thereof and will not affect or impair such terms or conditions in any way or the Fund's right at any time to avail itself of such remedies as it may have for any breach or breaches of such terms and conditions.

18. Guarantee and Warranty. The Contractor shall comply with all applicable laws and regulations pertaining to its business.

19. Modifications and Additions. All modifications, additions, or deletions to this contract are considered as amendments hereto and must be prepared in writing as formal amendments to this contract and signed by both parties in the same manner as this contract in order to be effective.

B. Service Contract Act of 1965, As Amended.

1. This contract, to the extent that it is of the character to which the Service Contract Act of 1965, as amended (41 USC 351-357) applies, is subject to the following provisions and to all other applicable provisions of the Act and regulations of the Secretary of Labor thereunder.

a. Compensation. Each service employee employed in the performance of this contract by the Contractor or any subcontractor shall be paid not less than the minimum monetary wage and shall be furnished fringe benefits in accordance with the wages and fringe benefits determined by the Secretary of Labor or his authorized representative, as specified in any attachment to this contract. If there is such an attachment, any class of service employees shall be classified by the Contractor so as to provide a reasonable relationship between such classifications and those listed in the attachment, and shall be paid such monetary wages and furnished such fringe benefits as are determined by agreement of the interested parties, who shall be deemed to be the contracting agency, the Contractor, and the employees who will perform on the contract or their representatives.

Figure 37-B

B-1.a. (cont'd)..If the interested parties do not agree on a classification or reclassification which is, in fact, conformable, the Contracting Officer shall submit the question, together with his recommendation, to the Office of Special Wage Standards, Employment Standards Administration (ESA), Department of Labor for final determination. Failure to pay such employees the compensation agreed upon by the interested parties or finally determined by the Administrator or his authorized representative shall be a violation of this contract. No employee engaged in performing work on this contract shall in be paid less than the minimum wage specified under section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended.

b. Adjustment. If, as authorized pursuant to section 4(d) of the Service Contract Act of 1965, as amended, the term of this contract is more than 1 year, the minimum monetary wages and fringe benefits to be paid or furnished thereunder to such service employees shall be subject to adjustment after 1 year and not less often than once every 2 years, pursuant to wage determinations to be issued by the Employment Standards Administration, Department of Labor, as provided in the Act.

c. Obligation to Furnish Fringe Benefits. The Contractor or subcontractor may discharge the obligation to furnish fringe benefits specified in the attachment or determined conformably thereto by furnishing any equivalent combinations of fringe benefits, or by making equivalent or differential payments in cash in accordance with the applicable rules set forth in 29 CFR Part 4, Subparts B and C, and not otherwise.

d. Minimum Wage. If there is not a minimum wage attachment for this contract, neither the Contractor nor any subcontractor under this contract shall pay any of his employees performing work under the contract (regardless of whether they are service employees) less than the minimum wage specified by section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended. Nothing in this provision shall relieve the Contractor or any subcontractor of any other obligation under law or contract for the payment of a higher wage to any employee.

e. Obligations Attributable to Predecessor Contracts. If this contract succeeds a contract, subject to the Service Contract Act of 1965, as amended, under which substantially the same services were furnished and service employees were paid wages and fringe benefits provided for in a collective bargaining agreement, then, in the absence of a minimum wage attachment for this contract, neither the Contractor nor any subcontractor under this contract shall pay any service employee performing any of the contract work less than the wages and fringe benefits, provided for in such collective bargaining agreements, to which such employee

Figure 37-B

B-1.e. (cont'd)..would be entitled if employed under the predecessor contract, including accrued wages and fringe benefits and any prospective increases in wages and fringe benefits provided for under such agreement. No Contractor or subcontractor under this contract may be relieved of the obligation unless the Secretary of Labor or his authorized representative determines that the collective bargaining agreement applicable to service employees employed under the predecessor contract was not entered into as a result of arm's-length negotiations, or finds, after a hearing as provided in Department of Labor regulations, 29 CFR 4.10, that the wages and fringe benefits provided for in such agreement vary substantially with those which prevail for services of a similar character in the locality.

f. Notification to employees. The Contractor and any subcontractor under this contract shall notify each service employee starting work on this contract of the minimum wage and any fringe benefits required to this contract, or shall post a notice of such wages and benefits in a prominent and accessible place at the worksite, using such poster as may be provided by the Department of Labor.

g. Safe and Sanitary Working Conditions. The Contractor or subcontractor shall not permit any part of the services called for by this contract to be performed in buildings or surroundings or under working conditions provided by or under the control or supervision of the Contractor or subcontractor which are unsanitary or hazardous or dangerous to the health or safety of service employees furnishing these services, and the Contractor or subcontractor shall comply with the safety and health standards applied under 29 CFR Part 1925.

h. Records. The Contractor and each subcontractor performing work subject to the Act must make and maintain for 3 years from the completion of the work records containing the information specified in subparagraphs (1) through (5) of this paragraph for each employee subject to the Act and shall make the records available for inspection and transcription by authorized representatives of the Employment Standards Administration (ESA), Department of Labor. The records of each Contractor and subcontractor shall state:

(1) His name and address.

(2) His work classification or classifications, rate or rates of monetary wages and fringe benefits provided, rate or rates of fringe benefit payments in lieu thereof, and total daily and weekly compensation.

B-1.h.(3) His daily and weekly hours so worked.

(4) Any deductions, rebates, or refunds from his total daily or weekly compensation.

(5) A list of monetary wages and fringe benefits for those classes of service employees not included in the minimum wage attachment to this contract, but for which such wage rates or fringe benefits have been determined by the interested parties or by the Administrator (as defined in 41 CFR 1-12.092.2(c)) or his authorized representative pursuant to the Labor Standards Clause in paragraph (a) of this clause. A copy of the report required in paragraph (m)(1) of this clause shall be deemed to be such a list.

i. Withholding of payment and termination of contract. The Contracting Officer shall withhold or have withheld from the Government Prime Contractor under this or any other Government contract with the prime Contractor such sums as he, or an authorized officer of the Department of Labor, decides may be necessary to pay underpaid employees. In addition, any failure to comply with the requirements of this clause relating to the Service Contract Act of 1965 may be grounds for termination of the right to proceed with the contract work. In such event, the Government may enter into other contracts or arrangements for completion of the work, charging the Contractor in default with any additional cost.

j. Subcontractors. The Contractor agrees to insert this clause relating to the Service Contract Act of 1965 in all subcontracts. The term "Contractor", as used in this clause in any subcontract, refers to the subcontractor, except in the term "Government Prime Contract."

k. Service Employee. As used in this clause relating to the Service Contract Act of 1965, as amended, the term "service employee" means any person engaged in the performance of a contract entered into by the United States and not exempted under section 7, whether each contract is negotiated or advertised, the principal purpose of which is to furnish services in the United States (other than any person employed in a bona fide executive, administrative, or professional capacity, as defined in Part 541 of Title 29, Code of Federal Regulations, as of July 30, 1976, and any subsequent revision of those regulations); and shall include all such persons regardless of any contractual relationship that may be alleged to exist between a contractor or subcontractor and such persons.

Figure 37-B

B-1.k.(1) Comparable rates. The following classes of service employees expected to be employed under the contract with the Government would be subject, if employed by the contracting agency, to the provisions of 5 USC 5341 and would, if so employed, be paid not less than the following rates of wages and fringe benefits.

Employee class: _____
Monetary wage-fringe benefits: _____
_____

m. Contractor's Report.

(1) If there is a wage determination attachment to this contract and one or more classes of service employees which are not listed thereon are to be employed under the contract, the Contractor shall report to the Contracting Officer the monetary wages to be paid and fringe benefits to be provided each such class of service employee. Such report shall be made promptly as soon as such compensation has been determined, as provided in paragraph (a) of this clause.

(2) If wages or fringe benefits for any service employees of the Government Prime Contractor or any subcontractor are not in effect during any time the contract is being performed, the Government Prime Contractor shall report such fact to the Contracting Officer, together with full information as to the application and accrual of such wages and fringe benefits, including any prospective increases, to service employees engaged in work on the contract, and a copy of the collective bargaining agreement. Such report shall be made upon commencing performance of the contract, in the case of collective bargaining agreements effective at that time. In the case of such agreements or provisions or amendments effective at that later time during the period of contract performance, such agreements shall be reported promptly after negotiation thereof.

n. Regulations incorporated by reference. All interpretations of the Service Contract Act of 1965 expressed in 29 CFR Part 4, Subpart C, are hereby incorporated by reference in this contract.

o. Exemptions. This clause relating to the Service Contract Act of 1965 shall not apply to the following:

(1) Any contract of the United States or District of Columbia for construction, alteration, and/or repair, including painting and decorating of public buildings or public works;

Figure 37-B

B-1.o.(2) Any work required to be done in accordance with the provisions of the Walsh-Healey Public Contracts Act (41 USC 35-45);

(3) Any contract for the carriage of freight of personnel by vessel, airplane, bus, truck, express, railway line, or oil or gas pipeline where published tariff rates are in effect, or where such carriage is subject to rates covered by section 22 of the Interstate Commerce Act;

(4) Any contract for the furnishing of services by radio, telephone, telegraph, or cable companies, subject to the Communications Act of 1934;

(5) Any contract for public utility services, including electric light and power, water, steam, or gas;

(6) Any employment contract providing for direct services to a Federal agency by an individual or individuals;

(7) Any contract with the Post Office Department (U. S. Postal Service), the principal purpose of which is the operation of postal contract stations.

(8) Any services to be furnished outside the United States. For geographic purposes, the "United States" is defined in section 8(d) of the Service Contract Act of 1965 to include any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Outer Continental Shelf Lands, as defined in the Outer Continental Self Lands Act, American Samoa, Guam, Wake Island, Eniwetok Atoll, Kwajalein Atoll, Johnston Island, and Canton Island. It does not include any other territory under the jurisdiction of the United States or any United States base or possession within a foreign country;

(9) Any of the following contracts exempted from all provisions of the Service Contract Act of 1965, pursuant to section 4(b) of the Act, which exemptions the Secretary of Labor, prior to amendment of such section by Pub. L. 92-473, found to be necessary and proper in the public interest or to avoid serious impairment of the conduct of Government business:

(a) Contracts entered into by the United States with common carriers for the carriage of mail by rail, air (except air star routes), bus, and ocean vessel, over regularly established routes and accounts for an insubstantial portion of the revenue therefrom;

Figure 37-B

B-1.o.(9)(b) Any contract entered into by the U.S. Postal Service with an individual owner-operator will hire any service employee to perform the services under the contract except for short periods of vacation time or for unexpected contingencies or emergency situations such as illness or accidents.

(p) Special Employees. Notwithstanding any of the provisions in paragraphs (a) through (n) of this clause relating to the Service Contract Act of 1965, the following employees may be employed in accordance with the following variations, tolerances, and exemptions, which the Secretary of Labor, pursuant to section 4(b) of the Act prior to its amendment by Pub. L. 92-473, found to be necessary and proper in the public interest or to avoid serious impairment of the conduct of Government business:

(1) Apprentices, student-learners, and workers whose earning capacity is impaired by age, physical, or mental deficiency or injury may be employed at wages lower than the minimum wages otherwise required by section 2(a)(1) or 2(b)(1) of the Service Contract Act of 1965, without diminishing any fringe benefits or cash payments in lieu thereof required under section 2(a)(2) or that Act, prescribed for the employment of apprentices, student-learners, handicapped persons, and handicapped clients of sheltered workshops under section 14 of the Fair Labor Standards Act of 1938, (29 USC 201 et seq.) in the regulations issued by the Administrator (29 CFR Parts 520, 521, 524, and 525).

(b) The administrator will issue certificates under the Service Contract Act of 1965 for the employment of apprentices, student-learners, handicapped persons, or handicapped clients of sheltered workshops not subject to the Fair Labor Standards Act of 1938, or subject to different minimum rates of pay under the two Acts, authorizing appropriate rates of minimum wages (but without changing requirements concerning fringe benefits or supplementary cash payments in lieu of), applying procedures prescribed by the applicable regulations issued under the Fair Labor Standards Act of 1938 (29 CFR Parts 520, 521, 524, and 525);

(c) The Administrator will also withdraw, annul, or cancel such certificates in accordance with the regulations in Parts 525 and 528 of Title 29 of the Code of Federal Regulations.

Figure 37-B

B-1.(p)(2) When an employee engages in an occupation in which he customarily and regularly receives more than $30 a month in tips, his employer may credit such against the minimum wage required by section 2(a)(1) or section 2(b)(1) of the Act, in accordance with the regulations in 29 CFR Part 531: Provided that the amount of such credit may not exceed $1.325 per hour beginning January 1, 1978, $1.305 per hour beginning January 1, 1979, $1.24 per hour beginning January 1, 1980 and $1.34 per hour after December 31, 1980. If the employer pays in full cents the $1.325 figure must be rounded down to $1.32 and the $1.305 figure to $1.30, in order that the employer will not be crediting more than the permissible percentage.

2. Vacant.

Figure 37-B

TOBACCO SALES POLICY

A. BACKGROUND.

1. Tobacco product vendors offer many merchandising programs. These programs have contributed to the success of the Coast Guard Exchange System (CGES) in meeting its dual mission of providing merchandise to customers at the lowest possible price and contributing funds in support of Coast Guard Morale, Welfare, and Recreation (CG MWR) programs.

2. Despite the financial benefit of vendor programs, CGES has reviewed its merchandising of tobacco products from a broader socioeconomic viewpoint. The intent of this policy is to eliminate merchandising practices which could be perceived as conducive to impulse buying of tobacco products. CGES will, however, continue to stock tobacco products and sell them at lowest possible price as long as it continues to be authorized by the House Armed Services Committee. The monetary savings provided by exchanges has been recognized by congress as a benefit integral to the military compensation package. CGES restriction or elimination of tobacco product sales would diminish this customer benefit and reduce funds to the CG MWR programs. The following policy for cigarette, cigar, pipe tobacco, and smokeless tobacco promotions and merchandising practices is established.

B. POLICY.

1. There will be no advertisement of tobacco products in public media (tabloids, flyers, closed circuit television, public address announcements, etc.). This does not apply to pipes and lighters.

2. Cigarette cartons will be merchandised on floor or wall gondola units or shelves. The number of facings assigned to each manufacturer will be based upon national market share.

3. Cigars, pipe tobacco, smokeless tobacco, and smoking accessories will be merchandised on gondolas or shelving next to cigarette cartons.

4. There will be no use of signing, banners, etc., highlighting tobacco products or brands, other than as appropriate for department identification.

5. At checkouts, cigarette packs will not be displayed on counters or adjacent fixtures, allowing customers to serve themselves. Rather, they will be sold from fixtures located above, behind, or under the counters, accessable only to the checker-cashier, so that customers must request them.

B. 6. If constraints do not permit the merchandising of packs at checkouts as delineated above, floor turnstile racks may be used as an alternative. If possible, without sacrificing security, turnstiles will be located next to gondolas where cigarette cartons are merchandised. Turnstiles will not be located next to checkouts or in areas where they would appear to be special or featured displays.

7. Temporary promotional offers (e.g., coupons, lighters, sunglasses, playing cards), attached to either cigarette packs or cartons, are permitted for unadvertised in-store promotion. However, they are to be merchandised only in the same sales floor area in which cartons of cigarettes are normally displayed.

8. Temporary promotional offers not attached to packaging, such as sports bags or beach umbrellas, are not permitted.

9. The minimum legal age for purchasing tobacco products is to be the same as the law of the State in which the facility is located.

10. Cigarette vending machines are not to be located in areas unacceptable to command, nor in areas where unsupervised minors can access them.

C. SHIPBOARD EXCHANGES TOBACCO PRODUCTS POLICY.

1. A satellite shipboard exchange may purchase tobacco products from the parent Coast Guard exchange (CGX) or, if the satellite agreement permits, from commercial sources. Purchases from commercial sources may be either Federal tax-free ("seastores") products, federally taxed products, or both.

   a. Satellite shipboard exchanges that buy tobacco products from the parent CGX must buy them at the retail price and sell them at that same price.

   b. Satellite shipboard exchanges that buy tobacco products from a commercial source (either Federal tax-free or federally taxed) must sell them at the same price as its parent CGX's sell price.

2. An independent shipboard exchange may purchase tobacco products from a CGX, another Service's exchange (AAFES BX/PX, NEX, MCX), or a commercial source. Commercial purchases may be Federal tax-free ("seastores") products,

C. 2. (cont'd) federally taxed products, or both. No matter what the source or the purchase cost, products must be sold at the same sell prices as the CGX nearest the cutter's homeport.

3. The following conditions and requirements apply to the sale of Federal tax-free ("seastores") tobacco products by shipboard exchanges:

a. "Seastores" tobacco can be sold ONLY outside of U.S. territorial waters. (Federally taxed tobacco products can be sold at any time, regardless of location.)

b. Purchased quantities of tax-free tobacco products shall not exceed anticipated sales, except when purchased for transfer to other CG ships that operate outside the territorial waters of the United States.

c. All shipments of tax-free products shall be received by a commissioned officer and strict inventory accountability and security shall be maintained. Physical counts of such inventory shall be taken:

(1) on receipt;

(2) on transfer or relanding;

(3) on departing U.S. territorial waters; and

(4) on reentering U.S. territorial waters.

Discrepancies shall be investigated, with a written report submitted to the commanding officer. All inventories and reports shall be retained in permanent files and made available upon request of inspecting officers or Internal Revenue agents.

d. Relanding of tax-free tobacco products may be made only after clearance has been obtained through the local customs office.

CG NAFA IMAGE IMPROVEMENT

A CG image improvement program will be developed and included in a future amendment to this manual.

SECURITY

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SECURITY

1. General.

a. Adequate and enforceable security policies and procedures are essential for protecting Coast Guard NAFA assets. The purpose of this enclosure is to provide the basic policies and necessary procedures for safeguarding these assets.

b. There are three general classifications of losses; theft by outsiders, employee theft, and inadequate security procedures or violations of established procedures. Losses, other than those caused by burglaries, holdups, fire damage, accidental breakage, hurricanes and vandalism are called shrinkage. Shrinkage is the disappearance of inventory, either in the form of merchandise or money, through illegal actions. It is the amount of merchandise which is unaccounted for at the end of an accounting period or year, after verification of the beginning inventory, markup on purchases, sales, markdowns/surveys and the ending physical inventory. Shrinkage increases the cost of goods sold and decreases profits. A guideline for shrinkage ratios as a percentage of sales is 1%.

c. Shrinkage is one of the paramount indicators of a manager's ability to control and blend all factors of a business into a smoothly operating, efficient and productive unit. A low shrinkage figure tends to confirm the manager's leadership qualities and to reassure confidence in management and employees. There is an almost endless list of conditions which provide fertile grounds for high shrinkage, however, the greatest contribution to this excessive shrinkage is complacency on the part of management.

2. Shoplifting prevention.

a. Shoplifting. The stealing of merchandise or supplies, by a person not employed by the activity, is a major cause of shrinkage. Similar losses may also occur in warehouse and stockrooms where there is internal traffic by vendors, deliverymen, truck drivers and servicemen who are permitted to roam about unsupervised. Losses may occur during remodeling or when stocking a new activity prior to opening. Control should always be maintained on loading docks, near restrooms and exits. While all facilities have some controlled access, they will still have their share of shoplifters. The NAFA Officer's most important resource in the prevention of such losses is a well trained and alert staff. Shoplifting techniques are:

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2.a.(1) Palming. A simple method of removing small items from a counter.

(2) Secreting merchandise on the person. The stolen item is placed in a coat or jacket.

(3) Shopping bags, umbrellas, large purses or "booster boxes." Small items can be easily brushed off a counter into a shopping bag or partially opened umbrella. "Booster" boxes are simply cardboard or wooden boxes covered in gift wrap paper. One end is cut to act as a "flap."

(4) Coats and raincoats. Some may have hooks sewn to the lining to hold stolen articles of merchandise.

(5) Between the legs. Shoplifters have been known to secrete large items between the legs and still walk normally.

(6) Fitting rooms. It is a simple matter for a customer to enter, slip a garment under the clothes being worn or simply remove all ticketing and put on the new garment, leaving the old garments behind.

(7) Ticket switching. This method involves switching a ticket from a low priced item to one with a high price.

(8) Counter theft. The method is to take an item from a display counter such as a handbag, costume jewelry, sunglasses, etc; remove the price tag and wear the item out.

(9) Hideaway theft. The shoplifter selects a large item of luggage and hides smaller items inside or removes a low price item from a carton, secrete a high price item within and pay the carton price at the cash register.

(10) Team shoplifting. This practice consists of two or more shoplifters acting in concert. Often, one member will create a diversion by fainting or starting an argument while the other team member steals the merchandise.

b. Actions which may be indicative of shoplifting:

(1) Aimless walking up and down aisles.

(2) Leaving store and returning in a few minutes.

(3) Walking around exchange with unpaid merchandise.

(4) Strained, nervous look.

2.b.(5) Placing packages, purse or coat over merchandise.

(6) Left-right glances without moving head.

(7) Frequent, quick glances up from merchandise.

(8) Studying other customers and sales persons instead of merchandise.

(9) Looking in mirrors to see if they are being observed.

(10) Handling a lot of merchandise at different counters.

(11) Entering fitting room with packages.

c. Preventive measures.

(1) Serve or recognize customers as promptly as possible. A simple "Good morning" will do.

(2) Fitting rooms must be controlled. Signs should state clearly the number of garments permitted in room. Inspect fitting rooms frequently for price tickets on floor or empty hangers left in stalls.

(3) The showing of expensive items should be limited to two items at a time. Never leave customers alone.

(4) Merchandise should be neatly arranged on shelves and display fixtures. Disorderly displays invite theft.

(5) Cashiers should discreetly open luggage and purses and examine for "hideaway" merchandise.

(6) Keep displays and fixture arrangements at minimal heights to eliminate "blind" spots and insure maximum visual control.

(7) All packages must be stapled closed with the cash register tape stapled over the top of bag. Packages too large to bag should have an identifying label affixed to them.

(8) Price marking equipment and supplies must be carefully controlled. Use different colored price tags for markdowns and special sales.

2.c.(9) Merchandise price tickets should be machine printed. Handwritten tags are easily duplicated.

(10) Cash registers must be locked when not in use during business hours. When in use, cash drawer must be closed after each transaction. Register drawer should be left in the open position after close of business.

(11) Be aware of patrons wearing coats on a warm day, raincoats during fair weather or conversely no coat during inclement weather.

d. Procedures for handling shoplifters.

(1) Persons should never be apprehended on the mere chance that they have stolen merchandise.

(2) Keep any suspect under constant observation.

(3) Summon the manager or security personnel authorized to detain a shoplifter.

(4) The manager or security official authorized to detain a shoplifter should:

(a) Be certain the suspect still has possession of the goods.

(b) Wait until suspect has passed the central checkout or last register and exits from exchange, then stop the suspect and identify yourself by name and title.

(c) Allegations should not be made in the presence of others.

(d) Suspects should be invited to the manager's office; if the suspect refuses to accompany the official, inform suspect that he/she is believed to be in possession of merchandise for which payment has not been made. No accusation of theft should be made.

(e) If the suspect absolutely refuses to cooperate, attempt to make an identification by name tag, description or auto license number. Do not touch or attempt to forcibly restrain the suspect; allow the suspect to proceed and notify military or security police.

(f) If the suspect voluntarily proceeds to the manager's office or other designated private area, walk behind suspect to ensure that the stolen merchandise is not discarded.

2.d.(4)(g) Inform suspect that he/she may be in possession of merchandise for which proper payment has not been made. Make no outright accusation of theft. A witness must be present during all conversations with the suspect; do not close the door to the office and never be alone with the suspect. If suspect is a female, witness must also be a female.

(h) Under no circumstances should the suspect be subjected to search by NAFA personnel.

(i) Notify the military or security police and advise them of the suspected offense and request assistance.

(j) Merchandise involved in an incident of shoplifting will be turned over to military or security police against receipt.

(k) The NAFA is not a law enforcement or investigative agency.

(l) The check list contained in figure 40-1 is provided to assist NAFA management in reducing shoplifting.

3. Internal theft prevention.

a. It is generally acknowledged that employee theft constitutes between 65-75% of all shrinkage. There is no reason to believe it is any less within your NAFA. Management at all levels must be aware of their responsibilities. Disregarding an employee's dishonesty can influence other employees to become involved in similar activity.

b. Policies and procedures for employee shopping, cash and merchandise controls must be stressed during indoctrination training and refresher training. There must be no question in every employee's mind as to management's concern for safeguarding the assets of NAFA.

c. Various methods of pilferage and preventive measures that should be taken are listed in figure 40-2.

d. An internal pilferage prevention check list is included as figure 40-3.

e. Rules governing employees:

(1) Employees will not ring up or compute their own purchases.

(2) Cash register receipts, as in the case of all other customer transactions, must be affixed to the package.

3.e.(3) Employee will take purchase directly to designated storage area where it will remain until the end of employee's shift.

(4) No employee may buy markdown merchandise until the markdown has been offered for sale to exchange patrons for one full day.

(5) No employee shall prepare their own refund or make their own exchange.

(6) Personal belongings such as handbags and purses should not be permitted on the sales floor or in warehouse areas. Lockers should be provided for employees.

(7) Managers have the authority to conduct inspection of parcels, packages or other objects carried into or out of the activity by employees. This authority extends to the inspection of employee lockers in the presence of the employee and another witness.

4. Facility security.

a. The NAFA officer is encouraged to solicit the support of the unit security personnel to assist in determining security needs.

b. All alarm systems, intrusion and duress, should be tested at least weekly.

c. All accessible openings must be protected by adequate locking and security devices. Locking devices may be deadbolt locks, heavy duty hasps and padlocks, crossbars or a combination thereof.

d. Any solid external door designated for employee entrance or exit and/or trash disposal should be equipped with a security glass view panel, or with a peephole to enable employees to identify person(s) outside prior to opening door.

e. Where staffing permits, the opening and closing of an activity will be accomplished by the ranking supervisor and another designated employee.

f. At the close of each business day, the supervisor will make a preclosing inspection of the premises to assure that all safes, doors, windows, etc., have been secured and that no person is hidden in bathrooms, stockrooms, warehouse or any area of the exchange. The supervisor will set all alarms and exit the premises.

g. Cashier cages in facilities not equipped with a vault should be arranged so that safes and cashier are visible to the public to avoid concealment of a possible holdup or burglary.

4.h. Glass tops of display counters, where jewelry, photography and electronic items are displayed will be firmly fastened and sliding doors will be kept locked at all times when not under surveillance of a salesperson.

i. An emergency notification decal should be affixed to the front entrance of all facilities. The decal will contain the telephone number of the appropriate military/security police office. The name and telephone number of responsible facility management will be made a matter of record at the appropriate military or security police office.

j. Management will report to the notifying military/security police station and proceed to the scene with police officials when attempting to resolve an emergency.

5. Counterfeit money.

a. Cashiers and other personnel who handle cash should be trained in the detection of counterfeit money because the holder of bogus money is the one who takes the loss.

b. By comparing a counterfeit bill with a genuine bill of the same type and denomination, several distinguishing differences may be detected. These differences are summarized below:

	Genuine	Counterfeit
Portrait	Stands out sharp and clear from oval background, facial features appear lifelike	Dull, smudgy, indistinct or unnaturally white
	Background is a fine screen of fine links	Oval background is too dark; lines irregular and broken, with protrait merging into the background. Fuzziness
Seals	Sawtooth points sharp, even and regular	Sawtooth points uneven, irregular and broken off
Serial	Letters and numerals sharp, firmly and evenly printed, well spaced	Figures poorly printed, uneven and badly spaced
Paper	Scattered small, thin, red and blue silk threads, silk threads not noticeable on worn or badly soiled bills	No silk threads; threads may be imitated by very small thin red and blue ink lines easily seen if examined closely

5.c. It is impossible to determine if a bill is genuine or counterfeit by rubbing it on a piece of paper. One of the easiest methods of detection of counterfeit bills is by "feel," since genuine bill paper is 100% rag content. Cashiers should be aware of how a genuine bill feels compared to paper. Since counterfeit bills passed by a counterfeiter are usually printed from the same engraving plate, all serial numbers from the same denominations will be the same. Additional guidance may be obtained by contacting the U.S Secret Service, local banks, or the U.S. Government Printing Office. Some banks may have samples of actual counterfeit bills to use during training sessions.

d. Counterfeit coins can be detected by dropping them on the cash register change plate. Authentic coins ring clearly; counterfeits sound dull. Counterfeit coins usually feel greasy, and the corrugated ridges around its edge may be uneven.

6. Negotiable instruments.

a. Only personnel authorized by the NAFA officer may approve checks for cashing. When a check is presented, it should be examined carefully to ascertain that:

(1) It is written in ink or with indelible pencil and that there are no erasures or alterations on it.

(2) It carries a current date (not over 90 days old).

(3) The figures indicating the amount of the check correspond with the written amount.

(4) The check bears a signature and that signature is legible; or, when the signature is not legible, that the person's name is printed on the check.

(5) Persons presenting checks will be identified as authorized patrons prior to receiving cash or merchandise. Activities authorized to cash checks shall provide a rubber stamp, illustrated below, to be placed on the reverse side of personal checks and it shall be completed by the patron prior to receiving cash or merchandise. (NOTE: Information preprinted on the face of the check need not be repeated on the reverse side).

6.a.(5)(cont'd)

PLEASE PRINT CLEARLY

Active Duty	Lines 1-5
Dependents or Retired	Lines 1-8
Other	Lines 6-9

1. Name of Sponsor _____
2. Social Security Number _____
3. Grade/Rate _____
4. Organization _____
5. Duty Phone _____
6. Name _____
7. Home Address _____
8. Home Phone _____
9. I.D. No. _____

Approved by: _____

2 5/8" (vertical) — 6/16" (vertical) — Spaces 3/16" (vertical) — 2 5/8" (horizontal)

7. Internal cash control procedures.

a. The NAFA Officer will establish written procedures for handling and safeguarding cash instruments and ensure familiarity with those procedures by all employees. Included in the written instructions will be procedures for reducing cash on hand to a minimum and the control of alarm system keys.

b. The transporting of funds to or from a banking facility should be accomplished by two employees or an employee with a security escort. Where possible, transporting of funds will be accomplished during daylight hours.

8. Procedures for robbery prevention.

a. Two persons should open and close the facility. External doors should be kept locked until facility is opened for business or other operational purposes.

8.b. Only authorized personnel will be permitted in the facility during critical periods at opening and closing times.

c. Keep cash-on-hand at the registers to the minimum amount required for efficient purposes.

d. Insure that all employees are familiar with the Standard Operating Procedures (SOP) to be followed, in case of a robbery. A copy must be posted in the cashier's cage so as not to be seen by the public, and on the bulletin board. The SOP should provide instructions to:

(1) Alert responsible NAFA officials.

(2) As soon as possible, write down all details about the robbery and a description of the robbers.

(3) Obtain or have an official obtain names, addresses, etc., of all witnesses and give information to military/security police.

(4) Comply with instructions of investigating authority concerning the incident.

9. Keys, locks and safes.

a. Adequate security can be maintained only if keys to NAFA spaces are properly safeguarded. All spaces shall be secured by either a tumbler lock, passable only by its own original and duplicate keys; and/or a padlock of 1-1/2 inches in size or larger, passable only by its original or duplicate keys, not of the core lock variety, and from which the identifying numbers have been removed.

b. The person in charge of each space shall be responsible for the keys and for opening and securing that space. Keys will be issued on receipt bearing the notation, "Any loss or compromise of the keys will be immediately reported to the NAFA Officer." This receipt, together with duplicate keys shall be kept in a safe designated by the commanding officer in a sealed envelope. This envelope shall be signed across the flap by both the NAFA officer and the responsible employee.

c. Locks shall be changed when the custodian of a space is relieved, or when the keys are lost or compromised. Breaking of the envelope seal or use of the key by other than the accountable individual will be considered a compromise of security.

9.d. An approved burglar, tool, torch, and fire resistant safe which meets the standards of the Safe Manufacturing National Association (SMNA) should be provided for the use of each person responsible for a NAFA activity. Safes shall be properly secured by encasing in concrete or steel strapped to floor or wall supports when practicable. Safes should be protected by an alarm system connected to the unit police station.

e. Safes shall be located in a properly secured area which should be illuminated at night and, where possible, visible to security patrols for checking when activity is secured.

f. Safes should never be left in day-lock position with dial turned slightly off last combination letter for convenience.

g. The combination of a safe under the direct control of the NAFA Officer shall be known only by that individual. All safe combinations shall be recorded, placed in an envelope, securely sealed in such manner that it cannot be opened without mutilating the envelope or seal, and delivered to the commanding officer. The commanding officer shall issue a receipt for the envelope.

h. Combinations to safes shall be changed whenever responsibility for the safe changes (i.e., relief of exchange officer, reassignment of safe, etc), and when deemed necessary for other reasons.

i. Safe combinations will be set only by an accountable NAFA official. If a locksmith is used, management will ensure that the locksmith does not have access to the new combination numbers after it has been set.

10. Warehouse security.

a. Pilferage by employees causes a large percentage of warehouse/stockroom accountability losses. A fundamental element of effective pilferage reduction is controlling the movements of employees and visitors, thereby limiting access to warehouse merchandise and supplies. A pilferage method unique to warehousing is conspiring with drivers to steal merchandise by failing to completely unload an incoming conveyance or shipping out more goods than shown on the documentation. Physical security of building warehouses are described in the "Physical Security" section and are primarily directed toward the prevention of loss resulting from break-ins. The determination of adequate physical security for warehouses is a management decision taking into consideration location, structural integrity of the building, value of assets involved and periods of exposure (unmanned or unguarded). This section deals with the internal controls within warehouse facilities.

10.b. Proper documentation is a very important factor in controlling shrinkage from warehousing facilities.

c. Incoming shipments must be checked for accuracy. All shortages, overages, damages must be noted and signed for before carrier leaves.

d. All shipments must be posted to a freight register immediately upon receipt.

e. Merchandise must be checked carefully against purchase order to determine correct prices.

f. Activity and department managers will insure that price marking is accomplished accurately.

g. All marking and ticketing of merchandise must be carefully controlled.

h. Warehoused merchandise must be carefully arranged to preclude having the same merchandise in more than one location.

i. Warehousemen must be instructed in the proper method of stacking and picking merchandise to prevent damage to merchandise and accidents to personnel.

11. Patron and employee refunds.

a. Central refund desks (customer service areas) help reduce shortages, since the possibility of refund fraud is limited to the employees at the desk. Equally important, the central refund desk enables management reconciliation of refund vouchers with returned merchandise, making possible an excellent control system.

b. Refund clerk qualifications should be based upon integrity and the ability to deal with the public. Refund personnel must be able to exercise independent judgement and deal pleasantly with problem situations.

c. Refund/credit slips are to be consecutively numbered and issued numerically. Voided refund/credit slips are to be retained and turned into accounting at the close of business day.

d. Refund check slips are to be filled out completely with an accurate description of the merchandise returned and a sales slip attached. Verifying the amount of the refund with the actual selling price in the exchange will reveal fraudulent practices.

e. A refund may be issued for merchandise paid for by check only after at least seven working days have elapsed in order to insure that it has not been dishonored.

11.f. Fraudulent refunds and credits issued to nonexistent persons or addresses can be a major loss for exchanges. Refund customers may be sent a form letter enclosing a self addressed stamped envelope. The letter should inquire if the refund was handled satisfactorily and the reason for return. Actual purpose of the letter is to determine if fradulent refunds or credits are being issued.

12. Void and "no sale" procedures.

a. The area of an exchange that is most vulnerable to loss is the cash register. An effective loss prevention program must include the prevention of fraudulent voids and the careful monitoring of "no sales" or "0" rings. It is important to enlist the help of the patron. A simple sign such as one of the following can provide results:

(1) "CASH REFUNDS WITH REGISTER RECEIPTS ONLY"

(2) "CASHIERS REQUIRED TO ISSUE REGISTER RECEIPT FOR ALL PURCHASES."

(3) "PLEASE RETAIN REGISTER RECEIPT FOR FUTURE ADJUSTMENT."

(4) "DID YOU GET YOUR REGISTER RECEIPT?"

b. Supervisors should issue overring slips and authorize voids in the presence of customers and before transaction proceeds. Voided cash register receipt will be attached to the overring slip by a supervisor and placed in the cash register to be turned in with other media and cash at the close of the business day.

c. The accounting department should keep a record of void frequency for all cashiers.

d. "NO SALES" or "0" rings should be carefully monitored. Cashiers should have very little reason to open cash drawers during the day except when ringing a sale.

13. Special items for food service and club operations.

a. Each employee will be fully oriented by the activity manager as to meal privileges (if any), and established control procedures.

b. Refrigerators should be kept locked except when food is being issued.

c. Employees must be prohibited from removing leftover food from food service activity.

d. Unauthorized personnel will not be permitted to enter the kitchen, storage or serving area of a food activity.

13.e. Personnel collecting cash will be provided with current price lists indicating items available for sale, selling price and portion sizes. This to be retained at the cash register for review by the cashier and patrons upon request.

f. Liquor storage rooms and cabinets will be secured at all times except when the manager must issue, receive or inventory the merchandise.

g. Liquor on the bar will also be secured at all times during nonoperating hours.

h. Bar dispensing controls and daily inventories will be strictly adhered to as per Enclosure (35) to this Manual.

14. Special items for service station operations.

a. Fuel pump calibration tests by a state inspector must be performed semi-annually; however, the pumps should also be calibrated whenever management has reason to suspect a problem.

b. Maintenance and repair of fuel pumps will be accomplished only by authorized personnel.

c. Condensation tests must be made at least monthly or after a rainfall, and any condensation exceeding three inches removed.

d. Stick readings will be made on each fuel tank at the close of business and prior to opening each day.

e. When a discrepancy exists between the pump meter computation and the computed consumption of the stick readings, which cause the NAFA officer to be concerned, a record should be kept daily of comparison between withdrawals (outgo) and gauge stick readings.

f. The NAFA officer should periodically verify the actual pump meter readings compared to those reported by the station.

g. When a pump attendant is relieved at the end of a shift, readings of the assigned pump should be taken by the manager.

h. Where practicable, a register with a cash key, charge key and at least four departmental keys should be utilized for proper sales analysis. One key is for recording of fuel sales, one for motor oils, one for parts and accessories and one for labor.

i. At the end of each business day, the service station daily report and original job sheets for all rendered services will be submitted to the accounting office to be verified against the monies turned in.

14.j. On a daily basis, the service station manager will verify, record and reconcile the total fuel pump dollar meter reading to the net cash register reading for fuel sales.

k. When service station hours extend past dusk, a minimum of cash should be retained in the cash register.

l. All motor oil products must be physically inventoried daily.

m. Mechanic's tools, testers, gauges, etc., should be returned to proper storage places after use.

n. Work orders should be prepared at the time any work is accepted. They must be numerically controlled, including voids, and issued sequentially.

15. Vending machine loss prevention.

a. Each NAFA owned vending and amusement machine must have a number assigned so that all machines may be accounted for and controlled. Contracted machines should be listed on a locator sheet maintained at the NAFA office.

b. All vending and amusement machines should be equipped with nonresettable counters to enable the reconciliation of cash receipts. A counter reading should be taken each time the machine is restocked. The sell price value of items used in restocking should agree with the cash receipts. The best control is to have vending machines filled to capacity each time the machine is restocked.

c. When receipts are collected by the contractor an exchange employee should accompany the contractor's serviceman to verify proper collection and restocking procedures.

16. Inspections and reviews.

a. The NAFA officer should conduct a Loss Prevention Survey (figure 40-3) at least annually to determine the overall internal and external security posture of the activity.

17. Standards of conduct.

a. The Coast Guard NAFA as a government instrumentality must adhere to standards of conduct which are beyond reproach. Any breach of ethics bring dishonor to the Coast Guard.

b. NAFA procurement and executive personnel, who by the nature of their positions are entrusted with spending large amounts of NAFA funds, must be especially cognizant of adherence to the standards of conduct and the avoidance of any conflict of interests.

17.c. A conflict of interest exists when the person selecting items for procurement, selecting a contractor, placing an order or awarding a contract has a financial interest in the business of the firm receiving an order or contract, or is in a position to benefit because of a family interest.

d. NAFA personnel must at all times in their dealings with contractors and potential contractors conduct themselves impartially and without personal prejudice or favor. Any conduct that may lead to the appearance of favoritism is to be scrupulously avoided. Any personal association with individual contractors or potential contractors must be limited to the normal courtesies extended to all firms.

e. NAFA officers must exhibit "zero" tolerance of unethical practices. While it may be true that most employees cannot be "bought" for a lunch or a pair of theater tickets, the acceptance of these types of favors constitutes commercial bribery, which is illegal on the part of the giver and receiver. It disposes the receiver to view the vendor offering the gift in a more favorable light. Once a gratuity, no matter how insignificant, is offered and accepted, the employee loses the impartiality that enables the vendor's merchandise service, or performance to be evaluated objectively.

f. Personnel in positions of authority to include activity managers and assistants, warehouse supervisors, and department managers, etc., must be especially cautious in their dealings with vendors. It is not unknown for gifts and favors to be offered to persons not concerned with actual purchasing of goods or services, but who are in a position to show favoritism to one person's merchandise or service over another's.

g. The attention of all NAFA personnel is also directed to professional ethics discussed in 3.G.(4) of this Manual, the Standards of Conduct outlined in Enclosure (53), Chapter II and Nepotism, which is explained in Enclosure (53), 3.F.(3)(e).

18. <u>Procurement</u>.

a. The following practices in the procurement area are considered acceptable when handled properly:

(1) One or two free items with a dozen type purchases are permissable providing the free goods are shown on the purchase order, priced properly and sold in the exchange.

(2) Mini samples for customer give-a-ways may be listed on the order and given to customers.

18.a.(3) Manufacturers' samples may not be solicited. However, if unsolicited small value items are received they will be picked up, priced and placed on sale in the exchange. Items valued at $25.00 or more are not considered "small value" and therefore must be returned to the vendor.

(4) Cigarette or other display allowances may be accepted only in check form and only when made payable to the specific NAFA.

(5) The Department of Defense (DOD) publishes periodically a suspension/disbarment listing of vendors. These listings will be distributed as received to highlight possible variances in standard business practices. It is strongly recommended that NAFA units cease dealing with these vendors. In instances where the NAFA deems it necessary to continue the business relationship during the debarment period, the rationale for the exception shall be fully documented and maintained on file at the unit level.

19. Dishonored check collection procedures.

a. Check acceptance procedures are provided in Chapter 4-b.5 of this Manual. When a deposited check is returned by the bank for any reason, the following procedures apply as appropriate:

(1) All dishonored checks received from the bank should be redeposited immediately.

(2) If the check does not clear the second time, the check maker/endorser should be notified by telephone and immediate reimbursement be requested. Reimbursement includes the amount of the check plus any bank charges and the NAFA service charge. Long distance calls should only be made if the unit has access to FTS or AUTOVON. Collect calls should be made if the check maker can not be reached by these telecommunication systems.

(3) If the check maker can not be contacted by telephone or if after telephone contact is made and no restitution is received within a reasonable period (7 days), then prepare a Dishonored Check Notification (CG-5287), Figure 40-6, a five part form. Mail the original copy of the Dishonored Check Notification to the check maker and the duplicate to the maker's commanding officer or check control officer at Army installations. The remaining copies are placed in a suspense file.

(4) If restitution isn't made within 21 days after the original notice was mailed, send the triplicate of the Dishonored Check Notification to the check maker and the quadruplicate to the commanding officer requesting collection assistance. The last copy of the notification form is retained in the dishonored check file.

19.a.(5) A record by date should be maintained by the NAFA unit of all attempts to contact the dishonored check maker. In addition, all remarks made by the check maker should be noted, if contacted. A listing of military locator addresses is provided in Figure 40-6 for locating individuals who cash dishonored checks.

(6) Dishonored checks should be filed alphabetically and secured in the NAFA safe.

(7) Dishonored checks from military dependents should be processed as if the check had been written by the dependent's sponsor.

(8) These procedures are also applicable to civilian patrons and retired military personnel with some modifications as appropriate.

(9) If the above procedures do not result in the collection of dishonored checks, then the use of law enforcement agencies or a check collection agency would be necessary depending upon the number and value of the uncollected checks.

b. Write off of dishonored checks. If all reasonable efforts to collect a dishonored check have failed and the NAFA Officer determines there is little possibility of collection or if restitution has not been made within 90 days, initiate action to write off the amount of the check and the bank fee. Action should still continue to obtain restitution.

c. Forgery. When forgery or misrepresentation is suspected, request assistance from Coast Guard Intelligence. If requested, the forged instruments should be released to Coast Guard Intelligence upon obtaining a receipt for the instruments.

d. The NAFA Officer may also obtain listings of personnel transferring from the NAFA unit in order to obtain reimbursement from departing personnel who are indebted to NAFA.

e. These procedures are not intended to restrict management with respect to those individual instances where strict compliance with established policies and procedures may not be in the best interests of NAFA or the patron. Such situations must be approached with discretion and responsible judgement. People directly involved in check-cashing and dishonored-check collection must be informed that all situations are not necessarily alike. Non-routine matters must be refereed to supervisors who will carefully review the circumstances and take necessary action.

SHOPLIFTING PREVENTION CHECK LIST	Date 13 OCT 1981
Unit	Activity
Manager	Inspected by

	GENERAL	Yes	No
1.	Sales clerks familiar with the store Memorandum of Understanding for handling shoplifters?		
2.	Sales clerks know action to take when they observe a customer shoplifting?		
3.	Store well lighted?		
4.	Display counters arranged to provide sales clerks with maximum area of observation?		
5.	Blind spots are protected by mirrors?		
6.	Merchandise on display counters presents a neat appearance?		
7.	Empty cartons removed from shelves?		
8.	Empty hangers removed from clothes racks?		
9.	Dressing room supervised?		
10.	Items of clothing are checked before customer enters dressing room?		
11.	Items of clothing are checked when customer completes the fitting?		
12.	Dressing room checked after customer completes fitting?		
13.	Critical items such as cameras, watches, etc. displayed in show cases or on shelves inaccessible to the customers?		
14.	Critical Items Register maintained and current?		
15.	Sensitive items such as small transistor radios, lighters, rings, etc. displayed in show cases or on shelves inaccessible to customers?		
16.	No more than two critical items shown to a customer at one time?		
17.	Clerks are on the sales floor observing customers?		
18.	Cashier checkers familiar with latest price changes?		
19.	All sales clerks and cashier checkers have received training in "Shoplifter Prevention?"		
20.	Department managers have received training in "Shoplifter Prevention?"		
21.	Refund registers checked for repeated refunds by one customer?		
22.	Bag stapling is in effect?		

Figure 40-1

METHODS OF PILFERAGE AND PREVENTIVE MEASURES

CASH REGISTER OPERATIONS

PILFERAGE METHODS

Failure to ring up a sale on the cash register. This in generally accomplished when a customer tenders the exact amount of sale. It is also possible if the clerk is operating with an open register drawer. Clerks may keep mental or written notes on an accumulate "OVERAGE" which is removed later.

Underring a sale, but charge the customer the full sell price. This most often occurs during peak traffic periods. The register stub is discarded and not given to the customer. This practice is easier to accomplish when register windows cannot be viewed by the customer.

Short-ring a sale. A clerk deliberately fails to ring up one or more items and, when completing the sale, informs the customer of the "mistake." The clerk then writes the sell price of the omitted items on the customer cash register receipt. The intentional overage accumulated in this manner is later removed from the cash drawer.

Overcharge a customer, but ring up the actual price of the merchandise. The overage accumulated is later removed.

PREVENTIVE MEASURES

Perform frequent unannounced spot-checks of each cash register and maintain a log of results. (immediate investigation of excessive or recurring cash shortages/overages is required.)

Require that cash register drawers be closed after each transaction.

Require management control of each "ITEM CORRECT," "VOID TOTAL," "NO SALE" or "ZERO-RING." (ZERO-RINGS must be controlled to minimize loss.)

Assure that the cash register transaction windows(s) is/are visible to and unobstructed from customer.

When replacement registers are needed, careful consideration should be given to those models which have a display screen easily visible to customers.

PILFERAGE METHODS	PREVENTIVE MEASURES
Outright theft from a common cash drawer used by more than one employee. (Pinpointing responsibility for the resultant loss is extremely difficult, particularly on single-drawer cash registers.)	Wherever possible, do not permit salesclerks to share cash drawers.
Theft from another clerk's cash drawer. This is frequently made possible by an employee's failure to lock the register drawer and remove the key when the register is unattended.	Insure that salesclerks lock their cash drawers and remove keys whenever they leave registers unattended. (to prevent damages in the event of a burglary, cash register drawers will be left open during non-operational hours.)
Theft from own cash drawer by use of fictitious refund or overring slips. This is made possible by lax control on authority to validate a refund or overring.	Insure that blank refund vouchers issued to cash register locations are strictly controlled to prevent access by unauthorized personnel. Permit only the manager or designated supervisor to approve overrings; require approval prior to the customer's departure.
Theft from another clerk's cash drawer by use of a duplicate cash register key, e.g., the A or B drawer key of one register may fit the A or B drawer of another register, or an entry code on an EPOS register may be memorized and used in the operator's absence.	Maintain strict control over spare cash register keys. They must be stored in a secure area accessible only to authorized personnel. Insure that employees using EPOS registers are fully aware of the dangers of not keeping their entry codes confidential.

Figure 40-2
21

PILFERAGE METHODS	PREVENTIVE MEASURES
Issue of a sales slip in lieu of cash register receipt for sale of a controlled item thereby intentionally failing to ring up the transaction and pocketing the sales amount.	Maintain strict control over sales books/slips. Insure that cash register transaction numbers are used on all sales slips. EPOS registers can be programmed to automatically report missing sales slip numbers on $75.00 and over sales for which no sales slip number was entered. Registers should never be "ZEROED" out; cumulative totals should be recorded daily and opening readings subtracted from closing readings; difference is the daily total.
Theft of total receipts rung-up on an extra or spare cash register put in use during peak sales periods without authorization or documentation.	Maintain strict control over spare cash registers. They must be stored in a secure area accessible only to authorized personnel. When a register is moved to storage, transferred or loaned to another activity, a reading will be taken of each drawer for each sales category key. The reading is to be recorded in the permanent control log by register number and date. The recorded reading will be verified with the opening reading at the time the register is again placed in service. On transfer or loan of a cash register to another activity, the reading of each drawer for each sales category key will be annotated on the salesclerk's Daily Cash Report.

Figure 40-2

PILFERAGE METHODS	PREVENTIVE METHODS
	Placing the register in operation. Discrepancies in readings will be immediately reported to the exchange officer.
	Assure that only the exchange officer or designated representative take daily cash register readings of all cash registers. Cashiers should never be permitted to take register readings.

Figure 40-2

THEFT OF MERCHANDISE

PILFERAGE METHODS	PREVENTIVE MEASURES
Theft of merchandise and removal from premises by concealment on person, in handbag or parcel, during lunch/rest break, or at any time the opportunity exists.	Closely monitor the entrance and exit of employees from the facility during operating hours. Restrict all employees to a single designated entrance/exit, other than through the stockroom. Require employees to keep personal effects in lockers or other secure area apart from selling and storage areas.
Theft of clothing, by putting on the garments under work clothing. (this practice is most prevalent when employees are permitted to shop, unsupervised, prior to opening hours.) Theft and immediate consumption of consumable merchandise. Deliberate soiling or damaging of merchandise to obtain a markdown for the employee's own or an accomplice's benefit.	Employees should be permitted to shop only at specified times; i.e., lunch and rest before or after shifts, (but not before exchange opening) and days off. Assure proper supervision of employee's activities in the facility prior to store's opening and after business hours.

Figure 40-2

PILFERAGE METHODS	PREVENTIVE METHODS
Deliberately discarding merchandise in the trash for later retrieval.	Require that all boxes and containers be flattened before they are discarded. (at close of business daily, periodically inspect trash-disposal areas for concealed merchandise.) Insure adequate supervisory control over custodial and/or maintenance personnel.
Bagging merchandise and having it removed from the premises by another employee, relative or customer accomplice. (frequently discarded cash registers receipts from bona fide sales transactions are stapled to bags containing stolen merchandise of equivalent value.) Paying a lesser amount than actual sales price for merchandise when permitted to ring up sales for themselves, relatives, or close friends.	Customers, particularly relatives or friends of employee, must not be permitted in retail facilities prior to opening and/or after the close of business. In addition, cashiers/checkers must not check out purchases for their relatives in any branch staffed by two or more employees. Discourage employees' friends and relatives from loitering in the facility during employees' duty hours. Avoid assigning relatives/close friends to closely related positions.
In collusion with employees of other departments, undercharging each other for purchases. (this practice occurs more often when employee purchases are not properly controlled).	

Figure 40-2

PILFERAGE METHODS	PREVENTIVE METHODS
Putting false sales tickets on merchandise to reflect lower prices.	Assure strict control of directed price changes. (insure that pricing and pricemaking procedures are frequently checked by management.) Restrict authority for controllable markdowns to responsible management personnel.
Hiding merchandise in backup stock areas, restrooms, corridors, trash containers or under counters for later theft.	Conduct periodic premises checks for concealed merchandise. Insure that access to stockrooms/security rooms/cashier cages/controlled areas is restricted to those persons whose official duties require their presence in the areas. Where possible, prohibit the parking of employee vehicles near side or rear doors of the facility.
In collusion with warehouse personnel, signing for more merchandise than actually received and splitting the profit or diverting the merchandise. In collusion with vendors or carriers, signing for more merchandise than actually received in exchange for a gratuity. Stealing merchandise received without invoice or shipping documents.	Assure that only responsible personnel count incoming and outgoing shipments, and that shipments are reconciled to shipping documents. Assure that all incoming merchandise is promptly and properly posted to the receiving log. Frequently check open-order and direct-delivery shipments to assure accuracy.

Figure 40-2

INTERNAL PILFERAGE PREVENTION CHECK LIST	Date

Unit	Activity
Manager	Inspected by

		yes	no			Yes	No
A.	GENERAL			6.	Friends and relatives of personnel discouraged from loitering in the facility during operating hours?		
1.	Frequent accountability control training sessions conducted?			7.	Sales personnel prohibited from making sales to relatives?		
2.	Employees aware of their responsiblities for accountability?			8.	Trash disposal areas spot checked for evidence of pilferage?		
3.	Employees cognizant of standard operating procedures?			9.	Boxes, cartons, and containers flattened before disposal?		
4.	An effective orientation program for newly hired personnel in effect?			10.	Authority for effecting controllable markdowns restricted to management?		
B.	MERCHANDISE			11.	Price changes verified by management?		
1.	Refund procedures in compliance with directives?			12.	Incoming/outgoing shipments properly checked/documented?		
2.	Refunded merchandise checked against listings recorded on the Refund Voucher?			13.	Vendor receipts/returns verified by manager or designate?		
3.	Critical Items Register maintained and current?			14.	All shipments received and recorded immediately?		
4.	Employee activities supervised in the facility during non-operating hours?			15.	Pricing procedures in conformance with directives?		
5.	Management conducts spot checks of the premises to discourage concealment of merchandise by employees?			16.	Frequent checks of pricing performed by management?		

Figure 40-3

		Yes	No			Yes	No
C.	CASH			16.	Overrings authenticated by management?		
1.	Employees utilizing cash registers familiar with cash register procedures?			17.	Unannounced cash register spot checks made?		
2.	Employee personal effects kept in a location other than the selling/stock area?			18.	Log maintained to record surprise cash counts?		
3.	Employees prohibited from making sales to themselves?			19.	Excessive or recurring cash discrepancies investigated by management?		
4.	Employee purchases made during prescribed periods?			20.	Sales personnel lock their register drawers and remove the key when leaving the cash register unattended?		
5.	Employee purchases made in the presence of manager or designate?			21.	Cash register area spot checked by management for evidence of manipulations?		
6.	Employee purchases bagged, stapled, and cash register receipt affixed to bag?						
7.	Employee purchases stored in a central location and spot checked by management?						
8.	Each sales clerk has a separate cash drawer?						
9.	Cash register audit windows visible to customers?						
10.	Sales rung up immediately?						
11.	Sales clerk closes cash drawer immediately after sales?						
12.	Zero rings strictly controlled and affixed to daily clerk reports?						
13.	Customer purchases bagged and stapled?						
14.	Cash register receipts stapled to customer purchases?						
15.	Cash register readings made only by manager or designate?						

Figure 40-3

LOSS PREVENTION SURVEY	13 OCT 1981 Date
Unit	Activity
Manager	Inspected by

	yes	no	n/a		yes	no	n/a
A. EXTERNAL SECURITY				10. Are intake/exhaust fans or air conditioners installed in outer walls adequately secured to prevent removal?			
1. Is outside security adequate (guards, lights, fences)?				11. Are crawl spaces beneath buildings and in the interior between roof and ceiling adequately secured?			
2. Are all accessible openings adequately secured (doors, windows, vents, skylights, transoms, etc.)?				12. Are fire exit doors unobstructed and free of impediments during periods building is occupied?			
3. Are security screens, bars, gates, properly mounted and in good state of repair?				13. Are fire exit doors equipped with a day alarm or similar warning device?			
4. Are exterior doors of solid construction or adequately protected?				14. Are stockroom/service doors kept locked when not in use?			
5. Are exposed hinge pins welded or bradded to prevent removal?				15. Are stockroom/service doors under security of a responsible employee when open?			
6. Are doors exiting to the outside provided with double locking devices?				16. Is the activity protected by an operable intrusion detection device?			
7. Are locks, sliding bolts, hasps and receivers for padlocks, and crossbars properly installed?				B. INTERNAL CONTROLS			
8. Are soft walls between exchange premises and boiler rooms outside rest rooms, or adjoining buildings adequately reinforced?				1. Do employees enter - exit through one designated door?			
9. Are air ducts, heating shafts, trap doors, or similar apertures penetrating exterior walls, roof or floor, adequately secured?				2. Are employees prohibited from taking purses, etc., onto sales floor/stockroom?			
				3. Are adequate locker facilities available and used by employees?			

Figure 40-4

	Yes	No	N/A		Yes	No	N/A
4. Are adequate background checks made on all employees?				C. MERCHANDISE SECURITY			
5. Are weapons/ammunition secured in compliance with regulations?				1. Are incoming shipments carefully checked for signs of pilferage, damage, etc.?			
6. Is a Critical Items Register maintained and up-to-date?				2. Are merchandise shipping and receiving procedures in compliance with directives?			
7. Are glass tops of critical items counters secured and display case doors locked?				3. Are incoming/outgoing shipments segregated from other stock?			
8. Are critical items properly safeguarded during opening hours?				4. Are shipments reconciled to shipping documents and posted immediately to the Freight Register?			
9. Are critical items properly secured during non-operational hours?				5. Are all incoming/outgoing shipments accompanied by appropriate shipping documents?			
10. Are customer identification requirements complied with?				6. Are van-type exchange/contractor trucks used exclusively to transport merchandise?			
11. Are adequate controls maintained for fitting booths?				7. Where closed vehicles are not available, are tarpaulins or other suitable covers used?			
12. Is merchandise/counters arranged to facilitate shoplifting detection?				8. Are cargo vehicles secured with adequate locking devices and sealed?			
13. Are all personnel familiar with the procedures for handling shoplifters?				9. Are hinge pins on cargo vehicle doors modified to preclude removal?			
14. Are employee purchases properly controlled?				10. Are numbered and controlled seals used and adequately safeguarded to preclude unauthorized access or use?			
15. Is adequate control and supervision being maintained over janitorial/custodial personnel?				11. Are seals examined and compared to seal numbers listed on the trip ticket/seal control log by the receiving activity manager or his designee?			
16. Are authorized personnel kept from stockrooms and areas not open for the general public?							
17. Are vendors, rack jobbers, etc., accompanied by responsible activity personnel when an exchange premises?							

Figure 40-4

	Yes	No	N/A
12. Are vehicles routed to arrive at destination during operating hours or arrangements made for parking in a secure area?			
13. When vehicles are not in official use, are they parked at designated locations properly secured?			
14. Are price marking procedures in accordance with applicable directions?			
15. Are marking and ticketing supplies kept under control?			
16. Are senso or tamperproof price tickets used on all items not requiring a pin type ticket?			
17. Are price changes verified by the manager or his designate?			
18. Is all merchandise on display, understock, and in storage areas affected by price change, reticketed or marked?			
19. Is adequate control maintained over write off merchandise to assure it is properly documented?			
20. Are all cartons and boxes flattened before discarding in trash area?			
21. Are periodic checks of trash disposal area performed by management?			
D. <u>CASH SECURITY</u>			
1. Are sufficient approved type safes available for storage of cash instruments?			
2. Are safes weighing less than 1000 lbs. adequately secured?			
3. Are safes equipped with an operable intrusion detection alarm (if required)?			
4. Are safe combinations current and on deposit with the exchange officer/general manager?			
5. If safe is visible from outside is it illuminated during non-operational hours?			
6. Are excessive accumulations of cash instruments avoided by using Base/Post night depository or central depository?			
7. Are personnel transporting funds (change, daily receipts, etc.) provided adequate protection?			
8. Are armed escorts provided when transporting substantial amounts of cash instruments?			
9. Is the courier vehicle provided with an approved, properly installed safe?			
10. Is the cashier cage adequately secured?			
11. Is the cashier provided with an operable duress type alarm?			
12. Are all change funds properly signed out and in?			
13. Are clerks change funds reconciled daily?			
14. Is excessive cash in registers collected during the day?			
15. Are cash assets counted daily at close of business and a record kept in location other than safe?			

Figure 40-4

	Yes	No	N/A		Yes	No	N/A
16. Are cash receipts deposited in accordance with regulations?				30. Is a sales clerk's daily report prepared for each register drawer in use?			
17. Are check cashing procedures in accordance with regulations?				31. Are sales clerks' daily reports receipted by the manager or designee for turn in of cash?			
18. Are current NG check lists available to all check cashing personnel?				32. Are initialed zero ring stubs, overring and refund vouchers attached to the sales clerks' daily reports?			
19. Are cash register audit windows unobstructed?				33. Are refund procedures in accordance with applicable directives?			
20. Are all cash registers in outlet accounted for on a daily basis?				34. Are mobile units/vending route vehicles provided adequate means for cash security?			
21. Are all spare cash registers stored and properly controlled?				E. GENERAL SECURITY			
22. Is each sales clerk assigned a separate register drawer?				1. Are internal keys secured during non-operational hours?			
23. Are adequate unannounced cash register checks being performed by management and recorded?				2. Are pre-closing inspections performed immediately prior to securing the activity?			
24. Do clerks lock cash drawer and remove key when on break, etc.?				3. Is the manager or his designee responsible for securing the facility and lock-up keys?			
25. Are cash register readings performed by a person other than the sales clerk?				4. Are adequate internal lights left on during non-operational hours?			
26. Are cash averages/shortages recorded properly?				5. Are all external security lights lights turned on during hours of darkness?			
27. Are zero rings supported by cash register receipts initialed by a responsible supervisor?							
28. Are register drawer readings taken at the close of each shift?							
29. Are cash register drawers left open during non-operational hours?							

Figure 40-4

MILITARY LOCATOR ADDRESSES

ALL BRANCHES

Discharged former Active Duty and Reserve	National Personnel Records Center Military Personnel Records 9700 Page Boulevard St. Louis, MO 63132-5200 Tel. (314) 263-3901

U.S. ARMY

Active Duty	Army Worldwide Locator U.S. Army Enlisted Records Evaluation Center ATTN: PCRE-RF Ft. Benjamin Harrison, IN 46249-5301 (317) 542-4211
Reserve/Retired	National Personnel Records Center Military Personnel Records 9700 Page Boulevard St. Louis, MO 63132-5200 Tel. (314) 263-3901
AWOL/Deserters	Department of the Army U.S. Army Enlisted Records Evaluation Center ATTN: PCRE-RD-N Ft. Benjamin Harrison, IN 46249-5301 Tel. (317) 542-3355

U.S. NAVY

Active Duty Active Duty Reserves Retired AWOL/Deserters	Chief of Naval Personnel PERS 312D Washington, DC 20370 Tel. (703) 614-3155

U.S. AIR FORCE

Active Duty Reserve Retired	Headquarters AFMPC RMIQL Randolph AFB, TX 78150-6001 (512) 652-5775

Figure 40-5

MILITARY LOCATOR ADDRESSES (cont'd)

U.S. MARINE CORPS

Active Duty Reserve	CMC MMRB-10 HQ Marine Corps Building 2008 Quantico, VA 22134-5002 (703) 640-3942
Retired (Must write)	CMC MMSR-6 HQ Marine Corps Washington, DC 20380-0001

U.S. COAST GUARD

Active Duty	Commandant (G-PIM-2) U.S. Coast Guard 2100 2nd St. SW Washington, DC 20593-0001 (202) 267-1340
Reserve	Commandant (G-RSM-3) U.S. Coast Guard 2100 2nd St. SW Washington, DC 20593-0001 (202) 267-0547
Retired (Must write)	Commandant (G-PS-5) U.S. Coast Guard 2100 2nd St. SW Washington, DC 20593-0001

COAST GUARD NON-APPROPRIATED FUND ACTIVITY

DISHONORED CHECK NOTIFICATION

TO:

DATE: _____

SOCIAL SECURITY NO.	MAKER/INDORSER	RANK	ORGANIZATION

PAYEE	BANK
REASON FOR RETURN	

DATE OF CHECK(S)	DATE RETURNED	AMOUNT OF CHECKS →	
NAFA NAME AND TELEPHONE NO.		BANK CHARGE	
		NAFA SERVICE CHARGE $10.00 PER CHECK	
		REMIT THIS AMOUNT	

1. The above described check(s) was/were accepted by this NAFA, and on presentment, was/were dishonored for the reason indicated. An obligation arises to redeem the check(s) by immediate payment of the amount shown.

2. Issuance and return of the check(s) are presumed to result from error or oversight which you will want to correct by prompt payment. To accomplish this, you may make cash payment to the NAFA Officer or you may forward certified check, money order, or bank draft payable to the NAFA. If the check(s) was/were dishonored due to bank error, immediate action should be taken to advise the NAFA Officer and to request that the responsible bank report the error to the NAFA Officer.

3. The Uniform Code of Military Justice (Sections 801 - 940, Title 10 United States Code) provides that any person subject to the Uniform Code of Military Justice (UCMJ) who knowingly draws a check without sufficient funds shall be punished as a court martial may direct. It further provides that the failure of the drawer to pay the holder of the dishonored check, within five (5) days after receiving notice of default is prima facie evidence of intent to defraud or deceive and of knowledge of insufficient funds. These provisions of the Uniform Code of Military Justice are not applicable when the check(s) is/are dishonored as a result of bank error. While the provisions of the UCMJ are applicable only to military personnel, in most jurisdictions similar provisions are applicable to civilians.

4. If a bank error is not evident and payment is not received within ten (10) days from date of first notification, check cashing privileges will automatically be suspended for six months.

5. Issuance of a second worthless check within a six month period, not due to bank error, will automatically result in loss of check cashing privileges for a period of six months.

6. Issuance of a third check, not due to bank error, will result in loss of check cashing privileges. Return of check cashing privileges in such instances can be accomplished only through personal interview and/or command request for such return.

7. A copy of this notification has been provided to your commanding officer.

8. Original checks will be returned upon receipt of payment in full.

9. If payment has been remitted, please disregard this notice.

_____ TITLE

_____ AUTHORIZED SIGNATURE

DEPT OF TRANSP., USCG CG 5287 (8-81)

Figure 40-6

SN 7530-01-GF2 9990

Enclosure [illegible] to COMDTINST M[illegible]

13 OCT 1981

COAST GUARD NON-APPROPRIATED FUND ACTIVITY

DISHONORED CHECK NOTIFICATION

COMMANDING OFFICER

TO.

NOTICES MAILED TO.

DATE: _____

DATE OF SECOND NOTICE: _____

DATE OF FIRST NOTICE: _____

SOCIAL SECURITY NO.	MAKER/INDORSER	RANK	ORGANIZATION

PAYEE	BANK

REASON FOR RETURN	

DATE OF CHECK(S)	DATE RETURNED	AMOUNT OF CHECKS →	

NAFA NAME AND TELEPHONE NO.		
	BANK CHARGE	
	NAFA SERVICE CHARGE $10.00 PER CHECK	
	REMIT THIS AMOUNT	

1. Assistance in collection of the above-mentioned dishonored check(s) is requested. Notice of dishonor was directed to the maker at the time this copy was prepared.
2. Request we be advised of the action taken. If the individual is no longer a member of your command, request information as to his new address, status, permanent home address, and any available information which will enable us to satisfactorily conclude this matter.
3. Original checks will be returned to the maker upon receipt of payment in full.

_____
AUTHORIZED SIGNATURE

_____
TITLE

DEPT. OF TRANSP., USCG-CG-5287 (8-81)

Figure 40-6

1ST COPY (Commanding Officer)

SN 7530-01-GF2-9990

COAST GUARD NON-APPROPRIATED FUND ACTIVITY

DISHONORED CHECK NOTIFICATION

SECOND NOTICE

TO:

DATE: _____

DATE OF FIRST NOTICE: _____

SOCIAL SECURITY NO.	MAKER/INDORSER	RANK	ORGANIZATION

PAYEE	BANK
REASON FOR RETURN	

DATE OF CHECK(S)	DATE RETURNED	AMOUNT OF CHECKS →	
NAFA NAME AND TELEPHONE NO.		BANK CHARGE	
		NAFA SERVICE CHARGE $10.00 PER CHECK	
		REMIT THIS AMOUNT	

1. The records indicate the above-mentioned check(s) has/have not been redeemed, although seven (7) days have elapsed since the original notice.

2. Issuance and return of the check(s) are presumed to result from error or oversight which you will want to correct by prompt payment. To accomplish this, you may make cash payment to the NAFA Officer or you may forward certified check, money order, or bank draft payable to the NAFA. If the check(s) was/were dishonored due to bank error, immediate action should be taken to advise the NAFA Officer and to request that the responsible bank report the error to the NAFA Officer.

3. The Uniform Code of Military Justice (Sections 801 - 940, Title 10 United States Code) provides that any person subject to the Uniform Code of Military Justice (UCMJ) who knowingly draws a check without sufficient funds shall be punished as a court martial may direct. It further provides that the failure of the drawer to pay the holder of the dishonored check, within five (5) days after receiving notice of default is prima facie evidence of intent to defraud or deceive and of knowledge of insufficient funds. These provisions of the Uniform Code of Military Justice are not applicable when the check(s) is/are dishonored as a result of bank error. While the provisions of the UCMJ are applicable only to military personnel, in most jurisdictions similar provisions are applicable to civilians.

4. If a bank error is not evident and payment is not received within ten (10) days from date of first notification, check cashing privileges will automatically be suspended for six months.

5. Issuance of a second worthless check within a six month period, not due to bank error, will automatically result in loss of check cashing privileges for a period of six months.

6. Issuance of a third check, not due to bank error, will result in loss of check cashing privileges. Return of check cashing privileges in such instances can be accomplished only through personal interview and/or command request for such return.

7. A copy of this notification has been provided to your commanding officer.

8. Original checks will be returned upon receipt of payment in full.

9. If payment has been remitted, please disregard this notice.

_____ TITLE

_____ AUTHORIZED SIGNATURE

DEPT. OF TRANSP., USCG-CG-5287 (8-81)

Figure 40-6

2ND COPY (Individual)

SN 7530-01-GF2-9990

1 3 OCT 1991

COAST GUARD NON-APPROPRIATED FUND ACTIVITY

DISHONORED CHECK NOTIFICATION

SECOND NOTICE

COMMANDING OFFICER

TO

NOTICES MAILED TO:

DATE: _____

DATE OF SECOND NOTICE: _____

DATE OF FIRST NOTICE: _____

SOCIAL SECURITY NO.	MAKER/INDORSER	RANK	ORGANIZATION

PAYEE	BANK
REASON FOR RETURN	

DATE OF CHECK(S)	DATE RETURNED	AMOUNT OF CHECKS →		
NAFA NAME AND TELEPHONE NO.		BANK CHARGE		
		NAFA SERVICE CHARGE $10.00 PER CHECK		
		REMIT THIS AMOUNT		

1. Assistance in collection of the above-mentioned dishonored check(s) is requested. Notice of dishonor was directed to the maker at the time this copy was prepared.
2. Request we be advised of the action taken. If the individual is no longer a member of your command, request information as to his new address, status, permanent home address, and any available information which will enable us to satisfactorily conclude this matter.
3. Original checks will be returned to the maker upon receipt of payment in full.

_____
AUTHORIZED SIGNATURE

_____
TITLE

DEPT. OF TRANSP., USCG-CG-5287 (8-81)

Figure 40-6

3RD COPY (Commanding Officer)

SN 7530-01-GF2-9990

COAST GUARD NON-APPROPRIATED FUND ACTIVITY

DISHONORED CHECK NOTIFICATION

TO:

DATE OF SECOND NOTICE: _____

DATE OF FIRST NOTICE: _____

SOCIAL SECURITY NO.	MAKER/INDORSER	RANK	ORGANIZATION

PAYEE	BANK
REASON FOR RETURN	

DATE OF CHECK(S)	DATE RETURNED	AMOUNT OF CHECKS →	
NAFA NAME AND TELEPHONE NO.		BANK CHARGE	
		NAFA SERVICE CHARGE $10.00 PER CHECK	
		REMIT THIS AMOUNT	

DEPT. OF TRANSP., USCG-CG-5287 (8-81)

Figure 40-6

4TH COPY (File)

SN 7530-01-GF2-9990

ITEMS AUTHORIZED FOR SALE

A. NAFAs are authorized to stock and sell only those items of merchandise established in the "Armed Services Exchange Regulations" and listed in EXHIBIT A.

B. Price limitations on authorized items, as prescribed in this list, means the cost or invoice price of the merchandise exclusive of transportation charges. The "Armed Services Exchange Regulations" provides for changing these price limitations whenever a 5% change in the Bureau of Labor Statistics Wholesale Price Index for Industrial Commodities has been existent for a period of six (6) months. Changes will be issued to coincide with DOD revisions.

C. The limitations herein apply to Coast Guard NAFAs within the forty-eight (48) contiguous United States. Outside CONUS, this list shall be used as a guide. Additional items may be stocked only when listed in NAVRESO Price Agreement Bulletins (PABs) or otherwise approved for sale in DOD exchanges in the same area.

D. Unless the NAFA is authorized to operate a grocery, exchange activities may stock and sell a range of convenience grocery items, except for fresh meat and produce. Grocery items may be sold without limitation to the number of items or container size.

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Exhibit A

Authorized Resale Items in CONUS Exchanges

ITEM	BASE PRICE 1967	CURRENT COST LIMIT
Food and Confections		
Baby Food		
Bacon		
Bread		
Candy		
Chewing gum		
Cookies or crackers		
Eggs		
Ground coffee		
Ice Cream		
Milk		
Nuts, popcorn and potato chips		
Snack-type packaged food items		
Beverages		
Beer		
Soft drinks		
Tobacco and Accessories (exclusive of those made of precious metals)		
Ash trays		
Cases, cigarette		
Cigarette boxes		
Cigarettes		
Cigars		
Flints and wicks		

Exhibit A

ITEM	BASE PRICE 1967	CURRENT COST LIMIT
Fluid, lighter		
Holders, cigar or cigarette		
Humidors		
Lighters		
Matches		
Moisteners, tobacco		
Paper, cigarette		
Pipe cleaners		
Pipe filters		
Pipes		
Pipe racks		
Pouches, tobacco		
Tobacco		
Snuff		
Toiletries and Drugs		
Belts, sanitary		
Bottles, infants', including nipples		
Brushes, tooth		
Brushes		
Containers, soap, tooth brush, etc,		
Cotton, absorbent		
Cream, dental		
Combs, pocket		
Dental floss		
Dentifrices		
Deodorants, perspiration		
Douche bags		

Exhibit A

17 DEC

ITEM	BASE PRICE 1967	CURRENT COST LIMIT
Hair preparations		
Jelly, petroleum		
Lipstick (exclusive of those with containers made of precious metals)		
Napkins, sanitary		
Nets, hair		
Pins, hair and bobby		
Polish, nail		
Pomade, lip		
Powder, face and compact		
Powder, foot		
Powder, talcum		
Powder, tooth		
Prophylactics		
Puffs, powder		
Remedies, standard, first aid (items and brands as approved by the Surgeon General)		
Remover, nail polish		
Rouge, including eye make-up		
Shampoo		
Shaving accessories and supplies		
Skin creams and lotions		
Soap		
Solution, antiseptic		
Tissue, cleansing		
Tissue, toilet		
Wigs, falls, wiglets, chignons, etc.		

Exhibit A

ITEM	BASE PRICE 1967	CURRENT COST LIMIT
Stationery and Supplies		
Books, manuals and periodicals		
Books, scrap		
Calculators, electronic		
Cards, greeting, including postal		
Cards, playing		
Envelopes		
Games		
Ink		
Paper, writing		
Pencils, mechanical and lead		
Pens, holders and points		
Photograph albums, including mounting aids		
Photo frames (exclusive of those made of precious metals)		
Stationery supplies		
Training aid supplies		
Typewriters, portable		
Clothing and Accessories (Military Type)		
Bags, shoulder		
Belts		
Caps		
Cap covers		
Cuff links (military)		
Garters		

17 DEC 1981

ITEM	BASE PRICE 1967	CURRENT COST PRICE
Gloves		
Insignia		
Mufflers		
Neckties		
Shirts		
Shoes		
Socks		
Cloth and findings (for outer garments of tailor-made uniforms)		
Outer garments, in accordance with Departmental regulations		
Clothing and Accessories (Civilian Type)		
Belts		
Boots, Men's and ladies'		
Children's clothing and footwear		
Coats, outerwear, men's and ladies' except fur		
Collar stays		
Dress shields		
Dresses		
Ladies' sports and casual and multiple sets		
Maternity		
Gloves		
Handkerchiefs		
Headwear, rain hats and others		

Exhibit A

ITEM	BASE PRICE 1967	CURRENT COST LIMIT
Handbags		
Helmets		
Infants' clothing		
Intimate apparel, female		
Brassieres		
Girdles and garter belts		
Gowns		
Panties		
Slips		
Men's multi-piece sets		
Mufflers		
Neckties		
Overshoes and rubbers		
Pants for sports/casual wear		
Pajamas		
Robes		
Sandals, bath		
Shirts and Blouses, dress and sports		
Shoes		
Men's and ladies'		
Athletic		
Shorts and trunks		
Skirts		
Slippers		
Socks		
Sports Coats		
Stockings		

ITEM	BASE PRICE 1967	CURRENT COST LIMIT
Supporters, athletic		
Suspenders		
Sweat shirts		
Sweaters		
Swim suits and trunks		
Umbrellas		
Underwear		
Yard goods		
Work clothes		
Jewelry		
Bracelets	6.73	*
Charms	2.02	*
Clips or pins, Tie or collar	4.71	*
Compacts	6.73	*
Cuff links	6.73	*
Earrings	6.73	*
Identification chains	3.37	*
Lockets	3.37	*
Necklaces	6.73	*
Pins	6.73	*
Rings		
Diamond		½ carat
Others	45.50	*
Watches		
Watch straps and attachments	5.32	*

ITEM	BASE PRICE 1967	CURRENT COST LIMIT
Jewelry, with military insignia (non-uniform)	$16.67	*

* Current cost limit for those jewelry items marked with an asterisk will be computed on the first day of each month based on the lowest full multiple of the Handy and Harman base price of gold on that date in relation to the 1967 base price of $35 per ounce. (For example, gold at $500 per ounce is 14 times the 1967 base price of $35. The cost limit on bracelets would therefore be 14 X $6.73, or $94.20).

Housewares and Accessories

Accessories, kitchen, such as pots, pans bowls, pitchers, can openers, spatulas, egg beaters food choppers, cutlery and paper products

Baby furniture

Car seats

Safety gates

Bassinets and car beds

High chairs, mattresses, and play pens

Strollers, baby baths, cribs, baby buggies, chest of drawers, walkers

Bags, garment and laundry

Bathroom fixtures and accessories, such as mats, towel bars, glass holders, toothbrush holders, fixture covers

Blankets, sheets and pillow cases

Cleaning and maintenance equipment and supplies, carpet sweepers, ironing boards, kitchen stools, clothes dryers, and all others

ITEM	BASE PRICE 1967	CURRENT COST LIMIT
Clocks (exclusive of those made of precious metals		
Decorative housewares and accessories	44.56	124.75
Dinnerware		
Up to 6-piece setting		
Serving accessories		
Electrical appliances		
Floor polishers		
Food processors, fans and coffee makers		
Humidifiers		
Rotisseries and roasters/broilers		
Vacuum cleaners		
Microwave Ovens		
All others		
Electrical supplies, such as bulbs, plugs, outlets and wire		
Flatware, including chest (limit per set of 34 pieces)		
Glasses, drinking		
Hangers, clothing		
Home and automotive phono stereo self-contained units, including speakers (speakers may be detached but must be included in the total unit cost)	309.52	666.65
Lamps, all types		
Linens, table		
Plants and shrubs		
Radios, table and portable, including automotive types	70.86	190.40

ITEM	BASE PRICE 1967	CURRENT COST LIMIT
Sewing accessories		
Sewing machines, including cabinets and accessories		
Tape recorders, including sound tape tracks and video recorders		
Tapes, phono records and supplies		
Washing machines, small portable type		
Window curtains and shades except venetian blinds		
Miscellaneous		
Bags, sleeping, including mattress		
Belts, money		
Brushes, shoe		
Button boards		
Cloth, metal polishing		
Cloth, shoe		
Cosmetic sets		
Dresser sets		
Flashlights, bulbs and batteries		
Hampers		
Key containers		
Kits, toilet		
Knives, pocket or sporting		

ITEM	BASE PRICE 1967	CURRENT COST LIMIT
Laces, shoe		
Locks		
Luggage, foot lockers, duffle bags, etc.		
Manicure implements		
Mirrors		
Nail files		
Needles and thread		
Perfume and toilet water		
Pet food and supplies		
Polish, shoe		
Religious goods (laymen only)		
Scissors		
Shoe cleaning supplies		
Shoe trees		
Soap, laundry		
Soap, saddle		
Solar Collectors (self-installed types)		
Stopper, ear		
Storm Windows and insulation materials (do-it-yourself types)		
Sunglasses, utility type		
Towels		
Toys		
Trunks		
Wallets		
Wash cloths		
Wood Burning Stoves and Accessories		

Exhibit A

ITEM	BASE PRICE 1967	CURRENT COST LIMIT
Sports and Recreational Equipment and Supplies		
Aquatic equipment		
Bicycles		
Cameras and projectors		
Camera and Projector Accessories		
Fishing equipment		
Golf club sets		
Guns and gun accessories		
Power tools, outdoor power equipment, including lawn mowers, edgers, snow blowers		
Ski equipment	108.70	304.35
Surfboards		
Tents		
All other items of sports recreational, garden and manual arts equipment and supplies, photographic supplies and film		
Automotive		
Gasoline and oil		
Supplies and accessories (Special order for do-it-yourself customers; no limit)		
Batteries		
Tires		

NOTE 1: Items made of "precious metals" include those made of gold, silver, or other metals of similar or greater value, and items plated or filled with those metals. The term "precious metals" does not exclude the stocking of items with minor ornamentation of those metals.

MERCHANDISE ASSORTMENT PLAN

1. PURPOSE: To provide a working tool for the selection of merchandise assortments and to improve NAFA's ability to satisfy the majority of authorized patrons within the limited space and financial resources available to the command.

2. DEFINITIONS:

   a. Line item is an item of merchandise stocked for resale. Different sizes or colors of a product are considered separate and distinct line items.

   b. Minimum Monthly Sales Per Line Item is the minimum threshold level of sales which would justify retention of a line item in inventory.

   c. Minimum Monthly Sales Per Square Foot is the minimum sales efficiency level for the use of shelf or floor space used in merchandising a particular group of line items. It is not applicable to all line items.

   d. Stock-to-Sales Ratio indicates the average size of inventory required to support a particular sales department or group of line items on a monthly basis. Example: A ratio of 1:1 sets average inventories at a one month supply. See enclosure (10) for a more detailed explanation.

3. DISCUSSION:

   a. The Merchandise Assortment Plan (figure 42-1) is a departmental guide for a balanced investment in resale inventories which are in highest demand throughout the nation. The assortments are based on data extracted from a number of national surveys, military market reports, and private sector retailing reports. These departmental guides are predicated on the underlying assumption that a job worth doing is worth doing well. With the same view, a sales department should be stocked with a solid assortment of necessities for the benefit and convenience of the patron.

   b. Conversely if NAFA is unable to be price competitive (based upon a recent price comparison survey) or otherwise unable to commit the space and financial resources to do a job well, then the resources should be shifted into other departments with greater potential for satisfying the needs of the patron.

   c. The stocking advice codes are based on the strength of national demand and the ability of different sized exchanges to adequately merchandise, finance, and sell the line items listed. The line item stocking advice codes listed in priority sequence are:

ADVICE CODE	MEANING
A	Authorized and recommended.
O	Optional stocking.
N	Not recommended for stocking.

3.d. Due to geographical differences in customer preferences, additional criteria is provided to evaluate whether or not continuation of a particular line item is warranted. Items which fail to meet the minimum expected sales criteria should be considered for replacement with items of higher local popularity.

e. A line item departmental check list of the fastest selling items is provided in figure 42-2. Its use will enhance awareness of patron demand and minimize the possibility of an out-of-stock condition. As an example, one check list shows the top 50 cigarette brands on the Maxwell Report. These items generate almost 83% of cigarette sales nationwide. Therefore, an exchange could satisfy 83% of its department #1 customers by maintaining a good in stock position on 50 items. The intent of the check list then is to cause extra attention to be focused on key items in each department.

Use of Merchandise Assortment Plan:

a. Implementation.

(1) Plan and schedule in depth reviews of stocking patterns within each department. Involve departmental supervisors, employees, and advisory boards to the maximum extent practical.

(2) Using copies of figure 42-1, review listing of recommended stock list for the sales volume category of the exchange. Use the most current price comparison survey to identify what the competition is doing.

(3) For Advice Code "A":

(a) If item is stocked, move to the minimum expected sales columns for review of space allocation and sales level criteria. If demand fails to justify stocking, clearance should be considered unless other factors justify continued stocking.

(b) If not stocked, consideration should be given to introducing new items on a test basis.

(4) For Advice Code "O":

(a) If item is stocked, sales demand should exceed the values listed in the minimum expected sales columns. Otherwise the item should be discontinued or reclassified to a special order item.

(b) If item is not stocked, consideration may be given to stocking after patron demand for all advice code A items has been met.

(5) For Advice Code "N":

(a) If item is stocked, sales demand should exceed the values listed in the minimum expected sales columns.

(b) If not stocked, consideration should not be given until the patron demands for all items with advice codes A and O have been satisfied.

4.b. Review and Restocking.

(1) The check lists are provided for a weekly departmental review of key inventories on the sales floor which provide 80% of total dollar sales. They may be amended and reproduced to fit local needs.

(2) Reorder points may be included in the column provided to facilitate timely replenishment.

(3) The lists should be completed on a weekly basis by the employee(s) responsible for maintaining departmental inventories and reviewed by the supervisor authorized to order reserve stock out of the warehouse or initiate ordering action.

(4) The exchange officer should periodically review the department check lists to insure that:

(a) Inventories are being properly monitored.

(b) Out-of-stock items are promptly replaced from warehouse reserves

(c) Emergency ordering actions are initiated for advice code A items which are completely out-of-stock.

5. Helpful Hints:

a. The amount of time spent on inventory control should be in reasonable proportion to the items which produce highest inventory turnover. These have been identified in the check list as advice code "A" items.

b. Many suppliers maintain unit control records or have their sales data computerized. Ask for a copy!

c. Where categories such as notions, magazines, hardware, or fishing items are ordered from one source, it is possible to use the order or shipping documentation to establish a monthly average purchase value which can be converted to retail and measured against the square foot area assigned.

d. Check age coded merchandise and periodically review shelves to determine what's selling or not selling.

e. The exchange manager should personally check at least one department each week.

f. Inventories which fail to sell, provide service to no one!

MERCHANDISE ASSORTMENT PLAN

Department 1: Cigarettes, Tobacco Items Stock to Sales Ratio = 0.65

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Smoking Accessories: Ashtrays, Cigarette Cases, Cigarette Boxes, Humidors, Lighters, Pipes, Pipe Racks, Tobacco Pouches	A	A	A	A	20%-25%	$25	$ 40
Flints & Wicks, Lighter Fluid	A	A	A	A	20%	$ 25	$ 40
Cigar or Cigarette Holders, Tobacco Moisteners, Cigarette Paper, Pipe Cleaners, & Pipe Filters	A	A	A	A	20%		$ 40
Matches	A	A	A	A	20%	$ 30	
Tobacco Products: Chewing Tobacco, Smoking Tobacco, Snuff, Cigars & Cigarellos	A	A	A	A	20%-25%	$ 50	$100
Cigarettes	A	A	A	A	20%-25%	$200	$250
Maximum Recommended Number of brands	50	80	90	100			
Use Standard Self-Serve Cigarette Racks to obtain vendor shelf display allowances							

*Per Mark-up Guide Encl. (46) or Price Agreement Bulletin.
A-Authorized and recommended for an exchange stocking this department
O-Optional Stocking. Preferred items have been underlined where appropriate.
N-Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 2: Candy, Snack Foods Stock to Sales Ratio = 1

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Food & Confections							
Fruit Cakes, Fruit and Nut Breads (3 lb)	N	O	O	A	20%-25%	$30	
Candy & Cough Drops	A	A	A	A	20%	$35	$ 50
Chewing Gum	A	A	A	A	20%	$35	$ 50
Cookies or Crackers	O	O	A	A	15%	$25	
Nuts, Popcorn, & Chips	A	A	A	A	15%		$100
Snack-Type Packaged Food Items	A	A	A	A	15%-20%		$100
Seasonal Candy	O	A	A	A	20%		$ 75
Ground Coffee	N	O	A	A	10%-15%	$ 50	
Cereals (12 oz) & Bkfst (8 oz)	N	O	A	A	15%	$35	
Groceries (non-perishable): Canned Milk, Canned Fruits Jellies, Canned Fish & Meat	O	O	A	A	10%-15%	$ 25	
Baby Food	N	N	O	A	15%	$ 15	$ 30
Vienna Sausage	O	A	A	A	10%-15%	$ 25	
Frankfurters - Luncheon Meats (8 oz)	N	N	O	A	10%-15%		$ 50

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department
O-Optional Stocking. Preferred items have been underlined where appropriate.
N-Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 2: Candy, Snack Foods

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Instant Coffee & Substitutes (6 oz)	O	A	A	A	10%-15%	$ 50	
Instant Tea & Cocoa (8 oz)	O	A	A	A	10%-15%	$ 35	
Juices & Fruit Beverages (32 oz)	O	A	A	A	15%	$ 35	
Butter	N	O	O	A	15%		$ 50
Eggs	N	O	O	A	10%-15%		$ 75
Ice Cream (1/2 gal)	N	O	A	A	15%	$ 50	
Cheese, Packaged (8 oz)	O	O	A	A	15%		$ 50
Cheese Cottage (16 oz)	O	O	A	A	15%		$ 35
Milk & Chocolate Milk (1/2 gallon)	O	O	A	A	10%-15%	$ 75	
Bread, Cakes, Pastries, Doughnuts, Rolls, Pies, & Quick Breads	O	O	A	A	10%-15%		$100
Bacon (16 oz)	N	N	O	O	10%	$ 25	
Pork Sausage, Liver Sausage (8 oz)	N	N	O	A	10%	$ 25	
Spreads & Dips (12 oz)	N	O	A	A	15%		$ 40
Salt & Pepper	O	O	A	A	15%		$ 25

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department
O-Optional Stocking. Preferred items have been underlined where appropriate.
N-Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 2: Candy, Snack Foods

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Condiments: Ketchup & Vinegar (14 oz) Mustard & Horseradish (4 oz)	O	O	A	A	15%		$ 35
Mayonnaise (16 oz)	O	O	A	A	15%	$ 35	
Honey and Syrup (12 oz) including chocolate syrup	O	O	A	A	15%	$ 35	
Soup	N	O	A	A	15%	$ 35	
Frozen Dinners	N	O	A	A	15%	$ 35	
Pet Food	N	O	A	A	15%	$ 35	

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department
O-Optional Stocking. Preferred items have been underlined where appropriate.
N-Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 3: Health and Beauty Aids Stock to Sales Ratio = 2.5

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Dental Items: Floss, Dentifrices, Mouthwash, Antiseptics, & Breath Fresheners	A	A	A	A	15%	$25	$ 50
Recommended number of items	16	28	34	36			
Hair Care Items: Brushes, Combs Preparations (Nets & Pins), Shampoos, Rinses, Hair Color, Dressings, Tonics & Sprays, Hair Clippers & Scissors	A	A	A	A	15%	$25	$ 50
Recommended number of items	24	72	82	86			
Water Pics & Acc.: Electric Shavers, Hair Setters, Stylers & Drvers, Lighted Mirrors, Curling Irons, & Electric Toothbrushes	N	O	A	A	15%	$35	
Wigs, Falls, Wiglets, Chignons, Etc.	N	N	O	O	20%-25%	$20	
Shaving Supplies, Creams, lotions, razor blades, talcum and accessories	A	A	A	A	15%	$25	$ 50
Recommended number of items	18	30	36	40			

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department
O-Optional Stocking. Preferred items have been underlined where appropriate.
N-Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 3: Health and Beauty Aids

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Bath Toiletries: Soaps, Deodorants, Containers, & Hand Lotions	A	A	A	A	15%	$ 20	
Recommended number of items	18	30	36	40			
Cosmetics, Eye Makeup and accessories	N	O	O	A	20%		$ 50
Recommended number of items		36	54	60			
Depilatories & Leg Makeup, Powder, & Puffs	N	O	O	A	15%	$ 20	
Nail Care Accessories: Nail Polish	N	O	O	A	15%-20%		$ 50
Recommended number of items		24	42	48			
Remover, Implements & Manicure Sets	N	O	O	A	15%-20%	$ 25	$ 40
Sanitary Items, Antiseptics, Napkins, Douche Bags, Syringes, Belts, & Panties	O	A	A	A	10%	$ 20	
Drug Sundries: Vitamins & Baby Supplies							
Cold Remedies & Smoking Deterrents	A	A	A	A	10%	$ 20	$ 40
Recommended number of items	18	48	84	96			
Laxatives & Suppositories	O	A	A	A	15%	$ 10	

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department
O-Optional Stocking. Preferred items have been underlined where appropriate.
N-Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 3: Health and Beauty Aids

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Misc. Toiletries: Suntan Lotions & Screens, Lip Pommade, and Petroleum Jelly	O	A	A	A	20%	$30	$50
Prophylactics	A	A	A	A	20%	$25	
Gift Sets	O	O	A	A	20%	$35	
Recommended number of items		12	20	24			
Wetting Solutions	O	O	O	A	15%	$20	
Foot Powder & Aides	A	A	A	A	10%	$20	$40
Rubs, First Aid Supplies, & Absorbant Cotton	A	A	A	A	15%	$25	$50
Recommended number of items	6	18	36	40			
Sunglasses	O	O	A	A	15%-20%		$75
Dresser Sets	N	N	O	O	15%-20%	$35	
Cleansing Tissue, Wipe & Dipe, Wet Ones, and Sight Savers	O	A	A	A	15%	$25	$50
Brushes: Hand, Nail & Bath,	O	A	A	A	15%	$20	
Compacts, Powder Boxes, and Cosmetic Containers	N	N	O	A	20%-25%	$25	
Colognes & Toilet Waters, Perfumes	N	O	O	A	25%-30%	$30	
Skin Freshners, Creams & Lotions	O	A	A	A	15%	$30	
Recommended number of		6	12	15			
Atomizers	N	O	O	A	20%-25%	$30	

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department
O-Optional Stocking. Preferred items have been underlined where appropriate.
N-Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 4: Men's Clothing, Military & Shoes Stock to Sales Ratio = 3

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Men's Jackets and sweaters	N	N	O	A	25%-35%	$ 60	
Raincoats, All Weather Coats	N	N	O	A	25%-35%	$ 75	
Sports Coats - Blazers	N	N	O	A	25%-35%	$ 60	
Slacks, shorts	N	N	O	A	25%	$ 40	
Jeans	O	O	A	A	20%-35%	$ 45	
Athletic Wear, Warmup Suits, Sweat shirts & pants, Gym shorts & shirt, athletic supporters	O	O	A	A	20%	$ 25	
Men's Furnishings & Accessories: Belts Handkerchiefs, Ties, Socks, Suspenders & umbrellas	O	O	A	A	20%-25%	$ 20	$ 40
Dress Shirt	N	N	N	O	25%	$ 35	
Sports Shirts (Knit & Woven)	N	N	O	A	20%-25%	$ 35	
Pajamas and Robes	N	N	N	O	20%-25%	$ 25	
Novelty T-shirts	N	O	O	A	20%-25%	$ 20	
Swimwear	N	N	N	O	25%-35%	$ 20	
Underwear	A	A	A	A	20%	$ 25	$ 50
Boyswear, Outerwear	N	N	O	A	15%-25%	$ 20	

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department
O-Optional Stocking. Preferred items have been underlined where appropriate.
N-Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN [illegible]

Department 4: Men's Clothing, Military & Shoes

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Boys Underwear & Socks	N	N	O	A	10-15%	$20	
Footwear: Shoes, Mens/Ladies Boots, Mens/Ladies Overshoes & Rubbers Slippers Athletic Shoes, Mens/Ladies	N	N	O	O	20%	$ 40	$ 50
Children's/Infants Footwear	N	N	O	O	15%-20%		$ 15
Military Footwear	N	O	A	A	15%	$ 20	$ 35
Military Insignia	A	A	A	A	15%	$ 10	$ 30
Military Uniforms	O	O	O	A	15%		$ 35
Military Clothing & Accessories: Gloves, Cuff Links, Cap Covers, Ties, Shirts and Socks	O	A	A	A	15%	$ 10	$ 30

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department
O-Optional Stocking. Preferred items have been underlined where appropriate.
N-Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 5: Specialties, Jewelry, Gifts Stock to Sales Ratio = 3

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Clocks	O	O	A	A	20%		$40
Watches	O	A	A	A	20%-25%		$55
Recommended number of items		10	24	30			
Watchbands and Identification Chain	O	A	A	A	25%		$40
Key Rings	O	O	A	A	25%		$35
Bracelets ID	N	N	O	A	25%		$35
Rings, Diamond	N	N	N	O	25%-35%		$45
Men's Jewelry: Cuff Links, Tie Tacks & Tie Bars	N	N	O	A	20%-25%		$40
Ladies Costume Jewelry, Rings, Earrings Necklaces Pendants, Bracelets Charms, and Lockets	N	N	O	O	25%-30%		$50
Fine Jewelry	N	N	O	O	25%-35%	$ 35	
Jewelry Boxes	N	N	N	O	25%	$25	
Small Leather Goods: Key Containers Money Belts, Wallets	N	O	A	A	25%		$40
Recommended number of items		12	24	36			

*er Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department
O-Optional Stocking. Preferred items have been underlined where appropriate.
N-Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 5: Specialties, Jewelry, Gifts

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Flatware: Silver Plate, Gold Plate Sets incl. Chest Decorative Houseware Accessories	N	N	N	O	25%-30%	$45	
Serving Piece, Accessories (incl. sets) Childrens and Holloware	N	N	N	O	25%-30%	$30	
Jewelry, Religous (Laymen only)	N	N	N	O	20%		$30

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department
O-Optional Stocking. Preferred items have been <u>underlined</u> where appropriate.
N-Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 6: Stationery, Office/School Supplies and Equipment, Magazines, Cards
Stock to Sales Ratio = 2.5

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Paper, Office, Home School Supplies: Crayons, Scrapbooks, Scotch Tape, Photo Albums, Mounting Aids, Steno & Composition Pads, Note Tablets	O	A	A	A	15%	$15	$ 30
Recommended number of items	6	24	36	48			
Other Office, Home and School Supplies: Binders and Accessories, Thumb Tacks, Photo Frames, File Folders, Staples, Calculators	O	A	A	A	15%	$15	$ 30
Recommended number of items	6	24	36	48			
Typewriter, Portables	N	N	O	A	15%	$75	
Typewriter Paper, Ribbon, Carbon & Supplies	N	O	O	A	15%	$10	$20
Pens, Pencils, Refills Marking Supplies, & Ink: Pencils, Mechanical Pens, Holders, & Desk Sets	A	A	A	A	15%-20%	$15	$30
Recommended number of items	8	22	36	60			
Stationery, Diaries, and Calendars	A	A	A	A	20%	$20	
Kraft & Special Purpose Envelopes	N	O	A	A	20%	$ 7	

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department
O-Optional Stocking. Preferred items have been underlined where appropriate.
N-Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 6: Stationery, Office/School Supplies and Equipment, Magazines, Cards

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Wrapping & Packaging Supplies Cartons & Boxes	N	O	A	A	20%	$ 7	$ 20
Seasonal Decorations, and Candles	N	N	O	O	25%	$10	$ 25
Party Favors, Costumes & Masks	N	N	O	O	20%	$10	$ 25
Drawing, Art Supplies and Modeling Clay	N	N	O	O	20%	$15	$ 30
Greeting Cards, Postcards Wrap & Party Supplies	N	O	O	A	20%		$ 40
Number of Standard 4' Racks		2	4	6			
2/3 of space for cards 1/3 other related items							
Books & Magazines:	O	A	A	A	15%		$ 40
Number of 6' Racks	1/2	1/2	1	1			
Miscellaneous Stationery & Supplies: Playing Cards, Training Aids, Rulers, Compasses, Protractors, Dice, Poker Items, Cribbage Boards, Stamps, Stamp Pads,	A	A	A	A	15%	$10	$20
Recommended number of items	6	18	36	48			
Wall Mirrors	N	N	N	O	20%	$25	

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department
O-Optional Stocking. Preferred items have been underlined where appropriate.
N-Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

:partment 7: Women's and Children's Clothing Stock to Sales Ratio = 3

DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
ıdies' Outerwear: ·esses: Sports, ıckets, Raincoats, .ll Weather" Coats .nts Shirts & .ouses Sport Culottes, ıorts, Skirts, ·eaters and Swimsuits	N	N	O	A	25%-35%	$ 50	
ans, Gym Shorts	N	N	O	A	20%	$ 25	
th Sandals	O	O	A	A	20%	$ 15	$ 25
timate Apparel: nties, Bras, rdles, Teddies, etc.	N	N	O	A	20%-35%	$ 30	$ 40
nty Hose	O	O	A	A	20%-25%	$ 20	$ 35
cks, Stockings, Peds, ee-Hi & Slipperettes	N	O	O	A	20%-25%	$ 15	$ 30
jamas, Robes and ·wns	N	N	O	A	20%-35%	$ 25	
ndkerchiefs ndbags oves lts	N	N	O	A	20%-25%	$ 15	$ 30
.fants/Toddlerswear, ıterwear, Underwear	N	N	O	O	15%-20%	$ 15	
eepers, Diapers, ·eding & Nursery ıfant Bottles & .pples	N	O	O	A	10%-15%	$ 10	$ 20

Mark-up Guide Encl (46) or Price Agreement Bulletin
.horized and recommended for an exchange stocking this department
.ional Stocking. Preferred items have been underlined where appropriate.
. Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 7: Women's and Children's Clothing

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Linens & Domestics: Aprons, Potholders, Coasters, Dishcloths Doilies Linens, Table Placemats, Cushions	N	N	O	O	20%-25%	$ 25	$ 40
Towels and Washcloths	A	A	A	A	15%-20%	$ 20	$ 30
Bathroom Throw Rugs, Lid Covers & Sets, Shower Curtains, & Bathmats	N	N	O	A	20%	$ 30	
Blankets, Sheets, Pillows, & Spreads Pillowcases	N	N	O	O	20%	$ 30	
Fabric, Notions, Sewing & Knitting Accessories/Sewing Kits	N	O	O	O	20%		$ 20
Sewing Machines, Attachments & Accessories (incl. Cabinets)	N	N	O	O	15%	$100	
Curtains & Shades (Except Blinds)	N	N	O	O	20%	$ 40	$ 50

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department
O-Optional Stocking. Preferred items have been underlined where appropriate.
N-Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 8: Household Cleaning, Appliances, Housewares, Lamps
Stock to Sales Ratio = 2.5

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Dinnerware	N	N	O	O	15%-25%	$ 50	
Glassware	O	O	A	A	15%	$ 20	
Stainless Steel Flatware, Includes Chest	N	O	O	O	20%	$ 40	
Kitchenware, Pots, Pans, & Non-electric Appliances: Rubber, Metal, or Plastic Accessories Bowls, Pitchers, Can Openers	N	O	O	A	15%	$20	$ 30
Recommended number of items		18	36	48			
Spatulas, Egg Beaters, Food Choppers, Cutlery and Gadgets, Cookware, and Bakeware	N	O	O	A	15%		$ 30
Household novelties and Gift Items: Decorative Houseware Accessories & Woodenware	N	N	O	O	20%-25%	$ 25	$ 40
Cleaning & Preserving Supplies Shoe & Metal Polish, Brushes, Dust Cloths, Mops, & Sponges	A	A	A	A	15%	$ 25	$ 50
Recommended Selections	6	18	24	30			

er Mark-up Guide Encl (46) or Price Agreement Bulletin
Authorized and recommended for an exchange stocking this department
Optional Stocking. Preferred items have been underlined where appropriate.
Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 8: Household Cleaning, Appliances, Housewares, Lamps

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Laundry Supplies, Soaps Detergents, Bleaches, and Softeners	A	A	A	A	15%	$ 35	
Recommended number of items	6	12	20	24			
Household Deodorants, Disinfectants, & Pesticides	O	A	A	A	15%	$ 25	
Carpet Sweepers & Ironing Boards	N	N	O	O	15%	$ 40	
Kitchen Stools, Clothes Dryers, & Hampers	N	N	O	O	15%	$ 40	
Shoe Trees, Laces, Horns & Cloths, Shoe Dye & Fabric Dye	A	A	A	A	10%-15%		$ 35
Waste & Garbage Containers & Inserts, Freezer Accessories, Paper Products, Foil, Candles, & Closet Accessories	N	O	A	A	15%	$ 30	
Recommended number of items		18	36	48			
Traffic Appliances (Electrical), Can Openers, Knife Sharpeners, Irons, Hot Plates, & Heating Pads	N	O	O	A	15%	$ 50	

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department
O-Optional Stocking. Preferred items have been underlined where appropriate.
N-Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 8: Household Cleaning, Appliances, Housewares, Lamps

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Floor Polishers & Shampooers Humidifiers, Roasters/Broilers, and Accessories	N	N	O	O	15%	$ 50	
Food Processors, Mixers, Fans, Coffee Makers, Waffle Irons, Fry Pans, Griddles, and Toasters Vacuum Cleaners Electric Heaters	N	N	O	A	15%	$ 50	
Microwave Ovens	N	N	N	O	20%	$300	
Washing Machines, Small, Portable	N	N	N	O	15%	$100	
Lamps, and TV Trays	N	N	O	O	15%	$ 35	
Baby Furniture: Car Seats, Safety Gates, Bassinets, Car Beds, High Chairs, Mattresses, Play pens, Strollers, Baby Baths, Cribs, Baby Buggies Chest of Drawers, Walkers	N	N	O	O	15%	$ 25	
Bathroom Fixtures	N	N	N	O	20%		$ 35

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department
O-Optional Stocking. Preferred items have been underlined where appropriate.
N-Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 8: Household Cleaning, Appliances, Housewares, Lamps

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Clothing Hangers, Lines and Pegs	O	O	A	A	15%		$ 35
Massagers	N	N	O	O	20%	$ 35	

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department
O-Optional Stocking. Preferred items have been underlined where appropriate.
N-Not Recommended for Stocking

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 9: Luggage, Audio, Photographic Items, Sporting Goods, Leisure
Stock to Sales Ratio = 3

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Bicycles	N	N	O	O	20%	$ 75	
Helmets & Accessories	N	N	O	O	15%		$ 50
Fishing Equipment	O	O	O	A	20%		$150
Assortment is wide and shallow							
Minimum wall section Requirement		10'	15'	20'			
Picnic Items, includes Vacuum Bottles, Jugs, Ice Chests, Styrofoam Items	O	O	O	A	20%	$ 25	
Family Sports Equipment & Apparel	N	N	O	O	20%		$ 35
Knives, Pocket or Sporting	O	O	A	A	20%		$ 25
Indoor Sports, Includes Bowling, Pool, Table Tennis	N	N	O	O	20%		$ 35
Recreational Equipment and Supplies: Grill,s Charcoal and Charcoal Lighter	N	O	O	A	20%		$ 35
Outdoor Rotisseries/ Roasters/Broilers							
Guns and Ammunition (Special Order only: Subject to Special Provisions)	N	N	N	N	25%		
Cleaning & Supplies							

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department.
O-Optional Stocking. Preferred items have been underlined where appropriate.
N-Not recommended for stocking.

Figure 42-1

Department 9: Luggage, Audio, Photographic Items, Sporting Goods, Leisure

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Golf Clubs, Sets	N	N	N	O	20%	$ 75	
Golf Balls	O	O	O	A	20%		$ 30
Tennis Racket	N	N	O	A	20%	$ 30	
Tennis Balls	O	O	A	A	20%	$ 25	
Racquetball Racquets	N	N	O	A	20%	$ 20	
Racquet Balls	O	O	A	A	20%	$ 20	
Ski Equipment	N	N	N	O	20%	$ 50	
Archery	N	N	N	O	20%	$ 35	
Surfboard	N	N	N	N	20%	$ 40	
Swimming Pools	N	N	N	O	20%	$ 35	
Aquatic Equipment	N	N	N	O	20%		$ 35
Boating Equipment & Accessories	N	N	N	O	20%	$ 25	
Tents	N	N	O	O	20%	$ 50	
Coleman Type Products: Lanterns & Stoves	N	O	O	A	20%	$ 35	
Fuel	N	O	O	A	20%	$ 25	
Sleeping Bags	N	N	O	A	15%	$ 35	
Cameras and Projectors	N	O	O	A	10%	$ 50	$ 75
Film	A	A	A	A	15%		$ 35
Microscopes	N	N	O	O	15%	$ 35	
Telescopes, Binoculars							
Camera & Projector Accessories	N	N	O	O	15%	$ 35	
Darkroom Supplies & Equipment	N	N	N	O	15%		$ 50
Mailers	A	A	A	A	15%	$ 25	
Hobby Items:	N	N	O	O	15%		$ 35
Toys & Games	N	O	O	O	15%	$ 30	
Velocipedes, Scooters, and Accessories	N	N	O	O	15%	$ 50	

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department.
O-Optional. Preferred items have been underlined where appropriate.
N-Not recommended.

Figure 42-1

Department 9: Luggage, Audio, Photographic Items, Sporting Goods, Leisure

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Phonographs and Radios	O	O	A	A	15%	$ 50	
Auto Antennas, Radios, Speakers, Kits & Accessories	N	N	O	O	15%	$ 50	
Stereos: Self-contained Units, includes speakers	N	N	O	O	15%	$150	
Tape and Recorders, and players	N	O	O	O	15%	$ 60	
Video Recorders	N	N	N	O	15%	$400	
Citizen Band Radios & Antennas	N	N	O	O	15%	$ 50	
Other Recreational Items (Musical Instruments)	N	N	O	O	15%	$ 25	
Recording Tapes, Video Game Cassettes	N	O	O	A	20%	$ 25	$ 40
Records	N	N	O	O	20%		$100
Number of Standard 4' Racks			2	4			
Tapes, PreRecorded 8-Track & Cassettes	N	N	O	A	20%		$150
Number of Standard 4' Racks		1	1	2			
Luggage: Soft Side and Hard	N	O	O	A	20%	$ 40	
Foot Lockers/Trunks	N	N	O	A	20%	$ 40	
Kits, Toilet	A	A	A	A	20%	$ 20	
Garment Bags	O	O	A	A	20%	$ 40	
Laundry Bags	A	A	A	A	20%	$ 20	

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department.
O-Optional stocking. Preferred items have been underlined where appropriate.
N-Not recommended.

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 10: Beverages Stock to Sales Ratio = .75

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALE PER LINE ITEM	PER SQUARE FOO
Beer	A	A	A	A	20%	$ 75	$150
Soft Drinks	A	A	A	A	15%	$ 45	

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department.
O-Optional. Preferred items have been underlined where appropriate.
N-Not recommended.

Figure 42-1

MERCHANDISE ASSORTMENT PLAN

Department 11: Hardware, Electrical, Automotive, Pet, Garden
Stock to Sales Ratio = 2.5

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Batteries Special order only	N	N	N	N	20%		
Tires Special order only	N	N	N	N	20%		
Auto Care, waxes, Polishes, Cleaners	N	O	O	O	20%	$ 20	$ 40
Oil	O	A	A	A	20%	$ 30	
Refrigerants & Antifreeze	N	O	O	A	20%	$ 25	
Gauge Assemblies Flashers, Directional Signals & Charging Systems	N	N	N	O	20%	$ 25	
Ignition & related Items	N	N	N	N	20%		
Carburetor Kits	N	N	N	N	20%		
Fuel Lines	N	N	N	N	20%		
Electrical Supplies: Plugs, Tape and Extension Cords	N	O	O	A	20%		$ 50
Hardware, Hand Tools, and Accessories	N	O	A	A	15%		$ 75
Minimum wall space		10'	15'	20'			
Garden Tools Equipment and Supplies	N	O	A	A	15%	$ 30	

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department.
O-Optional. Preferred items have been underlined where appropriate.
N-Not recommended.

Figure 42-1

Department 11: Hardware, Electrical, Automotive, Pet, Garden

ITEM DESCRIPTION	EXCHANGE RETAIL ANNUAL SALES UNDER 200K	200K TO 500K	500K TO 1000K	OVER 1000K	*MARK-UP	MINIMUM MONTHLY SALES PER LINE ITEM	PER SQUARE FOOT
Flashlights, Bulbs and Batteries	A	A	A	A	20%	$ 20	
Power Tools and Outdoor Power Equipment Edgers, Trimmers Lawn Mowers and Snow Blowers	N	O	O	O	15%	$ 50	
Paints, Varnishes, and Stains Brushes, Rollers, Pans & Accessories	N	N	O	O	15%		$ 50
Mail Boxes	N	N	O	O	20%	$ 15	
Padlocks	A	A	A	A	15%	$ 20	
Step Ladders	N	N	O	O	20%	$ 20	
Garden Plants, Shrubs Seeds, Planters, Fertilizers Chemicals and Sprays	N	O	O	A	15%		$ 40
Fish and Pet Supplies	N	O	A	A	15%		$ 30

*Per Mark-up Guide Encl (46) or Price Agreement Bulletin
A-Authorized and recommended for an exchange stocking this department.
O-Optional. Preferred items have been underlined where appropriate.
N-Not recommended.

Figure 42-1

KEY ITEMS CHECK LIST

Department 1: Cigarettes, Tobacco Items

ITEM	REORDER POINT	VERIFICATION DATES												
Winston King Soft Pack														
Marlboro Flip Top Box														
Marlboro King Soft Pack														
Kool King Soft Pack														
Pall Mall Non-Filter King														
Salem King Soft Pack														
Marlboro Lights King														
Camel Non-Filter Regular														
Winston Lights King														
Salem Lights King														
Winston 100's Filter														
Merit King Regular														
Vantage King Regular														
Marlboro 100's Soft Pack														
Salem 100's Filter														
Salem Long Lights														
Benson & Hedges 100's Regular														
Marlboro Lights 100's														
Winston Long Lights 100's														
Merit 100's Regular														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 1

ITEM	REORDER POINT	VERIFICATION DATES												
Benson & Hedges 100's Menthol														
Newport King Soft Pack														
Camel Filter King														
Kent King Soft Pack														
Camel Lights Filter King														
Kool Milds King														
Benson & Hedges 100's Lights Regular														
Viceroy King Soft Pack														
Pall Mall 100's Regular														
Carlton 100's Regular														
Lucky Strike Non-Filter														
Benson & Hedges 100's Lights Menthol														
Raleigh Filter King														
Vantage 100's Regular														
Marlboro 100's Box														
Marlboro Lights Box														
Golden Lights King Regular														
Virginia Slims Regular														
Tareyton Filter King														
More Regular 120's														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 1

ITEM	REORDER POINT	VERIFICATION DATES											
Carlton King Filter													
Virginia Slims Lights Menthol													
Kent III Filter King													
Kent 100's King													
Golden Lights 100's Regular													
True Blue King													
Virginia Slims 100's Menthol													
Belair King Soft Pack													
L & M King Soft Pack													
Bic Disposable Lighters													
Lighter Fluid													

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 2: Candy, Snack Foods

ITEM	REORDER POINT	VERIFICATION DATES												
Snickers														
M&M Peanut														
M&M Plain														
3 Musketeers														
Reese's Peanut Butter Cup														
Doublemint														
Milky Way														
Hershey Almond														
Kit Kat														
Baby Ruth														
Hershey Milk														
Twix														
Spearmint														
Butterfinger														
Whatchamacallit														
Juicy Fruit														
Nestle Crunch														
Planters Peanuts														
Almond Joy														
Dentyne Cinnamon														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 2

ITEM	REORDER POINT	VERIFICATION DATES											
Mars Bar													
Rolaids Peppermint													
Mounds													
York Mint													
Mr. Goodbar													
Halls Menthol Cough Drops													
Pay Day													
Rolo													
Reese's Pieces													
Starburst													
$100,000 Bar													
Certs Peppermint													
Heath													
Big Block Almond													
Big League Chew Regular													
Life Saver Peppermint													
Life Saver Five Flavor													
Bubble Yum Grape													
Summit													
White Milk													

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 2

ITEM	REORDER POINT	VERIFICATION DATES												
Yogurt (Sundae and Swiss Style)														
Vanilla Ice Cream														
White Bread														
Frozen Orange Juice														
Cold Cereal (Kellogg)														
Pet Food (Ralston Purina)														
Soup (Campbells-Tomato)														
Frozen Dinners (Stouffers)														
Frozen Pizza (Celeste)														
Butter														
Eggs														
Coffee (Maxwell House)														
Saltine Crackers														
Potato Chips														
Corn Chips (Frito Lay)														
Tortilla Chips (Frito Lay)														
Baby Food (Gerbers-Cereals)														
Packaged Meats and Franks (Oscar Mayers)														
Bacon (Gwaltney)														
Mayonnaise (Hellmans)														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 2

ITEM	REORDER POINT	VERIFICATION DATES												
Chocolate Syrup														
Sugar														
Flour														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 3: Health and Beauty Aids

ITEM	REORDER POINT	VERIFICATION DATES												
Crest 6.4 oz.														
Colgate 7 oz.														
Aqua-Fresh 6.4 oz.														
Crest 4.6 oz.														
Colgate 9 oz.														
Crest 8.2 oz.														
Aim 8.2 oz.														
Listerine 32 oz.														
Scope 24 oz.														
Scope 12 oz.														
Listerine 18 oz.														
Listerine 6 oz.														
Reach Adult Soft Brush														
Oral B Adult Brush 40														
Oral B Adult Brush 60														
Butler Gum Tooth Brush														
J&J Dental Floss Unwaxed 50 yards														
J&J Dental Floss Waxed														
Efferdent														
Fasteeth Powder														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 3

ITEM	REORDER POINT	VERIFICATION DATES											
Polident Tab													
Dentu-Creme Paste													
Super Poli-Grip													
Revlon Flex N&D 16 oz.													
Vidal Sassoon 8 oz.													
Head & Shoulders Lotion 7 oz.													
Head & Shoulders Lotion 15 oz.													
Head & Shoulders Tube 4 oz.													
Johnson's Baby 16 oz.													
Prell Concentrate 7 oz.													
Suave													
Pert													
Dry Look X													
Vitalis Pump Spray													
Vitalis Liquid													
Brylcream													
Clairol Nice & Easy													
Revlon Flex Condition X													
Revlon Flex Condition Regular													
Vidal Sassoon Final Rinse													

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 3

ITEM	REORDER POINT	VERIFICATION DATES												
Loreal Preference														
Silkience Condition X7														
Miss Breck														
Final Net Pump														
Aqua Net Sup														
Rave Aerosol X														
Shavers (Norelco HP1318)														
Men's Shavers (Norelco HP1601)														
Men's Shavers Remington														
Hair Dryer (Pro-Pistol 085 Conair)														
Foamy Regular														
Old Spice After Shave														
Colgate Instant Shave														
Edge Prot. Regular														
Mennen Skin Bracer														
Brut After Shave														
Rise Shave Cream														
Foamy Lime														
Noxzema Regular 11														
Barbasol Concentrate Regular 11														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 3

ITEM	REORDER POINT	VERIFICATION DATES												
Styptic Pencil														
Gillette Trac II Blades														
Gillette Atra RF.														
Gillette Good News														
Schick II Rf.														
Gillette Super Stainless Blades														
Schick Pl. Injector Blades														
Schick Ultrex RF.														
Gillette Atra Razor														
Personal Touch RF.														
Bic Disposable Shaver														
Gillette Swv. Ds. Razor 2														
Gillette Trac II Razor														
Right Guard Spray 10														
Mennen Stick Regular 2.5 oz.														
Right Guard Spray 5														
Ban R/O 1.5 oz.														
Dry Idea R/O Regular 1.5 oz														
Secret R/O 1.5 oz.														
Sure Solid Regular 2.0 oz.														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 3

ITEM	REORDER POINT	VERIFICATION DATES												
Old Spice Regular Stick 2.5 oz.														
Coast 5 oz.														
Irish Spring 5 oz.														
Safeguard														
Ace Comb														
Intensive Care Lotion														
Ponds Cr. & Bt. Lotion 8 oz.														
Keri Hand Lotion 6.5 oz.														
Jergens Lotion 10 oz.														
Oil of Olay Lotion 6 oz.														
Noxzema Skin Cream														
Night of Olay 2 oz.														
Ponds Cold Cream 3.5 oz.														
Tampax Super														
Tampax Regular														
Playtex Deodorant														
Tampax Super Plus														
Kotex														
Nail Clippers														
Visine Eye Drops														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 3

ITEM	REORDER POINT	VERIFICATION DATES											
Preparation H Supp. 12													
Vaseline Jelly													
Preparation H Ointment 1 oz.													
Dexatrim Cap. 28													
Ben Gay Greaseless 1 oz.													
Oxy 10 Acne 1 oz.													
Murine .6 oz.													
Chap Stick Lip Balm Regular													
Kleenex Pocket Pack													
Kleenex 200													
Flinstones-I 60													
1-A-Day-I													
Geritol													
Vitamin C													
Vitamin E													
Tylenol 100													
Anacin													
Bayer Asprin													
Bufferin 100													
Excedrin 100													

Checkers Initials
✓-Item on sale
λ-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 3

ITEM	REORDER POINT	VERIFICATION DATES												
Alka-Seltzer														
Excedrin 36														
Nyquil														
Vicks 44D Syrup 3														
Afrin Nasal Spray .5 oz.														
Vicks Formula 44 3 oz.														
Sucret Loz. 24 ct.														
Robitussin DM Syrup 4														
Dristan Nasal Mist 15cc														
Vicks Vaporub 1.5 oz.														
Vicks Inhaler														
Contact														
Dristan Tab.														
Corricidin D 24														
Comtrex Tab. 24														
Alka Seltzer Plus														
Maalox Susp. 12 oz.														
Mylanta Liquid 12 oz.														
Pepto Bismol Liquid 8 oz.														
Tums 3 Roll														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 3

ITEM	REORDER POINT	VERIFICATION DATES												
Rolaids Roll														
Q-Tip Swabs 170														
Johnson's Baby Powder 14 oz.														
Johnson's Baby Oil 4 oz.														
Diaperene Wash Cloths 150														
Desitin Ointment 2.25 oz.														
Johnson's Baby Lotion 9														
Correctol														
Ex-Lax														
Metamucil Powder														
Feen-a-Mint Gum 16														
Band Aid P WD 30														
Band Aid P Value 70														
Band Aid P St 50														
First Aid Kit														
Lanacane														
Hydrogen Peroxide														
Isopropyl Alcohol														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

)epartment 4: Men's Clothing, Military and Shoes

ITEM		REORDER POINT	VERIFICATION DATES												
'eans (one National Brand i.e. Levi)	32 Waist														
	33 Waist														
	34 Waist														
	36 Waist														
	38 Waist														
3elts Black (one National Brand, i.e. Hickock, Texton)	32 Waist														
	34 Waist														
	36 Waist														
	38 Waist														
elts Brown	32 Waist														
	34 Waist														
	36 Waist														
	38 Waist														
ocks Stretch (one National Brand, i.e. Camp, Hanes Burlington)	Brown														
	Black														
	Blue														
port Socks Stretch ingle Pack (One National Brand, i.e. Interwoven, Burlington)															
port Socks Stretch ulti-pack															
weat Shirts (Crew)	Medium														
	Large														
weat Pants	Medium														
	Large														
nderwear (One National rand such as Hanes, Jockey)															
-Shirts (Crew)	Small														
	Medium														
	Large														

'heckers Initials
'-Item on sale
-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 4

ITEM	REORDER POINT	VERIFICATION DATES											
T-Shirts (V-neck) Small													
Medium													
Large													
Briefs (3 pack) 32 Waist													
34 Waist													
36 Waist													
38 Waist													
Boxer Shorts (3 pack) 32 Waist													
34 Waist													
36 Waist													
38 Waist													
Uniform Items													
Black Webb Belts													
Black Socks													
Shirts													
Buckles													
Military Insignia													
Shoulder Boards													
Collar Devices													
Chevrons													
Cap Devices													
Service Stripes and Shields													
Ribbons													
CG Achievement Ribbons													
CG Commendation Ribbon													
CG Good Conduct Ribbon													
National Defense													
Pistol													
Rifle													
Meritorious Unit Commendation													
CG Letter of Commendation													
Devices													
Raincoat													
Command Ashore (Small)													
Coxswain													
Cuttermans Insignia (Gold & Silver)													
Command at Sea (Small)													
Shoes Shower Medium													
Large													
Handkerchiefs													

Checkers Initials
✓Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 5: Specialities, Jewelry Gifts

ITEM	REORDER POINT	VERIFICATION DATES												
Digital Alarm Clock														
Baby Ben (Westclock)														
Men's Watches Timex (Quartz Skin Diver Watch #58437)														
Ladies' Watches Timex (Quartz #50817)														
Men's Billfold (Nat'l Brand i.e. Buxton, Prince Gardner)														
Men's Fabric Wallet														
Women's Fabric Wallet														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 6: Stationery, Office/School Supplies and Equipment, Magazines, Cards

ITEM	REORDER POINT	VERIFICATION DATES												
Crayons														
Scotch Tape														
Composition Books														
Steno Pads														
Erasers														
12" Ruler														
Binders Loose Leaf														
Filler Paper 100 ct														
Stapler Kit														
Theme Books Wire Bound														
Index Cards 3 x 5														
Scratch Pads														
Calculators (under $20)														
Bic Pens														
Fiber Tip Pens														
Ball-Point Pens (Papermate)														
Mechanical Pencil (Scripto)														
Leads for Mechanical Pens (Scripto)														
Pencil Wood #2														
Writing Tablets 6" x 9"														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 6

ITEM	REORDER POINT	VERIFICATION DATES												
Boxed Stationery														
Envelopes Regular 100 ct														
Envelopes Business														
Markers														
Pocket Dictionery														
Photo Albums														
Playing Cards Bridge														
Playing Cards Pinochle														

Checkers Initials
/-Item on sale
,-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 7: Women's and Children's Clothing

ITEM	REORDER POINT	VERIFICATION DATES											
Panty Hose (L'Eggs or No Nonsense) Sizes 5													
6													
7													
Knee-Hi (L'Eggs or No Nonsense)													
Disposable Diapers (Procter & Gamble) Extra Absorbent 24's													
Toddler 12's													
Towels Hand													
Towels Bath													
Wash Cloths													
Sheets & Pillow Case Ensembles Twin Size													
Full Size													
Sheets Flat Solid Colors Twin Size													
Full Size													
Pillow Cases Solid Colors													
Folding Umbrellas													

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 8: Household cleaning, Appliances, Housewares, Lamps

ITEM		REORDER POINT	VERIFICATION DATES												
Mugs															
Water Tumbler (Anchor Hocking)															
Shoe Polish (Kiwi)	Black														
	Brown														
Shoe Laces	27" Black														
	27" Brown														
Detergents	Tide														
	Cheer														
	Downy														
	Clorox														
Dishwashing	Liquid Ivory														
	Dawn														
Dishwashing	Detergent Cascade														
Windex															
Lysol Disinfectant															
Toilet Tissue															
Paper Towels															
Saran Wrap															
Reynolds Wrap															
Glad Baggies															
Trash Bags															
2 QT Sauce Pan															
Candles															

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 8: Household cleaning, Appliances, Housewares, Lamps

ITEM	REORDER POINT	VERIFICATION DATES											
Soft White Light Bulbs													
100W													
75W													
60W													
Smoke Alarms													
Hurricane Lamps													
Brass Lamps													
Air Purifiers													
Coffee Maker (Procter Silex)													
Travel Iron													
Toaster (2 Slice)													
Glass Caddies													
Gift Items:													
Lenox													
Belleek													
Waterford Crystal													
Lladro													
Ainsley													
Hummel													
Scrimshaw													
Jade													

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 9: Luggage, Audio, Photographic items, Sporting Goods, Leisure

ITEM	REORDER POINT	VERIFICATION DATES												
Vacuum Bottles (Aladdin or Thermos) Quart														
Vacuum Refills Quart														
Styrofoam Ice Chest														
Golf Balls														
Tennis Balls														
Racquet Balls														
Table Tennis Balls														
Basket Balls														
Charcoal 10 lb														
Charcoal Lighter Fluid Quart														
Coleman Type Fuel														
Batteries:														
1.5 volt														
AA														
AAA														
C Photo														
C														
D														
9 volt														
9 volt flat photo														
A-50 Kodak Instant Camera														
Film 126 20 Exp Kodacolor														
110 24 Exposure Kodacolor														
35mm 36 Exp Kodachrome														
35mm 24 Exp Kodacolor II														
35mm 24 Exp Kodacolor 400														
Kodak Instant Color														
Kodacolor HR Disc														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 9

ITEM	REORDER POINT	VERIFICATION DATES											
Flash Bulbs Magicubes													
Digital Clock AM-FM Radio													
Portable Cassette Recorder/Player													
Blank Recording Tapes													
AM/FM Portable Radio													
Travel Utility Kit													
Soft Side Luggage:													
Carry on Bag													
21" Overnight													
26" Pullman													
Tote Bag													
Sport Bag													

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 10: Beverages

ITEM	REORDER POINT	VERIFICATION DATES												
Budweiser														
Miller High-life														
Miller Lite														
Michelob														
Local Brand #1														
Local Brand #2														
Cola (Coke or Pepsi)														
Soda Water														
Ginger Ale														
Seven-Up														
Diet Cola														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 11: Hardware, Electrical, Automotive, Pet and Garden

ITEM	REORDER POINT	VERIFICATION DATES												
Gas Cans														
Oil Spouts														
Oil Mult. Weight														
Snow Brushes (Where and when appropriate)														
Snow Scrapers (Where and when appropriate)														
Windshield Washer Fluid (Where and when appropriate)														
Antifreeze														
Sponge														
Cleaners														
Chamois														
Waxes														
Cheesecloth														
STP Additive														
Dry Gas														
Jumper Cables (good quality)														
Extension Cords 9'														
Flashlights														
Auto Radios														
Padlocks Warded 1 1/2"														
Padlocks Combination														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 11

ITEM	REORDER POINT	VERIFICATION DATES												
Measuring Tapes 12'														
Friction Tape														
Fire Extinguisher														
Auto First Aid Kit														
Door Safety Chains														
Dead Bolts														
Elmers Glue														
Picture Hanging Kit														
Garden Work Gloves														
Hammer 16 oz.														
Hacksaw														
Hacksaw Blades														
Chisel														
Utility Knife														
Screw Driver 6" Standard														
Screw Driver #1 Phillips														
Slip Joint Pliers														
8" Adjustable Wrench														
1 1/2" Putty Knife Flex														
Razor Blade Scraper														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

KEY ITEMS CHECK LIST

Department 11

ITEM	REORDER POINT	VERIFICATION DATES												
Tool Box														
Fertilizer														
Insecticide														

Checkers Initials
✓-Item on sale
X-No stock on sales floor

Figure 42-2

INVENTORY CONTROL

1. Discussion. The Open To Buy (OTB) System is an economic necessity for managing cash resources, controlling purchases and controlling inventory levels by sales departments and activities. It is the command guidance to the NAFA Officer/Activity Manager on how to best serve the interests of the command through investment of available resources. Maintenance of an OTB System is mandatory for all large NAFA's. Small NAFA's are encouraged to use the OTB System for total activities rather than departments.

2. Procedures.

   a. The Open To Buy form (figure 43-A, CG-5304) is prepared monthly for each selling department and activity. The OTB is maintained either at cost or sell depending upon the accounting method used and involves using budget estimates for sales and planned ending inventory levels. All other data is provided from the accounting record.

   b. The OTB are the dollars available for merchandise purchases. If OTB dollars are insufficient in a department due to excessive and/or obsolete inventory, capital transfers may be made from other departments in order to prevent an out-of-stock condition on basic necessity items. Further management action may be required to survey, markdown, or otherwise cure the deficiency which exists.

   c. The OTB calculation is prepared on the OTB form (CG-5304) as follows:

      (1) Enter estimated sales. Reduce this figure to cost using the historical gross profit percentage or data if on the inventory cost method. This applies to all entries for cost operations.

      (2) Enter planned ending inventory for the month. Ending inventories are planned in accordance with the stock to sales ratios contained in Enclosure (45) to this manual. When actual stock to sales ratios are excessive, plans to reduce inventories to a realistic level need to be enacted. Planned results may require three or four months.

      (3) Enter the total dollar amount of open purchase orders.

      (4) Enter the actual beginning inventory.

      (5) Plus and minus calculations equal the Open To Buy dollars. This amount is entered on the top of the balance column.

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3. Charges and Adjustments.

a. Approved purchase orders are batch-totaled by department and deducted from the OTB balance daily or as required, but not less than weekly.

b. Purchase orders for seasonal commitments are not charged against the OTB until the month before they are scheduled to be received. These PO's should be maintained in a tickler file until their scheduled shipping date occurs.

c. Receipts under blanket purchase orders are charged at the beginning of the month if known. If not, they are charged when received.

d. Adjustments to the OTB are listed on the form (CG-5304).

(1) Adjustments for increases or decreases from estimated sales should be entered at mid-month only.

(2) Other adjustments such as merchandise transfers, markdowns and PO cancellations may be entered if the amount of the adjustment exceeds $500.

DEPARTMENT OF TRANSPORTATION
U. S. COAST GUARD
CG-5304 (11-81)

U. S. COAST GUARD NAFA
OPEN TO BUY

DATE

ACTIVITY

DEPARTMENT

MONTH

ESTIMATED SALES _____
+ ESTIMATED ENDING INVENTORY _____
- OPEN PURCHASE ORDER _____
- BEGINNING INVENTORY _____
= OTB _____

LEGEND OF REASONS

(1) Transfers
(2) Returns
(3) Markdowns
(4) Sales Adjustments
(5) Markups
(6) P.O. Cancellations
(7) Other *(Specify)*

DATE	PURCHASES	BLANKET PURCHASES	ADJUSTMENTS		OTB BALANCE
			REASON	AMOUNT	

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Figure 43-A
3

PRICE REDUCTION GUIDELINE FOR CONTROLLING INVENTORY

CATEGORY	1st M/D	2nd M/D	3rd M/D	FOR PLANNING PURPOSES ANNUAL M/D AS A % TO DEPT SALES
Food Items	10%	3 wks 10%	3 wks 10%	2%
HBA Basic				1%
Necessity Items	10%	4 wks 10%	4 wks 10%	
HBA Other				2%
Gifts	15%	4 wks 10%	4 wks 10%	
Colognes	15%	4 wks 10%	4 wks 10%	
Perfumes	15%	4 wks 10%	4 wks 10%	
Dresser Sets	15%	4 wks 10%	4 wks 10%	
Vitamins	10%	4 wks 10%	4 wks 10%	
Beauty supplies	10%	4 wks 10%	4 wks 10%	
Men's & Boy's Clothing				
Initial M/D 4 weeks before end of season				10%
Jeans	15%	3 wks 15%	3 wks 10%	
T-Shirts	15%	3 wks 15%	3 wks 10%	
Shirts	25%	3 wks 20%	3 wks 10%	
Pants/Trousers	25%	3 wks 15%	3 wks 10%	
Shoes	20%	3 wks 15%	3 wks 10%	
Outerwear	30%	3 wks 30%		
Sweaters	30%	3 wks 30%		
Swimwear	30%	2 wks 30%		
Specialities, Jewelry, Gifts				4%
Clocks	15%	4 wks 10%	4 wks 10%	
Watches	15%	4 wks 10%	4 wks 10%	
Costume Jewelry	20%	4 wks 10%	4 wks 10%	
Small Leather Goods	20%	4 wks 10%	4 wks 10%	
Stationery, Office/School Supplies				2%
Photo Albums, Frames	10%	4 wks 10%	4 wks 10%	
Seasonal Decorations	20%	2 wks 10%	2 wks 10%	
Party Favors-costumes	20%	2 wks 10%	2 wks 10%	

Figure 44-1

PRICE REDUCTION GUIDELINE FOR CONTROLLING INVENTORY

CATEGORY	1st M/D	2nd M/D	3rd M/D	FOR PLANNING PURPOSES ANNUAL M/D AS A % TO DEPT SALES
Women's, Girl's and Children's Clothing				
Initial M/D 4 weeks before end of season				15%
Jeans	20%	3 wks 20%	3 wks 15%	
Tops	20%	3 wks 20%	3 wks 15%	
Dresses	25%	3 wks 25%	3 wks 20%	
Co-ordinates	25%	3 wks 25%	3 wks 20%	
Swimwear	30%	2 wks 30%		
Sweaters	30%	3 wks 30%		
Outerwear	30%	3 wks 30%		
Intimate Apparel	20%	3 wks 15%	3 wks 15%	
Robes	20%	3 wks 10%	3 wks 10%	
Electrical Appliances, Housewares, Lamps	15%	4 wks 15%	4 wks 15%	3.5%
Sporting Goods, Audio Equipment, Luggage Photographic & Optical equipment	15%	4 wks 15%	4 wks 15%	5%
For year end clearance of slow selling Kodak Cameras and accessories, Kodak impact funds are available.				
Hardware, Electrical Supplies, & Automotive Accessories	10%	4 wks 10%	4 wks 10%	3%
Lawn Care	15%	3 wks 15%	3 wks 15%	4%

Figure 44-1

INVENTORY CLEARANCE AND MARKDOWN PROCEDURE

1. Purpose: To establish a mechanism for holding inventory clearance sales and prescribe required procedures for controlling and accounting for the value of the markdowns used as an incentive to clear inventories.

2. Discussion.

   a. The selection of merchandise for resale is in many cases an educated guess with respect to what the patron prefers and the price that he/she is willing to pay for it. As such, retailers are vulnerable to changes in customers preferences and changes in the market place which reduce the desirability of certain inventories, cause sales to stagnate and thus impair the activity from introducing new items or replenishing existing stocks of needed items due to the shortage of working capital.

   b. A successful business is willing to manage these risks and when a problem is discovered to take appropriate action to clear those inventories either by returns to vendors for credit or by reducing prices to recover working capital. Markdowns are a means to stimulate sales and to systematically reduce or eliminate slow-moving, damaged, shopworn, or out-of-season merchandise. The patron benefits from bargain prices and the NAFA benefits from an improved cash position. Consult the benchmark ratios in Enclosures (10) and (45) for further guidance concerning minimum inventory turnover rates and maximum stock-to-sales ratios.

   c. Once a decision is made to liquidate or reduce certain inventories, emphasis is then focused on finding the right price at which the merchandise will sell. Figure 44-1 is provided as a guide for the percentage of markdown and the frequency of subsequent markdowns, if the merchandise fails to move after the initial price reduction. Remember, returns to vendors are usually less costly than progressive markdowns.

3. Control and Accounting

   A Markup/Markdown Voucher (CG-5305) in Figure 44-2 is used by the activity manager to authorize the markdown, as an input to the accounting office to capture the amount of gross profit lost, and by the purchasing staff as a history file for reference when placing future orders. Specific instructions for completing the form are as follows:

   a. Special Sale--(e.g., Coast Guard Day) list the sale items in column (2); the original retail price, old price and price difference in columns (3), (4) and (5) respectively. Record the beginning on hand quantity prior to the start of the sale in column (6). After the sale event, record the ending on hand quantity in column (7). Any sale merchandise received during the event should be added to the beginning on hand quantity. The number of items sold during the event is the difference between columns (6) and (7). The amount of the sale markdown is equal to the number of items sold times the selling price difference in column (5).

   b. End of season, slow moving, end sizes and damaged merchandise are permanently marked down for clearance. Columns 2, 3, 4 and 5 are completed in the same manner described above. After the markdowns have been approved, the actual quantity of merchandise reticketed is entered in column (7). Column (7) times column (5) equals the amount of the markdown.

4. Helpful Hints.

a. High traffic locations should be used to display clearance merchandise when there are large quantities on hand. As quantities diminish, clearance areas can be located in rear areas of the store.

b. Clearance areas and racks should be kept neat and orderly. Merchandise should be signed on all racks.

c. Clearance merchandise should be reticketed with the same color tickets. If this is not practical, markdown prices can be entered on the original price ticket with ink. Line out the original sell price.

d. Enter the markdown date on the ticket so that subsequent markdowns, if needed, can be taken in a timely manner.

e. When marking down wearing apparel, establish common pricing points when possible.

f. All clearance merchandise should show the percentage of price reduction. (e.g. 25% off)

g. The use of end caps is ideal for displaying clearance merchandise.

h. Special sale events for weekends, pay days or one and two week periods can be used for reducing excess inventory of both slow selling or stable merchandise.

5. Use of Markdown Information. Recorded markdown should be filed and reviewed prior to purchasing goods of the same or similar type. This is particularly advantageous when preparing purchase orders for seasonal goods and wearing apparel. For example, when ordering spring wearing apparel, the following data is reviewed to determine order quantity:

a. Last year sales.

b. Factors affecting last year sales.

(1) Late receipt of merchandise.

(2) Unfavorable weather conditions.

c. Amount of inventory on hand at the end of the selling season.

d. Amount of markdowns taken last year to clear end of season goods.

e. Projected sales for this year. Low markdowns and ending inventory would indicate that last year's purchases were reasonably well done. However, excessive markdowns and ending inventory would indicate that purchases last year were too high. Adjustments need to be made depending upon individual circumstances. The purchasing of seasonal goods and wearing apparel needs thoughtful consideration and planning.

DEPARTMENT OF TRANSPORTATION
U. S. COAST GUARD
CG-5305 (12-80)

U. S. COAST GUARD NAFA MARKUP/MARKDOWN VOUCHER

DATE

ACTIVITY | DEPARTMENT NUMBER | CONTROL NO

THIS SHEET IS A (Check one)

[ ] MARKUP [ ] MARKDOWN

REASON FOR ACTION

A END OF SEASON
B SLOW MOVING
C END SIZES
D SPECIAL SALE
E DAMAGED
F OTHER (Specify in "Remarks")

1 MANUFACTURERS AND MODEL NO	2 ITEM DESCRIPTION	3 OLD RETAIL	4 NEW RETAIL	5 DIFFERENCE	6 QTY	7 ACCT QTY MARKED	8 EXTENDED	9 REASON	10 ADDITIONAL REMARKS
			TOTAL					ACTUAL TOTAL	

ACTION TAKEN BY | MARKED AND COUNTED BY | ACTIVITY MANAGER | NAFA OFFICER

COPY 1 - Accounting

SN 7530-01-GF3-0130

Figure 44-2

MERCHANDISE SELLING DEPARTMENTS

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1. Definitions.

   a. Merchandise Selling Departments. Merchandise selling departments are established to divide the total retail merchandise assortments into manageable segments. Each merchandise selling department is a significant group, in terms of related goods or percent of sales and/or inventory, of homogeneous retail items.

   b. Standard Departments. To facilitate possible cross-servicing of goods, personnel training, and general comparability within Coast Guard NAFA, nineteen standard departments have been established for use by all Coast Guard NAFA's. The nineteen standard departments consist of the following: eleven for retail exchanges, two for package stores, and six for the grocery operations. Figure 45-1 is a listing of all departments.

2. Department Management.

   a. Departmentalization can be used as a tool for accomplishing the following:

      (1) To develop historical trends for future use in recognizing seasonal and other sales fluctuations which are important to budget accomplishment.

      (2) To consider the sales, along with other factors, in allocation of selling space to the major merchandise departments.

      (3) To make sales comparisons with other similar exchanges for the purpose of determining areas for potential improvement.

      (4) To provide a basis for determining department inventory to sales ratios. Such ratios can serve to identify areas (i.e., inventory overages and/or shortages) requiring further action.

   b. The departmental sales percentages and the inventory to sales ratios will vary according to the number of departments carried and the local exchange master stock assortment of authorized items (merchandise mix). Stock assortment planning is covered in Enclosure (42) and authorized items in enclosure (41). Figure 45-2 provides departmental sales ratios for a normal exchange "full line" store. The package store departments and the grocery departments are not included. However, since much of the merchandise is "high turnover," the inventory to sales ratios for the package store and grocery are approximately 1 to 1.

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3. Implementation Procedures.

a. Rearrange merchandise in the warehouse and on the sales floor according to departments. Since merchandise departments are designed according to related item and type of goods, very little rearranging should be necessary. (See Enclosures 46 and 47.)

b. Maintain dollar inventory control, open-to-buy, master stock assortments, and merchandise unit control records according to authorized selling departments.

c. Print the proper department number on the price tag of the item so that it can be identified at the register.

d. Program registers so that each selling department can be recorded in the register at the time of sale. If registers are not capable of recording all departments, combine those departments with the smallest sales volume. When cash registers are replaced, insure new registers have the capability to handle all departments.

e. Prepare all paperwork according to selling departments. This includes purchase orders; inventory sheets; returns to vendors; refund, transfer, and price change vouchers; etc.

4. Authorized Modifications.

a. The expansion of authorized departments by larger exchanges can be accomplished by establishing sub-departments as extensions to the basic NAFA standard departments. The NAFA Officer should ensure that the additional sub-departments will generate results that justify the extra work that is involved.

b. The NAFA Officer may make an exception to the requirement for departmental sales recording by satellite operations.

5. Merchandise Crossover Chart.

a. Many of the Coast Guard NAFA Exchanges subscribe to the Navy (NAVRESSO) Price Agreement Bulletins (PAB's). These bulletins are issued in the NAVRESSO department groupings and sequence. The merchandise crossover chart, figure 45-3, is provided to facilitate converting the NAVRESSO departments to the required Coast Guard NAFA selling departments.

NAFA STANDARD DEPARTMENTS (MERCHANDISE SELLING DEPARTMENTS)

01	Cigarettes, Tobacco Items
02	Candy, Snack Foods
03	Health and Beauty Aids
04	Men's Clothing, Military, Shoes & Boyswear over size 14
05	Specialties, Jewelry, Gifts
06	Stationery, Office/School Supplies & Equipment, Magazines, Cards
07	Women's Clothing, Girlswear, Children's Clothing & Domestics
08	Household Cleaning, Appliances, Housewares, Lamps
09	Luggage, Audio, Photographic Items, Sporting Goods, Leisure
10	Beverages
11	Hardware, Electrical, Automotive, Pet, Garden
12	Wine
13	Liquor
20	Grocery
21	Dairy Products
22	Bakery
23	Meat
24	Produce
25	Frozen Foods

Figure 45-1. NAFA Standard Departments (Merchandise Selling Departments)

MERCHANDISE DEPARTMENT AND INVENTORY TO SALES RATIOS

#	Department	Full Line Store Sales %	Average Inventory to Sales Ratio
1	Tobacco	10	0.65
2	Food	3	1
3	Health & Beauty	9	2.5
4	Military, Menswear, Boyswear (over size 14), all shoes	14	4
5	Jewelry and Small Leather	4	3
6	Stationery	6	2.5
7	Ladieswear, Girlswear, All Childrenswear (up to size 14) Domestics	10	3
8	Household, Appliances, Lamps	13	2.5
9	Leisure Goods, Photo, Audio, Toys Luggage, Sporting Goods	14	3
10	Beverages	9	.75
11	Hardware, Electrical Accessories, Automotive Items, Garden, Pet Supplies, All Power Tools	8	2.5

Figure 45-2. Merchandise Departments and Inventory to Sales Ratios

MERCHANDISE CROSSOVER CHART 22 JUN 1982

	NAVY DEPARTMENTS			COAST GUARD DEPARTMENTS
A1	Candy and Confections		2	
A2	Tobacco and Smoking Accessories		1	
A4	Convenience Food Products		2	
A4	Soft Drinks		10	
A4	Frozen Foods		25	Grocery Group
A4	Regular Grocery Items:	Grocery	20	
		Dairy Products	21	
		Bakery	22	
		Meat	23	
		Produce	24	
		Frozen Foods	25	
B1	Cameras and Photographic Accessories		9	Leisure
B2	Flatwear Sets, Silver Plate Servers, Bowls, Trays and Clocks		5	Bathroom Items and Outdoor Living
B2	Mirrors, Picture Frames		6	
B3	Sporting Goods		9	Leisure
B4	Electrical Appliances		8	
B4	Electrical Supplies		11	
B4	Water Pik, Hairdryers		3	HBA
B4	Fans, Cookers, and Warmers		8	
B5	Consumer Electronics, Musical Instruments and Accessories		9	Radios, Records, Tapes, Phonographs & Accessories
C1	Luggage		9	Leisure & Travel Items
C1	Small Leather		5	Billfolds
C2	Stationery		6	Calculators & Typewriters
C3	Books, Periodicals & Greeting Cards		6	
C4	Hardware, Garden & Pet Supplies		11	Power Tools & Paint
C5	Toys and Wheel Goods		9	Leisure and Hobby
D1	Toiletries and Drugs		3	HBA
D1	Shoe Cleaners, Polishes and Laces		8	
D2	Jewelry, Watches & Clocks		5	All jewelry
D2	Lighters		1	
D3	Household Supplies & Paper Products		8	
D3	Cleansing Tissue		3	HBA
D4	Fine Jewelry		5	
D5	Fragrances and Cosmetics		3	

Figure 45-3

22 JUN 1982

MERCHANDISE CROSSOVER CHART

	NAVY DEPARTMENTS	COAST GUARD DEPARTMENTS
E1	Uniforms & Uniform Accessories	4
E2	Men's wear & Accessories, Boy's Wear over Size 14	4
E3	Intimate Apparel and Accessories	7
E4	Domestics	7
E5	Infant's and Children's Wear to Size 14	7
E7	Family Shoes	4
E8	Women's Ready-to-Wear	7
F2	Fabrics and Sewing Accessories	7
J	Automotive	11
K5	Beverages, Beer	10
K5	Wine	12
K5	Liquor	13

Figure 45-3

MARKUP SCHEDULE AND PRICING GUIDE

1. This enclosure provides a model variable markup pricing guide that can be adopted by Coast Guard NAFA Exchanges. It is designed such that the lowest markups, which are on staple items, should be sufficient to offset the every day cost of doing business while the higher markups, which are on luxury items, still provide retail prices that are less than the normal sell price of the private sector. The use of these schedules should result in balanced retail prices that produce the necessary income, yet still provide Coast Guard NAFA patrons with authorized goods at reasonable prices. This markup schedule provides about a 19.5% gross profit for a "full line store with a normal merchandise sales mix". Coast Guard exchanges should adopt this mark up policy or one similar to it.

2. The use of a constant markup percentage for a single department or store results in both under pricing and over pricing and is generally not to be used. Any exchange may use NAVRESSO Price Agreement Bulletins (PAB's), National Contract or VOX sell prices at their discretion. Adjustments may be necessary to any pricing system when they are indicated by the results of the annual retail price comparison survey that is described in Enclosure (54) to this Manual. Package stores and grocery sections should not use this model.

3. Figures 46-1 and 46-2 are the markup schedule and pricing guide. The markup schedule designates an alphabetical markup and a numeric freight factor for the retail items in each selling department and category of merchandise. The pricing guide is a table that simply speeds up the sell price computation process.

4. The markup schedule lists authorized merchandise and gives a freight factor and the alphabetical markup which identifies the table column to use on the pricing guide. The following departments of merchandise are in this schedule:

1. Tobacco
2. Food
3. Health & Beauty
4. Military-Mens Wear Boys Wear, Shoes
5. Jewelry
6. Stationery
7. Ladies/Girls/Childrens Clothing
8. Household/Appliances
9. Leisure/Photo/Audio/Toys/Luggage
10. Beverages
11. Hardware/Auto/Garden/Pet

The two columns to the right of the markup schedule indicate the freight factor and the markup table. The freight factors need only be applied when the exchange must pay the shipping cost (FOB origin), and therefore do not apply when the terms are FOB destination. In order to establish the sell price for an FOB origin (shipping point) item, the item is located in the markup schedule to determine the freight number and markup letter. The cost price is then located in the appropriate column (identified by the markup letter) of the pricing guide, and an initial sell price (without freight) is shown in either of the outside columns. The freight adjustment is made by moving down the price scale the number of the price points indicated by the freight factor number. The new higher sell price will now include an allowance for freight.

4. (Cont'd)

Example:

Item: Lighter (Smoking Accessories)

Terms: FOB origin (Shipping Point or Pre-Paid)

Freight Factor: 2

Markup Table: D

Cost Price: $1.87

Initial Sell Price: $2.35 (If order was FOB destination then this would be the sell price)

Sell Price after moving down the price scale the two price points indicated by the freight factor. $2.45 (Two price points advanced for sell price with freight factor applied)

MARKUP SCHEDULE		Department 1: Cigarettes, Tobacco Items				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
10	Smoking Accessories: Ashtrays, Cigarette Cases, Cigarette Boxes, Humidors, Lighters, Pipes, Pipe Racks, Tobacco Pouches, Flints & Wicks, Lighter Fluid, Cigar or Cigarette Holders, Tobacco Moisteners, Cigarette Paper, Pipe Cleaners, & Pipe Filters				2	D
10	Matches (Exclusive of those made of precious metals)				2	C
11	Tobacco Products: Cigarettes, Chewing Tobacco, Smoking Tobacco, Snuff, Cigars & Cigarellos				2	D
	Tobacco: Chewing, Pipe, Cigarette & Snuff				2	D

Figure 46-1. Markup Schedule (Sheet 1 of 27)

MARKUP SCHEDULE		Department 2: Candy, Snack Foods				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
20-28	Food & Confections					
20	Fruit Cakes, Fruit & Nut Breads (3 lb)				3	D
20	Candy & Cough Drops				3	D
20	Chewing Gum				3	D
20	Cookies or Crackers				3	C
20	Nuts, Popcorn, & Chips				3	C
20	Snack-Type Packaged Food Items				1	C
20	Seasonal Candy				3	D
21	Ground Coffee				1	B
21	Cereals (12 oz) & Instant Bkfst (8 oz)				1	C
21	Groceries (nonperisable): Canned Milk, Canned Fruits, Jellies, Canned Fish, & Meat				1	B
21	Baby Food				1	C
21	Vienna Sausage				1	B
21	Frankfurters - luncheon meats (8 oz)				1	B
21	Ground Coffee				1	B
21	Instant Coffee & Substitutes (6 oz)				1	B
21	Instant Tea & Cocoa (8 oz)				1	B
23	Juices & Fruit Beverages (32 oz)				1	C

Figure 46-1. Markup Schedule (Sheet 2 of 27)

MARKUP SCHEDULE		Department 2: Candy, Snack Foods (continued)				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
24	Eggs				1	B
24	Ice Cream (1/2 gallon)				1	C
24	Cheese, Packaged (8 oz)				1	C
24	Cheese, Cottage (16 oz)				1	C
24	Milk & Chocolate Milk (1/2 gallon)				1	B
26	Bread, Cakes, Pastries, Doughnuts, Rolls, Pies, & Quick Breads				1	B
27	Bacon (16 oz)				1	B
27	Pork Sausage, Liver Sausage (8 oz)				1	B
27	Spreads & Dips (12 oz)				1	C
28	Salt & Pepper				1	C
28	Condiments: Ketchup & Vinegar (14 oz) Mustard & Horseradish (4 oz)				1	C
28	Mayonnaise (16 oz)				1	C
28	Honey & Syrup (12 oz) (including chocolate syrup)				1	C

Figure 46-1. Markup Schedule (Sheet 3 of 27)

MARKUP SCHEDULE		Department 3: Health and Beauty Aids				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
30	Dental Items: Floss, Dentifrices, Mouthwash, Antiseptics, & Breath Fresheners				2	C
31	Hair Care Items: Brushes, Preparations (Nets & Pins), Shampoos, Rinses, Hair Color, Dressings, Tonics & Sprays, Hair Clippers & Scissors				2	C
31	Water Pics & Acc.: Electric Shavers, Hair Setters, Stylers & Dryers, Lighted Mirrors, Curling Irons, & Electric Toothbrushes				2	C
31	Wigs, Falls, Wiglets, Chignons, Etc.				2	D
32	Shaving Supplies: Lotions, Razors & Blades, Talcom Powder, & Accessories				2	C
33	Bath Toiletries: Soaps, Deodorants, Containers, & Hand Lotions (exclusive of any container made of precious metals)				2	C
34	Cosmetics				2	D
34	Depilatories & Leg Makeup, Powder, & Puffs				2	C
35	Nail Care Accessories: Nail Polish, Remover, Implements & Manicure Sets				2	C

Figure 46-1. Markup Schedule (Sheet 4 of 27)

MARKUP SCHEDULE		Department 3: Health and Beauty Aids (continued)				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
36	Sanitary Items, Anti-septics, Napkins, Douche Bags, Syringes, Belts, & Panties				2	B
37	Drug Sundries: Vitamins & Baby Supplies Remedies (as approved by the Surgeon General). Includes Cold Remedies & Smoking Deterrents				2	B
37	Laxatives & Suppositories				2	C
39	Misc. Toiletries: Suntan Lotions & Screens, Lip Pommade, & Petroleum Jelly				2	D
39	Prophylactics				2	D
39	Gift Sets				2	D
39	Wetting Solutions				1	C
39	Foot Powder & Aids				2	B
39	Rubs, First Aid Supplies, & Absorbant Cotton				1	C
39	Sunglasses				2	C
39	Dresser Sets				2	D
39	Cleansing Tissue, Wipe & Dipe, Wet Ones, & Sight Savers				2	C
39	Brushes: Hand, Nail & Bath, & Pocket Combs				2	C
39	Compacts, Powder Boxes, & Cosmetic Containers				2	D

Figure 46-1. Markup Schedule (Sheet 5 of 27)

MARKUP SCHEDULE		Department 3: Health and Beauty Aids (continued)				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
39	Colognes & Toilet Waters, Perfumes				2	E
39	Skin Fresheners, Creams & Lotions				2	C
39	Atomizers				2	D

Figure 46-1. Markup Schedule (Sheet 6 of 27)

MARKUP SCHEDULE		Department 4: Men's Clothing, Military				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
40	Men's Clothing & Outerwear:					
	Jackets, Raincoats, "All Weather Coats				2	E
	Men's multipiece sets				2	E
	Sports Coats - Blazers				2	E
	Pants for Sport/Casual Wear				2	E
	Shorts & Trunks				2	E
	Athletic Wear, Warmup Suits				2	D
	Jeans				2	D
41	Men's Furnishings & Accessories:				2	E
	Belts				2	D
	Handkerchiefs				2	D
	Headwear: Other				2	D
	Rain				2	D
	Mufflers				2	D
	Neckties				2	E
	Pajamas				2	D
	Robes				2	E
	Shirts, Dress				2	E
	Shirts, Sport				2	E
	Socks				2	D
	Suspenders				2	D
	Athletic Supporters				2	D
	Sweat Shirts & Pants				2	C
	Gym Shorts				2	C
	Sweaters	$ 37.65			2	E
	Swim Suits & Trunks				2	E
	Umbrellas				2	E
	Underwear				2	D
44	Boyswear (Children's Clothing)				2	C
	Outerwear, Underwear, Socks, & Pajamas				2	B

Figure 46-1. Markup Schedule (Sheet 7 of 27)

MARKUP SCHEDULE		Department 4: Men's Clothing, Military (continued)				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
45	Footwear:					
	Shoes, Mens/Ladies				2	D
	Boots, Mens/Ladies				2	D
	Overshoes & Rubbers				2	D
	Slippers				2	D
	Athletic Shoes, Mens/Ladies				2	D
	Children's/Infants' Footwear				2	C
46	Military Footwear				2	C
47	Military Insignia				1	C
48	Military Uniforms				1	C
49	Military Clothing & Accessories: Gloves, Cuff Links, Cap Covers, Ties, Shirts, & Socks				1	C

Figure 46-1. Markup Schedule (Sheet 8 of 27)

MARKUP SCHEDULE		Department 5: Specialties, Jewelry, Fragances, Gifts				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
52	Clocks (Exclusive of Precious Metals)				2	D
52	Watches				2	D
53	Watchbands & Identification Jewelry:					
	Watchbands *	$ 5.32			1	E
	Identification Chain *	$ 3.37			1	E
53	Key Rings				1	E
53	Braclets *	$ 6.73			1	E
54	Costume Jewelry, Men's & Boy's:					
	Rings, Diamond	1/2 Carat			1	E
	Rings, Other *	$ 45.50			1	E
	Clips, Pins *(Tie or Collar)	$ 4.71			1	E
	Cuff Links (Nonmilitary) *	$ 6.73			1	E
	Nonuniform with Military Insignia *	$16.67			1	D
	Tie Tacks & Tie Bars				1	E
55	Costume Jewelry, Ladies, Girls, Infants:					
	Rings, Diamond	1/2 Carat			1	E
	Rings, Other *	$45.50			1	E
	Earrings *	$ 6.73			1	E
	Necklaces *	$ 6.73			1	E
	Pendants (Pins) *	$ 6.73			1	E
	Bracelets *	$ 6.73			1	E
	Clips or Pins, Tie or Collar *	$ 4.71			1	E
	Military *	$16.67			1	E
	Charms *	$ 2.82			1	E
	Lockets *	$ 6.73			1	E
	Jewelry Boxes				1	E
56	Small Leather Goods:				2	E
	Key Containers				2	E
	Money Belts				2	E
	Wallets				2	E
	Wallet Inserts				1	E

Figure 46-1. Markup Schedule (Sheet 9 of 27)

MARKUP SCHEDULE		Department 5: Specialties, Jewelry, Fragances, Gifts (continued)				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
58	Flatware: Silver Plate, Gold Plate Sets (34 piece limit) incl. Chest				2	E
	Decorative Houseware Accessories				2	E
58	Serving Pieces/Accessories (incl. sets) Childrens and Holloware				2	E
59	Jewelry, Religious (Laymen only)				1	D

Current cost limit for those jewelry items marked with an asterisk will be computed on the first day of each month based on the lowest full multiple of the Handy and Harman base price of gold on that date in relation to the 1967 base price of $35 per ounce. (For example, gold at $500 per ounce is 14 times the 1967 base price of $35. The cost limit on bracelets would therefore be 14 X $6.73, or $94.20).

Figure 46-1. Markup Schedule (Sheet 10 of 27)

MARKUP SCHEDULE		Department 6: Stationery, Office/School Supplies and Equipment, Magazines, Cards				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
60	Paper, Office, Home, School Supplies: Crayons, Scrapbooks, Scotch Tape, Photo Albums, Mounting Aids, Steno & Composition Pads, Note Tablets				2	C
61	Other Office, Home, & School Supplies: Binders & Accessories, Thumb Tacks, Photo Frames, File Folders, Staples				2	C
	Calculators				2	C
	Typewriter, Portable				$5.70	C
	Typewriter Paper, Ribbon, Carbon, & Supplies				2	C
62	Pens, Pencils, Marking Supplies, & Ink:				2	C
	Pencils, Mechanical				1	D
	Pens, Holders, & Desk Sets				1	D
63	Stationery, Diaries, & Calendars				2	D
63	Kraft & Special Purpose Envelopes				2	D
64	Wrapping & Packaging Supplies Cartons & Boxes				2	D
65	Seasonal Decorations, & Candles				3	E
65	Party Favors, Costumes & Masks				2	D
66	Drawing, Art Supplies, & Modeling Clay				2	D

Figure 46-1. Markup Schedule (Sheet 11 of 27)

MARKUP SCHEDULE		Department 6: Stationery, Office/ School Supplies and Equipment, Magazines, Cards (continued)				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
67	Greeting Cards, Individual, & All Occasion, incl. Postal Cards, Gift Wrap & Party Supplies Cards Marked — Sell $ .15 — $ .15 .20 — .20 .25 — .25 .35 — .30 .40 — .35 .50 — .45 .60 — .55 .75 .90 — .65 .75 .90 1.00 — 1.10 1.25 — 1.30 1.50 — 1.75 2.00 — 2.20 2.50 — 2.60 3.00 — 3.00 3.50 3.50 4.00 — 4.25 5.00 6.50 — 5.50				2	D
68	Books & Publications: PRICE CHART-POCKETBOOKS & PERIODICALS Cover Price — Exchange Sell up to $.30 — Cover Price $.30 - $.75 — $.05 off Cover Price .76 - $1.00 — .10 off Cover Price 1.01 - 1.75 — .15 off Cover Price 1.76 - 2.25 — .20 off Cover Price 2.26 - 3.00 — .25 off Cover Price Over 3.00 — 10% off Cover Price				2	C

Figure 46-1. Markup Schedule (Sheet 12 of 27)

MARKUP SCHEDULE		Department 6: Stationery, Office/ School Supplies and Equipment, Magazine, Cards (continued)				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
69	Miscellaneous Stationery & Supplies: Playing Cards, Training Aids, Rulers, Compasses, Protractors, Dice, Poker Items, Cribbage Boards, Stamps, Stamp Pads, Ink, Clothing, Markers, & Wall Mirrors				2 2	C D

Figure 46-1. Markup Schedule (Sheet 13 of 27)

MARKUP SCHEDULE		Department 7: Women's Clothing and Children's Clothing				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
72	Ladies' Outerwear:					
	Dresses: Sports, Casual, & Sets				2	E
	Dresses: Maternity				2	D
	Jackets, Raincoats, "All Weather" Coats				2	E
	Pants: Sports, Casual				2	E
	Shirts & Blouses, Dress				2	E
	Shirts & Blouses, Sport				2	E
	Culottes, Shorts, Trunks				2	E
	Skirts, Sport				2	E
	Sweaters				2	E
	Swimsuits				2	E
	Jeans, Gym Shorts				2	D
	Bath, Sandals				2	D
73	Ladies' Lingerie, Intimate Apparel:					
	Girdles, Garter Belts (Except Maternity)				2	D
	Brassieres (Except Maternity)				2	D
	Panties, Panty Hose				2	D
	Slips				2	D
	Underwear				2	D
	Socks, Stockings, Peds, & Slipperettes				2	C
	Pajamas				2	C
	Robes				2	D
	Gowns				2	E
	Handkerchiefs				2	E
	Handbags				2	E
	Gloves				2	E
	Belts				2	D
	Umbrellas				2	E
74	Boyswear up to Size 14				2	C
75	Girlswear (Childrenswear to Size 14), Outerwear, & Underwear				2	C
					2	B

Figure 46-1. Markup Schedule (Sheet 14 of 27)

MARKUP SCHEDULE		Department 7: Women's Clothing and Children's Clothing (continued)				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
76	Infants/Toddlerswear, Outerwear, Underwear-Sleepers, Diapers, Feeding & Nursery				2	C
	Infant Bottles & Nipples				2	B
					2	B
79	Linens & Domestics: Aprons, Potholders, Coasters, Dishcloths, Doilies				2	D
	Linens, Table				2	E
	Placemats, Cushions				2	C
	Towels, White				2	C
	Towels, Fancy				2	D
	Washcloths				2	C
	Bathroom Throw Rugs, Lid Covers & Sets, Shower Curtains, & Bathmats				2	D
	Blankets, Sheets, Pillows, & Spreads				2	D
	Pillowcases				2	D
79	Fabric, Notions, Sewing & Knitting Accessories				$8.00	C
79	Sewing Machines, Attachments & Accessories (incl. Cabinets)				1	D
79	Curtains & Shades (except Blinds)					

Figure 46-1. Markup Schedule (Sheet 15 of 27)

MARKUP SCHEDULE		Department 8: Household Cleaning, Appliances, Housewares, Lamps				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
80	Dinnerware, Glassware, & Flatwear:					
	Dinnerware: 4-Piece Place Setting				3	C
	5-Piece Place Setting				3	C
	6-Piece Place Setting				3	C
	Serving Accessories				3	D
	Glasses, Drinking				3	C
	Stainless Steel Flatwear, Includes Chest (limit 34 pieces)				3	D
81	Kitchenware, Pots, Pans, & Nonelectric Appliances: Rubber, Metal, or Plastic Accessories Kitchen: Pots, Pans, Bowls, Pitchers, Can Openers, Spatulas, Egg Beaters, Food Choppers, Cutlery & Gadgets, Cookware, & Bakeware				3	C
82	Household Novelties & Gift Items: Decorative Houseware Accessories & Woodenware				2	D
83	Cleaning & Preserving Supplies & Polish (Shoe & Metal, Brushes), Rubber Gloves, Dust Cloths, Mops, & Sponges				3	C
83	Laundry Supplies, Soaps, Detergents, Bleaches, & Softeners				3	C

Figure 46-1. Markup Schedule (Sheet 16 of 27)

MARKUP SCHEDULE		Department 8: Household Cleaning, Appliances, Housewares, Lamps (continued)				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
83	Household Deodorants, Disinfectants, & Pesticides				3	C
83	Carpet Sweepers & Ironing Boards				2	C
83	Kitchen Stools, Clothes Dryers, & Hampers				$ 2.15	C
83	Shoe Trees, Laces, Horns & Cloths, Shoe Dye, & Fabric Dye				3	B
84	Household Products				2	C
84	Waste & Garbage Containers & Inserts				3	C
	Freezer Accessories				2	C
	Housewares & Accessories:				2	C
	Paper Products, Foil, & Candles, Closet Accessories				2	C
	Toilet Tissue				2	C
85	Traffic Appliances (Electrical), Can Openers, Knife Sharpeners, Irons, Hot Plates, & Heating Pads				2	C
	Floor Polishers & Shampooers				2	C
	Humidifiers, Roasters/ Broilers, & Accessories				2	C
	Food Processors, Mixers, Fans, Coffee Makers, Waffle Irons, Fry Pans, Griddles, & Toasters				2	C
	Vacuum Cleaners				3	C
	Electric Heaters				3	C

Figure 46-1. Markup Schedule (Sheet 17 of 27)

MARKUP SCHEDULE		Department 8: Household Cleaning, Appliances, Housewares, Lamps (continued)				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
85	Washing Machines, Small, Portable				$25.00	C
	All Other Electrical Appliances				3	C
86	Furniture (only as listed below):					
	Lamps, All Types				3	D
	TV Trays				3	C
	Baby Furniture: Clothes Dryers, Wood or Plastic Car Seats, Safety Gates, Bassinets, Car Beds, High Chairs, Mattresses, Play Pens, Strollers, Baby Baths, Cribs, Baby Buggies, Chest of Drawers, Walkers				3	C
	Bathroom Fixtures & Accessories				3	D
	All Other Cleaning & Maintenance Equipment (includes Rock Salt)				3	C
87	Clothing Hangers, Lines, & Pegs					
88	Massagers				3	D

Figure 46-1. Markup Schedule (Sheet 18 of 27)

MARKUP SCHEDULE		Department 9: Luggage, Audio, Photographic Items, Sporting Goods, Leisure				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
91	Sporting Goods & Camping Supplies:					
	Bicycles				$4.80	D
	Helmets & Accessories				3	C
	Fishing Equipment				2	D
	Picnic Items, includes Vacuum Bottles, Jugs, Ice Chests				$1.00	D
	Family Sports Equipment & Apparel				2	D
	Knives, Pocket or Sporting				2	D
	Indoor Sports, includes Bowling, Pool, Table Tennis				2	D
	All Other Items of Sports				2	D
	Recreational Equipment & Supplies:					
	Grills, Charcoal & Charcoal Lighter				3	D
	Outdoor Rotisseries/ Roasters/Broilers				$4.80	D
	Guns, Ammunition (Special Order Only): Subject to Special Provisions. Weapons Cleaning & Supplies				3	E
	Golf Clubs, Sets				3	D
	Tennis				2	D
	Ski Equipment				2	D
	Archery				2	D
	Surfboard				2	D
	Swimming Pools				2	D
	Aquatic Equipment				2	D
	Boating Equip. & Accessories				2	D
	Tents				2	D
	Coleman Type Products: includes Lanterns & Cookers (Fuel)				2	D

Figure 46-1. Markup Schedule (Sheet 19 of 27)

MARKUP SCHEDULE		Department 9: Luggage, Audio, Photographic Items, Sporting Goods, Leisure (continued)				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
91	Sleeping Bags (including Mattress)				2	C
93	Photographic & Optical Goods:					
	Cameras & Projectors				1	B
	Photographic Supplies & Film				1	C
	Optical Equipment - Microscopes				2	C
	Telescopes, Binoculars, Opera Glasses, Camera & Projector Accessories				1	C
	Darkroom Supplies & Equipment				1	C
	Mailers				1	C
94	Hobby Shop Items: Recreational Equipment & Supplies				2	C
95	Toys & Games: Velocipedes, Scooters, & Accessories				2	C
97	Radios, Phonographs, Instruments & Radios: Table, Portable, Auto, Auto Antennas, Speakers, Kits, & Accessories				2	C
	Phonographs-Stereos: Self-contained Units, includes Speakers (which may be detachable)				2	C
	Tape Recorders, includes Video Recorders				2	C

Figure 46-1. Markup Schedule (Sheet 20 of 27)

MARKUP SCHEDULE		Department 9: Luggage, Audio, Photographic Items, Sporting Goods, Leisure (continued)				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
97	Amateur Communication Equipment & Accessories (includes Citizen Band Radios & Antennas)				2	C
	Other Recreational Items (Musical Instruments)				1	C
	Recording Tapes, Game Cassettes				1	D
98	Records & Recorded Tapes:				1	D

SELL PRICE GUIDE

List Price	Sell
$1.98	$1.15
2.98	1.65
3.98	1.95
4.98	3.25
5.98	3.75
6.98	4.50
7.98	4.95
8.98	5.50
9.98	5.95
10.98	6.50
11.98	6.95
12.98	7.95
13.98	8.95
14.98	9.50
15.98	10.95
16.98	11.95
17.98	12.50
18.98	12.95
19.98	13.95

Figure 46-1. Markup Schedule (Sheet 21 of 27)

MARKUP SCHEDULE		Department 9: Luggage, Audio, Photographic Items, Sporting Goods, Leisure (continued)				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
98	Tapes, PreRecorded: 8-Track & Cassettes					
	List Price / Sell					
	$ 3.98 / $ N/A					
	4.98 / 3.50					
	5.98 / 4.25					
	6.98 / 4.75					
	7.98 / 5.50					
	8.98 / 5.95					
	9.98 / 6.95					
	10.98 / 7.50					
	11.98 / 7.95					
	12.98 / 8.95					
	13.98 / 9.50					
	14.98 / 10.95					
	15.98 / 11.95					
	16.98 / 12.50					
	17.98 / 12.95					
	18.98 / 13.95					
	19.98 / 14.50					
98	Luggage:					
	Luggage, Foot Lockers, Duffle Bags				3	D
	Trunks				3	D
	Kits, Toilet				2	D
	Bags, Garment & Laundry				3	D

Figure 46-1. Markup Schedule (Sheet 22 of 27)

MARKUP SCHEDULE		Department 10: Beverages				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
103	Beer				1	D
103	Soft Drinks				1	C

Figure 46-1. Markup Schedule (Sheet 23 of 27)

MARKUP SCHEDULE		Department 11: Hardware, Electrical, Automotive, Pet, Garden				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
00	Common & Miscellaneous Parts				2	D
00	Batteries				2	C
00	Tires				2	C
00	Inside & Outside Accessories				2	D
00	Safety Belts, Retractors, & Headrests				2	B
00	Accessories & Supplies				2	D
00	Oil				2	D
00	Generators, Refrigerants, & Antifreeze				3	C
01	Gauge Assemblies, Flashers, Directional Signals, Charging System, & Voltage Regulators				2	D
01	Starting System				2	D
01	Charging, Ignition & Related Items for Stationary Engine & Generator Units				3	D
01	Other Electrical Parts				2	D
02	Parts, Common, Fuel & Gaskets, Fuel & Exhausts				2	D
02	Carburetors & Kits				2	D
02	Fuel Pumps, Lines				2	D
02	Exhaust Pipes, Extensions, Related Items				2	D

Figure 46-1. Markup Schedule (Sheet 24 of 27)

MARKUP SCHEDULE		Department 11: Hardware, Electrical, Automotive, Pet, Garden (continued)				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
02	Brake Parts, Common, Gaskets, Bearings, Parking Brake, Standard Brake, Power Brake, Air Brake, & Vacuum				2	D
04	Gaskets & Bearings, Chassis & Suspension				2	D
04	Front End Parts				2	D
04	Chassis & Suspension Parts				2	D
05	Steering Parts, Common, Steering Gaskets, Bearings, Linkage, Gears, Oil Pump, Power Steering, & Other Steering Parts				2	D
06	Transmission Parts, Common, Standard Gaskets, Clutch, Rear Axle, & Bearings				2	D
06	Propeller Shaft & Universal Joints				2	D
07	Automatic Transmissions Parts				2	D
08	Engine Assemblies, Cylinder Block, & External Parts				2	D
08	Engine & Compressor Parts				2	D
09	Lamps, Lenses, & Market Lights				2	D
09	Speedometers, Trip Recorders, Motors, Windshield Wipers, & Heater Controls				2	D

Figure 46-1. Markup Schedule (Sheet 25 of 27)

MARKUP SCHEDULE		Department III: Hardware, Electrical, Automotive, Pet, Garden (continued)				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
09	Wheels, Wheel Caps, Steering Columns, Pedals, Radiator Grills, & Mouldings				2	D
09	Supplies & Accessories				2	D
111	Electrical Supplies: - Bulbs, Plugs, Outlets & Wire (includes Extension Cords)				2	D
112	Hardware, Tools, Garden, & Pet Supplies, Misc. Handtools & Sets				2	C
113	All Items of Garden & Manual Arts Equipment & Supplies (includes Sprinklers & Hoses)				3	C
	Pet Supplies - Aquariums & Supplies				3	D
	Flashlights, Bulbs, & Batteries				2	D
114	Power Tools, Outdoor Power Equipment (includes Edgers)				3	C
	Lawn Mowers & Snow Blowers				$4.80	C
115	Paints, Bases, Varnishes, & Stains				3	C
	Paint Brushes, Rollers, Pans & Access.				3	C
116	Mail Boxes, Planters (except Clay)				3	D

Figure 46-1. Markup Schedule (Sheet 26 of 27)

MARKUP SCHEDULE		Department 11: Hardware, Electrical, Automotive, Pet, Garden (continued)				
STOCK NUMBER PREFIX	ITEM DESCRIPTION	COST LIMIT			FREIGHT FACTOR	MARKUP TABLE
117	Household Hardware Items & Access. (includes Screws, Standards & Standard Brackets)				2	C
118	Padlocks				2	C
	Ladders				3	D
119	Garden Plants, Shrubs & Seeds, Fertilizers, & Chemicals & Sprays				3	C

Figure 46-1. Markup Schedule (Sheet 27 of 27)

PRICING GUIDE

	5%	10%	15%	20%	25%	
	A	B	C	D	E	
sell price is —	when item cost is up to but not over					— sell price is
$.01	$ .009	$.009	$.008	$.008	$.007	$.01
.02	.019	.018	.017	.016	.015	.02
.03	.028	.027	.025	.024	.022	.03
.04	.038	.036	.034	.032	.030	.04
.05	.047	.045	.042	.040	.037	.05
.06	.057	.054	.051	.048	.045	.06
.07	.066	.063	.059	.056	.052	.07
.08	.076	.072	.068	.064	.060	.08
.09	.085	.081	.076	.072	.067	.09
.10	.095	.090	.085	.080	.075	.10
.11	.104	.099	.093	.088	.082	.11
.12		.108	.102	.096	.090	.12
.13	.123	.117	.110	.104	.097	.13
.14	.133	.126	.118	.112	.105	.14
.15	.142	.135	.127	.120	.112	.15
.16	.152	.144	.136	.128	.120	.16
.17	.161	.153	.144	.136	.127	.17
.18	.171	.162	.153	.144	.135	.18
.19	.180	.171	.161	.152	.142	.19
.20	.190	.180	.170	.160	.150	.20
.21	.199	.189	.178	.168	.157	.21
.22	.209	.198	.187	.176	.165	.22
.23	.218	.207	.195	.184	.172	.23
.24	.228	.216	.204	.192	.180	.24
.25	.237	.225	.212	.200	.187	.25
.26	.247	.234	.221	.208	.195	.26
.27	.256	.243	.229	.216	.202	.27
.28	.266	.252	.238	.224	.210	.28
.29	.276	.261	.246	.232	.217	.29
.30	.285	.270	.255	.240	.225	.30
.31	.294	.279	.263	.248	.232	.31
.32	.304	.288	.272	.256	.240	.32
.33	.313	.297	.280	.264	.247	.33
.34	.323	.306	.289	.272	.255	.34
.35	.332	.315	.297	.280	.262	.35
.36	.342	.324	.306	.288	.270	.36
.37	.351	.333	.314	.296	.277	.37
.38	.361	.342	.323	.304	.285	.38
.39	.370	.351	.331	.312	.292	.39
.40	.380	.360	.340	.320	.300	.40
.41	.389	.369	.348	.328	.307	.41
.42	.399	.378	.357	.336	.315	.42
.43	.408	.387	.365	.344	.322	.43
.44	.418	.396	.374	.352	.330	.44
.45	.427	.405	.382	.360	.337	.45

Figure 46-2. Pricing Guide.

U. S. COAST GUARD
NAFA POSITION DESCRIPTION
RETAIL MANAGER
(UA 1182-___)

I. Position Summary

The incumbent orders, merchandises, and controls all phases of the retail business. The incumbent must have a thorough understanding of retail business practices and is expected to exercise initiative in attaining command goals and NAFA objectives. Work includes supervising of lower graded employees engaged in direct sales and support functions in a full service exchange and package store with _____ million dollars in annual sales.

II. Duties and Responsiblities

A. Directs and supervises employees engaged in price-marking, display, and sale of merchandise; sets up the work schedules so that adequate personnel are present at all times.

B. Responsible for on-the-job training of sales personnel; supervises assigned personnel in the performance of their duties and responsibilities; prepares employee performance ratings and recommends appropriate personnel actions.

C. Contacts vendors to ensure timely stock replishment of merchandise orders.

D. Supervises employees in taking periodic inventories, in the maintenance and analysis of cost records and in the preparation of reports and budgets incident to the operation of the retail activity.

E. Ensures that inventory control procedures are in effect. Monitors stock-to-sales ratios and initiates corrective action when ratio is high or trend is bad.

F. Responsible for forecasting sales, selecting new items and major buying programs. Works with procurement staff on merchandise purchasing activities and actual purchasing of certain merchandise categories. Coordinates with procurement staff to insure regular stock replenishment.

G. Supervises warehouse staff and provides direction on receiving and stocking highest priority merchandise and allocation of warehouse space according to dictates of season.

H. Is accountable for the security of cash, fixed assets, and merchandise inventory.

PRICING GUIDE

	5% A	10% B	15% C	20% D	25% E	
sell price is —	when item cost is up to but not over					— sell price is
$ .46	$ .437	$ .414	$ .391	$ .368	$ .345	$ .46
.47	.446	.423	.399	.376	.352	.47
.48	.456	.432	.408	.384	.360	.48
.49	.465	.441	.416	.392	.367	.49
.50	.475	.450	.425	.400	.375	.50
.51	.484	.459	.433	.408	.382	.51
.52	.494	.468	.442	.416	.390	.52
.53	.503	.477	.450	.424	.397	.53
.54	.513	.486	.459	.432	.405	.54
.55	.522	.495	.467	.440	.412	.55
.56	.532	.504	.476	.448	.420	.56
.57	.541	.513	.484	.456	.427	.57
.58	.551	.522	.493	.464	.435	.58
.59	.560	.531	.501	.472	.442	.59
.60	.570	.540	.510	.480	.450	.60
.61	.579	.549	.518	.488	.457	.61
.62	.589	.558	.527	.496	.465	.62
.63	.598	.567	.535	.504	.472	.63
.64	.608	.576	.544	.512	.480	.64
.65	.617	.585	.552	.520	.487	.65
.66	.627	.594	.561	.528	.495	.66
.67	.636	.603	.569	.536	.502	.67
.68	.646	.612	.578	.544	.510	.68
.69	.655	.621	.586	.552	.517	.69
.70	.665	.630	.595	.560	.525	.70
.71	.674	.639	.603	.568	.532	.71
.72	.684	.648	.612	.576	.540	.72
.73	.693	.657	.620	.584	.547	.73
.74	.703	.666	.629	.592	.555	.74
.75	.712	.675	.637	.600	.562	.75
.76	.722	.684	.646	.608	.570	.76
.77	.731	.693	.654	.616	.577	.77
.78	.741	.702	.663	.624	.585	.78
.79	.750	.711	.671	.632	.592	.79
.80	.760	.720	.680	.640	.600	.80
.81	.769	.729	.688	.648	.607	.81
.82	.779	.738	.697	.656	.615	.82
.83	.788	.747	.705	.664	.622	.83
.84	.798	.756	.714	.672	.630	.84
.85	.807	.765	.722	.680	.637	.85
.86	.817	.774	.731	.688	.645	.86
.87	.826	.783	.739	.696	.652	.87
.88	.836	.792	.748	.704	.660	.88
.89	.845	.801	.756	.712	.667	.89
.90	.855	.810	.765	.720	.675	.90

Figure 46-2. Pricing Guide.

PRICING GUIDE

	5% A	10% B	15% C	20% D	25% E	
sell price is —	when item cost is up to but not over					— sell price is
$ .91	$ .864	$ .819	$ .773	$ .728	$ .682	$ .91
.92	.874	.828	.782	.736	.690	.92
.93	.883	.837	.790	.744	.697	.93
.94	.893	.846	.799	.752	.705	.94
.95	.902	.855	.807	.760	.712	.95
.96	.912	.864	.816	.768	.720	.96
.97	.921	.873	.824	.776	.727	.97
.98	.931	.882	.833	.784	.735	.98
.99	.940	.891	.841	.792	.742	.99
1.00	.95	.90	.85	.80	.75	1.00
1.05	.99	.94	.89	.84	.78	1.05
1.10	1.04	.99	.93	.88	.82	1.10
1.15	1.09	1.03	.97	.92	.86	1.15
1.20	1.14	1.08	1.02	.96	.90	1.20
1.25	1.18	1.12	1.06	1.00	.93	1.25
1.30	1.23	1.17	1.10	1.04	.97	1.30
1.35	1.28	1.21	1.14	1.08	1.01	1.35
1.40	1.33	1.26	1.19	1.12	1.05	1.40
1.45	1.37	1.30	1.23	1.16	1.08	1.45
1.50	1.42	1.35	1.27	1.20	1.12	1.50
1.55	1.47	1.30	1.31	1.24	1.16	1.55
1.60	1.52	1.44	1.36	1.28	1.20	1.60
1.65	1.56	1.48	1.40	1.32	1.23	1.65
1.70	1.61	1.53	1.44	1.36	1.27	1.70
1.75	1.66	1.57	1.48	1.40	1.31	1.75
1.80	1.71	1.62	1.53	1.44	1.35	1.80
1.85	1.75	1.66	1.57	1.48	1.38	1.85
1.90	1.80	1.71	1.61	1.52	1.42	1.90
1.95	1.85	1.75	1.65	1.56	1.46	1.95
2.00	1.90	1.80	1.70	1.60	1.50	2.00
2.05	1.94	1.84	1.74	1.64	1.53	2.05
2.10	1.99	1.89	1.78	1.68	1.57	2.10
2.15	2.04	1.93	1.82	1.72	1.61	2.15
2.20	2.09	1.98	1.87	1.76	1.65	2.20
2.25	2.13	2.02	1.91	1.80	1.68	2.25
2.30	2.18	2.07	1.95	1.84	1.72	2.30
2.35	2.23	2.11	1.99	1.88	1.76	2.35
2.40	2.28	2.16	2.04	1.92	1.80	2.40
2.45	2.32	2.20	2.08	1.96	1.83	2.45
2.50	2.37	2.25	2.12	2.00	1.87	2.50
2.55	2.42	2.29	2.16	2.04	1.91	2.55
2.60	2.47	2.34	2.21	2.08	1.95	2.60
2.65	2.51	2.38	2.25	2.12	1.98	2.65
2.70	2.56	2.43	2.29	2.16	2.02	2.70
2.75	2.61	2.47	2.33	2.20	2.06	2.75

Figure 46-2. Pricing Guide.

PRICING GUIDE

sell price is —	5% A	10% B	15% C	20% D	25% E	— sell price is
	when item cost is up to but not over					
$2.80	$2.66	$2.52	$2.38	$2.24	$2.10	$2.80
2.85	2.70	2.56	2.42	2.28	2.13	2.85
2.90	2.75	2.61	2.46	2.32	2.17	2.90
2.95	2.80	2.65	2.50	2.36	2.21	2.95
3.00	2.85	2.70	2.55	2.40	2.25	3.00
3.10	2.94	2.79	2.63	2.48	2.32	3.10
3.20	3.04	2.88	2.72	2.56	2.40	3.20
3.30	3.13	2.97	2.80	2.64	2.47	3.30
3.40	3.23	3.06	2.89	2.72	2.55	3.40
3.50	3.32	3.15	2.97	2.80	2.62	3.50
3.60	3.42	3.24	3.06	2.88	2.70	3.60
3.70	3.51	3.33	3.14	2.96	2.77	3.70
3.80	3.61	3.42	3.23	3.04	2.85	3.80
3.90	3.70	3.51	3.31	3.12	2.92	3.90
4.00	3.80	3.60	3.40	3.20	3.00	4.00
4.10	3.89	3.69	3.48	3.28	3.07	4.10
4.20	3.99	3.78	3.57	3.36	3.15	4.20
4.30	4.08	3.87	3.65	3.44	3.22	4.30
4.40	4.18	3.96	3.74	3.52	3.30	4.40
4.50	4.27	4.05	3.82	3.60	3.37	4.50
4.60	4.37	4.14	3.91	3.68	3.45	4.60
4.70	4.46	4.23	3.99	3.76	3.52	4.70
4.80	4.56	4.32	4.08	3.84	3.60	4.80
4.90	4.65	4.41	4.16	3.92	3.67	4.90
5.00	4.75	4.50	4.25	4.00	3.75	5.00
5.10	4.84	4.59	4.33	4.08	3.82	5.10
5.20	4.94	4.68	4.42	4.16	3.90	5.20
5.30	5.03	4.77	4.50	4.24	3.97	5.30
5.40	5.13	4.86	4.59	4.32	4.05	5.40
5.50	5.22	4.95	4.67	4.40	4.12	5.50
5.60	5.32	5.04	4.76	4.48	4.20	5.60
5.70	5.41	5.13	4.84	4.56	4.27	5.70
5.80	5.51	5.22	4.93	4.64	4.35	5.80
5.90	5.60	5.31	5.01	4.72	4.42	5.90
6.00	5.70	5.40	5.10	4.80	4.50	6.00
6.25	5.93	5.62	5.31	5.00	4.68	6.25
6.50	6.17	5.85	5.52	5.20	4.87	6.50
6.75	6.41	6.07	5.73	5.40	5.06	6.75
7.00	6.65	6.30	5.95	5.60	5.25	7.00
7.25	6.88	6.52	6.16	5.80	5.44	7.25
7.50	7.12	6.75	6.37	6.00	5.62	7.50
7.75	7.36	6.97	6.58	6.20	5.81	7.75
8.00	7.60	7.20	6.80	6.40	6.00	8.00
8.25	7.83	7.42	7.01	6.60	6.18	8.25
8.50	8.07	7.65	7.22	6.80	6.37	8.50

Figure 46-2. Pricing Guide.

PRICING GUIDE

	5%	10%	15%	20%	25%	
	A	B	C	D	E	
sell price is —	when item cost is up to but not over					— sell price is
$ 8.75	$ 8.31	$ 7.87	$ 7.43	$ 7.00	$ 6.55	$ 8.75
9.00	8.55	8.10	7.65	7.20	6.75	9.00
9.25	8.78	8.32	7.86	7.40	6.93	9.25
9.50	9.02	8.55	8.07	7.60	7.12	9.50
9.75	9.26	8.77	8.28	7.80	7.31	9.75
10.00	9.50	9.00	8.50	8.00	7.50	10.00
10.25	9.73	9.22	8.71	8.20	7.68	10.25
10.50	9.97	9.45	8.92	8.40	7.87	10.50
10.75	10.21	9.67	9.13	8.60	8.06	10.75
11.00	10.45	9.90	9.35	8.80	8.25	11.00
11.25	10.68	10.12	9.56	9.00	8.43	11.25
11.50	10.92	10.35	9.77	9.20	8.62	11.50
11.75	11.16	10.57	9.98	9.40	8.81	11.75
12.00	11.40	10.80	10.20	9.60	9.00	12.00
12.25	11.63	11.02	10.41	9.80	9.18	12.25
12.50	11.87	11.25	10.62	10.00	9.37	12.50
12.75	12.11	11.47	10.83	10.20	9.56	12.75
13.00	12.35	11.70	11.05	10.40	9.75	13.00
13.25	12.58	11.92	11.26	10.60	9.93	13.25
13.50	12.82	12.15	11.47	10.80	10.12	13.50
13.75	13.06	12.37	11.68	11.00	10.31	13.75
14.00	13.30	12.60	11.90	11.20	10.50	14.00
14.25	13.53	12.82	12.11	11.40	10.68	14.25
14.50	13.77	13.05	12.32	11.60	10.87	14.50
14.75	14.01	13.27	12.53	11.80	11.06	14.75
15.00	14.25	13.50	12.75	12.00	11.25	15.00
15.50	14.72	13.95	13.17	12.40	11.63	15.50
16.00	15.20	14.40	13.60	12.80	12.00	16.00
16.50	15.67	14.85	14.02	13.20	12.37	16.50
17.00	16.15	15.30	14.45	13.60	12.75	17.00
17.50	16.62	15.75	14.87	14.00	13.12	17.50
18.00	17.10	16.20	15.30	14.40	13.50	18.00
18.50	17.57	16.65	15.72	14.80	13.87	18.50
19.00	18.05	17.10	16.15	15.20	14.25	19.00
19.50	18.52	17.55	16.57	15.60	14.62	19.50
20.00	19.00	18.00	17.00	16.00	15.00	20.00
20.50	19.47	18.45	17.42	16.40	15.37	20.50
21.00	19.95	18.90	17.85	16.80	15.75	21.00
21.50	20.42	19.35	18.27	17.20	16.12	21.50
22.00	20.90	19.80	18.70	17.60	16.50	22.00
22.50	21.37	20.25	19.12	18.00	16.87	22.50
23.00	21.85	20.70	19.55	18.40	17.25	23.00
23.50	22.32	21.15	19.97	18.80	17.62	23.50
24.00	22.80	21.60	20.40	19.20	18.00	24.00
24.50	23.27	22.05	20.82	19.60	18.37	24.50

Figure 46-2. Pricing Guide.

PRICING GUIDE

	5%	10%	15%	20%	25%	
	A	B	C	D	E	
Sell price is —	when item cost is up to but not over					— sell price is
$25.00	$23.75	$22.50	$21.25	$20.00	$18.75	$25.00
25.50	24.22	22.95	21.67	20.40	19.12	25.50
26.00	24.70	23.40	22.10	20.80	19.50	26.00
26.50	25.17	23.85	22.52	21.20	19.87	26.50
27.00	25.65	24.30	22.95	21.60	20.25	27.00
27.50	26.12	24.75	23.37	22.00	20.62	27.50
28.00	26.60	25.20	23.80	22.40	21.00	28.00
28.50	27.07	25.65	24.22	22.80	21.37	28.50
29.00	27.55	26.10	24.65	23.20	21.75	29.00
29.50	28.02	26.55	25.07	23.60	22.12	29.50
30.00	28.50	27.00	25.50	24.00	22.50	30.00
31.00	29.45	27.90	26.35	24.80	23.25	31.00
32.00	30.40	28.80	27.20	25.50	24.00	32.00
33.00	31.35	29.70	28.05	26.40	24.75	33.00
34.00	32.30	30.60	28.90	27.20	25.50	34.00
35.00	33.25	31.50	29.75	28.00	26.25	35.00
36.00	34.20	32.40	30.60	28.80	27.00	36.00
37.00	35.15	33.30	31.45	29.60	27.75	37.00
38.00	36.10	34.20	32.30	30.40	28.50	38.00
39.00	37.05	35.10	33.15	31.20	29.25	39.00
40.00	38.00	36.00	34.00	32.00	30.00	40.00
41.00	38.95	36.90	34.85	32.80	30.75	41.00
42.00	39.90	37.80	35.70	33.60	31.50	42.00
43.00	40.85	38.70	36.55	34.40	32.25	43.00
44.00	41.80	39.60	37.40	35.20	33.00	44.00
45.00	42.75	40.50	38.25	36.00	33.75	45.00
46.00	43.70	41.40	39.10	36.80	34.50	46.00
47.00	44.65	42.30	39.95	37.60	35.25	47.00
48.00	45.60	43.20	40.80	38.40	36.00	48.00
49.00	46.55	44.10	41.65	39.20	36.75	49.00
50.00	47.50	45.00	42.50	40.00	37.50	50.00
51.00	48.45	45.90	43.35	40.80	38.25	51.00
52.00	49.40	46.80	44.20	41.60	39.00	52.00
53.00	50.35	47.70	45.05	42.40	39.75	53.00
54.00	51.30	48.60	45.90	43.20	40.50	54.00
55.00	52.25	49.50	46.75	44.00	41.25	55.00
56.00	53.20	50.40	47.60	44.80	42.00	56.00
57.00	54.15	51.30	48.45	45.60	42.75	57.00
58.00	55.10	52.20	49.30	46.40	43.50	58.00
59.00	56.05	53.10	50.15	47.20	44.25	59.00
60.00	57.00	54.00	51.00	48.00	45.00	60.00
62.00	58.90	55.80	52.70	49.60	46.50	62.00
64.00	60.80	57.60	54.40	51.20	48.00	64.00
66.00	62.70	59.40	56.10	52.80	49.50	66.00
68.00	64.60	61.20	57.80	54.40	51.00	68.00

Figure 46-2. Pricing Guide.

PRICING GUIDE

	5%	10%	15%	20%	25%	
	A	B	C	D	E	
sel. price is —	when item cost is up to but not over					— sel. price is
$ 70.00	$ 66.50	$ 63.00	$ 59.50	$ 56.00	$ 52.50	$ 70.00
72.00	68.40	64.80	61.20	57.60	54.00	72.00
74.00	70.30	66.60	62.90	59.20	55.50	74.00
76.00	72.20	68.40	64.60	60.80	57.00	76.00
78.00	74.10	70.20	66.30	62.40	58.50	78.00
80.00	76.00	72.00	68.00	64.00	60.00	80.00
82.50	78.37	74.25	70.12	66.00	61.87	82.50
85.00	80.75	76.50	72.25	68.00	63.75	85.00
87.50	83.12	78.75	74.37	70.00	65.62	87.50
90.00	85.50	81.00	76.50	72.00	67.50	90.00
92.50	87.87	83.25	78.62	74.00	69.37	92.50
95.00	90.25	85.50	80.75	76.00	71.25	95.00
97.50	92.62	87.75	82.87	78.00	73.12	97.50
100.00	95.00	90.00	85.00	80.00	75.00	100.00
102.50	97.37	92.25	87.12	82.00	76.87	102.50
105.00	99.75	94.50	89.25	84.00	78.75	105.00
107.50	102.12	96.75	91.37	86.00	80.62	107.50
110.00	104.50	99.00	93.50	88.00	82.50	110.00
112.50	106.87	101.25	95.62	90.00	84.37	112.50
115.00	109.25	103.50	97.75	92.00	86.25	115.00
117.50	111.62	105.75	99.87	94.00	88.12	117.50
120.00	114.00	108.00	102.00	96.00	90.00	120.00
122.50	116.37	110.25	104.12	98.00	91.87	122.50
125.00	118.75	112.50	106.25	100.00	93.75	125.00
127.50	121.12	114.75	108.37	102.00	95.62	127.50
130.00	123.50	117.00	110.50	104.00	97.50	130.00
132.50	125.87	119.25	112.62	106.00	99.37	132.50
135.00	128.25	121.50	114.75	108.00	101.25	135.00
137.50	130.62	123.75	116.87	110.00	103.12	137.50
140.00	133.00	126.00	119.00	112.00	105.00	140.00
142.50	135.37	128.25	121.12	114.00	106.87	142.50
145.00	137.75	130.50	123.25	116.00	108.75	145.00
147.50	140.12	132.75	125.37	118.00	110.62	147.50
150.00	142.50	135.00	127.50	120.00	112.50	150.00
155.00	147.25	139.50	131.75	124.00	116.25	155.00
160.00	152.00	144.00	136.00	128.00	120.00	160.00
165.00	156.75	148.50	140.25	132.00	123.75	165.00
170.00	161.50	153.00	144.50	136.00	127.50	170.00
175.00	166.25	157.50	148.75	140.00	131.25	175.00
180.00	171.00	162.00	153.00	144.00	135.00	180.00
185.00	175.75	166.50	157.25	148.00	138.75	185.00
190.00	180.50	171.00	161.50	152.00	142.50	190.00
195.00	185.25	175.50	165.75	156.00	146.25	195.00
200.00	190.00	180.00	170.00	160.00	150.00	200.00
205.00	[illegible]	184.50	174.25	164.00	153.75	205.00

Figure 46-2. Pricing Guide.

PRICING GUIDE

	5%	10%	15%	20%	25%	
	A	B	C	D		
sell price is —	when item cost is up to but not over					— sell price is
$210.00	$199.50	$189.00	$178.50	$168.00	$157.50	$210.00
215.00	204.25	193.50	182.75	172.00	161.25	215.00
220.00	209.00	198.00	187.00	176.00	165.00	220.00
225.00	213.75	202.50	191.25	180.00	168.75	225.00
230.00	218.50	207.00	195.50	184.00	172.50	230.00
235.00	223.25	211.50	199.75	188.00	176.25	235.00
240.00	228.00	216.00	204.00	192.00	180.00	240.00
245.00	232.75	220.50	208.25	196.00	183.75	245.00
250.00	237.50	225.00	212.50	200.00	187.50	250.00
255.00	242.25	229.50	216.75	204.00	191.25	255.00
260.00	247.00	234.00	221.00	208.00	195.00	260.00
265.00	251.75	238.50	225.25	212.00	198.75	265.00
270.00	256.50	243.00	229.50	216.00	202.50	270.00
275.00	261.25	247.50	233.75	220.00	206.25	275.00
280.00	266.00	252.00	238.00	224.00	210.00	280.00
285.00	270.75	256.50	242.25	228.00	213.75	285.00
290.00	275.50	261.00	246.50	232.00	217.50	290.00
295.00	280.25	265.50	250.75	236.00	221.25	295.00
300.00	285.00	270.00	255.00	240.00	225.00	300.00
310.00	294.50	279.00	263.50	248.00	232.50	310.00
320.00	304.00	288.00	272.00	256.00	240.00	320.00
330.00	313.50	297.00	280.50	264.00	247.50	330.00
340.00	323.00	306.00	289.00	272.00	255.00	340.00
350.00	332.50	315.00	297.50	280.00	262.50	350.00
360.00	342.00	324.00	306.00	288.00	270.00	360.00
370.00	351.50	333.00	314.50	296.00	277.50	370.00
380.00	361.00	342.00	323.00	304.00	285.00	380.00
390.00	370.50	351.00	331.50	312.00	292.50	390.00
400.00	380.00	360.00	340.00	320.00	300.00	400.00
410.00	389.50	369.00	348.50	328.00	307.50	410.00
420.00	395.00	378.00	357.00	336.00	315.00	420.00
430.00	408.50	387.00	365.50	344.00	322.50	430.00
440.00	418.00	396.00	374.00	352.00	330.00	440.00
450.00	427.50	405.00	382.50	360.00	337.50	450.00
460.00	437.00	414.00	391.00	368.00	345.00	460.00
470.00	446.50	423.00	399.50	376.00	352.00	470.00
480.00	456.00	432.00	408.00	384.00	360.00	480.00
490.00	465.50	441.00	416.50	392.00	367.50	490.00
500.00	475.00	450.00	425.00	400.00	375.00	500.00
510.00	484.50	459.00	433.50	408.00	382.50	510.00
520.00	494.00	468.00	442.00	416.00	390.00	520.00
530.00	503.50	477.00	450.50	424.00	397.50	530.00
540.00	513.00	486.00	459.00	432.00	405.00	540.00
550.00	522.50	495.00	467.50	440.00	412.50	550.00
560.00	532.00	504.00	476.00	448.00	420.00	560.00

Figure 46-2. Pricing Guide.

INVENTORY VERIFICATION PROCEDURES

1. Purpose. To establish a required procedure for the annual verification of physical inventories. Verifications are normally performed coincidental with regular inventories at the end of a fiscal quarter and at other times when special circumstances or problems require a more detailed record of on-hand inventories. The most logical time for this verification is at the end of the fiscal year.

2. Periodic Inventories. Except for the annual verification, methods used to take and record periodic inventories are left to command discretion. However, all inventories shall be recorded by selling department.

3. Procedure.

   a. Merchandise Plan. Prepare a floor plan for each facility, including reserve stock space and remote stockrooms, under the supervision of the manager.

      (1) The plan shows all fixtures including tables, cases, racks, displays and wall attachments.

      (2) Each fixture is numbered 1, 2, 3, etc., and each shelf or other subdivision lettered A, B, C, etc. The use of masking tape is recommended for numbering the fixtures.

      (3) The plan is used to estimate the number of inventory sheets required for each location and to assist in work assignments. Record the serial numbers of all sheets assigned to the different locations and subsequently assigned to fixtures, etc. on a Inventory Sheet Number Control Record (CG-5668)(Figure 47-1).

   b. Merchandise Arrangement. Merchandise is arranged according to its proper classification on each fixture, display, and in stockrooms. All quantities of each item should be arranged together.

      (1) In stockroom and warehouse areas, record the content count on the outside of partially filled cases.

      (2) Remove all empty boxes, containers, cartons, etc. from the selling floor and stockrooms.

      (3) Verify descriptions and prices sufficiently in advance to avoid delaying the inventory.

      (4) Merchandise to be returned for credit, exchange, or repair should be shipped to vendors before the inventory cutoff date.

3.b.(5) Damaged or soiled merchandise that is not returnable to the vendor should be marked down or, if not saleable, surveyed and disposed of in accordance with prescribed procedures.

(6) Many categories of merchandise may be inventoried by the price-line method. This merchandise should not be stacked or grouped by price category but left as normally displayed. The tally method of recording the count does not require rearrangement of merchandise.

(a) To inventory by the price-line method, record all merchandise of a like nature having identical cost or sell prices, regardless of any difference in item description on a single line of the inventory sheet.

(b) Examples of merchandise that may be inventoried by price-line include records, magazines, greeting cards, gift wrap, earrings, belts, ties, fishing hooks and flies, garden seeds, candles, paints, military insignia, sewing accessories, candy, tobacco products, stockings, shoe accessories and clothing.

c. Prelisting. Once merchandise is arranged in an orderly manner and inventory sheets have been assigned to fixtures and stock areas, it is advisable to prelist all items on the inventory sheets prior to the count date. Completing the item description, unit of sale and unit price columns will facilitiate the actual inventory count. This includes merchandise inventoried by price point.

d. Inventory Cutoff. To ensure proper separation between merchandise to be inventoried and merchandise to be entered into accountability after the inventory date, the NAFA Officer will set the exact date and hour for starting the inventory. He will also establish a cutoff schedule for the receipt or shipment of merchandise and for price changes. Make no transactions between cutoff and the completion of the inventory count.

e. Inventory Count. On inventory day, the count teams will begin the count, entering the quantities on the inventory sheets and completing the form CG-5668A (Figure 47-2)

f. Recounting the Inventory. Upon completion of the inventory count, recount teams will perform a 25% recount of all items listed on each inventory sheet, concentrating on fixtures containing a high-dollar value of merchandise.

g. Collection of Inventory Sheets. After the 25% recheck, inventory sheets will be collected, accounted for, and arranged in page number sequence by original and duplicate. Forward all sheets, including unused and voided sheets, to the NAFA office.

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD

INVENTORY SHEET NUMBER CONTROL RECORD

DATE

UNIT

ACTIVITY CODE

FIXTURE NO.	SHEET NO.	FIXTURE NO.	SHEET NO.	FIXTURE NO.	SHEET NO.	FIXTURE NO.	SHEET NO.
1	000104-107						
2	000108-111						
3	000112						
4	000113-114						
5	000115-119						
6	000120-123						
7	000124-128						
				80	000220-21		
				81	000222-25		
				82	000226		

SN-7530-01-GF2-9710

DEPARTMENT OF TRANSPORTATION U.S. COAST GUARD CG-5668A (11-80)	PHYSICAL INVENTORY	SHEET NO 000104

DATE	UNIT	LOCATION/FIXTURE NO

SHEET NO.	LISTED BY (Initials)	COUNTED BY (Initials)	RECHECKED BY (Initials)

SHELF OR BIN	DESCRIPTION	UNIT	AGE	UNIT PRICE (COST)	UNIT PRICE (RETAIL)	QUANTITY	EXTENSION (COST)	EXTENSION (RETAIL)	RECHECK
TOTAL →									

Figure 47-2

SN-7530-01-GF2-8720

CATALOG MAIL ORDER SALES PROGRAM

1. Discussion.

   a. The Exchange Catalog for Military Services Program provides mail-order sales service to all military services and is administered by the Army and Air Force Exchange Service (AAFES). All Coast Guard units, both ashore and afloat, may participate in the exchange catalog program. Each military service shares in the profits or losses of the catalog program. This is based on the sales level of service in relation to total catalog sales. However, the Coast Guard is exempt from contributing to any losses incurred by the program. Sales are recorded by unit and the rebate is prorated by Commandant (G-FNM) to the units based on their percentage of sales to total Coast Guard exchange catalog sales.

   b. The Exchange Catalog Program requires no financial investment, enhances services to authorized patrons and provides an additional source of merchandise for unit locations both with and without exchange operations.

   c. Two catalog editions, CONUS and OVERSEAS, are published annually. Units located in CONUS may only use the CONUS edition. All other units are authorized to use both editions. Coast Guard vessels whose home port is in CONUS may use the overseas edition when their deployments are scheduled beyond the CONUS three mile limit for a period of seven consecutive days or more.

2. Procedures for Implementing the Exchange Catalog Program at the Unit Level.

   a. A written request to participate in the Exchange Catalog Program shall be submitted to Commandant (G-FNM) via cognizant authority.

   b. Commandant (G-FNM) will notify AAFES of the request and assign a NAF facility number to the requesting unit. The unit will be notified by Commandant (G-FNM) of the assigned number. In cases where NAFA satellite and branch operations are requesting to participate in the program, the parent NAFA's facility number will be assigned to them. The parent NAFA should initiate the request for satellite and branch operations. The facility number is a seven digit number that is to be used on all catalog orders for purposes of identifying and recording Coast Guard sales by unit location. A listing of the assigned facility numbers of present participating units is provided in Figure 48-1.

2.c. The following forms and written material will be forwarded to the requesting unit by the Exchange Catalog Department at AAFES.

(1) Catalog editions.

(2) Order forms.

(3) AAFES Training Guides 1025 and 1026, which describe the operation of the catalog mail order system.

(4) Remote location authorized signature cards, AAFES Form 4500.14. This card is to be used by all units. The commanding officer or officer-in-charge must sign this card. When there is a change in command, an updated signature card must be sent to AAFES.

d. The authorized signature cards are to be completed, signed by the authorized individuals and returned to the Exchange Catalog Sales Department AAFES Catalog Sales, P.O. Box 22340, Dallas, Texas 75222.

3. Operating Procedures.

a. Once the Exchange Catalog Program is in effect at the unit level, all communication regarding catalog orders is conducted directly between the customer and the catalog sales department at AAFES Headquarters, Dallas, Texas.

b. All participating units shall insure that catalogs and order forms are available to customers. Additional supplies are to be requested by the unit from AAFES Headquarters.

c. All customer catalog orders must be authenticated by a signature appearing on the authorized signature card. This is done to insure that the customer is an authorized exchange patron.

d. The Exchange Catalog for Military Services Program guarantees customer satisfaction. All authorized mail order patrons may return mail order goods to any exchange catalog outlet for a full refund. In the case of the Coast Guard, this means that all Coast Guard exchanges participating in the program are obligated to accept returned goods and issue refunds regardless of the patron's service or the location at which the order was authenticated. Goods returned for refund may be resold or otherwise disposed of in the most financially advisable manner.

4. Order Processing Procedures.

a. Verify proper completion of the order form using the sample shown in the catalog as a guide.

b. Verify that the order is being placed by an authorized customer, by comparing the signature and social security number on the order form with the customer's identification card. Personal checks can be accepted if the customer is the maker of the check. Checks must be made payable to "AAFES Catalog Sales."

c. Enter the seven digit facility number in the block provided on the order form. This is to insure that the Coast Guard receives credit for the sale.

d. Stamp the unit name and address in the lower right-hand corner of the order form.

e. Sign and enter your title in the Identification Check Block of the order form. NOTE: This must be the Commanding Officer or Officer-in-Charge at units without authorized exchanges.

f. Process orders for delivery to the customer's home or other APO/FPO/ZIP Code. Orders may not be processed for delivery to the exchange.

g. Have customers mail all orders. Under no conditions should the exchange mail the catalog order.

h. Payments in cash or check form may not be made to the exchange for a catalog order. Payment must accompany the completed order form mailed by the customer directly to AAFES.

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NAFA FACILITY NUMBERS AHFS Catalog

UNIT	NAME
1229-101	DILIGENCE
1229-102	COURAGEOUS
1229-103	DEPENDABLE
1229-104	DURABLE
1229-105	ACUSHNET
1229-106	WESTWIND
1229-107	MACKINAW
1229-108	SUNDEW
1229-109	WOODRUSH (SATELLITE OF 205)
1229-110	BRAMBLE
1229-111	MARIPOSA (SATELLITE OF 322)
1229-112	GLACIER
1229-113	BURTON ISLAND (CLOSED)
1229-114	VENTUROUS
1229-115	WALNUT (CLOSED)
1229-116	COMANCHE (CLOSED)
1229-117	MODOC (CLOSED)
1229-118	BOUTWELL (SATELLITE OF 506)
1229-119	MUNRO (SATELLITE OF 506)
1229-120	ACACIA (SATELLITE OF 319)
1229-121	POLAR STAR
1229-122	POLAR SEA
1229-123	BASSWOOD
1229-124	CLOVER (SATELLITE OF 325)
1229-125	IRONWOOD (SATELLITE OF 503)
1229-126	NORTHWIND
1229-127	SEDGE
1229-128	SWEETBRIER
1229-129	ELDERBERRY
1229-130	BITT
1229-131	JELLISON
1229-132	HENLOPEN
1229-133	MESQUITE
1229-201	CAPE COD AIR STATION
1229-202	BARBERS POINT AIR STATION
1229-203	MIAMI AIR STATION
1229-204	CLEARWATER AIR STATION
1229-205	SITKA AIR STATION
1229-206	BROOKLYN AIR STATION
1229-207	TRAVERSE CITY AIR STATION
1229-208	SAN DIEGO AIR STATION
1229-209	SAN FRANCISCO AIR STATION (SATELLITE OF 605)
1229-210	PORT ANGELES AIR STATION
1229-211	BORINQUEN AIR STATION
1229-212	NORTH BEND AIR STATION
1229-213	CHICAGO AIR STATION
1229-301	SOUTH PORTLAND BASE

Figure 48-1

22 JUN 1982

UNIT	NAME
1229-302	MOBILE BASE
1229-303	ROCKLAND STATION (SATELLITE OF 301)
1229-304	SOUTHWEST HARBOR GROUP (SATELLITE OF 301)
1229-305	WOODS HOLE BASE (SATELLITE OF 201)
1229-306	SAINT LOUIS BASE
1229-307	LONG ISLAND GROUP
1229-308	SHINNECOCK GROUP
1229-309	GLOUCESTER CITY BASE
1229-310	CHARLESTON BASE
1229-311	EASTERN SHORE GROUP (SATELLITE OF 505)
1229-312	FORT MACON BASE
1229-313	SAN JUAN BASE
1229-314	MIAMI BASE
1229-315	MAYPORT BASE
1229-316	NEW ORLEANS BASE
1229-317	GALVESTON BASE
1229-318	SABINE STATION (SATELLITE OF 317)
1229-319	MUSKEGON GROUP
1229-320	BUFFALO GROUP
1229-321	MILWAUKEE BASE
1229-322	DETROIT GROUP
1229-323	SAULT STE MARIE BASE
1229-324	SAN PEDRO BASE
1229-325	HUMBOLDT BAY GROUP
1229-326	ASTORIA GROUP
1229-327	HONOLULU BASE
1229-328	JUNEAU STATION
1229-329	KETCHIKAN BASE
1229-330	ALEXANDRIA STATION
1229-331	NEW ORLEANS COMMUNICATIONS STATION (CLOSED)
1229-332	HOUSTON PORT SAFETY STATION
1229-333	PORTLAND MARINE SAFETY OFFICE
1229-334	SAINT PETERSBURG GROUP
1229-335	VALDEZ MARINE SAFETY OFFICE (SATELLITE OF 503)
1229-336	FIVE FINGER LIGHT STATION (SATELLITE OF 205)
1229-337	UPPER MISSISSIPPI GROUP
1229-338	ST CROIX MARINE SAFETY DETACHMENT
1229-339	HUNTINGTON MARINE SAFETY OFFICE
1229-340	NASHVILLE MARINE SAFETY OFFICE
1229-341	CHATTANOOGA AIDS TO NAVIGATION FACILITIES
1229-342	TENNESSEE RIVER GROUP
1229-343	SHEBOYGAN STATION
1229-344	PEORIA MARINE SAFETY DETACHMENT
1229-345	SANDY HOOK GROUP
1229-401	JUPITER LORAN STATION (CLOSED)
1229-402	CAROLINA BEACH LORAN STATION (CLOSED)
1229-403	SELLA MARINA LORAN STATION
1229-404	ESTARITT LORAN STATION

Figure 48-1

UNIT	NAME
1229-405	SHETLAND ISLANDS LORAN STATION
1229-406	LAMPEDUSA LORAN STATION
1229-407	KARGABARUN TUSLOG
1229-408	SYLT LORAN STATION
1229-409	ESTACA DE VARES LORAN STATION (CLOSED)
1229-410	ANGAUR LORAN STATION (CLOSED)
1229-411	LAMOURE OMEGA STATION
1229-412	TOK LORAN STATION
1229-413	SAN SALVADORE LORAN STATION (SATELLITE OF 203)
1229-414	BIORKA LORAN STATION (SATELLITE OF 205)
1229-415	SOUTH CAICOS LORAN STATION (SATELLITE OF 203)
1229-416	SEARCHLIGHT LORAN STATION
1229-501	NEW YORK SUPPORT CENTER
1229-502	BOSTON SUPPORT CENTER
1229-503	KODIAK SUPPORT CENTER
1229-504	YARD
1229-505	PORTSMOUTH SUPPORT CENTER
1229-506	SEATTLE SUPPORT CENTER
1229-507	ELIZABETH CITY SUPPORT CENTER
1229-601	ACADEMY
1229-602	CAPE MAY TRAINING CENTER
1229-603	PETALUMA TRAINING CENTER
1229-604	YORKTOWN RESERVE TRAINING CENTER
1229-605	ALAMEDA TRAINING CENTER
1229-606	MOBILE AVIATION TRAINING CENTER
1229-701	DISTRICT NINE EXCHANGE
1229-702	CLEVELAND MARINE SAFETY OFFICE
1229-703	LITTLE WOODS HOUSING (CLOSED)
1229-704	MARIANAS SECTION (CLOSED)
1229-705	FAR-EAST SECTION
1229-797	BROOKLYN SUPPLY CENTER
1229-798	HEADQUARTERS
1229-799	INSTITUTE
1229-801	FIRST DISTRICT
1229-803	THIRD DISTRICT
1229-807	SEVENTH DISTRICT
1229-809	NINTH DISTRICT
1229-896	ACTIVITIES EUROPE
1229-899	RECRUITING STATIONS

Figure 48-1

VENDOR COUPON ACCEPTANCE AND REDEMPTION

1. Purpose: To authorize acceptance of vendor coupons at exchanges and grocery annexes and to prescribe required procedures for proper accounting and redemption of coupons received.

2. Discussion: Many manufacturers provide customers with coupons which are redeemed by retailers at a discount off the regular price of the merchandise. These coupons are often distributed through direct mail outs, printed in newspapers, or given to customers with the purchase of another product made by the same company. The acceptance of coupons offers an opportunity to pass savings to NAFA patrons and as such is encouraged for grocery annexes and exchanges with annual sales over $200,000. The NAFA is reimbursed for the value of the coupon plus a handling fee upon redemption with the manufacturer or coupon clearing house.

3. Procedure:

   a. Caution shall be exercised to assure that coupons are current (not expired) and redeemed by patrons only at authorized activities for merchandise actually purchased.

   b. Full purchase prices will be rung up on cash registers and vendor coupons counted as part of the cash collection but noted separately on the Activity/Individual Daily Reconciliation Form (CG-5298). Coupons should be handled with the same care as cash.

   c. Account for coupons by recording the entire sale the day the coupon is taken. The cumulative value of the coupons accepted represents the debit entry of the receivable, "vendor coupons accepted," to be established by the accounting office.

   d. Redemption will be made at least monthly by sending coupons to the manufacturer's address listed on the coupon or by using a coupon clearing house if the volume justifies this service.

   e. Upon receipt of reimbursement, accounting offices shall:

      (1) Debit cash on hand.

      (2) Credit accounts receivable-vendor coupons accepted for the face value of the coupons.

      (3) Credit other income for the handling fees received.

LAYAWAY PROCEDURES

1. Purpose: To authorize a Christmas/holiday season layaway program for patron convenience and prescribe required procedures for implementation of the service.

2. Discussion: It is a traditional practice for retailers to establish a holiday layaway program for the convenience of its customers during the Christmas gift buying season. It is a special service predicated upon having the financial ability to hold merchandise off the floor for up to 90 days and upon having adequate segregated secure space to safeguard the merchandise for the period of the layaway. The practice is encouraged for exchanges with over $200,000 in annual sales having adequate resources and space to offer this special service.

3. Procedure:

   a. Designate a separate-secure location for safeguarding customer layaway merchandise. Layaways shall not be co-mingled with NAFA owned merchandise.

   b. Merchandise may be placed on layaway for a maximum of 90 days. Clearance merchandise, food, tobacco products, perishables, and alcoholic beverages are not permitted to be placed on layaway.

   c. To initiate a layaway, a $25 minimum purchase of merchandise is required along with a down payment of 20% of the purchase price.

   d. Interim payments of at least 20% are due at 30 day intervals of the layaway period. The remaining balance of the purchase is due prior to merchandise pick-up.

   e. Layaway cancellations, at the discretion of command, may be subjected to a handling charge of 5% or an amount not to exceed $15.

   f. Layaways not picked up within 10 days after the layaway period shall be returned to stock and subject to the handling charges indicated above.

   g. Layaway policies shall be prominently posted and brought to the patron's attention at the time of purchase.

   h. Sales and accounting transactions shall be handled in accordance with enclosure (17) to this manual.

EXECUTIVE MANAGEMENT PROGRAM

The policies and procedures concerning the Coast Guard Universal Annual (UA) Salary Plan are contained in Commandant Instruction 12510.5 dated 11 May 1977. This Instruction will be included in a forthcoming amendment to this manual

NAFA MANAGEMENT ASSISTANCE PROGRAM

1. INTRODUCTION.

The decentralized Coast Guard NAFA system of retail entities makes it impossible to employ at each location the desired number of professionally qualified staff experts. This fact is further compounded by the extreme dispersion of the various units throughout CONUS, Alaska, and Hawaii. To compensate for this, the technical staff of Commandant (G-FRS) is available to all field units under the NAFA Management Assistance and Management Review Programs.

2. DISCUSSION.

a. Management Assistance Program. The purpose of the Management Assistance Program is to solve specific problems by augmenting district personnel and field managers with professionally qualified technicians. These problems may involve difficulties in procurement of supplies; layout of merchandise and fixtures, renovation or design of operating activities; revision of personnel staffing; evaluation of specific management techniques; and similar operational functions. Under this program visits are scheduled by Commandant (G-FRS) to field units where a specific need has been identified. This may be the result of a request for assistance from a unit or district or based upon knowledge of a problem by Headquarters personnel. Visits by Headquarters personnel to district NAFA units must be approved by district (f).

(1) In response to a request for assistance from a unit or district, Headquarters NAFA personnel will visit and assist field management in the study and resolution of identified problems. While these visits are not compliance-oriented, evaluations may be performed and recommendations for action provided to local management to correct deficiencies or to improve operations.

(2) The visits will also provide information regarding the usefulness and impact of published regulations upon field operations. In addition, noteworthy local policies, procedures, and practices will be identified for possible use on a Coast Guard-wide basis.

(3) To establish continuity of knowledge and follow-on capabilities for all levels of management, a Staff Visit Report will be prepared and a draft copy of the report will be provided to local management prior to departure of the Headquarters representative from the installation. The format for this report is enclosed as Exhibit (A). This will enable corrective action to be taken without delay. In the event that a draft report cannot be prepared prior to departure, all major items that will be included in the report will be discussed during the exit interview, and the finished report will be forwarded to the unit as soon as possible.

2.b. Management Review Program. As Coast Guard NAF activities have increased in volume and complexity of operation, the need for professional technical management and administrative guidance has been recognized. Revised and more sophisticated methods for procurement, merchandising, personnel controls, accounting, and other operational subjects have placed an additional burden on local management.

(1) The major purpose of the Management Review Program is to evaluate management's effectiveness in accomplishing the objectives and mission of NAFA. The Management Review Program will be conducted in accordance with the Coast Guard Inspection Program as outlined in COMDTINST 5040.3 series. The Management Review Program is operational in nature in order to determine if management policies, practices and procedures at all levels are adequate in concept and effective in application. The review will include an appraisal of the functions, organization, systems, policies, procedures, practices, transactions, records and documentation of the NAFA operation. The review will be performed in accordance with the schedules established by Area and District Commanders for their respective area inspections. Commandant (G-FRS) will coordinate the updating of the standard check-off list with the Model Manager. In cases where problem situations exist, a management review may be required between scheduled area/district inspections. These reviews will be performed by area/district NAFA personnel. In addition, cognizant authorities desiring a detailed management review of their NAFA operations are encouraged to submit requests for such visits prior to the close of the NAFA fiscal year.

(2) The Management Review Program will serve a number of purposes for Coast Guard NAFA.

(a) Functions as a management assistance tool to local command and management.

(b) Provides a protective service in sensitive areas of waste, security, or improper use of resources.

(c) Fosters maximum communication between unit, district, and Headquarters.

(d) Helps maximize service to patrons.

(e) Insures the NAF's ability to meet goals and standards.

(f) Fosters the use of new and innovative management techniques to keep Coast Guard NAFA in tune with the modern business world.

2.b.(3) Approximately one month prior to the scheduled review visit, information will be sent to the unit advising the dates of the visit and the major areas to be covered by the review.

(4) Management Reviews may include but are not limited to the following:

(a) Analysis of staffing plans for all activities.

(b) Study of cost control procedures for food service and retail merchandise.

(c) Comparisons of selling prices in all areas with the civilian sector.

(d) Analysis of the true level of service being provided to all patrons.

(e) Inventory levels, stock-to-sales ratios and stock assortment selection.

(f) Purchasing procedures designed to maintain lowest prices to patrons.

(g) Study of the most effective uses of personnel and physical resources.

(h) Study of security exercised over merchandise and monies.

(i) Plans for Capital Improvement Programs to maintain physical plant at peak level.

(j) Evaluation of the ability to meet or exceed planned results or benefits.

(k) Review of accounting, documentation, and records maintenance.

(l) Conformance with command directives and regulations.

(m) Conformance with personnel procedures in accordance with P.L. 92-392, the FPM and NAFA Manuals.

(n) Analysis of profit distribution and capital improvement plans.

(5) Normally, the composition of the Management Review Team will consist of two or more Headquarters personnel with expertise in general and specific areas, as well as one or more persons from the district. All matters are to be thoroughly discussed on-site with the assigned counterparts to preclude reporting minor matters or those which may be immediately corrected. Significant areas where commendable action has been taken by management will be the subject of specific comment in the Review Report.

2.b.(6) A draft copy of the Management Review Report will be provided to the installation commanding officer prior to departure of the review team. Areas with deficiencies sufficient to be noted in the report will be included in the recommendations and corrective action will be suggested. A formal report of the Management Review will be forwarded to the installation via the district following review by Commandant (G-F).

(Sample)
Staff Visit Report (Management Review)
Support Center New York

1. Dates of Visit: 4 through 12 January, 1981

2. Authority: NAFA travel order #98-0004 dtd 2 January, 1980 at G-FER-1

3. Purpose of Visit: Participate in study of staffing required at Exchange and Admin Office in order to minimize impact of regulated wage increases and retain efficiency of operation.

4. Personnel Contacted:

CAPT J. J. O'Brian, Commanding Officer
LT H. B. SMITH, NAFA Officer
Albert T. Brown, Civ., Exchange Manager
Olive B. Jones, Civ., Chief Accountant
Mary Morris, Civ., Personnel Technician

5. Narrative/Observations:

(Thorough discussion of all findings to include substantiating background data from financial and other applicable records. Comparisons with established standards or comparable activities. Shortfall or excesses as compared to budget. General statements lacking proper supporting documentation will not be included.)

6. Recommendations:

(Corrective proposals supported by any fiscal or other improvements that should result.)

7. Exit Interview:

(Include date and names of individuals participating. Also specify concurrence or non-concurrence with findings and/or recommendations.)

Exhibit 52-A

RETAIL PRICE COMPARISON SURVEY

1. The NAFA system is designed to provide a service to the NAFA patron by selling goods at or below the price at civilian retail outlets. The goal of NAFA is to aggregately price items substantially below the competitive civilian price but still achieve the performance standards delineated elsewhere in this manual. The model retail price comparison survey in this enclosure is a listing of items that can be used to determine price differentials. Some of the purposes of this survey are to:

   a. Provide a measure of customer service
   b. Substantiate the fairness of the pricing policy
   c. Identify units/areas for review
   d. Help improve public relations/NAFA image

2. Model surveys (G-FRS-6246) have been developed for the major retail activities (forms may be locally reproduced), i.e., main exchange (figure 54-1), grocery (figure 54-2), and package store (figure 54-3). It is suggested that these retail price comparison surveys be completed in the first quarter of the NAFA fiscal year. However, it is mandatory that all large NAFA's (sales greater than one million dollars) do some kind of retail price comparison survey each year and submit a copy of the results to Commandant (G-FRS-1).

3. Procedures for completing the model retail price comparison surveys are generally self-explanatory, but an example of a completed survey is enclosed in figure (54-2). Points where further information may be of value are as follows:

   (a) Insure that qualified people perform the survey; this is particularly important for meats and produce.

   (b) Review each line for the information contained in the item column. Complete the full description column and identify the actual best seller item to be used for the price comparison.

   (c) If another service commissary is used, include the surcharge and indicate how much it is.

   (d) Five local stores should be surveyed. Do not use more than one store from the same company.

   (e) Price check only identical items, i.e., brand, size, weight, contents, etc.

   (f) Total the price column for each store. In the case of the grocery survey, figure (54-2), the price for each line item should first be extended by the Bureau of Labor Statistics weighting factor shown, then totaled and posted at the bottom of the respective columns.

   (g) Identify any competitors' items that are on a special promotion. The sale price is to be used in each case.

4. When the survey has been completed, each column is to be subtotaled by store and then grand totaled for each store (post the sales tax and identify the items/categories that are taxable). Do not include the sales tax in the totals. The NAFA activity total should now be converted to a percentage of the competitors' total. Results that reveal little or no differential will require the following action.

   (a) Review the actual items surveyed to identify the specific problem areas.

   (b) Review procurement practices, sources and cost prices for problem areas and make appropriate changes.

   (c) Review the survey and identify those items that are higher than the competition. Study your markup policy to see if an adjustment can be made to compensate for reducing the price of this item. One way of doing this without effecting your earnings may be to raise the price of items that you are selling far below the competitors price in order to achieve a reasonable balance.

5. The results of submitted surveys will be consolidated by Headquarters. This consolidated report can be used by NAFA's as a point of reference. The overall results will identify the potential savings provided the Coast Guard patron in our NAFA system.

Date _____

Location _____

Encl. (54) to COMDTINST M7010.5 CH-[illegible]

28 DEC 1980

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES

PRICE COMPARISON SURVEY - EXCHANGE WORKSHEET

				UNIT SELLING PRICE				
						COMMERCIAL STORE		
DEPT #	ITEM #	ITEM	SIZE	NAFA	OTHER SERVICE	NAME	NAME	NAME
1								
	1	Cigarettes	Reg. & King					
	2	Cigarettes	100's					
	3	Disposable Lighter						
2								
	4	M & M's						
	5	Chewing Gum						
	6	Cough Drops						
	7	Coffee						
	8	Milk						
	9	Bread						
	10	Eggs						
3								
	11	Crest Toothpaste	7 oz.					
	12	Listerine Antiseptic	32 oz.					
	13	Right Guard Spray Deod.	5 oz.					
	14	Head & Shoulders	11 oz. lotion					
		Shampoo	7 oz. tube					
	15	Vaseline Intensive Care Hand Lotion	10 oz.					
	16	Oil of Olay Face Lotion	4 oz.					
	17	Gillette Foamy Shave Cream	11 oz.					

SALES TAX _____

TOTAL _____

Date Encl. (54) to COMDTINST M7010.5 CH-3
28 DEC 1980

Location

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - EXCHANGE WORKSHEET

				UNIT SELLING PRICE					
						COMMERCIAL STORE			
DEPT #	ITEM #	ITEM	SIZE	NAFA	OTHER SERVICE	NAME	NAME	NAME	NAME
3									
	18	Gillette Good News Razor							
	19	Gillette Trac II Blades	9's						
	20	Old Spice After Shave	4.75 oz.						
	21	Tampax Tampons							
	22	Maalox Antacid							
	23	Nyquil Cold Medicine							
	24	Anacin	100's						
	25	Final Net Hair Spray							
	26	Clairol Nice & Easy							
	27	Band Aid							
	28	Correctol Laxative							
	29	One a Day Vitamins							
	30	Johnsons Baby Powder							
	31	Dial Toilet Soap							
	32	Kleenex Facial Tissue							
	33	Electric Shaver							

SALES TAX

TOTAL

Date _____

Location _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - EXCHANGE WORKSHEET

				UNIT SELLING PRICE					
						COMMERCIAL STORE			
DEPT #	ITEM #	ITEM	SIZE	NAFA	OTHER SERVICE	NAME	NAME	NAME	NA
4	34	Men's T-Shirts							
	35	Men's Briefs							
	36	Men's Boxer Shorts							
	37	Men's Jeans							
	38	Men's Sport Hosiery							
	39	Men's Shower Shoes							
5	40	Men's Watches Timex or Seiko							
	41	Ladies' Watches Timex or Seiko							
	42	Travel Alarm Clock							
	43	Bill Fold							
6	44	Ball Point Pen							
	45	Fiber tip Pen							
	46	Ballpoint Pen & Pencil Set							
7	47	Panty Hose							
	48	Pampers Disposable Diapers							

SALES TAX _____

TOTAL _____

Figure 54-1

Date 28 DEC 1980

Location

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - EXCHANGE WORKSHEET

DEPT #	ITEM #	ITEM	SIZE	UNIT SELLING PRICE					
						COMMERCIAL STORE			
				NAFA	OTHER SERVICE	NAME	NAME	NAME	NAME
8									
	49	Lamps							
	50	Household Rubber Gloves							
	51	Coffeemaker							
	52	Toaster							
	53	Iron							
	54	Shoe Polish							
	55	Clorox	32 oz.						
	56	Room Deodorant							
	57	Electric Light Bulbs	100 watt						
	58	Tide Soap Powder	20 oz.						
	59	Toilet Tissue							
	60	Paper Towels							
9									
	61	Instamatic 110 Film							
	62	Molded Luggage							
	63	Soft Side Luggage							
	64	Batteries							
	65	Portable Cassette Recorder							

SALES TAX

TOTAL

Figure 5h-1

Date _____

Location _____

28 DEC 198.

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - EXCHANGE WORKSHEET

DEPT #	ITEM #	ITEM	SIZE	UNIT SELLING PRICE					
				NAFA	OTHER SERVICE	COMMERCIAL STORE			
						NAME	NAME	NAME	NA
9									
	66	Digital Clock Radio							
	67	Stereo Set							
	68	Charcoal							
	69	Charcoal Lighter							
10									
	70	Premium Beer							
	71	Regular Beer							
	72	Soft Drink							
11									
	73	Hammer	16 oz.						
	74	Screwdriver	6"						
	75	Slip Joint Pliers	6"						
	76	Extension Cord	9'						
	77	Motor Oil							
	78	Tires							
	79	Batteries							
	80	Wax							

SALES TAX _____

TOTAL _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES

RETAIL PRICE COMPARISON SURVEY WORKSHEET

ITEM NO.	ITEM	BLS WT.	SUGGESTED UNIT SIZE	UNIT SIZE ACTUALLY PRICED	FULL DESCRIPTION OF ITEM (BRAND/VARIETY/GRADE, ETC.)	UNIT SELLING PRICE: NAFA	OTHER SERVICE	COMMERCIAL STORES: GIANT	FOOD FAIR	A&P	GRAND UNION
15	Pork Sausage	30.0	1 lb. roll	1 lb. roll	Jones	1.49	1.45	1.79	1.75	—	1.85
16	Bacon, Sliced	22.7	1 lb.	1 lb.	Oscar Meyer	1.65	1.59	1.78	1.89	1.85	2.19
17	Frankfurters, All Meat	16.2	1 lb. pkg.	1 lb.	Oscar Meyer "Weiners"	1.06	1.10	1.39	1.39	—	1.49
18	Ham, Canned	16.5	1 lb.	3 lb. can	Swift Premium (3 lb. can = $6.30 in CS)	2.10	2.10	2.25	—	—	2.49
19	Bologna, Sliced	25.1	8 oz. pkg.	8 oz.	Oscar Meyer	.62	.62	.79	.75	—	.89
20	Salami, Sliced	20.0	8 oz. pkg.	8 oz.	Oscar Meyer	.68	.66	.99	.99	—	.89
21	Liverwurst	24.2	8 oz. pkg.	8 oz.	Oscar Meyer Roll	.54	.52	.75	.79	—	.79
22	Chicken Fryer, Cut-up	85.2	1 lb.	1 lb.	(Not Branded)	.65	.62	.65	.75	.65	.77
23	Chicken Breasts	10.2	1 lb.	1 lb.	" "	1.03	.99	1.29	1.09	1.03	1.09
24	Turkey, Frozen	14.4	1 lb.	MED. SIZE	Swift "Butterball"	.85	.79	.85	.89	—	—

Figure 5[illegible]-2

08 DEC 198[illegible]

Date _____

Location _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - WORKSHEET

ITEM No.	ITEM	*BLS Weight	SUGGESTED unit/size	UNIT/SIZE Actually Priced	FULL DESCRIPTION OF ITEM Brand/Variety/Grade, Etc.	UNIT SELLING PRICE						
						NAFA	OTHER SERVICE	COMMERCIAL STORE				
								NAME	NAME	NAME	NAME	NAME
1	Beef, Round Steak	24.0	1 lb.									
2	Beef, Sirloin Steak	11.8	1 lb.									
3	Beef, Porterhouse Steak	10.0	1 lb.									
4	Beef, Rump Roast	16.9	1 lb.									
5	Beef, Rib Roast	10.9	1 lb.									
6	Beef, Chuck Roast	15.1	1 lb.									
7	Beef Hamburger (low price)	71.7	1 lb.									
8	Beef Liver	15.9	1 lb.									

SALES TAX _____

TOTAL _____

* Bureau of Labor Statistics

Figure 54-2

26 DEC 1980

Date _____

Location _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - WORKSHEET

ITEM No.	ITEM	*BLS Weight	SUGGESTED unit/size	UNIT/SIZE Actually Priced	FULL DESCRIPTION OF ITEM Brand/Variety/Grade, Etc.	UNIT SELLING PRICE NAFA	COMMERCIAL STORE OTHER SERVICE	NAME	NAME	NAME	NAME	NAME
9	Veal Cutlets	6.2	1 lb.									
10	Loin Pork Chops Center Cut	26.3	1 lb.									
11	Pork Loin, Roast	17.2	1 lb.									
12	Ham, Whole	16.9	1 lb.									
13	Picnics, Smoked	24.6	1 lb.									
14	Lamb Chops, Shoulder	7.9	1 lb.									
15	Pork Sausage	20.0	1 lb. roll									
16	Bacon, Sliced	27.4	1 lb.									

SALES TAX _____

TOTAL _____

* Bureau of Labor Statistics

Figure 54-2

Date _____

Location _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - WORKSHEET

ITEM No.	ITEM	*BLS Weight	SUGGESTED unit/size	UNIT/SIZE Actually Priced	FULL DESCRIPTION OF ITEM Brand/Variety/Grade, Etc.	UNIT SELLING PRICE						
						NAFA	OTHER SERVICE	COMMERCIAL STORE				
								NAME	NAME	NAME	NAME	NAME
17	Frankfurters, All Meat	10.0	1 lb.									
18	Ham, Canned	16.5	1 lb.									
19	Bologna, Sliced	25.1	8 Oz. pkg.									
20	Salami, Sliced	20.0	8 oz. pkg.									
21	Liverwurst	24.2	8 oz. pkg.									
22	Chicken Fryer, Cut-up	85.2	1 lb.									
23	Chicken Breasts	10.2	1 lb.									
24	Turkey, Frozen	14.4	1 lb.									

SALES TAX _____

TOTAL _____

* Bureau of Labor Statistics

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Figure 54-2

28 DEC 1960

Encl. (54) to COMDTINST M7010.15 CH-3
28 DEC 1980

Date _____

Location _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - WORKSHEET

ITEM No.	ITEM	*BLS Weight	SUGGESTED unit/size	UNIT/SIZE Actually Priced	FULL DESCRIPTION OF ITEM Brand/Variety/Grade, Etc.	UNIT SELLING PRICE						
						NAFA	OTHER SERVICE	COMMERCIAL STORE				
								NAME	NAME	NAME	NAME	NAME
25	Eating Apples	81.5	1 lb.									
26	Bananas	70.2	1 lb.									
27	Juice Oranges	16.4	1 doz.									
28	Grapefruit	21.9	Each									
29	Grapes, Seedless	16.7	1 lb.									
30	Watermelon	69.5	1 lb.									
31	White Potatoes	25.6	10 lb. bag									
32	Onions	34.4	1 lb.									

SALES TAX _____

TOTAL _____

* Bureau of Labor Statistics

Date _____

Location _____

[illegible]
[illegible] ACTIVITIES
PRICE COMPARISON SURVEY - WORKSHEET

ITEM No.	ITEM	*BLS Weight	SUGGESTED unit/size	UNIT/SIZE Actually Priced	FULL DESCRIPTION OF ITEM Brand/Variety/Grade, Etc.	UNIT SELLING PRICE						
						NAFA	OTHER SERVICE	COMMERCIAL STORE NAME	NAME	NAME	NAME	NAME
33	Cabbage	46.0	1 lb.									
34	Carrots	25.7	1 lb. bag									
35	Celery	28.1	Bunch									
36	Cucumbers	21.1	1 lb.									
37	Iceburg Lettuce	40.9	Head									
38	Green Bell Peppers	15.7	1 lb.									
39	Tomatoes	23.8	1 lb.									
40	Milk, Regular	202.2	1/2 gal. carton									
41	Milk, Skim	73.1	1 qt. carton									

SALES TAX _____

TOTAL _____

* Bureau of Labor Statistics

28 DEC 1980

Encl. (54) to COMDTINST M7010.5 (H-1)

28 DEC 1980

Date _____

Location _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - WORKSHEET

ITEM No.	ITEM	*BLS Weight	SUGGESTED unit/size	UNIT/SIZE Actually Priced	FULL DESCRIPTION OF ITEM Brand/Variety/Grade, Etc.	UNIT SELLING PRICE NAFA	OTHER SERVICE	COMMERCIAL STORE NAME	NAME	NAME	NAME	NAME
42	Butter, Quarters	21.6	1 lb. Pkg.									
43	Margarine, quarters	36.8	1 lb. pkg.									
44	Eggs, Grade A Large	72.1	1 doz. carton									
45	American Cheese, Sliced	45.5	8 oz. pkg.									
46	Orange Juice	5.3	1 qt. carton									
47	Ice Cream	19.7	1/2 gal. carton									
48	Frozen Whole Shrimp	9.7	10 oz. pkg.									
49	Frozen Ocean Perch	5.6	16 oz. pkg.									

SALES TAX _____

TOTAL _____

* Bureau of Labor Statistics

Figure 5H-2

Date _____

Location _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - WORKSHEET

ITEM No.	ITEM	*BLS Weight	SUGGESTED unit/size	UNIT/SIZE Actually Priced	FULL DESCRIPTION OF ITEM Brand/Variety/Grade, Etc.	UNIT SELLING PRICE						
						NAFA	OTHER SERVICE	COMMERCIAL STORE				
								NAME	NAME	NAME	NAME	NAME
50	Frozen Haddock	6.7	16 oz. pkg.									
51	Frozen Orange Juice	26.2	6 Oz. can									
52	Frozen Lemonade Concentrate	56.9	6 oz. can									
53	Frozen Broccoli Spears	30.6	10 oz. pkg									
54	Frozen French Fried Potatoes	53.7	9 oz. pkg.									
55	Frozen Chicken Dinner	26.2	11-12 oz. pkg.									
56	Frozen Green Peas	30.6	10 oz. pkg.									

SALES TAX _____

TOTAL _____

* Bureau of Labor Statistics

Figure 54-2

28 DEC 1980

Encl. (54) to COMDTINST M7010.5 CH-3

28 DEC 1980

Date _____

Location _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - WORKSHEET

ITEM No.	ITEM	*BLS Weight	SUGGESTED unit/size	UNIT/SIZE Actually Priced	FULL DESCRIPTION OF ITEM Brand/Variety/Grade, Etc.	UNIT SELLING PRICE NAFA	OTHER SERVICE	COMMERCIAL STORE NAME	NAME	NAME	NAME	NAME
57	Fruit Cocktail	31.9	Approx. 16 oz.can									
58	Pears	17.8	Approx. 28 oz.can									
59	Pineapple-Grapefruit	24.7	46 oz. can									
60	Beets, Sliced	49.3	Approx. 16 oz.can									
61	Green Peas	37.3	Approx. 16 oz.can									
62	Tomatoes	51.9	Approx. 16 oz.can									
63	Bean Soup	61.7	Approx. 11 oz. can									
64	Chicken Noodle Soup	49.7	Approx. 11 oz. can									
					SALES TAX							
					TOTAL							

* Bureau of Labor Statistics

Figure 54-2

Date _____

Location _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - WORKSHEET

ITEM No.	ITEM	*BLS Weight	SUGGESTED unit/size	UNIT/SIZE Actually Priced	FULL DESCRIPTION OF ITEM Brand/Variety/Grade, Etc.	UNIT SELLING PRICE NAFA	OTHER SERVICE	COMMERCIAL STORE NAME	NAME	NAME	NAME	NAME
65	Spaghetti	61.3	Approx. 11 oz. can									
66	Baby Food, Strained Fruit	81.5	4 1/2 oz. jar									
67	Tomato Sauce	17.0	8 oz. can									
68	White Flour All-purpose	22.9	5 lb. bag									
69	Cracker Meal	57.4	9 1/2 oz. pkg.									
70	Corn Flakes Cereal	45.0	12 oz. pkg.									
71	White Rice	67.4	12 oz. pkg.									
72	Spaghetti Regular Dry	50.2	16 oz. pkg.									

SALES TAX _____

TOTAL _____

* Bureau of Labor Statistics

Figure 5h-2

Date _____

Location _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - WORKSHEET

ITEM No.	ITEM	*BLS Weight	SUGGESTED unit/size	UNIT/SIZE Actually Priced	FULL DESCRIPTION OF ITEM Brand/Variety/Grade, Etc.	UNIT SELLING PRICE		COMMERCIAL STORE				
						NAFA	OTHER SERVICE	NAME	NAME	NAME	NAME	NAME
73	Salad Dressing, Italian	34.0	8 oz. btl.									
74	Cooking Oil	29.4	24 oz. btl.									
75	Granulated Sugar	14.4	5 lb. bag									
76	Ketchup	17.0	14 oz. btl.									
77	Mayonnaise	17.0	32 oz. jar									
78	Cake Mix, Devils Food	22.9	18 1/2 oz. box									
79	White Bread, Regular Loaf	196.8	1 lb.									
80	Whole Wheat Bread	117.4	1 lb.									

SALES TAX _____

TOTAL _____

* Bureau of Labor Statistics

Figure 54-2

Date _____

Location _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - WORKSHEET

ITEM No.	ITEM	*BLS Weight	SUGGESTED unit/size	UNIT/SIZE Actually Priced	FULL DESCRIPTION OF ITEM Brand/Variety/Grade, Etc.	UNIT SELLING PRICE						
						NAFA	OTHER SERVICE	COMMERCIAL STORE				
								NAME	NAME	NAME	NAME	NAME
81	Cookies, cream filled	64.9	1 lb. pkg.									
82	Pretzels	26.0	10 oz. pkg.									
83	Tuna Fish, Solid White	22.3	6 1/2 oz. can									
84	Sardines	55.0	4 oz. can									
85	Evaporated Milk	110.8	14 1/2 oz. can									
86	Grape Jelly	40.6	16 oz. can									
87	Chocolate Syrup	44.2	16 oz. can									
88	Coffee, Ground	36.9	1 lb. can									

SALES TAX _____

TOTAL _____

* Bureau of Labor Statistics

~~Figure 5-2~~

Date _____

Location _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - WORKSHEET

ITEM No.	ITEM	*BLS Weight	SUGGESTED unit/size	UNIT/SIZE Actually Priced	FULL DESCRIPTION OF ITEM Brand/Variety/Grade, Etc.	UNIT SELLING PRICE						
						NAFA	OTHER SERVICE	COMMERCIAL STORE				
								NAME	NAME	NAME	NAME	NAME
89	Coffee, Instant	10.6	6 Oz. jar									
90	Tea Bags	15.5	48's pkg.									
91	Instant Mashed Potatoes	25.9	7 oz. pkg.									
92	Sweet Pickle Relish	29.1	12 oz. jar									
93	Dog Food, Moist	55.7	Approx. 15 oz.can									
94	Laundry Detergent Powdered	9.8	Approx. 10 lbs.									
95	Dishwashing Detergent Liquid	9.8	32 oz. btl.									
96	Paper Towels	14.0	2-roll pack									

SALES TAX _____

TOTAL _____

* Bureau of Labor Statistics

Figure 5-2

Date _____

Location _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - WORKSHEET

ITEM No.	ITEM	*BLS Weight	SUGGESTED unit/size	UNIT/SIZE Actually Priced	FULL DESCRIPTION OF ITEM Brand/Variety/Grade, Etc.	UNIT SELLING PRICE						
						NAFA	OTHER SERVICE	COMMERCIAL STORE				
								NAME	NAME	NAME	NAME	NAME
97	Floor Wax	7.4	46 oz. btl.									
98	All-Purpose Cleaner, Liquid	9.8	100's btl.									
99	Aspirin	7.4	100's btl.									
100	Toothpaste	15.0	5 oz. tube									

SALES TAX _____

TOTAL _____

* Bureau of Labor Statistics

28 DEC 1980

Date _____

Location _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - EXCHANGE WORKSHEET

				UNIT SELLING PRICE					
						COMMERCIAL STORE			
DEPT #	ITEM #	ITEM	SIZE	NAFA	OTHER SERVICE	NAME	NAME	NAME	NA
BLENDED WHISKEY									
	1	Kessler-80* (Seagram)							
	2	Seagrams 7 -80* (Seagram)							
BOUR-BON									
	3	Jim Beam-80* (Beam)							
	4	Ancient Age 5 yrs.-86* (Schenley)							
	5	Early Times-80/86* (Brown-Forman)							
BRANDY COGNAC									
	6	Christian Bros. 80* (Fromme Sichel)							
	7	Hennessey Bras Arme-80* (Schieffelin)							
	8	Courvoisier V.S.-80* (W.A. Taylor)							
CANA-DIAN									
	9	Windsor Supreme-80* (National)							
	10	Canadian Club-86* (Hiram Walker)							
	11	Seagrams VO-86* (Seagrams)							

SALES TAX _____

TOTAL _____

* = Proof

Figure 54-3

28 DEC 1980

Date _____

Location _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - EXCHANGE WORKSHEET

				UNIT SELLING PRICE					
						COMMERCIAL STORE			
DEPT #	ITEM #	ITEM	SIZE	NAFA	OTHER SERVICE	NAME	NAME	NAME	NAME
GIN									
	12	Seagram's-80* (Seagram)							
	13	Gordon's London Dry-80.8* (Renfield)							
RUM									
	14	Ron Rico White/Gold-80* Seagram							
	15	Don Q White/Gold-80* (Heublein)							
	16	Bacardi Silver/Amber-80* (Bacardi)							
SCOTCH									
	17	J & B Rare-86* (Paddington)							
	18	Cutty Sark-86* (Buckingham)							
TENN.									
	19	Jack Daniels Black-90* (Jack Daniels)							
TEQUI-LLA									
	20	Jose Cuervo-80* (Heublein)							

SALES TAX _____

TOTAL _____

* = Proof

Date _____

Location _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - EXCHANGE WORKSHEET

DEPT #	ITEM #	ITEM	SIZE	UNIT SELLING PRICE					
				NAFA	OTHER SERVICE	COMMERCIAL STORE			
						NAME	NAME	NAME	NAME
VODKA									
	21	Smirnoff-80* (Heublein)							
	21	Popov-80* (Heublein)							
	23	Smirnoff -100* (Heublein)							
LIQUORS/ CORDIALS									
	24	Creme De Menthe							
	25	Creme De Cacao							
	26	Kahlua (Walker)							
	27	Southern Comfort (Brown Forman)							
	28	Amaretto Di Saronno (Glenmore)							
	29	B & E							

SALES TAX _____

TOTAL _____

* = Proof

Figure 54-3

Date _____

Location _____

U.S. COAST GUARD
NON-APPROPRIATED FUND ACTIVITIES
PRICE COMPARISON SURVEY - EXCHANGE WORKSHEET

				UNIT SELLING PRICE					
						COMMERCIAL STORE			
DEPT #	ITEM #	ITEM	SIZE	NAFA	OTHER SERVICE	NAME	NAME	NAME	NAME
WINES Import									
	30	Reunite							
	31	Lambrusco							
	32	Red							
	33	Rose							
	34	White							
* WINES domes.									
	35	Red (Burgundy)							
	36	Rose							
	37	White							

SALES TAX _____

TOTAL _____

* = Proof

Figure 54-3