

## BMC Module 9 - Management Controls



U.S. Army Family and MWR program managers understand a Management Control Program does not attempt to evaluate internal controls for every requirement imposed on managers. It recognizes the principle that the cost of internal controls must not exceed the benefit derived. This constraint is captured in the concept of reasonable assurance, "reasonable assurance" refers to a satisfactory level of management confidence that internal controls are adequate and operating as intended. Inherently a management judgment, reasonable assurance recognizes that acceptable levels of risk exist that cannot be avoided because the cost of absolute control would exceed the benefits derived. This module provides training so that managers are able to apply the Army Management Controls to their Family and MWR program.

*Total hours anticipated to complete this module: 1.5 hours*

# 1.1 Overview

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Management controls are not a single event but a series of actions that occur throughout an activity's operations on an ongoing basis. They identify and address areas of greatest risk for fraud, waste, abuse, and mismanagement. These controls should be recognized as an integral part of each process that management uses to regulate and guide operations. While every Family and MWR employee is responsible for safeguarding assets, the Family and MWR Manager has specific responsibility for implementing management control techniques and procedures.

At the end of this lesson, you will be able to:

- 1 Define management controls.
- 2 Identify the purpose for management controls.
- 3 Contrast the advantages and limitations of management controls.
- 4 Identify the potential consequences of not having a management control system.

## 1.2 Definition of Management Controls

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### **Definition**

In this lesson, the terms management controls and internal controls are used synonymously.

Management controls or internal controls are an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved:

Effectiveness and efficiency of operations

Reliability of financial reporting

Compliance with applicable laws and regulations

## 1.3 Management Control Techniques

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Management control techniques are the methods and procedures used to protect government resources and records from misuse.

According to AR 11-2, Appendix B, Parag B-4b (2): management control techniques:

“include a wide range of diverse activities such as approvals, authorizations, verifications, reconciliations, performance reviews, maintenance of security, and the creation and maintenance of related records which provide

evidence of execution of these activities as well as appropriate documentation.”

Army Management Control methods and procedures are basically separated into two categories.

### **Accounting**

Accounting controls deal with safeguarding the Army's assets and guaranteeing the accuracy of financial reports. These controls focus on financial matters and include item accountability and performance standards.

### **Administration**

Administrative controls deal with authorizing transactions and events in compliance with established policy and procedure. Administrative controls focus on program performance and the economy and efficiency of operations. These include the separation of duties and requirements that provide a check and balance system.

## 1.4 Purpose of Management Controls

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Your success as a manager is dependent on the type of management control techniques you use. Establishing a management control system gives you a strong tool for minimizing waste, loss, misappropriation, or unauthorized use of supplies and equipment. Management controls should be designed to provide reasonable assurance regarding preventing or prompt detection of unauthorized acquisition, use, or disposition of the installation's assets. No matter the program or activity, the manager must keep all items under supervisory control and maintain accountability.

## 1.5 Advantages and Limitations of Management Controls Systems

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### Management controls provide many advantages to activity managers.

Among the advantages, management controls:

- Provides accountability over a variety of resources such as cash, keys and locks, resale and supply inventories, and fixed assets.
- Provide a management tool to systematically evaluate applicable tasks to obtain the information needed to establish and implement timely, cost-effective corrective action plans.
- Reduce the risk of asset loss through the prevention of waste, fraud, and mismanagement. Reducing loss helps increase the activity's net income.
- Through the assignment, communication, and documentation of job responsibility and accountability, create standards for reviewing and evaluating the performance of personnel assigned to Family and MWR activities.
- Help ensure that Family and MWR programs will pass Army control reviews, audits, and inspections based on management control checklists found on the IMCOM G9 Family and MWR home page.

Limitations of a management control system are that it:

- Must be constantly monitored.
- Can be time-consuming to implement and maintain.
- Is labor-intensive to implement and maintain. The duties and responsibilities in authorizing, processing, recording, and reviewing transactions must be separated among individuals. No one individual is to control all key aspects of a transaction or event cycle.
- Is expensive to implement and maintain because of the time and labor involved.

Often becomes a low priority to other management demands. If management controls are a low priority for the manager, employees will not treat them as important.

The chart below summarizes key advantages and limitations of management controls.

Advantages	Limitations
Good management tool	Must constantly monitor
Reduces risk of loss	Time consuming
Reduces costs	Labor intensive
Meets inspection and audit requirements	Can be costly to implement and maintain
Assigns responsibility and accountability	Requires trained employees

## 1.6 Activities Without Management Control

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### **Activities Without Management Controls**

An activity with no management controls is vulnerable to item loss through employee mistakes and/or theft. If there is no documented source of accountability, it is difficult to determine who is responsible when a mistake is made or theft occurs.

Experience and research have shown that when management controls are established and implemented with standards, they provide an effective accountability system for all the activity's resources.

## 2.1 Overview

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### Overview

A manager should implement, monitor, and evaluate specific management control policies and practices to provide reasonable assurance that the activity meets its objectives and fulfills its responsibilities. These controls are based on applicable standards and regulations. This lesson will teach you key concepts and standards applicable to all management controls throughout the U.S. Government. The lesson will also provide you with sources of Army regulations for safeguarding Family and MWR resources.

At the end of this lesson, you will be able to:

- 1 Describe the three underlying key concepts of management controls.
- 2 Describe the five Government Accounting Office (GAO) standards for management controls applicable to all Government agencies.
- 3 Identify the primary regulations governing management controls.

## 2.2 Key Concepts

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### Key Concepts of Management Control

The General Accounting Office (GAO) is required by law to issue standards for internal controls in Government. The standards set by this agency are based on fundamental concepts that provide an underlying framework applicable to all management controls in the Government. Click on the tabs to review the three key concepts.

#### Is a Continuous Built-in Component of Operations

Internal control is not one event but a series of actions and activities that occur throughout operations and ongoing.

#### Is Brought About and Made Successful by People

Managers put control mechanisms and activities in place. All employees must perceive their importance and support management controls in complying with them.

#### Provides Reasonable Guarantee that Resources Will Be Protected at All Times

No matter how well-designed management control policies and procedures are, they cannot provide 100 percent assurance that all Government resources will be protected. This is due to human mistakes, errors in judgment, or acts that circumvent management controls.

## 2.3 Five Standards of Internal Control

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### Five Standards of Internal Control

The GAO has issued standards for management controls in Government. The GAO standards (GAO/AIMD-00-21.3.1 Published Nov. 1999) provide the overall framework for management controls. The table explains the key features.

Standard	Explanation
Control Environment	Establishing and maintaining a supportive attitude and conscientious effort toward management controls. This environment provides discipline, structure, and climate that are needed for success.
Risk Assessment	Risks involved in achieving program objectives; estimation of the significance of risks and how they should be managed by taking appropriate actions.
Control Activities	Approvals, authorizations, verifications, reconciliations, performance reviews, maintenance of security, and creation and maintenance of records.
Information and Communication	Timely, reliable, relevant information on operational and financial decisions made from purchases, transactions, fixed assets, inventories, and receivables. The communication of information flows down, across, and up the organization.
Monitoring	Supervision of activities, comparisons, reconciliations, and actions employees take—implementation of policies and procedures that are meant to resolve the findings of audits and reviews.

## 2.4 Sources of Regulations

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Headquarters  
Department of the Army  
Washington, DC  
24 September 2010

**\*Army Regulation 215-1**

Effective 8 October 2010

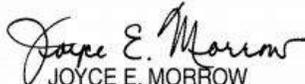
### Morale, Welfare, and Recreation

### Military Morale, Welfare, and Recreation Programs and Nonappropriated Fund Instrumentalities

By Order of the Secretary of the Army:

GEORGE W. CASEY, JR.  
*General, United States Army*  
Chief of Staff

Official:

  
JOYCE E. MORROW  
*Administrative Assistant to the Secretary of the Army*

**History.** This publication is an administrative revision. The portions affected by this administrative revision are listed in the summary of change.

**Summary.** This regulation implements Department of Defense and congressional policies. It contains administration, operation, and management policies governing the Army's morale, welfare, and recreation programs and general policies on nonappropriated fund instrumentalities.

**Applicability.** This regulation applies to the Regular Army, and where stated to the Army National Guard/Army National Guard of the United States and the U.S. Army Reserve.

**Proponent and exception authority.** The proponent of this regulation is the

Assistant Chief of Staff for Installation Management. The proponent has the authority to approve exceptions or waivers to this regulation that are consistent with controlling law and regulations. The proponent may delegate this approval authority, in writing, to a division chief within the proponent agency or its direct reporting unit or field operating agency, in the grade of colonel or the civilian equivalent. Activities may request a waiver to this regulation by providing justification that includes a full analysis of the expected benefits and must include formal review by the activity's senior legal officer. All waiver requests will be endorsed by the commander or senior leader of the requesting activity and forwarded through their higher headquarters to the policy proponent. Refer to AR 25-30 for specific guidance.

**Army internal control process.** This regulation contains management control provisions and identifies key management controls that must be evaluated (see chap 18 and app N).

**Supplementation.** Supplementation of this regulation and establishment of command and local forms are prohibited without prior approval from the Assistant Chief of Staff for Installation Management (DAIM-ZXA), 600 Army Pentagon, Washington, DC 20310-0600.

**Suggested improvements.** Users are invited to send comments and suggested

improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to the Commander, Family and Morale, Welfare and Recreation Command (IMWR-PO-P), 4700 King Street, Alexandria, VA 22302-4419.

**Committee management.** The Department of the Army Committee Management official concurs in the establishment and/or continuance of the committee(s) outlined herein. AR 15-1 requires the proponent to justify establishing/continuing committee(s), coordinate draft publications, and coordinate changes in committee status with the U.S. Army Resources and Programs Agency, Department of the Army Committee Management Office (AARP-ZA), 2511 Jefferson Davis Highway, Taylor Building, 13th Floor, Arlington, VA 22202-3926. Further, if it is determined that an established "group" identified within this regulation, later takes on the characteristics of a committee, the proponent will follow all AR 15-1 requirements for establishing and continuing the group as a committee.

**Distribution.** This regulation is available in electronic media only and is intended for the Regular Army, the Army National Guard/Army National Guard of the United States, and the U.S. Army Reserve.

### Sources of Regulations

There are important primary regulations for management controls that the Family and MWR Manager should be able to access when necessary.

Click on each tile for more information.

DOD 7000.14-R, DOD Financial Management Regulation, Volume 13 Nonappropriated Funds Policy.

It provides information on cash receipts, change funds, foreign currency conversation funds, petty cash funds, and merchandise inventory.

AR 11-2, Managers' Internal Control Program.

Guides the manager in establishing and maintaining a management control program that prevents resource abuse, mismanagement, fraud, and waste.

Provides additional general

AR 215-1, Military Morale, Welfare, and Recreation Programs and Nonappropriated Fund Instrumentalities.

operational policy concerning change funds, cash receipts, customer refunds, and petty cash funds.

AR 215-4, Nonappropriated Fund Contracting.

Provides information about the separation of functions.

AR 190-51, Security of Army Property at the Unit and Installation Level.

Provides information about storage structure security; marking of Army property; and keys, locks, and locking devices.

Policy Execution Procedures (PEP),  
Chapter 32, Accounting Procedures  
for Army Nonappropriated fund  
Instrumentalities

Provides accounting information on  
cash receipts; change funds, foreign  
currency conversion funds, and  
petty cash funds; and inventories.

## 3.1 Overview

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### Overview

Family and MWR Managers who work in activities that involve cash handling must be diligent in safeguarding that cash. Cash assets include change funds, petty cash funds, and money generated from sales and other activities at the installation.

At the end of this lesson, you will be able to:

- 1 Describe cash controls used to protect assets.
- 2 Explain the basic procedures for handling petty cash.
- 3 Identify four primary cash controls and describe the procedures to be followed for each.

## 3.2 Cash Controls

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### **Cash Control**

Many Family and MWR activities generate income through resale operations or user fees. The activity manager is responsible at all times for safeguarding the cash received, including check or credit card transactions, as well as change funds and petty cash funds.

Cash controls are the methods and procedures used to protect: Change funds, Petty cash, and Cash receipt systems.

## 3.3 Change Funds

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### **Change Funds**

Change funds are monies given to an employee at the beginning of his/her work shift. Change funds are authorized to provide money to make change during daily operation. The fund amount will be recommended by the activity manager and approved in writing by the fund manager or entity administrator.

Large activities, such as non-commissioned officers' and enlisted Soldiers' (NCO/ENL) clubs, and occasionally other activities may use change funds to cash checks. The Director, Family and MWR will set the level of the check

cashing change fund per local requirements. All point of sales and/or cash register operators may take checks in payment for goods or services, but the garrison commander must approve programs or operations for check cashing for the amount over the purchase amount.

## 3.4 Petty Cash Funds

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### Petty Cash Funds

Petty cash is a fixed amount of cash kept on hand by a program and used for those items, services, or incidental expenses for which payment by nonappropriated funds (NAF) purchase cards or checks is not feasible. Petty cash funds are approved in writing by the nonappropriated fund instrumentality (NAFI) fund manager or entity administrator. The activity manager must safeguard them by following established policies and procedures. An appointed petty cash fund custodian makes payments for the incidental expenses. A Petty Cash Voucher is completed to support each transaction.

### Petty Cash Fund Policies and Regulations

Due to the widespread use of NAF and appropriated funds (APF) purchase cards, less use is made of petty cash. If petty cash is used, it is controlled by policies in DOD 7000.14-R, Volume 13, Policy Execution Procedure (PEP), Chapter 32, and AR 215-1, Appendix G.

Here are some key points about Petty Cash.

- The amount of petty cash funds will not exceed the approved monthly amount.
  - Any individual transaction will not exceed \$500.00. Transactions will not be fragmented to circumvent this limitation or procurement procedures.
  - The petty cash fund cannot be used for bingo prizes. A separate fund will be designated for bingo prizes. If an activity gives cash bingo prizes both in foreign and U.S. currency, two bingo petty cash funds will be established.
  - Installations in foreign locations may have one petty cash fund containing local currency and another petty cash fund containing U.S. currency.
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Petty cash funds are **not** to be used for:

- Cashing checks.
- Paying vendors under contract.
- Paying salaries or wages.
- Making single purchases involving multiple payments.
- Purchasing goods or services for personal use.
- Making travel advances or payments. Occasionally, reimbursement for local mileage or gasoline purchases for use in NAFI or privately-owned vehicles while on NAFI business and volunteer child care is authorized to be paid out of the petty cash funds.

## 3.5 Cash Receipt Systems

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### **Cash Receipt Systems**

A cash receipt is a record of activity during which cash (including checks or credit cards) was exchanged for goods or services. Cash receipts safeguard and protect revenues from theft. An activity manager can trace the cash if it is stolen or misplaced with a cash receipt system.

## 3.6 Petty Cash Voucher

### Petty Cash Voucher

The Petty Cash Voucher, DA Form 1994, is used as evidence of each petty cash transaction. The Petty Cash Vouchers are numbered sequentially by the NAFI and are controlled by maintaining a record showing to whom they were issued. The garrison Financial Management Division, Services Division, or similar NAFI activity normally pre-numbers the Petty Cash Vouchers. It then issues them to the NAF activities that have Petty Cash Funds.

PETTY CASH VOUCHER <small>For use of this form, see AR 215-1; the proponent agency is ACSIM.</small>			RECEIPT NUMBER
ACTIVITY			DATE
PAY TO	AMOUNT (Written)		AMOUNT (Figures) \$
PURPOSE	ACCOUNT NO.	ACTIVITY	AMOUNT
APPROVED BY (Signature)			RECEIPT OF ABOVE AMOUNT IS ACKNOWLEDGED

DA FORM 1994, AUG 2010      PREVIOUS EDITIONS ARE OBSOLETE.      APD LC v1.00ES

**The Petty Cash Voucher should be:**

- \* Filled out in ink.
- \* Approved by authorized personnel.
- \* Attached to support data (e.g., invoice, cash register tape, or sales ticket).

If a pre-numbered Petty Cash Voucher must be voided because of an error, the petty cash custodian issuing the voucher will write the word VOID across the face of the Petty Cash Voucher and send it with the Petty Cash Summary Voucher to Defense Finance and Accounting Service (DFAS) Texarkana.



**DA1994.pdf**

31 KB



## 3.7 Petty Cash Reimbursement

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### **Petty Cash Reimbursement**

Petty cash funds will be reimbursed at the end of each month to close out the accounting period. Periodically, the petty cash fund will be exhausted and need replenishing before the end of the month.

The petty cash custodian must submit a NAF Petty Cash Summary Voucher (DA Form 1993) and the Petty Cash Vouchers with supporting documents/receipts to DFAS Texarkana before DFAS Texarkana will replenish the fund. Upon replenishing the petty cash funds, DFAS Texarkana stamps PAID on the Petty Cash Voucher and supporting documents.

## 3.8 Point of Sales Systems and Cash Registers

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Activity managers must safeguard the cash always. It is a major responsibility. There are four primary cash controls. These include:

- Point of Sales (POS) systems and cash registers
- Pre-numbered receipt vouchers
- Bank deposits
- Safes

Point of sales (POS) is the physical location at which goods are sold to customers.

A POS system is a terminal device that processes all types of transactions. Much more sophisticated than traditional cash registers, a POS software system includes tracking customer orders, process credit cards, and managing inventory.

POS systems or cash registers are the recommended forms of cash control. Both record the transaction and visually display the sales amount. The customer can also see the amount.

Point of sales systems and/or cash registers record sales information that ensures checks and balances. Safes, bank deposits, and pre-numbered receipt vouchers do not provide sales information.

## 3.9 Receipt Vouchers

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### Receipt Vouchers

If neither a point of sales system nor cash register is available, receipt vouchers (DA Form 1992) or similar pre-numbered, 3-part, commercially available receipt vouchers are used to record cash transactions. The NAFI is responsible for pre-numbering and issuing the vouchers for the installation. Financial Management Division (FMD), Services Division, or equivalent entity will pre-number and issue the vouchers for the Nonappropriated Fund Instrumentalities (NAFI). A record will be kept by the NAFI of the person and section to whom all books of DA Forms 1992 are issued.

All vouchers are controlled and accounted for as if they were money. That means that they are stored under lock and key when not in use. Vouchers are issued in triplicate.

White copy	Given to the person from whom the collections were made
Green copy	Attached to DAR and sent to DFAS Texarkana
Yellow copy	Remains in book in numerical sequence

### Procedures for pre-numbered receipt vouchers

The original (white) copy is given to the person from whom the collection was made. The duplicate (green) copy is attached to the Daily Activity Report (DAR) and sent to the DFAS Texarkana. The triplicate (yellow) copy will remain in the book in numerical sequence.

The person making the collection signs the receipt voucher. The signature must appear on all copies. If a mistake was made preparing a voucher, it must be voided.

Write the word VOID across the face of the receipt voucher. Attach the original (white) and the duplicate (green) copies of the voucher to the DAR. The Financial Management Division or other designated representative of the NAFI Fund Manager/Entity Administrator will maintain records to ensure that all receipts are received and accounted for.

## 3.10 Bank Deposits

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### Bank Deposits

With a few exceptions, bank deposits are made daily to safeguard cash. According to AR 215-1 (Appendix G), an activity manager may retain funds in the safe only under the following conditions:

- \* The amount is less than \$500.00.
- \* It has been less than seven days since the last deposit.
- \* It is not the last day of the month.

**Bank Deposit Procedures** — The manager, should reconcile the checks enclosed in the bank deposit using a ten-key calculator with a tape printout. The tape printout should be attached to the deposit slip. List currency, coins, and checks separately on the deposit slip.

If a night depository is available, use it. If no night depository is available, hold the deposit locked in a safe until the bank opens the next business day. Do not entrust cash or deposits to anyone unless the insurance bond covers such a risk.

When making deposits, safety and security must be maintained. Therefore, the manager should have an employee or military police (MP) escort when making large deposits. Cash deposits of \$5,000 or more must be transported to the bank with an armed escort provided by the MP, police, armored car service, or licensed armed escort service.”

**Safes** — AR 215-1 (Appendix G) states that on-hand bank deposits and change funds are kept in a locked, fire-resistant safe with a three-tumbler lock. This safe must be chained or secured to the building and checked before the building is closed. If the deposit consists of checks, credit card receipts, or cash totaling less than \$100.00, the manager may lock the deposit in a file cabinet; it is not recommended that cash be kept in a file cabinet.

The Director of Family and MWR or the fund manager/entity administrator will establish a standing operating procedure (SOP) that specifies the number of personnel who can access the safe's combination.

The fund manager/entity administrator will ensure that the safe combination is recorded and sent to the installation security office in an envelope for safekeeping. The fund manager/entity administrator will ensure the safe combination is changed when it is suspected the combination has been compromised. An individual with knowledge of the combination no longer has a need-to-know, or an individual with knowledge of the combination is no longer an employee of the activity.

## 4.1 Overview

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The Family and MWR Manager is required to be competent in using the point of sales (POS) or cash register as a method for cash control and ensuring that the activity's staff can operate it appropriately.

At the end of this lesson, you will be able to:

- 1 Describe the key features of POS systems.
- 2 Explain procedures for cash register operation and identify the actions to be performed by the cashier for sales returns and refunds.
- 3 State the key responsibilities of the cashier and activity manager during cash register operations.

## 4.2 Point of Sales (POS) Systems

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### Point of Sales (POS) Systems

Point of sales systems, such as the Recreation Tracking System (RecTrac), has many features that managers should be familiar with and regularly use to conduct effective and efficient operations. RecTrac, for example, has a statement, invoice, and installment billing capabilities.

It can electronically produce the following:

- Daily Activity Reports (DARs)
- Sales transactions and inventory
- Cash register functions — regular and receipt inventory control and ticket sales
- Multiple receipt printing
- Discounts and gift certificates
- Sales tax, discount, and gift certificates
- Vendor lists

Managers using POS systems should check with the Financial Management Division for specific guidance, policies, and standing operating procedures on the POS system used in their activities.

## 4.3 POS and Cash Register Operation

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### **POS and Cash Register Operation**

An activity manager must enforce the standards below for POS and cash register operation at all times to safeguard cash.

Click on each marker below to review the standards.

A POS or cash register will not be operated with the cash drawer left open.

If an over ring (ringing more than the transaction amount) or under ring (ringing less than the transaction amount) occurs, the cashier and the supervisor must verify, void, and initial the end of shift (EOS) report in RecTrac or the cash register's journal tape

Assign only one person per shift to a POS and cash register drawer. If a POS or cash register has more than one drawer, each operator must control his/her own drawer.

A head cashier may relieve one or more POS or register operators for a break or for lunch. At that time, the head cashier will assume responsibility for any POS or cashier's drawer he or she uses.

At the close of the day's business, POS and cash registers must be emptied of all cash. The drawers must be left open and the POS or register controls must be locked.

**Only managers should hold cash drawer keys. They should be stored safely and only used in an emergency, i.e., power outage or the employee leaves without closing out the cash drawer.**

### **Sales Returns**

Retail sales returns are common. The POS system is capable of handling the sales returns. When an item is returned, the cashier should both analyze and document the return. In analyzing the return, the cashier should:

## **Step 1 Returns**

Ask the customer why the item is being returned.

## **Step 2 Returns**

Obtain the proof of purchase — a cash register receipt or sales slip. At the discretion of the Garrison Commander or his/her representative, a certificate signed by the customer may be accepted if the sales receipt has been lost. This certificate states that the customer purchased the item from the activity for a certain amount on a certain day. Compare the merchandise price to the amount reflected on the proof of purchase.

## **Step 3 Returns**

Document the return.

1. Prepare an in-house, pre-numbered refund document, identifying the person requesting the return and the person approving the refund.
2. Attach the proof of purchase (e.g., cash register receipt, lost document certificate, or sales slip) to the refund document.

## **Summary**

AR 215-1 states that a cashier cannot be required to pay the shortage whenever there are shortages (less cash count than what the total net register accountability shows). When there is overage (more cash count than the total net register accountability shows), the cashier cannot keep the additional money. Cash overages and shortages must be entered and explained in the Remarks section of the DAR.

## **Refunds**

Policy Execution Procedure (PEP), Chapter 32, and AR 215-1, Appendix G state that as long as the total refund amount isn't over \$50.00, cash refunds may be made immediately to the customer. Any amount over \$50.00 should be refunded with a check sent to the customer's home address. If the customer paid by credit card, the cashier will credit the customer's account. There is no "holding period" on checks. The customer who pays by check does not have to wait for the check to clear the bank before receiving a refund. Refunds may also be made by using RecTrac issued gift cards or gift certificates.

## 4.4 Cashier Responsibilities

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### Cashier Responsibilities

**Before the shift:** A cashier obtains a Daily Cashier's Record (DCR) form; counts the total change funds; checks the quantity and denominations of dollars and change, Form Accountability numbers, and Opening Register Readings numbers; and signs the DCR at the top right hand corner under Section 1 - Change Fund Issued.

**During the shift:** The cashier receives cash and returns the exact change to the customer based on the transaction. The cashier receives checks or credit card payments, handles sales returns, and issues refunds.

At the closeout, the cashier:

- 1 Accounts for pre-numbered forms, change funds, and cash receipts.
- 2 Returns any unused, pre-numbered cash control forms.
- 3 Attaches used cash control forms to the RecTrac end-of-shift report (EOS) or DCR for supporting documentation.
- 4 Counts the cash with management representative.
- 5 Resolves discrepancies with supervisor, signs the EOS or DCR, and submits the completed EOS or DCR, associated forms, and cash.

## 4.5 Activity Manager Responsibilities

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### **The activity manager has specific duties.**

#### **Before the Shift Responsibilities include:**

1. Retrieving the Daily Cashier's Record (DCR) or RecTrac equivalent.
2. Verifying the accuracy of change funds.
3. Obtaining a signature from the cashier.
4. Retaining the signed original copy.
5. Issuing a copy to the cashier.

#### **During the Shift Responsibilities include:**

Issue a DCR to a cashier with Opening Readings in the Register Accountability section only. Never issue one with Closing Readings. You will take the Closing Readings at the end of the shift.

#### **Closeout Responsibilities for cash register include:**

1. Subtotaling the register by key and recording these readings on the register operator's DCR form in each key's Closing Reading block.
2. Subtracting the Opening Reading amount from the Closing Reading amount to determine each key's sales (Net Register Accountability).
3. Adding the amounts in the Closing Reading row to determine the Total Closing Reading amount.
4. Adding the amounts in the Net Register Accountability row to determine the Total Net Register Accountability amount.
5. Removing the register's used journal tape and recording the register's number, the day's date, and the name of the person who took the reading.
6. Affixing the journal tape to the DCR to support the register sales.

Note that only the supervisor or his/her representative will take the cash register readings and examine the total sales under the Point of Sale system. For RecTrac, close out responsibilities are pulling the end-of-shift report (EOS) by the cashier and reconciling discrepancies, i.e., voids, overages, and shortages.

Issue a DCR to a cashier with Opening Readings in the Register Accountability section only. Never issue one with Closing Readings. You will take the Closing Readings at the end of the shift.

**Every quarter, the activity manager should:**

Perform unannounced cash counts of petty cash funds, change funds, and the cash drawers. Obtain a designated official and conduct cash counts in the cashier or petty cash fund custodian's presence.

During the unannounced cash count the manager will document:

- The date and time of the count.
- The identity of the cash drawers, change funds, or petty cash funds.
- The denomination of the cash counted.
- The name of the person counting.
- The name of the person in control of the funds.

## 5.1 Overview

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### Overview

Point of sales (POS) systems are the standard at Army installations. Cash registers may be used at remote locations where there is no climate control to support a POS. There may be a few situations where receipt vouchers are accepted. The cash received from a cash register and through receipt vouchers must be documented in a Consolidated Daily Activity Report (DAR). This lesson teaches you how.

At the end of this lesson, you will be able to:

- 1 Describe the Daily Cashier's Record (DCR) and its purpose.
- 2 State the frequency of submission of a DAR and the exceptions delineated in AR 215-1.
- 3 Identify the required information to be included in a DAR.

## 5.2 Daily Cashier's Record

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### Daily Cashier's Record

The Daily Cashier's Record (DCR) is an integral part of a cash control system. It is a documented record of all transactions performed by a cashier during his or her shift. Transactions may include cash, checks, credit card receipts, vouchers, and coupons. Point of sales systems, such as RecTrac, will produce it automatically.

### Components of the DCR

In addition to the automatically generated information (activity, location, and date), there are five sections of the DCR:

- Section I:** Cashier Accountability at Beginning of Shift
- Section II:** Form Accountability
- Section III:** Register Accountability
- Section IV:** Cash Count
- Section V:** Cashier Accountability at End of Shift

### Parts of DA 4082

Click on each marker for more information.

## Section I: Cashier Accountability at Beginning of Shift

This section is used to document the amount of the change fund issued to the cashier and the cashier's signature acknowledging the receipt of the change fund in the amount indicated and any accountable forms listed in Section II.

## Section II: Form Accountability

This section contains any pre-numbered forms being issued to the operators. Control forms are issued at the same time as the change funds. Because control forms are issued for cash transactions, they must be treated as cash. Used and unused forms are accounted for at the end of shift.

## Section III: Register Accountability

This section contains the keys of the register used, closing reading, opening reading, register correction (= or -, and approved by), and the net register accountability.

## Section IV: Cash Count

This section provides a record of the cash turned in by the cashier at the end of shift. At the end of the shift, the cashier enters the total quantity of each denomination, the denomination, and total dollar value of the denomination. The sum of the total amount of the cash turned record at the bottom of the Amount column.

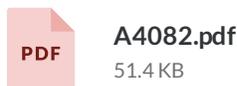
## Section V: Cashier Accountability at End of Shift

This section pertains to the exact amount of revenue generated at the end of the shift. This section includes total cash and checks, less change fund, the net cash, total credit card, coupons, other redemptions, charges, total cashier accountability, total register accountability, and cash over or short. The section includes a certification for turn in of cash, accountable times, and forms. This section lists the name of the cashier who turns in the money, the name of the supervisor who received the money, and space for remarks where the reasons for less money or more money than calculated are explained.

The image shows a 'DAILY CASHIER'S RECORD' form (DA FORM 4082, FEB 1984). The form is divided into several sections, with numbered callouts 1 through 5 highlighting specific areas:

- 1**: Points to the 'ACTIVITY/LOCATION' field at the top left.
- 2**: Points to the 'CASHIER ACCOUNTABILITY' section, which includes a table for 'FORM ACCOUNTABILITY' with columns for 'FORM', 'BEGINNING NO.', and 'ENDING NO.'.
- 3**: Points to the 'REGISTER ACCOUNTABILITY' section, which includes a table for 'KEY' with columns for 'KEY', '1', '2', '3', '4', '5', '6', '7', '8', and 'TOTAL'.
- 4**: Points to the 'CASH COUNT' section, which includes a table for 'CASH COUNT' with columns for 'QUANTITY', 'DENOMINATION', and 'AMOUNT'.
- 5**: Points to the 'CASHIER ACCOUNTABILITY' section, which includes a table for 'CASHIER ACCOUNTABILITY' with columns for 'TOTAL CASH AND CHECKS', 'LESS: CHANGE FUND', 'NET CASH', 'ADD: TOTAL CREDIT CARDS', 'COUPONS REDEEMED', 'OTHER REDEMPTIONS', 'CHARGES', 'TOTAL CASHIER ACCOUNTABILITY', 'LESS: REGISTER ACCOUNTABILITY', 'CASH OVER (SHORT)', and 'CASH OVER (SHORT)'. It also includes a 'CERTIFICATION FOR TURN IN OF CASH, ACCOUNTABLE ITEMS AND FORMS' section with fields for 'TURN IN BY (Cashier)' and 'RECEIVED BY (Supervisor)'.

You can download a copy of the Daily Cashier's Record (DA 4082).



## 5.3 Consolidated Daily Activity Report

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### Consolidated Daily Activity Report

The Daily Activity Report (DAR) produced by RecTrac, Golftrac, and CYMS is a document that summarizes the Daily Cashiers' Records and any other operating reports for each department by location.

A bowling center manager would consolidate the Daily Cashier's Record for the snack bar, the bowling lanes, the pro shop, and enter the information on the DAR.

The supporting documents (e.g., journal tapes, any voided receipt vouchers, etc.) are attached to the DAR and sent to DFAS Texarkana.

Any time there is a discrepancy between the DAR and the supporting documentation, the activity manager will resolve the discrepancy before he/she submits the document to DFAS Texarkana.

### Submissions

The activity manager submits a DAR to DFAS Texarkana every day regardless of whether or not a bank deposit is made.

Exceptions to the rule are:

#### DAR Submissions Exception Rule #1.

If the weekly income is less than \$500.00, submit the DAR at the end of the week. Consolidate all bank deposits made during the week.

#### DAR Submissions Exception Rule #2.

If it's the last day of the month, every activity must submit a DAR regardless of whether or not it had any sales that day.

#### DAR Submissions Exception Rule #3.

If there was no income for one day's business, submit a negative DAR.

## Required Information

The types of income reflected on the DAR will depend on the type of activity; therefore, each DAR will be unique. There is no prescribed format for the DAR. Every installation's format is a little different. Every DAR, however, must include the following information:

- Date of report.
- Day(s) covered.
- Program code (e.g., JB for Arts and Crafts).
- Location code, which is locally assigned (e.g., 13).
- All the revenue in the designated period.
- Cash overages/shortages.
- Names and signatures of persons preparing and verifying the report.

Write any supplemental information in the Remarks section of the DAR. Send the DAR to the DFAS Texarkana.

Because of the uniqueness of Family and MWR programs at the installations, the DAR will vary slightly. The seven pieces of information – date of report, days covered, program code, location code (locally assigned), all the revenue in the designated period, cash overages/shortages, and names and signature of persons preparing and verifying the report – are required.

Any new DAR or changes to an existing DAR must be coordinated with DFAS Texarkana before it is used.

## 6.1 Overview

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An activity manager is accountable for all assets. This includes protecting property, ensuring that storage areas are secure, and controlling the supplies. Reducing loss, theft, and damage keeps insurance costs low. It avoids replacement costs and prevents having to expense a large depreciation amount due to theft or damage before the item was fully depreciated. In this lesson, you will learn how to safeguard Army supplies and equipment against theft, loss, and damage.

At the end of this lesson, you will be able to:

- 1 Identify the regulations and policies that set physical security standards.
- 2 Identify appropriate key control containers.
- 3 Describe the basic key and lock accountability procedures.

## 6.2 Regulatory Guidance

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### Regulatory Guidance

Physical security is governed by standards set both at the Army and local levels. The primary guidance at the Army level includes AR 190-51 and AR 215-1.

#### Army Regulations

Army regulations AR 190-51, Appendices A-G, and AR 215-1 contain procedures for protecting its people, money, saleable items, and fixed assets.

In summary, AR 190-51:

- Establishes standardized general policies and procedures for securing Army supplies and equipment at the unit or installation level.
- Provides realistic guidance for developing a tailor-made security program based on the installation's risk analysis.
- Reduces loss, theft, misuse, and damage of Army resources efficiently and cost-effectively.

### Regulatory Guidance

Many Family and MWR activities maintain secure structures for storage. The standards for determining if a building or room is a secure structure are described in AR 190-51, Appendix B includes securing the structure's doors and windows and the material specifications for constructing walls, floors, and ceilings.

Knowing the standards for storage structure security will allow the manager to recognize potential problem areas when he/she conducts periodic checks of his/her activity's building(s) and rooms. Any potential problem should be documented and reported to the proper authorities. Otherwise, managers and employees of an activity will be held responsible for anything that happens due to improperly secured buildings or rooms. Besides the periodic inspections, the manager should request a security inspection from his/her local security organization at least once a year.

#### Secure Storage Area Requirements:

- Doors must provide a degree of security comparable to that provided by the walls of the basic structure.
  - Any exterior door locked from the inside must have a deadbolt lock, crossbar, or similar locking device installed instead of a latch-style door lock.
  - Any door secured from the outside must have a locking device that conforms to the Corps of Engineers' guide specification for the specific type of structure or be secured with a US stamped or approved national stock number (NSN) tumbler-type, key-operated padlock.
- If a padlock is used, the padlock hasps must be of a size and strength to provide proper security for the structure. The padlock hasps must not be mounted with nails.

## 6.3 Standing Operating Procedures (SOPs)

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### Standing Operating Procedures (SOPs)

Local standing operating procedures (SOPs) are established at each installation to implement the regulations for physical security. To provide the most realistic and cost-effective protection for Army resources, the resources at risk and the amount of protection needed to safeguard them must be identified. Performing an installation risk analysis will provide that information. Then, policies and procedures may be established accordingly.

Based on the risk analysis results, the Garrison Commander or activity chief will develop SOPs that will:

- Safeguard and control resources at risk
- Reduce resource loss, theft, and damage
- Control resource access
- Secure resource-at-risk areas
- Establish a system for promptly reporting and investigating Army resource theft, loss, or damage

Family and MWR activities protect their money, resale items, and fixed assets by physically securing their structures and responsibly using keys and locks.

## 6.4 Key Control

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### Key Control

Each activity should have a primary key custodian appointed in writing. The primary key custodian is usually the activity manager, who, in turn, is responsible for appointing an alternate and a backup key custodian. The key custodians are responsible for issuing activity keys and receiving those same keys when they are returned. Keys will be signed out to authorized individuals on an as-needed basis.

A key register must be maintained at all times by the key custodian. The register ensures continuous accountability for keys to locks used to secure Government property. A key register tracks the keys assigned to individuals.

Each key in use should be marked or labeled for easy identification and listed in the Key Number(s) section of the key register.

Padlocks and/or keys that do not have a serial number should be inscribed with an identifying mark.

### Issuing Keys

When a key is issued, the following information should be recorded in the Key Issue and Turn-In sections of the key register:

- Key number or identifying label
- Issuing date and time
- Signature of key custodian
- Signature of individual receiving the key

When the key register is not in use, it is kept in a locked container (e.g., file cabinet, key depository, or safe), to which access is controlled.

If there is not a need for frequent/daily key issuing and returning, or there aren't a large number of keys to account for within an activity, the manager may want to use an abbreviated version of DA Form 5513.



### Key Depository

Any lockable container, such as a safe, filing cabinet, or key box, can secure keys. However, any container used as a key depository must be:

- Made of 26-gauge steel or higher
- Equipped with a tumbler-type or keyed locking device
- Permanently affixed to a wall or the floor

The key depository should be located in a room where it receives around-the-clock surveillance or a room that can be locked during non-duty hours.

Keys are not to be kept in unlocked containers such as desks. Employees cannot take locked filing cabinet keys or operational keys home with them when they complete the day's work.

## 6.5 Locks

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### Locks

If a lock is required to safeguard unclassified, non-sensitive Army supplies and equipment, the activity must use one of the following:

A U.S. Government-approved, key-operated, pin-locking, dead-bolt lock that projects at least one inch into the door frame.

A tumbler-type padlock.

•

Other important lock issues to remember:

**Important Lock Issue #1.**

A dead-bolt lock should be used for maximum security.

**Important Lock Issue #2.**

Lock selection should be based on the value of the items the manager wants to protect, mission essentiality, and vulnerability to criminal attack.

**Important Lock Issue #3.**

Master-keyed or keyed-alike padlock sets should never be used. Any unauthorized individual can gain access to all the locked areas in the activity by simply obtaining one key.

**Important Lock Issue #4.**

Padlocks not in use will be secured in a locked container along with their keys.

**Important Lock Issue #5.**

Access to the padlock storage container must be controlled.

## 6.6 Key and Lock Accountability and Inventory

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### Key and Lock Accountability and Inventory

Daily key and lock accountability are a necessity to protect and safeguard the activity's property. Keys for locks in use must be returned and documented at the end of each day. If there are keys unaccounted for or the keys returned are not issued, the manager must determine where the missing keys are before leaving for the day. Any negligence should be documented and investigated.

#### AR 190-51

Requires that the key and lock inventory must be prepared semiannually and maintained on file until the next inventory is conducted.

A key inventory should contain the following information:

- Serial number of each key and lock
- Number of keys per lock
- Location of each lock

When a key to a padlock is missing, the padlock must be replaced immediately. The key and lock inventory must be secured in the key depository or the safe at all times.

## 7.1 Overview

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An important aspect of physical security is safeguarding fixed assets. Having management controls reduces the risk that assets will be lost, damaged, or destroyed by causes other than fair wear and tear. In this lesson, you will learn the importance of management controls over fixed assets. It will provide guidance for establishing a fixed asset inventory system to protect fixed assets against theft, loss, and damage.

At the end of this lesson, you will be able to:

- 1 Define a fixed asset.
- 2 Identify the different categories of fixed assets.
- 3 Describe the basic procedures for maintaining fixed assets accountability, including Hand receipts, Receiving property, Marking property.

## 7.2 What Is a Fixed Asset?

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### What Is a Fixed Asset?

A fixed asset is a tangible and nonexpendable item purchased by or donated to the nonappropriated fund instrumentality (NAFI).

The item must cost or be valued at \$2,500 or more (an individual item must cost at least \$100 if a bulk purchase of like items) and have a life expectancy of at least two years.

Regulations and guidelines concerning fixed assets include:

- Policy Execution Procedure (PEP), Chapter 32, Paragraph 320404 (Fixed Assets) and Table 4-1 (Depreciation Periods).
- AR 215-1, Chapter 17 (*Property Management*).
- AR 735-5, Chapter 2 (Property Accounting Requirements).
- DA PAM 710-2-1 Chapter 5 (*Assigning Responsibility for Property*).

## 7.3 Categories of Fixed Assets

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### Categories of Fixed Assets

A fixed asset is not intended for resale, but it can be used to produce or sell other materials or services. The fixed asset categories are:

- Buildings
- Building improvements
- Furniture, fixtures, and equipment
- Vehicles, aircraft, and boats
- Land improvements
- Livestock
- Other government titled fixed assets
- Government titled buildings and improvements
- Maintenance and repair of facilities
- APF authorized fixed assets

An asset costing less than \$2,500.00 is classified as an expense. These less expensive items, costing anywhere from \$100.00 to \$2,499.99, can be essential to the operation of an activity and have an impact on the activity's income. Items that meet the criteria are classified as sensitive items or "accountables" and should be grouped together and controlled. "Accountables" and/or sensitive items should be inventoried as well.

## 7.4 Property and Fixed Assets

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Family and MWR activities maintain the property on the installation appropriated fund (APF) property book and the NAF fixed asset document.

The installation Property Book Office (PBO) is responsible for maintaining APF property, including items acquired with appropriated funds. Occasionally, items acquired with nonappropriated funds are transferred to the installation property book and treated as APF property. The installation PBO controls hand receipts for APF property.

### **NAFI Property**

NAFI property is the property that has been acquired through the expenditure of nonappropriated funds or by donation to the NAFI. NAFI property is maintained on separate NAF property records called the fixed asset report.

## 7.5 Fixed Asset Accountability

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### **Fixed Asset Accountability**

Fixed asset accountability is the fundamental obligation of controlling and accounting for property by maintaining the basic property records.

Accountability for Family and MWR fixed assets is assigned to the fund manager/entity administrator.

The fund manager/entity administrator should develop a standing operating procedure (SOP) that designates how Family and MWR property will be accounted for at the installation level by the fund administrator. This SOP should also specify the levels to which the fund manager will assign property responsibility. The SOP should provide a control system for property managed at the installation.

## 7.6 Fixed Asset Accountability: Hand Receipts

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### Fixed Asset Accountability: Hand Receipts

When the manager signs a hand receipt, he/she accepts responsibility for the Family and MWR property designated on the hand receipt. The DA Form 2062 is used as a hand receipt. The hand receipt is prepared in duplicate. The Family and MWR activity retains a copy, and the other copy goes to the person designated by the SOP for managing the installation NAF assets.

Take a moment to review the DA Form 2062.



DA Form 2062 Fixed Asset.pdf  
103.7 KB



All actions regarding the fixed property must be approved and directed by a person designated with that responsibility at the installation. By signing a hand receipt, the signer becomes responsible for that property and bears the financial liability for the fixed asset.

Anyone using Family and MWR property (e.g., rental equipment) automatically shares the responsibility for that property.

## 7.7 Fixed Asset Accountability: Activity Manager Responsibilities

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### Fixed Asset Accountability: Activity Manager Responsibilities

Within thirty days of being assigned to manage an activity, the manager should perform the following tasks:

#### **Conduct an Inventory of the Fixed Assets.**

Otherwise, the new manager may be responsible for anything on a hand receipt, whether or not the item is part of the assigned activity.

#### **Obtain a Copy of the Fixed Asset Inventory.**

DFAS Texarkana maintains the Fixed Asset Inventory and any other property documents for the assigned activity. These listings should contain all the activity's fixed assets as well as any sensitive or accountable property.

#### **Compare the Fixed Asset Inventory with Inventory List.**

Compare the Fixed Asset Inventory against the inventory issued by DFAS Texarkana. If there is something missing, investigate, and reconcile.

## 7.8 Fixed Asset Accountability: Receiving Property



### Fixed Asset Accountability: Receiving Property

Property accountability and the use of controls begin with the receipt of the property on the installation.

When any property comes to the activity site, the manager should:

- Check the delivered materials carefully, making sure that the order is complete and in good condition.
- Sign for the materials, if necessary.
- Turn in the receiving report to the financial management office or another designated office.
- Submit a Fixed Asset Reporting Form through the Financial Management Division, Services Division, or another designated office to DFAS Texarkana to have new fixed asset added to the Fixed Asset Report.”

Formal receipt and acceptance by the designated Family and MWR officer on behalf of the NAFI constitutes the transfer of ownership to the NAFI. Acceptance is normally reflected on the DD Form 250, Material Inspection and Receiving Report.

Please take a moment to review the DD 250 and the NAF Fixed Asset Reporting Form.



**DD 250.pdf**  
29.3 KB



**NAF Fixed Asset Reporting Form- Update - Sample.xls**  
62.5 KB



## 7.9 Fixed Asset Accountability: Marking Property

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### Fixed Asset Accountability: Marking Property

Some property will be physically marked with a durable type of identification, such as an affixed tag or decal, that is difficult to destroy, mutilate, or alter.

The following items should be marked:

- All items classified as fixed assets.
- All expense items classified as nonexpendable and accounted for on property records.
- All expense, controlled items with a unit cost less than \$2,500.00 but considered sensitive and susceptible to pilferage.

## 8.1 Overview

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Management controls of property and goods purchased and sold are critical to the success of Family and MWR programs. The financial status of an activity can be adversely affected if the property, resale items, and supplies are misused, misplaced, or unaccounted for.

At the end of this lesson, you will be able to:

- 1 State the importance of conducting an end- of-month inventory.
- 2 Identify at least three types of physical inventories.
- 3 Describe the basic inventory procedures.
- 4 State major inventory pitfalls.
- 5 List the reasons why an activity manager should avoid excess inventory.

## 8.2 Importance of End-of-Month Inventory

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### **Importance of End-of-Month Inventory**

The end-of-month inventory is a powerful management tool to detect discrepancies between the purchased products and the reported products stated in the financial reports.

If the end-of-month inventory is inaccurate, the totals and percentages on the income statement and the inventory turnover ratio for that month will be inaccurate. This could result in an activity's financial status suffering for both the current month and the month that follows.

The accuracy of the end-of-month inventory is critical to an activity's financial evaluation and success.

### **Regulations**

The regulations concerning end-of-month inventory are contained in:

DOD 7000.14-R, Volume 13

Policy Execution Procedure, Chapter 32

AR 215-1, Appendix G

## 8.3 Inventory Types

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**Knowing when and how to conduct an inventory for an activity will assist the manager in producing a timely and accurate inventory document.**

Some activities may only be required to inventory quarterly, while other activities are required to conduct a monthly inventory on their retail sales operations.

There are seven types of physical inventories according to Policy Execution Procedure, Chapter 32, Table 4-2. to be conducted. They are:

- Saleable merchandise.
- Resale merchandise.
- Supplies.
- Sensitive items.
- Transfer of accountability.
- Fixed assets.
- Expensed equipment.

Here is a summary of some types of monthly inventories, indicating frequency and circumstances for conducting each.

Type	Description	Frequency	Comments
Saleable merchandise (warehouse/storeroom)	Single account Saleable merchandise applies to an activity's resale merchandise located in a warehouse or storeroom.	Monthly by two or more fund employees using DA Form 1759.  Annually, observed by an independent inventory team.	Variances between inventory and stock records will be researched, costed, and documented by the inventory team.
Resale merchandise (sales outlet)	These accounts are for resale merchandise in sales outlets (e.g., bars, snack bars, package stores, restaurants). Separate accounts are maintained by activity codes.	Monthly by fund employees with direct supervision of fund custodian or designated representative.  Annually, observed by an appointed independent observer.	Variances or differences will be researched, costed, and documented by an appointed inventory team.

Type	Description	Frequency	Comments
Supplies	Supplies are those items that are purchased in large quantities and are maintained in a warehouse or storeroom until issued to the using activity. Included as part of supplies are consumables and operation supplies that are not formally for resale (e.g., china, glassware, silverware, linen, and utensils).	Supplies are inventoried monthly by fund employees.	Variances or differences will be researched, costed, and documented by an appointed inventory team.
Supplies (prepaid)	Supplies purchased in large quantities are maintained in a warehouse or storeroom until issued to the using activities. This includes consumable supplies used in operations that are not formally for resale (china, glassware, etc.)	At the end of the month, by fund employees.  Annually, observed by an appointed independent observer.	Supplies issued but not consumed will be controlled by management.  The activity gets expensed for what was issued.  Variances handled as above and reconciled by the inventory team.

Every time a prepaid supply item is issued, it should be deducted from the bin card DA Form 1991. The remaining supplies are held until needed. A bin card is a management tool used to determine how many of each item an activity uses and, therefore, needs each month. This will prevent over or understocking.



DA1991.pdf  
46 KB



## 8.4 Inventory Procedures

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### Inventory Procedures

Inventories are conducted by fund employees under the fund manager's/entity administrator's direct supervision. The procedures are:

1. Obtain an inventory printout for the activity from RecTrac or FOODTRAK or another inventory form (DA1759).
2. Organize the items in the storeroom or outlet in conjunction with the sequential listing of items.
3. Work in pairs. One person should identify, inspect, and count each item; the other should enter the count on the inventory list. Item identification should be made by stock number.
4. Record the count on the inventory document in ink. If an error is made, draw one line through the mistake and initial it. Since this is an original financial document, mistakes must be readable.
5. Verify that the merchandise is usable/saleable.
6. Reconcile the physical count with the stock records/in-house bin cards.

### Summary

An accurate end of month inventory can reduce profit loss, reduce errors on the income statement, and support the activities financial status.

## 8.5 Causes of Inventory Errors

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### Causes of Inventory Errors

An activity manager must take precautions to prevent errors from occurring in inventory. This will result in less time being expended, reconciling the count later. The errors are mainly due to:

#### **Failure to complete the required documents.**

And failure to forward them to DFAS Texarkana. These reports tell DFAS Texarkana that the goods have been received, inspected, and accepted.

#### **Miscounting merchandise.**

Errors can escalate if high-cost or large-quantity items are miscounted.

#### **Documentation errors.**

Recording the product unit incorrectly on the receiving report. This type of error could have a major impact on the financial statement of a small operation.

#### **Mishandling change-of-price products.**

Errors occur when older products are sold at older prices. Old products must be sold at current prices. Rotate the activity's inventory. The policy should be "first in, first out."

#### **Miscounting partial products.**

Whatever the activity policy is for partial products, an activity manager must be consistent in recording partial products.

## 8.6 Excess Inventory

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### Excess Inventory

Excess inventory creates a drain on the financial resources of an activity. Maintaining excess inventory costs the fund money because:

Dollars in the bank earn money. Extra stock on the shelf does not.

There is an increased potential for financial loss due to product spoilage, the time and energy required to maintain the product, and the possibility that the program might be terminated before the inventory is depleted.

Extra labor hours and pay are required to count/handle the excess inventory.

To remove excess inventory from the outlet or warehouse shelves, the activity usually has to reduce the product's price, such as offer it on sale to customers. This results in a loss of revenue.

## 9.1 Overview

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Activity managers give and take products and services between activities. This helps them to serve their customers. In this lesson, you will learn how to maintain accountability when you transfer items or services from one activity to another.

At the end of this lesson, you will be able to:

- 1 Define "transfer between activities."
- 2 State the basic responsibilities of designated individuals for TBAs for personnel and TBAs for supplies.

## 9.2 TBA Documents

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### **Transfer Between Activities (TBAs)**

A TBA is a transfer of labor, products, and supplies between NAF programs and departments. TBAs occur when one program has personnel and products that another activity needs. For example, the club restaurant has hot dog rolls that the Bowling Center needs.

TBAs can also occur between departments. For example, if the dining room at a club needs a case of lemons, and the bar has a supply, the case may be transferred from the bar to the club dining room.

TBAs can also occur when NAF personnel from one program are used in another program. For example, three NAF employees from the non-commissioned officers' (NCO) clubs can be used temporarily to serve in the Officers' Club.

TBAs affect the monthly income statement. As an activity manager, you need to check the accuracy of the dollar amounts for TBAs and the source documents. You need to reconcile any variations between the two.

## **TBA Documents**

### **Transfer Between Activities (TBA) Documents**

The use of a TBA assists the activity manager to maintain management controls. The DA Form 4080, Transfer Between Activities, is utilized to transfer labor, products, or supplies between departments within an activity (bar to the dining room) or between activities (Bowling Center to Golf Course). The automated transfer forms within both RecTrac and FOODTRAK normally are used instead of a manually prepared DA Form 4080. A TBA is not used to transfer fixed assets.

The TBA, manual or automated, must have the accounting information for the issuing activity and receiving activity. This accounting information includes the garrison code, fund code, program code, location code, department code, and general ledger accounting code (GLAC). The name and signature of an authorized person from the issuing and receiving activity and by the authorizing official. The issuing official may not be the authorizing official.

### **TBAs for Labor**

The ePay system does not currently allow for the transfer of NAF labor within the system. A TBA must be prepared to transfer NAF labor between departments and/or activities.

When NAF labor is transferred between activities, the TBA will include the pay period, dates the employee worked, the name of the employees worked, and the wages for the days worked.

Both the activity manager where the employee is assigned and the activity manager where the employee worked should sign the TBA to ensure the labor costs are accurate. This will help both managers maintain management control over NAF labor costs. The signed TBA should be forwarded to DFAS Texarkana.

### **TBAs for Products and Supplies**

These TBAs must contain an adequate description to identify the item being transferred, the quantity transferred, the unit cost for the items, and the unit's total transfer amount.



## 9.3 Responsibilities When Using TBAs

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When TBAs are used, there are three distinct entities. They are the issuing activity, the receiving activity, and the authorizing individual. Each has a distinct and fiduciary responsibility. This fiduciary responsibility means the individual has an ethical responsibility to act in the best interests of the nonappropriated fund instrumentality (NAFI).

### **Issuing Activity**

An activity that is transferring labor, products, or supplies and receives funds for the transfer. The issuing activity is responsible for completing the DA Form 4080 and obtaining all the necessary signatures. Only personnel authorized in writing to sign for the issuing activity may sign the DA Form 4080. By signing the TBA, the signer assumes fiduciary responsibility for the information is correct and accurate.

### **Receiving Activity**

Is the activity that is receiving labor, products, or supplies from another activity and provides funds for the transfer. Only personnel authorized in writing to sign for the receiving activity may sign the DA Form 4080. By signing the TBA, the signer assumes fiduciary responsibility for the information is correct and accurate.

### **Authorizing Official**

This may vary from garrison to garrison, but the authorizing official must be authorized in writing to sign. It may be the Financial Management Chief, a division chief, or the activity manager. However, the person signing for the issuing activity should not be the same as the person signing as the authorizing official. By signing the TBA, the signer assumes fiduciary responsibility for the information is correct and accurate.