



**NONRESIDENT
TRAINING
COURSE**



July 1986

Ship's Serviceman 1 & C

NAVEDTRA 14237

Although the words “he,” “him,” and “his” are used sparingly in this course to enhance communication, they are not intended to be gender driven or to affront or discriminate against anyone.

NAVAL EDUCATION AND TRAINING PROGRAM
MANAGEMENT SUPPORT ACTIVITY
PENSACOLA, FLORIDA 32509-5000

Errata #1

August 1991

Specific Instructions and Errata for
Training Manual (TRAMAN)
Ship's Serviceman 1&C

1. No attempt has been made to issue corrections for errors in typing, punctuation, etc., which are obvious.
2. For page 3-29. See reverse.

RECOMMENDATIONS FOR SHIP'S SERVICEMAN 1&C TRAINING MANUAL

1. Page 3-29-

Delete the negative sentence that starts, "Safety rules are mostly little things." in the first paragraph in the "Safety Precautions" section. Replace it with, "Safety is your most important duty as a supervisor."

Add the following at the end of the "Safety Precautions" section:

Many of the Naval Ships' Technical Manuals (NSTMs), manufacturer's technical manuals, and every planned Maintenance System (PMS) maintenance requirement card (MRC) include safety precautions. Additionally, OPNAVINST 5100.19B, Naval Occupational Safety and Health (NAVOSH) Program Manual for Forces Afloat, provide safety and occupational health information. The safety precautions are for your protection and to protect equipment.

During preventive and corrective maintenance, the procedures may call for personal protective equipment (PPE) such as goggles, gloves, hearing protection, and respirators. When specified, your use of PPE is mandatory. You must select PPE appropriate for the job since the equipment is manufactured and approved for different levels of protection.

If the procedure does not specify the PPE, and you aren't sure, ask your Safety Officer.

Most machinery, spaces, and tools requiring you to wear hearing protection are posted with hazardous noise signs or labels. Eye hazardous areas requiring you to wear goggles or safety glasses are also posted. In areas where corrosive chemicals are mixed or used, an emergency eye wash station must be installed.

All lubricating agents, oils, cleaning materials, chemicals used in maintenance and routine Ship's Servicemen work are hazardous materials. Hazardous materials require careful handling, storage, and disposal. PMS documentation provides hazard warnings or refers the maintenance man to the Hazardous Materials User's Guide (HMUG). Material Safety data Sheets (MSDSs) also provide safety precautions for hazardous materials. All commands are required to have an MSDS for each hazardous materials they have in their inventory. You must be familiar with the dangers associated with the hazardous materials you use in you work. Additional information is available from your commands's Hazardous Material/ Hazardous Waste Coordinator.

Workers must always consider electrical safety when working around any electrical or electronic machinery or equipment. Procedures normally include special precautions and tag-out requirements for electrical safety. You should review you command's electrical safety program instruction and procedures before beginning any work on electrical or electronic equipment or before working with portable electrical tools.

PREFACE

By enrolling in this self-study course, you have demonstrated a desire to improve yourself and the Navy. Remember, however, this self-study course is only one part of the total Navy training program. Practical experience, schools, selected reading, and your desire to succeed are also necessary to successfully round out a fully meaningful training program.

COURSE OVERVIEW: In completing this nonresident training course, you will demonstrate a knowledge of the subject matter by correctly answering questions on the following subjects: Navy Supply System, management, procurement, receipts and expenditures, ship's store operations, records and returns, commissaries, and retail operation management (ROM) system.

THE COURSE: This self-study course is organized into subject matter areas, each containing learning objectives to help you determine what you should learn along with text and illustrations to help you understand the information. The subject matter reflects day-to-day requirements and experiences of personnel in the rating or skill area. It also reflects guidance provided by Enlisted Community Managers (ECMs) and other senior personnel, technical references, instructions, etc., and either the occupational or naval standards, which are listed in the *Manual of Navy Enlisted Manpower Personnel Classifications and Occupational Standards*, NAVPERS 18068.

THE QUESTIONS: The questions that appear in this course are designed to help you understand the material in the text.

VALUE: In completing this course, you will improve your military and professional knowledge. Importantly, it can also help you study for the Navy-wide advancement in rate examination. If you are studying and discover a reference in the text to another publication for further information, look it up.

*1986 Edition Prepared by
SHCS Joseph W. Doucette*

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Sailor's Creed

“I am a United States Sailor.

I will support and defend the Constitution of the United States of America and I will obey the orders of those appointed over me.

I represent the fighting spirit of the Navy and those who have gone before me to defend freedom and democracy around the world.

I proudly serve my country's Navy combat team with honor, courage and commitment.

I am committed to excellence and the fair treatment of all.”

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INSTRUCTIONS FOR TAKING THE COURSE

ASSIGNMENTS

The text pages that you are to study are listed at the beginning of each assignment. Study these pages carefully before attempting to answer the questions. Pay close attention to tables and illustrations and read the learning objectives. The learning objectives state what you should be able to do after studying the material. Answering the questions correctly helps you accomplish the objectives.

SELECTING YOUR ANSWERS

Read each question carefully, then select the BEST answer. You may refer freely to the text. The answers must be the result of your own work and decisions. You are prohibited from referring to or copying the answers of others and from giving answers to anyone else taking the course.

SUBMITTING YOUR ASSIGNMENTS

To have your assignments graded, you must be enrolled in the course with the Nonresident Training Course Administration Branch at the Naval Education and Training Professional Development and Technology Center (NETPDTC). Following enrollment, there are two ways of having your assignments graded: (1) use the Internet to submit your assignments as you complete them, or (2) send all the assignments at one time by mail to NETPDTC.

Grading on the Internet: Advantages to Internet grading are:

- you may submit your answers as soon as you complete an assignment, and
- you get your results faster; usually by the next working day (approximately 24 hours).

In addition to receiving grade results for each assignment, you will receive course completion confirmation once you have completed all the

assignments. To submit your assignment answers via the Internet, go to:

<http://courses.cnet.navy.mil>

Grading by Mail: When you submit answer sheets by mail, send all of your assignments at one time. Do NOT submit individual answer sheets for grading. Mail all of your assignments in an envelope, which you either provide yourself or obtain from your nearest Educational Services Officer (ESO). Submit answer sheets to:

COMMANDING OFFICER
NETPDTC N331
6490 SAUFLEY FIELD ROAD
PENSACOLA FL 32559-5000

Answer Sheets: All courses include one “scannable” answer sheet for each assignment. These answer sheets are preprinted with your SSN, name, assignment number, and course number. Explanations for completing the answer sheets are on the answer sheet.

Do not use answer sheet reproductions: Use only the original answer sheets that we provide—reproductions will not work with our scanning equipment and cannot be processed.

Follow the instructions for marking your answers on the answer sheet. Be sure that blocks 1, 2, and 3 are filled in correctly. This information is necessary for your course to be properly processed and for you to receive credit for your work.

COMPLETION TIME

Courses must be completed within 12 months from the date of enrollment. This includes time required to resubmit failed assignments.

PASS/FAIL ASSIGNMENT PROCEDURES

If your overall course score is 3.2 or higher, you will pass the course and will not be required to resubmit assignments. Once your assignments have been graded you will receive course completion confirmation.

If you receive less than a 3.2 on any assignment and your overall course score is below 3.2, you will be given the opportunity to resubmit failed assignments. **You may resubmit failed assignments only once.** Internet students will receive notification when they have failed an assignment--they may then resubmit failed assignments on the web site. Internet students may view and print results for failed assignments from the web site. Students who submit by mail will receive a failing result letter and a new answer sheet for resubmission of each failed assignment.

COMPLETION CONFIRMATION

After successfully completing this course, you will receive a letter of completion.

ERRATA

Errata are used to correct minor errors or delete obsolete information in a course. Errata may also be used to provide instructions to the student. If a course has an errata, it will be included as the first page(s) after the front cover. Errata for all courses can be accessed and viewed/downloaded at:

<http://www.advancement.cnet.navy.mil>

STUDENT FEEDBACK QUESTIONS

We value your suggestions, questions, and criticisms on our courses. If you would like to communicate with us regarding this course, we encourage you, if possible, to use e-mail. If you write or fax, please use a copy of the Student Comment form that follows this page.

For subject matter questions:

E-mail: n313.products@cnet.navy.mil
Phone: Comm: (850) 452-1001, Ext. 2167
DSN: 922-1001, Ext. 2167
FAX: (850) 452-1370
(Do not fax answer sheets.)
Address: COMMANDING OFFICER
NETPDTC N313
6490 SAUFLEY FIELD ROAD
PENSACOLA FL 32509-5237

For enrollment, shipping, grading, or completion letter questions

E-mail: fleetservices@cnet.navy.mil
Phone: Toll Free: 877-264-8583
Comm: (850) 452-1511/1181/1859
DSN: 922-1511/1181/1859
FAX: (850) 452-1370
(Do not fax answer sheets.)
Address: COMMANDING OFFICER
NETPDTC N331
6490 SAUFLEY FIELD ROAD
PENSACOLA FL 32559-5000

NAVAL RESERVE RETIREMENT CREDIT

If you are a member of the Naval Reserve, you may earn retirement points for successfully completing this course, if authorized under current directives governing retirement of Naval Reserve personnel. For Naval Reserve retirement, this course is evaluated at 9 points. (Refer to *Administrative Procedures for Naval Reservists on Inactive Duty*, BUPERSINST 1001.39, for more information about retirement points.)

Student Comments

Course Title: Ship's Serviceman I & C

NAVEDTRA: 14237 **Date:** _____

We need some information about you:

Rate/Rank and Name: _____ SSN: _____ Command/Unit _____

Street Address: _____ City: _____ State/FPO: _____ Zip _____

Your comments, suggestions, etc.:

<p>Privacy Act Statement: Under authority of Title 5, USC 301, information regarding your military status is requested in processing your comments and in preparing a reply. This information will not be divulged without written authorization to anyone other than those within DOD for official use in determining performance.</p>
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NETPDTC 1550/41 (Rev 4-00)

CHAPTER 1

INTRODUCTION

This rate training manual is designed to enable the SH2 and SH1 to meet the occupational standards for advancement to First Class Ship's Serviceman and Chief Ship's Serviceman. For detailed information about military requirements for advancement, final multiples, and training sources and publications, consult *Military Requirements for Petty Officer Third Class through Chief Petty Officer* and *Basic Military Requirements*.

This chapter provides information on the increased rewards and responsibilities of advancement and the different career opportunities that are available to you. It is recommended that you study this chapter carefully before you begin to study the remainder of this rate training manual.

THE SHIP'S SERVICEMAN RATING

In the Navywide enlisted rating structure, service ratings are provided to meet the need for technical specialization in some ratings but not in others. The Ship's Serviceman rating is a general rating, with areas of specialization identified by Navy enlisted classification (NEC) codes. These specialties include Barber, Navy Exchange Manager, Afloat Sales and Service Specialist, Commissary Store Manager, Laundry/Dry Cleaning Specialist, and Navy Exchange/Commissary Store Specialist. Refer to the current edition of the *Manual of Navy Enlisted Manpower and Personnel Classifications and Occupational Standards*, section II, NAVPERS 18068, for descriptions of the NEC codes applicable to the Ship's Serviceman rating.

Because of the nature of the Ship's Serviceman rating, senior Ship's Servicemen are assigned to a variety of activities. As a senior SH, you may be assigned to a regular sea billet where you may be placed in supervision over the ship's retail and service activities. Or, you may be assigned as a supervisor of civilian or military employees in a Navy exchange or commissary store. You may

also be eligible for training at an instructor school, after which you may be sent to instruct in the SH class A school or in one of the SH class C schools. Or, you may be assigned as a recruit instructor or a company commander at one of the recruit training commands.

Other duty assignments that may be available to you include those in the Naval Education and Training Program Development Center, Pensacola, Florida, where the Navywide advancement examinations are prepared and scored and where rate training manuals, correspondence courses, and other training materials are developed and prepared.

In addition to the special skills and knowledge you should possess for the Ship's Serviceman rating, you must also develop your ability as a leader. You will find that your responsibilities for military leadership are about the same as those of petty officers in other ratings, since every petty officer is a military person as well as a specialist. Your responsibilities for leadership in the supply department are considerable, especially on small ships. The ship's store records, for example, are all-important records and it is your responsibility to see that they are accurately maintained. Only people who are highly competent and have a deep sense of personal responsibility can develop leadership qualities needed to do their jobs well. The ability to lead is most apparent in supervision, although it manifests itself in more subtle ways in everything you do. Certain practical details that relate to your responsibilities for supervision are discussed in chapter 3 of this manual.

REWARDS AND RESPONSIBILITIES OF ADVANCEMENT

Advancement brings both increased rewards and increased responsibilities. The time to start looking ahead and considering the rewards and the responsibilities of advancement is now. Your responsibilities will be many and varied. By this

time, you are probably well aware of many of the advantages—higher pay, greater prestige, more interesting and challenging work, and the satisfaction of getting ahead in your chosen field.

The Navy also benefits by your advancement. Highly trained personnel are essential to the functioning of the Navy. By each advancement you increase your value to the Navy in two ways. First, you become more valuable as a specialist in your own rating. And second, you become more valuable as a person who can supervise, lead, and train others. The extent of your contribution to the Navy depends upon your willingness and ability to accept increasingly broader responsibilities as you advance. When you assumed the duties of an SH3, you began to accept a certain amount of responsibility and accountability for the work of others. With each advancement, you accept an increasing responsibility in military matters and in matters relating to the occupational requirements of the Ship's Serviceman rating.

As you advance to the senior petty officer level, your responsibilities up and down the chain of command will change. Both officers and enlisted personnel will expect you to translate the general orders given by officers into detailed, practical on-the-job language that can be understood and followed even by relatively inexperienced personnel. In dealing with inexperienced people, it is up to you to see that they perform their work properly. At the same time, you must be able to explain to officers any important needs or problems of the enlisted personnel. This means you must be able to communicate clearly and effectively. Remember, the goal of all communication is understanding. To lead and supervise effectively, you must be able to speak and write in such a way that others can understand exactly what you mean. Chapter 3 of this manual discusses some techniques to help you to communicate clearly and effectively.

As a senior Ship's Serviceman, you will also have regular and continuing responsibilities for training. Even if you are lucky enough to have a group of subordinates who are highly skilled and well trained, you will find that some training will still be necessary. Some of your best workers may be transferred, and inexperienced or poorly trained personnel may be assigned to you; or, a particular job may call for skills that your personnel do not have. In addition, you will be responsible for training lower rated Ship's Servicemen for advancement. These and similar situations will require you to become a training specialist who can conduct various types of

formal and informal training programs for subordinate personnel.

As you advance to SH1 and then to SHC, you will find that many of your plans and decisions affect a large number of people, some of whom are not even in the supply department. It becomes increasingly important, therefore, to understand the duties and responsibilities of personnel in other ratings. Petty officers in the Navy are specialists in their own fields. Learn as much as you can about the work of other ratings, and plan your own work so that it will fit in with the overall mission of the organization.

As a First Class Ship's Serviceman and even more so as a Chief Ship's Serviceman, you must keep yourself informed about all changes and new developments that might affect your rating or your work. Practically everything in the Navy—policies, procedures, equipment, publications, systems—is subject to change and development. Some changes will be called to your attention, but you will have to look for others. Try to develop a special kind of alertness for new information. Keep up to date on all available sources of technical information.

IMPORTANT SOURCES OF INFORMATION FOR THE SENIOR SHIP'S SERVICEMAN

As a senior Ship's Serviceman, you will be regularly consulted for up-to-date information on the military requirements and occupational qualifications of the Ship's Serviceman rating. You will also have responsibilities for the technical leadership that will be directly related to the daily work of your organization. No single publication can give you all the information you will need. It is important for you to know where to look for detailed, authoritative, up-to-date information on all subjects related to the occupational standards and naval requirements for advancement in the Ship's Serviceman rating and for the successful performance of Ship's Serviceman work.

To prepare for your future responsibilities as a military leader and advisor of subordinate naval personnel, you should become thoroughly familiar with the current military requirements publications. Since references to these publications are made throughout this chapter, the publications will not be discussed at this time. As a conscientious Ship's Serviceman who is preparing to advance to the senior petty officer level, you should take responsibility for acquiring these publications and for studying them carefully.

By now you are probably aware that there are several publications that are directly concerned with Ship's Serviceman work. In fact, you may even be familiar with some of the basic publications. For your convenience, the following summaries are provided on a few of the important publications with which you, as a senior Ship's Serviceman, may work:

● *Ship's Store Afloat*, NAVSUP Publication 487—The procedures contained in this publication establish policy for the operation and management of a ship's store afloat. The procedures are designed to assist ship's store personnel in the proper performance of their assigned duties and to aid them in understanding and fulfilling their responsibilities.

● *Afloat Supply Procedures*, NAVSUP Publication 485—This publication establishes policies for the operation and management of afloat supply departments and activities operating under afloat procedures. It is designed to assist supply personnel in the proper performance of their assigned duties and to aid them in understanding and performing their individual tasks associated with afloat supply operations.

● *Navy Exchange Manual*, NAVRESSO Instruction 4066.17—This publication contains comprehensive instructions for operating Navy exchanges and is designed to standardize the administration, organization, and operation of all such exchanges.

● *Navy Customer Service Manual*, NAVED-TRA 10119-B—This special publication is designed to provide the enlisted personnel who man the contact points—e.g., Disbursing Clerks, Ship's Servicemen, Commissarymen, Personnelmen—with information concerning the importance and improvement of customer service. The publication has been developed to make you aware of the importance of proper attitudes and their effect on everyday performance; and it demonstrates to you how worthwhile a continuing effort to develop positive attitudes in interpersonal relationships can be.

In addition to basic publications associated with Ship's Serviceman work, rate training manuals exist to provide you with detailed information on the Ship's Serviceman rating and to help you meet the occupational standards for advancement to SH1 and SHC.

● *Ship's Serviceman 3 & 2*, modules 1 and 2—The modules of this rate training manual provide detailed information to help Ship's Servicemen fulfill the overall requirements of the rating. Module 1 discusses the administration of the ship's store and operations in retail and service activities. Module 2 covers various ship's store accounting procedures and financial returns. Satisfactory completion of these training modules is required for advancement to SH3 and SH2. If you have already met this requirement by satisfactorily completing an earlier edition of *Ship's Serviceman 3 & 2*, you should at least review the new modules. Much of the information presented in this edition of *Ship's Serviceman 1 & C* is based on the assumption that you are already familiar with the contents of the *Ship's Serviceman 3 & 2*, modules 1 and 2.

● *Ship's Serviceman 1 & C*—The information in this rate training manual is designed to help Ship's Servicemen meet the qualifications for advancement to First Class Ship's Serviceman and Chief Ship's Serviceman. Leadership and management responsibilities of the senior Ship's Serviceman are stressed.

THE SCOPE OF THIS RATE TRAINING MANUAL

Before you study any book, it is a good idea for you to understand the scope and purpose of the book. Here are some things you should know about this rate training manual.

● This edition of *Ship's Serviceman 1 & C* is designed to help you meet the occupational qualifications for advancement to First Class Ship's Serviceman and Chief Ship's Serviceman. The information presented in this manual discusses the organization of the Navy supply system; administration of retail and service operations; procurement, receipt, expenditure, and documentation procedures; the auditing of returns; and the administration of commissaries in terms of the management and leadership responsibilities of the senior Ship's Serviceman.

● You must complete this rate training manual satisfactorily before you can advance to SH1 or SHC, whether you are in the regular Navy or the Naval Reserve.

● This rate training manual is NOT designed to give you information on the military requirements for advancement to PO1 or CPO. For this type of information, you should consult *Military Requirements for Petty Officer Third Class* through *Chief Petty Officer* and *Basic Military Requirements*.

● This manual is NOT designed to give you information that is related primarily to the qualifications for advancement to SH3 or SH2; however, many of those qualifications are reviewed or examined from the supervisory level. For detailed information pertaining to advancement to SH3 and SH2, you should consult the military requirements manuals and *Ship's Serviceman 3 & 2*, modules 1 and 2.

● Although this manual is based upon information that is related to the qualifications for advancement to SH1 and SHC, no training manual can really take the place of actual on-the-job experience. This manual can help you understand some of the whys and wherefores, but you must combine knowledge with practical experience before you can develop the required skills. It is important for you to obtain the current *Personnel Advancement Requirement (PAR) Program* (NAVPERS 1414) applicable to the Ship's Serviceman rating. In studying for advancement, you should use the PAR information in conjunction with the material in this manual.

● This rate training manual is NOT specifically designed to provide you with a listing of all the required and recommended materials and references that you should use to prepare for advancement in the Ship's Serviceman rating. For this important information, you should consult the current edition of the *Bibliography for Advancement Study*, NAVEDTRA 10052.

● The occupational Ship's Serviceman qualifications that were used as a guide in the

preparation of this manual were those issued in the *Manual of Navy Enlisted Manpower and Personnel Classifications and Occupational Standards*, NAVPERS 18068E. Therefore, changes in the Ship's Serviceman qualifications occurring after this change may not be reflected in the information given in this manual. Your major purpose in studying this manual is to help you satisfy the qualifications for advancement to SH1 or SHC. However, it is also important that you obtain and become familiar with the most recent Ship's Serviceman occupational standards.

You should always make it your responsibility to see that you are using the latest edition of any publication or directive from which you are seeking information. From time to time, most publications are subject to change or revision, sometimes at regular intervals, other times when the need arises. When you are consulting a publication that is kept current by changes, you should make certain that you are using a copy in which all official changes have been made. If a publication is subject to revision, you should check to see if you are using the most recent revision or edition. Official publications and directives carry identifying abbreviations, numbers, and, at times, letter designations that give the source of the document, its subject matter, and its edition. For example, the identification code for this rate training manual is NAVEDTRA 10287-F. The letter *F* designates the edition and indicates that this manual replaces NAVEDTRA 10287-E. The code NAVEDTRA 10287 indicates that this is a publication of Naval Education and Training in the rate training manual series. When publications and directives are mentioned throughout this book, the final letter designations will generally not be given. These omissions are deliberate and have been made to accommodate future revisions of referenced publications.

CHAPTER 2

NAVY SUPPLY SYSTEM

As a Ship's Serviceman, you have been involved with the daily operation of the retail and service activities of an afloat supply department. You have performed duties as a laundryman, barber, tailor, ship's store operator, bulk storeroom custodian, or records keeper. Now, as you prepare to advance to a senior petty officer rate and assume the added responsibilities of a supervisory position, you must be able to identify your role in the supply department afloat and ashore as an integral part of the Navy supply system.

The varied supply demands of a missile ship in the South Pacific; a Navy radio station in Cutler, Maine; the naval base in Guantanamo, Cuba; and the other worldwide elements of the operating forces and shore establishments of the Navy require a procurement, storage, and distribution system with a scope unequalled in the commercial world. The term *supply system* is used to describe collectively the field activities of the Naval Supply Systems Command (NAVSUP) and the Defense Logistics Agency (DLA) which procure, hold, and issue materials to the operating forces or to activities of the shore establishment. The supply system also extends into the operating forces in the form of stores issue ships and tenders.

The mission of the integrated Navy/DLA supply system is twofold. First and always foremost, the supply system must provide responsive support to the operating forces. Second, the system must achieve optimum economy. To accomplish both of these goals, the Navy/DLA supply system must obtain superior management in all of its operations. In your role as a senior Ship's Serviceman, you must provide the type of management that will contribute directly to the success of the mission and the goals of the integrated Navy/DLA supply system.

The Navy/DLA supply system became "integrated" when the critically important supply requirements of the operating forces began to extend beyond the scope of a single organization.

In fact, the supply system has become integrated in two significant ways. First of all, the Navy supply system itself is integrated. Before World War II, technical materials were controlled by the technical commands and were generally provided to the fleet on a direct turnover basis from private industry. The enormous quantity of technical materials that the highly mobile naval forces required soon surpassed the ability of that system to meet the demands. As a result, these technical items had to be integrated into a supply system where they could be managed systemwide. Second, the supply system is an integration of the DLA system and the Navy system. The integration of the two systems began when the DLA started placing selected items of material in various naval supply centers, depots, shipyards, and air stations. The following sections of this chapter will describe how the general organization and functions of the DLA system and the Navy system work together.

DEFENSE LOGISTICS AGENCY

The Defense Logistics Agency was established to procure and manage certain common items for all the military services. First, each service determines its own gross requirements. Next, the DLA totals the requirements for all the military services and procures the required materials on a wholesale basis from commercial sources. Finally, the DLA sells the procured materials to the military services.

DEFENSE SUPPLY CENTERS

The DLA headquarters is located at Cameron Station, Alexandria, Virginia. The headquarters organization provides leadership and management over the operational functions that are decentralized to the DLA field activities. The field activities, which are referred to as defense supply

centers (DSCs), procure and distribute materials as follows:

- Defense Personnel Support Center, Philadelphia, Pennsylvania—Controls subsistence, medical supplies, and clothing.

- Defense Fuel Supply Center, Washington, D.C.—Controls bulk petroleum and petroleum-based chemicals.

- Defense Electronics Supply Center, Dayton, Ohio—Controls electronic and electrical equipment and repair parts.

- Defense Industrial Supply Center, Philadelphia, Pennsylvania—Controls industrial-type items, such as bearings, block and tackle devices, rigging and slings, and rope cable and fittings.

- Defense Construction Supply Center, Columbus, Ohio—Controls structural material and automotive and construction equipment, components, and repair parts.

- Defense General Supply Center, Richmond, Virginia—Controls furniture, food preparation equipment, recreation and athletic equipment, packaged petroleum products, office supplies, and cleaning supplies.

The basic function of each of the defense supply centers is inventory management. The major areas of responsibility of the DSCs in carrying out that function are described below.

Supply Management

The defense supply centers are responsible for the performance of supply management functions (depending on the specific assignment), such as cataloging, standardization, determination of net requirements, procurement, inspection and quality control, storage, distribution, redistribution, disposal, transportation arrangements, maintenance and manufacturing guidance, and mobilization planning.

Replenishment Requirements

It is the responsibility of each military service to determine the kinds of supplies and equipment needed and the quantity required per operating unit. The defense supply centers

compute the replenishment requirements on all the items under DLA management. These computations take into account the experience of the center on each item and the program information furnished by each service.

Ownership and Distribution

The defense supply centers control the wholesale distribution of stock among the four military services. Generally, a defense supply center makes use of local military facilities that are best suited for the center to meet the requirements of all the military services located in the area the center serves. These facilities are operated with administrative support furnished by the service that owns the facility. When a center is the principal user of the facility, however, and has management jurisdiction, the center provides the administrative support to the other tenants. The defense supply centers conduct their operations basically within the United States (excluding Alaska and Hawaii). The centers arrange, however, for the shipment of their stock items from continental stock points to overseas points as designated by military departments.

All stocks, both operating and reserve, under the control of a defense supply center, are owned by the center and are financed by a separate fund, the Defense Stock Fund. When necessary, stocks are rotated to maintain their quality through arrangements agreed upon between the DLA and the military department concerned. As long as the stock items remain under direct control and ownership of a defense supply center, the stock is considered to be "wholesale" stock. Once the wholesale stock is distributed, however, the military service that receives the stock assumes ownership and the stock becomes "retail" stock.

DLA DISTRIBUTION SYSTEM

While DLA material is under the inventory management of the DSCs, the actual storage and distribution are accomplished by the distribution depots (DDs) and the specialized support depots (SSDs).

Distribution Depots

A distribution depot is simply a storage point for DLA material. Issue of material from these depots is centrally controlled by the cognizant DSC and is based on requisitions received and processed centrally by the DSC. Consequently, a

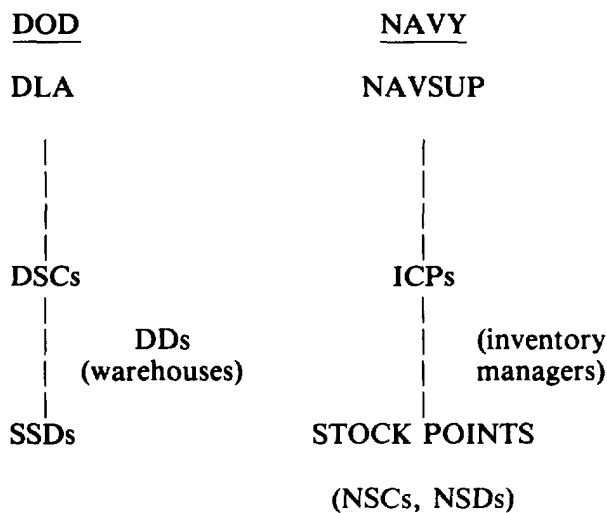
DD cannot accept requisitions directly or issue stock without the prior authorization of the DSC. The principal DDs are located in Mechanicsburg, Pennsylvania; Memphis, Tennessee; Ogden, Utah; and Tracy, California.

Specialized Support Depots

Because of the large number of afloat customers, the DLA has established two SSDs to provide direct support to the Navy. The two SSDs are the Navy supply centers at Norfolk and Oakland. The SSDs, unlike the DDs, have the authority to receive requisitions directly and to make issues locally. The inventory held at each depot is, however, owned and managed centrally by the cognizant DSC.

NAVY SUPPLY SYSTEM

As was mentioned at the beginning of the chapter, the Navy supply system is integrated with the Defense Logistics Agency system. The mission, organization, and functions of the components of the Navy system are described below. Like the DLA system, there are inventory managers (the inventory control points), a distribution system (NSCs, NSDs), and a central headquarters (NAVSUP). The following diagram is a comparison of the two systems:



NAVAL SUPPLY SYSTEMS COMMAND

The Naval Supply Systems Command (NAVSUP) supervises the provisioning, cataloging, inventory management, distribution, materials

handling, traffic management, transportation, packaging, preservation, receipt, storage, issue, and disposal of Navy supplies and material, except for those items specifically assigned to other systems commands or offices. Although NAVSUP relies heavily on the other systems commands for technical advice concerning equipment and material requirements, it also furnishes supply management methods and guidance to commands and offices that request management assistance in supply functions.

NAVSUP is also responsible for the development and supervision of the Navy supply system. It must combine all supply and distribution functions into one system so that the system can meet the objective of responsive and efficient material support to the operating forces. This is not a simple task. The Navy supply system must be responsive to all levels of command and must operate at all levels. It is not enough to develop only those capabilities that will enable a supply system to meet the needs of one ship, one task force, or one fleet. The Navy supply system must be able to respond to all the needs of the operating forces and of their related support activities.

As you read the following sections, you should recognize how many supply functions are inter-related so that the Navy supply system can support your ship or any other component of the operating forces. You should also determine how your supply department, afloat or ashore, functions in much the same way in meeting the needs of a ship or a station. The basic elements of supply support, for one ship or for the entire Navy, involve the determination of requirements, procurement, and distribution.

Determination of Requirements

Determining requirements for material should not be new to you as you have probably already had some experience in this area aboard your ship. In performing this job, you have had two excellent tools to work with—the *Coordinated Shipboard Allowance List (COSAL)* and the usage data from your stock record cards. The COSAL is discussed later in this rate training manual and in *Military Requirements for Petty Officer Third Class through Chief Petty Officer*. The Navy supply system uses the COSAL and stock record cards for determining the requirements for replenishment materials. However, not all material comes under the heading of replenishment. When new material, such as the repair parts requirement for a newly developed item of equipment, is

introduced, long-range plans must be developed for the adequate support of the equipment.

There is another area that calls for the determination of requirements. When the plans for an operation have been approved, logistic planning must provide the material needed to support the operation. Elements such as the size and duration of the operation, its distance from established support activities, and the climate to be encountered are all factors that you must consider in order to predict, with any accuracy, answers to the questions: What? How much? When? Where? and How?

Procurement of Materials

As soon as requirements have been established, the next step is the procurement of materials. Most procurement aboard ship is carried out by requisition. However, before a supply activity can issue the material on your requisition, the material must first be procured and then delivered to the location of that supply activity. Although some items are manufactured in Navy facilities (such as shipyards), the vast majority of procured material is purchased from commercial suppliers. The impact of procurement by the Navy on the civilian economy ranges from insignificant for the replacement stock of shoelaces to staggering when procurement activity includes all the material necessary to support an all-out wartime operation.

Procurement comprises such functions as establishing specifications for the goods required, standardizing material, cataloging and identifying material, inspecting material, investigating costs, and assigning priorities. Procurement may also involve the allocation of critical raw material to a supplying manufacturer.

Distribution of Stock

The first phase of distribution is the accumulation of material at CONUS bases, an action that may be performed more readily during the procurement process if the location to which the material is to be delivered is specified. The other phases of distribution are storage, issue, transportation, and control.

The distribution system must be capable of reacting rapidly to unexpected changes in plans and operations. The system must also be able to adapt itself to changes brought about by new developments in technical areas.

A distribution system should be as economical as possible without sacrificing effectiveness. A good distribution system can achieve considerable economy by maintaining careful control of its stock. For example, material requirements at one location can occasionally be met by a redistribution of excess material from another location rather than by the procurement of new material. When equipments or systems are scheduled to be phased out, the reduced demand for material support can be anticipated and overall stock levels can be reduced accordingly. On the other hand, a good distribution system must be just as effective in anticipating increases in existing supply requirements or additional procurement demands as new equipments are introduced to the fleet. Under all conditions, an expedient distribution system must ensure that material support is available when and where it is needed.

INVENTORY CONTROL POINTS (ICPs)

Managing the hundreds of thousands of different items of stock in use by the Navy today is not an easy job. To provide the proper balance between supply and demand, the Navy supply system has established inventory control points (ICPs). In fact, the Navy's two inventory control points have been described as the "nerve centers" of the Navy supply system. They are the

- Navy Aviation Supply Office, Philadelphia, Pennsylvania (ASO); and
- Navy Ships Parts Control Center, Mechanicsburg, Pennsylvania (SPCC).

Although they are not ICPs, three other activities have been assigned specific inventory management responsibilities. They are the

- Naval Publications and Forms Center, Philadelphia, Pennsylvania;
- Navy Fuel Supply Office, Alexandria, Virginia; and
- Navy Resale and Services Support Office, Staten Island, New York.

Each of these activities manages a material commodity or group of commodities.

You can identify the inventory manager for any stock item by the cognizance symbol for that

manager. For example, ship's store stock is 1Q cog material that is under the inventory management of the Navy Resale and Services Support Office. You can find the current list of cognizance symbols and their associated responsible inventory managers in the *NAVSUP Manual*, volume II, and NAVSUP P-485.

Within the Navy supply system, the ICPs administer the material assigned to them by the systems command having prime responsibility for the material. Thus, an ICP is under the joint control of NAVSUP and the responsible systems command. The ICPs do not maintain stocks of material; the ICPs simply ensure that a proper balance exists between the supply of and the demand for the individual items of material required by the Navy. This mission requires each ICP to do the following:

- Ensures that activities of the Navy will receive promptly the appropriate quantities of all requested materials

- Ensures, by control of procurement, that long supply or short supply of material will be curtailed by maintaining a scheduled flow of material into the Navy supply system in the proper quantities

- Directs redistribution or disposal of excess stock at supply activities for any material under its cognizance

- Maintains close liaison with the systems commands for the purpose of incorporating changes, new requirements, obsolescence, and other planning information into the inventory control of its material

- Determines or assists in determining items to be stocked

- Participates in procurement actions for technical equipment and material, recommends procurement of repair parts and components, and schedules the delivery of these parts and components as designated by the sponsoring systems command or office

- Participates in material standardization programs

- Carries out intensive technical research programs so that all stock items under its control are identified, stock numbered, cataloged, and evaluated for possible interchangeability

- Establishes standard unit prices

- Develops methods and procedures for recording and reporting the stock status of the material under its inventory control

- Consolidates and reviews the periodic stock status reports rendered by its reporting activities

The material that is managed by the ICPs is held in a distribution system composed of supply activities called stock points. To make the material available in the right quantity at the right place, the ICPs must maintain close control over the distribution system. To do this, the distribution system of the ICPs is tied together by a highly sophisticated communications network through which the ICPs report daily on the status of the stock in their locations. This information enables each ICP to position material as required and to compute future procurement requirements for the material.

In summary, the stock management responsibilities of the ICPs within the Navy supply system are to position material at the various stock points; to retain inventory control of this material through extensive reporting systems; to provide technical assistance to the system (and to the customers); and to provide a cataloging service to the system (and to the customers).

NAVY RETAIL OFFICES

The inventory managers for Navy-owned retail stocks of items under DLA control are the Navy retail offices (NROs). The NROs manage Navy-owned material by financial means only. Material is bought from the DSCs with Navy Stock Fund money and is subsequently positioned at Navy stock points. The two Navy retail offices are the

- Fuel Supply Office (FSO), Washington, D.C.—Responsible for the retail management of solid fuels, petroleum, and related products, asphalts, and coal tars; and

- Fleet Material Support Office (FMSO), Mechanicsburg, Pennsylvania—Responsible for the retail management of Navy retail stocks of DLA/GSA items.

NAVY DISTRIBUTION SYSTEM

There are two types of activities that makeup the Navy's distribution system: (1) activities in

which the primary mission is supply and (2) activities that are components of systems commands other than NAVSUP or naval operational activities.

The major activities in which the primary mission is supply are (1) naval supply centers and (2) naval supply depots. These activities are responsible for warehousing, distributing, and controlling Navy supply materials. In addition to these activities, the mobile logistics support force (MLSF) ships act as afloat extensions of the Navy's distribution system.

The other activities are strictly supply departments consisting of (1) naval shipyards, (2) naval air stations, and (3) naval stations. The mission of these activities is to provide specialized supply support to the command at which they are located.

Navy Supply Centers and Naval Supply Depots

Navy supply centers (NSCs) and depots (NSDs) are command organizations that have been established for the centralized administration of various types of supply activities. These supply centers and depots furnish balanced supply support to fleet units, shore activities, transient ships, and overseas bases. The centers have, as components, several depots that stock the various categories of materials. In addition, a supply center or depot may have certain other components that perform related supply functions.

Navy supply centers are based in CONUS while Navy supply depots are located overseas (with the exception of NSD, Mechanicsburg, Pennsylvania). Military command and coordination control is exercised by the commanding officer of the center or depot, but primary support responsibility of the centers and depots is exercised by NAVSUP. The departments of any NSC or NSD with which the senior Ship's Serviceman would most frequently come into contact are the inventory control department and material department.

INVENTORY CONTROL DEPARTMENT.— The inventory control department determines material requirements, manages inventories of assigned material, controls material receipts, and, when a purchase department is not warranted or approved by NAVSUP, conducts procurement operations. Within the inventory

control department there are several divisions that perform the following functions:

- Requirements division—Maintains levels of activity stocks and stock records, provides status information, screens and analyzes supply documents, and performs other related functions.

- Receipt control division—Monitors all documentation and procedures necessary for the prompt receipt of material.

- Technical division—Maintains the library that is used to identify material.

- Purchase division—Determines the methods for purchasing material and conducts negotiations for the purchase of supplies and equipment.

- Customer services division—Provides the liaison point for fleet and shore customers on material and service requirements. The customer services division is usually established when the volume of fleet or shore customer services is too great for the requirements division to handle alone. Otherwise, customer service functions are performed within the requirements division.

MATERIAL DEPARTMENT.— The material department plans and directs the storage, maintenance, issue, and disposal of materials and, when a freight terminal department is not warranted, plans and directs the receiving, shipping, and shipment control operations. Within the material department are several divisions that perform the following functions:

- Storage division—Determines and maintains proper stowage conditions and locations for material.

- Disposal division—Operates disposal, scrap, and salvage yards.

- Packing and preservation division—Performs the packing and marking of material for domestic or overseas shipment.

- Cold storage division—When established, performs for subsistence materials the identical functions assigned to the requirements and storage divisions.

- Retail stores division—Operates shop, ready supply, and self-service stores.

- Freight terminal division—Receives, ships, delivers, and controls the movement of all material.

- Labor and equipment division—Maintains a residual labor and equipment pool.

Mobile Logistics Support Force

The purpose of the MLSF is to keep the fleet supplied with fuel, food, general stores, technical repair parts, and services. These materials and services are made available through underway replenishment (UNREP) or in-port replenishment (INREP) in foreign harbors. Through the use of the MLSF, the fleet can remain at sea for protracted periods of time.

Some of the ships that makeup the MLSF are as follows:

- Combat stores ships (AFS)—Carry a “load” of general stores, ship’s repair parts, electronic repair parts, aviation repair parts, food items, and ship’s store stock. The shopping guides for the AFS are the *Afloat Shopping Guide* (ASG) and *Consolidated Afloat Requisitioning Guide Overseas* (CARGO).

- Stores ships (AF)—Carry a wide variety of frozen and dry foods items and certain items of general stores and ship’s store stock.

- Oilers (AO)—Carry bulk fuels, a deckload of bottled gas and drummed oil, and some items of general stores and ship’s store stock.

- Ammunition ships (AE)—Carry explosives and hazardous ammunition and related materials.

- Fast combat support ships (AOE)—A high-speed combination of the AE and AO.

- Destroyer/submarine tenders (AD/AS)—Belong to type commanders and carry a range of repair parts and consumables to support a specific ship type.

These ships act as extensions of the supply system and are actually specialized afloat supply depots. The stores issue ships conduct business at sea by highline or helicopter transfer, or in foreign ports. These transfers are known as underway replenishment (UNREP), vertical replenishment (VERTREP), or in-port replenishment (INREP).

NAVY RESALE SYSTEM

The overall purpose of the Navy Resale System is to provide authorized patrons with quality merchandise and services at reasonable prices. By offering attractive, convenient, well-managed facilities, the Navy Resale System contributes to the morale of the men and women in the naval service. The Resale System consists of four separate programs: Navy exchanges, commissary stores, ship’s stores afloat, and Military Sealift Command (MSC) exchanges. All of these programs are managed by the Navy Resale and Services Support Office (NAVRESSO) which was created by the Naval Supply Systems Command as a field activity.

NAVY RESALE AND SERVICES SUPPORT OFFICE (NAVRESSO)

The Navy Resale and Services Support Office watches over the effectiveness of the Navy Resale and Services Support System and acts as a central manager for the system’s individual programs.

As the Navy’s Resale System’s central management activity, NAVRESSO’s mission is defined as follows:

- To provide support for resale services, clothing, and food services, afloat and ashore

- To conduct clothing and textile research and development

- To perform such other functions as may be directed by the Commander, Naval Supply Systems Command

According to the goals of the Navy Resale System, the Navy Resale and Services Support Office directs, operates, and provides management, administrative, and technical guidance to Navy Resale and Services Support regions and commissary stores, Navy and Military Sealift Command exchanges, Navy ship’s stores and ship’s stores activities afloat, and enlisted dining facilities afloat and ashore. NAVRESSO also develops and monitors procedures for maintaining officers’ messes afloat and provides technical and management guidance to the naval uniform program. NAVRESSO commands the Navy Clothing and Textile Research Facility (NCTRF) which conducts clothing and textile research and development. NAVRESSO also directs the Navy

Food Service Systems Office (NAVFSSO) which provides policy and administrative and technical guidance in food and foodservice research and development.

In managing all the programs under its control, NAVRESSO is subject to the guidelines set forth in the *Armed Services Exchange Regulations*, the *Armed Services Commissary Store Regulations*, the *Naval Supply Systems Command Manual*, and other applicable official publications.

SHIP'S STORES DIVISION

Of the many divisions in NAVRESSO, a senior Ship's Serviceman in the fleet will have the most contact with the ship's stores division (SSD). The primary purpose of the ship's store division is to furnish technical direction and guidance for the operation and design of a Navy's ship's store and to assist type commanders in managing ship's store facilities.

Functions

The functions of the ship's stores division are as follows:

- To provide guidance to NAVSUP and individual fleet units for the design of ship's services spaces and equipment aboard Navy ships scheduled for new construction, conversion, and major modernizations as well as for those vessels scheduled for SHIPALTs

- To determine, issue, and review policies, procedures, and goals for retailing goods and services aboard ships of the U.S. Navy

- To develop ship's stores contracts, merchandise offerings, and procurement resources in coordination with the acquisition management division (AMD), the retail management division (RMD), and the services management division (SMD)

- To provide technical guidance and assistance for laundry/dry cleaning, vending, and related services aboard ships of the U.S. Navy

- To administer Ship's Store Profits, Navy, General Fund, and the ship's stores participation in (and/or responsibility for) the Navy Stock Fund

- To develop program data to ensure logistic support of programs under the direction of NAVRESSO

- To maintain up-to-date fleet load lists for ship's stores in the *Consolidated Afloat Requisitioning Guide Overseas* (CARGO)

Branches

There are three branches of the SSD that you, as a senior Ship's Serviceman, should recognize: the operations branch (SSD1), the fleet assistance branch (SSD2), and the fleet habitability assistance branch (SSD3). You should make yourself aware of these branches and their functions. As a senior petty officer, you may wish to rely upon some of the services these SSD branches provide.

The operations branch (SSD1) provides guidance in the design of ship's store spaces and equipment. This branch also conducts studies and surveys to establish operational policies and procedures, develops management and operational standards and goals, and provides the results of all findings to fleet and type commanders. In conjunction with the acquisition management division (AMD), the retail management division (RMD), and the services management division (SMD), the operations branch develops ship's stores contracts and merchandise offerings.

Another function of the operations branch is the administration of Ship's Store Profits, Navy, General Fund. This branch carries out this function by providing the following services:

- Publishes guidelines for Ship's Store Profits, Navy, General Fund, expenditure authorizations (loans, grants, surveys, travel, and miscellaneous charges)

- Authorizes, adjusts, or cancels commitments and expenditures from Ship's Store Profits, Navy, General Fund, with copies to pertinent parties

- Prepares the annual budget

- Forwards copies of all need-to-know correspondence and travel orders to interested divisions

- Maintains a commitment file for loans and grants

The operations branch also administers the ship's stores participation in (and responsibility for) the Navy Stock Fund in the following ways:

- Issues policies and procedures (notices, instructions, NAVSUP Publication 487, etc.)
- Provides input to the financial management group (FMG) for budgetary functions
- Monitors financial operating results and provides comments

You, as a senior Ship's Serviceman, may find the fleet assistance branch (SSD2) to be one of the most valuable resources available to you within the ship's store division. For example, you may find yourself in charge of a retail operation that is not as efficient as you feel it could be. You realize that the operation needs some type of improvement, but you do not know where to start or what to do. The fleet assistance branch will analyze your operation and will provide the following services:

- Fleet assistance including technical guidance and training in all phases of retail, operating, and accounting procedures and services for ship's stores
- Fleet assistance including technical guidance and training in service activities such as laundry/dry cleaning and vending services in ship's stores
- Recommendations for changes to ship's stores policies and operating procedures

The fleet habitability assistance branch (SSD3) provides guidelines on habitability standards in the design and improvement of ship's store spaces. The functions of this branch are as follows:

- To determine, under OPNAVINST 9640.1 requirements, the required space and equipment needed for ship's stores retail and service activities in regard to habitability standards for new ship designs
- To assist NAVRESSO in making recommendations to the OPNAV shipboard habitability manager on ship's stores retail and service activities

- To assist ships in determining maximum improvement of shipboard habitability in regard to ship's stores retail and service activities, within the constraints imposed by physical configuration and other competing requirements of the ship's resources

HOW NAVRESSO ASSISTS SHIP'S STORES AFLOAT

There is a ship's store on practically every surface ship. As mentioned before, NAVRESSO has a fleet assistance program to provide technical assistance and guidance to ensure the efficient and economical achievement of all ship's stores operations.

Fleet assistance teams are made up of fleet assistance representatives. These representatives are master and senior chief petty officers who are positioned in major port areas to provide technical and management assistance to ship's stores. Technical assistance may be provided by telephone, by desk visits to fleet assistance offices, or by advisory visits to individual ships. Visits to ships are made on an informal basis, and no formal report is made upon completion of the visit.

Assistance is provided upon request for any of the following areas:

- Modernization planning, merchandising promotion assistance including layout, display, and signing
- Merchandise planning, including stock control review, model stock plans, and disposition of excess stocks
- Pricing procedures, accounting records, returns, and bill payments
- Internal operating procedures including internal controls consisting of cash-handling procedures, security of spaces, and receipt and inspection procedures
- Procurement assistance, including purchasing procedures, contract administration procedures, vendor relations, and merchandise quality assurance, and the processing of forms for merchandise ordered according to the simplified requisition and purchase procedure
- Training in ship's stores afloat operations in retail and service areas

- Periodic review of ship's stores operations to provide an overview or to identify potential problem areas

- Work scheduling and control, job instruction and training programs, safety and sanitation, equipment maintenance, minor repairs (as necessary), and operations

In addition, the fleet assistance representatives maintain liaisons with fleet and type commanders, Navy supply support activities, fleet accounting and disbursing centers, and other cognizant activities on various ship's stores problems.

Approximately 120 days before deployment, you should set up a predeployment briefing with the fleet assistance representatives either at their office or on your ship. During this briefing you will receive information on CARGO cognizance items, foreign merchandise, vendor control, and endurance loading.

The addresses and phone numbers of fleet assistance offices are listed in the NAVSUP P-487.

NAVY ACCOUNTING AND FINANCE

There are three types of accounting and finance activities with which you, as a senior Ship's Serviceman, should be familiar: the Navy regional finance centers, the fleet accounting and disbursing centers, and the personnel support activity detachments. The mission and relationship of these finance activities to the Navy supply system and to you, the senior Ship's Serviceman, are discussed below.

NAVY REGIONAL FINANCE CENTERS

Navy regional finance centers (NRFCs) are field finance activities under the command and primary support of the Deputy Comptroller of the Navy. Each NRFC is headed by a commanding officer who is a Supply Corps officer. The navy regional finance centers are located in Great Lakes, Illinois, and in Washington, D.C.

The mission of an NRFC is to perform regional disbursing, accounting, reporting, administrative examinations, and other related financial service functions for the geographical area it supports as assigned by NAVCOMPT.

The senior Ship's Serviceman becomes involved with an NRFC primarily when there are

charges to a Ship's Store Profits, Navy (SSPN) functional account. The Navy Regional Finance Center, Washington, D. C., will take care of some of your SSPN bills associated with vending machines (CONUS).

FLEET ACCOUNTING AND DISBURSING CENTERS

Fleet accounting and disbursing centers (FAADCs) are field finance centers under the command and primary support of the Deputy Comptroller of the Navy. There are two fleet accounting and disbursing centers: one is in San Diego, California; the other is in Norfolk, Virginia.

One of the FAADC's functions is to review and process ship's store returns. The Ship's Serviceman becomes involved with the FAADC when the 4-month ship's store returns are prepared and forwarded to that activity. If errors are discovered in the 4-month returns, a letter is forwarded to the command requesting adjustment or explanation. Dealers' bills for ship's store stock are forwarded to an FAADC for payment. The FMDC will reconcile the amount of the bill provided by the dealer with the amount reported by the activity. If discrepancies are discovered, a letter requesting adjustment or correction is forwarded to the commanding officer of the activity.

PERSONNEL SUPPORT ACTIVITY DETACHMENTS

Personnel support activity detachments are paying activities that are primarily used for the payment of dealers' bills. The senior Ship's Serviceman becomes involved with these paying activities when dealers' bills are forwarded to the activities for payment. Personnel support activity detachments are located around the world in localities such as Yokosuka, Japan; Naples, Italy; Rota, Spain; and Oakland, California.

At some point in your career, you have probably heard of or dealt with many of the organizations and branches you have just read about in this chapter. In fact, as you have encountered receipts from some of these places or ordered materials from others, you have probably wondered why a supply system should be so complicated and elaborate. Now that you have read

the information in this chapter, you should be able to visualize how the various levels of the system work together to provide an effective supply network, not only for the Navy, but for all the branches of the armed forces. You should also

be able to identify your role in the Navy/DLA supply system and how the system helps you, the senior Ship's Serviceman, provide the best possible service to the afloat or ashore operation under your control.

CHAPTER 3

MANAGEMENT

Until now, you have probably been a specialist in the ship's store or in one of the service activities. But as you advance, your duties will take you into the broader fields of management. By the time you make chief, you should be qualified to manage an entire resale activity. You may find yourself serving afloat on a large ship with two or more retail stores and a complete range of service activities to manage, or you may be assigned to a small ship with only one retail store and one or two service activities. You may also be assigned to shore duty in a Navy exchange or in a commissary store.

If you are serving aboard ship, you will most likely supervise all the ship's store operations. This chapter is primarily applicable to the afloat situation. However, many of the principles discussed in this chapter will be valuable to you even if you are assigned to shore duty where you may manage only one or two phases of an operation. For example, you may be assigned to manage the sales floor or supervise certain office operations of a Navy exchange. You may also be placed in charge of a warehouse or one of the service activities. Shore duty billets are similar in many respects to those performed afloat, but you will find certain differences. You will read about some of the management responsibility differences in chapter 8 of this manual.

The role of a retail store and/or service activity manager involves many important duties and responsibilities for the senior Ship's Serviceman. You will be expected to assist the ship's store (sales) officer in making certain your retail store or service activity provides the best possible level of customer service with the resources available to you. To provide the best possible service in any organization, you must be an effective manager.

Effective management involves organization planning. You should have a clear understanding of the functions that must be performed, and you must analyze these functions to see what tasks they require. Then, you must assign the tasks to

the personnel you have available to perform them. You must also be able to plan a physical layout that will meet the needs of your activity and that will allow your personnel to carry on their work efficiently. You should be able to establish orderly methods for your personnel to perform their tasks. Also, you should try to arrange the tasks in a logical sequence so that there is an efficient flow of work. In your ship's store and service activities, you should be able to analyze various work situation factors and to prepare an effective work schedule. In addition, you must understand certain principles of personnel management. These principles will help you to obtain the maximum use of manpower in the assignment of work to your personnel. They will also provide you with guidelines for delegating authority effectively, determining training program requirements, and supervising the work of your subordinates.

As a senior Ship's Serviceman, you may be expected to coordinate various administrative functions. Administrative responsibilities involve the initiating of correspondence and supervising the maintenance of files, records, and official publications and directives. You may even be called upon to assist in the preparation of various procedural instructions for the *Supply Department Organization Manual*. Finally, you must be able to observe and analyze the retail and service operations in detail so that you can spot problem areas that need your attention. Good management will help you to make certain your ship's store and service activities are providing the best possible service to your ship.

SHIP'S SERVICE ORGANIZATION

The basic organization and functions of a ship's service (sales) division are generally fairly standard. However, creating an effective organization does not stop here. You may have to take steps to adjust an existing organizational structure so that it will better serve the operational

requirements of your particular ship's service office or activity. You should carefully examine the relationships that exist among the functions, the physical environment, and the personnel associated with your own ship's service or sales operation. Can you rearrange any of these elements to make your operation more efficient? What sort of limitations are you absolutely stuck with? (Can you work around them?) Whenever you are adapting an existing organizational structure to fit the special needs of your ship's service or sales operation, you should keep in mind that planning is always the key to good organization.

ORGANIZATION PLANNING

Organization planning is a process of identifying and grouping duties to be performed, defining and delegating authority, assigning responsibilities, and creating relationships that enable your personnel to work together effectively to do the best possible job for your ship. In good organization planning, two major factors of your organization are involved: (1) the mechanical aspects and (2) the dynamic aspects. You, as a manager, must consider them both.

Mechanical Aspects

The mechanical aspects of organization planning deal exclusively with your organization's structure. They are the more or less "static" aspects of your organization which you can immediately identify and put down on paper. First, determine what functions and tasks you need to have performed. Now, arrange these functions and tasks in groups of responsibilities that you can assign to different individuals. Now you can design an organization chart that will show a logical arrangement of all of your groups. You now have a "picture" of all the mechanical aspects of your organization for which you are responsible.

Dynamic Aspects

The dynamic aspects of organization planning are those that deal with human relations. They are those aspects that give consideration to individual personalities, abilities, and interests so that the organization allows personnel to work together effectively and harmoniously. You can tailor human relations to your organizational needs by applying leadership and personnel management principles. For an in-depth study

of these dynamic aspects, read *Human Behavior*, NAVEDTRA 10058-C.

PRINCIPLES OF ORGANIZATION

The mission assigned to an activity determines the functions and tasks to be performed. In planning your organization's structure, you should keep these principles in mind:

- Missions, functions, and tasks should be clearly stated and understood by those responsible for fulfilling them.

- The organizational structure should be as simple as possible and the number of organizational components should be kept to a minimum.

- No organizational component should be set up unless it has a distinct job to perform.

- The organizational structure should be flexible enough to meet new and changing conditions.

The following sections briefly discuss some techniques that you can use to prepare various organization charts and to determine the assignment of functions and tasks. We will deal with the principles of personnel management and leadership later in the chapter.

ORGANIZATION CHARTS

There are three basic types of organization charts: structural, functional, and billet assignment or position. The main purpose of preparing organization charts is to use them as management tools. Some of the uses of these tools are as follows:

- To provide a clear picture of what an organization is doing
- To portray lines of authority, responsibility, and communication
- To indoctrinate and train newly assigned personnel

- To provide a basis for planning future development, expansion, or reorganization
- To discover organization flaws such as confused lines of authority or duplication of functions

Structural Chart

The structural chart should reflect the basic organizational components. You should keep the following points in mind in deciding how to arrange the chart:

- **Simplicity.** Arrange the major components along the same horizontal plane and arrange the subsidiary components in a vertical plane beneath the major components.
- **Clarity.** The lines of authority that you draw between the components should clearly indicate relationships. Avoid diagonal lines or crossing of lines of authority.
- **Symmetry.** Boxes for each level of components should be the same size and the overall chart should present a balanced appearance.

- **Unity.** No branch, section, or unit can exist by itself—it must be related to some other unit either by a connecting line of authority or through other components.

Figure 3-1 illustrates a completed structural organization chart for the ship's store (S-3) division on a destroyer tender (AD).

Functional Chart

The functional organization chart (or simply the functional chart) should reflect the same arrangement of the components as that shown on the structural chart. However, for a large complex activity, you can prepare one chart showing the major components and their major functions and then prepare subsidiary charts for each major component including its subsidiary components and their functions.

One of the principles governing the assignment of functions is homogeneity of assignment. This means that the functions of an organization should be grouped by similarity. Some specific

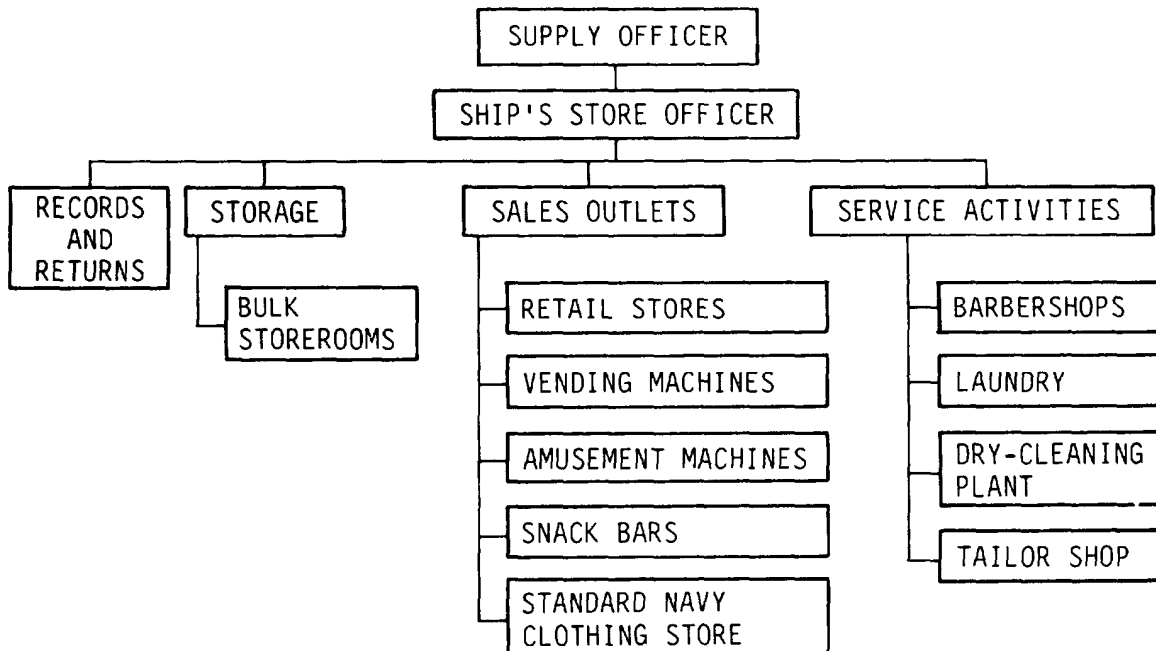


Figure 3-1.—Structural organization chart for a ship's store division of an AD.

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considerations you should keep in mind are as follows:

- Each significant function must be provided for within the organization.
- Each function should be assigned to a specific organizational component.
- Closely related or similar functions should be assigned to a single component.

- There should be no overlapping, duplication, or conflict of functions among the components.

- Functions should be assigned so as to minimize cross relations among components.

Figure 3-2 shows a completed functional chart which is a companion to the structural chart shown in figure 3-1.

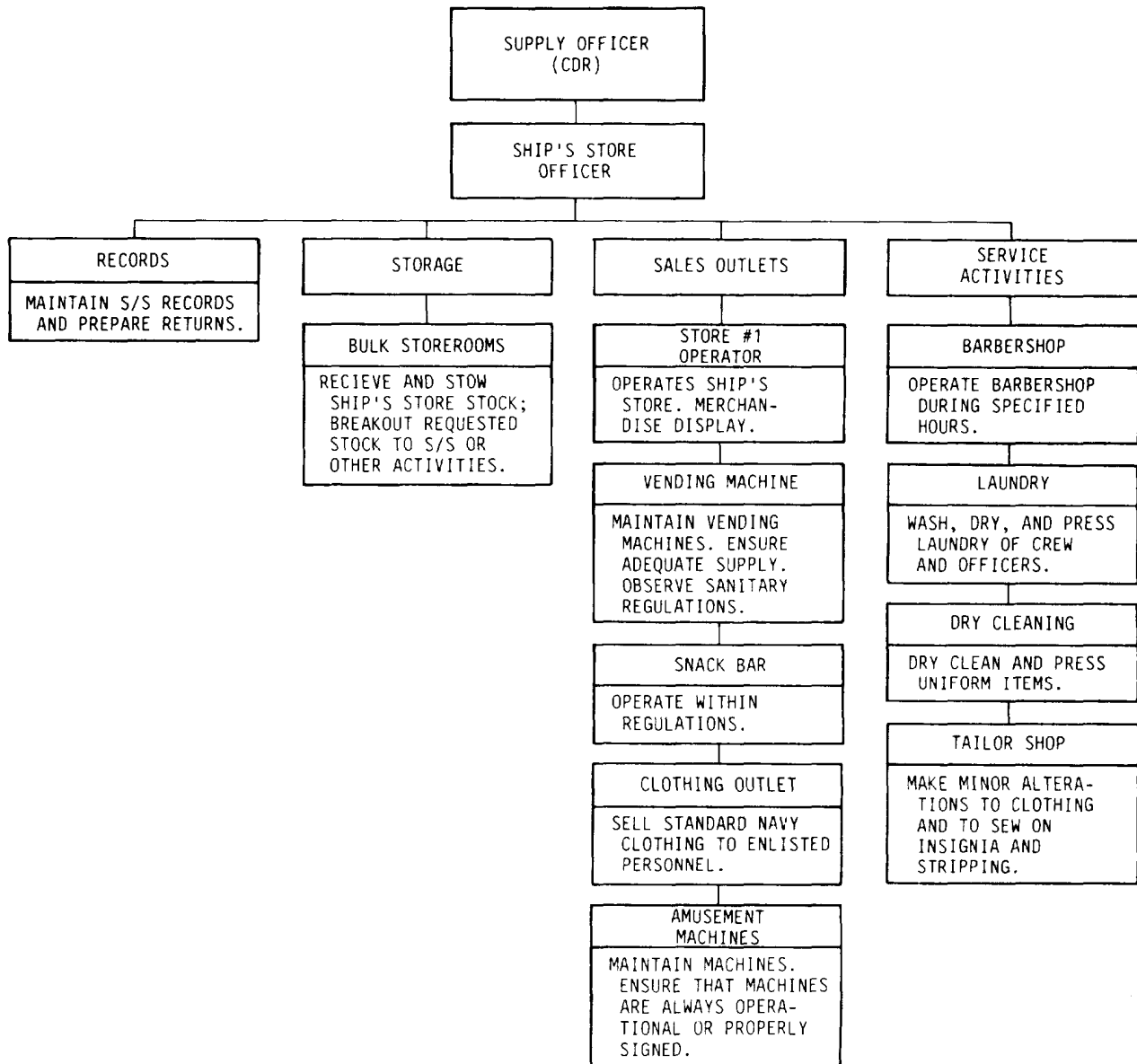


Figure 3-2.—Functional organization chart for a ship's store division of an AD.

Billet Assignment Chart

The billet assignment chart (or position chart) is used either to show assignments of personnel by name, title, and rank or grade within billet requirements within each organizational component of an existing organization, or to show billet requirements by title and rank or grade for a planned organization. However, for organization manuals, personnel listings are usually used instead of charts and may consist of already compiled listings such as manpower authorizations.

Combination Chart

When an organization is fairly simple, a combination chart can be used to depict all three organizational aspects. For example, figure 3-3 shows a combination chart for a ship's store division of a destroyer (DD). Notice that this chart displays all the organizational components, the functions of each component, and the names of personnel assigned to each component.

PLANNING A PHYSICAL LAYOUT

Now that you have the ship's store division organized on paper, consideration must be given to arranging the physical layout of your

workspaces. Attention should be given to such things as mission, work flow, and use of personnel.

DESIGNING A LAYOUT ANALYSIS CHART

Layout analysis is a procedure designed for better use of space, personnel, and equipment. It involves the study of the physical facilities in a work area for the purpose of improving the work flow and working conditions.

A layout chart is the principal tool for this type of analysis. The chart consists of a floor plan of the workspace, usually drawn to a scale of 1/4 inch to 1 foot. Features that restrict usable space such as doors, windows, electrical outlets, stanchions, and radiators are then located on the chart and identified. Next, templates of the movable equipment, drawn to the same scale as the layout chart, are placed on the chart in their present arrangement. The templates can be fashioned from pieces of cardboard or plastic. Work flow can be identified by arrowed lines for indicating direction. After you have carefully analyzed the layout chart, you can rearrange the templates to test new layouts and work flows. See the "before" and "after" layout charts for a laundry

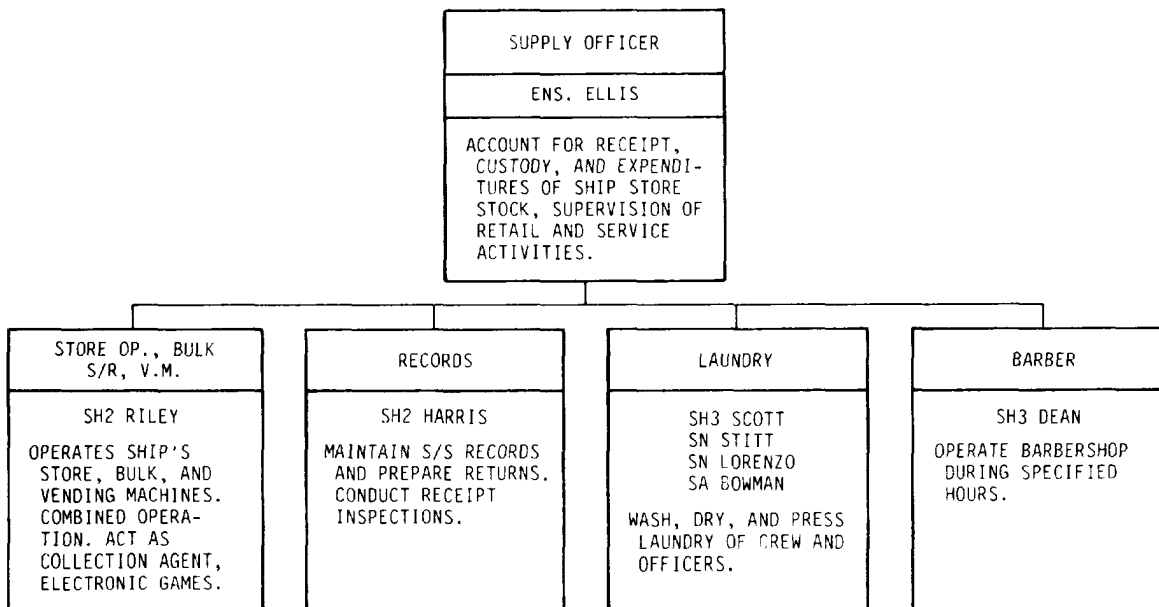


Figure 3-3.—Combination chart for a ship's store division of a DD.

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operation in figure 3-4. (Note that obsolete equipment has been removed in the “after” layout chart.)

USING LAYOUT ANALYSIS CHARTS

Using the layout chart, you can apply layout analysis to any given service or retail activity. As examples, the planning for service activities and a self-service retail activity afloat will be discussed here.

Layout of Service Activities

Although layouts for service activities should be consistent with the broad principles of layout analysis, each service activity has its own peculiarities which you must take into account. Besides the nature and amount of equipment, you must consider the number of people who will be working in the shop, the volume of business you expect, and the amount of space that you will require for storing incoming and outgoing work.

Where there is a series of operations to be performed, the relative position of the various pieces of equipment will have an important bearing on the efficiency of your operation. Not only should the equipment be accessible, it should also be arranged to save wasted motion and to reduce walking distance. Remember, a convenient arrangement will enable your people to turn out more work in a shorter time. People usually produce more when their equipment is close at hand.

But a good layout goes further than that. Individuals have learned through experience that operations should be planned to follow one another in a logical sequence through the shop. In the case of laundries, for example, space devoted to the area where the laundry comes in should be close to the area where it is marked, identified, and classified. The storage bins should also be located near the receiving and processing area. Tumblers should be located close to the assembly and flatwork section. This principle applies to all service activities. Work, whether in the tailor shop, the laundry, or the dry-cleaning plant, must move smoothly from the time it comes in as a service request until it is picked up by the customer as a completed job.

Layout of a Retail Self-Service Activity

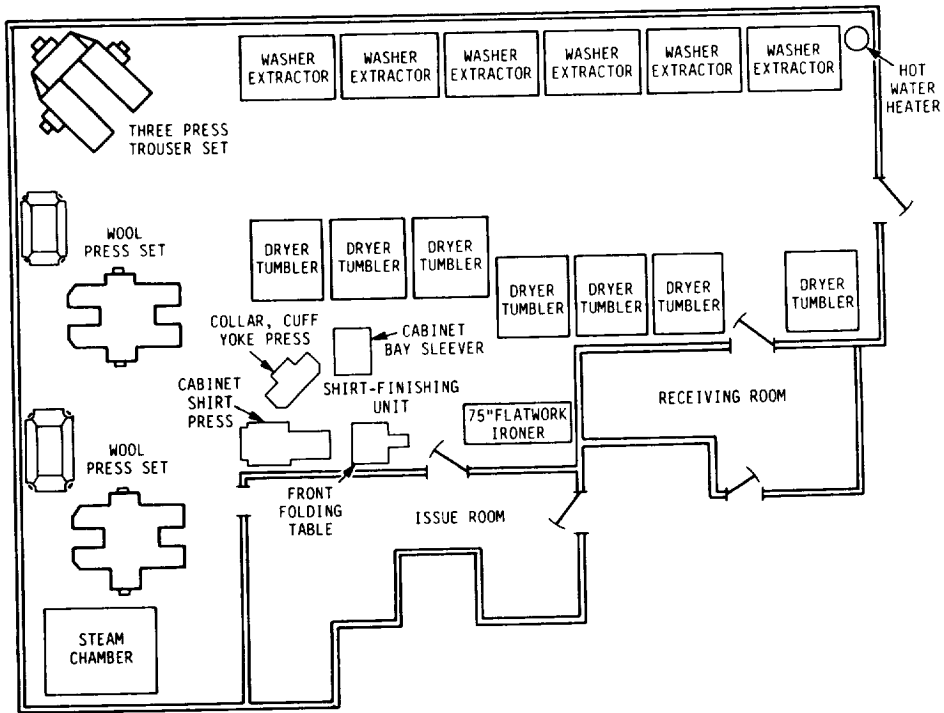
The first consideration in installing a self-service operation is a preconceived, well-thought-out plan. To plan an efficient and attractive layout for a retail service activity, you must keep three objectives in mind:

1. Proper and intelligent circulation of customer traffic throughout the entire store.
2. Traffic-stopping, appealing displays of conveniently placed merchandise, that will result in sales. (Merchandise that is seen and handled is half sold.)
3. Strategically placed equipment to perform a twofold function:
 - a. To lead the customer, after the selection has been made, through a convenient, rapid, efficient checkout procedure; and
 - b. To provide adequate store protection from pilferage. All equipment should be placed to focus exits through one narrow point; thus, adequate security is provided.

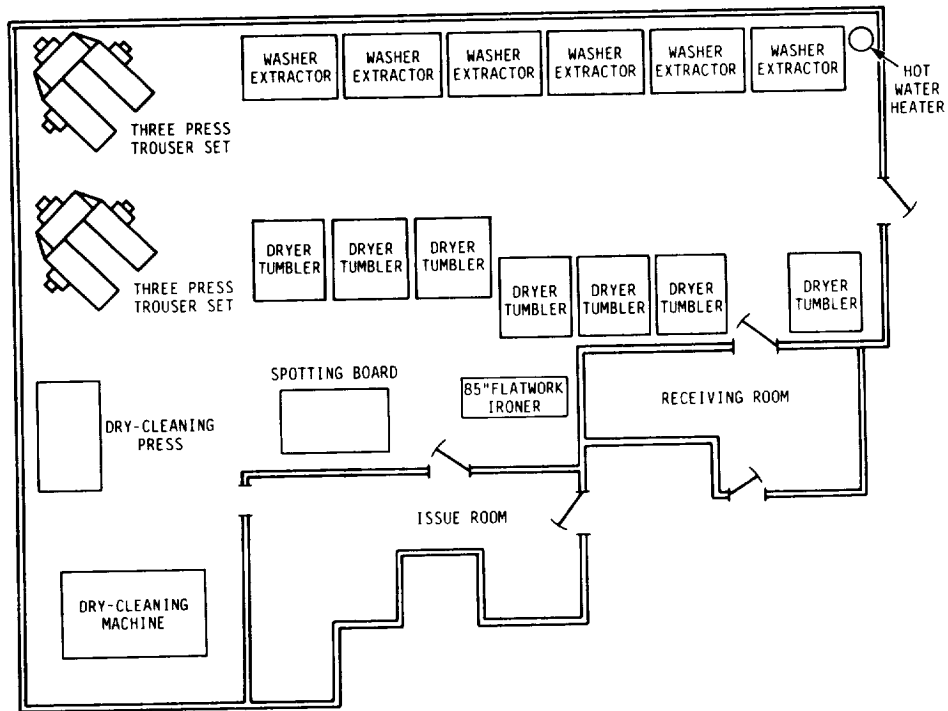
You must carefully consider the entire physical arrangement of the sales area including doors, windows, posts, and other abutments. The objective is to lay out the equipment so that the customer will be induced to circulate around the entire store before arriving at the check-out stand. Aisle space may vary from 4 to 6 feet depending on the confinements of the room. Six-foot aisles should be used when you have the space available. When you are confined to a smaller space, your heavy traffic or main aisles should be 6 feet wide, with side aisles narrower, to provide for an easier flow of traffic.

PLANNING WORK FLOW

As a manager, you must be able to analyze the work flow of an office or retail operation and to develop alternative flow process plans. Flow process analysis is a technique by which you can analyze the flow and sequence of your operations. It involves the charting of the steps that must be performed to complete an operation under present methods, analyzing the chart to determine what improvements can be made, and then charting a new sequence of steps under proposed methods you have developed from the analysis.



BEFORE



AFTER

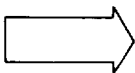
Figure 3-4.—“Before” and “after” layout charts for a laundry operation.

PREPARING A FLOW PROCESS CHART

A flow process chart, either a Single-Column Flow Process Chart, NAVPERS 594, or a local form, can help you to analyze your work flow. You can prepare a flow process chart for any process, person, or material you wish to analyze. The heading of the chart indicates what aspect of the operation you are analyzing and where the process begins and ends. You should then list the steps that are involved in the process in the sequence in which the steps occur under your present method. (Figure 3-5 illustrates a method that is currently being used for handling the breakout of a ship's store stock.) Next, you should draw a line to connect the symbols that identify what each step involves. The five symbols are explained in the following paragraphs.



Operation—An operation represents a main step in the process and takes place when something is being created, changed, added to, or prepared for another step. An operation also occurs when information is given or received. Some examples of an operation are the preparation of a breakout document (NAVSUP 973), receipt of ship's store stock into the bulk storeroom, or the sale of an item of merchandise in the ship's store.

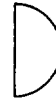


Transportation—Transportation is an auxiliary step that occurs when something is moved from one place to another, except when such movement is part of an operation or inspection. Some examples of transportation are a document that is being carried to another location or a person who is moving to another area of the ship.



Inspection—An inspection is an auxiliary step that occurs when items are checked, verified, reviewed, or examined for quality or quantity. However, the items inspected are not changed at this point. Some examples of inspection are proofreading a letter, checking a breakout document for proper signatures,

or verifying that a customer's change is correct.



Delay—A delay is an auxiliary step that occurs when conditions do not permit or require an immediate performance of the next step. Some examples of a delay are a document that is waiting for a signature and a customer who is waiting in line at the ship's store.



Storage—Storage occurs when something remains in one place and is not being worked on in a regular process, or is awaiting further action at a later date. Some examples of storage are a document that is held in a file for later forwarding with returns and ship's store stock that is stowed in a storeroom.

USING FLOW PROCESS CHARTS

In analyzing a flow process chart, you can determine the actions you must take to improve the sequence of any operation by asking yourself Who?, What?, When?, Where?, Why?, and How? You should make notes relating to these questions on the chart that represents your present method of work flow (fig. 3-5). You will use these notes for the development of a revised chart that will represent a proposed method of work flow. Figure 3-6 shows a revised chart that has been developed from the present method chart shown in figure 3-5. You can apply flow process charting effectively to solve procedural problems created by changes in your personnel, your organization, or your volume of work; to review your operating methods periodically; and to establish new organizations.

A resale operation, such as the preparation and processing of a breakout document, the movement of merchandise during receipt, or a cash-handling procedure are all work flow situations that you can analyze by using a flow process chart. Even if you decide against using an actual chart, you can still improve the sequence of operations in any work flow situation by asking yourself the questions: Who?, What?, Where?, When?, Why?, and How?

An office operation can be analyzed in a similar manner. To discover any possible delays

FLOW PROCESS CHART				NUMBER	PAGE NO.	NO. OF PAGES												
PROCESS Breakout of Ship's Store Stock					1	1												
<input type="checkbox"/> MAN OR <input checked="" type="checkbox"/> MATERIAL				SUMMARY														
CHART BEGINS NS 973 prepared				ACTIONS		DIFFERENCE												
CHART ENDS NS 973 to Account, File				PRESENT	PROPOSED													
CHARTED BY J.P. Denton LTJG,SC,USNR				NO.	TIME	NO. TIME												
DATE 1 Aug. 19				OPERATIONS	7	90												
ORGANIZATION Sales Division, Supply Department				TRANSPORTATIONS	5	117												
				INSPECTIONS	4	45												
				DELAYS	2	45												
				STORAGES	1	-												
				DISTANCE TRAVELLED (Feet)	1060													
DETAILS OF <input checked="" type="checkbox"/> PRESENT METHOD	OPERATION	TRANSPORTATION	INSPECTION	DELAY	STORAGE	DISTANCE IN FEET	QUANTITY	TIME	ANALYSIS				NOTES	ANALYSIS				
									WHY?	WHY?	WHY?	WHY?		ELIMINATE	CHNGE	PERSON	IMPROVE	
1 NS 973 prepared	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			20										
2 Placed in Sales Officer's Incoming basket	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			30										
3 Approved by Sales Officer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			5										
4 Returned to Recordskeeper's Incoming basket	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			15										
5 Recordskeeper notifies S/S and Bulk operators	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	300		30					Necessary?					X
6 S/S and Bulk operators pick up 973's at Sales Office	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	300		30					Necessary?					X
7 Quantities delivered entered on original by Bulk operator	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			15										
8 Rechecked and signed by Bulk operator	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			5					Reviewed for accuracy					
9 Quantities received entered on copy by S/S operator	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			15										
10 Rechecked and signed by S/S operator	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			5					Reviewed for accuracy					
11 Original and copy returned to recordskeeper	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	300		30										
12 Original and copy compared by recordskeeper	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			20					Reviewed for accuracy					
13 If quantities match, recordskeeper seeks S/S Op.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	150		25					Necessary?					X
14 S/S Op. signs original	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			5										
15 If quantities do not match, sales officer investigates	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			-										
16 Completed original extended and posted	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			30										
17 Original forwarded to Sales Officer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		10	2										
18 Placed in Sales Officer's Accountability File	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			-										
19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>													
20	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>													
21	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>													

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Figure 3-5.—Flow process chart showing present method.

FLOW PROCESS CHART					NUMBER	PAGE NO.	NO. OF PAGES													
PROCESS Breakout of Ship's Store Stock					1	1	1													
<input type="checkbox"/> MAN OR <input checked="" type="checkbox"/> MATERIAL					SUMMARY			ACTIONS												
CHART BEGINS NS 973 prepared					CHART ENDS NS 973 to Account File		PRESENT NO. TIME		PROPOSED NO. TIME		DIFFERENCE NO. TIME									
CHARTED BY J.P. Denton LTJG,SC,USNR					DATE 3 Aug. 19			7	90	6	85	1	5							
ORGANIZATION Sales Division, Supply Department					DISTANCE TRAVELLED (Feet)		1060	610	450											
DETAILS OF PRESENT METHOD	OPERATION	TRANSPORTATION	INSPECTION	DELAY	STORAGE	DISTANCE IN FEET	QUANTITY	TIME	ANALYSIS					NOTES	ANALYSIS					
									WHY?	WHY?	WHY?	WHY?	WHY?		WHY?	WHY?	WHY?	WHY?	WHY?	
1 NS 973 prepared	○	○	□	□	▽			20												
2 Placed in Sales Officer's Incoming Basket	○	○	□	□	▽			30												
3 Approved by Sales Officer	○	○	□	□	▽			5												
4 Returned to Recordskeeper's Incoming Basket	○	○	□	□	▽			15												
5 Distributed to Bulk and Store operators	○	○	□	□	▽	300		30												
6 Quantities delivered entered on original by Bulk operator	○	○	□	□	▽			15												
7 Rechecked and signed by Bulk operator	○	○	□	□	▽			5												
8 Original returned to Recordskeeper's basket	○	○	□	□	▽	150		5												
9 Quantities entered on copy by S/S operator	○	○	□	□	▽			15												
10 Rechecked and signed by S/S operator	○	○	□	□	▽			5												
11 S/S copy returned to recordskeeper basket	○	○	□	□	▽	150		5												
12 Original and copy compared by recordskeeper	○	○	□	□	▽			20												
13 If quantities match, S/S operator signs original	○	○	□	□	▽			5												
14 If quantities do not match Sales Officer investigates	○	○	□	□	▽			-												
15 Completed original extended and posted	○	○	□	□	▽			30												
16 Original forwarded to Sales Officer	○	○	□	□	▽			10												
17 Placed in Sales Officer's Accountability File	○	○	□	□	▽			-												
18	○	○	□	□	▽															
19	○	○	□	□	▽															
20	○	○	□	□	▽															
21	○	○	□	□	▽															

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Figure 3-6.—Flow process chart showing proposed revised method.

146.24.1

in document flow, for example, you could examine the preparation and processing of a procurement document.

ESTABLISHING WORK SCHEDULES

In addition to analyzing and recommending changes in work flow, your duties will probably include the establishing of a work schedule for a service operation. What factors should you use in preparing this schedule? For example, some of the factors that you must consider in a laundry operation are as follows:

1. Amount of work that must be processed weekly
2. Capacity of your laundry equipment
 - a. Washer-extractors
 - b. Tumbler dryers
 - c. Flatwork ironer
 - d. Laundry presses
3. Number and competence of your laundry crew

Let's now consider these factors and find out why each of them has a bearing on your laundry schedule.

AMOUNT OF WORK PROCESSED WEEKLY

Your ship's laundry facilities should be adequate to process 24 pounds of laundry per accommodation per week. If your ship is a surface ship with more than 100 accommodations (crew plus troops), then your ship should be provided with laundry facilities that are capable of meeting the following minimum requirements within a 96-hour laundry operations week:

1. Provide one change of work clothing, underwear, socks and one towel per day per accommodation.
2. Provide one change of berth linen per accommodation and one change of officer and CPO dining facility linen per week.
3. Finish press three uniform shirts and trousers per officer and CPO/SNCO (E7-E9) accommodation per week.
4. Finish press one dress uniform shirt and trouser per accommodation per crew (plus troops) per week.

To get a rough idea of how much work your laundry may be required to process weekly, you should obtain the total number of your ship's crew and multiply that number by 24 (the average

number of pounds of laundry that may be expected to be processed weekly for each member of a crew). For example, if your ship has a 3,000-member officer and enlisted crew assigned for duty, your laundry workload for each week would be approximately 72,000 pounds (3,000 x 24). You can anticipate that approximately 80% of your workload will require tumble drying, approximately 2% will require flatwork ironing, and around 18% will require pressing.

CAPACITY OF LAUNDRY EQUIPMENT

The capacity of your equipment determines how much tumbled work, flatwork, and press work your laundry operation can handle in 1 day. The capacity of your equipment depends not only on the rated capacity but also on the efficiency and size of your laundry crew as you will learn next. For example, if you have six centers for production and only four people to operate these centers, then you will have two units that will be idle at any given time.

SIZE AND COMPETENCE OF THE LAUNDRY CREW

Laundering is one of the shipboard jobs that must be done whether you have sufficient personnel or not. For the most part, your problem will be one of scheduling. You need to make the best use of your available personnel, and you should try to spread the workload as fairly as possible. Keep in mind that all operations should be SUPERVISED BY TRAINED PERSONNEL, however, your trained personnel need not PERFORM all the tasks.

BEST TYPE OF LAUNDRY SCHEDULE

The best type of laundry schedule is the one that best fulfills the laundry requirements of your ship. Daily schedules have been successfully used by some ship's laundries; that is, a portion of the laundry from each division is delivered to the laundry each day for processing instead of once or twice per week. The problem of stowing soiled bundles—always a troublesome one—is partially eliminated by a daily schedule. The amount of work in process is also reduced, and better delivery schedules can be developed. In addition, daily scheduling of division laundry eliminates bad odors in living quarters from soiled clothing and definitely helps morale. On the other hand, the laundry workload on some ships may not justify a daily schedule—the amount of water and

detergents that must be used can be unnecessarily heavy, and equipment must often run at less than full capacity.

SAMPLE LAUNDRY SCHEDULE

Your laundry schedule should show such things as (1) the type of lot, (2) the individuals

and groups to whom the lots belong, (3) the personnel who deliver the lots, (4) the day and hour of delivery, and (5) the hour of pickup. Study the sample schedule" shown in figure 3-7. A sample set of accompanying instructions showing the typical time of pickup, method of delivery, and service rendered is given in figure 3-8. In

Lot	Individuals or Organization	Delivered by	Delivery	Hour of pickup
INDIVIDUAL	Officers	*	Mon.-Tues.-Wed.	(1000)
	Chief Petty Officers	Ind. CPOs	Th.-Fri.-Sat.	(1000)
		Individuals	Th.-Fri.-Sat.	(1000)
DIVISION (Bulk)	No. 1	Laundry POs	Monday	0800
	No. 2	do	do	1130
	No. 3	do	do	1600
	No. F	do	Tuesday	0800
	No. H	do	do	1130
	No. V	do	do	1600
	No. 4	do	Wednesday	0800
	No. 5	do	do	1130
	No. 6	do	do	1600
	No. A	do	Thursday	0800
	No. C	do	do	1130
	No. E	do	do	1600
	No. G	do	Friday	0800
	No. L	do	do	1130
	No. M	do	do	1600
	No. S	do	do	1600
No. R	do	Saturday	0800	
No. B	do	do	1130	
No. N	do	do	1600	
FLATWORK (Bulk)	Wardroom	*	Monday	1100
	Staterooms	*do	Wednesday	1000
	CPO Mess	*do	Friday	1000
	Sick Bay	Hospitalmen	Tu.-Th.-Sat.	1000
SERVICE (Bulk)	Mess Management Specialists	One of same	Daily	0900
	Barbers	do	do	1100
	Fountain Men	do	do	1300
	Hospitalmen	do	do	1500

*Personnel assigned to the rotatable pool.

Figure 3-7.—Sample laundry schedule.

TIME SCHEDULES

Time schedules for the laundry operation are as follows:

1. INDIVIDUAL WORK will be picked up from the laundry at 1500 on the day following delivery.
2. DIVISION LOTS presented at the laundry at 0800 will be picked up at 1300 on the day of delivery, lots presented at 1130 will be picked up at 1630 the day of delivery, and lots presented at 1600 will be picked up at 1030 the following day.
3. FLATWORK lots will be picked up at 1530 the day of delivery.
4. SERVICE LOTS presented at 0900 will be picked up at 1430 on the day of delivery, lots presented at 1100 will be picked up at 1600 on the day of delivery, lots presented at 1300 will be picked up at 0900 the following day, and lots presented at 1500 will be picked up at 1030 the following day.
5. Late deliveries to the laundry will be processed at the convenience of the laundry and not under the schedule indicated.

SERVICE RENDERED

Services rendered will be as follows:

1. INDIVIDUAL LOTS will be tumbled, except shirts and uniforms, which will be starched and pressed. Undershirts and hand kerchiefs will be passed through the flatwork ironer, or tumbled.
2. DIVISION LOTS will be tumbled except shirts and uniforms which will be pressed as schedule permits.
3. FLATWORK LOTS will include bath towels and flatwork. The towels will be tumbled; and flatwork, such as bed and table linens, will be ironed or pressed when possible.
4. SERVICE LOTS will be ironed on the presses or tumbled, as equipment permits. Work uniforms will be the only personal apparel included in these lots.
5. At the discretion of the laundry, if tumbler production is behind, work to be tumbled will sometimes be run through the flatwork ironer or pressed.

METHOD OF DELIVERY

The method of delivery to the laundry will be as indicated below:

1. OFFICERS' AND CHIEF PETTY OFFICERS' bundles will be processed daily in accordance with the schedules posted in the wardroom and C PO quarters. A laundry list will accompany each bundle. The customer's count should be entered in the proper column.
2. EACH DIVISION will deliver its work in two groups, one containing all white work and one with dungarees and black socks. All division articles will be properly stenciled before delivery to the laundry. Items to be pressed will be placed in a separate division bag.
3. FLATWORK will be delivered in bulk.
4. EACH SERVICE ACTIVITY will deliver its laundry in bulk.

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Figure 3-8.—Sample laundry instructions.

preparing a laundry schedule for your ship, you will, of course, modify the schedule according to your circumstances. A ship's laundry schedule should be flexible and yet should be able to accommodate shipboard conditions like general quarters, all hands working parties, and other major evolutions.

In association with your laundry schedule, you should maintain certain records and logs. The records you maintain should be consistent with your spaces, equipment, and available personnel. Bulk work and press deck logs should be maintained daily, and signatures should be required for pickups of completed work. The information in these logs should provide you with a valuable resource in preparing an effective laundry schedule. Consult your NAVSUP P-487 for additional operational requirements associated with the successful management of a ship's laundry.

BARBERSHOP SCHEDULE AND APPOINTMENTS

The purpose of scheduling appointments in the barbershop is to provide better service for your patrons who have neither the time nor the inclination to wait in line a long time for a haircut.

All personnel aboard ship should receive haircuts every 2 weeks. This means your appointment schedule should be designed to allow your barbershop to accomplish all the barbering work within this period.

In scheduling haircuts, you should take the following factors into consideration:

1. The number of personnel aboard
2. The number and competency of barbers
3. The daily workload of each barber
4. Space available for patrons to wait (usually no more than two patrons should be waiting for one barber)

A barber can usually give a satisfactory haircut in 20 minutes. Therefore, if kept busy all the time during an 8-hour period, the barber can give up to 24 haircuts per day. The barber needs time for personal hygiene, for sterilizing barbering instruments, and for assisting in general shop sanitation—to say nothing of rest periods and the noon meal.

The two systems recommended for scheduling appointments for the barbershop are the appointment system and the division schedule.

Appointment System

In the appointment system, appointment schedule sheets are marked off for a definite number of haircuts for each barber during the day. Barbers should maintain their own sheets and should post them either 1 day ahead of the time the haircut is to be given or early in the morning on the day the patrons apply for haircuts. There should be a space for the signature of each patron opposite the appointment time the patron has selected.

The appointment system works fairly well, although, on occasions, patrons fail to report for their appointments and can throw your schedule off. Occasionally, an unclaimed period can be claimed by another patron. If you experience too much difficulty with broken appointments, you can report the offenders to the supply officer, who can report their names to the cognizant division officer.

Patrons who make what they think are proper appointments and then find no barber to serve them are understandably upset. Make certain the procedures you follow are well known by the patrons and are followed explicitly by all of your barbers.

Division Schedule

The division schedule provides a definite number of hours during which personnel in a particular division may receive service in the ship's barbershop. The division petty officer controls the scheduling of appointments and sends a certain number of patrons from the division to the barbershop at a time. This method of scheduling prevents broken appointments, but it is generally not preferred over the appointment system.

As the barbershop supervisor, you should save all appointment sheets for at least 2 weeks just in case someone should complain about not being able to get a haircut because all the appointments were taken. This will also protect the barber in the case of personnel failing inspections and then claiming that they really did receive haircuts in the ship's barbershop when they really did not.

PERSONNEL MANAGEMENT

In your duties as a supervisor, you will discover that personnel management will be mainly concerned with the assignment of your people on the basis of ability and interest to

perform specific functions, duties, and tasks. Good personnel management involves your recognizing that every individual uses a basic knowledge, skill, or ability in performing a task and that each person's capacities should be fully used. In dealing with these types of dynamic aspects in an organization, you are not expected to be a management engineer. However, as a senior petty officer, you should be able to exercise your leadership responsibilities to deal capably in the area of human relations. In this sense, leadership can be defined as the capacity to direct or influence the behavior of others toward specific goals. In carrying out this mission, you will find that your responsibilities do not stop with the assignment of duties and the delegation of authority—you must also control the functions and tasks performed through the proper training and supervision of your people. Accordingly, the people in your organization must clearly recognize and understand what their duties and responsibilities are, what authority has been delegated to them, and to whom they are accountable in the chain of command. In the following sections, you will discover some of the principles that govern the dynamic aspects of personnel management.

ASSIGNMENT OF DUTIES

Duties are the tasks an individual is required to perform. One of the principles of organization you should observe is that every duty that is to be performed must be assigned to someone. This means that the obscure or once-in-a-while jobs must be assigned as well as the jobs that are done each day. When individuals are assigned jobs, they should have a thorough knowledge of all the procedures involved, the publications or other directives required, and where they can obtain this type of information. Persons who are assigned to jobs should also know the order in which various steps of the jobs should be performed. In addition, people should recognize that they are expected to complete the tasks in a minimum amount of time and yet consistently demonstrate a certain level of quality in workmanship.

Fair Division of Work

Another principle you should observe regarding the assignment of duties is the fair division of the workload. Don't make the mistake—which is very easy to do—of having your best person do all the work. In the first place, your error will

result in penalizing the person for being a good, dependable worker. When this individual leaves, the division will be in a mild form of chaos until someone else can be trained. Furthermore, by placing the burden of the workload on one individual, you fail in developing the potential of your other workers.

Recognition of Responsibilities

The principle of unity of command states that the final responsibility and authority at each level of operation must rest with one person. This means that responsibility for the accomplishment of each task should be assigned to one specific person. While some tasks cannot be performed without a team, only one individual in the team should have the responsibility for seeing that a certain job is done. Unless your crew members recognize what their responsibilities are, jobs are either not going to get done or are going to get done haphazardly. Even though individuals are given special liberties, they should know they are still responsible for seeing that the jobs assigned to them must be carried out in their absence. This is an important principle that you, as a supervisor, must get across to your people.

DELEGATION OF AUTHORITY

Another important principle of organization for you to follow is that authority must be commensurate with responsibility. Authority is the delegated right to make decisions in order to fulfill a certain responsibility. Authority involves the right to require actions of others, and the rights of individuals to discharge those obligations for which they are responsible. Remember, you should delegate authority as far down the level of command as possible without loss of control over policy or procedures. Keep in mind, however, that delegation of authority in no way relieves superiors in the chain of command of their overall responsibility. A superior is ultimately responsible even though the subordinate to whom the tasks are assigned remains accountable to the superior. Here are some guidelines you can use for effective delegation of authority:

- Provide clearly stated policy guidelines to your subordinates.
- Set up proper controls and procedures.

- Define job assignments and delegate sufficient authority to ensure that subordinates are able to properly perform their jobs.
- Select subordinates who are capable of assuming responsibility.
- Give necessary help to subordinates when help is needed.
- Maintain proper lines of communication.
- Evaluate results.

TRAINING YOUR STAFF

Before you set up a training program for your staff, you must first determine what needs to be taught and then how it should be taught. This means that you should find out what previous training and experience your people have had, and then you should gear your training program on a level that is suitable for their needs. Naturally, since you and your personnel have assigned jobs to do, much of your program will consist of on-the-job training.

On-The-Job Training

There are many ways in which on-the-job training can be done. As mentioned earlier in this chapter, you can use your organization charts as a training tool. Oral instruction, written procedures, visual demonstrations, and rotation of duties are also methods that can be used for on-the-job training. However, you also should make a genuine effort to set aside some time for formal types of training for your people. Individuals with little or no previous training or experience are going to need classroom instruction. Also, you should make certain your subordinates are provided with the necessary training manuals and other study materials so that they can qualify for advancement. It's up to you to encourage and motivate your people.

Rotation of Duties

Although it is customary to assign routine jobs to specific individuals on whom you can depend, you will find it is a good idea to rotate your personnel from time to time. Rotation of duties is a good way for individuals to learn how each job contributes to the overall division function; it also prevents a breakdown in the sequence of

operations when a key person is gone. Transfers, leave, and other absences of personnel are going to occur, but these changes should not cause a panic button situation in your division.

Another advantage that will result from the rotation of duties is motivation. Some jobs are simply monotonous and fatiguing. Sometimes, a change of pace will stimulate interest in your subordinates who have been assigned boring jobs. However, you should avoid the mistake of rotating your personnel too frequently. Each individual should be assigned specific tasks for a period of time that is long enough for that person to become a proficient and productive worker who contributes to the overall efficiency of the operations. If you move your people around too much, they could end up lacking an understanding of what is being done and failing to develop a sense of responsibility.

Effective Communication

The basic requirement for the training of your subordinates is effective communication. To lead, supervise, and train others, you must be able to speak and write in such a way that others can understand exactly what you mean. An important requirement for effective communication in the Navy is a sound knowledge of the Navy's ways of saying things. Some Navy terms have been standardized for the purpose of efficient communication. When a situation calls for use of standard Navy terminology, use it.

Still another requirement of effective communication is the use of technical terms. A person who does not understand the precise meaning of the terms that are commonly used in connection with the work of the rating is already at a disadvantage. When trying to read official publications or instructions relating to the work, this person is going to experience considerable frustration and confusion. The person will also experience a decided disadvantage when the written examinations for advancement are given. Although it is always important for you, as a supervisor, to use technical terms correctly, it is particularly important whenever you are dealing with lower rated personnel. Any sloppiness you may show in the use of technical terms is likely to be very confusing to an inexperienced person. Remember, whatever your subordinates do not understand in their jobs will be very evident to you in the work they produce. Use the correct job language at all times and try to clear up any misunderstandings first.

It is also important for you to maintain open lines of communication with your superiors as well as with your subordinates. Your seniors must be kept informed on the status of your workloads, your equipment and personnel requirements, and any problems you are having. You should seek direction from your superiors, request the help needed, and offer your recommendations for changes or improvements. At the same time, you should always offer guidance and aid to subordinates. You should encourage your people to bring both problems and ideas to you for discussion and solution. Of course, one of the most important facets of training you can provide for your subordinates is your personal example of how effective communication works both up and down the chain of command.

Formal Training Courses

In addition to publications and training films, there are now a number of training courses available to personnel in the Ship's Serviceman rating. You may have an opportunity to attend one of the training courses yourself; or, as an enlisted supervisor, you may have the occasion to recommend junior personnel for participation in such a school. At present, the following courses are available:

- Ship's Serviceman class A school—A 6-week course designed to provide training to enlisted personnel in the areas of ship's store administration, retail sales, and laundry operations.

- Ship's Serviceman barber school—A 4-week course designed to provide training to enlisted personnel in the area of barbering. The course covers barbershop management and operation, equipment and tools, men's and women's haircutting, and skin diseases and their prevention. Upon completion, the student receives the NEC for Barber which is 3122.

- Laundry/dry-cleaning school—A 2-week course designed to train Navy enlisted personnel to perform various steps required in receiving, marking, cleaning, and issuing of clothing that is processed through dry-cleaning plants. Upon completion, the NEC 3154 for Laundry/Dry-cleaning Specialist is awarded.

- Navy exchange/commissary school—A 4-week course designed to provide training to the

middle grade petty officers who are going to be assigned to a Navy exchange or commissary. Upon completion, an NEC of 3114 is awarded.

- Ship's store afloat management—A 6-week course designed to provide training for petty officers in advanced ship's store record-keeping. The course is made up of 5 weeks of records and 1 week of management administration. Upon completion, an NEC of 3112 is awarded.

YOUR ABILITY AS A SUPERVISOR

You may graduate from a formal school or you may never have an opportunity to go to one, but one thing is still the same—you will never stop learning how to become a good supervisor. Besides the special skills and knowledge you have worked so hard to achieve in the Ship's Serviceman rating, you must constantly strive to develop your ability as a supervisor.

In supervising the activities under your control, you should not try to control every detail of each operation. General orders should be enough; they leave your subordinates some latitude in which to make adjustments for unforeseen circumstances. As a result, your subordinates develop a sense of responsibility which in itself is a necessary part of effective supervision. Therefore, you should learn how to use the concept of general orders effectively. You will find that when you maintain a general level of supervision not only do you establish confidence in your subordinates, but you also remove from your own workload the frustrations of having to cope with the details of someone else's job.

Because of the nature of your rating, you may be placed in supervision over various activities. Sometimes you may have to supervise a detailed operation about which you have very little knowledge. For example, if you are a senior SH whose specialty is the operation of retail activities and you find yourself in an assignment where one of your responsibilities is general supervision over the ship's laundry, you must rely on other people to help you out. The person in direct charge of the laundry is a Ship's Serviceman whose NEC is Laundryman—this is a person with considerable training and experience in laundry operation. It will be good leadership on your part to show that you respect this individual's knowledge. Work with this person in establishing a laundry schedule to meet the requirements of the ship. You should also recognize that this

person knows the equipment and its capabilities and the personnel. Don't put the person in an impossible position by demanding more than can be done. But once a schedule is established, leave the details of meeting the schedule to your expert. Give aid in matters where you have more knowledge and experience. Expect a high level of performance, but if emergencies arise, such as a breakdown of machinery, give the support your people need in obtaining repairs or making emergency arrangements. Insist that your subordinates take good care of the machinery, but be certain you know the facts before you start assigning any blame for a mishap.

In supervising the barbershop, you should make certain the required sanitary regulations are observed and the haircut schedule is adequate to meet the requirements of the commanding officer. Direct responsibility for matters such as maintaining an adequate stock of supplies and the performance of each barber should belong to the petty officer who is in charge of the barbershop. Here again, unusual problems or difficulties should be of concern to you, as the supervisor, and these problems should receive your immediate attention. The important thing to remember is that you must always act promptly. Never let a problem go unsolved even if the best you can do at the moment is to provide only a temporary solution. Follow through later on to discover the correct ultimate solution, and see that the solution is adopted.

In your supervision of the retail activities under your control, the importance of maintaining strict control over all the retail functions cannot be overemphasized. This does not mean that you should try to supervise all the operations directly, but you must impress upon your subordinates that they are required to follow correct procedures. By observation and inspection, you must ensure that proper accountability is maintained. One of your most important controls is that of auditing the ship's store's records and returns. A thorough discussion of the auditing of returns will be provided to you in chapter 7 of this training manual.

In your duties as a supervisor, you will probably discover that providing good customer service is one of the most important aspects of your job. You will have significant responsibilities for making certain the enlisted personnel who man the points of contact with the customers—barbershop, laundry, ship's store, tailor shop—are aware of the importance of providing the best possible customer service. The success of

any ship's service division in improving the general morale of all shipboard personnel is dependent to a considerable degree on the face-to-face relationships between the custodians or operators and the customers. You, as leading petty officer, should encourage ship's service personnel to respond to each customer's needs as they would wish others (the DK, for example) to respond to their needs. You should always try to instill in your people a sense of pride in performance. A more detailed discussion of the importance of effective customer service to the Navy appears later on in this chapter.

Maintaining a Suitable Span of Control

In all the activities you supervise, a principle of good organization that you should use is the maintenance of a suitable span of control. This principle implies that the greater number of people that one person must supervise, the more difficult it will be for that person to supervise effectively. A common rule you should use is that your immediate supervision should not extend over more than eight persons or less than four persons. However, the type of work being done, the capacity of a given supervisor, and the relationships between a supervisor and the subordinates are all factors that enter the picture. The location of subordinates in relationship to the supervisor is also a consideration. Your layout should permit you to have frequent personal contact with those you directly supervise.

There is also a time element involved with supervision. As was mentioned, you should assign responsibilities and delegate authority as much as possible without losing control of policy and procedures. Generally, your span of control should allow your subordinates to perform most of the routine work. This technique provides you with the time to supervise your people, to perform any work that is beyond the capacity of your subordinates, or to complete any work that has been assigned to you by your seniors.

Evaluating the Work of Your Personnel

As a supervisor, you will be expected to evaluate the quality and quantity of the work that is performed by your personnel. Most supervisors you may ask will probably tell you that the fair

evaluation of subordinate personnel is one of the most difficult aspects of any supervisor's job.

As a supervisor, you must be able to decide when criticism or praise is due. A good rule for you to follow is to criticize in private and to praise in public. Remember, criticism should be constructive and informative. Don't make the mistake of using criticism as an outlet for expressing sarcastic comments, degrading your crew, or displaying anger. This type of action will only create hostility and destroy morale. If you have the right attitude, the crew will soon realize that your criticism is not to be feared but that it is given as help and guidance.

As with criticism, there is an art to giving praise. To be effective, praise should not be overdone. When individuals are doing a good job on routine work, they need some words of encouragement and appreciation. This will build up pride and self-respect-elements that are necessary for maintaining good morale. But save the "well-done" commendations for job performances that truly merit public recognition.

Evaluating your people is such an important part of your job as a supervisor that you should be especially careful to put your best effort forward. Try to keep the work of each of your subordinates in perspective, try to be fair, and always try to express any criticism or praise in a manner that will promote growth and awareness in your subordinates instead of resentment and bitterness. Also, you should keep in mind that a job performance should be accurately reflected in enlisted evaluation reports. For detailed information on enlisted evaluation procedures, you should consult *Military Requirements for Petty Officer First Class* and *Military Requirements for Chief Petty Officer*.

YOUR ABILITY AS A LEADER

As most experienced supervisors will tell you, you will never stop learning how to become a good leader. As a senior Ship's Serviceman, you will now be expected to apply all the training in leadership you have received throughout your naval career. You will also be expected to provide training in leadership to all of your subordinates. There should be a constant training program in leadership going on in every ship's service division.

Your ability to lead will be most apparent in your supervision of other people. But, you should keep in mind that your ability as a leader will manifest itself in more subtle ways in almost

everything you do. Your personal example will probably contribute more to your success as a leader than will any other single factor. Your attitude toward your job, your subordinates, and your seniors is sure to be contagious. By setting a good example, you can make your job as a leader and as a supervisor a rewarding experience and the dividends you derive will be many.

ADMINISTRATION

In any ship's service activity, especially in any ship's store division, there are many administrative matters that must be coordinated with the overall operation. From your study of *Ship's Serviceman 3 & 2*, modules 1 and 2, you are probably familiar with some administrative matters, such as basic procedures concerning correspondence, files, and records. Now it is time for you to deal with the supervisory aspects of these matters. You are now responsible for initiating and controlling correspondence; maintaining files, records, publications, and directives; and developing procedural instructions.

CORRESPONDENCE

As a senior Ship's Serviceman, you will be expected to initiate routine correspondence and, on occasion, to prepare drafts of Navy directives. This means you will be responsible for originating the contents of letters or other types of correspondence and for placing all types of correspondence in their proper formats. At some activities, you may be expected to prepare smooth correspondence from rough drafts that were prepared by others.

The importance of correctly written and courteous correspondence cannot be overemphasized. Efficiency of any operation is increased if the communications that are transmitted within activities of the Navy are all properly prepared. Relationships between activities of the Navy are governed, in a large measure, by the tone and quality of the written communications exchanged between them. In recognition of this, *Navy Regulations* states that official correspondence shall be courteous in tone, concise, and accurate.

Writing Guides

From your study of *Ship's Serviceman 3 & 2*, you are probably already familiar with the standard formats and basic procedures for the

preparation of official correspondence including naval letters, business-form letters, endorsements, speedletters, messages, memoranda, and Navy directives. For guidelines on official correspondence and for more detailed information on standard Navy correspondence practices, you should review the material covered in chapter 3, module 1, of *Ship's Serviceman 3 & 2*, and you should consult the *Department of the Navy Correspondence Manual*, SECNAVINST 5216.5C.

Classified Information

On rare occasions, you may encounter correspondence that contains classified information. Under these conditions, be sure to consult the *Department of the Navy Information and Personnel Security Program Regulation (Navy Security Manual)*, OPNAVINST 5510.1, for the proper procedures governing the handling and control of classified information. The *Navy Security Manual* is supplemented by the *Guide for Handling and Control of Classified Matter*, OPNAVINST 5510.40, which contains guidelines for developing uniform systems for the handling and controlling of classified information.

Principles of Letter Writing

Before you can produce an effective letter, you must give some thought to planning and organizing what you intend to say. The first step you should take is to determine exactly what you want your letter to accomplish. Preparing a statement of the subject of your letter will help you to clarify the purpose of your letter and will give you some guidelines on what you should include and what you should omit. Some common purposes of naval letters are as follows:

- To request permission or authorization to act
- To request that action be taken
- To request information
- To supply information or instructions that were not requested
- To reply to a request for permission or authorization to take an action
- To reply to a request that an action be taken

- To reply to a request for information

ORGANIZING THE LETTER.— The various parts of your letter should be organized with the reader's viewpoint in mind. Use only the references that are necessary and keep in mind that addressees may not have access to certain references. Use enclosures only if you need them to clarify or explain the basic contents of your letter in greater detail. Arrange the paragraphs in a logical order. Each paragraph should discuss an idea, or several closely related ideas, covering a single topic, or subtopic, of the general subject. The important things for you to remember are to

- envision the body of your letter as a succession of units,
- arrange the units in what seems to you to be the most satisfactory order,
- complete each unit before you move on to the next one, and
- maintain continuity by providing a transition from one unit to another.

CHOICE OF WORDS.— Use simple language. The best words are those that are precise in meaning, suited to the intended reader, and are as short, simple, and direct as possible. Avoid using a long word merely for the sake of sounding more important or more dignified. Usually, such attempts will only result in your sounding pretentious, stuffy, and hard to understand. Not only should you avoid using long words where short ones would be better, but you should also avoid using more words than you really need. Tell your story as briefly as possible—the reader will appreciate it.

COMPLETING THE LETTER.— Review your draft before you type it in the smooth. Make sure your letter tells the story with tact, simplicity, and clarity. Make certain that sentences are grammatically correct, and accept criticism from your superiors as a guide for self-improvement. When you assign a file number to your letter, select an identification code that is appropriate to both the purpose of the letter and the files in your own office. Finally, ensure that the letter is mailed to a correct address. Correct names, addresses, and applicable ZIP Codes are contained in the *Standard Navy Distribution List (SNDL)*, part I—"Operating Forces of the Navy"

(CONFIDENTIAL), and part II—"Catalog of Naval Shore Activities."

FILES AND RECORDS

Among other duties as a senior Ship's Serviceman, you may find yourself in charge of the ship's store division office in which you will be responsible for establishing and maintaining a standard Navy filing system. Your basic guide to the Navy's system of identifying files and records is the *Department of the Navy Standard Subject Identification Codes*, SECNAVINST 5210.11. The use of the numeric and name-title codes contained in this directive for identifying files and records is discussed in chapter 3, module 1, *Ship's Serviceman 3 & 2*.

Organizing the Files

In your study of *Ship's Serviceman 3 & 2*, you were introduced to the basic files and records that are required and that must be maintained in a ship's store division office. These records include the general correspondence files, the directives files, and the ship's store records files. Additional files may be required depending on your organization and the functions of your particular office. Unless you are assigned to a newly commissioned ship or activity, chances are you will not be concerned with the initial establishment of a filing system. However, this does not mean your existing system cannot be improved. You should review your office's filing needs periodically with a view toward eliminating unnecessary files, consolidating related files, and disposing of obsolete files. The ideal time to do this is at the time you terminate files. Correspondence files, like any ship's stores files, should be terminated at the end of each accounting period. Exceptions should be made only for active correspondence that is needed for quick reference. When you are starting new files, you should establish essential files only and you should avoid excessive cross-referencing.

Clearly identify correspondence file folders by the appropriate numeric codes or name-title codes used as file numbers. Keep the file folders in the same code sequence as that listed in the *Standard Subject Identification Codes*. Directives, of course, should be maintained in standard three-ring binders. The binders should be marked to indicate the series of the directives they contain. Ship's store records files should be identified as to accounting period and accountable officer.

Maintaining the Files

Don't let the material for the files pile up. Establish a routine that will ensure that completed correspondence and records are filed each day. Indoctrinate your personnel on proper filing practices and carefully supervise the filing operation. You should ensure that directives are filed according to the *Navy Directives Issuance System*. When material is removed from the files for reference or for any other action, keep a record of the material that was removed and the name of the person to whom it was released. Review the record daily to ensure that ship's store records are returned to the files at the end of the day and that other material is returned to the files when the related action is completed.

Disposing of Obsolete Files

As mentioned earlier, you should properly dispose of obsolete files when the files are terminated. The obsolete files are those that have outlived their current usefulness and must be disposed of either by local destruction or by transfer to another activity for preservation or for later destruction. For detailed official instructions governing the proper disposal of files and records, you should consult the *Disposal of Navy and Marine Corps Records*, SECNAVINST 5212.5. This directive defines the categories of files and records, and it lists which records can be disposed of locally and which must be forwarded to federal records centers.

PUBLICATIONS AND DIRECTIVES

By now, you are probably familiar with the various publications and directives that are used in a ship's store division. However, as a supervisor, you must know not only the purpose and use of these publications but also how they are procured, issued, stowed, and maintained.

Procurement

Initial supplies of publications and directives (and changes thereto) are automatically distributed to your ship or activity by centralized supply points. The supply points use your distribution code number (assigned in the SNDL to your particular activity) to determine the type and quantities of publications and directives that are essential to your activity's operations. When you require additional copies of publications

and directives, you must requisition them through the normal Navy supply channels and according to your local procedures.

Issuance

Internal distribution of publications is normally a function of the ship's office. Once publications or directives are received by your division, you should establish check-out and check-in procedures for these materials. You can use standard IN-OUT cards which are available through the supply system for this purpose.

Stowage

Aboard ship where space is a problem, you may have to stow publications on the top of your desk, or in a seldom used file cabinet drawer.

The main thing is to make certain that frequently used publications are readily accessible to the people who need to use them. Stow publication-type directives with your other publications, but be sure to place locator sheets in your directives binders so you will know where to find these directives when changes are received.

Maintenance

It is important that you keep all official publications and directives up to date. An out-of-date or poorly maintained publication is practically useless because of the incorrect information or obsolete procedures it might contain. This point cannot be overemphasized in regard to any of the ship's store procurement publications, such as the *Ship's Shore Afloat Catalog* (SSAC) or the *Ship's Store Contract Bulletin*. Remember, out-of-date procurement information often leads to unnecessary delays in the shipment of merchandise.

Thoroughly indoctrinate your personnel on the procedures they should follow for making changes and corrections to publications and directives. As you know, most publication changes contain a cover sheet which gives specific instructions for making changes. Make sure your people read the cover sheet before they attempt to make any changes. Whenever a list of effective pages is included with a change, make sure that the page numbers are checked before any of the removed pages are thrown away. Use the *Navy Supply Corps Newsletter* to verify the accuracy of your NAVSUP publications in terms of the latest changes. The *Newsletter* is distributed

monthly to all Supply Corps officers and to the master and senior chief petty officers who are serving in the AK, DK, SK, MS, and SH ratings.

PROCEDURAL INSTRUCTIONS

As a senior petty officer, you may be required to assist the supply officer in the preparation of instructions. Supply department instructions should be prepared according to the guidelines furnished in *Shipboard Procedures (NWP-50)* and the requirements of type commanders. Supply department instructions are required by NAVSUP P-487 for prescribing safety precautions and operating instructions for equipment and sanitary regulations for equipment and spaces. However, you do not need to prepare these instructions as long as you have already posted plastic laminated placards incorporating the requirements of cognizant bureaus or commands. In any case, you should post these instructions or requirements in conspicuous places where they may be readily seen by concerned personnel.

You will be required to prepare instructions covering subjects that concern your ship's store division personnel.

- Hours of operation for the ship's stores and related service activities
- Regulations for the procurement, stowage, custody, inventory, and sale of tax-free cigarettes
- Assignment of an authorized inspector of ship's store material
- Appointment of a cash collection agent

POLICY SIGNS

You must post various policy signs, especially in your sales activities. You must place a sign advertising the harmful effects of cigarette smoking in each area where cigarettes are sold, whether they are sold by the pack or by the carton.

You should post a sign to the effect that personal checks and traveler's checks will be accepted up to the amount of the sale. You should also post a sign that explains the ship's store's policy for the returning of defective merchandise that was purchased in the ship's store.

A notice should be posted that special orders can be made through the ship's store office for authorized merchandise that is not carried in

stock. Another sign you should place in full view is a statement that all profits from the ship's store go to the recreation fund.

Some of these signs are available from the ship's store division of NAVRESSO. Consult the *Ship's Store Afloat Visual Merchandising Supplement* on "Basic Display and Signing Requirements" for what is currently available. The other signs you need can be locally prepared. Remember, you should use the standard format prescribed by the *Navy Correspondence Manual* and by the *Directives Issuance System*, part II, in your preparation of policy signs and instructions.

MAINTENANCE AND MATERIAL MANAGEMENT

Every Ship's Serviceman should be familiar with the Ships' Maintenance and Material Management Systems, commonly referred to as the 3-M Systems. The 3-M Systems are a fact of life for any person who is involved in the maintenance of a Navy ship. You will be influenced by your ship's 3-M Systems for as long as you are on duty because these systems will help you to keep your equipment and your spaces working for you.

Your ship's 3-M Systems provide for the orderly scheduling and accomplishment of maintenance. The 3-M Systems include the reporting of information and the management of maintenance support functions. As a senior Ship's Serviceman, you will be involved with the scheduling, inspecting, and reporting of any maintenance in the activities under your control. All the documents and procedures of the 3-M Systems will not be discussed in this chapter. For detailed information, you should refer to the *Ships' Maintenance and Material Management (3-M) Manual*, OPNAVINST 4790.4A. This manual consists of three volumes, but you, the senior Ship's Serviceman, will probably be concerned only with volume 1.

PMS SCHEDULES

One reason for the effectiveness of the 3-M Systems is the orderly scheduling of preventive maintenance actions. When performed according to schedule, these maintenance actions provide the means of identifying any parts requiring replacement prior to failure. This type of preventive maintenance curtails equipment breakdowns that

might result in repeated and costly corrective maintenance actions. As a senior Ship's Serviceman, you will be responsible for helping to establish PMS schedules for the equipment and spaces under your control. There are three PMS schedules with which you will be directly concerned: cycle, quarterly, and weekly. Let's take a brief look at each one.

Cycle Schedule

The cycle schedule displays the maintenance requirements to be performed between major overhauls of the ship. It contains the following information:

1. Ship's name and hull number
2. Work center
3. Effective date of the schedule
4. A listing of maintenance index pages
5. Equipment name
6. Schedules of semiannual, annual, and cycle maintenance requirements divided into quarters after overhaul
7. Quarterly, monthly, and known situation maintenance requirements which must be scheduled each quarter

The cycle schedule is maintained in the ship's departmental office and is used by the department head for preparing the quarterly schedules.

Quarterly Schedule

The quarterly schedule is a visual display of the ship's employment schedule and the PMS requirements to be performed during a specific 3-month period. The schedule, which is updated weekly by the division officer, provides a ready reference to the current status of preventive maintenance for each work center. Spaces are provided for entering the work center, year, quarter after overhaul, the 3 months covered, maintenance index pages (MIP) codes, and maintenance rescheduled to the next quarter.

Thirteen columns, one for each week in the quarter, enable the scheduling of maintenance on a weekly basis. Each column is divided (by tick marks) into 7 days. A line drawn through the appropriate marks represents "at sea" days.

Maintenance requirements are transcribed from the appropriate Quarter after Overhaul and Each Quarter columns of the cycle schedule to the week on the quarterly schedule in which the work can best be accomplished. The quarterly schedule

is used by the work center supervisor for scheduling weekly maintenance. When a maintenance action is completed, it is crossed out. A circle is drawn around incomplete maintenance. The reason for any maintenance requirement that was not completed during the quarter is given on the back of the schedule. The completed quarterly schedule is retained for 1 year as a planned maintenance record.

Weekly Schedule

The weekly schedule shows all planned maintenance scheduled for completion in a work center during a given week. The weekly schedule is posted in the work center and is used by the supervisor to assign personnel to perform the required maintenance. The weekly schedule is also used by the division officer as a basis for updating the quarterly schedules.

The weekly schedule provides the following information:

1. The work center and the appropriate dates.
2. A list of components in the work center.
3. The names of personnel that are assigned to perform specific maintenance requirements.
4. MIP numbers.
5. Columns for listing PMS maintenance requirements to be performed during the week.
6. Outstanding repairs, PM checks, and situation requirements due in the next 4 weeks. (Outstanding repairs are corrective maintenance actions that have not yet been done because they are beyond the capacity of the ship's work force, or because there is a lack of spare parts or proper tools for the job.)

The work center supervisor checks the quarterly schedule and draws up a list of all planned maintenance system (PMS) requirements for the coming week. The supervisor then checks the maintenance index pages (MIPs) for any related maintenance requirements and for daily and weekly PMS checks. (Weekly requirements should generally be entered on Monday for easier rescheduling.) The work center supervisor also fills in the Outstanding Repairs Due column as necessary. After assigning personnel by name to specific maintenance tasks, the supervisor then posts the weekly schedule in the work center.

Maintenance personnel check the weekly schedule by their assignments. After they obtain all the maintenance requirement cards (MRCs), tools, and materials they will need, they start

performing the assigned maintenance work. They report all the completed tasks to the work center supervisor. If the assigned maintenance was not completed, they report the reason why. The supervisor then crosses out all the completed actions and circles those that were not completed. The supervisor reschedules the uncompleted maintenance tasks as conditions permit.

In addition to the maintenance provided by the cycle, quarterly, and weekly PMS schedules, your ship may undergo special types of maintenance during the times when the ship is not in full operation. For example, when your ship is in a yard for overhaul, the general maintenance requirements are usually reduced. The regular PMS schedules and documents are then supplemented by planned maintenance during overhaul (PMDO), MIPs, and MRCs for any inactive systems and equipment on board. PMDO features include

1. maintenance requirements necessary to avoid deterioration of inactive systems,
2. start-up maintenance actions near the end of the overhaul period, and
3. operational testing to ensure system readiness.

RECOMMENDATIONS FOR OVERHAUL OR REPAIR

When you know there is an upcoming yard period or tender availability (TAV) period, you should meet with your division officer and prepare a list of equipment that might need repair or any spaces that may need lagging or changes. Enter this information on an OPNAV 4790/2K, Ship's Maintenance Action Form, commonly known as a "2-Kilo." After the 2-Kilo is approved, you should forward it to the 3-M coordinator to be included with other ships' requests.

As a senior Ship's Serviceman, you must always scrutinize your equipment and spaces for any necessary maintenance. You must be knowledgeable of your PMS schedules and of the policies of your ship in regard to maintenance reports and inspections. For additional information on the 3-M Systems, you should refer to *Ship's Serviceman 3 & 2, Military Requirements for Petty Officer Third Class, Military Requirements for Petty Officer Second Class, Military Requirements for Petty Officer First Class, Military Requirements for Chief Petty Officer*, and the *Ships' Maintenance and Material Management (3-M) Manual*,

OPNAVINST 4790.4A. For special information on maintenance of ship's store equipment, consult your NAVSUP P-487.

COORDINATED SHIPBOARD ALLOWANCE LIST (COSAL)

In addition to your responsibilities in the maintenance of the equipment and spaces under your control, you, as a supervisor, must recognize the need for an up-to-date *Coordinated Shipboard Allowance List* (COSAL). You must make certain that all current changes to the COSAL have been made for new equipment or for any necessary spare parts to the equipment already under your management.

You will not make changes to the COSAL yourself. Your main objective in being familiar with the COSAL is to ensure that all current changes in effect have been made and that validations have been completed by the Storekeepers. This is especially important whenever you have received new equipment, such as a washer, dryer, or dry-cleaning machine. New equipment requires different parts or components, and it is up to you to ensure that the parts that are on the allowance list are authorized to be carried and are carried. If a belt on a washer breaks while you are deployed, and no spare belts are carried, you are in big trouble. You should consult chapter 5, *Storekeeper 3 & 2*, for detailed information on the COSAL, Allowance Parts List (APL), and Allowance Equipage List (AEL).

INSPECTIONS AND AUDITS

Inspections and audits of your sales activities will be an important part of your job as a supervisor. The following section discusses the types of inspections and audits with which you will be concerned and the responsibilities that you, as a leading petty officer, will have for maintaining readiness for such inspections.

SUPPLY MANAGEMENT INSPECTION

A supply management inspection (SMI) is undertaken to determine whether or not the supply department is doing its job for the customers it serves. A supply management inspection is conducted approximately once each year. The inspections are conducted by staff supply officers and senior petty officers of the supply

ratings. Usually, procedures and methods are examined as to whether or not they are following prescribed or approved standards. Records and reports are also examined as to whether or not they meet requirements of law and regulations.

INTERNAL INSPECTION AND AUDIT

As a senior petty officer in the ship's store division, you will be expected to help the ship's store (accountable) officer in establishing an audit system with which you can maintain the accuracy of documents, records, and reports. You will also be expected to initiate an inspection procedure that will guarantee that the prescribed procedures and methods are being followed in the operation of your retail and service activities. Chapters 4 and 5 of this training manual contain information on the procedures for auditing procurement, receipt, and expenditure documents. Chapter 7 also describes the auditing of the closeout of ship's store records and the preparation of returns. The information in these chapters may help you to develop an effective inspection plan for the activities under your control.

In addition, the appendixes in this training manual are provided to help you in determining the inspection and audit procedures you will use. The appendixes include lists of the most common SMI discrepancies in the ship's store and service activity areas. You can check your procedures against these lists to make certain your organization is not committing the same errors.

You should review reports of any previous inspections to ensure that previous discrepancies in your retail and service activities have been corrected. However, the important thing to remember in fulfilling your responsibility as an inspector and auditor is that inspection is a continuing process—not just a hastily performed checkup when you learn that an inspection has been scheduled for your ship. The goal of an internal inspection and audit is to allow you to know what deficiencies exist and what you must do to correct them on a continuing basis.

FLEET ACCOUNTING AND DISBURSING CENTERS (FAADCs) AUDIT

The fleet accounting and disbursing centers (FAADCs) are the organizations that conduct the audits of a ship's store returns. The captions of

the Ship's Store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153) are verified with the substantiating documents submitted. If discrepancies are discovered, a letter report is forwarded to the command concerned.

CUSTOMER SERVICES

The success of any ship's store or service activity in meeting its purpose and objectives is dependent to a considerable degree on the face-to-face relationships between the store or service operators and the customers. Desirable merchandise, attractive displays, and prompt services are all important; however, customer satisfaction can only be assured by a conscientious, responsive operator. You, as a supervisor, must impress upon your operators the importance of their jobs to the general morale of shipboard personnel.

Remember, once you have selected an operator, you will have a continuing responsibility to ensure that the operator is making all efforts to improve customer service. You should always encourage all of your operators to be as responsive and helpful to the customer as they themselves would desire to be treated.

PROVIDING RESPONSIVE SERVICES

If your customers are happy and satisfied, you will seldom hear anything about it. However, if there are any dissatisfactions or complaints, you will usually hear about them very quickly.

To make certain you are doing your best to carry wanted ship's store items, you should periodically run a ship's store survey, asking whether the crew is satisfied and what items, if any, they would like to see the retail outlets carry. Remember, however, you are running a ship's store and not a Navy exchange. Just because a person wants some off-the-wall item and you have determined it not to be of general interest, you should not have to carry it as stock. That is what special orders are for.

You can find a detailed discussion of the importance of effective customer services to the Navy in *Ship's Serviceman 3 & 2*, module 1, chapter 4. You should also consult the *Navy Customer Service Manual* for additional information.

EVALUATING CUSTOMER SERVICES

As mentioned earlier, a good indication of trouble spots are the complaints that you will receive. Most of the complaints received aboard ship are concerned with the ship's laundry, and most of those complaints involve lost or misplaced clothing. You may want to change your laundry's procedures for the logging in and out of division laundry bags. You may want to institute more training on the wash decks on sorting and the use of identification markers. You should examine carefully any improvements you can make on your existing procedures.

The main complaint you will encounter about the barbershop is usually concerned with a bad haircut. About all you can do is to give your barbers more instruction and let them have more practice. Unfortunately, your customers may have to live with any mistakes your barbers make until time for the next haircut.

RESOLVING CUSTOMER COMPLAINTS

You, as a senior Ship's Serviceman, will be expected to investigate any complaints from the crew about the ship's service operation. As previously mentioned, the main complaint will be concerned about missing or damaged laundry. You will first have to determine if the clothes were actually deposited for cleaning or repair. If they were, then you must determine the circumstances of the loss or damage. If damage has resulted in the ship's laundry, use the following information to determine what the proper reimbursement recommendation should be.

Loss Of or Damage To Personal Apparel

When losses of or damage to personal apparel occur through the operation of a ship's store laundry, dry-cleaning facility, or tailor shop, a claim for reimbursement can be submitted to the commanding officer via the ship's store officer.

After a recommendation has been made from the ship's store officer, the commanding officer will determine the amount to be paid as

reimbursement for loss of or damage to personal clothing. The amount is based on factors such as the original cost, current market value, length of time in use, and whether or not the article is repairable. Articles that can be repaired will be deleted from the claim and will be repaired without charge.

You can use the table in figure 3-9 as a guide for determining claim value for personal clothing. Use the following steps to calculate the value:

1. Determine the life expectancy rating for the article. Basically, life expectancy ratings are

- a. all washable items—2 years, and
- b. clothing to be dry cleaned only—4 years.

2. Find out the age of the article from the owner, then read down the table under the applicable life expectancy to the age of the article.

3. Determine the condition of the article either from investigation or from a statement from the owner. Three levels of condition are defined in

relationship to the amount of use and care the article has had.

a. Excellent condition—having the appearance of an exceptionally well-cared-for article that looks like new

b. Average condition—having an appearance expected of an article that has had reasonable use, considering its age

c. Poor condition—having the appearance of extensive use, but not of abuse

4. From the age of the article, read right to the applicable Adjustment Values column and determine the claim value by multiplying the replacement cost (cost of acquiring a new article of comparable quality) by the percentage figure.

EXAMPLE:

Summer white shirt: Replacement cost—\$9.75;
 Life expectancy—2 years;
 Actual age—11 months;
 Condition—average;
 Adjustment value—60% of \$9.75 = \$5.85.

Life Expectancy Rating of Article		Adjustment Values		
Two Years	Four Years	Percentage of Replacement Cost Condition of Clothing		
Age of Article in Months		Excellent	Average	Poor
0 through 4	0 through 4	100%	100%	100%
5 through 7	5 through 13	75%	75%	60%
8 through 13	14 through 25	70%	60%	45%
14 through 19	26 through 37	50%	40%	30%
20 through 25	38 through 49	30%	20%	15%
26 months and older	50 months and older	20%	15%	10%

Figure 3-9.—Chart of claims adjustment values.

CLAIM FOR LOSS OR DAMAGE OF PERSONAL CLOTHING

USS _____

DATE _____

I, _____, USN
 (Full Name) (Rank/Grade)

certify that the following articles of personal clothing were lost or damaged
 (Circle one)
 in the ships store for which reimbursement is claimed as per NAVSUP Pub 487,
 par. 8202:

Description of Articles	Quantity	Original Purchase Cost	Number of months in Use	Claim Value

TOTAL CLAIMED _____

 Signature of Claimant

This claim has been investigated and the loss or damage has/has not been
 (Circle as applicable)
 established. Reimbursement in the amount of \$ _____ is recommended. This
 expense is chargeable to Ships Store Profits, Navy (17X8723.2301 75400).

 Signature of Ship's Store Officer

The disbursing officer is directed to reimburse the claimant in the amount
 of _____ dollars and _____ cents. The expenditure of Ship's Store Profits, Navy
 authorized is considered necessary or desirable for the morale of the
 personnel under my command.

 Signature of Commanding Officer

Paid in cash \$ _____ on _____
 Amount Date Signature of Payee

Distribution: Original: disbursing returns
 Duplicate: disbursing files
 Triplicate: ships store retained returns

Figure 3-10.—Claim for loss of or damage to personal clothing.

Procedure for Handling Claims

An original and two copies of a claim, similar to the one in figure 3-10, should be prepared by the individual who is making the claim and should be forwarded to the commanding officer via the ship's store officer. After the claim has been approved and the commanding officer has authorized and directed payment, the individual (payee) will present all copies of the claim to the disbursing officer for payment. For cash payments, the disbursing officer will obtain the payee's signature on the original claim under the space headed Paid by Cash. The disbursing officer will then furnish to the ship's store officer one copy of each paid claim and two copies of the Reimbursement Voucher (Standard Form 1129). One copy of the Standard Form 1129 will be submitted with the ship's store returns, and one copy (with a copy of the approved claim attached) will be filed with the retained returns.

SAFETY PRECAUTIONS

You, as a senior Ship's Serviceman, have the obligation to be aware of all safety rules and ship's

instructions. You must also make certain your troops are aware of the rules and are complying with the instructions. Most safety rules are just common sense, but rules are often ignored if they are not strongly enforced. Violations range from the laundryman's inserting an object in a laundry press button (so as not to have to use both buttons) to your troops not wearing hard hats while they are out on deck during an UNREP. Safety rules are mostly little things, but if they are ignored, they can become big problems for you as a supervisor. Be aware of your ship's rules and insist upon absolute compliance on the part of your people.

As you have probably recognized, a manager's job is not really an easy one. Being a good supervisor and leader will be the most important goal you can achieve as a senior Ship's Serviceman—and it will be the most difficult one. In all of your management responsibilities and duties, you can do the best possible job if you can just keep three rules in mind:

Know your job.

Know your people.

Know yourself.

CHAPTER 4

PROCUREMENT

As a senior petty officer, you will have increasing responsibilities in the areas of selection, inventory planning, and procurement of ship's store stock. Ship's store stock includes all articles intended for resale in the ship's store, consumable materials intended for use in related service activities, and minor equipment and parts not included in allowance lists for related service activities. In addition to ship's store stock, you may assist in the procurement of major equipment, equipment repair services, and other supply department materials.

AUTHORIZED MERCHANDISE

Before you can decide what merchandise to stock, you must be aware of what items you are allowed to carry. Because of the varying restrictions on different types of merchandise, determining whether an item is authorized can be somewhat confusing. Basically, however, merchandise can be divided into four categories, each of which will be discussed below.

- U.S. merchandise for stock
- U.S. merchandise for special order
- Foreign merchandise for stock
- Foreign merchandise for special order

U.S. MERCHANDISE FOR STOCK

In your procurement of ship's store stock, you will probably order more U.S. merchandise than any other type of stock. Although U.S. merchandise is the broadest category of available stock, you must still determine which items have been authorized for the ship's store. Fortunately, there are resources you can use as guidelines.

One of the most important tools you will use is the basic list of authorized items contained in

the NAVSUP P-487 (*Ship's Store Afloat*). This list is designed to help you provide your ship with the necessary health, comfort, or convenience items to be used by shipboard personnel in their day-to-day lives. The items are listed alphabetically within categories. You should notice that a unit cost limitation has been established on various luxury items.

The *Ship's Store Afloat Catalog* (SSAC), published by the Navy Resale and Services Support Office (NAVRESSO), is an important resource you can use for determining what items of stock you should carry. You may procure for stock any item in the SSAC that is not designated for special order only even though the item may exceed the unit cost limitation or may not be on the authorized stock list at all.

An additional procurement aid is the *Ship's Store Contract Bulletin*. You may procure for stock any items included in this bulletin, but which were not included in the basic list of authorized items (NAVSUP P-487), from any of the sources listed. Basically, any item of U.S. merchandise that you wish to carry in stock must be contained on the authorized stock list within the unit cost limitation or must be procured either from the SSAC or from the *Contract Bulletin*.

U.S. MERCHANDISE FOR SPECIAL ORDER

A special order is when you place an order for an authorized patron upon the patron's request. Immediately upon receipt, the item should be sold to the patron and should not be carried in stock. Among the procedures for placing special orders, there are some optional measures you should consider. For example, your commanding officer may direct the ship's store officer to collect for special orders before you place the purchase order. Another step you can take is to ensure that the individual who is placing the order is not detaching before the expected receipt of the merchandise.

You should always make certain that the typed certification for any special order includes the individual's name, grade or rate, division, transfer date, and enlistment expiration date. If prepayment was required, the certificate should also include the amount of payment that was received.

The list of authorized items in NAVSUP P-487 also applies to U.S. merchandise for special order. Of course, any items that are not covered in your SSAC must be submitted to NAVRESSO for approval. In addition, you should observe that some of the items listed in the SSAC are for special order only. You should not order these items for stock.

On the other hand, there are certain items that your shipboard personnel may need that you can acquire only by special order. For example, you may need to procure unusual sizes of standard Navy clothing items. Because these items are not listed in the *Afloat Shopping Guide* (ASG), you must procure them by special order only. You should remember that any special order you place for unusual sizes of standard Navy clothing must be for individuals only and not for stock. Other examples of merchandise that you must procure on a special order basis only are the gold rating badges and service stripes for chief petty officers and other enlisted personnel below the E-7 level who are entitled to wear these items.

FOREIGN MERCHANDISE FOR STOCK

You may stock foreign merchandise for resale during your ship's deployment overseas, but you will be limited to merchandise that is locally available in the area of your ship's operation. Regulations that have been established by the appropriate commands will also govern your procurement of foreign merchandise for stock. Ships can procure authorized foreign merchandise through two programs: the Sixth Fleet Foreign Merchandise Program and the Pacific Fleet Foreign Merchandise Program. Foreign merchandise warehouses have been established at Navy exchanges in Rota, Spain, and Naples, Italy, for the Sixth Fleet Foreign Merchandise Program and in Yokosuka, Japan, and Subic Bay, Republic of the Philippines, for the Pacific Fleet Foreign Merchandise Program. Both programs exist to support the ships that are deployed in the Mediterranean and the Western Pacific with a range of fast-selling foreign merchandise items that have been authorized for stock in ship's stores. However, there are also certain items such as

furs, autos, and wines that are prohibited for stock or for special order purchases. Items listed in overseas contract bulletins are basically authorized for stock unless these items have been designated for special order only. You should remember that fleet, force, and type commanders may prescribe additional instructions and/or limitations that are applicable to the ordering and receiving of authorized stock in their areas of jurisdiction. It is important that you thoroughly read and understand these instructions before you make any attempt to procure foreign merchandise for your ship. Authorized items of foreign merchandise that you procure in the area of your ship's operation must be received, stocked, and sold in that area; you cannot handle these items outside the designated area. Ships that are deployed to areas outside of the European or Far Eastern areas may procure foreign merchandise that is available locally in the port of call. However, merchandise that originates from sources within communist-controlled areas cannot be procured.

Another consideration in the procurement of foreign merchandise is that you must be able to dispose of all of it before your ship returns to the United States. Therefore, the handling of foreign merchandise may create difficult problems and losses of profit without your proper attention and supervision. To avoid being stuck with an excess of unsalable foreign merchandise at the end of a tour, you should follow the procurement steps listed below.

- Consult and use the NAVRESSO bulletins which contain a listing of the best quality foreign merchandise at the lowest prices and follow the procedures prescribed by fleet, force, and type commanders.

- Estimate carefully the potential sales for the period your ship expects to operate in the area. Base your estimation on previous deployments and from your canvassing of the crew. Remember, when your ship is operating in the area for a period of more than 90 days, the inventory of foreign merchandise must not exceed your 90 days' estimated sales.

- Obtain merchandise early to ensure the greatest length of time for sales. When your ship is to remain in the area for 90 days or less, procurement must not exceed the estimated sales for the remaining 60 days. You should not procure merchandise that will arrive on board 30 days or

less before the departure of your ship from the area. Finally, if your ship is operating in an area for less than 30 days, you should procure foreign merchandise by special order only.

If you provide the necessary time and attention to these procurement precautions, you should not be faced with the problem of excess foreign merchandise at the end of your ship's tour. If, for some reason, you should ever find yourself stuck with unmarketable foreign merchandise, you must follow the appropriate disposal procedures. These procedures are discussed in chapter 5 of this rate training manual.

FOREIGN MERCHANDISE FOR SPECIAL ORDERS

With the exception of forward deployed ships (ships homeported overseas excluding Hawaii), no special orders of foreign merchandise should be made through the ship's store. You should refer customers to the *Exchange Catalog for the Military Services* or suggest they make direct purchases over the counter through the military exchange that is serving the area. In addition, concessionaire contract agreements may be used in areas where these agreements have been approved by fleet, force, and type commanders.

You should also make your customers aware of the Exchange Catalog Mail Order Program by which your ship can receive rebates. The rebates are based on a proportion of mail order sales generated by your ship in relationship to total sales as reported by the Army and Air Force Exchange Service (AAFES). Rebate checks are distributed to various ships by NAVRESSO on a triennial basis during the months of April, August, and December. The rebate check for your ship will go directly to Ship's Store Profits, Navy, as a contribution. You can find details on how to acquire rebates for your ship in NAVSUP P-487.

LIMITATIONS

In addition to the various limitations already mentioned, NAVSUP P-487 prescribes further qualitative and quantitative limits on specific types of items. Examples of some of these restrictions are discussed below.

Qualitative Limits

You are restricted by particular qualitative limits in your procurement of certain items, such

as sunglasses, food, books, records, magazines, and beer. For example, you may not procure sunglasses that might have harmful optical properties. Also, the sunglasses you stock must have frames made of slow-burning plastic or metal. As for food items, you cannot sell any food in the form of short orders. In the procurement of magazines and records for the ship's store, you are limited to materials that are not considered to be obnoxious or offensive. You can find guidelines for judging the acceptability of materials such as magazines, books, and records in NAVSUP P-487. As for your limitations on the procurement of beer, you may procure beer for recreational purposes, but you may not stock beer for resale to the crew through the ship's store.

Quantitative Limits

You must observe certain quantitative limits on a variety of authorized items that bear your ship's identification, such as cigarette lighters, cups, and stationery. You should limit your stocks of these items to 90 days' anticipated sales. If necessary, however, your initial orders may reasonably exceed this quantity if you are trying to meet a vendor's minimum order stipulation. You must limit your stocks of all other items bearing your ship's identification to quantities that do not exceed 25 percent of your ship's total complement unless you obtain NAVRESSO approval before you begin any type of procurement action.

You may not order tax-free tobacco products in excess of your anticipated sales in the ship's store while your ship is beyond the 3-mile limit of the United States. The procedures you should follow in handling tax-free tobacco products are discussed in chapter 6 of this manual.

There are other limitations you must observe when you are procuring stock for your ship's store. As mentioned before, authorized ship's store stock includes any item of stock that is listed on any of the authorized stock lists. Items that are not authorized for ship's store stock will generally fall within two categories: (1) items that are not listed on authorized stock lists and (2) items for which procurement is strictly prohibited.

Unlisted Items

In procuring ship's store stock, you can request items that are not on the authorized stock lists as long as these items are not prohibited. You should submit your requisitions to the Navy Resale and Services Support Office (NAVRESSO).

Consult NAVSUP P-487 for the details you should include in these requests. You should remember that the restrictions that have been imposed on you are not intended to stifle your initiative. If you submit a request properly, you will normally receive approval from NAVRESSO.

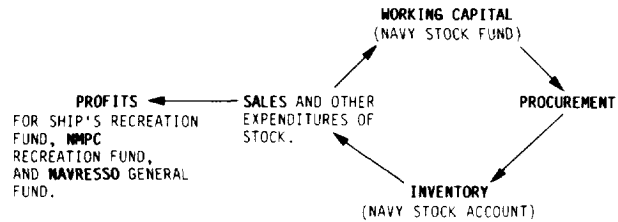
Prohibited Items

You are strictly prohibited from procuring certain merchandise for your ship's store. For example, any items that bear the impression of U.S. currency are prohibited merchandise. You cannot procure these items for your ship's store. You are also prohibited from procuring special occupational and environmental clothing and textile (cog symbol 9D) items unless you have received written authorization from the Commander, Naval Supply Systems Command. In addition, you are especially prohibited from purchasing or selling through your ship's store any medical items such as drugs, remedies, vitamins, or other similar products for the external or internal treatment of diseases or conditions.

STOCK CONTROL

The ability of your ship's store to support the needs of your ship will largely depend upon how well you, as a senior Ship's Serviceman, handle the responsibilities of stock control. To develop and maintain effective stock control, you should review your inventory control records and make your scheduled monthly review of all stock and stock records. These reviews provide fundamental knowledge with which all responsible ship's store personnel must be familiar in order to develop and maintain effective stock control. Your efforts in stock control are important because your ship's store does not have an unlimited amount of money to invest in stock. Carrying excess stock will cause you to waste valuable storeroom space that might be used for other materials. Frequently, this type of waste results in a decrease in sales. On the other hand, if an adequate supply of material is not in stock, a decrease in sales will also occur. There is an optimum stock level you should achieve that will minimize the loss of sales that would result from these problems. Maintenance of an optimum stock level is the primary purpose for your scheduled monthly review of the inventory control records and the stock record cards.

To appreciate the importance of effective stock control, you must first understand how the flow of money and materials in the Navy resale system affects your ship's store afloat. The following diagram represents the system.



The cycle begins with WORKING CAPITAL (Navy Stock Fund [NSF] money) which is used to procure your ship's store stock. PROCUREMENT of ship's store stock determines the amount of INVENTORY. SALES of ship's store stock then replenish your WORKING CAPITAL. In addition to replenishing your WORKING CAPITAL for the cost value of the items sold, SALES also generate your PROFITS. Your PROFITS are determined by the markup over cost that was applied to the various items sold in the ship's store.

As a ship's store manager, you will use as your optimum stock level an anticipated 90 days' supply of stock. If you exceed this amount, you are tying up too much Navy Stock Fund money in your ship's store inventories, for only so much NSF money is allocated on a Navy-wide basis for inventories. On the other hand, your failure to maintain sufficient stocks on board will ultimately result in decreased sales.

A sales-stock ratio is computed to determine your efficiency in maintaining your optimum stock level over a given period of time. As stated in the NAVSUP P-487, you should maintain a 1.33 to 1 ratio of sales at cost price to your beginning inventory (less standard clothing items) per each 4-month accounting period. In other words, a W-day supply of stock should "turn over" 1 1/3 times in a 120-day (or 4-month) accounting period. You can obtain your stock figure by dividing your cumulative expenditures for the number of months covered by the beginning inventory. You will read more about the actual calculation of your computation of your stock turn figure later in chapter 7. For now, however, the following example of various sales

stock ratios may help you to understand exactly how stock turn ratios work.

<u>CUMULATIVE EXPENDITURES</u>	<u>BEGINNING INVENTORY</u>	<u>STOCK TURN</u>
\$8,000	\$6,000	1.33
7,400	6,200	1.19
16,000	10,400	1.54

Now, take another look at the resale cycle diagram. You should remember that the optimum stock level (INVENTORY) is defined as a 90-day supply of stock and that the rate at which this stock level (INVENTORY) should be turned over by SALES is defined as a ratio of 1.33 to 1. If a ratio of 1.33 or above is maintained, then sufficient WORKING CAPITAL should be available to you to initiate additional PROCUREMENT. In ship's store management, the inventory control record is the tool you should always use to maintain a running check on the amount of WORKING CAPITAL that is available to you.

AUTHORIZED INVENTORY AND INCREASES

Your initial authorized inventory represents your ship's allowance. Your allowance is based on the number of officers and enlisted personnel currently on board including embarked staffs, embarked air groups, Marine Corps detachments, passengers, or the highest onboard personnel count, whichever is greater. Generally, the monetary limitation for a ship's store stock is based on \$18 per person per month and allows for a maximum of approximately 3 months' stock. Service ships, such as ASS, ADs, and ARs, are authorized an additional \$10 per person per month to support customers from the ships for which the service ships are providing support. You should keep in mind that you can obtain authorized increases of your ship's store stock if your ship is being deployed to overseas areas. Your ship will be authorized an additional \$18 per person per month up to an amount that will not exceed your overall stockage objective for the length of time your ship is going to be deployed.

Foreign merchandise from fleet support warehouses is an authorized addition to your inventory. To ensure proper stock control, you should carefully monitor any foreign merchandise you acquire during your ship's deployment.

You should consider the total dollar value of canned sodas as a separate authorized increase to your inventory limitations whether your ship is deployed or whether it is operating in the continental United States (CONUS). Whenever your inventory limitation is increased for deployment, you should send a letter to NAVRESSO, with a copy to the type commander, containing the following information.

1. The monetary value of the increase
2. The reason for the increase
3. The period of time in which the increase is taken
4. The current number of personnel on board your ship

Your total authorized inventory will be a combination of the original authorized inventory (which is \$54 times the current number of personnel on board) plus the canned sodas inventory. When your ship is deploying, you should include in your total inventory your ship's foreign merchandise inventory and an additional \$18 per person per month times the months of the ship's scheduled deployment.

INVENTORY CONTROL RECORDS

An inventory control record is a management tool designed to help you make certain that your ship's store meets the following objectives:

1. A stock turn of 1.33 for each accounting period
2. A total inventory of ship's store and standard Navy clothing stock that does not exceed the authorized limits

There are two inventory control records you must use for the ship's store: (1) Inventory Control Record for Ship's Store Stock and (2) Inventory Control Record for Standard Navy Clothing Stock. Although you are normally required to maintain a separate inventory control record for standard Navy clothing, you can include standard Navy clothing on the Inventory Control Record for Ship's Store Stock whenever you sell standard Navy clothing through the same cash register used for ship's store stock or when your inventory balance for standard Navy clothing is less than \$300 and sales for standard Navy clothing are also less than \$300 per month. In the case of both inventory control records, you should round off all money values to the nearest dollar.

Instructions and information for maintaining both records are provided below. You should refer to figures 4-1 and 4-2 as you read this information. Study the information carefully and make certain YOU understand the procedures that are required

for both records. You, as a senior Ship's Serviceman, must be able to prepare and maintain both inventory control records for your ship's store. Even if these records are normally maintained by the ship's store officer, you should

INVENTORY CONTROL RECORD

	Month 1	Month 2	Month 3	Month 4
A. Authorized Inventory ($\$54 \times \#450$ of personnel)	24,300	24,300	24,300	24,300
B. Authorized Increases				
(1) For deployment: ($\$18 \times \#$ of personnel \times number of months remaining in deployment)	32,400	24,300	16,200	8,100
(2) \$ value of foreign merchandise	18,600	16,100	1,800	0
(3) \$ value of can drinks				
(4) For support ships: ($\$10 \times \#$ of personnel on ships supported)	4,800	4,800	4,800	4,800
	0	0	0	0
C. Total Authorized Inventory (A + B)	80,100	69,500	47,100	37,200
D. Beginning Inventory	41,352	35,897	33,649	30,168
E. Receipts	13,078	14,477	12,373	13,168
F. Surveys to NSF and Issues to Ship's Use	0	0	0	0
G. Other Expenditures	18,533	16,725	15,854	11,020
H. Balance Inventory (D + E - F - G)	35,897	33,649	30,168	33,013
I. Over/Under Inventory (C - H)	44,203	35,851	16,932	4,187
J. Outstanding Orders	21,978	17,743	10,726	1,973
K. Monies Available for New Stock (I - J)	22,225	18,108	6,206	2,214

LAST MONTH OF ACCOUNTING PERIOD, ENTER ACTUAL INVENTORY AT COST.

Stock Turn

	Month 1	Month 2	Month 3	Month 4
	.45	.85	1.24	1.50
GOAL	.33	.67	1.00	1.33

Cumulative of Expenditures (except for Surveys to the Navy Stock Fund and Issues to Ship's Use) divided by Beginning Inventory for the accounting period equals stock turn. Formula: Total of line G for each month divided by line D for month 1.

Prepared by: _____

Ship's Store Officer: CH / SK CH / SK CH / SK CH / SK

Month 1 Month 2 Month 3 Month 4

Figure 4-1.—Inventory control record for ship's store stock.

INVENTORY CONTROL RECORD

	Month 1	Month 2	Month 3	Month 4
A. Authorized Inventory	14,000	14,000	14,000	14,000
B. Authorized Increases	0	0	0	0
C. Total Authorized Inventory (A + B)	14,000	14,000	14,000	14,000
D. Beginning Inventory	10,500	10,216	9,507	10,155
E. Receipts	3,500	3,025	3,868	2,110
F. Surveys to NSF and Issues to Ship's Use	0	0	0	60
G. Other Expenditures	3,784	3,734	3,220	3,128
H. Balance Inventory (D + E - F - G)	10,216	9,507	10,155	9,180
I. Over/Under Inventory (C - H)	3,784	4,493	3,845	4,820
J. Outstanding Orders	2,654	2,895	2,078	2,010
K. Monies Available for New Stock (I - J)	1,130	1,598	1,767	2,810

LAST MONTH OF
ACCOUNTING PERIOD,
ENTER ACTUAL
INVENTORY AT COST.

Stock Turn

	Month 1	Month 2	Month 3	Month 4
	<u>.36</u>	<u>.72</u>	<u>1.02</u>	<u>1.32</u>
GOAL	.33	.67	1.00	1.33

Cumulative of Expenditures (except for Surveys to the Navy Stock Fund and Issues to Ship's Use) divided by Beginning Inventory for the accounting period equals stock turn. Formula: Total of line G for each month divided by line D for month 1.

Prepared by: CH CH CH CH
 Ship's Store Officer: OK OK OK OK
 Month 1 Month 2 Month 3 Month 4

Figure 4-2.—Inventory control record for standard Navy clothing.

still familiarize yourself with the required procedures and entries.

Inventory Control for Ship's Store Stock

The basis of the Inventory Control Record for Ship's Store Stock is your estimate of the next 90 days' cumulative expenditures. By subtracting the approximate onboard inventory and outstanding orders from your cumulative expenditures, you can determine at any given time the amount of working capital that is available to you for buying. Generally, you should maintain this record on a monthly basis. You should always make certain, however, that the record is updated before you initiate any procurement action. The procedures for maintaining the Inventory Control Record for Ship's Store Stock are discussed below. Refer to figure 4-1 while you review these procedures. Instructions for entries are discussed for each line and caption.

<u>Line and Caption</u>	<u>Instructions for Entries</u>
Date	Enter the period of time covered.
A. Authorized Inventory	Enter the value of the number of personnel times \$54. (The same amount will be used for each month of the accounting period.)
B. Authorized Increases	For deployed ships: <ol style="list-style-type: none"> 1. Enter the value of the number of personnel times \$18 times the number of months remaining in the deployment. 2. Enter the dollar value of foreign merchandise stock on hand from NEX fleet support warehouses. 3. Enter the dollar value of canned drink stock for a 90-day sales period. For service-type ships: <ol style="list-style-type: none"> 4. Enter the value of the total number of additional

<u>Line and Caption</u>	<u>Instructions for Entries</u>
B. Authorized Increases—Continued	personnel on the ships that are supported by the service ship times \$10.
C. Total Authorized Inventory	Enter the total of line A plus line B.
D. Beginning Inventory	For the first month of each accounting period: Enter the actual physical inventory at cost price. For the other months of the accounting period: Enter the value of the balance inventory (line H) from the previous month.
E. Receipts	Enter the value of all receipts of ship's store stock for the month as taken from the Journal of Receipts, NAVSUP 977.
F. Surveys to NSF and Issues to Ship's Use	Enter the value of all surveys to the Navy Stock Fund and issues to ship's use.
G. Other Expenditures	Enter the grand total of all of the following items: <ol style="list-style-type: none"> 1. The value of all other expenditures (<u>except those included in line F</u>) as taken from the Journal of Expenditures, NAVSUP 978, 2. The value of cost of operations issues as taken from the Ship's Store Afloat Financial Control Record, NAVSUP 235. 3. The value of drink vending machine sales as taken from Cost of Sales, line R, on the Vending Machine Control, NAVSUP 236. 4. The cost of all other retail sales, including sales from retail stores and snack bar sales (other than those

<u>Line and Caption</u>	<u>Instructions for Entries</u>														
G. Other Expenditures—Continued	<p>from drink vending machines). Compute the value of all other retail sales by using this formula:</p> <p>Total value of all other retail sales as taken from from the Cash from Retail Sales on the Memorandum Cash Sales Invoice times 87% equals the estimated cost of retail sales.</p> <p>(Specific examples are included in your NAVSUP P-487.)</p> <p><u>You should note that this formula is based on a standard markup over cost of 15% for a ship's store.</u> The estimated cost of an item will equal the retail price of the item times 87%. For example:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Actual cost of item</td> <td style="text-align: right;">\$100.00</td> </tr> <tr> <td>times 15% markup</td> <td style="text-align: right;"><u>× 15%</u></td> </tr> <tr> <td>equals the retail price of the item.</td> <td style="text-align: right;">\$115.00</td> </tr> <tr> <td> </td> <td></td> </tr> <tr> <td>Retail price of item</td> <td style="text-align: right;">\$115.00</td> </tr> <tr> <td>times 87%</td> <td style="text-align: right;"><u>× 87%</u></td> </tr> <tr> <td>equals the estimated cost price.</td> <td style="text-align: right;">\$100.05</td> </tr> </table>	Actual cost of item	\$100.00	times 15% markup	<u>× 15%</u>	equals the retail price of the item.	\$115.00	 		Retail price of item	\$115.00	times 87%	<u>× 87%</u>	equals the estimated cost price.	\$100.05
Actual cost of item	\$100.00														
times 15% markup	<u>× 15%</u>														
equals the retail price of the item.	\$115.00														
Retail price of item	\$115.00														
times 87%	<u>× 87%</u>														
equals the estimated cost price.	\$100.05														
H. Balance Inventory	<p>For the first 3 months of the accounting period:</p> <p>Enter the value of the beginning inventory at cost price plus receipts minus expenditures (line D plus line E minus line F minus line G).</p> <p>For the last month of the accounting period:</p> <p>Enter the actual physical inventory at cost price.</p>														

<u>Line and Caption</u>	<u>Instructions for Entries</u>
I. Over/Under Inventory	<p>Enter the total value of the total authorized inventory minus the balance inventory (line C minus line H). This amount indicates whether or not your ship's store stock is over or under authorized inventory levels.</p>
J. Outstanding Orders	<p>Enter the total value of all outstanding orders for ship's store stock, as taken from the Outstanding Purchase Order File (SSA-11A) and Outstanding Requisition File (SSA-12).</p> <p><u>At no time should the balance inventory plus the outstanding orders exceed the total authorized inventory.</u></p>
K. Monies Available for New Stock	<p>Enter the amount over/under inventory minus the outstanding orders (line I minus line J). This amount represents the money available to you to buy new ship's store stock.</p>
Stock Turn	<p>The cumulative value of other expenditures (<u>excluding surveys to the Navy Stock Fund and issues to ship's use</u>) divided by the beginning inventory for the accounting period equals stock turn.</p> <p>Note that the following formula must be used for the computation of stock turn:</p> <p>Add the amounts recorded on line G for each month divided by line D for the first month equals stock turn.</p>
	<p>Inventory Control Record for Standard Navy Clothing Stock</p> <p>As mentioned earlier, standard Navy clothing stock in the ship's store normally requires a</p>

separate inventory control record. Procedures for line and caption entries are described below. You should refer to figure 4-2 as you read the instructions below.

<u>Line and Caption</u>	<u>Instructions for Entries</u>
Date	Enter period of time covered.
A. Authorized Inventory	Enter the value of the sales for the previous fiscal year times 25%.
B. Authorized Increases	Enter the amount necessary for the number of months remaining in the deployment.
C. Total Authorized Inventory	Enter the total of line A plus line B.
D. Beginning Inventory	For the first month of each accounting period: Enter the actual physical inventory at standard price. For the other months of the accounting period: Enter the value of the balance inventory (line H) from the previous month.
E. Receipts	Enter the value of all receipts of standard Navy clothing for the month, as taken from the Journal of Receipts, NAVSUP 977.
F. Surveys to NSF and Issues to Ship's Use	Enter the value of all surveys to the Navy Stock Fund and issues to ship's use.
G. Other Expenditures	Enter the value of Cash from Standard Navy Clothing Sales from your Memorandum Cash Sales Invoice Deposit of Cash with the Disbursing Officer, DD 1149.

Line and Caption

Instructions for Entries

H. Balance Inventory

For the first 3 months of the accounting period:

Enter the value of the beginning inventory at standard price plus receipts minus expenditures (line D plus line E minus line F minus line G).

For the last month of the accounting period:

Enter the actual physical inventory at standard price.

I. Over/Under Inventory

Enter the total value of the total authorized inventory minus the balance inventory (line C minus line H).

This amount indicates whether or not standard Navy clothing is over or under your authorized inventory levels.

J. Outstanding Orders

Enter the total value of all outstanding orders for standard Navy clothing, as taken from the Outstanding Requisition File (SSA-12).

At no time should the balance inventory plus the outstanding orders exceed your total authorized inventory.

K. Monies Available for New Stock

Enter the amount over/under inventory minus outstanding orders (line I minus line J). This amount represents the money available to you to buy new standard Navy clothing stock.

Stock Turn

The cumulative value of other expenditures (excluding surveys to the Navy Stock Fund and issues to ship's use) divided by the

<u>Line and Caption</u>	<u>Instructions for Entries</u>
Stock Turn— Continue	beginning inventory for the accounting period equals stock turn. The following formula must be used: Add the amounts on line G for each month divided by the beginning inventory for the accounting period equals stock turn.

In summary, the inventory control records can provide only a calculated approximation. The records can, however, help you to keep your ship's store inventory values within the prescribed, authorized 90-day limits.

STOCK RECORD REVIEW AND MAINTENANCE

Stock record review is the second stock control tool that is available to you as a ship's store manager. While you will use the inventory control records to ascertain the amount of working capital that is available to you at any one time, you will also use the Stock Record (NAVSUP Form 464) to acquire the sales history and ordering information you will need for procuring individual stock items. You must review your stock record cards at least once a month to determine what specific merchandise items you should procure. For most items, your maximum stock position should be 90 days' stock. You should stock enough deployed load items so that they will be available for the duration of your ship's deployment. If you discover that excesses exist in certain areas, you should dispose of the excess stock as soon as you can. The various methods you can use to dispose of excess stock will be discussed later in chapter 5.

By properly maintaining a Stock Record (NAVSUP 464) for every item of ship's store stock, you, as the ship's store manager, should be able to answer the following questions about any particular stock item.

- What are the average 4 months' sales?
- What quantities were ordered previously?
- What is the usual source of supply?
- What are the current cost and retail prices?

- Is there any trend in the sales pattern?
- Assuming normal sales, what is the approximate stock situation?

Since the stock record cards are so important, you must maintain them accurately and neatly. The proper maintenance of stock record cards is discussed in *Ship's Serviceman 3 & 2*, module 2. There are two types of errors for which you, as a supervisor (or auditor), should be on the alert: mechanical and procedural. As you read about these errors, you should refer to figure 4-3.

Mechanical Errors

A mechanical error results when facts and values have not been properly recorded. In your continual review of your stock record cards, you may be able to correct most mechanical errors by asking yourself these questions.

- The low limit: Is it recorded? Is it realistic?
- The cost price and the selling price: Do they exist where applicable? (There are no selling prices for cost items.) Is the cost price rounded to the nearest cent?
- Unit of issue: Is it recorded? Do cost and selling prices agree with the unit of issue?
- Functional account and department: Is the correct information recorded?
- Description: Is it complete? Does it include the stock number (when required), the size, and the noun name? (For example, tax-free cigarettes; large, economy, or giant toothpaste.)
- Arithmetic: Have computations been made accurately? Have retail sales been properly computed?
- Format: Have lines been skipped unnecessarily? Are the correct columns being used?

Procedural Errors

Procedural errors are usually the result of bad planning and faulty judgment. You can avoid many procedural errors by carefully analyzing the information on your stock record cards. You

DATE		VOUCHER NO.	REC. FROM EXPEND. TO	RECEIVED	ENDED	BALANCE IN BULKROOM OR WAREHOUSE	TOTAL BALANCE	DATE		REC. FROM EXPEND. TO	RECEIVED	EXPENDED	BALANCE IN BULKROOM OR WAREHOUSE	TOTAL BALANCE
MO.	DA.							MO.	DA.					
11	1	INV	B.F.			720	836							
11	1	#1	SS#1		144	576								
11	7	#7	SS#1		288	288								
12	16	9775	S+k Sales	1440		1728	2276							
12	20	#13	SS#1		144	1584								
19	83	#19	SS#1		288	1296								
1	15	#19	SS#1		288	1296								
1	16	#24	SS#1		288	1008								
1	31	RETAIL SALES		968										
2	1	INV	B.F.	BULK	1008	1008								
2	1	INV	B.F.	SS#1	300									
2	1	INV	B.F.	TOTAL	1308	1308								
ACCOUNT		UNIT OF MEASURE		DEPARTMENT		LOW LIMIT		COST PRICE		SELLING PRICE				
51000		EA		RETAIL		432/1728		.20		.25				
ARTICLE		STOCK NO.		ORDERED		CARD NO.								
SOAP COAST TOILET R		REGULAR												
NAVSUP 46		/53/ S/N 0108-LF-501-1100		U S GOVERN		PRINTING OFFICE 1980-7		61		THIS BLOCK NOT USED.				

Figure 4-3.—Auditing the Stock Record.

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should carefully consider the following possibilities.

- Are orders being placed too frequently and for quantities that are too small? Have unnecessary orders been placed?
- Is the store out of any item of stock?
- Is there too much stock of any individual item on hand?
- Are there too many competing items?
- Are there any unauthorized items on board?
- Is the markup too high to effect stock movement?
- Are seasonal item considerations wisely made and used?
- Are the stock record cards filed alphabetically by category?

In summary, you, as a ship's store manager, must skillfully use the inventory control records

and the monthly stock record review if you are going to maintain effective stock control of all your ship's store merchandise and supplies. Remember, the goals of stock control are to maintain an optimum stock level of 90 days' supply and to achieve a sales-stock ratio of 1.33 to 1. You should consult your NAVSUP P-487 and NAVRESSO P-81 for authorized stock items and their recommended quantities.

STOCKING THE SHIP'S STORE

When it comes to actually selecting merchandise for stock, you must consider several factors so you can provide your customers with a satisfactory selection.

CREW PREFERENCE

As a senior Ship's Serviceman, you should always be alert to the preferences of your crew members. You should frequently question the ship's store operator as to the over-the-counter comments of crew members concerning the ship's store merchandise. But, you should also informally or formally (by means of a questionnaire) seek the opinion of individual crew members.

TECHNICAL ASSISTANCE

In addition to the preferences and responses of your customers, you also have a considerable amount of technical assistance available to you for the selection of your ship's store merchandise.

NAVRESSO Publication No. 81

You should use this publication to supplement the information in your NAVSUP P-487. Items in NAVRESSO Publication No. 81 are based upon consumption factors per person per month, which were derived from an analysis of actual sales for an 8-month period (deployed and in port) in ship's stores. (These data were received from various hull types which include both Atlantic and Pacific Fleet ships.) Consumption data for NAVRESSO P-81 will be collected periodically and the results of future analyses will be shown in terms of support for 90 days for various complements. Multiples of quantities shown should be used to arrive at the quantities to be stocked for your individual ship.

Your NAVRESSO Publication No. 81 also contains the following information.

- Denotes inventory limitations
- Discusses the five Rs of retail merchandising
- Lists do's and don'ts of sales and sales promotion
- Provides popularity percentages for broad categories of items, such as candy and shaving cream
- Recommends stocking plans for ship's stores afloat (90-day stock)

As mentioned before, the maximum dollar value of ship's store stock that you carry on your ship should not exceed 54 times your current officer and enlisted allowance, including embarked staffs, embarked air groups, Marine Corps detachments, and passengers, or the highest onboard personnel count, whichever is greater. This calculation will allow for a 90-day supply of stock. Remember, there are items that are called "never-out" items and should be maintained in stock at all times. These items are identified in your NAVRESSO P-81. Pay close attention to your never-out list and the recommendations in NAVRESSO P-81, and make all changes as needed. In fact, your development and maintenance of a basic stock list will provide you with an essential management tool you can use to promote an effective ship's store.

Many of the luxury and semiluxury types of items (watches, jewelry, and so forth) are listed in your *Ship's Store Afloat Catalog* (SSAC). The buying guides contained in your SSAC will specify types, brands, colors, or other details you must have to complete an order. Your SSAC is constantly being updated with new styles and types of items to make it easier for you to keep your store updated.

Consolidated Afloat Requisitioning Guide Overseas (CARGO)

Whenever your ship is deployed, you must use your *Consolidated Afloat Requisitioning Guide Overseas* (CARGO) to requisition standard laundry chemicals and standard Navy clothing stock. You will find that the national stock numbers are listed in chapter 2 of the CARGO.

The CARGO also carries a list of ship's store items that are of high use on ship's store afloat stocking plans. When your ship is in CONUS, you will use the nearest naval supply center (NSC).

NAVRESSO/Fleet Assistance Representatives

Whenever you have problems in the procurement of certain stock items, NAVRESSO will provide assistance to you upon request. You should submit a purchase order for money value only. NAVRESSO will take procurement action along any lines you request and will forward the desired materials to your ship.

You can also acquire technical guidance from NAVRESSO's fleet assistance representatives. Upon request, the master and senior chief petty officers NAVRESSO has positioned in port areas will provide you with technical assistance for your own procurement operations. As mentioned earlier, you can acquire NAVRESSO assistance by telephone, by desk visits to the fleet assistance office in your area, or by a written request for an advisory visit to be made to your ship.

You should consult your NAVSUP P-487 for a complete listing of fleet assistance offices and their locations. You should submit any written requests for assistance by following the procedures listed in NAVSUP P-487 and the instructions of your ship (or local command).

SHIP'S DEPLOYMENT

The next major factor you should consider in stocking the ship's store is the operational schedule of your ship. You should carefully anticipate the length of deployment, the area of operation, holiday seasons, the weather in the area, and other considerations before your ship actually departs from its home port. Normally, you can use past experience to prepare for a deployment. A 90-day supply of stock will usually be adequate.

Under special operating conditions or emergency deployment, stock increases are usually necessary for the following categories.

- Confection and food products
- Fountain supplies, if applicable
- Smoking products and accessories
- Stationery supplies

- Barber, laundry, dry-cleaning, and tailor supplies as required
- Sundries
- Toiletries
- Vending machine supplies

When your ship is deployed to an overseas area, you can increase your inventory in an amount necessary to stock sufficient quantities of deployed load items, as listed in your *Consolidated Afloat Requisitioning Guide Overseas* (CARGO).

As mentioned earlier, when your inventory limitation is increased, as authorized by special operating conditions or by deployment, you must forward a letter report to NAVRESSO, with a copy to the type commander. The report must contain the following information.

- Monetary value of the increase
- Reason for the increase
- The period for which the increase is taken
- Number of personnel on board

The increase should be included in the inventory control records in the Authorized Increase column. Remember, your inventories will generally be maintained at the prescribed levels unless an increase is otherwise authorized in support of the operational needs of your ship. For additional information on authorized increases, consult your NAVSUP P-487.

PROCUREMENT RESOURCES AND METHODS FOR SHIP'S STORE STOCK

In previous sections, you have read how to determine what merchandise is authorized, how to maintain effective control of stock, and how to use various resources including technical assistance to help you decide what to order. Once you have made those decisions, your problem then becomes one of deciding how and from what source you should procure the merchandise desired.

As a senior Ship's Serviceman, you will be expected to assist the ship's store officer

to choose the appropriate source of procurement—the source from which the desired merchandise will be available and accessible. Figure 4-4 provides a chart of procurement sources along with the merchandise available from those sources, the documents to be used, and the methods of payment. There are three primary procurement sources for ship's store items in the United States.

SHIP'S STORE CONTRACT BULLETINS

You can use the *Ship's Store Contract Bulletin* for your area to fulfill almost all requirements for ship's store stock items for use within the continental United States and Hawaii. You will find local sources and fixed prices for authorized items of ship's store stock indicated in the *Contract*

SOURCE	DOCUMENT	MERCHANDISE	BILLS PAID BY
Contract Bulletin	DD 1155 Deliver Order	Necessities; Basic items; Cost items. U.S. only	FAADCLANT or FAADCPAC as appropriate
Ship's Store Afloat Catalog	DD 1155 Purchase Order	Luxury items; semi-luxury items.	FAADCLANT or FAADCPAC as appropriate
Ashore supply activities (NSC/NED)	DD 1348 (4 PT)	Navy clothing; some cost items; some recessivity items (West-Pac only).	No Payment—transfer between supply officers.
Other ships (Excess stock)	DD 1348 (6 PT) DD 1149	Any items agreeable to both parties.	No Payment—Transfer between supply officers.
Resupply sources (AOEs/AFs/AORs)	Prescribed by SERVFORCOM	Some necessity items.	No Payment—Transfer between supply officers.
Overseas Contract Bulletin	DD 1155	Foreign merchandise	As directed by SERVFORCOM.
Navy Exchange	DD 1155 Purchase Order	Any authorized items when other sources unavailable; Foreign merchandise is West-Pac.	Appropriate FAADC
Civilian Market	DD 1155	Any authorized item not available in SSAC, contract bulletins, or ashore supply activity.	Appropriate FAADC
Other Appropriations	DD 1149	Any authorized items	No Payment—Transfer between appropriations.

Figure 4-4.—Merchandise procurement resources and methods.

Bulletin. By using the *Contract Bulletin*, you can place orders directly with a vendor. You should use an Order for Supplies or Services/Request for Quotations (DD 1155) as the purchase order.

When you are placing oral orders for ship's store stock, the DD 1155 must be prepared and signed before you release the purchase order number to the vendor. For correct procedures on copy distribution, check your NAVSUP P-487. Remember, Fast Pay or Certificate of Conformance procedures apply to orders placed under any contract awarded by the Navy Resale and Services Support Office.

SHIP'S STORE AFLOAT CATALOG

You can fill most requirements for non-necessity luxury items by using the *Ship's Store Afloat Catalog* (SSAC). This catalog, which is issued by the Navy Resale and Services Support Office, contains descriptions and purchase information for authorized items of ship's store stock. The *Ship's Store Afloat Catalog* is provided for use in the purchase of stocks by ships that are operating ship's stores. You should use the Order for Supplies or Services/Request for Quotations (DD 1155) as a purchase order, and you must not exceed \$10,000 per purchase order.

When you are processing merchandise through the SSAC, you should prepare the DD 1155 just as though you were procuring merchandise through the *Ship's Store Contract Bulletin*. Your purchase orders must be issued directly to the vendors who are listed in the SSAC. When you are placing oral orders, your DD 1155s should be prepared and signed before you release the purchase order numbers to the vendor. Remember, any orders that exceed the specific monetary limit must include the Defense Acquisition Regulation Clause. (Refer to your NAVSUP P-487 for the correct notations and for the current monetary limit.)

During the periods your ship is deployed overseas, you will use the parcel post systems for delivery of any merchandise you order through the SSAC. All merchandise will be subject to parcel post size and weight limitations. (Check your NAVSUP P-485 for the correct up-to-date specifications.)

ASHORE SUPPLY ACTIVITIES

As part of the Navy supply system, ashore supply activities exist to provide supply support

to your ship as well as to other components of the operating forces. You, as a senior Ship's Serviceman, will most likely come into contact with an ashore supply activity when you are procuring Navy clothing, standard stock, and laundry supplies for your ship's service activities.

Standard Navy Clothing

Normally, Navy clothing is the only ship's store merchandise you will procure from an ashore supply activity located in the United States. The number of requisitions that you will submit to the local naval supply center or depot for your ship's store will depend primarily on the range and depth of Navy clothing items that you are required to stock. The quantity of Navy clothing to be carried on your ship is usually specified by fleet or type commander directives. The quantity may also depend on your ship's schedule, its proximity to ashore clothing outlets, and the desires of the commanding officer. You should submit requisitions according to military standard requisitioning and issues procedures (MILSTRIP). You can find detailed instructions on the preparation of a DD 1348 in your NAVSUP P-487 and also in the *Ship's Serviceman 3 & 2*, module 2. Since this type of procurement is considered to be a transfer between supply officers, there is no payment procedure as such.

Unusual Sizes of Navy Clothing

Unusual sizes of Navy clothing items are those sizes that are not listed in the *Afloat Shopping Guide* (ASG). You should special order such clothing or footwear from the nearest supply activity. The appropriate documents for this type of procurement are the Armed Forces Measurement Blank (Special Sized Clothing for Men) (DD 358) and the Special Measurement Blank for Special Measurement/Orthopedic Boots and Shoes (DD 150). Your ship will receive special ordered clothing directly from the Defense Personnel Support Center or the Defense Orthopedic Footwear Clinic.

In addition to the primary sources, there are a number of methods and resources you can use to procure stock for your ship's store. A few of these methods and sources are discussed below.

TRANSFERS

You can procure ship's store merchandise either by purchase from a commercial source or

by transfer. A transfer of stock takes place whenever you submit a requisition to an ashore supply activity, another naval vessel or supply officer, another military organization, another government agency, or another department or section of your own ship.

From Other Supply Officers

In procuring ship's store stock, you can requisition authorized items of ship's store stock from another supply officer. The stock may be available to your ship for a variety of reasons. Often, a ship may order a ship's store item for several ships, including yours, to meet the minimum order requirements of the vendor or to get the lowest price offered. For example, a ship may order 200 cigarette lighters with division insignia with the intention of transferring 50 of the lighters to each of the other three ships in the division. You can accomplish a transfer of stock to your ship's store by preparing and submitting a DD 1348 following procedures described in the MILSTRIP or a DD 1155 following procedures described in NAVSUP P-487.

From Excess Stock Lists

Afloat commanders or supply activities in certain areas publish lists of excess ship's store stock on ships within their command or area. If an item you desire is on such a list, you should prepare a requisition against the list as your first procurement action. You should always try to acquire ship's store stock from the excess stock lists before you attempt any other method of procurement. The procurement of excess stock is accomplished as a transfer between supply officers.

From Resupply Sources

When your ship is deployed for an extended period, various other sources of procurement may be available to you. While you can use the SSAC anywhere in the world for procurement of ship's store stock, you should remember that delivery from *Contract Bulletin* suppliers will be limited to the coast and zone specified by the area contract bulletin. Some of the items supplied from the contract bulletins are deployed load items which are stocked in sufficient quantities to last the duration of the deployment before the ship actually departs for overseas. However, if additional load items are needed while the ship is

deployed, the items are available from fleet issue ships. You should submit requisitions to resupply afloat sources by following fleet or force commander instructions. Generally, you should submit the requisitions in message format. You can find details on availability of various stock items in your *Consolidated Afloat Requisitioning Guide Overseas* (CARGO). The procurement action takes place as a transfer.

From Other Appropriations

Certain items normally carried in Other Appropriations aboard ship are authorized for ship's store stock. Occasionally, you may require these items when normal ship's store supply sources are unavailable. Some examples are CO₂ gas (operating target [OPTAR]), padlocks (OPTAR), and canned fruit juices (general mess). Such items may be transferred to the Navy Stock Fund on a DD 1149 (Requisition and Invoice/Shipping Document). Procurement of the stock takes place as a transfer between appropriations. For current details on the preparation and submission of the DD 1149, you should consult your NAVSUP P-487.

From Other Departments Aboard Ship

Occasionally, you may wish to procure ship's store stock from the enlisted dining facility. For example, you can obtain food items you require for the preparation of fountain products from the enlisted dining facility (general mess). You should use a Requisition and Invoice/Shipping Document (DD 1149) for this transaction. Check your NAVSUP P-487 for details for preparing and submitting this document. The procurement action takes place in the form of a transfer between departments.

PURCHASES

If you can not acquire ship's store merchandise by transfer, you must then consider procurement by purchase. In addition to the resources discussed earlier in this chapter, the following sections will provide you with some resources, methods, and considerations you may wish to use in the procurement of ship's store merchandise by purchase.

Overseas Contract Bulletins

As was mentioned earlier, ships may use contract bulletins prepared by Navy purchasing

offices overseas. The bulletins themselves are similar in appearance to the SSAC with illustrations and specifications shown for most of the merchandise. Orders should be prepared and submitted in exactly the same manner as they are for merchandise ordered through the U.S. area contract bulletins. Delivery will be made by the vendor directly to the ship or pier. Dealers' bills should be paid according to instructions provided by the fleet or force commander.

Simplified Requisition and Purchase Procedure

Occasionally, you may find that an item you desire for your ship is not listed in either the *Contract Bulletin* or the SSAC. The item maybe something that a crew member has requested or a new product that a vendor has brought to your attention. As long as the item has been authorized for ship's store stock, and the purchase value does not exceed \$10,000 or the current unit cost limitation, you can procure the item for the ship's store.

You must prepare an Order for Supplies or Services/Request for Quotations (DD 1155) for this stock instead of the Requisition and Invoice/Shipping Document (DD 1149). (Your NAVSUP P-487 gives specific information on the preparation and submission of the DD 1155.) You must then submit the DD 1155 to the nearest Navy Resale and Services Support Office fleet assistance team for screening and processing. The purchasing department of the supply activity will then negotiate a contract by completing the DD 1155 and by having the merchandise shipped to your ship or made available for your pickup. You should not use this procedure if a similar and acceptable item is available to You in the official procurement publications.

Navy Exchanges

When the procurement sources discussed earlier are not available to you, you can purchase limited quantities of authorized items of ship's store stock from Navy exchanges. You should use an Order for Supplies or Services/Request for Quotations (DD 1155) for this type of transaction. On the DD 1155, you must cite the paragraph number listed in your NAVSUP P-487 in the block labeled Contract No. Purchases from Navy

exchanges should be taken up as Receipts from Purchase on all applicable records. Bills rendered by the Navy exchanges must be certified as to receipt and acceptance of material in the same manner as commercial dealers' bills. Refer to your NAVSUP P-487 for details on the document distribution and payment procedures for this type of purchase. You should also refer to your NAVSUP P-487 for additional details on procedures you can use to procure foreign merchandise through your Navy exchange.

Cash Purchases

Under emergency conditions and when the suppliers will not accept the Order for Supplies or Services/Request for Quotations (DD 1155), the imprest fund may be used to purchase cost of operations items such as buttons and zippers. Your use of the imprest fund must be in accordance with your NAVSUP P-485. Procurement procedures for cash purchases are outlined in your NAVSUP P-487. You should consult both publications before you take any procurement action for this type of purchase.

Open Purchase

As a general rule, you should NEVER use this procurement method. Supply management inspections (SMIs) are continually uncovering discrepancies associated with the misuse of the open purchase method. You must avoid the open purchase method of procurement for ship's store stock except in cases of emergency as defined in the NAVSUP P-487. If you attempt to use this procurement method outside the guidelines set forth in NAVSUP P-487, you will eventually get caught by an SMI audit. Illegal use of the open purchase method for procurement of ship's store stock is simply a risk you cannot afford to take.

Dealing with Sales Representatives

Most vendors listed in the *Contract Bulletin* (and many who are not listed) have sales representatives who visit the various ship's store offices during in-port periods. The first three people you will see on your quarterdeck when you return to port will usually be ship's store sales representatives. When, if, and how your office chooses to deal with commercial salespersons will

be up to the ship's store officer and often the leading Ship's Serviceman.

Good sales representatives can assist you greatly in the submitting of orders and the timely delivery of merchandise. When you are getting underway on a few hours' notice, having contacts with the right sales representatives can be crucial. Salespeople can also introduce you to new items on the market that may indeed be an asset to your ship's store.

Other commercial sales representatives, however, may not be quite so helpful. They may try to sell you overpriced merchandise of poor quality. They may load your desk with free samples and offer kickbacks as an inducement for you to buy. They may even try to influence you with name-dropping of respected persons or organizations. Representatives may offer to wine and dine you on the beach and provide you with various other pleasures to create an obligation on your part.

POLICY.— Just what can you do to avoid problems with commercial salespersons? Well, your office could just choose to avoid sales representatives. However, this would mean a sacrifice of the benefits for the ship's store that might have resulted if your ship's store officer had chosen to deal with commercial representatives. Perhaps your office should set aside a certain date and time in which the ship's store officer, the Ship's Serviceman in charge of procurement, or you, the leading Ship's Serviceman, might see the sales representatives. Make this time known to the quarterdeck and to the sales representatives themselves. This method would prevent continual interruptions of your other duties. Also, be particularly careful when you are procuring merchandise, especially luxury-type merchandise, that is unlisted in the bulletins or catalogs. Use your official publications for determining the requirements for luxury items. Above all, don't accept gifts or favors.

STANDARDS OF CONDUCT.— The Department of Defense directive that sets forth the standards of conduct applicable to Department of Defense (DOD) personnel strictly prohibits Navy personnel from accepting (either directly or indirectly) any favors, gratuities, or entertainment from persons, firms, or corporations with whom they do business whenever the favors, gratuities,

or entertainment could possibly be interpreted as an influence on objectivity and impartiality of DOD personnel. You can find the DOD Standards of Conduct in the appendixes of this RTM, in your NAVSUP P-487, and in *Ship's Serviceman 3 & 2*, module 1, appendix 1. You must comply with the Standards of Conduct at all times whenever you are dealing with commercial sales representatives. In addition, firm policy should be established by your ship's store officer in regard to dealing with commercial salespersons. You should make yourself aware of this policy.

AUDITING PROCUREMENT RECORDS

As was mentioned in chapter 3 of this training manual, one of the primary responsibilities of the senior Ship's Serviceman is assisting the ship's store officer in an audit of the ship's store records and returns. It is important for you to audit periodically rather than just at the end of the quarter. Therefore, you should frequently review all procurement documents for accuracy, proper format, and correct distribution.

PURCHASE OPERATION REVIEWS

A review of the purchase operation of each activity that has been given purchase authority must take place at least every 18 months. The review should be conducted by the cognizant type commander; the Commander, Construction Battalion, U.S. Atlantic Fleet; or the Commander, Construction Battalion, U.S. Pacific Fleet. The reviewer must make certain that proper purchase procedures and practices have been followed. The reviewer also provides guidance and assistance as needed. The reviews can be a part of your regularly scheduled supply management inspections (SMIs).

PROCUREMENT DOCUMENT REVIEWS

In your career as a Ship's Serviceman, you have probably encountered the foul-ups that result when someone fails to take the time and effort to prepare a procurement document correctly.

Many of the errors that occur on procurement documents and the hassles that result from these errors can be avoided. However, whenever errors do appear, you, as a senior Ship's Serviceman and as an auditor, must be able to spot them, to correct them, or to bring them to the attention of someone else who will resolve any confusion.

As an auditor, you should establish a system for checking the format of the information contained in a procurement document with that indicated in the procurement catalog or bulletin or in your official publications. You can find the detailed steps for preparing procurement documents in the *Ship's Serviceman 3 & 2*, module 2, and in your current NAVSUP P-487.

INSERT SERVICE DESIGNATOR.

ASSIGNED FROM PURCHASE ORDER LOG.

CHECK TO SEE IF FAST PAY PROCEDURES APPLY.

NEED NOT BE SHOWN; MAY BE USED FOR INTERNAL PURPOSES.

INSERT SHIP'S UNIT IDENTIFICATION CODE.

ACTUAL QUANTITY RECEIVED CIRCLED BY BULK CUSTODIAN.

STAMPED AND SIGNED UPON RECEIPT BY BULK STOREROOM CUSTODIAN.

IDENTIFY ITEM BY PROPER NUMBER AS IT IS LISTED IN THE CONTRACT BULLETIN.

ZONE MUST BE SHOWN TO INDICATE AREA OF DELIVERY.

DD FORM 1155 1 FEB 73

Figure 4-5.—Auditing a procurement document.

Figure 4-5 shows several of the checks you should make when you are reviewing a standard procurement document. In some cases, you will be required to use a somewhat different format or an additional statement on the procurement document. For example, you must include a specific statement on all special orders. If you are preparing a DD 1155 and the value of the stock is over a certain monetary limit, you must include another statement to that effect. You must also place specific statements on all purchase orders covering items that you procure on a guaranteed sales basis. Similarly, when you are preparing documents for bonus-free items, you must make certain that applicable statements appear on the procurement documents. Also, when you are using the simplified requisition and purchase procedure, the format of the purchase order will be different from that of your regular DD 1155.

You, as a senior Ship's Serviceman, must be alert for all variations in the procurement documents used for your ship's store. Whenever

possible, you should also make the recordskeeper aware of these variations.

DISTRIBUTION

You can find the correct distribution of the original and copies of a procurement document in the NAVSUP P-487 and in the appendixes of this rate training manual. As an auditor, you should frequently check to see if proper distribution is being accomplished, especially at the time the procurement documents are submitted to the vendor or to the supply activity. (These supply sources must have the correct number of copies to complete your order.) One copy should always be routed to the receiving storekeeper for the storekeeper's incoming material file.

MAINTENANCE OF LOGS

Finally, you should guarantee that all procurement documents are logged to the requisition log (figure 4-6) or to the purchase order log

DATE	SERIAL	SOURCE	AMOUNT	RECEIPT NO.	DATE RECEIVED
-276	9950	USS CORAL SEA (CVA-43)	\$ 474.00	1	10-3
-327	9951	RECEIPT FROM GSK	5.00	1	12-23
-357	9952	NSC CHARLESTON	1,080.00	6	12-23
-012	9953	NSC CHARLESTON	7,193.95	8	1-13
	9954				
	9955				
	9956				
	9957				
	9958				
	9959				

NOTE: RECEIPTS FROM GSK AND EDF ARE NOT ASSIGNED A RECEIPT NUMBER.

Figure 4-6.—Requisition log.

figure 4-7). At the time of purchase, the purchase order log should contain the date of the order, the serial number, the source, and the approximate dollar value, as shown in figure 4-7. The logs are helpful only as long as postings are made promptly and accurately. The Amount column will be extremely helpful to you when you need to determine the value of outstanding orders for posting to the inventory control record. Note the difference between the two date columns in figure 4-6 and 4-7. The first date represents the date of the order; that is, the date the order was placed or made. The date received column represents the date the stock was actually received by your ship. The logs will also assist you in checking outstanding and completed orders. Consult your NAVSUP P-487 for additional examples of these important logs.

PROCUREMENT OF EQUIPMENT AND OPERATING SUPPLIES

As a senior Ship's Serviceman, you will be involved in the procurement of equipment and operating supplies. Each of these areas is outlined in your *Ship's Serviceman 3 & 2*. You can also find detailed instructions for procurement of ship's store equipment and supplies in the NAVSUP P-487. The following sections are presented only as an overview.

MAJOR EQUIPMENT

The equipment that may be required aboard ship for the resale and service activities is classified according to value as either major or minor equipment. Major equipment has a value greater than \$100. One group of major equipment includes all major laundry equipment, barber chairs, cash registers, and similar items. These are allowance list items. They are controlled by the Naval Sea Systems Command (NAVSEA) and funded by the ship's OPTAR. Ship's store profits should not be used for these items. The requisitions for this type of equipment or the letter requests stating that an item of this type be added to the allowance list should be forwarded to NAVSEA via the type commander, NAVRESSO, and NAVSUP.

The second group of major equipment includes soft ice cream machines, vending machines, popcorn machines, amusement machines, and related items such as coin changers and coin counting devices. When you are ordering a new machine of the second group of major equipment,

you must take certain preliminary steps. First, you are authorized to order only machines of the types specified by your fleet commander. Second, you must request the authority from NAVSEA for the initial installation or replacement of a machine with a machine of a greater weight. After you receive approval from NAVSEA, you must send a letter requesting procurement to NAVRESSO. You must make certain the letter contains the detailed information specified in NAVSUP P-487. You should send directly to NAVRESSO any requests you might have for replacement machines that weigh the same or less than the original machine.

The procurement of machines in the second group of major equipment is funded by Ship's Store Profits, Navy (17X8723). If profits are considered to be insufficient, you can obtain a "no interest" loan from NAVRESSO to offset the costs of the machine. Normally, you will be required to make loan repayments within three or five accounting periods, depending upon the size of your ship.

MINOR EQUIPMENT, OPERATING SUPPLIES, AND SERVICES

As a member of the supply department, you will be required to stand supply department watches. To perform this duty properly, you must understand certain functions of supply that go beyond your rating and you must be capable of performing these functions. As the duty supply representative, you may be called upon in emergencies to perform a variety of jobs from the issuing of a repair part to the preparing of a requisition. In this section, the various methods and sources of procurement are briefly discussed. You should consult your NAVSUP P-485 (*Afloat Supply Procedures*) and the current editions of *Storekeeper 3 & 2* and *Storekeeper 1 & C* for detailed information.

Procurement Methods

There are three basic methods by which a ship may procure the supplies and services that it requires.

1. By submission of a requisition to an ashore supply activity
2. By submission of a requisition to another ship
3. By purchase from a commercial contractor

DATE	SERIAL	SOURCE	AMOUNT	REC'T NO.	DATE MAT'L REC'D	DATE FWD PMT	PAYING ACT'Y	STOCK OR SPECIAL ORDER
-287	9700	SINGLETERY SWEET SHOP	\$ 413.95	2	10-17	10-17	FAADC	STOCK
-295	9701	LAUNDRY SUPPLY CO.	406.11	4	11-26	FAST PAY	FAADC	STOCK
-303	9702	C. LLOYD JOHNSON	11,506.11	7	12-30	FAST PAY	FAADC	STOCK
-306	9703	S & K SALES	736.29	3	11-8	11-8	FAADC	SPECIAL ORDER
-319	9704	COCA-COLA CO.	7,107.15	5	11-30	FAST PAY	FAADC	STOCK
-355	9705	LANE CO.	376.42	10	1-24	1-24	FAADC	STOCK
-012	9706	STANLEY BROS.	438.46	9	1-19	FAST PAY	FAADC	SPECIAL ORDER
-022	9707	BAZAAR CO.	3,011.82	11	1-29	FAST PAY	FAADC	STOCK
	9708							
	9709							
	9710							

79.59

Figure 4-7.—Purchase order log.

You can establish almost all of your requirements for operating supplies by submitting a requisition to an ashore supply activity which will either furnish the material or forward your request to the appropriate activity for action. In addition, you can submit requisitions to other ships when your ship is deployed for extended periods at sea.

Just as in the procurement of ship's store stock, you can also procure provisions, supplies, and services as a purchase from a commercial contractor. You will generally not use commercial contractors for purchasing general stores material and services.

You can find detailed instructions concerning MILSTRIP for the preparation of a DD 1348 (DOD Single Line Item Requisition System Document) and the procedures for preparing a purchase document in your NAVSUP P-485 and in rate training manuals *Storekeeper 3 & 2* and *Ship's Serviceman 3 & 2*, module 2.

Procurement Sources

Within United States waters, procurement of supplies by ships will normally be accomplished via the nearest naval supply center, supply depot, or supply activity. Only when there is no shore activity available to obtain material for immediate operation can a supply officer obtain material (other than ship's store stock) by purchase from commercial sources within U.S. waters.

When ships are deployed, the normal source of supply is the mobile logistics support force (MLSF). You can find specific requisitioning information for this procurement resource in the Atlantic and Pacific Fleet requisitioning guides. Also, you should carefully observe any instructions by fleet commanders.

During visits to foreign ports, you can acquire limited support and emergency support from the naval activities located in that vicinity. In addition, your ship's purchase authority is expanded in foreign ports for the procurement of certain indigenous support and port services as required.

without Supply Corps officers are authorized to carry confections, tobacco products, stationery supplies, sundries, and toiletries. The quantity specified opposite each item on the authorized list represents the maximum stock that you should carry at any given time for 100 people for 90 days. You should compute the maximum stock that is authorized for your ship based upon the number of persons to be served by the ship's store.

You should maintain Stock Tally (NAVSUP 209) cards as shown in figure 4-8 rather than Stock Record (NAVSUP 464) cards for every item of stock you carry. You should make a monthly review of all such cards. For each item, the normal amount you should order at any time is the difference between the balance on hand and the carrying (high) limit plus the number on hand you estimate will be sold before the new order is delivered. Whenever operations permit, you should try to accomplish this type of stock replenishment at least monthly.

If you are on an extended cruise and your ship does not have a Navy Postal Clerk aboard, you may sell postage stamps in the ship's store. You must sell these stamps at cost price. Procure postage stamps only in the quantities you need to cover anticipated sales for the period of time in which your ship will not have U.S. Postal Service facilities available.

On ships without Supply Corps officers, authorized items of ship's store stock can generally be procured by any of the methods used for ships with Supply Corps officers with the exception of Other Appropriations. (The category Other Appropriations generally involves transfers from the general mess, general stores, other government departments, or the Marine Corps.) As mentioned previously, foreign merchandise that appears in overseas contract bulletins may be special ordered by the submitting of a requisition to a ship carrying the desired item in stock or to the nearest purchasing activity ashore.

Requisitions for ship's store stock should be numbered and prepared according to NAVSUP P-485. Such requisitions should be submitted on a DOD Single Line Item Requisition System Document (DD 1348) or a DOD Single Line Item Release/Receipt Document (DD 1348-1). When the use of one of these forms as a single line item requisition is considered to be inappropriate, a Requisition and Invoice/Shipping Document (DD 1149) should be used.

On ships without Supply Corps officers, only one file is maintained for all outstanding ship's store stock requisitions and purchase orders. Also, only one requisition/receipt invoice log is maintained, rather than two separate logs. Refer to figure 4-9 as an example of how this

REQUISITION		SUBMITTED TO:	DATE RECEIVED	RECEIPT INVOICE NUMBER	FORWARDED TO FAADCLANT OR FAADCPAC, AS APPROPRIATE, WITH VOUCHERS FOR MONTH ENDING:
NUMBER	DATE				
122-9700	5/2-	USS LAWRENCE	5/4-	12-7-	May 19-

THIS COLUMN SERVES AS A CHECK-OFF LIST TO ENSURE THAT ALL RECEIPT VOUCHERS ARE FORWARDED TO FAADCLANT OR FAADCPAC, AS APPROPRIATE.

Figure 4-9.—Requisition/receipt invoice log.

comprehensive log is used. Refer also to your NAVSUP P-487 for additional details.

Just as with all of the other broad responsibilities you will acquire as a senior Ship's Serviceman, you will find that your duties associated with the procurement of merchandise, supplies, equipment, and services will be essentially continuous. Remember, all your procurement responsibilities will overlap—from the maintenance of accurate records to the ordering of stock items, supplies, and services. You must understand the magnitude of these duties, for you

will be handling not only the ship's funds but also the well-being of your organization and of every crew member on board your ship. Your best efforts to maintain optimum stock levels and accurate records, to obtain the goods and services required by your ship's personnel, and to provide a well-organized ship's store and service operation will pay off in terms of increased customer satisfaction, greater financial accountability, and fewer hassles from discrepancies and special audits. You will also experience the self-satisfaction of having successfully accomplished a very demanding and complicated job.

CHAPTER 5

RECEIPTS AND EXPENDITURES

As a senior Ship's Serviceman, you will have important responsibilities in the areas of receipt, stowage, and expenditure of ship's store stock. It will be your goal to plan all these procedures so they are done efficiently and accurately.

RECEIPTS

Receiving ship's store stock on board generally includes preparation, inspection, relocation, stowage, processing, posting of records, and payment of dealers' bills. Proper receipt of material is vital in establishing and maintaining control of the ship's store operation. From the time merchandise is ordered until it is safely stowed and shown on applicable records, you must assist the ship's store officer in making certain all proper control procedures are carried out.

PREPARATION FOR RECEIPT

Before the actual receipt of merchandise, there are several matters that must be supervised. Proper attention to each of these matters will help you to ensure that an efficient receipt procedure will take place.

Date and Time of Delivery

Nothing could be more embarrassing for a ship's store division than to see a truck that is carrying the cigarette, cigar, and pipe tobacco order drive up the pier just as the line is being hauled in before the ship's departure from port. When you are selecting a day for delivery, you must consult the ship's operating schedule. Dates of arrival and departure from port are seldom desirable because of the increased workloads on other departments. You will find it difficult to get working parties and to allow for the possible difference between the actual and planned time of the ship's movements. You should also avoid days of inspections along with

weekends and holidays. In addition, you should carefully observe the daily work schedule to find a time of delivery that will not interfere with the crew's meal hours or liberty. Finally, you must make certain the supply personnel required for the actual receipt will be available.

Authorized Inspection

Before receipt of the merchandise, an authorized inspector, either the ship's store officer or a designated representative, will be assigned. The job of the inspector will be to proceed to the pier with copies of the procurement document from the Outstanding Purchase Order File or Outstanding Requisition File and to inspect the merchandise carefully for quantity and condition.

Working Party

Before the delivery of the merchandise, you should notify the executive officer as to the number of personnel you will need for a working party. The number of personnel to be assigned will be based on your estimate of the amount of material to be received and the amount of handling that will be needed to move the material below decks. If possible, you should use personnel from your own department. Since, in most cases, ship's store stock is highly pilferable, you will be able to maintain control of the stock more efficiently by using your own people in the working party.

Routing Plan

You should design a routing plan in advance so material can be moved to its destination as quickly as possible and with maximum security. In the case of large receipts, your own people will usually be assigned as checkers and spotters. Your people should know in advance if they are to help check material on the pier or to stand at key places

throughout the ship to guide the material along the prearranged route to the correct storeroom.

Bulk Storeroom

The storerooms should be prearranged before the receipt. This task includes making room for the incoming material, general straightening and rearranging of stock into like groups, and moving materials to allow for the rotation of old stock. At the actual time of receipt, the bulkroom custodian should be standing by at the bulk storeroom.

SUPERVISING RECEIPTS

The ship's store officer or you, as a leading petty officer, must always be on hand to supervise the unloading of ship's store stock, whether delivery is being made from a truck, helicopter, or highline transfer. Although deliveries are generally made in a routine manner, there are occasions when cargoes must be transferred on the open sea during rough weather or under some other difficult circumstance. It is this type of situation that will tax your skill and experience to the fullest. You will not have time to look up the answers in the NAVSUP P-487 when you are besieged by questions from a 20-man working party or when you are trying to assort a handful of invoices on a wet, heaving deck. In cases like these, it always pays to know your job, and to know it well.

Receipts On Board Ship

As the ship's store stock arrives, the quarterdeck notifies the sales office and calls away the working party. You, as the authorized inspector and/or supervisor, must proceed to the pier with copies of the procurement document.

When stores are delivered in large quantities, they are usually stacked on the deck or the pier until the packages can be identified, counted, and checked against the shipping papers. It is here that you should have the piles sorted into lots. Make certain you direct the working party to place the material in a relatively quiet spot. The checking process will take some time. You will not want to deal with the complaints that you will surely receive if you block a busy passageway with large quantities of assorted packages. In bad weather, you should have tarpaulins on hand to protect the stock from rain and salt spray while the inspection is in progress.

After you have identified the items and assorted them into the proper groups, you should count them and compare the quantity received with the amounts shown on the shipper's invoice and the file copy of the original invoice. For receipts from commercial sources, you should check the quantity of each item received against the quantity ordered in block 20 of the DD 1155. If the quantity received and quantity ordered are in agreement, just circle the quantity ordered/received. If they are not in agreement, you will have to enter the quantity actually received and circle it. You should then sign and date the DD 1155 in block 26 and check the appropriate blocks. The DD 1155 (Ship's Store) does not become an actual receipt document until you have completed these actions. For merchandise received from other supply officers, you should circle the quantity received and then sign and date the document. Next, you should have the boxes numbered and struck below in numerical order. Numbering the boxes in this manner will make it easy for you to determine if a box is missing when the stock is delivered to the storeroom. After all the material has left the pier or dock, you should forward the signed documents to the ship's store officer.

When the material reaches its final destination, it should be checked by the responsible custodian to be sure all boxes have arrived and are unopened. The custodian must count all the merchandise and note the quantity received just as you did when the stock first arrived. For receipts from commercial sources, the custodian should use the copy of the procurement document held in the Incoming Material File. For receipts from other supply officers, the custodian should use a copy of the DD 1348 or DD 1348-1 (automated activities) that accompanies the received material. Instead of certifying the documents, however, the custodian must sign for responsibility by placing the accountability stamp on the document and then signing and dating the stamp. From this point forward, the bulk storeroom custodian assumes legal responsibility for proper disposition of the material and forwards the responsibility document to the ship's store officer.

Receipts Directly Into the Ship's Store

Occasionally, it may be more logical or convenient for you to deliver a receipt of stock directly to the retail store or to one of the service activities. (A special order is an example of a direct delivery.) You should remind the recordskeeper

that this type of receipt should be handled just as though the merchandise had been physically routed through the bulk storeroom. The only basic difference in the routing procedure is that the retail store operator or the Ship's Serviceman in charge of that service activity should acknowledge receipt and custody on a copy of the receipt document. However, the recordskeeper should post and file this copy just as though the merchandise had been received in the bulk storeroom.

The recordskeeper should also assign an intrastore transfer number from the Number Control Log (NAVSUP 980) to a second copy of the receipt document rather than preparing an Intrastore Transfer Data (NAVSUP 973) form. The retail store operator or service activity custodian should then sign the second copy of the receipt document. The recordskeeper should post the second copy as a breakout to the Financial Control Record (NAVSUP 235) and the Stock Record (NAVSUP 464). Then the recordskeeper should file the second copy in the ship's store officer's Accountability File. In a combined operation, of course, a second copy of the procurement document would not be required.

Short, Excess, or Damaged Shipments

As mentioned above, both you (as the authorized inspector) and the storeroom custodian should carefully inspect the shipment for quantity and condition. If factory-packed cases appear to be unopened, you can accept the quantity shown on the outside of the container. However, you should always check any repacked cases and containers that have been taped shut. Both you and the storeroom custodian should record any discrepancies that appear in either quantity or condition on your respective copies of the procurement document.

FROM OTHER SUPPLY OFFICERS (O.S.O.).— If the amount of merchandise received from another supply officer is short of the amount shown on the receipt document, you can sign only for the quantity you have actually received. If merchandise from another supply officer is damaged, you can sign only for the quantity you actually received that was in acceptable condition. However, because the material is already in the Navy Stock Account (NSA) and your ship has already been charged for the amount on the receipt document, the recordskeeper must take up the full value of the receipt document on the ship's

records. You should expend the shortage by survey from the Navy Stock Fund (NSF). You should then forward an information copy of the survey document to the issuing activity.

But what should you do when you receive a shipment of merchandise that is in excess of the amount shown on the receipt document? Again, you should sign only for the quantity of stock that you have actually received. To account for the excess stock, the recordskeeper should prepare and post a DD 1149 marked Gain by Excess Receipt. You should make certain a copy of the Gain by Excess Receipt invoice is sent to the issuing activity for information and for other action as deemed necessary.

FROM PURCHASE.— For receipts from commercial sources, you should sign only for the quantity of merchandise you received that was in acceptable condition. The recordskeeper should post this quantity to the ship's records. If there is a difference in quantity, you should notify the vendor as soon as possible and request a corrected dealer's bill. Other arrangements can be made, such as replacements for damaged merchandise or fills for shortages, but these arrangements must be done before the completion of the receipt document. If the corrected dealer's bill is not received within 10 days or before the ship's departure, the incorrect dealer's bill should be processed for payment. The paying office will pay only that part of the bill that agrees with the certified purchase document. Dealers' bills not subject to discounts will be forwarded for payment within 10 days from the date of the receipt of the material or the dealer's bill, whichever is later.

Receipts of Partial Shipments

On occasion, you may receive a shipment of merchandise that will only partially complete an outstanding order or requisition. You may also suspect that the remainder of the shipment will arrive at some future date. For example, the invoice contained in the partial shipment may show that the remainder of the order will be sent later. In cases like these, you should mark Partial Shipment on the receipt document and show the quantities that you received. You should then process the receipt in the regular manner. You should use additional copies of the receipt document for processing all subsequent receipts of the remaining items of the shipment. (You should use a new receiving number from the Journal of Receipts [NAVSUP 977] for each

subsequent receipt.) Continue this process until you receive the entire shipment for the merchandise you ordered.

Receipts of Shipments Without Invoices

Occasionally, you may receive stock that is not accompanied by an invoice. In these cases, the recordskeeper should prepare a dummy invoice on a DD 1149. You should make certain this form is plainly marked Dummy. Use the dummy invoice in the same manner as you would use an invoice from the issuing activity. Consequently, the recordskeeper should include all pertinent information on the dummy invoice that would have appeared on the invoice that should have accompanied the shipment. If the unit price of an item you have received is not available to you, you should use the unit price of the same or similar item already carried in stock.

If you receive the invoice from the issuing activity later in the same accounting period, the recordskeeper should replace the dummy invoice with the invoice provided by the activity. The recordskeeper should then correct the office records to show any differences in the values shown on the dummy invoice and those on the actual invoice.

If the actual invoice is received in a subsequent accounting period, you should make certain the recordskeeper follows another procedure. The recordskeeper should attach the actual invoice to the dummy invoice. The recordskeeper should then file these invoices in the retained returns for the accounting period in which the dummy invoice was reported. If differences in value exist between the two invoices, the recordskeeper should prepare an adjustment on a DD 1149 to show the debit or credit amount. The records keeper should then report the net difference on the Journal of Receipts (NAVSUP 977) and should include this amount as a receipt in the next set of returns.

Receipts of Bonus-Free Items

Beware of free items! Wherever ship's store items are being ordered, vendors are always offering bonus-free items in various forms. One example of a bonus-free item is when you order 11 tubes of toothpaste and you are offered one free. Another example is when you buy 500 toothbrushes and you are offered a free watch or a free camera.

The DD 1155 covering the merchandise ordered and the bonus-free items must show the description, quantity, and unit cost price of the ordered items. The form must also include a separate listing of the quantity, description, and the no-cost value of the bonus-free items. You must make certain the following statement appears on the face of the procurement document:

“The vendor will indicate on the invoice the description, quantity, and unit cost price of ordered items. The description, quantity, and normal unit cost price of the bonus-free items will be listed separately on the invoice at no-cost value.”

When bonus-free items are identical, you should post the total quantity to the applicable stock record card. But when bonus items are not identical, you should post the total quantity of the ordered items only to the applicable stock record card. If you are currently carrying items in stock that are identical to the bonus-free items, you should post the bonus-free items to the applicable stock record card. If the bonus-free items are new items and authorized for sale but you do not currently have them in stock, you should prepare a new card. You should enter the quantity and normal unit cost on the new card. Based on the normal unit cost price of the item, the ship's store officer will establish a unit selling price for the bonus-free items. You should sell the bonus-free items just as though they were regularly ordered items.

AUDITING RECEIPTS

An accurate set of ship's store returns depends to a large extent on the accuracy with which receipt files and records are kept. Thus, it is very important that you, as the senior Ship's Serviceman, audit the processing, posting, and distribution of receipt documents with considerable care. To stay abreast of procedures, remember to keep your NAVSUP P-487 current.

Processing Receipt Documents

The inspection copy signed by the authorized inspector and the responsibility copy signed by the custodian must be checked for agreement on the quantities of stock received. If they do agree, the copy signed by the custodian becomes the Accountability File copy and holds the custodian responsible for all stocks received. The ship's

store officer should put all such copies under lock and key. The authorized inspector's copy is given to the recordskeeper who will extend that copy plus all other copies in the Outstanding Purchase Order File or Requisition File. The recordskeeper should then detach one copy (any copy except the original of the authorized inspector's copy) to use for posting.

Discrepancies in counting between the authorized inspector and the bulk storeroom operator should be rare events. When they do occur, immediate investigative action should be taken by the ship's store officer or the leading petty officer. When unresolved, differences in counting may result in items being surveyed. If you try to maintain proper security throughout the receiving process, discrepancies should be few.

Posting

The detailed procedures for posting receipt documents to the Journal of Receipts, Financial Control Record, and the Stock Record are contained in the NAVSUP P-487 and the *Ship's Serviceman 3 & 2*, module 2. As an auditor, you should establish a system by which you can examine the receipt procedures used by the recordskeeper. You can refer to the checklists in the appendixes of your NAVSUP P-487. Some of the questions you should ask are those that should be asked in any receipt audit.

- Have all vouchers been extended correctly at cost and selling price?
- Does the amount posted to the Journal of Receipts represent the basic cost of the merchandise plus transportation, less credit memos (if any), less discount?
- Are consecutive receiving numbers assigned to each receipt document beginning with the number 1 each accounting period?
- Are receipt amounts posted to the correct column of the Journal of Receipts (NAVSUP 977)?
- Does the total of the Journal of Receipts columns agree with the cost total of the Receipts from Purchase and Receipts from O.S.O. files?
- Are receipts posted to the Financial Control Record (NAVSUP 235) at retail price only in a combined operation?

- Are receipt quantities posted to the applicable stock record card?

- For a separate operation, is the receipt quantity posted to the Balance in Bulkroom or Warehouse column of the stock record card?

- Are changes in the unit of issue, description, cost price, or selling price recorded on the stock record card?

- Is the posting copy of the receipt document initialed to show all posting has been done?

- Is the date received posted to the Purchase Order Log or to the Requisition Log?

Processing Dealers' Bills

Normally, a dealer's bill accompanies the procured material or arrives by mail shortly thereafter. When a dealer's bill does not come with the merchandise, you should contact the vendor as soon as possible so payment can be made within the prescribed time. (In most cases, the prescribed item limit is 10 days after receipt of the material.) Whenever you receive a dealer's bill, you should check it against the original inspection copy of the DD 1155 (Ship's Store). If both documents agree, the original and three copies of the dealer's bill and the original and one copy of the DD 1155 (Ship's Store) should be submitted to the nearest paying activity for preparation of the NAVCOMPT 2277. (One of these copies must bear the authorized inspector's original certification.) Remember, the submission of these documents must take place within 10 days from the date of receipt of the merchandise or the dealer's bill, whichever is later.

Discounts

Whenever dealers' bills offer discounts, you must make certain the discounts are taken within the prescribed time limits. The discount usually begins on the date the material is delivered or on the date a properly certified invoice is received in the appropriate Navy activity, whichever is later. Each dealer's invoice that offers a discount should be identified by a NAVCOMPT 442 stapled in the upper left corner. You should make certain this action is taken even if the discount has already been lost. In fact, checking to make certain this identification procedure has been carried out

properly is an important part of your internal receipts audit.

Fast Pay Procedures

When you are ordering from the *Ship's Store Contract Bulletin*, the *Ship's Store Afloat Catalog*, or the Navy exchange, you may find that fast pay procedures apply in some cases. Again, the document you must use is the DD 1155, but the payment procedure is somewhat different from the ones discussed previously. As auditor, you must make certain the appropriate procedures are being followed.

The DD 1155 should be prepared and distributed by your ship according to NAVSUPINST 4200.52. This instruction authorizes the supplier to forward the dealer's bill along with the original purchase order to the designated paying activity. The DD 1155 should be marked Fast Pay Procedures Apply for orders of \$2,500 and under and Certificate of Conformance Procedures Apply for orders in excess of \$2,500.

Under fast pay procedures, the supplier assumes responsibility and risk for supplies that have not been received, have been damaged, or are not in conformance with the Order for Supplies or Services/Request for Quotations (DD 1155). Replacements, repairs, or corrections should be at the supplier's expense. This condition remains in effect provided the supplier is advised within 90 days. The 90-day period starts from the date the merchandise is delivered either to a post office or a common carrier or is placed in shipment by other means to a point where it is first received by the government. The supplier and NAVRESSO (Code SSD) must both be notified immediately concerning any supplies that are damaged, not received, or not in conformance with the information on the DD 1155. For ease of identification, a copy of the DD 1155 should be included in the notification that is sent to the supplier and to NAVRESSO. Also, a copy of the notification and the DD 1155 should be sent to the appropriate fleet accounting and disbursing center (FAADC). All ship's store items that are received under fast pay or certificate of conformance payment procedures should be accounted for in the same manner as are receipts from other purchases of ship's store stock.

Distribution to Files

Finally, as an auditor, you must check the receipt files to determine whether documents are

being properly distributed and contain the necessary information. You should ask yourself the following questions.

- Are the receipts from purchase filed separately from the receipts from other supply officers?
- Do the complete purchase order copies contain payment information?
- Is the Outstanding Purchase Order File checked weekly in case a follow-up letter to the supplier is required?

The distribution of each type of receipt document is contained in the appendixes of this training manual and in your NAVSUP P-487.

STOWAGE

As an SH1 or SHC, you will be required to plan for and supervise the stowage of ship's store stock in the bulk storerooms. As your ship prepares for an extended deployment, you will be consulted as to how the necessary stock can be stowed in the limited space usually available. *Ship's Serviceman 3 & 2*, module 2, contains a detailed discussion of many aspects of stowage such as security, classification of material, principles of storeroom layout, storeroom maintenance, and materials-handling equipment. In addition, the NAVSUP P-487 contains a brief discussion of the stowage of specific items such as clothing, film, and tobacco. In this section, several of the most important guidelines that should be followed in supervising stowage will be discussed. An obvious first consideration is security.

To prevent pilferage, ship's store stock must be stored in locked spaces. Stock must not be kept in compartments or storerooms with other materials that are not in the custody of the person responsible for ship's store stock. The regulations concerning custody of ship's store stock are contained in the NAVSUP P-487.

Once a custodian is put in charge of the bulk storeroom, that person assumes full responsibility for all stock in these spaces and for all stock coming in or going out. Except in emergencies, no one should be allowed in the space when the responsible custodian is not present. The custodian must be on hand when inventories are taken and must stand by the spaces during material inspections.

In supervising the stowage of stock in the bulk storeroom, you must also make certain the stock is being rotated according to the first in, first out (FIFO) method. The bulk storeroom custodian can do this by marking all cases with the month and year of receipt and then ensuring that material with the earlier dates is used first. Cigarette and candy manufacturers will help you in proper stock rotation by using codes to identify the month, year, and, at times, week that the product is made. You can consult NAVRESSOINST 4067.4 for a current listing of manufacturers' age and stowage codes. You can, at times, obtain manufacturers' codes from local vendors as well.

When stocks of items are received, the code must be deciphered and the plain text for the manufacture date must be recorded on the case. In the receipt process, try to move out the old stocks and put the new stocks on the bottom.

The perishable items you receive, such as candy, cookies, tobacco, film, and fountain supplies, require special attention. As a supervisor, you must make certain the people who have custody of the stocks handle them with special care. Use dunnage, keep cases away from steam pipes, and allow for maximum ventilation. Exert the necessary effort to keep your stocks clean, fresh, and desirable. Your patrons will appreciate your efforts.

You must enforce fire regulations at all times. Any person in charge of ship's store stock must be made aware of the responsibility to protect the stock from loss by fire. Even a fire that is quickly extinguished can cause extensive damage. Make sure everyone observes the smoking regulations and the storeroom is kept clear of oily or dirty rags or combustibles of any sort. Oily, dirty, or greasy materials lend themselves to spontaneous combustion. They may also contaminate the stock as a result of their previous usage.

You should become acquainted with the locations of the fire-fighting equipment in your area. You should also be familiar with the methods used in extinguishing fires. Information on this subject may be found in the current edition of *Basic Military Requirements*, NAVEDTRA 10054.

BREAKOUTS

Considerable movement of stock occurs between the bulk storeroom, the ship's store, and the service activities. When this movement of stock affects the responsibility of one or more custodians, it must be documented. The term *intrastore transfer* applies to this type of

movement of stock. There are two types of intrastore transfers: breakouts and issues for use. Although the two types are documented in much the same way (Intrastore Transfer Data, NAVSUP 973), an issue for use is actually a type of expenditure and will be discussed under that section of this chapter.

A breakout is the transfer of stock between responsible custodians when the stock is intended for ultimate resale. The most obvious example of a breakout would be the movement of retail items from the bulk storeroom custodian to the operator of a retail outlet (separate operation). It would also apply to the movement of cost of sales items from bulk to the operators of the vending machines and fountain. Such items require further processing, but they are eventually still sold for cash. In a combined operation, documentation is not required for a breakout since one person is responsible for both the resale activity and bulk. The intrastore transfer procedures are detailed in *Ship's Serviceman 3 & 2*, module 2, and in the NAVSUP P-487. As a supervisor, you should make certain your ship's store personnel are adhering to the step-by-step procedures for processing and posting the NAVSUP 973. Use the information on intrastore transfers in the appendixes of this rate training manual to audit the procedures. Also, you should frequently check to see that the proper security precautions are being taken for any movement of ship's store stock about the ship. A route should be planned and checkers and spotters should be used just as when you are receiving stock aboard ship. Until stock has been sold, used, or otherwise expended, it remains the responsibility of the custodian. You should remind your ship's store personnel of this fact frequently.

RECEIPT OF STOCK ON SHIPS WITHOUT SUPPLY CORPS OFFICERS

Except for the areas of shortages in shipment, posting, and distribution, the receipt procedures for ships without Supply Corps officers should be quite similar to those described for ships with Supply Corps officers. You can find detailed procedures in the NAVSUP P-487.

SHORTAGES IN SHIPMENT

In the case of a shortage in a shipment from another supply officer that is received on board

a ship without a Supply Corps officer, the recordskeeper should list the quantity of the shortage on the original and all copies of the receipt document. The original should then be signed by the ship's store officer and returned to the transferring activity. When the shortage is attributable to the commercial carrier, you should note complete information concerning the shortage on the government bill of lading or other shipping document. A copy of that shipping document should be attached to the copy of the document forwarded to the appropriate paying activity along with the transmittal of vouchers at the end of the month. A survey should also be prepared for the amount of the shortage in shipment.

POSTING

Upon obtaining the receipt document signed by the responsible custodian, the recordskeeper should remove the additional copies that were filed in the Requisition/Receipt Invoice File at the time of procurement. Since the bulk storeroom and the retail store are usually the responsibility of one Ship's Serviceman (combined operation), the recordskeeper should enter the quantity and the unit retail price on all copies of the receipt document.

Actual posting should then be done as follows. The date of receipt and the receipt invoice number should be entered in the Requisition/Receipt Invoice Log that was mentioned in chapter 4. The quantity received should be entered on the appropriate Stock Tally (NAVSUP 209) card. Any change in unit cost or selling price should also be entered. On ships without Supply Corps officers, there is no Journal of Receipts (NAVSUP 977) or Financial Control Record (NAVSUP 235).

DISTRIBUTION

After verification, the responsible custodian should acknowledge custody of the stock by signature on a copy of the receipt document. The signed receipts should be kept under lock personally by the ship's store officer. Two copies of the receipt document should be forwarded to the appropriate FAADC along with the transmittal of vouchers at the end of the month. One copy of the receipt document should be signed by both the ship's store recordskeeper and the ship's store officer. One copy of the signed receipt document must be retained on board for the ship's store records.

EXPENDITURES

Expenditures are the legal procedures you can use to remove ship's store stock from the accountability of the ship's store officer. As a senior Ship's Serviceman, you will be responsible for making certain expenditures are done according to issued regulations. You will also be expected to handle the miscellaneous transactions associated with the various types of expenditures that you must use. The procedures you should follow are discussed in detail in NAVSUP P-487 and in *Ship's Serviceman 3 & 2*, module 2.

SUPERVISING EXPENDITURES

There are four methods you can use to expend stock.

1. TRANSFERS—the movement of stock from the accountability of one sales officer to that of another. (Accountabilities are reduced and increased as appropriate.)
2. ISSUES—expenditures of stock for some further purpose, usually for shipboard use. (Accountabilities are reduced.)
3. SURVEYS—expenditures of stock for immediate disposal. (Accountabilities are reduced.)
4. SALES—expenditures of stock for which cash is received. (Accountabilities are unchanged.)

In addition, there are two other types of expenditures that do not fall under the four basic methods.

1. Price changes (markdowns below cost)
2. Claims for reimbursement for personal property

Transfers

In chapter 4, a transfer of stock from other ships was mentioned as one of the possible procurement resources of ship's store stock in certain situations. As well as being the recipient of stock from other ships, your ship might occasionally be the supplying activity.

Another ship might request brand X cigarettes because of a shortage in stock. Your ship maybe the only source in the area that can fill the request. You should be able to examine the Stock Record (NAVSUP 464) for brand X cigarettes to determine how many cartons you have on board, the usage rate, and the low limit. If your supply is

nearly at the low limit, you must determine the time frame within which you could replenish your stock. Are there any outstanding requisitions for brand X cigarettes? Are you scheduled for under-way replenishment by an AFS in the near future? You must take all these things into consideration before completing a transfer.

Your ship might also be overstocked with some merchandise. You should advise the ship's store officer to place the overstocked merchandise on an excess stock list. As a result, another ship may agree to relieve you of some of the excess stock. This transaction would be done by a transfer at cost price.

In addition to the usual transfer to other supply officers, you may have the occasion to transfer ship's store stock to the Marine Corps, to other government departments such as the Army and Air Force, to ships operated by the Maritime Administration, or even to foreign governments or vessels. In each of these cases, you should try to negotiate a cash sale rather than a transfer. However, if a transfer is the only alternative, you should carefully follow the procedures detailed in the NAVSUP P-487.

Issues

According to the NAVSUP P-487, there are eight individual types of issues you may use to expend stock. By far, the most frequent type of issue you will make is an issue for use to a service activity. For example, an issue for use occurs whenever you issue operating supplies (such as bleach or combs) to the laundry or barbershop, display articles for the ship's store, or repair parts for vending machines.

An issue for use takes place as a transfer of stock from a responsible custodian to the operator of another ship's store facility whenever the stock is intended for use and there is no reimbursement for the value of the issued stock. In other words, only stock that you issue for use in a service activity should be expended from the operation at the time of issue. Since you will not receive cash in reimbursement for the issued stock, you should consider any issue for use as a cost of operations transaction. At the end of the accounting period, you must use your profits from the ship's store to reimburse the Navy Stock Fund for the value of the issued materials.

As a supervisor, you should make certain your ship's store personnel recognize the difference between an issue for use and a breakout. Errors in these two categories are easy to make as a

NAVSUP 973 (Intrastore Transfer Data) is used for both transactions. In considering whether a breakout or issue for use is required, you need only consider the purpose of the transfer. If the item is going to be sold either directly or after further processing, then a breakout is called for (when a separate operation exists). If the item is going to be consumed or used in the operation of a ship's store facility, then an issue for use is called for and the item should be expended as a cost of operation.

Another type of issue that your ship's store personnel can confuse with an issue for use to a service activity is an issue for ship's use. You can make an issue for ship's use to any department aboard ship and this issue will have nothing whatsoever to do with costs of operation. Reimbursement for an issue for ship's use should be made from the operating target (OPTAR) of the ship and not from ship's store profits. An example of an issue for ship's use is when you issue clothing items to the ship's electricians to be worn by the electricians when they are handling batteries.

Perhaps the biggest problem you will have in the area of issues for ship's use is controlling the number of these issues. Once the other departments of your ship discover that they can obtain certain stock from the ship's store, they may depend on the ship's store too much. For example, other departments might try to obtain issues of clothing for all sorts of jobs. You should be able to help the ship's store officer in reminding the other departments that all issues are charged against their share of the OPTAR. The letter or instruction that grants the supply officer the authority to issue ship's store stock for ship's use should outline clearly under what circumstances this type of issue will take place.

Other types of issue are those you will make for health and comfort items to survivors of marine and aircraft disasters, to merchant ships in distress, for burial of the dead, to Marine Corps personnel, to the general mess, and to first enlistment personnel. These will occur much less frequently. You should know the procedures you must use for each type of issue. You can find the details for these procedures in the NAVSUP P-487. Make certain your personnel follow these procedures exactly.

Surveys

In spite of all your efforts to run a perfect operation, there will be times when accidents or events will result in loss of or damage to your

ship's store stock. At such times, you should be able to determine if, when, and how you can use a survey. You will use the survey method to expend stock from your records and accounts when stock items have been lost or damaged, have deteriorated, or are otherwise unsuitable for use or sale. This section deals with several of the alternatives you should consider when you must survey for losses in the value of your stock.

Under certain circumstances, such as loss of stock by evident theft, you must immediately prepare a survey request. These circumstances are discussed in detail in NAVSUP P-487. Under other conditions, however, you are not required to prepare a survey request at the time of survey. The ship's store officer initiates a survey by requesting that an immediate inspection of the stock involved be made by the formal surveying officer.

Ship's store surveys are distinct in several ways. The most important distinction—also the most frequently abused—is that the value of a ship's store survey should be charged to one of three different appropriations: the Navy Stock Fund (17X491 1.23 10); Ship's Store Profits, Navy (General Fund) (17X8723.23 10); or Ship's Store Profits, Navy (own ship) (17X8723.2301). Since charging a survey to the correct appropriation is so important and easy to foul up, what guidelines should you follow? The key to your selection of the correct appropriation is the manner in which the stock was lost or damaged.

Before you charge a survey to an appropriation, you must know what the appropriation covers. The information below examines the three appropriations, discusses the types of damage or loss each one is designed to absorb, and explains some procedures you can follow.

NAVY STOCK FUND.— The NAVSUP P-487 is quite specific concerning the types of losses you can survey to the Navy Stock Fund. In general, this appropriation covers any loss or damage that does not result from negligence or misappropriation on the part of shipboard personnel.

Specifically, the Navy Stock Fund pays for any loss or damage in shipment including underway replenishment, except for concealed losses. The Navy Stock Fund also covers act of God losses or damages by fire, water, or oil. You should generally interpret these disasters to mean large-scale fire, water, or oil damage that was not incurred by negligence or willful destruction on the part of a human being. For example, a fire

caused by faulty wiring would be properly chargeable to the Navy Stock Fund, even if proper electrical procedures had not been followed. However, if the store operator drops a cigarette and burns a hole in a billfold, the Navy Stock Fund will not cover the damages. You can charge all clothing losses to the Navy Stock Fund, regardless of cause. This is because the handling of clothing cannot affect ship's store profits.

SHIP'S STORE PROFITS, NAVY (GENERAL FUND).— The Navy Resale and Services Support Office (NAVRESSO) maintains a fund to cover various expenses for ship's stores in the fleet. This fund is financed by part of the assessment of sales paid every accounting period by each ship's store afloat. Some of the expenses the General Fund covers are certain types of surveys. Actually, you will rarely ever use the General Fund for a survey of ship's store stock. You must be aware, however, of the specific circumstances under which you can charge a survey to this appropriation. By using this fund correctly, you can prevent losses to your own ship's store profits.

There are two instances when you can properly charge a survey to the General Fund (GF). First of all, you can charge any survey of \$25 or more covering concealed losses or damage upon receipt of stock from a Navy transshipping activity. Losses and damage to goods are considered to be concealed when there are no visible signs of damage upon arrival of the shipping container. However, before initiating a General Fund survey, you should send a letter to the responsible vendor explaining all the facts about the loss or damage and requesting replacement or reimbursement. If you receive a replacement of the lost or damaged merchandise, you can cancel the survey. If the vendor reimburses you, you should go ahead and process the survey and charge it to your own ship's store profits. As explained in NAVSUP P-487, you should report the amount of the reimbursement as a contribution to your own ship's store profits.

If the vendor does not replace the merchandise or does not agree to a reimbursement, you should forward the survey to NAVRESSO along with copies of the correspondence with the vendor. If the survey in this situation amounts to less than \$25, you should charge it to your own ship's store profits. You can charge any losses or damage upon receipt of merchandise directly from Navy activities to the Navy Stock Fund. Do not accept any damaged articles that you receive directly from a vendor.

The only other circumstance under which you can request a survey to Ship's Store Profits, Navy (General Fund) is when your own ship's profits are considered inadequate to absorb the cost of a large loss and you cannot properly charge the loss to the Navy Stock Fund. The value of the survey must generally be larger than the expected profits from the accounting period. An example of this condition is when there is a break-in and a large amount of merchandise is lost through theft.

If there is a large loss of merchandise that profits from your ship's store during the current accounting period will not cover, a DD 200 (Report of Survey) should be prepared as a charge to Ship's Store Profits, Navy (General Fund). The ship's store officer will usually prepare the DD 200 to report the survey. The surveying officer will then conduct a review of the survey. After an inventory has been made and a review of the DD 200 has been completed by the surveying officer or survey board and the DD 200 has been approved by the commanding officer, the original and four copies of the report should be sent to NAVRESSO for approval. Until the survey is approved by NAVRESSO, the value of the loss should be carried as inventory,

If the survey is approved by NAVRESSO, the total approved amount should be included in the amount that is entered in the Journal of Expenditures (NAVSUP 978) as Survey (SSPN GF). The total approved amount should also be entered on line B23 or line B27 (as applicable) on the Ship's Store Balance Sheet and Profit and Loss Statement (NAVCOMPT 153). At the end of the accounting period, the total money value that was approved by NAVRESSO to be charged to Ship's Store Profits, Navy (General Fund), should be included in the amount that is entered on line C07 of the NAVCOMPT 153. If the survey is not approved by NAVRESSO, the loss should be expended to local ship's store profits on line B23 or line B27 (as applicable) of the NAVCOMPT 153.

SHIP'S STORE PROFITS (OWN SHIP).—

The value of any surveys that you cannot properly charge either to the Navy Stock Fund or to Ship's Store Profits, Navy (General Fund), you must charge to local ship's store profits. The most common examples of a local profit survey are those covering misappropriation and negligence. Another example is if you fail to accomplish timely markdowns of perishable stock resulting in stock that is unfit for sale at any price.

A markdown is always preferable to a local profits survey, since some of the original value of the stock may be returned from sales.

Besides charging a survey to the correct appropriation, you will also be faced with other considerations in your use of the survey method to expend ship's store stock. In your supervision of ship's store expenditures by survey, you may have to account for merchandise you receive after you have surveyed it as missing in shipment. On occasion, you may also be required to revalue ship's store stock instead of expending it totally by survey. Both these techniques are discussed in the information that follows.

SURVEYED MATERIAL SUBSEQUENTLY RECEIVED.— Ship's store stock may be received after it has been surveyed as missing in shipment. The receipt of the surveyed material should be covered by a Requisition and Invoice/Shipping Document (DD 1149). The DD 1149 will credit the appropriation that was previously charged by the survey. No entry should be made to the Journal of Receipts (NAVSUP 977), however, a credit entry (a minus entry in red ink) should be posted to the Journal of Expenditures (NAVSUP 978). The items received should be entered on the Stock Record (NAVSUP 464) in the Expenditure column as a minus entry in red ink. The word Survey should be entered in the Received From/Expended To column of the NAVSUP 454.

REVALUATION OF STOCK.— Another aspect of the survey method you can use to expend ship's store stock is to revalue the stock so you can sell it at a reduced price. By this method, you are surveying only part of the money value of the stock as you are recovering a part of your expenditure through sales.

The question that may cross your mind is, Wouldn't a markdown accomplish the same goal with less trouble? The answer is that in many cases it would. Markdowns always charge local ship's store profits. If items were damaged through negligence or poor stock control, or for any other reason that would properly charge local profits in a survey situation, a markdown would be the proper course of action. However, to mark down items that are damaged upon receipt or unintentionally damaged by fire, water, or oil would be improper since damage of this sort is properly chargeable to the Navy Stock Fund.

You should never mark down Navy clothing items. You should always revalue Navy clothing items by survey since clothing cannot affect

profits. To account for any gains or losses resulting from the handling of Navy clothing items, you should credit or charge the Navy Stock Fund.

You may have items of clothing that have become shopworn (soiled from exposure or handling) or damaged by smoke or water to such an extent that they cannot be sold at the standard price. If laundering or dry cleaning will restore wearability with a reasonable expectation that the purchaser will obtain normal wear, you should survey (revalue) these items and place them in stock at 25 percent of the standard price. (Prices should be rounded off the next higher \$0.05.)

You may have items of clothing with minor defects such as split seams or missing buttons. Although you cannot sell them at standard price in this condition, you can have them repaired. You can then sell the items at standard price as long as wearability is restored. You should charge the cost of the repairs to the Navy Stock Fund.

If the clothing does not meet any conditions for revaluation or repair, then you should expend it from the records as a loss by survey.

Sales

The fourth major type of expenditure in the ship's store is sales. Accountability is actually not reduced in this case since cash is received in place of the stock expended. The supervision of ship's store sales will be discussed in chapter 6 of this rate training manual. The information below will discuss some of the techniques of retail merchandising you can use to expend ship's store stock,

Price Changes

A price change is any change in the value of an item of stocked merchandise. Price changes can occur for a variety of reasons and are a necessity for any effective retail operation. As a leading Ship's Serviceman, you should not only be able to supervise the procedures involved in accomplishing a price change, but you must also be aware of the reasons for and causes of price changes. You should be able to advise the ship's store officer when a price change is called for.

A markon is an increase in the selling price of an item of merchandise. A markon will cause an increase in the monetary responsibility of the custodian in charge of the retail outlet. You may advise a markon when there is a substantially increased cost price on a new receipt of merchandise already carried. Since all the particular

items are carried at the new cost price, the old selling price may be insufficient to generate the desired profit margin. Other possible reasons for a markon might be a change in the pricing policy of the ship's store officer or a desire on the part of the commanding officer to increase store profits in order to increase the ship's recreation fund.

A markdown is a decrease in the selling price. A markdown causes a decrease in the monetary responsibility of the ship's store operator. If the retail price is marked down below the cost price, then there is actually a decrease in the value of Navy Stock Fund material. This expenditure from the NSF is reimbursed by profits at the end of the accounting period.

The existence of markdowns in an operation is not necessarily bad. In fact, a reasonable number of markdowns during an accounting period is considered healthy. It is an indication that you are exercising some degree of stock control. After all, items that you cannot sell are no asset to your store. They are tying up money you could use to purchase more desirable stock. Although an item that is reduced in price generates less profit or even a loss per item sold, the end result of a timely markdown is an increase in profits. The increase in profits will result from larger customer volume and interest, increased storeroom capacity, and a larger amount of available buying capital. Of course, markdowns must be done selectively since too many markdowns can only result in decreased profits for your store.

The following is a list of reasons for possible markdown action in a ship's store operation.

- Reduction in cost price on a new receipt of merchandise already in stock
- A desire to generate less in store profits and pass the savings on to the customers
- A change in pricing policy of the ship's store officer
- Excess stock because of overbuying
- Dead stock because of unpopular or saturated items
- Merchandise that is going out of style
- Excess seasonal merchandise after the season has reached its peak
- Perishable stock such as candy or film that has become old and outdated

- Defective or dirty merchandise that cannot be returned to the vendor

- Increase in customer interest and volume with specials

The above reasons set up some guidelines but do not really answer the questions when and how much. There are no simple answer. For excess or dead stock, a general rule you can follow is to mark an item down whenever it will not sell at its present price. Mark it down to a level that will stimulate sales. Mark down seasonal items just before the end of the season, not after the season is over. Trial and error is probably your best method of learning. You should not be afraid to experiment occasionally.

One procedure you should avoid is marking down items progressively, such as 5 percent each week. Your customers will soon discover they can just wait around until the price has reached bottom. When you have decided an item is to be marked down, go ahead and cut the price sufficiently so you can sell the item. Whether the markdown is 5 percent or 50 percent, establish it and stick to it.

Another price change is the markdown to zero. Some ship's store stock items that do not require a survey can be marked down to zero and charged to ship's store profits. You can use a markdown to zero to expend ship's store stock items under the following circumstances.

- Stock items that are damaged or broken and have no resale value. The total cost value per line item cannot exceed \$25.

- Items of stock that have deteriorated beyond salability as a result of overage. The total cost value should not exceed \$25 per line item.

- Items of stock that are shopworn and have no resale value. The total cost value should not exceed \$25 per line item.

- Food or beverage items of stock that are considered to be unfit for human consumption, as certified by the medical department.

- Concealed losses or damages. The total cost value should not exceed \$25 per line item.

Under the circumstances listed above, the items should be marked down to zero and then expended as a cost to ship's store profits according to the procedures outlined in your NAVSUP P-487. You must use a Retail Price Change (NAVSUP 983) that has the following

certification signed by the senior Supply Corps officer on board. (This authority cannot be delegated.)

"I personally have seen the merchandise hereon marked down to zero and have ordered it destroyed."

Senior Supply Officer On Board

Price Adjustments for Standard Navy Clothing

The sale of Navy clothing in a ship's store afloat is handled as a service to the crew. No profit or loss is to be derived from it. Prices for Navy clothing are standard throughout the Navy. Clothing is received from supply activities and sold at the standard price. However, situations will develop that will make it necessary for you to revalue certain clothing items in order to avoid absorbing profit or loss.

The most common of these situations is the standard price adjustment. Annually, on October 1, and occasionally at other times. standard prices for Navy clothing are issued to all ships. They are based on existing cost prices to the Navy, and may, of course, vary from year to year. When a change in price occurs for any item stocked, you must revalue the number of items you have in stock (as determined by inventory) to the new standard price.

The other type of price adjustment for standard Navy clothing is a purchase variance. A purchase variance occurs when standard Navy clothing items are received from a commercial vendor. A purchase variance equals (1) the difference that results when the unit cost price of an item of standard Navy clothing is rounded off to the nearest cent, or (2) the difference that exists between the standard price and cost price of a standard Navy clothing item.

To account for ail gains and losses resulting from standard price changes and purchase variances, you must make certain that a separate original and one copy of the NAVSUP 983 are prepared. (Consult the current NAVSUP P-487 for detailed procedures for preparing the NAVSUP 983.) All gains and losses must be credited or debited to the Navy Stock Fund. The original NAVSUP 983 should be filed in the Fiscal Gains or Losses File (SSA-15), and the copy should be filed in the Accountability File (SSA-21).

The new unit cost of an item that results from a change in the standard price should be recorded

on the NAVSUP 464. Receipt and expenditure adjustment entries should be made in the Ship's Store Afloat Financial Control Record (NAVSUP 235) and in the Journal of Receipts (NAVSUP 977) or the Journal of Expenditures (NAVSUP 978). Any adjustment entries should be made as of the effective date of the price change.

Claims for Reimbursement for Personal Property

Occasionally, an issue in kind may be made by the ship's store officer to enlisted personnel for personal property lost, destroyed, damaged, captured, or abandoned incident to service in the U.S. Navy. You should be aware that such a claim differs from a claim for reimbursement as a result of loss or damage to personal apparel through the operation of a ship's store laundry, dry-cleaning facility, or tailor shop. The latter type of claim is a charge against ship's store profits and appears on the Ship's Store Operating Statement (NAVCOMPT 153, Ship's Store Balance and Profit and Loss Statement). This document will be discussed later in chapter 7. The authority for reimbursement for personal property lost, destroyed, damaged, captured, or abandoned incident to service is contained in Title 31, U.S. Code 240-243. The regulations governing the submission and adjudication of such claims are published in the *Manual of the Judge Advocate General*, chapter XXI. The procedures for completing such a reimbursement are contained in NAVSUP P-487. Whenever enlisted personnel, including chief petty officers, submit a claim adjudicated by the commanding officer for loss of personal property, the ship's store officer must reimburse them in kind from available stock in the ship's store. Reimbursement for items that are not available should be made in cash. Detailed procedures are contained in your NAVSUP P-487.

Disposition of Excess Stock

As a supervisor and assistant to the ship's store officer, you should be able to recommend the type of expenditure that will best accomplish the desired effect. For example, if, as a result of a monthly stock record review, you discover that an excess of stock exists for some items, then you should be able to recommend a method of disposal for the excess items. An excess of stock exists when your monthly stock record shows that perishable and catalog items exceed 3 months' requirements and that any other items exceed 6 months' requirements. In determining excess

stock, you should consider the normal deterioration rate of the item as well as the anticipated type of operation of your ship.

You can dispose of excess stock by any of the following methods.

- Reduction in price for sale on board
- Transfers to other supply officers (as a result of an excess stock list or agreement between supply officers)
- Sales to Navy exchanges and other military activities
- Return to vendor for cash or credit refund (to be discussed later in this chapter)

Excess clothing stock in new unused condition should be transferred on a DD 1149 to any shore activity carrying such stock.

You should dispose of items in stock that are obsolete or shopworn by taking deep markdowns to effect rapid sale. You should dispose of by survey any items that are damaged or deteriorated or just not salable.

Disposal of Foreign Merchandise

You can return unsold/undamaged foreign merchandise for refund in both the Sixth Fleet Foreign Merchandise Program established in Rota, Spain, and Naples, Italy, and in the Pacific Fleet Foreign Merchandise Program established in Yokosuka, Japan, and Subic Bay, Republic of the Philippines. Foreign merchandise should NOT be returned to CONUS except in the event of unexpected emergency deployment and then only with the specific permission of COMSERVFORSIXTHFLT or COMNAVLOGPAC as appropriate. A copy of the request to COMSERVFORSIXTHFLT or COMNAVLOGPAC (as appropriate) for return of foreign merchandise to CONUS must be forwarded to NAVRESSO. The commanding officer is responsible for complying with all customs regulations in the event authority is obtained for return of an y foreign merchandise.

Miscellaneous Transactions

There are several miscellaneous transactions that will occur periodically. As a senior Ship's Serviceman, you should be aware of the procedures involved. You must be prepared to handle the documentation and posting.

GUARANTEED SALES.— Procurement of items on a guaranteed sales basis or other conditions permitting return for credit is restricted to magazines, periodicals, and other printed matter;

phonograph records; prerecorded tapes and cassettes; film; motion picture magazines (cartridges); and photo mailers. When your ship's store is procuring these items from vendors listed in the *Ship's Store Afloat Catalog* on a guaranteed sale basis or under other conditions permitting return for credit, the purchase orders must contain the following clause: "RETURN FOR EXCHANGE OR CREDIT. Any unsold items may be returned prepaid to the vendor in exchange for other items or for credit memorandum in accordance with the terms and conditions listed in the *Ship's Store Contract Bulletin* or *Ship's Store Afloat Catalog* in effect on the date of this order."

CREDIT MEMORANDUM.— Assume that you received stereo albums valued at \$75 cost in January. At the end of February, you still have

\$50 worth of albums on board and sales have stopped. Since your ship's store orders regularly from the vendor, the best procedure would be to return the remaining albums to the vendor for a credit memorandum.

If your ship's store is operating under separate accountability and the albums are located in the retail store, you should prepare an Intrastore Transfer Data (NAVSUP 973) to expend the retail value of the albums from the Retail Store column of the Financial Control Record (NAVSUP 235). You should then transfer the albums to the bulk storeroom. You should always follow this procedure before returning any merchandise in a separate operation.

The recordskeeper then should prepare a DD 1149 listing the quantity of stock returned, the unit cost prices, and the cost extensions. (See fig. 5-1.) The quantities returned should be

REQUISITION AND INVOICE/SHIPPING DOCUMENT											SHEET NO. OF SHEETS		REQUISITION DATE		REQUISITION NUMBER				
1 FROM ENTER UIC, NAME AND HULL NO. OF SHIP											1		ENTER DATE						
2 TO ENTER NAME AND COMPLETE ADDRESS OF VENDOR											7 DATE MATERIAL REQUIRED		8 PRIORITY						
3 SHIP TO MARK FOR MATERIAL RETURNED FOR CREDIT MEMORANDUM											9 AUTHORITY OR PURPOSE NAVSUP 487, PAR 7522		10 SIGNATURE AUTHORIZED		11 VOUCHER NUMBER AND DATE				
											12 DATE SHIPPED		13 MODE OF SHIPMENT		14 BILL OF LADING NUMBER				
											15 AIR MOVEMENT DESIGNATOR OR PORT REFERENCE NO.								
4 APPROPRIATION AND SUBHEAD			OBJ CL	BUR CONT NO	SUBAL LOT	AUTHORIZATION ACCTG ACTIVITY	TRANS TYPE	PROPERTY ACCTG ACTIVITY	COUN TRY	COST CODE	AMOUNT								
ITEM NO	FEDERAL STOCK NUMBER DESCRIPTION AND CODING OF MATERIAL AND/OR SERVICES						UNIT OF ISSUE	QUANTITY REQUESTED	SUPPLY ACTION	TYPE CON TAINER	CON TAINER NOS	UNIT PRICE	TOTAL COST						
1	#511093 CHANEL NO.5 PERFUME 1/3 FL. oz/ S/N						EA		3			\$36.00							
VENDOR _____ DATE _____ VENDOR REPRESENTATIVE MUST SIGN											RECORDS KEEPER COMPLETES								
CREDIT MEMO. #2079 DATED IN THE AMOUNT OF \$100.00 RECEIVED AND APPLIED AGAINST PURCHASE ORDER NO. _____																			
16 TRANSPORTATION VIA MATS OR BILLS CHARGEABLE TO											17 SPECIAL HANDLING								
REQUISITION CONTINUED	ISSUED BY	TOTAL CONTAINER	TOTAL TARE	DESCRIPTION	TOTAL WEIGHT	TOTAL CUBE	18 CONTAINERS RECEIVED EXCEPT AS NOTED		DATE	BY	SHEET TOTAL								
	CHECKED BY						QUANTITIES RECEIVED EXCEPT AS NOTED		DATE	BY	GRAND TOTAL								
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DD FORM 1149 (9-PT) MAR 54 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100
REPLACES EDITION OF 1 MAY 58 WHICH MAY BE USED S/N 0102 LP 011 1801 6

79.61

Figure 5-1.—Exchange of merchandise for a credit memorandum.

expended from the Stock Record (NAVSUP 464), and the total balance should be reduced. No entry is made on the cost records (Journal of Receipts and Journal of Expenditures) since the Navy's obligation to the vendor remains unchanged. The vendor then signs the original DD 1149 to acknowledge receipt and issues a credit memorandum to your ship.

A month later, your ship's store may decide to order more albums—cost value \$80. The vendor can then apply the \$50 credit memorandum to your order. You should prepare an Order for Supplies or Services/Request for Quotations (DD 1155) showing \$30 as the net amount to be paid. Upon receipt, the full quantities received are posted to the Stock Record (NAVSUP 464), and the net amount is reported in the Journal of Receipts (NAVSUP Form 977). The DD 1155 is handled as a regular receipt from purchase. The original DD 1149 (signed by the vendor) should be placed in the ship's store officer's Accountability File.

At the end of the accounting period, if exchanged items have not been received for the items returned or if a credit memorandum has been received but has not been applied toward procurement of new items, the dollar value of the returned items must be carried as part of the inventory. The document number, date, and dollar value of each transaction should be listed on the last page of the inventory.

CASH REFUND.— Using the same situation as above, assume that your ship's store does not deal with this vendor very often. In this case, you would advise the ship's store officer to request a cash refund instead of a credit memorandum.

The recordskeeper prepares an Intrastore Transfer Data (NAVSUP 973) to expend the value of the items from the Retail Store column of the Ship's Store Afloat Financial Control Record (NAVSUP 235) and to transfer the quantity to the bulk storeroom. A Memorandum Requisition and Invoice/Shipping Document (DD 1149) extended at cost price should be prepared and used to expend the returned quantity from the Stock Record (NAVSUP 464). The vendor will acknowledge receipt of the returned merchandise by signature on the DD 1149. When the retail outlet and the bulk storeroom are operated by the same person, a DD 1149, extended at both cost and retail price, should be prepared and used to expend the quantity and value of the returned items from the NAVSUP 464 and NAVSUP 235. The vendor will acknowledge receipt of the

merchandise by signature on the DD 1149, except for any material returned to the vendor by registered mail. (In this case, the registered receipt from the post office should be attached to the accountable copy of the DD 1149 pending receipt of the signed copy from the vendor.) The responsible custodian will be provided a signed copy of the credit memorandum for all stock returned. Sound business practice dictates that all credit memorandums and cash refunds be liquidated promptly. If, after a reasonable time period, liquidation has not yet taken place and difficulties are encountered, you should request assistance from NAVRESSO. Be sure to send copies of all correspondence with the vendor to expedite NAVRESSO's assistance. The documentation involved is illustrated in figure 5-2. More detailed information is contained in your NAVSUP P-487.

EXCHANGE FOR SIMILAR ITEMS.—

Whenever you return items for new similar items, you must prepare a DD 1149 to cover the material you are returning to the vendor. The vendor, or an authorized representative, must sign the original invoice acknowledging receipt of the material. You should expend any items you return to the vendor from the appropriate NAVSUP 464 unless the items exchanged are identical in all respects. If the items to be exchanged are located in a retail store, you must also prepare a NAVSUP 973.

If the items you receive are not identical in all respects to the items you have returned to the vendor, you must post the new items as a receipt on the appropriate NAVSUP 464. If the new items are additional stock items, you should prepare a NAVSUP 464 to post the new items as received for stock and resale. The DD 1149 should be assigned an expenditure number and should be filed in the Expenditure Invoice File (SSA-14). At the end of the accounting period, the document number, date, and money value of each unliquidated exchange should be entered on the last page of the inventory.

MERCHANDISE RETURNED FOR MATERIAL OF EQUAL VALUE.—

If the money value, at cost, of the items exchanged equals the money value of the new similar items received from the vendor, your DD 1149 should indicate the item, quantity, unit cost, and extension of both the item returned and the replacement item. You should use normal posting procedures for this transaction.

REQUISITION AND INVOICE/SHIPPING DOCUMENT																													
ENTER UIC, NAME AND HULL NO. OF SHIP					1 1 ENTER DATE																								
ENTER NAME AND COMPLETE ADDRESS OF VENDOR					NAVSUP PUB 487, PAR. 7530																								
THIS IS A CREDIT RECEIPT COVERING RETURN OF MATERIAL FOR CASH REFUND.																													
17X4911.2310		000	21001	0	000250	7C	SHIP'S UIC	00	JULIAN DATE / SERIAL	\$74.05																			
THE FOLLOWING TAPES PROCURED UNDER DOCUMENT # ARE RETURNED FOR CASH REFUND:																													
<table border="1"> <thead> <tr> <th>QTY</th> <th>DESCRIPTION</th> <th>UNIT PRICE</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>3</td> <td>ROCK & ROLL HITS</td> <td>\$7.25</td> <td>\$21.75</td> </tr> <tr> <td>5</td> <td>RHYTHM & BLUES</td> <td>\$6.50</td> <td>\$32.50</td> </tr> <tr> <td>4</td> <td>BROADWAY MELODIES</td> <td>\$8.50</td> <td>\$34.00</td> </tr> <tr> <td colspan="2">TOTAL</td> <td></td> <td>\$88.25</td> </tr> </tbody> </table>										QTY	DESCRIPTION	UNIT PRICE	TOTAL	3	ROCK & ROLL HITS	\$7.25	\$21.75	5	RHYTHM & BLUES	\$6.50	\$32.50	4	BROADWAY MELODIES	\$8.50	\$34.00	TOTAL			\$88.25
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TOTAL			\$88.25																										
MAKE REFUND CHECK PAYABLE TO THE TREASURER OF THE UNITED STATES AND MAIL TO SHIPS STORE OFFICER.																													
I ACKNOWLEDGE RECEIPT OF THE ABOVE ITEMS RETURNED FOR CASH REFUND.																													
VENDOR: <i>Arline Imports</i>					DATE: <i>10-7-</i>																								
SIGNED BY VENDOR OR VENDOR'S REPRESENTATIVE					POST AS AN EXPENDITURE TO NAVSUP FORM 235																								
SIGNED BY VENDOR OR VENDOR'S REPRESENTATIVE					POST AS A CREDIT RECEIPT (MINUS ENTRY) TO NAVSUP FORM 977																								
SIGNED BY VENDOR OR VENDOR'S REPRESENTATIVE					ASSIGN RECEIVING NO. FROM NAVSUP FORM 977																								

**RETURN TO VENDOR FOR CASH REFUND
(COMBINED RESPONSIBILITY)**

REQUISITION AND INVOICE/SHIPPING DOCUMENT																									
ENTER UIC, NAME AND HULL NO. OF SHIP					1 1 ENTER DATE																				
ENTER NAME AND COMPLETE ADDRESS OF VENDOR					NAVSUP PUB 487, PAR. 7530																				
THIS IS A CREDIT RECEIPT COVERING RETURN OF MATERIAL FOR CASH REFUND.																									
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<table border="1"> <thead> <tr> <th>QTY</th> <th>DESCRIPTION</th> <th>UNIT PRICE</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>3</td> <td>DIXIELAND</td> <td>\$8.00</td> <td>\$24.00</td> </tr> <tr> <td>3</td> <td>JAZZ CONCERT</td> <td>6.36</td> <td>25.44</td> </tr> <tr> <td>3</td> <td>PHILHARMONIC CONCERTO</td> <td>7.35</td> <td>36.75</td> </tr> </tbody> </table>										QTY	DESCRIPTION	UNIT PRICE	TOTAL	3	DIXIELAND	\$8.00	\$24.00	3	JAZZ CONCERT	6.36	25.44	3	PHILHARMONIC CONCERTO	7.35	36.75
QTY	DESCRIPTION	UNIT PRICE	TOTAL																						
3	DIXIELAND	\$8.00	\$24.00																						
3	JAZZ CONCERT	6.36	25.44																						
3	PHILHARMONIC CONCERTO	7.35	36.75																						
MAKE REFUND CHECK PAYABLE TO THE TREASURER OF THE UNITED STATES AND MAIL TO SHIPS STORE OFFICER.																									
I ACKNOWLEDGE RECEIPT OF THE ABOVE ITEMS RETURNED FOR CASH REFUND.																									
VENDOR: <i>Arline Imports</i>					DATE: <i>10/7-</i>																				
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**RETURN TO VENDOR FOR CASH REFUND
(SEPARATE RESPONSIBILITY)**

Figure 5-2.—Return of merchandise to vendor for a cash refund.

MERCHANDISE RETURNED FOR MATERIAL OF GREATER VALUE.— When the money value of items received is greater than the money value of items exchanged you should prepare a DD 1155 showing the following information.

1. New item description, quantity, unit cost, and total money value.
2. Money value of material returned.
3. New amount to be paid (which will be the difference between the total money value of the new items less the money value of the returned merchandise less an authorized discount). In addition to posting the items to the appropriate records, you must report the net amount of the receipt in the Journal of Receipts (NAVSUP 977).

MERCHANDISE RETURNED FOR MATERIAL OF LESSER VALUE.— Ship's store items may not be exchanged for merchandise of lesser value. When returning material for items of lesser value, you should request a credit memorandum or a cash refund. Procedures for these transactions are contained in your NAVSUP P-487.

RECEIPTS FROM OTHER APPROPRIATIONS.— The ship's store will occasionally acquire items from shipboard sources. Other Appropriations was mentioned earlier in chapter 4 as a minor source of ship's store stock. The receipt procedure for this source is unusual as you will post the cost value of the receipt to the Journal of Expenditures (NAVSUP 978) as a credit expenditure.

Receipts from other appropriations are, in effect, "backed" into the Navy Stock Account. Canned fruit juice, for example, would have originally been procured from commercial sources and held at the local Navy supply center in 17X4911 of the NSF. Upon requisition by your ship's food service officer, the canned juice was transferred to the ship's store officer for end use in 17X1453.3140 MPN. When it is received into ship's store stock, it is once again brought into 17X4911 NSF. Rather than showing the same item being received into NSF twice, it is entered on the records in such a manner that the overall receipt totals for the Navy Stock Account show the item only once. This is done by making a negative

expenditure entry on the NAVSUP 978 rather than a receipt entry on the NAVSUP 977. You should post the cost value of the receipt on the NAVSUP 978 (Journal of Expenditures) in the column headed Ship's Store—Other Expenditures with an appropriate notation to show that it is a credit (or negative entry). You should handle the other records in the same manner as for a regular receipt.

AUDITING EXPENDITURES

As with receipts, you should audit expenditure document preparation, posting, and distribution frequently to make sure ship's store returns can be done accurately.

Preparation

Periodically, you should examine the various expenditure documents to find out whether the recordskeeper is observing the procedures detailed in the NAVSUP P-487.

SURVEY.— When auditing a survey document, you should check for the following items (as shown in fig. 5-3).

- Is an Expenditure Invoice Log being properly maintained with separate series numbers provided by the supply officer?
- Are the survey items expended at cost price?
- Are the retail extensions entered on the DD 200 for surveyed items that were in the retail store?
- Is the accounting data recorded correctly? Is the account in which carried always 51000 NSA? Is the correct appropriation charged in the accounting data (17X4911.2310 for Navy Stock Fund surveys; 17X8723.2301 for local ship's store profit surveys; and 17X8723 GF for General Fund surveys)?
- Are the members of the survey board the current appointees made by the commanding officer in writing?

TRANSFERS.— In auditing a transfer, the DD 1149 should be checked for accuracy. You

should ask yourself questions similar to the ones below. (See fig. 5-4.)

Keep the following questions in mind. (See fig. 5-5.)

- Was a number assigned from the Expenditure Invoice Log?
- Is correct accounting data being used?
- Are the transfers summarized monthly on a NAVCOMPT 176?
- Are the items requested authorized for issues for use?
- Does the NAVSUP 973 have all three required signatures?
- Is a number assigned from the Number Control Log (NAVSUP 980)?
- Are price extensions and totals correct?

ISSUES.— When you are auditing an issue for use, you should examine the NAVSUP 973.

REQUESTING SHIP ENTERS REQUISITION NO.

REQUISITION AND INVOICE/SHIPPING DOCUMENT

1 FROM: ENTER UIC, NAME AND HULL NO. OR REQUESTING SHIP

2 TO: ENTER UIC, NAME AND HULL NO. OF TRANSFERRING SHIP

3 SHIP FOR: TRANSFER TO SHIPS STORE OFFICER, USS

4 AUTHORITY OR PURPOSE: NAVSUP PUB 487, PAR. 7200

5 SIGNATURE: J. BOGGIO, ENS, SC, USNR

6 DATE SHIPPED: []

7 PORT OF SHIPMENT: TRANSFERRING SHIP ENTERS EXPENDITURE NO.

8 AIR MOVEMENT DESIGNATOR OR POST REFERENCE NO.:

9 APPROVAL AND SUB-HEAD: 17X4911.2310 OBJ CL: 000 SUB COMD NO: 21001 SUBAL LOT: 0 AUTHORIZATION ACT-O ACTIVITY: 000250 TYPE: 7C PROPERTY ACT G: SHIP'S UIC LOAN: COST CODE: 0000 JULIAN DATE: SERIAL: AMOUNT: \$85.92

ITEM NO.	FEDERAL STOCK NUMBER, DESCRIPTION, AND CODING OF MATERIAL AND/OR SERVICES	UNIT OF ISSUE	QUANTITY REQUESTED	UNIT PRICE	TOTAL COST
1	AFTER SHAVE LOTION, OLD SPICE, 4.25 OZ, PLASTIC BTL S/N: 110000-2293	EA	24	\$2.60	\$62.40
2	WATCH, MEN'S, CASIO, GOLDTONE S/N: 411190-0165	EA	2	\$11.76	\$23.52

APPROVED FOR TRANSFER: J. O'Leary, ENS, SC, USNR

RECEIVED BY: []

DATE: []

POST AS RECEIPT TO NAVSUP FORM 464

POST TO NAVSUP FORM 977

18 TRANSPORTATION VIA MATS OR NETS CHARGEABLE TO:

19 SPECIAL HANDLING:

20 RECEIVED BY:

21 QUANTITIES RECEIVED EXCEPT AS NOTED:

22 RECEIVED BY:

23 POSTED DATE:

24 SHEET TOTAL: \$85.92

25 GRAND TOTAL: \$85.92

26 RECEIPTS VOUCHER NO.:

DD FORM 1149 (9 PT) MAR 58

REPLACES EDITION OF 1 MAY 56 WHICH MAY BE USED

STOCK NO 0101 804 8010

Figure 5-4.—Auditing a transfer.

No. 12

INTRA-STORE TRANSFER DATA
NAV. S. AND A. FORM 873

NOTE.—USE A SEPARATE FORM FOR EACH DEPARTMENT

TRANSFER	TO (Store No.)	(Store Name)	(Dept.)	MERCHANDISE RECEIVED BY (SIGNATURE)				(Date)
	LAUNDRY		COST	D. A. NELSON SH2				3-18-
	FROM (Store No.)	(Store Name)	(Dept.)	MERCHANDISE DELIVERED BY (SIGNATURE)				(Date)
	BULK STOREROOM		COST	J. DOUCETTE SH3				3-18-
				THIS FORM ISSUED BY (SIGNATURE)				(Date)
				M. WISHNACHT SH1				3-18-

QUAN- TITY	UNIT	STOCK NO.	DESCRIPTION	QTY DEL'D	COST		RETAIL	
					UNIT	TOTAL	UNIT	TOTAL
1	DR		SOAP BUILDER, SODIUM MET.	1	11.00	11 00		
1	M		SHIRT BAGS	1	9.00	9 00		
<i>LAST ENTRY</i>								
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: auto;"> POSTED AS AN EXPENDITURE TO S. AND A. FORM 464 REDUCING THE "TOTAL BALANCE" COLUMN ONLY </div>								
					TOTAL	20 00	TOTAL	

REASON FOR TRANSFER: ISSUE TO USE

STOCK RECORD E. A. BAKER <i>E.A. Baker</i>	FINANCIAL CONTROL RECORD E. A. BAKER <i>E.A. Baker</i>	NUMBER CONTROL E. A. BAKER <i>E.A. Baker</i>
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16-60670-2 U. S. GOVERNMENT PRINTING OFFICE: 1949-O-333022

Figure 5-5.—Auditing an issue.

PRICE CHANGE.— In auditing a price change, you should examine the NAVSUP 983. You should carefully check the form by keeping questions such as the following in mind. (See fig. 5-6.)

- Was the type of price change recorded on the NAVSUP 983?

- Does the NAVSUP 983 show the difference between the original cost price and the new cost price and the difference between the original selling price and the new selling price, multiplied by the number of units on hand?

- Was a number assigned from the Number Control Log (NAVSUP 980)?

- Was the reason for the price change entered for each item?

- Was correct accounting data used?

Posting

For each type of expenditure, you must also check to see that quantities and totals are posted to the applicable ship's store records. You should spot check the Stock Record (NAVSUP 464) cards of various expended items to ensure that the decrease is properly recorded. You should then check the Journal of Expenditures (NAVSUP 978) against expenditure documents to make certain the total cost value of the expended items is being posted to the appropriate column. For any expenditure documents containing items that were in the retail outlet at the time of expenditure, was the retail total posted to the Financial Control Record (NAVSUP 235)? In a combined operation, of course, all expenditures would be posted to the Financial Control Record.

Distribution

Finally, you should check the various expenditure files to learn whether documents are being properly distributed. You should use the appendixes of this rate training manual as an aid. Some of the questions you should ask yourself are listed below.

- Is a copy of each document to which an expenditure invoice serial number has been assigned filed in the Expenditure Invoice File?

- Has a copy of each survey been forwarded to the appropriate FAADCLANT or FAADCPAC?

- Are surveys to the Navy Stock Fund filed on board with the surveying officer?

EXPENDITURES OF OTHER SUPPLIES

As mentioned before, you, as duty supply officer, may be required to perform certain functions of supply that go beyond your rating. As the duty supply representative, you may be requested to expend supply material. An expenditure, in supply management, is one of the following transactions.

- Issue
- Transfer
- Survey

Each of these will be briefly discussed and the appropriate references for detailed coverage will be stated.

Issues

All issues of ship's store stock should be made at cost price except health and comfort items. Issues of health and comfort items should be made at prescribed retail prices. All issues of standard Navy clothing items must be made at standard issue prices. All health and comfort issues must be made from retail outlets and transactions must be posted to the Ship's Store Afloat Financial Control Record (NAVSUP 235). The retail and cost prices and extensions should be shown on the Requisition and Invoice/Shipping Document (DD 1149) covering retail items. Issues made from the ship's store should be limited to the following circumstances or conditions:

1. For health and comfort items
2. To survivors of marine and aircraft disasters
3. To merchant ships in distress
4. For burial of the dead
5. To Marine Corps personnel
6. To the enlisted dining facility (general mess)
7. For ship's use (OPTAR)
8. For use in services activities

ASSIGN NUMBER FROM NAVSUP FORM 980

RETAIL PRICE CHANGE
 NAV. S. SUP. S. FORM 980 (REV. 7-62)

NOTE: USE A SEPARATE FORM FOR EACH TYPE OF CHANGE.

ENTER UIC, NAME AND HULL NO. OF SHIP: 17X8723.2301

EXPENDITURE ACCOUNT: 51000

ENTER DATE: 99207

ENTER SHIP'S UIC: 99207

ITEM NO.	DESCRIPTION	REASON (17 No Code, 18-19)	REC'D (17 No Code, 18-19)	INVENTORY				UNIT RETAIL PRICE			TOTAL RETAIL PRICE			UNIT COST			TOTAL COST DIFFERENCE		
				BALE	STORE NO. 1	STORE NO. 2	STORE NO. 3	TOTAL	NEW	OLD	DIFF. PERCENTAGE	STORE NO. 1	STORE NO. 2	STORE NO. 3	NEW	OLD		DIFF. PERCENTAGE	
1	COMPACT STEREO SYSTEM, PIONEER, Z-750 S/N: 231363-0042	SLO	6/--		1			1	320.00	395.00	25.00	75.00				320.00	336.00	16.00	16.00

POST TO NAVSUP FORM 464

POST AS AN EXPENDITURE TO NAVSUP FORM 235

POST TO NAVSUP FORM 978

PRICES CHANGED: BY *pkh 10/30* CHECKED BY *BHJ 10/30* CONTROLLED BY *BKB 10/30* SUPERVISOR BY *BKB 10/30*

TOTAL CHANGE RETAIL: 75.00

TOTAL CHANGE COST: 16.00

SIGNATURE OF ACCOUNTABLE OFFICER: *[Signature]* S.K. SETTEL, ENS, SC, USNR

MARKDOWN BELOW COST PRICE (COMBINED RESPONSIBILITY)

ASSIGN NUMBER FROM NAVSUP FORM 980

RETAIL PRICE CHANGE
 NAV. S. SUP. S. FORM 980 (REV. 7-62)

NOTE: USE A SEPARATE FORM FOR EACH TYPE OF CHANGE.

ENTER UIC, NAME AND HULL NO. OF SHIP: 17X8723.2301

EXPENDITURE ACCOUNT: 51000

ENTER DATE: 99207

ENTER SHIP'S UIC: 99207

ITEM NO.	DESCRIPTION	REASON (17 No Code, 18-19)	REC'D (17 No Code, 18-19)	INVENTORY				UNIT RETAIL PRICE			TOTAL RETAIL PRICE			UNIT COST			TOTAL COST DIFFERENCE		
				BALE	STORE NO. 1	STORE NO. 2	STORE NO. 3	TOTAL	NEW	OLD	DIFF. PERCENTAGE	STORE NO. 1	STORE NO. 2	STORE NO. 3	NEW	OLD		DIFF. PERCENTAGE	
1	CASSETTE DECK, KENWOOD, KX-94W(B) S/N: 231461-0209	SLO	6/--		1			1	130.00	193.00	63.00	63.00				130.00	164.00	34.00	34.00

IF MORE OF THE SAME ITEM IS CARRIED ON THE STOCK RECORD, THEN EXPEND THE AMOUNT SHOWN HERE FROM THE NAVSUP FORM 464 AND PREPARE A NEW NAVSUP FORM 464.

IF THIS IS THE ONLY ITEM ON THE STOCK RECORD, CHANGE UNIT SELLING PRICE ON THE NAVSUP FORM 464.

POST AS AN EXPENDITURE TO NAVSUP FORM 235

POST TO NAVSUP FORM 978

PRICES CHANGED: BY *NM 11/15* CHECKED BY *CA 11/15* CONTROLLED BY *CA 11/15* SUPERVISOR BY *CA 11/15*

TOTAL CHANGE RETAIL: 63.00

TOTAL CHANGE COST: 34.00

SIGNATURE OF ACCOUNTABLE OFFICER: *[Signature]* SC, USNR

MARKDOWN BELOW COST PRICE (SEPARATE RESPONSIBILITY)

Figure 5-6.—Auditing a price change.

Under all circumstances, the commanding officer (or his delegated representative) must approve all issues for health and comfort items on a Request and Receipt for Health and Comfort Supplies (DD 504). The commanding officer must approve all issues for standard Navy clothing on a Requisition Receipt, Men's (NAVSUP 28) or a Requisition Receipt, Women's (NAVSUP 28A). Before the forms are sent to the commanding officer for approval, the member's name, social security number, and pay status should be verified and a photostat copy of the member's ID card should be attached to the forms.

Detailed instructions on issue procedures can be found in the NAVSUP P-485, NAVSUP P-487, and in the rate training manual *Scorekeeper 3 & 2*.

Transfers

A transfer is the movement (including turn-in) of material from the custody and records of a ship to the custody and records of another ship or shore activity.

Equipment or material cannot be transferred from Navy ships without the approval of the commanding officer. Supply officers, however, may obtain blanket authority from the commanding officer to make transfers. Such authorization is normally provided through the ship or supply department organization manual. Under no conditions are stores to be transferred without the knowledge and authority of the supply officer.

In transferring material to afloat forces, you must use a DD 1348. The detailed procedures for carrying out such a transfer are found in the NAVSUP P-485 and in *Storekeeper 3 & 2*. The basic procedure you should follow is listed below.

1. Check stock records to be sure you have the material on hand.
2. Get approval for the transfer.
3. Prepare a DD 1348 or a DD 1348-1.
4. Send a copy of the invoice to the storeroom as authority for the transfer.
5. Transfer the material to a working party of the requesting activity, taking a receipt from the officer or petty officer in charge.
6. Return the transfer document to the supply office for processing by the recordskeeper.

In transferring material to ashore supply activities, you will use a DD 1348-1 or a DD 1149. For detailed procedures concerning material

turn-in, you should consult the current NAVSUP P-485. You will normally turn material in to an ashore activity for one of the following reasons.

- The material is no longer required.
- The quantity held is in excess of your allowance or in excess of your authorized high limits.
- The material is in need of repair, preservation, or is being turned in for salvage.

There are various other specialized types of transfers you may need to use, such as a transfer of stock to the Marine Corps or to merchant ships. Detailed instructions for these types of unusual circumstances are found in the NAVSUP P-487. You should consult this publication before you make any specialized transfer of stock.

Surveys

A survey is the expenditure procedure required by *U.S. Navy Regulations* for naval material of the following categories.

- Condemned as a result of damage, obsolescence, or deterioration
- Appraised as a result of loss of utility
- Acknowledged as nonexistent as a result of loss or theft, necessitating the removal of the accountable material from the records of the holding activity

The requirements for a survey action and detailed procedures for carrying out a survey are found in the NAVSUP P-485 and in *Ship's Serviceman 3 & 2*, module 2. You should consult these publications for the procedures you should follow for cost survey actions.

EXPENDITURES ON SHIPS WITHOUT SUPPLY CORPS OFFICERS

All the basic types of expenditures can be done aboard ships without Supply Corps officers. However, there are some variations with which you should be familiar. Detailed procedures are contained in your NAVSUP P-487.

If you are on a ship without a Supply Corps officer, you should forward the original and one copy of each expenditure document to the appropriate FAADC at the end of the month. You should post expenditures only to an Expenditure Invoice Log and to the Stock Tally (NAVSUP 209) cards. There is no Journal of Expenditures (NAVSUP 978) on a ship without a Supply Corps officer.

SURVEYS

You must carry out surveys of ship's store stock by a formal survey. You should make all survey expenditures of ship's store stock at the unit cost price on the Report of Survey (DD 200). You will not prepare surveys for money value only.

ISSUES

Since ships without Supply Corps officers generally have one person in charge of both the bulk storeroom and the retail store, a breakout document is not required. However, issues for use to the barbershop or laundry must be documented on an Intrastore Transfer Data (NAVSUP 973). Other types of issues, such as gratuitous issues and issues for health and comfort items, are discussed in detail in the NAVSUP P-487,

SALES TO NAVY EXCHANGES

On a ship without a Supply Corps officer assigned, you can expend ship's store stock by sales to Navy exchanges. Sales of stock from your ship can be made to Navy exchanges by mutual agreement except in the case of tax-free tobacco products. You cannot sell tax-free tobacco products to any Navy exchanges located in the United States.

For products other than tax-free tobacco, you can use sales to Navy exchanges to dispose of excess ship's store stock. On each invoice

concerning a sale to a Navy exchange, you must enter the following statement.

“Make checks payable to the Treasurer of the United States.”

Details concerning procedures you should follow for making sales to Navy exchanges from a ship without a Supply Corps officer assigned are found in the NAVSUP P-487.

Up until now, you have probably been involved with the routine maintenance of ship's store stock and sales records, invoices, dealer's bills, and other standard records. As a senior Ship's Serviceman, you will find that the scope of your work will increase in terms of control, accountability, and responsibility. From the time ship's store stock is ordered until after it is expended from the records, you may be governing the accuracy with which the stock is maintained and accounted for in the records. Your span of control will increase as you begin to supervise the work of other people as they perform the routine receipt and expenditure tasks that are so important for a successful ship's store operation. Your responsibilities will increase as you make certain your people are performing their duties correctly and an accurate accounting exists for all stock in and out of your ship's store. Your accountability will increase as you begin to audit the procurement, receipt, and expenditure documents and records for your ship's store stock. Just as you must verify the accuracy of your records, you will also use this information for your internal stock and financial reports.

In your responsibilities for the receipt and expenditure of ship's store stock, you must become a successful auditor and supervisor. Your success at these duties will depend largely upon your knowledge of the correct procedures and your ability to make certain they are being followed correctly. The information presented in this chapter and in the references cited was designed to help you accomplish these goals.

CHAPTER 6

SHIP'S STORE OPERATIONS

As a senior Ship's Serviceman, you will have ever-increasing responsibilities for the supervision of the retail store, vending machine, and fountain or snack bar operations. In each of the following sections, the principal factors with which you, as a supervisor, should be concerned are discussed.

SALESROOM SUPERVISION

As a supervisor of the retail store operation, you will be concerned with selecting an effective store operator and improving the relationship between the operator and the customers. You will have the responsibility for improving the appearance of your ship's store through effective visual merchandising (displays and signs). Finally, you will be an assistant to the ship's store officer in maintaining strict financial control of the store operation.

THE STORE OPERATOR

As a senior Ship's Serviceman in the sales division, you will be responsible for assisting the ship's store officer in selecting a ship's store operator. Also, you will have a continuing responsibility for training the store operator. You must train the store operator to operate the retail activity according to proper procedures. You must also convince the store operator of the importance of good customer service.

Selection

The most important problem you will face initially is the selection of suitable and capable retail store operators. Based upon fleet experience, the best policy you can follow is to make certain the operator of a retail activity is rotated at least every two accounting periods. In fact, some type commanders make this a requirement. After 8 months' experience in the store, a retail store

operator will usually have a good knowledge of the retail operation and the associated controls and records. Some individuals will be affected by this knowledge to the extent that they may try to beat the system. They may use various methods that they hope will result in the undiscovered theft of money and/or materials. Leaving one operator in the store indefinitely also invites collusion between the operator and the recordskeeper as these two people become used to working with one another.

Selection of the proper person as store operator greatly reduces the chance of financial loss in the store. To this end, there are some points that you should keep in mind when you are making your recommendation to the ship's store officer. The person you select should be honest, dependable, and free of excessive financial worries. While a retail store operator does not have to be a genius, this person should at least be able to perform simple addition and make change with accuracy.

Selection of the proper person can also have a great effect on sales and customer satisfaction. The operator's personality should be basically pleasant, or at least inoffensive and consistent. It is not necessary that the operator be a friend to everyone aboard ship or even be known to them. In many cases, it is better to have an operator who is somewhat unknown as this will eliminate a great deal of conversation time in the sales line and reduce special favor requests. In terms of personal habits, the store operator should be clean and neat. The person selected should also be willing and able to learn and apply some of the principles of salesmanship and visual merchandising.

To find such an individual aboard ship is sometimes difficult. You should try, however, to recommend a person who shows as many of these qualities as possible. Many qualities, such as honesty, are not readily apparent. This is where your ability as a leader and judge of your people will come into play.

Customer Service

Once a store operator has been selected, you will have a continuing responsibility for improving customer service—the relationship between the store operator and the customers. The success of a ship's store in meeting its purpose and objectives is dependent to a great degree on the face-to-face relationships between the store operator and the customers. Desirable merchandise and attractive displays are important; however, customer satisfaction can be assured only by a conscientious, responsive store operator. You, as a supervisor, must impress upon your operator just how important a retail store operator's job is to the general morale of shipboard personnel.

The first thing that a customer notices and uses in forming an impression of a retail store operator is the operator's personal appearance. (The appearance of the store itself will be discussed later). It is important for the store operator to project a correct and neat personal appearance. A ship's store operator who wears a Navy uniform proudly and takes pride in personal appearance is indicating to the customer that this operator has pride in the job. Thus, you should try to instill this pride in the store operator by personal example and constructive criticism.

The second thing that is important to customer service is the attitude of the store operator toward the job and the customers. In most cases, the store operator's billet is strongly desired by Ship's Servicemen in the division. So, a poor attitude toward the job will usually not be a problem. However, as a leading Ship's Serviceman, you should encourage the store operator to do more than just an adequate job. You should persuade the operator to continue to improve the store by working on visual merchandising and to pass along requests of the crew.

You will discover that most problems occur in the area of the store operator's attitude toward the customer. Too often, the operator may be smug and conceited with the job or the busy schedule. You should inform the operator that such an attitude only shows lack of concern for the customer. Displaying a negative attitude and using offensive language undermines the customer's confidence in the store operator's ability to be of assistance.

Also, you should encourage the store operator to be responsive to the customer's needs even though the needs may at times appear to be unimportant. For example, a customer may consider a question about the possibility of returning a

newly purchased watch for a refund to be important because the customer has saved up the money to pay for it and now the watch doesn't work. The operator should not ridicule such a request by saying, "Everybody knows all sales are final!" The customer obviously thought the problem was important enough to bring it to the attention of the operator. A courteous explanation of how the customer might be able to exchange the watch should be offered.

In summary, you should encourage the store operator to be as responsive and helpful to the customer as the operator would personally desire to be treated. A more detailed discussion of the importance of effective customer services is presented in the *Navy Customer Service Manual*, NAVEDTRA 10119-B.

VISUAL MERCHANDISING

The basic purpose of any ship's store is to give maximum service to patrons. Effective displays are essential to the rendering of maximum service. Effective displays ensure that all personnel aboard are afforded the utmost shopping convenience with a minimum of effort and time. Effective displays also allow the merchandise to be presented in an attractive and pleasant setting. Displays have the task of informing, educating, and impressing the patrons of the quality, price, and use of the items. Displays let patrons know what is available and help them to make good selections.

A secondary purpose of good displays is to sell merchandise and to produce the profits that will be turned over to the ship's recreation fund. If properly used, an attractive store front can sell merchandise 24 hours a day, 7 days a week. Personnel engaged in their duties and coming and going to meals, movies, and living compartments may pass the retail store several times each day. The displays in the store should be able to turn this traffic into shoppers, and shoppers into buyers. Imagine the loss in sales you would have if the store front amounted to nothing more than a rusty expanded metal screen covering a dirty, poorly lighted display of cigarettes and toothpaste.

Principles

To be effective, displays must meet certain requirements. You, as the senior Ship's Serviceman, should help and encourage the ship's store operator to attain these requirements. The

following principles apply to the entire store, not just the showcase or store front.

Attractive—The display should enhance the beauty of the merchandise and reveal its usefulness and qualities. The area in which the merchandise is displayed must be clean. You must not allow finger smudges to remain on fixtures or on the Plexiglas. Decorations always add to the attractiveness of a display. They change the atmosphere of the store, remind the patrons of the seasons, and may very well give a new appearance to merchandise that has been in stock for some time. The use of color is also an important asset. You can use color on the shelves, on the showcase backing, and throughout the store. The merchandise must always look new, clean, fresh, and inviting. The most meticulous display will not persuade patrons to purchase junk. On the other hand, top-quality merchandise will suffer a visual markdown if it is displayed carelessly.

Easily seen—The best area in the ship's store from the patron's point of view is eye level. This is called the golden area of retail display. Small items that would be otherwise overlooked should be displayed in this area. The golden area is also the best location for unknown or new items. The type of response a new item featured at this level receives may indicate future sales potential of the item. Larger items should be placed on the lower shelves. Labels on larger items are easier for customers to see because the size of an item compensates for its distance from the customers' eyes. Keep in mind that the major concern is the merchandise itself. The merchandise must never be hidden by signs, labels, or decorations.

You can use brightly lighted display cases to make the merchandise more easily seen. If you use fluorescent lights, make certain they are installed vertically so there is an even distribution of light to all parts of the case. Replace all burned-out lights immediately. Normally, it is best to cover the back of the showcase with opaque sliding doors or curtains. This will prevent the customer's eyes from wandering through the display into the interior of the store.

Quickly identified—The use of signs or tickets helps good customer shopping and speeds up the buying process. Before preparing signs of your own, consider what already has been prepared for you. Most items have labels or informative copy on the packaging. Place this information in such a manner as to make reading easier. You can also use newspaper or magazine advertisements. Visual merchandising support services are available to

you from almost all Navy exchanges. You can obtain these services in connection with ship's store merchandising. The services can be provided during in-port periods from a Navy exchange serving the local area. For this reason, travel orders will not be needed. Remember the costs of support services from the local Navy exchange are reimbursable. The costs will usually include payroll charges for the visual merchandising specialist and the cost of materials.

Display the item to illustrate its purpose and use. The customer deserves to know why the merchandise is a good buy. The seller should supply the store operator with information about the item. The store operator should then pass on this information to the patrons. The types and characteristics of an effective sign will be discussed later in this chapter.

Neatly arranged—Merchandise must always be neatly arranged. When you are using shelves directly behind the selling area of the store, you should arrange merchandise to fill as much cubic space as possible. You can stack certain items two or three deep wherever practical. Display high-priced and pilferable merchandise where the operator can keep an eye on it.

Accessible—Make displayed material readily accessible to the store operator and the customer. By doing so, you will avoid long lines of impatient shoppers. You can give better service and the patron is less likely to waste time. Merchandise should be arranged to minimize the operator's trips or steps away from the sales window. Besides speeding up customer sales, this strategy also reduces pilferage. Display the fastest moving items (as determined by available purchasing and selling history) where they can be conveniently reached and handed to the customer. Try to place this merchandise in an area that is easy to restock. Cigarettes, for example, should be placed on a lower shelf because they are bulky items and must be restocked frequently. Avoid any tendency to place warehouse merchandise in the display case.

Correlated—Items should be shown together if they are related in use or purpose. One item frequently suggests another. Usually some characteristic in common causes items to be correlated. The importance of this principle cannot be overemphasized. If necessary, move a whole shelf to achieve proper correlation. For example, shoelaces and shoe polish, toothbrushes and toothpaste, and cigarettes and tobacco should be arranged together. Separate areas should be set aside for categories of merchandise that are

distinctly different, such as jewelry, toiletries, and confections. In addition to one item selling another, correlated display practices help remind the customer to buy items needed that might be otherwise forgotten. Failure to achieve proper correlation in displays makes shopping an annoying project. For example, safety razors should be displayed on one shelf rather than in several different locations. However, this general rule should not discourage you from using vertical displays. When there is a significant range to be displayed, it is wiser to occupy 4 feet of space on three shelves rather than to use one 12-foot section of shelf space. A vertical arrangement allows the customer to view the entire range of merchandise in one glance instead of having to scan a wide horizontal display. Displays should be primarily influenced by the customer's ease in shopping. Maximize on the impression the customer gets. Make the customer aware of your entire range of merchandise and your obvious effort to keep the customer in mind.

Equipment and Facilities

With the above principles in mind, you, as the ship's store supervisor, should always be looking at possible ways to improve or modernize your ship's store facility. You should consider the location, layout, and condition of the on-hand equipment. The most desirable location for a ship's store would be adjacent to the general mess, recreational area, or other high-traffic spot. The area in front of the store should be adequate to permit a free flow of traffic without disturbing shoppers. The layout of equipment both inside and outside the store should be planned for the convenience of both the patron and the operator. The equipment, whether old or new, should be kept in good working order. Recommend necessary replacement or repairs without delay.

Modernization

If you find that your ship's store does not meet the standards discussed above because of equipment that is outdated, unattractive, or nonfunctional, you may decide to recommend to the sales officer that your ship modernize its facility. If you feel that your ship's store needs modernization, first sit down and take a good hard look at the areas that need improvements. Then, you can begin to take the necessary steps to acquire these improvements.

Your first step is to complete a letter request to the Navy Resale and Services Support Office (NAVRESSO) for permission to modernize. (The letter should state the purpose of the request.) You should include a rough sketch of the area to be modernized. Show the exact dimensions in your sketches. Note the height between decks, any permanent piping, ventilation, and the location and size of any other fixtures that cannot be altered. Take photographs of the area, if you can. Then, submit your letter request, descriptions, sketches, and photographs to the Director, Ship's Store Division, NAVRESSO, for review and advice.

Before taking any action on your request, the Naval Resale and Services Support Office (NAVRESSO), through the Naval Supply Systems Command (NAVSUP), will work with the appropriate ship logistics manager in the Naval Sea Systems Command (NAVSEA) to make certain that all space reservations, utility requirements, weight requirements, and other considerations are taken into account. All these important considerations are required by NAVSEA/NAVSUP Instruction 9665.1. NAVRESSO will then prepare a recommended layout of the area to be improved. NAVRESSO will also provide cost estimates and procurement information. Remember, no improvements can be made to your ship's store without the written approval of NAVRESSO. Also any authorization you receive from NAVRESSO for improvements should not be interpreted as a permit for you to expand or enlarge the ship's store at the expense of adjacent spaces.

A further consideration for your store's plans is interior shelving. Store shelving is widely used in Navy exchanges and is recommended by NAVRESSO for ship's stores. The steel shelves are easily assembled and are available with or without backings. The shelves have steel ticket strips for price displays. Shelving units may be ordered through NAVRESSO.

For the modernized store front, it is recommended that you have translucent corrugated fiber glass panels installed in the space between the top of the store front and the overhead. A framed bulletin board with a Plexiglas front that can be locked should be installed in a conspicuous spot near the store. Price lists, special offers, flyers announcing merchandise, and notices should be placed on the bulletin board so they will not clutter the store front. A sign or decal designating the hours of operation should also be posted where it can be seen but where it will not obstruct the

view of any merchandise. Finally, an attractive SHIP'S STORE sign should be posted where it can catch the eye of any passing member, for this sign very definitely establishes the location of the ship's store.

What is to be gained by modernizing your ship's store? The benefits that will accrue after modernization are many. They usually include improved and more complete displays, increased range and depth of stock, increased sales (and therefore increased profits for the recreation fund), and increased and improved service to the crew. Finally, and perhaps most importantly, these benefits promote higher morale in the crew.

Accessories

There are many and varied accessories available to ship's stores that add to the attractiveness and effectiveness of a display and of the store itself. You should consider the size of the store front and the shelving before deciding on the fixtures to buy. Some items that would be appropriate for shipboard use include sock forms, glove hands, and hat forms. Additionally, neck forms and counter pads are available for displays of ladies' jewelry and gift items. Fixtures that are considered basic for most ship's stores are shown in the *Ship's Store Afloat Display Guide Supplement*. Various types of price tickets and holders may be obtained. You can also purchase Dymo tapewriters and a Mini Press sign machine for making signs.

Decorations that arouse customer interest and add to the appearance of merchandise on display are available to ship's stores. The All Season Display kits include display material suitable for alerting customers to all major seasons and special events. Plastic cherubs, garlands, and foil heart strings are provided for St. Valentine's Day; forsythia sprays and honeycomb bunnies for Easter; carnations and ferns for Mother's Day; oak leaves and sprays for fall; holly, poinsettias, and bells for Christmas; and ivy and plastic ferns for general use. The decorations are listed in the *NRS Visual Merchandising Supplement for Ship's Stores Afloat*.

A homosote or cellotex panel may also be used in many displays. It is an inexpensive insulation board that may be easily covered with colorful display fabric and pinned or taped. When covered, the shelf offers an attractive display area that will enhance the high quality of the merchandise.

Charging of Display Aids and Major and Minor Equipment

Minor equipment and supplies for display purposes are procured as a charge to Ship's Store Profits, Navy. Major modernization equipment, such as store fronts and extensive shelving, should be financed by the local ship's OPTAR since this type of equipment involves alteration of the ship's structure. However, if the type commander will not approve funding for these items, you may charge your own profits for the material. In this event, you must request authority from NAVRESSO to charge the cost of modernization to Ship's Store Profits, Navy. Upon written approval from NAVRESSO, the cost of materials for improvements can be charged to Ship's Store Profits, Navy, functional account 75400. Upon request, NAVRESSO may also provide a loan to your ship's store to cover the costs of improvements for a maximum of 3 years.

If properly handled, modernized facilities can more than pay for themselves with a resulting increase in sales. There is rarely a valid reason for not improving ship's store facilities because of cost considerations.

Signs

You can enhance your ship's store displays by the effective use of signs. Signs are the silent voice of the store operator. They tell the customer where the store is, what is or will be on sale, what the item is, and its price. Any other information, descriptive or explanatory, that would help the customer to shop more easily and quickly should also be included.

In many cases the first and most important contact is made with the customer through a display. If that display does not convey all the facts to the customer, it has failed in its purpose. The customer can usually see the shape and color of the item but there are many features that are not so obvious, such as the content of the fabric or product or the size or number of pieces included in the package. The sign should convey this type of information. Careful attention given to sign preparation will very often speed up sales and reduce the amount of time required to serve each customer.

Store operators concerned with the buying and selling operations should acquaint themselves with the merchandise and its qualities and features. Then they should condense this information on the most practical size and type of sign. Signs

should say something strongly enough to get someone to do something.

There are four basic components in the development of signs that include the important elements mentioned above. Refer to figure 6-1.

1. The lead line attracts the patron's attention.
 - a. It can be one word or a phrase. (NEW!) (GREAT GIFT IDEA!)
 - b. It should be in bold type if it denotes SPECIAL EVENT, CLEARANCE, or SALE.
 - c. It should be printed in red for greater emphasis when it denotes REDUCED, CLEARANCE, or SPECIAL merchandise.
 - d. It should contain a lighter type face for general or regular information.
2. The head line names or identifies the item.
 - a. It should be in bold face or large type.
 - b. It should be the largest type on the sign.
 - c. It should use as few words as possible.
3. The descriptive information (or copy) inspires a patron's desire to buy the merchandise.
 - a. It should be set in a different type from that used in the lead line.
 - b. It should be set in type that is the same weight as the type in the lead line.
 - c. It should be no longer than two lines of type.
 - d. It can use bullets (●) to eliminate wordiness.
 - e. It should not compete with the head line for prominence.

4. The price information should complete the sale.
 - a. It should be clearly stated in bold type—as bold or bolder than the head line with no dollar sign (\$) when cents are included in price (print 1.75 not \$1.75).
 - b. Print \$25—not \$25.00 when no cents are used.
 - c. Be specific (print 1.95 to 5.95 not 1.95 and up).
 - d. Use the symbol for cents (¢), not the decimal, when the price is less than one dollar (print 80¢ not \$.80; print 70¢ to 1.25). (Always print the lowest price first.)
 - e. Include the unit of measurement (gal., qt., dz., ea.) with the price to avoid confusion.
 - f. Avoid broad spreads in the price ranges (print 1.95 to 5.95 not 80¢ to 8.95).
 - g. Use the phrase *priced as marked* when a range is very broad.

In summary, if you and the other ship's store personnel are conscientious about trying to improve the visual impression of your ship's store, there are a variety of possible sources of information and materials that you can use.

SHIP'S STORE OPERATION

The proper and effective operation of the retail outlet(s) of your ship's store operation is an extremely important job. As a senior Ship's Serviceman, you must not only maintain proper control of the operation but you must also

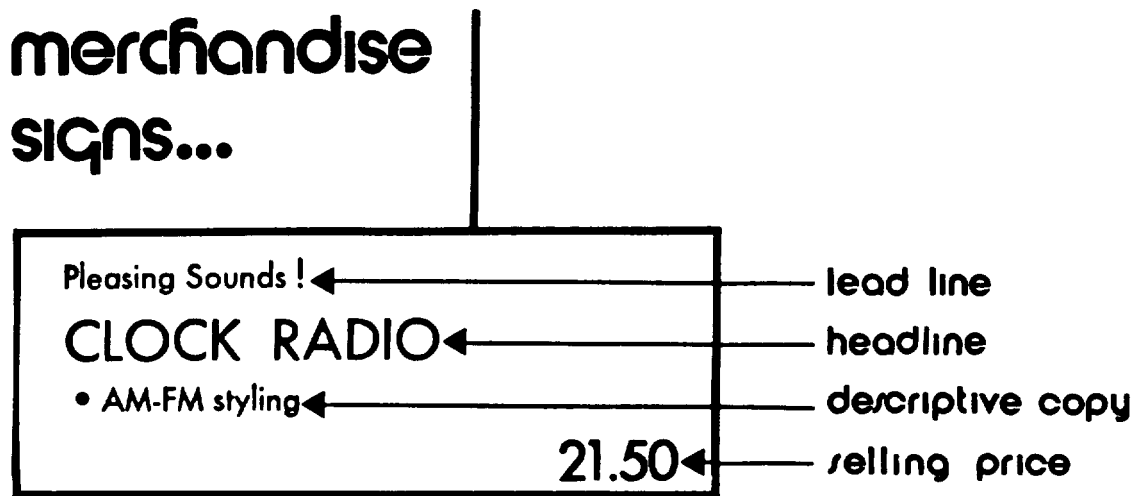


Figure 6-1.—An effective selling sign.

achieve the purposes of the ship's store. You will have the responsibility for making certain that ship's store personnel follow the necessary regulations and procedures. You must maintain your ship's store operation on a legal basis as well as on a sound financial one.

Authorized Patrons

According to guidelines set forth in the NAVSUP P-487, ship's store and clothing stock may be sold for cash to the following persons:

- Officers and enlisted personnel on board for duty as ship's company

- Officers and enlisted personnel on board for active duty for training or passage en route to duty that includes Air Force, Army, Coast Guard, Navy, and Marine Corps

- Passengers, including foreign service personnel of the United States en route to duty, National Oceanographic and Atmospheric Administration personnel, and Public Health Service personnel

- Accredited United States technicians (military or civilian) who are actually embarked or assigned on board in an official capacity

Sales to members of the armed services and other persons listed in the last two paragraphs above, who are not actually on board, are authorized in remote areas provided there is no armed services exchange in the area. All authorized patrons may buy items for themselves, for their dependents, or for gifts, but they cannot buy for resale or exchange in barter with other persons. Only personnel authorized to wear the Navy uniform may buy distinctive items of the uniform.

You should make certain the above regulations are contained on the price list posted at the store. Also, the regulations (the authorized patron sign) should be posted in a conspicuous place near the cash register. With the regulations posted, it is easier for the store operator to explain the situation. You must see that regulations concerning authorized customers are strictly followed. The ship's store and Navy exchange privileges are valuable and must be protected. The regulations concerning various miscellaneous types of authorized sales, such as to survivors of marine disasters, official government organizations, foreign governments, and merchant ships, are

contained in the NAVSUP P-487 and are discussed in the *Ship's Serviceman 3 & 2*, module 2. You should consult these publications for details.

Hours of Operation

To accomplish the purposes of the ship's store, you should try to have the store open the maximum amount of time possible. Generally, you should try to provide at least 42 sales hours per week when the ship is underway and 20 sales hours per week while the ship is in port. Within these recommendations you should still have enough time to get breakouts done.

To provide good service, the store must be open the maximum amount of time possible to make sure all personnel have an opportunity to make their purchases. Of course, it is the commanding officer who has the final approval of the ship's store hours. As a leading Ship's Serviceman, however, you should examine the hours of operation of the retail outlet. After careful observation, decide if the hours are satisfactory and desirable. If they are not, recommend a change to the ship's store officer. The approved hours should be written and signed by the commanding officer and posted prominently. Use the hours of operation decals so the operating hours are visible from the outside of the store.

Pricing and Marking of Merchandise

Besides helping the ship's store officer concerning the hours of operation, you may also be called upon to help decide on a pricing policy. Here again the wishes of the commanding officer must be known, as the commanding officer may have some strong personal opinions.

The NAVSUP P-487 does not prescribe any maximum or minimum markup on individual items of stock. Profits must be sufficient to cover markdowns below cost, surveys, costs incurred in operating the service activities, and other operating expenses. However, there is a ceiling placed on net profits—they cannot exceed 15 percent of the cost of retail sales. Any profit generated above this limit is considered to be excess. You must turn excess profit over to the General Fund. The use of the 15 percent markup is recommended by NAVRESSO.

You should consider the profit objectives of the ship's store. How much money does the commanding officer expect for welfare and recreation

each accounting period? If planned programs are limited, profits can be minimal. If an extensive program is planned, profits must be near the maximum. Once the markup percentage has been determined, it must be applied to the items. There are various methods of applying the markup. A single markup may be applied across the board. A higher markup maybe applied to luxury items. There is some merit in each of these methods. Another consideration should be the ease in making change. Whenever possible, prices should be rounded to the nearest nickel.

Each item of ship's store merchandise in the retail outlet should be individually marked with the selling price. (The exceptions to this rule are listed in the NAVSUP P-487.) In marking each item with the selling price, you will promote greater efficiency in selling, merchandising, and inventorying. This method will also help you to prevent price manipulations. You can order adhesive-backed, machine-marked tickets that you can place on each item without damaging or defacing the merchandise. These tickets are designed so they will not detract from salability of the item. Attach the price tickets uniformly for similar types of items so the items can be readily visible with as little handling as possible. Do not use crayon or grease pencils to price-mark individual items. You can find procurement information on hand-held labelers and price tickets by consulting the *NRS Visual Merchandising Supplement for Ship's Stores Afloat*. You can procure hand-held labelers and price tickets by submitting an Order for Supplies or Services/ Request for Quotations (DD 1155) to the Navy Resale and Services Support Office, Staten Island, New York.

As part of the ship's store's policy on pricing, a price list should be available as a ready reference for the ship's store operator to use to verify prices. A copy of the ship's store Inventory Count Sheet (NAVSUP 238) should be used for this purpose. Any changes to the price list will be made in ink or indelible pencil. Fountain or snack bar items should be priced in the same manner as other resale items discussed earlier in this chapter except that a sign should be conspicuously posted at the activity to display prices of finished fountain products. Upon receipt of merchandise in the retail store, the retail store operator should price the merchandise according to the retail price listed on the transfer document. Merchandise can be re-marked only by authority of a Retail Price Change (NAVSUP 983). In the event of revaluation of standard Navy clothing,

merchandise can be re-marked on authority of a Report of Survey (DD 200).

Cash Handling

As a leading Ship's Serviceman, you may have the responsibility of ensuring that ship's store personnel adhere to the regulations governing cash handling. As you maybe assisting the ship's store officer in maintaining financial accountability, it will be important that you be thoroughly familiar with cash-changing procedures.

The first thing you should remember is that all sales in the ship's store must be made on a cash basis. The only exception to this rule is when sales of fountain products are made to private messes on a credit basis. Even then, sales such as these can be made only on a one-time basis and payment must be received before the end of the accounting period.

Only the following items can be accepted as cash for sales made in the ship's store:

1. U.S. currency—All U.S. currency can be accepted as cash for ship's store items.
2. Traveler's checks—To be accepted as cash for sales in ship's stores, traveler's checks drawn in favor of the purchaser must not exceed the current designated amount over the amount of the purchase.
3. Personal checks—To be accepted as cash for sales in ship's stores, personal checks drawn by the purchaser must be on a U.S. bank account and stated in terms of U.S. currency. Also, personal checks must be inscribed with the printed name of the purchaser and magnetic ink routing numbers.

For personal and traveler's checks to be used as cash for sales of ship's store merchandise, additional information must be placed on the checks. Generally, personal and traveler's checks must bear the signature, social security account number, and duty station of the purchaser. The ship's store operator must witness the purchaser's endorsement of the check and must positively identify the purchaser and the purchaser's signature by checking the purchaser's ID card. You should remember that the additional information is required and necessary for the ship's store to be able to collect on uncollectible checks. You should consult the P-487 for details on the information that is currently required before a check can be accepted as cash for ship's store retail items.

As required by the NAVSUP P-487, all cash from sales made in the retail store must be cleared through cash registers at the time of the sales. In addition, all sales must be recorded daily in the Cash Register Record (NAVSUP 469) and the Cash Receipt Book (NAVSUP 470) according to guidelines set forth in the NAVSUP P-487. The types of cash registers that are considered to be satisfactory and acceptable for use in ship's stores are discussed in detail in the NAVSUP P-487.

You will need a change fund—usually a maximum of \$50—to open the store. Until you receive sufficient cash from sales to start the change fund, the disbursing officer will advance an amount of change to the operator in exchange for a NAVCOMPT 211. You can increase the change fund for special occasions, such as paydays. All change funds must be authorized in writing and approved by the commanding officer. The advance for the change fund is not a sale and must not be rung into the register.

On ships operating multiple retail sales outlets, the disbursing officer may entrust change funds to the custody of the ship's store officer, a designated assistant, or a collection agent. The disbursing officer must have the written approval of the commanding officer before assigning the custody of the change fund. In fact, you may be charged with the responsibility of advancing funds to the retail store operators.

The ship's store officer is responsible for collecting the cash from the retail store and depositing it with the disbursing officer. (This responsibility rests with the ship's store officer although you might be designated as the collection agent.) Cash must be collected from the store daily. Cash not to exceed \$50 may be left in the register overnight except when more than one shift is operated. (Type commanders may authorize up to \$100 if they feel it necessary.)

All cash must be collected at the end of the accounting period. Cash must also be collected if the store will be closed longer than 72 hours, if the ship's store officer is relieved, or if the retail store operator is relieved. This rule minimizes any losses that could occur if someone were to break into the store. Mandatory cash collections will save you the burden of advancing change funds daily and exchanging receipts.

Normally, the ship's store officer (or you, as the collection agent) will go to the store at the close of business each day to make the collection, taking the Cash Register Record (NAVSUP 469) along. The ship's store officer or the designated collection agent who has the only key to the

register will record the ending register reading in the appropriate column of the NAVSUP 469. By subtracting the day's beginning reading from the ending reading, the ship's store officer or agent can determine the value of cash received during the day. This total is added to the amount of money that was left in the register for change at the close of business on the previous day. The result is the actual amount of cash that should be in the register. Any shortages or overages in excess of \$5 that are not substantiated by overring or refund vouchers must be examined and initialed. Such differences would most likely result from errors that occurred when change was made to customers. It is possible, however, for over- or underings to be made. If the operator discovers the fact at the time, the operator should mark the register tape accordingly and make up an Overring/Refund Voucher (NAVSUP 972). Primarily to make the postings easier and to prevent errors, you should see that collections are made to the nearest dollar value. For example, if the actual cash in the register was \$173.38, the ship's store officer or the designated collection agent would leave \$49.38 for change and collect \$124. The ship's store officer or agent would then sign the store operator's Cash Receipt Book (NAVSUP 470) as a receipt for the \$124.

You should also remember there are several optional procedures for the collecting of cash, such as the use of moneybags and night depository safes. If the conditions warrant (as they do on many larger ships), these procedures should be followed according to instructions in the NAVSUP P-487.

As in any other retail operation, there are circumstances when a customer is justified in asking for a refund of cash that was previously paid out for merchandise. The NAVSUP P-487 authorizes the ship's store officer to grant a refund in two cases:

1. When merchandise is guaranteed by the manufacturer and returned within the warranty period
2. When merchandise can be reasonably assumed to have been defective at the time of sale and is returned within 30 days of such a sale

When a refund is desired and proper, an Overring/Refund Voucher (NAVSUP 972) must be completed and approved by the ship's store officer. When cash is collected at the close of business, the cash should be short by the amount of the refund. A special entry should then be

made in the Cash Register Record (NAVSUP 469) and Cash Receipt Book (NAVSUP 470), and the NAVSUP 972 should be attached to the applicable page of the NAVSUP 469.

Defective merchandise that is returned for a refund and that is covered by a guarantee should be returned to the vendor for an adjustment or replacement according to the terms of the guarantee. Repairs to other merchandise can be procured from commercial sources if attempts to secure replacement or repairs from the vendor are unsuccessful. In some cases, defects may be such that the merchandise may be sold on board at reduced prices or surveyed as a charge to ship's store profits.

Whenever possible, cash received from sales must be deposited daily with the disbursing officer. There may be occasions when it will be impractical for you to deposit the cash daily. For example, the disbursing officer or agent cashier may both be unavailable to receive the deposits. On these occasions all cash on hand, except the cash left in the cash register overnight, should be retained in a safe under the personal custody of the ship's store officer or designated collection agent.

On small ships when the ship's store officer and the disbursing officer are the same person, no receipt is required for the daily deposit of cash received from sales in the ship's store. However, if a collection agent is appointed or if the ship's store officer is not the disbursing officer, then the disbursing officer must give the ship's store officer (or the collection agent) a receipt for ship's store cash deposits. The receipt is made on a separate Cash Receipt Book (NAVSUP 470).

At the end of the month, all NAVSUP 469s and NAVSUP 470s must be totaled. A Memorandum Cash Sales Invoice (DD 1149) should then be prepared to include the totals. These procedures are discussed in greater detail in the NAVSUP P-487 and in *Ship's Serviceman 3 & 2*, module 2.

If you are collection agent, your NAVSUP 469 and NAVSUP 470 (covering deposits with the disbursing officer) should be submitted daily, if possible, or at least twice weekly to the ship's store officer. The ship's store officer will review cash sales information entries, check amounts deposited with the disbursing officer, and initial the entries to show they have been checked. At the end of the accounting period, the ship's store officer will verify entries of sales in the Financial Control Record (NAVSUP 235).

Cash-handling procedures are not complicated, yet supply management inspections (SMIs) reveal repeated errors in this area. You, as the leading Ship's Serviceman, should take particular care in this area to observe your personnel and to conduct adequate training. You must ensure strict adherence to the prescribed procedures.

Tax-Free Tobacco Products

As mentioned in chapter 4, you must carefully control the procurement of tax-free tobacco products. Also, you must see that other procedures are being properly followed in the handling of such products. You cannot sell or transfer tax-free tobacco products, regardless of the manufacturer (domestic or foreign). These products must not be sold or transferred while your ship is within the 3-mile limit of the United States. Such a sale to individuals on Navy ships without entry and payment of duty is illegal. Also, individuals aboard your ship may not carry tax-free tobacco products ashore within the United States. An exception to this rule is when your ship loads tax-free cigarettes in the United States and then goes beyond the 3-mile limit (on maneuvers or otherwise) but does not touch any port outside the customs territory of the United States before returning to port in the United States. Under these conditions, U.S. naval authorities may permit a member to take ashore two opened packs of cigarettes for personal use while that member is on liberty. The member can use these cigarettes without duty or tax liability and without customs entry.

Miscellaneous Sales

Besides the usual types of individual sales of merchandise, your ship's store may occasionally conduct the following types of sales.

GROUP SALES.— Group sales of ship's store stock are generally used in activities that carry or serve individual units of personnel, such as Army troops, Marine Corps troops, and large detachments of Navy and Coast Guard personnel. Group sales are used most frequently aboard transport ships. Because of limited space for the retail store and the inconvenient hours of operation, the ship's store on a transport ship may not be able to serve all the crew members and troop personnel. In these cases, a representative from a crew or troop unit can gather individual orders.

The representative then presents the order to the retail store operator. The store operator assembles the required stock and the representative makes the purchase. This method is convenient aboard a transport as the representative can purchase ship's store stock at times other than the regular hours of operation.

BULK SALES.— Bulk sales can be made to any activity that is authorized to buy ship's store stock at cost price. Normally, bulk sales are made to Navy exchanges, Military Sealift Command exchanges, and other ships that do not operate ship's stores. Bulk sales can be made to other ships whenever these ships are not provided with a composite recreation fund. For example, submarines are normally provided with recreation funds by a submarine tender (AS). The crew on a submarine must buy stock at retail

from the ship's store aboard their own tender.

Generally, a representative of the activity desiring to buy stock at cost will notify the ship's store officer a day or two in advance. The advance notice allows the ship's store officer to check available stocks and ready them for sale. The representative then presents a DD 1149, as shown in figure 6-2, listing the items desired and quantities requested to the ship's store officer. The recordkeeper adds the unit cost prices and cost extensions. The statements *Approved* (signed by the ship's store officer), *Payment Received* (signed by the store operator), and *Material Received* (signed by the receiver) are added to the DD 1149. Refer to figure 6-2.

Bulk sales are normally made through the resale outlet since cash is being received. Therefore, any items that carry a markup must

SHIPPING CONTAINER TALLY												
REQUISITION AND INVOICE/SHIPPING DOCUMENT												
1. FROM: ENTER UIC, NAME AND HULL NO. OF REQUESTING ACTIVITY					2. DATE MATERIAL REQUIRED			3. REQUISITION DATE 1 1 ENTER DATE		4. REQUISITION NUMBER		
2. TO: ENTER UIC, NAME AND HULL NO. OF TRANSFERRING SHIP					6. AUTHORITY OR PURPOSE NAVSUP PUB 487, PAR. 2205			10. SIGNATURE R. L. VAN DEVEN, CDR, USN		11. VOUCHER NUMBER AND DATE ENTER EXPENDITURE NO.		
3. SHIP TO - MARK FOR					12. DATE SHIPPED			13. SIGNATURE SIGNATURE OF REQUESTING ACTIVITY'S COMMANDING OFFICER		14. BILL OF LADING NUMBER		
4. APPROPRIATION AND SUBHEAD 17X4911.2310					OBJ. CL. 000	BUR. CONTY. NO. 21001	FUNDAL. LOT 0	AUTHORIZATION ACTY & ACTIVITY 000250	TRANS. TYPE 3C	PROPERTY ACTY & ACTIVITY SHIP'S UIC	AMOUNT \$40.00	
5. FEDERAL STOCK NUMBER, DESCRIPTION, AND CODING OF MATERIAL AND/OR SERVICES					UNIT OF ISSUE	QUANTITY REQUESTED	SUPPLY ACTION	TYPE CON. TAINER	COM. TAINER NO.	UNIT PRICE	TOTAL COST	
IT IS REQUESTED THAT A BULK SALE OF THE FOLLOWING ITEMS BY MADE TO J. W. HOFFER, SH3, USN										COST PRICE		
1 M&M'S CANDY, PLAIN					EA	72	72			\$.24	\$17.28	
2 POCKET COMBS					EA	48	48			.04	1.92	
3 PALL MALL K.S.					CT	5	5			4.16	20.80	
USS _____ DOES NOT OPERATE A SHIP'S STORE AND DOES NOT RECEIVE A SHARE OF THE PROFITS OF ANOTHER SHIP'S STORE.												
APPROVED: J. O. Leary, ENS, SC, USNR SHIP'S STORE OFFICER					MATERIAL RECEIVED: J. W. HOFFER J. W. HOFFER SH3, USN					PAYMENT RECEIVED: W. L. Moore, SH2, USN RETAIL STORE OPERATOR		
16. TRANSPORTATION VEH. DATA OR MSTR. C.					17. SPECIAL HANDLING					18. CONTAINERS RECEIVED BY DATE		
19. CHECKED BY					20. TOTAL WEIGHT					21. SHEET TOTAL		
22. PACKED BY					23. TOTAL CUBIC					24. GRAND TOTAL		
					TOTAL					\$40.00		
										ENTER ON LINE B12 OF NAVCOMPT FORM 153		
										\$40.00		
										FO. RECEIVERS VOUCHER NO.		

DD FORM 1149 (9 PT) 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50
 REPLACES EDITION OF 1 MAY 58 WHICH MAY BE USED STOCK NO 0101 804 9010

43.3.11

Figure 6-2.—Documentation for a bulk sale.

be marked down to cost price. The price that results will cover the loss in financial responsibility of the operator, since the operator will receive cash for only the cost value of the merchandise. The store operator can then receive the cash for the stock sold and can be fully compensated for the loss in material from the operator's custody. The money received is rung into the cash register just as it is for any other sale. However, each bulk sale requires a separate entry to be made in both the NAVSUP 469 and the NAVSUP 470.

At this time, the value of the DD 1149 is not posted to any of the records. One copy is filed in the Cash Sales File, one copy goes to the store operator, and the remaining copy becomes part of the Accountability File. The original and remaining copies are returned to the receiving ship. At the end of the accounting period, the value of all bulk sales documents in the Cash Sales File is obtained and posted to the Journal of Expenditures (NAVSUP 978). Keeping bulk sales separate from the regular cost of sales is a necessary task. By keeping your bulk sales separate, you avoid payment of the NAVRESSO assessment on sales that by regulation can generate no profit.

An optional procedure exists for separate operations that normally have a large volume of bulk sales. Such bulk sales may be made directly from the bulk storeroom. This procedure requires a portion of the storeroom to be maintained as a bulk salesroom. You must maintain financial control at cost (on a NAVSUP 235) over the bulk storeroom custodian for stocks in this area of the storeroom. Breakouts for bulk sales should be made in the same manner as a breakout of stocks to any other resale facility would be made. Since the bulkroom custodian is held responsible at cost, the need for a markdown before bulk sales is eliminated.

Security for Ship's Store Spaces

As a leading Ship's Serviceman, you should constantly remind your ship's store personnel of the need for maintaining tight security. Security precautions to be followed during receipts and breakouts have already been discussed. However, you should also impress upon the retail store operator the importance of locking the store completely whenever the store is left for any reason. Locking the store completely simply means using the complete security system that is installed in your store.

All ship's store spaces require dual locking procedures. A dual locking system includes a keyless padlock and a dead bolt-type lock. If a dead bolt-type lock is not practical, a high security lock must be installed. Both locks must be used at all times whenever the store is unattended by the ship's store operator. The regulations governing the security of ship's store spaces and the use of locks are briefly discussed below.

There are two security groups assigned to all sales operations. These security groups are Group III and Group IV. Group III spaces consist of the ship's store retail and clothing outlets, the fountain or the snack bar areas, the vending machines, and the bulk storeroom. All Group III spaces must be secured according to guidelines set forth in the NAVSUP P-487.

Keyless padlocks must be used to secure all Group 111 spaces. Each keyless padlock is provided with a setting-in key and instructions for setting the combination. The combination for each keyless padlock should be placed in a separate envelope with the name of the space annotated on the outside. The custodian of the space must set the combination, record it on a sheet of paper, and place the paper and the setting key in an opaque envelope. The custodian must then seal the envelope and sign the flap in the presence of the ship's store officer. The responsible custodian must not record the combination anywhere other than on the paper turned over to the ship's store officer. In addition, the custodian must never disclose the combination to any other person. Upon receipt of the sealed envelope, the ship's store officer will sign his name and the date over the flap in the presence of the custodian. The ship's store officer will then affix transparent tape over the flap and retain the sealed envelope in his safe.

Whenever the keyless padlocks are not available under stock number 5340-00-285-6523, you should use the key-type padlocks under stock number 5340-00-682-1508, along with a numbered lead or car seal. Make sure the seal number is recorded in the car seal number log. The key-type padlock should be used only until the keyless-type locks become available. Duplicate keys for locks to Group 111 spaces should be handled according to methods prescribed in the NAVSUP P-487.

In addition to a keyless padlock, a dead bolt door lock should be installed on all doors leading

into Group III retail and bulk storeroom spaces. Where this is impractical, a high security key-type padlock with a shrouded shackle should be installed. Stock numbers for procurement of these items are available in the *Afloat Shopping Guide*, NAVSUP P-4400.

Remember, your ship's damage control procedures must be considered whenever additional locks are installed on doors leading to Group III spaces. Hinges must be installed on the doors so that the hinges will not be exposed. Hinge pins that are exposed should be tack-welded so any attempt at removal will be thwarted. For regulations covering emergency entry into Group III spaces, consult your NAVSUP P-487.

Group IV spaces consist of all service activities including the barbershop, the tailor shop, and the laundry and dry-cleaning service areas. These spaces are classified as Group IV spaces provided no cash sales or other cash transactions are made through these service facilities or no material intended for ultimate cash sale is stored in these spaces. (Otherwise, the spaces must be placed under Group III security.)

Each of the Group IV spaces must be provided with its own lock. The original key to the lock of each Group IV space must be different from the keys to any of the other Group IV spaces. The person who is in charge of the space during working hours should retain possession of the key to that space. After working hours, the key should be turned over to the duty petty officer who will place the key in the general key locker in the supply office. Any duplicate keys will be kept in the supply office key locker, in a special duplicate key locker, or in the supply officer's safe. A master key, an original, which will pass all locks in Group IV spaces, may be retained in the custody of the supply officer or his designated assistant. The duplicate master key should be retained in the custody of the supply officer. The use of car seals is discussed in your NAVSUP P-487. Consult this publication for further details.

Sanitation

Sanitary regulations approved by the senior member of the medical department must be posted prominently in all service activities operated under the ship's store. These regulations

must be enforced rigidly. As senior petty officer, you must carry out your responsibility for ensuring that your people are complying with the sanitary regulations posted in their spaces. Sanitation is even more important in the ship's store, since the obvious observance of proper sanitation creates a favorable impression with the customers. For detailed information on mandatory regulations governing sanitation, refer to Naval Medical Command publication 5010 (NAVMED P-5010).

SALESROOM SUPERVISION ON SHIPS WITHOUT SUPPLY CORPS OFFICERS

You can apply much of the information you have already read in this chapter to salesroom operations on ships without Supply Corps officers. However, there are some variations in the cash-handling procedures that you should know. The next paragraphs should provide you with some of the basic information you will need for supervising salesroom operations on ships without Supply Corps officers.

Cash received from sales in the ship's store must, at the time of sale, be cleared through a cash register. (The paid out key should be blocked to prevent its use.) Cash should be recorded in the Cash Receipt Book (NAVSUP 470) according to directions in the NAVSUP P-487. Collections from the ship's store should be made at the following times:

- When the total amount in the register is in excess of the change fund by \$25 or more
- When the retail store is to be closed for a period of more than 72 hours
- At least once a week
- On the last day of the month that the store is open
- When there is a change of ship's store officer or ship's store operator

In addition to the Cash Register Record (NAVSUP 469), the ship's store officer should maintain a cashbook as a record of the amount

of cash collected or transferred. A sample cashbook is shown in figure 6-3.

Whenever practical, the ship's store officer should deliver the funds (in the ship's store officer's custody) to a disbursing officer on a weekly basis. The document that should be used to transfer such funds is a cash sale Requisition and Invoice/Shipping Document (DD 1149) that must be prepared in an original and minimum of four copies. The format for the DD 1149 is shown in figure 6-4. The original and three copies of the DD 1149 are sent to the disbursing officer. The disbursing officer completes the certification on

the original of the DD 1149 and returns it to the ship's store officer.

The signed original and one copy of the cash sale invoice (DD 1149) for each deposit made with the disbursing officer should be forwarded monthly along with the Financial Control Record (NAVSUP 1099) to the Fleet Accounting and Disbursing Center, Atlantic (FAADCLANT) or Pacific (FAADCPAC), as appropriate. (See your current NAVSUP P-487 for additional details.)

When it is not possible to turn in all funds to a disbursing officer on the last day of the month, the ship's store officer should forward a certification along with the monthly transmittal of

CASH BOOK										
Month of January 19__										
Date	From or To	Cash Brought Forward	Collections			Total	Transfer to D. O.	Balance on Hand		
			Store	V. Mach.	Other					
1	B.F.	26.32				26.32		26	32	
2	COLLECTIONS		22.00			22.00		48	32	
7	ICE CREAM				21.00	21.00		69	32	
7	COLL			31.00		31.00		100	32	
			<i>been made. The balance on hand agrees with the cash</i>							
			<i>W. J. Stanley, ENS, USN</i>							
9	COLLECTIONS		19.00		2.00	21.00				
14	COLLECTIONS		42.00		42.00	42.00				
14	COLLECTIONS			42.00		42.00				
14	ICE CREAM				19.50	19.50		182	82	
			<i>A money count has been made. The balance on hand agrees with the cash book figures.</i>							
			<i>W. J. Stanley, ENS, USN</i>							
16	LAUNDRY ASSESSMENT				62.00	62.00		244	82	
17	COLLECTIONS		15.00	12.00		27.00		271	82	
20	COLLECTIONS									

Figure 6-3.—Ship's store officer's cashbook.

SHIPPING CONTAINER TALLY → 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 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50

1. FROM: Commanding Officer (R08154) USS VENTURE (MSO-496)		7. DATE MATERIAL REQUIRED		8. REQUISITION DATE		9. REQUISITION NUMBER	
2. TO: Disbursing Officer USS FRANK E. EVANS (DD-754)		8. AUTHORITY OR PURPOSE Ship's Store Afloat, par. 2443-4c TTL VOUCHER NUMBER AND DATE R08154-0031-7660		9. PRIORITY			
3. SHIP TO - MARK FOR		12. DATE SHIPPED		14. BILL OF LADING NUMBER			
4. APPROPRIATION SYMBOL AND SUBHEAD		EXPENDITURE ACCOUNT (76)		CHARGEABLE ACTIVITY		BUREAU CONTROL NO.	
OBJECT CLASS		EXPIRATION DATE (From)		BUREAU CONTROL ACTIVITY NO.		AMOUNT	
FEDERAL STOCK NUMBER, DESCRIPTION, AND CODING OF MATERIAL AND/OR SERVICES (b)		QUANTITY REQUESTED (d)		SUPPLY ACTION (e)		TOTAL COST (f)	
UNIT ISSUE (c)		TYPE CODE TAINER (j)		TYPE CODE TAINER NOS. (g)		UNIT PRICE (h)	
Cash deposited with disbursing officer on 31 January 1998							
Cash from sales at selling price (17X4911) Contributions and service charges (17X8723)						\$133.93 18.26 \$152.19	
I certify that I have received from ENS William Stanley, USN, cash in the amount of \$152.19, for the period 25-31-January 1998, which amount has been included in my statement of accountability for the period ending 31 January 1998. <i>R.A. Miller</i> R.D. MILLER, LTJG, SC, USN Disbursing Officer USS FRANK E. EVANS (DD-754) Symbol No. B7364 31 January 1998							
17. SPECIAL HANDLING		TOTAL WEIGHT		TOTAL CONTAINERS		SHEET TOTAL	
DESCRIPTION		TOTAL WEIGHT		TOTAL CONTAINERS		SHEET TOTAL	
ISSUED BY		DATE		BY		SHEET TOTAL	
CHECKED BY		DATE		BY		SHEET TOTAL	
PACKED BY		DATE		BY		SHEET TOTAL	

DD FORM 59 1149 (11 PT) 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100
REPLACES EDITION OF 1 MAY 68 WHICH MAY BE USED

Figure 6-4.—Transfer of funds to the disbursing officer.

documents to the appropriate FAADC. The certification should be in the form shown in table 6-1 and must be signed by the ship's store officer and by members of the cash verification audit board.

Weekly, the ship's store officer must count all the cash and receipts for cash and then must check the total figure against the figure shown in the Balance On Hand column in the cashbook. After verification, the ship's store officer certifies the amount and signs in the cashbook that:

"A money count has been made. The balance on hand agrees with the cashbook figures."

(Ship's Store Officer)

At the end of the month (after the ship's store officer closes out the cashbook with this certification), the Statement of Disposition of Cash Sales and Funds Carried Forward should be prepared in an original and two copies, as shown in figure 6-5. As mentioned previously, the original and one copy is forwarded to the appropriate FAADC by certified mail with the original and one copy of each cash sale invoice for the period. The procedure for closing out the records at the end of an accounting period and submitting vouchers to the appropriate FAADC is contained in chapter 7. For further information concerning the procedures discussed above, you should consult the NAVSUP P-487.

Table 6-1.—Certification Statement

_____ (Date)	
"I hereby certify that the sum of _____ dollars and _____ cents (\$_____), representing ship's store funds, is acutally on hand as of this date, for which I hold myself accountable to the Government of the United States."	
_____ (Audit Board Member)	_____ (Ship's Store Officer)
_____ (Audit Board Member)	

66.45(79)

31 January 198-

USS VENTURE (MSO-496)
c/o Fleet Post Office
San Francisco, California

STATEMENT OF DISPOSITION OF CASH SALES AND FUNDS CARRIED FORWARD

Cash sales made in the ship's store aboard USS LST 906 were as follows:

A. 1. Sales of ship's store stock at retail prices _____	\$ 226.42
2. Sales from ice cream service _____	79.00
3. Bulk sales _____	10.60
4. Clothing sales _____	15.00
5. Vending machine sales _____	160.50
6. Laundry assessment _____	62.00
Total _____	<u>\$ 553.52</u>
B. 1. Turned in to disbursing officer per attached invoice _____	\$ 502.19
2. Less funds carried forward 12/31/6_ _____	26.32
3. Plus funds carried forward per certificate below _____	<u>77.65</u>
Total _____	<u>\$ 553.52</u>

I hereby certify that the sum of seventy-seven dollars and sixty-five cents (\$77.65), representing ship's store funds, is actually on hand as of this date, for which I hold myself accountable to the Government of the United States.

William Theodore Stanley

WILLIAM THEODORE STANLEY
Ensign, U.S. Navy

Balance on hand verified
and found correct:

A. Henderson 1150, U.S.N.
Audit Board Member

A. J. Toftle Ecom USN
Audit Board Member

WHEN NO FUNDS ARE CARRIED
FORWARD A STATEMENT TO
THAT EFFECT IS REQUIRED

79.67

Figure 6-5.—Statement of disposition of cash sales and funds carried forward.

VENDING MACHINE SUPERVISION

In most ships, vending machines are a valuable asset to any ship's store operation because they generate a substantial part of the ship's store profits. The high-profit capability of vending machines makes it possible for your ship's store to sell necessity items with a low markup to the crew. At the same time, you can still obtain the profit objectives set up by the commanding officer. In the cup-type soft drink vending machine, the processing of the syrup, water, and CO₂ gas is done by the machine. In the other type of machine, the product—whether it is a canned drink, candy bar, or package of cigarettes—requires no further processing. Consequently, the machines with finished products are merely extensions of the retail store operation. You, as a leading Ship's Serviceman, will be responsible for supervising the operation of the vending machines. The areas with which you will be concerned are discussed below.

MECHANICAL PROBLEMS

Vending machines are usually not built to the standards of most shipboard equipment. The erratic movement of some ships may trigger mechanical problems in some types of vending machines. The usual abuse inflicted on the machines by irate patrons will also contribute to mechanical failure. When you are supervising the operation of vending machines, you can expect a certain amount of mechanical failure to occur.

Whenever your machines need repairing, you can procure the services you need through a commercial or Navy exchange repair service. You must use an Order for Supplies or Services/Request for Quotations (DD 1155) to procure these services. The services should be a direct charge to Ship's Store Profits, Navy (SSPN), functional account 75400.

On some ships, you may find vending machine repair parts already in stock. On the other hand, because of the variety of problems suffered by vending machines aboard ship, you may not be able to anticipate all the repair parts your machines will need. The vending machine parts your ship should carry in stock are coin changers, name labels, and bulbs. You should rely upon the repair service representative to furnish items such as springs, latches, bolts, and nuts.

Although you may have a wealth of technical talent in the personnel aboard your ship, you will have no guarantee that even one of your members

will be able to repair a broken vending machine. Some of the soda contractors for soda vending machines may be aware of your need to have trained people on hand. For this reason, some contractors will occasionally hold vending machine repair schools in various home ports. The NAVRESSO fleet assistance team in your area will announce when these schools are available. Try to schedule your Ship's Serviceman in charge of vending machines for these training sessions. Most of the repair parts representatives at the sessions will furnish a list of common items you will need.

SERVICING PROBLEMS

Servicing your vending machines will be a continuous problem. To maintain sales volume, you must keep the machines clean and supplied at all times. The frequency of refilling will depend on the number of machines you have on board and the size of the crew.

Besides keeping the machines supplied, you must see that certain cleanliness standards are maintained. For example, if you happen to have a cup-type vending machine as part of your ship's store operation, you should warn the operator to be careful when the machine is being filled. Any syrup that is spilled in the process will soon attract insects. Daily cleaning of the cup-drop will keep insects away and will help you to maintain an attractive and sanitary appearance for your customers. When the ship is underway, you may notice a slight spilling when the drinks are dispensed. Do not worry about this. This type of spillage is normal aboard ship and will drain into a container on the bottom of the machine.

VENDING MACHINE COST CONTROLS

If you are the appointed collection agent or if you are supervising the overall operation of vending machines aboard your ship, you must oversee the collection of cash from vending machine sales. The cash collection procedures for vending machine sales are similar to those used for the retail store. However, you must record all cash from vending machine sales separately from sales made in the retail store and from those made in the fountain. The information below will provide you with some general guidelines. You should always consult the NAVSUP P-487 for details on the currently recommended cost control procedures you must follow in the supervision of vending machine operations.

When your ship is at sea, you should collect the cash from your vending machines daily and immediately before any repairs to the coin mechanism are made. When your ship is in port, collect the cash from vending machines daily, Monday through Friday, and before you have any repairs made to the coin mechanisms. On weekends and holidays, collect cash from your vending machine if you expect the volume to exceed \$150. Cash must be counted from the vending machines and collected whenever the last day of the accounting period falls on a weekend or a holiday or whenever any repairs to the coin mechanisms must be made. Remember, daily collections will satisfy all collection requirements.

Once every month you must check the efficiency of your vending machine operation by using the Vending Machine Control (NAVSUP 236). (You will use this record primarily as an internal shipboard analysis tool. You will not submit it to any activity outside your own ship.) Retain the Vending Machine Control data with the other records for the accounting period. Refer to figures 6-6 and 6-7 as you read the information below on the preparation of the NAVSUP 236.

Cup-type Drink Vending Machine

Currently, there are very few cup-type vending machines in use on U.S. Navy ships. However, if your ship's store operation should include a cup-type machine, you must understand the necessary accounting procedures associated with its use.

In preparing the Vending Machine Control for cup-type drink machines, you must first take an inventory of vending machine supplies. See figure 6-6. In a combined operation, you will simply take the inventory figure from the NAVSUP 464 that represents the actual inventory. In a separate operation, the inventory will include only the supplies in each machine as breakouts will have already been documented on a NAVSUP 973. After the inventory, you can prepare the syrup recapitulation section of the NAVSUP 236. In either type of operation, by recording the opening inventories, then adding receipts, then deducting surveys, other expenditures, and closing inventories, you can determine the quantities of syrup and cups that have been used.

The second section of the report you must prepare is the output recapitulation. This is the section that provides you with an analysis of the vending machine operation so you can locate any malfunction or malpractice. For example, each

gallon of syrup for a cup-type machine contains 128 ounces. However, when the operator fills the machine or changes a flavor, there is a small amount of spillage and loss. In determining the number of drinks that should have been sold based on the quantity of syrup used, multiply the number of gallons used by 115—an acceptable average figure for the number of drinks left after spillage and waste. (The drinks contain 1 ounce of syrup and 5 ounces of carbonated water.) Then deduct the number of drinks for which no cash was received (test drinks, slugs, and refunds) to obtain the adjusted number of drinks per gallon of syrup. Multiply the adjusted number of drinks by the current price per drink. (The current price per drink may vary from ship to ship. In fig. 6-6, a price of \$.05 is used as the example.) Your next step is to determine the adjusted drinks per meter. You can obtain this figure by deducting the beginning meter reading from the ending meter reading and subtracting the number of no-cash drinks. Now multiply the adjusted figure by the current price per drink. (In fig. 6-6, the current price is \$.05.) Finally, record the amount of cash actually collected from sales. You now have three dollar values to compare. However, these three values will seldom agree. You can usually consider the value of drinks per gallon of syrup to be the least accurate of the three. The best indication of what sales should have been will probably come from the meter reading, since there are few chances of the meter being faulty. The cash you have collected should also tell you how many drinks were sold. However, the cash collected figure can be wrong if the changer has malfunctioned. (For example, the machine may have supplied a drink to a patron and all the money back that the patron paid for the drink. Or another patron may have received a drink but only part of the correct change due back from the price of the drink.) You can also compare the number of cups used with the number of drinks per gallon of syrup and drinks per meter. You should be able to analyze these items, determine what the problem is, and then decide on the possible causes and solutions.

The third section of the NAVSUP 236 is the cost and profit statement. First, determine the cost of the syrup, cups, and CO₂ gas used. This total is the cost of vending machine sales and will be recorded on line S of the NAVSUP 236. This figure will also be recorded in the Cost of Operation column of the NAVSUP 235. Next, compute the cost of vending machine operations which is the value of all repair parts used. This amount

VENDING MACHINE CONTROL					MONTH ENDING		
NAV. 5. AND A. FORM 236 (REV. 7-59)					31 JAN 19--		
SHIP OR STATION			MACHINE NO.	LOCATION			
ENTER NAME AND HULL NO. OF SHIP			2	ENTER LOCATION			
SYRUP RECAPITULATION: (in Gallons)	FLAVORS		Coca Cola	Pepsi Cola	7 Up	Orange	CUPS
	A.	OPENING INVENTORY (closing inv. last month)	3	4	1	5	300
	B.	RECEIPTS DURING MONTH	48	38	42	30	17,100
	C.	TOTAL	51	42	43	35	17,400
	D.	LESS SURVEYS AND OTHER EXPENDITURES	-	4	3	-	-
	E.	LESS CLOSING INVENTORY	5	4	5	2	400
	F.	TOTAL GALLONS USED	46	34	35	33	
G.	GRAND TOTAL				GALLONS	148	CUPS 17,000
OUTPUT RECAPITULATION	H. TOTAL DRINKS (drinks per gal. 115 x 148 gal. used)		17,020				
	I.	LESS TEST DRINKS, SLUGS AND REFUNDS	12				
	J.	ADJUSTED DRINKS PER GALLON	17,008		.10	1,700.80	
	K.	TOTAL DRINKS PER METER (current reading minus last month's reading)	17,000				
	L.	LESS TEST DRINKS, SLUGS AND REFUNDS	12				
	M.	ADJUSTED DRINKS PER METER (K minus L)	16,988		.10	1,698.80	
	N.	CASH COLLECTIONS PER CASHBOOK			CURRENT COST PRICE AS SHOWN ON NAVSUP FORM 464		1,698.60
O.	DIFFERENCE (M minus N)					- .20	
COST AND PROFIT STATEMENT	SYRUP COST				ACTUAL CASH COLLECTION		
	FLAVOR	GALS	COST PER GAL	TOTAL	SYRUP AND CO2	INCLUDE CO ₂ UNDER COST OF SALES	
	Coca Cola	46	2.65	121.90	CUPS	17,008	153.17
	Pepsi Cola	34	3.00	102.00	R. COST OF VENDING MACHINE SALES		
	Seven Up	35	3.00	105.00	576.36		
	Orange	33	2.63	86.79	MISCELLANEOUS		
	CO ₂	150	.05	7.50	S. COST OF VENDING MACHINE OPERATIONS		
P. TOTAL SYRUP COST				423.19	T. TOTAL COSTS		
					89.00		
					U. NET PROFIT (LINE Q MINUS LINE T)		
					665.36		
					1033.24		
PREPARED BY			DATE	SIGNATURE (PRINTED NAME)			
C. Harris SH1			31 JAN 19--	J. O. Lany, ENS. SC, USNR			
			PROFIT % LINE U ÷ LINE Q = 61%				

Figure 6-6.—Vending machine cost control (cup-type drinks).

OPENING AND CLOSING INVENTORY:
 SEPARATE RESPONSIBILITY: INCLUDE CANS IN VENDING MACHINE ONLY
 COMBINED RESPONSIBILITY: INCLUDE CANS IN VENDING MACHINE AND BULK STOREROOM

VENDING MACHINE CONTROL
 NAV. S. AND A. FORM 236 (REV. 7-59)

31 JAN 19--

SHIP OR STATION	MACHINE NO.	LOCATION
ENTER NAME AND HULL NO. OF SHIP	1	ENTER LOCATION
FLAVORS	Coca-Cola	Peppi-Cola
	7UP	Orange
A. OPENING INVENTORY (closing inv. last month)	103	104
B. RECEIPTS DURING MONTH	481	381
C. TOTAL	584	485
D. LESS SURVEYS AND OTHER EXPENDITURES	-	4
E. LESS CLOSING INVENTORY	154	142
F. TOTAL CANS SOLD	430	339
G. GRAND TOTAL		
		CANS 1470

M.		
I.		
J.		
K. TOTAL CANS (FROM LINE G)	1470	
L. LESS SLUGS AND REFUNDS	0	
M. ADJUSTED CANS	1470	.35 514.50
N. CASH COLLECTIONS PER CASHBOOK		515.30
O. DIFFERENCE (M MINUS N)		.80

SELLING PRICE AS SHOWN ON NAVSUP FORM 464

CAN COST				ACTUAL CASH COLLECTIONS	
FLAVOR	CANS SOLD (LINE F)	COST PER CAN	AMOUNT	SYR	CAN
Coca-Cola	430	.21	90.30		
Peppi-Cola	339	.23	77.97		
Seven Up	468	.22	102.96		
Orange	233	.22	51.26		
CURRENT COST PRICE AS SHOWN ON NAVSUP FORM 464				REPORT AS COST OF SALES ON NAVSUP FORM 978 AND INCLUDE ON LINE B25 OF NAVCOMPT FORM 153	
P. TOTAL CAN COST				R. COST OF CANS SOLD (FROM LINE P)	322.49
322.49				MISCELLANEOUS	
				S. COST OF VENDING MACHINE OPERATIONS (REPAIR PARTS)	
				T. TOTAL COST (LINE R PLUS S)	
				322.49	
				U. NET PROFIT (LINE Q MINUS LINE T)	
				192.81	

PREPARED BY: C Harris SH1
 DATE: 31 JAN 19--
 S. UNIT: ENS, SC, USNR
 PROFIT OF LINE U ÷ LINE Q = 37%
 3ND-P&PO 8487

Figure 6-7.—Vending machine cost control (can-type drinks).

should be recorded on line R of the NAVSUP 236. Deducting these costs from the money received as sales will show you the value of net profit. There is no expected percentage of net profit to sales, since the cost of repair parts can be too variable. However, the gross profit (sales less cost of sales) should be about 60 percent. If gross profit is less than (or more than) this percentage, you can probably determine the cause from the output recapitulation section of the NAVSUP 236.

You must record all receipts and expenditures for cup-type machines in the Vending Machines column of the NAVSUP 235 at cost price. At the end of the accounting period, the inventory at cost price should be posted to the Expenditures column. Sales, as represented by your cash collections, should also be posted to the Expenditures column. The difference between the Receipts column and the Expenditures column of the Vending Machines column will represent gross profit or loss. Report all cash received from cup-type drink vending machine sales on line C03 of the NAVCOMPT 153.

Can-type Drink Vending Machines

Just as for the cup-type drink machines, you must also prepare a Vending Machine Control (NAVSUP 236) for each can-type drink vending machine you are operating. Refer to figure 6-7 as you read the information below on how to use the NAVSUP 236 for cost control analysis.

Your beginning inventory will be the number of cans in each machine plus the backup stocks held by the vending machine custodian. If the vending machine custodian and storeroom custodian are separate persons, make sure a daily record is maintained on all cans that were placed in each vending machine. You can use a locally prepared form for this record. Just place the form inside the door of each machine and make sure all entries are made in ink and can be read. At the end of the month, you will use this information for preparing the NAVSUP 236. The number of cans placed in each machine will be recapitulated on the NAVSUP 973.

If the vending machine custodian and the storeroom custodian are the same person, you will still need a daily log if you have more than one vending machine. In fact, you will need a log for each machine. At the end of each month, you should prepare the NAVSUP 236 from data on the NAVSUP 464, the NAVSUP 469, or the NAVSUP 470.

In either type of operation (separate or combined), your beginning inventory plus your receipts minus your surveys, expenditures, and ending inventory will equal the number of cans you have sold.

In completing the Profit and Loss section of the NAVSUP 236, you must compute your cost of sales. Add the dollar amounts that you have reported on line R of each NAVSUP 236. You now have the total cost of sales you must report on the NAVSUP 978 at the end of the accounting period.

For accountability purposes, you must consider all can-type drinks sold through vending machines as retail items. For this reason, you must take up the can-type sodas on a separate Canned Drink Vending Machine column of the NAVSUP 235 at retail price. (However, Cost of Operation items, such as minor repair parts, springs, fuses, and like items should be recorded at cost price in the Cost of Operations column of the NAVSUP 235.) At the end of the accounting period, the difference in money value necessary for the Receipts and Expenditures columns to be in agreement will represent the difference between cash received and sales per inventory. You should report the cash received figure on line C03 of the NAVCOMPT 153.

Other Types of Vending Machines

If you are supervising the operation of vending machines that sell candy, cigarettes, cookies, gum, potato chips, crackers, and other like items, you should consider these items as retail merchandise. You must account for and control sales of these items just as you would the sales from any other retail outlet of the ship's store.

Use a separate Vending Machine Retail Price column of the NAVSUP 235 to document the control of these sales. The difference in money value needed to bring the Receipts and Expenditures columns into agreement will represent the difference between cash received and sales per inventory. Report all the cash you have received from these vending machine sales on line CO₂ of your NAVCOMPT 153. Remember to report this figure separately from the figures representing your can-type and cup-type drink vending machine sales.

Meter Readings

Whenever possible, try to have meters installed in every vending machine under your control. Meter readings will help you to monitor the efficiency of each of your machines. You can often determine whether or not a machine is functioning properly just by checking the meter readings. Make certain a meter reading is taken each time cash is collected from a machine. Maintain meter readings on the NAVSUP 469 in the Number of Customers column.

If coin meters are not available for your vending machines, you should balance each machine immediately after cash is collected from the machine. To balance the machine, make the following entries in any unused column of the NAVSUP 469:

1. Total quantity (in units) at beginning of period, PLUS
2. Receipts (in units) into the machine daily, MINUS
3. Quantity (in units) in the machine at the time the cash is collected

The resulting figure should represent the number of units sold (or otherwise expended). Multiply the units sold by the selling price to obtain the total cash value. This figure should agree with your cash collection figure.

Electronic Amusement Machines

If you wish to operate electronic amusement machines as part of the ship's store, you must contact NAVRESSO. The Navy Resale and Services Support Office has been designated as the control point for the procurement of electronic amusement machines. Amusement machines are procured on a lease basis through contracts negotiated by NAVRESSO. Electronic amusement machines installed on U.S. Navy ships must be operated as part of the ship's store. Of course, all electronic amusement machines you procure through NAVRESSO must be compatible with the electrical and electronic systems of your ship. The procedures you must follow to acquire and operate electronic amusement machines on your ship are discussed in greater detail in the NAVSUP P-487.

Once your machines are in place, you must establish cash control and security procedures. You must use keyless padlocks (or key-type padlocks, stock number 5340-00-682-1508) to secure coin boxes inside your amusement machines. You must also have installed on each

coin box a restraining bar that locks in front of the coin box door.

When your ship is at sea, cash from your amusement machines must be counted and collected daily and before any repairs to the coin mechanisms are made. When your ship is in port, cash must be counted and collected daily (Monday through Friday) and whenever any repairs to the coin mechanism will be made. When your ship is in port on weekends and holidays, cash should be counted and collected if the volume of electronic amusement machine business exceeds \$150 or if prior repairs to the coin mechanism are going to be made. Cash must also be counted and collected when the last business day of the accounting period falls on a weekend or a holiday. In all circumstances, daily collections will satisfy all the cash collection requirements in your NAVSUP P-487 for the supervision of electronic amusement machines.

You must ensure that the cash collected is recorded properly on a NAVSUP 470. Each machine should be identified on a separate page of the NAVSUP 470. Make certain cash receipts for a certain machine are recorded on the page of the NAVSUP 470 that is used for that particular machine. The person who is responsible for operating the machines should retain custody of the NAVSUP 470.

Meter readings will also help you to determine your total cash receipts as well as how efficiently the machine is functioning. The meter reading should be taken each time cash is collected. Record meter readings in the appropriate column on the NAVSUP 469. If you have a difference in money value of \$5 or more between the cash collected and the meter reading, refer the discrepancy to the ship's store officer.

You must make certain the total amount of your collections is deposited with the disbursing officer after each collection according to the procedures outlined in your NAVSUP P-487. (If for some reason cash cannot be deposited with the disbursing officer, the total cash collected must be retained in the cash collection agent's safe.) Upon preparation of the Memorandum Cash Sale Invoice for Deposit of Cash with Disbursing Officer, the DD Form 1149 must include the total amount of collections from electronic amusement machines as a contribution to Ship's Store Profits, 178723. At the end of each month, a check should be requested from the disbursing officer as a charge to 178723.2301, SSPN, transaction type 21, functional account 75400, in an amount equal to the contractor's share of the

cash collected from the amusement machines. This amount should be reported on line C18 of NAVCOMPT 153 at the end of the accounting period.

Dollar Bill Changers

After the installation of a dollar bill changer has been approved by the type commander, you must see that these procedures are followed:

1. The dollar bill changer must be installed in a high-traffic area that is well lighted.

2. As an additional security measure, the machine must be safeguarded with a wire mesh screen or a lockable restraining bar across the coin box area.

3. A separate change fund must be established for the changer according to procedures set forth in the NAVSUP P-487.

4. The person who has been designated to pick up ship's store sales will be responsible for the machine. This machine will be emptied and refilled as frequently as necessary and at the close of each business day.

5. A separate sheet in the NAVSUP 470 (or the NAVSUP 469, whichever is recommended) must be used so the designated person can record all transactions to validate the accuracy of the change fund each time the machine is opened or refilled. Overages and shortages in this machine must be shown in the NAVSUP 470 (or the NAVSUP 469) and must be initialed by the ship's store officer.

FOUNTAIN OR SNACK BAR SUPERVISION

Although considered a ship's store activity, the fountain is a resale outlet. The fountain operation will vary from one ship to another. Some ships may not have a fountain area at all. Aboard other ships, an operation may include only the serving of soft ice cream, while a larger fountain operation may include sundaes, shakes, sodas, and a variety of food items. Some ships include in their fountain a two- or three-flavor soda fountain that dispenses beverages. When you are determining what size of operation to have, you should keep in mind that the fountain's primary objective should be to serve the maximum number of personnel.

COST CONTROLS

Control of the fountain operation will be somewhat more difficult than control of the

vending machines or the retail store. You, as the supervising Ship's Serviceman, should be thoroughly familiar with the procedures. Make certain cash collections and change funds are handled in the same manner and with the same care as they are for the retail store or for the vending machines. Prices must pay for the cost of all materials used, such as ice cream mix, cups, spoons, and topping. The fountain activity must also produce a consistent profit. An operational goal (gross profit percentage) should be established by the ship's store officer and should not be changed within an accounting period. The NAVSUP P-487 states that the desired operating goal for ice cream in a fountain operation is to achieve a gross profit of 35 percent. It also describes a recommended method that will produce a consistent profit. The method provides the answers to the questions that must be asked so a fountain profit can be determined. For example, how much ice cream is one unit of ice cream mix producing? There is a form available for recording how much ice cream is produced from a can of mix—the Production Record (NAVSUP 241).

Since the price you charge for each item must pay for all ingredients and yield a profit, the next question you should ask is, "What is the cost of each item that is sold?" To determine this cost of sales figure, add up the cost of the mix, cup, spoon, and topping per dish of ice cream to get a total cost to compare with the price on an Item Cost Card (NAVSUP 240). The NAVSUP P-487 provides charts that will help you to predict the unit cost for various size dishes of ice cream. The NAVSUP P-487 also provides a breakdown of costs for other items commonly sold in the fountain operation.

Finally, you must prepare a financial report for the fountain operation as a whole. You should prepare this report either daily or weekly on the Fountain Cost Control (NAVSUP 239). Prepare another NAVSUP 239 at the end of the month to report the cumulative fountain operations for the preceding month.

The different parts of the Fountain Cost Control (NAVSUP 239) are shown in figures 6-8 and 6-9 and are briefly described below.

Part I provides for a determination of sales and cost of sales both for the period since the form was last prepared and for the accounting period to date.

Part II provides for an analysis, in total amount only, of transfers to the categories of

FOUNTAIN COST CONTROL
NAV. S. AND A. FORM 239 (2-54)

SHIP USS FARGO (CL-106)	DATE 29 Feb. 198-	ESTABLISHED GROSS PROFIT OPERATING GOAL 35 %
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PART I

LINE	ITEM	TODAY	TO DATE	GROSS TO DATE
	USS FARGO (CL-106)			
1	INVENTORY (BEGINNING)		369.26	
2	TRANSFERS TO FOUNTAIN	100.00	100.00	
3	TOTAL (1+2)	100.00	469.26	
4	TRANSFERS OUT	—	3.00	
5	TOTAL COST (3-4)	100.00	466.26	
6	SALES	24.70	214.29	
7	GROSS (6-5) (CIRCLE IF LOSS)	<u>75.30</u>	<u>251.97</u>	<u>251.97</u>
8	INVENTORY (ENDING)			329.97
9	GROSS PROFIT FOR MONTH (7+8)			78.00 ^{36%} _{36%}

FOR DAILY APPROXIMATION OF ACCUMULATED GROSS PROFIT USE AN ESTIMATED INVENTORY ON HAND.

PART II

STUB NO.	MILK	ICE CREAM		TOPPINGS	SYRUPS	PAPER SUPPLIES			TRANSFERS IN	TRANSFERS OUT
		VANILLA AND CHOCOLATE	OTHER							
BROUGHT FORWARD	\$53.12	\$148.75	\$51.45	\$69.50	\$37.10	\$9.34			\$369.26	\$3.00
151	23.95								23.95	
152		31.90							31.90	
153				14.75					14.75	
154					19.10				19.10	
155						10.30			10.30	

TRANSFERS TODAY	23.95	31.90		14.75	19.10	10.30			100.00	
TRANSFERS MONTH TO DATE	77.07	180.65	51.45	84.25	56.20	19.64			469.26	3.00

10-70127-1

Figure 6-8.—Fountain cost control (front).

PART III—MARKUP INFORMATION			
ITEM	SIZE OF SCOOP OR PORTION	COST PER SERVING	SELLING PRICE
ICE CREAM CONE	# 24 Scoop	0.3256	.05
ICE CREAM DIXIE	4 oz cup	.0601	.10
ICE CREAM WITH ONE SCOOP	# 24 Scoop	.0331	.05
ICE CREAM WITH TWO SCOOPS	# 24 Scoop	.0612	.10
SUNDAES, PLAIN	# 24 Scoop	.0980	.15
MALT DRINKS WITH ONE SCOOP			
MALT DRINKS WITH TWO SCOOPS			
MILK SHAKES WITH ONE SCOOP			
MILK SHAKES WITH TWO SCOOPS	# 24 Scoop	.0978	.15
ICE CREAM SODA WITH ONE SCOOP			
ICE CREAM SODA WITH TWO SCOOPS	# 24 Scoop	.0965	.15
SOFT DRINKS			
Milk, Whole	10 oz	.065	.10

PART IV—COST PRICE INFORMATION					
ITEM	UNIT OF ISSUE	UNIT COST	ITEM	UNIT OF ISSUE	UNIT COST
MILK, WHOLE	QT	21	ICE CREAM FLAVOR, STRAWBERRY		
MILK, POWDERED			ICE CREAM FLAVOR, VANILLA		
ICE CREAM, FINISHED	GL	1.25	Cups, paper, DIXIE	M	5.10
ICE CREAM, POWDER OR PASTE			Cups, SUNDAE	M	4.90
CONES	M	4.46	Cups, Soda	M	6.20
TOPPING, CHOCOLATE	GL	2.40			
TOPPING, STRAWBERRY	GL	2.45			
TOPPING, CHERRY	GL	2.45			
TOPPING, BUTTERSCOTCH	GL	2.40			
SYRUP, CHOCOLATE	GL	2.40			
SYRUP, COCA COLA					
SYRUP, ROOT BEER					
SYRUP, LEMON AND LIME					
SYRUP, STRAWBERRY					
SYRUP, VANILLA					
MALT POWDER					
ICE CREAM FLAVOR, CHOCOLATE					

Figure 6-9.—Fountain cost control (back).

79.12.1

items and transfers out of the categories of items.

Part III provides for each line item the cost price per serving and the selling price. Part III also provides markup information for all items manufactured and sold from the fountain.

Part IV provides cost price information of bulk items used in the manufacture of fountain resale items.

If your profits are deviating from the operating goal for the fountain, you should analyze Part II of this form along with the information on the NAVSUP 240. The items listed below are the usual reasons profits are lost:

1. Incorrect portion quantities
2. Incorrect selling prices
3. Waste
4. Overdispensing
5. Incorrect cash collections
6. Food consumption by fountain operators
7. Food spoilage resulting from incorrect buying, overstocked products, inadequate refrigeration, and carelessness
8. Carelessness in the checking procedures for merchandise received

Besides ice cream products, you can sell retail items, such as candy and cookies, in the fountain. If there is a special cash register or a separate key on the fountain register available for ringing up the sale of these items, you should have no problem in selling them. Record the retail sales of these items in a separate column on the Financial Control Record (NAVSUP 235).

To force the sales figure for the fountain or snack bar operation, you must apply the following equation:

Beginning value of inventory of retail items
PLUS
Value of receipts by breakout of retail items
EQUALS
Total value of receipts of retail items
MINUS
Value of other expenditures by transfers of
retail items (surveys, etc.)
EQUALS
Total value of retail accountability
MINUS
Ending value of inventory of retail items
EQUALS
Total value of sales of retail items

The total value of sales of retail items subtracted from the total value of the sales from the fountain or snack bar operation will provide the total value of fountain sales. It is this value that should be posted to the NAVSUP 239. The value of sales of retail items must be computed monthly and then posted to the appropriate column of the NAVSUP 235. The value of sales of retail items will not be included on the NAVSUP 239. Procedures for multiple operators are covered in detail in your NAVSUP P-487.

For further details concerning the fountain operation, consult the NAVSUP P-487. In this publication, you should also review the sanitation rules which you must strictly enforce. A brief summary of your supervisory responsibilities in the area of sanitation is provided below.

SANITATION

As a supervisor of the fountain operation, you will be vested with the responsibility of protecting the health and morale of shipboard personnel. Unless you are constantly aware of this duty, you will soon discover how rapidly food products can become a real source of trouble to you and to the people you are serving.

First of all, you must make certain all medical department and other official rules and guidelines are being followed. In fact, before you ever assign a member to work in the fountain area, the member must report to the medical officer for a physical examination. Also, you can expect a daily visit from a medical department representative. The representative will inspect your fountain operation to ensure that all sanitation procedures are being carefully followed. The following rules govern activities within the fountain operation. Make sure these rules are posted in the fountain area in a place where they can be easily seen and read.

1. The fountain attendants will be considered as foodservice workers and the standards for health and personal hygiene will apply to them.

2. Food offered for sale will be inspected periodically by a member of the medical department to safeguard the health of personnel.

3. Syrup containers must be maintained in a state of cleanliness both externally and internally; caking or drying must not be allowed to occur.

4. Only paper or plastic cups and plates will be used in dispensing soda, soft drinks of any kind, and ice cream. Only disposable spoons will be used for ice cream or ice cream sodas.

5. All utensils used for dispensing ice cream and other frozen desserts will be kept either in running water or in water maintained at 180°F between each serving.

6. All equipment and utensils used in the manufacture of ice cream and frozen desserts will be cleaned thoroughly, rinsed with clean water, and disinfected just before use with a chlorine solution containing not less than 50 ppm of chlorine. The interior of the machine or interior parts that come in contact with the mixes will not be touched with the hands after reassembly and disinfection until the machine is ready for disassembly and cleaning again.

7. All foods will be kept under secure covers to prevent excessive handling and dust or insect access.

8. Refrigerators will be kept clean at all times. No spilled ice cream or syrup should remain on the bulkheads or deck of the boxes for more than a few minutes.

If you always insist upon strict adherence to official health regulations, you will most likely avoid many sanitation pit falls later on. Also, there are certain commonsense steps you can take.

Your first concern, of course, should be to keep everything clean. However, in spite of all preventive measures, roaches can survive anywhere. You can safely assume that they are also surviving somewhere on your ship. Because of the types of food products used, the fountain areas will always be your biggest trouble spot. For this reason, you must make certain the fountain area is kept clean at all times. Open syrup cans, drippings from ice cream, and open packages of cookies and crackers will attract every insect in the area. Instill in your operators that the entire fountain area should be kept clean during hours of operation and must be scrupulously cleaned before the area is secured for the night. Insist that your operators throw away all open packages and that they wipe every surface clean (including jars and cans) before the area is secured.

SAFETY PRECAUTIONS

Finally, you should always be on the alert to ensure that general safety precautions are being followed by your personnel. Any questionable procedures should be brought to the attention of the ship's store officer. Your ship will have a safety officer. One of this person's responsibilities is to hold regular inspections of all division spaces for safety infractions. These inspections will help you to keep abreast of your divisional safety responsibilities. NAVRESSO publishes bulletins that also carry other safety precautions that you should enforce in your ship's store operations.

During your regular workday, you should always stress safety as a first item in all training programs. On board ship, there are usually safety classes held every week for all training petty officers. The safety information you acquire should always be passed along to crew members during regular division training or during quarters.

As you supervise the operation of a ship's store, try to keep in mind the primary reasons for which your ship's store exists. First of all, you are providing a convenient location where customers can purchase health, comfort, or convenience articles. You are also providing your customers with certain services that will make a difference in their daily lives. The profits generated by your ship's store will be turned into other services for crew members in terms of recreation and welfare opportunities. However, you are providing much more to the personnel of your ship than just goods and services. The most important benefit your ship's store can offer will be the most difficult to measure and the most complicated to supply. This benefit is called morale and it evolves as a result of good customer service. Providing good customer service is the goal to which all the information in this chapter has been directed.

Chapter 7

RECORDS AND RETURNS

At the end of an accounting period or at other required times, you, as a leading petty officer, will have an important responsibility for supervising inventory procedures, auditing the closeout of records and the preparation of returns, and analyzing the operation of the ship's store. In each of these areas, you will be assisting the ship's store officer in maintaining effective control of the ship's store operation. First, however, you should be aware of the significance of the ship's store profits that appear on the returns: how profits are generated by sales and used by the Navy Resale and Services Support Office (NAVRESSO) and by your own ship to improve the welfare and morale of shipboard personnel. As you read the information in the chapter, keep in mind the importance of accurate ship's store returns. Remember, your returns document the financial operation of your ship's store.

SHIP'S STORE PROFITS

In chapter 6, the various types of sales from the ship's store, vending machines, and fountain operation were discussed from the supervisory point of view. As you learned in chapter 4, sales are required to replenish working capital (Navy Stock Fund). You saw how sales also generate profit, the value of which is determined by the amount of markup applied to the various items. Profits derived from sales in the ship's stores are held by the Treasury Department in a trust fund, Ship's Store Profits, Navy. In this section, you will read how ship's store profits are transferred to the General Fund and the Recreation Fund. You will also learn how certain charges are made against ship's store profits,

GENERAL FUND

The General Fund is maintained by the Naval Supply Systems Command (NAVSUP) through the Navy Resale and Services Support Office

(NAVRESSO). The General Fund accrues from an assessment that is made on the net cash generated from sales in each ship's store. The exact percentage of the General Fund assessment is dependent upon the size of the individual ship's allowance,

In addition, the General Fund takes in all excess profits that are reported by certain ships. The net ship's store profits that are generated during a single accounting period should not exceed 15 percent of the cost of retail sales. Profits that are greater than the 15 percent figure are considered to be "in excess" and are accrued into the General Fund. Finally, the General Fund accrues from the balance of any ship's store profits that remain after a ship is lost or decommissioned.

A large percentage of the money that accrues to the General Fund is paid to the Chief of Naval Personnel for the recreation of Navy personnel. A large part of this money is used to finance the Navy motion picture program that is so greatly appreciated by the fleet. Expenses covering the purchase and maintenance of athletic equipment are also among the many benefits supported by the General Fund. After entertainment and recreation expenses are covered, any remaining money in the General Fund is used for the benefit of individual ships.

In the case of new ships, the General Fund provides grants for the initial installation of ship's store facilities. Existing ships that are modernizing their ship's store facilities may apply for loans from the General Fund to cover the costs of improvements. Losses that occur when a ship closes the ship's store to enter a rehabilitation program can be properly charged to the General Fund. Other types of losses that are not chargeable to the Navy Stock Fund (NSF) are also absorbed by the General Fund whenever these losses are too great for the individual ship's store profits to offset. In fact, many surveys that cannot be absorbed by local profits are paid off by the General Fund.

Probably the largest expenditure from the General Fund for individual ships is for the procurement of vending machines. The Navy Resale and Services Support Office (NAVRESSO) is the procurement activity for all vending machines, popcorn machines, and soft ice cream machines. NAVRESSO loans the funds to ships at the time the machines are purchased. These loans must be repaid to the General Fund according to instructions provided by NAVRESSO.

RECREATION FUND

Profits in the trust fund belonging to the ship are transferred to the Recreation Fund for expenditure as the commanding officer deems necessary. Not all the profits available need to be paid into the Recreation Fund. Certainly the commanding officer will make the decision about how much is to be transferred, but the ship's store officer must make the appropriate recommendation concerning the reserve that should be retained on the accounts of the ship's store.

As a senior Ship's Serviceman, you may be able to foresee problems that might require funds. For example, if the ship is entering a yard period, the laundry and ship's store may very well be closed. It will be necessary for the laundry to be done ashore. The cost, of course, will be greater than the cost of doing the laundry in your own laundry facility. Also, there will be fewer profits generated from the store to pay the extra expenses. You will have to keep some money in the ship's store's accounts against which you can charge the costs of the outside services you must procure. If you expect a considerable loss because of surveys or markdowns below cost, retain some ship's store profits to cover these losses. The fact that all profits from the ship's store are not immediately transferred does not mean that the money is lost to the ship. The money is always available if it is needed.

As indicated by the examples above, you are not required to submit the entire amount of your ship's store profits. In fact, you must make allowances for all anticipated expenses, such as markdowns, surveys, equipment, purchases, and other operating losses, and you must allow for any amounts you report on your NAVSUP 487 as Liabilities Assumed.

When any operating losses occur or when you are expecting losses during the accounting period, you will use only the amount you reported on the NAVCOMPT 153 as Funds Brought Forward from the prior accounting period as the starting

point for determining the amount of ship's store profits you will later forward to the Recreation Fund.

Interim profits, if deemed necessary by the commanding officer, may be paid at any time to the Recreation Fund based on expected profits for the current period. You can calculate interim projects by using the following formula:

$$\frac{\text{Number of days expired in current period}}{\text{Total number of days in current period}} \times \text{Previous period's profits}$$

The amount should not exceed two-thirds of your last period's profits. However, if sales for the previous accounting period were markedly below normal because of overhaul or some other reason, you can compute the percentage of interim profits on the sales for the nearest normal accounting period.

CHARGES AGAINST SHIP'S STORE PROFITS

Ship's store profits are transferred to the Recreation Fund and the General Fund. They are also used to repay loans received from NAVRESSO. Any excess profits, however, must be transferred to the General Fund. In addition, ship's store profits are used to reimburse personnel who have incurred loss of or damage to apparel as a result of a ship's service operation.

When a member of the crew suffers a loss of (or damage to) personal apparel as a result of the operation of your laundry and dry-cleaning facility or tailor shop, you can submit a claim for reimbursement to the commanding officer via the ship's store officer. The procedures for handling the claim and the method for calculating the claim value of the personal apparel are detailed in the NAVSUP P-487 and are discussed in *Ship's Serviceman 3 & 2*, module 2, and in chapter 3 of this rate training manual.

INVENTORIES

Inventories serve many purposes. Any time they are taken, inventories serve to reestablish the responsibility of the ship's store operator and custodians. It is only logical for a responsible senior Ship's Serviceman to begin a new accounting period with an accurate value of stocks on hand. Inventories serve as a basis for the

transfer of accountability from one ship's store officer to another or the transfer of responsibility from one custodian to another.

DEFINITION AND PURPOSE

Physical inventory includes the processes of identifying, counting, and evaluating all stock on hand at a specific time. In a ship's store, authorized personnel must take a physical inventory to reestablish accountability for the ship's store officer, outlet operators, and bulk storeroom custodians. Physical inventories also function to transfer accountability and responsibility when the ship's store officer is relieved. Inventories are a management tool that ship's store managers can use to determine the following information:

1. The dollar value of stock on hand so that the financial reports can be prepared
2. The accuracy of the stock records so that any differences that may exist between the stock records and the stock on hand can be adjusted
3. The dollar value of any stock shortage that has resulted from spoilage, damage, waste, pilferage, or other losses that are not reflected on stock records
4. Areas of stock shortage or overage so that liability can be ascertained
5. Better ways in which proper stock control can be maintained

Inventories are a prerequisite to closeout of the ship's store records. When you are closing out the Ship's Store Afloat Financial Control Record (NAVSUP 235), you must be able to determine the value of the items on hand before you can determine any shortage or overage for retail operators. You must also know the stock on hand to determine the amount of profits from the fountain and vending machine operations. You can determine the cost value of all retail sales from the Journal of Expenditures (NAVSUP 978) only after you have posted the cost value of all items aboard. The quantity of each item sold is computed on the Stock Record (NAVSUP 464) cards only after the posting of the inventory. Inventory figures are the opening entries on the Journal of Receipts (NAVSUP 977), the Ship's Store Afloat Financial Control Record (NAVSUP 235), and the Stock Record (NAVSUP 464) cards.

Inventories help in stock control. They enable you to determine whether you are overstocked or understocked with individual items or with particular categories of stock. Thus, inventories

aid you in determining new stock requirements and serve to notify sales division personnel when markdowns or surveys (to rid the store of old or excess stock) should be made.

PREPARATION FOR INVENTORY

As a leading Ship's Serviceman, you can facilitate the efficiency of an inventory by ensuring that certain preparations are taken before the actual day of the inventory.

Inventory Teams

In the preparation for an inventory, one of the first tasks is the assignment of personnel to inventory teams. It is the ship's store officer's responsibility to acquire and maintain a complete and accurate inventory. To accomplish this objective, the ship's store officer should conduct a two-count system. A minimum of two inventory teams is required for a two-count system. Normally, inventory teams will be composed of two persons. If personnel are not available, however, an inventory team can be composed of only one person. Remember, the office records-keepers cannot be assigned to inventory teams at any time. The teams should be composed as follows:

1. First-count team—Either the ship's store officer, the designated officer assistant, or other commissioned officer, and one enlisted member
2. Second-count team—A senior enlisted person in the supply rating (E-6 or above) and one other enlisted person

With a letter of approval from your type commander, a qualified senior enlisted member (E-6 or above) in a supply rating can be authorized to conduct the monthly inventories. Details for this type of assignment are outlined in your NAVSUP P-487.

Inventory Sheets

For a ship's store inventory, you must use the Inventory Count Sheet (NAVSUP 238). This document should be prepared in advance in quadruplicate. Each set of count sheets should consist of four copies that are color-coded in white (original), yellow, pink, and blue, respectively. The ship's store officer must serialize the count sheets before their distribution to the inventory team.

Next, the ship's store officer will distribute the count sheets to the responsible custodians for advance recording. The ship's store officer will maintain a number control, in duplicate, of the inventory count sheets issued with the team and the spaces assigned to each sheet. When the members of the inventory team return the count sheets, the ship's store officer will log each sheet in on the number control. The ship's store officer must never leave count sheets unattended. If the sheets must be held overnight, the ship's store officer or a designated assistant must lock them up in a secure place.

Advance Recording

Certain information required on the ship's store inventory count sheet must be inserted in advance of the actual count. This information must be prelisted by the responsible custodian for the actual stock in the spaces to be inventoried. The custodian should use a series of inventory count sheets for each space that will be inventoried. The custodian must record the following information in advance on all four copies of the inventory count sheet:

- The description of the merchandise by line items (size, color, brand, etc.)
- The unit of issue
- The fixture number (assigned locally)
- The location of the stock being inventoried

Scheduling

The final preliminary step is that of scheduling. The time for the inventory should be planned so the store will be closed for the shortest possible period of time. Under normal conditions, 2 working days should be adequate. The store should not be closed on payday. The time for the inventory should be determined after consultation has taken place among the leading petty officer of the ship's store division, the ship's store officer, the supply officer, and the executive officer. The word should also be passed well in advance to crew members to enable them to care for their needs before the store is closed. Normally, inventory should be taken at the end of each regular accounting period. This may be any time during the last week of business. The other circumstances

when inventories are required are detailed in the NAVSUP P-487.

The preparation time before the inventory should also allow for a thorough indoctrination of the personnel assigned to conduct the inventory. Besides the required written instructions, the ship's store officer and the leading petty officer should take the designated assistant or inventory teams into the spaces they will count. Detailed instructions should be provided for each space. Finally, the inventory should be scheduled at a time when the participants are expected to be mentally alert.

SUPERVISION OF PROCEDURES

At the time of the inventory, you may very well be assigned to an inventory team. Or you may be the senior Ship's Serviceman who is responsible for conducting a training session on inventory procedures before the actual count takes place. In any case, you should be thoroughly familiar with the procedures that must be followed.

Actual Count

Under normal conditions, you will probably use a two-count system. In this method, one person should count and another person should record the inventoried quantities. Make certain that inventories are recorded in ink or indelible pencil on the inventory count sheets. Also, make certain that all corrections and changes to the original inventory are made in ink or indelible pencil. Any corrections or changes should be initialed opposite each change or correction by the persons who conducted the inventory and by the responsible custodian. For separate responsibility, bulk storerooms should be inventoried and balanced with the Stock Record (NAVSUP 464) cards before the resale outlets are inventoried.

First Count

The first count must be recorded on the white and yellow copies only of the Inventory Count Sheets (NAVSUP 238s). Inventory patterns for the first count should be planned and should stay consistent. For example, the inventory of a space should start on the left and work to the right of each section of the space. When the inventory of a space has been completed, the inventory sheets must be signed by the responsible custodian and by the persons taking the inventory. The sheets must then be returned to the ship's store officer.

Second Count

The second count must be recorded on the pink and blue copies only of the Inventory Count Sheets (NAVSUP 238s). The second count should be made by a team other than the team that made the first count. However, the second count should be conducted in the same manner and with the same techniques that were used in the first count.

When the inventory of a space has been completed, the responsible custodian and the members of the inventory team must sign the inventory sheets. At this point, the sheets should be returned to the ship's store officer.

Reconciliation of the First and Second Counts

The ship's store officer (or designated assistant) must now reconcile the inventory sheets for the first and second count. If differences occur, the ship's store officer (or designated assistant) must make a third count of the items. When the correct amount is determined, the ship's store officer should make the necessary changes to all copies of the inventory sheets from the first and second counts. To make the corrections, the ship's store officer must draw a line through each error and write the correct figure. The ship's store officer or assistant—whoever made the third count—and the responsible custodian must both initial each correction.

Security

Upon completion of the inventory (or at any other time when the inventory is not in progress), each space must be secured with a lock and with a numbered lead or car seal. The seal number must be recorded in a log and the number must be verified by the custodian of the space.

Inventory Affidavit

Upon completion of the inventory and after all differences have been reconciled, corresponding inventory count sheets from the first and second counts should be matched and stapled together. Remember, a separate affidavit for each space inventoried should be prepared and stapled together with the corresponding inventory count sheet for that space. A copy of the affidavit format and the correct distribution of the inventory count sheets can be found in your current NAVSUP P-487.

Price Line Inventory

Price line inventories are a tool the ship's store officer can use to establish a correct money value

for the balance of ship's store stock on hand. To be effective, however, price line inventories must be carefully planned and supervised.

Price line inventories are performed at various times and under varying circumstances. For example, the ship's store officer may conduct a price line inventory on all ship's stock, including standard Navy clothing items, just to acquire a dollar value figure for all stock on hand. In this case, the price line inventory serves as a management tool for proper stock control and as a source of information to be used in the required financial reports for the ship's store.

Whenever a resale outlet operator is relieved, the ship's store officer will usually insist that a price line inventory be made of the stock under the operator's custody. On ships with separate responsibility, the price line inventory must be taken upon relief of the ship's store operator or bulk storeroom custodian. Generally, price line inventories are taken monthly in self-service stores and in resale outlets that are operated by more than one person. In cases of break-ins or theft, price line inventories are usually sufficient for the evaluation of the affected ship's store spaces. At any other time, as directed by the type commander (TYCOM), the commanding officer (CO), the supply officer, or the ship's store officer, an inventory of ship's store stock may be required.

Verification of Stock Records

A verification of physical counts with actual bulk storeroom card balances on the NAVSUP 464s must be made. Usually, the ship's store officer (or a designated qualified person) and the recordskeeper will perform this verification. Since the same item may be located in more than one ship's store space, individual postings to the NAVSUP 464 will be required. The responsible custodian (whose space is being inventoried) should not be designated to perform this verification. When the retail store and bulk storeroom are operated by the same person, only physical counts of the cost of operations items should be verified with bulk storeroom card balances. When there are differences, the items should be investigated. If errors are found in the inventory, the inventory sheets must be collected and the appropriate corrections must be made. All corrections must be initialed by the persons who took part in the inventory. These same people should return the inventory sheets. The same attention that is given to investigating retail differences should be given

to investigating differences between the bulk storeroom count and the actual card balances.

Extending and Summarizing the Inventories

The office recordskeeper must now extend the inventory at cost and retail (where applicable) on the working (yellow) copy of the NAVSUP 238. The original (white copy) will be extended by another qualified person. Neither the responsible custodian whose space is being inventoried nor the recordskeeper can be designated to extend the original inventory. Using the original inventory, the ship's store officer (or the designated person) will verify the extensions on the working copy for accuracy. Using the same reconciliation procedures mentioned earlier in this chapter, the ship's store officer will reconcile any differences and will make all the necessary changes.

MID-ACCOUNTING PERIOD INVENTORY

Most type commanders require taking surprise mid-accounting period inventories. This procedure is highly recommended for all ship's store divisions regardless of requirements. The mid-accounting period inventory allows an interim check to be performed on the store operation. The stock position of the store can then be reviewed. More importantly, however, the financial condition of the store can be determined. Is the store operator accurately caring for stocks entrusted to him or her by producing money or material for the full value? The element of surprise is the most important aspect of this type of inventory. Precautions should be taken so the store operator is completely unaware of any preparations for a mid-accounting period inventory.

AUDITING TECHNIQUES

Auditing is one the most important and frequently neglected functions of ship's store supervision. Proper records are absolutely essential to an effective ship's store operation. As a leading Ship's Serviceman, you will very likely have some responsibility for auditing ship's store records and returns.

Auditing is the regular systematic checking of the stock and financial records in a ship's store. The main purpose of an audit is to discover errors and irregularities. Discovery of these errors should lead to correction of all the affected records. Ultimately, discovery of errors should lead to the prevention of their reoccurrence.

As mentioned frequently in this training manual, it is wise for you to perform the audit steps periodically rather than to wait until the end of the accounting period. In this way, errors are generally restricted to shorter periods. Also, more time for auditing is available if auditing is done throughout the accounting period. Errors can be detected earlier and stopped promptly. Also, by detecting these errors early, you can make corrections and adjustments to personnel and to procedures at the time. Consequently, you can avoid the detailed investigations that become necessary when errors are discovered at the end of the accounting period. Finally, you can complete the closeout of the records and the preparation of the returns in less time.

In each of the chapters on procurement, receipts, and expenditures, a section has been included on auditing procedures. Now, suggested procedures will be described for the auditing of closeout and the preparation of returns.

AUDITING CLOSEOUT

The ship's store records are not difficult to close out. No magic is required for you to complete this job. However, closing out the ship's store records is a necessary task you must perform to obtain the information you need to prepare the returns required by your appropriate fleet accounting and disbursing center (FAADC).

Closeout should follow this sequence of events:

1. Stock Record
2. Ship's Store Afloat Financial Control Record
3. Journal of Receipts
4. Journal of Expenditures

Why is this order important? As mentioned earlier, by closing out the Stock Record first, you can compare the quantities inventoried with the card balances, and you can correct any errors. Second, the Ship's Store Afloat Financial Control Record should be closed out, as the store can be reopened once a satisfactory balance is obtained. Third, the Journal of Receipts must be closed out. Last, you must close out the Journal of Expenditures. You will need information from the Ship's Store Afloat Financial Control Record and the Journal of Receipts before you can close out the Journal of Expenditures. The audit procedures for each of these areas will now be discussed.

Stock Record Cards

First, you must check over the information on the stock record cards. See figure 7-1. Throughout

the accounting period, the ship's store records-keeper should have posted the following data to the stock record cards:

- Receipts
- Expenditures
- Quantity of each item as shown on the inventory sheets
- Quantity of sales of each item

If you have a separate operation, then you should check to see that both the Bulk and Total Balance inventory totals have been recorded on the stock record cards. It is the Bulk inventory figure that should agree with the Balance in Bulkroom quantity on the NAVSUP 464 for all retail and cost items. In a combined operation, only the Total Balance figure should be recorded and verification can be done only for the cost of operation items.

Second, you should spot check several of the quantity of sales figures to make certain that the recordskeeper is calculating this total correctly. To arrive at the Total Sales figure, the recordskeeper should be using this formula:

$$\text{Beginning Inventory} + \text{Receipts} - \text{Expenditures} - \text{Closing Inventory} = \text{Total Sales.}$$

For a cost item, of course, there will be no quantity of sales figure. Finally, you should check the stock record cards for general closeout format. See figure 7-1.

Ship's Store Afloat Financial Control Record

The first step in the closeout of the Ship's Store Afloat Financial Control Record (NAVSUP 235) was the posting of the final expenditure—Sales—to the various applicable columns, such as Store No. 1, Vending Machine, Fountain, and Clothing. See figure 7-2. You should check to see that this total agrees with the total of the four Memorandum Cash Sales Invoices (DD 1149s) for the months of the accounting period.

Second, the closing inventory figure should have been entered on the Expenditures side of each column. You should make sure the recordskeeper has used the correct inventory total—the total of the retail value of items in the ship's store; the total retail value of vending machine

stock, such as canned sodas, candy, cigarettes, and other vending machine products; and the cost value of cup-type soda machines and supplies actually in the vending machines; plus any items previously charged off.

Third, the subtotals and totals should have been calculated and recorded correctly. It is at this point that any differences between the Receipts and Expenditures sides will appear. For the retail store, if the subtotal for the Expenditures side is less than the subtotal of the Receipts side, a shortage exists. If the value of Expenditures exceeds the value of Receipts, then an overage exists. Theoretically, the two sides should balance exactly. However, occasional errors in any retail operation, such as incorrect change or wrong pricing, will usually result in a small difference. On the other hand, a large difference is either the result of a bookkeeping error or the product of negligence, theft, or misappropriation of money or material. As an auditor, you should first check to see if a large difference is the result of a bookkeeping error. Take the following steps in your examination:

1. Check the extensions and totals on the inventory sheets,
2. Recheck the extensions, the totals, and the postings of receipt and expenditure documents. (This should have been done during the accounting period, as discussed in the previous chapters.)
3. Examine the preparation of the cash sales invoices.
4. Conduct another inventory. (You might save time by checking the high-priced items first. An error with a few high-priced items could be the cause of the significant difference in the NAVSUP 235.) Also, consult your NAVSUP P-487 for a list of the most common causes of discrepancies.

If, after investigation, a difference (shortage or overage) in excess of 1 percent of sales still exists, you must consider such a difference to be excessive. Submit a letter report using the guidelines in your NAVSUP P-487. You must submit the report under the following circumstances:

- Any gain or loss of a suspicious or reoccurring nature regardless of the money value
- In self-service resale outlets (walk-in stores) with sales of \$20,000 or less per accounting period, a gain or loss in excess of 1 percent of sales

SHIP'S STORE AFLOAT FINANCIAL CONTROL RECORD

0108-17-100-500

DATE	DESCRIPTION	RETAIL STORE NO. 1		RETAIL PRICE		STANDARD JANU		CAN DRINK		COST PRICE SNACK BAR		COST OF MANUFACTURED ITEMS	OPERATION
		RECEIPTS	EXPENDITURES	RECEIPTS	EXPENDITURES	RECEIPTS	EXPENDITURES	RECEIPTS	EXPENDITURES	RECEIPTS	EXPENDITURES		
10-1	INVENTORY BROUGHT FORWARD	19,028.15		3,166.97		4,500.14		3,283.10		196.11			
10-1	BREAKOUT #1	4,229.26											
10-2	MARKDOWN BELOW COST #2												
10-18	COST OF OPS ISSUE #3		1,20.00						13.70				6.124.00
10-27	MARKDOWN #4												
11-5	BREAKOUTS #5-16	8,716.73		1,552.66									
11-1	HEALTH + COMFORT ISSUE #103		5.00										5.00.00
11-11	COST OF OPS ISSUE #7												
11-20	BREAKOUTS #9-12	9,510.70											
11-23	COST OF OPS ISSUE #13												17.157.35
12-2	BREAKOUTS #14-17	9,471.31				4,435.45		3,435.45		681.51			7,760.00
12-1	COST OF OPS ISSUE #19												
12-13	BREAKOUTS #19-23	8,351.83		2,252.17		3,650.77		2,807.65		207.78			
12-16	SURVEY #1606		17.50										
1-18	MARKDOWN TO ZERO #24		76.00										
1-2	BREAKOUTS #25-26	6,516.35											
1-8	SURVEY #1609							41.55					
1-17	BREAKOUT #27												
1-31	SALES		44,161.80		8,623.15		13,863.55		15,063.30				
1-31	INVENTORY CARRIED FORWARD		16,781.23		2,370.87		4,157.05		2,227.45				5,014.2
1-31	SUBTOTAL	65,939.73	65,823.53	10,974.27	10,994.02	18,086.78	18,067.15	15,415.10	15,401.45	1,671.57	2,379.62	1,481.35	
	DIFFERENCE		116.20		15.75		22.63		8.45		708.05		
	TOTAL	65,939.73	65,939.73	10,994.02	10,994.02	18,086.78	18,086.78	15,415.10	15,415.10	2,379.62	2,379.62	1,481.35	
	RETAIL STORE #1												
	SNACK BAR												
	STANDARD JANU												
	CLOTHING STORE												
	CAN DRINK VM												
	SWACK BAR												
	RETAIL ITEMS												
	+ 15 15 SHORTRTS												
	+ 187												
	FORWARD		2,476										

COST OF SALES FOR CAN DRINK
 VENDING MACHINES TAKEN FROM
 LINE R OF ALL NAVSUP FORMS 236
 FOR THE ACCOUNTING PERIOD

COST OF SALES \$8,275.96
 GROSS IN NET \$4,870.54 (51%)

79.71

Figure 7-2.—Closeout of the Ship's Store Afloat Financial Control Record.

A large difference always exists in the cup-type soda Vending Machines and the Fountain columns; however, this is because all entries have been posted at cost price except for the entries for Sales that are posted at a marked-up price (the cash that was actually received). The value of Sales, then, is the sum of the cost value of the items sold plus the profit that has been received. The large difference, therefore, is actually gross profit. Since it is a forced figure, overages and shortages cannot be strictly accounted for. However, gross profit should be about 60 percent of the sales figure for Vending Machines. Generally, the gross profit for the fountain should be about 30 to 40 percent, depending on the size of the individual servings. Large deviations from these percentages should be investigated.

If clothing items are sold in a separate retail outlet, a separate column on the Financial Control Record should show no difference in the Receipt and Expenditures subtotals since there is a standard price and no markup is involved. However, small differences may appear for various common reasons.

The Other Cost Material column, which is used only in a combined operation, should also have no difference in its subtotals since no sales are involved. Material is received, expended, and inventoried at cost price. A difference of a few cents might be the result of rounding off cost prices of material upon receipt or receipt of stock at a new price that was used for expenditures of old and new stock alike. Any large financial difference should be substantiated by a difference you find when you are closing out the stock records for cost of operation items. For example, if the stock record for laundry soap was short 50 pounds and the cost price is 20¢ per pound, there should be a \$10 shortage in the Other Cost Material column. Likely sources of error in this column are the improper pricing of breakouts and errors in posting.

The total of the Cost of Operation column is the value of all material broken out as a cost of operation and used in the laundry or barbershop. This value also includes vending machine repair parts.

Once you have examined the subtotals and totals, you should check the recordskeeper's recaps of each column. You will need this information for closing out the remaining records. You will also need this information to evaluate the success of the store operation and the accuracy of the store operator in accounting for the stocks in that person's custody.

The first recap is for the retail store. The difference should have been entered and identified as an overage or shortage, as shown in figure 7-2. The difference as a percentage of sales should have been entered in parentheses. All differences, regardless of size, should be reported on the reverse side of the NAVCOMPT 153.

The second recap provides information about the vending machine operation. The Cost of Sales figure is the difference between the gross profit (subtotal difference) and the vending machine (VM) sales. The gross profit figure is also entered in the recap along with the percentage of gross profit to sales. Finally, the Cost of Operation figure, which was obtained by adding all the VM entries in the Cost of Operation column of the NAVSUP 235, should have been entered.

In a combined operation, the Other Cost Material (OCM) column is recapped. All that is required is the value of the Cost of Operation column less the VM entries and any difference existing in the OCM column.

In a separate operation, there is no Other Cost Material recap that lists the value Cost of Operation—Material from the Cost of Operation column. Recaps should also be included for clothing items and the fountain operation, whenever applicable. An example of a separate operation closeout of a Ship's Store Afloat Financial Control Record is shown in figure 7-2.

Journal of Receipts

Closing out the NAVSUP 977 involves nothing more than totaling the record. All six columns of the record should be totaled and two recaps of receipts should be prepared. See figure 7-3. For the first recap, the totals of the three ship's store columns should be added as well as the totals for the three clothing columns. You will use the first recap in closing out the Journal of Expenditures. For the second recap, the totals of each of the three types of receipts for both ship's store and clothing should be added. You will use the second recap in preparing the financial statements. See figure 7-3.

Journal of Expenditures

Many expenditures have been posted to the Journal of Expenditures (NAVSUP 978) throughout the accounting period. Remember, all entries are made at cost price. These include transfers, surveys, markdowns (below cost), and some issues. Other expenditures, however, have

JOURNAL OF RECEIPTS		5/N 0106-LF-002-2701		USE OF THIS COLUMN IS OPTIONAL		ACCT PERIOD		PAGE	
DATE RECEIVED	RECEIVING NO	ORDER OR REC N NO	RECEIVED FROM	SHIP'S STORE PURCHASES	FROM OTHER S O S	OTHER SOURCES	FROM OTHER S O S	CLOTHING PURCHASES	OTHER SOURCES
10-1						41,552.21			10,500.11
10-3	1	9700	NISG NOBEOLE VA		5,479.35				200.00
10-15	2	8	GAIN BY STD PRICE ADT						
10-17	2	9700	ADMIRAL EXCHANGE			7,599.07			
10-31	RECEIPTS 1-12 FORWARDED TO FRADC THIS DATE								
11-8	3	9604	CASH REFUND			(-150.00)			
11-26	4	9701	EUPAC			8,406.11			
11-30	5	9703	COCA-COLA CO			6,220.44			
11-30	RECEIPTS 3 THRU 5 FORWARDED TO FRADC THIS DATE								
12-12	6	9902	NISG CHARLESTON SC			8,506.11			3,813.81
12-22	7	9702	C. LOYD JOHNSON						
12-29	8	9903	USS WHITE PLAINS (AFS-4)			3,867.37			
12-31	RECEIPTS 6 THRU 8 FORWARDED TO FRADC THIS DATE								
1-13	9	9904	NISG CHARLESTON SC						8,687.31
1-19	10	9705	STANLEY BROS			5,478.46			
1-24	11	9704	ROBERT HALE CO			376.42			
1-29	12	9706	MERIT MARKETING			8,011.01			
1-31	RECEIPTS 9 THRU 12 FORWARDED TO FRADC THIS DATE								
TOTALS						93,467.84	41,447.62	0	10,700.41
NUMBERS CONSECUTIVELY ASSIGNED EACH ACCOUNTING PERIOD TO EACH RECEIPT DOCUMENT FROM THIS COLUMN						95,146.55	44,447.62		
RECAP OF RECEIPTS						23,233.53	0.50		
SHIPS STORE						118,350.08	52,052.62		
STANDARD NAVALY CLOTHING									
TOTAL									
TOTALS						118,350.08	118,350.08		

79.72

Figure 7-3.—Closeout of the Journal of Receipts.

not been posted either because it was more convenient to wait until the end of the period or because their value was not known. In auditing the Journal of Expenditures, you must make certain that all these expenditures have been correctly calculated and posted before the record can be closed out. See figure 7-4 for an example of a closed-out Journal of Expenditures.

The Cost of Operation—Material and Cost of Operation—Vending Machine values are examples of postings that have been deferred for convenience. These values should have been simply extracted from the Ship's Shore Afloat Financial Control Record recaps. Money Value Invoices (DD 1149s) should have been prepared by the recordskeeper for these two types of costs of operations. The Cost of Operation—Material invoice should have been broken down into money value by the service activity (barbershop or laundry). You can check the format of the invoices by referring to the NAVSUP P-487.

The last type of expenditure that should have been recorded is the cost value of the different types of sales. The first entry, Cost of Sales—Vending Machines, is obtained from the vending machine recap on your Ship's Store Afloat Financial Control Record for cup-type sodas and from line R of your NAVSUP 236 for canned sodas. The next entry, Cost of Sales—Retail, is forced after all other entries have been added. The value of the next entry, Bulk Sales—Cost Price, is simply the total of all Bulk Sales invoices contained in the Cash Sales file. In a separate operation, the value of the next entry, Clothing Sales—Standard Price, is known and obtained from the Cash Register Record (NAVSUP 469) covering the clothing sales outlet. In a separate operation, another entry, Loss by Inventory—Clothing, is required if a shortage has occurred in the Clothing Outlet column of the Ship's Store Afloat Financial Control Record. If there was an overage, the entry Gain by Inventory—Clothing should have been added to the Journal of Receipts before closeout rather than to the Journal of Expenditures. The value of this difference is the amount necessary to make the Clothing column on the NAVSUP 977 agree with the Clothing column of the NAVSUP 978. The gain or loss should also be documented on a DD 1149.

The next step in closing out the Journal of Expenditures should have been the posting of the closing inventory from the inventory document. You should check to see that the Total Inventory at Cost column on the Inventory Document (NAVSUP 238) has been broken down into two

different categories, clothing and ship's store stock (everything except clothing), and has been posted to the Journal of Expenditures as these two amounts.

Then, the totals from each column on the Journal of Expenditures should be posted. The values are known even without the Cost of Sales—Retail figure since the grand totals must agree with those on the Journal of Receipts.

When posting the totals of the four columns on the NAVSUP 978, you should post the total of the To Other Supply Officers (O.S.O.) columns first. The total of the Other Expenditures column is then the grand total to be accounted for in that area less the total of the To O.S.O. columns.

Finally, the value of Cost of Sales—Retail can be determined and posted. You should check the recordskeeper's calculation of this value carefully since the procedure can be confusing. The Cost of Sales—Retail figure is forced and is obtainable in all cases since you know the value of all other entries, including the totals. The value of all other expenditures is now known. By now, all expenditures of material throughout the accounting period will have been posted to the NAVSUP 978 except for the cost value of items sold in the retail outlet. The closing inventory is also known and has been posted. The total expenditures that must be accounted for are known and have been posted. The amount to be entered as Cost of Sales—Retail is now the amount that will be necessary to balance the total expenditures with the total receipts of ship's store items from the Journal of Receipts. The recordskeeper should be aware that there is no other simple method by which this value can be obtained. The forced figure will absorb all errors made on the two cost records and will directly influence ship's store profits. Thus, it is important this figure be calculated correctly.

In a combined operation (when clothing and retail outlets are the same), the value of Clothing Sales—Standard Price is not known and must be forced as well. The value will be the amount necessary to balance the total expenditures with the total receipts of clothing items on the Journal of Receipts (NAVSUP 977). Furthermore, in a combined operation, a loss or gain by clothing inventory does not have to be recorded since any loss or gain will be absorbed in the forced figure.

Finally, you should make certain that the Journal of Expenditures has been recapped twice in the same manner as the Journal of Receipts. The first recap on the NAVSUP 978 should be

JOURNAL OF EXPENDITURES NAV S AND A FORM 978 (REV 7 81)		ACCT PERIOD ENDING 31 JAN 19 --					
DATE	INVOICE NO	EXPENDED TO	SHIP'S STORE				
			TO OTHER S.O.'S				
			OTHER EXPENDITURES				
			TO OTHER S.O.'S				
			OTHER EXPENDITURES				
			CLOTHING				
10-4	9600	USS DAVIDSON (EE-1045)	171.78				
10-12	2	MAKE DOWN BELOW COST (VM)		10.00			
10-25	9601	BULK SALE		40.00			
11-7	9603	HEALTH AND COMFORT ISSUE		5.00			
11-23	9901	RECEIPT FROM GENERAL STORES		(-5.00)			
12-16	9606	SURVEY (SSPN-52)		74.50			
12-17	9607	BULK SALE		60.00			
12-19	24	MAKE DOWN TO ZERO (SS)		40.00			41.55
1-2	9609	SURVEY (NSF-STD NAVY CLOTHING)				75.42	19.70
1-21	9610	USS SCOTT (DDG-995)					
1-25	9611	ISSUE TO SHIP'S USE					
1-31	9613	COST OF OPS - MATERIAL		1,324.00			
1-31	9614	COST OF OPS - DRINK VM		157.35			22.63
1-31	9615	LOSS BY INV (STD NAVY CLOTHING)		8,275.76			
		COST OF SALES - DRINK VM		52,039.26			13,865.55
		COST OF SALES - RETAIL					9,174.68
		STD NAVY CLOTHING SALES		33,013.70			23,128.11
		INVENTORY CARRIED FORWARD	171.78	94,974.77		75.42	
		TOTAL					
		RECAP OF EXPENDITURES					
		SHIPS STORE	95,146.55			0.50	247.20
		STANDARD NAVY CLOTHING	23,203.53			OTHER	118,102.82
		TOTAL	118,350.08			TOTAL	118,350.08
		TOTAL C					

171.78 +
 10.00 +
 40.00 +
 5.00 +
 5.00 -
 14.50 +
 60.00 +
 40.00 +
 1,324.00 +
 157.35 +
 8,275.96 +
 33,013.70 +
 43,107.29 *

012

95,146.55 +
 43,107.29 -
 52,039.26 *

002

COST OF SALES - RETAIL

COST OF SALES FOR CAN DRINK
 VENDING MACHINES TAKEN FROM
 LINE R OF ALL NAVSUP FORMS 236
 FOR THE ACCOUNTING PERIOD

COST OF SALES-RETAIL
 FORCED (SEE ADDING
 MACHINE TAPE)

THIS RECAP BROUGHT FORWARD
 FROM NAVSUP FORM 977

Figure 7-4.—Closeout of the Journal of Expenditures.

identical to that on the NAVSUP 977. The first recap also provides a good check on the records-keeper's mathematical computations. The second recap on the Journal of Expenditures is not identical to the second recap on the Journal of Receipts. The Journal of Expenditures is a record of to whom your material was expended. Also, this record is necessary for the preparation of the financial statements.

In conclusion, the importance of a thorough audit in all these areas cannot be overemphasized. Accountability is being summarized when the records are closed out. An accurate set of returns is dependent on an accurate closeout. Remember, you, as the auditor, will be held responsible for verifying the accuracy of these important records.

AUDITING RETURNS

Once the ship's store records have been properly closed out, the recordskeeper is ready to prepare the returns for submission to the appropriate fleet accounting and disbursing center (FAADC). The returns must be submitted within 15 days following the end of the applicable accounting period. The accounting periods are the 4-month periods ending 31 January, 31 May, and 30 September. The accounting period may be less than 4 months if the ship's store officer is being relieved. The accounting period may be more than 4 months if the commanding officer authorizes in writing that merged returns will be submitted.

MERGED RETURNS

As long as the total of the merged period does not exceed 5 consecutive months, the returns for a fractional period can be merged with the returns for the previous or later period. Of course, approval for any merged returns must be authorized in writing by the commanding officer. The only period that cannot be merged is the accounting period ending 30 September. In unusual or emergency circumstances when returns must be merged for the period from 1 September through 31 October, a request for exception can be forwarded to NAVRESSO with a copy to the appropriate FAADC and to the Navy Regional Finance Center, Washington, D.C. Once any returns have been merged, copies of the written authorizations must be forwarded immediately to NAVRESSO, the appropriate FAADC, and the Navy Regional Finance Center, Washington, D.C. The original of the letter that authorized the

merged returns for any period must be included with the returns when the returns are submitted to the appropriate FAADC.

DELAY AND DELINQUENCY

When returns cannot be submitted on or before the date they are required to be submitted, a letter from the commanding officer explaining the reason for the delay and the anticipated mailing date should be forwarded to the appropriate type commander. A copy of the letter should be forwarded to the Naval Supply Systems Command (Deputy Commander, Programming and Financial Management, Comptroller), to the appropriate FAADC, and to NAVRESSO.

SHIP'S STORE BALANCE SHEET AND PROFIT AND LOSS STATEMENT

You should prepare the Ship's Store Balance Sheet and Profit and Loss Statement (NAVCOMPT 153) in the number of copies required. See figures 7-5 and 7-6. You must use the Journal of Receipts (NAVSUP 977) and the Journal of Expenditures (NAVSUP 978) for the preparation of the balance sheet section of the NAVCOMPT 153. You must also substantiate the NAVCOMPT 153 with vouchers covering all receipts and expenditures during the accounting period. If an adding machine tape is required, the tape should show the unit identification code of the ship, the period covered by the returns, and the caption substantiated.

Receipts Caption

The Receipts side of the NAVCOMPT 153 extends from lines B01 through B09. Refer to figure 7-5. To enter the correct amounts for these lines, use the information you have accumulated on the Journal of Receipts (NAVSUP 977). The supporting documents for your entries on the NAVCOMPT 153 should be in their appropriate files for ship's store accounts. To obtain the correct file names for the corresponding B lines on the NAVCOMPT 153, consult the current NAVSUP P-487.

Expenditures Caption

You must complete the Expenditures side of the NAVCOMPT 153, from lines B10 through B30, with information contained in the Journal of Expenditures (NAVSUP 978). Just as for the

SHIP'S STORE BALANCE SHEET AND PROFIT AND LOSS STATEMENT

RCS NAVCOMPT 7223-4
 AUTH INVENTORY \$24,300
 AUTH INCREASES 12,900
 TOTAL AUTH INV \$37,200

SHIP'S UNIT IDENTIFICATION CODE & NAME: _____ AUTHORIZED INVENTORY NUMBER (SEE SUPPORTED): 450 FROM: 1 OCT 19-- TO: 31 JAN 19--
 ENTER UIC AND NAME OF SHIP: * \$54 ** 24,300 "AUTHORIZED INCREASES" REPORTED AS PER PAR. 9301

RECEIPTS		AMOUNT	EXPENDITURES		
WITH CHARGE			ISSUES WITH REIMBURSEMENT		
PURCHASE	801	44,447.62	ISSUES TO USE	810	18.70
			ISSUES IN KIND	811	
			BULK SALES	812	100.00
			STANDARD NAVY CLOTHING SALES	813	13,865.55
INVENTORY ADJUSTMENTS			INVENTORY ADJUSTMENTS		
GAIN BY INVENTORY (STANDARD NAVY CLOTHING)	802		LOSS BY INVENTORY (STANDARD NAVY CLOTHING)	814	22.63
			SURVEYS TO NSF (SB)	815	
			SURVEYS TO NSF (STANDARD NAVY CLOTHING)	816	41.55
FINANCIAL ADJUSTMENTS			FINANCIAL ADJUSTMENTS		
GAIN BY PURCHASE VARIANCE (STANDARD NAVY CLOTHING)	803		LOSS BY PURCHASE VARIANCE (STANDARD NAVY CLOTHING)	817	
GAIN BY STANDARD PRICE ADJ (STANDARD NAVY CLOTHING)	804	200.00	LOSS BY STANDARD PRICE ADJ (STANDARD NAVY CLOTHING)	818	
TRANSFERS FROM OTHER SUPPLY OFFICER			TRANSFERS TO OTHER SUPPLY OFFICER		
SHIP'S STORE	805	9,346.72	SHIP'S STORE	819	171.78
STANDARD NAVY CLOTHING	805A	12,503.12	STANDARD NAVY CLOTHING	819A	75.42
FINANCIAL ADJUSTMENTS (GAINS) (FAADC USE ONLY)	806		FINANCIAL ADJUSTMENTS (LOSSES) (FAADC USE ONLY)	820	
			RETAIL OPERATION		
			(EXCEPT SOFT DRINK VENDING MACHINES)		
			COST OF RETAIL SALES	821	52,039.26
			COST OF OPERATION	822	1,324.00
			SURVEYS TO PROFITS	823	14.50
			MARKDOWNS BELOW COST	824	40.00
			SOFT DRINK VENDING MACHINE OPERATION		
			COST OF SALES	825	8,275.96
			COST OF OPERATION	826	157.35
			SURVEY TO PROFITS	827	
			MARKDOWNS BELOW COST	827A	10.00
OPENING INVENTORY			CLOSING INVENTORY		
SHIP'S INVENTORY	807	41,352.21	SHIP'S STORES	828	33,013.70
STANDARD NAVY CLOTHING	808	10,500.41	STANDARD NAVY CLOTHING	829	9,179.68
TOTAL RECEIPTS	809	118,350.08	TOTAL EXPENDITURES	830	118,350.08

RECEIPTS		AMOUNT	EXPENDITURES		AMOUNT
FUNDS BROUGHT FORWARD (LINE C24 PREVIOUS STATEMENT)	C01	6,558.84	COST OF SALES-RETAIL (LINE 821)	C10	52,039.26
SALES PER CASHBOOK			DISHONORED CHECKS	C11	
RETAIL (SHIP'S STORE ONLY)	C02	59,849.15	OPERATING EXPENSES (LINES 822, 823, 824)	C12	1,378.50
INDICATE TYPE: <input checked="" type="checkbox"/> CANNED <input type="checkbox"/> CUP	C03	13,166.30	LAUNDRY CHARGES AND OTHER SERVICE CHARGES	C13	10.96
CONTRIBUTIONS TO BE PROFIT			GENERAL FUND ASSESSMENT (4 % OF LINE C02)	C14	2,393.81
CASH COLLECTIONS FROM AMUSEMENT MACHINES	C04	440.00	COST OF SALES-VENDING (LINE 826)	C15	8,275.96
REBATE CHECKS FROM EXCHANGE CATALOG SALES	C04A	127.00	COST OF OPERATING VENDING (LINES 826, 827, 827A)	C16	167.35
OTHER CONTRIBUTIONS	C04B	15.75	EXCESS PROFITS (LINE C26 MINUS 10% OF LINE C10)	C17	
NAVRESBO LOANS	C06	1,256.00	EQUIPMENT PURCHASES	C18	1,256.00
AUTHORIZATION NAVRESBO LTR OF --			DISBURSEMENTS TO AMUSEMENT MACHINE CONTRACTOR	C19	144.32
NAVRESBO GRANTS	C08		LOAN REPAYMENTS	C20	300.00
AUTHORIZATION			BALANCE BEGINNING PERIOD ENDING PERIOD	C21	
SURVEYS TO GENERAL FUND	C07		\$ 1,256.00 \$ 956.00		
ADJUSTMENTS (FAADC USE ONLY)	C08		FUNDS TRANSFERRED TO REC FUND	C22	6,550.00
			TOTAL EXPENDITURES	C23	72,516.16
			FUNDS AVAILABLE FOR TRANSFER TO REC FUND (LINE C06 MINUS C23)	C24	8,892.88
			LIABILITIES ASSUMED AND ANTICIPATED OPERATING EXPENSES	C24A	400.00
TOTAL RECEIPTS	C09	81,409.04	NET FUNDS AVAILABLE FOR TRANSFER TO REC FUND (LINE C24 MINUS C24A)	C24B	8,492.88

INCLUDE SALES OF RETAIL ITEMS THROUGH OTHER THAN DRINK VENDING MACHINES

OPERATING PROFIT (LINE C02 MINUS LINES C10 THROUGH C14)		AMOUNT
OPERATING PROFIT (LINE C02 MINUS LINES C10 THROUGH C14)	C25	4,022.62
SOFT DRINK VENDING MACHINE PROFIT (LINE C03 MINUS LINES C16 AND C18)	C26	4,722.99
AMUSEMENT MACHINE PROFIT (LINE C04 MINUS LINE C19)	C27	295.68
CERTIFY the statement is correct to the best of my knowledge and belief	Signature	10 FEB 19--

Figure 7-5.—Preparation of the Ship's Store Balance Sheet and Profit and Loss Statement—separate and combined responsibility (front).

<u>NET GAINS/LOSSES</u>		
<u>ACTIVITY</u>	<u>SALES</u>	<u>NET GAIN OR LOSS</u>
RETAIL STORE #1	\$49,161.80	- \$116.20
SNACK BAR (RETAIL ITEMS)	8,623.15	+ 15.75
SNACK BAR (MANUFACTURED PRODUCTS)	2,060.20	0
STANDARD NAVY CLOTHING STORE	13,865.55	- 22.63
CAN DRINK VENDING MACHINE	13,166.30	- 8.45
BULK STOREROOM	<u>N/A</u>	- <u>114.91</u>
	\$86,877.00	- 246.44
		.28%

<u>CASH COLLECTED FROM SALE OF TRAVELER'S CHECKS</u>	
FACE VALUE OF CHECKS AND SURCHARGE	\$1,575.00
SHIP'S PROFITS	15.75
TRANSMITTED TO VENDOR	1,559.25
BALANCE OF CHECKS ON HAND	1,000.00

DAYS AT SEA -- 55
DAYS IN PORT - 68

INDICATE DAYS AT SEA
AND DAYS IN PORT DURING
THE ACCOUNTING PERIOD

IF DISPROPORTIONATE DIFFERENCE
EXCEEDS 1% OF TOTAL SALES, LETTER
REPORT REQUIRED AS PER NAVSUP P-487

79.75

Figure 7-6.—Preparation of the Ship's Store Balance Sheet and Profit and Loss Statement—separate and combined responsibility (back).

preparation of the Receipts side, the supporting documents for the Expenditures side should be in your ship's store accounts files. More detailed coverage of these procedures is contained in your NAVSUP P-487.

Profit and Loss Statement (Receipts Section)

In preparation of the Profit and Loss Statement captions, lines C01 through C09 (Receipts), you must return to your previous NACOMPT 153 to report line C01. Refer to figure 7-5. Line C02 must be taken from the cashbook of your ship's store. Information for line C03 can only be taken from your soft drink vending machines (cup type and can type). Indicate the type of soft drink machine by checking the appropriate box in section C03 of your NAVCOMPT 153. Line C04 is cash collected from amusement machines. The total amount of rebate checks received from the Navy Resale and Services Support Office for catalog sales should be entered on line C04A. Contributions, regardless of the source, should be entered on line C04B. This figure should include the amounts collected as service charges and the profits from the sales of traveler's checks.

Line C05 covers loans that have been authorized by NAVRESSO to cover the cost of equipment, such as vending machines, popcorn machines, and soft ice cream purchases. Line C05 should also include loans that have covered any improvements to the ship's store, the cost of surveys, and operating losses. An official letter request stating the purpose of the loan must be submitted to the Navy Resale and Services Support Office. After approval, NAVRESSO will charge the amount of the loan to the appropriation Ship's Store Profits, Navy (General Fund). To reimburse the General Fund, the individual ship's store must make payments from local profits. (Repayment instructions are provided by NAVRESSO.) Normally, a ship is required to repay a loan in three accounting periods. Ships having a complement of less than 350 can request authority to repay a loan in five installments. Loans to cover the cost of modernizations can be requested for a period of up to a maximum of 3 years. When approved, the loan amount should be entered as a one-time entry on line C05 for the accounting period in which the loan is received. Loan repayment should be reported on line C20 of the NAVCOMPT 153. More detailed information is contained in your NAVSUP P-487.

Line C06 covers any NAVRESSO nonreimbursable grants that are authorized by NAVRESSO to cover the cost of equipment, such as vending machines and soft ice cream machines, or operating losses. You should report all NAVRESSO nonreimbursable grants on line C06, NAVRESSO Grants, at the end of the accounting period in which you received authority for the grant. Just as you did for loans, reference the NAVRESSO letter containing the authority for the grant. The letter from NAVRESSO authorizing the grant should be referenced in the authorization block of the NAVCOMPT 153.

Line C07 covers any surveys to the General Fund. Report only the amounts that were approved by NAVRESSO as a charge to Ship's Store Profits, Navy (General Fund). Use the amounts you entered in lines B23 and B27 as your entry for line C07.

Line C08 should be reserved for the appropriate FAADC. The FAADC will use line C08 to report any adjustments.

Use line C09 to report your total receipts. The value on line C09 should represent the sum of lines C01 through C07.

Profit and Loss Statement (Expenditures Section)

Line C10 is reserved for the Cost of Sales—Retail figure you have already entered on line B21. On line C11, enter the total amount of any uncollectible checks. For line C12, Operating Expenses, report the total of lines B22, B23, and B24.

On line C13, report the amount that represents the total of Laundry Claims and Other Service Charges paid on Reimbursement Vouchers (Standard Form 1129) in settling claims for loss of or damage to personal apparel in the ship's store service activities. This figure should also include the total value of your payment notification reports (PNRs) covering laundry and dry-cleaning service charges and the total value of your payment notification reports (PNRs) covering repairs to vending machines, soft ice cream machines, popcorn machines, and ship's store stock .

Use line C14 for reporting the rate of assessment of sales that will accrue to the General Fund. On line C15, enter the Cost of Sales—Vending that you reported on line B25. Use line C16 for the Cost of Operation—Vending figure. This amount should be the sum of lines B26 and B27, and if applicable, the added entry on B27A.

Use line C17 to report Excess Profits. This amount will be the amount on line C25 minus 15 percent of the amount on line C10. The figure you should enter on line C18, Equipment Purchases, will represent the total value of payment notification reports (PNRs) for equipment such as modernization materials, vending machines, soft ice cream machines, and remittances to contractors for amusement machine sales and other services and materials that you have procured as a direct charge to ship's store profits.

Line C19 should contain the total amount of remittances paid to contractors for leased amusement machines. The figure represents the amount that must be forwarded to contractors by means of checks issued from your disbursing officer. The total amount of these checks should be charged to Ship's Store Profits, Navy, at the end of each month.

The figures on lines C20 and C21 represent the amounts prescribed by NAVRESSO that must be repaid toward the loans that were authorized for your ship's store. The balance at the beginning and ending of the accounting period should be entered in the spaces provided. The figure in the space for the Ending Period will usually represent the total amount of the loan at the Beginning Period minus the amount entered on line C20 (the monthly repayment amount remitted to NAVRESSO).

Use line C22 to report the total value of the amount entered on the NAVCOMPT 2277s covering the funds that will be transferred to the Recreation Fund. The figure for line C23 should represent the sum of lines C10 through C20, and line C22. In other words, line C23 represents Total Expenditures.

On line C24, enter the amount of funds available for transfer to the Recreation Fund. To reach this figure, you must first subtract line C23 (Total Expenditures) from line C09 (Total Receipts). Next, subtract the figure on line C24A (the total amount of Liability Assumed/Anticipated Operating Expenses) from the amount on line C24. You should end up with the amount on line C24B. Line C24B represents the net amount of funds available for transfer to the Recreation Fund. Remember, only the difference between the amount from receipts you have reported on line C24 (Funds Available for Transfer to the Recreation Fund) and the amount you have entered on line C24A (Liability Assumed/Anticipated Operating Expenses) will represent the actual amount that can be transferred to the Recreation Fund (line C24B).

Profit Computations

For profit computations, the amount on line C25, Operating Profit, should represent the amount on line C02 minus the total of lines C10 through C14. Line C26, Cup-Type Drink Vending Machine Profit, will be the amount on line C03 minus the amount for lines C15 and C16. Line C27 is the amount reported on line C04 minus the amount on line C19. This is the actual amusement machine profit.

Certification Statement

The ship's store officer must sign and date the bottom of the front side of the NAVCOMPT 153 directly under the certification, "I certify that this statement is correct to the best of my knowledge and belief."

Additional Requirements

Whenever applicable to your ship's store, you must report the following information on the reverse side of the NAVCOMPT 153. See figure 7-6.

1. Net gains and losses (as outlined in your NAVSUP P-487).
2. The amount from sales of traveler's checks. Use the following format to derive this figure:

Cash Collected from Sales of Traveler's Checks:

Face value of checks and surcharges	
Ship's profit	
Transmittal to vendor	
Balance of checks on hand	

3. The numbers of days the ship was in port and the number of days the ship was at sea during the accounting period.

Distribution of the NAVCOMPT 153

After you are certain that your NAVCOMPT 153 is correct, you must distribute this document as follows:

1. Original and one copy to the appropriate FAADC, substantiated as indicated later in this

chapter and in your NAVSUP P-487. (The FAADC will forward one copy of the NAVCOMPT 153 to NAVRESSO.)

2. One copy to the commanding officer.

3. Two copies to the special services officer within 15 days following submission of the returns whether or not profits are available for transfer. (These copies will be filed with the special services of officer's records for recreational fund audits.)

4. One copy filed with the retained returns.

ASSEMBLING AND SUBSTANTIATING THE RETURNS

Now that you have entered all the required information on the NAVCOMPT 153, you must substantiate and assemble your ship's store returns. You can perform both the assembling and substantiating of ship's store returns at the same time. Table 7-1 lists the documents that you are required to use to substantiate your ship's store returns.

Table 7-1.—Procedures for Ship's Store Returns

BALANCE SHEET

NAVCOMPT Form 153

LINE AND CAPTION

RETURNS TO FAADC

RETAINED RETURNS

RECEIPTS SECTION

RECEIPTS WITH CHARGE

Purchase
(Line B01)

Receipt documents are not required to be submitted with returns. (Receipt documents are forwarded to FAADCPAC or FAADCLANT monthly.)

Copy of all receipt documents signed by the responsible custodian.

INVENTORY ADJUSTMENTS

Gain by Inventory (Standard Navy Clothing)
(Line B02)

DD Form 1149—signed original.

DD Form 1149—copy.

FINANCIAL ADJUSTMENTS

Gain by Purchase Variance
(Line B03)

NAVSUP Form 983—signed original.

NAVSUP Form 983—copy.

Gain by Standard Price Adjustment
(Line B04)

NAVSUP Form 983—signed original.

NAVSUP Form 983—copy.

RECEIPTS FROM OTHER SUPPLY OFFICERS

Ship's Store
(Line B05)

Receipt documents are not required to be submitted with returns. (Receipt documents are forwarded to FAADCPAC or FAADDCLANT monthly.)

Copy of all receipt documents signed by the responsible custodian.

Standard Navy Clothing
(Line B05A)

Same as line B05.

Same as line B05.

Table 7-1.—Procedures for Ship's Store Returns—Continued

BALANCE SHEET—CONTINUED

NAVCOMPT Form 153

<u>LINE AND CAPTION</u>	<u>RETURNS TO FAADC</u>	<u>RETAINED RETURNS</u>
<u>EXPENDITURES SECTION</u>		
ISSUES WITH REIMBURSEMENT		
Issues to Use (Line B10)	DD Form 1149—signed original and one copy	DD Form 1149—copy.
	NAVSUP Form 28/28A and/or DD Form 504—two copies.	NAVSUP Form 28/28A and/or DD Form 504—one copy.
Issues in Kind (Line B11)	DD Form 1149—signed original.	DD Form 1149—copy.
	DD Forms 1842 and 1845 and NAVSUP Form 28/28A—two copies.	DD Forms 1842 and 1845 and NAVSUP Form 28/28A partial issues—one copy; final issues—original.
Bulk Sales (Line B12)	DD Form 1149—copy (priced and extended).	DD Form 1149—copy.
Standard Navy Clothing Sales (Line B13)	DD Form 1149—two copies of each monthly Memorandum Cash Sale Invoice Deposit of Cash with the Disbursing Officer. (See line C02.)	DD Form 1149—original of each monthly Memorandum Cash Sale Invoice Deposit of Cash with the Disbursing Officer. (See line C02.)
INVENTORY ADJUSTMENTS		
Loss by Inventory (Standard Navy Clothing) (Line B14)	DD Form 1149—signed original.	DD Form 1149—copy.
Surveys to NSF (Ship's Store) (Line B15)	DD Form 200—signed original.	DD Form 200-copy.
Surveys to NSF (Standard Navy Clothing) (Line B16)	DD Form 200—signed original.	DD Form 200-copy.
FINANCIAL ADJUSTMENTS		
Loss by Purchase Variance (Line B17)	NAVSUP Form 983—signed original.	NAVSUP Form 983—copy.

Table 7-1.—Procedures for Ship's Store Returns—Continued

BALANCE SHEET—CONTINUED

NAVCOMPT Form 153

<u>LINE AND CAPTION</u>	<u>RETURNS TO FAADC</u>	<u>RETAINED RETURNS</u>
<u>EXPENDITURES SECTION—CONTINUED</u>		
FINANCIAL ADJUSTMENTS—CONTINUED		
Loss by Standard Price Adjustment (Line B18)	NAVSUP Form 983—signed original.	NAVSUP Form 983—copy.
TRANSFERS TO OTHER SUPPLY OFFICERS		
Ship's Store (Line B19)	NAVCOMPT Form 176—original with two copies of the transfer invoices attached. Adding machine tapes must be attached to invoices.	NAVSUP Form 176—copy with one copy of the transfer invoice attached.
Standard Navy Clothing (Line B19A)	Same as line B19.	Same as line B19.
RETAIL OPERATION		
Cost of Sales (Line B21)	No document is required.	No document is required. Substantiation is on the NAVSUP Form 978.
Cost of Operations (Line B22)	No document is required. Substantiation is on the NAVSUP Form 978.	DD Form 1149—original
Survey to Profits (Line B23)	DD Form 200—signed original.	DD Form 200—copy.
Markdowns Below Cost (Line B24)	NAVSUP Form 983—signed original. (Including markdowns to zero.)	NAVSUP Form 983—copy. (Including markdowns to zero.)
DRINK VENDING MACHINE OPERATION		
Cost of Sales (Line B25)	No document is required.	No document is required. Substantiation is on the NAVSUP Form 236.
Cost of Operations (Line B26)	No document is required.	DD Form 1149—signed original.
Surveys to Profits (Line B27)	DD Form 200—signed original.	DD Form 200—copy.
Markdowns Below Cost (Line B27A)	NAVSUP Form 983—signed original. (Including markdowns to zero.)	NAVSUP Form 983—copy. (Including markdowns to zero.)

Table 7-1.—Procedures for Ship's Store Returns—Continued

PROFIT AND LOSS STATEMENT

NAVCOMPT Form 153

<u>LINE AND CAPTION</u>	<u>RETURNS TO FAADC</u>	<u>RETAINED RETURNS</u>
<u>RECEIPTS SECTION</u>		
SALES PER CASHBOOK		
Retail (Ship's Store Only) (Line C02)	DD Form 1149—two copies of each monthly Memorandum Cash Sale Invoice Deposit of Cash with the Disbursing Officer.	DD Form 1149—original of each monthly Memorandum Cash Sale Invoice Deposit of Cash with the Disbursing Officer.
Drink Vending Machine (Line C03)	See line C02.	See line C02.
Cash from Amusement Machine Sales (Line C04)	See line C02.	See line C02.
Rebate Checks from Exchange Catalog Sales (Line C04A)	See line C02.	See line C02.
Contributions and Service Charges (Line C04B)	See line C02.	See line C02.
NAVRESSO LOANS (Line C05)	No document is required.	NAVRESSO letter authorizing the loan.
NAVRESSO GRANTS (Line C06)	No document is required.	NAVRESSO letter authorizing the grant.
<u>EXPENDITURES SECTION</u>		
SURVEYS TO GENERAL FUND (Line C07)	DD Form 200—signed original.	DD Form 200—copy.
DISHONORED CHECKS (Line C11)	DD Form 1149—signed original with original uncollectible checks attached.	DD Form 1149—copy with copy of uncollectible checks attached.
LAUNDRY CLAIMS AND OTHER SERVICE CHARGES (Line C13)	<u>For Laundry Claims</u>	
	Standard Form 1129—copy.	Standard Form 1129—copy with copy of the claim.
	<u>Other Service Charges</u>	
	Payment notification report (PNR)— copy.	Payment notification report (PNR)— copy.

Table 7-1.—Procedures for Ship's Store Returns—Continued

PROFIT AND LOSS STATEMENT—CONTINUED

NAVCOMPT Form 153

<u>LINE AND CAPTION</u>	<u>RETURNS TO FAADC</u>	<u>RETAINED RETURNS</u>
<u>EXPENDITURES SECTION—CONTINUED</u>		
EQUIPMENT PURCHASES (Line C18)	Payment notification report (PNR)— copy.	Payment notification report (PNR)—copy.
DISBURSEMENTS TO AMUSEMENT MACHINE CONTRACTORS (Line C19)	NAVCOMPT Form 2277—copy.	NAVCOMPT Form 2277— copy.
LOAN REPAYMENTS (Line C20)	No document required.	Same as line C05.
FUNDS TRANSFERRED TO RECREATION FUND (Line C22)	NAVCOMPT Form 2277—copy.	NAVCOMPT Form 2277— copy.

OTHER DOCUMENTS REQUIRED FOR RETAINED RETURNS

RECEIPTS	NAVSUP Form 977—original.
EXPENDITURES	NAVSUP Form 978—original.
FINANCIAL CONTROL RECORDS	NAVSUP Form 235—original. inventory Discrepancy List—original. (Attached to NAV- SUP Form 235.) NAVSUP Form 236—signed original.
INVENTORIES	NAVSUP Form 238—yellow working copy. Price Line Inventory Count Sheet—signed original. NAVSUP Form 1234—signed original.
BREAKOUTS	NAVSUP Form 973—signed original. NAVSUP Form 980—original.
PRICE ADJUSTMENTS	NAVSUP Form 983—signed original. (For markons, markdowns, and markdowns to cost.)
CASH COLLECTION RECORDS	NAVSUP Form 469—signed original. NAVSUP Form 470—signed original.
MANAGEMENT REPORTS	Ship's Store Management Report—original (signed by supply officer and commanding officer).

Make certain that all your reporting documents are legible. Remember, you must send the signed original and one copy of the Ship's Store Balance Sheet and Profit and Loss Statement (NAV-COMPT 153) with the required substantiating documents to the appropriate FAADC.

Make Up of Original (Forwarding) and Retained Returns

When assembling and substantiating your returns, you should make up both your retained and forwarding returns together. This strategy will allow you to double-check all figures on the substantiating documents and to make certain you have copies for both sets. When assembling your returns, make two stacks and compile both as you go along, making sure that both stacks contain exactly what your NAVSUP P-487 requires.

Table 7-1 was presented for your convenience. Carefully read through the information in the table. Follow the sequence given when you are substantiating and assembling your ship's store returns.

As indicated in the table, all documents that you include in the original (forwarding) returns you will also include in the retained returns. However, you will need to include some additional

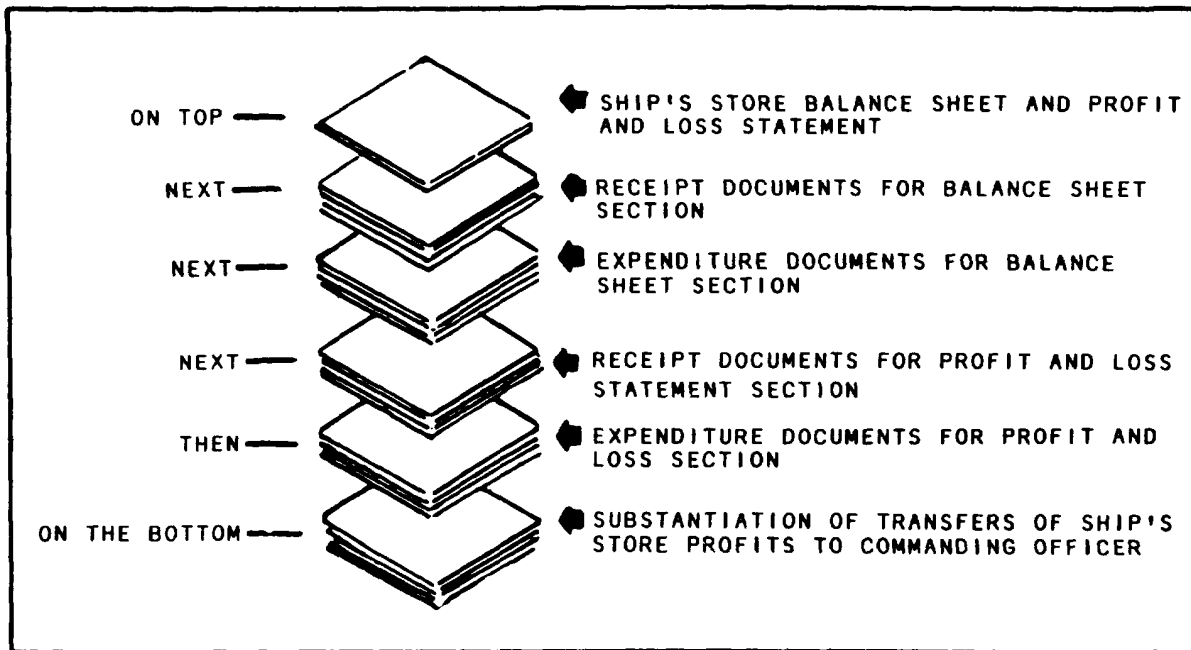
information in your retained returns. For example, all documents in the accountability file of the current accounting period that you did not include in the original returns must be included in the retained returns. Any list of discrepancies, as required in NAVSUP P-487, must also be placed in the retained returns. However, do not file the ending inventories in the current retained returns. Carry the ending inventories forward into the accountability file of the next accounting period.

Arrangement of Original and Retained Returns

As indicated earlier, the original and retained returns should be arranged in the same order. Whether the returns are prepared for submission or for filing, the arrangement is always the same.

The required documents that must be included with the retained returns, but not submitted with the original returns, should be filed at the bottom of the retained returns. In the case of large ships, these additional documents can be maintained in a separate folder or box.

The arrangement you should use for all returns is shown below.



Forwarding of Original Returns

For forwarding the required originals and copies of your ship's store returns to the appropriate FAADC, pack the returns unfolded and flat. Keep in stock the heavy corrugated fiber boxes that are designed for packaging of returns. If a box of this type is not available, use a light canvas container with sewn or waxed edges. Use wooden boxes only when your returns are too heavy or bulky for the fiber boxes. On the other hand, you can use a heavy envelope if your returns are no larger than an ordinary letter.

In addressing the packages, place the name of your activity in the upper left corner of each package. Next, the name of the ship's store officer and the name and unit identification code of the ship should be shown. Under this information, the following statement should appear: "Ship's store returns for period ending _____ 19 _____." If two or more packages are used, the number of the package and a brief description of the contents should be shown on the last line.

Now you must forward the returns to the appropriate FAADC. For returns weighing 13 ounces or less, use First-Class Mail. Use Military Official Mail (MOM) for returns weighing over 13 ounces. For service designator R, forward the returns to

Fleet Accounting and Disbursing Center
U.S. Pacific Fleet (Code AF3-2)
937 North Harbor Drive
San Diego, CA 92132

For service designator V, forward the returns to

Fleet Accounting and Disbursing Center
U.S. Atlantic Fleet (Code FOFA-42)
Building 132
Norfolk, VA 23511

FORWARDING LATE DOCUMENTS.— At times, you may receive documents after you have submitted the returns for that accounting period. Any documents you receive subsequent to your forwarding of the returns for the accounting period you have just completed must also be forwarded with a letter of transmittal to the appropriate FAADC. You should label these documents to indicate the name of the ship's store officer who is rendering the returns, the ship's store returns, the accounting period to which the documents are applicable, and the name and unit

identification code of the ship. See your NAV-SUP P-487 for detailed instructions.

ADJUSTMENT TO AMOUNTS REPORTED ON PREVIOUS SHIP'S STORE RETURNS.— When you must make an adjustment of receipts because of estimated receipt prices, forward the priced invoice to the appropriate FAADC in support of the adjusted amount recorded on the current Ship's Store Balance Sheet and Profit and Loss Statement (NAVCOMPT 153).

FORWARDING CORRECTIONS TO RETURNS.— When corrections to returns are necessary after the returns have been submitted (i.e., an incorrect inventory figure, an incorrect figure for receipts or markdowns below cost, etc., were reported), you must take the following steps immediately:

1. Prepare a corrected NAVCOMPT 153 reflecting the changes.
2. Forward to the appropriate FAADC the corrected NAVCOMPT Form 153 along with the substantiating documents for those captions that were changed.

FORWARDING MERGED RETURNS.— As mentioned earlier, if the total of the merged period does not exceed 5 consecutive months, you can merge the returns for a fractional period with the returns for the previous or subsequent period upon written authorization from the commanding officer except for the returns for the period ending 30 September. When you determine that the returns must be merged, forward copies of the written authorization immediately to NAVRESSO, the appropriate FAADC, and the Navy Regional Finance Center, Washington, D.C. When you must merge the returns for the period from 1 September to 31 October, forward a request for exception to NAVRESSO with a copy to the appropriate FAADC and the Navy Regional Finance Center, Washington, D.C. You must include the original of the letter authorizing the merged returns when you submit the returns to the FAADC.

DELAYS AND DELINQUENCIES.— If for some reason the returns cannot be submitted on or before the date they are required to be submitted, the commanding officer must forward a letter to the appropriate type commander explaining the reason for the delay and the anticipated

mailing date for the late returns. A copy of the letter must be forwarded to the Naval Supply Systems Command (Deputy Commander, Programming and Financial Management, Comptroller), to the appropriate FAADC, and to NAVRESSO.

FORWARDING A COPY OF THE RETURNS FOR THE NAVY SUPPLY CORPS SCHOOL.— To help provide current training aids for officer students preparing for shipboard duty, you should mail one copy of the Ship's Store Balance Sheet and Profit and Loss Statement (NAVCOMPT 153) for the accounting period ending 30 September to the following address:

Navy Supply Corps School
Code 45
Athens, GA 30606

Disposition of Retained Returns

All ship's store and clothing retained returns should be retained on board for a period of 2 years. After 2 years, the retained returns can be destroyed according to guidelines in *Disposal of Navy and Marine Corps Records*.

When the ship's store officer is relieved at the end of the accounting period, the ship's store officer who is being relieved and the relieving ship's store officer will both conduct a complete inventory. Ship's store returns that are approved by both ship's store officers will then be prepared, submitted, and retained as described earlier.

When the ship's store officer is relieved sometime within an accounting period and the merging of returns is not possible, the ship's store officer who is being relieved must make certain that all funds have been collected and deposited for the period of accountability. Next, a physical inventory is taken and all the records are balanced but not closed. When satisfied that financial accountability has been established, the relieving officer will receipt for the vouchers that were processed by the relieved officer but were not received until after the end of the last accounting period. The relieving officer will then submit a return at the end of the normal accounting period.

If the relieving officer is not satisfied with the records, the commanding officer can direct the relieved officer to close the accounts and render the ship's store returns for the relieved officer's period of accountability only. In these ways, the retained records and returns serve to establish and transfer accountability in the ship's store.

ANALYSIS OF SHIP'S STORE OPERATIONS

Just as the ship's store records and returns are used in the establishing and transferring of accountability from one person or activity to another, the returns also serve as a valuable management tool for the improvement of ship's store operations. Once you have closed out the records and submitted the returns, it is time to sit back and take a careful look at your ship's store operation. How effective has your ship's store been this accounting period in carrying out its goals? You can find answers for certain questions from the data you have entered in your ship's store returns. Some guidelines you can use for analyzing your ship's store returns from a management point of view are presented in this section.

INTERNAL ANALYSIS

As a senior Ship's Serviceman, you will be expected to assist the ship's store officer in analyzing the completed NAVCOMPT 153. Some of the following factors should be taken into consideration. Each of these factors is an important aspect of your ship's store operation.

Sales-Stock Ratio

As described in chapter 4, your sales-stock ratio is computed so that you can determine the efficiency of your ship's store in maintaining an optimum stock level over a given period of time. A 1.33 to 1 ratio of sales at cost price to beginning inventory, less standard clothing items, is the requirement for a 4-month accounting period. You obtain your stock turn figure by dividing your cumulative of expenditures for the number of months covered by the beginning inventory. You must take the opening inventory figure from the NAVCOMPT 153. The cumulative expenditures are contained in lines B19, B21, B23, B24, B26, and B27 on your NAVCOMPT 153. If you find that your stock turn ratio is significantly less than 1.33, you should determine the cause and take the steps to improve your ratio. Start with a complete check of your stock on hand.

You have just completed and closed out your records so you now have an itemized inventory

to work with. Check the items in your stores with the stock in your bulk storeroom to ensure that everything you have on board is available to the crew. After you are satisfied in that area, you can check for dead stock and excess stock. Remember, both dead stock and excess stock may be disposed of by transfer, markdown, or return to the vendor. On the other hand, sales may have decreased in your ship's store for some other reason. Perhaps you should consider new types of merchandise, better displays, or even conducting special sales to move the stock out.

Markups

The markup over cost or transfer price of items to be sold in the retail store(s) and service activities is the responsibility of the ship's store officer. However, in the final determination of your retail prices, you, as the senior Ship's Serviceman, must consider any transportation service charges. For determining retail prices when transportation service charges are applicable, consult the guidelines set forth in your NAVRESSO P-81.

You must also determine if and how your retail prices should be rounded off. Give proper consideration to the convenience and efficiency with which sales can be made in long lines, such as the ice cream and fountain lines. Rounded-off prices could really increase efficiency in these cases.

The ship's store officer will prescribe the percentage of markup to be applied to special order items. The pricing policy for foreign merchandise is officially prescribed in your NAVSUP P-487. Consult the NAVSUP P-487 for guidance.

Operation Expenses

Operation expenses include the costs of any items you need to operate your ship's store activities. The term *cost of operation* has probably been familiar to you from your first day in any ship's service activity. In fact, you probably remember hearing your supervisor constantly referring to the cost of operation during training lectures. (Your supervisor was trying to coach you to keep the costs down.)

Cost of operation items are consumed directly in the performance of a service to patrons and include all items used by service activities, such as the laundry, barbershop, and tailor shop. Cost of operation items also include repair parts used for vending machines and ice cream machines. The term *cost items* includes those items of ship's store stock that are carried for ultimate expenditure as cost of operation materials for modernization and improvements of ship's stores. Cost items also include any cost of sales items that require further processing or manufacturing before sale. Examples of cost of sales items would include fountain ingredients, soft drink syrup, carbon dioxide gas (CO₂), straws, spoons, and paper cups. From an analysis of your ship's store records, are these costs reasonable? Can they be cut?

Vending Machines, Amusement Machines, and Dollar Bill Changers

All vending machines, including machines located in authorized messes, must be operated as a service activity of the ship's store. Money boxes must be secured according to the rules set forth in your NAVSUP P-487.

The ship's store officer is responsible for the collection and deposit of any funds received from sales in your vending machines. You, however, must make certain that all cash from sales in your vending machines is collected and recorded separately from sales in the retail store and sales in the fountain. You must see that the cash from your vending machines is collected daily and any time before you have any repairs made to the coin mechanisms. When conditions make it impossible for the ship's store officer or designated collection agent to collect the cash from the vending machines, you, or the vending machine custodian, may take the following actions for each machine:

1. Take the meter reading.
2. If the meter is not installed, compute the units sold using the formula outlined in your NAVSUP P-487.
3. Remove the locked money box from each vending machine. Deliver the locked money box (with the meter reading or a computation of

units sold) to the person designated to collect the cash.

The cash must be counted in the presence of the vending machine custodian and the designated collection agent. The agent must make certain that the vending machine collections agree with either the meter reading or the number of units sold for each individual machine. During your internal analysis of the ship's store records and returns, make certain that this procedure is strictly adhered to in your ship's store. Also, make certain that your records are accurate and complete.

LEASED AMUSEMENT MACHINES.— To install and use any leased amusement machines in your ship's store, you will need approval by technical experts in the ship's force. These technicians will make certain that the machines are compatible with your shipboard and electronic systems. Money boxes in leased amusement machines should be secured in the same manner as they are in your other vending machines. The total amount of amusement machine collections should be deposited with the disbursing officer according to the procedures outlined in your NAVSUP P-487. Upon preparation of the Memorandum Cash Sale invoice Deposit of Cash with the Disbursing Officer, you must include on the DD 1149 the total amount of collections from amusement machines as a contribution to Ship's Store Profits, 178723. At the end of each month, request a check from the disbursing officer as a charge to 17X8723.2301, SSPN, transaction type 21, functional account 75400, in an amount equal to the contractor's share of the amusement machine collections. Report the amount of the checks on line C18 of your NAVCOMPT 153 at the end of the accounting period.

Meters must be installed on each machine to reflect the total cash receipts in each machine. The meter reading should be taken each time cash is collected from a machine. At this time, try to determine if the machine is functioning properly. Does the cash collected balance with the meter reading? Make sure that all meter readings are entered in the appropriate column of the NAVSUP 469.

According to the terms of your lease agreement, a check amounting to the contractor's share of total cash collected must be remitted to the contractor on a monthly basis. Send a letter of

transmittal along with the check, and include the following information:

1. Period covered for each machine
2. Current meter readings
3. Previous meter readings
4. Number of plays
5. Contractor's remittance

DOLLAR BILL CHANGERS.— After installation of dollar bill changers has been approved by the type commander, make certain that the appropriate procedures are followed.

- Are dollar bill changers in a high traffic and well-illuminated area?
- Is the machine safeguarded with a wire mesh screen or a lockable restraining bar across the front of the coin box area?
- Has a separate change fund been established for the dollar bill changer according to the rules set forth in the NAVSUP P-487?

The person designated to pick up the ship's store sales should also be the person responsible for the machine. Have the machine emptied and refilled as frequently as necessary and at the close of each business day. Use a separate page in the NAVSUP 470 to record each transaction and validate the accuracy of the change fund each time the machine is opened or refilled. Overages and shortages in the machine will show up on the NAVSUP 470 and must be initialed by the ship's store officer as discrepancies occur.

Ship's Store Profits, Navy

Ship's Store Profits, Navy (SSPN), is a trust fund carried on the books of the Treasury Department. Monies in this account accrue from sales in ship's stores. The net ship's store profit that is generated during a single accounting period must not exceed 15 percent of the cost of retail sales. The 15 percent profit margin has been set forth under the provisions of Title 10 U.S. Code 7604. The profits derived from retail sales in the ship's store are the basic source of the funds that are made available for the commanding officer to use on expenditures

for the Recreation Fund. Such funds become available for expenditures for specific purposes. These funds must be expended within the discretion of and under regulations prescribed by the Secretary of the Navy. Profits generated by the ship's store during an accounting period must be transferred according to guidelines in NAVSUP P-487. Use a NAVCOMPT 2277 to cover the amount of ship's store profits that will be transferred to the Recreation Fund. Check your NAVSUP P-487 for additional details.

EXTERNAL ANALYSIS

While you are using your ship's store records and returns to determine ways to improve your ship's store operations, your returns will also be audited and analyzed by external organizations. The ways in which the FAADCS and NAVRESSO will analyze the information you have submitted on your ship's store returns are discussed below.

FAADC Analysis

Once you submit your ship's store returns to the appropriate FAADC (FAADCLANT or FAADCPAC), the FAADC does not just file away the returns. Just as you derive certain auditing and management information from your ship's store returns, the FAADC also conducts an audit of the returns. Besides auditing your ship's store returns, the FAADC performs the following functions:

- Maintains files and reconciles documents for receipts from purchase and receipts from other supply officers

- Effects reconciliation of all cash reported in ship's store returns

- Effects payment of dealers' bills

When the FAADC audits your returns, the auditors pay close attention to the headings on your NAVCOMPT 153, your opening and closing inventories, and the funds brought forward. Substantiation of all entries is very important. Substantiation is checked very closely. All loans and grants must be covered by authorization documents and repayment plans.

Besides the submission of your returns, you must also provide the FAADC with required receipts documents. The FAADC will file and reconcile these documents as part of the external analysis of your ship's store operation. On a monthly basis, you must forward one legible copy of each receipt document covering receipts by purchase (DD 1155) and receipts by transfer (DD 1149, 1348, and 1348-1) under a letter of transmittal. These documents must be forwarded as follows:

For service designator R:

Fleet Accounting and Disbursing Center
U.S. Pacific Fleet (Code AF3-2)
937 North Harbor Drive
San Diego, CA 92132

For service designator V:

Fleet Accounting and Disbursing Center
U.S. Atlantic Fleet (Code FOFA-42)
Building 132
Norfolk, VA 23511

Receipt documents covering transactions for the month must be separated by purchase and transfer documents (each with an attached adding machine tape listing cost price) and must be mailed no later than 7 days after the end of each month. Documents should be securely packaged in envelopes or boxes. The name, address, and unit identification code of the ship should appear in the upper left corner of each package, under which will be "Receipt documents for the month of _____." If two or more packages are used, the number of the package should be included. A copy of the letters of transmittal and adding machine tapes must be filed with the retained returns. If no transactions occurred during a month, a negative letter report should be forwarded to FAADCLANT or FAADCPAC for that month. Procedures for adjustments to receipt documents are outlined in NAVSUP P-487.

NAVRESSO Analysis

The Navy Resale and Services Support Office (NAVRESSO) uses the information you submit in the NAVCOMPT 153 to prepare an analysis of your ship's store operation. See

figure 7-7. NAVRESSO then submits the analysis to your type commander. The type commander uses the analysis to evaluate your ship's store operation. In this way, the type commander can spot any ship's store that might be in trouble and in need of help. On the bottom part of the operations analysis statement, NAVRESSO provides comments that are directed specifically to the type commander for guidance.

The primary purpose of the operational analysis is to point out stock turn and performance errors in other phases of your ship's store operation. NAVRESSO derives the analysis of your ship's store operation by using your figures on the NAVCOMPT 153 and the following formulas. (Refer to the caption numbers on the Operational Analysis report in figure 7-7.)

Ship's store stock turn equals the total of captions 2 (cost of retail sales), 5 (operating expenses), 9 (bulk sales), 10 (transfers to O.S.O.), 12 (cost of sales—VM), and 13 (cost of operating VM) divided by the ship's store opening inventory (caption 20).

Gross profit equals retail sales (caption 1) minus cost of retail sales (caption 2).

Average sales per person/per month (at cost) equal a total of captions 2 (cost of retail sales), 5 (operating expenses), 12 (cost of sales—VM), and 13 (cost of operating VM) divided by the number of persons supported (caption 22).

Vending machine profit percentage equals vending machine profit (caption 14) divided by drink vending machine sales (caption 11).

Amusement machine profit percentage equals amusement machine profit (caption 16) divided by amusement machine sales (caption 15).

Notice that stock turn is based on the opening or closing inventory only rather than on the average inventory for the period. As ship's stores are on a 4-month accounting period rather than a monthly accounting period, the use of an average inventory will not significantly alter the stock turn. For this reason, NAVRESSO uses the opening or closing inventory in the operational analysis.

Among the comments, the most common complaint is the failure of a ship's store to meet the 1.33 stock turn ratio. This error usually results whenever a ship's store holds too much inventory in relation to sales. Upon examination of ship's store returns, NAVRESSO has found that when ships repeatedly fail to meet the required stock

turn, these ships are usually overstocked on certain items.

The operational analysis is designed to help you to improve your ship's store operation. If you are having problems or if you simply desire more information to keep your ship's store up-to-date, remember that NAVRESSO is only a telephone call away. NAVRESSO is always ready and willing to give you assistance.

OPERATIONAL OBJECTIVES

Whenever you conduct your own internal analysis of your ship's store operation from your records and returns or you receive the results of an external analysis, the following management objectives will serve as excellent guidelines for an operationally sound ship's store. Review these guidelines periodically as you review your own records and returns. Throughout your ship's store operation, use these guides to achieve your desired operating results.

1. You are required to make four stock turns per year. You will attain this annual goal by achieving a stock turn of at least 1.33 per accounting period.

2. Conduct a monthly review of all stock and all stock records.

3. You must attain a gross profit of approximately 15 percent to cover your general operating expenses, such as the General Fund assessment, cost of operations, markdowns, and surveys, and so you will not jeopardize your profits available for transfer to the Recreation Fund.

4. Maintain the cost of operations expense at 2.5 percent, but not more than 5 percent of sales per accounting period.

5. Your canned-drink vending machine profit is based on the cost and selling price of sodas. Your can-type soft drink net vending machine profit should be at least 32 percent of your can-type soft drink vending machine sales.

6. Use the guidelines in the NAVSUP P-487 to attain your planned operating profit for the fountain service operation.

7. Maintain an in-stock position of all items of reoccurring demands. Keep your inventories within the prescribed limits.

**NAVY RESALE AND SERVICES SUPPORT OFFICE
SHIP'S STORES AFLOAT OPERATIONAL ANALYSIS**

Activity No. _____ Hull Type _____ Hull No. _____ Name _____ Period Ending 31 Jan 19--
 Ship's UIC _____ USS - - - - -

DESCRIPTION	NAVCOMPT 153 CAPTION	ACTUAL FOR TRIANNUAL PERIODS ENDING					
		31 May	% RETAIL SALES	30 Sep	% RETAIL SALES	31 Jan	% RETAIL SALES
1. RETAIL SALES	C02	29,160		60,842		59,845	
2. COST OF RETAIL SALES	C10	25,252		52,840		52,039	
3. GROSS PROFIT	-	3,908	13.4 %	8,002	13.2 %	7,806	13.0 %
4. DISHONERED CHECKS	C11	0		0		0	
5. OPERATING EXPENSES	C12	672		1,412		1,378	
6. LAUNDRY CLAIMS/SERVICE CHARGES	C13	0		17		10	
7. GENERAL FUND ASSESSMENT	C14	1,166		2,433		2,393	
8. OPERATING PROFIT	C23	2,070	7.1 %	4,140	6.8 %	4,022	6.7 %
9. BULK SALES	B12	0		143		100	
10. TRANSFER TO OTHER SUPPLY OFFICES	B19	0		134		171	
11. DRINK VENDING MACHINE SALES	C03	9,846		13,495		13,166	
12. COST OF SALES - VENDING MACHINE	C15	6,209		8,419		8,275	
13. COST OF OPERATING VENDING MACHINES	C16	93		173		167	
14. VENDING MACHINE PROFIT	C26	3,544	36.0 %	4,903	36.3 %	4,722	35.9 %
15. AMUSEMENT MACHINE SALES	C04	328		472		440	
16. AMUSEMENT MACHINE PROFIT	C27	220	67.1 %	316	67.0 %	295	67.0 %
17. REBATE FROM EXCHANGE CATALOG SALES	COMA	0		134		127	
18. TOTAL PROFIT (CAPTIONS 8-14-16-17)		5,834		9,493		9,166	
19. MAXIMUM AUTHORIZED INVENTORY		24,300	STOCK TURN	45,300	STOCK TURN	37,200	STOCK TURN
20. OPENING INVENTORY	B07	24,220	1.33	38,963	1.62	41,352	1.50
21. CLOSING INVENTORY	B28	38,963		41,352		33,013	
22. NUMBER OF PERSONS SUPPORTED		450		450		450	
23. NUMBER OF DAYS AT SEA		0		82		55	

CAPTIONS 2, 5, 8, 10, 12, 13 DIVIDED BY OPENING INVENTORY = STOCK TURN

OPERATIONS COMMENTS - NAVRESSO	MANAGEMENT OBJECTIVES
<input checked="" type="checkbox"/> INVENTORY INCREASE OF \$ <u>12,900</u> FOR DEPLOYMENT <input checked="" type="checkbox"/> SHIP REPORTED SHORTAGE OF \$ <u>131</u> OVERAGE OF \$ _____ <input type="checkbox"/> 1.33 STOCK TURN WAS NOT ATTAINED <input type="checkbox"/> GROSS PROFIT ERRATIC ACCOUNTING/INVENTORY RECORDS SHOULD BE VERIFIED <input type="checkbox"/> OPERATING LOSS REPORTED	FOUR STOCK TURNS PER YEAR/1.33 EACH ACCOUNTING PERIOD GROSS PROFIT SHOULD BE AT LEAST 13% TO COVER GENERAL OPERATING EXPENSES, SUCH AS GENERAL FUND ASSESSMENT, COST OF OPS. MARKDOWNS, SURVEYS, ETC. AND NOT JEOPARDIZE PROFITS FOR TRANSFER TO RECREATION FUND CAN-TYPE SOFT DRINK VENDING MACHINE PROFIT SHOULD BE AT LEAST 32% OF SALES

FOR USE BY ACTIVITY

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Figure 7-7.—Ship's Store Afloat Operational Analysis.

SHIPS WITHOUT SUPPLY CORPS OFFICERS

Ship's store records on ships without Supply Corps officers must reflect the same measure of accuracy and completeness that was discussed earlier in this chapter. In preparation for the submission of records and at other times, the verification of ship's store records must start with a review of the stock and the stock records.

INVENTORIES

On ships without Supply Corps officers, an inventory of all stock in the retail store and in the bulk storeroom should be taken at the end of each month, upon the relief of the ship's store officer, and upon relief of the ship's store operator. These inventories should be recorded on a locally prepared form and all entries should be made in ink. The inventories should be retained on board.

CLOSEOUT OF RECORDS

Inventories must be taken jointly by the ship's store officer and the ship's store operator. Immediately after the inventory, the balance on each NAVSUP 209 should be checked. If necessary, the balance should be brought into agreement with the balances reported on the inventory. After completion, the inventory should be extended and totaled and then the storerooms should be opened for operation. If a satisfactory balance is not obtained, the store must remain closed until proper balancing is done. The store must also remain closed until a concrete difference is determined to exist and this difference is made a matter of record. At that time, the commanding officer can authorize the reopening of the ship's store.

Closing Out the NAVSUP 209

At the end of the month, the Stock Tally (NAVSUP 209) card should be closed out. The ending balances should be carried forward to the new month. When closing out the NAVSUP 209, compute sales by subtracting the inventory at the end of the month from the last balance on the NAVSUP 209. See figure 7-8.

Closing Out the Cashbook

On the last day of each month after completion of business for the day, the ship's store officer will count the cash on hand and will total each column of the cashbook. The last entry in the Balance on Hand column must agree with the amount of cash on hand. See figure 7-9.

PREPARATION OF THE FINANCIAL CONTROL RECORD

The Financial Control Record (NAVSUP 1099) should be prepared and balanced according

				PG (PAGE)			
(Stock Number)							
DESCRIPTION			UNIT PRICE				
Cigarettes, Camels			Sell .10				
			Cost .09				
LOCATION							
REMARKS							HIGH LIMIT
Tax-free, 20's							2000
							LOW LIMIT
							500
DATE	REC'D	ISSUED	BALANCE	DATE	REC'D	ISSUED	BALANCE
1/4/16		Inv B.F.	500				
1/6	1,000		1,500				
4/10		250	1,250				
1/20	500		1,750				
1/31		SALES 1,100	650				
1/31		Inv. C.F.	650				
2/1		Inv B.F.	650				
Sales computed by subtracting end of month inventory from last balance on stock tally.							
STOCK TALLY NAVS AND A FORM 209 (REV 6-55)							

24.22
Figure 7-8.—Closeout of the stock tally cards.

MAKE ALL ENTRIES IN CASHBOOK ON THE SAME DAY CASH IS COLLECTED OR TRANSFERRED

CASHBOOK

Month of January 19__

Date	From or To	Cash Brought Forward	Collections			Total	Transfer to D. O.	Balance on Hand	
			Store	V. Mach.	Other				
1	B.F.	26.32				26.32		26	32
2	COLLECTIONS		22.00			22.00		48	32
7	ICECREAM				21.00	21.00		69	32
7	COLLECTIONS			31.00		31.00		100	32
A money count has been made. The balance on hand agrees with the cash book figures. W. S. Stanley, ENS, USN									
9	COLLECTIONS		19.00		2.00	21.00		121	32
14	COLLECTIONS		42.00		42.00	42.00		163	32
14	COLLECTIONS			42.00		42.00		163	32
14	ICECREAM				19.50	19.50		182	82
A money count has been made. The balance on hand agrees with the cash book figures.									

ALL CASH IN SHIP'S STORE IS COLLECTED ON LAST DAY OF EACH MONTH

BALANCE ON HAND LAST DAY OF MONTH IS CARRIED FORWARD TO NEW PAGE OF THE CASHBOOK

26	ICECREAM					65.00		489	49
28	ICECREAM				12.70	12.70		502	19
30	TRANSFER TO D.O.						502.19		
31	COLLECTIONS		46.65	27.00	4.00	77.65		77	65
	TOTAL	26.32	226.50	160.50	166.50	579.84	502.19		
The total cash as reflected in the Balance on Hand column agrees with the cash actually on hand. W. S. Stanley, ENS, USN									
TRANSFERS TO DISBURSING OFFICERS PLUS BALANCE ON HAND LAST DAY OF MONTH WILL EQUAL TOTAL RECEIPTS COLUMN OF CASHBOOK									

66.26

Figure 7-9.—Closeout of the cashbook.

FINANCIAL CONTROL RECORD		PERIOD ENDING	
NAV 5 AND A FORM 1099 (6-58)		31 July 19-	
NOTE: All entries to be at retail prices.			
1	Opening inventory	\$1,055.57	TAKEN FROM THE FINANCIAL CONTROL RECORD FOR THE PREVIOUS MONTH.
2	Total receipts	466.51	THE TOTAL OF ALL RESALE MERCHANDISE RECEIVED DURING THE MONTH, EXTENDED AT RETAIL PRICE.
3	TOTAL	\$1,522.08	THE TOTAL OF LINES 1 AND 2.
4	Total expenditures	47.25	TRANSFERS AND SURVEYS EXTENDED AT RETAIL PRICE AND MARKDOWNS (NET AMOUNT OF RETAIL CHANGE).
5	Closing inventory	1,063.05	TOTAL RETAIL VALUE OF ALL RESALE MERCHANDISE IN THE SHIP'S STORE. (DOES NOT INCLUDE COST ITEMS).
6	TOTAL	1,110.30	THE TOTAL OF LINES 4 AND 5.
7	Sales by inventory, excluding vending machine sales (Line 3 - line 6)	411.78	OPENING INVENTORY PLUS RECEIPTS LESS EXPENDITURES AND CLOSING INVENTORY REPRESENTS THE RETAIL VALUE OF MERCHANDISE SOLD.
Sales per Cashbook (Exclude vending machine sales)		412.52	TOTAL AMOUNT OF CASH COLLECTED AND ENTERED IN THE CASHBOOK BY THE ACCOUNTABLE OFFICER. (DOES NOT INCLUDE CASH COLLECTED FROM VENDING MACHINE).
Sales by inventory		411.78	AMOUNT BROUGHT DOWN FROM LINE 7.
Difference (Over/under)		.74	THE DIFFERENCE BETWEEN SALES PER CASHBOOK AND SALES BY INVENTORY.
Percent of difference		.179	THE AMOUNT OF DIFFERENCE DIVIDED BY SALES PER CASHBOOK.
SIGNATURE (Ship's Store Officer)		DATE	
P. Treadwell		31 July 19-	
REMARKS			

Figure 7-10.—Preparation of the Financial Control Record.

66.46

to guidelines in the NAVSUP P-487 and under the following conditions. See figure 7-10.

- At the end of the month
- Upon relief of the ship's store officer
- Upon relief of the ship's store operator
- At the direction of higher authority

Any differences, gains or losses, or dishonest acts should be handled according to the procedures contained in NAVSUP P-487. For more detailed information on ships without Supply Corps officers, consult your NAVSUP P-487.

The Financial Control Record (NAVSUP 1099) with supporting vouchers should be submitted to the appropriate FAADC. The Financial Control Record should be submitted at the following times:

- Monthly within 5 days following the end of the month

- Upon relief of the ship's store officer

For more detailed information on the financial records for ships without Supply Corps officers, consult your NAVSUP P-487.

The information in this chapter has shown the various ways in which your ship's store's records and returns establish and transfer accountability. As a senior Ship's Serviceman, you will have important responsibilities for the accuracy of these records and returns. It is only through accurate ship's store records that you can begin to gain control over your ship's store operation. When you report the financial position of your ship's store, your records and returns must also reflect a level of accuracy and integrity that can withstand an external analysis. As a senior Ship's Serviceman, your responsibilities for establishing accountability begin with your stock records and culminate in the effectiveness of your ship's store operation.

CHAPTER 8

COMMISSARIES

The mission of a Navy commissary is to provide authorized resale items for sale to authorized commissary patrons at the lowest practical price. The commissary operates within a facility that is designed and managed to meet the standards used in commercial food stores. As a senior petty officer in charge of a commissary, you will have many contacts with civilian dependents and retired personnel as well as active duty military personnel. You must use all of the management skills and knowledge available to you to improve service, to stimulate sales, and to promote morale for the benefit of all of your commissary customers.

SCOPE OF OPERATION

Commissaries will consist of any or all of the following departments:

- Department S-1—Grocery, prepackaged meats, and household
- Department S-3—Red meats, pork, poultry, and seafood products requiring processing (as distinguished from prepackaged meats of Department S-1)
- Department S-4—Fruits and vegetables (fresh)
- Department MS—Miscellaneous supplies

ORGANIZATION, CONTROL, AND ADMINISTRATION

The field support office (FSO) of the Navy Resale and Services Support Office (NAVRESSO) performs the primary support functions of the Navy Resale and Services Support Office over the commissary. All orders and instructions issued by the Navy Resale and Services Support Office FSO

in the discharge of these functions will have the same force and effect as if the orders were issued by the Navy Resale and Services Support Office.

NAVRESSO

For an individual commissary, the Navy Resale and Services Support Office performs the following functions:

1. Recommends to the Commander, Naval Supply Systems Command for the establishment and disestablishment of stores
2. Initiates instructions, notices, and manual changes, as appropriate, pertaining to operations
3. Conducts surveys, management reviews, and advisory visits to stores to evaluate individual performance and compliance with policies, directives, and procedures issued by the Navy Resale and Services Support Office, the Naval Supply Systems Command, and higher authority
4. Purchases materials as required and establishes and administers field procurement policies in connection with purchase of certain materials
5. Prepares plans for store designs and layouts and maintains liaison on these matters with the Naval Supply Systems Command and other technical bureaus, commands, or offices concerned
6. Develops commissary budgetary requirements, administers allotments for procurement of material under the Navy Stock Fund project, and administers the Commissary Reserve Fund
7. Conducts store management courses for naval officers and civilian personnel and prepares field operational training material
8. Exercises inventory control when needed in the operation of a commissary

Most of these functions are only a telephone call away. Usually, arrangements for any of these services can be made by telephone via the resale activity officer in charge and the NAVRESSO FSO.

SENIOR ENLISTED ASSIGNMENTS AND RESPONSIBILITIES

As a senior Ship's Serviceman, you will probably be assigned to a commissary as a supervisor of one of several areas. In this position, no matter what area you will supervise, there will be rules, regulations, and procedures. These rules will govern the operation of your area. You will have the responsibility of staying ahead of your operation. To do this, you must make certain that all of your manual changes and NAVRESSO notices are up-to-date and properly routed when they are received. At all times, you must be aware of the Navy's policies on waste, fraud, and abuse.

Before reporting to your commissary, you must attend one of the available schools on the operations of a commissary. You can obtain the dates and areas of available schools on Navy commissaries for your particular paygrade through NAVRESSO's Commissary Operations Group.

Generally, first class petty officers (E-6s) and chief petty officers (E-7s) are assigned supervisory positions in areas of receiving, sales floor, front end, or warehouse. There are several other positions to which you could be assigned upon reporting to a commissary. In these positions, you will be in constant contact with civilians who are either vendors or customers. At all times, you must remember your standards of conduct. Upon checking in to your store, you will be asked to read, understand, and sign a copy of the standards of conduct. Be sure you read these standards carefully and understand them before you sign. You are expected to adhere to and promote these standards.

At present, senior petty officers who are supervisors in the Ship's Serviceman rating are having problems with junior personnel not understanding the magnitude of certain legal and moral aspects, such as accountability, responsibility, misappropriation, personal loans, favors, gifts, free merchandise, and personal gains through commissary business. The standards of conduct are always posted in your store and are touched upon in notices and instructions, but they are hardly ever explained in detail. You, as a senior Ship's Serviceman, must assume this responsibility. You must be accountable to yourself knowing that you have done everything to make certain that your people, both military and civilian, understand the goals of the commissary and that they are working toward those goals.

TRAINING

Besides on-the-job training (OJT), NAVRESSO conducts workshops and seminars and provides assistance visits. Usually NAVRESSO will offer the workshops and seminars on an as-needed basis in order to introduce new procedures, refresh personnel in existing procedures, and improve communications in particular areas of commissary management. Upon request, specialized assistance in all areas of commissary operations is available from NAVRESSO. The Commissary Management course is given six times per year in Athens, Georgia, at the Navy Supply Corps School. This course is a 4-week management course for personnel who will be reporting to key commissary management assignments. This course will allow you to earn a 3113 or 3114 NEC for Commissary or Navy Exchange.

BILLETS

In most cases, billets in your commissary consist of department supervisory positions. In all cases, you will need all the professional growth you have accumulated as you have gone up the ladder to this point in leadership. Some of the positions in your commissary to which you might be assigned are listed below:

- Commissary manager
- Sales floor supervisor
- Cash cage supervisor
- Office supervisor
- Receiving supervisor
- Produce department supervisor
- Meat department supervisor

There are other positions to which you might be assigned, but in most cases the ones listed above are a good bet. These positions are in commissaries all over the world. For a current listing of areas and positions, you should contact NAVRESSO by letter or AUTOVON. NAVRESSO will be happy to assist you. You must still be assigned by your detailer, but the information NAVRESSO can provide will be helpful to you when you are discussing where you want to go on your next assignment.

MANAGEMENT OF FUNDS

More than ever before, the public is becoming increasingly interested and aware of financial accountability at U.S. Navy activities. Your commissary is no exception. Financial accountability in the commissary is critically important. Accountability in the commissary must cover the use of public monies and the money the commissary receives from customers in exchange for merchandise. As a supervisor in a Navy commissary, you must first possess personal financial integrity. You must then be aware of the accountable responsibilities of your subordinates. The information below should provide you with some practical guidelines on the security of commissary funds.

SECURITY OF FUNDS

As a supervisor, you will be responsible for maintaining the necessary security over commissary funds. The handling of commissary funds places strict duties and responsibilities on commissary personnel who are assigned to accountable positions. These duties and responsibilities are indirectly shared by every person who is working in the commissary. As a supervisor, you must insist upon the observance and fulfillment of these duties and responsibilities. You must also make certain that fundamental precautions are being carried out properly in your commissary.

First of all, the number of individuals who are authorized to handle funds must be kept to a minimum. This minimum number of persons should be consistent with the needs of the activity. As additional security, all sales, including credit sales, should be cleared through cash registers at the time of the each sale. Cash registers should be installed at locations where patrons can clearly see the registration of the amounts of their purchases.

Authorized Cash Collectors

Only properly designated and bonded collection agents are authorized to collect receipts from register operators. Authorized collectors are also the only persons who are permitted to collect receipts from sales in their own names and to retain these collections in their custody overnight.

Only in an emergency can an officer in charge designate an unbended individual to collect sales receipts from register operators. The officer in charge will be solely responsible for all collections made by the unbended person. Immediately after

the collections are made, they must be turned in to the officer in charge.

Collection agents are authorized to handle only official change funds and funds collected from sales. Each collection agent must be furnished with written instructions that outline in detail the funds that the agent is authorized to handle. The instructions include detailed procedures the agent must follow for accepting funds into custody, retaining the funds, and then releasing them from his custody.

Restrictions

In no event can a collection agent handle funds that he or she has not been designated specifically to handle. Also, a collection agent is never permitted to comingle funds. The collection agent is not permitted to operate a cash register or to take cash register readings except in exceptionally small locations with limited staffing, or whenever this action is specifically approved by the Navy Resale and Services Support Office.

The funds in the safe of the collection agent must never exceed the amount of the authorized change funds plus the previous day's receipts from sales. When two or more collection agents are used for one commissary, only one agent can be designated to make deposits with the disbursing officer. In the absence of the regular collection agent, an alternate collection agent can be designated to perform these duties. However, this is the only exception.

During the scheduled absence of the primary collection agent, necessary arrangements must be made so that cash receipts can be collected and deposited daily. The cash receipts should not be held over during the primary collection agent's period of absence.

Physical Security

As a senior Ship's Serviceman, you must aid in checking that adequate precautions are taken to ensure the physical security of funds. These precautions include the provision of a separate safe or a separate interlocking safe compartment for each individual designated to collect cash. Any safe that is used for holding official funds must have the Underwriters' Laboratories' burglary label of at least a class E rating standard. (For a class E rating, the safe must have a solid steel door with a minimum thickness of 1 1/2 inches. The door must be equipped with a relocking device. The rest of the safe must have a minimum

thickness of 1 inch of solid steel.) The safe must be anchored to the floor (or to a wall if the safe weighs less than 750 pounds).

Safes should be located in properly secured spaces that have been specifically designated for the safekeeping of funds. Admittance to these spaces should only be through self-closing and self-locking doors. All external windows, vents, or other openings that might offer a means of entry must be secured by gratings, expanded metal, or bars and must be protected by a direct wire tie-in to the station security alarm system or office. The collection agent's office, itself, need not be protected with a security alarm system. However, any spaces that are used for commissary funds must be protected by an alarm system.

The officer in charge should review requirements with the station security officer to consider which system (ultrasonic, capacitance, audio-detection, or other) is best suited to the needs of the commissary. When this determination has been made, the officer in charge will initiate action to procure and install the selected system as soon as possible. Upon receipt of an appropriate request, the Navy Resale and Services Support Office will provide the financial assistance to support the installation of the security system. Offices of collection agents must not be used or occupied by persons other than those designated to handle cash collection from sales.

Transportation of Funds

Once funds are safely collected and held, they must be transported. The commitment to security continues during transportation of the commissary's funds. Whenever funds are transported from the commissary, certain authorized methods must be followed. Any commissary supervisor or manager who is responsible for commissary funds should consult NAVRESSOINST 4065.39 for the latest security measures that must be taken whenever funds are transported from any commissary location.

GIFTS, PERSONAL LOANS, EMPLOYEE CHECKS, AND MISCELLANEOUS EXPENDITURES

No person employed or assigned to duty in a Navy commissary may accept gifts, loans, or favors from any person or firm engaged in business with or known to be attempting to engage in business with the store. No person, either

military or civilian, concerned with the operation or administration of commissaries is authorized any special privileges or services. Unauthorized privileges and services include samples or other free merchandise, reduced prices on merchandise or services, charge sales, loans of merchandise or equipment, or cash bonuses. Favored treatment in any way is not authorized. If you (or your personnel) are offered gifts or samples, simply state that you cannot accept anything because it is against regulations.

Personal loans must not be made from commissary funds for any purpose. A personal check drawn by or in favor of an employee who is an authorized patron may be cashed in the store. However, the employee's check must be deposited daily. It is strictly forbidden to withhold from daily deposit any employee's check. Although, there is no existing authority that covers the expenditure of commissary funds for gifts or contributions for commissary parties or picnics, commissary personnel are not permitted to borrow money from the cash register, change funds, or cash receipts for personal use. Under no circumstances are IOUs ever permitted.

MANAGEMENT OF STOCK

As a supervisor in a Navy commissary, you may play an important role in the procurement, management, and sale of stock in your store. Stock for a Navy commissary is defined as articles intended for resale, consumable materials except office supplies intended for use, and minor equipment and parts. Consumable materials and minor equipment and parts should be carried in inventory until they are issued for use.

AUTHORIZED STOCK OBJECTIVES

In your management of commissary stock, you must learn how to meet the probable demands of your store. You must also learn how to stay within prescribed, authorized limits. Refer to table 8-1 as you read the information below.

Items falling within the categories listed in table 8-1 are authorized for procurement for resale in Navy commissaries. In table 8-1, the quantities appearing within each major commodity group represent the minimum number of line items authorized and the recommended stock level for these items when sufficient shelf and storage space is available. The recommended amount is not a fixed ceiling, but represents that level of

Table 8-1.—Stock Item Review List

S-1 GROCERY DEPARTMENT ITEMS

<u>GROUP NUMBER</u>	<u>REVIEW MONTH</u>	<u>MERCHANDISING GROUP</u>	<u>RANGE OF ITEMS</u>
10	JAN, JUL, OVERSEAS MAY, NOV	BABY NEEDS	60-150
11	FEB, AUG, OVERSEAS JUN, DEC	BAKED GOODS FRESH	57-130
12	FEB, AUG, OVERSEAS JUN, DEC	BAKING MIXES, BAKING NEEDS	54-110
14	MAR, SEP, OVERSEAS JAN, JUL	BEVERAGES, BEVERAGE NEEDS	37-74
15	JAN, JUL, OVERSEAS MAY, NOV	BREAKFAST FOODS	42-88
16	APR, OCT, OVERSEAS FEB, AUG	CONDIMENTS	41-100
17	FEB, AUG, OVERSEAS JUN, DEC	COOKIES, CRACKERS	44-93
18	APR, OCT, OVERSEAS FEB, AUG	DAIRY PRODUCTS	73-148
19	MAR, SEP, OVERSEAS JAN, JUL	DESSERTS	24-48
20	JAN, JUL, OVERSEAS MAY, NOV	DIET FOODS	21-42
21	MAY, NOV, OVERSEAS MAR, SEP	FISH, CANNED	12-28
22	FEB, AUG, OVERSEAS JUN; DEC	FROZEN FOODS, BAKED GOODS	159-325
22	JUN, DEC, OVERSEAS APR. OCT	FROZEN FOODS, FISH, SEAFOODS	
23		FRUIT CANNED (EXCLUDING TOMATOES)	20-60

Table 8-1.—Stock Item Review List—Continued

S-1 GROCERY DEPARTMENT ITEMS—CONTINUED

<u>GROUP NUMBER</u>	<u>REVIEW MONTH</u>	<u>MERCHANDISING GROUP</u>	<u>RANGE OF ITEMS</u>
24	FEB, AUG	FRUIT DRIED	6-12
25	JAN, JUL, OVERSEAS MAY, NOV	HOUSEHOLD& LAUNDRY SUPPLIES	59-108
27	MAR, SEP, OVERSEAS JAN, JUL	JUICE, JUICE DRINKS	38-76
31	MAY, NOV, OVERSEAS MAR, SEP	MEAT PREPACKAGED, REFRIGERATED	57-120
32	JAN, JUL, OVERSEAS MAY, NOV	MILK, CANNED&DRY	6-12
33	MAY, NOV, OVERSEAS MAR, SEP	PAPER PRODUCTS	30-60
34	FEB, AUG, OVERSEAS JUN, DEC	CAT & DOG FOODS	30-70
35	MAR, SEP, OVERSEAS JAN, JUL	PICNIC SUPPLIES	6-12
36	APR, OCT, OVERSEAS FEB, AUG	PICKLES, OLIVES, &RELISHES	30-60
37	JUN, DEC, OVERSEAS APR, OCT	PREPARED FOODS AND SPECIALTIES	58-125
38	APR, OCT, OVERSEAS FEB, AUG	SALAD DRESSING, MAYONNAISE	24-48
39	APR, OCT OVERSEAS FEB, AUG	SALT, SEASONING, SPICES	47-125
40	APR, OCT, OVERSEAS FEB, AUG	SHORTENING, OIL	4-18
41	MAR, SEP, OVERSEAS JAN, JUL	SNACK & PARTY FOODS	44-84

Table 8-1.—Stock Item Review List—Continued

S-1 GROCERY DEPARTMENT ITEMS—CONTINUED

<u>GROUP NUMBER</u>	<u>REVIEW MONTH</u>	<u>MERCHANDISING GROUP</u>	<u>RANGE OF ITEMS</u>
42	JAN, JUL, OVERSEAS MAY, NOV	SOAP & DETERGENTS	33-66
43	JAN, JUL, OVERSEAS MAY, NOV	SOUPS	35-70
44	MAY, NOV, OVERSEAS MAR, SEP	SUGAR	7-10
45	MAY, NOV, OVERSEAS MAR, SEP	SYRUPS AND MOLASSES (INCLUDING HONEY)	9-18
46	APR, OCT, OVERSEAS FEB, AUG	VEGETABLES, CANNED OR GLASS	58-116
47	FEB, AUG, JUN, DEC	VEGETABLES & RICE, DRIED	12-24
48	ANYTIME	ONE TIME BUYS (SEE NOTE 2)	
49	JAN, JUL, MAY, NOV	HOLIDAY ITEMS (SEE NOTE 3)	
50	ANYTIME	DRY ITEMS PROCURED OFFSHORE BY OVERSEAS REGIONS	
51	JUN, DEC, OVERSEAS APR, OCT	GOURMET FOODS	15-30
52	MAR, SEP, OVERSEAS JAN, JUL	HEALTH AND BEAUTY AIDS	150-200
53	FEB, AUG, JUN, DEC	CANDY (SEE NOTE 5)	70-80
54	FEB, AUG	ICE CREAM NOVELTIES	20-52
89	JUN, DEC	FEDERAL SUPPLY CLASSIFICATION ITEMS	
99	ANYTIME	SIGNIFICANT UPRs/50¢ OR 28% LESS THAN REGULARLY ESTABLISHED COST PRICE	
		TOTAL RANGE OF LINE ITEMS	1615-3190

Table 8-1.—Stock Item Review List—Continued

S-3 MEAT DEPARTMENT ITEMS

<u>COMMODITY</u>	<u>RANGE OF LINE ITEM MINIMUM RECOMMENDED</u>
BEEF	38-58
PORK (OTHER THAN SMOKED)	6-12
PORK (SMOKED)	5-10
VEAL (WHEN AVAILABLE IN AREA)	2-6
LAMB	5-10
POULTRY	6-20
SEAFOOD	0-4
ETHNIC FOOD (SAUSAGE, TRIPE, CHITTERLINGS)	3-20
TOTAL RANGE OF ITEMS	65-132

S-4 PRODUCE DEPARTMENTS ITEMS

FRESH FRUITS, FRESH VEGETABLES, AND NUTS

<u>COMMODITY</u>	<u>RANGE OF LINE ITEM MINIMUM RECOMMENDED</u>
FRUITS	20-60
VEGETABLES	38-80
NUTS (IN THE SHELL)	2-4
TOTAL OF LINE ITEMS	60-144

MERCHANDISING GROUP RULES

NOTE 1: A 6-digit catalog number will be assigned to each item in the stock list and price catalog. The group number that is designated for each merchandising group will be used as the first two digits of the catalog number to be assigned to each item within that merchandising group.

Table 8-1.—Stock Item Review List—Continued

MERCHANDISING GROUP RULES—CONTINUED

- NOTE 2: Items in this group are restricted to the groups and subgroups authorized herein but ordered on a one-time basis. Quantities ordered should normally be for a 2-week period but will not exceed one month's anticipated sales. The number of one-time items carried will not exceed 60 unless approved by the Navy Resale and Services Support Office. Items will not be assigned to this group if they are purchased to test patron acceptance.
- NOTE 3: Gift packs that include unauthorized items and/or component parts will not be stocked unless it is apparent that the total cost price is not influenced by the cost price of the unauthorized item/part. For example, if a gift pack of cheese included a cutting board and knife and the total cost value was no greater than the regular price of an equivalent amount of the same cheese, then the cutting board and knife constitute a free customer premium and the item can be stocked. In the case of filled Easter baskets, if the total cost of the item exceeds the total cost of the candy components, then the item cannot be stocked.
- NOTE 4: Commissaries are not authorized to sell medical devices or drugs which require a prescription. Commissaries are authorized to stock those nonprescription devices and medications which are available over the counter in the United States. All products sold must be labeled following the Food and Drug Administration regulations, and must meet the provisions of the Comprehensive Drug Abuse Prevention and Control Act of 1970. Guidance on the provisions of this act will be requested from the activity's medical officer.
- NOTE 5: The following specialty seasonal candy will not be stocked:
- Valentine's Day Candy (boxed hearts)
 - Valentine's Day, Easter and Christmas, hollow, solid, and filled chocolate figures and novelties
 - Individual Christmas candy canes and filled stockings

selection that would normally satisfy the vast majority of patrons. The officer in charge may stock any number of line items above the minimum authorized limit to meet patron demand. Any increases above the authorized stock levels, however, are subject to the restrictions imposed by staffing limitations, the availability of shelf and storage space, and the need to maintain accountability. The number of line items stocked should not exceed that amount that would prevent the maintenance in the S-1 grocery section of an overall 95-percent in-stock position

and a 100-percent in-stock position of designated master stock assortment of "never out" items.

A line item is any item that requires an individual description for a determination of procurement requirements, regardless of whether the determination is made by the vendor or by store representatives. Table 8-1 reflects the commodity group, group number, and range of line items recommended. Also included is a list of merchandising rules to which each commissary must strictly adhere. Items listed for procurement in your commissary in Departments S-1, S-3, and S-4

are listed in table 8-1. Refer to this table carefully for the purpose of the information in this chapter and for future use.

Table 8-1 has been provided for your information and to assist you with patron's requests. Table 8-1 should help you to answer some of the questions you may have in the future from patrons concerning when a particular stock item will be carried by the commissary.

STOCK CONTROL SYSTEMS

The maintenance of accurate stock control information will be important to you for many different reasons. As a supervisor of a commissary, you must have accurate stock control information to obtain merchandise for resale, to maintain a satisfactory in-stock position for merchandise, and to have the right amounts of merchandise on hand at the right times for displays, paydays, and seasonal periods. You must also have accurate stock control information to maintain control over the inventories you have on hand so that you will not exceed the inventory levels established by NAVRESSO. With accurate stock information, you can prevent the buildup of excess stocks that will result in poor inventory control and outdated stocks.

Currently there are three authorized stock control systems in use in Navy commissaries.

1. Manual system—The manual stock control system is used in small regions in overseas locations that do not have computers. The manual system is also used in CONUS stores whenever requirements must be determined for stock items that are procured by the short-cycle-weekly-delivery method.

2. Apple IIE computer system—This Apple system is used in larger regions in overseas locations. The Apple IIE is a small minicomputer that performs calculating and printing functions for a commissary's stock control system. The procedures used by the computer are very similar to those used in the manual stock control system.

3. Automated Commissary System (ACS)—The ACS is currently being installed in all CONUS regions to replace the outdated Monrobot X1 system and the L2000 system. The ACS is a computerized stock control system developed to provide data-processing support for procurement, stock control, merchandising, accounting, and management information functions for commissary stores in CONUS. The system uses a mainframe computer based at NAVRESSO. The

computer is connected by telephone lines to Remote Job Entry (RJE) terminals at the field support offices (FSOs) or regional offices. Data is prepared, encoded, and transmitted by the field activity to the mainframe at NAVRESSO where it is processed, then transmitted back to the field, where it is printed and distributed for use. The ACS provides a commissary with the ability to manage inventory by service levels, which are assigned to items based on their importance. The ACS also provides the controls the Navy needs to establish systemwide in-stock positions based on available inventory dollars and manpower allowances. The ACS allows the individual commissary to eliminate excess safety stocks, to increase order sizes, to provide improved services and lower selling costs to the patron, to reduce inventory levels, and to increase labor efficiency.

The information above provides a mere overview of the systems that are available to the individual commissary. It is your responsibility to dig out current NAVRESSO instructions so that you can stay abreast of what stock control systems are available for your commissary.

STOCK REVIEW AND CUSTOMER REQUESTS

Your knowledge of stock review will help you to answer questions from customers and to satisfy many of your customers' requests. One of the most frequently asked questions will be: "When will this commissary start carrying _____ (a specific item)?" Requests will usually involve an item patrons have seen through an advertisement of some sort. Table 8-1 shown earlier in this chapter should provide you with enough knowledge about the requested item of stock so that you will be able to answer patrons' questions. Your knowledge of the table will save you many embarrassing moments and will keep you from having to say the famous five words: "Let me ask the boss."

The most important person in your commissary is the customer. To treat the customer like a VIP, you must stay abreast of commissary procedures. You will find that the customers will leave in a happy mood most of the time when they can get answers to questions that assist them in planning their shopping. Remember, you do not really need to try to remember the commodity groups or to memorize the months or ranges of line item numbers. You just need to keep the list available to help you give your customers fast service and correct information. Review the

Federal Supply Classification Group 89 items with like commodities. In this way, you can consider new products, voluntary price reductions, or other special price offerings made by any supplier or supplier's representative at any time.

Supervisors in charge of Navy commissaries should take all practical measures to assure that the items stocked meet the reasonable requirements of store patrons. Commissary Item Request (NAVSUP 1157) forms should be made available to all patrons for their requests, recommendations, and remarks concerning commissary items. A proper space furnished with writing instruments should be provided for the patrons who desire to make requests and recommendations. Completed request forms should be turned in daily to the commissary's manager or officer. The commissary's manager or officer should review the requests and determine the feasibility of each request or recommendation. All requests or recommendations containing the patron's address should be answered.

SPECIAL STOCK ITEMS AND LEGAL RESTRICTIONS

Because of legal or safety restrictions associated with certain items of stock, you must be aware of the special handling and sales procedures you will be required to follow. You will also need to recognize the conditions under which sales, solicitations, and other activities are strictly prohibited. Some of the safety precautions and legal restrictions are discussed below.

Pest Control Agents

Pest control agents offered for sale in your commissary must be limited to those that have been registered for use by the Pesticide Regulations Division, U.S. Department of Agriculture, and that are NOT prohibited by applicable state or local laws. Restricted pesticides cannot be procured for resale in your commissary. Restricted pesticides include highly toxic pesticides and other pesticides that are too hazardous for man or the environment (animals and crops). The restriction on their sale, purchase, use, or possession is necessary to protect the public as defined by federal, state, or local government. In all cases concerning a pesticide for sale in a Navy commissary, a certification must be obtained from the vendors as to registration with the Pesticide Regulations Division, U.S. Department of Agriculture.

After you have procured the pest control agents authorized for resale in your commissary, you must follow certain procedures for their display. Arrange and display pest control agents according to their type. For display purposes, use the following categories to group your pest control agents into types.

1. Space aerosols (for spraying air indoors)
2. Pressurized sprays and residuals (that should never be used to spray air indoors)
3. Poison baits
4. Concentrates (that must be diluted according to the directions on the label before use)

Use appropriate signs and warning statements in displays for each type of pest control agent. Signs cautioning patrons on the use of pest control agents should always be displayed at all locations where these agents are offered for sale. Be sure to provide suitable storage space for pest control agents. You must take special care to avoid contamination of other resale items in your commissary with resale commercial pesticides.

Medical Items

Commissaries are not authorized to sell medical devices or drugs that require prescriptions or that are subject to abuse. Drug and medicinal items offered for sale in Navy commissaries must be labeled according to Food and Drug Administration regulations. Therefore, commissaries are authorized to stock devices and medicines that are available "over the counter" in the United States. All products sold must meet the provision of the Comprehensive Drug Abuse Prevention and Control Act of 1970. You can acquire guidance regarding provisions of this act from your activity's medical officer.

Unauthorized Stock Items

Items not falling within the broad categories in the authorized stock list in your *Commissary Operating Procedures Manual*, NAVRESSOINST 4065.23, must not be procured for sale or use in the commissary without the specific approval of the Navy Resale and Services Support Office. The letter requesting approval should contain justification for the items. When approval is received from the Navy Resale and Services Support Office, procurement should be effected in the same manner as for other authorized items. When the items are procured by requisition through another Navy

activity or by purchase, the date and file number of the Navy Resale and Services Support Office's letter of authority must be included on the requisition or purchase order.

Concessions

Grant no concessions! You are prohibited from granting concessions or making any other arrangements with dealers or tradesmen in which vendors are allowed to make sales by agreement to pay a portion of their profits to your commissary or to receive payment for articles sold by invoicing them to the commissary. Remember, as a senior Ship's Serviceman, you will have several other Ship's Servicemen working for you who will have direct contact with vendors. Most of the vendors are "straight shooters," but you should always impress on your people the chance that they will come up against that one "super salesperson." All it takes is one infraction in dealing with commercial vendors and your control over your commissary and your subordinates will be seriously affected. With duty assignments rotating as often as they do, you must constantly hold training for both your experienced people and your new ones. You should cover the Navy's Standards of Conduct in all training sessions.

Vending Machines

Vending machine services, such as those for candy, cigarettes, and beverages, may be considered a necessary convenience for your commissary and your personnel. Vending machines in a Navy commissary can be operated only by the local Navy exchange.

Portable Fire Extinguishers

Portable fire extinguishers that do not bear the approval label of recognized testing laboratories cannot be procured for use in your commissary.

Sample Merchandise

The solicitation or acceptance of free sample merchandise is strictly prohibited in Navy commissaries. Remember, product evaluation and product selection are handled at the regional and divisional level only. For more detailed information on these restrictions, consult the *Commissary Operating Procedures Manual*, NAVRESSOINST 4065.23, and follow the prescribed recommendations.

Bonus Coupons

The use of bonus coupons is prohibited in Navy commissaries. Bonus coupons usually enter commissaries in shipping cases. These coupons are usually directed toward the personal benefit of military or civilian employees assigned to the commissary.

Warn your commissary personnel that bonus coupons are strictly prohibited. These coupons are not a part of the resale unit and are intended for redemption in the form of gift premiums by commercial store proprietors or employees. Dispose of these coupons by donating them to charitable organizations, such as Navy Relief. (You can also dispose of them by supervising their destruction.) At any rate, give no special preference to the procurement, display, or handling of any merchandise containing bonus coupons.

Bonus Merchandise

Acceptance of any bonus merchandise you receive, such as cameras and watches, that is not authorized as a commissary resale item is strictly prohibited in your Navy commissary. However, you can accept reductions in the unit price of authorized stock items when the extra merchandise is the same type of merchandise you have ordered. For example, if you ordered 250 cans of canned milk and the vendor sends 300 cans for the same price, you can accept this type of authorized merchandise as a price reduction. Any national commercial promotions, such as customer drawings, must be carefully screened and handled according to strict regulations.

RECEIPTS

All resale merchandise, miscellaneous supplies, and services procured and received by the Navy commissaries during day-to-day operations are classified as receipts. All receipts must be accounted for. Receipts of resale merchandise should be accounted for by appropriate entries made to the Journal of Receipts (CS 35). Receipts of miscellaneous supplies and services should be accounted for by appropriate entries made to the CS Trust Fund Accounts, Receipts and Expenditures Ledger (CS 28).

Control of Receipts

Receipt items received into the receiving branch should be verified against vendors'

figure 8-1 as you read about the reorder cycle process described below.

The commissary starts the reorder cycle by calling in, to the vendor, the quantities required and noting the units ordered on a T-53. Upon delivery, the units received are recorded on the T-53 and on the vendor's delivery ticket. You, as a supervisor, should remember that all shortages must be signed for by the vendor's delivery person on both the T-53 and the delivery ticket. This is a common problem in the system so the signing procedure must be strictly enforced. You should understand that failure to adhere to this policy of noting shortages will result in the vendor's billing the commissary for units shipped instead of the units delivered. This common error constantly contributes to delays in the payment of invoices.

Each delivery must be transmitted by a communication link to the NAVRESSO computer. Delivery information is recapped and transmitted to the regional office where the Daily Delivery Input Validation (071) form is printed. When the T-53 and the delivery ticket reach the accounting office, the information on these documents is matched to the Daily Delivery Input Validation (071) form. If everything is in agreement, the matched documents are filed by date and by commissary. If the 071 is not in agreement with the T-53, the difference is resolved and a Daily Correction Sheet (073) is prepared. Upon receipt of the corrected Daily Input Validation (071), the documents are filed.

The daily delivery system is a good system. It can only fail if you, the receiver, drop the ball by not properly counting merchandise, checking case counts, and noting shortages and damaged merchandise. Figure 8-1 illustrates the route taken by a T-53 on the ACS.

Warehouse and Distribution Centers

Efficient stock handling and storage requirements are the major interrelated work operations necessary for effective overall commissary operations. Good practices and fundamental principles are the key to quality warehousing. If you become a senior Ship's Serviceman working as a warehouse manager, you will need to use easily understood formats to achieve accountability, control, and security of inventory and operations.

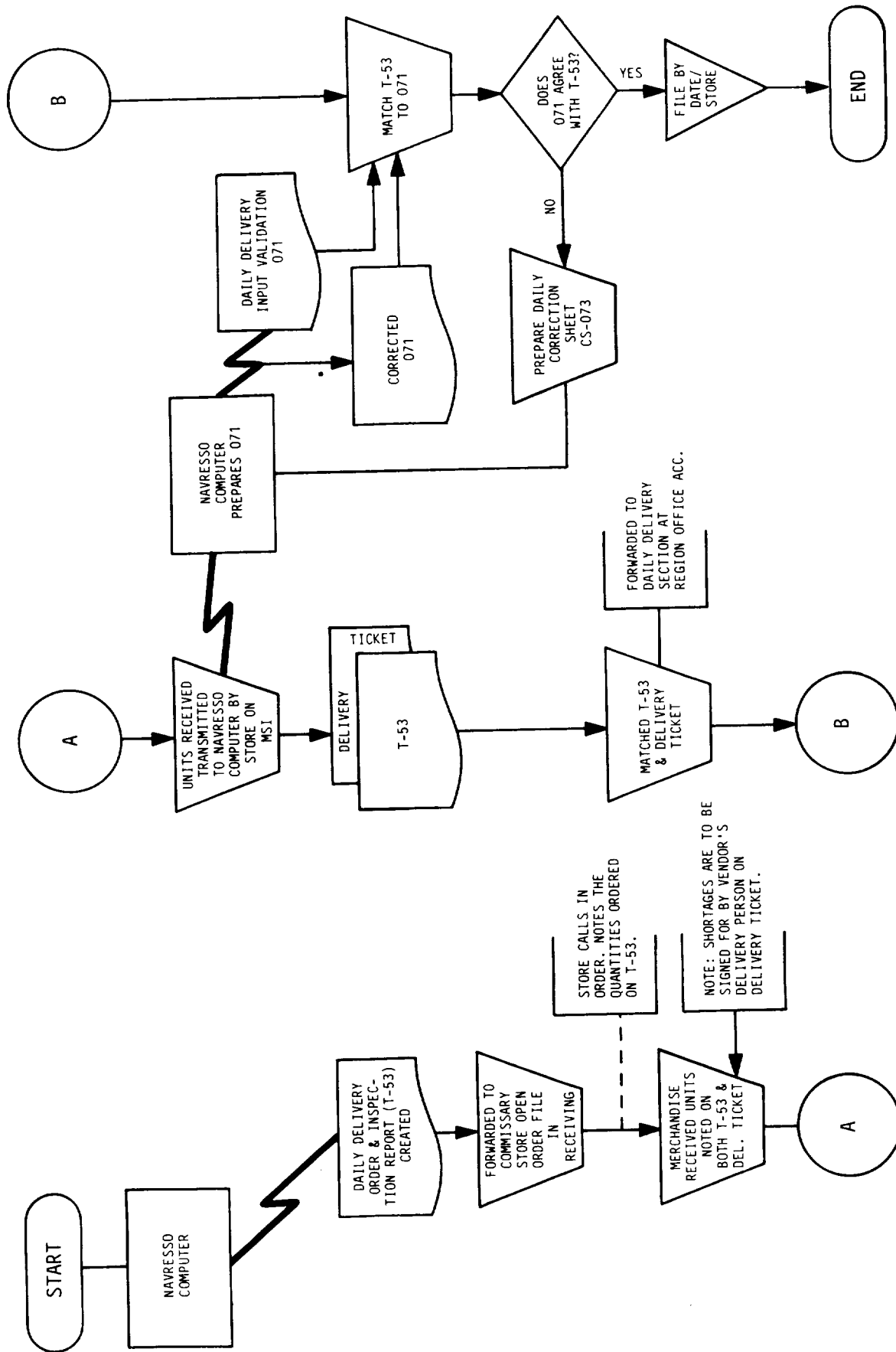
The most logical method of organizing a warehouse facility and defining tasks and workloads is by means of an organizational

chart. After you have assigned your people their tasks and have leveled out your workloads, you should provide your workers with the rules and regulations governing parking areas, time cards, breaks, and leave. You are now ready for your actual warehouse operation.

A successful commissary operation depends on your keeping shelves stocked with merchandise that customers want. While this may sound like a simple task, it is actually a complex process involving procurement, merchandising, accounting, and warehousing. If all these procedures had to be performed manually, the worldwide Navy Commissary System would require a large administrative staff and the procedure would take a great deal of time. The Automated Commissary System (ACS) was developed to facilitate these procedures. The ACS uses a network of computer terminals that are located at commissary divisions/regions and warehouse/distribution centers. Using these terminals, the regional offices encode the "raw" data and transmit it over the telephone to the Navy Resale and Services Support Office (NAVRESSO) where the data are accepted, processed, and stored. Then, at the request of the region, processed data are transmitted back to the terminal in the form of reports, purchase orders, and breakouts. Most warehouse/distribution centers have a "remote printer." Remote printers receive the encoded breakouts that have been transmitted from the commissary to NAVRESSO and then back to the warehouse/distribution center. These printers are capable of receiving various reports that may be needed in day-to-day warehousing operations. Some of the most important printouts you will use in the commissary are the Stock List Price Catalogs (SLPCs). These printouts describe merchandise items in the commissary division/region and identify those stores in the region authorized to carry the specific items. The SLPC is used by stores for pricing and by the regional office for reviewing total stock assortments. The warehouse uses the SLPC for slotting and inventory control purposes.

There are several subsystems used in the ACS. These subsystems are listed below.

- Merchandise transfer subsystem—The merchandise transfer subsystem uses data generated and processed at the commissaries, the regional offices, and NAVRESSO to determine requirements for replenishing branch commissary merchandise from the warehouse or distribution



79.78

Figure 8-1.—Automated Commissary System (ACS) for daily deliveries.

center. The subsystem requires branch commissary encoding of stock requirements by use of portable electronic order entry devices and transmission of the data to the NAVRESSO computer. The information picked up by the portable scanner is located on a “bar coded” shelf label. The computer processes the requirements against its master files and provides transfer documents (T-973s) and packing labels for each warehouse or distribution center.

● **Standard price change (SPC) subsystem**—The ACS standard price change (SPC) subsystem is a computerized method of processing standard price changes for S-1 items in commissaries. Through this system, the computer generates documents identifying the old and new standard price for S-1 items and the standard price change effective date (SPCED). In preparing these documents, the system automatically calculates a new standard price based on the last standard price, the new cost price, and a three-tier markup percent. The three-tier markup percent includes a minimum, an assigned, and a maximum markup percent.

● **Purchase order subsystem (includes inventory control)**—The purchase order subsystem includes mechanized inventory control functions of calculating sales and adjusted sales (using NIS [“not in stock”] percent), identifying unusual sales, updating average sales and variation in sales (for 14-day sales cycles), determining replenishment order quantities, and creating purchase orders for warehouse items.

● **Direct store delivery subsystem**—The direct store delivery (DSD) subsystem is concerned with those items delivered by vendors to branch commissaries in the region rather than to a central distribution point or warehouse. Purchase orders for DSD items are not generated by the computer. DSD items are ordered by region or commissary personnel. The computer generates the Daily Delivery Order and Inspection Report (T-53) form, which is a list of items authorized to be ordered from data in the master files.

● **Accounting subsystem**—The accounting subsystem is a computerized method of processing receipts and adjustment actions to create the Journal of Receipts (JOR) and Journal of Adjustments (JOA). The JOR and JOA transactions then become part of the reconciliation of receipt files for matching by the computer to

abstracted public voucher and summarized invoice transactions.

These various subsystems are supported by two basic master files in the ACS. These files are the Item Master File and the Vendor Master File. Both files are used in the control of various inventory control and procurement actions. They also provide data for the accounting and management functions that support the operations of Navy commissaries. The master files include all items except direct store delivery items. As mentioned earlier, direct store delivery (DSD) items are delivered to each store. They are known as short cycle or nonwarehouse (NWH) items and are generally of a perishable nature, such as milk, ice cream, and other similar products. The Vendor Master File (VMF) contains records identifying the various vendors who are doing business with the region. We are now at the point in this chapter where control of actual stock is put into one word—inventory.

INVENTORY

Inventories are taken for four basic reasons.

1. To verify balances of stock on hand and stock record balances of inventories
2. To determine the differences between actual physical count and stock balances shown on records
3. To provide data for planning against recurrence of the differences
4. To establish a correct money value balance for accountability

As a supervisor or manager in a Navy commissary, you must always stress the importance of an accurate inventory. You should take part in the preparation and distribution of the internal inventory procedures for your commissary, including the time, method, and personnel involved. In fact, inventory procedures should be prepared in writing as an internal store instruction and should be distributed to all commissary personnel concerned. As a supervisor or manager, you should conduct training for commissary personnel before each inventory is scheduled. Most inventories are taken by contracted services. This fact, of course, does not relieve you of your responsibility as a supervisor to ensure that everything is accounted for. A good training program will help you to assist the contracting inventory team in doing a thorough job. You must

remember that the only way to be sure is with the use of double checks. A good policy for you to follow is to random check as many areas as you possibly can. At one time or another, almost every Ship's Serviceman has had to do some serious recounting on board ship. Double counting has almost eliminated the problems of bad counts. The inventories taken by contracted personnel should be completed in the same way as they would be with Navy commissary personnel.

Physical inventories are usually taken on a semiannual basis at the end of the second and fourth quarters of the accounting period. Special inventories are usually taken only by the direction of NAVRESSO. Cyclical inventories are taken on established cycles. Cyclical inventories include reorder, standard price changes, and perpetual inventories. Of course, a perpetual inventory is also a cyclical inventory which is an ongoing operation used for stock control and the ordering of resale merchandise. The adjusted book inventory is another inventory used by commissaries and distribution centers when a physical inventory at the close of the accounting period is not needed. The physical inventory figure that is used on the Cost of Sales worksheet is an adjusted inventory figure. In summary, an inventory in a Navy commissary can be any one of the following types:

- Physical inventory (sometimes performed by contract services)
- Adjusted book inventory (performed by commissary personnel)
- Cyclical inventory (which includes several types of inventories, such as price changes, reorder, etc.)

You must keep in mind that procedures may vary somewhat from one commissary to another, depending upon availability of personnel and services. You must read and understand your commissary instructions and stay abreast of them. As a commissary supervisor, you must keep your NAVRESSO instructions current so you can perform at the expected level.

The information you have read up to this point in the chapter has addressed the various ways in which the commissary store acquires the items to be placed in the store for resale. In the next section of this chapter, you will read about some of the methods and procedures the senior Ship's Serviceman, as a supervisor, will need to

follow to sell the merchandise through the front end.

FRONT END PROCEDURES

The front end is the part of the store that is visible to the patrons. It is also the part of the store that will be used by the patrons. For this reason, the way in which the front end is supervised will have the greatest effect on the success of the overall operation of the commissary.

SALES FLOOR

The sales floor area must be maintained in a clean and orderly condition at all times. The stock and equipment should be arranged in a manner that will permit convenient and efficient shopping for the patron. If the stock is arranged by general category, the patron can usually complete his or her shopping more successfully.

The amount of damaged or deteriorated merchandise can be kept to a minimum as long as prescribed stock rotation and inspections are followed. Damaged merchandise that is still fit for sale should be removed immediately to a special area where it can be offered for sale at a reduced price. Items that have spoiled should be removed immediately from the sales floor.

For the convenience of the patrons, shelf stocking should not normally be performed during the business day except when depleted stocks absolutely must be replenished. If it becomes necessary for shelves to be stocked during shopping hours, you, as a supervisor, should make certain that the aisles are kept free from cartons, boxes, and materials-handling equipment as much as possible. The meat area (S-3) and the produce area (S-4) are extremely important. As a supervisor, you must give special attention to these areas.

Meat Sales Department (S-3)

Bulk meat and packaged meats for the meat department (S-3) are received daily through several types of procurement procedures. Usually these products are ordered and received on T-53s. When bulk beef, pork, and lamb are received, an Army veterinarian inspects it for quality and temperature. It is important that you maintain close liaison with the veterinarian. The veterinarian is there to help your operation and not to hinder it. When you and the veterinarian

work together, the results are quality products for commissary patrons.

Frozen items are also received for the S-3 department. For instance, whole turkeys, turkey parts, and a large variety of pork, beef, and chicken parts are included in frozen food items. Although these items are frozen, you must pay close attention to ensure that correct temperatures in the meat cases are maintained. Often, a case will defrost and refreeze without any evidence of this happening. Of course, when this happens, the frozen items should be surveyed. The bottom line is that you should prevent this from happening in your commissary. Keep a close eye on your cases, the temperatures, and other frozen food conditions that might cause a loss of items to survey. Case load limits and stock lines must strictly be adhered to. Normally, your commissary will have a butcher shop manager to oversee the S-3 department, but it is your responsibility as a supervisor to assist in making sure the overall operation is running according to prescribed procedures. Constant patrols of the meat display area are a requirement of good commissary management. These areas must be kept dry and clean for safety and health reasons. In the meat department, a 3 1/2-percent markup should be added to the price of the meat before the items reach the cash register. Just as with produce, when meat department items are sold through the cash register, the normal 5-percent surcharge is added to the price of the items. Your meat department will demand a certain percentage of your total commissary sales. This is usually always the highest percent of sales. To maintain this percentage, you must assist your meat department by keeping an eye on the display area for any type of problems. Knowledge of the various cuts of meats is very easy to pick up. This knowledge will help you on the sales floor to assist customers with common questions. Meat-merchandising techniques are taught through NAVRESSO workshops. Contact NAVRESSO through proper channels for any help you may need.

Produce Sales Department (S-4)

Bulk produce for Navy commissaries usually arrives from vendors by daily deliveries. The produce sales department initiates and verifies the receipts of bulk produce. After the produce is received, the produce sales department is then responsible for trimming, sorting, pricing, and displaying the merchandise.

For the commissary supervisor, produce is a department that requires constant patrol and supervision. This tight control is necessary not only for the sake of restocking at optimum times but also for keeping the area clean and safe for the patrons. The customer should be able to move freely through the produce area without stepping on fallen fruits and vegetables and suffering personal injury. You will find that if you keep your produce area clean and well stocked, your sales will remain at the desired percentage levels.

In the produce department, a 2 1/2-percent markup should be added to the price of the produce before the items reach the cash register. When the items are checked through the cash register, the normal 5-percent surcharge is added to the price of the items. For the store to achieve these charges, the merchandise must be fit for resale. The information below should offer a few rules a good supervisor will wish to enforce.

There are a few commonsense principles that should be observed by all commissary personnel working in the S-4 department. First of all, "handle with care" should be an ironclad rule. As a supervisor, you should insist on the observance of this rule by all personnel who will have anything to do with the handling of fresh fruits and vegetables in your commissary. Rough handling will inevitably mean a serious loss in quality. Remember, quality is the most important asset of any produce department. A loss in quality will always result in a loss in sales. You can even reduce rough handling by the customer by arranging the displays so that the customer can make selections without digging into the produce.

Another rule you should remember to enforce is "keep it cool." Refrigeration will slow down respiration ("breathing") in fresh fruits and vegetables. Generally speaking, the lower the rate of respiration, the slower the loss of quality will be. The produce that you display on the sales floor will not require the low refrigeration temperatures you must use for extended storage. Temperatures of 40°F to 50°F will keep most produce in satisfactory condition for resale for 3 to 4 days. Of course, there are the exceptions to this rule. Bananas, avocados, sweet potatoes, and one or two other commodities should not be kept under refrigeration in the retail store under most conditions.

The average commissary will need to donate 10 percent of the space of the whole commissary to the produce department. Because of this, proper display of the merchandise is essential. If you, as a supervisor, encounter problems

associated with your produce department operation, you will acquire the best answers through NAVRESSO assistance. Produce Merchandising Association techniques are being taught regularly in NAVRESSO workshops. Contact NAVRESSO for the help that you need.

AUTHORIZED PATRONS

Most of the most important aspects of front end supervision is dealing with commissary patrons in an effective, successful, and profitable way. One of the first responsibilities of commissary personnel at the front end is to verify that all persons who enter the commissary to make purchases are authorized customers.

Definitions

As discussed earlier in this chapter, it is the responsibility of the commissary to make certain that all persons who make purchases in the commissary identify themselves as authorized patrons or agents of authorized patrons. The commissary does not issue or approve any type of purchase credentials. Similarly, the commissary is not authorized to issue any type of guest entry documents. The definitions for authorized patrons and agents are contained in the *Armed Services Commissary Store Regulations* (ASCSR). In some cases concerning definitions of authorized patrons, other Naval Military Personnel Command instructions may apply. Authorized credentials, as such, are listed in your ASCSR. Regulations governing reservists and dependents of reservists are also contained in the ASCSR. You should consult this publication whenever you have any doubts concerning authorized commissary store patrons. It goes without saying that you should follow these regulations to the letter.

Pass Desk and Identification Checks

A pass desk or booth should be installed at the entrance of every commissary. It is here that you or one of your pass desk attendants can identify each person seeking entry as an authorized patron, an agent of an authorized patron, a dependent, or a visitor. Instruct your pass desk attendants to examine all purchasers' credentials so that your staff can recognize that the credentials are acceptable. Instruct your staff to take special care in making sure that purchasers' credentials have not expired or been altered in any way. Whenever altered or expired

credentials are presented, your pass desk attendants should follow the procedures that have been established by the host command to deal with these problems. Normally, the credentials should be confiscated and receipts should be given if they are requested by patrons.

At all times, you should maintain strict control over the entrance and exit of visitors to the commissary. Remember, visitors are persons who are recognized by commissary management as persons other than authorized patrons and commissary employees on duty. Make sure that your visitors are logged in and out. You should also issue serialized badges identifying the types of visitors. Types of visitors for which you will want to prepare special badges include vendor representatives and vendor stockers. Any baggers you may employ should be issued visitor or bagger badges. For all other authorized, official visitors, such as representatives from NAVRESSO, you should issue badges marked Official Visitor. The information in the visitors' log should include the name, the purpose of the visit, the serial number on the badge, the date, and the times logged in and out.

To allow for ready identification of store personnel, all store employees should wear easy-to-see clip-on identification cards. You should encourage the use of these cards in all circumstances. Employees who are stationed at the store entrances for the purpose of checking identification credentials should be prominently identified as commissary personnel. These employees should be carefully instructed in all matters involving procedures for checking identification, giving refunds, cashing checks, and answering questions concerning the location of rest rooms, layout of the sales floor, and other general information they might be asked to furnish to patrons. Just as in any other sales operation, the persons who are assigned these responsibilities and who occupy visible jobs must project an image that reflects positively on the commissary. Since these people are the patron's first contact with the commissary, these employees must always exhibit a demeanor and an appearance that represent the commissary store in a favorable light.

AUTHORIZED TENDER

With the exception of charge sales, all commissary patrons must use certain authorized forms of tender in exchange for purchases as cash. The

types of tender that Navy commissaries are authorized to accept from patrons are as follows:

- Cash
- Personal checks
- Vendors' coupons
- Food stamps
- Travelers' checks
- Money orders
- Refund vouchers

If there are no available check-cashing facilities, Navy commissaries may accept (and cash) United States government pay and allotment checks from properly identified patrons. This service can be provided as long as the service does not adversely affect staffing or operations in the commissary. The officer in charge or a designated assistant must approve any U.S. government payroll or allotment check before the commissary can accept the check for payment or cash. According to prescribed limits, change funds in the commissary should be increased whenever approved U.S. government payroll and allotment checks are cashed. In accepting U.S. government checks, each commissary store must follow the prescribed regulations. These regulations are contained in NAVRESSOINST 4065.39.

CHECK-OUT PROCEDURES

As a front end supervisor, you must make certain that the check-out phase of your store is operated according to standard regulations and procedures. You must also make certain that your patrons are not forced to spend too much time waiting in line. With a little work and planning, you can comply with all regulations and still provide an efficient check-out operation.

Your check-out staff will have many responsibilities. Check-out personnel must make certain that all patron purchases are accurately recorded in terms of price and department. Check-out personnel are also responsible for accepting money and making change. As in any retail operation, cash and other forms of tender must be adequately safeguarded. All of these tasks must be completed in a way that will minimize patrons' waiting time.

In the check-out phase of your commissary, you must achieve good standards of service. You should staff and operate the check-out area so that no more than four persons are forced to wait in a check-out line. To achieve this standard, you will have to open additional registers for patrons to take care of heavy traffic in the check-out area. At times when you have fewer customers, you can close the extra registers and distribute the waiting patrons to the other lines. If customers are standing in a line that you are planning to close, identify the last customer to be served and politely route the other customers to the other lines.

During sales hours, you should plan to have supervisory personnel available to assist patrons at check-out areas. Make certain that your check-out lines are clearly numbered. Lighted lampposts with numbers are an effective means of clearly marking your check-out lines. If your store size permits, you can use a single line from which you can direct patrons to the next available register.

A prime irritant among patrons is excessive waiting lines at the check-out area. Commissary managers must constantly monitor the number of patrons awaiting check-out and, when needed, initiate immediate actions to supplement the number of check-outs in operation. Such actions will include the assignment to check-outs of those register operators who are performing other store-related tasks. A labor pool of intermittent employees who are on call may also be used to alleviate unforeseen patronage surges or temporary absences of regular employees. Moreover, since all employees working in other functional areas of the store (with the exception of the commissary officer, sales audit clerk, and the cash collection agent) will be trained in the operation of a cash register, they can be used in this capacity during emergency situations.

As a front end supervisor, you or an assistant must remain in the check-out area to assist customers during sales hours when customer traffic is heaviest. Head of the line privileges, use of express lanes, and other practices are covered in current NAVRESSO instructions. It is your job as a supervisor to consult these instructions and make certain that the correct procedures are carried out.

In a multicheck-out store when all check-outs are not being used, make certain your open check-outs reflect an even distribution across the check-out area. In this way, you can avoid patron congestion in one area of the front end. Remind your register operators that they are not permitted to keep personal belongings in the check-out

area. You can use employee lockers to eliminate this problem.

Instruct your check-out employees that they are prohibited from smoking or drinking while they are performing check-out functions. Make certain that check-out stands are washed daily. If you display merchandise at check-out stands, make certain that the merchandise does not impede customer traffic.

Spacing requirements between check-out counters are outlined in your NAVRESSO instructions. If you think that you have a problem with your front end spacing, check your NAVRESSO instructions and take the necessary steps. In stocking your counters, make certain that you have enough bags available and that the bags are the correct sizes and variety. Store all bulk bags out of the patrons' view. Use only bags for packing groceries. You should not use boxes for this purpose. You should try to comply with any reasonable customer requests for double bags or separate packing of perishables, frozen foods, ice cream, and crushable merchandise.

The check-out register for the express lane should always be the one nearest the entrance to the store. By keeping the express lane near the entrance, you can maintain an easy replenishment of hand carryout baskets.

Scheduling of Checkout Personnel

A well-trained, well-supervised check-out operation will not be successful unless labor resources are scheduled according to workload requirements. If the number of customers varies from day to day and from hour to hour, as it usually does in Navy commissaries, and you schedule the same number of work hours from day to day and from hour to hour, you are not adequately preparing the check-out operation to process patron purchases in a timely and efficient manner. The goal for full-time and part-time mix in the check-out function is to achieve employment of 25 percent of check-out personnel on a full-time basis and 75 percent of check-out personnel on a part-time basis. To balance workload and labor resources, you must take the following actions:

1. Chart sales and patron transactions processed during each hour of each day, each day within the week, and each week within the month by means of Sales Event Record (SER) Forms (CS 45) and the Checkout Operating Report Summary.

2. After considering this historical information and other relevant factors, such as payday, sales events, forecast sales, and patronage, assign the work force on the basis of the anticipated workload. The employment of part-time workers can be used to assist in the correlation of the work force to the peaks and valleys of patronage. The total work force should be scheduled over a 14-day calendar period, based upon an employee pay period.

Supervising Check-out Productivity and Accuracy

Essential to your achievement of check-out operation objectives is your effective, efficient use of available labor resources. The degree to which you can achieve these objectives depends upon the adequacy of training, supervision, and scheduling and the degree to which you devote management attention to each of these elements.

Since check-out operations involve close attention to detail, interfacing with patrons, and the handling and safeguarding of funds, it is essential that personnel be thoroughly trained at initial hire. In addition, commissary personnel may require continued training for the supervisor to correct any bad habits that may develop. Register operators must be impressed with the importance of their function as it relates to the financial integrity of each department and the store as a whole, as well as to the development of good customer relations.

Upon being hired, a register operator should receive 8 hours of training and 1 hour of indoctrination before being assigned to a cash register. On a continuing basis, all register operators must receive 16 hours of training every 6 months. The training should be programmed as follows: 2 hours of classroom instruction, 4 hours of produce recognition, and 10 hours of register accuracy and speed. Classroom instruction should cover the policies and procedures related to the handling of cash and other tender, departmental recording, overrings, voids and refund procedures, and the replacement of "throw" receipt tapes. At commissaries equipped with electronic registers, the terminals should always be in the training mode during hands-on instruction. A "read" report should be taken before and after training on the registers. These reports must be secured and verified during sales audits. These results should be recorded on CS 1. Since preparation for possible power failures or cash register malfunctions is essential, practice

sessions for such contingencies should be conducted during slack hours.

In the event of power failure or if the backup in electronic cash register systems fails, make every effort to process patrons who are in the store. Patrons will be informed that their orders can be processed but that the procedure will take longer than usual. If patrons choose to leave rather than wait for check-out, they will be advised that commissary personnel will return their selections to stock.

Cash Register Operations

If your store has more than one register, assign your cash register operators to specific registers. In other words, do not allow your register operators to select their own registers. When your store has more than one register, do not assign the same person to the same register on consecutive days.

As a supervisor, you will be the person to issue keys to the register operators. Each register operator should be issued a key to the locking mechanism of the register to which the operator is assigned. Register operators should not be issued any keys that would give them access to the detail tape in the register or the terminal. Operators should also not be issued keys that read the register. In fact, register operators should never have access to the supervisory key, the reading keys, or the readings themselves.

Once an operator is assigned to a register, the operator should make certain that the register is equipped with enough detail tape and throw receipt paper at all times. The operator should also check to see if the ink is producing legible tapes. The operator should give an accurate receipt to each patron who makes a purchase. It is the responsibility of the cash register operator to replace throw receipt paper. It is the responsibility of the supervisor to replace detail tape.

There are several precautions cash register operators should follow in all cash register transactions. So that all transactions can be observed, cash register windows should not be obstructed. Instruct all operators to check the bottom of each patron's shopping cart to make sure all merchandise has been placed on the check-out counter. When accepting payment from a patron, the operator should not place the cash in the drawer until after change has been made and given to the patron. The operator should then close the cash drawer until the the next transaction begins.

Whenever the check-out supervisor must operate a cash register, the supervisory functions of that person must be passed on to the next higher level of management. The retail manager, for example, may take over the supervisor's duties, such as reading the supervisor's register, approving voids, and carrying out other regular supervisory responsibilities.

OVERRINGS AND UNDERRINGS.— An overring or underring is an error that occurs when the wrong price of an item is entered into the cash register. The method of correcting these errors will vary according to the type of cash register installed in your store. At commissaries with electro-mechanical registers, the operator can correct the error by entering in the same department and the difference between the correct price and the amount that was rung in error. Next, the operator should advise the patron of the error and should mark the throw receipt to indicate the error. When an item is overrung, the register operator should prepare an Overring/Refund Voucher, NAVSUP 972, and should fill in the appropriate boxes. The voucher should be signed by the register operator and approved by the supervisor at the time of the overring. At stores with electronic registers, a Credit Record, CS 5, or a supervisory key should be used to control overrings and underrings. On the cash register, the key is usually labeled Error Correct. For all voids of \$2 or more, the operator should cite the reason for the action and should get the void approved by the supervisor at the time the void is made.

Each day you should inform each register operator the amount that he or she was either over or short. To document these facts, you should use the Daily Register Operator Record (CS 1) to maintain a record of each cash register operator's performance. For stores with electromechanical registers, the columns designed for use with electronic registers, such as rings per minute and audit action, should be left blank. As a supervisor, you should submit each cash register operator's record to the commissary officer along with the Daily Cash Report and Sales Distribution Summary (CS 11) for review and appropriate action.

At commissaries with electronic cash registers, it is also the supervisor's responsibility to maintain the *Price Look-Up* (PLU) to track the price of high-volume or difficult-to-price items. In the PLU, the supervisor can find the price of a designated item. The price entered in the PLU is based upon official price lists received from the regional office or the approved price provided in

writing by the department manager and approved by the commissary officer. PLU tapes should accompany the register operator's record and the Daily Cash Report and Sales Distribution Summary (CS 11) when these documents are submitted for review.

Excessive differences must always be investigated. If it is considered to be necessary, the individual register operator will be required to count, accept, and sign for transfers of funds. If excessive differences continue, disciplinary actions may be warranted. Termination of employment of civilian personnel may also result. You can use this definition as a guideline: An excessive difference is an individual shortage or overage of \$1 to \$3 that occurs one-fourth or more of all the days the individual is assigned to operating a cash register. You must report any shortage involving possible fraud or criminal acts and any cash shortage of \$250 or more according to guidelines set forth in the *NAVCOMPT Manual*.

REFUNDS.— The Navy resale system has a policy of “satisfaction guaranteed or your money cheerfully refunded.” This policy is strictly adhered to by Navy commissaries. When merchandise is returned by a patron, this action must be recorded in your Patron Refund Log (CS 65). You must indicate the appropriate action that will be taken on the item. For example, you should indicate whether the item will be returned to stock, returned to the vendor, or surveyed. In addition, an Overring/Refund Voucher, NAVSUP 972, should be prepared. This voucher must be signed by the check-out supervisor and the patron. The patron will redeem the Refund Voucher at the check-out area. An employee, other than the check-out branch supervisor, should then see that the returned merchandise is returned to the applicable department, either for survey, for return to stock, or for return to the vendor. The Patron Refund Log (CS 65) should be maintained by the check-out supervisor.

On a daily basis, the commissary officer will review the Refund Log. The commissary officer will compare the entries appearing in the Refund Log with the Overring/Refund Vouchers and with the Survey Log (NAVSUP 976). At the end of each business week, the Refund and Survey Logs, along with the Daily Cash Reports and the Sales Summary (CS 11), should be forwarded to the regional office for review, audit, and retention. Copies of the forms should be distributed to department managers for information purposes.

RECONCILIATION OF THE CASH DRAWER.— At least twice a month on unannounced days and at unannounced times, the commissary officer or a designated representative must perform a reconciliation of register operator cash drawers. A supervisor must perform these actions for the purpose of verifying funds. Each reconciliation must be conducted in the presence of another member of the commissary management staff.

ACCURACY OF RINGING.— At unannounced times, the supervisor should check each register operator for accuracy of ringing. This check should be performed at least weekly. The supervisor should perform this check by re-ringing a patron's purchase. The result of the test should be recorded in a log that the supervisor should maintain for this purpose. At commissaries equipped with electronic registers, the recheck should be performed with the register terminals in the training mode.

Safeguarding the Funds at Check-out

As a supervisor, you must monitor the security of cash and all other legal tender in the store. You must be on the alert to ensure that commissary personnel are following correct procedures in handling funds.

Cash funds for the register should be used only for cash register transactions. The only registers supplied with cash funds should be the registers that are actually in use. Instruct your people that at no time are they permitted to retain cash funds when the register is not in use. If a register operator leaves the register for any reason, the operator must remove the till. At that point, the register operator should secure the till in a special (identified) lockable compartment or should turn the till over to the cash collection agent. The cash collection agent is also required to retain the cash fund in an individually identified lockable compartment.

All currency, coupons, checks, vouchers, and other forms of authorized tender must be placed and kept in a register drawer. The security precautions for cash funds should also apply to other forms of legal tender. As mentioned before, whenever a register operator must leave the register for any reason, the operator must remove the till. Then, the operator must either lock the tender in a special lockable compartment that is identified for this purpose or turn the tender over to an authorized cash collection agent. If the

operator turns the tender over to an agent, the agent must secure the tender in a lockable, specially identified container or compartment.

THEFTS FROM THE CASH REGISTER.—

As a supervisor, you will establish and enforce controls at your commissary to maintain security of money in the store. There are still various means by which a dishonest employee may attempt to get around these controls.

Theft from a cash register can occur when a patron pays the exact amount for a purchase, accepts the bagged merchandise, and leaves the register without receiving a cash register receipt. (In other words, theft from a cash register can occur at any time during the business day.) A dishonest register operator will place the cash in the register with the next sale and accumulate an overage in the cash drawer. Such theft is also possible if the clerk is operating with an open register drawer. The overage is removed later. The operator may keep mental or written notes or other reminders as to the amount of the overage. An example of such reminders could be an accumulation of matches near the register or possibly pennies in the nickel or other coin till to correspond to the dollar amount of the overage. Other indications of this practice may be in the form of persistent small overages in an operator's cash drawer; that is, the even dollar amount is removed and the small change left so that the clerk will not be "short."

The following examples of theft illustrate additional methods that dishonest register operators (and supervisors) may try to use to beat the security system in your store.

- **Underring**—This method generally occurs during peak sales hours. The customer is charged full price but a lesser amount is recorded on the cash register. The register receipt is discarded and not given to the customer. An overage is thus accumulated for later removal. This practice is made easier sometimes when register windows are obstructed so that the amount rung up cannot be seen by patrons or supervisory personnel.

- **Short ring**—The register operator deliberately fails to ring up one or more items during a sale. On completing the transaction, the operator tells the patron of the omission, adds these items to the register receipt in pen or pencil, and then collects the correct amount for the sale. An overage is created in the register for later removal.

- **Overcharge**—The clerk rings up the correct price but collects a higher amount from the patron. Again an overage is created for later removal.

- **Fraudulent refunds or overrings**—The operator commits theft from the operator's own cash drawer by creating spurious refunds and/or overrings to cover the amount taken.

- **Altering refund/overring documents**—Failure by supervisory personnel to control and validate refunds or overrings can result in this abuse.

- **Theft from another register operator's cash drawer**—This form of theft can occur when the register is left unattended and the cash drawer is unlocked and the key has not been removed.

- **Theft from another register operator's register by use of a secret number**—This type of theft is possible when operators share their secret numbers with each other for fraudulent purposes.

- **Theft from a common cash drawer or safe**—This type of theft can occur in a case where two or more register operators share a common drawer or two collection agents share a common safe combination. Without singular accountability for the cash, responsibility is extremely difficult to pinpoint.

PREVENTIVE MEASURES.— Sooner or later, almost every supervisor will run across a dishonest employee. There are measures, however, that a good supervisor can take to lessen temptation on the part of commissary personnel. A few of these preventive measures are discussed below.

- The cash register window facing the operator should be unobstructed at all times. The side away from the operator should also be clear so that ring-up figures can be readily seen by patrons and by supervisory personnel. This preventive measure acts as a deterrent to underringing.

- All sales should be recorded promptly on the assigned register.

- Cash drawers should not be shared.

- Error corrections and no sales should be kept to a minimum.

● Overrings should be reported to and approved by the check-out branch supervisor at the time of occurrence. Delays are not authorized.

● Refunds and returns should be made in the prescribed manner by the check-out branch supervisor only. Note that even dollar amount shortages or overages should be given special attention. Constant small overages in cash may indicate underringing and the removal of even dollar amounts from the cash drawer. A dishonest employee engaged in this practice will sometimes leave the small change in order not to be found short in the belief that management will not pay as much attention to an overage as a shortage.

● Cash register operators should not be permitted to make sales to members of their immediate family.

● At stores with electronic registers, the error-correct and void keys must be used to correct errors. The error-correct key should be used immediately following an erroneous entry (under-ring or overring) since the register is programmed to void the last entry when the error-correct key is used. The register operator may then reenter the item, ringing the correct price and department. A Credit Record (CS 5) should be inserted into the register to record the error-corrects or voids to permit an audit trail of total register operator voids for the sales audit function. On Bunker-Ramo electronic registers, voids and error corrections are controlled by the setting of a threshold amount at which an error can be corrected by use of the void key. This feature, which would require the supervisor to perform remedial action when the threshold is exceeded, should be used. When an overcharge is discovered after the entire order has been totaled, corrective action will be effected by means of an Overring/Refund Voucher (NAV-SUP 972) as described earlier and entered into the register as a void. Where an entire order must be voided out, prescribed void procedures should be used. Care should be taken so that voided amounts are properly credited to the appropriate departments. All voids of \$2 or more will require the approval of the supervisor at the time of occurrence.

● Sales to commissary personnel should be restricted to those employees who are authorized patrons or their agents. Specific check-outs should be designated for these transactions. For these purposes, an employee is defined as one who is

employed at any location within the region. For example, an employee assigned to the regional office who is also an authorized patron will be considered to be an employee of any commissary in that region when the employee desires to make purchases. Such sales will be witnessed by the check-out supervisor or an individual at a higher supervisory level. Individuals are prohibited from weighing, establishing the selling price, checking out, or witnessing their own purchases or those of their agent's sponsor or relative. Those employees who are authorized patrons or agents will not be required to complete any form or log that is not required of other patrons.

● Commissaries equipped with electronic registers should use the *Price Look-Up* (PLU) capability for pricing high-volume or difficult-to-price resale items. All S-4 items should be assigned PLU numbers. No more than 50 grocery (S-1) items should be included in the PLU. The PLU feature can be used to track the movement of items that, because of either their high susceptibility to pilferage or their potential for short delivery, contribute to inventory losses.

The supervisor can also use the PLU to initiate any disciplinary action that may be warranted as the result of a review of the previous day's sales audit or recent trends. At commissaries with electronic cash registers, it is also the supervisor's responsibility to maintain the *Price Look-Up* (PLU) file for all such designated items, based upon official price lists received from the regional office or approved prices provided in writing by the department manager and approved by the commissary officer. Whenever a change is made to the PLU based upon information provided by commissary department managers, a file of such authorized changes must be maintained for a period of 18 months. PLU tapes should be attached to the CS 11 and submitted to the regional office. There are several means by which the PLU is used to the commissary's advantage. They are covered in NAVRESSOINST 4065.34. This instruction should be thoroughly read and understood by the front end supervisor.

TOTALS, KEYS, READINGS, AND JOURNAL DETAIL TAPES.— Group totals must never be altered, turned back, or reset without permission from NAVRESSO. This is because group totals must always indicate a cumulative amount whenever these totals are read. Any group total reset keys, duplicate cash register

reading keys, and duplicate drawer locking mechanisms must always remain in the locked custody of the commissary officer.

Department totals should be reset when the register is read and secured daily. For this reason, the department reading should be zero (0) whenever the reading is taken at the end of the day and whenever the register is opened for the business day.

Cash register readings are usually taken by the check-out supervisor. In the absence of the check-out supervisor, the readings can be taken by another person who has been specifically designated to handle this responsibility. The register operators and cash collection agents are prohibited from taking register readings; therefore, register operators and cash collection agents should not be designated to take register readings when the check-out supervisor is not available to perform these responsibilities. In the situation where the check-out supervisor operates a cash register, another supervisor must be designated to take the readings for that register. The supervisor who is designated to take the readings must retain the cash register keys during working hours. All cash register readings, including the readings for each drawer or multiple-drawer cash registers, should always be taken at the beginning of the working day and later when the registers are closed for the day. In fact, all registers, including spares kept in another part of the commissary or in the warehouse, must be read at the end of the business day. This means all registers must be read whether they have been used or not.

Generally, it is the sales audit clerk who collects the cash register reading tapes. When a designated person other than the sales audit clerk obtains the cash register reading tapes, this person must deposit the tapes in a locked box for subsequent delivery to the sales audit clerk.

All detail tapes must be collected and secured at the end of each business day. Register operators and cash collection agents should not have access to detail tapes. Although tapes, readings, and keys are not used at commissaries that are completely equipped with electronic registers, the security and control principles described above should be applied.

TRANSFER AND COLLECTIONS OF FUNDS.— There are various methods commissary supervisors can use to safeguard funds whenever

funds are transferred and collected at check-out. Some of these methods are discussed below:

- Transfers of funds—Certain individuals should be designated as cash collection agents. These persons should issue change funds, make partial collections of receipts, and accept all funds at the close of the register operator's workday. Register operators should not count funds received or turned in unless they are directed to do so by the commissary officer because of unusual operator cash variances. In this case all transfers of funds between the register operator and collection agent will be counted by the register operator in the presence of the collection agent. Both parties will indicate their acceptance of the count by signing a Cash Receipt Certificate (NAVCOMPT 2114). If deemed necessary by the commissary officer, counts by the collection agent may be witnessed by another person who will also sign as witness to the count.

- Partial collection of funds—In order to keep funds held at the check-out to a minimum, to ensure timely deposits, and to lessen the cash collection agent's end-of-day workload, the commissary officer will establish schedules for partial collections to be taken throughout the sales day. As a minimum, a partial collection should be made at least 1 to 2 hours before the commissary closes. All checks, vendor coupons, food stamps (except those needed to make change), and the bulk of \$10 and \$20 bills should be picked up and prepared for the partial pickup. Pickups should also be made if the dollar volume of business experienced before the day's bank deposit warrants inclusion of such receipts in the deposit. Normally, partial collections of cash and cash items will be made by the cash collection agent who will not receipt for the funds collected. However, when a person other than the collection agent, such as the retail supervisor or check-out supervisor, is authorized by the commissary officer to make pickups, a Cash Receipt Certificate (NAVCOMPT 2224) must be issued. All counts will be verified by the register operator. The receipt must be signed by both the register operator and the person making the pickup. The original receipt must be held by the register operator and turned in to the collection agent when the final turn-in is made. The copy must be turned in to the collection agent with the cash and collected cash items. The collection agent should then verify the counts in the presence of the person making the collection. A receipt must

be signed by both parties and retained by the person making the pickups. If checks are part of the pickup, the receipt should indicate the number of checks only, not the dollar amount.

SUMMARY

You have just read an overview of commissary operations and the responsibilities with which you, as a senior Ship's Serviceman, may become

involved. Of the functions and operations covered in this chapter, good customer service, appropriate security of funds, integrity of store personnel, and sound management practices all provide an important basis for the success of any Navy resale operation. Whether you are assigned to a commissary store in a shore billet or to a ship's store afloat, you, as a senior Ship's Serviceman, should be able to use the information in this chapter to evolve into your future role as a manager and supervisor in the Navy's resale system.

CHAPTER 9

RETAIL OPERATION MANAGEMENT (ROM) SYSTEM

At the time this chapter was written, the Retail Operation Management (ROM) system had not yet been totally implemented and tested in the Navy resale system and ship's stores afloat. By the time this rate training manual is published, the only phase that will most likely be completed by most fleet ships is the assignment of a six-digit class number, followed by a four-digit sequence number to all items of ship's store stock. These numbers are assigned to both contract and SSAC items (an example is circled below).

At present, the system is being worked on and tested. As soon as it is completely implemented and satisfactorily functioning, study guides and operating manuals will be available. It is important for you, as a future manager and supervisor in the Navy resale system, to realize that much of the information you have already read in this rate training manual will be changed to some degree. You can at least expect the resale procedures will be different. As a result of the eventual implementation of the ROM system, clerical tasks will be performed faster and with greater accuracy. This benefit will allow you more time to manage your on-the-spot operations. Also, the system will help you to increase the efficiency of your operations by providing you with the means to see what is going on within your operation at any given time.

OBJECTIVES AND PURPOSES

The ROM system is structured to provide tangible benefits to people, such as the ship's store officer, supply officer, assist teams, and senior

Ship's Servicemen. All of these people will be end users of the system. Some of the most visible and important benefits to the senior Ship's Serviceman will be in the areas of inventory control, logistics, and financial management. As with any new system, tests and evaluations before and after implementation aboard fleet ships will be necessary for a period of time until the "bugs" are worked out. With the ROM system, the functional managers under the Naval Supply Systems Command (NAVSUPSYSCOM) will be responsible for testing and certifying the implementation of the functional systems under NAVSUP's control. This testing and certification process serves two purposes: (1) to verify that the system has been fully implemented and (2) to make certain that the services being provided to resale managers and supervisors in the fleet are useful, acceptable, and beneficial.

The ROM system is not intended to replace any current resale equipment or systems. However, certain equipment items, such as typewriters, may be reduced as the ROM system begins to take hold. The following retail documents are examples of some of the documentation ROM will be handling:

1. Journal of Receipts, NAVSUP 977
2. Journal of Expenditures, NAVSUP 978
3. Financial Control Record, NAVSUP 235
4. Stock Record, NAVSUP 464
5. Vending Machine Control, NAVSUP 236
6. Ship's Store Balance Sheet and Profit and Loss Statement, NAVCOMPT 153

ACCOUNT	UNIT OF ISSUE	DEPARTMENT	LOW LIMIT	COST PRICE	SELLING PRICE	
51000	EA					
ARTICLE SOAP IRISH SPRING 5 OZ.				STOCK NO. 110000 0295	ORDERED	CARD NO.

Information that is pertinent to the implementation of the ROM system will be based on data contained in some of the following references:

1. *Ship's Store Afloat Manual*, NAVSUP P-487
2. *Afloat Supply Procedures*, NAVSUP P-485
3. *Department of the Navy Automated Data Systems Documentation Standards*, SEC-NAVINST 5233.1B
4. *Navy Management System Support Office (NAVMASSO) Terminal Users Guide*, No. 26, and other NAVMASSO standards and SNAP standards.

As a senior Ship's Serviceman, you must also be prepared to learn new languages with the new ROM system. Work-related terms and knowledge of their meaning are a must in the Ship's Serviceman rating. Because the new terms will relate to the computer, we will not likely have additions to some of our old terminology. With the caliber of the Ship's Servicemen in the rating today, the learning of new terminology will be quickly accomplished.

PERSONNEL WHO WILL BE INVOLVED IN ROM

ROM will require functional users (Ship's Serviceman operators) at the organizational level. ROM is being developed with the intent of having no impact on the manning of watch stations at various conditions of readiness. Also, ROM is not expected to alter current military duties of any kind for the military personnel concerned. ROM operators, or terminal users, need not be computer experts as such, but will probably be viewed as "customers" of one of the services the SNAP system provides. The minimum knowledge and skills needed by basic operators are simply those required for the operators to gain access to the system, query the system for desired outputs, enter data to complete transactions as they occur, and terminate access.

Since the ROM-related functions, procedures, and data are rate related for the most part, the use of terminals is not expected to constitute a major training problem. However, for the sake of accountability, security restrictions will be placed on the system. At present there are two

types of security associated with the ROM system: (1) physical and (2) application. Physical security is no more than keeping the computer in an area accessible only to the personnel with a need to use the system. The ROM system is dedicated to management of the Ship's Serviceman records and should not be used by other rates. Space should be secured by lock and key. Application security is based on the issuance of passwords and user IDs for access to the system. You will only be able to make entries into the part of the system you have been authorized to use based on your password and user ID. The basic organizational structure for the ROM system includes the following positions:

- **Functional area supervisor (FAS)**—An officer or senior petty officer designated to direct and coordinate ROM operations. The functional area supervisor will be the principal advisor to the command within the functional area of application.

- **Users**—Users are subdivided into two categories and billets are designated, depending upon the depth of knowledge required to support the function of the ship. The quantity, rate, and rating of the users will vary from ship class to ship class. The two types of users are defined as follows:

1. **Journeyman users**—Designated E-4s and above having the requirement to perform limited data and report generation with a functional area data base

2. **Basic users**—Designated E-1s and above having the requirement to perform limited data entry and report generation associated with a functional area data base

The number of journeymen and basic users will vary from ship class to ship class.

We are all aware of the manning problems we have on ships, so be prepared to step up or down a level to perform wherever you are needed. The ROM system will allow the Ship's Serviceman rating to go forward in our constant efforts to contribute the most to our shipmates.

The information in this chapter has some of the basic advances the ROM system will offer and the effects they will have to the present system. As soon as the system is on line, needed information and procedures will be made available to all concerned.

APPENDIX I

DEFINITIONS OF SHIP'S STORE TERMS

ACCOUNTABILITY. Accountability is the personal obligation on the part of the ship's store officer to render an accounting of ship's store property and funds.

ACCOUNTABLE OFFICER. The accountable officer is the ship's store officer.

ACCOUNTING PERIOD. An accounting period is any period for which returns must be submitted. It is normally a 4-month period ending 31 January, 31 May, and 30 September.

BONUS-FREE ITEMS. Bonus-free items are received from a vendor free of charge as a bonus for placing an order.

BREAKBACK. A breakback is a transfer of an item from a sales outlet back to the bulk storeroom.

BREAKOUT. A breakout is a transfer of material from the bulk storeroom to a sales outlet or service activity.

BULK SALE. A bulk sale is a sale made at cost to an activity authorized to buy in this manner.

BULK SALESROOM. A bulk salesroom is a separate cash sales unit established in a bulk storeroom from which bulk sales are made.

BULK STOREROOM. A bulk storeroom is a main storage facility for all or part of the stock in a ship's store operation. No sales are made from a bulk storeroom.

BULK STOREROOM CUSTODIAN. A bulk storeroom custodian is a person in charge of a bulk storeroom. In separate responsibility operations, the custodian is responsible for the stock by quantity on individual stock records.

CLOTHING ITEMS. Refer to Standard Navy Clothing Items.

COMBINED RESPONSIBILITY OPERATION. A combined responsibility operation is a ship's store operation in which one person is responsible for both a sales outlet and the bulk storeroom that supplies that outlet.

COMPOSITE RECREATION FUND. A composite recreation fund is a fund in which a ship without a ship's store shares in the profits of the supporting ship's store. For example, an SSN/SSBN supported by an AS receives a share of the ship's store profits from the AS to be used as the SSN/SSBN's recreation fund.

COST ITEM. A cost item is an item of ship's store stock carried for ultimate issue as cost of operations and cost of sales.

COST OF OPERATIONS ISSUE. A cost of operations issue is an expenditure of stock for ultimate consumption in a ship's store activity.

COST OF OPERATIONS ITEMS. Cost of operations items are cost items carried for ultimate issue to ship's store activities and for which cash is not ultimately received.

COST PRICE. A cost price of an item is the price at which an item is received from the supplier. Standard Navy clothing is sold and issued at cost price. Cost of operations items are issued at cost price.

COST OF SALES ITEMS. Cost of sales items are cost items carried for issue to a sales outlet. Cash is ultimately received for cost of sales items. They differ from retail items in that further processing is required before sale.

CREDIT MEMORANDUM. A credit memorandum is a document received from a vendor which gives credit to a ship for merchandise returned to the vendor.

CUSTODIAN (RESPONSIBLE CUSTODIAN). A custodian (responsible custodian) is a person held responsible for the operation of a ship's store activity and strict custody of the material used in it.

DELIVERY ORDER. A delivery order is an order for material under an existing indefinite delivery contract. An item ordered from the Ship's Store Contract Bulletin is procured via a delivery order.

EMBLEMATIC ITEMS. Emblematic items are items bearing the ship's identification (such as ball caps, belt buckles, T-shirts, lighters, mugs, etc.). Since these items have the ship's identification on them, they have no sales potential for another ship. Procurement therefore must not exceed 90 days' anticipated sales.

EXCESS PROFITS. Excess profits are profits that exceed the maximum allowed 15% of the cost of retail sales.

EXCESS STOCK. Excess stock is the material by line item that exceeds the maximum allowed 90-day inventory level.

EXPENDITURE. An expenditure is the removal of stock from the accountability of a ship's store officer.

FAST PAY PROCEDURES. Fast pay procedures are designed to expedite payment to the vendor for material that has been delivered to a common carrier, post office, or other means to point of first receipt by the government. The vendor agrees to replace, repair, or correct material not received at the first specified destination, damaged in shipping, or not conforming to the specifications of the order.

F.O.B. Free on Board, or Freight on Board.

F.O.B. DESTINATION. F.O.B. Destination on a purchase order or contract indicates the vendor will pay all transportation costs for material sent to the ship. All material ordered from the Ship's Store Contract Bulletin will specify F.O.B. Destination.

F.O.B. ORIGIN. F.O.B. Origin on a purchase order or contract indicates the ship will pay all transportation costs for material received.

F.O.B. OTHER. F.O.B. Other on a purchase order or contract indicates the ship will pay the transportation costs for material received.

F.O.B. SHIPPING POINT. Same as F.O.B. Origin.

FOUNTAIN. See Snack Bar.

GROUP SALE. A group sale is a sale of merchandise to a group in which several individual orders have been consolidated. A group sale is made when individual sales to personnel cannot be made.

GUARANTEED SALES ITEMS. Guaranteed sales items are items that may be returned to a vendor for replacement, credit, or cash refund when they are shopworn, defective, or out of season.

HEALTH AND COMFORT ISSUES. A health and comfort issue provides toilet goods, tobacco, clothing items, and other necessities required for the health and well-being of personnel without sufficient funds to purchase them.

HIGH LIMIT. A high limit is the maximum quantity of material to be maintained on hand and on order to sustain current operations. It includes the sum of stocks represented by the operating level, the safety level, and the order and shipping time. (Equivalent to requisitioning objective.)

INTRASTORE TRANSFER. An intrastore transfer is a movement of stock from the responsibility of one custodian to that of another.

INVOICE. An invoice is an itemized list of material or services rendered or received, including quantities, prices, etc.

INVOLUNTARY PRICE CHANGES. Involuntary price changes are price changes that are beyond the control of the ship's store officer. They include standard price adjustments and purchase variances on Navy clothing.

ISSUE. An issue is an expenditure of stock for some further purpose. Issues reduce accountability.

ISSUE FOR USE. See Cost of Operations Issue.

LIQUIDATION. A liquidation is a settlement of the amount of an account.

LOW LIMIT. Low limit is the stock position that signals the need to initiate replenishment action. It includes the sum of stocks represented by the safety level and the order and shipping time. (Equivalent to reorder point.)

MARKDOWN. A markdown is a voluntary reduction in the selling price of an item. There are three types of markdowns: markdowns below cost, markdowns to zero, and retail markdowns.

MARKDOWN BELOW COST. A markdown below cost is a voluntary reduction in the selling price of an item below its original cost value.

MARKDOWN TO COST. A markdown to cost is a type of retail markdown in which the selling price of an item is reduced so that it is equal to its cost price.

MARKDOWN TO ZERO. A markdown to zero is an expenditure of stock through a price change that reduces the value of the item to zero.

MARKON. A markon is any voluntary increase in the selling price of an item.

MARKUP. A markup is the difference between the cost price and selling price of a retail item.

OPERATING LEVEL. An operating level is the quantity of material (exclusive of safety level) required to sustain operations during the interval between successive requisitions. Normally, it is the difference in the quantity between the requisitioning objective (high limit) and the reorder point (low limit).

ORDER AND SHIPPING TIME. Order and shipping time is the time elapsing between the submittal of a requisition and the receipt of the material. (Equivalent to procurement lead time.)

OVERRING. An overring is when an incorrect higher price for an item is rung up on a cash register.

PROFIT. A profit is the amount of money remaining after all expenses and costs have been paid.

PURCHASE ORDER. A purchase order is an order for material which also establishes a one-time contract. An item ordered from the Ship's Store Afloat Catalog is procured via a purchase order.

PURCHASE VARIANCE. A purchase variance is a difference between standard price and purchase price occurring when a ship's store is receiving Navy clothing from a commercial supplier. A purchase variance is an involuntary price change.

RECEIPT. A receipt is the acceptance of the quantity and quality of material for accountability purposes.

RECORDSKEEPER. A recordskeeper is a person in charge of keeping ship's store records.

REFUND. A refund is cash given back to a customer in exchange for merchandise that was previously brought from a sales activity.

REORDER POINT. A reorder point is the stock position that signals the need to initiate replenishment action. It includes the sum of stocks represented by the safety level and the order and shipping time. (Equivalent to low limit.)

REQUISITION. A requisition is an order for material from a government source (for example, other supply officers including another ship's store or shore supply support activity).

REQUISITIONING OBJECTIVE. A requisitioning objective is the maximum quantity of material to be maintained on hand and on order to sustain current operations. It includes the sum of stocks represented by operating level, safety level, and order and shipping time. (Equivalent to high limit.)

RESALE ACTIVITY. A resale activity is a sales outlet.

RESPONSIBILITY. Responsibility is the obligation to exercise care, custody, and protection of ship's store money and materials.

RETAIL ITEM. A retail item is any item sold in its original form in exchange for cash.

RETAIL MARKDOWN. A retail markdown is a voluntary price reduction in the retail price of an item to a price above or equal to its original cost price.

RETAIL PRICE. A retail price is the price at which an item other than standard Navy clothing and cost of operations items are sold or issued.

RETAIL STORE. A retail store is a sales outlet where retail items are sold.

RETAIL STORE OPERATOR. A retail store operator is the person in charge of a retail store. For combined responsibility operations, it also refers to the custodian of a retail store and the bulk storeroom that provides supplies for that store.

REVALUATION BY SURVEY. Revaluation by survey is a procedure for lowering the price of an item by a survey of money value only.

SAFETY LEVEL, The safety level is the quantity of material, in addition to the operating level, required to be on hand to permit continuous operations in the event of interruption of normal replenishment or unpredictable fluctuations in the issue demand.

SALE. A sale is any expenditure of stock for which cash is received. Accountability is unchanged by a sale.

SALES OUTLETS. Sales outlets are retail stores, vending machines, amusement machines, and standard Navy clothing stores.

SEPARATE RESPONSIBILITY OPERATION. A separate responsibility operation in which two or more persons are responsible for the operation of a sales activity and the bulk storeroom that supplies that activity.

SERVICE ACTIVITY. A service activity is a ship's store facility that renders a service. The barbershop, laundry, dry-cleaning plant, and tailor shop are service activities.

SHIP'S STORE. A ship's store consists of the sales outlets and services activities on board a ship.

SHIP'S STORE AFLOAT CATALOG. The Ship's Store Afloat Catalog (SSAC) contains luxury and semiluxury type of items. It is published and maintained by NAVRESSO.

SHIP'S STORE CONTRACT BULLETIN. The Ship's Store Contract Bulletin contains basic staple-type items required to support needs of the

crew. It is published and maintained by NAVRESSO.

SHIP'S STORE OFFICER. The ship's store officer is the officer in charge of the ship's store operations aboard a ship. The ship's store officer is the accountable officer.

SNACK BAR. A snack bar is a sales outlet where ice cream products, drinks, and retail snack items (such as candy and cookies) are sold.

SNACK BAR OPERATOR. A snack bar operator is the person in charge of the snack bar.

SPECIAL ORDER. A special order is the procurement and sale of a retail item to a specified individual who has ordered the item. The item is sold through a retail store, but is not carried as stock .

STANDARD NAVY CLOTHING ITEMS. Standard Navy clothing items are items authorized in the Navy Clothing Price List for Men and Women (NAVRESSO Pub 90).

STANDARD PRICE. A standard price is the price at which an item of Navy clothing is bought and sold.

STANDARD PRICE ADJUSTMENT. A standard price adjustment is an involuntary price change on stocked standard Navy clothing resulting from a change in standard prices prescribed in the Navy Clothing Price List for Men and Women (NAVRESSO Pub 90).

STOCK TURN. Stock turn is the movement of stock through the ship's store operation. Stock is moved by its being expended from the ship's store through sales, markdowns below cost, markdowns to zero, transfers, issues (except issues to use), and surveys (except surveys to the Navy Stock Fund). A stock turn of 1.33 per accounting period is required. This will result in four stock turns per year.

STOCKAGE OBJECTIVE. A stockage objective is the maximum quantity of material to be maintained on hand to sustain current operations. It includes the sum of stocks represented by the operating level and the safety level.

SURVEY. A survey is an expenditure of stock for immediate disposal. Surveys reduce accountability.

TRANSFER. A transfer is the movement of stock from the accountability of one ship's store officer to that of another.

TRANSMITTAL. A transmittal is a group of documents or records sent to another naval activity for information or action.

VENDING MACHINE. A vending machine is a sales outlet where canned or cup-type drinks,

candy, cookies, cigarettes, and other retail items are sold.

VENDING MACHINE CUSTODIAN. A vending machine custodian is the person in charge of the vending machine operation.

VISUAL MERCHANDISING. Visual merchandising is the display of merchandise in ship's store activities. Rotation and arrangement of stock, lighting, and signing help increase saleability.

APPENDIX II

SUGGESTED SUPPLY MANAGEMENT INSPECTION CHECK-OFF LIST

SHIP'S STORE OPERATION

GENERAL

1. Are ship's store spaces locked securely when unattended? _____
2. Have written orders, containing all required data, been issued for the operation of the ship's store functions? _____
3. Are personnel concerned aware of the written orders and are they familiar with their instructions? _____
4. Are the duties of keeping office records assigned to a storekeeper who is not in charge of other ship's store functions? _____
5. Are the necessary printed forms available and are the required records and files maintained? _____
6. Which of the following services are offered: fountain _____, laundry _____, vending machines _____, barber _____, tailor _____, dry cleaning _____?
7. Are prices, terms, etc., contained in the Ship's Store Afloat Catalogs divulged to vendors, their representatives, or other unauthorized personnel? _____
8. Are files of signed inventories, receipt papers, and breakout and issue requests which furnish evidence of the responsibility of custodians for stock in their custody kept under lock by the ship's store officer or designated officer assistant? _____
9. Are there any outstanding requests for checkage on hand? If so, has follow-up action been taken to charge these to pay records? _____
10. Are all entries made in ink, in indelible pencil, or by use of a typewriter? _____
11. Are only authorized articles stocked for resale or use in the store? _____
12. Does the cost of any specific item, such as stereos or necklaces, exceed the monetary limitations? _____

13. Are the special instructions relating to tax-free beer and tobacco products complied with? _____

14. Is the value of ship's store stock within the prescribed limitations? _____

15. Is the Stock Record (NAVSUP 464) prepared and maintained for each item of ship's store stock? _____

16. Is a monthly supply demand review conducted to identify monthly surplus, dead, or slow-moving stock? _____

17. Are there any items of stock on board which are fit for resale condition and satisfactory for release but in excess of normal requirements? If so, what action has been taken to dispose of the excess? _____

PROCUREMENT

18. Is shop's store stock procured in accordance with procedures outlined in NAVSUP P-487? _____

19. Are requisitions submitted on DOD Single Line Item Requisition System Document (Manual) (DD 1348) or Requisitions and Invoice/Shipping Document (DD 1149)? _____

20. Is the Order for Supplies or Services/Request for Quotations (DD 1155) used for placing purchase orders and delivery orders under contract? _____

21. Do purchase orders exceed \$10,000 limitation per order? _____

22. Are standard Navy clothing items sold at standard prices as issued by the Navy Clothing Price List for Men and Women (NAVRESSO P-90)? _____

23. Is only general stores material considered to be in the category "Hardware, Hobby Shop Materials, and Supplies" transferred to the ship's store for resale of the hobby shop under the conditions specified? _____

24. Is the procurement of minor equipment limited to those items the unit cost of which does not exceed \$100? _____

25. Is carbon dioxide gas charged as a cost of sales for vending machine operations? _____

26. Is the cost of gas cylinders expended as a cost of vending machine operations? _____

27. Are proper written agreements in effect for leased vending machines which have been installed? _____

28. Are daily deliveries of vending machine supplies processed in accordance with regulations set forth in NAVSUP P-487? _____

29. Are laundry and dry cleaning services procured in accordance with NAVSUP P-487?

30. Is the Ship's Store Afloat Catalog maintained in a current status?

RECEIPT AND INSPECTION

31. When stock is received, is it assembled on deck, checked against papers, any broken cases securely sealed, and safeguarded while being struck below?

32. Is stock received from other supply officers inspected for quantity by the ship's store officer or by an authorized inspector?

33. Is stock received from purchase or other government sources other than supply officers inspected for quantity and quality by the ship's store officer or by an authorized inspector?

34. Is material safeguarded by requesting the officer of the day to post petty officers in suitable locations until stores are secured in locked spaces?

35. After verification, does the person responsible therefore acknowledge receipt and custody by signature on the applicable receipt documents?

36. When material is received without invoices, are dummy invoices prepared?

37. When dealer's bills are not received, is follow-up action taken to obtain same and process for payment?

38. Are erroneously prepared receipt documents processed properly?

39. Are receipt documents posted to the Journal of Receipts (NAVSUP 9787) and Stock Record (NAVSUP 464)?

40. Are price adjustments processed as prescribed by NAVSUP P-487?

41. When material purchased is delivered directly to the ship and fast pay procedures do not apply, are dealers' bills certified and forwarded promptly to the applicable paying activity?

STOWAGE, BREAKOUTS, AND TRANSFERS

42. Is stock arranged and stowed as prescribed by NAVSUP P-487?

43. Is movement of stock from bulk storerooms controlled by properly prepared and approved Intra-store Transfer Data (NAVSUP 973) forms? _____

44. Are stocks issued on a first-in, first-out basis? _____

EXPENDITURES

45. Are surveys of ship's store stock properly processed? _____

46. Do surveys of merchandise carried in the retail store show retail extensions on the Report of Survey (DD 200)? _____

47. Are transfers of stock handled properly? _____

48. Are issues of stock handled properly? _____

49. Are the Retail Price Changes (NAVSUP 983) covering markdowns signed and authorized by the ship's store officer before sale? _____

PROFITS

50. Has the net profit during an accountable period exceeded 15% of the cost of retail sales? _____

51. Has the store operated at a profit since the last annual supply department inspection? _____

52. Have any surveys been charged to Ship's Stores Profits, Navy, General Fund, without approval of Navy Resale and Services Support Office? _____

53. Are claims for loss or damage to personal wearing apparel properly prepared and handled? _____

SALESROOM AND SALES PROCEDURE

54. Are the hours of operation prescribed by the commanding officer posted prominently? _____

55. Is the condition of the salesroom, stowage, and display of merchandise satisfactory? _____

56. Is an up-to-date price list available for use by the store operator for verification of prices? _____

57. Does the price list contain the statement regarding limitations on purchases by authorized patrons? _____

58. If the cash register does not furnish the patron with a list of charges for the items purchased, itemized and totaled, does it provide him with a clear view of the registration of the amount of the purchase? _____

59. Is the change fund amount stipulated in writing by the commanding officer? _____
60. Are cash collection procedures followed by personnel authorized to make collections? _____
61. Is the Cash Receipt Book (NAVSUP 470) properly maintained and in possession of the resale outlet operator? _____
62. Is the Cash Register Record (NAVSUP 469) properly maintained in custody of the person making cash collections? _____
63. Is the Cash Register Record in agreement with the Cash Receipt Book? _____
64. If the cash registers are equipped for tape use, are the tapes retained as part of the ship's store retained returns? _____
65. Are selling prices individually marked on ship's store merchandise? _____
66. Does the retail store carry all items on the current list of basic items approved by the ship's store officer for ready sale to the crew? _____
67. Are the hours of operation for service activities posted prominently? _____
68. Are safety precautions posted near each machine? _____
69. Are sanitary regulations, approved by the senior member of the medical department, prominently posted in all service activities? _____
70. Does the ship's store officer inspect all service activities at least once each business day? _____
71. Are adequate records maintained to control the operation of the laundry? _____
72. Are special jobs for favored personnel prohibited in the laundry? _____
73. In the barbershop are luxury services which cannot be rendered to all personnel prohibited? _____
74. In the operation of the fountain is the objective of service to the maximum number of personnel adhered to with the variety of items restricted as necessary? _____
75. Are adequate fountain cost controls established? _____
76. Are the multiple operator procedures followed when necessary? _____

77. Are adequate cash-handling procedures in effect? _____
78. Are tailor shop records adequate to be used in connection with claims for lost articles as a production record? _____
79. Is an adequate vending machine cost control established? Are separate Vending Machine Control Records (NAVSUP 236) maintained for each drink vending machine? _____
80. Is the handling of cash from sales in vending machines satisfactory? _____
81. Determine whether or not the officers and enlisted men consider the service activities to be rendering efficient and courteous service. _____

RETURNS

82. Is the set of retained returns for the previous accounting period complete? _____
83. Was the Ship's Store Balance Sheet and Profit and Loss Statement (NAVCOMPT 153) properly prepared and rendered on time? _____
84. Are inventories recorded in ink or indelible pencil on Ship's Store Inventory Count Sheets (NAVSUP 238)? _____
85. Are inventories taken and certified by authorized personnel at the times required? _____
86. Are the Journal of Receipts (NAVSUP 977) and Journal of Expenditures (NAVSUP 978) properly maintained and closed out? _____
87. Are the stock records properly closed out? _____
88. Is the Financial Control Record (NAVSUP 235) properly maintained and closed out? _____

MOST COMMON SMI DISCREPANCIES

1. Funds in excess of \$50 were left in the cash register overnight.
2. The Cash Register Record was not properly closed and balanced at the end of each month.
3. Cash register overages and shortages of \$1 or more were not investigated and explained.
4. The original of the inventory was not placed under lock and key by the ship's store officer immediately upon completion of the closeout procedure.
5. The ship's store officer's original rough inventory was not verified with the office records storekeeper's working copy.

6. The Inventory Control Record was not up-to-date.
7. Boxes or containers of stock were not marked with month and year of receipt before stowage.
8. Receipts and expenditures were not promptly and accurately posted to the Ship's Store Afloat Financial Control Record.
9. Surveys of stock were not indicated on the Ship's Store Operating Statement.
10. Actual quantities of tax-free cigarettes on hand did not agree with the quantities recorded in the tax-free cigarette log.
11. Surveys were charged to the wrong appropriation.
12. Combinations of locks to ship's store spaces were not kept in sealed opaque envelopes and retained under lock and key by the supply officer.
13. Navy clothing items were not sold at standard price.
14. Unit cost prices were not properly determined (by rounding off the cost price of the last receipt to the nearest cent).
15. All signed receipt documents were not placed in the Accountability File.
16. The regulations concerning authorized patrons and the limitations on purchases by authorized patrons were not posted.
17. The prices indicated on the stock records did not agree with actual prices of the items in the store.
18. A 1.33 to 1 stock turn had not been achieved during the accounting period before the inspection.
19. Emergency access instructions were not posted outside all storerooms.
20. Sanitation instructions were not posted inside the store, fountain, barber shop, or on the vending machine.
21. A vending machine control record was not being maintained or was maintained improperly.
22. Vending machine cash had not been collected and counted daily or before any repairs.
23. Safety devices in the laundry were inoperative.
24. Opening Inventory caption on the NAVCOMPT Form 153 was not in exact agreement with the Closing Inventory caption on the last returns.
25. Individual amounts on the returns' adding machine tapes were not in exact agreement with the individual documents attached to the tapes.
26. Retained returns were not arranged in the identical manner as the original returns.

STANDARDS OF CONDUCT

Section I: GENERAL

This section of the appendix is published to emphasize the requirement that all ship's store personnel adhere to the Standards of Conduct contained in DOD Directive 5500.7 and SECNAVINST 5370.2 and to include the Naval Supply Systems Command Policy statement on loss prevention controls.

Section II: STANDARDS OF CONDUCT

1. DISCUSSION

a. All ship's store personnel must observe the highest ethical standards in their relations with vendors in compliance with the Department of Defense Standards of Conduct as described below. Ship's store personnel will ensure that the management policies directing equal treatment to vendors and suppliers in all areas of store operations are adhered to in all cases. The acceptance of gratuities, gifts, prizes, luncheons or similar hospitality, or the giving of preferential treatment to vendors' products with respect to procurement, distribution, stocking, display, or resale is strictly prohibited. All ship's store personnel and vendors must be made aware of this prohibition.

b. All ship's store personnel must be continually aware that their actions and decisions are properly subject to the scrutiny of people both in and out of the government. Even though an actual conflict of interest may not exist, all personnel must avoid the appearance of such conflict from a public point of view.

c. Private hospitality between friends may be inappropriate when one is a contractor's representative and the other is a representative of the command before which an official matter involving the contractor is pending or might be expected to arise.

2. POLICY

a. In accordance with the guidance in par. 1, the following policy is established for all ship's store operations:

(1) Ship's store personnel are subject to disciplinary action and in some instances, criminal prosecution if they solicit, accept, or agree to accept gratuities, in any form, from vendors, suppliers, or anyone else with whom the ship's stores do business, either directly or indirectly.

(2) Ship's store personnel will not, under any circumstances, give preferential treatment to vendors, suppliers, or anyone else in any area, including procurement, distribution, stocking, display, or resale of products.

3. ACTION

a. The Navy Resale and Services Support has:

(1) advised all Ship's Store Afloat Catalog vendors and all contractors doing business with ship's stores of the policy and prohibitions contained here; and

(2) prepared and issued, under separate cover, signs for display in all ship's stores to advise and remind personnel and vendors of this policy.

- b. Ship's store officers will
 - (1) review the DOD Standards of Conduct with all ship's store personnel on a semiannual basis;
 - (2) remind local vendors and suppliers of the policy and prohibitions contained here; and
 - (3) ensure that signs received from the Navy Resale and Services Support Office are conspicuously displayed in the ship's store office and other appropriate areas for observance by all ship's store personnel and vendors.

Extracts from the Department of the Navy's Standards of Conduct from SECNAVINST 5370.2 are quoted below:

1. Purpose. This instruction implements and supplements DOD Directive 5500.7 of 15 Jan 1977, Standards of Conduct in prescribing required standards of ethical conduct governing all personnel of the Department of the Navy; related requirements applicable to all personnel in interpreting and executing the standards of conduct and related requirements; and responsibilities and procedures for monitoring and enforcing compliance with the standards of conduct and related requirements within the Department of the Navy.

2. (not quoted)

3. Scope and Effect

a. Applicability. The provisions of this instruction apply to all naval personnel as defined in subparagraph 4a. The provisions of subparagraph 6.1(2) apply to all retired naval personnel and members of reserve components. The provisions of paragraph 12 also apply to all retired regular officers.

b. Violations. The regulations prescribed in paragraph 6 of this instruction are a general order upon which disciplinary or punitive proceedings may be based in appropriate cases. Noncompliance with other provisions of this instruction are expected to be corrected by timely and appropriate administrative measures.

4. Definitions

a. Naval personnel. All civilian officers and employees and all active duty military personnel of the Department of the Navy, including special government employees and personnel of nonappropriated fund instrumentalities.

b. (not quoted)

c. (not quoted)

d. Gratuity. Any gift, favor, entertainment, hospitality, transportation, loan, any other tangible item, and any intangible benefit, for example, discounts, passes, and promotional vendor training—given or extended to, or on behalf of, naval personnel or their spouses, minor children, or households, for which fair market value is not paid by the recipient or the U.S. government.

e. Appropriate supervisor. That superior within the chain of authority who is acquainted with the duties of the naval personnel concerned and can best determine the existence and effect of any conflict of interests of such personnel. Ordinarily, this will be the immediate superior of the person concerned. Each commanding officer or activity head should ensure that all personnel are aware of the identity of their appropriate supervisor.

5. General policies governing the conduct of naval personnel

a. Proper conduct of official activities.

(1) Naval personnel must become familiar with the scope of authority for, and the limitations concerning, the activities for which they have responsibilities.

(2) The attention of naval personnel is directed to the statutory prohibitions which apply to the conduct of naval personnel.

(3) Naval personnel must not make or recommend any expenditure of funds or take or recommend any action known or believed to be in violation of U.S. laws, executive orders, or applicable directives, instructions, or regulations.

(4) In cases of doubt of the propriety of a proposed action or decision in terms of regulation or law, naval personnel must consult legal counsel or, if appropriate, a Standards of Conduct counselor or deputy counselor to ensure the proper and lawful conduct of naval programs and activities.

b. Conduct prejudicial to the government. Naval personnel must avoid any action, whether or not specifically prohibited by this instruction, which might result in or reasonably be expected to create the appearance of

- (1) using public office for private gains,
- (2) giving preferential treatment to any person or entity,
- (3) impeding government efficiency or economy,
- (4) losing complete independence or impartiality,
- (5) making a government decision outside official channels, or
- (6) adversely affecting the confidence of the public in the integrity

of the government.

c. Standards of personal judgment. All naval personnel will adhere strictly to the Standards of Conduct and related requirements prescribed in this instruction. In some instances, standards are imposed which require the exercise of personal judgment. Naval personnel must consider each such instance carefully and be prepared to account for the manner in which the judgment is exercised. This is particularly true in situations which involve acceptance of hospitality or favors from persons or entities who do, or seek to do, business with the Department of Defense.

d. Dealings with business and industry representatives. Persons who represent the government in business dealings with representatives of industry have positions of trust and grave responsibility which require them to observe the highest ethical standards. Practices which may be accepted in the private business world are not necessarily acceptable for naval personnel. No person will allow himself to be placed in a position in which a conflict of interest might arise or might justifiably be suspected. Such a conflict of interest may arise or appear to arise by reason of the acceptance of gratuities, or by any other action which could influence or reasonably be interpreted as influencing the strict impartiality that must prevail in all business relationships involving the government. Strict impartiality is often particularly difficult to maintain when business relationships are allowed to become overly personal. Naval personnel should at all times ensure that persons doing business or attempting to do business with the Department of Defense, or representing such entities, are not permitted to ingratiate themselves to the extent that naval personnel hesitate to deny requests for special treatment made by such persons or otherwise to follow the rule of strict impartiality when dealing with such persons in their official capacities. Acceptance of gratuities (no matter how innocently tendered or received) from those who have or seek business dealings with the Department of the Navy maybe a source of embarrassment to the department and to the naval personnel involved, may affect the objective judgment of the recipient, and may impair public confidence in the integrity of business relations between the department and industry. It is emphasized that prohibited conflicts and apparent conflicts of interests can sometimes arise even from relationships and transactions which the personnel concerned perceive as inconsequential. Where there is doubt as to

the propriety of accepting gratuities, attending functions, or accepting other invitations of a hospitable nature, naval personnel will refrain therefrom.

e. Preferential treatment. Special treatment must not be accorded to particular individuals or firms unless equivalent treatment is also accorded to other individuals or firms justifiably entitled hereto.

f. Acquiring conflicting financial interests. Notwithstanding the fact that they may have filed confidential statements of affiliations and financial interests (DD Form 1555), naval personnel must at all times avoid acquiring or retaining financial interest which could disqualify them from performing their assigned duties or responsibilities. Some of the more likely situations in which conflicts of interests might arise are where naval personnel have government duties or responsibilities related to business entities—

(1) with which they, or their spouses, minor children, or household members are associated as employees, officers, owners, directors, members, trustees, partners, advisors, or consultants,

(2) with which they, or their spouses, minor children, or household members are negotiating or have arrangements for prospective employment, or

(3) in which they, or their spouses, minor children, or household members have interests through ownership of stock options, bonds, securities or other financial arrangements, such as trusts, or through participation in pension or retirement plans.

g. Membership in associations. Naval personnel who are members or officers of nongovernmental associations or organizations must avoid activities on behalf of the association or organization that are incompatible with their official government positions. SECNAVINST 5760.4 sets forth the Department of the Navy policy regarding participation by naval activities and naval personnel in the activities of private associations.

h. Equal opportunity. Naval personnel must scrupulously adhere to the DOD program of equal opportunity regardless of race, color, religion, sex, age, or national origin in accordance with equal opportunity directives. See, for example, SECNAVINST 5350.10.

i. Reporting suspected violations. Naval personnel who have information which causes them to believe the other DOD personnel have violated a statute or standard of conduct imposed by this instruction should bring the matter to the attention of the appropriate command authority. The matter thereafter should be brought to the attention of the person concerned, for possible resolution without further command action, unless the command determines that such communication is not likely to remedy the problem or will adversely affect a proper investigation of the matter.

j. Resolving violations. The resolution of Standards of Conduct violations must be accomplished promptly by one or more measures, such as divestiture of conflicting interests, disqualification for particular assignments, changes in assigned duties, termination, or other appropriate action, as provided by statute or administrative procedures. Disciplinary actions must be in accordance with established personnel procedures. See par. 6a following.

6. Regulations governing the conduct of naval personnel

a. Affiliations and financial interests. Naval personnel must not engage in any personal, business, or professional activity, or receive or retain any direct or indirect financial interest, which places them in a position of conflict between their private interests and the public interests of the United States related to the duties or responsibilities of their official positions. For

the purpose of this prohibition, the private interests of a spouse, minor child, and any household member are treated as private interests of the naval personnel.

(1) Unless otherwise expressly authorized by action taken under 18 USC 208(b), all naval personnel who have or acquire an affiliation or a financial interest which creates a conflict or appearance of a conflict with their official duties must report the possibly disqualifying interest to the appropriate supervisor and immediate subordinates. If the individual cannot adequately perform his official duties after such disqualification, he must divest himself of such involvement or be removed from that position.

(2) Naval personnel need not disqualify themselves under this section, however, for holding shares of a widely held, diversified mutual fund or regulated investment company. Such holdings are exempted as being too remote or inconsequential to affect the integrity of the services of government personnel.

b. Using inside information. Naval personnel must not use, directly or indirectly, inside information to further a private gain for themselves or others if that information is not generally available to the public and was obtained by reason of their DOD positions.

c. Using naval position. Naval personnel are prohibited from using their official positions to induce, coerce, or in any manner unlawfully influence any person, including subordinates, to provide any benefit, financial or otherwise, to themselves or others.

d. Dealing with present and former military and civilian personnel. Naval personnel must not knowingly deal on behalf of the government with present or former government personnel, military or civilian, whose participation in the transaction would be in violation of a statute, regulation, or policy set forth in this instruction. While all applicable prohibitions are within the prohibition established by this subparagraph, attention is directed to the prohibition on retired regular officers selling to the government through the department in which they hold a retired status, 18 USC 281; the prohibition on former personnel acting as an agent or attorney for anyone other than the United States in connection with "claims" against the government, 18 USC 207; and the prohibition on paying appropriated funds to retired regular officers who are selling to certain government agencies, 37 USC 801(c).

e. Commercial soliciting by naval personnel. To eliminate the appearance of coercion, intimidation, or pressure from rank, grade, or position, full-time naval personnel, except special government employees and Reserve enlisted personnel on active duty for training, are prohibited from making personal commercial solicitations or sales to DOD personnel who are junior in rank or grade, at any time, on or off duty.

(1) This limitation includes, but is not limited to, the solicitation and sale of insurance, stocks, mutual funds, real estate, and any other commodities, goods, or services.

(2) This prohibition is not applicable to the one-time sale by an individual of his own personal property or privately owned dwelling, or to the off-duty employment of naval personnel as employees in retail stores or other situations not including solicited sales.

(3) With regard to solicitation by and of civilian personnel, the limitation applies only to solicitation of personnel under the supervision, at any level, of the solicitor.

f. Assignment of Reserve personnel for training. Naval personnel who are responsible for assigning Reserves for training must not assign them to duties in which they will obtain information that could be used by them

or their private sector employers to gain unfair advantage over civilian competitors.

g. Gratuities.

(1) Except as provided in subparagraph 6g(2) below, naval personnel and their spouses, minor children, and members of their households must not solicit, accept, or agree to accept any gratuity for themselves, members of their families, or others, either directly or indirectly from, or on behalf of, a defense contractor. A defense contractor is a person or other entity which

(a) is engaged in or seeks business or financial relations of any sort with any DOD component,

(b) conducts operations or activities that are either regulated by a DOD component or significantly affected by DOD decisions, or

(c) has interests that may be substantially affected by the performance of the official duties of DOD personnel.

(2) This general prohibition does not apply to the following:

(a) The continued participation in employee welfare or benefit plans of a former employee when permitted by law and approved by the appropriate Standards of Conduct counselor;

(b) The acceptance of unsolicited advertising or promotional items that are less than \$5 in retail value;

(c) Trophies, entertainment, prizes, or awards for public service or achievement or given in games or contests which are clearly open to the public or which are officially approved for naval personnel participation;

(d) Things available to the public (such as university scholarships covered by DOD Directive 1322.6 and free exhibitions by Defense contractors at public trade fairs);

(e) Discounts or concessions extended Navy and Marine Corps-wide and realistically available to all naval personnel;

(f) Participation by naval personnel in civic and community activities when the involvement of Defense contractors is remote from the business purposes of any contractor who is sponsoring, supporting, or participating in the activity (for example, participation in a little league or Combined Federal Campaign luncheon which is subsidized by a Defense contractor);

(g) Social activities engaged in by officers in command and other naval officials, or their representatives, with local civic leaders as part of community relations programs of the Department of the Navy in accordance with SECNAVINST 5720.44;

(h) The participation of naval personnel in widely attended gatherings of mutual interest to government and industry, sponsored or hosted by industrial, technical, and professional associations (not by individual contractors), provided that they have been approved in accordance with DOD Instruction 5410.20;

(i) Situations in which participation by naval personnel at public ceremonial activities of mutual interest to industry or local communities and the Department of the Navy serves the interest of the government and acceptance of the invitation is approved by the commanding officer or other head of the activity to which the invited is attached;

(j) Contractor provided transportation, meals, or overnight accommodations in connection with official business when arrangements for government or commercial transportation, meals, or accommodations are clearly impractical and the individual reports the circumstances in writing to his appropriate supervisor as soon as possible;

(k) Attendance at promotional vendor training sessions when the vendor's products or system are provided under contract to DOD and the training is to facilitate the utilization of those products or systems by naval personnel;

(l) Attendance or participation of naval personnel in gatherings, including social events such as receptions, which are hosted by foreign governments or international organizations, provided that the acceptance of the invitation is approved by the commanding officer or other head of the activity to which the invitee is attached or, when there is doubt as to the propriety of acceptance, by higher authority (see SECNAVINST 1650.1 for further information pertaining to fits from foreign governments);

(m) Customary exchanges of gratuities between naval personnel and their friends and relatives or the friends and relatives of their spouses, minor children, or members of their household where the circumstances make it clear that it is that relationship rather than the business of the persons concerned which is the motivating factor for the gratuity and where it is clear that the gratuity is not paid for by any entity described in subparagraph 6g(1) above; and

(n) Situations in which, in the sound judgment of the individual concerned or his superior, the government's interest will be served by naval personnel participating in activities otherwise prohibited. In any such case, a written report of the circumstances must be made by the individual or his appropriate superior in advance of acceptance, or, when an advance report is not possible, within 48 hours after acceptance, to the appropriate supervisor, if he is not otherwise aware of the acceptance, and to the appropriate Standards of Conduct counselor or deputy counselor.

(3) Naval personnel who receive gratuities, or have gratuities received for them in circumstances not in conformance with the standards of this section, must promptly report the circumstances to the appropriate supervisor for a determination as to the proper disposition. The appropriate supervisor must consult with the Standards of Conduct counselor or deputy counselor.

(4) Procedures with respect to ROTC staff members are set forth in DOD Directive 1215.8.

h. Receipts in connection with official travel.

(1) The acceptance of accommodations, subsistence, or services, furnished in kind, in connection with official travel from sources other than those indicated in subparagraph 6g(1), is authorized only when the individual is to be a speaker, panelist, project officer, or other bona fide participant in the activity attended and when such attendance and acceptance is authorized by the order-issuing authority as being in the overall government interest.

(2) Except as indicated in subparagraph 6h(1), naval personnel may not accept personal reimbursement from any source for expenses incident to official travel, unless authorized by their commanding officer or the head of their activity, consistent with guidance provided by the appropriate Standards of Conduct counselor (pursuant to 5 USC 4111 or other authority). Rather, reimbursement must be made to the government by check payable to the Treasurer of the United States. Personnel will be reimbursed by the government in accordance with regulations relating to reimbursement.

(3) In no case must naval personnel accept reimbursement, either in kind or in cash, which is extravagant or excessive in nature.

(4) When accommodations, subsistence, or services in kind are furnished to naval personnel by nongovernment sources, consistent with the subsection, appropriate deductions must be reported and made in the travel, per diem, or other allowance payable.

i. (not quoted)

j. Prohibition of contributions or presents to superiors. Naval personnel must not solicit a contribution from other DOD personnel for a gift to an official superior, make a donation or a gift to an official superior, or accept a gift from other DOD personnel subordinate to themselves. This section, however, does not prohibit voluntary gifts or contributions of nominal value on special occasions, such as marriage, illness, transfer, or retirement, provided any gifts acquired with such contributions must not exceed a reasonable value.

k. Use of government facilities, property, and manpower. Naval personnel must not directly or indirectly use, take, dispose, or allow the use, taking, or disposing of, government property leased to the government, for other than officially approved purposes. Government facilities, property, and manpower (such as stationery, stenographic and typing assistance, mimeograph and chauffeur services) must be used only for official government business. Naval personnel have a positive duty to protect and conserve government property. These provisions do not preclude the use of government facilities for approved activities in furtherance of naval community relations, provided they do not interfere with military missions or government business. See SEC-NAVINST 5720.44 for community relations guidance.

l. Use of civilian and military titles or position in connection with commercial enterprises.

(1) All naval personnel, except special government employees, are prohibited from using their grade, rank, title, or position in connection with any commercial enterprise or in endorsing any commercial product. This does not preclude author identification for materials published in accordance with DOD procedures. A commercial enterprise is any entity which engages in activities which produce income as defined in Int. Rev. Code of 195461, and which has not been exempted from paying income taxes to Int. Rev. Code of 1954, 501(a).

(2) All retired military personnel and all members of Reserve components, not on active duty, are permitted to use their military titles in connection with commercial enterprises, provided that they indicate their inactive Reserve or retired status. If, however, such use of military titles in any way casts discredit on the Department of the Navy or the Department of Defense or gives the appearance of sponsorship, sanction, endorsement, or approval by the Department of the Navy or the Department of Defense, it is prohibited. In addition commanders of overseas installations may further restrict the use of titles including use by retired military personnel and members of Reserve components, not on active duty, in overseas areas.

m. Outside employment of DOD personnel.

(1) Naval personnel must not engage in outside employment or other outside activity, with or without compensation, that

(a) interferes with, or is not compatible with, the performance of their government duties,

(b) may reasonably be expected to bring discredit on the government or the Department of the Navy, or

(c) is otherwise inconsistent with the requirement of this instruction, including the requirements to avoid actions and situations which reasonably can be expected to create the appearance of conflicts of interests.

(2) Enlisted naval personnel on active duty may not be ordered or authorized to leave their post to engage in a civilian pursuit, business, or professional activity if it interferes with the customary or regular employment of local civilians in their art, trade, or profession.

(3) Active duty regular officers of the Navy and Marine Corpsman not be employed by any person furnishing naval supplies or war materials to the United States. If such an officer is so employed, his entitlement to pay ceases for so long as he is so employed.

(4) Off-duty employment of military personnel by an entity involved in a strike is permissible if the person was on the payroll of the entity before the commencement of this instruction. After a strike begins and while it continues, no military personnel may accept employment by that involved entity at the strike location.

(5) Naval personnel are encouraged to engage in teaching, lecturing, and writing. Naval personnel, however, must not, either for or without compensation, engage in activities that are dependent on information obtained as a result of their government employment, except when the information has been published or is generally available to the public, or it will be made generally available to the public and the official authorized to release such information to the public gives written authorization for the use of nonpublic information on the basis that the use is in the public interest.

(6) Civilian Presidential appointees in the Department of the Navy must not receive compensation or anything of monetary value for any consultation, lecture, discussion, writing, or appearance, the subject matter of which is devoted substantially to naval responsibilities, programs, or operations or which draws substantially from official material which has not become part of the body of public information.

n. Gambling, betting, and lotteries. While on government-owned, leased, or controlled property, otherwise while on duty for the government, naval personnel must not participate in any gambling activity, including a lottery or pool, a game for money or property, or the sale or purchase of a number slip or ticket. The only exceptions are for activities which have been specifically approved by the Secretary of the Navy.

o. Indebtedness. Naval personnel must pay their just financial obligation in a timely manner, particularly those imposed by laws (such as federal, state and local taxes), so that their indebtedness does not adversely affect the government as their employer. The Department of the Navy is not required to determine the validity or amount of disputed debts.

7. Responsibilities for action

a. (not quoted)

b. (not quoted)

c. Commanding officers and heads of activities. The basic responsibility for complying with the requirements of this instruction rests with individual personnel concerned, but the primary responsibility for ensuring such compliance must rest with officers exercising command or similar authority over personnel. Each commanding officer or head of a command, bureau, office, or activity is specifically responsible for the following:

(1) The continuing dissemination of the applicable information in this instruction to all naval personnel within his organization at least semi-annually, in a manner which will ensure familiarity and compliance with the pertinent provisions of this instruction by all personnel. (This is a continuing requirement and is in addition to the initial briefing required by paragraph 10.)

(2) The establishment and continuing execution of the procedures and controls prescribed in paragraph 9, below, to ensure that each position is reviewed as required by paragraph 9j that all naval personnel within his organization who are required to file confidential statements of affiliations and financial interests (DD Form 1555) do file them in a timely manner and that such statements are promptly and carefully reviewed.

(3) Making determinations pursuant to this instruction and 18 USC 208(b) with respect to disqualification of personnel within his organization from performing duties in which they have conflicts of apparent conflicts of interests.

(4) Ensuring that Reservists detailed to perform active duty for training at his organization are assigned duties which will minimize the possibility that they may obtain information that could be used by them or their employers to gain an unfair advantage over civilian competitors.

(5) Receiving and taking prompt and appropriate action on reports concerning acceptance of gratuities or other violations of this instruction or related statutes by personnel within his organization.

APPENDIX III

SHIP'S STORE OPERATION

1. GENERAL

Appendix III is published to outline the standards of customer service that normally may be expected from the ship's store. These standards should be used by type commanders, commanding officers, supply officers, and ship's store officers when evaluating the effectiveness of a ship's store operation in terms of services offered to customers.

In order to make a realistic evaluation, the officer must take into consideration the facilities, equipment, space, and personnel available to the individual ship's store operation and match these capabilities with the standards set forth here. If a ship does not possess the capability to meet all or part of any standard, its performance should be evaluated as if that standard or portion did not exist. At the same time, continuing action must be taken by all levels of command to upgrade the capabilities of all ships to meet these standards.

- a. The ship's store is located in an area readily accessible to the crew and troops.
- b. A suitable display area is provided.

2. HOURS OF OPERATION

- a. Prominently posted.
- b. Visible from exterior.
- c. Forty-two sales hours per week (underway).
- d. Twenty sales hours per week (in port).
- e. Customers allowed a minimum of 15 minutes after closing to conclude shopping (walk-in stores only).
- f. Customers notified at least 1 week in advance of all store closings and changes in store hours.
- g. Hours set to provide the entire crew an opportunity to shop.
- h. Staggered hours for different stores to provide service after working hours.

3. POLICY SIGNS

- a. Policy signs should be prominently posted in the retail store for customers to see.
- b. Checks: "Personal checks will be accepted up to amount of sale."
- c. Availability of merchandise and services: "In order to better serve you, we solicit your comments on items carried and services offered. Drop a note in the suggestion box. The ship's store officer will give it personal attention."
- d. Special orders: "Special orders may be made through the ship's store for authorized merchandise not carried in stock."
- e. Profits: "All profits go to the Recreation Fund."

f. Refunds: "If you buy defective merchandise in this store, here is what the ship's store will do:

If the defective merchandise is covered by a manufacturer's guarantee and that guarantee is still in effect, bring the item back and we will refund your money.

If the defective merchandise is not covered by a manufacturer's guarantee and if you have bought the item within the last 30 days, bring it back and we will refund your money."

g. Cigarettes: "Warning: the Surgeon General has determined that cigarette smoking can be hazardous to your health."

4. MERCHANDISE

a. The 100-percent in-stock position for those basic items listed in the current *Merchandising and Stocking Guide for Ship's Stores* (NAVRESSO Pub 81) plus other high demand items as indicated by the ship's individual sales experience.

b. Perishable items (such as candy, cigarettes, cigars, film, etc.) are in a fresh, saleable condition.

c. Items temporarily out of stock should be identified by proper signs at shelf locations.

d. Special order service available and convenient.

e. An adequate range of products of special interest to black customers will be stocked.

5. PUBLICITY

a. Plan of the Day and ship's newspaper are used to publicize sales.

b. Bulletin boards maintained current.

6. PRICING AND MARKDOWNS

a. Price list is prominently posted in the immediate area of the retail store, if appropriate.

b. Selling price is clearly marked on each item shelf or bin, as appropriate.

c. Markdown plan is established to ensure action at the most advantageous time, considering such factors as peak-selling season, end-of-season clearance, special events, etc.

d. Markdowns taken on all merchandise soiled or damaged.

e. Markdowns are made available on an equal basis to all customers with no special consideration to any group of customers.

f. Voluntary price reductions and off-invoice buying allowances passed on to customers to extent feasible.

7. DISPLAY

a. Exterior display windows fully used and properly signed to present attractive and effective merchandise displays. Displays changed frequently to stimulate customer interest.

- b. All merchandise displayed in a manner that is
 - attractive,
 - quickly identifiable,
 - easily seen,
 - neatly arranged,
 - readily accessible for quick selection,
 - correlated for convenient selection and shopping ease, and
 - clean (this includes fixtures).

- c. Tops of showcases kept clear of vendor-supplied merchandise cards/racks (walk-in stores).

- d. Ledges used to attractively display merchandise and not to store it.

- e. Selling prices clearly indicated on shelves and bins, if appropriate.

- f. Suitable sign holders used for wall signs, directory signs, merchandise signs, etc.

- g. Special event signs used according to instructions in display bulletins.

- h. New items featured and so identified.

8. APPLIANCES

- a. Electrical outlets available to test electrical items.

- b. All display models of electrical items in working order.

- c. List of best selling records and tapes posted.

9. ATHLETIC CLOTHING AND EQUIPMENT

- a. All motorcycle helmets meet the Z90.1 Safety Standards.

- b. Information available to all patrons concerning the hazards of scuba diving when equipment is purchased.

10. HOBBY ITEMS

- a. Assistance offered customers in obtaining repair of power tools under warranty when purchased on special orders.

- b. Related categories displayed next to each other.

- c. All manufacturer's merchandise of same category displayed next to each other on shelves.

11. JEWELRY

- a. Merchandise price lines within the categories offered for sale.

- b. Items with a mechanism, such as watches, clocks, lighters, checked to determine if they are in working order at the time of sale.

- c. For items that include guarantees, the guarantee given to the customer with the items purchased.

12. LUGGAGE AND LEATHER GOODS

- a. Personal leather goods displayed in coordinated sets of matching pieces, as appropriate.

- b. Price tags affixed to personal leather goods so they do not mar or deface the leather.

13. PHOTOGRAPHIC SUPPLIES

- a. Film sold on a first-in, first-out basis, with short-dated film segregated from fresh stock, and marked down and sold out. Expired film returned to vendor for appropriate credit, if any.
- b. Cartons, instructions, books, warranty cards, and carrying cases for items displayed stored in an appropriate place close to sales area.

14. STATIONERY SUPPLIES

- a. Ship's store selling price of greeting cards and pocket-size books adjacent to display.
- b. All seasonal greeting cards, gift wrap, and party goods removed the day after the holiday.
- c. Magazines frequently screened to ensure current selections available; offensive literature, recordings, or merchandise should not be offered for sale.
- d. Customers allowed to test typewriters offered for sale.

15. TOILETRIES

- a. Fragrances stored in cool, dark place to minimize evaporation.
- b. Careful age control and stock rotation to ensure that fragrances are kept to peak standards of quality and appearance.
- c. Toiletries and combs for black customers stocked and displayed.
- d. Self-service merchandise displayed full face for easy product identification when possible.

16. UNIFORMS AND UNIFORM ACCESSORIES

- a. Uniform trousers located near uniform shirts.
- b. Belts on display near trouser section, neckwear near dress shirt sections, etc.
- c. Displays showing a uniform according to season maintained current.
- d. Uniform dress shirts arranged by size and sleeve length and clearly marked as to price and size.
- e. Sign posted informing customers of availability of direct delivery service on uniform items from the Uniform Support Center, Norfolk, Virginia, via mail orders and the toll-free and AUTOVON telephone numbers. Order forms available.

VENDING MACHINES

1. Exterior of vending machines and adjacent area kept clean.
2. Prices and instructions prominently displayed on machines.
3. Adequate lighting for displays.
4. Adequate product selections.
5. Sold out indicators operating.
6. Glass free from breaks or cracks.
7. Inside of machine clean. Finish in good condition.
8. Only high quality products vended.
9. Packages neat and appetizing.

10. Product fresh and at proper temperature.
11. Safety devices installed and operating.
12. Refunds made cheerfully with no delay.
13. Customers reporting malfunctions treated courteously.
14. Malfunctioning machines promptly serviced or repaired.
15. Vending machine custodian properly trained in good customer relation approaches.
16. Adequate number of trash receptacles available.
17. Fully stocked at regular intervals to ensure continuous product availability.

SNACK BAR

1. GENERAL

- a. An ice cream machine is provided when authorized to be operated on board.

2. HOURS OF OPERATION

- a. Prominently posted.
- b. Forty-two sales hours per week (underway).
- c. Twenty sales hours per week (in port).
- d. Customers should be notified 1 week in advance when the outlet will be closed or when any changes in store hours are made.
- e. Hours set to provide the entire crew an opportunity to buy from the snack bar.
- f. Staggered hours for different snack bars to provide service after working hours.

3. AVAILABILITY OF MERCHANDISE

- a. Products offered for sale are displayed. If display space is not available, a sign indicating items available and price is prominently posted.
- b. Food items on display properly covered or protected from contamination.
- c. Canned juices offered for sale.
- d. Popcorn offered for sale.
- e. Confections and snack items offered for sale.

4. CLEANLINESS

- a. A presentable level of cleanliness maintained at all times.
- b. Facilities policed frequently for safety hazards.
- c. Back counters cleaned frequently.
- d. Snack bar operators attired appropriately and trained to render efficient service to all customers.
- e. Facilities sprayed for insects on a regularly scheduled basis.

BARBERSHOP

1. GENERAL

- a. Layouts provide for adequate ventilation, cooling, heating, lighting, and hot and cold water.
- b. No Tipping sign posted.
- c. Authorized Grooming Standards for U.S. Navy Personnel sign posted.
- d. Barbers indoctrinated in customer courtesy, identification, and complaint procedures.
- e. Shop attractive, clean, and tastefully decorated.
- f. Equipment in good condition and in adequate supply to provide required services.
- g. When a barber chair is not in use, a small sign Not in Use placed on the mirror.
- h. Hours of operation prominently posted.
- i. Ships having less than 100 accommodations, portable barbershop utensils stored in a locker.
- j. Ships having 101 to 300 accommodations, a one-chair shop is available with one additional chair for each additional 300 accommodations or fraction.
- k. If two or more barber chairs are required for troops, a separate troop barbershop is provided.

2. SANITATION

- a. Sanitary regulations posted and adhered to.
- b. Barbers dressed in clean washable coats. Personal hygiene practiced by all barbers at all times.
- c. Barbers wash their hands and sterilize instruments before serving each customer. Deodorants and mouthwash made available and their use by barbers encouraged.
- d. Each unit equipped with a sponge or paper towels to wipe out the washbasin and backbar.
- e. Freshly laundered white towels or paper towels used for each customer.
- f. Haircloths kept clean at all times. New neck strip used on each customer.
- g. Bottles and jars kept closed when not in use.
- h. All instruments scrupulously cleaned immediately after use. Razors, scissors, combs, clipper blades, and other tools thoroughly washed with soap and hot water to remove film and debris, then dried with disposable tissue and sanitized.
- i. Clippers kept clean at all times. After each use, foreign matter removed, clippers wiped with cotton saturated with sterilizing solution, and dried with a tissue.
- j. If suspected that a customer has a communicable disease or infection, the clippers and other metallic instruments used will be segregated and the ship's medical officer contacted for disinfecting procedures to be followed.
- k. Barbers having any infections or communicable diseases do not attend customers.
- l. Barbers do not smoke while attending customers.
- m. Strops and hones kept clean at all times.
- n. No razor stropped or honed without having been previously sterilized.
- o. Therapeutic practices, such as treating pimples and ingrown hair, prohibited.

p. Only type of material approved by the medical officer used to treat nicks. These materials applied only with freshly laundered towels or sterile cotton.

q. Common hairbrushes, dusters, and shaving brushes prohibited.

r. Cut hair frequently removed from the floor by dustless methods.

3. HAIRCUTTING

a. Authorized customers provided with the authorized type of haircut desired.

b. The following services available based upon customer demand and latest directives on hair grooming:

(1) Regular haircut

(2) Afro haircut

(3) Tonic

c. Pictures of regular and afro haircuts mounted side by side in a prominent area of all shops.

d. Haircuts include shaving above and around the ears, below the sideburns, and across the back of the neck.

e. All haircuts completed by a neck astringent rub, talc dust, or both.

LAUNDRY AND DRY CLEANING

1. Twenty-four hour service—maximum three-day service.

2. Wash—24 pounds per man per week.

3. Finish press three work uniform shirts and trousers per officer and CPO/SNCO (E7-E9) accommodation per week.

4. Finish press one dress uniform shirt and trousers per crew (plus troops) accommodation per week.

5. If self-service, customer able to locate finished goods and check out within 15 minutes.

6. Customer given claim check for garments turned in for processing.

7. Sign indicating when finished work will be ready for pickup. (In by _____ Out by _____)

8. Marking staples and tags removed from dry cleaning garments or stapled in such a manner as not to touch cloth (belt loops, buttonholes, etc.).

9. Policy to handle claims for lost or damaged customer goods in effect (claim file available for inspection).

10. Counter personnel's appearance and attitude pleasing.

11. Inspection of two finished garments chosen at random compare favorably with similar commercial processing (no missing buttons, free of wrinkles, no double creases).

12. Entire customer service area including counter presents attractive appearance.

13. Dry-clean and finish press one dress uniform per accommodation per month.

14. Only nonflammable dry cleaning solvent must be used in shipboard dry cleaning plants. The solvent used must be tetrachloroethylene (perchloroethylene), NSN 6810-00-819-1128 and NSN 6810-00-270-9982.

TAILOR SHOP

1. Garments finished for customer within 5 working days.
2. Customers serviced promptly at counter (within 5 minutes).
3. Customer given claim check for garments turned in for alteration.
4. Entire customer area (including counter) presents attractive appearance.
5. Counter personnel appearance and attitude pleasing.
6. Random inspection of two finished garments per day indicates work done as requested and comparable with commercial standards.
7. Hours of operation prominently posted.

CUSTOMER EVALUATION REPORT

USS _____ DATE _____

In order to evaluate the services provided by the ship's store facilities, it is requested the following questionnaire be completed:

Please check appropriate block.

Barbershop

Excellent Good Satisfactory

Dry Cleaning

Excellent Good Satisfactory

Fountain

Excellent Good Satisfactory

Laundry

Excellent Good Satisfactory

Retail Store

Excellent Good Satisfactory

Tailor Shop

Excellent Good Satisfactory

Vending Machine(s)

Excellent Good Satisfactory

Comments:

APPENDIX IV

DOCUMENT DISTRIBUTION

SECTION I—NAVSUP FORMS

NAVSUP FORMS

DISTRIBUTION

REQUISITION RECEIPT, MEN'S (NAVSUP FORM 28)
REQUISITION RECEIPT, WOMEN'S (NAVSUP FORM 28A)
(HEALTH AND COMFORT ISSUES)

For personnel in pay status

Original	To the disbursing officer
One copy	To the Accountability File (SSA-21)
One copy	To person receiving issue

For personnel in nonpay status

Original	To the supply officer
Two copies	To the Expenditures to Use File (SSA-6)
One copy	To the Expenditures Invoice File (SSA-14)
One copy	To the Accountability File (SSA-21)
One copy	To person receiving issue

SHIP'S STORE FINANCIAL CONTROL RECORD (NAVSUP FORM 235)

Original	To the Financial Control File (SSA-1)
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VENDING MACHINE CONTROL (NAVSUP FORM 236)

Original	To the Vending Machine Control File (SSA-16)
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INVENTORY COUNT SHEET (NAVSUP FORM 238)

White (original)	To the Accountability File (SSA-21)
Yellow	To recordskeeper for postings
Pink	To responsible custodian
Blue	For use as price list (optional)

NAVSUP FORMS

DISTRIBUTION

STOCK RECORD (NAVSUPFORM 464)

Original Held under lock and key by the records-keeper

CASH REGISTER RECORD (NAVSUP FORM 469)

Original Held by ship's store officer or cash collection agent

CASH RECEIPT BOOK (NAVSUP FORM 470)

Original Held by responsible custodian

OVER-RING/REFUND VOUCHER (NAVSUP FORM 972)

Original Attached to applicable page of the NAVSUP Form 469

INTRA-STORE TRANSFER DATA (NAVSUP FORM 973) (See fig. AIV-1.)

Original To the Accountability File (SSA-21)

Duplicate To bulk storeroom custodian

Triplicate To the Number Control and Breakout File (SSA-2)

Quadruplicate To receiving responsible custodian

JOURNAL OF RECEIPTS (NAVSUP FORM 977)

Original To the Journal of Receipts and Journal of Expenditures File (SSA-3)

JOURNAL OF EXPENDITURES (NAVSUP FORM 978)

Original To the Journal of Receipts and Journal of Expenditures File (SSA-3)

RETAIL PRICE CHANGE (NAVSUP FORM 983)—Markdowns Below Cost
—and Markdowns to Zero

Original To the Charges Against Ship's Store Profits File (SSA-22)

One copy To the Accountability File (SSA-21)

RETAIL PRICE CHANGE (NAVSUP FORM 983)—Retail Markdowns and
—Markons

Original To the Accountability File (SSA-21)

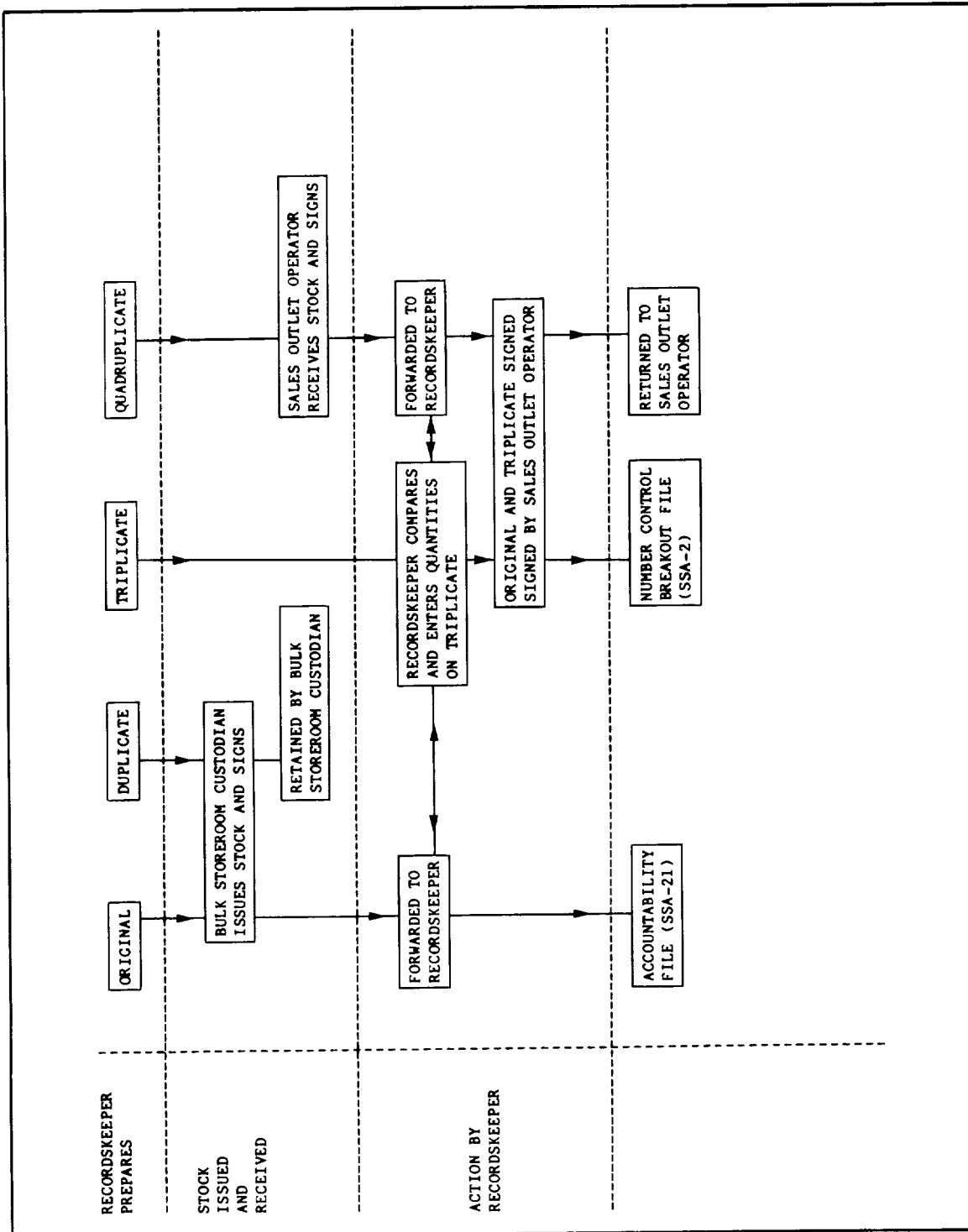


Figure AIV-1.—Distribution of NAVSUP Form 973 as a breakout document.

NAVSUP FORMS

DISTRIBUTION

RETAIL PRICE CHANGE (NAVSUP FORM 983)—Standard Price
Adjustments
—Purchase Variances

Original To the Fiscal Gains or Losses File (SSA- 15)
One copy To the Accountability File (SSA-21)

NUMBER CONTROL (NAVSUP FORM 980)

Original To the Number Control and Breakout
File (SSA-2)

TAX-FREE CIGARETTE INVENTORY (NAVSUP FORM 1234)

Original To the Accountability File (SSA-21)

NAVCOMPT FORMS

NAVCOMPT FORMS

DISTRIBUTION

SHIP'S STORES BALANCE SHEET AND PROFIT AND LOSS STATE-
MENT (NAVCOMPT FORM 153)

Original and one copy To FAADCPAC or FAADCLANT, as
appropriate, with returns
One copy To retained returns
One copy To commanding officer
Two copies To special services officer
One copy To Navy Supply Corps School, Athens,
Georgia, for the accounting period ending
30 September

SUMMARY OF MATERIAL RECEIPTS/TRANSFERS (NAVCOMPT
FORM 176)

Original To FAADCPAC or FAADCLANT, as
appropriate, with returns along with two
copies of each DD Form 1149 invoice
being summarized
One copy To retained returns with one copy of
each DD Form 1149 invoice being
summarized

DISCOUNT EXPIRES (NAVCOMPT FORM 442)

Original Attached to original DD Form 1155
submitted for payment

NAVCOMPT FORMS

DISTRIBUTION

VOUCHER FOR DISBURSEMENT AND/OR COLLECTION (NAV-COMPT FORM 2277)—Contractor's Remittance for Rental of Leased Amusement Machines

Original and all copies	To disbursing officer
Two copies	Returned by the disbursing officer: one copy—Charges Against Ship's Store Profits (SSA-22); one copy—Accountability File (SSA-21)

VOUCHER FOR DISBURSEMENT AND/OR COLLECTION (NAV-COMPT FORM 2277)—Disbursement of Ship's Store Profits

Original and all copies	To disbursing officer
Two copies	Returned by disbursing officer: one copy—Charges Against Ship's Store Profits (SSA-22); one copy—Accountability File (SSA-21)

VOUCHER FOR DISBURSEMENT AND/OR COLLECTION (NAV-COMPT FORM 2277)—Vendor's Remittance for Sales of Travelers' Checks

Original and all copies	To disbursing officer
Two copies	Returned by disbursing officer: one copy—Charges Against Ship's Store Profits (SSA-22); one copy—Accountability File (SSA-21)

DD FORMS

DD FORMS

DISTRIBUTION

ARMED FORCES MEASUREMENT BLANK

	ORTHOPEDIC BOOTS AND SHOES (DD FORM 150)
	SPECIAL SIZED CLOTHING FOR MEN (DD FORM 358)
	SPECIAL SIZED CLOTHING FOR WOMEN (DD FORM 1111)
Original and three copies	To shore supply support activity
One copy	To Outstanding Requisition File (SSA-12)
One copy	To Incoming Material File (SSA-20)
One copy	To Receipt Inspector's File (SSA-23)

DD FORMS

DISTRIBUTION

REPORT OF SURVEY (DD FORM 200)

Original	For surveys to ship's store profits: To Charges Against Ship's Store Profits (SSA-22)
	For surveys to Navy Stock Fund: To Navy Stock Fund File (SSA-7)
One copy	To Accountability File (SSA-21)
One copy	To Expenditure Invoice File (SSA-14)

REQUISITION AND INVOICE/SHIPPING DOCUMENT (DD FORM 1149) (See figs. AIV-2 and AIV-3.)

DD FORM 1149—Bulk Sale to Another Activity

Original	To Accountability File (SSA-21)
One copy	To Cash Sales File (SSA-8)
One copy	To Expenditures Invoice File (SSA-14)
One copy	Retained by retail store operator
One copy	Retained by purchaser
One copy	Provided to commanding officer of the requesting ship

DD FORM 1149—Material Exchanged for Similar Items

Original	To Accountability File (SSA-21)
One copy	To Expenditure Invoice File (SSA-14)
One copy	To vendor
One copy	To recordskeeper for postings

DD FORM 1149—Cash Refund

Original	To disbursing officer with check from the vendor
One copy	To Accountability File (SSA-21)
One copy	To Expenditure Invoice File (SSA-14)
One copy	To recordskeeper for postings
One copy	To vendor
One copy	To Receipts from Purchase File (SSA-4)
One copy	To Credit Memorandum and Cash Refund File (SSA-19)

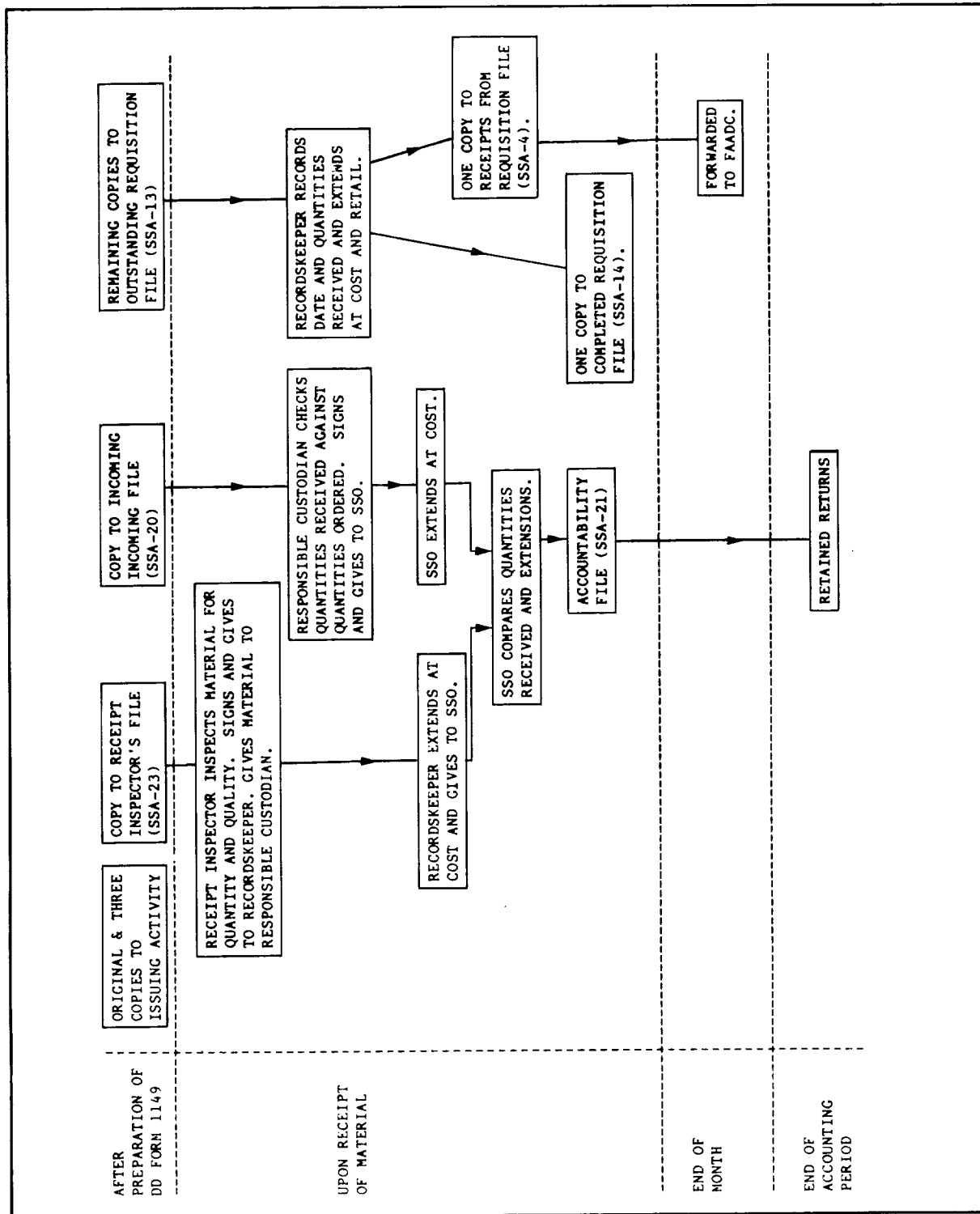


Figure AIV-2.—Distribution of DD Form 1149 as a requisition and receipt document.

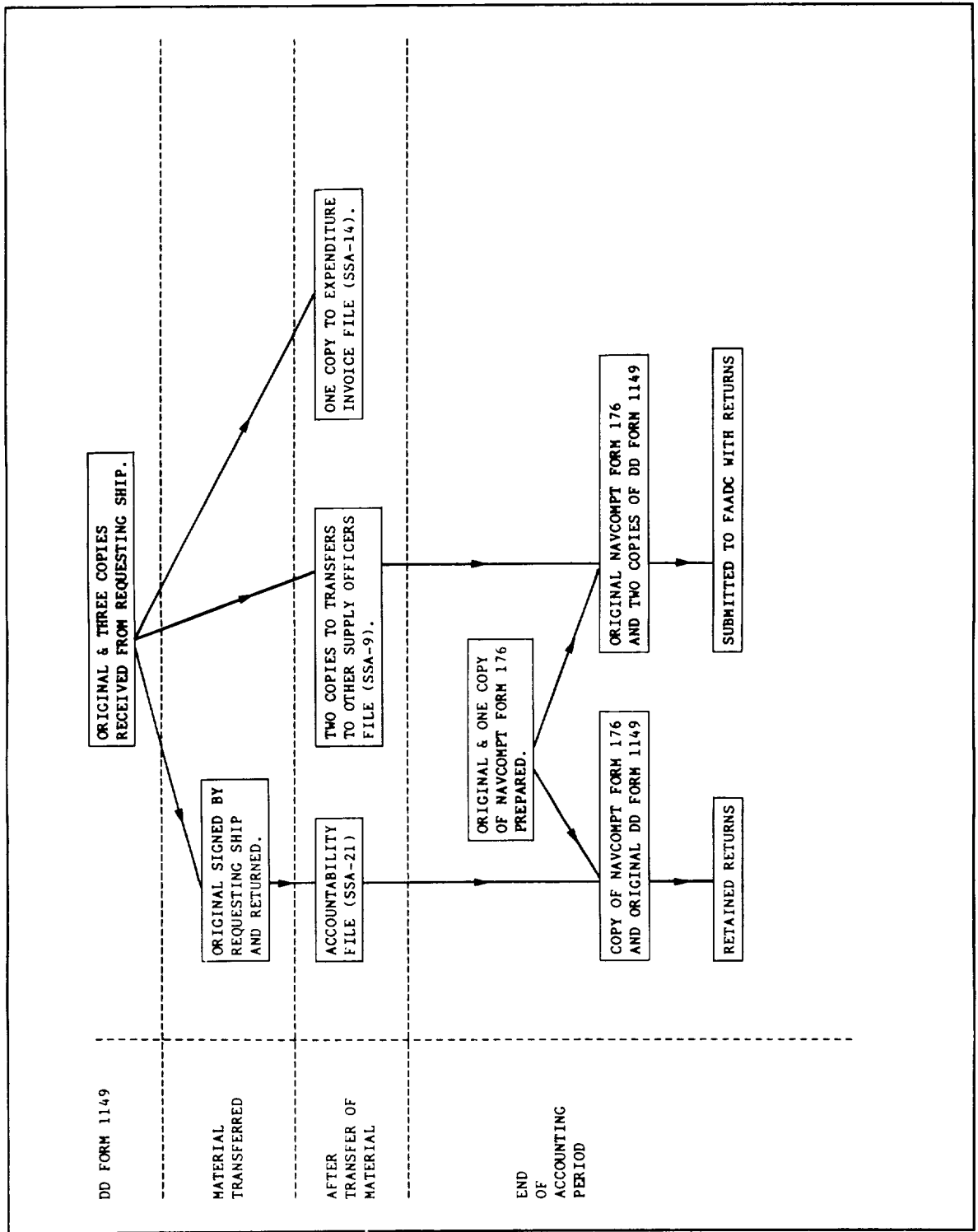


Figure AIV-3.—Distribution of DD Form 1149 as a transfer invoice.

DD FORMS

DISTRIBUTION

DD FORM 1149—Credit Memorandum

Original	To Credit Memorandum and Cash Refund File (SSA-19) with original credit memorandum until applied against new purchase
One copy	To Accountability File (SSA-21) with copy of credit memorandum
One copy	To Expenditure Invoice File (SSA-14)
One copy	To recordskeeper for postings
One copy	To vendor
Remaining copies	To Credit Memorandum and Cash Refund File (SSA-19)

DD FORM 1149—Cost of Operations Invoice

Original	To retained returns
One copy	To Expenditure Invoice File (SSA-14)

DD FORM 1149—Dishonored Checks

Original	To FAADCPAC and FAADCLANT, as appropriate, with returns along with original checks
One copy	To retained returns along with a copy of checks
One copy	To Expenditure Invoice File (SSA-14) along with a copy of dishonored check

DD FORM 1149—Health and Comfort Issue Recap (For personnel in a nonpay status)

Original and one copy	To Expenditure to Use File (SSA-6)
One copy	To disbursing officer for issues chargeable to an individual's pay record
	To supply officer for issues chargeable to OPTAR
One copy	With signature of disbursing officer or supply officer to Accountability File (SSA-21)
One copy	To Expenditure Invoice File (SSA-14)

DD FORMS

DISTRIBUTION

DD FORM 1149—Issue to Other Appropriations
(Such as General Mess and General Stores)

Original and one copy	To Expenditure to Use File (SSA-6)
One copy	To Accountability File (SSA-21)
One copy	To Expenditure Invoice File (SSA-14)
One copy	To accountable officer (such as supply officer or food service officer)

DD FORM 1149—Memorandum Cash Sale Invoice Deposit of Cash with the Disbursing Officer

Original	To Accountability File (SSA-21)
One copy	To Expenditure Invoice File (SSA-14)
Two copies	To Returns File (SSA-10)
Three copies	Retained by the disbursing officer when the DD Form 1149 is forwarded for signature

DD FORM 1149—Receipt from Other Appropriation (Such as General Mess or General Stores)

Original and one copy	To Expenditure to Use File (SSA-6)
One copy	To Accountability File (SSA-21)
One copy	To Completed Requisition File (SSA-13)

DD FORM 1155—Order for Supplies or Services/Request for Quotations
(See figs. AIV-4 through AIV-9 for variations.)

FOR U.S. MERCHANDISE:

When fast pay procedures apply:

Signed original and two copies	To vendor
One copy	To Receipt Inspector's File (SSA-23)
One copy	To Incoming Material File (SSA-20)
All remaining copies	To Outstanding Purchase Order File (SSA-11A)

When fast pay procedures do not apply:

Original	Retained in Outstanding Purchase Order File (SSA-11A)
One signed copy	To vendor
One copy	To Receipt Inspector's File (SSA-23)
One copy	To Incoming Material File (SSA-20)
All remaining copies	To the Outstanding Purchase Order File (SSA-11A)

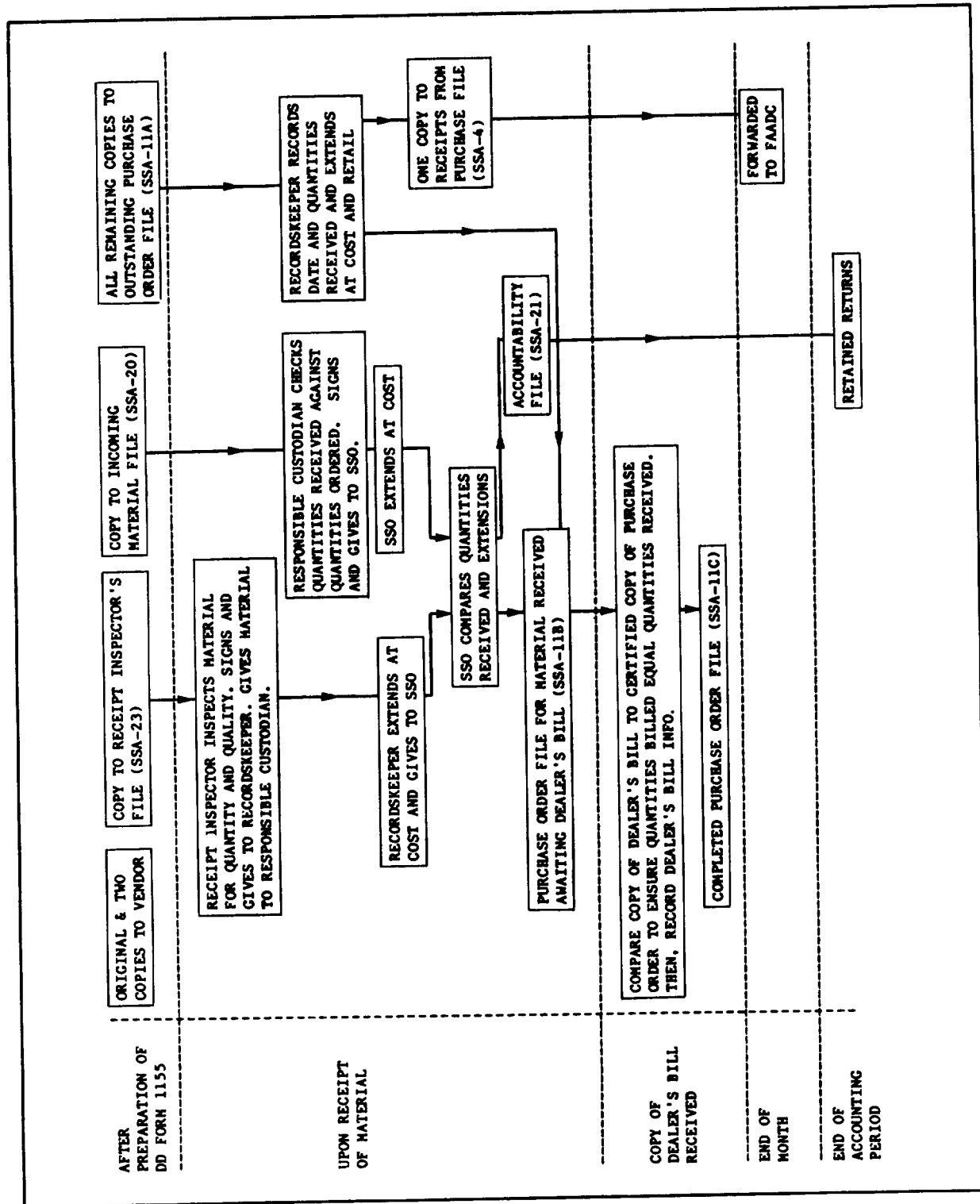


Figure AIV-4.—Distribution of DD Form 1155 for U.S. merchandise. (Fast pay procedures apply.)

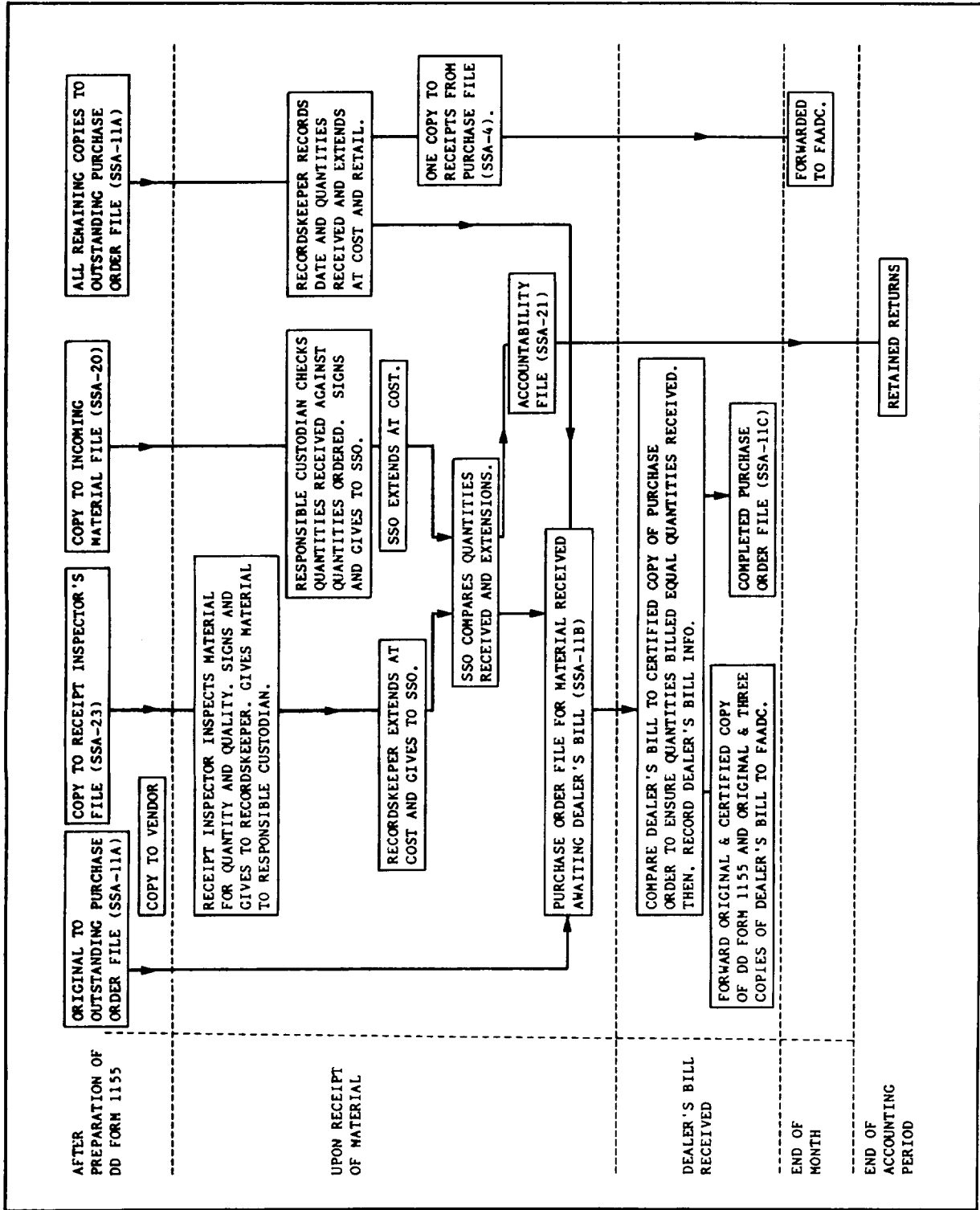


Figure AIV-5.—Distribution of DD Form 1155 for U.S. merchandise. (Fast pay procedures do not apply.)

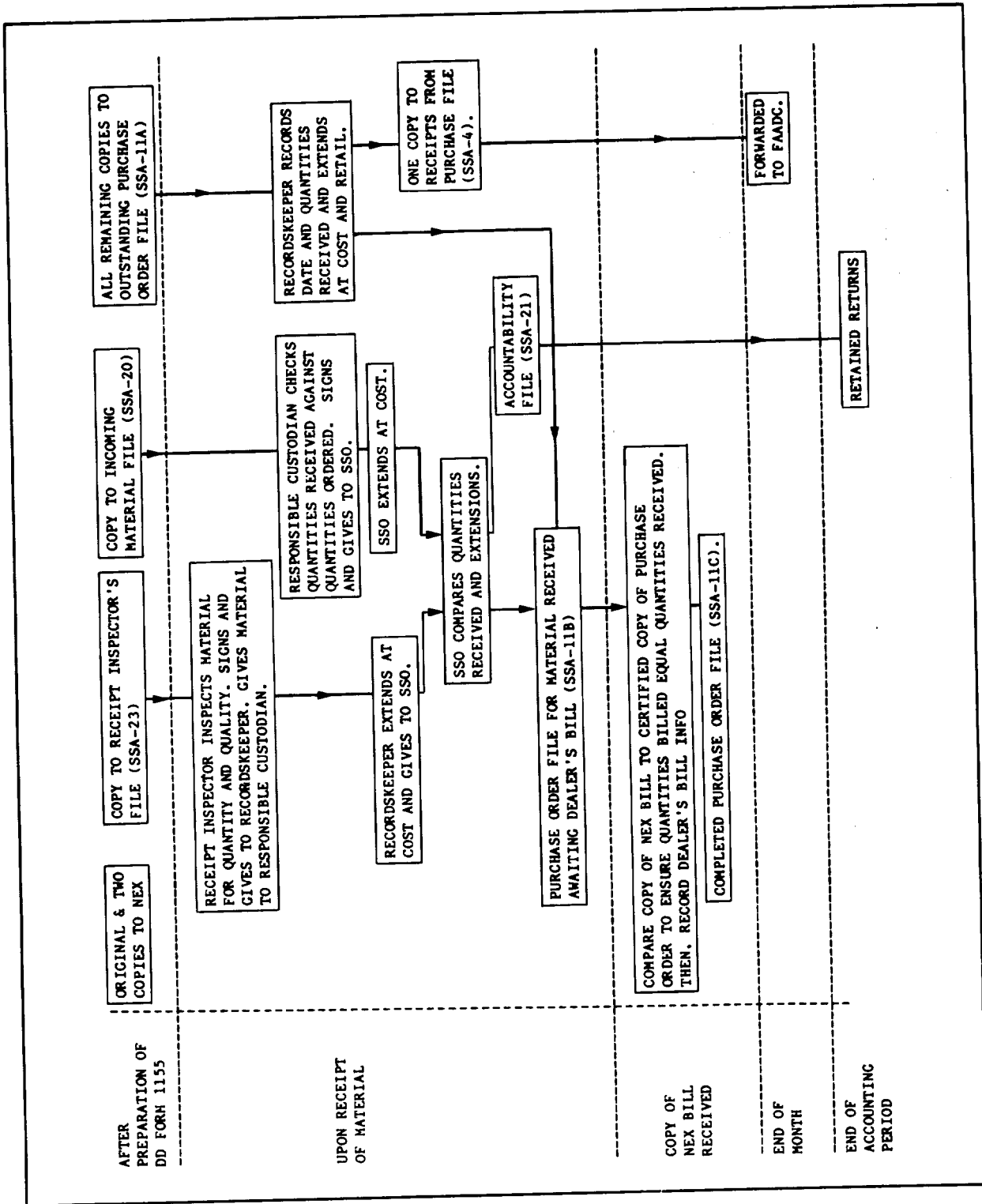


Figure AIV-6.—Distribution of DD Form 1155 for foreign merchandise. (Fast pay procedures apply.)

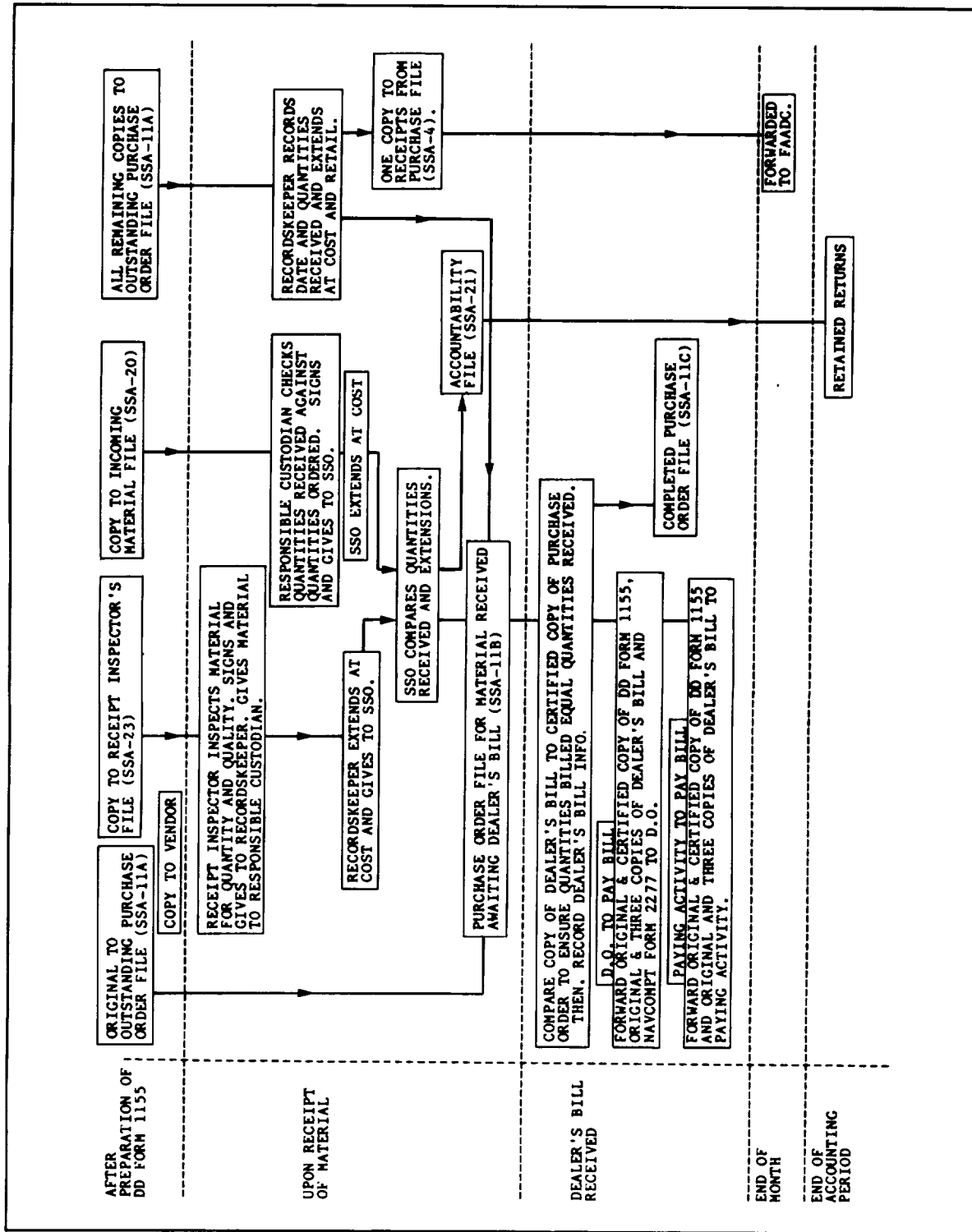
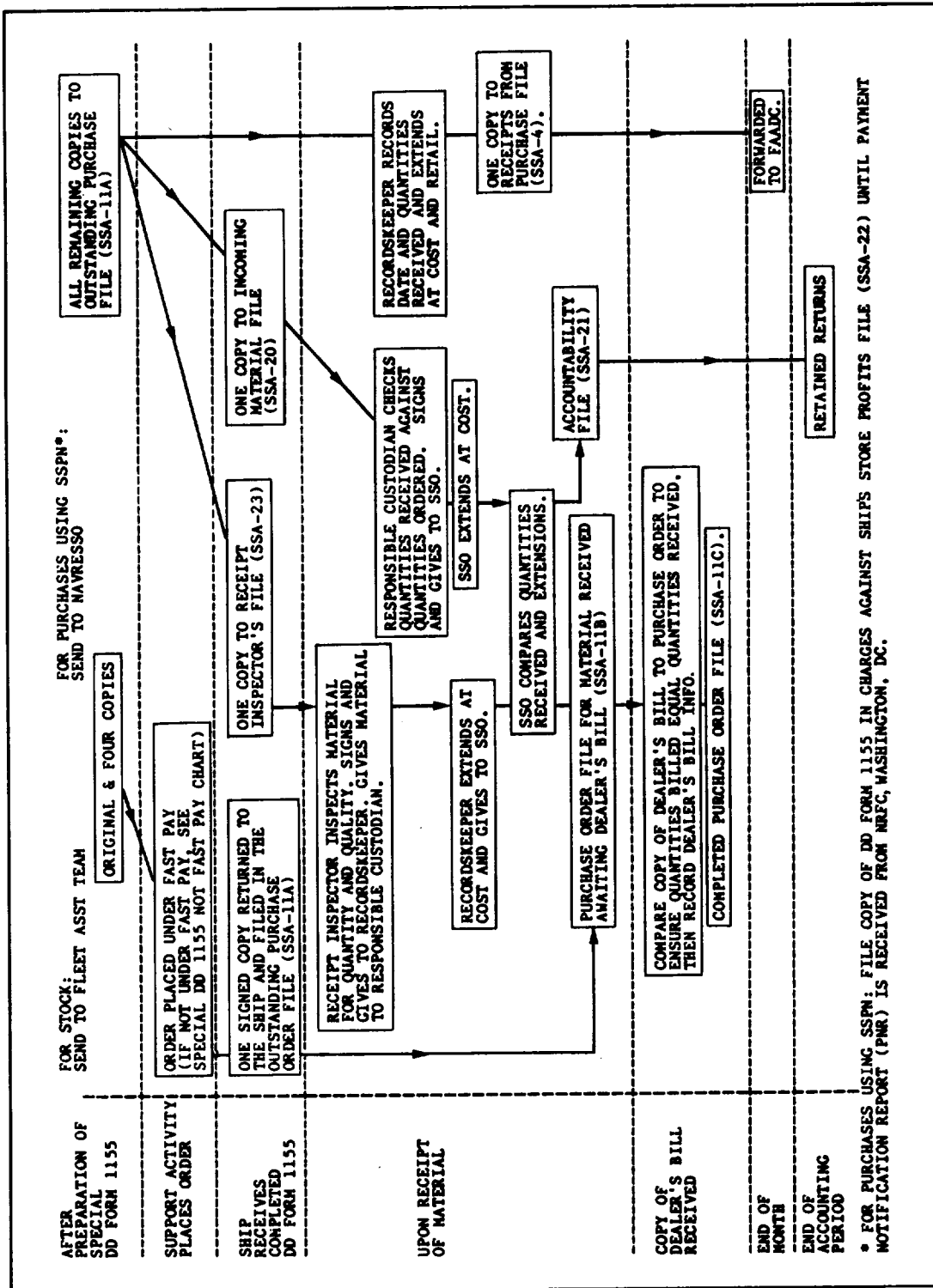


Figure AIV-7.—Distribution of DD Form 1155 for foreign merchandise. (Fast pay procedures do not apply.)



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Figure AIV-8.—Distribution of Special DD Form 1155. (Fast pay procedures apply.)

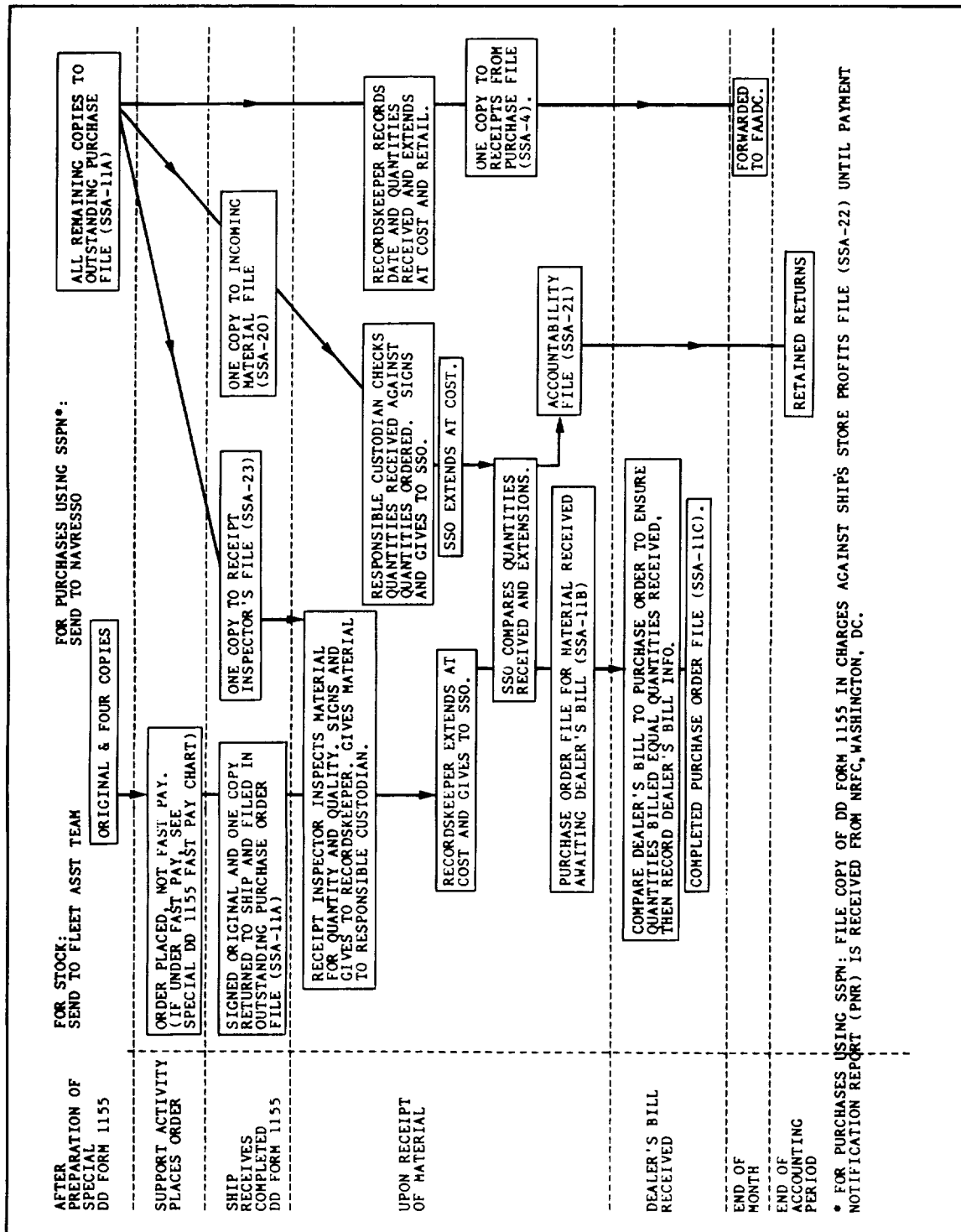


Figure AIV-9.—Distribution of Special DD Form 1155. (Fast pay procedures do not apply.)

DD FORMS

DISTRIBUTION

FOR FOREIGN MERCHANDISE:

For merchandise procured from Navy exchanges:

Signed original and two copies	Sent to the Navy exchange officer
One copy	To the Receipt Inspector's File (SSA-23)
One copy	To Incoming Material File (SSA-20)
All remaining copies	To Outstanding Purchase Order File (SSA-11A)

For merchandise procured from foreign vendors:

Original	Retained in Outstanding Purchase Order File (SSA-11A)
One signed copy	To vendor
One copy	To Receipt Inspector's File (SSA-23)
One copy	To Incoming Material File (SSA-20)
All remaining copies	To Outstanding Purchase Order File (SSA-11A)

DD FORM 1348 and DD FORM 1348-1—DOD Single Line Item Requisition System Document and DOD Single Line Release/Receipt Document. (See fig. AIV-10 for variations.)

Original	To issuing activity
Green copy	To Incoming Material File (SSA-20)
Hardback copy	To Receipt Inspector's File (SSA-23)
Red, white, and yellow copies	To Outstanding Requisition File (SSA-12)

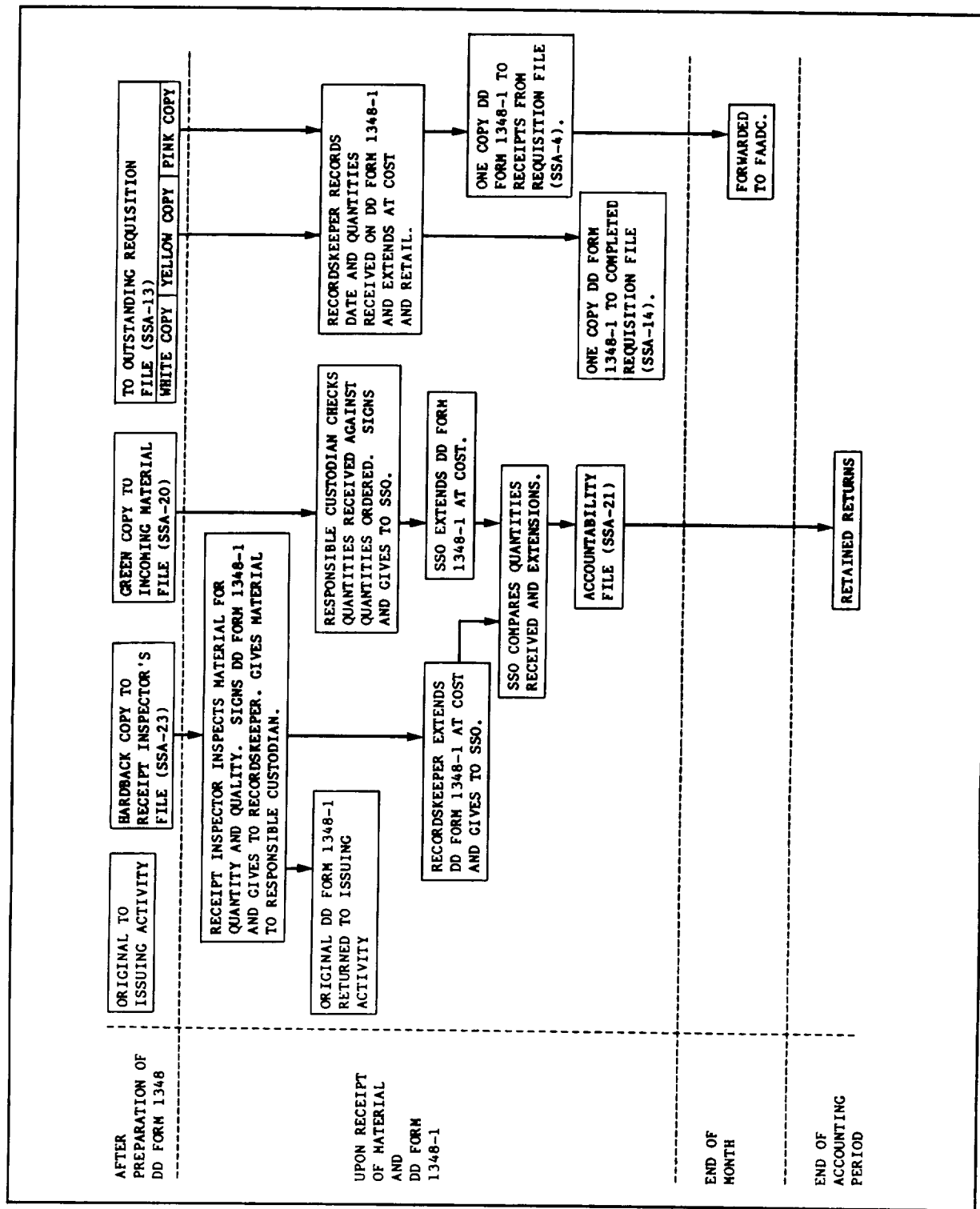


Figure AIV-10.—Distribution of DD Form 1348 and DD Form 1348-1.

APPENDIX V

SHIP'S STORE MANAGEMENT OBJECTIVES

The following list of management objectives is provided as a correlated, ready reference. These objectives should be reviewed periodically and used as a guide in achieving the desired operating results.

1. Four stock turns per year are required. Achieving a stock turn of at least 1.33 per accounting period will result in attaining the annual goal.

2. Monthly review of all stock and stock records.

3. Maintaining cost of operations expenses at 2.5% but not more than 5% of sales per accounting period.

4. Attaining a gross profit of approximately 15% to cover general operating expenses (such as General Fund assessment, cost of operations, markdowns, surveys, etc.) and not jeopardize profits available for transfer to the recreation fund.

5. Attaining a minimum of 32-percent net profit on can drink vending machines.

6. Attaining the planned operating profit in the snack bar.

7. Maintaining an in-stock position on all items of recurring demand and keeping inventories within prescribed limitations.

OPERATIONAL ANALYSIS REPORT

The primary purpose of the Operational Analysis Report is to point out stock turn and the performance of other phases of the ship's store operation. (Refer to fig. AV-1 as you read the information below.)

Figures reported on Operational Analysis Reports are obtained from the Ship's Store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153). Formulas used are as follows (caption numbers refer to captions on the Operational Analysis Report):

Data Block and Caption

Explanations of Entries

Gross Profit

Retail Sales (caption 1) minus Cost of Retail Sales (caption 2).

**NAVY RESALE AND SERVICES SUPPORT OFFICE
SHIP'S STORES AFLOAT OPERATIONAL ANALYSIS**

Activity No. Hull Type Hull No Name Period Ending
Ships UIC USS - - - - - 31 Jan 19--

DESCRIPTION	NAVCOMPT 153 CAPTION	ACTUAL FOR TRIANNUAL PERIODS ENDING					
		31 May	% RETAIL SALES	30 Sep	% RETAIL SALES	31 Jan	% RETAIL SALES
1. RETAIL SALES	C02	29,160		60,842		59,845	
2. COST OF RETAIL SALES	C10	25,252		52,840		52,039	
3. GROSS PROFIT	-	3,908	13.4 %	8,002	13.2 %	7,806	13.0 %
4. DISHONORED CHECKS	C11	0		0		0	
5. OPERATING EXPENSES	C12	672		1,412		1,378	
6. LAUNDRY CLAIMS/SERVICE CHARGES	C13	0		17		10	
7. GENERAL FUND ASSESSMENT	C14	1,166		2,433		2,393	
8. OPERATING PROFIT	C23	2,070	7.1 %	4,140	6.8 %	4,022	6.7 %
9. BULK SALES	B12	0		143		100	
10. TRANSFER TO OTHER SUPPLY OFFICES	B19	0		134		171	
11. DRINK VENDING MACHINE SALES	C03	9,846		13,495		13,166	
12. COST OF SALES - VENDING MACHINE	C15	6,209		8,419		8,275	
13. COST OF OPERATING VENDING MACHINES	C16	93		173		167	
14. VENDING MACHINE PROFIT	C26	3,544	36.0 %	4,903	36.3 %	4,722	35.9 %
15. AMUSEMENT MACHINE SALES	C04	328		472		440	
16. AMUSEMENT MACHINE PROFIT	C27	220	67.1 %	316	67.0 %	295	67.0 %
17. REBATE FROM EXCHANGE CATALOG SALES	CM4	0		134		127	
18. TOTAL PROFIT (CAPTIONE 8+14+16+17)		5,834		9,493		9,166	
19. MAXIMUM AUTHORIZED INVENTORY		24,300	STOCK TURN	45,300	STOCK TURN	37,200	STOCK TURN
20. OPENING INVENTORY	B07	24,220	1.33	38,963	1.62	41,352	1.50
21. CLOSING INVENTORY	B28	38,963		41,352		33,013	
22. NUMBER OF PERSONS SUPPORTED		450		450		450	
23. NUMBER OF DAYS AT SEA		0		82		55	

CAPTIONS 2, 5, 8, 10, 12, 13 DIVIDED BY OPENING INVENTORY = STOCK TURN

OPERATIONS COMMENTS - NAVRESO

- INVENTORY INCREASE OF \$ 12,900 FOR DEPLOYMENT.
- SHIP REPORTED SHORTAGE OF \$ 131 OVERAGE OF \$ _____
- 1.33 STOCK TURN WAS NOT ATTAINED
- GROSS PROFIT ERRATIC ACCOUNTING/INVENTORY RECORDS SHOULD BE VERIFIED
- OPERATING LOSS REPORTED

MANAGEMENT OBJECTIVES

FOUR STOCK TURNS PER YEAR/1.33 EACH ACCOUNTING PERIOD
GROSS PROFIT SHOULD BE AT LEAST 15% TO COVER GENERAL
OPERATING EXPENSES, SUCH AS GENERAL FUND ASSESSMENT, COST
OF OPS, MARKDOWNS, SURVEYS, ETC., AND NOT JEOPARDIZE
PROFITS FOR TRANSFER TO RECREATION FUND

CAN TYPE SOFT DRINK VENDING MACHINE PROFIT SHOULD BE
AT LEAST 32% OF SALES

FOR USE BY ACTIVITY

Figure AV-1.—Operational Analysis Report.

<u>Data Block and Caption</u>	<u>Explanations of Entries</u>
Operating Profit Percentage	Operating Profit (caption 8) divided by Retail Sales (caption 1).
Vending Machine Profit Percentage	Vending Machine Profit (caption 14) divided by Drink Vending Machine Sales (caption 11).
Amusement Machine Profit Percentage	Amusement Machine Profit (caption 16) divided by Amusement Machine Sales (caption 15).
Ship's Store Stock Turn	Total of the following captions <ul style="list-style-type: none"> 2—Cost of Retail Sales 5—Operating Expenses 9—Bulk Sales 10—Transfers to OSO 12—Cost of Sales—VM divided by Ship's Store Opening Inventory (caption 20).

It should be noted that stock turns are based on opening inventory only, rather than on the average inventory for the period. While it is realized that on some ships it would be advantageous to average the beginning and closing inventories, it is not considered that this would significantly alter the stock turn since ship's stores are on a 4-month accounting period, rather than monthly.

SHIP'S STORE MANAGEMENT REPORT

1. Purpose

The primary purpose of the Ship's Store Management Report is to provide the commanding officer a list of key indicators concerning the ship's store operation. The report will highlight sales, inventory, cash collection, and other data that represent significant changes and/or problems in the ship's store operation.

2. Processing the Report

The supply officer will complete the Ship's Store Management Report and forward it to the commanding officer by the fifth working day of the month. However, for the last month of the accounting period, the report should be submitted by the fifteenth day of the month. The commanding officer should review the report, record any remarks directly on the report, and return it to the supply officer. The supply officer should then forward the report to the ship's store officer to be filed in the Returns File (SSA-10). At the end of the accounting period, the monthly reports will be filed with the retained returns. (See fig. AV-2.)

3. Preparation

The information on the Ship's Store Management Report should be taken from ship's store records. The report should be prepared monthly using the format illustrated in figure AV-3.

<u>Data Block and Caption</u>	<u>Instructions for Entries</u>
1. SALES Total Sales	Enter the sales for the Current Month and the Accounting Period to Date as reported on the Memorandum Cash Sale Invoice Deposit of Cash with Disbursing Officer (DD Form 1149).
2. DRINK VENDING MACHINE OPERATION	
a. Sales	Enter the sales for the Current Month and the Accounting Period to Date as reported on line N of the Vending Machine Controls (NAVSUP Form 236).
b. Profits	Enter the amount for the Current Month and the Accounting Period to Date as reported on line U of the NAVSUP Form 236.
c. Profit Percentage	Enter the profit percentage for the Current Month and the Accounting Period to Date as reported on the NAVSUP Form 236. (Profit percentage objective: 32%-47% for canned drink machines.)
3. INVENTORY	
a. Over/Under Inventory	
Total Authorized Inventory	Enter the amount reported on line C of the Inventory Control Record.
Balance Inventory	Enter the amount reported on line G of the Control Record.
Over/Under	Circle Over or Under as applicable. Enter the amount reported on line H of the Inventory Control Record.
b. Stock Turn	Enter the stock turn as reported on the Inventory Control Record.
c. Spot Inventory of Bulk Storeroom	
Number of Items Checked	Enter the total number of items checked during the spot inventory.
Inventory Accuracy	Use the following formula to obtain inventory accuracy: Number of items checked correctly divided by total number of items checked (Inventory accuracy objective: 100%)

SHIP'S STORE MANAGEMENT REPORT FOR _____

1. SALES

	<u>Current Month</u>	<u>Accounting Period To Date</u>
Total Sales	\$ _____	\$ _____

2. DRINK VENDING MACHINE OPERATION

	<u>Current Month</u>	<u>Accounting Period To Date</u>
a. Sales	\$ _____	\$ _____
b. Profits	\$ _____	\$ _____
c. Profits Percentage	_____ %	

Profits Percentage Objective: 32% - 47% for can drink machines
based on cost and selling price
60% for cup-type drink machines

3. INVENTORY

a. Over/Under Inventory

Total Authorized Inventory	\$ _____
Balance Inventory	minus \$ _____
Over/Under (Circle one)	equals \$ _____

b. Stock Turn

	Month 1	Month 2	Month 3	Month 4
Goal	<u>.33</u>	<u>.67</u>	<u>1.00</u>	<u>1.33</u>

c. Spot Inventory of Bulk Storeroom

Number of Items Checked _____

Inventory Accuracy _____

Minimum of 5% of line items carried checked
(Inventory Accuracy Objective: 100%)

d. Last Physical/Price Line Inventory taken on _____

Disproportionate Difference Existed Circle
YES* NO

e. The following unauthorized stock items are currently carried in stock:

f. The in-stock position of the following emblematic items exceeds 90 days anticipated sales:

Figure AV-3.—Ship's Store Management Report.

4. CASH COLLECTION

- | | <u>Circle</u> | |
|--|---------------|-----|
| | YES | NO* |
| a. Cash collection agent audited at least twice weekly by ship's store officer | YES | NO* |
| b. Actual cash register readings were audited at least twice weekly by the ship's store officer | YES | NO* |
| c. Cash Register Record (NAVSUP Form 469) indicates cash collections were made daily and as required by NAVSUP Pub 487 | YES | NO* |
| d. Cash Receipt Book (NAVSUP Form 470) indicates cash was turned over to the disbursing officer daily and as required by NAVSUP Pub 487 | YES | NO* |
| e. Total cash collected for the month as recorded on the following forms compared:
Cash Register Record (NAVSUP Form 469)
Cash Receipt Book (NAVSUP Form 470)
Memorandum Cash Sale Invoice of Cash
Deposited with Disbursing Officer (DD Form 1149)
(Objective: All totals reported equal one another.) | YES | NO* |
| f. The most significant dollar value difference (overage or shortage) between cash sales and cash collected in any sales outlet that was not covered by an Over-ring/Refund Voucher (NAVSUP Form 972) was \$ _____.
Explanation for the difference: | | |

5. RECEIPTS AND PRICING

- | | <u>Circle</u> | |
|---|---------------|-----|
| | YES | NO* |
| a. All receipt documents for the current month were forwarded to FAADC as indicated on the Journal of Receipts (NAVSUP Form 977) | | |
| b. Random spot checks of the selling prices of a minimum of 15 items a week in the retail store(s) revealed _____ did not match the price on the Stock Record (NAVSUP Form 464).
(Objective: zero errors.) | | |

Figure AV-3.—Ship's Store Management Report—Continued.

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6. PROFIT (Completed at the end of the accounting period only)

	Current Accounting Period	Previous Accounting Period	Objective
a. Gross Profit	_____	_____	15%
b. Operating Profit	_____	_____	6%
c. Markdowns and Surveys	_____	_____	2%
d. Laundry Claims	_____	_____	0
e. Cost of Operations	_____	_____	2.5% - 5.0%

7. All FAADC letters on unpaid dealers' bills and other letters on reconciliation have been answered

Circle
YES NO*

8. SAFETY, SECURITY AND MATERIAL DISCREPANCIES

a. Last inspection of ship's store spaces conducted on _____

Circle

b. All stores, storeroom and other spaces had locks and emergency entry procedures posted as required by NAVSUP Pub 487

YES NO*

<u>Space</u>	<u>Discrepancy</u>	<u>Status</u>

9. COMMENTS:
(*Brief explanation of any item circled and other significant items, problems, etc.)

Figure AV-3.—Ship's Store Management Report—Continued.

Data Block and Caption

Instructions for Entries

- d. Last Physical/Price Line Inventory taken on Disproportionate Difference existed Enter date of last inventory. Circle either YES or NO as appropriate. If YES, explain in item 9, Comments.
- e. The following unauthorized stock items are currently carried in stock: Enter any unauthorized items carried in stock. Authorized stock items are listed in NAVSUP P-487.
- f. The in-stock position of the following emblematic items exceeds 90 days' anticipated sales: Enter any emblematic item for which the in-stock position exceeds 90 days.

4. CASH COLLECTION

- a. Cash Collection Agent and Cash Register Record (NAVSUP Form 469) audited at least twice weekly by the ship's store officer Circle either YES or NO as appropriate. If NO, explain in item 9, Comments.
- The ship's store officer's initials will be recorded in the NAVSUP Form 469 each time audits are done.
- b. Actual cash register readings were audited twice weekly by the ship's store officer and verified in the Cash Register Record (NAVSUP Form 469) Circle either YES or NO as appropriate. If NO, explain in item 9, Comments.
- c. Cash Register Records (NAVSUP Forms 469) indicate cash collections were made daily and as required by NAVSUP P-487 Circle either YES or NO as appropriate. If NO, explain in item 9, Comments.
- d. Cash Receipt Books (NAVSUP Forms 470) indicate cash was turned over to the disbursing officer daily and as required by NAVSUP P-487 Circle either YES or NO as appropriate. If NO, explain in item 9, Comments.

Data Block and Caption

Instructions for Entries

- e. Total cash collected for the month as recorded on the following forms compared:
- Circle either YES or NO as appropriate. If NO, explain in item 9, Comments. (Objective: all amounts reported equal one another)

Cash Register Record (NAVSUP Form 469)
Cash Receipt Book (NAVSUP Form 470)
Memorandum Cash Sales Invoice of Cash Deposited with Disbursing Officer (DD Form 1149)

- f. The most significant difference (overage or shortage) between cash collected in any sales outlet that was not covered by an Overring/Refund Voucher (NAVSUP Form 972) was \$ _____
- Enter the largest difference as recorded in the Cash Register Record (NAVSUP Form 469) not covered by a NAVSUP Form 972.

Explanation of the difference

Enter a brief statement on the results of the examination of the difference conducted as per NAVSUP P-487.

5. RECEIPTS AND PRICING

- a. Receipt documents for the month were forwarded to FAADC as indicated on the Journal of Receipts (NAVSUP Form 977)
- Circle either YES or NO as appropriate. If NO, explain in item 9, Comments.
- b. Random spot checks of the selling prices of a minimum of 15 items a week in the retail store(s) revealed the number did not match the price on the Stock Record (NAVSUP Form 464)
- After conducting a random spot check of 15 items per week, enter the number of items in which the prices did not match those listed on the Stock Record (NAVSUP 464). (Objective: zero errors)

6. PROFIT

- a. Gross Profit
- Use the following formula to compute gross profit using the NAVSUP Form 153:
- $C02 \text{ minus } C10 \text{ divided by } C02$. (Objective: 15%)
- b. Operating Profit
- Use the following formula to compute operating profit using the NAVSUP Form 153:
- $C25 \text{ divided by } C02$. (Objective: 6%)

Data Block and Caption

Instructions for Entries

- | | |
|---|---|
| c. Markdowns and Surveys | Use the following formula to compute the total amount of markdowns and surveys using the NAVSUP Form 153:

B23 plus B24 divided by C02. (Objective: 2%) |
| d. Laundry Claims | Enter the amount of laundry claims reported on line C13 of the NAVSUP Form 153. (Objective: 0) |
| e. Cost of Operations | Use the following formula to compute the total amount of cost of operations using the NAVCOMPT Form 153:

B22 divided by C02. (Objective: 2.5% to 5.0%) |
| 7. All FAADC letters on unpaid dealers' bills and other letters on reconciliation have been answered | Circle either YES or NO as appropriate. If NO, explain in item 9, Comments. |
| 8. SAFETY, SECURITY, AND MATERIAL DISCREPANCIES | |
| a. Last inspection of ship's store spaces conducted | Enter date of last inspection. |
| b. All stores, storerooms, and other spaces have required locks and emergency entry procedures posted | Circle either YES or NO as appropriate. If NO, explain in item 9, Comments. |
| c. Space/Discrepancy/Status | Enter a list of safety, security, and material discrepancies in ship's store spaces, including any corrective action being taken. |
| 9. COMMENTS: | Enter a brief explanation of any item circled NO and any other significant items, problems, etc. |

APPENDIX VI

REFERENCES

- Afloat Shopping Guide (ASG)*, NAVSUP P-4400, Naval Supply Systems Command, Mechanicsburg, PA, 1982.
- Afloat Supply Procedures*, NAVSUP P485, Naval Supply Systems Command, Washington, DC, 1985.
- Armed Services Commissary Store Regulations (ASCSR)*, DODINST 1330.17, Washington, DC, 1978.
- Basic Military Requirements*, NAVEDTRA 10054-E1, Naval Education and Training Program Development Center, Pensacola, FL, 1985.
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- Naval Supply Systems Command Manual*, Vol. 1, *Introduction to Supply*, Ch. 78, Naval Supply Systems Command, Washington, DC, 1966 (basic).
- NAVRESSOINST 4065 (series), Navy Resale and Services Support Office, Fort Wadsworth, Staten Island, NY.
- NAVRESSOINST 4065.12A, *Minimum Levels of Patron Service*.
- NAVRESSOINST 4065.17, *Distribution Productivity*.
- NAVRESSOINST 4065.20, *COMSYSTRO TRF Authorization*.
- NAVRESSOINST 4065.21, *Meat Department Procedures*.
- NAVRESSOINST 4065.22A, *Produce Department Procedures*.
- NAVRESSOINST 4065.23, *Grocery Department Procedures*.

NAVRESSOINST 4065.24, *Licensees' Statement of Understanding.*

NAVRESSOINST 4065.25, *Control of Theft by Commissary Store Personnel.*

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NAVRESSOINST 4065.29, *Cyclical Review List for COMSYSTOS.*

NAVRESSOINST 4065.31, *Markdown Log.*

NAVRESSOINST 4065.34, *Front End Procedures.*

NAVRESSOINST 4065.36, *Accounting Handbook.*

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Navy Resale and Services Support Office (NAVRESSO) Publication No. 82, Navy Resale and Services Support Office (NAVRESSO), 1983.

Retail Operation Management (ROM), Navy Resale and Services Support Office (NAVRESSO) letter dated 7 March 1985.

Ships' Maintenance and Material Management (3-M) Manual, OPNAVINST 4790.4, Chief of Naval Operations, Washington, DC, 1984.

Ship's Store Afloat, NAVSUP P-487, Revision 2, Naval Supply Systems Command, Washington, DC, 1986.

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Assignment Questions

Information: The text pages that you are to study are provided at the beginning of the assignment questions.

Assignment 1

Textbook Assignment: "Navy Supply System and Management." Pages 2-1 through 3-6.

Learning Objective: Recognize the general organization, mission, and functions of the Naval Supply Systems Command (NAVSUP) and the Defense Logistics Agency (DLA).

- 1-1. The term "supply system" collectively refers to which of the following organizations and/or field activities?
1. Navy Resale and Services Support Office (NAVRESSO)
 2. Defense Logistics Agency (DLA) only
 3. Naval Supply Systems Command (NAVSUP) only
 4. Defense Logistics Agency (DLA) and Naval Supply Systems Command (NAVSUP)
- 1-2. The first and foremost mission of the integrated Navy/Defense Logistics Defense System is to provide
1. strategic locations for materials
 2. materials through civilian contractor
 3. optimum economy
 4. responsive support to the operating forces
- 1-3. Which of the following defense supply centers controls medical supplies and clothing?
1. Defense Personnel Support Center, Philadelphia, Pa.
 2. Defense Industrial Supply Center, Philadelphia, Pa.
 3. Defense General Supply Center, Richmond, Va.
 4. Defense Construction Supply Center, Columbus, Oh.
- 1-4. The basic function of the defense supply centers is inventory management.
1. True
 2. False
- 1-5. In computing the replenishment requirements of an item, a defense supply center will take into account which of the following factors?
1. Information furnished by vendors from past requirements
 2. Past demand for items
 3. Information that is furnished by the defense supply centers
 4. Program information furnished by each military service and past experience of each center
- 1-6. What activity(ies) control(a) the wholesale distribution of stock among the four military services?
1. Defense supply centers
 2. Federal Supply Agency
 3. Navy Finance Center
 4. Navy Resale and Services Support Office
- 1-7. All stocks controlled by a defense supply center are financed by what fund?
1. Navy Stock Fund
 2. Defense Stock Fund
 3. Defense Industrial Fund
 4. A prorated portion of the stock fund for each military service
- 1-8. What is the primary function of a DLA distribution depot?
1. To issue and receive materials from defense supply centers
 2. To serve as a storage point for (DLA) materials
 3. To receive requisitions directly and to issue stock locally
 4. To provide training and assistance in the distribution of materials in the Navy Supply System
- 1-9. Distribution depots can accept requisitions in cases of emergencies.
1. True
 2. False

- 1-10. The DLA's principal distribution depots are located in what cities?
1. Mechanicaburg, PA; Memphis, TN; Ogden, UT; and Tracy, CA
 2. San Diego, CA; Norfolk, VA; Pensacola, FL; and Mayport, FL
 3. Oakland, CA; Long Beach, CA; and Cubic Point, PI
 4. Long Beach, CA; Memphis, TN; Ogden, UT; and Tracy, CA
- 1-11. To provide direct support to the Navy, the DLA has established what total number of specialized support depots (SSDs)?
1. One
 2. Two
 3. Five
 4. Four
- 1-12. The DLA specialized support depot(s) is/are the Navy supply center(s) located in which of the following cities?
1. San Diego, CA only
 2. Long Beach, CA and Norfolk, VA
 3. Oakland, CA and Norfolk, VA
 4. San Diego, CA and Long Beach, CA
- 1-13. The Navy Supply System is integrated with which of the following organizations?
1. Federal Supply Agency
 2. Navy Ships Parts Control Center (SPCC)
 3. Defense Logistics Agency
 4. Navy Resale and Services Support Office
- 1-14. The Naval Supply Systems Command is responsible for the development and supervision of the Navy Supply System.
1. True
 2. False
- 1-15. You are determining material requirement, for your shop. Which of the following references will provide you with the best resources?
1. Ship's Store Afloat Catalog and stock record cards
 2. Coordinated Shipboard Allowance List (COSAL) only
 3. Stock record cards and area contract bulletins
 4. COSAL and Ship's Store Afloat Catalog
- 1-16. Under the Navy Supply System, all materials fall under the heading "replenishment" and can be immediately replenished.
1. True
 2. False
- 1-17. In the Navy Supply System, there are five phases of distribution. What is the first phase?
1. Storage
 2. Transportation
 3. Control
 4. Accumulation of material at CONUS bases
- 1-18. The Navy Supply System has what total number of inventory control points (ICPs)?
1. Five
 2. Two
 3. Three
 4. Four
- 1-19. One of the Navy Supply System inventory control points is the Navy Aviation Supply Office (ASO). Where is this activity located?
1. Mechanicsburg, PA
 2. Philadelphia, PA
 3. Great Lakes, IL
 4. Alexandria, VA
- 1-20. The current list of cognizance symbols and their associated inventory manager can be found in which of the following publications?
1. NAVSUP Manual, Volume II, and NAVSUP P-485
 2. NAVSUP Manual, Volume II, and NAVSUP P-487
 3. NAVSUP P-485 and NAVSUP P-487
 4. COSAL and NAVSUP P-487
- 1-21. All inventory control point is under the joint control of what two organizations?
1. Naval Supply Systems Command and the Fleet Material Support Office
 2. Naval Ship Systems Command and the Navy Ships Parts Control Center
 3. NAVSUP and the responsible systems command
 4. Navy Comptroller Office and Fleet Material Support Office

- 1-22. Inventory control points perform all of the following functions EXCEPT
1. receiving appropriate quantities of materials
 2. controlling procurement
 3. maintaining close liaison with the systems command
 4. maintaining warehouses for materials received
- 1-23. In managing Navy-owned retail items under DLA control, Navy retail offices (NROs) are restricted to what facet of inventory management?
1. Storage
 2. Financial
 3. Procurement
 4. Replenishment
- 1-24. The Navy's two Navy retail offices are located in what cities?
1. Washington, DC and Mechanicsburg, PA
 2. San Diego, CA and Washington, DC
 3. Norfolk, VA and Odgen, UT
 4. Mechanicsburg, PA and Norfolk VA
- 1-25. The Navy Fleet Material Support Office is responsible for retail stocks of DLA/GSA items.
1. True
 2. False
- 1-26. The Navy's distribution system is made up of what total number of activities?
1. Five
 2. Two
 3. Three
 4. Four
- 1-27. What two major types of activities in the Navy's distribution system have the primary mission of supply?
1. Navy Fleet Material Support Office and Naval Supply Systems Command
 2. Navy retail offices and Naval Facilities Engineering Command
 3. Naval supply centers and naval supply depots
 4. Federal Supply Agency and naval supply centers
- 1-28. Naval supply centers and naval supply depots are responsible for which of the following functions involving Navy supply materials?
1. Warehousing
 2. Distributing
 3. Controlling
 4. All of the above
- 1-29. The mobile logistics support force ships act as extension of the Navy's distribution system.
1. True
 2. False
- 1-30. Which of the following are strictly Navy supply departments?
1. Naval shipyards
 2. Naval air stations
 3. Naval stations
 4. All of the above
- 1-31. As part of their mission, which of the following activities have to provide specialized supply support to the command at which they are located?
1. Naval supply centers
 2. Naval supply depots
 3. Naval shipyards
 4. All of the above
- 1-32. Navy supply centers and Navy supply depots were established for the centralized administration of various types of supply activities.
1. True
 2. False
- 1-33. Navy supply centers are based overseas.
1. True
 2. False
- 1-34. Navy supply depots are based in CONUS.
1. True
 2. False
- 1-35. Primary support responsibility for Navy supply centers and Navy supply depots comes from what authority?
1. Federal Supply Agency (FSA)
 2. Naval Supply Systems Command (NAVSUP)
 3. Defense Supply Center (DSA)
 4. Defense Logistics Agency (DLA)

1-36. The inventory control department of an NSC or NSD performs all the following functions EXCEPT

1. determining requirements
2. managing inventories
3. controlling receipts
4. issuing materials

1-37. Which of the following divisions of an NSD or NSC is NOT under the inventory control department?

1. Receipt division
2. Technical division
3. Customer service division
4. Disposal division

1-38. In the management of materials, the material department of an NSD or NDC plans and directs which of the following functions?

1. Disposal
2. Issue
3. Storage
4. All of the above

The following are two departments of a Navy Supply center or depot. In items 1-39 through 1-45, indicate in which department each division would be found.

1. Inventory control department
2. Material Department

1-39. Storage

1-40. Purchase

1-41. Retail stores

1-42. Freight terminal

1-43. Requirements

1-44. Labor and equipment

1-45. Whose responsibility is it to keep the fleet supplied with fuel, food, general stores, and services through underway replenishment?

1. Naval supply depots
2. Fleet Material Support Office
3. Mobile logistics support force
4. Naval supply centers

- | |
|---------------------------------|
| A. Storage Division |
| B. Purchase Division |
| C. Requirements Division |
| D. Retail Stores Division |
| E. Receipt Control Division |
| F. Freight Terminal Division |
| G. Labor and Equipment Division |

Figure 1A.

IN ANSWERING QUESTIONS 1-46 THROUGH 1-47, REFER TO FIGURE 1A.

1-46. The inventory control department of a Navy supply center or depot includes which of the following divisions?

1. B, C, and E
2. B, D, and F
3. D, E, and F
4. E, F, and G

1-47. The material department of a Navy supply center or depot encompasses which of the following divisions?

1. A, B, C, and D
2. A, C, E, and F
3. A, D, F, and G
4. B, D, E, and G

1-48. From which of the following types of ships should you obtain frozen and dry food items?

1. Stores ship (AF)
2. Fleet combat support ships (AOE)
3. Destroyer/submarine tenders (AO/AS)
4. Combat stores ships (AFS)

1-49. Which of the following ships is NOT designed for mobile logistics support?

1. USS ACADIA (AD42)
2. USS DULUTH (LPD6)
3. USS POLLOX (AFS4)
4. USS EVERGLADES (AD24)

1-50. Which of the following terms specifically refers to a helicopter transfer of materials or stores?

1. INREP
2. VERTREP
3. UNREP
4. CASREP

Learning Objective: Identify the purpose, general organization, and functions of the Navy Resale and Services Support Office (NAVRESSO) and delineate the major components of this system.

1-51. What is the overall purpose of the Navy Resale System?

1. To provide Support to the operating forces
2. To provide personnel with attractive facilities
3. To provide command support and assistance to fleet ships stores
4. To provide authorized patrons with quality merchandise and services at reasonable prices

Learning Objective: Recognize the principles you should follow in the development of your organization's structure including the purpose and functions of the various organizational charts.

1-52. Organizational planning is a process of which of the following actions?

1. Identifying and grouping duties
2. Defining and delegating authority
3. Assigning responsibilities and creating relationships
4. All of the above

1-53. Which of the following factors are involved in good organizational planning?

1. Direct management and subordinate personnel
2. Mechanical aspects
3. Dynamic aspects
4. Both 2 and 3 above

1-54. In good organizational planning the mechanical aspects deal exclusively with what facets of the organization?

1. The organization's structure, functions, and tasks
2. Personalities of individuals
3. Performance abilities of individuals
4. Human relations

1-55. Which of the following examples represents an accurate application of the mechanical aspects of an office?

1. Charts are prepared that depict the office's workload
2. Job performances of individuals are evaluated
3. personnel reports are prepared
4. Training is provided for individuals

1-56. The dynamic aspects of an organization involve which of the following factors?

1. Abilities
2. Interests
3. Personalities
4. All of the above

1-57. The main purpose of preparing organizational charts is for the manager to use these charts as a management tool.

1. True
2. False

IN ANSWERING QUESTIONS 1-58 THROUGH 1-61, SELECT FROM COLUMN B THE TYPE OF ORGANIZATIONAL CHART THAT MATCHES THE FUNCTION OR PURPOSE DESCRIBED IN COLUMN A.

A. PURPOSES

B. CHARTS

1-58. May be used in a simple organization to show all components with their functions and names of personnel assigned.

1. Functional chart
2. Structural chart

1-59. Shows only the basic arrangements of the components and, in the case of a ship's service organization, a complete breakdown of all existing components, such as divisions, branches, sections, or units.

3. Combination chart
4. Billet assignment chart

<u>A. PURPOSES</u>	<u>B. CHARTS</u>	
1-60. Lists the components of an organization with the job title and/or rank or grade and names of personnel assigned.	1. Functional chart 2. Structural chart 3. Combination chart	1-66. In a fairly simple organization, which of the following charts can be used to show all three aspects (components, functions, and personnel) of the organization? 1. Billet assignment chart 2. Structural chart 3. Functional chart 4. Combination chart
1-61. Lists the component of an organization with the major job tasks grouped by similarity.	4. Billet assignment chart	
<hr/>		Learning Objective: Identify the factors you should consider when planning a physical layout that will make the most effective use of spaces, equipment, and personnel in the service and resale activities.
1-62. How should components or lines of authority be arranged in a structural organization chart?	1. Major components should be arranged horizontally in line with each other 2. Subsidiary component should be arranged in a vertical plane beneath the major components 3. Lines of authority drawn between components should clearly indicate relationships 4. All of the above arrangement may be made	1-67. Which of the following factors should you consider when doing a layout analysis? 1. Mission of the ship's store or service activity 2. Use of personnel 3. Use of equipment 4. All of the above
1-63. Which of the principles below should be followed when job duties are listed on a functional chart?	1. Closely related functions must be listed under different component 2. Duties that are performed infrequently need not be listed under specific components 3. Each significant function must be provided for within the organization 4. Dissimilar functions may be listed under one component	1-68. What specific information should be shown on a layout chart? 1. Office functions as they relate to tasks 2. Work production data 3. Floor plan of the work spaces 4. Billet assignment requirements
1-64. A billet assignment chart is sometimes referred to as what other type of chart?	1. Functional chart 2. Structural chart 3. Position chart 4. Personnel assignment chart	1-69. Layout charts of work spaces are generally drawn on what scale? 1. 1 inch to a foot 2. 1/2 inch to a foot 3. 1 1/2 inch to a foot 4. 1/4 inch to a foot
1-65. The billet assignment chart is used to show the assignment of personnel by name and division only.	1. True 2. False	

- 1-70. You are doing a layout analysis of work spaces in the ship's store. To obtain the best arrangement for movable furniture and equipment, which of the following methods should you use?
1. Make a list of the movable furniture and equipment, and make recommendation for placement beside each item
 2. Move the office furniture and equipment within the ship's store spaces until you obtain the best arrangement
 3. Draw the movable furniture and equipment to scale directly on the layout chart
 4. Use templates fashioned from cardboard or plastic and rearrange the templates on the layout chart until you obtain the best arrangement
- 1-71. A layout analysis is designed primarily to improve the use of which of the following resources of a facility or work space?
1. Space
 2. Personnel
 3. Equipment
 4. All of the above
- 1-72. Convenient arrangement of equipment will enable your people to turn out more work in a shorter time.
1. True
 2. False
- 1-73. In planning a layout of a retail self-service activity, you should consider which of the following factors?
1. Proper and intelligent circulation of customer traffic throughout the store
 2. Placement of traffic-stopping, appealing displays
 3. Adequate store protection from pilferage
 4. All of the above
- 1-74. How wide should the aisle space in a self-service ship's store be?
1. 1 to 2 feet
 2. 2 to 3 feet
 3. 3 to 4 feet
 4. 4 to 6 feet
- 1-75. Which of the policies below should be followed in the layout of a self-service store?
1. Aisle spaces should all be the same width
 2. Other exits besides the check-out point(s) should be provided
 3. Customers should be induced to circulate the entire store before reaching the check-out stand
 4. All of the above

Assignment 2

Textbook Assignment: "Management (continued) and Procurement." Pages 3-7 through 4-5.

Learning Objective: Identify the procedures for flow process analysis and determine the best methods for devising effective workflow process charts for various resale and service activities. Determine the factors that should be used in the establishment of work schedules and operating times for various resale and service operations.

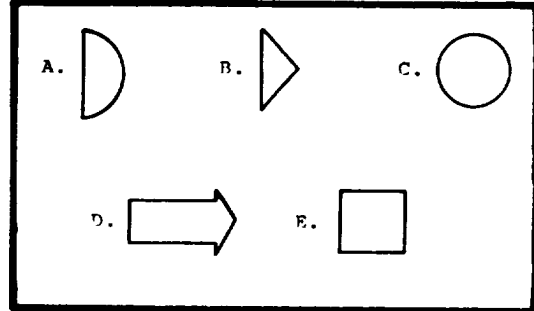


Figure 2A.

2-1. What information is listed on a flow process analysis?

1. Inventory of spaces and equipment
2. List of functions as they relate to tasks
3. Work count for individual work items
4. Sequence of steps that must be performed in an operation

2-2. What total number of different symbols can you use to identify the steps on a flow process chart?

1. Five
2. Two
3. Six
4. Four

2-3. Which of the following factors should you consider when establishing a laundry schedule?

1. The amount of work to be processed in a given time frame
2. The number and competency of the personnel assigned
3. Preference of the commend
4. All of the above

IN ANSWERING QUESTIONS 2-4 through 2.8, SELECT THE FLOW CHART SYMBOL IN FIGURE 2A THAT ACCURATELY CORRESPONDS TO THE FUNCTION USED AS THE QUESTION.

2-4. Transportation.

1. A
2. B
3. C
4. D

2-5. Operation.

1. B
2. C
3. D
4. E

2-6. Inspection.

1. E
2. D
3. C
4. B

2-7. Delay.

1. D
2. C
3. B
4. A

2-8. Storage.

1. D
2. C
3. B
4. A

2-9. Normally, what total number of pounds of laundry should your laundry facility process per week per person?

1. 8 lb
2. 16 lb
3. 20 lb
4. 24 lb

2-10. Laundry facilities should be adequate to process 16 pounds of finished work per week per each chief petty officer or officer.

1. True
2. False

2-11. To get a rough idea of how much laundry you may be required to process, you must multiply your crew size by what number?

1. 11
2. 16
3. 3.15
4. 24

You are laundry supervisor on the USS ACADIA (AD42) which has 3000 members aboard. Two hundred are chief petty officers and 130 are officers.

Figure 2B

IN ANSWERING QUESTIONS 2-12 THROUGH 2-14, REFER TO FIGURE 2B.

2-12. What total number of pounds of laundry should be processed weekly for your ship's crew?

1. 20,000 lb
2. 30,000 lb
3. 72,000 lb
4. 85,000 lb

2-13. What total number of pounds of laundry will be processed for the chief petty officers and officers weekly?

1. 3000 lb
2. 5000 lb
3. 5280 lb
4. 7920 lb

2-14. What total number of pounds of laundry will be processed for all members aboard monthly?

1. 256,320 lb
2. 275,520 lb
3. 288,000 lb
4. 320,800 lb

2-15. The best laundry schedule is one that provides for

1. daily service
2. service every other day
3. biweekly service
4. the requirements of the ship

2-16. Concerning each laundry lot, a good laundry schedule should include which of the following items of information?

1. Hour of pickup and the day and hour of delivery
2. Type of lot and the personnel who delivered it
3. Individuals and groups to whom the lot belongs
4. All of the above

2-17. The primary purpose for the use of the appointment system for the scheduling of appointments in the barbershop is to provide

1. the barbers with ample time for cleaning their tools between appointments
2. division officers and petty officers better control when dealing with personnel
3. better service for barbershop patrons
4. the barber with the opportunity to overschedule appointments in case appointments are missed

2-18. In scheduling haircuts in the barbershop, you should consider which of the following factors?

1. The number of personnel aboard
2. The number and competency of barbers
3. The daily workload of each barber
4. All of the above

- 2-19. The barbershop appointment schedule should be designed so that the number of patrons who must wait for a barber does NOT exceed what maximum number per barber?
1. One
 2. Two
 3. Three
 4. Four

- 2-20. A barber can usually give a satisfactory haircut in what total number of minutes per patron?
1. 10 minutes
 2. 15 minutes
 3. 20 minutes
 4. 30 minutes

- 2-21. In an 8-hour day, a busy barber should normally be able to complete what total number of haircuts?
1. 19
 2. 24
 3. 30
 4. 36

- 2-22. Which of the following systems is/are recommended for the scheduling of appointment in the barbershop?
1. Appointment system
 2. Division schedule
 3. Both 1 and 2 above
 4. Quarterly schedule

- 2-23. In the appointment system, what person should maintain the appointment sheets?
1. Barber
 2. Senior barber
 3. Barbershop supervisor
 4. Division leading petty officer

- 2-24. In the division schedule system, what person controls the scheduling of appointments in the barbershop?
1. Barber
 2. Barber supervisor
 3. S-3 division officer
 4. Division petty officer

- 2-25. Barbershop appointment sheets should be retained in the barbershop for what maximum period of time?
1. 1 week
 2. 2 weeks
 3. 3 weeks
 4. 4 weeks

- 2-26. In addition to other reasons, the barbershop supervisor should save all appointment sheets in case personnel complain about not being able to get haircut appointments and because some members who fail inspection might try to claim that they really did receive haircuts in the barbershop before inspection.

1. True
2. False

Learning Objective: Recognize the ways in which managers determine if manpower is being used effectively in work assignments.

- 2-27. Which of the following statements represents a principle of organization and a personnel management guideline a good supervisor should follow?

1. Duties must never be assigned to specific individuals
2. Obscure jobs should not be assigned as responsibilities
3. Infrequent jobs should never be assigned until the last minute
4. Each duty that must be performed should be assigned to a specific individual in the organization

- 2-28. When individuals are assigned to jobs, they should have a thorough knowledge of all of the procedures required.

1. True
2. False

- 2-29. When you have your best person do all the work, which of the following measures are you taking?

1. Penalizing the person for being a good, dependable worker
2. Rewarding the person by letting the person take on more responsibility
3. Putting the person in a position to be liked by everyone
4. Making other individuals dislike the person

Learning Objective: Recognize how authority is delegated through fair and responsible leadership and determine the circumstances under which delegation of authority should take place.

- 2-30. The principle of unity of command states that the final responsibility and authority at each level rest with one person.
1. True
 2. False
- 2-31. As a supervisor, you must remember that authority should be commensurate with which of the following attributes?
1. Respect
 2. Responsibility
 3. Accountability
 4. Knowledge
- 2-32. You should delegate authority as far down the chain of command as possible without loss of control over policy or procedure.
1. True
 2. False
- 2-33. Delegation of authority relieves superiors of overall responsibility.
1. True
 2. False
- 2-34. Which of the following recommendation will provide good guideline for effective delegation of authority?
1. Provide clearly stated policy guideline
 2. Select capable subordinates
 3. Set up proper controls
 4. All of the above
-
- Learning Objective: Identify the categories into which types of stock items procured for resale in a ship's store are divided, and identify the methods used for authorization of merchandise for resale.
-
- 2-35. Ship's store merchandise is basically divided into what total number of categories?
1. One
 2. Two
 3. Three
 4. Four
- 2-36. Most of the stock that is ordered by ship's store is included in which of the following categories?
1. U.S. merchandise for stock
 2. U.S. merchandise for special order
 3. Foreign merchandise for stock
 4. Foreign merchandise for special order
- 2-37. The Ship's Store Afloat Catalog is published by which of the following organizations?
1. Navy Finance Center
 2. Defense Logistics Agency
 3. Navy Resale and Services Support Office
 4. Government Accounting Office
- 2-38. Which of the following resources is/are (a) tool(s) used in procurement of ship's store stock?
1. NAVSUP P-487
 2. Ship's Store Afloat Catalog
 3. Ship's Store Contract Bulletin
 4. All of the above
- 2-39. Items for special orders are generally carried in stock.
1. True
 2. False
- 2-40. What officer can direct the ship store officer to collect for special orders in advance?
1. Division Officer
 2. Supply officer
 3. Executive officer
 4. Commanding officer
- 2-41. A special order certification includes all EXCEPT which of the following information concerning the person, who is placing the order?
1. Name
 2. Division
 3. Grade or rate
 4. Time in service
- 2-42. What cost limitation associated with an authorized item of U.S. merchandise applies to special orders for this item?
1. \$500 per unit cost of the item
 2. The ability of the patron to pay
 3. The same limitation that applies for all such items held in stock
 4. The same limitation that is shown in the Ship's Store Afloat Catalog or the Authorized Stock List for the item

- 2-43. Items listed in the Ship's Store Afloat Catalog for special orders should also be ordered for stock.
1. True
 2. False
- 2-44. Standard Navy clothing items of unusual sizes on special orders are procured for which of the following reasons/persons?
1. For stock during deployment only
 2. For special order stock only
 3. For individuals only
 4. For engineer repay teams only
- 2-45. Procurement of gold rating badges and service stripes on special orders for patrons is limited to E-7s and above.
1. True
 2. False
-
- Learning Objective: Identify the appropriate procedures for the procurement of foreign and U.S. merchandise.
-
- 2-46. When are you allowed to stock foreign merchandise?
1. When your ship is outside the 3-mile limit only
 2. During your ship's deployment only
 3. When your ship is in the local area of operation only
 4. Anytime as long as limitations are observed
- 2-47. For the Pacific Fleet Foreign Merchandise Program, warehouses of foreign merchandise have been established in Yokosuka, Japan and Subic Bay, Republic of the Philippines.
1. True
 2. False
- 2-48. Procurement of which of the following items of foreign merchandise is prohibited for ship's stores afloat?
1. Furs
 2. Autos
 3. Wines
 4. All of the above
- 2-49. Foreign merchandise from approved communist-controlled areas can be procured within specific limitations.
1. True
 2. False
- 2-50. Stocks of foreign merchandise in the ship's store may present a problem that is not associated with U.S. merchandise for which of the following reasons?
1. Foreign merchandise does not have the sales appeal of U.S. merchandise
 2. Losses resulting from markdowns of foreign merchandise must be absorbed by the ship's store
 3. Foreign merchandise must be disposed of before the ship returns to the U.S.
 4. Foreign merchandise cannot be transferred to other ships
- 2-51. Which of the following guidelines can help you avoid being overstocked with foreign merchandise?
1. Consult and use the NAVRESSO bulletins
 2. Estimate carefully the potential sales
 3. Obtain all foreign merchandise early
 4. All of the above
- 2-52. Your ship will leave Marseilles, France, for Pensacola, Florida, on 10 June after operating in the area for over 90 days. What is the latest date that you should schedule delivery of foreign merchandise in Marseilles other than special order items for members of the crew?
1. 1 May
 2. 20 May
 3. 30 May
 4. 10 May
- 2-53. Your ship is operating in an overseas area from May 1 to May 28. What limitation must you observe for procuring foreign merchandise?
1. Cash basis only
 2. Special orders only
 3. Commanding officers cost limitations only
 4. Substitution of like items of U.S. merchandise only

- 2-54. By what means can SH2 Lisa Rankin procure foreign merchandise while her ship is in Pensacola, Florida?
1. Special orders through the ship's store
 2. Special orders through the local Navy exchange
 3. Special orders through the exchange mail order program
 4. Program orders through NAVRESSO representative
- 2-55. The advantage of making customers aware of using the exchange mail order program is the opportunity for your ship to receive rebate checks.
1. True
 2. False
- 2-56. At least how often does NAVRESSO distribute rebate checks to ships participating in mail order sales?
1. Monthly
 2. Quarterly
 3. Triennially
 4. Annually
- 2-57. Rebate checks go directly to ship's store profits, Navy, as which of the following types of receipts?
1. Refund
 2. Contribution
 3. Gain by Inventory
 4. All of the above
- 2-58. In addition to general limitations that apply to all merchandise, qualitative limits are specified for which of the following types of merchandise?
1. Cameras
 2. Jewelry
 3. Sun glasses
 4. Leather goods
- 2-59. Which of the following items is/are NOT authorized for stock and sale through ship's store?
1. Beer
 2. Wallets
 3. Nail files
 4. Sunglasses
- 2-60. Authorized items of stock such as lighters, cups, and stationery that bear your ship's identification should be limited to what total number of days of stocks?
1. 120
 2. 60
 3. 30
 4. 90
- 2-61. You should limit stock with your ship's identification to what maximum percentage of your ship's total complement?
1. 10%
 2. 20%
 3. 25%
 4. 40%
- 2-62. What limiting factor applies to the quantity of tax-free tobacco products you may stock?
1. Anticipated sales for 90 days
 2. Sales of the previous 90 days
 3. Anticipated sales while your ship is beyond the 3-mile limit
 4. Anticipated sales to 40 percent of your ship's complement
-
- Learning Objective: Recognize the cycle used by the Navy for effective stock control, and identify how stock turn affects the senior Ship's Servicemen as a buyer.
-
- 2-63. The primary purpose of effective stock control in a ship's store is to ensure a stock level that will accomplish which of the following objectives?
1. Keep the storeroom full at all times
 2. Provide most of the essential items most of the time
 3. Generate maximum sales with minimum inventory
 4. Offer a complete range of all authorized items
- 2-64. Procurement of ship's store stock is financed by what source?
1. Current year's appropriation
 2. Navy Stock Fund
 3. Ship's Store Profits Navy
 4. Profile from each individual store

- 2-65. In a ship's store afloat, what primary factor(s) determine(s) the amount of inventory?
1. Procurement
 2. Markups
 3. Surveys
 4. Sales
- 2-66. In a ship's store, profits on sales are determined by which of the following factors?
1. The amount of markup over cost on the items sold
 2. The value total inventory
 3. The volume of sales
 4. The total inventory value of the retail store
- 2-67. Your failure to maintain sufficient stock on board will ultimately result in decreased sales for your ship's store.
1. True
 2. False
- 2-68. NAVRESSO recommence that you maintain whet optimum ratio of sales to stock at cost price to your beginning inventory for each 4-month accounting period?
1. 1.20 to 1
 2. 1.50 to 1
 3. 1.10 to 1
 4. 1.33 to 1
- 2-69. "Stock turn" simply means that a 90-days supply of stock should "turn over" one and one-third times in a period of whet maximum number of days?
1. 360
 2. 120
 3. 180
 4. 90

- 2-70. An accounting period covers how many months?
1. 6
 2. 2
 3. 3
 4. 4
- 2-71. You can obtain your stock turn figure by using what formula?
1. By multiplying cash sales by opening inventory
 2. By dividing opening inventory by cash sales
 3. By dividing expenditures by opening inventory
 4. By subtracting cash sales from opening inventory

IN ANSWERING QUESTIONS 2-72 THROUGH 2-74, SELECT THE STOCK TURN FIGURE IN COLUMN B THAT CORRECTLY CORRESPONDS TO THE EXPENDITURES/OPENING INVENTORY FIGURES LISTED IN COLUMN A FOR EACH QUESTION.

	A. EXPENDITURES/ OPENING INVENTORY	B. STOCK TURN
2-72.	\$8,000 \$6,000	1. 1.54
2-73.	\$7,400 \$6,200	2. 1.40
2-74.	\$16,000 \$10,400	3. 1.33
		4. 1.19

-
- 2-75. Optimum stock level (inventory) is defined as an optimum supply of stock to cover what total number of days?
1. 90
 2. 120
 3. 180
 4. 365

Assignment 3

Textbook Assignment: "Procurement (continued) and Receipts and Expenditures." Pages 4-5 through 5-4.

- Learning Objective: Determine the authorized inventory and allowances for a ship's store afloat.
- 3-1. The basic initial authorized inventory allowance for ship's store stock is normally based upon which of the following factors?
1. Size of the ship
 2. Onboard personnel count
 3. Preference of ship's store personnel
 4. All of the above
- 3-2. In the basic initial authorized inventory allowance, what maximum amount of money is generally allowed per person per month for procurement of stock?
1. \$12
 2. \$18
 3. \$25
 4. \$28
- 3-3. The basic initial authorized Inventory allowance per person per month provides for what maximum number of months of ship's store stock?
1. 1
 2. 2
 3. 3
 4. 4
- 3-4. Service ships, such as ASS, ADs, and ARs, are authorized extra monies per person per month to support ship's store customers. What maximum amount of money per person per month represents this authorized increase?
1. \$6
 2. \$9
 3. \$10
 4. \$18
- 3-5. When your ship is deployed, what maximum additional amount of money per person per month represent the authorized increase?
1. \$10
 2. \$12
 3. \$15
 4. \$18
- 3-6. Procurement of foreign merchandise for ship's store stock should be considered as an authorized addition to the ship's store inventory
1. True
 2. False
- 3-7. Which of the following items of stock should be considered as a separate authorized increase to your inventory whether the ship is deployed or in CONUS?
1. Tax-free cigarettes
 2. Canned sodas
 3. Stereos over \$500
 4. Hobby items
- 3-8. When your inventory limitation is increased for deployment, you should send a letter to NAVRESSO with a copy to the type commander.
1. True
 2. False
- 3-9. When your ship's inventory limitation is increased for deployment purposes, the associated letter of explanation should contain which of the following information?
1. Monetary value of this increase
 2. Reason for the Increase
 3. Period of time the increase will cover
 4. All of the above

- 3-10. When your ship is deployed, the ship's total authorized inventory should include which of the following amounts?
1. Original authorized inventory
 2. Canned soda inventory
 3. An additional \$18 per person per month
 4. All of the above

Learning Objective: Determine how to analyze the inventory control records and how to make associated recommendations to the ship's store officer.

- 3-11. The control record is the tool that ship's store managers use in maintaining a running check on working capital available for purchase of new stock.

1. True
2. False

- 3-12. Normally, the two inventory control records you should use are the Inventory Control Record for Ship's Store Stock and the Inventory Control Record for Standard Navy Clothing Stock.

1. True
2. False

- 3-13. Under which of the following circumstances can you include standard Navy clothing on the Inventory Control Record for ship's store stock?

1. When your inventory balance for standard Navy clothing exceeds \$300
2. When you sell standard Navy clothing through the same cash register used for ship's store stock
3. When your inventory balance for standard Navy clothing is less than \$300 and sales are less than \$300 a month
4. Both 2 and 3 above

- 3-14. Generally, your inventory control record for ship's store stock should be maintained at least how often?

1. Quarterly
2. Monthly
3. Daily
4. Weekly

- 3-15. A 15% markup in the actual cost price of each item of stock is currently being used in ship's stores afloat. If the actual cost of stock item is \$100, determine the retail price of the stock items.

1. \$ 87
2. \$105
3. \$115
4. \$125

- 3-16. A careful review of which of the following documentation should provide you with valuable information concerning the history of sales and ordering data you will need for future procurement of an item of ship's store stock.

1. Stock Record (NAVSUP Form 464)
2. Armed Forces Measurement Plan (DD Form 358)
3. Afloat Shopping Guide
4. Open purchase contract

- 3-17. You have just completed a review of the stock records for an item of ship's store stock. Ideally, your maximum stock position should represent the stock you require for what total number of days?

1. 90
2. 180
3. 30
4. 60

- 3-18. You are supervising the maintenance of the stock record cards. The two types of errors for which you should be on the alert are mechanical and procedural errors.

1. True
2. False

- 3-19. A mechanical error results when facts and values have not been properly recorded on the stock record card for an item of stock.

1. True
2. False

3-20. Of the following errors concerning the maintenance of a stock record card for an item of ship's store stock, which one is considered to be a mechanical error?

1. The low limit for this item was recorded wrong
2. The ship's store is out of this stock item
3. The markings on this item are too high
4. There is too much stock on hand of the item

Learning Objective: Determine the methods and resources you should use for the selection and procurement of ship's store stock.

3-21. When you are selecting merchandise for procurement of stock for a ship's store afloat, which of the following factors should you consider?

1. Crew preference
2. Operational schedules of your ship
3. Special operating conditions
4. All of the above

3-22. In selecting merchandise for the ship's store, which of the following resources can provide you with valuable technical assistance?

1. NAVRESSO fleet assistance Representatives
2. NAVRESSO Publication No. 81
3. Ship's Store Afloat Catalog
4. All of the above

3-23. You can acquire assistance from NAVRESSO by making a telephone request, visiting a fleet assistance office, and sending a letter request for an advisory.

1. True
2. False

IN ANSWERING QUESTIONS 3-24 THROUGH 3-27, SELECT THE APPROPRIATE DOCUMENT FROM COLUMN B THAT YOU SHOULD USE FOR ORDERING STOCK FROM PROCUREMENT SOURCE LISTED AS THE QUESTION IN COLUMN A.

	A. PROCUREMENT SOURCE	B. PROCUREMENT DOCUMENTS
3-24.	Ship's Store Contract Bulletin for area	1. Order for Supplies or Services/ Request for Quotations (DD Form 1155)
3-25.	Ship's Store Afloat Catalog	2. Armed Forces Measurement Blank (DD Form 358)
3-26.	Ashore supply activity for standard Navy clothing	3. DOD Single Line Item Requisition System Document (DD Form 1348)
3-27.	Ashore supply activity for unusual sizes of Navy clothing for men	4. Requisition and Invoice/ Shipping Document (DD Form 1149)
3-28.	In regard to methods of procurement for ship's store stock, you can acquire ship's store merchandise either by purchase from a commercial source or by transfer.	1. True 2. False
3-29.	A transfer of stock takes place any time you submit requisitions to which of the following sources?	1. A commercial vendor of any type 2. An ashore supply activity or another military organization or government agency 3. Another naval vessel, supply officer, or department or section of your own ship 4. Both 2 and 3 above

IN ANSWERING QUESTIONS 3-30 THROUGH 3-33, SELECT FROM COLUMN B THE APPROPRIATE DOCUMENTATION(S) YOU MUST SUBMIT TO EFFECT A TRANSFER OF STOCK FROM THE PROCUREMENT RESOURCE LISTED IN COLUMN A AS THE QUESTION.

	<u>A. PROCUREMENT RESOURCES</u>	<u>B. PROCUREMENT DOCUMENTS</u>
3-30.	Other supply officers	1. Order for Supplies or Services/ Request for Quotations (DD Form 1155)
3-31.	From excess stock list	
3-32.	From other appropriations	2. DOD Single Line Item Requisition System Document (DD Form 1348)
3-33.	From other departments aboard your ship	3. Either 1 or 2 above as appropriate
		4. Requisition and Invoice/Shipping Document (DD 1149)

3-34. Before considering procurement of ship's store stock by purchase, you should first try to acquire the stock by transfer.

1. True
2. False

3-35. When you use the overseas contract bulletins to purchase items of ship's store stock, you should prepare and submit the purchase orders in exactly the same way for merchandise that you would order through which of the following other procurement sources?

1. Ship's Store Contract Bulletins for areas within CONUS
2. Afloat supply activities for standard Navy clothing
3. Other appropriations of your own ship
4. Other departments of your own ship

3-36. When using the simplified requisition and purchase procedure for purchase of ship's store stock, you must prepare and submit which of the following documents?

1. Requisition and Invoice/Shipping Document (DD Form 1149)
2. DOD Single Line Item Requisition System Document (DD Form 1348)
3. Either 1 or 2 above, as applicable
4. Order for Supplies or Services/Request for Quotations (DD Form 1155)

3-37. When other procurement resources are not available to you, you can purchase limited quantities of authorized items of ship's store stock from Navy exchanges. What form should you use to effect this type of purchase?

1. Requisition and Invoice/Shipping Document (DD Form 1149)
2. DOD Single Line Item Requisition System Document (DD Form 1348)
3. Order for Supplies or Services/Request for quotations (DD Form 1155)
4. Armed Forces Measurement Blank (DD Form 358)

3-38. Whenever possible you should use the open purchase method for purchase of ship's store.

1. True
2. False

3-39. When dealing with commercial sales representatives, which of the following guidelines should you follow?

1. Avoid all contact with commercial sales representatives
2. Accept gifts and favors privately
3. Set order time for contact with sales representatives but strictly follow the policies set forth in the DOD Standards of Conduct
4. Refer sales representatives to another ship

Learning Objective: Determine the responsibilities of the senior Ship's Servicemen for the auditing of procurement records and identify the appropriate procedures to be used in the review of procurement documents.

3-40. One of the primary responsibilities of the senior Ship's Servicemen is assisting the ship's store officer in an audit of the ship's store's records and returns.

1. True
2. False

3-41. All activities with purchase authority must undergo an external purchase operation review at least how often?

1. Every year
2. Every 6 months
3. Every 3 months
4. Every 18 months

- 3-42. In auditing the format of a completed procurement document, you should check to see that the document correctly includes which of the following information?
1. Required specific statements as needed
 2. Fast pay or other purchase agreement requirements as applicable
 3. Specific identification of merchandise
 4. All of the above

IN ANSWERING QUESTIONS 3-43 THROUGH 3-46, SELECT FROM COLUMN B THE CORRECT DISTRIBUTION OF THE ORIGINAL AND/OR COPY(IES) OF THE ORDER FOR SUPPLIES OR SERVICES/REQUEST FOR QUOTATIONS (DD FORM 1155) LISTED IN COLUMN A AS THE QUESTION. FAST PAY PROCEDURES DO NOT APPLY.

	<u>A. DD FORMS 1155</u>	<u>B. DISTRIBUTIONS</u>
3-43. Original only		1. To vendor
3-44. One copy only (does not require signature)		2. To Incoming Material File
3-45. One signed copy only		3. To Outstanding Purchase Order File
3-46. All other remaining copies		4. To Expenditure Invoice File

-
- 3-47. In a ship's store afloat, all procurement documents must be logged to which of the following records?
1. Requisition Log
 2. Purchase Order Log
 3. Either 1 or 2 above as applicable
 4. Stock Tally Log

Learning Objective: Recognize the ways in which the senior Ship's Serviceman becomes involved with the procurement of equipment to be used in the resale and service areas of a ship's store afloat

-
- 3-48. Major equipment is defined as having a monetary value greater than what amount?
1. \$ 50
 2. \$ 90
 3. \$100
 4. \$500

- 3-49. The procurement of major equipment that includes (major) laundry equipment, barber chairs, and cash registers is controlled directly by what specific authority?

1. NAVRESSO
2. NAVSEA
3. NAVSUP
4. NAVFAC

- 3-50. The installation of replacement vending machines that are greater in weight than the machines that are being replaced must be approved by what primary authority?

1. NAVSUP
2. NAVSEA
3. NAVRESSO
4. NAVFAC

- 3-51. The installation of replacement vending machines that weigh the same or less than the machines that are being replaced can be approved by what authority?

1. NAVSUP
2. NAVSEA
3. NAVRFSSO
4. NAVFAC

- 3-52. Which of the following monetary cost values associated with a single unit of equipment in a ship's store or service area is/are included in the category referred to as major equipment?

1. \$115
2. \$ 96
3. \$ 50
4. Both 2 and 3 above

Learning objective: Determine the preparation requirements and procedures for receipts of ship's store stock.

-
- 3-53. When ship's store stock is to be received aboard ship, which of the following steps represent the correct sequence to be followed?

1. Preparation, inspection, relocating stowage
2. Inspection, preparation, stowage, relocation
3. Stowage, relocation, preparation, inspection
4. Relocation, stowage, inspection, preparation

- 3-54. Which of the following conditions represent the best time frame in terms of (a) your ship's operational schedule; and (b) receipt of ship's store stock on board?
1. (a) Ship gets underway at 1000;
(b) stock is received at 0600 the same day
 2. (a) ship arrives in port at 0800;
(b) stock is received at 0900 the same day
 3. (a) Ship arrives in port Friday and remains in port until the following Thursday;
(b) stock is received 1000 on Tuesday while the ship is in port
 4. (a) ship arrives in port on 29 August (Monday) and departs 5 September (following Monday);
(b) stock is received on 2 September (Friday)
- 3-55. Before ship's store stock arrives on board, you should notify what official as to the number of people you will need for a working party?
1. Commanding officer
 2. Executive officer
 3. Division officer
 4. Weapons officer
- 3-56. In the case of large receipts of ship's store stock, which of the following personnel should be assigned whenever possible to be spotters, checkers, and members of the working party?
1. All available chief petty officers
 2. Ship's Servicemen
 3. Storekeepers
 4. Boatswain's Mates
- 3-57. At the actual time of receipt of ship's store stock, the bulk storeroom custodian should be performing which of the following duties?
1. Checking stock on the pier
 2. Rechecking stock control records for the incoming stock
 3. Spot checking security points along the route of the incoming stock
 4. Standing by at the bulk storeroom and waiting to receive the stock
- 3-58. The leading Ship's Serviceman or the ship's store officer should be on hand to supervise the receipt of stock that is delivered by which of the following means?
1. Truck
 2. Helicopter
 3. Highline transfer
 4. All of the above
- 3-59. usually, what document is used as the receipt paper for items received from a commercial dealer?
1. The dealer's invoice
 2. The carrier's bill of lading
 3. A copy of the procurement document
 4. A copy of the invoice prepared at supply support activity
- 3-60. After assuming legal responsibility of the stock received, the bulk storeroom custodian should forward the accountable documents to what organization or individual?
1. Contractor
 2. Supply center
 3. Ship's store officer
 4. Supply officer
- A. Laundry soap that was delivered directly to the laundry

B. Fountain pens that were delivered directly to the retail

C. Cigarettes that were delivered directly to the levels storeroom

D. Razors that were delivered directly to the barbershop
- Figure 3A
- THE ITEMS LISTED IN FIGURE 1 REPRESENT A SHIPMENT OF SHIP'S STORE STOCK. IN ANSWERING QUESTION 61, REFER TO FIGURE 3A.
- 3-61. For which of the following items of stock should the ship's store office records show that delivery was made to the bulk storeroom?
1. A and C only
 2. B and C only
 3. A, B, and C only
 4. A, B, C, and D

- 3-62. Direct breakouts to a sales or service activity should be posted to which of the following documents?
1. NAVSUP 464
 2. NAVSUP 980
 3. NAVSUP 235
 4. All of the above
- 3-63. In a combined operation of ship's store stock direct turnover does not require second copies of procurement documents.
1. True
 2. False
- 3-64. When you are inspecting receipts on unopened cartons from the factory for quantity, you can accept the quantity shown on the outside of the carton as correct.
1. True
 2. False
-
- Learning objective: Determine the correct procedures to be followed in the receipt of shipments with shortages or excess stock.
-
- 3-65. If a receipt from another supply officer is short, which of the following actions should you take?
1. Forward a letter to the issuing activity within 5 days of receipt explaining the shortage
 2. Expend the shortage by survey from the Navy Stock Fund (NSF)
 3. Expend the shortage by survey from Ship's Store Profits, Navy
 4. Request the balance of the shipment from the issuing activity
- 3-66. When a receipt is in excess, what document should the recordskeeper use to take up the excess?
1. DD Form 250
 2. DD Form 1149
 3. DD Form 1155
 4. DD Form 1348-1
- 3-67. Your ship has received a short shipment and you have requested a corrected dealer's bill. Before processing the incorrect bill for payment, what total number of days after notification should you wait for the vendor to provide you with a corrected bill?
1. 5
 2. 10
 3. 18
 4. 20
- 3-68. On 3 June you received a partial shipment of merchandise from a commercial source. By 13 June, you received three additional partial shipments, the last completing the order. What maximum number of receiving numbers should you assign to this order?
1. One
 2. Two
 3. Three
 4. Four
- 3-69. Which of the following documents is maintained as a record of receipts?
1. NAVUP Form 978
 2. NAVSUP Form 977
 3. NAVSUP Form 238
 4. NAVSUP Form 235
- 3-70. When a shipment is received without shipping papers, what form should you use to prepare a dummy invoice?
1. DD Form 1148
 2. DD Form 1149
 3. DD Form 1348
 4. DD Form 1348-1
- 3-71. After having prepared a dummy invoice, you receive an actual invoice in a subsequent accounting period. Which of the following actions should you take to account for a difference in value?
1. Prepare an additional invoice on DD Form 1149 for the difference and record the amount on the Financial Control Record
 2. Prepare an adjustment in DD Form 1149, post the net differences to the Journal of Receipts, and include this amount as a receipt in the next set of returns
 3. Prepare an adjusting DD Form 250, post to the stock records, and file the document in the retained files
 4. Back down the original entry, post the correct figures, and submit the invoice with the return for the correct accounting period

3-72. Bonus-free items must be covered by a DD Form 1155 showing the description, quantity, and no-cost value of the items.

1. True
2. False

3-73. Which of the following actions should you take when bonus-free items are identical?

1. Post the total quantity to the stock record card and establish a selling price
2. Give a two-for-one value sale
3. Mark the original items down half-price
4. Mark the original and bonus-free items down half-price

3-74. Bonus-free items should be sold just as though they were regularly ordered items.

1. True
2. False

Learning Objective: Identify the procedures for checking, proceeding, posting, and distributing various types of receipt documents.

3-75. What person should maintain, under lock and key, the accountability file copy of each receipt document?

1. Storeroom custodian
2. Authorized inspector
3. Ship's store officer
4. Supply officer

Assignment 4

Textbook Assignment: "Receipts and Expenditures (continued) and Ship's Store Operations."
Pages 5-5 through 6-4.

Learning Objective: Identify the procedures for checking, processing, posting, and distributing various types of documents. (Continued)

IN ANSWERING QUESTIONS 4-1 THROUGH 4-6 REFER TO THE AUDITING OF POSTING PROCEDURES.

4-1. When correct posting procedures are followed, discrepancies in counting between the authorized inspector and the receiving storekeeper should be rare events.

1. True
2. False

4-2. As an auditor, you should establish a system by which you can examine the receipt procedures used by your recordskeeper.

1. True
2. False

4-3. The amount posted to your Journal of Receipts should represent the amount that results from correct posting procedures. Which of the following series of steps represents the correct sequence to be followed?

1. Basic cost of merchandise, less discount (if any), less credit (if any), plus transportation
2. Basic cost of merchandise, plus transportation, less credit (if any), less discount (if any)
3. Basic cost of merchandise, less discount (if any), plus transportation, less credit (if any)
4. Basic cost of merchandise, less credit (if any), plus transportation less discount (if any)

4-4. In a combined operation, receipts posted in the Financial Control Record (NAVSUP 235) should be at what value?

1. Coat price only
2. Retail price only
3. Cost price less credit
4. Cost price less discount

4-5. posting copies of receipt documents should be initialed to show that all posting has been done.

1. True
2. False

Learning Objective: Recognize the auditing procedures to be followed in the processing and distribution of dealers' bills.

4-6. In processing a dealer's bill for payment, all of the following documents must be forwarded as supporting documents EXCEPT which one?

1. One copy of the DD Form 1155
2. The authorized inspector's original certification copy of the DD Form 1155
3. The responsibility copy of the DD Form 1155
4. The original and three copies of the dealer's bill

4-7. You should submit dealer's bills for payment to which of the following persons or activities?

1. Navy Finance Center
2. Navy Accounts and Finance Center, Washington, D.C.
3. Local disbursing officer
4. Nearest paying activity for preparation of public vouchers and payment (FAAOC)

4-8. Within what total number of days from the date of receipt of the material or dealer's bill (whichever is later) should you forward the dealer's bills for payment?

1. 5 days
2. 10 days
3. 15 days
4. 30 days

4-9. Which of the following forms should you attach to an invoice that offers a discount?

1. NAVCOMPT Form 154
2. NAVCOMPT Form 442
3. NAVSUP Form 448
4. NAVSUP Form 1075

4-10. Under fast pay procedures, what individual or organization assumes responsibility and risk for supplies that have not been received?

1. The supplier
2. The receiver
3. The shipper
4. The factory

4-11. Under fast pay procedures, as long as the supplier is notified within 90 days after delivery, the responsibility and risk condition on a shipment of ship's store stock remains in effect for what maximum period of time?

1. 90 days
2. 180 days
3. 365 days
4. Forever

4-12. Which of the following persons or commands should be notified in cases of shipments in which merchandise is damaged, not received, or not in conformance with the DD Form 1155?

1. The supplier
2. NAVRESSO (Code SSD)
3. Both 1 and 2 above
4. NAVSUP

4-13. Receipts from all sources of procurement should be filed together?

1. True
2. False

Learning Objective: Identify the procedures by which stowage, intrastore transfers, and other types of movement of ship's store stock are accomplished and documented.

4-14. Which of the following security measures will help you to prevent pilferage of ship's store stock?

1. Storing ship's store stock in locked spaces
2. Prohibiting entry of unauthorized persons into storerooms (except in emergencies), when the bulk storeroom custodian is not present
3. Stowing ship's store stock only in compartments or storerooms that are under the custody of the responsible custodian
4. All of the above

4-15. When bulk stores are being inventoried, what person must be on hand during the inventory?

1. Leading petty officer
2. Storeroom custodian
3. Supply officer
4. Ship's store officer

4-16. Which of the following actions should you take to ensure good stock rotation?

1. Mark all cases with the month and year of receipt
2. Use NAVRESSOINST 4067.4 to establish the date of manufacture
3. In the receipt process, move out old stock and put the new on bottom of the pallet
4. All of the above

4-17. At times, manufacturers age and stowage codes can be obtained from which of the following persons/resources?

1. Leading supply chief
2. Supply officer
3. Both 1 and 2 above
4. NAVRESSOINST 4067.4

4-18. Ventilation, temperature, and humidity are storage factors that require special attention in the storage of which of the following types of stock?

1. Watches and jewelry
2. Radios and tape recorders
3. Film and fountain supplies
4. Soap and toothpaste

4-19. What are the two types of intrastore transfers?

1. Breakouts and transfers
2. Transfers and issues for use
3. Breakouts and issues to use
4. Transfers and surveys

4-20. What document should you use to account for the movement of stock from the bulk storeroom to the ship's store?

1. NAVSUP 973
2. DD Form 1155
3. NAVSUP 1250
4. DD Form 1348

4-21. Under which of the following conditions are Intrastore Transfer Data form NOT required for stock movement?

1. In a separate operation
2. In a walk-in store operation
3. In a combined operation
4. In an issue for use

Learning Objective: Recognize the differences in the receipt procedures to be followed when stock is received aboard a ship with a supply corps officer and aboard a ship without an assigned supply corps officer.

QUESTIONS 4-22 THROUGH 4-26 REFER TO A SHIP'S STORE AFLOAT OPERATION IN A SHIP WITHOUT A SUPPLY CORPS OFFICER ASSIGNED.

4-22. A shipment is received from another supply officer and there is a shortage. Which of the following actions should be taken for processing of the receipt documents?

1. The original should be signed, the quantity indicated should be accepted, and the loss should be surveyed
2. The recordskeeper should list the quantity of the shortage on the original and all copies of the receipt document and should then sign the original and return it to the transferring activity
3. The recordskeeper should list the quantity of the shortage on the original and all copies of the receipt document, then the ship's store officer should sign the original and return it to the transferring activity
4. The ship's store officer should sign the original receipt document, indicate the quantity of shortage, and return the original to the transferring activity for correction

4-23. When a shortage occurs on a delivery from a commercial carrier, on what document should you record the shortage information when your ship has no Supply Corps officer?

1. The dealer's invoice
2. The original purchase order
3. The government bill of lading or other shipping document
4. The receipt document taken from the outstanding purchase order file

4-24. On a ship without a Supply Corps officer, what person should enter the quantity and unit retail price on all copies of the receipt document?

1. The responsible custodian
2. The ship's store officer
3. The authorized inspector
4. The recordskeeper

4-25. If you are on a ship without a Supply Corps officer, to which of the following records should you post the quantity of a stock item received and any changes in unit cost or selling price?

1. Journal of Expenditures
2. Journal of Receipts
3. Stock Tally Card
4. Financial Control Record

4-26. When stock is received on a ship without a Supply Corps officer, a total of how many copies of the receipt document should be forwarded to the appropriate FAADC at the end of each month?

1. One
2. Two
3. Three
4. Four

Learning Objective: Identify the different types of expenditures for ship's store stock in terms of methods and accountability, and determine the correct procedures for documenting the various kinds of expenditures.

UNLESS OTHERWISE STATED, ALL QUESTIONS REFER TO SHIP'S STORES AFLOAT WITH SUPPLY CORPS OFFICERS ASSIGNED.

4-27. Which of the following methods represent the correct expenditure procedure for ship's store stock?

1. Transfers
2. Surveys
3. Sales
4. All of the above

IN ANSWERING QUESTIONS 4-28 THROUGH 4-31, SELECT FROM COLUMN B THE CORRECT STATUS OF ACCOUNTABILITY THAT RESULTS FROM THE METHOD OF EXPENDITURE OF SHIP'S STORE STOCK LISTED IN COLUMN A AS THE QUESTION.

A. METHODS OF EXPENDITURE B. ACCOUNTABILITY

- | | |
|----------------|--|
| 4-28. Transfer | 1. Increases |
| 4-29. Issue | 2. Reduces |
| 4-30. Survey | 3. Either 1 or 2 above, as appropriate |
| 4-31. Sales | 4. Remains the same |
-

4-32. When you transfer material from your excess stock list to another supply officer, what price should you use?

1. Retail price
2. Cost price
3. Price set by the transferring officer
4. Cost plus 5% surcharge

4-33. What is the recommended way for your ship's store to handle a request for merchandise from the Marine Corps or from a ship operated by the Maritime Administration?

1. As a transfer to another government
2. As an issue to end use
3. As a gratuity
4. As a cash sale

4-34. Which of the following issues is an issue for use?

1. An Issue to survivors of a marine disaster
2. An issue of clothing of individual sizes for personnel servicing in the general mess
3. Articles of clothing for burial of the dead
4. Bleach and soap to the laundry

- 4-35. What primary factor do you need to consider in determining whether You should prepare a breakout or an issue for use document?
1. The purpose of the transfer
 2. The transferring activity
 3. The activity from which the material was originally received
 4. The cost of the item
- 4-36. Which of the following issues for use is chargeable to the ship's OPTAR rather than your ship's store profits?
1. Decorator kit to the ship's store
 2. Repair pert to a vending machine
 3. Clothing to the repair division
 4. soap to the laundry
- 4-37. To which of the following appropriations should surveys for ship's store stock be charged?
1. Navy Stock Fund
 2. Ship's Store Profits, Navy (General Fund)
 3. Ship's Store Profits, Navy (own ship's)
 4. All of the above
- 4-38. Which of the following damages will NOT be covered by the Navy Stock Fund (NSF)?
1. Fire in the storeroom resulting from bad wiring
 2. Flood of water in the storeroom
 3. Merchandise damaged from negligence on part of ship's store personnel
 4. Merchandise damaged as a result of ship's repairs
- 4-39. Which of the following commands maintain(s) the Ship's Store Profits, Navy (General Fund)?
1. NAVSUP
 2. NAVRESSO
 3. NAVSEA
 4. All of the above
- 4-40. For surveyed material subsequently received, the recordskeeper posts a red ink entry in which of the following records?
1. Applicable stock records
 2. Journal of Expenditures
 3. Roth 1 and 2 above
 4. Journal of Receipts
- 4-41. Which of the following items of stock must always be revalued by survey?
1. Tax-Free cigarettes
 2. Foreign merchandise
 3. Navy clothing
 4. Special order items
- 4-42. When an item of Navy clothing is revalued from the standard price of \$10, at what price should it be listed for resale in the store?
1. \$7.00
 2. \$2.50
 3. \$5.00
 4. \$4.50
- 4-43. As the leading Ship's Serviceman, which of the following concerns should you have regarding price changes?
1. The authority to supervise the procedures involved in accomplishing a change
 2. An awareness of the reasons for and causes of price changes
 3. The authority to advise the ship's store officer when a price change is needed
 4. The authority to exercise all of the concerns above
- 4-44. All gains and lessee resulting from voluntary price changes are credited or charged to which of the Following funds, appropriations, or accounts?
1. Ship's Store Profits, Navy
 2. Operating funds for the ship
 3. Navy Stock Fund
 4. Profits of the ship's store
- 4-45. A reasonable number of markdowns during an accounting period is a good indication that you are accomplishing which of the following goals?
1. Operating a clean ship's store
 2. Maintaining adequate financial records
 3. Using good buying practices
 4. Exercising some degree of stock control
- 4-46. At which of the following times should you mark down seasonal items?
1. At the beginning of the season
 2. Just prior to the end of the season
 3. At the end of the season
 4. At any of the above times

4-47. Which of the practices below represents the best guideline you can follow for making markdowns?

1. Mark down items progressively
2. Mark down items sufficiently to sell them
3. Mark down items to cost and when sales increase, make a markon
4. Mark down all items to cost which are left over after each accounting period

4-48. Which of the following situations represents the most common involuntary price change?

1. Perishable stock, such as candy or film, reduced to cost because it is old
2. Standard price adjustment for Navy clothing
3. Defective or dirty merchandise which cannot be returned to the vendor marked down to 50% of cost
4. A purchase variance

4-49. Claims for property lost, destroyed, or damaged to a service member in the U.S. Navy should be charged to the ship's store profits.

1. True
2. False

4-50. After what total number of days are perishable and catalog items considered excess stock?

1. Excess of 180 days
2. Excess of 240 days
3. Excess of 30 days
4. Excess of 90 days

4-51. Excess stock can be expended in which of the following ways?

1. Transfers to other supply officers
2. Reductions in price for sale on board
3. Returns to vendor for cash, credit, exchange
4. All of the above

PERIODICALLY, YOU SHOULD AUDIT EXPENDITURE DOCUMENTS TO MAKE CERTAIN YOUR SHIP'S STOCK RETURNS CAN BE COMPLETED ACCURATELY. IN ANSWERING QUESTIONS 4-52 THROUGH 4-55, SELECT FROM COLUMN B THE DOCUMENTATION YOU SHOULD AUDIT FOR THE TYPE OF EXPENDITURE LISTED IN COLUMN A AS THE QUESTION.

	A. TYPE OF EXPENDITURE	B. DOCUMENTATION
4-52.	Transfer	1. DD Form 200
4-53.	Issue	2. NAVSUP Form 973
4-54.	Price change	3. NAVSUP Form 983
4-55.	Survey	4. DD Form 1149

Learning Objective: Identify the role of the senior Ship's Serviceman as a supervisor as this role relates to the ship's store operations and customer service.

4-56. As a senior ship's Servicemen, you will find that your principal function in the retail operation will be as a supervisor of various activities.

1. True
2. False

4-57. As a supervisor of the retail store operations, you will be responsible for all of the following duties EXCEPT which one?

1. Helping to select an effective store operator
2. Improving customer service
3. Training the store operator
4. Serving as the sales officer

4-58. Based upon fleet experience, the best policy you can follow is to ensure that the operator of a retail activity is rotated at least how often?

1. Every 12 months
2. Every 2 accounting periods
3. Every 3 months
4. Every 4 accounting periods

4-59. It will usually take at least how long for a new ship's store operator to acquire a good knowledge of a retell operation associated record, and controls?

1. 6 months
2. 2 months
3. 9 months
4. 4 months

4-60. The practice of allowing one operator to function in a ship's store for too long usually promotes which of the following conditions?

1. Increased customer satisfaction
2. Reduced shoplifting
3. Invitation of collusion
4. Increased sales

4-61. The personality and ability of your ship's store operator will have no effect on customer satisfaction.

1. True
2. False

4-62. All of the following assets are important character traits and attributes that a good ship's store operator should possess. Of these characteristics, which one is LESS important, as a rule, than the other three?

1. Honesty
2. Dependability
3. Freedom from excessive financial worries
4. Better than average mathematical ability

4-63. Your operator's personality should be basically pleasant, or at least inoffensive and consistent.

1. True
2. False

4-64. Which of the following personal qualities is/are considered to be necessary for a store operator to be effective?

1. Willingness to learn
2. Honesty
3. Dependability
4. All of the above

Learning Objective: Recognize the principles involved in creating effective displays and signs and how outside assistance can be provided by NAVRESSO for improvements to the ship's store.

4-65. What is the overall basic purpose of any ship's store?

1. To generate profits for the Recreation Fund
2. To train personnel for advancement
3. To sell merchandise
4. To serve its patrons

IN ANSWERING QUESTIONS 4-66 THROUGH 4-72, SELECT FROM COLUMN B THE RECOMMENDED AREA FOR DISPLAY OF THE MERCHANDISE LISTED IN COLUMN A.

A. MERCHANDISE B. DISPLAY AREAS

- | | |
|---|---|
| 4-66. Cigarettes | 1. Golden area |
| 4-67. Small items | 2. Bottom or lower shelves |
| 4-68. Large items | 3. Area visible to ship's store operator |
| 4-69. New items | 4. Area readily accessible to ship's store operator |
| 4-70. Pilferable items | |
| 4-71. Expensive items | |
| 4-72. Fast-moving items | |
| 4-73. Display arrangements should be influenced the most by which of the following factors? | |
| | 1. Correlation of items |
| | 2. Prevention of pilferage |
| | 3. Attractiveness |
| | 4. Customers' convenience and ease in shopping |
| 4-74. Which of the following factors should you consider when you are improving your store? | |
| | 1. Layout |
| | 2. Location |
| | 3. Condition of equipment on hand |
| | 4. All of the above |

4-75. You have determined that several areas of your ship's store are in need of improvements and you have discussed your recommendation and findings with the ship's store officer. What should be your next step for acquiring these improvements?

1. Complete a letter request to NAVRESSO for permission to modernize
2. Place an order for the required supplies
3. Place an order for the required services
4. Have all minor equipment replaced

Assignment 5

Textbook Assignment: "Ship'S Store Operations (continued) and Records and Returns."
Pages 6-5 through 7-4.

- | | |
|--|---|
| <p>Learning Objective (Continued):
Recognize the principles involved in creating effective displays and signs, and how outside assistance can be provided by NAVRESSO for improvements to ship's stores.</p> <hr/> | <p>Learning Objective: Identify the correct procedures for the operation of the retail outlet of the shipt's store.</p> <hr/> |
| <p>5-1. All minor equipment and supplies that you procure for display purposes in the ship's store should be charged to what account?</p> <ol style="list-style-type: none">1. OPTAR2. Ship's Store Profits, Navy3. Ship's store profits (your own ship)4. Navy Stock Fund | <p>5-5. Of the personnel below, which ones are NOT authorized to buy ship's store and clothing stock through the ship's store?</p> <ol style="list-style-type: none">1. Enlisted personnel on board for active duty training2. Public Health Service personnel3. Reserve personnel not on active duty4. Air Force officer en route to duty |
| <p>5-2. Upon approval from the type commander, major modernization equipment that involves the alteration of the ship's structure should be charged to what account?</p> <ol style="list-style-type: none">1. Navy Stock Fund2. Ship's Store Profits, Navy3. OPTAR4. Ship's store profits (your own ship) | <p>5-6. For which of the following purposes may authorized patrons purchase ship's store items?</p> <ol style="list-style-type: none">1. Resale2. Barter3. Gift4. All of the above |
| <p>5-3. Effective signs in a ship's store should contain which of the following components?</p> <ol style="list-style-type: none">1. Lead line2. Head line3. Descriptive information and price4. All of the above | <p>5-7. Final approval of proposed ship's store hours is made by what officer?</p> <ol style="list-style-type: none">1. Ship's store officer2. Executive officer3. Commanding officer4. Type commander |
| <p>5-4. Price information on a ship's store sign should be clearly stated. Which of the following formats should NOT be used on a ship's store sign?</p> <ol style="list-style-type: none">1. \$.80 a day2. \$253. 1.95 to 5.954. Price as marked | <p>5-8. The ceiling on net profit for a ship's store afloat is what percent of the cost of retail sales?</p> <ol style="list-style-type: none">1. 15%2. 17%3. 23%4. 33% |
| | <p>5-9. Merchandise that has already been priced in the ship's store can be re-marked only by the authority of what NAVSUP form?</p> <ol style="list-style-type: none">1. NAVSVP Form 9732. NAVSUP Form 9773. NRVSUP Form 9784. NAVSUP Form 983 |

- 5-10. Standard Navy clothing can be revalued only by the authority of a signed DD Form 200.
1. True
 2. False
- 5-11. Fountain sales to private messes can be made only on a one-time basis within what maximum time frame?
1. Once a month
 2. Once every 60 days
 3. Once per accounting period
 4. Once every 6 months
- 5-12. Credit sales to private messes must be paid within what maximum time frame?
1. By the 15th of each month
 2. Before the end of the accounting period
 3. By the 30th of each month
 4. Before the end of the fiscal year
- 5-13. Which of the following types of legal tender can be excepted as cash for sales in the ship's store?
1. U.S. currency
 2. Traveler's checks
 3. Printed personal checks
 4. All of the above
- 5-14. Until you receive sufficient cash from sales to start the change fund for your ship's store, you will need an advance. Upon written approval by the commanding officer, which of the following individuals can be authorized to advance you the money?
1. Ship's store officer
 2. Disbursing officer
 3. Designated collection agent
 4. Each of the above
- 5-15. All cash must be collected from the ship's store under which of the following circumstances?
1. When the accountable officer or retail store operator is relieved
 2. When the store is closed for more than 72 hours
 3. When the accounting period ends
 4. Each of the above
- 5-16. Mandatory collection will save you the burden of advancing change funds and exchanging receipts.
1. True
 2. False
- 5-17. What person has the only key to the register and will record the ending register reading at the close of business each day?
1. Supply officer
 2. Ship's store officer
 3. Designated collection agent
 4. Either 2 or 3 above, depending upon authorization by the commanding officer
- 5-18. Shortages or overages must be substantiated by an overring/refund voucher if they are in excess of what amount?
1. \$1
 2. \$5
 3. \$10
 4. \$15
- 5-19. The cash receipt book is maintained by what person?
1. Ship's store operator
 2. Cash collection agent
 3. Supply officer
- 5-20. There is only one authorized procedure for collecting cash in the ship's store.
1. True
 2. False
- 5-21. Which of the following publications authorizes the ship's store officer to grant refunds?
1. NAVSUP Manual
 2. NAVCOMPT Manual
 3. Armed Services Exchange Regulations
 4. NAVSUP P-487
- 5-22. Ship's store refund vouchers (NAVSUP Form 972) must be approved by what person?
1. Supply officer
 2. Ship's store operator
 3. Ship's store officer
 4. Commanding officer
- 5-23. Defective merchandise that is covered by a guarantee is returned for refund. What disposition should be made of this merchandise?
1. Returned to the vendor for an adjustment or replacement
 2. Repaired by commercial sources
 3. Sold at a reduced price
 4. Surveyed

IN ANSWERING QUESTIONS 5-24 THROUGH 5-28, SELECT THE FORM LISTED IN COLUMN B THAT CORRESPONDS TO THE PURPOSE LISTED IN COLUMN A.

	<u>A. PURPOSES FOR WHICH USED</u>	<u>B. FORM</u>	
5-24.	Verification entries of sales	1. NAVSUP	470
5-25.	Record of daily register readings	2. NAVSUP	235
5-26.	Record of cash collected from store operator	3. NAVSUP	469
5-27.	Record of refunds made	4. DD	1149
5-28.	Record of deposits end of month		
5-29.	Restrictions on the sale of tax-free tobacco products apply to which of the following products or condition? 1. Foreign manufactured products 2. Domestic products 3. Sales within the a 3-mile limit of the United States 4. All of the above		
5-30.	Tax-free cigarette may be taken ashore under which, if any, of the following conditions? 1. When the chip is in its home port 2. Upon permission being given by the ship's store officer 3. When the ship has been out for 120 days or more 4. None of the above		
5-31.	What maximum number of tax-free cigarette are allowed ashore in authorized areas? 1. 2 packs 2. 2 cartons 3. 3 cartons 4. 5 packs		
5-32.	At the end of the accounting period the value of all bulk sales should be posted to which of the following forms? 1. NAVSUP 1234 2. NAVSUP 470 3. NAVSUP 978 4. DD 1149		

- 5-33. As a leading Ship's Serviceman, you are responsible for ensuring that your people take which of the following actions in regard to security?
1. Maintain security of funds
 2. Comply with security of spaces
 3. Observe general shipboard security
 4. All of the above
- 5-34. Retail spaces are included in which of the following security groups?
1. Group I
 2. Group II
 3. Group III
 4. Group IV
- 5-35. Service spaces in which of the following groups are controlled by Ship's Servicemen?
1. Group I
 2. Group II
 3. Group III
 4. Group IV
- 5-36. Regulation governing sanitation in ship's store spaces are contained in NAVMED P-5010.
1. True
 2. False
-
- Learning Objective: Recognize the methods of resolving mechanical and servicing problems associated with the operation and maintenance of vending machines.
-
- 5-37. Which of the following conditions will cause mechanical problems of shipboard vending machines?
1. Erratic movement of the chip
 2. Customers' abuse
 3. Both 1 and 2 above
 4. Normal movement of the ship
- 5-38. Which of the following forms must you use to request vending repair services?
1. DD Form 1149
 2. DD Form 1155
 3. NAVSUP Form 977
 4. NAVSUP Form 1234
- 5-39. Services for repair of vending machines, are charged directly to Ship's Store Profits, Navy, functional account 75400.
1. True
 2. False

- 5-40. Cash from vending machines should be collected at which of the following times?
1. Daily
 2. Immediately before repair
 3. Both 1 and 2 above
 4. Twice weekly
- 5-41. Cash from vending machines must be collected on holidays and weekends whenever collection exceed at least what amount?
1. \$50
 2. \$100
 3. \$150
 4. \$200
- 5-42. Daily collections of vending machines will satisfy all collection requirements.
1. True
 2. False
- 5-43. The NAVSUP 236 should be completed how often?
1. Daily
 2. Weekly
 3. Monthly
 4. Quarterly
- 5-44. What is the acceptable average figure for number of drinks per gallon of syrup in cup-type machines?
1. 75
 2. 90
 3. 100
 4. 115
- 5-45. Which of the following guideline provide(s) you with the best indication to help you determine the amount of sales in cup-type vending machines?
1. Cash actually collected
 2. Record of syrup used
 3. Meter readings
 4. All of the above
- 5-46. Which of the following NAVSUP forms should you use to prepare your vending machine control form at the end of each month?
1. NAVSUP 464
 2. NAVSUP 469
 3. NAVSUP 470
 4. All of the above
- 5-47. In the vending machine control, items such as springs, fuses, and other repair parts should be recorded in what column of the NAVSUP 2357
1. Receipts
 2. Expenditures
 3. Cost of Operation
 4. Other
- 5-48. The cost of vending machine sales and the cost of vending machine operation should be subtracted from cash received from sales. This figure should give you which of the following amounts?
1. Net profit
 2. Gross profit
 3. Cost of repair parts
 4. All of the above
-
- Learning Objective: Recognize the significance of ship's store profits and identify the ways in which profits are generated, distributed, and used.
-
- 5-49. Money for the General Fund accrues from which of the following sources?
1. A percentage assessment on the net cash sales of each ship
 2. The excess profits reported by various ships
 3. The balance of ship's store profits remaining after the loss or decommissioning of a ship
 4. All of the above sources
- 5-50. Ship's store profits generated during an accounting period should NOT exceed what percentage of the cost of retail sales?
1. 5%
 2. 10%
 3. 15%
 4. 20%
- 5-51. A large part of the monies from the General Fund supports which of the following facilities or programs?
1. Navy recreation centers
 2. Construction of swimming pools
 3. Navy motel operation program
 4. Navy motion picture program

- 5-52. The largest expenditure from the General Fund financially supports or covers which of the following goals or conditions?
1. Modernization of ship's facilities
 2. Shortages that occur and are too large to be equitably absorbed by the ship
 3. Initial installation of the ship's store facility
 4. Procurement of vending machines for the ship
- 5-53. NAVRESSO is the procurement activity for all vending machines, popcorn machines, and soft ice cream machines aboard ship.
1. True
 2. False
- 5-54. Loans for purchase of vending machines are made from the General Fund through NAVRESSO and must be reported according to NAVRESSO instructions.
1. True
 2. False
- 5-55. Profits that have been transferred to the Recreation Fund from the Trust Fund belonging to the ship are expended as deemed necessary by what officer?
1. Recreation officer
 2. Ship's store officer
 3. Operations officer
 4. Commanding officer
- 5-56. Which, if any, of the following persons makes recommendations to the commanding officer on the amount of funds to be transferred to the Recreation Fund?
1. Operation officer
 2. Recreation officer
 3. Ship's store officer
 4. None of the above
- 5-57. Reserve monies should be retained in the ship's store account for which of the following purposes?
1. To finance laundry operations during yard periods
 2. To lower losses in profits resulting from surveys
 3. To offset the effects of markdowns below cost
 4. To cover all of the above situations
- 5-58. When you are projecting the amount of ship's store profits you will later forward to the Recreation Fund, on what form can you find the amount of Funds Brought Forward for the prior accounting period?
1. Standard Form 1034
 2. DD Form 1149
 3. DD Form 1155
 4. NAVCOMPT Form 153
- 5-59. When may interim profits be transferred to the Recreation Fund?
1. Monthly only
 2. At the end of each quarter
 3. At the end of the accounting period
 4. At any time when deemed necessary by the commanding officer
- 5-60. Charges are made against ship's store profits for which of the following purposes?
1. For repayment of loans received from NAVRESSO
 2. For payment of assessment by the General Fund
 3. For reimbursement to personnel who have incurred fees or damage to apparel as a result of a ship's service operation
 4. All of the above
- 5-61. Which of the following objective does an inventory accomplish?
1. Gives an accurate value of stock on hand
 2. Reestablishes the responsibility of ship's store operators
 3. Provides the basis for transfer of accountability from one ship's store officer to another
 4. All of the above
- 5-62. Inventories must be taken before ship's store records may be closed out.
1. True
 2. False
- 5-63. Inventory figures provide the opening entries on which of the following documents?
1. Ship's Store Afloat Financial Control Record (NAVSUP 235)
 2. Stock Record Cards (NAVSUP 464)
 3. Journal of Receipts (NAVSUP 977)
 4. All of the above

- 5-64. Inventories help in stock control by allowing the senior Ship's Serviceman to determine whether the ship's store is overstocked or understocked with individual stock items?
1. True
 2. False
- 5-65. With which, if any, of the following persons does the responsibility to acquire and maintain a complete and an accurate inventory rest?
1. Supply officer
 2. Commanding officer
 3. ship's store officer
 4. None of the above
- 5-66. What minimum number of inventory teams is/are required for a two-count ship's store inventory syetem?
1. One
 2. Two
 3. Three
 4. Four
- 5-67. An inventory team may consist of only one person if personnel are not available.
1. True
 2. False
- 5-68. A first-count inventory team may include which of the following individual?
1. ship's store officer
 2. A designated officer assistant
 3. Any commissioned officer
 4. Each of the abve
- 5-69. A senior enlisted person in the supply rating (E-6 or above) and one other enlisted person can form second-count inventory teams.
1. True
 2. False
- 5-70. Monthly inventories may be conducted by a qualified senior enlisted member (E-6 or above) in a supply rating upon written authorization from what official?
1. Commanding officer
 2. Executive officer
 3. Supply officer
 4. Type commander
- 5-71. A set of inventory count sheets should consist of what total number of copies (including the original)?
1. Six
 2. Two
 3. Three
 4. Four
- 5-72. What individual serialize the count sheets before they are distributed to the inventory teams?
1. Supply officer
 2. Leading petty officer
 3. Ship's store officer
 4. Ship's store operator
- 5-73. Ths ship'e store officer must maintain a number control, in duplicate, of all inventory count sheets issued with the team and spaces that are assigned to each sheet.
1. True
 2. False
- 5-74. When inventory count sheets must be held overnight, the ship's store officer is authorized to leave each spece count sheet with the responsible custodian of the spaces to be inventoried.
1. True
 2. False
- 5-75. Information on the stock items to be inventoried must be recorded in advance on the inventory count sheet. Which of the following persons must record this information?
1. Recordskeeper
 2. The responsible custodian of the spaces to be inventoried
 3. Inventory team leader
 4. Either 2 or 3 above, depending upon availability

Assignment 6

Textbook Assignment: "Records and Returns (Continued) and Commissaries." Pages 7-4 through 8-2.

- Learning Objective (continued):
Recognize the significance of ship's store profits and identify the ways in which profits are generated, distributed, and used.
-
- 6-1. Advance information must be recorded on which of the following copies of the inventory sheet?
1. Copy 1 only
 2. Copy 2 only
 3. Copy 3 only
 4. All four copies
- 6-2. Fixture numbers on inventory count sheets are assigned by NAVRESSO.
1. True
 2. False
- 6-3. Which of the following types of information should NOT appear on an inventory count sheet?
1. Vendor's name
 2. Description
 3. Unit of issue
 4. Location of stock
- 6-4. Inventories should be planned so that the ship's store is closed for the shortest possible period of time. Under normal conditions, what time frame should represent an adequate amount of time for the ship's inventory to be completed?
1. 12 hours
 2. 24 hours
 3. 36 hours
 4. 48 hours
- 6-5. The time frame for a ship's store inventory should be determined after consultation has taken place with or among which of the following officials?
1. Ship's store officer
 2. Executive officer
 3. Supply officer
 4. All of the above
- 6-6. In combined responsibility, bulk storerooms should be inventoried and balanced with the stock record card before retail outlets are inventoried.
1. True
 2. False
- 6-7. Which of the following copies of the inventory count sheet should be used by the first-count team?
1. Pink
 2. White
 3. Yellow
 4. Both 2 and 3 above
- 6-8. In the first count, inventory spaces should be counted in which of the following directions?
1. Right to left
 2. Left to right
 3. Top to bottom
 4. Both 2 and 3 above
- 6-9. When inventory sheets are completed, they should be signed by the individuals conducting the inventory and forwarded to which of the following persons?
1. Supply officer
 2. Ship's store officer
 3. Commanding officer
 4. Recordskeeper
- 6-10. The second inventory count should be recorded on which of the following copies of the inventory count sheet?
1. White
 2. Pink
 3. Blue
 4. Both 2 and 3 above

- 6-11. The second inventory count can be made by the same inventory team that conducted the first count.
1. True
 2. False
- 6-12. For the second inventory count, it is usually a good idea to use a different technique than the one in the first inventory count.
1. True
 2. False
- 6-13. Upon completion of the inventory, which of the following actions should be taken in regard to ship's store spaces?
1. The combination to the lock should be changed
 2. The spaces should be locked with the custodian's personal padlock
 3. A sentry should be posted to guard the spaces
 4. Spaces should be secured with a lock and a numbered seal and the seal number should be logged
- 6-14. After the seal number on an inventoried space is recorded in a logbook, the number must be verified by which of the following persons?
1. Supply officer
 2. Ship's store officer
 3. Custodian of the space
 4. Both 2 and 3 above
- 6-15. Price line inventories are a tool the ship's store officer can use to accomplish which of the following goals?
1. Reestablish responsibility
 2. Transfer accountability
 3. Establish correct money value for the balance of ship's store stock on hand
 4. All of the above
- 6-16. Price line inventories should generally be taken at least how often in self-service ship's stores?
1. Quarterly
 2. Weekly
 3. Monthly
 4. Quarterly
- 6-17. Other than the ship's store officer, which of the following persons may direct an inventory to be held?
1. Type commander (TYCOM)
 2. Commanding officer (CO)
 3. Supply officer (SO)
 4. All of the above
- 6-18. Which of the following forms should you use to verify the physical counts from the inventory with the hulk storeroom card balances?
1. NAVSUP 238
 2. NAVSUP 464
 3. NAVSUP 977
 4. NAVSUP 978
- 6-19. The inventory is usually extended by which of the following persons?
1. Bulk storeroom custodian
 2. Ship's store operator
 3. Recordskeeper
 4. Leading petty officer
- 6-20. What copy of the inventory count sheets should the ship's store officer use to verify the extensions made on the working copy?
1. Yellow
 2. Blue
 3. White
 4. Pink
- 6-21. The practice of taking a surprise inventory in midaccounting periods is highly recommended.
1. True
 2. False
- 6-22. A surprise inventory taken in a midaccounting period serves which of the following purposes?
1. It allows for an interim check to be made on the ship's store operation
 2. It provides a review of the stock position of the ship's store
 3. It provides a means by which financial condition of the store can be determined
 4. All of the above

Learning Objective: Identity the purpose, techniques, and procedure that should be used on the auditing of various ship's store records.

- 6-23. An audit of ship's store records serves to accomplish which of the following goals?
1. Reveal errors
 2. Prevent the reoccurrence of accounting problems
 3. Reveal irregularities
 4. All of the above
- 6-24. Of the following sequences, which should you use to correctly close out Ship's Store records?
1. Stock Records, Journal of Receipts, Journal of Expenditures, and Financial Control Record
 2. Financial Control Record, Stock Records, Journal of Receipts, and Journal of Expenditures
 3. Journal of Receipts, Journal of Expenditures, Stock Records, and Financial Control Record
 4. Stock Records, Financial Control Record, Journal of Receipts, and Journal of Expenditures
- 6-25. Which of the following types of data should be posted on stock record cards?
1. Receipts
 2. Quantity of each item shown on inventory sheets
 3. Expenditures
 4. All of the above
- 6-26. In separate operations, inventory totals in both bulk and total balance must be recorded on the stock record cards.
1. True
 2. False
- 6-27. You are spot-checking the stock record cards to ensure that the recordskeeper is calculating the total sales correctly. What formula should the recordskeeper be using to calculate total sales?
1. Beginning Inventory + Receipts - Expenditure - Returns = Total Sales
 2. Closing Inventory + Receipts - Expenditures - Beginning Inventory = Total Sales
 3. Receipts + Closing Inventory - Expenditures - Returns = Total Sales
 4. Beginning Inventory + Receipts - Expenditures - Closing Inventory - Total Sales
- 6-28. What document should you check to verify the sales figure posted to the Ship's Store Afloat Financial Control Record?
1. Cashbook
 2. Journal of Receipts
 3. Journal of Expenditures
 4. Memorandum Cash Sales Invoice (DD 1149)
- 6-29. In the Ship's Store Afloat Financial Control Record, a large difference between the Receipts and Expenditures columns always requires investigation. which of the following auditing procedures should you perform to ascertain if the difference is the result of a bookkeeping error?
1. Recheck the extension totals and posting of receipts and expenditures documents
 2. Examine the preparation of the Cash Sales Invoices
 3. Check the extensions
 4. All of the above
- 6-30. After a difference between the Receipts and Expenditures Columns at the Ship's Store Afloat Financial Control Record has been investigated, a remaining shortage or overage of that maximum percentage of sales should still be considered excessive?
1. 1%
 2. 2.5%
 3. 3%
 4. 5%

- 6-31. A large difference will always exist in the cup-type Vending Machines and Fountain columns on the Ship's Store Afloat Financial Control Record. This difference is the result of which of the following causes?
1. Patron abuse to the machines
 2. Entries that were posted at cost price
 3. Too many test drinks
 4. All of the above
- 6-32. In the operation of a cup-type vending machine, gross profit is usually what maximum percentage of total sales?
1. 20%
 2. 30%
 3. 50%
 4. 60%
- 6-33. In the fountain or snack bar operation, gross profit should fall within what minimum to maximum percentage of total sales?
1. 15% to 20%
 2. 20% to 25%
 3. 30% to 40%
 4. 5% to 10%
- 6-34. When large deviation occur from the recommended gross profit percentages in a snack bar or vending machine operation, which of the following actions should you take?
1. Write the difference off
 2. Investigate the differences
 3. Force the figure in your opening inventory
 4. Do all of the above
- 6-35. In the first recap for the retail store all differences should be reported on the reverse side of what form?
1. NAVCOMPT 153
 2. NAVCOMPT 176
 3. NAVCOMPT 442
 4. NAVSUP 977
- 6-36. You can obtain your cost of operation figure for vending machines by adding all vending machine entries in the Cost of Operation column of the NAVSUP Form 235.
1. True
 2. False
- 6-37. You are closing out the Journal of Receipts. What maximum number of columns should you total?
1. Five
 2. Two
 3. Six
 4. Four
- 6-38. Entries to the Journal of Expenditures are made at what price value?
1. Retail
 2. Cost plus transportation
 3. Cost
 4. Retail minus discount
- 6-39. Which of the following expenditures should have been entered on the NAVSUP 978?
1. Transfers
 2. Surveys
 3. Both 1 and 2 above
 4. Receipts from OSO
- 6-40. When the NAVSUP 978 is being closed out, the cost of operations figure should be extracted from what form?
1. NAVSUP Form 235
 2. NAVSUP Form 238
 3. NAVSUP Form 977
 4. NAVSUP Form 980
- 6-41. In closing out the NAVSUP 978, you can find the cost of all vending machine sales by extracting information from which of the following forms?
1. NAVSUP Form 235
 2. NAVSUP Form 236
 3. Both 1 and 2 above
 4. NAVSUP 469
- 6-42. The value of bulk sales on the NAVCOMPT 153 is the total of all bulk sales invoices at cost price contained in the Cash Sales file.
1. True
 2. False
- 6-43. When closing out the NAVSUP 978, you should determine all gains and losses on what form?
1. NAVSUP Form 238
 2. NAVSUP Form 1234
 3. DD Form 1149
 4. DD Form 1155

- 6-44. In closing out the NAVSUP 978, you should take the closing inventory from which of the following forms?
1. NAVSUP Form 238
 2. NAVSUP Form 464
 3. NAVSUP Form 977
 4. NAVSUP Form 978
- 6-45. Your total inventory should be broken down into what two categories?
1. Cost of vending machine operations and cost of snack bar operations
 2. Clothing and ship's store stock
 3. Clothing and cost of operations
 4. Ship's store stock and cost of operations
- 6-46. The last figure that you must post on the Journal of Expenditures is the cost of sales--retail. You should arrive at this figure by which of the following means?
1. Compute it from information in the first two columns of the NAVSUP 235
 2. Add all receipts and subtract all issues on the NAVSUP 235
 3. Force the figure since you know the value of all other entries, including the totals
 4. Compute from information reported on your NAVCOMPT 153
- 6-47. The cost of sales--retail figure absorbs all errors and directly influences the ship's store profits.
1. True
 2. False
- 6-48. An accurate set of ship's store returns in dependent primarily on which of the following factors?
1. A high sales figure
 2. A low sales figure
 3. An accurate closeout
 4. Both 2 and 3 above
-
- Learning Objective: Determine the procedures you should follow for conducting an audit of ship's store returns.
-
- 6-49. Within what maximum period of time from the end of the accounting period must the ship's store returns be submitted?
1. 15 days
 2. 20 days
 3. 30 days
 4. 5 days
- 6-50. Normally, the time frame for an accounting period is 4 months. Under which of the following circumstances can this time frame be shortened or extended?
1. When the accountable officer is being relieved
 2. When merged returns have been authorized
 3. Both 1 and 2 above
 4. When operations prevent the ship from preparing the returns
- 6-51. Which of the following dates is not a date on which an accounting period ends?
1. 31 January
 2. 30 June
 3. 30 September
 4. 31 May
- 6-52. Which of the following dates represent the end of the only accounting period that CANNOT be merged?
1. 31 May
 2. 30 September
 3. 31 January
 4. 30 June
- 6-53. Under unusual or emergency circumstances when returns must be merged for the period from September through 31 October, an original request for exception must be forwarded to what authority?
1. Navy Resale Services Support Office
 2. Naval Supply Systems Command
 3. Navy regional finance center
 4. Fleet accounting and disbursing center
- 6-54. The original of the letter that authorized your merged returns must be included with the returns when the returns are submitted.
1. True
 2. False
- 6-55. When ship's store returns must be submitted late, a letter from the commanding officer explaining the reasons for delay must be forwarded to the type commander with copies to which of the following authorities?
1. Naval Supply Systems Command
 2. Navy Resale and Services Support command office
 3. Appropriate fleet accounting and disbursing center
 4. All of the above

6-56. What two documents must you use to prepare the NAVCOMPT 1 53?

1. NAVSUP 233 and NAVSUP 235
2. NAVSUP 977 and NAVSUP 978
3. NAVSUP 238 and NAVSUP 239
4. NAVSUP 464 and NAVSUP 469

6-57. On your NAVCOMPT Form 153 form, you can complete lines B01 through B09 by using the information you have accumulated on what Form?

1. NAVSUP 238
2. NAVSUP 464
3. NAVSUP 977
4. NAVSUP 978

6-58. On your NAVCOMPT 153, you can complete lines B10 through B30 by using the information contained in what form?

1. NAVSUP 238
2. NAVSUP 464
3. NAVSUP 977
4. NAVSUP 978

6-65. When you have entered all the required information on the NAVCOMPT 153, you should substantiate and assemble your ship's store returns at the same time.

1. True
2. False

6-66. You should make up both your retained returns and forwarding returns together.

1. True
2. False

6-67. What type of mail should you use for forwarding ship's store returns that weigh less than 13 ounces?

1. Military Official Mail (MOM)
2. Special delivery
3. First-Class Mail
4. Registered mail

6-68. When You must make corrections to ship's store returns after they have been submitted, which of the following steps must you take immediately?

1. Prepare a corrected NAVCOMPT 153
2. Forward a corrected NAVCOMPT 153 along with substantiating documents
3. Both 1 and 2 above
4. Recall the forwarded returns

6-69. In what maximum period of time should ship's store and clothing retained returns be retained on board after the forwarding returns have been submitted?

1. 1 years
2. 2 years
3. 3 years
4. 6 months

6-70. You are conducting an internal analysis of your ship's store operation based upon the information you have entered in your ship's store returns. Which of the following factors should you carefully analyze from a management point of view?

1. Sales-store ratio
2. Markups
3. Costs of operations
4. All of the above

6-71. Your ship's store returns will be analyzed by which of the following external auditors?

1. Appropriate FAADC
2. NAVRESSO
3. Both 1 and 2 above
4. NAVSEA

IN ANSWERING QUESTIONS 6-59 THROUGH 6-62, SELECT FROM COLUMN B THE CAPTION THAT CORRECTLY CORRESPONDS TO THE ONES GIVEN IN COLUMN A AS THE QUESTION. ALL CAPTIONS AND LINES ARE INCLUDED IN THE PROFIT AND LOSS STATEMENT OF THE NAVCOMPT 153.

A. LINES

B. CAPTIONS

6-59. C02
6-60. C05
6-61. C07
6-62. C09

1. Loans authorized by NAVRESSO
2. Cashbook totals
3. Total receipts
4. Approved surveys to the General Fund

6-63. Actual amusement machine profits should be entered on what line of the NAVCOMPT 153?

1. C8
2. C21
3. C25
4. C27

6-64. What official must sign the certification statement that appears on the front side of the NAVCOMPT 153?

1. Ship's store officer
2. Commanding officer
3. Supply officer
4. Type commander

Learning objective: Determine the mission, organization, control, and administration of Navy commissaries.

- 6-72. The primary mission of the Navy commissary is to provide authorized resale items for sale to authorized patrons at the lowest practical price.
1. True
 2. False
- 6-73. Which of the following organization performs the primary support functions for the Navy commissary?
1. Naval Supply Systems Command
 2. Navy Resale and Services Support Office FSO
 3. FMSO Mechanicsburg, PA
 4. Defense Logistics Agency

6-74. Before reporting to your commissary, you must attend one of the schools on the operation of a commissary. You should obtain the dates and areas of available schools from

1. the personnel office serving your present command
2. the Navy supply corps school, Athens, Georgia
3. your nearest Navy commissary
4. NAVRESSO Commissary Operations Group

6-75. Generally, chief petty officers, and first class petty officers are assigned supervisory positions in which of the following areas?

1. Warehouse
2. Front end
3. Receiving
4. All of the above

Assignment 7

Textbook Assignment: "Commissaries (continued) and Retail Operation Management (ROM) System."
Pages 8-2 through 9-6.

- Learning Objective (continued):
Determine the mission, organization, control, and administration of Navy commissaries.
-
- 7-1. Upon reporting to the commissary, you will be asked to read, understand, and sign a copy of the
1. UCMJ
 2. heat stress instruction
 3. Navy's policy on waste, fraud, and abuse
 4. standards of conduct
- 7-2. The commissary management course is given six times a year at which of the following locations?
1. Norfolk, VA
 2. San Diego, CA
 3. Both 1 and 2 above
 4. Athens, GA
-
- Learning Objective: Establish proper procedure for security, handling, and transportation of funds.
-
- 7-3. As a supervisor you will be responsible for proper handling of commissary funds and ensuring that commissary personnel under your supervision do the same.
1. True
 2. False
- 7-4. Authorization to handle funds should be assigned to as many persons as possible in order to keep funds secure.
1. True
 2. False
- 7-5. What individual may be designated as a cash collection agent?
1. Officer in charge
 2. Sales floor supervisor
 3. Designated and bonded collection agent
 4. Assistant commissary store officer
- 7-6. If the cash collection agent becomes unable to perform the duties of the position, which of the following personnel should assume the job?
1. The senior register operator
 2. The leading chief
 3. The person designated by the officer in charge
- 7-7. After making collections, the collection agent should release the funds to the
1. bank
 2. officer in charge
 3. base police
 4. collection agent's assistant
- 7-8. As a collection agent in a commissary, what source should you consult for detailed guidelines on which funds you should handle?
1. Commissary store officer
 2. NAVRESSO
 3. Written Instructions
 4. Person being relieved
- 7-9. When may a cash collection agent be authorized to take cash register readings?
1. When operating a small store with a limited staff
 2. When approved by NAVRESSO
 3. Both 1 and 2 above
- 7-10. Funds may be held in the collection agent's safe for what total number of days?
1. 1
 2. 2
 3. 3
 4. 5

- 7-11. Any safe holding official funds must have a label attached from which of the following organizations?
1. Underwriter's Laboratories
 2. Commissary store group label for your region
 3. NAVRESSO
 4. A-1 locksmith or another certified company
- 7-12. What is the weight limitation for a safe mounted on a wall?
1. 750 lb
 2. 200 lb
 3. 255 lb
 4. 500 lb
- 7-13. The officer in charge is responsible for ensuring that spaces used for commissary funds are protected by an alarm system. To obtain information on the system best suited for the needs of the commissary, the officer should consult which of the following sources?
1. Station security officer
 2. Commissary regional office
 3. Naval directives or instructions
 4. NAVRESSO
- 7-14. To ensure safe and proper transporting of commissary funds, the person responsible for the funds should consult what publication?
1. SECNAVINST 5200.G1
 2. NAVRESSOINST 4067.6
 3. NAVRESSOINST 4065.23
 4. NAVRESSOINST 4065.39
-
- Learning Objective: Describe procurement, management, and sale of stock in the Navy commissary.
-
- 7-15. Which of the following factors must you consider when managing the handling and treatment of stock in a commissary.
1. Authorized limits
 2. Demands of your store
 3. Shelf and storage spaces
 4. All of the above
- 7-16. The catalog number assigned to an item of stock is a six-digit number. Which portion of this number represents the merchandising group for each item?
1. First three digits
 2. Last two digits
 3. First two digits
 4. First number
- 7-17. Items ordered on a one-time basis should NOT exceed anticipated sales for what maximum length of time?
1. 1 month
 2. 2 months
 3. 3 months
 4. 2 weeks
- 7-18. The number of items carried on a one-time basis only should NOT exceed what maximum number of line items?
1. 120
 2. 20
 3. 60
 4. 75
- 7-19. Any increase in the number of one-time basis items carried must be approved by
1. the commanding officer, Commissary Store Region
 2. NAVRESSO
 3. NAVSUPSYSCOM
 4. the commissary store officer
- 7-20. The commissary store may procure Easter baskets when the total cost of each basket exceeds the total cost of its candy components.
1. True
 2. False
- 7-21. Which of the following items are unauthorized for stock in the commissary?
1. Prescription drugs
 2. Nonprescription devices
 3. Over the counter drugs
- 7-22. Which of the following types of specialty seasonal candy should NOT be stocked in the commissary?
1. Valentine's Day candy (boxed hearts)
 2. Hollow, solid, and filled chocolate figures
 3. Individual Christmas candy canes and filled stockings
 4. All of the above

- 7-23. Increases in inventory limitations are subject to which of the following factors?
1. Limitations of the staff
 2. Maintenance of accountability
 3. Both 1 and 2 above
 4. Needs of the the patrons
- 7-24. Accurate stock control can be beneficial in which of the following ways?
1. Obtaining merchandise
 2. Maintaining a satisfactory in-stock position
 3. Controlling inventories
 4. All of the above
- 7-25. Currently, what total number of stock control systems are in use in Navy commissaries?
1. Six
 2. Two
 3. Three
 4. Four
- 7-26. What system, if any, performs calculating and printing functions for commissaries in small regions in overseas locations?
1. ACS
 2. MONROBOTX1 system
 3. L2000 system
 4. Manual system
- 7-27. What is the purpose of the ACS?
1. To provide date-proceeding support for procurement, stock control, merchandising, accounting, and management information functions
 2. To perform calculating and printing for commissary store control in overseas regions
 3. Both 1 and 2 above
- 7-28. Installation of the ACS will allow the commissary to execute which of the following actions?
1. Eliminate excess safety stocks
 2. Improve services
 3. Reduce inventory levels
 4. All of the above
- 7-29. A customer approached you asking, "When will the commissary start carrying a particular item?" What should you do?
1. Refer to the stock item review list to see if the item is listed
 2. Check with the CSO
 3. Check the T-53s' for the next day
 4. Reply, "I don' t know"
- 7-30. Commissary store patrons can make suggestions to the management by filling out what form?
1. NAVSUP 975
 2. T-53s
 3. NAVSUP 1157
 4. NAVSUP 1234
- 7-31. Which of the following items of stock are considered special stock items?
1. HABA items
 2. Pest control agents
 3. Medical items
 4. Both 2 and 3 above
- 7-32. Restricted pesticides are those pesticides NOT procured for resale in your commissary.
1. True
 2. False
- 7-33. Which of the following medical items are Commissaries PROHIBITED from selling?
1. Required prescriptions
 2. Over the counter drugs
 3. Both 1 and 2 above
 4. High-strength aspirins
- 7-34. What NAVRESSOINST provides the commissary with an authorized stock list?
1. NAVRESSOINST 4065.39
 2. NAVRESSOINST 4065.23
 3. NAVRESSOINST 4067.15
 4. NAVRESSOINST 4065.35
- 7-35. Items NOT listed in the Commissary Operating Procedure Manual must be procured with the approval of whom?
1. Commending officer
 2. CSO
 3. Army vet
 4. NAVRESSO
- 7-36. A letter of authority for unauthorized items of stock ordered should be attached to the requisition or purchase order.
1. True
 2. False
- 7-37. Which of the following actions is prohibited concerning bonus coupons?
1. Donating them to charitable organizations
 2. Disposing of them
 3. Using them for personal benefit of military or civilian employees

- 7-38. You have ordered 168 boxes of cereal and the vendor delivers 192 at the same price. Which of the following actions should you take?
1. Return the overage to the vendor
 2. Accept the excess merchandise at a reduced price only
 3. Accept the overage of the merchandise ordered if the vendor charges the same cost price
 4. Both 2 and 3 above
-
- Learning Objective: Determine the procedural for receiving, controlling, and storing stock in commissary stores and the related equipment used.
-
- 7-39. All resale merchandise received should be accounted for on which record?
1. CS 35
 2. CS 28
 3. T-53
 4. NAVSUP 975
- 7-40. All miscellaneous supplies and services should be accounted for on which record?
1. CS 35
 2. CS 28
 3. T-53
 4. NAVSUP 975
- 7-41. From which of the following records would you obtain a receiving number?
1. CS 35
 2. CS 28
 3. T-53
 4. NAVSUP 975
- 7-42. Numbers contained in the NAVSUP 975 should come from a continuous series of numbers beginning each month with
1. 9900
 2. 9700
 3. 0001
- 7-43. Commissary trust revolving fund receipts are handled in the same manner as Navy Stock Fund Receipts. The only difference is that the serial number is preceded by what number?
1. 8 VICE 9
 2. 8 VICE 0
 3. 7 VICE 0
 4. 7 VICE 9
- 7-44. Which of the following cycles is/are considered procurement methods in a Navy commissary?
1. Short cycle (daily delivery)
 2. Long cycle
 3. Short cycle (weekly)
 4. All of the above
- 7-45. What are the most frequently used procurement documents in a Navy commissary?
1. DD 1149 and T-53
 2. T-53 and DD 1348
 3. DD 1155 and T-53
 4. DD 1155 and 1149
- 7-46. What total amount of lead time, if any, is allotted when procurement is made under the short weekly cycle?
1. 12 days
 2. 8 days
 3. 7 days
 4. None of the above
- 7-47. The Automated Commissary System (ACS) is currently being used by all commissaries in CONUS and overseas.
1. True
 2. False
- 7-48. What action should you take if the total quantity listed on the T-53 is NOT received?
1. Cross out the incorrect quantity and enter the correct amount on the T-53, circle and initial the change
 2. Get the vendor to sign for the shortage on the T-53 and the delivery ticket
 3. Both 1 and 2 above
 4. Get the vendor to sign for the shortage on the delivery ticket only
- 7-49. A successful commissary operation depends on which of the following functions?
1. Proper procurement procedures
 2. Proper accounting and warehousing
 3. Keeping shelves stocked
 4. All of the above

- 7-50. The ACS is a network of computer terminals that is located at commissaries and warehouses throughout CONUS. Using these terminals, information is transmitted to NAVRESSO in which, if any of the following ways?
1. Transmitters
 2. Phone
 3. Message
 4. None of the above
- 7-51. The ACS consists of how many subsystems?
1. Seven
 2. Six
 3. Five
 4. Four
- 7-52. What total number of different types of inventories are there in the commissary?
1. Five
 2. Two
 3. Three
 4. Four
- 7-53. Which inventory is used for stock control and ordering or resale merchandise?
1. Physical
 2. Special
 3. Perpetual
 4. Cyclical
-
- Learning Objective: Determine proper check-out and cash register procedures in the Navy commissary and identify authorized patrons.
-
- 7-54. The definition for authorized patrons is contained in which of the following publications?
1. ASCSR
 2. NAVRESSOINST 4065.23
 3. NAVRESSOINST 4065.39
 4. NAVCOMPT Manual
- 7-55. What is/are the purpose(s) of the PASS desk?
1. To identify authorized patrons
 2. To issue badges
 3. To furnish general information to patrons
 4. All of the above
- 7-56. Which of the following items is/are NOT acceptable from patrons for payment?
1. Personal checks
 2. Credit cards
 3. Food stamps
 4. Money orders
- 7-57. Which of the Following is not one of the responsibilities of check-out personnel?
1. Ensuring that only authorized patrons are allowed through the lane
 2. Setting up applicable displays
 3. Accepting money and reeking change
 4. Each of the above
- 7-58. What would be the best location for the express lane?
1. Nearest lane where customers enter check-out area
 2. The lane nearest the exit
 3. The lane closest to the cash cage
- 7-59. Which of the following factors should you consider when scheduling check-out personnel?
1. Patron transactions
 2. Workload
 3. Paydays, sales events, and forecasted sales
 4. All of the above
- 7-60. After register operators are hired, they should receive which, if any, of the following training?
1. 9 hours' indoctrination and 1 hour of training every month for 6 months
 2. 8 hours' of training, 1 hours indoctrination, and 16 hours of training every 6 months
 3. Depends on their past work experience
 4. None of the above
- 7-61. To feel more comfortable and relaxed, the cash register operators should be allowed to pick their own register.
1. True
 2. False
- 7-62. As cash register supervisor, you are responsible for which of the following duties?
1. Issuing of register keys
 2. Ensuring that the register is equipped with enough detailed tape
 3. Ensuring that the ink is producing legible tapes
 4. All of the above

- 7-65. When an item is overrung, the register operator should prepare what form?
1. CS-45
 2. T-973
 3. NAVSUP 972
 4. NAVSUP 975
- 7-64. To maintain a record of each cash register operator's performance, you should use which, if any, of the following records?
1. CS-11
 2. CS-5
 3. CS-1
 4. None of the above
- 7-65. All refunds to patrons must be recorded on which of the following forms?
1. CS 11
 2. CS-1
 3. C-65
 4. CS-5
- 7-66. When cash register operators have to use the restroom, they are permitted to leave the funds in the register.
1. True
 2. False
- 7-67. Which of the following measures should you take to prevent employee theft from the cash registers?
1. Keep the cash register window unobstructed
 2. Prohibit sharing of cash drawers
 3. Insist that error corrections and no sales are kept at a minimum
 4. All of the above
- 7-68. Cash register readings should be taken by what individual?
1. Cash collection agent
 2. Register operator
 3. Check-out supervisor
- 7-69. Cash register operators will turn in their detailed tapes to the cash collection agent at the close of cash business day.
1. True
 2. False
- 7-70. HOW often should a partial collection be made?
1. 1 to 2 hours before store closing
 2. Every 2 hours
 3. Every 4 hours
-
- Learning Objective: Identify the retail operation management (ROM) system and its related uses.
-
- 7-71. Implementation of the ROM system requires all items of stock to be assigned a class and sequence number. Which of the following is the BEST example?
1. 10000-0615
 2. 23000-0267
 3. 11000-0566
 4. All of the above
- 7-72. The objective of ROM is to benefit the Ship's Serviceman in which areas?
1. Logistics
 2. Financial management
 3. Inventory control
 4. All of the above
- 7-73. Which of the following documents will ROM handle?
1. NAVSUP 235
 2. NAVSUP 464
 3. NAVSUP 977
 4. All of the above
- 7-74. The ROM is designed for use by all supply ratings.
1. True
 2. False
- 7-75. Which of the following are types of security associated with ROM?
1. Physical
 2. Application
 3. Both 1 and 2 above
 4. Security

